

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A GROUND LEASE BETWEEN THE TOWN OF ADDISON AND SCARBOROUGH I AIRPORT, LP FOR COMMERCIAL AVIATION USE ON APPROXIMATELY .55 ACRES OF IMPROVED LAND LOCATED AT THE ADDISON AIRPORT; AUTHORIZING THE CITY MANAGER TO EXECUTE THE GROUND LEASE; AND PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

SECTION 1. The Ground Lease between the Town of Addison and Scarborough I Airport, L.P., a Texas limited partnership, for commercial aviation use on approximately .55 acres of improved land located at the Addison Airport, a copy of which is attached to this Resolution as **Exhibit A**, is hereby approved. The City Manager is hereby authorized to execute the Ground Lease.

SECTION 2. This Resolution shall take effect from and after its date of adoption.

DULY RESOLVED AND ADOPTED by the City Council of the Town of Addison, Texas, on this the **28th** day of **JUNE** 2022.

TOWN OF ADDISON, TEXAS

Joe Chow, Mayor

ATTEST:

Irma Parker, City Secretary



Town of Addison

Ground Lease Agreement

Addison Airport

Made Effective : _____

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STATE OF TEXAS §
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COUNTY OF DALLAS §

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| Summary of Exhibits |
| • Exhibit 1 : Legal Description of Addison Airport |
| • Exhibit 2 : Description of Demised Premises (Property Survey) |
| • Exhibit 3 : Memorandum of Lease Form |
| • Exhibit 4 : Pavement Inspection Report |
| • Exhibit 5 : Developer Participation Agreement |
| • Ground Lease Addendum #1 |
| • Ground Lease Addendum #2 |

GROUND LEASE AGREEMENT

This Ground Lease Agreement ("Lease" or "Agreement") is made and entered into as of _____, 202_ (the "Effective Date"), by and among the Town of Addison, Texas, a Texas home-rule municipality (hereinafter sometimes referred to as "Landlord" or the "City", and Scarborough I Airport, L.P., a Texas limited partnership (hereinafter referred to as "Tenant") (Landlord and Tenant are sometimes referred to herein together as the "Parties").

WITNESSETH:

WHEREAS, the City is the record title owner of the Addison Airport, a description of which is set forth in Exhibit 1 attached hereto and incorporated herein (the "Airport"); and

WHEREAS the Airport is operated and managed by the City or by any person or entity authorized by the City to manage and/or operate the Airport on its behalf (the "Airport Manager"); and

WHEREAS, Landlord and Tenant desires to enter into this Ground Lease Agreement wherein the City leases to Tenant and Tenant leases from the City, a certain portion of the Airport described hereinafter as:

Two parcels of land totaling .549-acres (23,937 square feet) described as Lease Tract No. 1, being a certain .508-acre (22,139 square feet) parcel of land, and Lease Tract No. 4, a detached .041-acre (1,798 square feet) parcel of land, both of which are located within Addison Airport and more particularly described respectively in the Boundary Survey prepared by North Texas Surveying, L.L.C.; Job No. 2022-0058 dated May 26, 2022 ("Property Survey") shown in Exhibit 2 attached hereto and incorporated herein by reference (the "Demised Premises"), together with the non-exclusive right to use the Common Facilities as defined in Section 17.

WHEREAS, Landlord and Tenant desire to enter in to this Ground Lease Agreement, which shall commence immediately upon the Effective Date and the simultaneous early termination of that certain Aircraft Storage Rental Agreement dated February 11, 2022, entered into by Landlord and Tenant (the "Prior Agreement"); the Ground Lease shall supersede the Prior Agreement in its entirety without interruption; and

WHEREAS, Tenant is the fee simple owner of the real property located at 16445 Addison Road, which is immediately adjacent to and abutting the Demised Premises described below; Tenant desires to use the Demised Premises in connection with their aeronautical operations located at 16445 Addison Road; and

WHEREAS, Tenant currently holds a valid Airport Access Permit issued by the City granting Tenant the right to access and use the Airport's common facilities from its fee property located at 16445 Addison Road; and

WHEREAS, the Parties hereby acknowledge and agree the foregoing recitals are true and correct and are incorporated herein and made a part hereof statements are true and correct.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

Section 1. Demise of the Premises:

In consideration of and subject to the terms, covenants, and conditions set forth in this Agreement, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Demised Premises. This Lease is given and entered into subject to (i) all federal, state, and local laws, statutes, constitutional provisions, charters, ordinances, codes, rules, regulations, directives, policies, permits, standards, and orders (including, without limitation, court orders) of any governmental authority, entity, or agency (including, without limitation, the Town of Addison, Texas, the State of Texas, the Federal Aviation Administration, and the Texas Department of Transportation) whether now existing or hereafter enacted, adopted or imposed and including, without limitation, any and all grant agreements or grant assurances, the Airport's Rules and Regulations, and the Airport's Minimum Standards (as they may be amended or modified by Landlord from time-to-time); (ii) all restrictive covenants affecting the Demised Premises; (iii) all restrictions, easements, and other encumbrances or matters affecting the Demised Premises, whether of record or not or which could be revealed by a survey of the Demised Premises; and (iv) all of the terms, conditions, and provisions of this Lease. In furtherance of the foregoing, Landlord represents to Tenant that, to the best of Landlord's actual knowledge, there are no mortgages, deeds of trust, or monetary liens affecting the Demised Premises which are not filed of record.

Section 2. Term:

A. Base Term.

Provided Tenant is then not in default beyond the expiration of applicable notice and cure periods under any other lease, license, or agreement with the City, and subject to the early termination of this Agreement and all other provisions of this Lease, the term hereof (the "Base Term") shall commence on the Effective Date, (the "Commencement Date") and shall end the last day of the twenty-fourth (24th) full calendar month following the Commencement Date (the "Expiration Date"). If Tenant is in default beyond the expiration of applicable notice and cure periods under any agreement with the City as of the Commencement Date, this Agreement shall not commence until either (i) Tenant has satisfactorily remedied said default as provided for in the defaulted agreement or, (ii) the City, at its sole discretion, early terminates this Agreement *ab inito*

by written notice with neither party having any further duty or obligation to the other under this Agreement.

B. Extended Term Option.

Provided Tenant (i) is not then in default beyond the expiration of applicable notice and cure periods under this Agreement or any other agreement with Landlord, and (ii) achieves Final Completion of the New Land Improvements as defined in **Ground Lease Addendum #1** (attached hereto and incorporated herein by reference) on or before the Expiration Date, the Base Term shall be extended so that this Lease will end the last day of the four hundred eightieth (480th) full calendar month following the Commencement Date ("**Extended Term Period**"). Should Tenant earn and qualify for the Extended Term Period, the Parties hereby mutually agree to execute and record a Memorandum of Ground Lease substantially in the form of **Exhibit 3** attached hereto to this Ground Lease and incorporated herein by reference, memorializing the modified Base Term ("**Extended Term**"). Should Tenant fail to complete the New Land Improvements as required pursuant to Ground Lease Addendum #1, Tenant shall not be entitled to this Extended Term causing the Base Term to remain unchanged except for as adjusted, if any, pursuant to Section 4 - Adjustment of Rent.

Section 3. Rent; Security Deposit:

A. Subject to adjustment as set forth below, Tenant shall pay to Landlord, without notice, demand, offset, or deduction, Rent each month over the Term for the Demised Premises as set forth below:

1. Base Rent:

Tenant agrees to, and shall pay Landlord, annual Rent for the Demised Premises an amount calculated to be the product of \$.55 times the gross square feet of the Demised Premises as determined by the Property Survey (e.g. \$.55 x 23,937 gross square feet = \$13,165.35), which amount shall be paid by Tenant in twelve (12) equal monthly payments of One Thousand Ninety-Seven Dollars and 11/100 (\$1,097.11), on or before the first day of each calendar month, which is subject to adjusted as set forth herein. All Rent is due on or before the first day of each month and is considered delinquent if not received by the tenth (10th) day of each month and subject to the provisions of Section 39.

2. For purposes of this Lease, the term "Rent" shall mean Base Rent and all other sums that Tenant may owe to Landlord or otherwise be required to pay under this Lease. Landlord shall have the same rights and remedies for nonpayment of any Rent as for nonpayment of Base Rent.

B. Security Deposit:

No Security Deposit required.

Section 4. Adjustment of Rental:

A. Commencing on the second anniversary of the Commencement Date and on every second anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly Rent due under Section 3.A.1. (Base Rent) shall be adjusted as follows:

1. Annual Rent (including Base Rent) shall be adjusted to reflect changes in the Consumers' Price Index - All Items for Dallas, Texas Metropolitan Area (hereinafter referred to as the "Consumer Price Index"), as quoted in the publication *Consumer Price Index for All Urban Consumers (CPI-U)* for the Dallas-Fort Worth Consolidated Metropolitan Statistical Area which is issued by the U.S. Department of Labor, Bureau of Labor Statistics. The basic index ("Basic Index") is the Consumer Price Index existing as of the Commencement Date. The current index ("Current Index") is the Consumer Price Index on the first day of the calendar month preceding the then applicable Adjustment Date.
2. Beginning with the first full month following the then applicable Adjustment Date, the annual Rent (including the Base Rent) shall be adjusted so that it equals the product of the annual Rent (including the Base Rent) multiplied by a fraction, the numerator of which is the Current Index and the denominator of which is the Basic Index (the "Adjusted Rental"), but in no event shall such annual Rent (including the Base Rent) ever be decreased below the Base Rent set forth in Section 3.A.1.
3. If the Consumer Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Consumer Price Index as closely as feasible (as determined by Landlord) shall be substituted therefor.

Section 5. Use of Demised Premises:

A. Permitted Uses:

1. For the storage of air-worthy aircraft and equipment used in connection with Tenant's aeronautical operations;
2. Incidental support and services in connection with aircraft stored or based at the Leased Premises, including light maintenance and repair.

B. Prohibited or Restricted Use of Demised Premises:

The following uses are expressly prohibited without Landlord's prior written consent:

1. Retail services including food sales, alcoholic beverages sales, and pilot-supply sales; barber and valet services; newsstands and gifts; and
2. Storage of non-airworthy aircraft for a period greater than fourteen (14) consecutive days without the prior written consent of the Airport Manager.
3. Any illegal purpose or any other activity (federal, state, county, and municipal laws, rules, regulations, standards, and policies) that, in Landlord's reasonable opinion, would

create a nuisance, unreasonably disturb other tenants of the Airport, or which may cause an increase in Landlord's insurance costs, whether such increased costs are actually incurred or not; and

4. Aviation fueling operations of any kind without a valid fuel dispensing permit issued by the Town of Addison.

5. Any non-aeronautical use or purpose including, but not limited to, the parking of vehicles not required for Tenant's aeronautical operations.

C. [Intentionally Omitted].

D. Tenant acknowledges that Landlord is bound by the terms and conditions of all Federal Aviation Administration, Texas Department of Transportation, and other grant agreements, grant assurances and regulations regarding the Airport, and the terms or any grant, loan, regulation, or agreement under Section 22.055 of the Texas Transportation Code, as amended or superseded, whether now existing or made in the future. Tenant agrees not to knowingly take any action or refrain from taking any action in relation to the Demised Premises that would cause Landlord to be in violation of such regulations or standards.

E. The Tenant for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that to the extent that the Demised Premises are used for commercial purposes that (i) no person shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities on the basis of race, creed, color, national origin, sex, age or handicap; (ii) that in the construction of any improvements on, over or under the Demised Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities on the basis of race, creed, color, national origin, sex, age or handicap; (iii) that the Tenant shall use the Demised Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964 and as said Regulations may be amended.

F. To the extent the Demised Premises is used for commercial purposes, Tenant agrees to furnish all services on a fair, equal, and non-unjustly discriminatory basis to all users thereof and to charge fair, reasonable, and not unjustly discriminatory prices for such services, provided that the Tenant may be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

Section 6. Land Improvements:

A. Existing Land Improvements:

For the purpose of this Lease, the term "Existing Land Improvements" shall mean those real property improvements, if any, made to the Demised Premises in their "as is", "where is" condition together with all faults and patent and latent defects on or before the Effective Date of

this Agreement, including but not limited, to the existing paved aircraft parking apron in its used and depreciated condition, which Tenant accepts pursuant to Section 7 below.

B. New Land Improvements:

See Ground Lease Addendum #1 attached hereto and incorporated herein by reference.

C. Future Land Improvements:

Except as provided for in this Agreement, Tenant may not construct, locate, install, place or erect any other Future Land Improvements (as defined in Ground Lease Addendum #2) upon the Demised Premises without the prior written consent of Landlord. See Ground Lease Addendum #2 attached hereto and incorporated herein by reference.

D. Land Improvements:

The term "Land Improvements" as used herein shall mean all real property improvements constructed, erected, affixed or other made on or to the Demised Premises including but not limited to the Existing Land Improvements, New Land Improvements and All Future Land Improvements defined above during the Term, but excluding any personal property and trade fixtures owned by Tenant (including aircraft stored on the Demised Premises).

Section 7. Acceptance of Demised Premises:

TENANT ACKNOWLEDGES THAT TENANT HAS FULLY INSPECTED THE DEMISED PREMISES AND ACCEPTS THE DEMISED PREMISES AND THAT THE DEMISED PREMISES ARE LEASED TO TENANT "AS IS, WHERE IS, AND WITH ALL FAULTS AND PATENT AND LATENT DEFECTS", AND LANDLORD HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY DISCLAIMS, ANY REPRESENTATION, PROMISE, COVENANT, AGREEMENT, GUARANTY OR WARRANTY OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, AS TO THE QUANTITY, QUALITY, CONDITION, SUITABILITY, HABITABILITY, OR FITNESS OF THE PROPERTY INCLUDING WITHOUT LIMITATION THE DEMISED PREMISES AND THE IMPROVEMENTS THEREON, FOR ANY PURPOSE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION REGARDING SOIL CONDITIONS, AVAILABILITY OF UTILITIES [SUBJECT TO SECTION 16], DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, OR ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES, REGULATIONS OR ORDINANCES. TENANT ALSO ACKNOWLEDGES AND AGREES THAT TENANT'S INSPECTION AND INVESTIGATION OF THE DEMISED PREMISES HAVE BEEN (**OR WILL BE**) ADEQUATE TO ENABLE TENANT TO MAKE TENANT'S OWN DETERMINATION WITH RESPECT TO THE SUITABILITY OR FITNESS OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO SOIL CONDITIONS, AVAILABILITY OF UTILITIES [SUBJECT TO SECTION 16], DRAINAGE, ZONING LAWS, ENVIRONMENTAL LAWS, AND ANY OTHER FEDERAL, STATE OR LOCAL STATUTES, CODES, REGULATIONS OR ORDINANCES. TENANT ACKNOWLEDGES THAT THE DISCLAIMERS, AGREEMENTS

AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH ARE AN INTEGRAL PORTION OF THIS LEASE AND THAT LANDLORD WOULD NOT AGREE TO LEASE THE DEMISED PREMISES TO TENANT AS SET FORTH HEREIN WITHOUT THE DISCLAIMERS, AGREEMENTS AND OTHER STATEMENTS SET FORTH IN THIS PARAGRAPH. TENANT FURTHER ACKNOWLEDGES THAT TENANT IS NOT IN A DISPARATE BARGAINING POSITION WITH RESPECT TO LANDLORD. TENANT ACKNOWLEDGES AND AGREES FURTHER THAT THIS LEASE IS SUBJECT TO ANY AND ALL CURRENTLY EXISTING TITLE EXCEPTIONS OR OTHER MATTERS OF RECORD OR ANY MATTER OR ITEM VISIBLE OR APPARENT FROM AN INSPECTION AFFECTING THE DEMISED PREMISES. TENANT WAIVES ANY EXPRESS OR IMPLIED WARRANTIES OF SUITABILITY, HABITABILITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND FURTHER WAIVES ALL CLAIMS BASED ON ANY DEFECT IN THE DEMISED PREMISES WHETHER OR NOT SUCH DEFECT COULD HAVE BEEN DISCOVERED BY TENANT'S REASONABLE INSPECTION. TENANT, AT ITS COST, SHALL BE ENTITLED TO PERFORM A PHASE I ENVIRONMENTAL STUDY, PROVIDING A COPY THEREOF TO LANDLORD, ALL AS MAY BE SPECIFIED IN MORE DETAIL IN SECTION 22.D. BELOW. WITHOUT LIMITING THE FOREGOING, THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OF SUITABILITY, MERCHANTABILITY, HABITABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE GIVEN IN CONNECTION WITH THIS LEASE.

In accepting the Demised Premises, Tenant acknowledges that this Lease shall be construed to provide Rent to Landlord on a Net Return Basis, as set out in Section 32.

Section 8. Securing Governmental Approvals and Compliance with Law; Noise Abatement:

A. Tenant at Tenant's sole cost and expense shall obtain all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the Demised Premises. This Lease is subject to and Tenant shall comply at all times with all laws, ordinances, rules, regulations, directives, permits, or standards of any governmental authority, entity, or agency (including, without limitation, the Town of Addison, Texas, the State of Texas, the Federal Aviation Administration, the Texas Department of Transportation, the United States Environmental Protection Agency, and the Texas Commission on Environmental Quality) applicable or related to, whether directly or indirectly the use and occupancy of the Demised Premises and whether in existence or hereafter enacted, adopted or imposed. Tenant shall promptly comply with all governmental orders and directives for the correction, prevention, and abatement of nuisances in or upon, or connected with, the Demised Premises, all at Tenant's sole cost and expense, and shall comply with and be subject to (and this Lease is made and entered into subject to) all grant agreements or grant assurances now existing or as hereafter agreed to, adopted, or imposed.

Tenant agrees that any new construction or modification of existing improvements on the Demised Premises will comply with all standards and rules published by the Landlord or by the Airport Manager (as of the Effective Date, the Airport Manager is as set forth in the Recitals, above, but the Airport Manager may be changed or modified by the City, and for purposes of this Lease the Airport Manager shall also mean any person or entity authorized by Landlord to manage and/or

operate the Airport), including, but not limited to, the Airport's published "Construction/Maintenance Standards and Specifications," will comply with the Town of Addison building and related codes and zoning requirements or any other laws, ordinances, permits, rules, regulations, or policies of the Town of Addison, Texas, and will meet or exceed all applicable State and Federal standards, permits, laws, rules, or regulations. Tenant recognizes that the referenced Construction/Maintenance Standards and Specifications, Town of Addison building and related codes and zoning requirements and other laws, ordinances, permits, rules, regulations or policies, and all applicable State and Federal standards, laws, rules, or regulations may be modified or amended from time to time and that compliance will be measured by such standards in effect at the time of a particular construction or modification of improvements after the initial construction of the Land Improvements pursuant to the Design Plan.

B. Tenant shall always comply with all noise abatement standards at the Airport, shall notify any employee, guest or invitee of Tenant, including any aircraft operator, using any portion of the Demised Premises of such standards and shall ensure compliance with such standards by such third party.

Section 9. Assignment; Subletting and Mortgaging of Leasehold Estate; Stored Aircraft Information:

A. Without the prior written consent of Landlord (which consent maybe granted or withheld in Landlord's sole and absolute discretion), Tenant shall have no power to and may not assign, sell, pledge, encumber, license, transfer, or otherwise convey in any manner whatsoever, including by merger, consolidation, operation of law, or otherwise (together, "assign" or "assignment," and the person or entity to whom an assignment is made being an "assignee"), this Lease or any rights, duties, or obligations of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided and in accordance with and subject to all of the terms and conditions of this Lease) nor sublet in whole or in part any portion of the Demised Premises, and any such assignment or any subletting shall be null and void and may be deemed by Landlord (in Landlord's sole discretion) an event of default under Section 23 of this Lease. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of Section 5 pertaining to the use of the Demised Premises. In the event of any Landlord-approved assignment or subletting, Tenant shall not assign Tenant's rights, duties, or obligations hereunder nor sublet the Demised Premises without first obtaining a written agreement from each such assignee or sublessee whereby each such transferee or sublessee agrees to be bound by the terms and provisions of this Lease (which, in the case of a sublease, may be limited to the applicable obligations delegated to the subtenant). No such assignment or subletting shall constitute a novation. In the event of the occurrence of an event of default while the Demised Premises are assigned or sublet, Landlord, in addition to any other rights and remedies provided herein or by law, may at Landlord's option, collect directly from such assignee or subtenant all Rents becoming due under such assignment or subletting and apply such Rent against any sums due to Landlord hereunder. No direct collection by Landlord from any such assignee or subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. Landlord's consent to any assignment or subletting will not act as a waiver of any rights or remedies granted to or retained by Landlord under this Lease and shall not act as an election of remedies nor shall it prohibit Landlord from exercising its rights and remedies with respect to any other actual or

proposed assignment or subletting, and Landlord's consent to any assignment shall not relieve Tenant or any Guarantor of any liability to Landlord under this Lease or otherwise.

B. Notwithstanding the foregoing, Landlord hereby acknowledges and consents to Tenant's subletting of the Demised Premises for the purpose of renting aircraft storage only, provided that each sublease is evidenced by written agreement, signed, and executed by Tenant and sublessee and fairly states:

1. In the event of any conflict between the terms of this Lease and the terms of the sublease, the terms of this Lease shall control; provided, that the subtenant shall not be required to pay Rent under this Lease and shall only be required to perform obligations under this Lease which are delegated to the subtenant under its sublease;
2. Such subletting shall not constitute a novation;
3. In the event of occurrence of an event of default while the Demised Premises are sublet, Landlord, in addition to any other remedies provided herein or by law, may at Landlord's option, collect directly from such subtenant all Rents becoming due under such subletting and apply such Rent against any sums due to Landlord hereunder;
4. Sublessee shall be obligated to obtain Landlord's consent to any action as to which Tenant is obligated to obtain such consent under the Lease;
5. Any such sublease is to automatically terminate upon termination of this Lease notwithstanding any other provision of the sublease to the contrary;
6. Landlord shall have no responsibility or obligation for the performance by Tenant of its obligations under the sublease;

Neither Landlord's consent to a sublease, the exercise by Landlord of its rights and remedies hereunder, nor the sublease or any other instrument shall give sublessee any rights directly or indirectly against Landlord or create or impose any obligation, duty, responsibility, or liability of Landlord in favor of or for the benefit of sublessee. Furthermore, Tenant agrees that in no way does any sublease release Tenant from any of its covenants, agreements, liabilities and duties under this Lease; that this consent does not constitute approval by Landlord of the terms of any such sublease; that nothing herein contained shall be deemed a waiver or release of any of the Landlord's rights or remedies under this Lease or pursuant to law, in equity, or otherwise; that Tenant shall remain fully liable for the performance of each and every term, provision, covenant, duty and obligation of the Tenant under this Lease, including, without limitation, the duty to make any and all payments of Rent; and that any violation of any terms and conditions of this Lease by a sublessee may constitute a default under this Lease.

C. If consent by Landlord to an assignment is required hereunder, Tenant shall request, in writing, Landlord's consent to a proposed assignment and such request must include, in addition to any other information or materials that Landlord may request: (i) the name of the proposed assignee; (ii) the nature and character of the assignee's business; (iii) all material terms of the proposed assignment; and (iv) financial statements or other evidence of the proposed assignee to perform its obligations under this Lease.

For purposes hereof, an assignment will be deemed to occur if the person or persons who own or have voting control of more than 50% of Tenant on the Effective Date (or any assignee of Tenant on the date of such assignment), or partnerships or trusts formed by such persons for estate planning purposes, or affiliates of any such persons, cease to own or have voting control of more than 50% of Tenant at any time during the Term. Tenant shall provide to Landlord from time to time, as requested by Landlord and in a form acceptable to Landlord, a written certification confirming that no such assignment has occurred without Landlord's consent, if such consent is required hereunder. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities or otherwise.

D. Tenant shall have the right to mortgage the leasehold estate of Tenant created hereby in order to secure a mortgage loan for the purpose of (i) obtaining funds for the construction of the New Land Improvements described in Section 6, or to reimburse Tenant for funds advanced by Tenant for such purpose or to refinance any such loan, or (ii) other construction upon the Demised Premises approved from time to time by Landlord in writing, or (iii) for any other purpose which may be approved from time to time by Landlord in writing. In the event that Tenant, pursuant to mortgages or deeds of trust, mortgages the leasehold estate of Tenant created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Tenant under this Lease unless and until said mortgagee becomes the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Tenant and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Tenant of Tenant's obligation to pay the Rent due hereunder and otherwise fully perform the terms and conditions of this Lease.

E. All mortgages or deeds of trust whereby Tenant mortgages the leasehold estate of Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord at least fifteen (15) days written notice prior to accelerating the debt of Tenant to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (ii) allowing Landlord during such fifteen (15) day notice period to cure Tenant's default and prevent said acceleration and/or foreclosure proceedings, and thereafter at Landlord's option to assume Tenant's position under said mortgages or deeds of trust.

F. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice to such effect has been given to Landlord, to give the holder of such leasehold mortgage at such address or addresses as may be specified in such written notice to Landlord for the giving of notices to the leasehold mortgagee, or as otherwise may be specified by the leasehold mortgagee to Landlord in writing, written notice of any default hereunder by Tenant, simultaneously with the giving of such notice to Tenant, and the holder of any such leasehold mortgage shall have the right, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make payment as may be necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that Landlord shall not exercise Landlord's right to terminate

this Lease without first giving any such leasehold mortgagee the notice provided for herein and affording any such leasehold mortgagee the right to cure such default as provided for herein.

G. Landlord further agrees to execute and deliver to any proposed leasehold mortgagee of Tenant a "Non-Disturbance Agreement" wherein Landlord agrees that Landlord will (i) recognize such mortgagee after foreclosure, or transfer in lieu of foreclosure, as Tenant hereunder, and (ii) continue to perform all of Landlord's obligations hereunder so long as such mortgagee performs all of the obligations of Tenant hereunder; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such mortgagee or its successors and assigns after foreclosure or transfer in lieu of foreclosure shall not and does not have the right and shall not and does not have the power to assign (as defined in subsection A. of this Section above) this Lease, or any right, interest, obligation, or liability hereunder, or any part of the Demised Premises, without the prior written approval of Landlord, and any such assignment shall be null and a cause for immediate termination of this Lease by Landlord, it being the intent of this provision that such mortgagee shall have no greater right to assign or sublet this Lease, or any right, interest, obligation, or liability hereunder, or any part of the Demised Premises, than the Tenant has as set forth in this Section. Landlord also agrees to consider the execution and delivery to such proposed leasehold mortgagee any other documents which such proposed leasehold mortgagee may reasonably request concerning the mortgaging by Tenant of the leasehold estate created hereby; provided, however, that Landlord shall never be required to subordinate Landlord's interest in the Demised Premises to the mortgage of such proposed leasehold mortgagee.

H. Upon request by Landlord, Tenant shall provide to Landlord a complete and accurate roster of any subtenants which shall include, but not be limited to, name, mailing address, email address, daytime telephone number, 24-hour emergency contact information, together with the make, model, aircraft type and "N" number of any aircraft regularly stored or located on or in the Demised Premises. Tenant's failure to provide said information as prescribed constitutes a default of this Lease, subject to notice and cure as provided in Section 23(B).

Section 10. Property Taxes and Assessments:

Tenant shall pay, before they become delinquent, all property taxes or assessments, and any other governmental charges, fees, or expenses (collectively, the "Taxes"), levied or assessed on any improvements on the Demised Premises, the personal property and fixtures on the Demised Premises, and, if applicable, upon the leasehold estate of Tenant created hereby. Upon the request of Landlord, Tenant shall from time to time furnish to Landlord "paid receipts" or other written evidence that all such taxes have been paid by Tenant. In the event Tenant shall fail to pay any such taxes, assessments, or charges prior to delinquency, Landlord shall have the right to pay (but not the obligation) or may cause all taxes, assessments, or charges to be paid and the reasonable costs thereof expended by Landlord plus interest thereon as provided in Section 39 of this Lease shall be paid by Tenant on demand. Subject to the payment of any outstanding Taxes, Tenant may protest, appeal or institute other formal proceedings to affect a reduction or abatement of real estate taxes and assessments with respect to real estate taxes and assessments levied against the improvements on the Demised Premises and/or the Tenant's leasehold interest in the Lease for any tax fiscal year that ends after the Commencement Date of this Lease. Such protest, appeal or other proceedings may be conducted only in the name of Tenant. To this end and at Tenant's expense,

Tenant shall give Landlord written notice of any such protest or appeal and resolution thereof. Notwithstanding the foregoing, Tenant shall not contest the determination that the buildings and/or improvements are subject to taxation. If a final (non-appealable) determination is rendered by DCAD or a court of appropriate and competent jurisdiction that any such buildings or other improvements are not subject to property taxation, the Rent (as the same may be adjusted) for the year in which such final determination becomes effective shall be increased by an amount equal to the property tax revenue from such buildings and improvements that Tenant would have paid to the Town of Addison, Texas in that year but for such final determination (and such initial increased amount shall be paid to Landlord on or before December 31 of such year, unless otherwise agreed to by Landlord); thereafter, the Rent (as the same may be adjusted) as so increased shall continue, subject to adjustment as set forth in this Lease.

Section 11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the Term hereof, maintain in good repair and in a first class condition as set forth herein and all applicable ordinances, codes, rules and regulations of, or adopted by the Town of Addison, Texas all the Demised Premises and all improvements, fixtures, equipment and personal property on the Demised Premises and keep them free from waste or nuisance and, at the expiration or termination of this Lease, deliver up the Demised Premises clean and free of trash and in good repair and condition in accordance with the construction and/or maintenance standards set forth herein and all applicable ordinances, codes, rules and regulations of or adopted by the Town of Addison, Texas), with all fixtures and equipment, if any, situated in the Demised Premises in good working order, reasonable wear and tear excepted. Tenant shall reimburse Landlord for and indemnify Landlord against all damages which Landlord incurs from Tenant's delay in vacating the Demised Premises.

B. Provided Tenant is entitled to the Extended Term set forth in Section 2.B above, Tenant shall deliver to Landlord within sixty (60) days of the fifth (5th) anniversary of the Commencement Date of this Agreement, a completed and signed and dated Pavement Inspection Report ("PIR") (if performed by licensed professional engineer, the PIR is to be signed and stamped by the licensed engineer) generally in the form and content as given in Exhibit 4 attached hereto and incorporated herein by reference. The PIR may be performed by Tenant (or employee of Tenant) or, a professionally qualified licensed engineer (Landlord may, at its sole discretion, not accept a PIR performed by a third-party who is not a licensed engineer). It is the intent herein for Tenant to establish and perform routine inspections of the Land Improvements to ensure each element or feature is thoroughly inspected, potential problem areas identified, and proper corrective measures are recommended and implemented by Tenant:

1. The PIR shall be cumulative over the Term evidencing each condition found and reported, the recommended remedy, the maintenance action taken and when, and the estimated cost of said remedy. Thereafter, Tenant shall update the PIR every five years (within sixty-days thereof) and deliver same to Landlord for its records.
2. If deferred pavement maintenance is identified (or any other substandard condition) and reported, Landlord may make written demand for Tenant to remedy the reported deferred condition. Should Tenant fail to timely remedy the condition set forth in

Landlord's demand notice, Landlord reserves the right but not the obligation to (i) make the repairs itself and invoice Tenant for the cost of the repairs or, (ii) give notice to Tenant of its default of this Lease; pursuant to Section 23 – Default By Tenant.

3. Tenant's failure to timely deliver the PIR to Landlord as required herein shall constitute a default under Section 23 of this Agreement if not cured within the cure periods set forth herein.

4. Notwithstanding the foregoing, over the Term Landlord reserves the right to conduct its own PIR performed by a professionally qualified licensed engineer who is not an employee of the Landlord and is not compensated on a contingent fee or percentage basis. If deferred pavement maintenance or other substandard conditions are identified and reported in Landlord's PIR, Landlord may elect to provide Tenant a copy of the PIR and make written demand for (i) Tenant to remedy the reported conditions within a commercially reasonable period of time but in no event greater than six (6) months of Tenant's receipt of said notice, and (ii) reimburse Landlord for its out-of-pocket costs for the PIR (provided, that Tenant shall not be required to make such reimbursement more than one time in any 24 month period or if Tenant has provided a PIR to Landlord within the 24 month period prior to Landlord's PIR). Tenant's failure to remedy the reported conditions as required and or reimburse Landlord for its out-of-pocket costs are defaults of the Ground Lease pursuant to Section 23 of this Agreement if not cured within the cure periods set forth therein.

For the purposes of this Section 11, the term "deferred pavement maintenance" means physical deficiencies that could have been remedied with routine maintenance, normal operating maintenance, etc., excluding *de minimus* conditions that generally do not present a material physical deficiency to the subject property.

Section 12. Alterations, Additions, and Improvements:

After completion of the New Land Improvements described in Section 6, Tenant shall not make any alterations, additions, modifications, or improvements to the Demised Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

All alterations, modifications, additions and improvements in and to the Demised Premises shall be performed in a good and workmanlike manner, shall comply with all the standards and requirements set out above, and in Section 6 (including applicable indemnity obligations) and Section 8, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages (including incidental, special, and consequential damages), liens and any and all other liabilities and obligations which arise in connection therewith (and shall defend, indemnify, and hold harmless Landlord and Manager, and their respective officials, officers, employees, and agents, from and against any and all such costs, expenses, claims, liens, liabilities, and obligations as set forth in Section 6).

Section 13. Insurance and Bonds:

A. At all times in connection with this Lease and during the Term hereof, Tenant shall purchase and maintain at Tenant's sole cost and expense and in a company or companies lawfully authorized to do business in Texas such insurance coverages relating to the Demised Premises as follows:

1. If applicable, insurance against loss or damage to improvements by fire, lightning, and all other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism, and malicious mischief, all in amounts sufficient to prevent Landlord or Tenant from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than one hundred percent (100%) of the full insurable value of the Demised Premises and any and all improvements thereon. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Landlord, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.
2. Commercial General Liability insurance at minimum combined single limits of \$1,000,000 per-occurrence and \$1,000,000.00 general aggregate for bodily injury, death or property damage or destruction occurring on, in or about the Demised Premises, which coverage shall include products/completed operations (\$1,000,000.00 products/ completed operations aggregate). Coverage for products/completed operations must be maintained for at least two (2) years after construction work has been completed. Coverage must include contractual liability.
3. Statutory limits of workers compensation insurance and employer's liability with limits of liability of not less than \$1,000,000.00 each-occurrence each accident/\$1,000,000.00 by disease each-occurrence/\$1,000,000.00 by disease aggregate.
4. If applicable, boiler and pressure vessel insurance on all steam boilers and air compressors, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding, or exploding, in the minimum amount of \$500,000.00 for damage to or destruction of property resulting from such perils.
5. In connection with the design and construction of any improvements on the Demised Premises, architects, engineers, and constructions managers, including design/build contractors used by Tenant, shall carry professional liability insurance at minimum limits of \$250,000.00; this coverage must be maintained for at least two (2) years after the improvements are completed, and if coverage is written on a claims-made basis, a policy retroactive date equivalent to the inception date of this Lease (or earlier) must be maintained.
6. Hangarkeepers' Legal Liability insurance, at limits of \$1,000,000.00 per-occurrence is required if Tenant is engaged in maintenance, repair, or servicing of aircraft

belonging to a third-party on the Demised Premises, or if Tenant is otherwise involved in any operation on the Demised Premises in which Tenant has care, custody, or control of an aircraft that belongs to a third-party.

7. Aircraft liability insurance against third party bodily injury or death and property damage or destruction at minimum limits required by regulatory agencies having jurisdiction at the Airport and which are acceptable to Landlord, but in any event not less than \$1,000,000.00 each occurrence (applies to the ownership, operation or use of aircraft by Tenant or any subtenant). Policy shall include non-owned aircraft liability with a minimum of \$1,000,000.00 and medical expense coverage with a limit of \$5,000.00 for any one person.

8. Business Automobile Liability insurance for all Tenant owned and non-owned vehicles being operated on the Airport with a minimum combined single limit of \$1,000,000.00 for bodily injury and property damage.

9. If Tenant is fueling aircraft at the Airport pursuant to a fueling permit or license issued by the City, Tenant shall maintain a minimum of \$1,000,000.00 in Pollution Liability Insurance coverage, which may be satisfied through sudden and accidental pollution coverage under Tenant's commercial general liability policy.

10. Such other insurance in such amounts and against such other insurable hazards, which at the time are commonly obtained within the aeronautical industry for similar types of improvements and other improvements that may be located on the Demised Premises and Tenant's permitted use of the Demised Premises.

B. Tenant shall cause all such policies of insurance to comply with the following and be specifically endorsed as follows:

1. The Town of Addison, Texas, and the Airport Manager and their respective past and present officials, officers, employees, and agents shall be named as additional insureds or loss payees except with respect to the professional liability policies and workers compensation insurance; and

2. All insurance policies which name the Town of Addison, Texas, and the Airport Manager (and their respective past and present officials, officers, employees, and agents) as additional insureds must be endorsed to read as primary coverage and non-contributory regardless of the application of other insurance; and

3. A waiver of subrogation in favor of the Town of Addison, Texas, and the Airport Manager (and their respective past and present officials, officers, employees, and agents) shall be contained in each policy required herein; and

4. All insurance policies shall be endorsed to the effect that the Town of Addison, Texas, and the Airport Manager will receive at least thirty (30) days written notice prior to

cancellation or non-renewal of the insurance (except that if such insurance is canceled for non-payment of premium, such notice shall be ten (10) days.); and

5. All insurance policies shall be endorsed to require the insurer to immediately notify the City and the Airport Manager of any material change in the insurance coverages; and

6. All liability policies shall contain no cross-liability exclusions or insured versus insured restrictions applicable to the claims of the Town of Addison or the Airport Manager; and

7. Tenant may maintain reasonable and customary deductibles, subject to approval by Landlord; and

8. Insurance must be purchased from insurers that are financially acceptable to Landlord and licensed to do business in the State of Texas.

C. All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Certificates of insurance, satisfactory to Landlord, evidencing all coverage above, shall be prepared and executed by the insurance company or its authorized agent, promptly delivered to Landlord and updated as may be appropriate, and shall:

1. List each insurance coverage described and required herein. Such certificates will also include a copy of the endorsements necessary to meet the requirements and instructions contained herein; and

2. Specifically set forth the notice-of-cancellation or termination provisions to the Town of Addison and the Airport Manager.

D. Landlord reserves the right to review the insurance requirements contained herein and to reasonably adjust coverages and limits when deemed necessary and prudent by Landlord.

Section 14. Casualty Damage or Destruction:

A. In case of any damage to or destruction of the Land Improvements or any other improvements on or at the Demised Premises, or any part thereof, Tenant will promptly give written notice thereof to Landlord, generally describing the nature and extent of such damage and/or destruction.

B. In case of any damage to or destruction of any improvements (including the Land Improvements) on or at the Demised Premises, or any part thereof, Tenant, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Tenant's sole cost, risk and expense will promptly and diligently commence and complete the restoration, repair and replacement of said improvements as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction and with at least as good workmanship and quality as such building, structure,

equipment, or other improvements on or at the Demised Premises being repaired or replaced, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration"). All Restoration plans (whether design, architectural, or otherwise) shall be approved in writing by Landlord prior to the commencement of construction, which approval shall not be unreasonably withheld, conditioned or delayed; provided, that Landlord's approval shall not be required in connection with Restoration pursuant to plans previously approved by Landlord. All such design and construction shall comply with other sections of this Lease concerning the design and construction of buildings and other improvements on or at the Demised Premises, including without limitation Sections 6, 8, and 13 hereof.

C. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the Demised Premises shall be held by Landlord. Landlord shall be protected, and fully indemnified in accordance with Sections 6 and 21 hereof and other relevant provisions of this Lease, in acting upon any certificate believed by Landlord to be genuine and to have been executed by the proper party and shall receive such certificate as conclusive evidence of any fact or as to any matter therein set forth. Such certificate shall be full warranty, authority, and protection to Landlord in acting thereon and Landlord shall be under no duty to take any action other than as set forth in this Section 14.

D. Insurance proceeds received by Landlord on account of any damage to or destruction of the buildings, structures and equipment on the Demised Premises, or any part thereof (less the costs, fees and expenses incurred by Landlord and Tenant in the collection thereof, including, without limitation, adjuster's and attorney's fees and expenses ("Net Insurance Proceeds")) shall be applied as follows:

1. Net insurance proceeds as above defined shall be paid to Tenant or as Tenant may direct from time to time as Restoration progresses to pay (or reimburse Tenant for) the cost of Restoration, upon written request of Tenant to Landlord accompanied by (a) certificate of a supervising architect or engineer approved by Landlord, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has theretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration, and (b) an opinion of counsel, title commitment or similar report acceptable to Landlord confirming that there exist no mechanics', materialmen's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested.

2. Upon receipt by Landlord of the certificate and opinion of counsel, title commitment or report required by the foregoing clauses (i) (a) and (b) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialman's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Tenant or as Tenant may direct.

E. Subject to extension for delays caused by Force Majeure, in the event Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, and Tenant does not commence to cure such failure within the period

set forth below, such failure by Tenant shall be an Event of Default by Tenant pursuant to notice and cure in Section 23.B of this Lease. If an Event of Default by Tenant occurs pursuant to the preceding sentence and is continuing, Landlord shall have the right, but not the obligation, to commence or complete Restoration as described hereinafter. Landlord's right to commence or complete Restoration shall begin after Landlord has given Tenant at least thirty (30) days written notice requesting (i) the commencement of Restoration, or (ii) that Tenant diligently proceed to the completion of Restoration, and Tenant during such thirty (30) day period fails to commence or fails to proceed to diligently complete Restoration. In such event, Landlord shall be entitled to obtain the insurance proceeds, and Tenant shall promptly pay any deficiency if such proceeds are not sufficient for Restoration.

F. In the event of termination of this Lease by Landlord because of Tenant's failure to commence or complete (as the case may be) the Restoration, this Lease shall terminate and come to an end upon Landlord's termination as aforesaid as though the date of such termination by Landlord were the date of expiration of the Term of this Lease. All insurance proceeds, if any are remaining and/or available subject to another secured interest on the property, shall be paid to the Landlord.

Section 15. Condemnation:

A. If during the Term hereof, any part of the Demised Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the Demised Premises is not susceptible to efficient and economic occupation and operation by Tenant, as determined by Tenant, Tenant shall be entitled to terminate this Lease as of the date that said condemning authority takes possession of the Demised Premises, and Landlord shall refund to Tenant any prepaid but unaccrued Rental less any sum then owing by Tenant to Landlord.

B. If after such taking by or sale to said condemning authority the remainder of the Demised Premises is susceptible to efficient and economic occupation and operation by Tenant, as determined by Tenant, this Lease shall not terminate but the Rental due hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term hereof the sum obtained by multiplying each monthly Rental payment due hereunder, as adjusted from time to time pursuant to Section 4, by a fraction, the numerator of which shall be the number of square feet remaining in the Demised Premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the Demised Premises. The Rental adjustment called for herein shall not commence until said condemning authority takes possession of the condemned portion of the Demised Premises.

C. If this Lease is not terminated pursuant to Section 15.A., Tenant shall promptly restore any building and any other improvements on the Demised Premises, and the condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the Demised Premises to a condition susceptible to efficient and economic occupation and operation by Tenant, and any remaining proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and

Tenant, as their interest may appear. If this Lease is terminated pursuant to Section 15.A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

Section 16. Utilities:

Tenant shall be responsible at Tenant's sole cost and expense for obtaining all utility connections at or for the Demised Premises and Tenant shall pay all charges for water, electricity, gas, sewer, telephone or any other utility connections, tap-in fees, impact fees, and services furnished to the Demised Premises during the Term hereof. Tenant agrees to contact all utility service providers prior to any excavation or digging on the Demised Premises. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

Section 17. Common Facilities:

Tenant and Tenant's employees, agents, servants, customers and other invitees shall have the non-exclusive right to use all common facilities, improvements, equipment and services which may now exist or which may hereafter be provided by Landlord for the accommodation and convenience of Landlord's customers and tenants, including landing and takeoff facilities, means of ingress and egress to the Demised Premises, other Airport installations, and all other reasonable services which may be provided with or without charge from time to time by Landlord in operating the Airport ("Common Facilities"). All such Common Facilities shall always be under the exclusive control, operation and management of Landlord and may be rearranged, modified, changed, altered, removed, or terminated from time to time at Landlord's sole discretion.

Section 18. Rules and Regulations:

Landlord has adopted *Addison Airport Minimum Standards and Requirements for Commercial Aeronautical Service Providers* (also commonly referred to as the "Minimum Standards" or "Airport Minimum Standards") and *Addison Airport Rules and Regulations* (also commonly referred to as the "Rules and Regulations" or "Airport Rules and Regulations"), which shall govern Tenant in the use of the Demised Premises and all Common Facilities, a copy of which has been furnished to Tenant. The Minimum Standards and Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to always comply fully with these governing documents. Landlord, in its sole discretion, shall have the right to amend, modify and alter these Minimum Standards and Rules and Regulations from time to time in a reasonable manner or may introduce other regulations as deemed necessary for the purpose of assuring the safety, welfare, convenience and protection of property of Landlord, Tenant and all other tenants and customers of the Airport, provided that any such amendments or modifications shall be uniformly applied in a non-discriminatory manner to all similarly situated tenants.

Section 19. Signs and Equipment:

After first securing Landlord's approval, which shall not be unreasonably withheld, conditioned or delayed, Tenant shall have the right from time to time to install and operate signs depicting Tenant's name and operate radio, communications, meteorological, aerial navigation and

other equipment and facilities in or on the Demised Premises that may be reasonably necessary for the operation of Tenant's business, provided such signs and equipment are installed and maintained in compliance with all applicable governmental laws, rules, and regulations, including the City sign ordinance, and do not interfere with the operation of any navigation facilities or Airport communications (including, without limitation, navigation facilities or Airport communications used or operated by the Federal Aviation Administration).

Section 20. Landlord's Right of Entry:

Landlord and Landlord's authorized representatives shall have the right, during normal business hours, and upon no less than 48 hours' prior written notice (except in the case of emergency threatening life, safety or property) to enter the Demised Premises (i) to inspect the general condition and state of repair thereof, (ii) to make repairs permitted under this Lease, (iii) to show the Demised Premises to any prospective tenant or purchaser or (iv) for any other reasonable and lawful purpose. No such entry by Landlord shall unreasonably interfere with the conduct of Tenant's operations at the Demised Premises.

During the final one hundred eighty (180) days of the term hereof, Landlord and Landlord's authorized representatives shall have the right to erect and maintain on or about the Demised Premises customary signs advertising the Demised Premises for lease.

Section 21. Indemnity and Exculpation:

A. Exculpation.

Except and to the extent caused by the gross negligence or intentional misconduct of Landlord or any party acting on its behalf, the Town of Addison, Texas and all other Addison Persons and the Manager Persons (for purposes of this subparagraph A, as the terms "Addison Persons" and "Manager Persons" are defined in subparagraph B below), shall not be liable to Tenant or to any Tenant Persons (for purposes of this subparagraph A, as the term "Tenant Persons" is defined in subparagraph B below), or to any other person whomsoever, for any death or injury to persons or damage to or destruction of property or any other harm on or about the Premises or any adjacent area owned by Landlord caused by or resulting from any act or omission of Tenant or any Tenant Persons or any other person entering the Premises under express or implied invitation of Tenant or any Tenant Persons, or arising out of the use or occupation of the Premises by Tenant or by any Tenant Persons, in the performance of Tenant's obligations hereunder.

B. Tenant's Indemnity Obligation.

Tenant agrees to and shall fully DEFEND (with counsel reasonably acceptable to Landlord), INDEMNIFY AND HOLD HARMLESS (i) the **Town of Addison, Texas**, and its elected officials, officers, employees, agents, representatives, and volunteers of the **Town of Addison, Texas**, individually or collectively, in both their official and private capacities (the **Town of Addison, Texas**, and the elected officials, the officers, employees, representatives, and volunteers of the **Town of Addison, Texas** each being an "Addison Person" and collectively the "Addison Persons") and (ii) Airport

Manager and Airport Manager's owners, officers, employees and agents (Airport Manager and Airport Manager's owners, officers, employees and agents each being a "Manager Person" and collectively the "Manager Persons"), from and against any and all claims, actions, proceedings, causes of action, demands, losses, liens, harm, damages, penalties, fines, liabilities, expenses, lawsuits, judgments, costs, and fees (including reasonable attorney fees and court costs) of any kind and nature whatsoever made upon, incurred by, suffered by, or asserted against any Addison Person or any Manager Person or the DEMISED Premises, whether directly or indirectly, (collectively for purposes of this subparagraph B, "Damages"), that result from, relate to, or arise out of, in whole or in part, from:

1. any condition of the DEMISED PREMISES caused in whole or in part by Tenant or by any of Tenant's owners, directors, shareholders, partners, managers, officers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, concessionaires, or any other person or entity for whom Tenant is legally responsible, and their respective owners, directors, shareholders, partners, officers, managers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, and concessionaires, or any other person acting by or under the authority or with the permission of Tenant, Tenant's tenants, or any other person entering the Premises under express or implied invitation of Tenant during the Term (collectively, "Tenant Persons"); and
2. any construction on or repair to the DEMISED Premises, or the Demised Premises becoming out of repair due to the fault of Tenant or any Tenant Persons, for any reason including by failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling; and
3. representations or warranties by Tenant under this Lease; and/or
4. any act or omission of Tenant or any Tenant Persons under, in connection with, or in the performance of, this Lease.

SUCH DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SHALL AND DOES INCLUDE DAMAGES ALLEGED OR FOUND TO HAVE BEEN CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OF THE TOWN OF ADDISON, TEXAS, ANY OTHER ADDISON PERSON, THE AIRPORT MANAGER, OR ANY OTHER MANAGER PERSON, OR BY ANY ACT OR OMISSION BY THE TOWN OF ADDISON, TEXAS, ANY OTHER ADDISON PERSON, THE AIRPORT MANAGER, OR ANY OTHER MANAGER PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND; PROVIDED THAT UNDER NO CIRCUMSTANCE SHALL THE SAME APPLY TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF THE LANDLORD OR ANY PARTY ACTING ON ITS BEHALF.

However, Tenant's liability under this clause shall be reduced by that portion of the total amount of the Damages (excluding defense fees and costs) equal to the Addison Person or Addison

Persons', or Manager Person or Manager Persons' (as the case may be), proportionate share of the negligence or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Tenant's liability for any Addison Person's or any Manager Person's defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to Addison Person or Addison Persons', or Manager Person or Manager Persons', (as the case may be) proportionate share of the negligence or conduct that would give rise to strict liability of any kind, that caused the loss.

Tenant shall promptly advise Landlord in writing of any claim or demand against the Town of Addison, any other Addison Person, any Manager Person, or Tenant or any Tenant Person related to or arising out of Tenant's activities under this Lease and shall see to the investigation and defense of such claim or demand at Tenant's sole cost and expense. The Addison Persons and Manager Persons, as the case may be, shall have the right, at the Addison Persons' or Manager Persons' (as the case may be) option and at their own expense, to participate in such defense without relieving Tenant of any of its obligations hereunder.

C. Release.

Tenant hereby RELEASES the Town of Addison, Texas and all other Addison Persons (as the term "Addison Persons" is defined in subparagraph B. of this Section 21) and Airport Manager and all other Manager Persons (as the term "Manager Persons" is defined in subparagraph B. of this Section 21) from, and agrees that the Town of Addison, Texas and all other Addison Persons, and Airport Manager and all other Manager Persons, shall not be liable to Tenant or any Tenant Persons (as the term "Tenant Persons" is defined in subparagraph B. of this Section 21) for (i) any death or injury to any person or persons or damage to or destruction of property of any kind resulting from the **Demised** Premises becoming out of repair or by defect in or failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the **Demised** Premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever, and for (ii) any loss or damage that **may result from or** be occasioned by or through the acts or omissions of other tenants of Landlord or caused by operations in construction of any private, public, or **quasi-public work**, INCLUDING, WITHOUT LIMITATION, ANY AND ALL CLAIMS WHICH ARISE FROM, OR ARE ALLEGED OR FOUND TO HAVE BEEN CAUSED BY, IN WHOLE OR IN PART, THE NEGLIGENCE [BUT EXCLUDING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT] OF ANY OF THE INDEMNIFIED PERSONS, OR CONDUCT BY ANY OF THE INDEMNIFIED PERSONS THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.

C. The provisions of this Section 21 shall survive the expiration or termination of this Lease.

Section 22. Environmental Compliance:

A. No Storage or Disposal:

Tenant shall not install, store, use, treat, transport, discharge or dispose (or permit or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by Tenant, its directors, officers, shareholders, members, partners, agents, employees, invitees, contractors, subcontractors, independent contractors, or subtenants) on the Demised Premises or any portion of the Common Facilities, any: (a) asbestos in any form; (b) urea formaldehyde foam insulation; (c) transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; or (d) any other chemical, material, air pollutant, toxic pollutant, waste, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited or regulated by the Resource Conservation Recovery Act (42 U.S.C. §6901, et seq., as amended or superseded), the Comprehensive and Environmental Response Compensation and Liability Act (42 U.S.C. §9601, et seq, as amended or superseded), the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act, and/or the Clean Water Act, or any other federal, state, county, regional, local or other governmental authority laws, rules, orders, standards, policies, or regulations, or which, even if not so regulated may or could pose a hazard to the health and safety of the occupants of the Demised Premises and/or any portions of the Common Facilities, and which is either: (i) in amounts in excess of that permitted or deemed safe under any applicable law, rule, order, standard, policy, or regulation or (ii) in any manner prohibited or deemed unsafe under applicable law, rule, order, standard, policy, or regulation. (The substances referred to in (a), (b), (c) or (d) are collectively referred to hereinafter as "Hazardous Materials").

B. Cleanup Laws:

Tenant shall, at Tenant's own expense, comply with any presently existing or hereafter enacted laws relating to Hazardous Materials (collectively, "Cleanup Laws"); provided, however that Tenant shall not be responsible for correcting any violation of the Cleanup Laws under this Section that existed prior to the Effective Date or that are caused by any party other than Tenant, its directors, shareholders, members, partners, officers, agents, employees, invitees, independent contractors, contractors, subcontractors, licensees, subtenants, any other person entering the Demised Premises under express or implied invitation of Tenant, or any person directly or indirectly employed by or acting under Tenant (the "Tenant Party(ies)"). In furtherance and not in limitation of the foregoing, Tenant shall, at Tenant's own expense, make all submissions to provide all information to, and comply with all requirements of the appropriate governmental authority (the "Authority") under the Cleanup Laws, to the extent provided in the preceding sentence. Should any Authority require that a cleanup plan be prepared and that a cleanup be undertaken because of the existence of Hazardous Materials which were installed, stored, used, treated, transported, disposed of or discharged on the Demised Premises and/or any portion of the Common Facilities, by Tenant, its directors, shareholders, members, partners, officers, agents, employees, invitees, independent contractors, contractors, subcontractors, licensees, subtenants, any other person entering the Demised Premises under express or implied invitation of Tenant, or any person directly or indirectly employed by or acting under any Tenant Party during the Term of this Lease, Tenant shall, at Tenant's own expense, prepare and submit the required plans and

financial assurances and carry out the approved plans in accordance with such Cleanup Laws and to Landlord's satisfaction. At no expense to Landlord, Tenant shall promptly provide all information requested by Landlord for preparation of affidavits or other documents required by Landlord to determine the applicability of the Cleanup Laws to the Demised Premises and/or any portion of the Common Facilities and shall sign the affidavits promptly when requested to do so by Landlord.

TENANT'S FURTHER INDEMNITY OBLIGATION. Tenant shall indemnify, defend, save and hold harmless Landlord and all other Landlord persons, and airport manager and all other manager persons, from and against, and reimburse Landlord and all other Landlord persons, and airport manager and all other manager persons, for, any and all obligations, damages, injunctions, fines, penalties, demands, claims, costs, fees, charges, expenses, actions, causes of action, judgments, liabilities, suits, proceedings and losses of whatever kind or nature (including, without limitation, attorneys' fees and court costs), and all cleanup or removal costs (collectively for purposes of this subsection, "damages") and all actions of any kind arising out of or in any way connected with the following, to the extent caused by Tenant or any Tenant Party, (i) the generation, installation, storage, use, treatment, transporting, disposal or discharge of hazardous materials in or on the demised premises and/or any portion of the airport, including the common facilities, or any property adjacent to the airport, by Tenant or any Tenant Party, and (ii) all fines, suits, procedures, claims and actions of any kind arising out of Tenant's failure to provide all information, make all submissions and take all steps required by the authority under the cleanup laws or any other environmental law, rule, standard, regulation, or policy. Such defense, indemnity, and hold harmless obligation shall and does include damages alleged or found to have been caused, in whole or in part, by the negligence [but not the gross negligence or willful misconduct] of the Landlord, any other Landlord person, airport manager, or any other manager person, or by any act or omission of Landlord, any other Landlord person, airport manager, or any other manager person that may give rise to strict liability of any kind. However, to the extent gross negligence and/or willful misconduct are alleged simultaneously with claims requiring defense and indemnity herein, Tenant shall defend all claims alleged against the Landlord, and any other Landlord person, and airport manager, and any other manager person. Tenant's liability under this indemnity obligation shall be reduced by that portion of the total amount of the damages (excluding defense fees and costs) equal to the indemnified person's or indemnified persons' proportionate share of the negligence or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Tenant's liability for indemnified person's or indemnified persons' defense costs and attorneys' fees shall be reduced by a portion of the defense costs and attorneys' fees equal to the indemnified person's or indemnified persons' proportionate share of the negligence or conduct that would give rise to strict liability of any kind, that caused the loss. In addition to and not in limitation of Landlord's other rights and remedies, Tenant's failure to abide by the terms of this Section shall be restrainable by injunction.

C. Environmental Notices:

Tenant shall promptly supply Landlord with copies of any notices, correspondence and submissions made by Tenant to or received by Tenant from any governmental authorities of the United States Environmental Protection Agency, the United States Occupational Safety and Health

Administration, the FAA, TxDOT, or any other local, state, or federal authority that requires submission of any information concerning environmental matters or Hazardous Materials.

D. Environmental Site Assessments:

Prior to the Commencement Date of this Lease, the Tenant, at Tenant's sole cost and expense, shall be entitled to conduct a Phase I Environmental Site Assessment ("ESA") with respect to the Demised Premises. If the Phase I ESA indicates the likely presence of Hazardous Materials on the Demised Premises, Tenant shall be entitled to conduct a Phase II ESA at Tenant's sole cost and expense. If the Phase II ESA indicates the presence of Hazardous Materials on the Demised Premises, Tenant shall be entitled, as its sole remedy, to disaffirm this Lease, in which case this Lease shall become null and void and no further obligation shall be borne by either party hereto. A copy of a Phase I ESA and Phase II ESA, if any, shall be delivered promptly to Landlord upon completion.

Section 23. Default by Tenant:

Each of the following events, inclusive of those events of default otherwise referenced herein, shall be deemed to be an "Event of Default" (herein so called) by Tenant under this Lease:

A. Failure of Tenant to make any payment of Rent payable to Landlord or any other sum payable to Landlord hereunder, on the date that same is due, and such failure shall continue thereafter for a period of ten (10) days (the "10-day Grace Period") and such failure shall not be cured within ten (10) days after written notice thereof (the "Cure Period") to Tenant (which Cure Period may overlap, in whole or in part, the 10 day Grace Period).

B. Failure to pay or cause to be paid Taxes (to the extent Tenant is obligated to pay or cause same to be paid), utilities, or insurance premiums, or any other payment which Tenant is obligated to pay under the Lease and such failure shall continue for a period of thirty (30) days after written notice thereof to Tenant.

C. Failure of Tenant to comply with any term, condition or covenant of this Lease (other than the payment of Rent, or the payment of taxes, utilities or insurance premiums, or other payments Tenant is to make under this Lease, as set forth in Subsection A and B of this Section 23) and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant setting forth such default; provided, however, in the event such failure is not susceptible of cure within such thirty (30) day period, then Tenant shall advise Landlord in writing of the same, such thirty (30) day period shall be extended for an additional period of time (not to exceed an additional sixty (60) days except in the case of Force Majeure, in which event the Force Majeure provisions shall apply) so long as Tenant has provided Landlord written notice of the curative measures Tenant proposes to undertake and has commenced to cure such failure within the initial thirty (30) day period and thereafter diligently pursues such cure.

D. Insolvency or the making of a transfer in fraud of creditors as determined by a court of law with jurisdiction over Tenant, or the making of a general assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

E. Filing of a petition under any section or chapter of the Bankruptcy Code, as amended, or under any similar law or statute of the United States or any state thereof by Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor that is not dismissed within ninety (90) days.

F. Appointment of a receiver or trustee for all or substantially all the assets of Tenant or any guarantor of Tenant's obligations.

G. Abandonment or cessation of use of the Demised Premises or any substantial portion thereof for the purpose leased by Tenant for a period of ninety (90) consecutive days.

H. Tenant is in default of any other lease or agreement with the Town of Addison after notice and opportunity to cure, if applicable, or, provided Tenant is the holder of a valid aviation fuel dispensing permit or license issued by the Town of Addison, is in default of said fuel dispensing permit or license after notice and opportunity to cure, if applicable.

Section 24. Remedies of Landlord:

Upon the occurrence and during the continuance of any uncured Event of Default by Tenant under this Lease, Landlord, without prejudice to any other legal, equitable, or contractual right or remedy, shall have the option to pursue any one or more of the following rights or remedies using lawful force if necessary or appropriate, without notice or demand whatsoever:

A. Terminate this Lease or any of Tenant's rights under this Lease, with or without reentering or repossessing the Demised Premises, and terminate any other lease or agreement at the Airport between Landlord and Tenant and any fuel license or permit granted to Tenant. Landlord may also terminate this Lease at any time after a termination of occupancy or possession as described in subsection B. of this Section.

B. Terminate Tenant's right to occupy or possess all or any part of the Demised Premises without terminating this Lease and with or without reentering or repossessing the Demised Premises.

C. Recover unpaid Rent and any Damages (as defined below);

D. Re-enter and re-possess all or any part of the Demised Premises by changing or picking the locks, access codes, or other access control devices, and taking any other self-help or judicial action, to exclude Tenant and other occupants from the Demised Premises. Re-entry or repossession of the Demised Premises by Landlord will not be construed as an election by Landlord to terminate this Lease.

E. Remove and store (at Tenant's sole cost) any property (other than aircraft) on the Demised Premises.

F. Sue for eviction, specific enforcement, equitable relief, Rent, damages, or any other available remedy.

G. INTENTIONALLY DELETED (*reserved for the Application of a Security Deposit, if any*).

H. Cure Tenant's default, and if Landlord does so, Tenant must reimburse Landlord within 30 days after Landlord delivers an invoice for any actual, out-of-pocket expenses Landlord incurred effecting compliance with Tenant's obligations.

I. Withhold or suspend any payment that this Lease would otherwise require Landlord to make.

J. Exercise all other remedies available to Landlord at law or in equity (including, without limitation, injunctive and other extraordinary remedies).

For purposes of this Section, "Damages" includes, without limitation, all actual, incidental, and or consequential damages, court costs, interest, and attorneys' fees incurred by Landlord and arising from Tenant's breach of this Lease, including, without limitation, the cost of (A) recovering possession of the Demised Premises, (B) removing and storing Tenant's and any other occupant's property, (C) re-letting the Demised Premises, including, without limitation, the costs of brokerage commissions and cleaning, make-ready, or repairing the Demised Premises for a substitute tenant or tenants, (D) collecting any money owed by Tenant or a substitute tenant, (E) repairing any damage caused by any Tenant Persons, (F) performing any obligation of Tenant under the Lease, and (G) any other loss or cost incurred by Landlord as a result of, or arising from, Tenant's breach of the Lease or Landlord's exercise of its rights and remedies for such breach.

Unless Landlord delivers signed, written notice thereof to Tenant explicitly accepting surrender of the Demised Premises, providing for termination of this Lease, or evicting Tenant, no act or omission by Landlord or Airport Manager or their respective officials, officers, employees, or agents will constitute Landlord's acceptance of surrender of the Demised Premises, termination of Lease, or an actual or constructive eviction of Tenant (including, without limitation, Tenant's delivery of keys to any of Landlord's or Manager's officials, officers, employees, or agents or Landlord's repossession, reentry, or reletting of the Demised Premises).

Pursuit of any of the foregoing rights or remedies by Landlord shall not preclude Landlord's pursuit of any of the other rights or remedies herein provided or any other rights or remedies provided by law, in equity, or otherwise, nor shall pursuit of any right or remedy herein provided constitute a forfeiture or waiver of any Rent due to Landlord hereunder or of any damages accruing to Landlord by reason of the violation of any of the terms, conditions and covenants herein contained.

Section 25. Default by Landlord:

No default by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the Demised Premises or render Landlord liable for damages (including consequential damages) or entitle Tenant to be relieved from any of Tenant's obligations hereunder (including the obligation to pay Rent) or grant Tenant any right of deduction, abatement, set-off or recovery or entitle Tenant to take any action whatsoever with regard to the Demised Premises or Landlord until (a) thirty (30) days after Tenant has given Landlord written notice specifically setting forth such default by Landlord, and Landlord has failed to cure such default within said thirty (30) day period, or in the event such default cannot be cured within said thirty (30) day period then within an additional reasonable period of time so long as Landlord has commenced curative action within said thirty (30) day period and thereafter is diligently attempting to cure such default or (b) in case the case of any default by Landlord hereunder which prevents Tenant from accessing or utilizing the Demised Premises (or any material part thereof) for its intended purpose for a period of 24 hours after Tenant has provided notice to Landlord of the same (excepting, however, to the extent the same is caused by an emergency threatening life, safety or property but only to the extent Landlord is continuously using commercially reasonable efforts to remedy the same). Should Landlord fail to cure such default within said cure period, or within said additional reasonable period, Tenant shall have the right as its sole and exclusive remedy to:

A. Proceed to cure such default (provided such cure occurs entirely within the Demised Premises) and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding Rental payment(s) due by Tenant to Landlord hereunder;

B. Proceed to cure such default (provided such cure occurs entirely within the Demised Premises) and sue Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum; or

D. Terminate this Lease upon written notice of the same to Landlord.

If any mortgagee of Landlord has given Tenant its address for notices and specifically requests such notice, Tenant agrees to give the notice required hereinabove to such mortgagee at the time Tenant gives same to Landlord, and to accept curative action, if any, undertaken by such mortgagee as if such curative action had been taken by Landlord.

Section 26. Mitigation of Damages:

A. In conjunction with any obligation imposed by law on Landlord to mitigate damages arising from Tenant's abandonment of the Demised Premises in breach of this Lease, Landlord, beginning not more than ninety (90) days after Tenant physically vacates the Demised Premises and continuing until the Demised Premises have been relet (but subject to the provisions of this subsection A. set forth below), will market the Demised Premises for lease, and Tenant will remain liable for all Rent and for Damages incurred by Landlord (as the term "Damages" is defined in Section 24).

Landlord and Tenant agree to the following criteria in connection with Landlord's obligation (if any) to mitigate damages as described above:

1. Landlord will have no obligation to solicit or entertain negotiations with any other prospective tenants of the Demised Premises until and unless Landlord obtains full and complete possession of the Demised Premises, including without limitation, the final and unappealable legal right to relet the Demised Premises free of any claim of Tenant.
2. Landlord will not be obligated to offer the Demised Premises to a prospective tenant when other premises suitable for that prospective tenant's use are (or soon will be) available in any other premises located at Addison Airport.
3. Landlord will not have any obligation to lease the Demised Premises for any amount of rent less than the current market rent for similar space at Addison Airport (or if no similar space is available, the current fair market rent prevailing for similar space in comparable properties in the same market area as the Demised Premises) nor shall Landlord be obligated to enter a new lease under any terms or conditions that are unacceptable to Landlord.
4. Landlord will not be obligated to enter any lease with any prospective tenant whose reputation is not acceptable to Landlord, in Landlord's commercially reasonable judgment and opinion.
5. Landlord will not be obligated to enter a lease with any prospective tenant: (i) which does not have, in Landlord's sole judgment and opinion, sufficient financial resources and operating experience to operate the Demised Premises in a first-class manner and meet its financial obligations; or (ii) whose proposed use of the Demised Premises is not a permitted use under the terms of this Lease.
6. Landlord will not be required to expend any amount of money to alter, remodel or otherwise make the Demised Premises suitable for use by any prospective tenant.

If Landlord makes the Demised Premises available for reletting under the criteria set forth hereinabove, Landlord will be deemed to have fully satisfied Landlord's obligation (if any) to mitigate damages under this Lease and under any law or judicial ruling in effect on the date of this Lease or at the time of Tenant's default, and **TENANT HEREBY WAIVES AND RELEASES**, to the fullest extent legally permissible, any right to assert in any action by Landlord to enforce the terms of this Lease, any defense, counterclaim, or rights of setoff or recoupment respecting the mitigation of damages by Landlord (or alleged failure by Landlord to adequately mitigate its damages), unless and to the extent Landlord maliciously or in bad faith fails to act in accordance with the requirements of this Section.

No Rent collected from a substitute tenant for any month more than the Rent due under the Lease for that month will be credited or offset against unpaid Rent for any other month or any other Damages. Tenant stipulates that the mitigation requirements expressed in this Section are objectively reasonable. **TO THE FULLEST EXTENT PERMITTED BY LAW, TENANT WAIVES ANY**

OTHER OBLIGATION BY LANDLORD TO MITIGATE ITS DAMAGES AFTER TENANT FAILS TO PAY RENT OR VACATES OR ABANDONS THE PREMISES.

B. Tenant's right to seek actual damages because of a default by Landlord under this Lease shall be conditioned on Tenant taking all actions reasonably required, under the circumstances, to minimize any loss or damage to Tenant's property or business, or to any of Tenant's officers, employees, agents, invitees, or other third parties that may be caused by any such default of Landlord.

Section 27. Waiver of Subrogation:

Each party hereto waives any and every claim which arises or may arise in such party's favor against the other party hereto during the Term of this Lease for any and all loss of, or damage to, any of such party's property located within or upon, or constituting a part of, the Demised Premises, which loss or damage is covered by valid and collectible casualty, fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. Such mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. Inasmuch as such mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation or otherwise to an insurance company (or any other person), each party hereby agrees immediately to give to each insurance company which has issued to such party policies of fire and extended coverage insurance, written notice of the terms of such mutual waivers, and to cause such insurance policies to be properly endorsed, if necessary, to prevent the invalidation of such insurance coverages by reason of such waivers.

Section 28. Title to Improvements:

A. Any and all real property improvements made on or to the Demised Premises, including, without limitation, the Existing Land Improvements, New Land Improvements (subject to their Final Completion and acceptance by Landlord as provided for in Addendum #1), shall be owned and title by Landlord.

B. Upon the termination of this Agreement, whether by expiration of the Term hereof or by reason of default on the part of Tenant, or for any other reason whatsoever (i) Tenant shall deliver up to Landlord the Demised Premises clean and free of trash and debris, in a broom swept condition, in good repair and condition in accordance to Section 11 herein, as amended or modified, with all fixtures, if any, situated on the Demised Premises delivered in good working order, reasonable wear and tear excepted, and (ii) unless Tenant is in default at the time, Tenant shall have the right to remove all personal property (including aircraft stored on the Demised Premises) and trade fixtures owned by Tenant from the Demised Premises, but Tenant shall be required to repair any damage to the Demised Premises, including any Land Improvements, caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense.

C. Upon such termination, Tenant shall, at Landlord's request, execute a recordable instrument evidencing the expiration or termination of this Agreement and giving the effective date of said termination or expiration date or Extended Term Expiration Date.

D. Upon the expiration or early termination of this Lease, Tenant shall, at Landlord's request, execute a recordable instrument evidencing the termination of this Agreement and giving the effective date of said termination or expiration date.

Section 29. Mechanics' and Materialmen's Liens; Lien for Rent; Waiver of Landlord Liens:

Tenant agrees to defend, indemnify and hold harmless to the full extent as provided in this Lease, THE INDEMNIFIED Persons from and against all liability arising out of the filing of any mechanics' or materialmen's liens against the Demised Premises by reason of any act or omission of Tenant or anyone claiming under Tenant (including, without limitation, any Tenant Persons), and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in Section 39 as additional Rent; provided, however, that Landlord shall not so satisfy such liens until fifteen (15) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such fifteen (15) day period to bond such liens or escrow funds with appropriate parties to protect Landlord's interest in the Demised Premises unless a shorter period of time is dictated by applicable law.

Section 30. Intentionally Deleted.

Section 31. Quiet Enjoyment and Subordination:

Landlord represents that Tenant, upon payment of the Rent and performance of the terms, conditions, covenants, and agreements herein contained, shall (subject to all the terms and conditions of this Lease) peaceably and quietly have, hold, and enjoy the Demised Premises during the full Term of this Lease. Landlord further is hereby irrevocably vested with full power and authority by Tenant to subordinate Tenant's interest hereunder to any mortgage, deed of trust or other lien hereafter placed on the Demised Premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien hereafter placed on the Demised Premises; provided, however, any such subordination shall be upon the express condition that the lienholder executes a commercially reasonable subordination non-disturbance attornment ("SNDA") in which it is acknowledged that (i) this Lease shall be recognized by the mortgagee and that all of the rights of Tenant shall remain in full force and effect during the full Term of this Lease on condition that Tenant attorn to the mortgagee, its successors and assigns, and perform all of the covenants and conditions required by the terms of this Lease, and (ii) in the event of foreclosure or any enforcement of any such mortgage, the rights of Tenant hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect as a direct lease between Tenant and the mortgagee or purchaser at foreclosure. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed of trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

Section 32. Rent on Net Return Basis:

The Rent provided for in this Lease shall be a net return to Landlord for the Term of this Lease, free of any loss, expenses, or charges with respect to the Demised Premises, including, without

limitation, maintenance, repairs, replacement, insurance, taxes and assessments, and this Lease shall be construed in accordance with and to effectuate such intention.

Section 33. Holding Over:

Should Tenant, or any of Tenant's successors in interest fail to surrender the Demised Premises, or any part thereof, on the expiration of the Term of this Lease, such holding over shall constitute a tenancy from month to month only terminable at any time by either Landlord or Tenant after thirty (30) days prior written notice to the other, at a monthly Rental equal to one hundred twenty-five percent (125%) of the Base Rent paid for the last month of the Term of this Lease.

Section 34. Waiver of Default:

No waiver by the parties hereto of any default or breach of any term, condition or covenant of this Lease shall be deemed to be a waiver of any subsequent default or breach of the same or any other term, condition or covenant contained herein. Landlord will not be deemed to have waived any right or Tenant's breach of any obligation under this Lease, unless Landlord delivers a signed writing, addressed to Tenant explicitly relinquishing that right or breach. No custom or practice arising during the administration this Lease will waive, or diminish, Landlord's right to insist upon strict performance of Tenant's obligations. No restrictive endorsement or other statement on or accompanying any check or payment will be deemed an accord and satisfaction or novation, and Landlord will be entitled to accept any such check or payment, without prejudice, to Landlord's rights to recover the full amount due and to exercise its other remedies.

Section 35. Release of Landlord Upon Transfer:

All of Landlord's personal liability for the performance of the terms and provisions of this Lease (except for any liability accruing prior to such transfer) shall terminate upon a transfer of the Demised Premises by Landlord, provided that the obligations of Landlord under this Lease are covenants running with the land and shall be binding upon the transferee of Landlord's interest in this Lease and the Demised Premises.

Section 36. Attorneys' Fees:

If, on account of any breach or default by either Party to this Lease, it shall become necessary for either Party to employ an attorney to enforce or defend any of its rights or remedies hereunder, with the result that a judicial proceeding shall be filed, then the prevailing party in such judicial proceeding shall be entitled, in addition to any other rights it may have, in law or equity, to collect reasonable attorneys' fees and costs of Court incurred.

Section 37. Intentionally Removed.

Section 38. Estoppel Certificates:

Landlord and Tenant agree that from time to time, upon not less than ten (10) business days' prior written request by the other, it will deliver to the other an estoppel certificate stating:

1. That this Ground Lease is in full force and effect and is unmodified except as set forth in said estoppel certificate.
2. A true and correct and complete copy of the Lease with all amendments, assignments and modifications to the Lease are attached thereto (if so requested).
3. There are no other agreements except as stated therein between Landlord and Tenant concerning the Demised Premises or otherwise affecting the Lease.
4. Affirming the Commencement Date and scheduled Expiration Date, unless earlier terminated.
5. The amount and status of the Rent and other amounts due under this Ground Lease as of the date of certification.
6. Whether this Ground Lease has been modified or amended and, if so, describing with specificity the modifications or amendments.
7. Schedule of all subleases then in effect and a true and correct copy of each sublease, if so requested.
8. Any Mortgage in effect encumbering the Demised Premises
9. That to the party's current knowledge, there is no default or breach of this Ground Lease or any matter exists that, with the passage of time, will result in a default or breach, and describing with specificity the nature of the default or breach.
10. Amount of any Security Deposit, Tenant has on account with Landlord, if any.
11. Tenant has not paid rent more than one (1) year in advance.

Section 39. Interest on Tenant's Obligations and Manner of Payment:

All monetary obligations of Tenant to Landlord under this Lease remaining unpaid ten (10) days after the due date of the same (if no due date has been established under other provisions hereof, the "due date" shall be the date upon which Landlord demands payment from Tenant in writing) shall bear interest at the rate of ten percent (10%) per annum (or the maximum interest rate permitted by law, whichever is lower) from and after said tenth (10th) day until paid. If more than twice during the Term of the Lease Tenant's personal or corporate check is not paid by the bank on which it is drawn for whatever reason, Landlord may require by giving written notice to Tenant that the payment of all future monetary obligations of Tenant under this Lease are to be made on or before the due date by cash, cashier's check, certified check or money order, and the delivery of Tenant's personal or corporate check will no longer constitute payment of such monetary obligations. Any acceptance by Landlord of a personal or corporate check after such notice shall not be deemed or construed as a waiver or estoppel of Landlord to require other payments as required by said notice. Notwithstanding the foregoing, Tenant's failure to pay any monetary amount due payable is a monetary default of this Lease.

Section 40. Special Events:

Landlord may sponsor certain special events, including, but not limited to, air shows, to be conducted on portions of the Airport, which may limit or obstruct access to the Premises and/or to the Airport ("Special Events"), and Tenant agrees and consents to the same. As a material inducement to Landlord to enter into this Lease, and notwithstanding anything to the contrary contained herein, Tenant, on behalf of Tenant and on behalf of all directors, officers, shareholders, partners, principals, employees, agents, contractors, subtenants, licensees or concessionaires of Tenant and on behalf of any other party claiming any right to use the Demised Premises by, through or under Tenant, hereby: (i) agrees that Landlord has the right to sponsor any or all Special Events and to allow use of portions of the Airport therefor even if the same limit or obstruct access to the Demised Premises and/or to the Airport; (ii) **releases, waives and discharges** Landlord and Manager, and Landlord Persons and Manager Persons, from all liability for any loss, damage, cost, expense or claim arising or resulting from or pertaining to the limitation or obstruction of access to the Demised Premises and/or to the Airport from the conduct of Special Events and/or activities relating or pertaining thereto, including, without limitation, death, injury to person or property or loss of business or revenue (the "Released Claims") (iii) **covenants not to sue** the Landlord or Manager, or any of the Landlord Persons and Manager Persons, for any Released Claims; (iv) agrees that the terms contained in this Section are intended and shall be construed to be as broad and inclusive as possible under the laws of the State of Texas; and (v) agrees that if any portion of this Section is held to be invalid or unenforceable, the remainder of this Section shall not be affected thereby but shall continue in full force and effect.

Section 41. Independent Contractor:

It is understood and agreed that in leasing, using, occupying, and operating the Demised Premises, Tenant is acting as an independent contractor and is not acting as agent, partner, joint venturer or employee of Landlord or Airport Manager.

Section 42. Force Majeure:

Neither party shall be deemed in default of this Agreement for any delay or failure to perform any obligation hereunder (other than a payment obligation) so long as and to the extent to which any delay or failure in the performance of such obligation is prevented, frustrated, hindered or delayed as a consequence of a Force Majeure Event (defined below); provided that the party prevented or delayed in performing an obligation under this Agreement due to a Force Majeure Event shall notify the other party (to be confirmed in writing within seventy-two (72) hours of the inception of the delay) of the occurrence of a Force Majeure Event and shall describe, in reasonable detail, the circumstances constituting the Force Majeure Event and the obligation and/or performance thereby delayed or prevented. The party claiming that a Force Majeure Event has occurred shall continue to use commercially reasonable efforts to mitigate the impact or consequence of the event on the other party and to recommence performance whenever and to whatever extent possible without unreasonable delay. The party affected by the event shall provide the other party with daily updates (and more frequent updates if requested) as to the status of its efforts to recommence performance and written notice upon conclusion of the Force Majeure Event. A Force Majeure Event occurs when either party is unable, other than as may arise from its own negligence or willful misconduct, to perform its

obligations under the terms of this Agreement (excluding Tenant's timely payment of Rent or any other payment obligation to Landlord hereunder) because of acts of God, military war, invasion, insurrection, riot, strike, lockout, inability to obtain labor or materials or reasonable substitutes therefore, or a government restriction, quarantine or mandatory closure order enacted in response to a pandemic or other public health crises (only in such cases and solely to the extent that the party's performance is frustrated as a direct result of the same), or other cause reasonably beyond its control, whether foreseen or unforeseen, or anticipated or otherwise.

Section 43. Exhibits:

All exhibits, attachments, annexed instruments, and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

Section 44. Use of Language:

Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular shall be held to include the plural, unless the context otherwise requires. The terms "day", "week," "month", "year" or any plural form of said terms shall be construed to mean on a calendar basis unless expressly stated otherwise.

Section 45. Captions:

The captions or headings, sections, or paragraphs in this Lease are inserted for convenience only and shall not be considered in construing the provisions hereof if any question of intent should arise.

Section 46. Successors; No Third-Party Beneficiaries; No Waiver of Immunity; No Tax Representation:

The terms, conditions and covenants contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors in interest and legal representatives except as otherwise herein expressly provided. All rights, powers, privileges, immunities, and duties of Landlord under this Lease, including, but not limited to, any notices required or permitted to be delivered by Landlord to Tenant hereunder, may, at Landlord's option, be exercised or performed by Landlord's agent or attorney.

Except as otherwise set forth in this Lease (e.g., provisions relating to the Airport Manager and Manager Persons), this Lease and all its provisions are solely for the benefit of the parties hereto and do not and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

Notwithstanding any other provision of this Lease, nothing in this Lease shall or may be deemed to be, or shall or may be construed to be, a waiver or relinquishment of any immunity, defense, or tort limitation to which the City, its officials, officers, employees, representatives, and agents, or Airport Manager, its owners, officers, employee, representatives, and agents, are or may be entitled, including, without limitation, any waiver of immunity to suit.

Notwithstanding any provision of this Lease, Landlord makes no representation that this Lease or any provision hereof will entitle or allow Tenant to receive any federal income or other federal tax benefit whatsoever.

Section 47. Severability:

If any provision in this Lease should be held to be invalid, illegal, or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby, and the invalid, illegal, or unenforceable term will be reformed to give full effect (to the extent possible) to the parties' intentions in a manner that is legal, valid, and enforceable. It is the parties intent that the Term of this Lease does not exceed 40 years (480 months); if it should be determined that the Term of this Lease exceeds such period, the Term hereof shall be reformed to make the Term hereof not exceed such period.

Section 48. Notices:

Any notice or document required to be delivered or given hereunder in writing shall be delivered or given (i) in person, (ii) by United States mail, postage prepaid, registered or certified mail, return receipt requested, (iii) by Federal Express Corporation or other nationally recognized carrier to be delivered on the next business day, or (iv) by email. Such notice or document shall be deemed to be delivered or given, whether actually received or not, (a) when received if delivered or given in person, (b) if sent by United States mail, three (3) business days after being deposited in the United States mail as set forth above, (c) on the next business day after the day the notice or document is provided to Federal Express Corporation or other nationally recognized carrier to be delivered as set forth above, or (d) if sent by email, the next business day. A confirmation of delivery report which reflects the time that the email was delivered to the recipient's last notified email address is prima facie evidence of its receipt by the recipient, unless the sender receives a delivery failure notification, indicating that the email has not been delivered to the recipient. Addresses for the delivery or giving of any such notice or document are as follows:

TO LANDLORD:

Town of Addison, Texas
c/o City Manager
P.O. Box 9010
Addison, Texas 75001
Email: wpierson@addisontx.gov

Town of Addison, Texas
c/o Assistant Director – Real Estate
4545 Jimmy Doolittle Drive, Suite 200
Addison, Texas 75001
Email: bill.dyer@addisonairport.net

TO TENANT:

Scarborough Airport I, LP
16380 Addison Road
Addison, Texas 75001
Attn: Mr. James R. Feagin
Email: jfeagin@landmarkinterests.com

Section 49. Fees or Commissions:

Each party hereto hereby covenants and agrees with the other that such party shall be solely responsible for the payment of any brokers', agents' or finders' fees or commissions agreed to by such party arising from the execution of this Lease or the performance of the terms and provisions contained herein, and such party agrees to indemnify and hold the other party harmless from the payment of any such fees or commissions.

Section 50. Counterparts:

This Lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. This Lease may be executed and delivered by electronic signature by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

Section 51. Consent; "Includes" and "Including"; Recitals:

Where Landlord's consent or approval is required in this Lease, such consent or approval may be given by the City Council of the Town of Addison, Texas or by the City Manager of the Town of Addison. For purposes of this Lease, "includes" and "including" are terms of enlargement and not of limitation or exclusive enumeration and use of the terms does not create a presumption that components not expressed are excluded. The above and foregoing recitals to the Lease are true and correct and are incorporated into and made a part of this Lease for all purposes.

Section 52. Governing Law and Venue:

This Lease and all the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, without regard to choice of laws rules of any jurisdiction. All suits, actions or legal proceedings relating to this Agreement shall be maintained in the state or federal courts of Dallas County, Texas, which courts shall have exclusive jurisdiction for such purpose. Each of the parties submits to the exclusive jurisdiction of such courts for purposes of any such suit, action, or legal proceeding hereunder, and waives any objection or claim that any such suit, action, or legal proceeding has been brought in an inconvenient forum or that the venue of that suit, action, or legal proceeding is improper.

Section 53. Survivability of Rights and Remedies:

Any rights and remedies either party may have with respect to the other arising out of the performance of or failure to perform this Lease during the Term hereof shall survive the cancellation, expiration or termination of this Lease. **NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE PARTIES OBLIGATIONS AND LIABILITIES OF THE PARTIES PURSUANT SECTIONS 6, 21, 22, 28 SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE AS DEEMED NECESSARY FOR THE ENFORCEMENT OF THE PARTIES RIGHTS AND OBLIGATIONS THEREUNDER.**

Section 54. Entire Agreement and Amendments; Authorized Persons:

This Lease, consisting of fifty-four (54) Sections and Exhibits 1, 2, 3, 4 and 5 attached hereto, together with Ground Lease Addendum #1 and Ground Lease Addendum #2 embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements and understandings, whether written or oral, and all contemporaneous oral agreements and understandings relating to the subject matter hereof. Except as otherwise specifically provided herein, no agreement hereafter made shall be effective to change, modify, discharge, or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing and signed by or on behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

The undersigned representatives of the parties hereto are the properly authorized persons and have the necessary authority to execute this Lease on behalf of the respective parties hereto.

EXECUTED as of the day, month and year first above written.

TENANT:

LANDLORD:

SCARBOROUGH AIRPORT I, LP,
a Texas limited partnership

TOWN OF ADDISON, TEXAS

By: Scarborough I Airport GP, LLC, a Texas
limited liability company, its general
partner

Wesley S. Pierson, City Manager

By: 

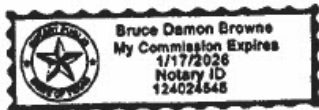
James R. Feagin, Manager

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on June 21, 2022, by James R. Feagin, Manager of Scarborough I Airport GP, LLC, a Texas limited liability company, general partner of Scarborough Airport I, LP, a Texas Limited Partnership, on behalf of the said company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 21ST day of JUNE, 2022.



B. Browne
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2022 by Wesley S. Pierson, City Manager of the Town of Addison, Texas, a Texas home-rule municipality, on behalf of the said municipality.

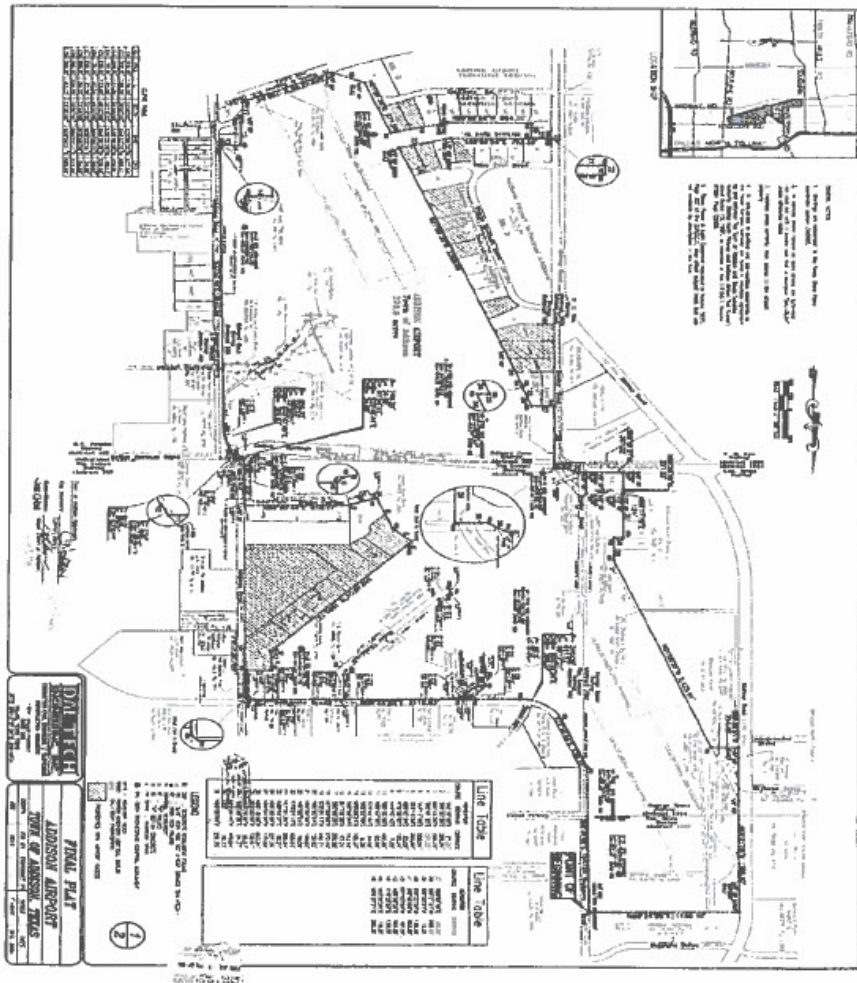
GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 2022.

Irma G. Parker
Notary Public, State of Texas
Comm. Expires 08-07-2022
Notary ID 4770064

Notary Public, State of Texas

Exhibit 1 - Legal Description of Addison Airport

The property platted pursuant to the Final Plat, Addison Airport, recorded as Instrument #200503420292 in Dallas County, Texas Official Public Records as depicted on the following two pages.



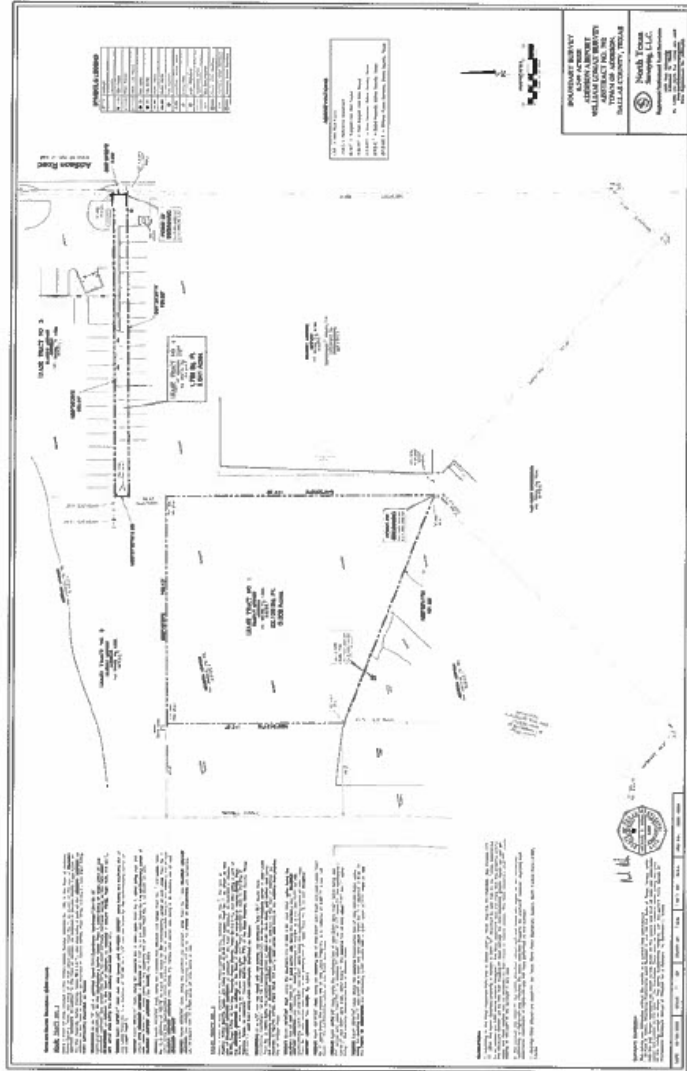
This is a legal document titled "FINAL PLAT ADDISON AIRPORT TOWN OF ADDISON, TEXAS". It contains a large block of text detailing the plat's specifications, including lot numbers, acreage, and legal descriptions. The text is organized into several sections, including "SECTION 1", "SECTION 2", "SECTION 3", and "SECTION 4".

The document includes a table with the following columns:

Lot No.	Acres	Owner
1	1.00	...
2	1.00	...
3	1.00	...
4	1.00	...
5	1.00	...
6	1.00	...
7	1.00	...
8	1.00	...
9	1.00	...
10	1.00	...
11	1.00	...
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37	1.00	...
38	1.00	...
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91	1.00	...
92	1.00	...
93	1.00	...
94	1.00	...
95	1.00	...
96	1.00	...
97	1.00	...
98	1.00	...
99	1.00	...
100	1.00	...

The document also features a signature block with the name "DALLAS TITLE INSURANCE AND TRUST COMPANY" and a notary seal. The title "FINAL PLAT ADDISON AIRPORT TOWN OF ADDISON, TEXAS" is prominently displayed at the top.

Exhibit 2 – Demised Premises Property Survey



Scarborough Airport I, LP
Ground Lease Exhibit 2

Page 1

Lease Tract No. 1
City of Addison, Texas
Vol.74214, Pg. 773 D.R.D.C.T.

Being a tract of land, situated in the William Lomax Survey, Abstract No. 792, in the Town of Addison, Dallas County, Texas, and being all of that called Lease Tract No. 1, as shown on the plat of BLAKELY AIRPORT ADDITION, an addition to the Town of Addison, as recorded in Volume 84088, Page 4359, of the Map Records, Dallas County, Texas (M.R.D.C.T.), and also being a part of the ADDISON AIRPORT, an addition to the Town of Addison, as recorded in Volume 85100, Page 4042, M.R.D.C.T., said tract being more particularly described, as follows:

BEGINNING at an "X" cut in concrete found (Grid Coordinate: Northing=7,041,461.90', Easting=2,480,265.52) for the southeasterly corner Lease Tract 1, same being an angle point of said ADDISON AIRPORT, said corner also being the most northerly northwest corner of the VAN-HOFF SUBDIVISION, an addition to the Town of Addison, as recorded in Volume 79122, Page 1831, M.R.D.C.T., said corner also being the most westerly southwest corner of ;

THENCE North 68°50'41" West, over and across said ADDISON AIRPORT, same being the southerly line of said Lease Tract No. 1, a distance of 161.58' to a 1/2" iron rod found for the southwesterly corner of said Lease Tract 1;

THENCE North 00°34'31" West, along the westerly line of said Lease Tract No. 1, same being over and across said ADDISON AIRPORT, a distance of 117.57' to a p.k. nail found for the northwesterly corner of said Lease Tract No. 1, same being in the southerly line of Lease Tract No. 2, as shown on said BLAKELY AIRPORT ADDITION (Vol. 84088, Pg. 4359);

THENCE North 89°25'29" East, along the common line between said Lease Tract No. 1 and Lease Tract No. 2, a distance of 150.13' to a p.k. nail found for the northeasterly corner of said Lease Tract No. 1, same being the southeasterly corner of Lease Tract No. 2, said corner being in the westerly line of said BLAKELY AIRPORT ADDITION (Vol. 85100, Pg. 4042), said corner also being in an easterly line of said ADDISON AIRPORT;

THENCE South 00°33'53" East, along the common line between Lease Tract No. 1 and BLAKELY AIRPORT ADDITION (Vol. 85100, Pg. 4042), a distance of 177.39' to the POINT OF BEGINNING and containing 22,139 square feet or 0.508 acres of land, more or less.

Lease Tract No. 4
City of Addison, Texas
Vol.74214, Pg. 773 D.R.D.C.T

Being a tract of land, situated in the William Lomax Survey, Abstract No. 792, in the Town of Addison, Dallas County, Texas, and being a part of that called Lease Tract No. 3, as shown on the plat of BLAKELY AIRPORT ADDITION, an addition to the Town of Addison, as recorded in Volume 84088, Page 4359, of the Map Records, Dallas County, Texas (M.R.D.C.T.), and also being a part of the ADDISON AIRPORT, an addition to the Town of Addison, as recorded in Volume 85100, Page 4042, M.R.D.C.T., and being all of that called 0.041 acre tract, described in deed to the City of Addison, Texas, as recorded in Volume 84214, Page 773, of the Deed Records, Dallas County, Texas (D.R.D.C.T.), said tract being more particularly described, as follows:

BEGINNING at a 1/2" iron rod found with red plastic cap stamped "DAL-TEC" found (Gird Coordinate: Northing=7,041,666.08, Easting=2,480,463.33') for the southeasterly corner of said Lease Tract No. 3, same being the southeasterly corner of said 0.041 acre tract, said corner also being the northeasterly corner of BLAKELY AIRPORT ADDITION, an addition to the Town of Addison, as recorded in Volume 85100, Page 4042, M.R.D.C.T., said corner also being in the westerly monumented line of Addison Road;

THENCE South 89°26'29" West, along the southerly line of said 0.041 acre tract, same being the southerly line of said Lease Tract No. 3, said corner also being the northerly line of BLAKELY AIRPORT ADDITION (Vol. 85100, Pg. 4042), a distance of 199.80' to a p.k. nail found for the southwesterly corner of said 0.041 acre tract, same being the southwesterly corner of said Lease Tract No. 3, said corner also being in the easterly line of Lease Tract No. 2, of said BLAKELY AIRPORT ADDITION (Vol. 84088, Pg. 4359);

THENCE North 00°37'52" West, along the westerly line of said 0.041 acre tract and said Lease Tract No. 3, same being the easterly line of said Lease Tract No. 2, a distance of 9.00' to a p.k. nail found for the northwesterly corner of said 0.041 acre tract;

THENCE North 89°26'29" East, along the northerly line of said 0.041 acre tract, same being over and across said Lease Tract No. 3, a distance of 199.81' to an "X" cut found for the northeasterly corner of said 0.041 acre tract, same being in the easterly line of said Lease Tract No. 3, same being in the westerly monumented line of Addison Road;

THENCE South 00°34'00" East, along the westerly monumented line of said Addition Road, same being the easterly line of said 0.041 acre tract and said Lease Tract No. 3, a distance of 9.00' to the POINT OF BEGINNING and containing 1,798 square feet or 0.041 acres of land, more or less.

Exhibit 3 - Memorandum of Lease Form

AFTER RECORDING RETURN TO:

Addison Airport Management
c/o Real Estate Manager
4545 Jimmy Doolittle Drive, Suite 200
Addison, Texas 75001

MEMORANDUM OF LEASE

This Memorandum of Lease is dated the ____ day of _____, 20__, and is executed by and between the Town of Addison, Texas, a home-rule municipality ("Landlord"), and _____, a (state) _____ (entity type) _____ limited liability company ("Tenant").

WHEREAS, the City is the record title owner of the Addison Airport, a description of which

WHEREAS, Landlord and Tenant first enter into that certain Ground Lease Agreement made effective _____ ("Effective Date") dated wherein the City leases to Tenant and Tenant leases from the City ("Ground Lease"), a certain portion of the Airport described hereinafter as:

Two parcels of land totaling .549-acres (23,937 square feet) described as Lease Tract No. 1, being a certain .508-acre (22,139 square feet) parcel of land, and Lease Tract No. 4, a detached .041-acre (1,798 square feet) parcel of land, both of which are located within Addison Airport and more particularly described respectively in the Boundary Survey prepared by North Texas Surveying, L.L.C.; Job No. 2022-0058 dated May 26, 2022 ("Property Survey") shown in Exhibit A attached hereto and incorporated herein by reference (the "Demised Premises"), together with the non-exclusive right to use the Common Facilities as defined in Section 17.

WHEREAS, pursuant to the Ground Lease, provided Tenant (i) is not in default of the Ground Lease or any other agreement with Landlord beyond the expiration of applicable notice and cure periods, and (ii) achieves Final Completion of the New Land Improvements as defined in Ground Lease Addendum #1 of the Ground Lease on or before the Expiration Date, the Base Term shall be extended so that this Lease will end to the last day of the four-hundredth and eightieth (480th) full calendar month following the Commencement Date ("Extended Term Period"); and

WHEREAS, no default by Tenant exists under the Ground Lease and Tenant has successfully achieved Final Completion of the New Land Improvements as required by the Ground Lease and is therefore eligible for the Extended Term Period.

NOW, LET BE KNOWN, the Ground Lease Base Term is hereby extended to now expire _____; no other amendments or modifications were made to the Ground Lease.

This Memorandum of Lease is solely for recording and notice purposes and shall not be construed to alter, modify, expand, diminish, or supplement the provisions of the Ground Lease, as amended and/or modified. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Ground Lease, as amended and/or modified, the provisions of the Ground Lease shall govern, including all rights and duties of Landlord and Tenant thereunder.

Upon the expiration or earlier termination of the Ground Lease, Landlord and Tenant agree that they shall execute and record a Memorandum of Ground Lease Expiration solely for recording and notice purposes.

IN WITNESS WHEREOF, the undersigned parties execute this Memorandum of Lease this ____ day of _____, 202_.

SCARBOROUGH AIRPORT I, LP,
a Texas limited partnership

By: Scarborough I Airport GP, LLC, a Texas
limited liability company, its general
partner

By: 
James R. Feagin, Manager

LANDLORD:

TOWN OF ADDISON, TEXAS

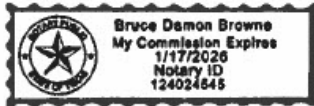
By: _____
Wesley S. Pierson, City Manager

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on June 21, 2022, by James R. Feagin, Manager of Scarborough I Airport GP, LLC, a Texas limited liability company, general partner of Scarborough Airport I, LP, a Texas Limited Partnership, on behalf of the said company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 21st day of June, 2022.



[Signature]

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, city manager of the Town of Addison, a home-rule municipality, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated

GIVEN under my hand and seal of office this ____ day of _____, 20__.

[SEAL]

By: _____
Notary Public, State of Texas

My commission expires: _____

Exhibit A

**Lease Tract No. 1
City of Addison, Texas
Vol.74214, Pg. 773 D.R.D.C.T.**

Being a tract of land, situated in the William Lomax Survey, Abstract No. 792, in the Town of Addison, Dallas County, Texas, and being all of that called Lease Tract No. 1, as shown on the plat of BLAKELY AIRPORT ADDITION, an addition to the Town of Addison, as recorded in Volume 84088, Page 4359, of the Map Records, Dallas County, Texas (M.R.D.C.T.), and also being a part of the ADDISON AIRPORT, an addition to the Town of Addison, as recorded in Volume 85100, Page 4042, M.R.D.C.T., said tract being more particularly described, as follows:

BEGINNING at an "X" cut in concrete found (Grid Coordinate: Northing=7,041,461.90', Easting=2,480,265.52) for the southeasterly corner Lease Tract 1, same being an angle point of said ADDISON AIRPORT, said corner also being the most northerly northwest corner of the VAN-HOFF SUBDIVISION, an addition to the Town of Addison, as recorded in Volume 79122, Page 1831, M.R.D.C.T., said corner also being the most westerly southwest corner of ;

THENCE North 68°50'41" West, over and across said ADDISON AIRPORT, same being the southerly line of said Lease Tract No. 1, a distance of 161.58' to a 1/2" iron rod found for the southwesterly corner of said Lease Tract 1;

THENCE North 00°34'31" West, along the westerly line of said Lease Tract No. 1, same being over and across said ADDISON AIRPORT, a distance of 117.57' to a p.k. nail found for the northwesterly corner of said Lease Tract No. 1, same being in the southerly line of Lease Tract No. 2, as shown on said BLAKELY AIRPORT ADDITION (Vol. 84088, Pg. 4359);

THENCE North 89°25'29" East, along the common line between said Lease Tract No. 1 and Lease Tract No. 2, a distance of 150.13' to a p.k. nail found for the northeasterly corner of said Lease Tract No. 1, same being the southeasterly corner of Lease Tract No. 2, said corner being in the westerly line of said BLAKELY AIRPORT ADDITION (Vol. 85100, Pg. 4042), said corner also being in an easterly line of said ADDISON AIRPORT;

THENCE South 00°33'53" East, along the common line between Lease Tract No. 1 and BLAKELY AIRPORT ADDITION (Vol. 85100, Pg. 4042), a distance of 177.39' to the POINT OF BEGINNING and containing 22,139 square feet or 0.508 acres of land, more or less.

Lease Tract No. 4
City of Addison, Texas
Vol.74214, Pg. 773 D.R.D.C.T

Being a tract of land, situated in the William Lomax Survey, Abstract No. 792, in the Town of Addison, Dallas County, Texas, and being a part of that called Lease Tract No. 3, as shown on the plat of BLAKELY AIRPORT ADDITION, an addition to the Town of Addison, as recorded in Volume 84088, Page 4359, of the Map Records, Dallas County, Texas (M.R.D.C.T.), and also being a part of the ADDISON AIRPORT, an addition to the Town of Addison, as recorded in Volume 85100, Page 4042, M.R.D.C.T., and being all of that called 0.041 acre tract, described in deed to the City of Addison, Texas, as recorded in Volume 84214, Page 773, of the Deed Records, Dallas County, Texas (D.R.D.C.T.), said tract being more particularly described, as follows:

BEGINNING at a 1/2" iron rod found with red plastic cap stamped "DAL-TEC" found (Gird Coordinate: Northing=7,041,666.08, Easting=2,480,463.33') for the southeasterly corner of said Lease Tract No. 3, same being the southeasterly corner of said 0.041 acre tract, said corner also being the northeasterly corner of BLAKELY AIRPORT ADDITION, an addition to the Town of Addison, as recorded in Volume 85100, Page 4042, M.R.D.C.T., said corner also being in the westerly monumented line of Addison Road;

THENCE South 89°26'29" West, along the southerly line of said 0.041 acre tract, same being the southerly line of said Lease Tract No. 3, said corner also being the northerly line of BLAKELY AIRPORT ADDITION (Vol. 85100, Pg. 4042), a distance of 199.80' to a p.k. nail found for the southwesterly corner of said 0.041 acre tract, same being the southwesterly corner of said Lease Tract No. 3, said corner also being in the easterly line of Lease Tract No. 2, of said BLAKELY AIRPORT ADDITION (Vol. 84088, Pg. 4359);

THENCE North 00°37'52" West, along the westerly line of said 0.041 acre tract and said Lease Tract No. 3, same being the easterly line of said Lease Tract No. 2, a distance of 9.00' to a p.k. nail found for the northwesterly corner of said 0.041 acre tract;

THENCE North 89°26'29" East, along the northerly line of said 0.041 acre tract, same being over and across said Lease Tract No. 3, a distance of 199.81' to an "X" cut found for the northeasterly corner of said 0.041 acre tract, same being in the easterly line of said Lease Tract No. 3, same being in the westerly monumented line of Addison Road;

THENCE South 00°34'00" East, along the westerly monumented line of said Addition Road, same being the easterly line of said 0.041 acre tract and said Lease Tract No. 3, a distance of 9.00' to the POINT OF BEGINNING and containing 1,798 square feet or 0.041 acres of land, more or less.

Exhibit 4 – Pavement Inspection Report (PIR) Template

PAVEMENT INSPECTION REPORT

This form represents a sample format for recording inspection and maintenance data. Any form is acceptable provided the inspection data and maintenance information can easily be retrieved and assigned to the correct pavement element. Other variations may include dating each distress and keeping a running sheet rather than using a new sheet for each inspection. Although not necessary, a properly constructed electronic spreadsheet or database will allow quick reference and summary of this data.

Pavement Element:		Inspected By:	Dated Inspected	
Location (see map or aerial)	Inspection Record Distress, description, Dimensions, Severity, Features Recommended Action	Maintenance Action / Description of Repair	Date Performed	Cost

Scarborough Airport I, LP
Ground Lease Exhibit 4

Page 1

Inspecting Engineer Certification: I hereby affirm that I have been designated by the property owner/owner(s) as their registered engineering professional in performing this Pavement Inspection Report. I hereby certify the above is a fair and reasonable assessment of the existing conditions observed, inspected and reported by the undersigned:

Signature

Date

Printed Name

License #

Stamp/Seal:

EXHIBIT 5

DEVELOPER PARTICIPATION AGREEMENT

This Developer Participation Agreement (the "Agreement") is entered into as of the Effective Date by and between the **Town of Addison, Texas**, a Texas home-rule municipality (the "City") and **Scarborough I Airport, LP**, a Texas limited partnership (the "Company") (each a "party" and collectively the "parties").

RECITALS:

WHEREAS, City is the owner of the Addison Airport located within the City; and

WHEREAS, the Company desires to enter into (or has entered into) a ground lease for the Ground Lease Property (defined herein) with City as landlord and Company as tenant (the "Ground Lease"); and

WHEREAS, in connection with the Ground Lease, Company (as tenant) intends to re-construct and/or repair the existing aircraft apron within the Ground Lease Property (the "Site Improvements"); and

WHEREAS, the existing aircraft apron on the Ground Lease Property abuts the Airport's Taxiway Uniform Common Area, which is owned by the City and serves as a public aeronautical access easement for the Ground Lease Property and the general aviation public; and

WHEREAS, City is authorized pursuant to Section 212.071 of the Texas Local Government Code to participate in the costs of construction of improvements related to the development of public facilities within the City; and

WHEREAS, City has determined that it would serve the best interest of the general aviation public to have the aircraft apron within the Taxiway Uniform Common Area reconstructed by Company's Contractor in conjunction with Site Improvements to the Ground Lease Property (the "Taxiway Improvements"); and

WHEREAS, City and Company desire to enter into this Agreement to set forth the parties rights and obligations with respect to the foregoing Improvements, including City's participation in the Project costs in conformance with Section 212.071 of the Texas Local Government.

NOW, THEREFORE, for and in consideration of the above and foregoing recitals and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the City and the Company do hereby agree as follows:

Article I

Term

The term of this Agreement shall commence as of the Effective Date and shall continue until the parties have fully satisfied all terms and conditions of this Agreement, unless sooner terminated as provided herein.

Article II

Definitions

Wherever used in this Agreement, the following terms shall be defined as follows:

"*Airport*" shall mean the Addison Airport.

“*Applicable Laws*” shall mean all laws, ordinances, standards, codes, statutes, rules and regulations of the United States, the State of Texas (including without limitation the Federal Aviation Administration and Texas Department of Transportation and any and all grant agreements or assurances with same), the City (including the Airport’s adopted Rules and Regulations), and any other governmental entity having jurisdiction over the subject matter of this Agreement, including all work or services to be performed in connection with the Project (including, without limitation, the standards of the Americans with Disabilities Act of 1990).

“*Commencement of Construction*” shall mean that (i) the Design Plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained; (ii) all necessary permits for construction of the Improvements pursuant to the Design Plans have been issued by all applicable governmental authorities, and (iii) site preparation necessary for the construction of Improvements, as applicable, has commenced.

“*Completion of Construction*” shall mean: (i) the Project has been substantially completed in accordance with the Design Plans; and (ii) the Improvements have been accepted by the City in writing.

“*Design Plans*” shall mean the plans and specifications for the construction of the Improvements, inclusive of any change orders thereto, prepared in compliance with this Agreement by a professional architect or engineer authorized to practice in the State of Texas, which have been approved by the City.

“*Effective Date*” shall mean the date this Agreement has been signed by authorized representatives of City and Company.

“*Force Majeure*” shall have the meaning ascribed to it in Article V of this Agreement.

“*Ground Lease Property*” shall mean that certain tract of land located within the Airport consisting of approximately .508 acres (22,124 gross square feet) adjacent to 16445 Addison Road that Company has leased, or intends to lease from City, as further described and depicted in **Exhibit 1**.

“*Improvements*” shall mean the Site Improvements and Taxiway Improvements, collectively.

“*Payment Request*” shall mean Company’s written request(s) to City for payment of the City’s share of the Project costs prepared in conformance with Article III of this Agreement.

“*Project*” shall mean the construction the Improvements in conformance with this Agreement and the Construction Contract, including, without limitation, all design, administration, and construction work related thereto.

“*Site Improvements*” shall mean the pavement repair and reconstruction work on the aircraft apron to be performed on the Ground Lease Property, as depicted in **Exhibit 1** and more particularly described in **Exhibits 2 and 3**.

“*Taxiway Improvements*” shall mean the pavement repair and reconstruction work to be performed within the Taxiway Uniform Common Area, as depicted in **Exhibit 1** and more particularly described in **Exhibits 2 and 3**.

“*Taxiway Uniform Common Area*” shall mean the paved land area abutting the Ground Lease Property, being approximately forty-five feet wide by one-hundred and eighty feet in length fifty-five feet within the eastern Object Free Area to Taxiway Uniform, as further described and depicted in **Exhibit 1**.

Article III
The Project

3.1 The Project. Subject to the terms and conditions set forth herein, Company agrees to cause the Commencement and the Completion of the Construction of the Project as set forth herein in accordance with the Design Plans. Company shall ensure that the Project is performed in a proper, efficient, timely, and professional manner in accordance with this Agreement.

3.2 Project Construction.

(a) *Construction Contract*. Company shall promptly enter into a contract with one or more contractors (the "Contractor") to construct the Project (the "Construction Contract").

(b) *Rights of Access; Utilities*. City shall grant to Company and its Contractor such rights-of-access to the Project site as may be necessary for the Project, including a revocable, non-exclusive license to access and enter upon the Taxiway Improvements site for the sole purpose of constructing the same. Company's right of access is subject to the City's safety requirements within any portion of the Airport's Common Area as defined in the Rules and Regulations. Company shall be responsible for coordinating with City and utility providers to minimize the possibility of damage to utilities and any disruption to users and tenants of the Airport within proximity of the Project site.

(c) *Inspections*. Company shall routinely and thoroughly inspect or cause the construction work to be inspected by the engineer that prepared the Design Plans, or other qualified licensed engineer familiar with the Design Plans, to ensure the materials and workmanship on the Project are performed in conformance with the Design Plans and to guard against defects and/or deficiencies in the Project without assuming responsibility for the means and methods used by the Contractor. Additionally, City shall have the right to inspect, test, measure, or verify the work on the Project at any time; provided that the City shall not assume any responsibility for inspection of the work or the means and methods used by the Contractor in connection with the same.

(d) *Progress Reports*. Company shall keep the City regularly informed regarding the progress of the construction work on the Project. In particular, Company shall provide City written notification (including supporting documentation as may be reasonably requested by City) for the following events: (i) award of the Construction Contract (including copies of bonds and insurance), (ii) notice to proceed to Contractor, (iii) any alleged or actual default of the Contractor (including Company's notice to Contractor re the same), and (iv) substantial completion of the work on the Project (or any portion thereof) such that it is ready for final inspection by the City.

(e) *Change Orders*. All change orders with respect to the design or construction of the Project must be approved in writing by the City. No change order shall result in the total Project costs identified in the approved Construction Contract exceeding one-hundred and ten percent (110%) of the anticipated Project costs, as more particularly described in the opinion of probable costs attached hereto as Exhibit 3.

(f) *Construction Schedule*. Company shall cause Completion of Construction of the Project to occur not later than the 356th calendar day following the Effective Date, subject only to extension in the event of Force Majeure.

(g) *Compliance with Plans; Applicable Laws.* All work on the Project shall be performed in a good and workmanlike manner and constructed in accordance with the Plans and all Applicable Laws.

(h) *Inspection of Records.* Company and Contractor shall grant City the right to examine or inspect, at City's election, all records relating to the Project during the Term of this Agreement and any retention period herein. City's examination or inspection of such records may be performed by a City designee, which may include an outside representative engaged by City. Company and Contractor shall retain all records relating to the Project for a minimum of four (4) years following the expiration or earlier termination of this Agreement, unless there is an ongoing dispute under this Agreement or the Construction Contract; then, such retention period shall extend until final resolution of the dispute.

(i) *Certification of No Conflicts.* Company shall require Contractor to warrant that Contractor has made full disclosure to City in writing of any existing or potential conflicts of interest related to Contractor's performance of the work under the Construction Contract. In the event that any conflicts of interest arise after the Effective Date of this Agreement, Contractor shall be required to immediately make full disclosure to the City in writing.

(j) *Additional Obligations of Company.* Company shall timely pay the Contractor in accordance with the terms and conditions of the Construction Contract. Upon Completion of Construction of the Project, Company shall ensure that the real property upon which the Project was constructed is free and clear of all liens and encumbrances, including mechanics liens and purchase money security interests, to the extent arising by, through or under Company, any Contractor, or any subcontractor or material suppliers.

(k) *No Waiver of City's Rights.* Neither City's review, approval or acceptance of, nor payment for any of the construction work performed by Contractor shall be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

3.3 *Project costs.* The total Project costs, including all change orders thereto, is anticipated to be **\$787,307.67**, as more particularly described in the statement of probable costs attached hereto as **Exhibit 3**. Although the parties anticipate the final amount of the Construction Contract may differ from the anticipated Project costs, in no event shall the total amount of the Construction Contract exceed one-hundred and ten percent (110%) of the anticipated Project costs without prior written approval of City, which may be withheld at City's sole discretion. Notwithstanding the foregoing, if the Project costs proposed by the Contractor exceeds one-hundred and ten percent (110%) of the anticipated Project costs, City and Company may agree to (i) work together to modify the Project scope to cause the Project costs not to exceed one-hundred and ten percent (110%) of the Project costs as determined above, or (ii) terminate this Agreement with each party paying their respective share of the costs (as set forth in **Exhibit 3**) incurred through the date of termination.

3.4 *City Cost Participation.* City has requested, and Company agrees, to construct the Taxiway Improvements for the benefit of the Airport and the public in accordance with the Design Plans in conjunction with the Site Improvements. Accordingly, City agrees to reimburse Company the City's share of the actual Project costs which Company pays its Contractor to construct the Project in conformance with the cost allocation schedule provided in **Exhibit 3** (the "**City Cost Participation**"). Notwithstanding the foregoing, in no event shall the City's reimbursement amount not exceed thirty percent (30%) of the total Project costs (excluding City requested upgrades for which the City shall be responsible for one hundred percent (100%) of the total costs).

The parties acknowledge that the Improvements will be owned by the City. City agrees to provide to Company and Contractor within five (5) days after the Effective Date: (a) a W-9 for the City; and (b) a copy of the City's tax exemption certificate.

3.5 Reimbursement Procedures. Subject to the terms and conditions of this Agreement, the City shall reimburse Company for the Project costs in conformance with the cost allocation schedule provided in Exhibit 3 as follows:

(a) *Payment Requests*. City agrees to pay the City Cost Participation in installments as construction progresses based on completed Payment Requests delivered by Company to City for review and approval. All Payment Requests shall include the following (which shall be conditions precedent to payment):

- (i) a true and correct copy of the applicable invoice(s) submitted by the Contractor to Company (together with all attachments, documents, and materials applicable thereto);
- (ii) certification from Company's design/project engineer that the Contractor's invoice is fair and reasonable for the work completed and materials delivered to the Project;
- (iii) certification from Company that the work for which reimbursement has been requested has been completed by Contractor and paid by Company in compliance with the Construction Contract and this Agreement;
- (iv) duly executed partial lien waivers from Contractor (and subcontractors and material suppliers) establishing payment or satisfaction of payment to the same with respect to the work completed; and
- (v) a certificate from the Design Professional that the applicable work has been completed in accordance with the Design Plans.

(b) *Approval of Payment Request*. City shall review and approve, approve in part and deny in part, or deny in its entirety each Payment Request not later than ten (10) days after receipt of the Payment Request. In the event the City denies all or a portion of a Payment Request, the City will provide a written description of the reason for the denial. Company may submit an amended Payment Request, which shall be reviewed and considered for payment in the same manner as the original. Payment Requests shall not be submitted to City more than once per calendar month and not earlier than thirty (30) days after the immediately previous Payment Request was delivered to City.

(c) *Payment*. Provided that Company is not then in default of this Agreement beyond any applicable cure period City agrees to pay Company all undisputed amounts set forth in the Payment Request (less the Retainage) not later than twenty (20) days after approval of the Payment Request by the City. Payment of City's Retainage (defined below) shall constitute the last and final payment to be made by the City to Company pursuant to this Agreement, and completion of all of the City's obligations hereunder.

(d) *Retainage*. Notwithstanding paragraph (c), above, City shall withhold an amount equal to ten percent (10.0%) of the City Cost Participation set forth in the Payment Request (the

“Retainage”). City shall not be required to pay the Retainage to Company until after Completion of Construction of the Project and Company’s delivery and City’s acceptance of the following:

- (i) Certification by the Design Professional (sealed by the Design Professional) that the Project has been fully and finally completed in accordance with the Construction Contract and Design Plan;
- (ii) certification from Company that the Project has been finally completed in accordance with the Construction Contract, this Agreement, and all Applicable Laws;
- (iii) the City's receipt of a written certification from Company that the final payment for the construction of the Project has been made and accepted by the Contractor, and receipt of duly executed lien waivers from the Contractor (and subcontractors and material suppliers) establishing full and final payment or satisfaction of full and final payment to the same; and
- (iv) all guarantees and warranties from the Contractor, subcontractors, vendors, suppliers, or manufacturers, in connection with or relating to all or any portion of the work on the Project.

Article IV

Surety, Insurance and Indemnification

4.1 **Construction Sureties.** Company shall provide to the City evidence of the following guaranteeing the faithful performance of the Project and the payment of all obligations arising under the Construction Contract:

(a) *Payment and Performance Bonds.* Prior to Commencement of Construction Company shall provide to the City surety bonds guaranteeing the performance of the work and the payment of all obligations arising under the Contract (including, without limitation, the payment of all persons performing labor or providing materials under or in connection with the Contract), each in the penal sum of one hundred percent (100%) of the Project costs.

(b) *Maintenance Bond.* Company warrants and represents that it will repair or cause to be repaired any defects in the work herein contracted to be done and performed for a period of one (1) year from the date of the City's acceptance of the Project. Upon Completion of Construction of the Project, Company shall submit a surety bond guaranteeing workmanship and materials for a period of one (1) year from the Completion of Construction.

(c) *Surety Requirements.* Company shall pay or cause the Contractor to pay the premiums for all bonds required to be provided under this Section 4.1. All bonds shall be issued by a surety company satisfactory to the City, licensed by the State of Texas to act as a Surety, and listed on the current U.S. Treasury Listing of Approved Sureties. All bonds shall be made on a form complying with the requirements of the laws of the State of Texas and satisfactory to the City and shall list Company and City as joint beneficiaries.

4.2 **Insurance.** Company shall maintain minimum insurance policies and coverages described in this section at all times during the Term of this Agreement. Company may satisfy this requirement through insurance provided by its Contractor.

- (a) Commercial General Liability insurance at minimum combined single limits of \$2,000,000 per-occurrence and \$5,000,000 general aggregate for bodily injury and property damage, which coverage shall include products/completed operations (\$2,000,000 products/ completed operations aggregate), and XCU (Explosion, Collapse, Underground) hazards. Coverage for products/completed operations must be maintained for at least two (2) years after the construction work has been completed. Coverage must be amended to provide for an each-project aggregate limit of insurance. An alternative would be to have separate limits for all lines of General Liability coverage for each project.
- (b) Workers Compensation insurance at statutory limits, including Employers Liability coverage with minimum limits of \$1,000,000 each-occurrence each accident/\$1,000,000 by disease each-occurrence/\$1,000,000 by disease aggregate.
- (c) Commercial Automobile Liability insurance at minimum combined single limits of \$1,000,000 per-occurrence for bodily injury and property damage, including owned, non-owned, and hired car coverage.
- (d) Builders Risk coverage as follows:
 - (i) "All Risk" Builders Risk insurance, including collapse coverage, is required on a completed value form if the contract is for the construction of a structure or building.
 - (i) The Builders Risk policy must provide transit and off-premises coverage if the contract with the builder makes the Town of Addison responsible for materials. The deductible shall not exceed \$5,000.
- (e) Umbrella Liability at minimum limits of \$5,000,000.00 aggregate with respect to primary Commercial General Liability, Automobile Liability, and Employers Liability policies.
- (f) The following additional requirements shall apply to the foregoing insurance policies:
 - (i) The City shall be named as an additional insured with respect to General Liability, Automobile Liability, and Umbrella Liability.
 - (ii) All liability policies shall contain no cross-liability exclusions or insured versus insured restrictions.
 - (iii) A waiver of subrogation in favor of the City, its officers, employees, and agents shall be contained in the Workers Compensation, Builders Risk, and all liability policies.
 - (iv) All insurance policies shall be endorsed to require the insurer to immediately notify the City of any material change in the insurance coverage.
 - (v) All insurance policies shall be endorsed to the effect that the City will receive at least thirty (30) days' notice prior to cancellation or non-renewal of the insurance.
 - (vi) All insurance policies, which name the City as an additional insured, must be endorsed to read as primary coverage regardless of the application of other insurance.
 - (vii) Required limits may be satisfied by any combination of primary and umbrella liability insurances.

- (viii) Contractor may maintain reasonable and customary deductibles, subject to approval by the Town of Addison.
- (ix) Insurance must be purchased from insurers that are financially acceptable to the Town of Addison and written on forms filed with and approved by the Texas Department of Insurance.
- (x) Certificates of Insurance delivered to Company and City prior to the Commencement of Construction (or within 15 days after the Effective Date if construction has already commenced)

Company shall require the Contractor to require all subcontractors to carry insurance naming the City as an additional insured and meeting all of the above requirements.

- (xi) City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

4.2 Indemnification

COMPANY COVENANTS AND AGREES TO FULLY DEFEND, INDEMNIFY AND HOLD HARMLESS THE CITY AND THE ELECTED OFFICIALS, THE OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE CITY, INDIVIDUALLY OR COLLECTIVELY, IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES (THE CITY, AND SUCH ELECTED OFFICIALS, AND OFFICERS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS OF THE CITY EACH BEING AN "ADDISON PERSON"), FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, HARM, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, JUDGMENTS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY, AND SUITS, OF ANY KIND AND NATURE WHATSOEVER MADE UPON ANY ADDISON PERSON, WHETHER DIRECTLY OR INDIRECTLY, (THE "CLAIMS"), THAT ARISE OUT OF, RESULT FROM, OR RELATE TO: (1) WORK TO BE PROVIDED BY COMPANY AND THE CONTRACTOR IN CONNECTION THE PROJECT; (2) REPRESENTATIONS OR WARRANTIES BY COMPANY UNDER THIS AGREEMENT; AND/OR (3) ANY OTHER ACT OR OMISSION UNDER OR IN PERFORMANCE OF THIS AGREEMENT BY COMPANY, THE CONTRACTOR, OR ANY OWNER, OFFICER, DIRECTOR, MANAGER, EMPLOYEE, AGENT, REPRESENTATIVE, CONSULTANT, CONTRACTOR, SUBCONTRACTOR, OR LICENSEE OF COMPANY, OR ANY OTHER PERSON OR ENTITY FOR WHOM COMPANY IS LEGALLY RESPONSIBLE, AND THEIR RESPECTIVE OWNERS, OFFICERS, MANAGERS, EMPLOYEES, DIRECTORS, AGENTS, AND REPRESENTATIVES. SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, BUT NOT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY ADDISON PERSON.

Notice of Claim. Company shall promptly advise the City in writing of any claim or demand against any Addison Person or Company related to or arising out of Company's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Company's sole cost and expense. The Addison Persons shall have the right, at the Addison Persons' option and at own expense, to participate in such defense without relieving Company of any of its obligations hereunder.

THE PROVISIONS OF THIS SECTION 4.2, AND ANY OTHER DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SET FORTH IN THIS AGREEMENT, SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

Article V
Default; Termination; Abandonment

5.1 Default by Contractor. Should Company fail to comply with any term or condition this Agreement applicable to Company, Company shall be deemed in default of this Agreement. Subject to an approved extension pursuant to Section 5.3, below, if Company's default is not corrected within twenty (20) days after written notice by City, City may, at its sole discretion and without prejudice to any other right or remedy:

(a) terminate this Agreement and be relieved of any further payment or consideration to Company except for reimbursement, pursuant to an approved Payment Request, of the City's portion of the Improvements determined by City to be satisfactorily completed prior to such termination; or

(b) City may, without terminating this Agreement or taking over the services, furnish the necessary materials, equipment, supplies and/or help necessary to remedy the situation, at Company's sole expense.

5.2 Default by City. Should City fail to comply with any term or condition this Agreement applicable to City, City shall be deemed in default of this Agreement. Subject to an approved extension pursuant to Section 5.3, below, if City's default is not corrected within twenty (20) days after written notice by Company, Company may terminate this Agreement.

5.3 Extension of Initial Cure Period. During the initial cure period, if the defaulting party provides the non-defaulting party written notice of the curative measures which it proposes to undertake, and proceeds promptly to initiate such measures to cure such default, and thereafter continuously and diligently prosecutes the curing of such default, the initial cure period shall be extended for such period as may be necessary to cure such default, provided, that in no event shall such extension exceed forty (40) days following the initial occurrence of the default without the written consent of the non-defaulting party, which may be withheld in the non-defaulting party's sole discretion.

5.4 Termination by City. The City may terminate this Agreement without notice or any opportunity upon the occurrence of any of the following:

(a) Adjudicated insolvency of, the making of a transfer in fraud of creditors by, or the making of an assignment for the benefit of creditors by, Company;

(b) Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof by the Company, or adjudication as a bankrupt or insolvent in proceedings filed against the Company;

(c) Appointment of a receiver or trustee for all or substantially all of the assets of the Company;

(d) Abandonment of the Project pursuant to Section 5.5, below; or

(e) The Company is in default of any ground lease or other lease or arrangement with the City beyond the expiration of applicable notice and cure periods.

5.5 Abandonment. Notwithstanding any other provision of this Agreement, If Company and/or the Contractor should abandon and fail or refuse to resume the Project within ten (20) days after written notification from City to Company, then, the surety on the performance bond(s) may be notified in writing by City of such abandonment and directed to complete the Project, with a copy of said notice delivered to Company and Contractor. After receiving said notice of abandonment, neither Company nor Contractor may remove from the Project site any machinery, equipment, tools, materials or supplies then on site, and the same, together with any materials and equipment under contract for the Project may be held for use on the Improvements by the City or the surety on the performance bond(s), or another contractor in completion of the Project. In such event neither Company nor Contractor shall receive any rental or credit therefor, having hereby acknowledged that the use of such equipment and materials will ultimately reduce the cost to complete the Project and be reflected in the final settlement of the City's Cost Participation under this Agreement. In the event a surety fails to comply with City's written notice provided for herein, then the City may provide for completion of the Project in either of the following elective manners:

- (1) the City may employ such labor and use such machinery, equipment, tools, materials and supplies as said City may deem necessary to complete the work and charge the expense of such labor, machinery, equipment, tools, materials and supplies to Company, which may be paid by City out of the City's allocated share of the Project costs and applied as a credit to City's Cost Participation, or any other amounts that may at any time become due to the Company under this Agreement. In case such expense is less than the sum which would have been payable under this Agreement if the same had been completed by the Contractor, then Contractor shall receive the difference. In case such expense is greater than the sum which would have been payable under this Agreement if the same had been completed by said Contractor, then the Contractor and/or its surety shall pay the amount of such excess to the City; or
- (2) the City may (under sealed bids when and in the manner required by law) let the contract to another contractor for the completion of the Project under substantially the same terms and conditions which are provided in this Agreement. In the case of any increase in cost to the City under the new contract as compared to what the City would have been obligated to pay under this Agreement, such increase shall be charged to the Company and Company's sureties shall be and remain bound therefor. However, should the cost to complete any such new contract prove to be less than what would have been the cost to complete under this Agreement, the Contractor and/or its surety (ies) shall be credited therewith.

5.6 Remedies Cumulative. The remedies in this section are cumulative and nothing herein shall be deemed a waiver of any other remedy available to the City under this Agreement, including its remedies upon default provided in this Article.

5.7 Force Majeure. No party shall be liable to the other party for any failure, delay, or interruption in the performance of any of the terms, covenants, or conditions of this Agreement due to causes beyond the party's respective control or because of applicable law, including, but not limited to, war, nuclear disaster, labor strikes, acts of God, fire, flood, riot, a government restriction, quarantine, or mandatory closure order enacted in response to a pandemic or other public health crises, or any other circumstance for which a party is not legally responsible or which is not reasonably within its power to control (each an event of "Force Majeure"). The party asserting Force Majeure shall give prompt notice to the other party of the prevention of performance as soon as the asserting party is reasonably aware of such prevention and has the burden of demonstrating (i) how and why their performance was so prevented, (ii)

the period of time during which they were so prevented from performing (which under the facts may be equal to, or shorter or longer than, the duration of the Force Majeure event itself), and (iii) that the party used reasonable efforts to mitigate and/or eliminate such prevention and resumed performance under this Agreement as soon as reasonably practicable.

Article VI Miscellaneous

6.1 No Joint Venture. Company is an independent contractor, and Company shall accomplish all of its obligations under this Agreement in such capacity. Under no circumstances shall this Agreement be construed as one of agency, partnership, joint venture, joint enterprise, or employment between the parties (or between City and Contractor). The City shall have no control or supervisory powers as to the detailed manner or method of Company's performance of the subject matter of this Agreement nor the Contractor's means and methods of construction related to the Project.

6.2 Assignment. Neither party shall have the authority to or shall assign, convey, pledge, or otherwise transfer in any manner this Agreement, or any of the privileges, rights, or duties set forth herein, to any other person or entity, without the express prior written approval and consent of the other party. Any assignment, conveyance, pledge, or other transfer in violation of this provision shall be null and void *ab initio* and cause for immediate termination (no period of cure) by the other party.

6.3 No Third Party Beneficiaries. This Agreement and each of its provisions are solely for the benefit of the parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

6.4 Survival. Except as otherwise provided for in this Agreement, all obligations and responsibilities arising prior to the expiration or termination of this Agreement allocating responsibility or liability of or between the parties shall survive the completion or termination of this Agreement, and any rights and remedies either party may have with respect to the other arising out of the performance during the term of this Agreement shall survive the cancellation, expiration, or termination of this Agreement. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by a party shall not preclude or waive its right to use any or all other rights and remedies, and said rights and remedies are given in addition to any other rights and remedies the parties or either or them may have in law, in equity, or otherwise.

6.5 No Waiver. The failure of either party to enforce any provision or condition contained in this Agreement at any time will not be construed as a waiver of that condition or provision nor will it operate as a forfeiture of any right of future enforcement of the condition or provision.

6.6 Exhibits. All exhibits referenced in this Agreement are incorporated herein and made a part hereof for all purposes.

6.7 Governing Law. The laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions, the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement. In the event of any action under this Agreement, exclusive venue for all causes of action shall be instituted and maintained in state courts located in Dallas County, Texas.

6.8 Entire Agreement. This Agreement supersedes all previous agreements regarding the matters set forth herein and constitutes the entire understanding of the parties. Company shall be entitled to

no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties. Except for the obligations of Company under this Agreement, neither Company nor any other owner of the Property shall have any further obligations under the Master Facilities Agreement.

6.9 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision is not a part hereof, and the remaining provisions hereof shall remain in full force and effect. In lieu of any illegal, invalid or unenforceable provision herein, the parties shall seek to negotiate a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

6.10 Notice. Any notice or document required to be delivered or given hereunder in writing shall be delivered or given (i) in person, (ii) by United States mail, postage prepaid, registered or certified mail, return receipt requested, (iii) by Federal Express Corporation or other nationally recognized carrier to be delivered on the next business day, or (iv) by email. Such notice or document shall be deemed to be delivered or given, whether actually received or not, (a) when received if delivered or given in person, (b) if sent by United States mail, three (3) business days after being deposited in the United States mail as set forth above, (c) on the next business day after the day the notice or document is provided to Federal Express Corporation or other nationally recognized carrier to be delivered as set forth above, or (d) if sent by email, the next business day. A confirmation of delivery report which reflects the time that the email was delivered to the recipient's last notified email address is prima facie evidence of its receipt by the recipient, unless the sender receives a delivery failure notification, indicating that the email has not been delivered to the recipient. Addresses for the delivery or giving of any such notice or document are as follows:

To City:

Town of Addison, Texas
c/o City Manager
P.O. Box 9010
Addison, Texas 75001
Email: wpierson@addisontx.gov

To Company:

Scarborough Airport I, LP
16380 Addison Road
Addison, Texas 75001
Attn: Mr. James R. Feagin
jfeagin@landmarkinterests.com

and

Town of Addison, Texas
c/o Assistant Director – Real Estate
4545 Jimmy Doolittle Drive, Suite 200
Addison, Texas 75001
Email: bill.dyer@addisonairport.net

6.11 Authority to Execute. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY –
SIGNATURES ON FOLLOWING PAGE(S)]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the Effective Date.

For City:

Town of Addison, Texas

By: _____
Wes Pierson, City Manager

Date: _____

For Company:

Scarborough Airport I, LP
a Texas limited partnership

By: Scarborough I Airport GP, LLC, a Texas limited liability company, its general partner

By:  _____
James R. Feagin, Manager

Date: _____

EXHIBIT 1

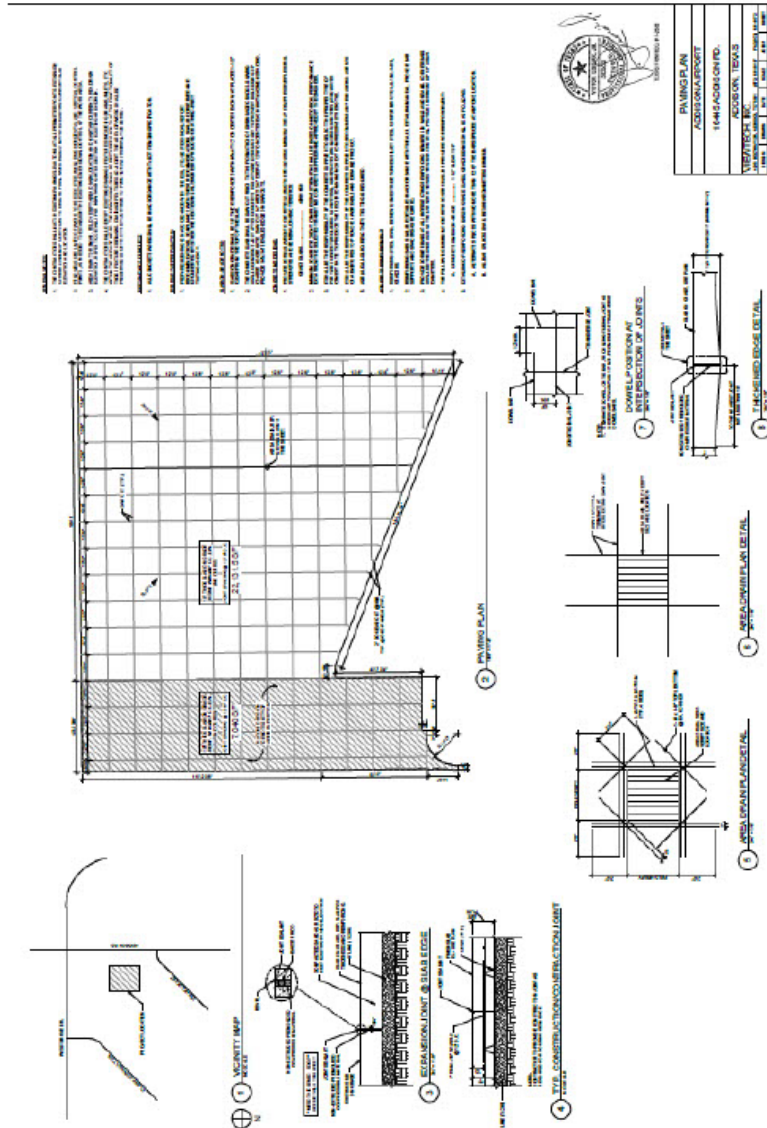
PROJECT SITE DESCRIPTION

DEPCTION OF SCARBOROUGH SITE IMPROVEMENTS
AND CITY TAXIWAY CITY IMPROVEMENTS



Exhibit 1: Project Site Description
Chapter 212 Developer Participation Agreement (Scarborough Airport I, LP)

**EXHIBIT 2
DESIGN PLANS**



Full Size Drawing Available in City Airport Archives

Exhibit 3: Statement of Probable Costs
Chapter 212 Developer Participation Agreement (Scarborough Airport I, LP)

EXHIBIT 3
DESIGN PROFESSIONAL'S STATEMENT OF PROBABLE COST

ADDISON AIRPORT
SCARBOROUGH DEVELOPER PARTICIPATION
ALLOCATION OF PROJECT COST
REVISED 6/20/2022

SPEC. NO.	WORK/MATERIAL DESCRIPTION	City Upgrade	QUANTITY UNIT	ESTIMATED QUANTITY	UNIT PRICE	PROJECT COSTS	COMPANY SHARE	CITY SHARE	CITY UPGRADE ALLOWANCE	CITY TOTAL SHARE
1	Demolish 6" existing paving	No	S.F.	31,616.00	\$4.35	\$137,529.60	\$96,270.72	\$41,258.88	100%	\$41,258.88
2	Excavate and hauloff 4" of cut	No	S.Y.	410.00	\$44.55	\$18,265.50	\$12,785.85	\$5,479.65	\$0.00	\$5,479.65
3	Place stabilize 6" of subgrade as per report	No	S.F.	31,616.00	\$1.75	\$55,328.00	\$38,729.60	\$16,598.40	\$0.00	\$16,598.40
4	Place / finish 10" concrete with steel as per plans	No	S.F.	31,616.00	\$15.80	\$499,532.80	\$349,672.96	\$149,859.84	\$0.00	\$149,859.84
5	Saw cutting as per plans	No	S.F.	31,616.00	\$0.17	\$5,374.72	\$3,762.30	\$1,612.42	\$0.00	\$1,612.42
6	Sealant as per plans	No	S.F.	31,616.00	\$0.25	\$7,904.00	\$5,532.80	\$2,371.20	\$0.00	\$2,371.20
7	Construction staking and grades	No	EA.	1.00	\$4,167.50	\$4,167.50	\$2,917.25	\$1,250.25	\$0.00	\$1,250.25
8	Traffic control	No	EA.	1.00	\$3,570.00	\$3,570.00	\$2,499.00	\$1,071.00	\$0.00	\$1,071.00
9	Builder risk policy	No	EA.	1.00	\$4,165.00	\$4,165.00	\$2,915.50	\$1,249.50	\$0.00	\$1,249.50
10	\$ 5 mil - mbrella policy	No	EA.	1.00	\$5,950.00	\$5,950.00	\$4,165.00	\$1,785.00	\$0.00	\$1,785.00
11	Performance bond	NO	EA.	1.00	\$21,338.55	\$21,338.55	\$14,936.99	\$6,401.57	\$0.00	\$6,401.57
12	General Conditions	NO	EA.	1.00	\$24,182.00	\$24,182.00	\$16,927.40	\$7,254.60	\$0.00	\$7,254.60
13						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
14						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
15						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
16						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
						\$787,307.67	\$551,115.37	\$236,192.30	\$0.00	\$236,192.30

Abbreviation Key
 SY = Square Yards
 CY=Cubic Yards
 LF= Linear Feet

AREA CALCULATION:
 Scarborough area as per plan 70% 22,131.50 sf
 City of Addison area proposed area 30% 9,484.50 sf
 Total square feet 100% 31,616.00 sf

Exhibit 3: Statement of Probable Costs
 Chapter 212 Developer Participation Agreement (Scarborough Airport I, LP)

Ground Lease Addendum #1

CONSTRUCTION OF NEW LAND IMPROVEMENTS (Excluding Future Land Improvements)

This Ground Lease Addendum #1 is hereby made a part of that certain Ground Lease Agreement by and among Town of Addison, Texas and Scarborough I Airport, LP with the Effective Date of _____, 202__, which is incorporated hereto by reference. All *capitalized terms used herein are the same as defined in the Ground Lease or any other Addendum attached and made a part of the Ground Lease unless otherwise expressly stated otherwise herein.*

To induce the City to enter into the Ground Lease and to grant Tenant the Extended Term, concurrently with the Ground Lease, the City and Tenant have entered or intend to enter into a separate Developer Participation Contract ("Developer Contract") of same Effective Date (an executed copy of which, shall be attached to the Ground Lease as [Exhibit 5](#) and incorporated herein by reference), where Tenant agrees to construct or cause to construct certain New Land Improvements (herein so called) made unto the Demised Premises and adjacent and abutting airport land as expressly provided for in the Developer's Contract and where the City shall reimburse the Tenant for design and construction costs associated with the City's share of Tenant's construction costs as expressly provided for in the Developer's Contract.

Ground Lease Addendum #2

CONSTRUCTION OF FUTURE LAND IMPROVEMENTS (Excluding New Land Improvements)

This Ground Lease Addendum #2 is hereby made a part of that certain Ground Lease Agreement by and among Town of Addison, Texas and Scarborough I Airport, LP with the Effective Date of _____, 202__, which is incorporated hereto by reference. **All capitalized terms used herein are the same as defined in the Ground Lease or any other Addendum attached and made a part of the Ground Lease unless otherwise expressly stated otherwise herein.**

1. Except as provided for in the Ground Lease, Tenant may not construct, locate, install, placed or erect any other improvements upon the Demised Premises without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed.

2. In connection with the use and occupancy of the Demised Premises by Tenant, Tenant may have cause during the Term to construct buildings and other real property improvements ("Future Land Improvements") on the Demised Premises, which shall be at Tenant's sole cost, expense and risk (except as may be otherwise agreed to in writing by Landlord and Tenant) in accordance with the Design Plans (as defined below). Tenant is not required to construct any Future Land Improvements. The provisions of this Addendum shall only be applicable if Tenant elects to construct any Future Land Improvements. The improvements described in the Developer Contract shall not constitute Future Land Improvements for purposes hereof.

3. The Future Land Improvements shall be constructed on the Demised Premises in accordance with plans and specifications prepared signed and stamped by an architect and/or engineer selected by Tenant (the "Design Plan"), which Design Plan shall be submitted to Landlord and approved in writing by Landlord evidenced by the issuance of a building permit or other means as determined by Landlord, which shall not be unreasonably withheld, conditioned or delayed.

4. Any architect or engineer engaged by Tenant pursuant to this Ground Lease Addendum #2 shall be duly licensed to practice architecture or engineering in the State of Texas. Such construction shall be performed in a first class, workmanlike manner and in compliance with all applicable building codes, standards and ordinances, as set out in more detail, below. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages (including incidental, special damages and consequential damages) or injury (including, without limitation, claims for personal injury or death, or property damage, destruction or economic loss), liens and any and all other liabilities and obligations which arise in connection with such construction or violation of this Lease with respect thereto, and **TENANT SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS LANDLORD AND MANAGER, AND THEIR RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (IN BOTH THEIR OFFICIAL AND PRIVATE CAPACITIES) (THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL SUCH COSTS, EXPENSES, CLAIMS, DAMAGES, PENALTIES, FINES, LIENS LIABILITIES, AND OBLIGATIONS DESCRIBED IN THE PRECEDING SENTENCE (TOGETHER, FOR PURPOSES OF THIS SUBSECTION, THE "DAMAGES") ARISING OUT OF TENANT'S USE OF THE DEMISED PREMISES, BUT EXCLUDING ANY DAMAGES RESULTING FROM THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF LANDLORD OR ANY PARTY ACTING ON ITS BEHALF. THIS INDEMNIFICATION**

SHALL SURVIVE THE TERMINATION OF THIS LEASE. It is expressly understood and agreed that Tenant's construction of the Future Land Improvements shall include the finish-out in accordance with the plans and specifications for the finish-out of the Future Land Improvements as submitted by Tenant to Landlord in the approved Design Plan.

5. Landlord's approval of the Design Plan or any other plans and/or specifications does not impose on Landlord any responsibility whatsoever, including, without limitation, any responsibility for the conformance of the plans and specifications with any governmental regulations, building codes, and the like, for which Tenant and its contractors shall have full and complete responsibility.

6. After construction of the Future Land Improvements commencement, Tenant shall complete construction with reasonable diligence and in conformance with the Design Plan. Any material deviation from the Design Plan shall be subject to the prior review and written approval of Landlord.

7. If Tenant fails to achieve Final Completion (as defined below) of said Future Land Improvements within 90 days after construction of the Future Land Improvements commences, subject to events of Force Majeure, such failure shall constitute an event of default of the Lease if not cured within the notice and cure periods set forth in this Lease. In such event, Landlord may terminate this Lease by giving written notice to Tenant pursuant to Section 23. B of the Lease.

8. Tenant agrees that any construction or modification of the Future Land Improvements or any other improvements which may be authorized in writing by Landlord on or within the Demised Premises shall be performed in substantial compliance with all Laws. Tenant recognizes that construction/maintenance standards and specifications, the City's building and related codes and zoning requirements, and all applicable state and federal standards (including, without limitation, Title III of the Americans With Disabilities Act of 1990, any state laws governing handicapped access or architectural barriers, and all rules, regulations, and guidelines promulgated under such laws, as amended from time to time) may be modified or amended from time to time and that compliance will be measured by such standards in effect at the time of a particular construction or modification of improvements after the initial construction of the Future Land Improvements pursuant to the approved Design Plan.

9. Tenant will properly and timely submit to the FAA the TxDOT, and any other governmental authority, entity or agency having jurisdiction regarding the Airport, a Notice of Proposed Construction or Alteration, when and as required, and such other forms and information as may be required by the FAA, TxDOT, or other governmental entity or agency having jurisdiction over the Airport.

10. Tenant further agrees that the Landlord shall be authorized at all times during any project of construction to enter upon the Demised Premises and all parts thereof during normal business hours, in order to observe the performance of such construction, and Tenant agrees to provide the Landlord a construction schedule setting out the time of commencement, final completion and completion of significant elements of the construction, which schedule shall be delivered to Landlord prior to the start of any construction project on the Demised Premises.

11. "Final Completion" of the construction of the Future Land Improvements shall be deemed to occur upon the issuance by Tenant's architect who designed the Future Land Improvements of such documentation as may be necessary to establish the final completion (closeout) of the construction of the Future Land Improvements and the delivery by Tenant to Landlord of comprehensive As-Built drawings and documentation reviewed by Tenant's architect reflecting all approved changes and modifications to the originally approved Design Plan.

11. In connection with any construction on the Demised Premises:

A. During any period of construction, a Builder's Risk Completed Value policy with an all-risks endorsement in an amount equal to the greater of the full-completed value or the amount of the construction contract including any amendments or change orders thereto. The policy shall provide "All Risk" Builder's Risk Insurance (extended to include the perils of wind, collapse, vandalism/malicious mischief, and theft, including theft of materials whether or not attached to any structure). The deductible shall not exceed \$5,000.

B. For any Future Land Improvement with a total hard construction cost (material and labor only) value in excess of Five Hundred Thousand Dollars (\$500,000) in excess of the portion of the cost of such Future Land Improvements to be paid by Landlord, Tenant shall cause to be issued in favor of Landlord, at Tenant's sole cost and expense, and kept in full force and effect at all times during any period of construction, either a payment and performance bond or an irrevocable, stand-by letter of credit to secure the faithful performance of all construction work and the payment of all obligations arising during the construction (including, without limitation, the payment of all persons performing labor or providing materials under or in connection with the Future Land Improvements), in the amount of one hundred percent (100%) of the construction costs (the "Letter of Credit"), such Letter of Credit to be drawn upon by site draft conditioned only upon the certification of the Landlord that an event of default has occurred and is continuing under this Lease with respect to the construction of the Future Land Improvements and Tenant has not cured the event of default after being given notice and a reasonable opportunity to cure as provided in the Lease. The Letter of Credit shall be of form and substance acceptable to Landlord. Tenant shall cause the original executed Letter of Credit to be delivered to Landlord as a precondition to the mobilization of construction. Upon written approval by Landlord on not less than ten (10) days written notice to Landlord from Tenant, Tenant shall have the right to reduce the amount of the Letter of Credit on a calendar quarterly basis (or some other frequency acceptable to Landlord) by an amount equal to the construction costs incurred and paid by Tenant, less any contractual retainage as evidenced by Tenant's certified payment affidavit sign by Tenant's architect or, inspecting engineer. Such requested reduction of the Letter Credit balance shall be further reduced by any written contractor, subcontractor and or vender claims at time of the request.

12. Subject to extension for delays caused by Force Majeure events, failure of Tenant to observe and comply with the requirements of this Ground Lease Addendum #3, subject to notice and cure as provided in Section 23(B) of the Lease, shall be an Event of Default.

