

## **Proposed Ground Lease with Scarborough I Airport, LP**

### **Summary of Lease Terms**

1. **Effective Date:** The Date of Formal Consent by the Town of Addison Town Council.
2. **Tenant:** Scarborough I Airport, LP, a Texas limited partnership liability company (Jim Feagin, Addison, TX).
3. **Leased/Demised Premises:** Airport land consisting of approximately .51+/- acres (22,135<sup>1</sup> gross square feet) located at 16445 Addison Road at the Airport.
4. **Preliminary Period:** None.
5. **Due Diligence Period:** None.
6. **Commencement Date:** Same as the Effective Date:
7. **Term:**
  - i. Initial Base Term is for 24-full calendar months following the Commencement Date.
  - ii. Extended Term Option: Provided Tenant satisfactorily completes the construction of the New Land Improvements defined in Lease Addendum #1, the Base Term shall be extended so that the Lease ends 480 months following the Commencement Date.
8. **Rent:** Annual Rent payable in twelve equal monthly installments over the term beginning at \$12,168.20 (\$.55/SFL), or \$1,014.02 per month.
9. **Adjustment of Rent** – based upon the percentage of change in the local CPI between the Commencement Date and its second anniversary; then every two years thereafter over the Term.
10. **Permitted and Restricted Use of Premises:**
  - A. Permitted Uses – for the storage of air-worthy aircraft and equipment used in connection with Tenant’s aeronautical operations only.
  - B. Restricted Uses – Standard lease restrictions apply.
11. **Land Improvements and Construction of New Land Improvements:**
  - A. Existing Building Improvements – Those improvements in place as of the Effective Date. Tenant accepts in their as-is where-is condition.
    - i. Tenant responsible for demolition of existing conditions as required by Design Plan at its sole costs, expense and risk.
  - B. New Land Improvements – Lease Addendum #1: See Developer’s Participation Contract

---

<sup>1</sup> Subject to final property survey.

- C. Future Land Improvements - must have LL's prior written consent. To be performed pursuant to Lease Addendum #2 (typical LL construction requirements).

**12. Assignment, Subletting & Leasehold Mortgage of Leasehold.**

- A. Assignment: Standard Lease requirements.
  - i. It is known to Landlord the fee simple land is under contract for sale subject to Scarborough securing the ground lease and satisfactorily completing the reconstructed apron and taxi lane. The buyer/assignee, Bel Air Communities, LLC, intends to take simultaneous assignment of the Ground Lease at closing.
- B. Subletting: Landlord gives consent to subletting of the leased premises for aircraft storage only. All other uses, require Landlord's prior written consent.
- C. Mortgaging of Leasehold: consistent with city lease standards. Tenant does not require a Leasehold Mortgagee at this time.

**13. Property Tax and Assessments** – Standard language, however the nature of improvements made to the leased premises typically are not assessed ad valorem taxes.

**14. Maintenance and Repair of Demised Premises:**

- i. Tenant required to maintain improvements in good repair and condition
- ii. Tenant is required to provide LL Pavement Inspection Reports (PIR) beginning with the Commencement Date sixth anniversary and every five years thereafter (Exhibit 4 - Report Template).
- iii. Landlord may make demand for any deferred maintenance identified to be remedied by Tenant. Tenant's failure to remedy may constitute a default.
- iv. LL has right to perform its own PIR with similar remedy provisions.
- v. If deferred maintenance is identified

**15. Title to all Building Improvements:** All improvements made to the Premises is to be owned by Landlord

- i. Improvements contemplated by this Lease and the Developer's Participation Contract include only concrete pavement and required markings, improvements cannot be removed by Tenant
- ii. Prerequisite of Section 212 of Texas Admin. Code
- iii. Improvements are generally not subject to taxation

**16. Lease Addendum #1** – New Land Improvements are to be performed in accordance with Developer's Participation Contract (to be attached as Exhibit 5 of Lease)

**17. Lease Addendum #2** – Construction of Future Land Improvements (same as standard new construction provisions and requirements).

**18.** All other terms and conditions are consistent with Town's current lease standards.