

**AMENDED: 5/23/2023**



**REGULAR MEETING  
OF THE CITY COUNCIL**

**May 23, 2023**

**15650 ADDISON ROAD ADDISON, TX 75001  
6:00 PM EXECUTIVE SESSION & WORK SESSION  
7:30 PM REGULAR MEETING**

Email comments may be sent to [iparker@addisontx.gov](mailto:iparker@addisontx.gov) by 3:00 pm the day of the meeting. The meeting will be live streamed on Addison's website at [www.addisontexas.net](http://www.addisontexas.net).

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**Call Meeting to Order**

**Pledge of Allegiance**

- U.S. Flag
- Texas Flag

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**EXECUTIVE SESSION**

Closed (Executive) Session of the Addison City Council pursuant to Texas Government Code 551.071 (b) Advice from the City Attorney regarding:

- Zoning Case 1868 SUP

Reconvene in to Regular Session: In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matters discussed in Executive Session.

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## WORK SESSION

1. **WITHDRAWN:** ~~Discuss meeting questions, responses, and handouts.~~
2. Present and discuss the Town of Addison Fiscal Year 2023 Second Quarter Financial Report.
3. Present and discuss the proposed 2023 General Obligation Bonds and 2023 Certificates of Obligation.
4. Present and discuss an update on Taste Addison 2023.

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## REGULAR MEETING

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### **Announcements and Acknowledgments Regarding Town, Activities, Council Meeting and Events**

#### **Requests for clarification of agenda items listed on this agenda.**

This section includes questions members of the City Council direct to staff on any item listed on this agenda. Answers are compiled in a report and provided to the City Council and members of the public by clicking on Exhibit 1 of this item below. The link found within the document will provide access to the supporting documentation. The report will be available prior to start of the meeting. Any handouts distributed at the meeting will also be uploaded to the below link by 12:00 pm on the business day following the meeting.

Exhibit 1: Council Questions and Answers

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#### **Public Comment**

The City Council invites citizens to address the City Council on any matter, including items on the agenda, except public hearings that are included on the agenda. Comments related to public hearings will be heard when the specific hearing starts. Citizen comments are limited to three (3) minutes, unless

otherwise required by law. To address the Council, please fill out a City Council Appearance Card and submit it to a staff member prior to the Public Comment item on the agenda. The Council is not permitted to take any action or discuss any item not listed on the agenda. The Council may choose to place the item on a future agenda.

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### **Consent Agenda**

All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.

5. Consider Action on the Minutes from the April 25, 2023 City Council Regular Meeting.
6. Consider Action on the Minutes from the May 17, 2023 City Council Special Meeting.
7. Consider action on a Resolution appointing a voting member and alternative representative of the advisory committee for the Trinity River Authority's Central Wastewater Treatment System.
8. Consider action on a Resolution approving a First Amendment to Ground Lease between the Town of Addison and Mercury Air Center – Addison, Inc. (d/b/a Atlantic Aviation FBO) and authorizing the City Manager to execute the necessary documents.
9. Consider action on a Resolution consenting to the sale and assignment of the ground leasehold at 4575 Claire Chennault Drive from Claire Chennault Partners, LLC to RR Investments, Inc. (d/b/a Million Air - Dallas) and authorizing the City Manager to execute all necessary documents.
10. Consider action on a Resolution supporting a Dallas Area Rapid Transit application to the Texas Department of Transportation's 2023 Transportation Alternatives Set-Aside call for projects.

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### **Regular Items**

11. Present, discuss, and consider action on a Resolution approving a construction services agreement with Dean Electric, Inc. for Vitruvian Park Fitness Court and authorizing the City Manager to execute the agreement in an amount not to exceed \$234,959.
  
12. Present, discuss, and consider action on a Resolution approving the Early Termination of Ground Lease #0200-3504 between the Town of Addison and RR Investments, Inc. (d/b/a Million Air Dallas), located at 4550 Jimmy Doolittle Drive on the condition and subject to Council approving a replacement Ground Lease; and, authorizing the City Manager to execute all necessary documents.

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## **Adjourn Meeting**

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NOTE: The City Council reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551, including §551.071 (private consultation with the attorney for the City); §551.072 (purchase, exchange, lease or value of real property); §551.074 (personnel or to hear complaints against personnel); §551.076 (deployment, or specific occasions for implementation of security personnel or devices); and §551.087 (economic development negotiations). Any decision held on such matters will be taken or conducted in Open Session following the conclusion of the Executive Session.

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**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES. PLEASE CALL (972) 450-7017 AT LEAST 48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

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POSTED BY: \_\_\_\_\_  
Irma G. Parker, City Secretary

DATE POSTED: May 18, 2023

TIME POSTED: 7:00 PM

DATE REMOVED FROM BULLETIN BOARD: \_\_\_\_\_

REMOVED BY: \_\_\_\_\_

## **Council Meeting 2023 Updated**

1.

**Meeting Date:** 05/23/2023

**Department:** Information Technology

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### **AGENDA CAPTION:**

**WITHDRAWN:** ~~Discuss meeting questions, responses, and handouts.~~

### **BACKGROUND:**

City Councilmembers direct questions related to items on the agenda to Town staff. The questions are assigned to applicable departments and corresponding responses are compiled into a Question & Answer Report.

Selecting the attachment link below, available just prior to the meeting start time, will provide access to the Question & Answer Report for this meeting.

Periodically during a meeting, handouts are distributed to members of the Council. Any information distributed at this meeting will also be added as a link below by 12:00 p.m. on the business day following the meeting.

If the Council has no questions and no handouts are distributed during the meeting, no attachment will be made.

### **RECOMMENDATION:**

Information only. No action required.

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## Council Meeting 2023 Updated

2.

**Meeting Date:** 05/23/2023

**Department:** Finance

**Pillars:** Gold Standard in Financial Health

**Milestones:** Continue development and implementation of Long Term Financial Plan

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### **AGENDA CAPTION:**

Present and discuss the Town of Addison Fiscal Year 2023 Second Quarter Financial Report.

### **BACKGROUND:**

The Town of Addison's financial policies require the publication of a financial report 60 days subsequent to the end of the fiscal quarter. This report covers the financial performance through the second quarter for Fiscal Year 2023 (January 1, 2023 - March 31, 2023). Enclosed in the report is an executive dashboard that provides a high-level look at some of the key financial indicators along with more detailed exhibits that demonstrate the current financial positions of the various funds. The report includes information for the following funds: General, Hotel, Economic Development, Airport, Utility, and Stormwater funds.

Key highlights for the second quarter include:

- General Fund revenue totaled \$34.7 million, which is 78.4 percent of the fiscal year budget.
- General Fund expenditures totaled \$20.5 million, which is 46.3 percent of the fiscal year budget.
- Sales tax collections totaled \$7.8 million, which is 54.1 percent of the fiscal year budget.
- The Hotel Fund had revenue of \$3.1 million, an increase of \$1.0 million from this time a year ago, and expenditures of \$1.8 million.
- Performing Arts expenditures are at 82.1 percent due to the payment of the WaterTower Theatre grant.
- Special Events revenues totaled 29.4 percent and expenses totaled 4.0 percent of the fiscal year budget because of the timing of events.
- Airport Fund operating revenue totaled \$3.6 million or 54.1 percent and operating expenditures totaled \$2.6 million or 47.0 percent of the fiscal year budget.
- Utility Fund operating revenue totaled \$7.2 million or 46.8 percent and expenditures totaled \$8.1 million or 51.8 percent of the fiscal year budget.

- Stormwater Fund revenue and expenditures are in line with historical averages.

The Quarterly Investment Report for Quarter 2 of Fiscal Year 2023 is also being provided for information purposes. This report has been prepared in accordance with state law and the Town's Financial Policies.

**RECOMMENDATION:**

Information only. No action required.

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**Attachments**

Presentation - Quarterly Financial Report Fiscal Year 2023 Second Quarter  
Quarterly Financial Report - Fiscal Year 2023 Second Quarter  
Quarterly Investment Report - Fiscal Year 2023 Second Quarter

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# Quarterly Financial Report Fiscal Year 2023 Second Quarter

May 23, 2023

The logo for ADDISON, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. The circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes a white diagonal line and a grey triangle.



# Executive Dashboard – Key Revenue Sources

## Executive Dashboard - 2nd Quarter, 2023 Fiscal Year

### Financial Indicators

Positive variance compared to historical trends

Positive

Negative variance of 3%-5% and more than \$50,000 compared to historical trends

Warning

Negative variance of >5% and more than \$50,000 compared to historical trends

Negative

Key Revenue Sources	FY2023 Budget	Actual through 3/31/23	% Annual Budget
Ad Valorem Taxes - General Fund	\$ 22,409,394	\$ 22,769,050	101.60%
Non-Property Taxes - General Fund	15,625,000	8,496,189	54.38%
Hotel Tax	4,800,000	2,648,536	55.18%
Franchise Fees - General Fund	2,155,000	1,294,104	60.05%
Service/Permitting/License Fees - General Fund	3,238,590	1,412,214	43.61%
Fines and Penalties - All Funds	336,874	245,783	72.96%
Special Event Revenue - Hotel Fund	1,127,000	331,867	29.45%
Fuel Flowage Fees - Airport Fund	1,119,600	619,521	55.33%
Water and Sewer Charges - Utility Fund	15,162,201	7,098,203	46.82%

<sup>(1)</sup> Hotel tax revenue has not been collected from all hoteliers

# Executive Dashboard – Key Expenditures

## Executive Dashboard - 2nd Quarter, 2023 Fiscal Year

### Financial Indicators

Positive variance compared to historical trends

Positive

Negative variance of 3%-5% and more than \$50,000 compared to historical trends

Warning

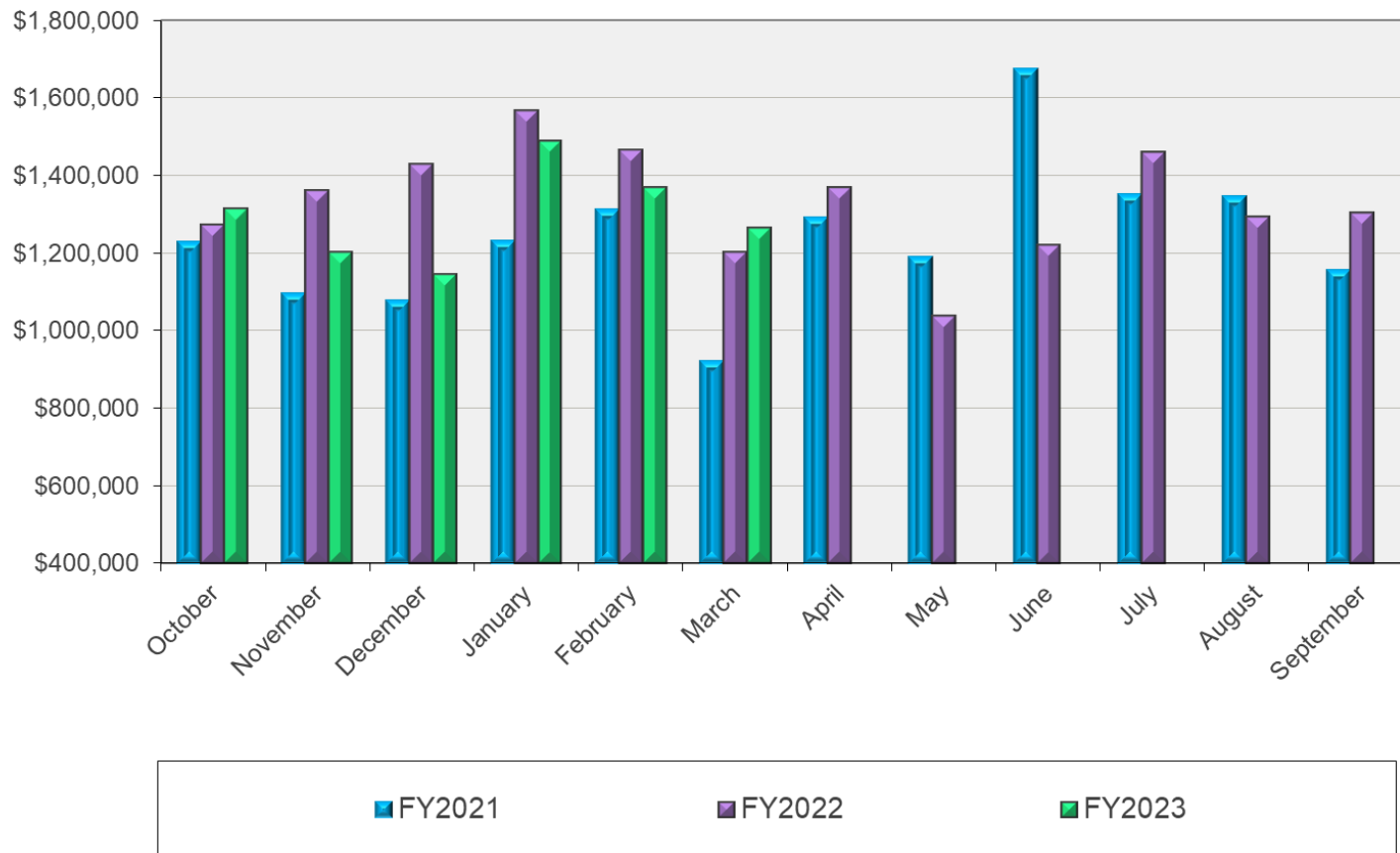
Negative variance of >5% and more than \$50,000 compared to historical trends

Negative

Key Expenditures	FY2023 Budget	Actual through 3/31/23	% Annual Budget
General Fund	\$ 44,166,648	\$ 20,451,374	46.31%
Hotel Fund	6,906,049	1,802,632	26.10%
Economic Development	2,176,459	746,089	34.28%
Airport Operations	5,564,259	2,615,936	47.01%
Utility Operations	15,656,470	8,116,857	51.84%

# Sales Tax Collections

## Monthly Sales Tax Collections

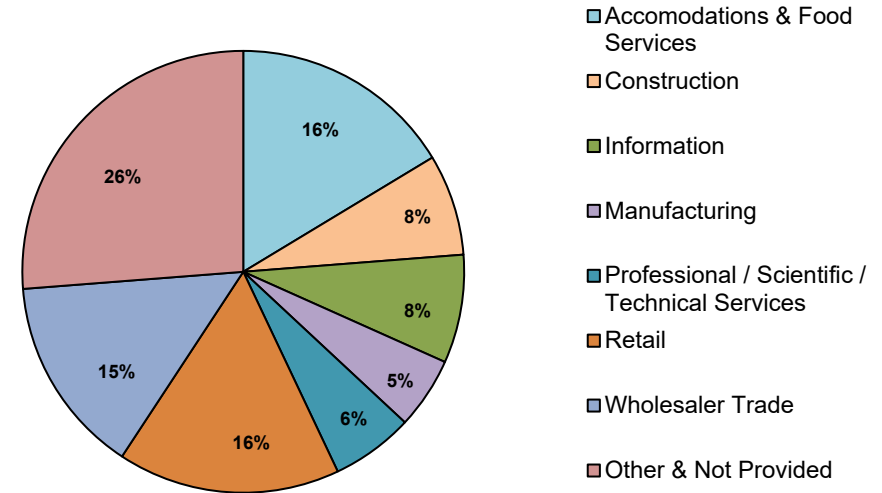


# Sales Tax Collections

**TOWN OF ADDISON**  
**Schedule of Sales Tax Collections**  
*For the quarter ending March 31, 2023*

	FY2022 Monthly Collections	% Change from Prior Year	FY2023 Monthly Collections
October	\$ 1,273,977	3.3%	\$ 1,316,545
November	1,362,516	-11.7%	1,202,884
December	1,430,169	-19.9%	1,145,606
January	1,569,646	-5.0%	1,491,449
February	1,467,367	-6.6%	1,370,185
March	1,202,011	5.2%	1,264,607
April	1,370,124	-100.0%	
May	1,038,643	-100.0%	
June	1,220,982	-100.0%	
July	1,462,725	-100.0%	
August	1,294,958	-100.0%	
September	1,304,166	-100.0%	
	<b>\$ 15,997,283</b>		<b>7,791,276</b>
Budget:	14,710,875	54.1%	14,400,000

**Breakdown of Sales Tax by Economic Category**



# General Fund Revenue

CATEGORY	FY 2021-22	FY 2022-23	FY 2022-23	FY 2022-23	ACTUAL
	ACTUAL PRIOR YEAR	REVISED BUDGET	ACTUAL 2ND QTR	ACTUAL YTD	YTD as % of Budget
<b>Revenues:</b>					
Ad Valorem taxes:					
Current taxes	\$ 20,603,683	\$ 22,559,394	\$ 16,980,949	\$ 22,871,395	101.4%
Delinquent taxes	(207,701)	(200,000)	(136,554)	(149,310)	74.7% <sup>(1)</sup>
Penalty & interest	58,070	50,000	41,292	46,965	93.9%
Non-property taxes:					
Sales tax	15,997,283	14,400,000	4,126,241	7,791,276	54.1%
Alcoholic beverage tax	1,350,605	1,225,000	352,459	704,913	57.5%
Franchise / right-of-way use fees:					
Electric franchise	1,499,435	1,575,000	335,107	799,064	50.7%
Gas franchise	275,373	250,000	349,536	349,536	139.8%
Telecommunication access fees	185,927	200,000	44,306	89,249	44.6%
Cable franchise	124,416	130,000	28,226	56,255	43.3%
Street rental fees	(6,500)	-	-	-	0.0%
Licenses and permits:					
Business licenses and permits	148,026	209,700	25,040	61,175	29.2%
Building and construction permits	972,526	960,400	233,066	366,418	38.2%
Intergovernmental	3,982	-	-	-	0.0%
Service fees:					
General government	-	-	-	-	0.0%
Public safety	1,093,844	1,026,000	265,032	487,632	47.5%
Urban development	50,110	47,200	15,915	26,315	55.8%
Streets and sanitation	440,857	480,700	118,298	212,549	44.2%
Recreation	39,690	70,300	20,917	35,980	51.2%
Interfund	438,870	444,290	111,073	222,145	50.0%
Court fines	301,404	245,000	88,225	173,067	70.6%
Interest earnings	(1,105,426)	200,000	187,715	282,453	141.2%
Rental income	8,300	8,000	1,650	3,550	44.4%
Other	421,465	290,500	68,282	221,388	76.2%
<b>Total Revenues</b>	<b>42,694,239</b>	<b>44,171,484</b>	<b>23,256,774</b>	<b>34,652,014</b>	<b>78.4%</b>

# General Fund Expenditures

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Expenditures:</b>					
General Government:					
City Secretary	187,884	232,150	54,716	93,229	40.2%
City Manager	1,246,441	1,309,782	260,949	520,015	39.7%
Finance	1,750,249	1,861,940	437,586	910,836	48.9%
General Services	1,271,406	1,108,609	274,625	530,638	47.9%
Municipal Court	692,928	741,479	144,302	368,704	49.7%
Human Resources	660,144	758,481	163,052	350,808	46.3%
Information Technology	1,952,454	2,418,608	399,660	784,040	32.4%
Combined Services	1,215,036	1,485,125	598,520	1,013,143	68.2% <sup>(1)</sup>
Council Projects	332,678	342,850	24,260	190,296	55.5% <sup>(2)</sup>
Public Safety:					
Police	10,597,376	11,362,815	2,860,060	5,393,386	47.5%
Emergency Communications	1,607,261	1,764,387	797,601	1,329,664	75.4%
Fire	9,267,049	9,907,123	2,335,465	4,736,863	47.8%
Development Services	1,643,483	1,982,282	414,820	813,284	41.0%
Streets	2,047,734	2,236,000	391,726	677,029	30.3%
Parks and Recreation:					
Parks	4,632,050	4,751,045	1,046,651	1,991,613	41.9%
Recreation	1,476,485	1,903,972	408,236	747,827	39.3%
Other financing uses:					
Transfers to other funds	1,841,875	-	-	-	0.0%
<b>Total Expenditures</b>	<b>42,422,533</b>	<b>44,166,648</b>	<b>10,612,227</b>	<b>20,451,374</b>	<b>46.3%</b>
Net Change in Fund Balance	271,706	4,836	12,644,547	14,200,640	
<b>Fund Balance at Beginning of Year</b>	<b>20,243,675</b>	<b>20,515,381</b>		<b>20,515,381</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 20,515,381</b>	<b>\$ 20,520,217</b>		<b>\$ 34,716,021</b>	

<sup>(1)</sup> TML insurance and worker's compensation contributions for FY2023 and Village on the Parkway Incentive

<sup>(2)</sup> Includes primary NPO grant payment for non-profit grant funding.

# Hotel Fund



CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Revenues:</b>					
Hotel/Motel occupancy taxes	\$ 4,353,355	\$ 4,800,000	\$ 1,390,200	\$ 2,648,536	55.2% <sup>(1)</sup>
Proceeds from special events	1,051,805	1,127,000	219,521	331,867	29.4%
Rental income	113,718	30,000	7,513	24,861	82.9%
Interest and miscellaneous	1,972,830	20,100	32,885	55,008	273.7%
<b>Total Revenues</b>	<b>7,491,708</b>	<b>5,977,100</b>	<b>1,650,119</b>	<b>3,060,271</b>	<b>51.2%</b>
<b>Expenditures:</b>					
Addison theatre centre	273,261	313,279	70,487	137,433	43.9%
Conference centre	229,056	220,510	42,271	104,781	47.5%
General hotel operations	151,625	186,197	42,270	90,638	48.7%
Marketing	887,942	1,193,362	121,110	285,956	24.0%
Performing arts	377,500	379,089	83,549	311,388	82.1% <sup>(2)</sup>
Special events	825,661	1,088,337	203,214	379,368	34.9%
Special events operations	2,431,963	2,757,275	78,514	109,067	4.0%
Attractions Capital Projects	-	-			0.0%
Other financing uses:					
Transfer to Economic Development Fund	384,000	768,000	192,000	384,000	50.0%
<b>Total Expenditures</b>	<b>5,561,008</b>	<b>6,906,049</b>	<b>833,414</b>	<b>1,802,632</b>	<b>26.1%</b>
Net Change in Fund Balance	1,930,700	(928,949)	816,705	1,257,639	
<b>Fund Balance at Beginning of Year</b>	<b>2,710,600</b>	<b>4,641,300</b>		<b>4,641,300</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 4,641,300</b>	<b>\$ 3,712,351</b>		<b>\$ 5,898,939</b>	

<sup>(1)</sup> Hotel tax collections have not been received by all hoteliers

<sup>(2)</sup> NPO primary grant payment and matching funds for non-profit grant funding to Water Tower Theatre

# Economic Development Fund

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Revenues:</b>					
Ad Valorem taxes:	\$ 1,179,713	\$ 1,280,691	\$ 964,583	\$ 1,300,665	101.6%
Business license fee	32,450	50,000	18,655	31,205	62.4%
Interest income and other	(91,704)	30,000	16,551	25,663	85.5%
Transfers from General/Hotel Fund	384,000	768,000	192,000	384,000	50.0%
<b>Total Revenues</b>	<b>1,504,459</b>	<b>2,128,691</b>	<b>1,191,789</b>	<b>1,741,533</b>	<b>81.8%</b>
<b>Expenditures:</b>					
Personnel services	516,409	577,836	123,998	257,313	44.5%
Supplies	15,843	18,371	4,017	7,006	38.1%
Maintenance	20,582	30,720	5,106	5,797	18.9%
Contractual services	761,946	1,536,160	240,828	469,287	30.5%
Debt Service	221,611	13,372	3,343	6,686	50.0%
<b>Total Expenditures</b>	<b>1,536,391</b>	<b>2,176,459</b>	<b>377,292</b>	<b>746,089</b>	<b>34.3%</b>
Net Change in Fund Balance	(31,932)	(47,768)	814,497	995,444	
<b>Fund Balance at Beginning of Year</b>	<b>2,012,219</b>	<b>1,980,287</b>		<b>1,980,287</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 1,980,287</b>	<b>\$ 1,932,519</b>		<b>\$ 2,975,731</b>	



# Airport Fund

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Operating Revenues:</b>					
Operating grants	\$ 198,000	\$ 50,000	\$ -	\$ -	0.0%
Service fees	148,680	157,000	56,940	93,140	59.3%
Fuel flowage fees	1,357,351	1,119,600	295,230	619,521	55.3%
Rental income	5,584,356	5,301,700	1,432,472	2,773,388	52.3%
Interest income and other	(76,989)	60,000	70,392	129,871	216.5%
<b>Total Operating Revenues:</b>	<b>7,211,398</b>	<b>6,688,300</b>	<b>1,855,034</b>	<b>3,615,920</b>	<b>54.1%</b>
<b>Operating Expenses:</b>					
Personnel services	2,186,867	2,517,439	592,642	1,155,257	45.9%
Supplies	42,962	56,381	7,975	19,605	34.8%
Maintenance	463,108	671,801	153,232	221,450	33.0%
Contractual services	1,104,836	1,164,992	307,709	514,689	44.2%
Capital Replacement/Lease	257,928	232,928	63,706	121,938	52.4%
Debt service	712,246	885,718	572,892	582,997	65.8%
Capital Outlay	50,346	35,000	-	-	0.0%
<b>Total Operating Expenses:</b>	<b>4,818,293</b>	<b>5,564,259</b>	<b>1,698,156</b>	<b>2,615,936</b>	<b>47.0%</b>
Other financing uses:					
Transfer to Debt service fund	-	508,966	127,242	254,483	50.0%
Capital Projects (Cash Funded)	783,207	2,582,000	45,290	45,290	1.8%
<b>Total Expenses:</b>	<b>5,601,500</b>	<b>8,655,225</b>	<b>1,870,688</b>	<b>2,915,709</b>	<b>33.7%</b>
Net Change in Working Capital	1,609,898	(1,966,925)	(15,653)	700,211	
<b>Working Capital at Beginning of Year</b>	<b>6,146,329</b>	<b>7,756,227</b>		<b>7,756,227</b>	
<b>Working Capital at End of Year</b>	<b>\$ 7,756,227</b>	<b>\$ 5,789,302</b>		<b>\$ 8,456,438</b>	

# Utility Fund

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Operating revenues:</b>					
Water sales	\$ 9,115,862	\$ 8,452,239	\$ 1,669,740	\$ 3,869,531	45.8%
Sewer charges	6,330,760	6,709,962	1,535,930	3,228,672	48.1%
Tap fees	37,780	10,587	1,013	20,603	194.6%
Penalties	125,985	91,874	32,973	72,716	79.1%
Interest income and other	(198,486)	135,114	3,757	8,282	6.1%
<b>Total Operating Revenues:</b>	<b>15,411,901</b>	<b>15,399,776</b>	<b>3,243,413</b>	<b>7,199,803</b>	<b>46.8%</b>
<b>Operating expenses:</b>					
Personnel services	2,539,000	2,833,900	605,621	1,243,467	43.9%
Supplies	240,249	232,112	67,521	112,355	48.4%
Maintenance	936,177	803,462	166,185	270,597	33.7%
Contractual services					
Water purchases	4,339,663	4,327,486	1,526,634	2,239,709	51.8%
Wastewater treatment	3,631,976	3,831,839	1,442,513	2,043,975	53.3%
Other services	893,725	1,602,058	259,757	632,098	39.5%
Capital Replacement/Lease	231,584	206,584	51,646	103,292	50.0%
Debt service	1,526,320	1,744,029	1,402,091	1,402,452	80.4%
Capital outlay	-	75,000	68,913	68,913	91.9%
<b>Total Operating Expenses:</b>	<b>14,338,694</b>	<b>15,656,470</b>	<b>5,590,880</b>	<b>8,116,857</b>	<b>51.8%</b>
Capital Projects (Cash Funded)	-	79,000	-	-	0.0%
<b>Total Expenses:</b>	<b>14,338,694</b>	<b>15,735,470</b>	<b>5,590,880</b>	<b>8,116,857</b>	<b>51.6%</b>
Net Change in Working Capital	1,073,207	(335,694)	(2,347,467)	(917,054)	
<b>Working Capital at Beginning of Year</b>	<b>6,393,749</b>	<b>7,466,956</b>		<b>7,466,956</b>	
<b>Working Capital at End of Year</b>	<b>\$ 7,466,956</b>	<b>\$ 7,131,262</b>		<b>\$ 6,549,902</b>	

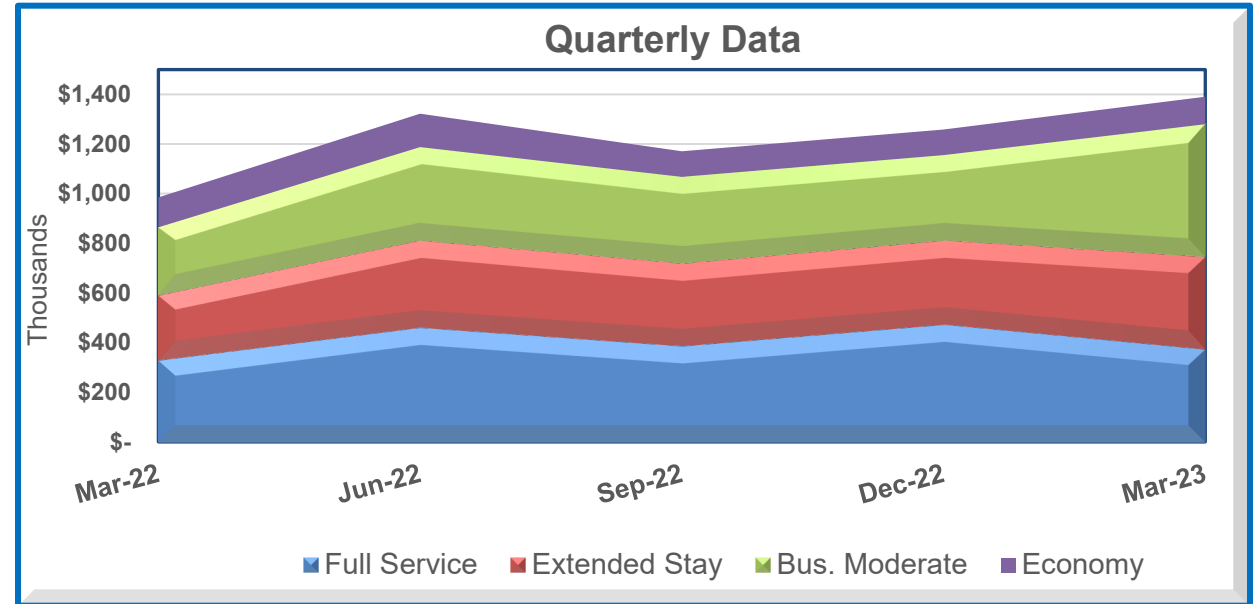
# Stormwater Utility Fund

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Operating revenues:</b>					
Drainage Fees	\$ 2,558,788	\$ 2,554,023	\$ 638,483	\$ 1,315,097	51.5%
Interest income and other	(303,310)	100,000	61,213	107,356	107.4%
<b>Total Operating Revenues:</b>	<b>2,255,478</b>	<b>2,654,023</b>	<b>699,696</b>	<b>1,422,453</b>	<b>53.6%</b>
<b>Operating expenses</b>					
Personnel services	374,451	417,276	100,339	193,063	46.3%
Supplies	16,903	16,100	2,658	4,116	25.6%
Maintenance	101,042	321,280	8,748	25,382	7.9%
Contractual services	294,146	359,710	55,101	114,051	31.7%
Capital Replacement/Lease	10,000	10,000	2,500	5,000	50.0%
Debt service	493,199	491,390	460,020	460,020	93.6%
Capital outlay	29,457	60,000	-	-	0.0%
<b>Total Operating Expenses:</b>	<b>1,319,198</b>	<b>1,675,756</b>	<b>629,366</b>	<b>801,632</b>	<b>47.8%</b>
<b>Other financing uses:</b>					
Transfer to Debt service fund	-	400,439	100,110	200,220	50.0%
Capital Projects (Cash Funded)	402,532	2,838,033	2,313	171,857	6.1%
<b>Total Expenses:</b>	<b>1,721,730</b>	<b>4,914,228</b>	<b>731,789</b>	<b>1,173,709</b>	<b>23.9%</b>
Net Change in Working Capital	533,748	(2,260,205)	(32,093)	248,745	
<b>Working Capital at Beginning of Year</b>	<b>8,921,610</b>	<b>9,455,358</b>		<b>9,455,358</b>	
<b>Working Capital at End of Year</b>	<b>\$ 9,455,358</b>	<b>\$ 7,195,153</b>		<b>\$ 9,704,103</b>	

# Hotel Occupancy Tax Collections



	Rooms		Jan - Mar 2023		23 to 22
	Number	%	Amount	%	% Diff.
<b>Full Service</b>					
Marriott Quorum	547	15%	\$ 257,558	19%	59%
Renaissance	528	14%	280,171	20%	67%
	1,075	29%	537,729	39%	63%
<b>Extended Stay</b>					
Budget Suites	344	9%	10,184	1%	-2%
Mainstay Suites	70	2%	10,350	1%	-1%
Marriott Residence Inn	150	4%	82,051	6%	100%
Hyatt House	132	4%	57,181	4%	95%
Homewood Suites	120	3%	46,798	3%	3%
Home2Suites	132	4%	92,660	7%	27%
Springhill Suites	159	4%	72,426	5%	42%
	1,107	30%	371,651	27%	42%
<b>Business Moderate</b>					
Marriott Courtyard Quorum	176	5%	93,576	7%	39%
LaQuinta Inn	152	4%	43,635	3%	31%
Marriott Courtyard Midway	145	4%	63,652	5%	48%
Radisson - Addison	101	3%	28,226	2%	2%
Hilton Garden Inn	96	3%	51,815	4%	32%
Holiday Inn Express	97	3%	49,470	4%	34%
<sup>(1)</sup> Holiday Inn Beltway	102	3%	16,439	1%	0%
Best Western Plus	84	2%	23,462	2%	-15%
	953	26%	370,275	27%	35%
<b>Economy</b>					
Motel 6	127	3%	34,089	2%	0%
The Addison Inn	158	4%	10,958	1%	-59%
Red Roof Inn	105	3%	29,938	2%	-5%
Quality Suites North/Galleria	78	2%	26,508	2%	33%
America's Best Value Inn	60	2%	9,053	1%	14%
	528	14%	110,545	8%	-8%
<b>TOTAL</b>	<b>3,663</b>	<b>100%</b>	<b>1,390,200</b>	<b>100%</b>	<b>41%</b>



<sup>(1)</sup> Not yet received one or more payments for the quarter

# Investment Report Summary

	Book Value	Market Value	Interest Revenue	Weighted Average Yield-to- Maturity
<b>3/31/2023</b>	142,777,091	138,083,601	882,482	2.83%
<b>12/31/2022</b>	131,115,551	125,350,795	616,157	2.25%
<b>Change</b>	11,661,540	12,732,806	266,325	0.57%
<b>% Change</b>	8.89%	10.16%	43.22%	25.38%



Department of Finance  
*Quarterly Review*

*For the Period Ended March 31, 2023*

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*Town of Addison*

## *Table of Contents - Quarter Ended 3/31/23*

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**To: David Gaines, City Manager**  
**From: Steven Glickman, Chief Financial Officer**  
**Re: Second Quarter Financial Review**  
**Date: 5/23/2023**

This is the second quarter report for the 2022-2023 fiscal year. Revenues and expenditures reflect activity from January 1, 2023 through March 31, 2023 or 50 percent of the fiscal year.

### GENERAL FUND

- Fiscal year-to-date revenue totals \$34.7 million, which is 78.4 percent of the overall budget amount. Sales tax collections are at 54.1 percent of the fiscal year 2023 budget. Alcoholic beverage tax collections are at 57.5 percent of the fiscal year 2023 budget.
- Fiscal year-to-date expenditures and transfers total approximately \$20.5 million, which is 46.3 percent of budget. All departments are on pace with or below their respective budgets for fiscal year 2023.

### HOTEL FUND

- Revenues through the second quarter total approximately \$3.1 million, 51.2 percent of the fiscal year 2023 budget. Hotel occupancy tax collections are 55.2 percent of budget for six months of collections. Collections have not been received by all hoteliers for March. Proceeds from Special Events are below budget due to timing of events; all significant events occur between May and September.
- Hotel Fund expenditures of \$1.8 million are 26.1 percent of budget, and \$226 thousand more than this time a year ago. Performing Arts expenditures are at 82.1 percent due to the payment of the Water Tower Theater primary grant. Special events expenditures are at 4.0 percent due to timing of events.

### AIRPORT FUND

- Operating revenue through the second quarter total approximately \$3.6 million or 54.1 percent of the fiscal year 2023 budget.
- Operating expenses total \$2.6 million, or 47.0 percent of fiscal year 2023 budget.
- Total year-to-date net income for the Airport Fund is \$700 thousand.



## UTILITY FUND

- Operating revenue through the second quarter totals \$7.2 million, or 46.8 percent of the fiscal year 2023 budget. Water revenues for six months are at 45.8 percent of the fiscal year 2023 budget and sewer revenues are at 48.1 percent of the fiscal year 2023 budget. The year-to-date revenue is higher than the prior year.
- Operating expenses through the second quarter total approximately \$8.1 million, or 51.8 percent of the fiscal year 2023 budget. Water wholesale purchases and wastewater treatment expenses are more than this time a year ago due to the timing of payment for these services.

## STORMWATER FUND

- Operating revenue through the second quarter total \$1.4 million, or 53.6 percent of the fiscal year 2023 budget.
- Operating expenses through the second quarter total approximately \$802 thousand, or 47.8 percent of the fiscal year 2023 budget. The percentage to budget is driven by our debt service payment, which is made in the second quarter of the fiscal year.
- Through the second quarter \$172 thousand has been spent on cash funded capital projects.

## Executive Dashboard - 2nd Quarter, 2023 Fiscal Year

### Financial Indicators

Positive variance compared to historical trends

Positive

Negative variance of 3%-5% and more than \$50,000 compared to historical trends

Warning

Negative variance of >5% and more than \$50,000 compared to historical trends

Negative

Key Revenue Sources	FY2023 Budget	Actual through 3/31/23	% Annual Budget
Ad Valorem Taxes - General Fund	\$ 22,409,394	\$ 22,769,050	101.60%
Non-Property Taxes - General Fund	15,625,000	8,496,189	54.38%
Hotel Tax	4,800,000	2,648,536	55.18% <sup>(1)</sup>
Franchise Fees - General Fund	2,155,000	1,294,104	60.05%
Service/Permitting/License Fees - General Fund	3,238,590	1,412,214	43.61%
Fines and Penalties - All Funds	336,874	245,783	72.96%
Special Event Revenue - Hotel Fund	1,127,000	331,867	29.45%
Fuel Flowage Fees - Airport Fund	1,119,600	619,521	55.33%
Water and Sewer Charges - Utility Fund	15,162,201	7,098,203	46.82%

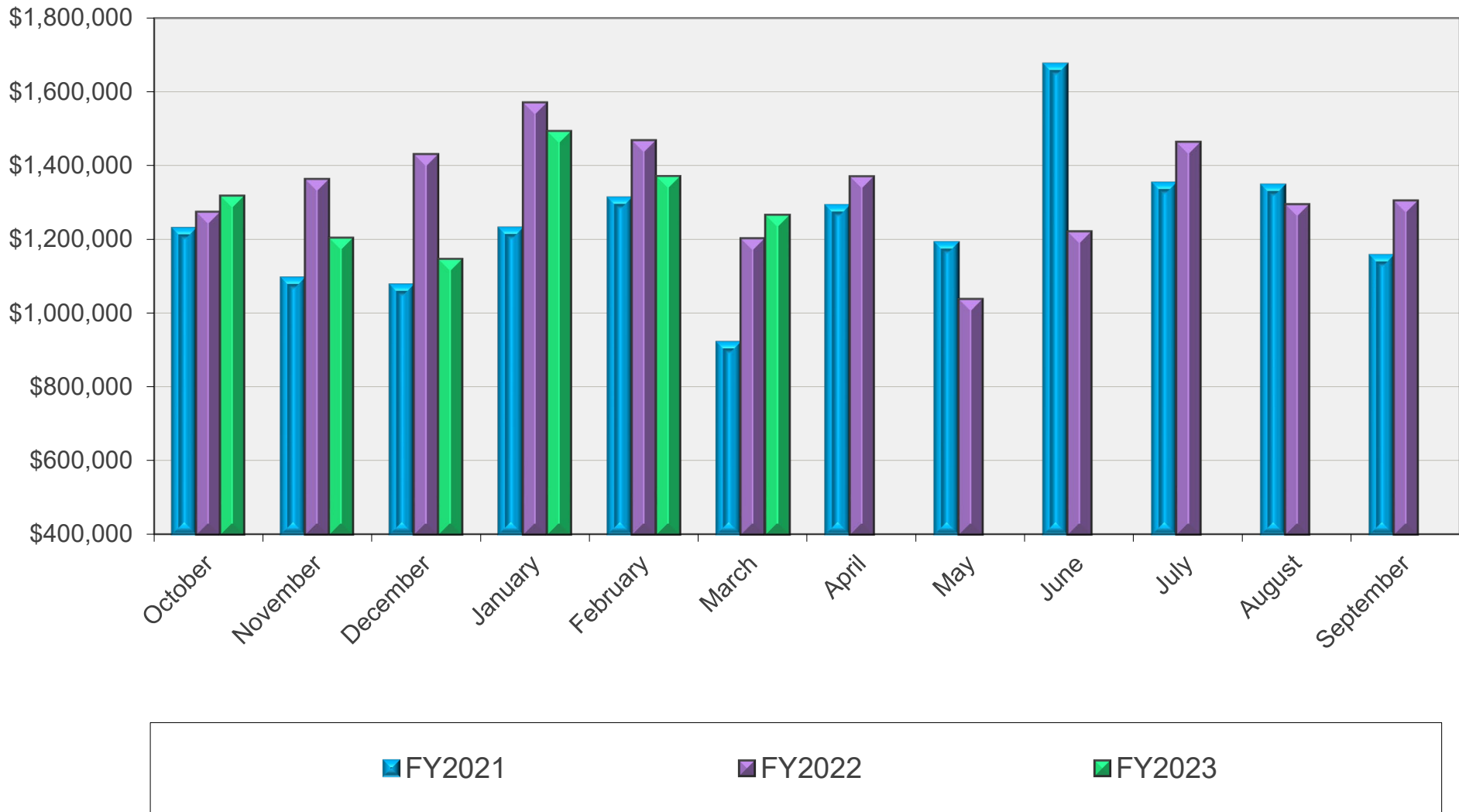
Key Expenditures	FY2023 Budget	Actual through 3/31/23	% Annual Budget
General Fund	\$ 44,166,648	\$ 20,451,374	46.31%
Hotel Fund	6,906,049	1,802,632	26.10%
Economic Development	2,176,459	746,089	34.28%
Airport Operations	5,564,259	2,615,936	47.01%
Utility Operations	15,656,470	8,116,857	51.84%

<sup>(1)</sup> Hotel tax revenue has not been collected from all hoteliers

Executive Dashboard - 2nd Quarter, 2023 Fiscal Year

Sales Tax Information

# Monthly Sales Tax Collections



Positive variance compared to historical trends  
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends  
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive  
 Warning  
 Negative

**TOWN OF ADDISON**  
**GENERAL FUND**  
**FY2023 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Revenues:</b>					
Ad Valorem taxes:					
Current taxes	\$ 20,603,683	\$ 22,559,394	\$ 16,980,949	\$ 22,871,395	101.4%
Delinquent taxes	(207,701)	(200,000)	(136,554)	(149,310)	74.7% <sup>(1)</sup>
Penalty & interest	58,070	50,000	41,292	46,965	93.9%
Non-property taxes:					
Sales tax	15,997,283	14,400,000	4,126,241	7,791,276	54.1%
Alcoholic beverage tax	1,350,605	1,225,000	352,459	704,913	57.5%
Franchise / right-of-way use fees:					
Electric franchise	1,499,435	1,575,000	335,107	799,064	50.7%
Gas franchise	275,373	250,000	349,536	349,536	139.8%
Telecommunication access fees	185,927	200,000	44,306	89,249	44.6%
Cable franchise	124,416	130,000	28,226	56,255	43.3%
Street rental fees	(6,500)	-	-	-	0.0%
Licenses and permits:					
Business licenses and permits	148,026	209,700	25,040	61,175	29.2%
Building and construction permits	972,526	960,400	233,066	366,418	38.2%
Intergovernmental	3,982	-	-	-	0.0%
Service fees:					
General government	-	-	-	-	0.0%
Public safety	1,093,844	1,026,000	265,032	487,632	47.5%
Urban development	50,110	47,200	15,915	26,315	55.8%
Streets and sanitation	440,857	480,700	118,298	212,549	44.2%
Recreation	39,690	70,300	20,917	35,980	51.2%
Interfund	438,870	444,290	111,073	222,145	50.0%
Court fines	301,404	245,000	88,225	173,067	70.6%
Interest earnings	(1,105,426)	200,000	187,715	282,453	141.2%
Rental income	8,300	8,000	1,650	3,550	44.4%
Other	421,465	290,500	68,282	221,388	76.2%
<b>Total Revenues</b>	<b>42,694,239</b>	<b>44,171,484</b>	<b>23,256,774</b>	<b>34,652,014</b>	<b>78.4%</b>

<sup>(1)</sup> Represents prior year tax payment refunds

Positive variance compared to historical trends  
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends  
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive  
 Warning  
 Negative

**TOWN OF ADDISON**  
**GENERAL FUND**  
**FY2023 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Expenditures:</b>					
General Government:					
City Secretary	187,884	232,150	54,716	93,229	40.2%
City Manager	1,246,441	1,309,782	260,949	520,015	39.7%
Finance	1,750,249	1,861,940	437,586	910,836	48.9%
General Services	1,271,406	1,108,609	274,625	530,638	47.9%
Municipal Court	692,928	741,479	144,302	368,704	49.7%
Human Resources	660,144	758,481	163,052	350,808	46.3%
Information Technology	1,952,454	2,418,608	399,660	784,040	32.4%
Combined Services	1,215,036	1,485,125	598,520	1,013,143	68.2% <sup>(1)</sup>
Council Projects	332,678	342,850	24,260	190,296	55.5% <sup>(2)</sup>
Public Safety:					
Police	10,597,376	11,362,815	2,860,060	5,393,386	47.5%
Emergency Communications	1,607,261	1,764,387	797,601	1,329,664	75.4%
Fire	9,267,049	9,907,123	2,335,465	4,736,863	47.8%
Development Services	1,643,483	1,982,282	414,820	813,284	41.0%
Streets	2,047,734	2,236,000	391,726	677,029	30.3%
Parks and Recreation:					
Parks	4,632,050	4,751,045	1,046,651	1,991,613	41.9%
Recreation	1,476,485	1,903,972	408,236	747,827	39.3%
Other financing uses:					
Transfers to other funds	1,841,875	-	-	-	0.0%
<b>Total Expenditures</b>	<b>42,422,533</b>	<b>44,166,648</b>	<b>10,612,227</b>	<b>20,451,374</b>	<b>46.3%</b>
Net Change in Fund Balance	271,706	4,836	12,644,547	14,200,640	
<b>Fund Balance at Beginning of Year</b>	<b>20,243,675</b>	<b>20,515,381</b>		<b>20,515,381</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 20,515,381</b>	<b>\$ 20,520,217</b>		<b>\$ 34,716,021</b>	

<sup>(1)</sup> TML insurance and worker's compensation contributions for FY2023 and Village on the Parkway Incentive

<sup>(2)</sup> Includes primary NPO grant payment for non-profit grant funding.

Positive variance compared to historical trends

Negative variance of 3%-5% and more than \$50,000 compared to historical trends

Negative variance of >5% and more than \$50,000 compared to historical trends

Positive

Warning

Negative

## TOWN OF ADDISON

### HOTEL FUND

#### FY2023 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET

*With Comparative Information from Prior Fiscal Year*

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Revenues:</b>					
Hotel/Motel occupancy taxes	\$ 4,353,355	\$ 4,800,000	\$ 1,390,200	\$ 2,648,536	55.2% <sup>(1)</sup>
Proceeds from special events	1,051,805	1,127,000	219,521	331,867	29.4%
Rental income	113,718	30,000	7,513	24,861	82.9%
Interest and miscellaneous	1,972,830	20,100	32,885	55,008	273.7%
<b>Total Revenues</b>	<b>7,491,708</b>	<b>5,977,100</b>	<b>1,650,119</b>	<b>3,060,271</b>	<b>51.2%</b>
<b>Expenditures:</b>					
Addison theatre centre	273,261	313,279	70,487	137,433	43.9%
Conference centre	229,056	220,510	42,271	104,781	47.5%
General hotel operations	151,625	186,197	42,270	90,638	48.7%
Marketing	887,942	1,193,362	121,110	285,956	24.0%
Performing arts	377,500	379,089	83,549	311,388	82.1% <sup>(2)</sup>
Special events	825,661	1,088,337	203,214	379,368	34.9%
Special events operations	2,431,963	2,757,275	78,514	109,067	4.0%
Attractions Capital Projects	-	-	-	-	0.0%
Other financing uses:					
Transfer to Economic Development Fund	384,000	768,000	192,000	384,000	50.0%
<b>Total Expenditures</b>	<b>5,561,008</b>	<b>6,906,049</b>	<b>833,414</b>	<b>1,802,632</b>	<b>26.1%</b>
Net Change in Fund Balance	1,930,700	(928,949)	816,705	1,257,639	
<b>Fund Balance at Beginning of Year</b>	<b>2,710,600</b>	<b>4,641,300</b>		<b>4,641,300</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 4,641,300</b>	<b>\$ 3,712,351</b>		<b>\$ 5,898,939</b>	

<sup>(1)</sup> Hotel tax collections have not been received by all hoteliers

<sup>(2)</sup> NPO primary grant payment and matching funds for non-profit grant funding to Water Tower Theatre

Positive variance compared to historical trends  
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends  
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive  
 Warning  
 Negative

**TOWN OF ADDISON**  
**ECONOMIC DEVELOPMENT FUND**  
**FY2023 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET**  
*With Comparative Information from Prior Fiscal Year*

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Revenues:</b>					
Ad Valorem taxes:	\$ 1,179,713	\$ 1,280,691	\$ 964,583	\$ 1,300,665	101.6%
Business license fee	32,450	50,000	18,655	31,205	62.4%
Interest income and other	(91,704)	30,000	16,551	25,663	85.5%
Transfers from General/Hotel Fund	384,000	768,000	192,000	384,000	50.0%
<b>Total Revenues</b>	<b>1,504,459</b>	<b>2,128,691</b>	<b>1,191,789</b>	<b>1,741,533</b>	<b>81.8%</b>
<b>Expenditures:</b>					
Personnel services	516,409	577,836	123,998	257,313	44.5%
Supplies	15,843	18,371	4,017	7,006	38.1%
Maintenance	20,582	30,720	5,106	5,797	18.9%
Contractual services	761,946	1,536,160	240,828	469,287	30.5%
Debt Service	221,611	13,372	3,343	6,686	50.0%
<b>Total Expenditures</b>	<b>1,536,391</b>	<b>2,176,459</b>	<b>377,292</b>	<b>746,089</b>	<b>34.3%</b>
Net Change in Fund Balance	(31,932)	(47,768)	814,497	995,444	
<b>Fund Balance at Beginning of Year</b>	<b>2,012,219</b>	<b>1,980,287</b>		<b>1,980,287</b>	
<b>Fund Balance at End of Year</b>	<b>\$ 1,980,287</b>	<b>\$ 1,932,519</b>		<b>\$ 2,975,731</b>	

Positive variance compared to historical trends  
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends  
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive  
 Warning  
 Negative

## AIRPORT FUND

### FY2023 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET

*With Comparative Information from Prior Fiscal Year*

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Operating Revenues:</b>					
Operating grants	\$ 198,000	\$ 50,000	\$ -	\$ -	0.0%
Service fees	148,680	157,000	56,940	93,140	59.3%
Fuel flowage fees	1,357,351	1,119,600	295,230	619,521	55.3%
Rental income	5,584,356	5,301,700	1,432,472	2,773,388	52.3%
Interest income and other	(76,989)	60,000	70,392	129,871	216.5%
<b>Total Operating Revenues:</b>	<b>7,211,398</b>	<b>6,688,300</b>	<b>1,855,034</b>	<b>3,615,920</b>	<b>54.1%</b>
<b>Operating Expenses:</b>					
Personnel services	2,186,867	2,517,439	592,642	1,155,257	45.9%
Supplies	42,962	56,381	7,975	19,605	34.8%
Maintenance	463,108	671,801	153,232	221,450	33.0%
Contractual services	1,104,836	1,164,992	307,709	514,689	44.2%
Capital Replacement/Lease	257,928	232,928	63,706	121,938	52.4%
Debt service	712,246	885,718	572,892	582,997	65.8%
Capital Outlay	50,346	35,000	-	-	0.0%
<b>Total Operating Expenses:</b>	<b>4,818,293</b>	<b>5,564,259</b>	<b>1,698,156</b>	<b>2,615,936</b>	<b>47.0%</b>
Other financing uses:					
Transfer to Debt service fund	-	508,966	127,242	254,483	50.0%
Capital Projects (Cash Funded)	783,207	2,582,000	45,290	45,290	1.8%
<b>Total Expenses:</b>	<b>5,601,500</b>	<b>8,655,225</b>	<b>1,870,688</b>	<b>2,915,709</b>	<b>33.7%</b>
Net Change in Working Capital	1,609,898	(1,966,925)	(15,653)	700,211	
<b>Working Capital at Beginning of Year</b>	<b>6,146,329</b>	<b>7,756,227</b>		<b>7,756,227</b>	
<b>Working Capital at End of Year</b>	<b>\$ 7,756,227</b>	<b>\$ 5,789,302</b>		<b>\$ 8,456,438</b>	



Positive variance compared to historical trends

Negative variance of 3%-5% and more than \$50,000 compared to historical trends

Negative variance of >5% and more than \$50,000 compared to historical trends

Positive

Warning

Negative

## UTILITY FUND

### FY2023 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET

*With Comparative Information from Prior Fiscal Year*

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Operating revenues:</b>					
Water sales	\$ 9,115,862	\$ 8,452,239	\$ 1,669,740	\$ 3,869,531	45.8%
Sewer charges	6,330,760	6,709,962	1,535,930	3,228,672	48.1%
Tap fees	37,780	10,587	1,013	20,603	194.6%
Penalties	125,985	91,874	32,973	72,716	79.1%
Interest income and other	(198,486)	135,114	3,757	8,282	6.1%
<b>Total Operating Revenues:</b>	<b>15,411,901</b>	<b>15,399,776</b>	<b>3,243,413</b>	<b>7,199,803</b>	<b>46.8%</b>
<b>Operating expenses:</b>					
Personnel services	2,539,000	2,833,900	605,621	1,243,467	43.9%
Supplies	240,249	232,112	67,521	112,355	48.4%
Maintenance	936,177	803,462	166,185	270,597	33.7%
Contractual services					
Water purchases	4,339,663	4,327,486	1,526,634	2,239,709	51.8%
Wastewater treatment	3,631,976	3,831,839	1,442,513	2,043,975	53.3%
Other services	893,725	1,602,058	259,757	632,098	39.5%
Capital Replacement/Lease	231,584	206,584	51,646	103,292	50.0%
Debt service	1,526,320	1,744,029	1,402,091	1,402,452	80.4%
Capital outlay	-	75,000	68,913	68,913	91.9%
<b>Total Operating Expenses:</b>	<b>14,338,694</b>	<b>15,656,470</b>	<b>5,590,880</b>	<b>8,116,857</b>	<b>51.8%</b>
Capital Projects (Cash Funded)	-	79,000	-	-	0.0%
<b>Total Expenses:</b>	<b>14,338,694</b>	<b>15,735,470</b>	<b>5,590,880</b>	<b>8,116,857</b>	<b>51.6%</b>
Net Change in Working Capital	1,073,207	(335,694)	(2,347,467)	(917,054)	
<b>Working Capital at Beginning of Year</b>	<b>6,393,749</b>	<b>7,466,956</b>		<b>7,466,956</b>	
<b>Working Capital at End of Year</b>	<b>\$ 7,466,956</b>	<b>\$ 7,131,262</b>		<b>\$ 6,549,902</b>	

Positive variance compared to historical trends  
 Negative variance of 3%-5% and more than \$50,000 compared to historical trends  
 Negative variance of >5% and more than \$50,000 compared to historical trends

Positive  
 Warning  
 Negative

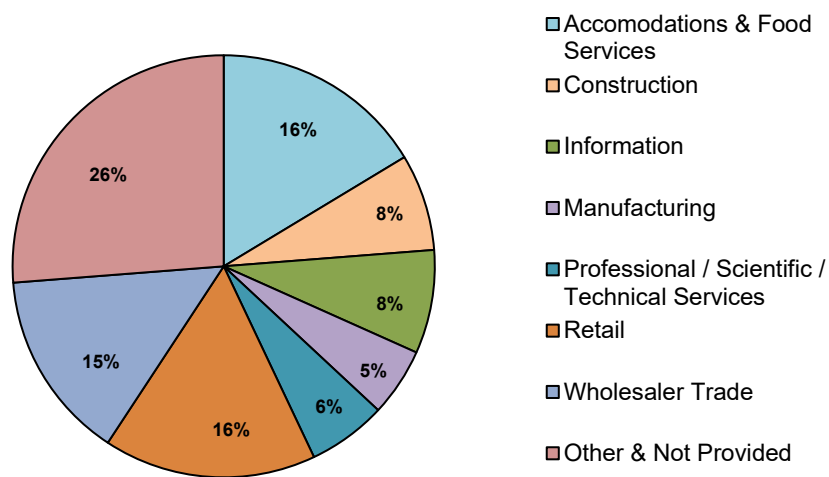
**STORMWATER UTILITY FUND**  
 FY2023 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
*With Comparative Information from Prior Fiscal Year*

CATEGORY	FY 2021-22 ACTUAL PRIOR YEAR	FY 2022-23 REVISED BUDGET	FY 2022-23 ACTUAL 2ND QTR	FY 2022-23 ACTUAL YTD	ACTUAL YTD as % of Budget
<b>Operating revenues:</b>					
Drainage Fees	\$ 2,558,788	\$ 2,554,023	\$ 638,483	\$ 1,315,097	51.5%
Interest income and other	(303,310)	100,000	61,213	107,356	107.4%
<b>Total Operating Revenues:</b>	<b>2,255,478</b>	<b>2,654,023</b>	<b>699,696</b>	<b>1,422,453</b>	<b>53.6%</b>
<b>Operating expenses</b>					
Personnel services	374,451	417,276	100,339	193,063	46.3%
Supplies	16,903	16,100	2,658	4,116	25.6%
Maintenance	101,042	321,280	8,748	25,382	7.9%
Contractual services	294,146	359,710	55,101	114,051	31.7%
Capital Replacement/Lease	10,000	10,000	2,500	5,000	50.0%
Debt service	493,199	491,390	460,020	460,020	93.6%
Capital outlay	29,457	60,000	-	-	0.0%
<b>Total Operating Expenses:</b>	<b>1,319,198</b>	<b>1,675,756</b>	<b>629,366</b>	<b>801,632</b>	<b>47.8%</b>
Other financing uses:					
Transfer to Debt service fund	-	400,439	100,110	200,220	50.0%
Capital Projects (Cash Funded)	402,532	2,838,033	2,313	171,857	6.1%
<b>Total Expenses:</b>	<b>1,721,730</b>	<b>4,914,228</b>	<b>731,789</b>	<b>1,173,709</b>	<b>23.9%</b>
Net Change in Working Capital	533,748	(2,260,205)	(32,093)	248,745	
<b>Working Capital at Beginning of Year</b>	<b>8,921,610</b>	<b>9,455,358</b>		<b>9,455,358</b>	
<b>Working Capital at End of Year</b>	<b>\$ 9,455,358</b>	<b>\$ 7,195,153</b>		<b>\$ 9,704,103</b>	

**TOWN OF ADDISON**  
**Schedule of Sales Tax Collections**  
*For the quarter ending March 31, 2023*

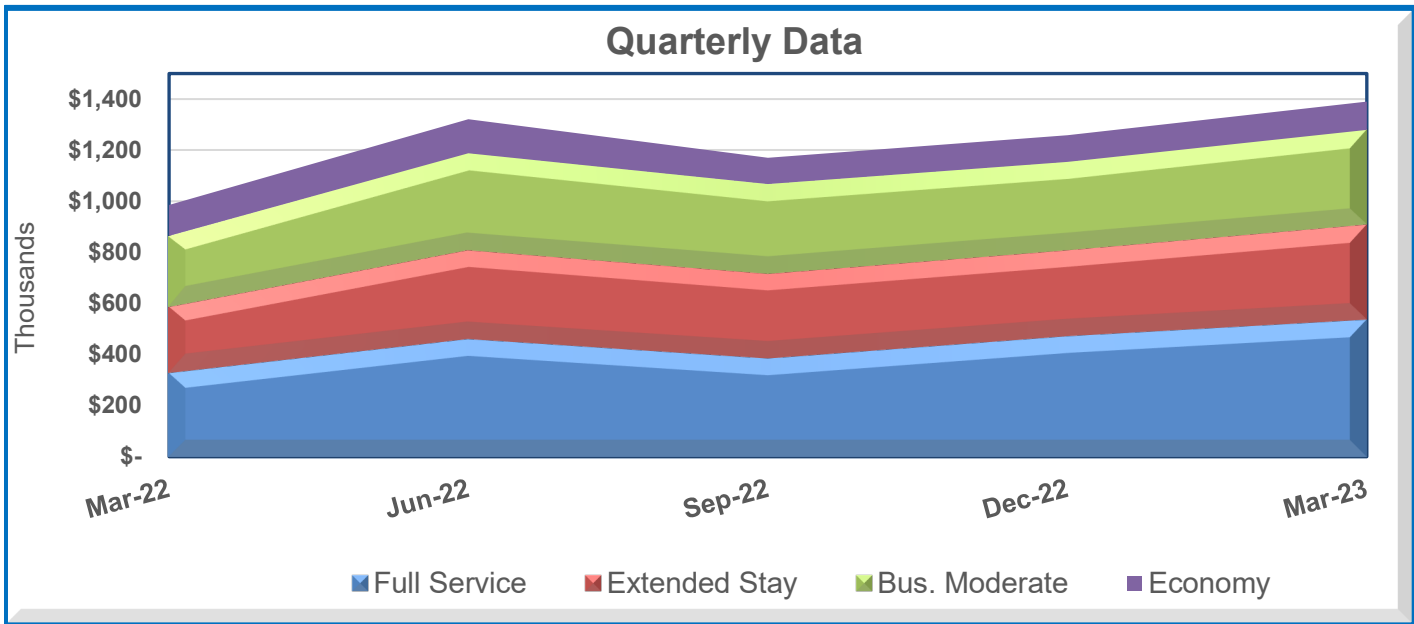
	FY2022		% Change	FY2023	
	Monthly Collections		from	Monthly Collections	
			Prior Year		
October	\$	1,273,977	3.3%	\$	1,316,545
November		1,362,516	-11.7%		1,202,884
December		1,430,169	-19.9%		1,145,606
January		1,569,646	-5.0%		1,491,449
February		1,467,367	-6.6%		1,370,185
March		1,202,011	5.2%		1,264,607
April		1,370,124	-100.0%		
May		1,038,643	-100.0%		
June		1,220,982	-100.0%		
July		1,462,725	-100.0%		
August		1,294,958	-100.0%		
September		1,304,166	-100.0%		
	<b>\$</b>	<b>15,997,283</b>			<b>7,791,276</b>
Budget:		14,710,875	54.1%		14,400,000

**Breakdown of Sales Tax by Economic Category**



**Executive Dashboard - 2nd Quarter, 2023 Fiscal Year**  
**HOTEL OCCUPANCY TAX COLLECTION**  
**Hotels By Service Type for the Quarter and Year-to-Date Ended March 31, 2023**  
*With Comparative Information from Prior Fiscal Year*

	Rooms		Jan - Mar 2023		23 to 22
	Number	%	Amount	%	% Diff.
<b>Full Service</b>					
Marriott Quorum	547	15%	257,558	19%	59%
Renaissance	528	14%	280,171	20%	67%
	<b>1,075</b>	<b>29%</b>	<b>537,729</b>	<b>39%</b>	<b>63%</b>
<b>Extended Stay</b>					
Budget Suites	344	9%	10,184	1%	-2%
Mainstay Suites	70	2%	10,350	1%	-1%
Marriott Residence Inn	150	4%	82,051	6%	100%
Hyatt House	132	4%	57,181	4%	95%
Homewood Suites	120	3%	46,798	3%	3%
Home2Suites	132	4%	92,660	7%	27%
Springhill Suites	159	4%	72,426	5%	42%
	<b>1,107</b>	<b>30%</b>	<b>371,651</b>	<b>27%</b>	<b>42%</b>
<b>Business Moderate</b>					
Marriott Courtyard Quorum	176	5%	93,576	7%	39%
LaQuinta Inn	152	4%	43,635	3%	31%
Marriott Courtyard Midway	145	4%	63,652	5%	48%
Radisson - Addison	101	3%	28,226	2%	2%
Hilton Garden Inn	96	3%	51,815	4%	32%
Holiday Inn Express	97	3%	49,470	4%	34%
<sup>(1)</sup> Holiday Inn Beltway	102	3%	16,439	1%	0%
Best Western Plus	84	2%	23,462	2%	-15%
	<b>953</b>	<b>26%</b>	<b>370,275</b>	<b>27%</b>	<b>35%</b>
<b>Economy</b>					
Motel 6	127	3%	34,089	2%	0%
The Addison Inn	158	4%	10,958	1%	-59%
Red Roof Inn	105	3%	29,938	2%	-5%
Quality Suites North/Galleria	78	2%	26,508	2%	33%
America's Best Value Inn	60	2%	9,053	1%	14%
	<b>528</b>	<b>14%</b>	<b>110,545</b>	<b>8%</b>	<b>-8%</b>
<b>TOTAL</b>	<b>3,663</b>	<b>100%</b>	<b>1,390,200</b>	<b>100%</b>	<b>41%</b>



<sup>(1)</sup> Not yet received one or more payments for the quarter

# Investment Portfolio Summary

**Town of Addison**



**For the Quarter  
Ended March 31, 2023**


**For the Quarter Ended**  
**March 31, 2023**

This report is prepared for the **Town of Addison** (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

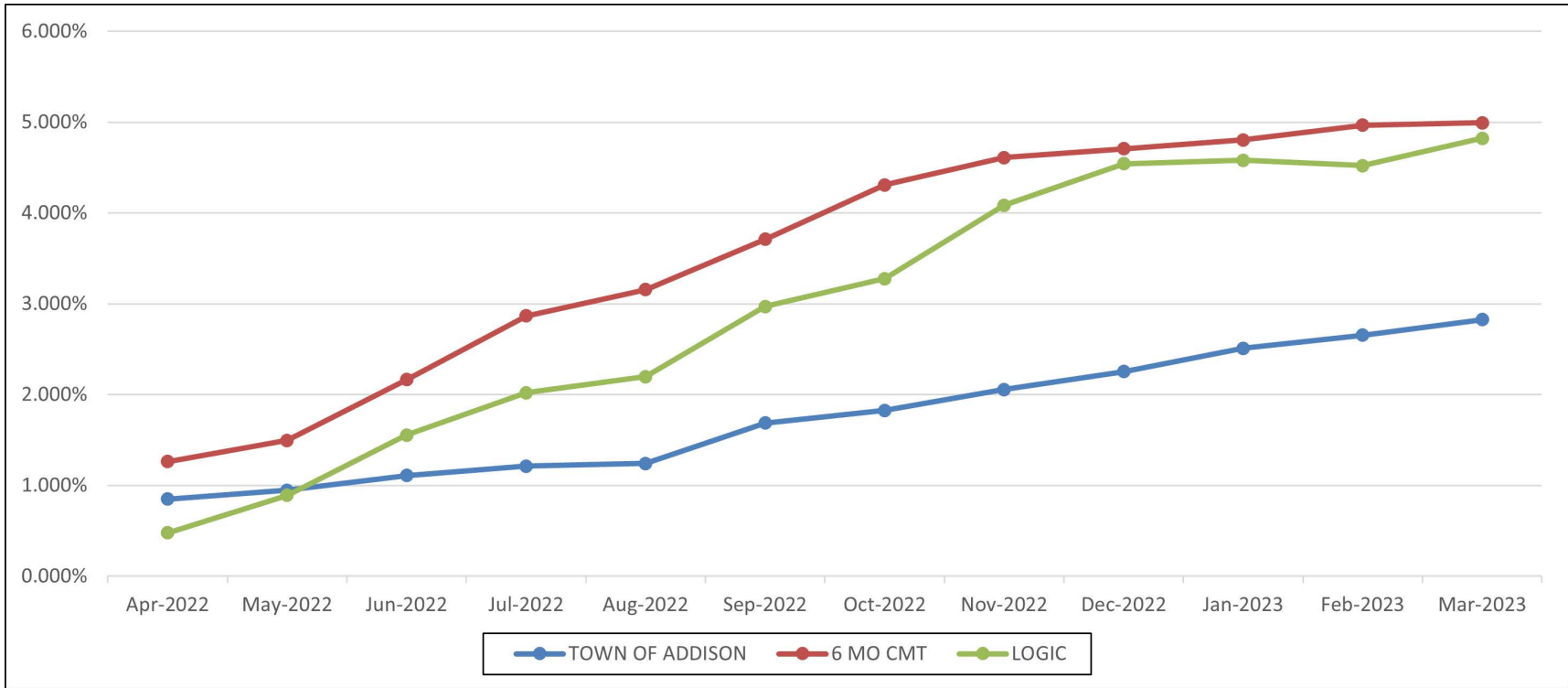
**Officer Names and Titles:**

\_\_\_\_\_  
Name: Steven Glickman, CPA

  
Title: Chief Financial Officer

\_\_\_\_\_  
Name: Amanda D. Turner, CPA

  
Title: Assistant Finance Director







Category	CUSIP	Settle Date	Sec. Type	Sec. Description	CPN (%)	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Days to Mty	WAM	YTM (%)
HTM	22551KAA0	7/22/2022	CD	Credit Union of Texas	3.200	7/22/2024			245,000.00	100.000	245,000.00	245,000.00	479	0.82	3.200
HTM	3130ASKS7	7/25/2022	AGCY CALL	FHLB	3.750	7/25/2024	4/25/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	482	3.38	3.750
HTM	79770GJA5	12/15/2021	MUNICIPAL	San Francisco & CA County Redevelopment	1.286	8/1/2024			455,000.00	100.583	457,652.65	456,349.60	489	1.56	1.060
HTM	927781VU5	5/6/2021	MUNICIPAL	Virginia ST Clq Bldg Auth Rev	4.750	9/1/2024	Anytime	M-W Call	755,000.00	113.547	857,279.85	798,825.95	520	2.91	0.620
HTM	68189TBA3	6/15/2021	MUNICIPAL	Omaha NE Spl Oblq	6.400	2/1/2026	Anytime	Sink	425,000.00	111.697	474,712.25	457,080.71	535	1.71	1.150
HTM	05580AD68	9/17/2021	CD	BMW Bank of North America	0.650	9/17/2024			245,000.00	100.000	245,000.00	245,000.00	536	0.92	0.650
HTM	87165FA20	9/17/2021	CD	Synchrony Bank	0.650	9/17/2024			245,000.00	100.000	245,000.00	245,000.00	536	0.92	0.650
HTM	3130APAF2	10/7/2021	AGCY CALL	FHLB	0.520	10/7/2024	4/7/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	556	3.89	0.520
HTM	20775C6C3	5/19/2021	MUNICIPAL	Connecticut St Housing Auth	2.097	11/15/2024			300,000.00	104.862	314,586.00	306,812.12	595	1.28	0.684
HTM	207580AQ4	5/11/2021	MUNICIPAL	CT Green Bank Rev Bonds	0.850	11/15/2024			275,000.00	100.000	275,000.00	275,000.00	595	1.15	0.850
HTM	3130ATQD2	11/15/2022	AGCY CALL	FHLB	4.650	11/15/2024	11/15/2023	One Time	1,000,000.00	99.687	996,870.00	998,037.90	595	4.16	5.474
HTM	3135GACZ2	11/25/2022	AGCY CALL	FNMA	5.400	11/25/2024	5/23/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	605	4.24	5.400
HTM	3130AMJX1	6/9/2021	AGCY CALL	FHLB	0.650	12/9/2024	4/9/2023	Monthly	1,500,000.00	100.000	1,500,000.00	1,500,000.00	619	6.50	0.650
HTM	365820HB8	7/22/2021	MUNICIPAL	Garfield Heights GO	3.100	12/15/2024	6/15/2023	Continuous	250,000.00	105.000	262,500.00	256,336.65	625	1.12	1.582
HTM	04288LAA6	1/20/2023	CD	Arsenal Credit Union	5.100	1/21/2025			245,000.00	100.000	245,000.00	245,000.00	662	1.14	5.100
HTM	87868YAG8	1/19/2023	CD	Valley Strong CU	5.000	1/21/2025			245,000.00	100.000	245,000.00	245,000.00	662	1.14	5.000
HTM	70962LBA9	1/31/2022	CD	Pentagon Federal Credit Union	1.250	1/31/2025			245,000.00	100.000	245,000.00	245,000.00	672	1.15	1.250
HTM	3133CEM70	9/22/2021	AGCY CALL	FFCB	0.480	2/10/2025	4/18/2023	Continuous	1,000,000.00	99.900	999,000.00	999,448.83	682	4.77	0.510
HTM	70914PME9	6/9/2021	MUNICIPAL	Penn St GO	4.650	2/15/2026	Anytime	Sink/M-W Call	1,135,000.00	110.848	1,258,124.80	1,219,580.53	699	5.97	0.700
HTM	57419TDX6	5/19/2021	MUNICIPAL	Maryland Community Dev	2.198	3/1/2025			265,000.00	105.260	278,939.00	272,100.74	701	1.34	0.784
HTM	473142QX8	5/6/2021	MUNICIPAL	Jefferson Cnty Consol Sch Distr	0.950	3/1/2025			280,000.00	100.000	280,000.00	280,000.00	701	1.37	0.950
HTM	91334AAL7	3/21/2023	CD	United Heritage CU	5.150	3/21/2025			245,000.00	100.000	245,000.00	245,000.00	721	1.24	5.150
HTM	3134GYND0	3/28/2023	AGCY CALL	FHLMC	5.500	3/28/2025	9/28/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	728	5.10	6.238
HTM	3134GXQR8	4/28/2022	AGCY CALL	FHLMC	2.500	4/28/2025	4/28/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	759	5.32	3.435
HTM	3133CEM30	9/22/2021	AGCY CALL	FFCB	0.610	5/23/2025	4/18/2023	Continuous	1,000,000.00	99.990	999,900.00	999,941.63	784	5.49	0.613
HTM	57604TAB2	4/22/2021	MUNICIPAL	State of Mass Transportation	5.203	6/1/2025	Anytime	M-W Call	1,000,000.00	117.316	1,173,160.00	1,091,958.88	793	6.06	0.900
HTM	91476PDR6	7/1/2021	MUNICIPAL	University Okla	3.023	7/1/2025	4/7/2023	Continuous	300,000.00	102.425	307,275.00	304,156.93	823	1.75	2.383
HTM	882874KQ2	5/12/2021	MUNICIPAL	Texas Woman's University	4.000	7/1/2025			315,000.00	114.177	359,657.55	339,391.12	823	1.96	0.530
HTM	20772KJX8	4/22/2021	MUNICIPAL	State of Connecticut	2.098	7/1/2025	Anytime	M-W Call	235,000.00	105.254	247,346.90	241,668.89	823	1.39	0.820
HTM	920133AL9	1/18/2023	CD	Technology Credit Union	5.100	7/18/2025	7/18/2023	Monthly	245,000.00	100.000	245,000.00	245,000.00	840	1.44	5.100
HTM	3136G4A45	7/22/2020	AGCY CALL	FNMA	0.710	7/22/2025	4/22/2023	Quarterly	1,500,000.00	99.995	1,499,925.00	1,499,965.10	844	8.87	0.711
HTM	345102PG6	4/21/2021	MUNICIPAL	Foothill-De Anza Community	0.906	8/1/2025	Anytime	M-W Call	700,000.00	100.811	705,677.00	703,111.77	854	4.21	0.713
HTM	235308D75	4/22/2021	MUNICIPAL	Dallas ISD	4.000	8/15/2025			2,750,000.00	113.998	3,134,945.00	2,962,853.56	868	15.13	0.700
HTM	150461M57	10/23/2020	MUNICIPAL	City of Cedar Park	2.950	8/15/2025			2,360,000.00	110.976	2,619,033.60	2,488,551.38	868	18.01	0.630
HTM	3136G4N74	8/21/2020	AGCY CALL	FNMA	0.560	8/21/2025	5/21/2023	Quarterly	1,500,000.00	100.000	1,500,000.00	1,500,000.00	874	9.18	0.560
HTM	3136G4V59	8/27/2020	AGCY CALL	FNMA	0.625	8/27/2025	5/27/2023	Quarterly	1,500,000.00	100.000	1,500,000.00	1,500,000.00	880	9.25	0.625
HTM	3134GWU99	9/24/2020	AGCY CALL	FHLMC	0.570	9/24/2025	6/24/2023	Quarterly	2,000,000.00	100.000	2,000,000.00	2,000,000.00	908	12.72	0.570
HTM	088632CT9	4/20/2021	MUNICIPAL	Bi-State Development Agency	1.344	10/1/2025			1,525,000.00	101.536	1,548,424.00	1,538,270.07	915	9.86	0.990
HTM	23542JQP3	4/19/2021	MUNICIPAL	City of Dallas Waterwork	1.007	10/1/2025			1,350,000.00	101.254	1,366,929.00	1,359,561.89	915	8.71	0.720
HTM	64971M5K4	4/16/2021	MUNICIPAL	NYC Transit Fin Authority	5.075	11/1/2025	Anytime	M-W Call	520,000.00	118.156	614,411.20	574,129.94	946	3.80	0.978
HTM	207580AR2	5/11/2021	MUNICIPAL	CT Green Bank Rev Bonds	1.200	11/15/2025			200,000.00	100.000	200,000.00	200,000.00	960	1.34	1.200
HTM	3130AP2G9	9/30/2021	AGCY CALL	FHLB	0.750	12/30/2025	6/30/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1005	7.04	0.750
HTM	650009S20	4/22/2021	MUNICIPAL	NY Thruway Authority	2.406	1/1/2026	Anytime	M-W Call	400,000.00	105.955	423,820.00	414,086.35	1007	2.92	1.100
HTM	68607LXQ5	11/17/2022	MUNICIPAL	Oregon St	5.892	6/1/2027	Anytime	Sink/M-W Call	1,000,000.00	103.735	1,037,350.00	1,033,153.21	1016	7.35	4.600
HTM	419791Y19	4/23/2021	MUNICIPAL	Hawaii St	5.330	2/1/2026	Anytime	M-W Call	1,500,000.00	120.386	1,805,790.00	1,682,957.93	1038	12.24	0.950
HTM	64971WDP2	4/16/2021	MUNICIPAL	NYC Transit Fin Authority	3.780	2/1/2026	Anytime	M-W Call	700,000.00	108.848	761,936.00	737,133.53	1038	5.36	1.839
HTM	894673TA0	5/6/2021	MUNICIPAL	Tredyffrin/Easttown School	1.159	2/15/2026			275,000.00	100.900	277,475.00	276,496.84	1052	2.04	0.965
HTM	067167YR1	4/29/2021	MUNICIPAL	Barbers Hill TX ISD GO	4.000	2/15/2026			500,000.00	114.513	572,565.00	543,788.42	1062	4.01	0.900
HTM	3134GYJ89	2/27/2023	AGCY CALL	FHLMC	5.300	2/27/2026	11/27/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1064	7.45	5.300
HTM	473142QY6	5/6/2021	MUNICIPAL	Jefferson Cnty Consol Sch Distr	1.200	3/1/2026			300,000.00	100.000	300,000.00	300,000.00	1066	2.24	1.200
HTM	61945DAZ4	4/22/2021	MUNICIPAL	Mosaic District Dev Authority	1.711	3/1/2026	Anytime	M-W Call	250,000.00	102.882	257,205.00	254,364.02	1066	1.90	1.100
HTM	3134GYK76	3/13/2023	AGCY CALL	FHLMC	5.625	3/13/2026	9/13/2023	Quarterly	2,000,000.00	100.000	2,000,000.00	2,000,000.00	1078	15.10	5.625
HTM	89789AAH0	3/22/2023	CD	Truliant FCU	5.150	3/23/2026			245,000.00	100.000	245,000.00	245,000.00	1088	1.87	5.150
HTM	485106UX4	4/21/2021	MUNICIPAL	Kansas City	1.475	4/1/2026	Anytime	M-W Call	1,000,000.00	101.945	1,019,450.00	1,011,915.55	1097	7.77	1.070
HTM	46873TAD5	9/29/2021	MUNICIPAL	Jackson Energy Authority	3.400	4/1/2026	4/1/2023	Continuous	1,925,000.00	104.653	2,014,570.25	1,985,530.38	1097	15.26	2.307
HTM	6817126Z3	5/21/2021	MUNICIPAL	Omaha GO	0.983	4/15/2026			750,000.00	100.396	752,970.00	751,852.18	1111	5.85	0.900
HTM	3133EMXQ0	4/28/2021	AGCY CALL	FFCB	0.940	4/28/2026	4/18/2023	Continuous	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1124	7.87	0.940
HTM	3130AMDE9	5/12/2021	AGCY CALL	FHLB	0.500	5/12/2026	5/12/2023	Quarterly	1,500,000.00	100.000	1,500,000.00	1,500,000.00	1138	11.96	1.191
HTM	83754LAX5	9/23/2021	MUNICIPAL	SD Educational Enhancement	1.495	6/1/2026	Anytime	M-W Call	1,000,000.00	100.815	1,008,150.00	1,005,548.66	1158	8.16	1.315
HTM	3130AMMJ8	6/9/2021	AGCY CALL	FHLB	0.400	6/9/2026	6/9/2023	One Time	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1166	8.17	1.053
HTM	3130AMMW9	6/10/2021	AGCY CALL	FHLB	0.500	6/10/2026	6/10/2023	Quarterly	1,500,000.00	100.000	1,500,000.00	1,500,000.00	1167	12.26	1.194
HTM	56042RJ52	7/8/2021	MUNICIPAL	Maine Health & Higher Edu	1.304	7/1/2026	Anytime	M-W Call	200,000.00	101.229	202,458.00	201,616.36	1188	1.68	1.050
HTM	86666PAE8	11/8/2021	MUNICIPAL	Sun City Fire District AZ Maricopa Cnty COPs	1.707	7/1/2026			500,000.00	100.740	503,700.00	502,608.97	1188	4.18	1.541
HTM	3130AN5K2	7/20/2021	AGCY CALL	FHLB	0.300	7/20/2026			1,500,000.00	100.000	1,500,000.00	1,500,000.00	1207	12.68	1.254
HTM	795451AK9	8/12/2021	CD	Sallie Mae Bank	1.100	8/11/2026			245,000.00	100.000	245,000.00	245,000.00	1229	2.11	1.100
HTM	38149MJZ5	9/8/2021	CD	Goldman Sachs Bank	1.050	9/8/2026			245,000.00	100.000	245,000.00	245,000.00	1257	2.16	1.050
HTM	856285XL0	9/28/2021	CD	State Bank of India	1.150	9/28/2026			245,000.00	100.000	245,000.00	245,000.00	1277	2.19	1.150
HTM	3130AP6D2	9/30/2021	AGCY CALL	FHLB	1.000	9/30/2026	6/30/2023	Quarterly	1,000,000						

Category	CUSIP	Settle Date	Sec. Type	Sec. Description	CPN (%)	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Days to Mty	WAM	YTM (%)
HTM	798111HF0	1/24/2022	MUNICIPAL	San Joaquin Hills Transportation Corridor Toll	2.153	1/15/2027	Anytime	M-W Call	750,000.00	100.957	757,177.50	755,519.80	1386	7.33	1.950
HTM	3130AQJ87	1/19/2022	AGCY CALL	FHLB	1.600	1/19/2027	4/19/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1390	9.74	1.600
HTM	3130AQPR8	2/18/2022	AGCY CALL	FHLB	1.300	2/18/2027	5/18/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1420	9.95	2.064
HTM	3130ARCD1	3/29/2022	AGCY CALL	FHLB	2.000	3/29/2027	6/29/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1459	10.22	3.252
HTM	3130ARGS4	4/14/2022	AGCY CALL	FHLB	2.000	4/14/2027	4/14/2023	Annually	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1475	10.33	3.922
HTM	3130ASG52	6/30/2022	AGCY CALL	FHLB	4.100	6/30/2027	6/30/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1552	10.87	4.100
HTM	3130AT6R3	9/30/2022	AGCY CALL	FHLB	2.000	9/30/2027	6/30/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1644	11.51	6.253
HTM	3130ATLG0	10/27/2022	AGCY CALL	FHLB	4.000	10/27/2027	4/27/2023	Quarterly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1671	11.70	7.457
HTM	77535MAM5	1/20/2023	CD	Rogue CU	5.100	1/20/2028			245,000.00	100.000	245,000.00	245,000.00	1756	3.01	5.100
HTM	92891CDA7	3/10/2023	CD	VyStar CU	5.200	3/10/2028			245,000.00	100.000	245,000.00	245,000.00	1806	3.10	5.200
HTM	3130AUZ98	3/13/2023	AGCY CALL	FHLB	6.000	3/13/2028	4/13/2023	Monthly	1,000,000.00	100.000	1,000,000.00	1,000,000.00	1809	12.67	6.000
									<b>141,635,859.21</b>	<b>101.609</b>	<b>143,915,006.72</b>	<b>142,777,097.11</b>		<b>542.89</b>	<b>2.826</b>

**TOWN OF ADDISON**  
**Change in Value**  
*From 12/31/2022 to 03/31/2023*

CUSIP	Security Type	Security Description	CPN	Maturity	12/31/2022			3/31/2023		
					Book Value	Market Value	YTM	Book Value	Market Value	YTM
LOGIC	LGIP	LOGIC	0.000%	10/1/2022	12,743,665.00	12,743,665.00	4.542%	18,355,267.88	18,355,267.88	5.022%
TEXPOOL	LGIP	TexPool	0.000%	10/1/2022	1,016,046.52	1,016,046.52	4.177%	1,027,235.51	1,027,235.51	4.792%
TEXSTAR	LGIP	TexSTAR	0.000%	10/1/2022	1,015,348.89	1,015,348.89	4.203%	25,999.54	25,999.54	4.821%
TXCLASS	LGIP	Texas CLASS	0.000%	10/1/2022	3,491,094.07	3,491,094.07	4.521%	3,532,039.90	3,532,039.90	5.006%
721305CS7	MUNICIPAL	Pike TWP Metro School Dist	1.850%	1/15/2023	384,949.83	384,680.45	2.150%	-	-	0.000%
882669BR4	MUNICIPAL	TX Pub Fin Auth	0.286%	2/1/2023	2,000,000.00	1,993,200.00	0.286%	-	-	0.000%
52908EPM9	MUNICIPAL	Lexington-Fayette Urban Cnty	5.500%	2/1/2023	500,702.58	500,210.00	3.650%	-	-	0.000%
473142QV2	MUNICIPAL	Jefferson Cnty Consol Sch Distr	0.450%	3/1/2023	260,000.00	258,312.60	0.450%	-	-	0.000%
3130ADRG9	AGCY BULET	FHLB	2.750%	3/10/2023	4,516,180.90	4,487,238.00	0.837%	-	-	0.000%
62384RAF3	CD	Mountain America CU	3.000%	3/27/2023	249,000.00	248,337.91	3.000%	-	-	0.000%
3130ASNH8	AGCY CALL	FHLB	3.000%	4/28/2023	1,000,000.00	996,060.00	3.000%	1,000,000.00	998,748.00	3.000%
912828R28	TREAS NOTE	U.S. Treasury	1.625%	4/30/2023	999,422.95	990,703.00	1.800%	999,858.49	997,704.00	1.800%
46640QS93	CP-DISC	JP Morgan CP	0.000%	5/9/2023	1,965,616.14	1,965,772.00	4.920%	1,989,891.82	1,989,398.00	4.920%
91435LAG2	CD	Greenstate Credit Union	3.050%	5/15/2023	242,183.64	238,979.28	0.600%	240,716.21	239,439.84	0.600%
89233HSR6	CP-DISC	Toyota Motor Credit	0.000%	5/25/2023	985,443.44	980,521.00	3.695%	994,573.79	992,396.00	3.695%
44963KAA6	CD	IH Mississippi Valley CU	2.900%	5/30/2023	245,000.00	243,609.14	2.900%	245,000.00	244,123.15	2.900%
427908EE4	MUNICIPAL	County of Hernando	0.365%	6/1/2023	250,000.00	245,880.00	0.365%	250,000.00	248,245.00	0.365%
46640QT68	CP-DISC	JP Morgan CP	0.000%	6/6/2023	983,521.34	978,889.00	3.876%	993,082.89	990,832.00	3.876%
034577AK2	CD	ANECA Federal Credit Union	3.200%	6/21/2023	249,061.85	244,771.72	0.552%	247,436.57	244,972.46	0.552%
3130ATCB1	AGCY CALL	FHLB	3.625%	6/28/2023	1,000,000.00	999,193.00	3.632%	1,000,000.00	997,230.00	3.632%
89841MAA5	CD	TruStone Financial CU	2.950%	6/29/2023	245,000.00	243,399.17	2.950%	245,000.00	243,750.50	2.950%
56042RJ29	MUNICIPAL	Maine Health Tax	0.509%	7/1/2023	250,000.00	244,817.50	0.509%	250,000.00	247,302.50	0.509%
73358W4V3	MUNICIPAL	Port Auth of NY & NJ Rev Bonds	1.086%	7/1/2023	1,003,632.83	982,240.00	0.356%	1,001,810.51	990,350.00	0.356%
742404AK2	MUNICIPAL	Princeton Theological	0.593%	7/1/2023	1,017,449.14	991,438.00	0.593%	1,008,690.69	994,852.00	0.593%
19424JUD6	CP-DISC	Collateralized Commercial Paper V C	0.000%	7/13/2023	-	-	0.000%	1,972,827.85	1,969,954.00	4.930%
576004GV1	MUNICIPAL	Commonwealth of MA	3.564%	7/15/2023	999,764.75	993,550.00	3.600%	999,852.89	996,680.00	3.600%
443728GD6	MUNICIPAL	Hudson County NJ Imp Authority	3.875%	8/4/2023	994,342.58	994,570.00	4.812%	996,626.14	995,630.00	4.812%
3135G05R0	AGCY CALL	FNMA	0.300%	8/10/2023	2,998,814.18	2,922,498.00	0.365%	2,999,302.70	2,948,868.00	0.365%
46640QVE8	CP-DISC	JP Morgan CP	0.000%	8/14/2023	968,891.41	968,415.00	5.148%	981,414.72	980,824.00	5.148%
8923A1VF5	CP-DISC	Toyota Credit de Puerto Rico	0.000%	8/15/2023	967,807.79	968,314.00	5.310%	980,712.47	980,310.00	5.310%
3130AJZJ1	AGCY CALL	FHLB	0.320%	8/25/2023	2,666,375.67	2,590,626.67	0.337%	2,666,487.84	2,616,306.67	0.337%
8923A1VR9	CP-DISC	Toyota Credit de Puerto Rico	0.000%	8/25/2023	966,408.87	966,845.00	5.305%	979,282.38	978,811.00	5.305%
59447TXA6	MUNICIPAL	Michigan St Fin Auth Rev	2.366%	9/1/2023	988,738.65	983,460.00	4.101%	992,975.12	989,710.00	4.101%
20772KEU9	MUNICIPAL	State of Connecticut	3.621%	9/15/2023	1,011,285.42	995,150.00	2.000%	1,007,282.69	994,380.00	2.000%
53943SWF0	CP-DISC	Lloyds Bank CP	0.000%	9/15/2023	-	-	0.000%	977,016.02	975,369.00	5.067%
130162AF7	CD	California CU	4.100%	9/22/2023	245,000.00	244,144.95	4.100%	245,000.00	243,796.32	4.100%
3130ATDT1	AGCY CALL	FHLB	4.020%	9/29/2023	2,000,000.00	1,995,086.00	4.020%	2,000,000.00	1,990,918.00	4.020%
432275AF2	MUNICIPAL	Hillsborough Ctny Aviation Authority	3.751%	10/1/2023	-	-	0.000%	247,867.04	248,300.00	5.501%
8923A1XD8	CP-DISC	Toyota Credit de Puerto Rico	0.000%	10/13/2023	-	-	0.000%	973,059.98	971,427.00	5.199%
3134GXQM9	AGCY CALL	FHLMC	2.400%	10/25/2023	1,000,000.00	978,662.00	2.400%	1,000,000.00	986,515.00	2.400%
207580AP6	MUNICIPAL	CT Green Bank Rev Bonds	0.550%	11/15/2023	300,000.00	289,641.00	0.550%	300,000.00	292,014.00	0.550%
549104TM9	CD	Luana Savings Bank	0.200%	11/20/2023	245,083.67	238,572.78	1.542%	245,905.79	240,453.86	1.542%
53948BYL7	CP-DISC	Lloyds Bank CP	0.000%	11/20/2023	-	-	0.000%	966,813.49	966,369.00	5.309%
084244HX3	MUNICIPAL	Berkeley Cnty Rev	0.886%	12/1/2023	1,014,377.14	976,781.10	0.410%	1,013,179.31	983,558.20	0.410%
64763FTY5	MUNICIPAL	New Orleans GO	5.000%	12/1/2023	374,355.75	360,792.00	0.620%	370,433.98	359,798.40	0.620%
64966JAP1	MUNICIPAL	New York NY	5.687%	12/1/2023	1,019,436.64	1,008,380.00	3.500%	1,014,123.74	1,003,900.00	3.500%
8923A1Z12	CP-DISC	Toyota Credit de Puerto Rico	0.000%	12/1/2023	-	-	0.000%	964,755.56	963,467.00	5.411%
3130ATVJ3	AGCY BULET	FHLB	5.000%	12/6/2023	1,000,000.00	1,000,514.00	5.000%	1,000,000.00	1,001,528.00	5.000%
60636UJQ3	MUNICIPAL	Missour St Environmental Impt	0.704%	1/1/2024	967,192.83	960,480.00	4.092%	975,354.97	968,830.00	4.092%

CUSIP	Security Type	Security Description	CPN	Maturity	Book Value	Market Value	YTM	Book Value	Market Value	YTM
53052LAG4	CD	Farmers Insurance Group	4.900%	1/16/2024	-	-	0.000%	245,000.00	244,541.85	4.900%
17783PAH4	CD	City Federal Credit Union	4.900%	1/18/2024	-	-	0.000%	245,000.00	244,539.40	4.900%
30960QAM9	CD	Liberty Federal Credit Union	5.000%	1/18/2024	-	-	0.000%	245,000.00	244,730.99	5.000%
3130AQFK4	AGCY CALL	FHLB	0.760%	1/19/2024	999,605.41	955,926.00	0.798%	999,699.38	970,077.00	0.798%
90307LAB0	CD	Uncle CU	5.000%	1/25/2024	-	-	0.000%	245,000.00	244,730.75	5.000%
84611JAB9	CD	Space Age FCU	5.050%	1/26/2024	-	-	0.000%	245,000.00	244,828.50	5.050%
052392CR6	CD	Austin Telco FCU	5.000%	1/26/2024	-	-	0.000%	245,000.00	244,731.24	5.000%
882669BS2	MUNICIPAL	TX Pub Fin Auth	0.503%	2/1/2024	1,000,000.00	955,100.00	0.503%	1,000,000.00	964,820.00	0.503%
473142QW0	MUNICIPAL	Jefferson Cnty Consol Sch Distr	0.650%	3/1/2024	200,000.00	191,176.00	0.650%	200,000.00	192,526.00	0.650%
20772GE61	MUNICIPAL	State of Connecticut	5.730%	3/15/2024	1,280,531.35	1,219,701.00	0.500%	1,264,863.84	1,215,724.50	0.500%
3130AV5J7	AGCY CALL	FHLB	5.250%	3/20/2024	-	-	0.000%	1,000,000.00	1,001,512.00	5.620%
3130AND72	AGCY CALL	FHLB	0.430%	4/29/2024	1,000,000.00	941,839.00	0.430%	1,000,000.00	954,571.00	0.430%
3134GY2N1	AGCY CALL	FHLMC	5.170%	5/28/2024	1,000,000.00	1,003,642.00	5.170%	1,000,000.00	998,631.00	5.170%
912828XT2	TREAS NOTE	U.S. Treasury	2.000%	5/31/2024	994,182.69	963,828.00	2.420%	995,199.54	971,719.00	2.420%
427908EF1	MUNICIPAL	County of Hernando	0.589%	6/1/2024	250,000.00	236,640.00	0.589%	250,000.00	238,355.00	0.589%
3134GY5N8	AGCY CALL	FHLMC	5.250%	6/20/2024	1,500,000.00	1,504,315.50	5.250%	1,500,000.00	1,496,928.00	5.250%
56042RJ37	MUNICIPAL	Maine Health Tax	0.711%	7/1/2024	250,000.00	235,067.50	0.711%	250,000.00	237,937.50	0.711%
86666PAC2	MUNICIPAL	Sun City Fire District AZ Maricopa Cn	1.010%	7/1/2024	600,786.24	568,710.00	1.010%	600,654.61	572,574.00	1.010%
24951TAU9	CD	Department of Commerce	3.500%	7/1/2024	245,000.00	241,024.63	3.500%	245,000.00	240,347.21	3.500%
679087FD3	MUNICIPAL	Oklahoma Capitol Improvement Authc	5.340%	7/1/2024	-	-	0.000%	249,500.95	250,420.00	5.501%
22551KAA0	CD	Credit Union of Texas	3.200%	7/22/2024	245,000.00	239,818.50	3.200%	245,000.00	239,625.53	3.200%
3130ASKS7	AGCY CALL	FHLB	3.750%	7/25/2024	1,000,000.00	980,512.00	3.750%	1,000,000.00	986,468.00	3.750%
79770GJA5	MUNICIPAL	San Francisco & CA County Redevelk	1.060%	8/1/2024	456,602.66	427,950.25	1.060%	456,349.60	432,987.10	1.060%
927781VU5	MUNICIPAL	Virginia ST Clg Bldg Auth Rev	4.750%	9/1/2024	806,545.40	748,967.55	0.620%	798,825.95	753,784.45	0.620%
05580AD68	CD	BMW Bank of North America	0.650%	9/17/2024	245,000.00	229,183.05	0.650%	245,000.00	229,935.93	0.650%
87165FA20	CD	Synchrony Bank	0.650%	9/17/2024	245,000.00	229,183.05	0.650%	245,000.00	229,935.93	0.650%
64966HAM9	MUNICIPAL	City of New York	5.047%	10/1/2024	4,007,888.58	3,786,794.79	0.559%	3,965,593.92	3,800,076.06	0.559%
3130APAF2	AGCY CALL	FHLB	0.520%	10/7/2024	1,000,000.00	927,471.00	0.520%	1,000,000.00	942,156.00	0.520%
20775C6C3	MUNICIPAL	Connecticut St Housing Auth	2.097%	11/15/2024	307,859.03	283,665.00	0.684%	306,812.12	286,560.00	0.684%
207580AQ4	MUNICIPAL	CT Green Bank Rev Bonds	0.850%	11/15/2024	275,000.00	255,719.75	0.850%	275,000.00	258,192.00	0.850%
3130ATQD2	AGCY CALL	FHLB	4.650%	11/15/2024	997,256.97	995,277.00	5.474%	998,037.90	997,153.00	5.474%
3135GACZ2	AGCY CALL	FNMA	5.400%	11/25/2024	1,000,000.00	1,001,609.00	5.400%	1,000,000.00	998,303.00	5.400%
3130AMJX1	AGCY CALL	FHLB	0.650%	12/9/2024	1,500,000.00	1,386,328.50	0.650%	1,500,000.00	1,410,096.00	0.650%
365820HB8	MUNICIPAL	Garfield Heights GO	3.100%	12/15/2024	257,257.90	241,770.00	1.582%	256,336.65	242,917.50	1.582%
04288LAA6	CD	Arsenal Credit Union	5.100%	1/21/2025	-	-	0.000%	245,000.00	245,295.47	5.100%
87868YAG8	CD	Valley Strong CU	5.000%	1/21/2025	-	-	0.000%	245,000.00	245,082.32	5.000%
70962LBA9	CD	Pentagon Federal Credit Union	1.250%	1/31/2025	245,000.00	228,714.12	1.250%	245,000.00	229,036.05	1.250%
3133EMZ70	AGCY CALL	FFCB	0.480%	2/10/2025	999,375.00	916,408.00	0.510%	999,448.83	928,812.00	0.510%
57419TDX6	MUNICIPAL	Maryland Community Dev	2.198%	3/1/2025	273,022.40	249,669.75	0.784%	272,100.74	252,068.00	0.784%
473142QX8	MUNICIPAL	Jefferson Cnty Consol Sch Distr	0.950%	3/1/2025	280,000.00	258,358.80	0.950%	280,000.00	261,282.00	0.950%
91334AAL7	CD	United Heritage CU	5.150%	3/21/2025	-	-	0.000%	245,000.00	245,898.91	5.150%
3134GYND0	AGCY CALL	FHLMC	5.500%	3/28/2025	-	-	0.000%	1,000,000.00	1,002,134.00	6.238%
3134GXQR8	AGCY CALL	FHLMC	2.500%	4/28/2025	1,000,000.00	974,464.00	3.435%	1,000,000.00	977,606.00	3.435%
3133EM3E0	AGCY CALL	FFCB	0.610%	5/23/2025	999,934.79	910,526.00	0.613%	999,941.63	926,553.00	0.613%
57604TAB2	MUNICIPAL	State of Mass Transportation	5.203%	6/1/2025	1,102,493.66	1,004,220.00	0.900%	1,091,958.88	1,012,940.00	0.900%
882874KQ2	MUNICIPAL	Texas Woman's University	4.000%	7/1/2025	342,089.04	323,816.85	0.530%	339,391.12	324,292.50	0.530%
20772KJX8	MUNICIPAL	State of Connecticut	2.098%	7/1/2025	242,405.04	221,033.95	0.820%	241,668.89	223,383.95	0.820%
91476PDR6	MUNICIPAL	University Okla	3.023%	7/1/2025	304,610.35	287,745.00	2.383%	304,156.93	291,969.00	2.383%
920133AL9	CD	Technology Credit Union	5.100%	7/18/2025	-	-	0.000%	245,000.00	245,082.32	5.100%
3136G4A45	AGCY CALL	FNMA	0.710%	7/22/2025	1,499,961.35	1,362,135.00	0.711%	1,499,965.10	1,387,824.00	0.711%
345102PG6	MUNICIPAL	Foothill-De Anza Community	0.906%	8/1/2025	703,443.58	638,351.00	0.713%	703,111.77	646,128.00	0.713%
235308D75	MUNICIPAL	Dallas ISD	4.000%	8/15/2025	2,985,142.57	2,710,592.50	0.700%	2,962,853.56	2,726,350.00	0.700%
150461M57	MUNICIPAL	City of Cedar Park, TX	2.950%	8/15/2025	2,502,022.77	2,266,260.80	0.630%	2,488,551.38	2,285,188.00	0.630%
3136G4N74	AGCY CALL	FNMA	0.560%	8/21/2025	1,500,000.00	1,356,139.50	0.560%	1,500,000.00	1,379,743.50	0.560%

CUSIP	Security Type	Security Description	CPN	Maturity	Book Value	Market Value	YTM	Book Value	Market Value	YTM
3136G4V59	AGCY CALL	FNMA	0.625%	8/27/2025	1,500,000.00	1,354,803.00	0.625%	1,500,000.00	1,381,215.00	0.625%
3134GWUG9	AGCY CALL	FHLMC	0.570%	9/24/2025	2,000,000.00	1,793,112.00	0.570%	2,000,000.00	1,827,658.00	0.570%
088632CT9	MUNICIPAL	Bi-State Development Agency	1.344%	10/1/2025	1,539,584.68	1,397,738.75	0.990%	1,538,270.07	1,413,415.75	0.990%
23542JQP3	MUNICIPAL	City of Dallas Waterwork	1.007%	10/1/2025	1,360,512.17	1,227,001.50	0.720%	1,359,561.89	1,245,375.00	0.720%
64971M5K4	MUNICIPAL	NYC Transit Fin Authority	5.075%	11/1/2025	579,315.25	523,983.20	0.978%	574,129.94	525,226.00	0.978%
207580AR2	MUNICIPAL	CT Green Bank Rev Bonds	1.200%	11/15/2025	200,000.00	180,420.00	1.200%	200,000.00	183,414.00	1.200%
3130AP2G9	AGCY CALL	FHLB	0.750%	12/30/2025	1,000,000.00	896,018.00	0.750%	1,000,000.00	913,288.00	0.750%
650009S20	MUNICIPAL	NY Thruway Authority	2.406%	1/1/2026	415,351.29	371,572.00	1.100%	414,086.35	377,316.00	1.100%
68189TBA3	MUNICIPAL	Omaha NE Spl Oblg	6.400%	2/1/2026	653,383.64	626,758.80	1.150%	457,080.71	436,696.00	1.150%
419791YT9	MUNICIPAL	Hawaii St	5.330%	2/1/2026	1,698,923.12	1,531,635.00	0.950%	1,682,957.93	1,537,650.00	0.950%
64971WDP2	MUNICIPAL	NYC Transit Fin Authority	3.780%	2/1/2026	740,349.69	674,457.00	1.839%	737,133.53	686,784.00	1.839%
70914PME9	MUNICIPAL	Penn St GO	4.650%	2/15/2026	1,572,304.32	1,469,572.00	0.700%	1,219,580.53	1,130,289.75	0.700%
894673TA0	MUNICIPAL	Tredyffrin/Easttown School	1.159%	2/15/2026	276,626.39	243,130.25	0.965%	276,496.84	247,538.50	0.965%
067167YR1	MUNICIPAL	Barbers Hill TX ISD GO	4.000%	2/15/2026	547,559.25	491,105.00	0.900%	543,788.42	495,395.00	0.900%
3134GYJB9	AGCY CALL	FHLMC	5.300%	2/27/2026	-	-	0.000%	1,000,000.00	997,408.00	5.300%
473142QY6	MUNICIPAL	Jefferson Cnty Consol Sch Distr	1.200%	3/1/2026	300,000.00	268,512.00	1.200%	300,000.00	273,663.00	1.200%
61945DAZ4	MUNICIPAL	Mosaic District Dev Authority	1.711%	3/1/2026	254,733.22	226,777.50	1.100%	254,364.02	230,857.50	1.100%
3134GYK76	AGCY CALL	FHLMC	5.625%	3/13/2026	-	-	0.000%	2,000,000.00	2,000,240.00	5.625%
89789AAH0	CD	Truiliant FCU	5.150%	3/23/2026	-	-	0.000%	245,000.00	246,687.32	5.150%
485106UX4	MUNICIPAL	Kansas City	1.475%	4/1/2026	1,012,894.45	882,460.00	1.070%	1,011,915.55	920,250.00	1.070%
46873TAD5	MUNICIPAL	Jackson Energy Authority	3.400%	4/1/2026	1,990,422.52	1,847,595.75	2.307%	1,985,530.38	1,872,293.50	2.307%
6817126Z3	MUNICIPAL	Omaha GO	0.983%	4/15/2026	752,003.43	669,585.00	0.900%	751,852.18	686,182.50	0.900%
3133EMXQ0	AGCY CALL	FFCB	0.940%	4/28/2026	1,000,000.00	893,677.00	0.940%	1,000,000.00	903,865.00	0.940%
3130AMDE9	AGCY CALL	FHLB	0.500%	5/12/2026	1,500,000.00	1,352,181.00	1.191%	1,500,000.00	1,383,637.50	1.191%
83754LAX5	MUNICIPAL	SD Educational Enhancement	1.495%	6/1/2026	1,005,979.46	883,070.00	1.315%	1,005,548.66	896,280.00	1.315%
3130AMMJ8	AGCY CALL	FHLB	0.400%	6/9/2026	1,000,000.00	903,489.00	1.053%	1,000,000.00	919,494.00	1.053%
3130AMMW9	AGCY CALL	FHLB	0.500%	6/10/2026	1,500,000.00	1,356,981.00	1.194%	1,500,000.00	1,380,792.00	1.194%
56042RJ52	MUNICIPAL	Maine Health & Higher Edu	1.304%	7/1/2026	201,738.89	176,062.00	1.050%	201,616.36	180,308.00	1.050%
86666PAE8	MUNICIPAL	Sun City Fire District AZ Maricopa Cn	1.541%	7/1/2026	502,805.91	449,495.00	1.541%	502,608.97	458,665.00	1.541%
3130AN5K2	AGCY CALL	FHLB	0.300%	7/20/2026	1,500,000.00	1,366,005.00	1.254%	1,500,000.00	1,384,638.00	1.254%
795451AK9	CD	Sallie Mae Bank	1.100%	8/11/2026	245,000.00	216,837.25	1.100%	245,000.00	216,357.54	1.100%
38149MZJ5	CD	Goldman Sachs Bank	1.050%	9/8/2026	245,000.00	215,921.69	1.050%	245,000.00	215,357.70	1.050%
856285XL0	CD	State Bank of India	1.150%	9/28/2026	245,000.00	216,348.48	1.150%	245,000.00	215,693.84	1.150%
3130AP6D2	AGCY CALL	FHLB	1.000%	9/30/2026	1,000,000.00	882,918.00	1.000%	1,000,000.00	900,411.00	1.000%
798111HF0	MUNICIPAL	San Joaquin Hills Transportation Corr	2.153%	1/15/2027	755,872.39	673,395.00	1.950%	755,519.80	688,800.00	1.950%
3130AQJ87	AGCY CALL	FHLB	1.600%	1/19/2027	1,000,000.00	896,233.00	1.600%	1,000,000.00	908,782.00	1.600%
3130AQPR8	AGCY CALL	FHLB	1.300%	2/18/2027	1,000,000.00	916,777.00	2.064%	1,000,000.00	936,846.00	2.064%
3130ARCD1	AGCY CALL	FHLB	2.000%	3/29/2027	1,000,000.00	942,300.00	3.252%	1,000,000.00	959,044.00	3.252%
3130ARG54	AGCY CALL	FHLB	2.000%	4/14/2027	1,000,000.00	958,004.00	3.922%	1,000,000.00	973,682.00	3.922%
68607LXQ5	MUNICIPAL	Oregon St	5.892%	6/1/2027	1,035,979.55	1,031,150.00	4.600%	1,033,153.21	1,045,210.00	4.600%
3130ASG52	AGCY CALL	FHLB	4.100%	6/30/2027	1,000,000.00	965,054.00	4.100%	1,000,000.00	977,621.00	4.100%
3130AT6R3	AGCY CALL	FHLB	4.000%	9/30/2027	1,000,000.00	999,539.00	6.253%	1,000,000.00	993,314.00	6.253%
3130ATLGO	AGCY CALL	FHLB	4.000%	10/27/2027	1,000,000.00	998,578.00	7.457%	1,000,000.00	997,838.00	7.457%
77535MAM5	CD	Rogue CU	5.100%	1/20/2028	-	-	0.000%	245,000.00	245,012.01	5.100%
92891CDA7	CD	VyStar CU	5.200%	3/10/2028	-	-	0.000%	245,000.00	246,419.29	5.200%
3130AUZ98	AGCY CALL	FHLB	6.000%	3/13/2028	-	-	0.000%	1,000,000.00	1,000,942.00	6.000%
<b>Total for Pooled Funds</b>					<b>131,115,550.87</b>	<b>125,350,795.26</b>	<b>2.254%</b>	<b>142,777,097.11</b>	<b>138,083,600.89</b>	<b>2.826%</b>

TOWN OF ADDISON

Earned Income

From 12/31/2022 to 03/31/2023

CUSIP	Security Type	Security Description	Beg Accrued	Interest Purchased	Interest Earned	Interest Rec'd	End Accrued	Accr/Amort	Interest Rev
LOGIC	LGIP	LOGIC	-	-	234,705.97	234,705.97	-	-	234,705.97
TEXPOOL	LGIP	TexPool	-	-	11,188.99	11,188.99	-	-	11,188.99
TEXSTAR	LGIP	TexSTAR	-	-	10,650.65	10,650.65	-	-	10,650.65
TXCLASS	LGIP	Texas CLASS	-	-	40,945.83	40,945.83	-	-	40,945.83
882669BR4	MUNICIPAL	TX Pub Fin Auth	2,383.40	-	476.60	2,860.00	-	-	476.60
473142QV2	MUNICIPAL	Jefferson Cnty Consol Sch Distr	390.00	-	195.00	585.00	-	-	195.00
3130ADRG9	AGCY BULET	FHLB	38,156.25	-	23,718.75	61,875.00	-	(16,180.90)	7,537.85
91435LAG2	CD	Greenstate Credit Union	586.89	-	1,830.00	1,804.93	611.96	(1,467.43)	362.57
427908EE4	MUNICIPAL	County of Hernando	76.01	-	228.12	-	304.13	-	228.12
034577AK2	CD	ANECA Federal Credit Union	202.20	-	1,968.00	-	2,170.20	(1,625.28)	342.72
56042RJ29	MUNICIPAL	Maine Health Tax	636.22	-	318.12	636.25	318.09	-	318.12
73358W4V3	MUNICIPAL	Port Auth of NY & NJ Rev Bonds	5,430.01	-	2,715.00	5,430.00	2,715.01	(1,822.32)	892.68
3135G05R0	AGCY CALL	FNMA	3,525.00	-	2,250.00	4,500.00	1,275.00	488.52	2,738.52
3130AJZJ1	AGCY CALL	FHLB	2,986.63	-	2,133.33	4,266.67	853.29	112.17	2,245.50
207580AP6	MUNICIPAL	CT Green Bank Rev Bonds	210.84	-	412.50	-	623.34	-	412.50
084244HX3	MUNICIPAL	Berkeley Cnty Rev	745.78	-	2,237.16	-	2,982.94	(1,197.83)	1,039.33
64763FTY5	MUNICIPAL	New Orleans GO	1,500.00	-	4,500.00	-	6,000.00	(3,921.77)	578.23
882669BS2	MUNICIPAL	TX Pub Fin Auth	2,095.91	-	1,257.51	2,515.00	838.42	-	1,257.51
473142QW0	MUNICIPAL	Jefferson Cnty Consol Sch Distr	433.27	-	324.99	650.00	108.26	-	324.99
20772GE61	MUNICIPAL	State of Connecticut	20,330.46	-	17,261.64	34,523.25	3,068.85	(15,667.51)	1,594.13
3130AND72	AGCY CALL	FHLB	1,815.50	-	1,074.99	2,150.00	740.49	-	1,074.99
427908EF1	MUNICIPAL	County of Hernando	122.74	-	368.13	-	490.87	-	368.13
56042RJ37	MUNICIPAL	Maine Health Tax	888.84	-	444.39	888.75	444.48	-	444.39
927781VU5	MUNICIPAL	Virginia ST Clg Bldg Auth Rev	11,954.13	-	8,965.62	17,931.25	2,988.50	(7,719.45)	1,246.17
05580AD68	CD	BMW Bank of North America	464.50	-	398.13	789.71	72.92	-	398.13
87165FA20	CD	Synchrony Bank	464.50	-	398.13	789.71	72.92	-	398.13
64966H4M9	MUNICIPAL	City of New York	47,878.93	-	47,878.98	-	95,757.91	(42,294.66)	5,584.32
20775C6C3	MUNICIPAL	Connecticut St Housing Auth	803.85	-	1,572.75	-	2,376.60	(1,046.91)	525.84
207580AQ4	MUNICIPAL	CT Green Bank Rev Bonds	298.65	-	584.37	-	883.02	-	584.37
3130AMJX1	AGCY CALL	FHLB	595.83	-	2,437.50	-	3,033.33	-	2,437.50
365820HB8	MUNICIPAL	Garfield Heights GO	344.39	-	1,937.49	-	2,281.88	(921.25)	1,016.24
3133EMZ70	AGCY CALL	FFCB	1,880.00	-	1,200.00	2,400.00	680.00	73.83	1,273.83
57419TDX6	MUNICIPAL	Maryland Community Dev	1,941.54	-	1,456.17	2,912.35	485.36	(921.66)	534.51
473142QX8	MUNICIPAL	Jefferson Cnty Consol Sch Distr	886.73	-	665.01	1,330.00	221.74	-	665.01
3133EM3E0	AGCY CALL	FFCB	643.84	-	1,524.99	-	2,168.83	6.84	1,531.83
57604TAB2	MUNICIPAL	State of Mass Transportation	4,335.77	-	13,007.49	-	17,343.26	(10,534.78)	2,472.71
91476PDR6	MUNICIPAL	University Okla	4,534.50	-	2,267.25	4,534.50	2,267.25	(453.42)	1,813.83
882874KQ2	MUNICIPAL	Texas Woman's University	6,300.00	-	3,150.00	6,300.00	3,150.00	(2,697.92)	452.08
20772KJX8	MUNICIPAL	State of Connecticut	2,465.19	-	1,232.58	2,465.15	1,232.62	(736.15)	496.43
3136G4A45	AGCY CALL	FNMA	4,703.75	-	2,662.50	5,325.00	2,041.25	3.75	2,666.25
345102PG6	MUNICIPAL	Foothill-De Anza Community	2,642.50	-	1,585.50	3,171.00	1,057.00	(331.81)	1,253.69
235308D75	MUNICIPAL	Dallas ISD	41,555.62	-	27,500.01	55,000.00	14,055.63	(22,289.01)	5,211.00
150461M57	MUNICIPAL	City of Cedar Park	26,300.96	-	17,405.01	34,810.00	8,895.97	(13,471.39)	3,933.62
3136G4N74	AGCY CALL	FNMA	3,033.33	-	2,100.00	4,200.00	933.33	-	2,100.00

CUSIP	Security Type	Security Description	Beg Accrued	Interest Purchased	Interest Earned	Interest Rec'd	End Accrued	Accr/Amort	Interest Rev
3136G4V59	AGCY CALL	FNMA	3,229.17	-	2,343.75	4,687.50	885.42	-	2,343.75
3134GWUG9	AGCY CALL	FHLMC	3,071.67	-	2,850.00	5,700.00	221.67	-	2,850.00
088632CT9	MUNICIPAL	Bi-State Development Agency	5,124.00	-	5,124.00	-	10,248.00	(1,314.61)	3,809.39
23542JQP3	MUNICIPAL	City of Dallas Waterwork	3,398.73	-	3,398.64	-	6,797.37	(950.28)	2,448.36
64971M5K4	MUNICIPAL	NYC Transit Fin Authority	4,398.40	-	6,597.51	-	10,995.91	(5,185.31)	1,412.20
207580AR2	MUNICIPAL	CT Green Bank Rev Bonds	306.66	-	600.00	-	906.66	-	600.00
3130AP2G9	AGCY CALL	FHLB	1,895.83	-	1,875.00	3,750.00	20.83	-	1,875.00
650009S20	MUNICIPAL	NY Thruway Authority	4,812.00	-	2,406.00	4,812.00	2,406.00	(1,264.94)	1,141.06
68189TBA3	MUNICIPAL	Omaha NE Spl Oblg	16,400.00	-	7,813.34	19,680.00	4,533.34	(6,302.93)	1,510.41
419791YT9	MUNICIPAL	Hawaii St	33,312.50	-	19,987.50	39,975.00	13,325.00	(15,965.19)	4,022.31
64971WDP2	MUNICIPAL	NYC Transit Fin Authority	11,025.00	-	6,615.00	13,230.00	4,410.00	(3,216.16)	3,398.84
70914PME9	MUNICIPAL	Penn St GO	25,720.36	-	15,170.64	34,293.75	6,597.25	(12,723.79)	2,446.85
894673TA0	MUNICIPAL	Tredyffrin/Easttown School	1,203.99	-	796.80	1,593.63	407.16	(129.55)	667.25
067167YR1	MUNICIPAL	Barbers Hill TX ISD GO	7,555.62	-	5,000.01	10,000.00	2,555.63	(3,770.83)	1,229.18
473142QY6	MUNICIPAL	Jefferson Cnty Consol Sch Distr	1,200.00	-	900.00	1,800.00	300.00	-	900.00
61945DAZ4	MUNICIPAL	Mosaic District Dev Authority	1,425.87	-	1,069.38	2,138.75	356.50	(369.20)	700.18
485106UX4	MUNICIPAL	Kansas City	3,646.59	-	3,687.51	-	7,334.10	(978.90)	2,708.61
46873TAD5	MUNICIPAL	Jackson Energy Authority	16,362.55	-	16,362.51	-	32,725.06	(4,892.14)	11,470.37
6817126Z3	MUNICIPAL	Omaha GO	1,556.51	-	1,843.14	-	3,399.65	(151.25)	1,691.89
3133EMXQ0	AGCY CALL	FFCB	1,644.93	-	2,349.99	-	3,994.92	-	2,349.99
3130AMDE9	AGCY CALL	FHLB	2,000.00	-	3,750.00	-	5,750.00	-	3,750.00
83754LAX5	MUNICIPAL	SD Educational Enhancement	1,245.78	-	3,737.49	-	4,983.27	(430.80)	3,306.69
3130AMMJ8	AGCY CALL	FHLB	233.27	-	999.99	-	1,233.26	-	999.99
3130AMMW9	AGCY CALL	FHLB	833.34	-	3,750.00	-	4,583.34	-	3,750.00
56042RJ52	MUNICIPAL	Maine Health & Higher Edu	1,303.94	-	651.99	1,304.00	651.93	(122.53)	529.46
3130AN5K2	AGCY CALL	FHLB	10,062.50	-	5,625.00	11,250.00	4,437.50	-	5,625.00
795451AK9	CD	Sallie Mae Bank	1,055.38	-	673.74	1,358.58	370.54	-	673.74
38149MZJ5	CD	Goldman Sachs Bank	814.70	-	643.14	1,275.68	182.16	-	643.14
856285XL0	CD	State Bank of India	735.66	-	704.37	1,397.17	42.86	-	704.37
3130AP6D2	AGCY CALL	FHLB	2,527.73	-	2,499.99	5,000.00	27.72	-	2,499.99
3130APAF2	AGCY CALL	FHLB	1,213.29	-	1,299.99	-	2,513.28	-	1,299.99
742404AK2	MUNICIPAL	Princeton Theological	20,524.96	-	10,262.49	20,525.00	10,262.45	(8,758.45)	1,504.04
86666PAC2	MUNICIPAL	Sun City Fire District AZ Maricopa Cn	3,296.99	-	1,648.50	3,297.00	1,648.49	(131.63)	1,516.87
86666PAE8	MUNICIPAL	Sun City Fire District AZ Maricopa Cn	4,267.50	-	2,133.75	4,267.50	2,133.75	(196.94)	1,936.81
79770GJA5	MUNICIPAL	San Francisco & CA County Redevelc	2,438.06	-	1,462.83	2,925.65	975.24	(253.06)	1,209.77
3130ARCD1	AGCY CALL	FHLB	5,055.59	-	5,013.89	10,000.00	69.48	-	5,013.89
549104TM9	CD	Luana Savings Bank	58.52	-	123.99	-	182.51	822.12	946.11
3130AQPR8	AGCY CALL	FHLB	4,838.86	-	3,249.99	6,500.00	1,588.85	-	3,249.99
70962LBA9	CD	Pentagon Federal Credit Union	273.55	-	765.63	1,015.23	23.95	-	765.63
798111HF0	MUNICIPAL	San Joaquin Hills Transportation Corr	7,445.84	-	4,036.89	8,073.75	3,408.98	(352.59)	3,684.30
3130AQFK4	AGCY CALL	FHLB	3,419.96	-	1,899.99	3,800.00	1,519.95	93.97	1,993.96
3130AQJ87	AGCY CALL	FHLB	7,199.96	-	3,999.99	8,000.00	3,199.95	-	3,999.99
44963KAA6	CD	IH Mississippi Valley CU	3,572.22	-	1,776.24	-	5,348.46	-	1,776.24
3130ASG52	AGCY CALL	FHLB	0.22	-	10,250.01	-	10,250.23	-	10,250.01
89841MAA5	CD	TruStone Financial CU	30.25	-	1,806.87	1,782.12	55.00	-	1,806.87
24951TAU9	CD	Department of Commerce	35.88	-	2,143.74	2,114.38	65.24	-	2,143.74
62384RAF3	CD	Mountain America CU	297.32	-	1,790.19	2,087.51	-	-	1,790.19
3134GXQR8	AGCY CALL	FHLMC	4,736.10	-	6,875.01	-	11,611.11	-	6,875.01
3134GXQM9	AGCY CALL	FHLMC	4,333.33	-	6,000.00	-	10,333.33	-	6,000.00

CUSIP	Security Type	Security Description	Beg Accrued	Interest Purchased	Interest Earned	Interest Rec'd	End Accrued	Accr/Amort	Interest Rev
3130ARGS4	AGCY CALL	FHLB	4,222.25	-	5,000.01	-	9,222.26	-	5,000.01
912828R28	TREAS NOTE	U.S. Treasury	2,708.32	-	4,062.51	-	6,770.83	435.54	4,498.05
912828XT2	TREAS NOTE	U.S. Treasury	1,666.61	-	5,000.01	-	6,666.62	1,016.85	6,016.86
721305CS7	MUNICIPAL	Pike TWP Metro School Dist	3,264.47	-	296.78	3,561.25	-	50.17	346.95
20772KEU9	MUNICIPAL	State of Connecticut	10,561.25	-	9,052.50	18,105.00	1,508.75	(4,002.73)	5,049.77
3130AT6R3	AGCY CALL	FHLB	10,111.10	-	10,013.88	20,000.00	124.98	-	10,013.88
3130ATDT1	AGCY CALL	FHLB	20,323.33	-	20,100.00	40,200.00	223.33	-	20,100.00
3130ATCB1	AGCY CALL	FHLB	201.38	-	9,062.49	-	9,263.87	-	9,062.49
130162AF7	CD	California CU	2,734.46	-	2,511.24	-	5,245.70	-	2,511.24
60636UJQ3	MUNICIPAL	Missour St Environmental Impt	3,520.01	-	1,760.01	3,520.00	1,760.02	8,162.14	9,922.15
52908EPM9	MUNICIPAL	Lexington-Fayette Urban Cnty	11,458.34	-	2,291.66	13,750.00	-	(702.58)	1,589.08
59447TXA6	MUNICIPAL	Michigan St Fin Auth Rev	7,886.67	-	5,915.01	11,830.00	1,971.68	4,236.47	10,151.48
576004GV1	MUNICIPAL	Commonwealth of MA	11,880.00	-	8,910.00	13,365.00	7,425.00	88.14	8,998.14
89233HSR6	CP-DISC	Toyota Motor Credit	-	-	-	-	-	9,130.35	9,130.35
46640QT68	CP-DISC	JP Morgan CP	-	-	-	-	-	9,561.55	9,561.55
64966JAP1	MUNICIPAL	New York NY	4,739.18	-	14,217.51	-	18,956.69	(5,312.90)	8,904.61
3130ASNH8	AGCY CALL	FHLB	12,666.67	-	7,500.00	15,000.00	5,166.67	-	7,500.00
3130ASKS7	AGCY CALL	FHLB	16,145.83	-	9,375.00	18,750.00	6,770.83	-	9,375.00
22551KAA0	CD	Credit Union of Texas	3,484.43	-	1,959.99	3,952.22	1,492.20	-	1,959.99
443728GD6	MUNICIPAL	Hudson County NJ Imp Authority	15,607.65	-	9,687.51	-	25,295.16	2,283.56	11,971.07
3130ATLG0	AGCY CALL	FHLB	6,999.99	-	10,875.00	10,000.00	7,874.99	-	10,875.00
3130ATVJ3	AGCY BULET	FHLB	7,361.11	-	12,500.01	-	19,861.12	-	12,500.01
46640QS93	CP-DISC	JP Morgan CP	-	-	-	-	-	24,275.68	24,275.68
3130ATQD2	AGCY CALL	FHLB	5,812.50	-	11,625.00	-	17,437.50	780.93	12,405.93
46640QVE8	CP-DISC	JP Morgan CP	-	-	-	-	-	12,523.31	12,523.31
68607LXQ5	MUNICIPAL	Oregon St	4,910.00	-	14,730.00	-	19,640.00	(2,826.34)	11,903.66
8923A1VF5	CP-DISC	Toyota Credit de Puerto Rico	-	-	-	-	-	12,904.68	12,904.68
3135GACZ2	AGCY CALL	FNMA	5,250.00	-	13,500.00	-	18,750.00	-	13,500.00
8923A1VR9	CP-DISC	Toyota Credit de Puerto Rico	-	-	-	-	-	12,873.51	12,873.51
3134GY2N1	AGCY CALL	FHLMC	4,308.33	-	12,924.99	-	17,233.32	-	12,924.99
3134GY5N8	AGCY CALL	FHLMC	2,187.50	-	19,687.50	-	21,875.00	-	19,687.50
3134GYND0	AGCY CALL	FHLMC	-	-	305.56	-	305.56	-	305.56
89789AAH0	CD	Truliant FCU	-	-	350.49	-	350.49	-	350.49
91334AAL7	CD	United Heritage CU	-	-	385.53	345.68	39.85	-	385.53
3130AV5J7	AGCY CALL	FHLB	-	-	1,458.33	-	1,458.33	-	1,458.33
3134GYK76	AGCY CALL	FHLMC	-	-	5,312.50	-	5,312.50	-	5,312.50
3130AUZ98	AGCY CALL	FHLB	-	-	2,833.33	-	2,833.33	-	2,833.33
92891CDA7	CD	VyStar CU	-	-	778.56	-	778.56	-	778.56
432275AF2	MUNICIPAL	Hillsborough Ctny Aviation Authority	-	4,037.53	651.22	-	4,688.75	294.54	945.76
8923A1Z12	CP-DISC	Toyota Credit de Puerto Rico	-	-	-	-	-	3,755.56	3,755.56
679087FD3	MUNICIPAL	Oklahoma Capitol Improvement Authr	-	2,410.42	927.08	-	3,337.50	25.95	953.03
3134GYJB9	AGCY CALL	FHLMC	-	-	4,858.34	-	4,858.34	-	4,858.34
53948BYL7	CP-DISC	Lloyds Bank CP	-	-	-	-	-	4,967.38	4,967.38
53943SWF0	CP-DISC	Lloyds Bank CP	-	-	-	-	-	4,929.35	4,929.35
84611JAB9	CD	Space Age FCU	-	-	2,200.08	1,999.94	200.14	-	2,200.08
052392CR6	CD	Austin Telco FCU	-	-	2,211.80	1,107.53	1,104.27	-	2,211.80
90307LAB0	CD	Uncle CU	-	-	2,279.85	1,980.14	299.71	-	2,279.85
04288LAA6	CD	Arsenal Credit Union	-	-	2,499.00	2,019.74	479.26	-	2,499.00
77535MAM5	CD	Rogue CU	-	-	2,499.00	2,019.74	479.26	-	2,499.00



CUSIP	Security Type	Security Description	Beg Accrued	Interest Purchased	Interest Earned	Interest Rec'd	End Accrued	Accr/Amort	Interest Rev
87868YAG8	CD	Valley Strong CU	-	-	2,484.02	1,980.14	503.88	-	2,484.02
8923A1XD8	CP-DISC	Toyota Credit de Puerto Rico	-	-	-	-	-	10,324.42	10,324.42
17783PAH4	CD	City Federal Credit Union	-	-	2,434.35	1,940.53	493.82	-	2,434.35
30960QAM9	CD	Liberty Federal Credit Union	-	-	2,484.02	1,980.14	503.88	-	2,484.02
920133AL9	CD	Technology Credit Union	-	-	2,533.71	2,019.74	513.97	-	2,533.71
53052LAG4	CD	Farmers Insurance Group	-	-	2,601.09	1,545.85	1,055.24	-	2,601.09
19424JUD6	CP-DISC	Collateralized Commercial Paper V C	-	-	-	-	-	21,719.84	21,719.84
<b>Total for Pooled Funds</b>			<b>667,696.92</b>	<b>6,447.95</b>	<b>962,148.04</b>	<b>990,741.80</b>	<b>645,551.11</b>	<b>(79,665.96)</b>	<b>882,482.08</b>

STIFEL

# PORTFOLIO REVIEW AND ANALYSIS

Town of Addison  
Dallas, TX

As of Date: 03/31/2023 | Pricing as of: 03/31/2023 | Date of Analysis: 04/11/2023

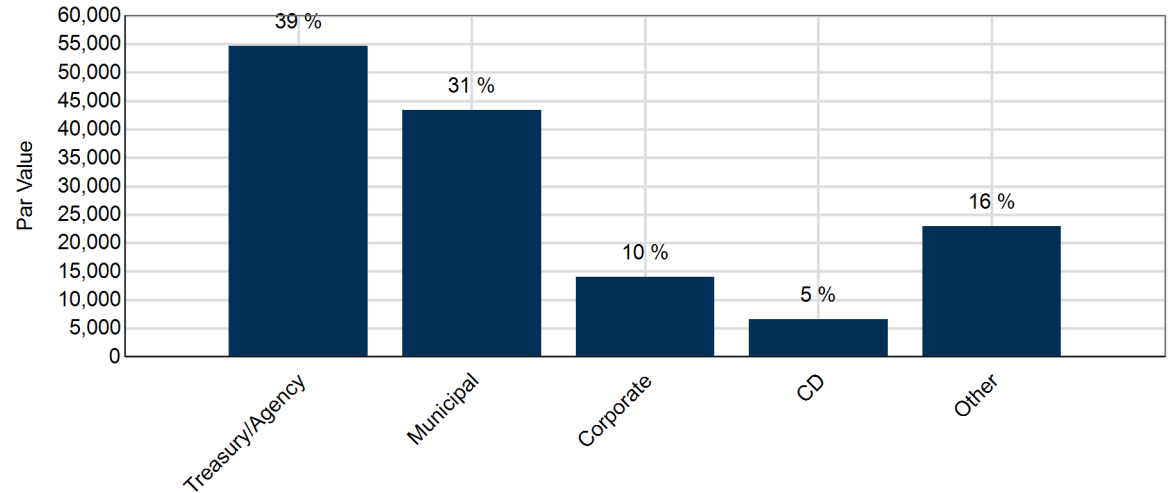
Account Executive: Luke Donenfeld, CFS, CAIA



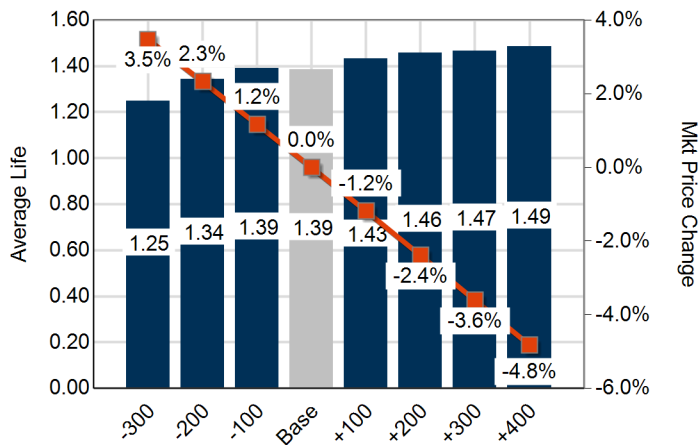
# Portfolio Overview

<b>Book Value</b>	<b>142,777</b>
# Securities	140
Average Size (Book)	1,020
Book Yield	2.87
Market Yield	4.85
\$ Gain/Loss	-4,692
% Gain/Loss	-3.3%
Average Life	1.39
Average Life +300bps	1.47
% Price Change +100bps	-1.18
% Price Change +300bps	-3.61
Effective Duration	1.17
Effective Convexity	-0.03
AFS / HTM%	16% / 84%
Fixed / Floating	100% / 0%
ESG/Green Par (000's)	\$2,230 / \$775

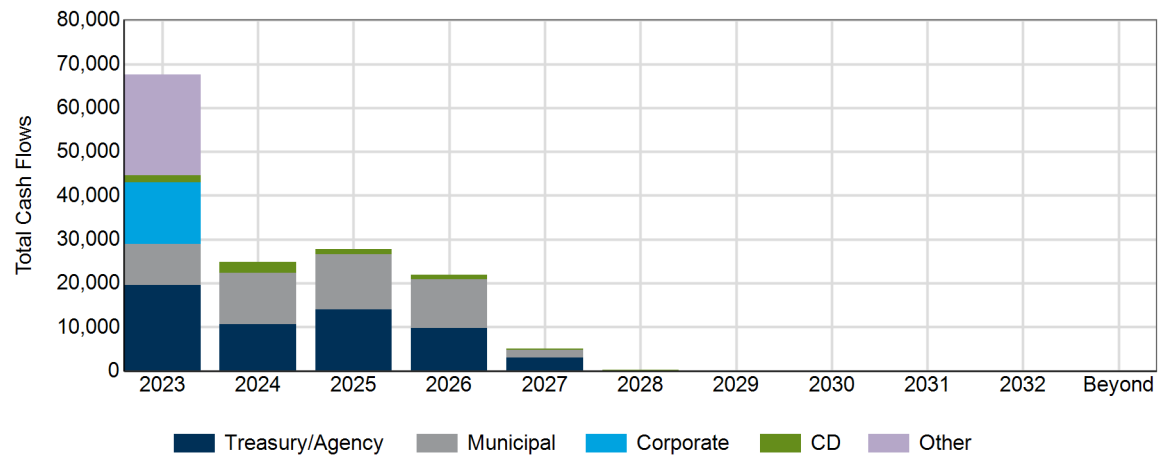
## Sector Allocation



## Average Life vs Price Sensitivity



## Annual Projected Cash Flows By Sector



## Historical Portfolio Overview

	03/31/2023	02/28/2023	01/31/2023	12/31/2022
Book Value	142,777	146,127	142,593	131,116
Book Yield	2.87	2.72	2.59	2.31
Book Yield (+100)	2.89	2.74	2.61	2.33
Book Yield (+300)	2.91	2.75	2.63	2.34
Book Yield (-100)	2.84	2.70	2.33	2.28
WAL	1.39	1.35	1.41	1.57
WAL (+100)	1.43	1.40	1.46	1.62
WAL (+300)	1.47	1.42	1.49	1.65
WAL (-100)	1.39	1.40	1.45	1.67
% Price Change (+100)	-1.2%	-1.2%	-1.2%	-1.4%
% Price Change (+300)	-3.6%	-3.6%	-3.7%	-4.2%
% Price Change (-100)	1.2%	1.2%	1.2%	1.4%
Effective Duration	1.17	1.19	1.23	1.39
Effective Convexity	-0.03	0.02	-0.01	-0.01
\$ Gain/Loss	-4,692	-5,653	-4,986	-5,726
% Gain/Loss	-3.3%	-3.9%	-3.5%	-4.4%
Principal Cash Flow 2 yrs out	66%	68%	67%	63%
Principal Cash Flow 2 yrs out (+100)	64%	66%	65%	62%
Principal Cash Flow 2 yrs out (+300)	64%	66%	65%	62%
Principal Cash Flow 2 yrs out (-100)	69%	68%	68%	62%

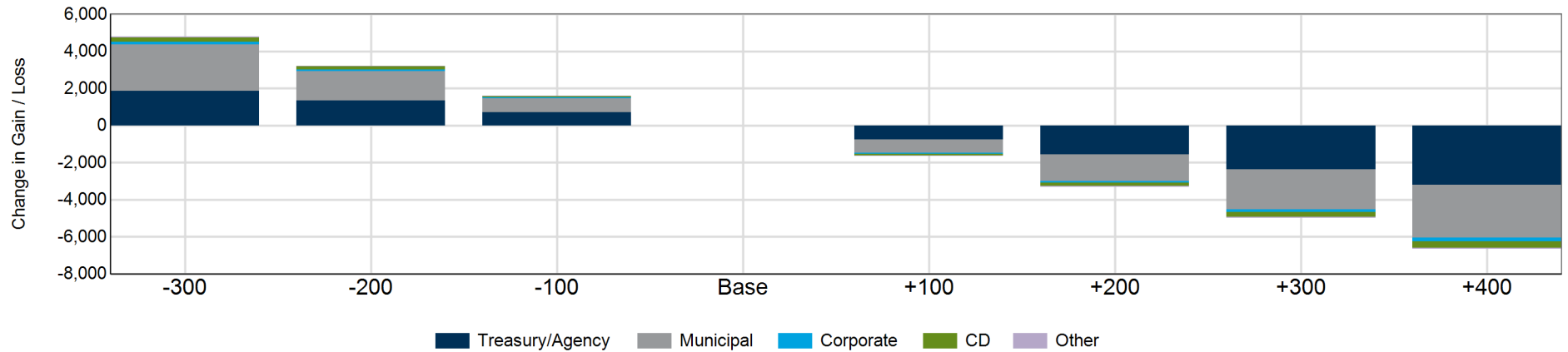
## Portfolio Sector Summary

Sector	Portfolio %	Par			Book		Market		% Price Change			Gain/(Loss)		Effective			AFS %
		Value	Cpn	Maturity	Value	Yield	Value	Yield	-100	+100	+300	\$	%	WAL	Dur	Cvx	
Treasury (2)	1.4%	2,000	1.81	0.6 yrs	1,995	2.10	1,969	4.48	0.6	-0.6	-1.7	-26	-1.3%	0.62	0.59	0.01	0 %
Agency Bullet (5)	4.2%	6,000	3.40	0.5 yrs	6,000	3.41	5,953	4.98	0.5	-0.5	-1.3	-47	-0.8%	0.47	0.46	0.01	0 %
Callable Agency (24)	22.7%	32,167	2.00	2.0 yrs	32,165	2.01	30,746	5.01	1.4	-1.5	-4.6	-1,419	-4.4%	1.80	1.41	-0.09	0 %
Agency Step (13)	10.2%	14,500	2.66	3.1 yrs	14,498	3.22	13,918	4.66	1.7	-1.9	-6.2	-580	-4.0%	2.24	1.83	-0.18	0 %
Treasury/Agency (44)	38.6%	54,667	2.32	2.1 yrs	54,658	2.49	52,586	4.89	1.3	-1.4	-4.5	-2,072	-3.8%	1.73	1.38	-0.10	0 %
GM REV (1)	0.2%	315	4.00	2.3 yrs	339	0.68	325	3.24	2.2	-2.1	-6.1	-15	-4.3%	2.25	2.10	0.05	0 %
Taxable GO (19)	13.8%	19,595	4.08	2.1 yrs	20,563	1.49	19,306	4.82	2.0	-1.9	-5.6	-1,257	-6.1%	2.08	1.92	0.05	0 %
Taxable REV (36)	16.6%	23,505	2.28	2.9 yrs	23,880	1.74	22,699	4.68	1.7	-1.6	-4.7	-1,181	-4.9%	1.82	1.58	0.02	0 %
Municipal (56)	30.7%	43,415	3.11	2.5 yrs	44,782	1.62	42,329	4.73	1.8	-1.7	-5.1	-2,453	-5.5%	1.94	1.74	0.04	0 %
Finance (2)	1.4%	2,000	0.00	0.6 yrs	1,944	5.24	1,944	5.24	0.5	-0.5	-1.6	0	0.0%	0.55	0.54	0.01	0 %
Services (2)	1.4%	2,000	2.05	0.4 yrs	1,982	2.87	1,973	4.56	0.4	-0.4	-1.2	-8	-0.4%	0.39	0.39	0.00	0 %
Corporate Other (8)	7.1%	10,000	0.00	0.3 yrs	9,857	4.76	9,857	4.76	0.3	-0.3	-0.9	0	0.0%	0.29	0.29	0.00	0 %
Corporate (12)	9.9%	14,000	0.29	0.3 yrs	13,782	4.55	13,774	4.80	0.3	-0.3	-1.0	-8	-0.1%	0.35	0.34	0.00	0 %
NCD (27)	4.7%	6,614	3.50	1.7 yrs	6,614	3.40	6,455	4.61	1.2	-1.3	-3.9	-159	-2.4%	1.63	1.24	-0.04	0 %
CD (27)	4.7%	6,614	3.50	1.7 yrs	6,614	3.40	6,455	4.61	1.2	-1.3	-3.9	-159	-2.4%	1.63	1.24	-0.04	0 %
Cash & Other (1)	16.2%	22,941	5.01	0.1 yrs	22,941	5.06	22,941	5.06	0.1	-0.1	-0.2	0	0.0%	0.08	0.08	0.00	100 %
Other (1)	16.2%	22,941	5.01	0.1 yrs	22,941	5.06	22,941	5.06	0.1	-0.1	-0.2	0	0.0%	0.08	0.08	0.00	100 %
<b>Total (140)</b>	<b>100.0%</b>	<b>141,636</b>	<b>2.85</b>	<b>1.7 yrs</b>	<b>142,777</b>	<b>2.87</b>	<b>138,085</b>	<b>4.85</b>	<b>1.2</b>	<b>-1.2</b>	<b>-3.6</b>	<b>-4,692</b>	<b>-3.3%</b>	<b>1.39</b>	<b>1.17</b>	<b>-0.03</b>	<b>16 %</b>

# Shocked Analysis

	-300	-200	-100	Base	+100	+200	+300
Par Value	141,636	141,636	141,636	141,636	141,636	141,636	141,636
Book Value	142,777	142,777	142,777	142,777	142,777	142,777	142,777
Market Value	142,880	141,298	139,694	138,085	136,449	134,783	133,101
Gain/(Loss)	103	-1,479	-3,083	-4,692	-6,328	-7,995	-9,676
Gain/(Loss) %	0.1%	-1.0%	-2.2%	-3.3%	-4.4%	-5.6%	-6.8%
Gain/(Loss) % - Chg from Base	3.5%	2.3%	1.2%	0.0%	-1.2%	-2.4%	-3.6%
Book Price	100.81	100.81	100.81	100.81	100.81	100.81	100.81
Book Yield	2.27	2.35	2.84	2.87	2.89	2.90	2.91
Market Price	100.88	99.76	98.63	97.49	96.34	95.16	93.97
Market Yield	1.89	2.85	3.84	4.85	5.82	6.79	7.78
WAL	1.25	1.34	1.39	1.39	1.43	1.46	1.47

Change in Gain/Loss by Rate Shock Scenario

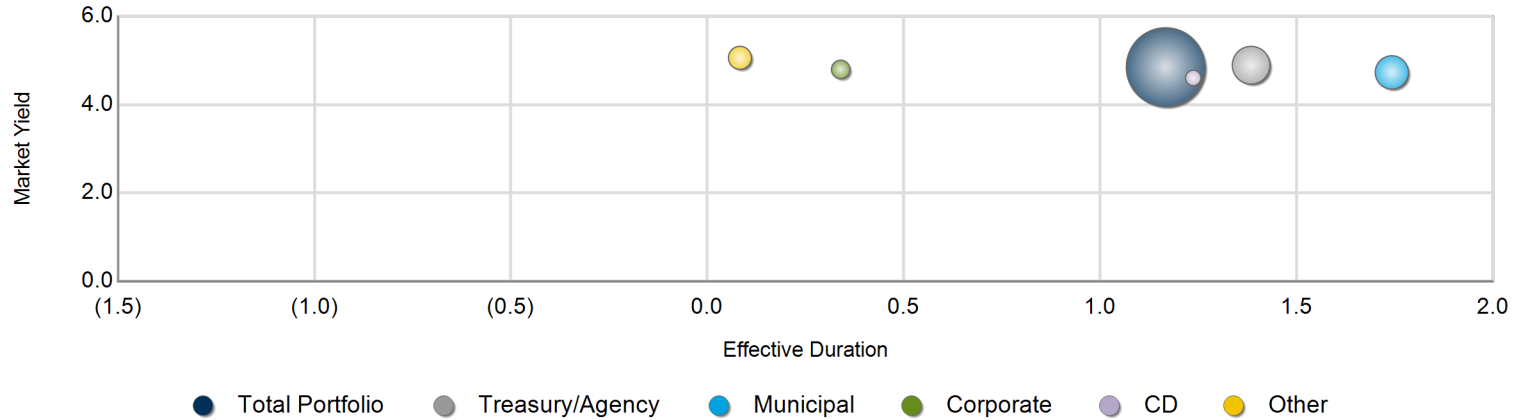


# Price Risk & Market Value Change by Sector

Sector	AFS					Eff Dur	HTM					Eff Dur
	% Change in Market Value from Level						% Change in Market Value from Level					
	-100	Mkt Value	+100	+200	+300		-100	Mkt Value	+100	+200	+300	
Treasury/Agency							1.3%	52,586	-1.4%	-3.0%	-4.5%	1.4%
Municipal							1.8%	42,329	-1.7%	-3.4%	-5.1%	1.7%
Corporate							0.3%	13,774	-0.3%	-0.7%	-1.0%	0.3%
CD							1.2%	6,455	-1.3%	-2.6%	-3.9%	1.2%
Other	0.1%	22,941	-0.1%	-0.2%	-0.3%	0.1%						
<b>Total</b>	<b>0.1%</b>	<b>22,941</b>	<b>-0.1%</b>	<b>-0.2%</b>	<b>-0.3%</b>	<b>0.1%</b>	<b>1.4%</b>	<b>115,145</b>	<b>-1.4%</b>	<b>-2.8%</b>	<b>-4.3%</b>	<b>1.4%</b>
Scenario Market Val	22,960	22,941	22,922	22,903	22,884		116,735	115,145	113,528	111,880	110,218	
Scenario Gain/Loss	19	0	-19	-38	-57		-3,102	-4,692	-6,309	-7,957	-9,619	

Total Portfolio (AFS + HTM):	
% Change in Market Val from Level	
-200 bps	2.3%
-100 bps	1.2%
Level Market Val	138,085
+100 bps	-1.2%
+200 bps	-2.4%
+300 bps	-3.6%
+400 bps	-4.8%
Effective Duration	1.17
Effective Convexity	-0.03

## Risk/Reward Analysis



# Peer Group Comparison

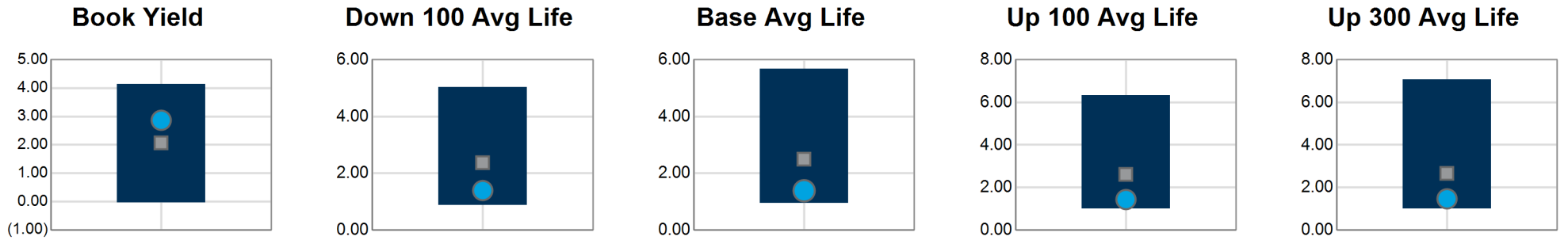
Peer	As of Date	Book Value	G/L %	Book Yield	Average Life			% Price Change			Effective		UST Agy	Fix MBS	Fix ARM	Fix CMO	Flt CMO	Agy CMBS	Sm Bus.	Prv Label	Muni	Corp	CD &		% Fixed	% AFS
					Base	-100	+300	-100	+100	+300	Dur	Cvx											Oth			
1	12/22	134,469	-4.9	2.26	2.3	2.2	2.3	2.1	-2.0	-5.9	2.0	0.0	55%	0%	0%	0%	0%	0%	0%	14%	10%	22%	100%	100%		
2	02/23	128,268	-5.8	1.41	2.1	2.1	2.1	2.0	-1.9	-5.6	1.9	0.1	74%	0%	0%	0%	0%	0%	0%	0%	0%	26%	100%	100%		
3	02/23	166,340	-4.9	2.70	2.8	2.8	2.8	2.6	-2.6	-7.5	2.6	0.0	66%	0%	0%	0%	0%	0%	0%	21%	0%	13%	100%	100%		
4	02/23	110,808	0.1	1.75	1.8	1.4	2.7	1.4	-1.7	-5.6	1.5	-0.5	71%	0%	0%	0%	0%	1%	0%	0%	0%	28%	100%	100%		
5	03/23	176,960	-5.4	1.82	2.3	2.2	2.5	1.9	-2.0	-6.1	1.9	-0.1	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%		
6	03/23	186,118	-1.6	3.65	2.2	2.1	2.4	1.8	-1.8	-5.3	1.8	0.0	17%	1%	5%	9%	1%	9%	0%	0%	23%	36%	0%	77%	100%	
7	02/23	187,030	-7.6	1.68	2.6	2.6	2.6	2.3	-2.3	-6.9	2.3	0.0	85%	0%	0%	0%	0%	0%	0%	1%	14%	0%	100%	100%		
8	03/23	187,875	-6.5	2.38	4.7	4.7	4.8	4.2	-4.0	-11.6	4.1	0.1	56%	2%	0%	0%	0%	2%	0%	0%	28%	13%	0%	100%	100%	
9	01/23	189,125	-5.9	-0.04	1.6	1.5	1.6	1.4	-1.4	-4.3	1.4	0.0	50%	0%	0%	0%	0%	0%	0%	47%	3%	0%	100%	100%		
10	03/23	89,963	-4.6	2.79	2.7	2.4	2.9	2.0	-2.2	-6.6	2.1	-0.1	83%	0%	0%	0%	0%	0%	0%	0%	9%	7%	98%	100%		
11	02/23	72,574	-5.6	2.01	2.2	2.1	2.2	1.9	-1.9	-5.7	1.9	-0.1	71%	0%	0%	0%	0%	8%	0%	0%	0%	21%	99%	100%		
12	12/22	217,820	-6.9	1.56	2.4	2.4	2.4	2.2	-2.1	-6.3	2.2	0.0	63%	0%	0%	0%	0%	0%	0%	13%	21%	4%	100%	100%		
13	02/23	61,606	-11.4	2.27	5.7	5.0	7.1	4.3	-4.2	-12.6	4.2	0.1	2%	21%	1%	38%	0%	4%	2%	0%	24%	0%	7%	96%	100%	
14	01/23	229,612	-1.0	3.77	2.1	1.8	2.3	1.7	-1.7	-5.3	1.7	0.0	76%	0%	0%	0%	0%	0%	0%	0%	4%	20%	100%	100%		
15	02/23	54,573	-2.5	4.14	2.4	2.1	2.4	1.8	-1.9	-5.6	1.8	0.0	91%	9%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%		
16	02/23	46,275	-8.8	1.91	3.2	2.9	3.2	2.6	-2.7	-8.0	2.6	-0.1	72%	0%	0%	0%	0%	0%	0%	2%	0%	26%	100%	100%		
17	12/22	44,243	-8.3	1.40	3.0	3.0	3.1	2.6	-2.6	-7.7	2.6	0.0	60%	0%	0%	0%	0%	0%	0%	1%	0%	39%	100%	100%		
18	03/23	43,494	-5.9	2.34	3.3	3.2	3.3	2.5	-2.7	-8.3	2.6	-0.2	98%	0%	0%	0%	0%	0%	0%	0%	0%	2%	100%	100%		
19	12/22	40,326	-3.0	1.13	0.9	0.9	1.0	0.9	-0.9	-2.7	0.9	0.0	63%	0%	0%	0%	0%	0%	0%	29%	0%	8%	100%	100%		
20	12/22	39,823	-5.5	1.76	2.3	2.3	2.3	2.2	-2.1	-6.1	2.1	0.1	62%	0%	0%	0%	0%	0%	0%	35%	0%	4%	100%	100%		
21	03/23	39,644	-2.7	2.21	1.1	1.0	1.1	1.0	-1.0	-2.9	1.0	0.0	25%	0%	0%	0%	0%	0%	0%	40%	0%	36%	100%	96%		
22	03/23	36,570	-8.2	1.13	3.1	3.1	3.1	2.7	-2.7	-8.1	2.7	0.0	98%	0%	0%	0%	0%	0%	0%	0%	0%	2%	100%	100%		
23	01/23	249,874	-4.7	2.04	2.5	2.5	2.5	2.4	-2.3	-6.6	2.3	0.1	67%	0%	0%	0%	0%	0%	0%	12%	11%	10%	100%	100%		
24	12/22	30,164	-2.7	3.04	2.3	2.0	2.7	1.9	-2.0	-6.1	2.0	0.0	62%	0%	0%	0%	0%	0%	0%	0%	0%	38%	100%	100%		
25	12/22	25,965	-5.8	2.26	2.7	2.7	2.7	2.5	-2.5	-7.2	2.5	0.0	82%	0%	0%	0%	0%	0%	0%	14%	0%	4%	100%	100%		
Avg		111,581	-5.2	2.14	2.6	2.4	2.7	2.2	-2.2	-6.6	2.2	0.0	66%	1%	0%	2%	0%	1%	0%	12%	5%	13%	99%	100%		
Port		142,777	-3.3	2.87	1.4	1.4	1.5	1.2	-1.2	-3.6	1.2	0.0	38%	0%	0%	0%	0%	0%	0%	31%	10%	21%	100%	16%		
Diff		31,196	1.9	0.73	-1.2	-1.0	-1.3	-1.0	1.0	3.0	-1.0	0.0	-28%	-1%	0%	-2%	0%	-1%	0%	19%	5%	8%	1%	-84%		

\* Peer group includes Public Entytys that have received portfolio analysis from Stifel in the last three months with the closest portfolio book values.

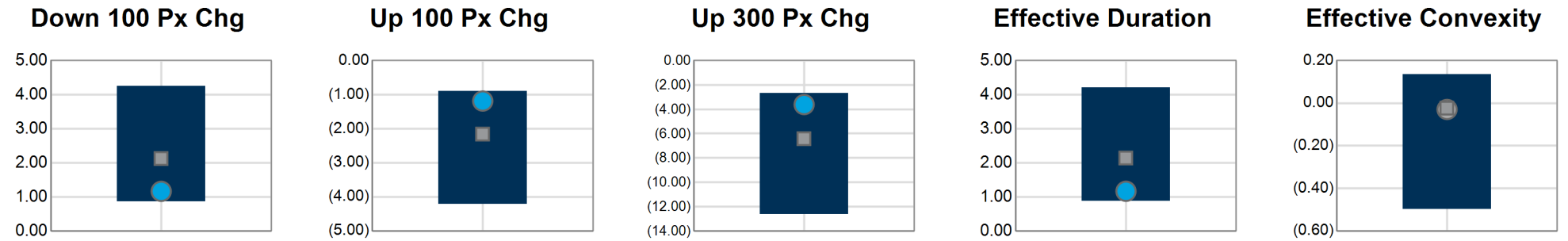


# Summary Peer Comparison

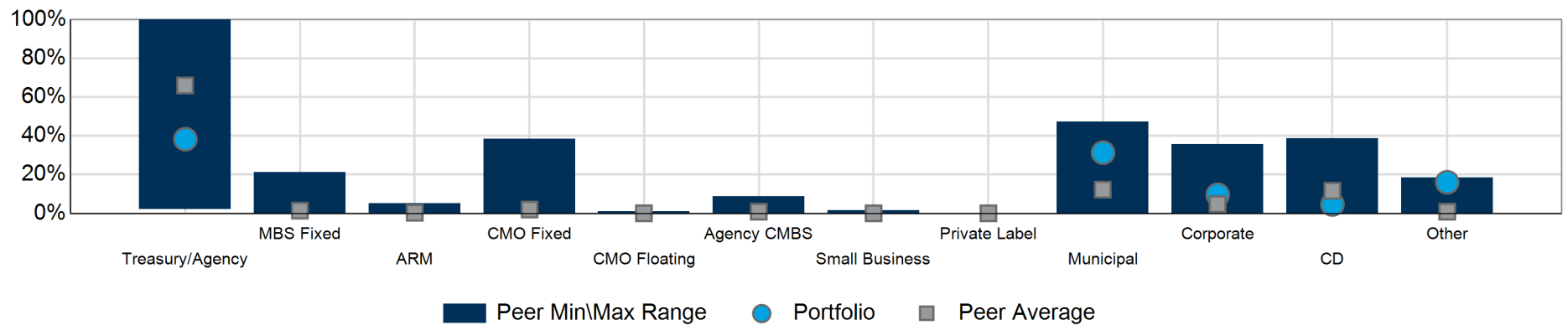
## Yield and Average Life Peer Comparison



## Price Risk Peer Comparison



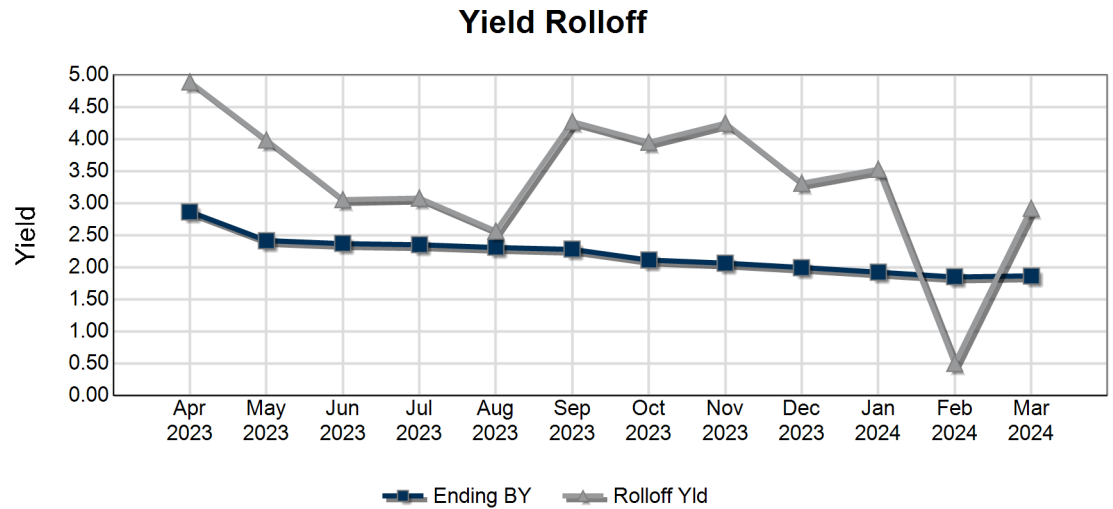
## Portfolio vs. Peer Allocations



Each box contains the range of your peer group, the top and bottom of the boxes being the max and min. The gray box is the avg. of your peers within the range and the blue dot represents your position.

## Cash Flow and Rolloff Yield - Next 12 Months

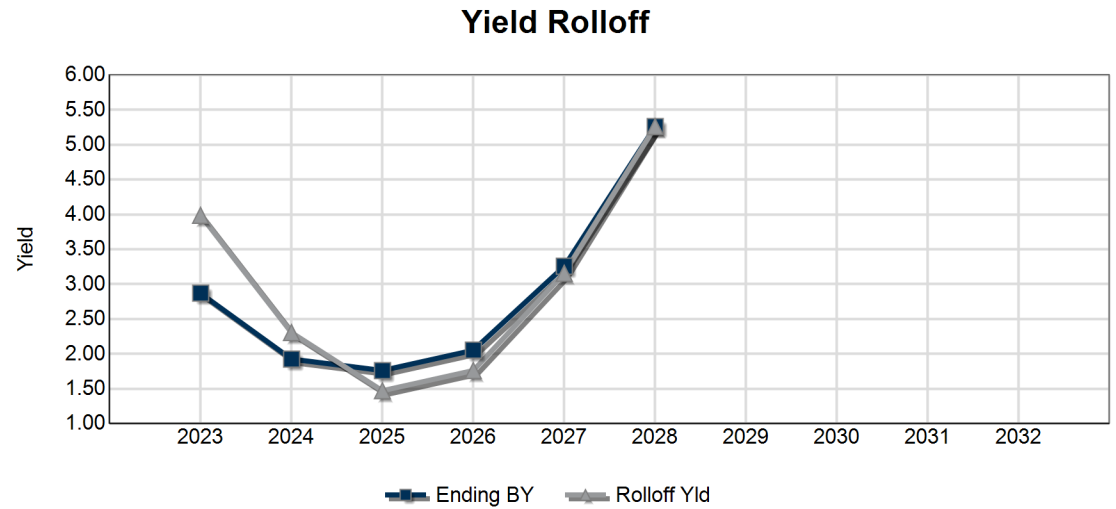
Yield Rolloff				
Month	Begin BY	Principal CF	Rolloff Yld	Ending BY
Apr 2023	2.87	25,941	4.89	2.42
May 2023	2.42	3,485	3.99	2.37
Jun 2023	2.37	2,741	3.06	2.35
Jul 2023	2.35	6,250	3.08	2.31
Aug 2023	2.31	10,667	2.57	2.28
Sep 2023	2.28	7,245	4.28	2.12
Oct 2023	2.12	2,250	3.95	2.07
Nov 2023	2.07	2,548	4.25	2.00
Dec 2023	2.00	4,370	3.31	1.93
Jan 2024	1.93	3,470	3.53	1.85
Feb 2024	1.85	1,000	0.50	1.87
Mar 2024	1.87	2,905	2.92	1.83



Shocked Principal and Interest Cash Flow Analysis							
Year	-300	-200	-100	Base	+100	+200	+300
Apr 2023	34,024	31,476	27,537	26,292	26,292	26,292	26,292
May 2023	4,618	4,618	4,618	3,619	3,619	3,619	3,619
Jun 2023	10,257	5,502	5,502	2,992	2,992	2,992	2,992
Jul 2023	5,628	5,633	5,652	6,420	5,420	5,420	5,420
Aug 2023	10,988	10,988	10,988	10,990	9,978	9,978	9,978
Sep 2023	8,522	8,535	8,535	7,560	5,560	5,560	5,560
Oct 2023	1,397	2,425	2,473	2,475	2,475	2,475	2,475
Nov 2023	3,637	3,637	3,637	2,653	2,653	1,653	1,653
Dec 2023	4,517	4,561	4,561	4,602	4,602	4,602	4,602
Jan 2024	3,803	3,808	3,827	3,584	3,584	3,584	3,584
Feb 2024	2,927	2,228	1,228	1,257	1,257	1,257	1,257
Mar 2024	1,489	1,502	1,502	3,106	1,587	1,587	1,587

## Cash Flow and Rolloff Yield - Next 10 Years

Yield Rolloff				
Year	Begin BY	Principal CF	Rolloff Yld	Ending BY
2023	2.87	65,496	3.99	1.93
2024	1.93	23,035	2.31	1.76
2025	1.76	26,525	1.47	2.05
2026	2.05	21,340	1.76	3.26
2027	3.26	4,995	3.16	5.26
2028	5.26	245	5.26	
2029				
2030				
2031				
2032				

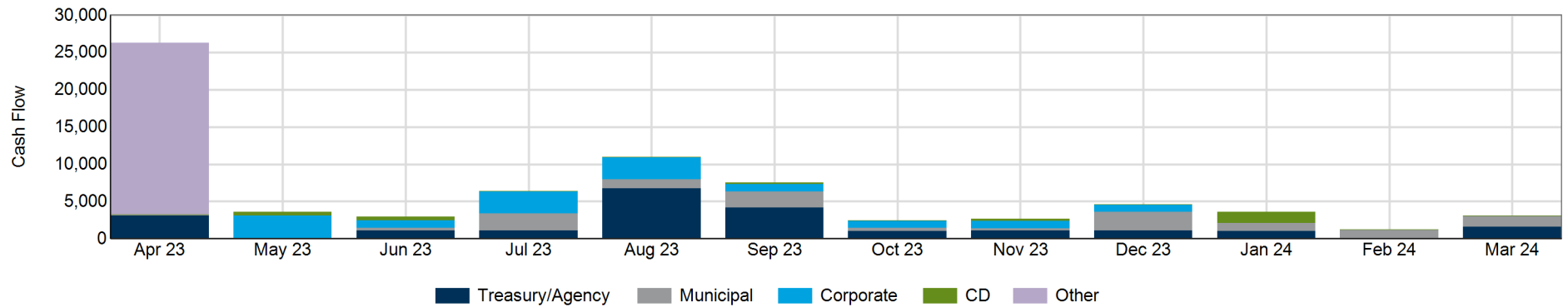


Shocked Principal and Interest Cash Flow Analysis							
Year	-300	-200	-100	Base	+100	+200	+300
2023	83,587	77,376	73,503	67,603	63,630	62,630	62,630
2024	21,227	23,186	23,331	24,883	27,066	28,160	27,179
2025	22,795	23,891	26,002	27,823	26,902	25,918	26,938
2026	14,523	18,062	17,835	21,865	23,934	24,018	23,037
2027	2,819	2,819	5,105	5,091	5,879	6,909	7,949
2028	24	24	24	248	494	494	494
2029	24	24	24	0	0	0	0
2030	24	24	24	0	0	0	0
2031	24	24	24	0	0	0	0
2032	24	24	24	0	0	0	0

## Sector Cash Flow - Next 12 Months

		Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Bk Yld Chg
Treasury/Agency	Cash Flow	3,075	96	1,121	1,062	6,733	4,200	1,049	1,071	1,109	1,049	44	1,628	
	End BY	2.42	2.42	2.40	2.35	2.54	2.32	2.32	2.25	2.17	2.21	2.21	2.08	-0.34
Municipal	Cash Flow	161	20	360	2,320	1,242	2,091	411	320	2,479	1,046	1,203	1,466	
	End BY	1.62	1.62	1.62	1.61	1.54	1.46	1.43	1.44	1.42	1.35	1.37	1.41	-0.21
Corporate	Cash Flow	0	3,000	1,000	3,021	3,000	1,000	1,000	1,000	1,000				
	End BY	4.55	4.61	4.69	5.24	5.27	5.31	5.39	5.43					
CD	Cash Flow	16	504	510	18	16	269	14	263	14	1,489	10	12	
	End BY	3.40	3.53	3.68	3.68	3.68	3.66	3.66	3.77	3.77	3.26	3.26	3.26	-0.14
Other	Cash Flow	23,040												
	End BY													
Total	Cash Flow	26,292	3,619	2,992	6,420	10,990	7,560	2,475	2,653	4,602	3,584	1,257	3,106	
	End BY	2.42	2.37	2.35	2.31	2.28	2.12	2.07	2.00	1.93	1.85	1.87	1.83	-0.59

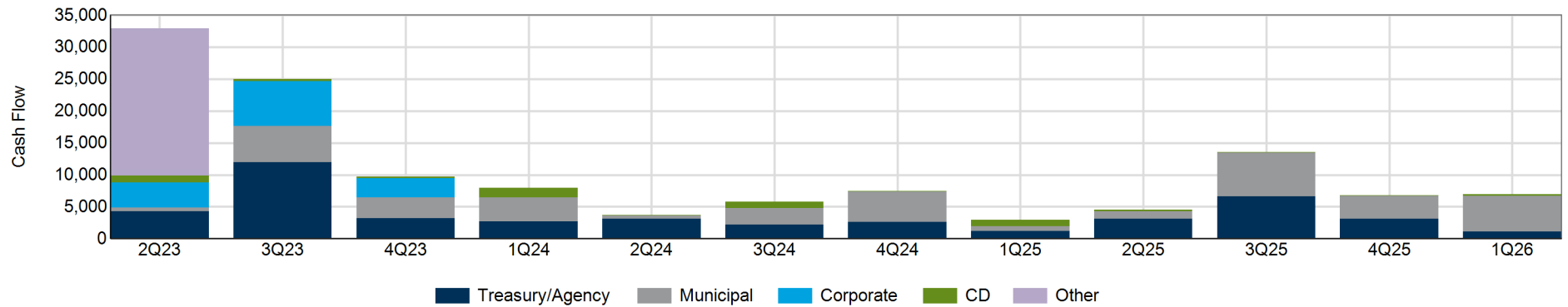
### Total Cash Flows By Sector



## Sector Cash Flow - Next 3 Years

		2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Bk Yld Chg
Treasury/Agency	Cash Flow	4,293	11,994	3,229	2,721	3,146	2,193	2,602	1,161	3,107	6,664	3,089	1,084	
	End BY	2.40	2.32	2.17	2.08	2.03	1.85	1.97	2.03	1.95	2.51	2.15	1.87	-0.53
Municipal	Cash Flow	541	5,653	3,210	3,716	493	2,579	4,862	783	1,138	6,893	3,707	5,612	
	End BY	1.62	1.46	1.42	1.41	1.41	1.42	1.35	1.36	1.38	1.64	1.84	2.11	0.49
Corporate	Cash Flow	4,000	7,021	3,000										
	End BY	4.69	5.31											
CD	Cash Flow	1,030	303	291	1,511	25	1,013	23	1,002	256	14	9	258	
	End BY	3.68	3.66	3.77	3.26	3.26	3.71	3.71	3.44	3.15	3.15	3.15	2.74	-0.94
Other	Cash Flow	23,040												
	End BY													
<b>Total</b>	<b>Cash Flow</b>	<b>32,903</b>	<b>24,971</b>	<b>9,730</b>	<b>7,948</b>	<b>3,664</b>	<b>5,785</b>	<b>7,486</b>	<b>2,946</b>	<b>4,501</b>	<b>13,571</b>	<b>6,806</b>	<b>6,954</b>	
	<b>End BY</b>	<b>2.35</b>	<b>2.12</b>	<b>1.93</b>	<b>1.83</b>	<b>1.80</b>	<b>1.72</b>	<b>1.76</b>	<b>1.75</b>	<b>1.70</b>	<b>2.10</b>	<b>2.05</b>	<b>2.01</b>	<b>-0.34</b>

### Total Cash Flows By Sector

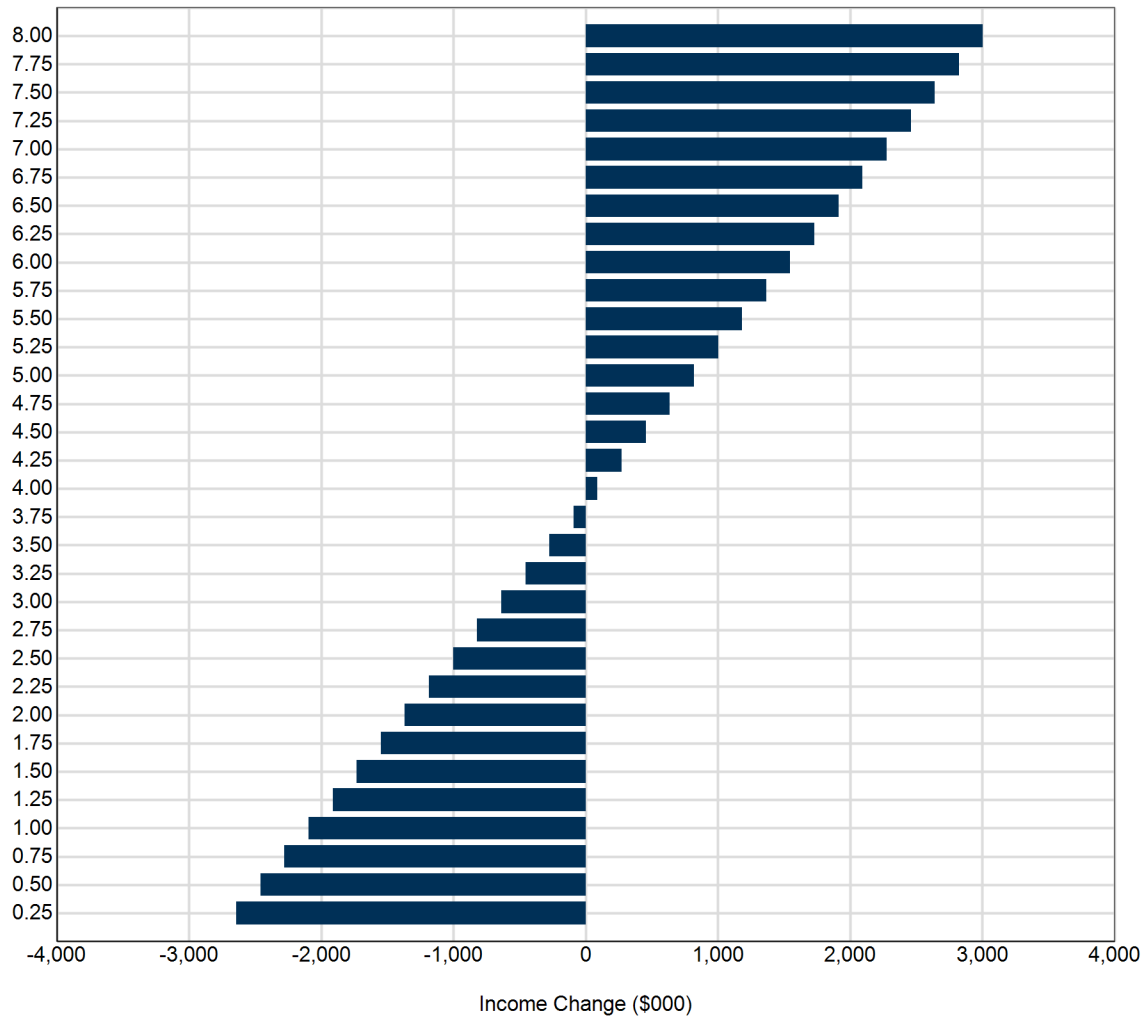


# Gap Analysis - Potential Income Impact of Principal Reinvestment

Principal Maturing(12 Mo.Horizon): \$72,871  
 Current Book Yield of Principal Maturing: 3.88%  
 Est. Annual Income at Current Book Yield: \$2,824

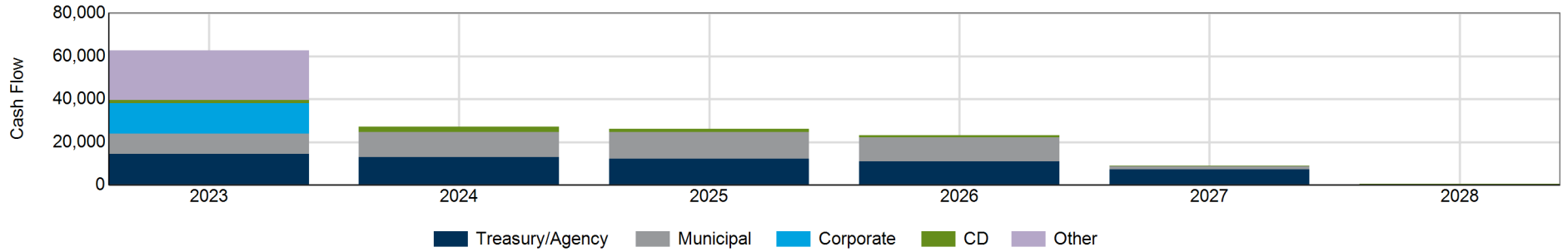
Assumed Reinvestment Yield	Estimated Annualized Income	Income Difference from Current Book	Resulting Book Yield
0.25	182	-2,642	1.00
0.50	364	-2,460	1.13
0.75	547	-2,277	1.26
1.00	729	-2,095	1.39
1.25	911	-1,913	1.52
1.50	1,093	-1,731	1.65
1.75	1,275	-1,549	1.78
2.00	1,457	-1,367	1.90
2.25	1,640	-1,184	2.03
2.50	1,822	-1,002	2.16
2.75	2,004	-820	2.29
3.00	2,186	-638	2.42
3.25	2,368	-456	2.55
3.50	2,550	-274	2.68
3.75	2,733	-91	2.80
4.00	2,915	91	2.93
4.25	3,097	273	3.06
4.50	3,279	455	3.19
4.75	3,461	637	3.32
5.00	3,644	820	3.45
5.25	3,826	1,002	3.58
5.50	4,008	1,184	3.71
5.75	4,190	1,366	3.83
6.00	4,372	1,548	3.96
6.25	4,554	1,730	4.09
6.50	4,737	1,913	4.22
6.75	4,919	2,095	4.35
7.00	5,101	2,277	4.48
7.25	5,283	2,459	4.61
7.50	5,465	2,641	4.73
7.75	5,648	2,824	4.86
8.00	5,830	3,006	4.99

**Estimated Impact on Income at Various Reinvestment Yields**

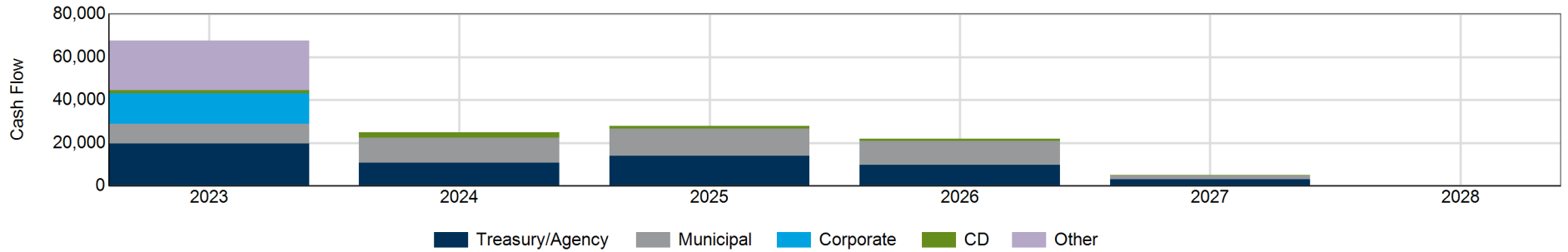


# Shocked Cash Flows By Sector - Next 10 Years

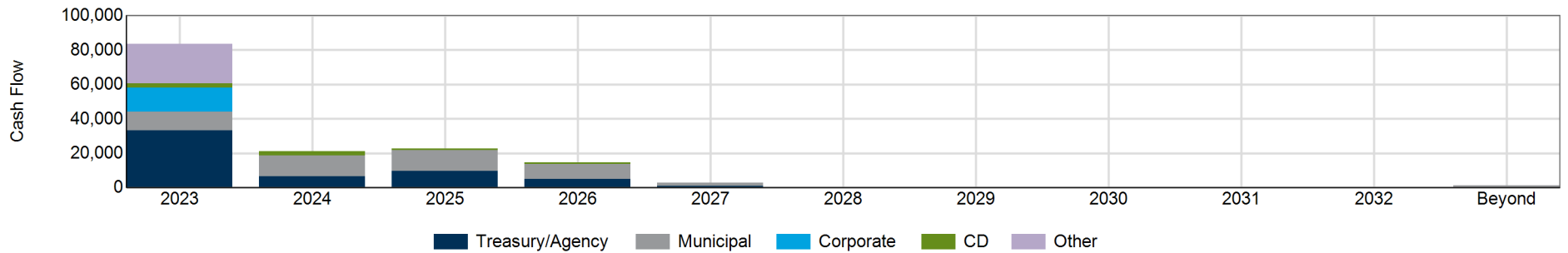
## +400 Scenario



## Base Scenario

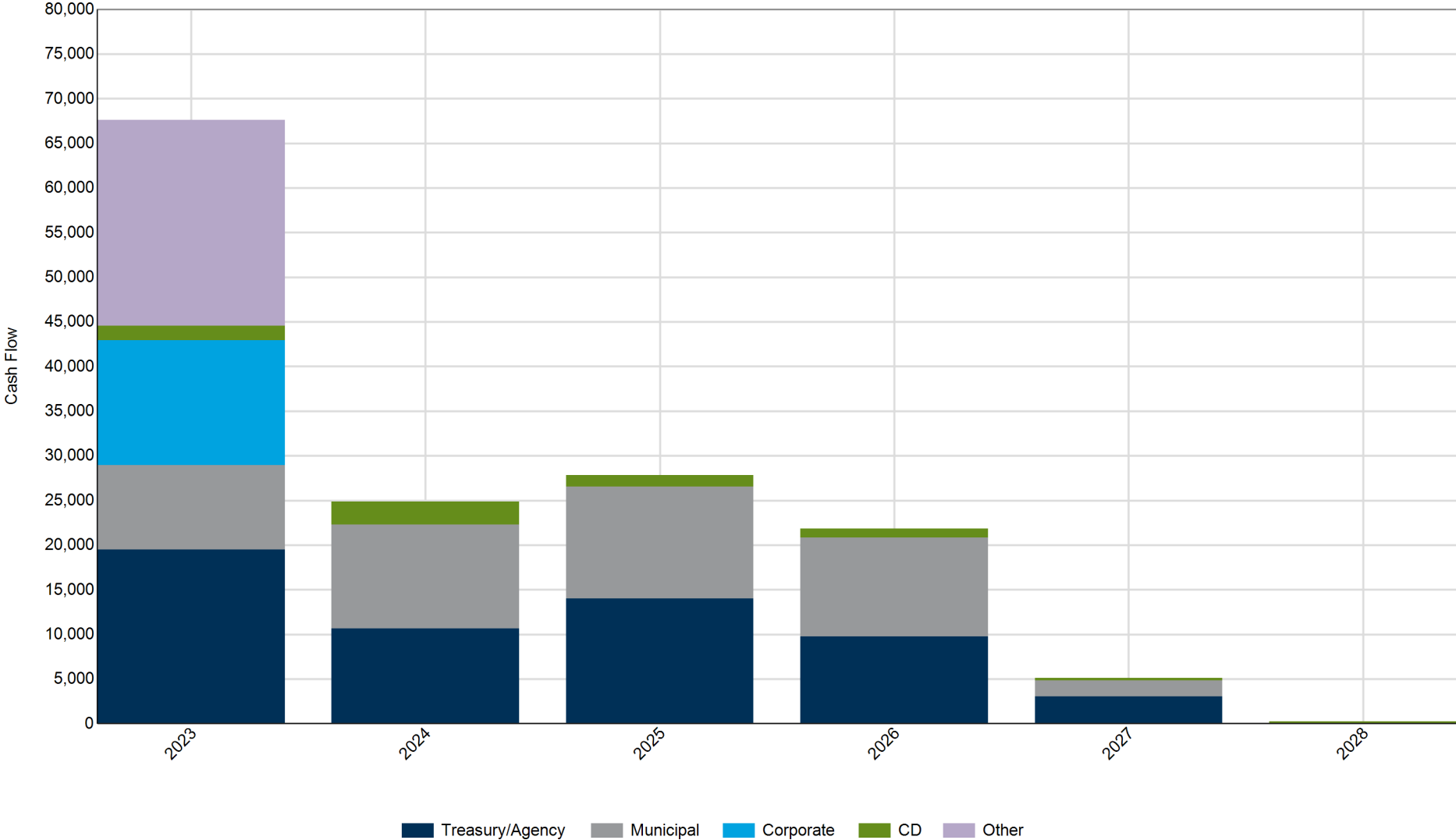


## -300 Scenario



# Cash Flows By Sector - Next 30 Years

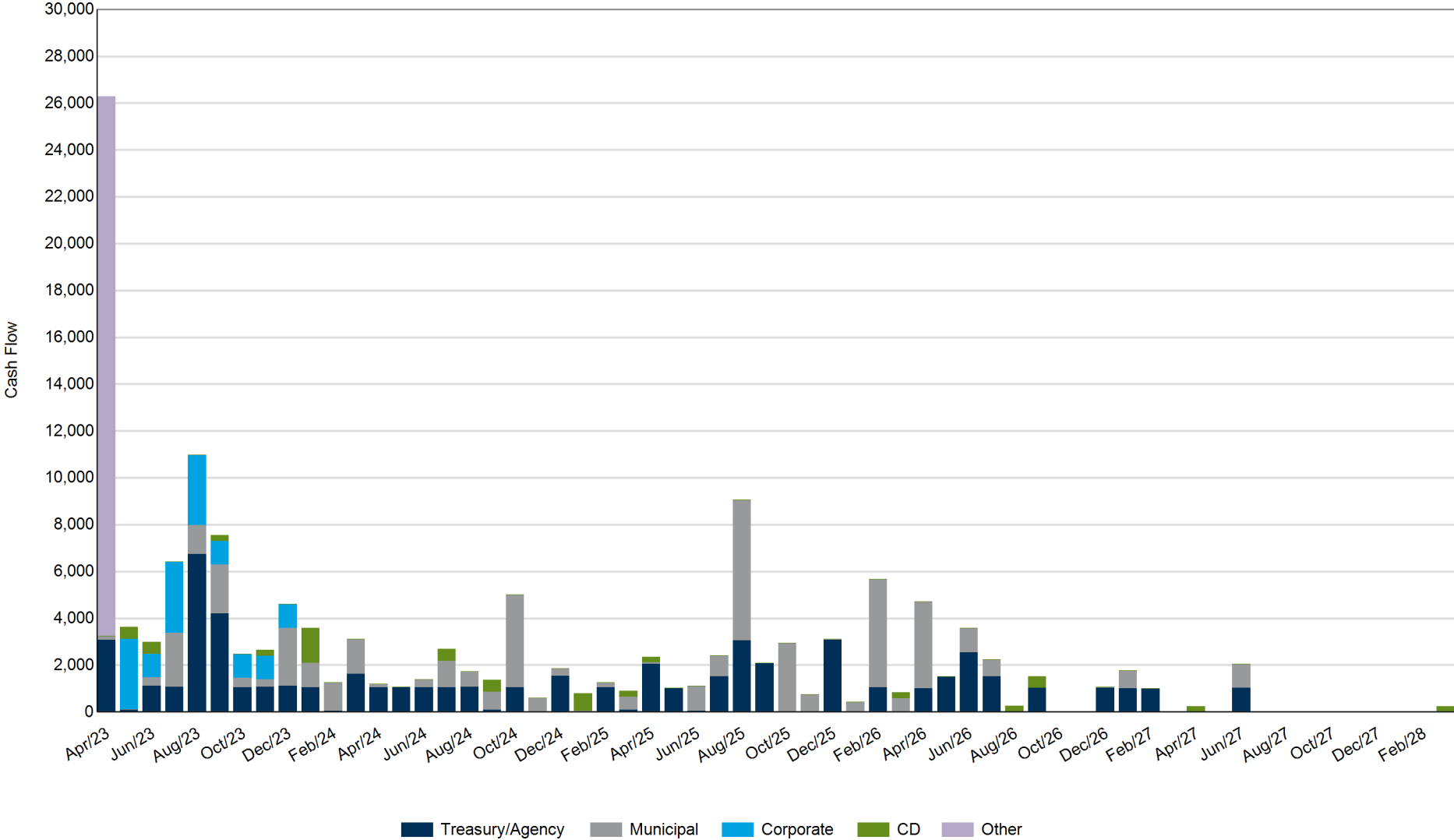
## Base Scenario





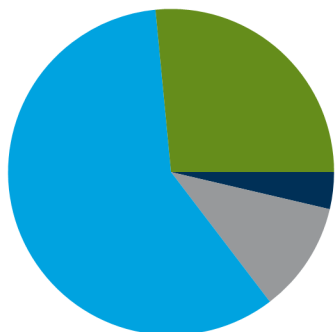
# Cash Flow Projection By Month - Next 5 Years

## Total Monthly Cash Flows By Sector

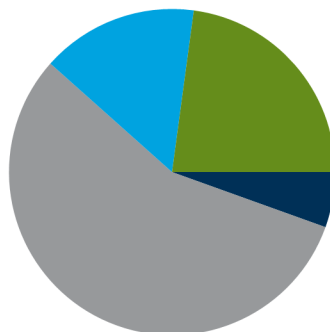


## Agency - Summary

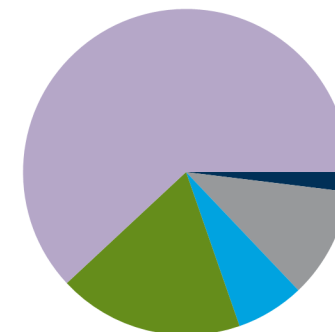
### Subsector



### Issuer



### Call Type



■ Treasury (4%)    ■ Callable Agency (59%)  
■ Agency Bullet (11%)    ■ Agency Step (27%)

■ FFCB (5%)    ■ FNMA (16%)    ■ Other (23%)  
■ FHLB (56%)

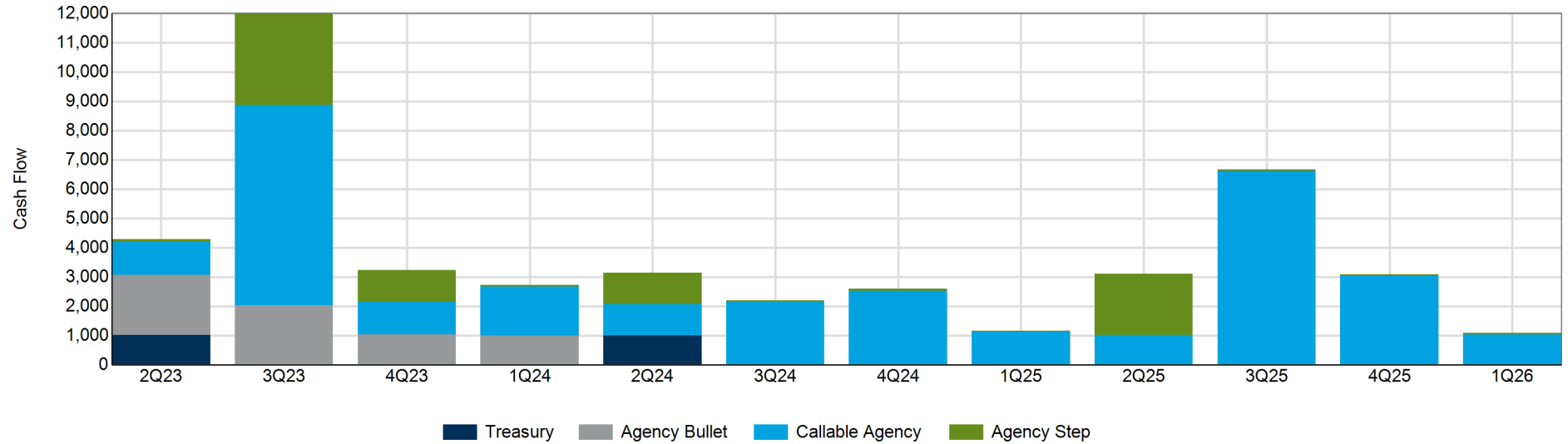
■ Annually (2%)    ■ One time (18%)  
■ Anytime (11%)    ■ Quarterly (62%)  
■ Monthly (7%)

Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Book		Market		G/L \$	G/L %	WAL	% Px Δ	Dur	Cvx	AFS %
					Price Value	Yield	Price Value	Yield	+ 300	+ 300	+ 300	-100 +300	Base	Base	
Treasury (2)	3.7%	2,000	1.81	0.6 yrs	99.75	2.10	98.46	4.48	-26	-1.3%	0.62	0.6	0.59	0.01	0.0%
Agency Bullet (5)	11.0%	6,000	3.40	0.5 yrs	99.99	3.41	99.21	4.98	-47	-0.8%	0.47	0.5	0.46	0.01	0.0%
Callable Agency (24)	58.8%	32,167	2.00	2.0 yrs	100.00	2.01	95.58	5.01	-1,419	-4.4%	1.80	1.4	1.41	-0.09	0.0%
Agency Step (13)	26.5%	14,500	2.66	0.2 yrs	32,165	3.22	30,746	4.66	-2,821	-8.8%	1.86	-4.6			0.0%
				3.1 yrs	99.99		95.99		-580	-4.0%	2.24	1.7	1.83	-0.18	0.0%
				0.3 yrs	14,498	3.22	13,918	4.66	-1,437	-9.9%	2.90	-6.2			0.0%
				2.1 yrs	99.98		96.19		-2,072	-3.8%	1.73	1.3	1.38	-0.10	
<b>Total (44)</b>	<b>100.0%</b>	<b>54,667</b>	<b>2.32</b>	<b>0.2 yrs</b>	<b>54,658</b>	<b>2.49</b>	<b>52,586</b>	<b>4.89</b>	<b>-4,446</b>	<b>-8.1%</b>	<b>1.94</b>	<b>-4.5</b>			<b>0.0%</b>

## Agency - Sector Cash Flow and Yield Rolloff - Next 3 Years

	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Bk Yld Chg
Cash Flow	4,293	11,994	3,229	2,721	3,146	2,193	2,602	1,161	3,107	6,664	3,089	1,084	
End BY	2.40	2.32	2.17	2.08	2.03	1.85	1.97	2.03	1.95	2.51	2.15	1.87	-0.53
Cash Flow	4,293	11,994	3,229	2,721	3,146	2,193	2,602	1,161	3,107	6,664	3,089	1,084	
End BY	2.40	2.32	2.17	2.08	2.03	1.85	1.97	2.03	1.95	2.51	2.15	1.87	-0.53

### Total Cash Flows By Subsector



## Shocked Agency Projected Call Schedule

### Callable Agency Rate Shock Analysis – Projected Par Value Redeemed at NEXT Call Date – Monthly

	-100	-75	-50	-25	0	25	50	75	100
Mar 23	-	-	-	-	-	-	-	-	-
Apr 23	1,000	1,000	1,000	1,000	1,000	-	-	-	-
May 23	1,000	1,000	1,000	-	-	-	-	-	-
Jun 23	1,500	1,500	1,500	-	-	-	-	-	-
Jul 23	-	-	-	-	-	-	-	-	-
Aug 23	1,000	1,000	1,000	-	-	-	-	-	-
Sep 23	2,000	2,000	2,000	-	-	-	-	-	-
Oct 23	-	-	-	-	-	-	-	-	-
Nov 23	1,000	1,000	1,000	-	-	-	-	-	-
Dec 23	-	-	-	-	-	-	-	-	-
Jan 24	-	-	-	-	-	-	-	-	-
Feb 24	-	-	-	-	-	-	-	-	-

### Callable Agency Rate Shock Analysis – Projected Par Value Redeemed at NEXT Call Date – Quarterly

	-100	-75	-50	-25	0	25	50	75	100
1Q23	-	-	-	-	-	-	-	-	-
2Q23	3,500	3,500	3,500	1,000	1,000	-	-	-	-
3Q23	3,000	3,000	3,000	-	-	-	-	-	-
4Q23	1,000	1,000	1,000	-	-	-	-	-	-
1Q24	-	-	-	-	-	-	-	-	-
2Q24	-	-	-	-	-	-	-	-	-
3Q24	-	-	-	-	-	-	-	-	-
4Q24	-	-	-	-	-	-	-	-	-
1Q25	-	-	-	-	-	-	-	-	-
2Q25	-	-	-	-	-	-	-	-	-
3Q25	-	-	-	-	-	-	-	-	-
4Q25	-	-	-	-	-	-	-	-	-
1Q26	-	-	-	-	-	-	-	-	-
2Q26	-	-	-	-	-	-	-	-	-
3Q26	-	-	-	-	-	-	-	-	-
4Q26	-	-	-	-	-	-	-	-	-

# Shocked Agency Projected Call Schedule - Next 12 Months

	-300	-200	-100	Base	+100	+200	+300
Mar 23	-	-	-	-	-	-	-
Apr 23	6,000	4,000	2,000	1,000	1,000	1,000	1,000
May 23	1,000	1,000	1,000	-	-	-	-
Jun 23	7,000	2,500	2,500	-	-	-	-
Jul 23	-	-	-	1,000	-	-	-
Aug 23	6,667	6,667	6,667	6,667	5,667	5,667	5,667
Sep 23	4,000	4,000	4,000	2,000	-	-	-
Oct 23	-	1,000	1,000	1,000	1,000	1,000	1,000
Nov 23	2,000	2,000	2,000	1,000	1,000	-	-
Dec 23	-	-	-	-	-	-	-
Jan 24	-	-	-	-	1,000	-	-
Feb 24	1,000	1,000	-	-	-	-	-

## Agency Projected Call Report - CUSIP Level

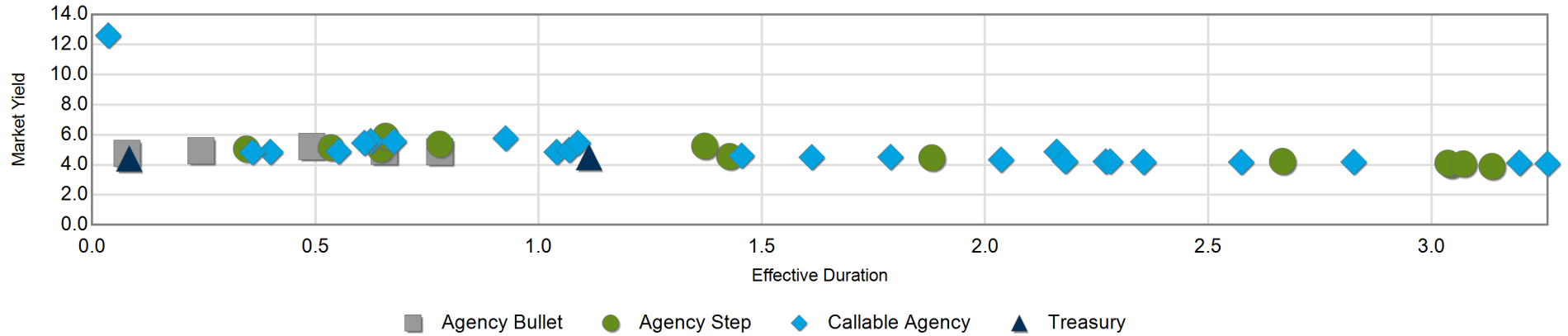
Sec No.	CUSIP	Issuer	Cpn	Cpn Type	Maturity	Par Value	Next Call	Call Type	Mkt Price	Gain/Loss	Projected Shocked Call Dates						
											-300	-200	-100	Base	+100	+200	+300
1	3130AUZ98	FHLB	6.00	Fixed	03/13/28	1,000	04/13/23	Monthly	99.774	-2	04/23	04/23	04/23	04/23	04/23	04/23	04/23
20	3130ATLG0	FHLB	4.50	Step	10/27/27	1,000	04/27/23	Quarterly	99.951	0	04/23	04/23	04/23	07/23	01/24	07/24	01/25
47	3135GACZ2	FNMA	5.40	Fixed	11/25/24	1,000	05/25/23	Quarterly	99.783	-2	05/23	05/23	05/23	08/24	11/24	11/24	11/24
53	3130AT6R3	FHLB	4.50	Step	09/30/27	1,000	06/30/23	Quarterly	99.423	-6	06/23	06/23	06/23	06/24	06/25	06/26	03/27
34	3134GY5N8	FHLMC	5.25	Fixed	06/20/24	1,500	06/20/23	Quarterly	99.808	-3	06/23	06/23	06/23	03/24	06/24	06/24	06/24
36	3134GY2N1	FHLMC	5.17	Fixed	05/28/24	1,000	08/28/23	One time	99.839	-2	08/23	08/23	08/23	08/23	05/24	05/24	05/24
21	3135G05R0	FNMA	0.30	Fixed	08/10/23	3,000	05/10/23	Quarterly	98.393	-48	08/23	08/23	08/23	08/23	08/23	08/23	08/23
25	3130AJZJ1	FHLB	0.32	Fixed	08/25/23	2,667	04/18/23	Anytime	98.210	-48	08/23	08/23	08/23	08/23	08/23	08/23	08/23
32	3130AV5J7	FHLB	5.25	Step	03/20/24	1,000	09/20/23	Quarterly	100.044	0	09/23	09/23	09/23	09/23	03/24	03/24	03/24
61	3134GYK76	FHLMC	5.63	Fixed	03/13/26	2,000	09/13/23	Quarterly	99.671	-7	09/23	09/23	09/23	12/25	03/26	03/26	03/26
45	3134GYND0	FHLMC	5.50	Step	03/28/25	1,000	09/28/23	Quarterly	99.800	-2	09/23	09/23	09/23	09/23	03/25	03/25	03/25
33	3134GXQM9	FHLMC	2.40	Fixed	10/25/23	1,000	04/25/23	Monthly	98.614	-14	04/23	10/23	10/23	10/23	10/23	10/23	10/23
41	3130ATQD2	FHLB	4.65	Step	11/15/24	1,000	11/15/23	One time	99.756	0	11/23	11/23	11/23	11/23	11/23	11/24	11/24
65	3134GYJB9	FHLMC	5.30	Fixed	02/27/26	1,000	11/27/23	Quarterly	99.588	-4	11/23	11/23	11/23	02/26	02/26	02/26	02/26
81	3130ARGS4	FHLB	2.00	Step	04/14/27	1,000	04/14/24	Annually	97.874	-21	04/23	04/23	04/24	04/25	04/26	04/27	04/27
63	3130AND72	FHLB	0.43	Fixed	04/29/24	1,000	04/29/23	Quarterly	95.398	-46	04/24	04/24	04/24	04/24	04/24	04/24	04/24
64	3130ASKS7	FHLB	3.75	Fixed	07/25/24	1,000	04/25/23	Quarterly	98.438	-16	04/23	04/23	07/24	07/24	07/24	07/24	07/24
82	3130APAF2	FHLB	0.52	Fixed	10/07/24	1,000	07/07/23	Quarterly	94.068	-59	10/24	10/24	10/24	10/24	10/24	10/24	10/24
77	3134GXQR8	FHLMC	2.75	Step	04/28/25	1,000	04/28/23	Quarterly	97.193	-28	04/23	04/24	10/24	04/25	04/25	04/25	04/25
86	3130AMJX1	FHLB	0.65	Fixed	12/09/24	1,500	05/09/23	Monthly	93.784	-93	12/24	12/24	12/24	12/24	12/24	12/24	12/24
91	3133EMZ70	FFCB	0.48	Fixed	02/10/25	1,000	04/18/23	Anytime	92.861	-71	02/25	02/25	02/25	02/25	02/25	02/25	02/25
97	3133EM3E0	FFCB	0.61	Fixed	05/23/25	1,000	04/18/23	Anytime	92.426	-76	05/25	05/25	05/25	05/25	05/25	05/25	05/25

## Agency Projected Call Report - CUSIP Level

Sec No.	CUSIP	Issuer	Cpn	Cpn Type	Maturity	Par Value	Next Call	Call Type	Mkt Price	Gain/Loss	Projected Shocked Call Dates						
											-300	-200	-100	Base	+100	+200	+300
101	3136G4A45	FNMA	0.71	Fixed	07/22/25	1,500	04/22/23	Quarterly	92.297	-116	07/25	07/25	07/25	07/25	07/25	07/25	07/25
105	3136G4N74	FNMA	0.56	Fixed	08/21/25	1,500	05/21/23	Quarterly	91.750	-124	08/25	08/25	08/25	08/25	08/25	08/25	08/25
106	3136G4V59	FNMA	0.63	Fixed	08/27/25	1,500	05/27/23	Quarterly	91.851	-122	08/25	08/25	08/25	08/25	08/25	08/25	08/25
109	3134GWUG9	FHLMC	0.57	Fixed	09/24/25	2,000	06/24/23	Quarterly	91.521	-170	09/25	09/25	09/25	09/25	09/25	09/25	09/25
114	3130AP2G9	FHLB	0.75	Fixed	12/30/25	1,000	06/30/23	Quarterly	91.175	-88	12/25	12/25	12/25	12/25	12/25	12/25	12/25
95	3130ARCD1	FHLB	2.50	Step	03/29/27	1,000	06/29/23	Quarterly	96.657	-33	06/23	12/24	12/25	12/26	03/27	03/27	03/27
124	3133EMXQ0	FFCB	0.94	Fixed	04/28/26	1,000	04/18/23	Anytime	90.700	-93	04/26	04/26	04/26	04/26	04/26	04/26	04/26
119	3130AMDE9	FHLB	1.00	Step	05/12/26	1,500	05/12/23	Quarterly	91.979	-120	05/26	05/26	05/26	05/26	05/26	05/26	05/26
128	3130AMMW9	FHLB	1.00	Step	06/10/26	1,500	06/10/23	Quarterly	92.131	-118	06/23	06/26	06/26	06/26	06/26	06/26	06/26
129	3130AMMJ8	FHLB	0.40	Step	06/09/26	1,000	06/09/23	One time	92.397	-76	06/23	06/26	06/26	06/26	06/26	06/26	06/26
134	3130AP6D2	FHLB	1.00	Fixed	09/30/26	1,000	06/30/23	Quarterly	89.884	-101	09/26	09/26	09/26	09/26	09/26	09/26	09/26
136	3130AQJ87	FHLB	1.60	Fixed	01/19/27	1,000	04/19/23	Quarterly	91.335	-87	01/27	01/27	01/27	01/27	01/27	01/27	01/27
130	3130AQPR8	FHLB	1.30	Step	02/18/27	1,000	05/18/23	Quarterly	93.628	-64	02/24	02/24	02/27	02/27	02/27	02/27	02/27
100	3130ASG52	FHLB	4.10	Fixed	06/30/27	1,000	06/30/23	Quarterly	97.069	-29	06/23	06/26	06/27	06/27	06/27	06/27	06/27
						2.23	45,167		95.812	-1,888							

# Agency - Risk/Reward Analysis

## Agency - Risk/Reward Analysis



Top 5 Market Yields						
CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	% Px Δ Up 300
3130AUZ98	FHLB 6 03/13/28	Callable Agency	998	12.61%	0.04	-0.1
3134GYND0	FHLMC 5 1/2 03/28/25	Agency Step	998	5.92%	0.66	-3.2
3134GYK76	FHLMC 5 5/8 03/13/26	Callable Agency	1,993	5.76%	0.93	-4.7
3134GY2N1	FHLMC 5.17 05/28/24	Callable Agency	998	5.57%	0.62	-2.8
3135GACZ2	FNMA 5.4 11/25/24	Callable Agency	998	5.56%	0.68	-3.4

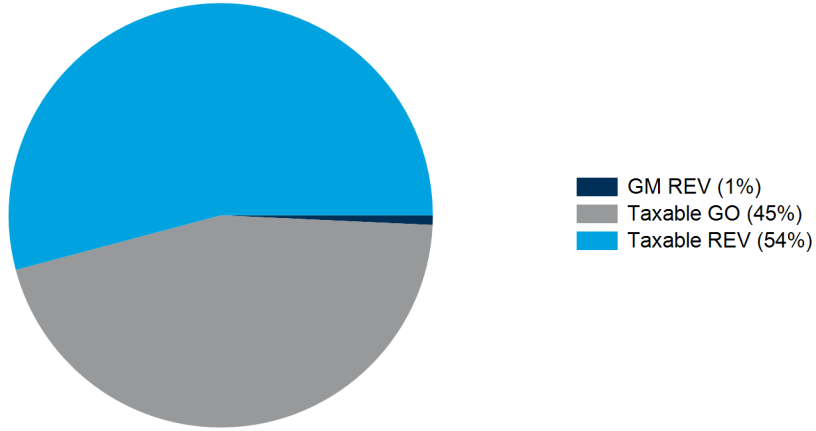
Bottom 5 Market Yields						
CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	% Px Δ Up 300
3130AN5K2	FHLB 1 1/2 07/20/26	Agency Step	1,389	3.90%	3.14	-8.9
3130AMMJ8	FHLB 0.4 06/09/26	Agency Step	924	3.99%	3.04	-8.7
3130AQPR8	FHLB 1.3 02/18/27	Agency Step	936	4.08%	3.07	-10.0
3130AQJ87	FHLB 1.6 01/19/27	Callable Agency	913	4.08%	3.26	-9.9
3130AMMW	FHLB 1 06/10/26	Agency Step	1,382	4.12%	3.04	-8.7

Top 5 Price Volatility (% price change +300)						
CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	% Px Δ Up 300
3130AQPR8	FHLB 1.3 02/18/27	Agency Step	936	4.08%	3.07	-10.0
3130AQJ87	FHLB 1.6 01/19/27	Callable Agency	913	4.08%	3.26	-9.9
3130AP6D2	FHLB 1 09/30/26	Callable Agency	899	4.13%	3.20	-9.4
3130AN5K2	FHLB 1 1/2 07/20/26	Agency Step	1,389	3.90%	3.14	-8.9
3130AMMJ8	FHLB 0.4 06/09/26	Agency Step	924	3.99%	3.04	-8.7

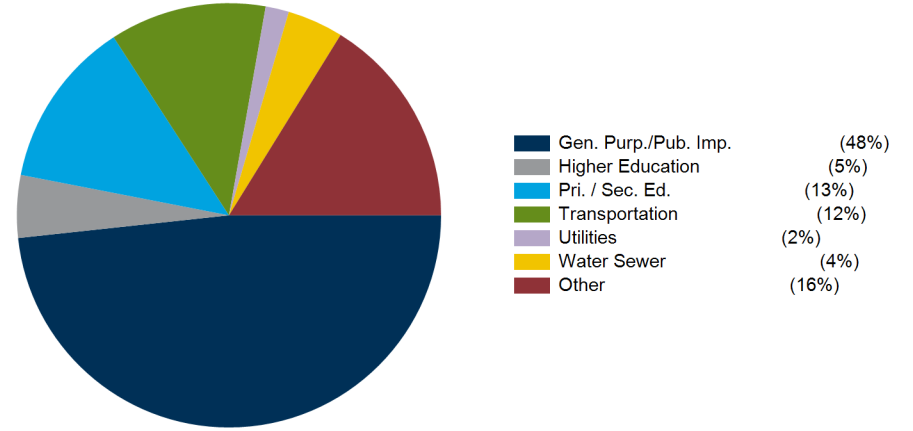
Next 5 Projected Redemptions						
CUSIP	Security Description	Subsector	Mkt Value	Mkt Yld	Eff. Dur	Mat/Call
3130ASNH8	FHLB 3 04/28/23	Agency Bullet	999	4.75%	0.08	04/01/23
912828R28	T 1 5/8 04/30/23	Treasury	998	4.43%	0.08	04/01/23
3130AUZ98	FHLB 6 03/13/28	Callable Agency	998	12.61%	0.04	04/01/23
3130ATCB1	FHLB 3 5/8 06/28/23	Agency Bullet	997	4.94%	0.24	06/01/23
3130ATLG0	FHLB 4 1/2 10/27/27	Agency Step	1,000	5.06%	0.35	07/01/23

# Municipal - Summary

### Subsector



### Purpose

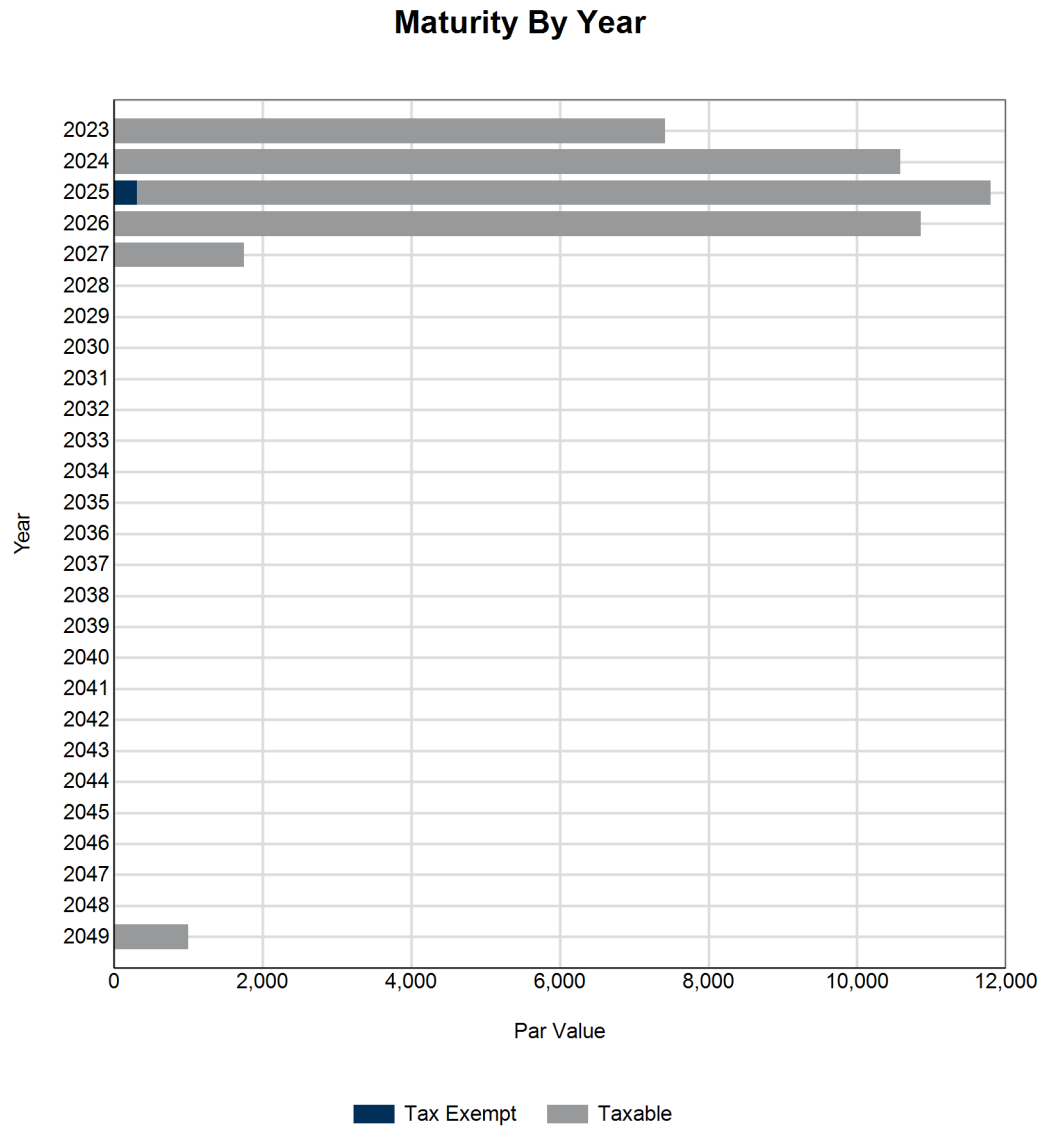


Subsector	Sector %	Par Value	Cpn	Maturity	Rating	Book		Market		G/L \$	G/L %	WAL	% Px Δ	Dur	Cvx	AFS %
					Moody's S&P	Price Value	Yield	Price Value	Yield	Base + 300	Base + 300	Base + 300	-100 +300	Base	Base	
Taxable GO (19)	45.1%	19,595	4.08	2.1 yrs	Aa1 AA+	104.94 20,563	1.49	98.52 19,306	4.82	-1,257 -2,336	-6.1% -11.4%	2.08 2.08	2.0 -5.6	1.92	0.05	0.0%
Taxable REV (36)	54.1%	23,505	2.28	2.9 yrs	Aa2 AA+	101.60 23,880	1.74	96.57 22,699	4.68	-1,181 -2,246	-4.9% -9.4%	1.82 1.82	1.7 -4.7	1.58	0.02	0.0%
Taxable (55)	99.3%	43,100	3.10	2.5 yrs	Aa1 AA+	103.12 44,443	1.62	97.46 42,004	4.74	-2,439 -4,583	-5.5% -10.3%	1.94 1.94	1.8 -5.1	1.74	0.04	0.0%
GM REV (1)	0.7%	315	4.00	2.3 yrs	Aa3	107.74 339	0.68	103.14 325	3.24	-15 -34	-4.3% -10.1%	2.25 2.25	2.2 -6.1	2.10	0.05	0.0%
Tax Exempt (1)	0.7%	315	4.00	2.3 yrs	Aa3	107.74 339	0.68	103.14 325	3.24	-15 -34	-4.3% -10.1%	2.25 2.25	2.2 -6.1	2.10	0.05	0.0%
<b>Total (56)</b>	<b>100.0%</b>	<b>43,415</b>	<b>3.11</b>	<b>2.5 yrs</b>	<b>Aa1 AA+</b>	<b>103.15 44,782</b>	<b>1.62</b>	<b>97.50 42,329</b>	<b>4.73</b>	<b>-2,453 -4,617</b>	<b>-5.5% -10.3%</b>	<b>1.94 1.94</b>	<b>1.8 -5.1</b>	<b>1.74</b>	<b>0.04</b>	<b>0.0%</b>



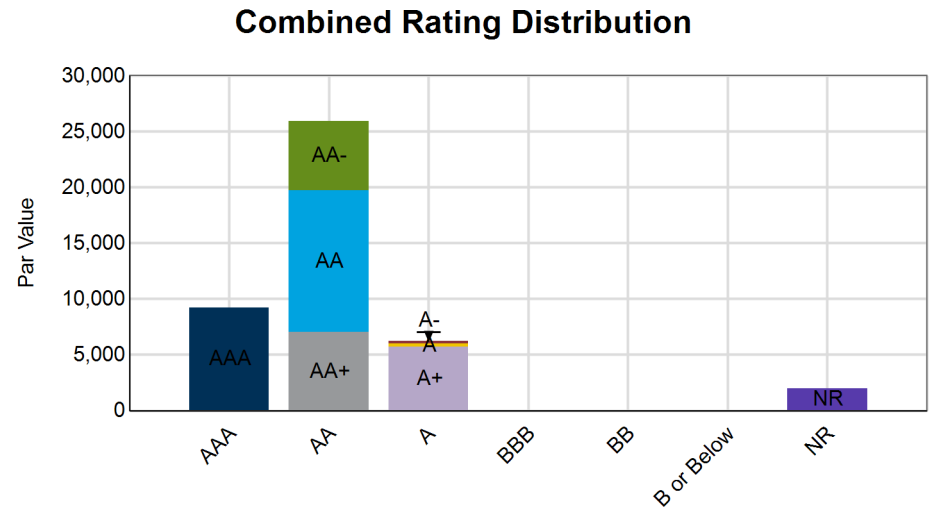
# Municipal - Maturity Summary

Maturity By Year					
Year	Taxable	Tax Exempt	Total	Bal %	Run Bal %
2023	7,420	-	7,420	17.1 %	17.1 %
2024	10,585	-	10,585	24.4 %	41.5 %
2025	11,485	315	11,800	27.2 %	68.7 %
2026	10,860	-	10,860	25.0 %	93.7 %
2027	1,750	-	1,750	4.0 %	97.7 %
2028	-	-	-	-	-
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
2037	-	-	-	-	-
2038	-	-	-	-	-
2039	-	-	-	-	-
2040	-	-	-	-	-
2041	-	-	-	-	-
2042	-	-	-	-	-
2043	-	-	-	-	-
2044	-	-	-	-	-
2045	-	-	-	-	-
2046	-	-	-	-	-
2047	-	-	-	-	-
2048	-	-	-	-	-
2049	1,000	-	1,000	2.3 %	100.0 %

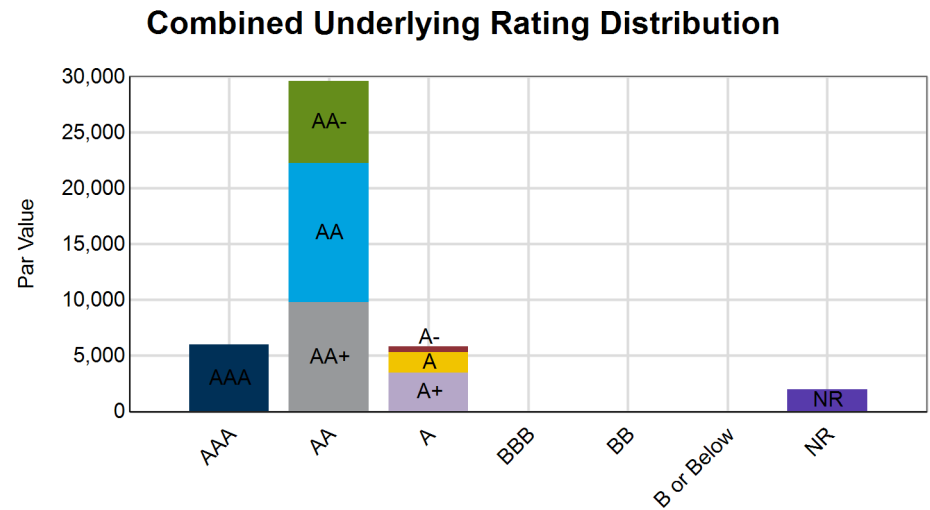


# Municipal - Rating Summary

Combined Rating Summary				
Combined Rating	% Balance	Par Value	Book Yield	Eff. Duration
AAA	21.3%	9,235	1.05	2.11
AA	59.7%	25,935	1.73	1.50
A	14.4%	6,245	1.56	2.27
BBB	-	-	-	-
BB	-	-	-	-
B or Below	-	-	-	-
NR	4.6%	2,000	3.03	1.65
<b>Total</b>	<b>100.0%</b>	<b>43,415</b>	<b>1.62</b>	<b>1.74</b>



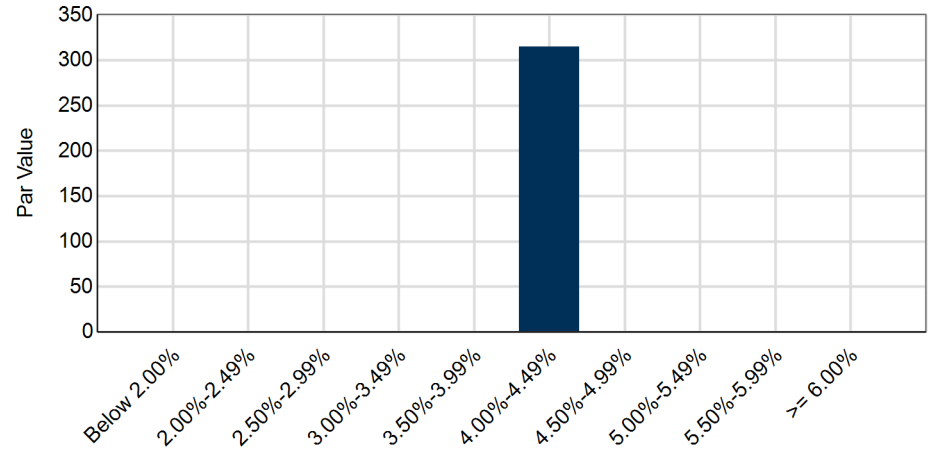
Combined Underlying Rating Summary				
Combined Rating	% Balance	Par Value	Book Yield	Eff. Duration
AAA	13.8%	5,985	1.23	2.01
AA	68.2%	29,615	1.64	1.63
A	13.4%	5,815	1.43	2.07
BBB	-	-	-	-
BB	-	-	-	-
B or Below	-	-	-	-
NR	4.6%	2,000	3.03	1.65
<b>Total</b>	<b>100.0%</b>	<b>43,415</b>	<b>1.62</b>	<b>1.74</b>



# Municipal - Coupon Summary

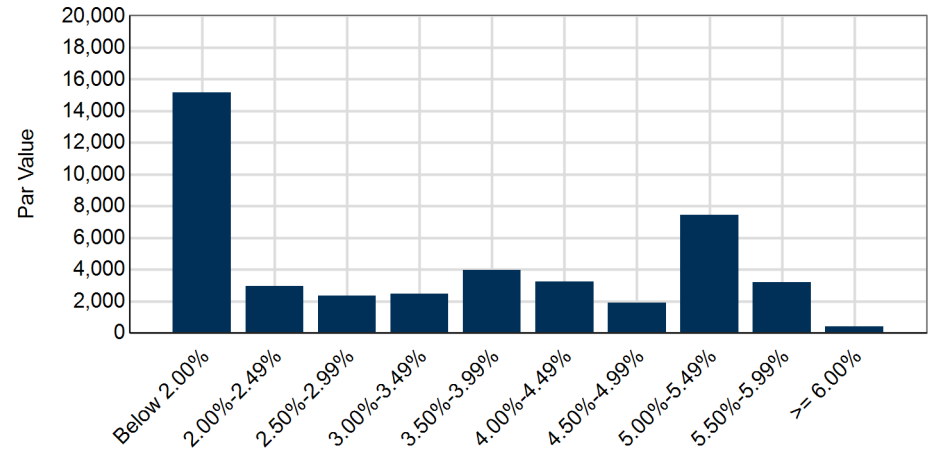
Tax-Exempt Coupon Summary				
Combined Rating	% Balance	Par Value	Book Yield	Eff. Duration
Below 1.50%	-	-	-	-
1.50%-2.49%	-	-	-	-
2.50%-3.49%	-	-	-	-
3.50%-4.49%	0.7%	315	0.68	2.10
4.50%-5.49%	-	-	-	-
>= 5.50%	-	-	-	-
<b>Total</b>	<b>0.7%</b>	<b>315</b>	<b>0.68</b>	<b>2.10</b>

### Tax-Exempt Coupon Distribution

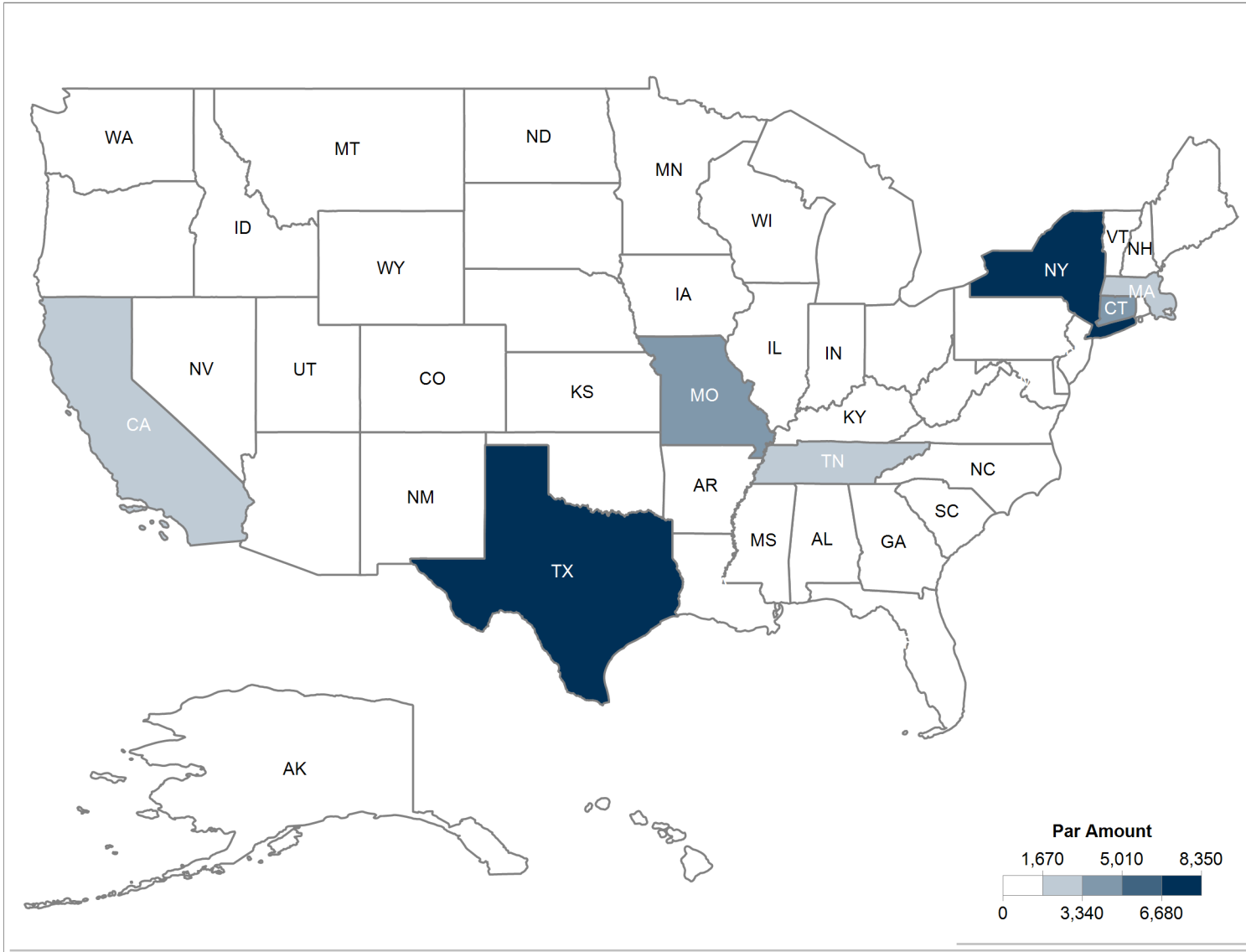


Taxable Coupon Summary				
Combined Rating	% Balance	Par Value	Book Yield	Eff. Duration
Below 1.50%	33.2%	14,420	1.03	1.71
1.50%-2.49%	8.5%	3,700	2.05	2.44
2.50%-3.49%	11.1%	4,835	1.45	1.69
3.50%-4.49%	16.6%	7,200	2.09	1.36
4.50%-5.49%	21.5%	9,315	1.57	1.81
>= 5.50%	8.4%	3,630	2.93	1.79
<b>Total</b>	<b>99.3%</b>	<b>43,100</b>	<b>1.62</b>	<b>1.74</b>

### Taxable Coupon Distribution



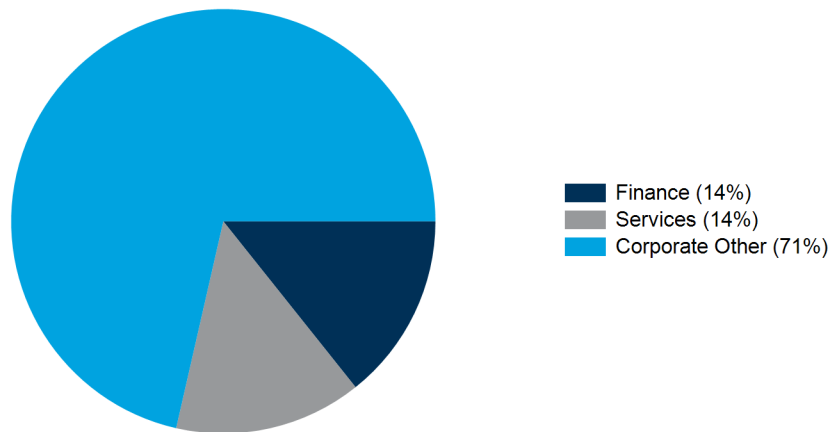
# Municipal - Geographic Distribution



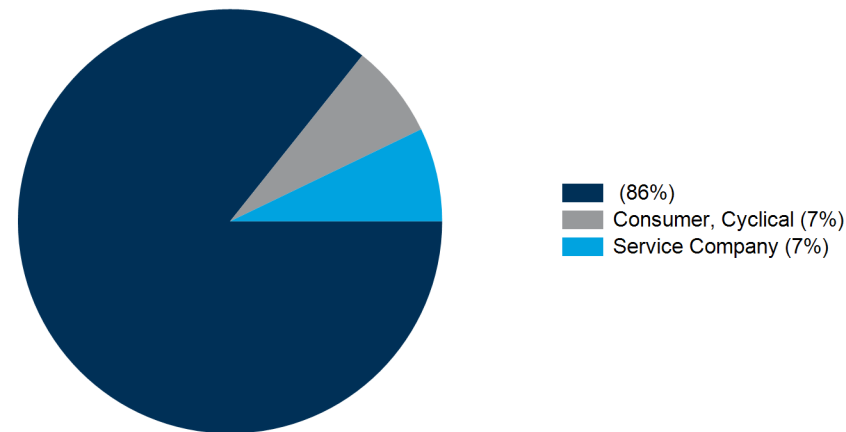
Top 25 States		
State	Par Amount	% Total
TX	8,275	19.1 %
NY	7,415	17.1 %
MO	4,305	9.9 %
CT	3,515	8.1 %
MA	2,000	4.6 %
TN	1,925	4.4 %
CA	1,905	4.4 %
HI	1,500	3.5 %
PA	1,410	3.2 %
NE	1,175	2.7 %
AZ	1,100	2.5 %
WV	1,010	2.3 %
VA	1,005	2.3 %
SD	1,000	2.3 %
NJ	1,000	2.3 %
MI	1,000	2.3 %
OR	1,000	2.3 %
FL	750	1.7 %
ME	700	1.6 %
OK	550	1.3 %
LA	360	0.8 %
MD	265	0.6 %
OH	250	0.6 %

# Corporate - Summary

## Sector Allocation



## Industry Allocation



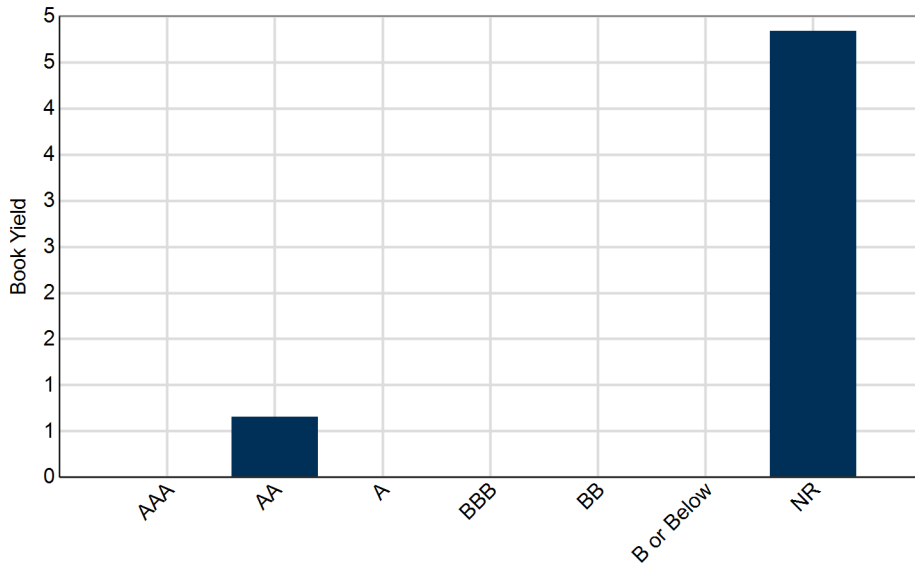
Subsector	Sector %	Par Value	Cpn	Maturity	Rating	Book	Market	G/L \$	G/L %	WAL	% Px Δ	Dur	Cvx	AFS %
					Moody's S&P	Price Value	Price Value	Base + 300	Base + 300	Base + 300	-100 +300	Base	Base	
Finance (2)	14.3%	2,000	0.00	0.6 yrs		97.19 1,944	97.19 1,944	0 -31	0.0% -1.6%	0.55 0.55	0.5 -1.6	0.54	0.01	0.0%
Services (2)	14.3%	2,000	2.05	0.4 yrs	Aa1 AAA	99.09 1,982	98.67 1,973	-8 -31	-0.4% -1.6%	0.39 0.39	0.4 -1.2	0.39	0.00	0.0%
Corporate Other (8)	71.4%	10,000	0.00	0.3 yrs		98.57 9,857	98.57 9,857	0 -85	0.0% -0.9%	0.29 0.29	0.3 -0.9	0.29	0.00	0.0%
<b>Total (12)</b>	<b>100.0%</b>	<b>14,000</b>	<b>0.29</b>	<b>0.3 yrs</b>	<b>Aa1 AAA</b>	<b>98.44 13,782</b>	<b>98.38 13,774</b>	<b>-8 -147</b>	<b>-0.1% -1.1%</b>	<b>0.35 0.35</b>	<b>0.3 -1.0</b>	<b>0.34</b>	<b>0.00</b>	<b>0.0%</b>

# Corporate - Rating Summary

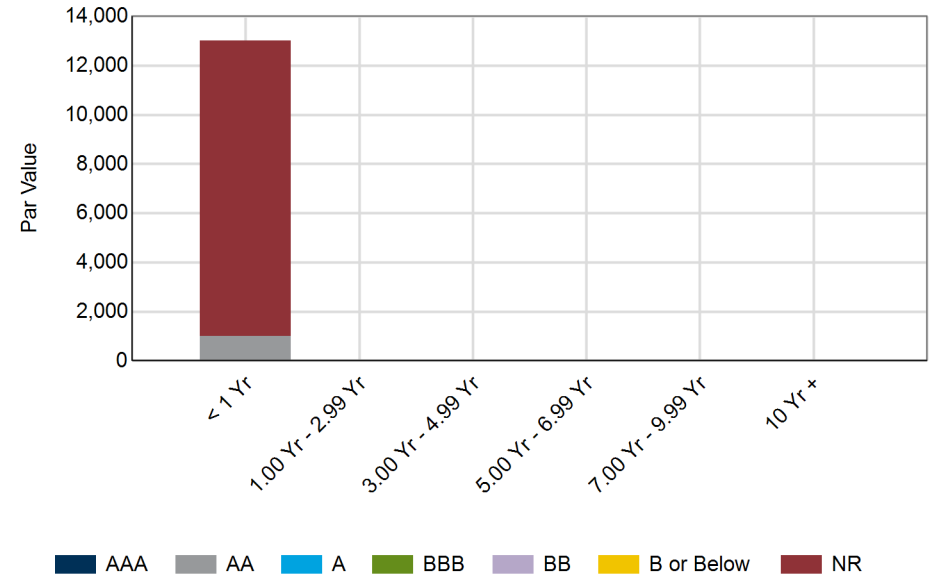
Combined Rating Summary				
Combined Rating	% Balance	Par Value	Book Yield	Eff. Duration
AAA	-	-	-	-
AA	7.1%	1,000	0.66	0.25
A	-	-	-	-
BBB	-	-	-	-
BB	-	-	-	-
B or Below	-	-	-	-
NR	85.7%	12,000	4.84	0.33

Maturity Summary				
Maturity Range	% Balance	Par Value	Book Yield	Combined Rating
< 1 Yr	100.0%	14,000	4.55	AA+
1.00 Yr - 2.99 Yr	-	-	-	-
3.00 Yr - 4.99 Yr	-	-	-	-
5.00 Yr - 6.99 Yr	-	-	-	-
7.00 Yr - 9.99 Yr	-	-	-	-
10 Yr +	-	-	-	-

**Book Yield by Combined Rating**

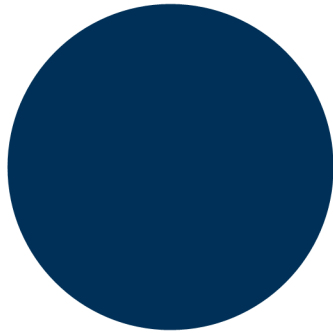


**Combined Rating Distribution By Maturity**



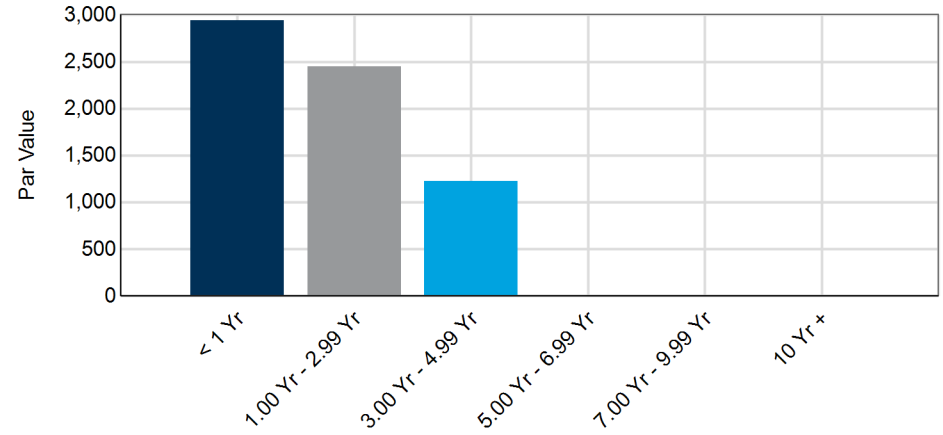
# CD - Summary

Subsector



■ NCD (100.0%)

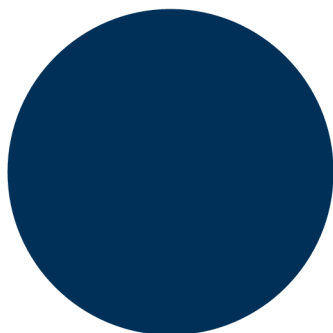
Par Value By Maturity



Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Book		Market		G/L \$	G/L %	WAL	Px Chg	Dur	Cvx	AFS %
					Price Value	Yield	Price Value	Yield	+ 300	+ 300	+ 300	-100 +300	Base	Base	
NCD (27)	100.0%	6,614	3.50	1.7 yrs 0.5 yrs	100.00 6,614	3.40	97.60 6,455	4.61	-159 -409	-2.4% -6.2%	1.63 1.67	1.2 -3.9	1.24	-0.04	0.0%
Total (27)	100.0%	6,614	3.50	1.7 yrs 0.5 yrs	100.00 6,614	3.40	97.60 6,455	4.61	-159 -409	-2.4% -6.2%	1.63 1.67	1.2 -3.9	1.24	-0.04	0.0%

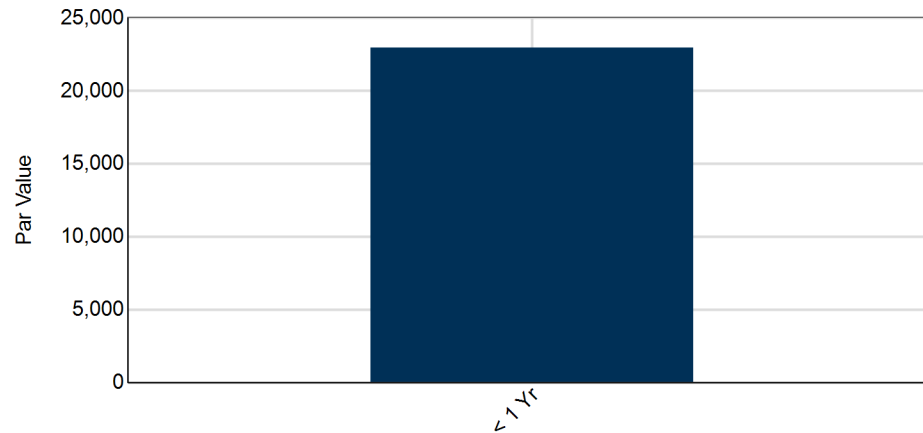
## Other - Summary

### Subsector



■ Cash & Other (100.0%)

### Par Value By Maturity



Subsector	Sector %	Par Value	Cpn	Maturity Next Call	Book		Market		G/L \$	G/L %	WAL	Px Chg	Dur	Cvx	AFS %
					Price Value	Yield	Price Value	Yield	+ 300	+ 300	+ 300	-100 +300	Base	Base	
Cash & Other (1)	100.0%	22,941	5.01	0.1 yrs	100.00	5.06	22,941	5.06	-57	-0.2%	0.08	0.1	0.08	0.00	100.0%
Total (1)	100.0%	22,941	5.01	0.1 yrs	100.00	5.06	22,941	5.06	-57	-0.2%	0.08	0.1	0.08	0.00	100.0%



## Portfolio Considerations

Sector	Cnt	Cpn	Maturity	Par Value	Book Price	Market Price	Gain/ (Loss)	Book Yield	WAL	Eff. Dur	Historical CPR			Proj. CPR	Loan
											1 Mo.	3 Mo.	Life	Life	Count
<b>Book Yield &lt; 2%</b>	<b>75</b>	<b>1.90</b>	<b>2.0 yrs</b>	<b>65,635</b>	<b>101.92</b>	<b>95.45</b>	<b>-4,247</b>	<b>0.93</b>	<b>2.0</b>	<b>1.85</b>					
Treasury	1	1.63	0.1 yrs	1,000	99.99	99.77	-2	1.78	0.1	0.08					
Agency Bullet	1	0.76	0.8 yrs	1,000	99.97	96.81	-32	0.80	0.8	0.78					
Callable Agency	15	0.60	1.8 yrs	21,667	99.99	93.81	-1,340	0.61	1.8	1.70					
Agency Step	4	1.03	3.2 yrs	5,500	100.00	92.27	-425	1.47	3.2	2.96					
GM REV	1	4.00	2.3 yrs	315	107.74	103.14	-15	0.68	2.3	2.10					
Taxable GO	16	3.91	2.1 yrs	16,595	105.50	98.03	-1,241	1.13	2.1	1.99					
Taxable REV	27	1.88	2.0 yrs	16,355	101.93	95.54	-1,046	0.93	2.0	1.84					
Services	1	4.11	0.3 yrs	1,000	100.87	100.03	-8	0.66	0.3	0.25					
NCD	9	1.36	1.8 yrs	2,204	100.00	93.73	-138	0.96	1.8	1.65					

## Key Portfolio Sorts

### Top 10 Up 300 Market Value Changes (%)

CUSIP	Sector	Description	Cpn	Maturity	Par	Book	Market	G/L	Book	WAL	% Px Δ	\$ Amt Δ	G/L	Eff.	INT
					Value	Price	Price		Yield		+300	+300	+300	Dur	
68607LXQ5	Taxable GO	OREGON	5.89	06/01/27	1,000	103.32	104.31	10	4.999	4.17	-10.32	-108	-98	3.60	HTM
798111HF0	Taxable REV	SAN JOAQUIN HILLS	2.15	01/15/27	750	100.74	92.54	-61	1.950	3.79	-10.05	-70	-131	3.54	HTM
3130AQR8	Agency Step	FHLB 1.3 02/18/27	1.30	02/18/27	1,000	100.00	93.63	-64	2.294	3.88	-9.97	-93	-157	3.07	HTM
3130AQJ87	Callable Agency	FHLB 1.6 01/19/27	1.60	01/19/27	1,000	100.00	91.34	-87	1.600	3.80	-9.89	-90	-177	3.26	HTM
856285XL0	NCD	SBIIN 1.15 09/28/26	1.15	09/28/26	245	100.00	87.80	-30	1.151	3.49	-9.45	-20	-50	3.34	HTM
3130AP6D2	Callable Agency	FHLB 1 09/30/26	1.00	09/30/26	1,000	100.00	89.88	-101	1.000	3.50	-9.38	-84	-185	3.20	HTM
38149MZJ5	NCD	GS 1.05 09/08/26	1.05	09/08/26	245	100.00	87.77	-30	1.051	3.44	-9.33	-20	-50	3.29	HTM
795451AK9	NCD	SALLMA 1.1 08/11/26	1.10	08/11/26	245	100.00	88.13	-29	1.101	3.36	-9.13	-20	-49	3.21	HTM
3130AN5K2	Agency Step	FHLB 1 1/2 07/20/26	1.50	07/20/26	1,500	100.00	92.61	-111	1.500	3.31	-8.94	-124	-235	3.14	HTM
56042RJ52	Taxable REV	MAINE HEALTH &	1.30	07/01/26	200	100.81	90.41	-21	1.050	3.25	-8.83	-16	-37	3.09	HTM
			2.05		7,185	100.56	93.27	-524	2.049	3.66	-9.63	-646	-1,169	3.28	

### Top 10 Up 300 Market Value Changes (\$)

CUSIP	Sector	Description	Cpn	Maturity	Par	Book	Market	G/L	Book	WAL	% Px Δ	\$ Amt Δ	G/L	Eff.	INT
					Value	Price	Price		Yield		+300	+300	+300	Dur	
235308D75	Taxable GO	DALLAS TEX INDPT	4.00	08/15/25	2,750	107.74	98.68	-249	0.707	2.38	-6.43	-175	-424	2.22	HTM
64966H4M9	Taxable GO	NEW YORK N Y	5.05	10/01/24	3,795	104.50	99.83	-177	1.989	1.50	-4.12	-156	-333	1.38	HTM
150461M57	Taxable GO	CEDAR PARK TEX	2.95	08/15/25	2,360	105.45	96.38	-214	0.635	2.38	-6.49	-148	-362	2.24	HTM
3134GWUG9	Callable Agency	FHLMC 0.57 09/24/25	0.57	09/24/25	2,000	100.00	91.52	-170	0.570	2.48	-6.89	-126	-296	2.35	HTM
3130AN5K2	Agency Step	FHLB 1 1/2 07/20/26	1.50	07/20/26	1,500	100.00	92.61	-111	1.500	3.31	-8.94	-124	-235	3.14	HTM
3130AMMW9	Agency Step	FHLB 1 06/10/26	1.00	06/10/26	1,500	100.00	92.13	-118	1.469	3.19	-8.67	-120	-238	3.04	HTM
419791YT9	Taxable GO	HAWAII ST	5.33	02/01/26	1,500	112.20	101.66	-158	0.960	2.84	-7.47	-114	-272	2.59	HTM
3130AMDE9	Agency Step	FHLB 1 05/12/26	1.00	05/12/26	1,500	100.00	91.98	-120	1.475	3.12	-8.23	-114	-234	2.67	HTM
68607LXQ5	Taxable GO	OREGON	5.89	06/01/27	1,000	103.32	104.31	10	4.999	4.17	-10.32	-108	-98	3.60	HTM
46873TAD5	Taxable REV	JACKSON TENN	3.40	04/01/26	1,925	103.14	99.13	-77	2.310	3.00	-5.44	-104	-181	1.09	HTM
			3.22		19,830	103.98	96.99	-1,385	1.491	2.59	-6.69	-1,287	-2,672	2.22	

## Key Portfolio Sorts

### Top 10 Marked to Market Up 300 Loss Positions

CUSIP	Sector	Description	Cpn	Maturity	Par	Book	Market	G/L	Book	% Px Δ	\$ Amt Δ	G/L	Eff.	INT	
					Value	Price	Price		Yield	+300	+300	+300	Dur		
235308D75	Taxable GO	DALLAS TEX INDPT	4.00	08/15/25	2,750	107.74	98.68	-249	0.707	2.38	-6.43	-175	-424	2.22	HTM
150461M57	Taxable GO	CEDAR PARK TEX	2.95	08/15/25	2,360	105.45	96.38	-214	0.635	2.38	-6.49	-148	-362	2.24	HTM
64966H4M9	Taxable GO	NEW YORK N Y	5.05	10/01/24	3,795	104.50	99.83	-177	1.989	1.50	-4.12	-156	-333	1.38	HTM
3134GWUG9	Callable Agency	FHLMC 0.57 09/24/25	0.57	09/24/25	2,000	100.00	91.52	-170	0.570	2.48	-6.89	-126	-296	2.35	HTM
419791YT9	Taxable GO	HAWAII ST	5.33	02/01/26	1,500	112.20	101.66	-158	0.960	2.84	-7.47	-114	-272	2.59	HTM
3130AMMW9	Agency Step	FHLB 1 06/10/26	1.00	06/10/26	1,500	100.00	92.13	-118	1.469	3.19	-8.67	-120	-238	3.04	HTM
3130AN5K2	Agency Step	FHLB 1 1/2 07/20/26	1.50	07/20/26	1,500	100.00	92.61	-111	1.500	3.31	-8.94	-124	-235	3.14	HTM
3130AMDE9	Agency Step	FHLB 1 05/12/26	1.00	05/12/26	1,500	100.00	91.98	-120	1.475	3.12	-8.23	-114	-234	2.67	HTM
088632CT9	Taxable REV	BI-STATE DEV AGY MO	1.34	10/01/25	1,525	100.87	93.05	-119	0.991	2.50	-6.92	-98	-218	2.39	HTM
3136G4N74	Callable Agency	FNMA 0.56 08/21/25	0.56	08/21/25	1,500	100.00	91.75	-124	0.560	2.39	-6.64	-91	-215	2.27	HTM
			2.73		19,930	103.56	95.72	-1,561	1.131	2.45	-6.63	-1,265	-2,826	2.27	

### Top 10 Average Life Extension Up 300bps

CUSIP	Sector	Description	Cpn	Maturity	Par	Book	Market	G/L	Book	% Px Δ	Eff.	WAL	WAL	Chg in	INT
					Value	Price	Price		Yield	+300	Dur	+300	WAL	WAL	
3130AT6R3	Agency Step	FHLB 4 1/2 09/30/27	4.50	09/30/27	1,000	100.00	99.42	-6	4.900	-4.02	0.78	1.25	4.00	2.75	HTM
3130ARGS4	Agency Step	FHLB 2 04/14/27	2.00	04/14/27	1,000	100.00	97.87	-21	3.462	-6.21	1.43	2.04	4.04	2.00	HTM
3134GYND0	Agency Step	FHLMC 5 1/2 03/28/25	5.50	03/28/25	1,000	100.00	99.80	-2	5.499	-3.19	0.66	0.49	1.99	1.50	HTM
3130ATLG0	Agency Step	FHLB 4 1/2 10/27/27	4.50	10/27/27	1,000	100.00	99.95	0	4.909	-2.31	0.35	0.33	1.83	1.50	HTM
3130ATQD2	Agency Step	FHLB 4.65 11/15/24	4.65	11/15/24	1,000	99.80	99.76	0	4.964	-2.89	0.65	0.63	1.63	1.00	HTM
77535MAM5	NCD	ROGUEC 5.1 01/20/28	5.10	01/20/28	245	100.00	99.88	0	5.157	-5.25	0.67	4.06	4.81	0.75	HTM
3134GY2N1	Callable Agency	FHLMC 5.17 05/28/24	5.17	05/28/24	1,000	100.00	99.84	-2	5.173	-2.80	0.62	0.41	1.16	0.75	HTM
3130AV5J7	Agency Step	FHLB 5 1/4 03/20/24	5.25	03/20/24	1,000	100.00	100.04	0	5.246	-2.14	0.53	0.47	0.97	0.50	HTM
3134GY5N8	Callable Agency	FHLMC 5 1/4 06/20/24	5.25	06/20/24	1,500	100.00	99.81	-3	5.250	-2.78	0.61	0.97	1.22	0.25	HTM
3130ARCD1	Agency Step	FHLB 2 1/2 03/29/27	2.50	03/29/27	1,000	100.00	96.66	-33	3.503	-7.47	1.88	3.75	4.00	0.25	HTM
			4.43		9,745	99.98	99.28	-68	4.802	-3.73	0.81	1.21	2.32	1.11	

# Agency - CUSIP Detail

CUSIP		Cpn Type	Next Call Dt	Step Date	Maturity	Book		Market		Gain/(Loss)	% Px Δ	Eff.	ESG/Gr	
Security Description	Ticker	Par	Coupon	Call Type	Step Cpn	Proj. Final	Price Value	Yield	Price Value	bp→ call Yield	% \$	-100 +300	Dur Cvx	Intent
912828R28			Fixed			04/23	99.99		99.77		-0.2%	0.1	0.08	
T 1 5/8 04/30/23	T	1,000	1.625			04/30/23	1,000	1.78	998	4.43	-2	-0.3	0.00	HTM
912828XT2			Fixed			05/24	99.52		97.16		-2.4%	1.1	1.11	
T 2 05/31/24	T	1,000	2.000			05/31/24	995	2.42	972	4.53	-24	-3.3	0.02	HTM
Treasury		2,000	1.813				99.75		98.46		-1.3%	0.6	0.59	
							1,995	2.10	1,969	4.48	-26	-1.7	0.01	
3130ATCB1			Fixed			06/23	100.00		99.68		-0.3%	0.2	0.24	
FHLB 3 5/8 06/28/23	FHLB	1,000	3.625	One time		06/28/23	1,000	3.61	997	4.94	-3	-0.7	0.00	HTM
3130ASNH8			Fixed			04/23	100.00		99.87		-0.1%	0.1	0.08	
FHLB 3 04/28/23	FHLB	1,000	3.000	One time		04/28/23	1,000	3.00	999	4.75	-1	-0.2	0.00	HTM
3130ATDT1			Fixed			09/23	100.00		99.42		-0.6%	0.5	0.49	
FHLB 4.02 09/29/23	FHLB	2,000	4.020	One time		09/29/23	2,000	4.02	1,988	5.22	-12	-1.5	0.00	HTM
3130ATVJ3			Fixed			12/23	100.00		100.06		0.1%	0.7	0.65	
FHLB 5 12/06/23	FHLB	1,000	5.000			12/06/23	1,000	4.98	1,001	4.90	1	-2.0	0.01	HTM
3130AQFK4			Fixed			01/24	99.97		96.81		-3.2%	0.8	0.78	
FHLB 0.76 01/19/24	FHLB	1,000	0.760	One time		01/19/24	1,000	0.80	968	4.85	-32	-2.3	0.01	HTM
Agency Bullet		6,000	3.404				99.99		99.21		-0.8%	0.5	0.46	
							6,000	3.41	5,953	4.98	-47	-1.3	0.01	
3130AP6D2			Fixed	06/30/23		09/26	100.00		89.88	-505	-10.1%	3.2	3.20	
FHLB 1 09/30/26	FHLB	1,000	1.000	Quarterly		09/30/26	1,000	1.00	899	4.13	-101	-9.4	-0.09	HTM
3130AQJ87			Fixed	04/19/23		01/27	100.00		91.34	-435	-8.7%	3.2	3.26	
FHLB 1.6 01/19/27	FHLB	1,000	1.600	Quarterly		01/19/27	1,000	1.60	913	4.08	-87	-9.9	-0.29	HTM
3133EMXQ0			Fixed	04/18/23		04/26	100.00		90.70	-505	-9.3%	2.8	2.83	
FFCB 0.94 04/28/26	FFCB	1,000	0.940	Anytime		04/28/26	1,000	0.94	907	4.19	-93	-8.3	-0.04	HTM
3134GYK76			Fixed	09/13/23		12/25	100.00		99.67	-42	-0.3%	0.7	0.93	
FHLMC 5 5/8 03/13/26	FHLMC	2,000	5.625	Quarterly		03/13/26	2,000	5.63	1,993	5.76	-7	-4.7	-0.65	HTM
3130AND72			Fixed	04/29/23		04/24	100.00		95.40	-497	-4.6%	1.1	1.04	
FHLB 0.43 04/29/24	FHLB	1,000	0.430	Quarterly		04/29/24	1,000	0.43	954	4.85	-46	-3.0	0.02	HTM
3130ASKS7			Fixed	04/25/23		07/24	100.00		98.44	-186	-1.6%	1.0	1.07	
FHLB 3 3/4 07/25/24	FHLB	1,000	3.750	Quarterly		07/25/24	1,000	3.75	984	4.98	-16	-3.5	-0.08	HTM
3134GYJB9			Fixed	11/27/23		02/26	100.00		99.59	-41	-0.4%	0.9	1.09	
FHLMC 5.3 02/27/26	FHLMC	1,000	5.300	Quarterly		02/27/26	1,000	5.30	996	5.45	-4	-5.0	-0.27	HTM
3130APAF2			Fixed	07/07/23		10/24	100.00		94.07	-503	-5.9%	1.5	1.45	
FHLB 0.52 10/07/24	FHLB	1,000	0.520	Quarterly		10/07/24	1,000	0.52	941	4.61	-59	-4.2	0.02	HTM
3130AMJX1			Fixed	05/09/23		12/24	100.00		93.78	-509	-6.2%	1.6	1.61	
FHLB 0.65 12/09/24	FHLB	1,500	0.650	Monthly		12/09/24	1,500	0.65	1,407	4.51	-93	-4.7	0.00	HTM
3133EMZ70			Fixed	04/18/23		02/25	99.94		92.86	-540	-7.1%	1.8	1.79	
FFCB 0.48 02/10/25	FFCB	1,000	0.480	Anytime		02/10/25	999	0.51	929	4.52	-71	-5.2	0.03	HTM
3133EM3E0			Fixed	04/18/23		05/25	99.99		92.43	-520	-7.6%	2.0	2.04	
FFCB 0.61 05/23/25	FFCB	1,000	0.610	Anytime		05/23/25	1,000	0.61	924	4.34	-76	-6.0	0.02	HTM

# Agency - CUSIP Detail

CUSIP	Security Description	Ticker	Par	Cpn Type Coupon	Next Call Dt Call Type	Step Date Step Cpn	Maturity	Book		Market		Gain/(Loss)	% Px Δ	Eff.	ESG/Gr Intent
							Proj. Final	Price Value	Yield	Price Value	bp→ call Yield	% \$	-100 +300	Dur Cvx	
3130ASG52	FHLB 4.1 06/30/27	FHLB	1,000	Fixed 4.100	06/30/23 Quarterly		06/27 06/30/27	100.00 1,000	4.10	97.07 971	-224 4.87	-2.9% -29	1.8 -8.7	2.16 -0.39	HTM
3136G4A45	FNMA 0.71 07/22/25	FNMA	1,500	Fixed 0.710	04/22/23 Quarterly		07/25 07/22/25	100.00 1,500	0.71	92.30 1,384	-498 4.24	-7.7% -116	2.2 -6.4	2.18 -0.05	HTM
3136G4N74	FNMA 0.56 08/21/25	FNMA	1,500	Fixed 0.560	05/21/23 Quarterly		08/25 08/21/25	100.00 1,500	0.56	91.75 1,376	-519 4.22	-8.2% -124	2.3 -6.6	2.27 0.04	HTM
3136G4V59	FNMA 0 5/8 08/27/25	FNMA	1,500	Fixed 0.625	05/27/23 Quarterly		08/25 08/27/25	100.00 1,500	0.62	91.85 1,378	-510 4.22	-8.1% -122	2.3 -6.7	2.28 0.02	HTM
3134GWUG9	FHLMC 0.57 09/24/25	FHLMC	2,000	Fixed 0.570	06/24/23 Quarterly		09/25 09/24/25	100.00 2,000	0.57	91.52 1,830	-517 4.20	-8.5% -170	2.3 -6.9	2.35 0.06	HTM
3130AP2G9	FHLB 0 3/4 12/30/25	FHLB	1,000	Fixed 0.750	06/30/23 Quarterly		12/25 12/30/25	100.00 1,000	0.75	91.17 912	-513 4.18	-8.8% -88	2.6 -7.5	2.57 0.05	HTM
3135GACZ2	FNMA 5.4 11/25/24	FNMA	1,000	Fixed 5.400	05/25/23 Quarterly		08/24 11/25/24	100.00 1,000	5.40	99.78 998	-36 5.56	-0.2% -2	0.4 -3.4	0.68 -0.35	HTM
3134GXQM9	FHLMC 2.4 10/25/23	FHLMC	1,000	Fixed 2.400	04/25/23 Monthly		10/23 10/25/23	100.00 1,000	2.40	98.61 986	-278 4.89	-1.4% -14	0.6 -1.6	0.55 0.01	HTM
3134GY5N8	FHLMC 5 1/4 06/20/24	FHLMC	1,500	Fixed 5.250	06/20/23 Quarterly		03/24 06/20/24	100.00 1,500	5.25	99.81 1,497	-36 5.46	-0.2% -3	0.4 -2.8	0.61 -0.29	HTM
3134GY2N1	FHLMC 5.17 05/28/24	FHLMC	1,000	Fixed 5.170	08/28/23 One time		08/23 05/28/24	100.00 1,000	5.17	99.84 998	-26 5.57	-0.2% -2	0.5 -2.8	0.62 0.01	HTM
3135G05R0	FNMA 0.3 08/10/23	FNMA	3,000	Fixed 0.300	05/10/23 Quarterly		08/23 08/10/23	99.98 2,999	0.36	98.39 2,952	-465 4.84	-1.6% -48	0.4 -1.1	0.36 0.00	HTM
3130AJZJ1	FHLB 0.32 08/25/23	FHLB	2,667	Fixed 0.320	04/18/23 Anytime		08/23 08/25/23	99.99 2,666	0.34	98.21 2,619	-469 4.86	-1.8% -48	0.4 -1.2	0.40 0.00	HTM
3130AUZ98	FHLB 6 03/13/28	FHLB	1,000	Fixed 6.000	04/13/23 Monthly		04/23 03/13/28	100.00 1,000	6.07	99.77 998	12.61	-0.2% -2	0.0 -0.1	0.04 0.00	HTM
Callable Agency			32,167	1.999				100.00 32,165	2.01	95.58 30,746	5.01	-4.4% -1,419	1.4 -4.6	1.41 -0.09	
3130AMMW9	FHLB 1 06/10/26	FHLB	1,500	Step 1.000	06/10/23 Quarterly	06/10/23 1.500	06/26 06/10/26	100.00 1,500	1.47	92.13 1,382	4.12	-7.9% -118	3.1 -8.7	3.04 0.11	HTM
3130AMMJ8	FHLB 0.4 06/09/26	FHLB	1,000	Step 0.400	06/09/23 One time	06/09/23 1.500	06/26 06/09/26	100.00 1,000	1.43	92.40 924	3.99	-7.6% -76	3.1 -8.7	3.04 0.11	HTM
3130AQPR8	FHLB 1.3 02/18/27	FHLB	1,000	Step 1.300	05/18/23 Quarterly	02/18/24 2.600	02/27 02/18/27	100.00 1,000	2.29	93.63 936	4.08	-6.4% -64	2.8 -10.0	3.07 0.13	HTM
3130AN5K2	FHLB 1 1/2 07/20/26	FHLB	1,500	Step 1.500	One time		07/26 07/20/26	100.00 1,500	1.50	92.61 1,389	3.90	-7.4% -111	3.2 -8.9	3.14 0.12	HTM
3134GXQR8	FHLMC 2 3/4 04/28/25	FHLMC	1,000	Step 2.750	04/28/23 Quarterly	04/28/23 3.000	04/25 04/28/25	100.00 1,000	3.82	97.19 972	5.25	-2.8% -28	1.3 -4.9	1.37 -0.27	HTM
3130ARGS4	FHLB 2 04/14/27	FHLB	1,000	Step 2.000	04/14/24 Annually	04/14/23 3.000	04/25 04/14/27	100.00 1,000	3.46	97.87 979	4.56	-2.1% -21	1.3 -6.2	1.43 -0.40	HTM

# Agency - CUSIP Detail

CUSIP	Security Description	Ticker	Par	Cpn Type Coupon	Next Call Dt Call Type	Step Date Step Cpn	Maturity	Book		Market		Gain/(Loss)	% Px Δ	Eff.	ESG/Gr Intent
							Proj. Final	Price Value	Yield	Price Value	bp→ call Yield	% \$	-100 +300	Dur Cvx	
3130ATLG0	FHLB 4 1/2 10/27/27	FHLB	1,000	Step 4.500	04/27/23 Quarterly	04/27/23 5.000	07/23 10/27/27	100.00 1,000	4.91	99.95 1,000	5.06	0.0% 0	0.1 -2.3	0.35 -0.69	HTM
3130AV5J7	FHLB 5 1/4 03/20/24	FHLB	1,000	Step 5.250	09/20/23 Quarterly	09/20/23 6.000	09/23 03/20/24	100.00 1,000	5.25	100.04 1,000	5.15	0.0% 0	0.5 -2.1	0.53 -0.15	HTM
3130ATQD2	FHLB 4.65 11/15/24	FHLB	1,000	Step 4.650	11/15/23 One time	11/15/23 6.000	11/23 11/15/24	99.80 998	4.96	99.76 998	5.04	0.0% 0	0.6 -2.9	0.65 0.01	HTM
3130AT6R3	FHLB 4 1/2 09/30/27	FHLB	1,000	Step 4.500	06/30/23 Quarterly	09/30/23 5.000	06/24 09/30/27	100.00 1,000	4.90	99.42 994	5.38	-0.6% -6	0.6 -4.0	0.78 -0.54	HTM
3134GYND0	FHLMC 5 1/2 03/28/25	FHLMC	1,000	Step 5.500	09/28/23 Quarterly	09/28/23 6.500	09/23 03/28/25	100.00 1,000	5.50	99.80 998	5.92	-0.2% -2	0.6 -3.2	0.66 -0.23	HTM
3130AMDE9	FHLB 1 05/12/26	FHLB	1,500	Step 1.000	05/12/23 Quarterly	11/12/24 2.000	05/26 05/12/26	100.00 1,500	1.48	91.98 1,380	4.24	-8.0% -120	2.6 -8.2	2.67 -0.32	HTM
3130ARCD1	FHLB 2 1/2 03/29/27	FHLB	1,000	Step 2.500	06/29/23 Quarterly	03/29/24 3.000	12/26 03/29/27	100.00 1,000	3.50	96.66 967	4.47	-3.3% -33	1.6 -7.5	1.88 -0.40	HTM
Agency Step			14,500	2.662				99.99 14,498	3.22	95.99 13,918	4.66	-4.0% -580	1.7 -6.2	1.83 -0.18	
Total			54,667	2.322				99.98 54,658	2.49	96.19 52,586	4.89	-3.8% -2,072	1.3 -4.5	1.38 -0.10	

# Municipal - CUSIP Detail

CUSIP Issuer	State BQ	Sector Use of Proceeds	Par Value	Cpn	Maturity	Sink Date Next Call	Rating	Book		Market		Gain/(Loss)	% Px Δ	Eff.	ESG/Gr Intent
							Moody's S&P	Price Value	TEY	Price Value	TEY	% \$	-100 +300	Dur Cvx	
067167YR1	TX	Taxable GO					Aaa	108.76		99.13		-8.9%	2.7	2.66	
BARBERS HILL TEX INDPT S	No	Pri. / Sec. Ed.	500	4.000	02/15/26		AAA	544	0.91	496	4.32	-48	-7.7	0.09	HTM
150461M57	TX	Taxable GO					NR	105.45		96.38		-8.6%	2.3	2.24	
CEDAR PARK TEX	No	Gen. Purp./Pub. Imp.	2,360	2.950	08/15/25		AAA	2,489	0.64	2,275	4.58	-214	-6.5	0.06	HTM
20772KEU9	CT	Taxable GO					Aa3	100.73		99.23		-1.5%	0.5	0.46	
CONNECTICUT ST	No	Gen. Purp./Pub. Imp.	1,000	3.621	09/15/23		AA-	1,007	2.02	992	5.33	-15	-1.3	0.00	HTM
20772GE61	CT	Taxable GO					Aa3	104.97		100.90		-3.9%	0.9	0.91	
CONNECTICUT ST	No	Other	1,205	5.730	03/15/24		AA-	1,265	0.53	1,216	4.75	-49	-2.7	0.02	HTM
20772KJX8	CT	Taxable GO					Aa3	102.84		94.06		-8.5%	2.2	2.14	
CONNECTICUT ST	No	Gen. Purp./Pub. Imp.	235	2.098	07/01/25		AA-	242	0.82	221	4.92	-21	-6.2	0.06	HTM
235308D75	TX	Taxable GO					Aaa	107.74		98.68		-8.4%	2.3	2.22	
DALLAS TEX INDPT SCH DI	No	Pri. / Sec. Ed.	2,750	4.000	08/15/25		AAA	2,963	0.71	2,714	4.59	-249	-6.4	0.06	HTM
345102PG6	CA	Taxable GO					Aaa	100.44		92.61		-7.8%	2.3	2.25	
FOOTHILL-DE ANZA CALIF	No	Higher Education	700	0.906	08/01/25		AAA	703	0.71	648	4.26	-55	-6.5	0.06	HTM
365820HB8	OH	Taxable GO					Aa2	102.53		97.39		-5.0%	1.3	1.37	
GARFIELD HEIGHTS OHIO C	No	Pri. / Sec. Ed.	250	3.100	12/15/24	06/15/23	NR	256	1.59	243	4.71	-13	-4.5	-0.11	HTM
419791YT9	HI	Taxable GO					Aa2	112.20		101.66		-9.4%	2.7	2.59	
HAWAII ST	No	Gen. Purp./Pub. Imp.	1,500	5.330	02/01/26		AA+	1,683	0.96	1,525	4.70	-158	-7.5	0.08	HTM
473142QY6	MO	Taxable GO					NR	100.00		90.79		-9.2%	2.8	2.80	
JEFFERSON CNTY MO CON	No	Pri. / Sec. Ed.	300	1.200	03/01/26		AA+	300	1.20	272	4.61	-28	-8.0	0.09	HTM
473142QX8	MO	Taxable GO					NR	100.00		93.04		-7.0%	1.9	1.85	
JEFFERSON CNTY MO CON	No	Pri. / Sec. Ed.	280	0.950	03/01/25		AA+	280	0.95	261	4.79	-19	-5.4	0.04	HTM
473142QW0	MO	Taxable GO					NR	100.00		95.99		-4.0%	0.9	0.89	
JEFFERSON CNTY MO CON	No	Pri. / Sec. Ed.	200	0.650	03/01/24		AA+	200	0.65	192	5.17	-8	-2.6	0.02	HTM
64763FTY5	LA	Taxable GO					A1	102.90		99.91		-2.9%	0.7	0.64	
NEW ORLEANS LA	No	Gen. Purp./Pub. Imp.	360	5.000	12/01/23		AA	370	0.65	360	5.13	-11	-1.9	0.01	HTM
64966JAP1	NY	Taxable GO					Aa2	101.41		100.26		-1.1%	0.7	0.64	
NEW YORK N Y	No	Gen. Purp./Pub. Imp.	1,000	5.687	12/01/23		AA	1,014	3.53	1,003	5.27	-12	-1.9	0.01	HTM
64966H4M9	NY	Taxable GO				10/01/23	Aa2	104.50		99.83		-4.5%	1.4	1.38	
NEW YORK N Y	No	Gen. Purp./Pub. Imp.	3,795	5.047	10/01/24		AA	3,966	1.99	3,788	5.17	-177	-4.1	0.03	HTM
6817126Z3	NE	Taxable GO					Aa2	100.25		90.52		-9.7%	3.0	2.91	
OMAHA CITY	No	Gen. Purp./Pub. Imp.	750	0.983	04/15/26		AA+	752	0.90	679	4.35	-73	-8.3	0.10	HTM
68607LXQ5	OR	Taxable GO				06/01/24	Aa1	103.32		104.31		1.0%	3.8	3.60	
OREGON	No	Other	1,000	5.892	06/01/27		AA+	1,033	5.00	1,043	4.74	10	-10.3	0.16	HTM
70914PME9	PA	Taxable GO				02/15/24	Aa3	107.45		99.52		-7.4%	2.7	2.64	
PENNSYLVANIA (COMMON	No	Gen. Purp./Pub. Imp.	1,135	4.650	02/15/26		A+	1,220	1.97	1,130	4.83	-90	-7.6	0.09	HTM

# Municipal - CUSIP Detail

CUSIP Issuer	State BQ	Sector Use of Proceeds	Par Value	Cpn	Maturity	Sink Date Next Call	Rating	Book		Market		Gain/(Loss)	% Px Δ	Eff.	ESG/Gr Intent
							Moody's S&P	Price Value	TEY	Price Value	TEY	% \$	-100 +300	Dur Cvx	
894673TA0	PA	Taxable GO					Aaa	100.54		90.57		-9.9%	2.8	2.76	
TREDYFFRIN-EASTTOWN P	No	Pri. / Sec. Ed.	275	1.159	02/15/26		NR	277	0.97	249	4.71	-27	-7.9	0.09	HTM
Total Taxable GO			19,595	4.083			Aa1	104.94		98.52		-6.1%	2.0	1.92	
							AA+	20,563	1.49	19,306	4.82	-1,257	-5.6	0.05	
084244HX3	WV	Taxable REV					Aa3	100.31		97.20		-3.1%	0.7	0.65	
BERKELEY CNTY W VA BLD	No	Gen. Purp./Pub. Imp.	1,010	0.886	12/01/23		NR	1,013	0.41	982	5.20	-31	-1.9	0.01	HTM
088632CT9	MO	Taxable REV					Aa2	100.87		93.05		-7.8%	2.4	2.39	
BI-STATE DEV AGY MO ILL	No	Transportation	1,525	1.344	10/01/25		AA	1,538	0.99	1,419	4.30	-119	-6.9	0.07	HTM
207580AR2	CT	Taxable REV					NR	100.00		91.80		-8.2%	2.6	2.51	Y/Y
CONNECTICUT GREEN BK	No	Utilities	200	1.200	11/15/25		AA-	200	1.20	184	4.55	-16	-7.3	0.07	HTM
207580AP6	CT	Taxable REV					NR	100.00		97.23		-2.8%	0.6	0.61	Y/Y
CONNECTICUT GREEN BK	No	Utilities	300	0.550	11/15/23		AA-	300	0.55	292	5.11	-8	-1.8	0.01	HTM
207580AQ4	CT	Taxable REV					NR	100.00		94.01		-6.0%	1.6	1.56	Y/Y
CONNECTICUT GREEN BK	No	Utilities	275	0.850	11/15/24		AA-	275	0.85	259	4.73	-16	-4.5	0.04	HTM
20775C6C3	CT	Taxable REV					Aaa	102.27		95.63		-6.5%	1.6	1.55	
CONNECTICUT ST HSG FIN	No	Other	300	2.097	11/15/24		AAA	307	0.69	287	4.92	-20	-4.5	0.04	HTM
23542JQP3	TX	Taxable REV					NR	100.71		92.55		-8.1%	2.5	2.40	
DALLAS TEX WTRWKS & S	No	Water Sewer	1,350	1.007	10/01/25		AAA	1,360	0.72	1,249	4.17	-110	-6.9	0.07	HTM
427908EF1	FL	Taxable REV					Aa2	100.00		95.10		-4.9%	1.1	1.13	
HERNANDO CNTY FLA WTR	No	Water Sewer	250	0.589	06/01/24		NR	250	0.59	238	4.96	-12	-3.3	0.02	HTM
427908EE4	FL	Taxable REV					Aa2	100.00		99.31		-0.7%	0.2	0.17	
HERNANDO CNTY FLA WTR	No	Water Sewer	250	0.365	06/01/23		NR	250	0.36	248	4.50	-2	-0.5	0.00	HTM
432275AF2	FL	Taxable REV					A3	99.15		99.15		0.0%	0.5	0.49	
HILLSBOROUGH CNTY FLA	No	Transportation	250	3.751	10/01/23		A	248	5.49	248	5.49	0	-1.5	0.00	HTM
443728GD6	NJ	Taxable REV					NR	99.66		99.48		-0.2%	0.4	0.34	
HUDSON CNTY N J IMPT AU	No	Gen. Purp./Pub. Imp.	1,000	3.875	08/04/23		NR	997	4.77	995	5.31	-2	-1.0	0.00	HTM
46873TAD5	TN	Taxable REV					NR	103.14		99.13		-3.9%	0.8	1.09	
JACKSON TENN ENERGY A	No	Gen. Purp./Pub. Imp.	1,925	3.400	04/01/26	05/11/23	AA	1,986	2.31	1,908	3.71	-77	-5.4	-0.52	HTM
485106UX4	MO	Taxable REV					A1	101.19		91.09		-10.0%	2.9	2.84	
KANSAS CITY MO SPL OBLI	No	Gen. Purp./Pub. Imp.	1,000	1.475	04/01/26		AA-	1,012	1.07	911	4.69	-101	-8.2	0.10	HTM
56042RJ52	ME	Taxable REV					A1	100.81		90.41		-10.3%	3.2	3.09	
MAINE HEALTH & HIGHER E	No	Other	200	1.304	07/01/26		AA	202	1.05	181	4.51	-21	-8.8	0.11	HTM
56042RJ29	ME	Taxable REV					A1	100.00		98.81		-1.2%	0.3	0.25	
MAINE HEALTH & HIGHER E	No	Other	250	0.509	07/01/23		AA	250	0.51	247	5.32	-3	-0.8	0.00	HTM
56042RJ37	ME	Taxable REV					A1	100.00		94.77		-5.2%	1.2	1.20	
MAINE HEALTH & HIGHER E	No	Other	250	0.711	07/01/24		AA	250	0.71	237	5.07	-13	-3.5	0.02	HTM
86666PAC2	AZ	Taxable REV					NR	100.11		95.11		-5.0%	1.2	1.20	
MARICOPA COUNTY SUN CI	No	Other	600	1.099	07/01/24		A+	601	1.01	571	5.18	-30	-3.5	0.02	HTM



# Municipal - CUSIP Detail

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							Moody's S&P	Price Value	TEY	Price Value	TEY	% \$	-100 +300	Dur Cvx	
86666PAE8	AZ	Taxable REV					NR	100.52		91.02		-9.5%	3.1	3.07	
MARICOPA COUNTY SUN CI	No	Other	500	1.707	07/01/26		A+	503	1.54	455	4.72	-48	-8.8	0.11	HTM
57419TDX6	MD	Taxable REV					Aa1	102.68		95.15		-7.3%	1.9	1.83	
MARYLAND ST CMNTY DEV	No	Other	265	2.198	03/01/25		NR	272	0.79	252	4.87	-20	-5.3	0.04	HTM
576004GV1	MA	Taxable REV					Aa1	99.99		99.55		-0.4%	0.3	0.29	Y/
MASSACHUSETTS (COMMO	No	Gen. Purp./Pub. Imp.	1,000	3.564	07/15/23		NR	1,000	3.60	996	5.12	-4	-0.9	0.00	HTM
57604TAB2	MA	Taxable REV					Aa1	109.20		101.40		-7.1%	2.1	2.00	
MASSACHUSETTS ST TRAN	No	Transportation	1,000	5.203	06/01/25		AA+	1,092	0.91	1,014	4.52	-78	-5.9	0.05	HTM
59447TXA6	MI	Taxable REV				09/01/24	Aa2	99.30		98.90		-0.4%	3.6	1.73	
MICHIGAN FIN AUTH REV	No	Pri. / Sec. Ed.	1,000	2.366	09/01/49	05/11/23	AA+	993	4.07	989	5.04	-4	-1.8	1.05	HTM
60636UJQ3	MO	Taxable REV					Aaa	97.54		96.91		-0.6%	0.7	0.73	
MISSOURI ST ENVIRONMEN	No	Other	1,000	0.704	01/01/24		NR	975	4.06	969	4.94	-6	-2.2	0.01	HTM
61945DAZ4	VA	Taxable REV					A2	101.75		91.36		-10.2%	2.8	2.78	
MOSAIC DIST CMNTY DEV A	No	Gen. Purp./Pub. Imp.	250	1.711	03/01/26		AA	254	1.10	228	4.93	-26	-7.9	0.09	HTM
64971M5K4	NY	Taxable REV					Aa1	110.41		101.01		-8.5%	2.4	2.35	
NEW YORK N Y CITY TRANS	No	Gen. Purp./Pub. Imp.	520	5.075	11/01/25		AAA	574	0.99	525	4.66	-49	-6.9	0.07	HTM
64971WDP2	NY	Taxable REV					Aa1	105.30		97.80		-7.1%	1.5	1.68	
NEW YORK N Y CITY TRANS	No	Gen. Purp./Pub. Imp.	700	3.780	02/01/26	02/01/24	AAA	737	1.85	685	4.62	-53	-6.3	-0.53	HTM
650009S20	NY	Taxable REV					A1	103.52		94.77		-8.5%	2.7	2.60	
NEW YORK ST TWY AUTH G	No	Transportation	400	2.406	01/01/26		A	414	1.10	379	4.45	-35	-7.5	0.08	HTM
679087FD3	OK	Taxable REV					NR	99.80		100.13		0.3%	1.2	1.17	
OKLAHOMA ST CAP IMPT A	No	Transportation	250	5.340	07/01/24		AA-	250	5.50	250	5.23	1	-3.5	0.02	HTM
68189TBA3	NE	Taxable REV				02/01/24	Aa3	107.55		100.45		-6.6%	2.6	2.55	
OMAHA NEB SPL OBLIG	No	Gen. Purp./Pub. Imp.	425	6.400	02/01/26		AA+	457	3.58	427	6.22	-30	-7.4	0.08	HTM
73358W4V3	NY	Taxable REV					Aa3	100.18		99.04		-1.1%	0.3	0.25	
PORT AUTH N Y & N J	No	Transportation	1,000	1.086	07/01/23		AA-	1,002	0.37	990	4.95	-11	-0.8	0.00	HTM
79770GJA5	CA	Taxable REV					NR	100.30		94.88		-5.4%	1.3	1.28	Y/
SAN FRANCISCO CALIF CIT	No	Other	455	1.286	08/01/24		AA	456	1.06	432	5.31	-25	-3.7	0.03	HTM
798111HF0	CA	Taxable REV					A1	100.74		92.54		-8.1%	3.6	3.54	
SAN JOAQUIN HILLS CALIF	No	Transportation	750	2.153	01/15/27		AA	756	1.95	694	4.31	-61	-10.0	0.15	HTM
83754LAX5	SD	Taxable REV					NR	100.55		95.35		-5.2%	3.1	3.01	
SOUTH DAKOTA EDL ENHA	No	Other	1,000	1.495	06/01/26		NR	1,006	1.32	953	3.05	-52	-8.6	0.11	HTM
882669BS2	TX	Taxable REV					Aa1	100.00		96.20		-3.8%	0.8	0.81	
TEXAS PUBLIC FINANCE AU	No	Gen. Purp./Pub. Imp.	1,000	0.503	02/01/24		AA+	1,000	0.50	962	5.21	-38	-2.4	0.01	HTM
91476PDR6	OK	Taxable REV					NR	101.39		97.21		-4.1%	1.5	1.59	
UNIVERSITY OKLA REVS	No	Higher Education	300	3.023	07/01/25	05/11/23	A+	304	2.39	292	4.33	-13	-5.6	-0.15	HTM
927781VU5	VA	Taxable REV					Aa1	105.80		99.65		-5.8%	1.4	1.34	
VIRGINIA COLLEGE BLDG A	No	Higher Education	755	4.750	09/01/24		AA+	799	0.64	752	5.00	-46	-3.9	0.03	HTM

## Municipal - CUSIP Detail

CUSIP Issuer	State BQ	Sector Use of Proceeds	Par Value	Cpn	Maturity	Sink Date Next Call	Rating	Book		Market		Gain/(Loss)	% Px Δ	Eff.	ESG/Gr Intent
							Moody's S&P	Price Value	TEY	Price Value	TEY	% \$	-100 +300	Dur Cvx	
Total Taxable REV							Aa2	101.60		96.57		-4.9%	1.7	1.58	
							AA+	23,880	1.74	22,699	4.68	-1,181	-4.7	0.02	
Total Taxable							Aa1	103.12		97.46		-5.5%	1.8	1.74	
							AA+	44,443	1.62	42,004	4.74	-2,439	-5.1	0.04	
882874KQ2	TX	GM REV					Aa3	107.74		103.14		-4.3%	2.2	2.10	
TEXAS WOMANS UNIV REV	No	Higher Education	315	4.000	07/01/25		NR	339	0.68	325	3.24	-15	-6.1	0.05	HTM
Total GM REV							Aa3	107.74		103.14		-4.3%	2.2	2.10	
								339	0.68	325	3.24	-15	-6.1	0.05	
Total Tax Exempt							Aa3	107.74		103.14		-4.3%	2.2	2.10	
								339	0.68	325	3.24	-15	-6.1	0.05	
Total							Aa1	103.15		97.50		-5.5%	1.8	1.74	
							AA+	44,782	1.62	42,329	4.73	-2,453	-5.1	0.04	

# Corporate - CUSIP Detail

CUSIP	Sector	Par Value	Cpn	Maturity	Index Margin	Rating	Book		Market		Gain/(Loss)	% Px Δ	Eff.	ESG/Gr Intent
						S&P Moody's	Price Value	Yield	Price Value	Yield	\$	-100 +300	Dur Cvx	
53943SWF0	Finance					NR	97.70		97.70		0.0%	0.5	0.46	
Lloyds Bank CP		1,000	0.000	09/15/23		NR	977	5.14	977	5.14	0	-1.3	0.00	HTM
53948BYL7	Finance					NR	96.68		96.68		0.0%	0.6	0.63	
Lloyds Bank CP		1,000	0.000	11/20/23		NR	967	5.35	967	5.35	0	-1.8	0.01	HTM
Finance							97.19		97.19		0.0%	0.5	0.54	
		2,000	0.000				1,944	5.24	1,944	5.24	0	-1.6	0.01	
8923A1XD8	Services					A-1+	97.31		97.31		0.0%	0.5	0.53	
TCPR CP 0 10/13/23	Consumer, Cyclical	1,000		10/13/23		P-1	973	5.16	973	5.16	0	-1.6	0.01	HTM
742404AK2	Services					AAA	100.87		100.03		-0.8%	0.3	0.25	
RNCON 4.105 07/01/23	Service Company	1,000	4.105	07/01/23		Aa1	1,009	0.66	1,000	3.98	-8	-0.8	0.00	HTM
Services						AAA	99.09		98.67		-0.4%	0.4	0.39	
		2,000	2.053			Aa1	1,982	2.87	1,973	4.56	-8	-1.2	0.00	
8923A1Z12	Corporate Other					NR	96.48		96.48		0.0%	0.7	0.65	
Toyota Credit de Puerto Rico		1,000	0.000	12/01/23		NR	965	5.43	965	5.43	0	-1.9	0.01	HTM
19424JUD6	Corporate Other					NR	98.64		98.64		0.0%	0.3	0.28	
Collateralized Commercial		2,000	0.000	07/13/23		NR	1,973	4.84	1,973	4.84	0	-0.8	0.00	HTM
46640QVE8	Corporate Other					NR	98.14		98.14		0.0%	0.4	0.37	
JP Morgan CP		1,000	0.000	08/14/23		NR	981	5.10	981	5.10	0	-1.1	0.00	HTM
8923A1VF5	Corporate Other					NR	98.07		98.07		0.0%	0.4	0.37	
Toyota Credit de Puerto Rico		1,000	0.000	08/15/23		NR	981	5.26	981	5.26	0	-1.1	0.00	HTM
8923A1VR9	Corporate Other					NR	97.93		97.93		0.0%	0.4	0.40	
Toyota Credit de Puerto Rico		1,000	0.000	08/25/23		NR	979	5.27	979	5.27	0	-1.2	0.00	HTM
46640QS93	Corporate Other					NR	99.49		99.49		0.0%	0.1	0.11	
JP Morgan CP		2,000	0.000	05/09/23		NR	1,990	4.73	1,990	4.73	0	-0.3	0.00	HTM
89233HSR6	Corporate Other					NR	99.46		99.46		0.0%	0.2	0.15	
Toyota Motor Credit		1,000	0.000	05/25/23		NR	995	3.59	995	3.59	0	-0.5	0.00	HTM
46640QT68	Corporate Other					NR	99.31		99.31		0.0%	0.2	0.18	
JP Morgan CP		1,000	0.000	06/06/23		NR	993	3.82	993	3.82	0	-0.5	0.00	HTM
Corporate Other							98.57		98.57		0.0%	0.3	0.29	
		10,000	0.000				9,857	4.76	9,857	4.76	0	-0.9	0.00	
Total						AAA	98.44		98.38		-0.1%	0.3	0.34	
		14,000	0.293			Aa1	13,782	4.55	13,774	4.80	-8	-1.0	0.00	

# CD - CUSIP Detail

CUSIP	Security Description	Par Value	Coupon	Step	Maturity	Book		Market		Gain/(Loss)	% Px Δ	Effective	ESG/Gr Intent
			Type Rate	Date Rate	Proj. Final	Price Value	Yield	Price Value	Yield	\$	-100 +300	Dur Cvx	
91435LAG2	UNIICC 3.05 05/15/23	240	Fixed 3.050		05/23	100.30		100.30		0.0%	0.1	0.12	
					05/15/23	241	0.62	241	0.62	0	-0.4	0.00	HTM
44963KAA6	IHMISS 2.9 05/30/23	245	Fixed 2.900		05/23	100.00		100.00		0.0%	0.2	0.17	
					05/30/23	245	2.85	245	2.85	0	-0.5	0.00	HTM
034577AK2	ANEFUCU 3.2 06/21/23	246	Fixed 3.200		06/23	100.58		100.58		0.0%	0.2	0.23	
					06/21/23	247	0.59	247	0.59	0	-0.7	0.00	HTM
89841MAA5	TRUFIN 2.95 06/29/23	245	Fixed 2.950		06/23	100.00		100.00		0.0%	0.2	0.25	
					06/29/23	245	2.96	245	2.96	0	-0.7	0.00	HTM
130162AF7	CALCRE 4.1 09/22/23	245	Fixed 4.100		09/23	100.00		100.00		0.0%	0.5	0.47	
					09/22/23	245	4.11	245	4.11	0	-1.4	0.00	HTM
549104TM9	LSAVBK 0.2 11/20/23	248	Fixed 0.200		11/23	99.16		99.16		0.0%	0.6	0.63	
					11/20/23	246	1.53	246	1.53	0	-1.8	0.01	HTM
77535MAM5	ROGUEC 5.1 01/20/28	245	Fixed 5.100		04/27	100.00		99.88		-0.1%	0.2	0.67	
					01/20/28	245	5.16	245	5.19	0	-5.2	-0.60	HTM
920133AL9	KRNFCU 5.1 07/18/25	245	Fixed 5.100		04/25	100.00		99.77		-0.2%	0.5	0.74	
					07/18/25	245	5.16	244	5.28	-1	-3.9	-0.37	HTM
53052LAG4	LIBFCU 4.9 01/16/24	245	Fixed 4.900		01/24	100.00		99.56		-0.4%	0.8	0.76	
					01/16/24	245	4.97	244	5.55	-1	-2.2	0.01	HTM
30960QAM9	FIGFCU 5 01/18/24	245	Fixed 5.000		01/24	100.00		99.64		-0.4%	0.8	0.76	
					01/18/24	245	5.07	244	5.55	-1	-2.2	0.01	HTM
17783PAH4	CFCUTX 4.9 01/18/24	245	Fixed 4.900		01/24	100.00		99.56		-0.4%	0.8	0.76	
					01/18/24	245	4.97	244	5.55	-1	-2.2	0.01	HTM
90307LAB0	UNCLCU 5 01/25/24	245	Fixed 5.000		01/24	100.00		99.63		-0.4%	0.8	0.78	
					01/25/24	245	5.07	244	5.54	-1	-2.3	0.01	HTM
84611JAB9	SPAAGE 5.05 01/26/24	245	Fixed 5.050		01/24	100.00		99.66		-0.3%	0.8	0.78	
					01/26/24	245	5.12	244	5.55	-1	-2.3	0.01	HTM
052392CR6	AUSFCU 5 01/26/24	245	Fixed 5.000		01/24	100.00		99.63		-0.4%	0.8	0.78	
					01/26/24	245	5.07	244	5.54	-1	-2.3	0.01	HTM
04288LAA6	ARSNCU 5.1 01/21/25	245	Fixed 5.100		01/25	100.00		99.78		-0.2%	0.9	1.01	
					01/21/25	245	5.17	244	5.30	-1	-3.8	-0.27	HTM
24951TAU9	DEPTCM 3 1/2 07/01/24	245	Fixed 3.500		07/24	100.00		97.59		-2.4%	1.1	1.10	
					07/01/24	245	3.53	239	5.56	-6	-3.4	-0.07	HTM
22551KAA0	CRDTEX 3.2 07/22/24	245	Fixed 3.200		07/24	100.00		97.17		-2.8%	1.3	1.24	
					07/22/24	245	3.20	238	5.46	-7	-3.6	0.03	HTM

# CD - CUSIP Detail

			Coupon	Step	Maturity	Book		Market		Gain/(Loss)	% Px Δ	Effective	ESG/G r Intent
CUSIP	Par	Type	Date	Proj.	Price	Yield	Price	Yield	%	-100	Dur		
Security Description	Ticker	Rate	Rate	Final	Value		Value		\$	+300	Cvx		
05580AD68		Fixed		09/24	100.00		93.41		-6.6%	1.4	1.41		
BMW 0.65 09/17/24	BMW	0.650		09/17/24	245	0.65	229	5.40	-16	-4.1	0.03		HTM
87165FA20		Fixed		09/24	100.00		93.41		-6.6%	1.4	1.41		
SYF 0.65 09/17/24	SYF	0.650		09/17/24	245	0.65	229	5.40	-16	-4.1	0.03		HTM
87868YAG8		Fixed		01/25	100.00		99.61		-0.4%	1.7	1.68		
TECHCU 5 01/21/25	TECHCU	5.000		01/21/25	245	5.07	244	5.30	-1	-4.9	0.04		HTM
70962LBA9		Fixed		01/25	100.00		93.09		-6.9%	1.8	1.77		
PENCRD 1 1/4 01/31/25	PENCRD	1.250		01/31/25	245	1.26	228	5.27	-17	-5.1	0.04		HTM
91334AAL7		Fixed		03/25	100.00		99.72		-0.3%	1.9	1.83		
UNIHER 5.15 03/21/25	UNIHER	5.150		03/21/25	245	5.21	244	5.36	-1	-5.3	0.04		HTM
92891CDA7		Fixed		03/28	100.00		100.03		0.0%	2.1	2.28		
VYSTAR 5.2 03/10/28	VYSTAR	5.200		03/10/28	245	5.26	245	5.25	0	-8.5	-0.49		HTM
89789AAH0		Fixed		03/26	100.00		100.41		0.4%	2.7	2.69		
TRUFCU 5.15 03/23/26	TRUFCU	5.150		03/23/26	245	5.21	246	5.05	1	-7.7	0.09		HTM
795451AK9		Fixed		08/26	100.00		88.13		-11.9%	3.3	3.21		
SALLMA 1.1 08/11/26	SALLMA	1.100		08/11/26	245	1.10	216	4.98	-29	-9.1	0.12		HTM
38149MZJ5		Fixed		09/26	100.00		87.77		-12.2%	3.4	3.29		
GS 1.05 09/08/26	GS	1.050		09/08/26	245	1.05	215	4.96	-30	-9.3	0.13		HTM
856285XL0		Fixed		09/26	100.00		87.80		-12.2%	3.4	3.34		
SBIIN 1.15 09/28/26	SBIIN	1.150		09/28/26	245	1.15	215	5.00	-30	-9.5	0.13		HTM
NCD					100.00		97.60		-2.4%	1.2	1.24		
	6,614				6,614	3.40	6,455	4.61	-159	-3.9	-0.04		
Total					100.00		97.60		-2.4%	1.2	1.24		
	6,614				6,614	3.40	6,455	4.61	-159	-3.9	-0.04		

## Other - CUSIP Detail

CUSIP	Ticker	Par Value	Coupon	Step	Maturity	Book		Market		Gain/(Loss)	% Px Δ	Effective	ESG/Gr Intent
			Type Rate	Date Rate	Proj. Final	Price Value	Yield	Price Value	Yield	\$	-100 +300	Dur Cvx	
			Fixed		04/23	100.00		100.00		0.0%	0.1	0.08	
TOACASH1		22,941	5.010		04/30/23	22,941	5.06	22,941	5.06	0	-0.2	0.00	AFS
Cash & Other		22,941	5.010			100.00		100.00		0.0%	0.1	0.08	
						22,941	5.06	22,941	5.06	0	-0.2	0.00	
Total		22,941	5.010			100.00		100.00		0.0%	0.1	0.08	
						22,941	5.06	22,941	5.06	0	-0.2	0.00	

# Shocked CUSIP Analysis

CUSIP Description	Par Value Coupon Maturity	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	\$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	\$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	\$ Amt Δ Mkt Px	% Px Δ Mkt Yld Dur WAL	\$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	\$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL	\$ Amt Δ Mkt Px	% Px Δ Mkt Yld WAL
3133EMZ70 FFCB 0.48 02/10/25	1,000 0.48 02/10/2025	48 97.67	5.18% 1.76 1.86	33 96.15	3.55% 2.61 1.86	17 94.52	1.79% 3.55 1.86	0 92.86	0.00% 4.52 1.86	-16 91.21	-1.78% 5.51 1.86	-33 89.59	-3.52% 6.51 1.86	-49 88.01	-5.23% 7.50 1.86
3133EM3E0 FFCB 0.61 05/23/25	1,000 0.61 05/23/2025	53 97.75	5.76% 1.68 2.15	37 96.11	3.99% 2.48 2.15	19 94.31	2.03% 3.38 2.15	0 92.43	0.00% 4.34 2.04 2.15	-19 90.55	-2.03% 5.33 2.15	-37 88.70	-4.03% 6.32 2.15	-55 86.90	-5.98% 7.31 2.15
3133EMXQ0 FFCB 0.94 04/28/26	1,000 0.94 04/28/2026	69 97.65	7.66% 1.73 3.08	49 95.62	5.43% 2.43 3.08	25 93.25	2.81% 3.26 3.08	0 90.70	0.00% 4.19 2.83 3.08	-26 88.12	-2.84% 5.16 3.08	-51 85.59	-5.63% 6.15 3.08	-76 83.13	-8.34% 7.14 3.08
3130AP2G9 FHLB 0 3/4 12/30/25	1,000 0.75 12/30/2025	64 97.62	7.06% 1.64 2.75	45 95.70	4.96% 2.38 2.75	23 93.50	2.56% 3.24 2.75	0 91.17	0.00% 4.18 2.57 2.75	-23 88.83	-2.57% 5.16 2.75	-46 86.53	-5.09% 6.15 2.75	-69 84.29	-7.55% 7.14 2.75
3130AJZJ1 FHLB 0.32 08/25/23	2,667 0.32 08/25/2023	32 99.40	1.21% 1.82 0.40	21 99.00	0.81% 2.83 0.40	10 98.60	0.40% 3.85 0.40	0 98.21	0.00% 4.86 0.40 0.40	-10 97.82	-0.40% 5.88 0.40	-21 97.43	-0.79% 6.89 0.40	-31 97.05	-1.18% 7.91 0.40
3130AMMJ8 FHLB 0.4 06/09/26	1,000 0.40 06/09/2026	72 99.56	7.75% 2.72 0.19	56 98.02	6.09% 2.08 3.19	29 95.26	3.10% 3.00 3.19	0 92.40	0.00% 3.99 3.04 3.19	-28 89.63	-2.99% 4.98 3.19	-54 86.96	-5.88% 5.98 3.19	-80 84.38	-8.67% 6.97 3.19
3130AND72 FHLB 0.43 04/29/24	1,000 0.43 04/29/2024	30 98.43	3.17% 1.91 1.08	20 97.42	2.12% 2.87 1.08	10 96.40	1.05% 3.86 1.08	0 95.40	0.00% 4.85 1.04 1.08	-10 94.41	-1.03% 5.84 1.08	-19 93.45	-2.04% 6.82 1.08	-29 92.50	-3.03% 7.80 1.08
3130APAF2 FHLB 0.52 10/07/24	1,000 0.52 10/07/2024	41 98.13	4.32% 1.77 1.52	28 96.83	2.93% 2.67 1.52	14 95.45	1.47% 3.63 1.52	0 94.07	0.00% 4.61 1.45 1.52	-14 92.71	-1.45% 5.59 1.52	-27 91.37	-2.86% 6.58 1.52	-40 90.07	-4.25% 7.56 1.52
3130AMJX1 FHLB 0.65 12/09/24	1,500 0.65 12/09/2024	66 98.16	4.66% 1.76 1.69	45 96.78	3.20% 2.61 1.69	23 95.30	1.62% 3.54 1.69	0 93.78	0.00% 4.51 1.61 1.69	-23 92.28	-1.61% 5.49 1.69	-45 90.80	-3.19% 6.48 1.69	-67 89.35	-4.73% 7.47 1.69
3130AQFK4 FHLB 0.76 01/19/24	1,000 0.76 01/19/2024	23 99.14	2.40% 1.85 0.80	15 98.35	1.59% 2.85 0.80	8 97.58	0.79% 3.85 0.80	0 96.81	0.00% 4.85 0.78 0.80	-7 96.07	-0.77% 5.85 0.80	-15 95.33	-1.54% 6.84 0.80	-22 94.60	-2.28% 7.82 0.80
3130AMDE9 FHLB 1 05/12/26	1,500 1.00 05/12/2026	92 98.12	6.68% 2.10 3.12	67 96.43	4.84% 2.67 3.12	35 94.34	2.57% 3.40 3.12	0 91.98	0.00% 4.24 2.67 3.12	-38 89.46	-2.74% 5.17 3.12	-76 86.92	-5.50% 6.13 3.12	-114 84.41	-8.23% 7.12 3.12
3130AMMW9 FHLB 1 06/10/26	1,500 1.00 06/10/2026	111 99.55	8.06% 3.32 0.19	85 97.83	6.18% 2.18 3.19	43 94.99	3.10% 3.13 3.19	0 92.13	0.00% 4.12 3.04 3.19	-41 89.37	-2.99% 5.11 3.19	-81 86.71	-5.88% 6.11 3.19	-120 84.14	-8.67% 7.10 3.19

# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
3130AP6D2	1,000	77	8.52%	55	6.07%	28	3.15%	0	0.00%	-29	-3.20%	-57	-6.34%	-84	-9.38%
FHLB 1 09/30/26	1.00	97.55	1.73	95.34	2.40	92.72	3.22	89.88	4.13	87.01	5.10	84.19	6.08	81.45	7.07
	09/30/2026		3.50		3.50		3.50	3.20	3.50		3.50		3.50		3.50
3130AN5K2	1,500	139	9.98%	91	6.53%	45	3.20%	0	0.00%	-43	-3.09%	-84	-6.07%	-124	-8.94%
FHLB 1 1/2 07/20/26	1.50	101.85	0.93	98.66	1.92	95.58	2.91	92.61	3.90	89.75	4.90	86.99	5.89	84.33	6.88
	07/20/2026		3.31		3.31		3.31	3.14	3.31		3.31		3.31		3.31
3130AQPR8	1,000	54	5.80%	43	4.62%	26	2.80%	0	0.00%	-31	-3.28%	-63	-6.68%	-93	-9.97%
FHLB 1.3 02/18/27	1.30	99.06	2.38	97.96	3.67	96.25	3.33	93.63	4.08	90.56	4.99	87.38	5.97	84.29	6.96
	02/18/2027		0.88		0.88		3.88	3.07	3.88		3.88		3.88		3.88
3130AQJ87	1,000	73	7.96%	54	5.88%	29	3.15%	0	0.00%	-30	-3.33%	-61	-6.65%	-90	-9.89%
FHLB 1.6 01/19/27	1.60	98.61	1.98	96.71	2.51	94.21	3.23	91.34	4.08	88.29	5.02	85.26	5.99	82.30	6.98
	01/19/2027		3.80		3.80		3.80	3.26	3.80		3.80		3.80		3.80
3130ARGS4	1,000	21	2.19%	21	2.15%	13	1.28%	0	0.00%	-16	-1.64%	-36	-3.70%	-61	-6.22%
FHLB 2 04/14/27	2.00	100.02	1.44	99.98	2.45	99.13	3.83	97.87	4.56	96.27	5.28	94.25	6.02	91.79	6.75
	04/14/2027		0.04		0.04		1.04	1.43	2.04		3.04		4.04		4.04
3130ARCD1	1,000	34	3.55%	27	2.84%	16	1.65%	0	0.00%	-20	-2.11%	-45	-4.64%	-72	-7.47%
FHLB 2 1/2 03/29/27	2.50	100.09	2.16	99.40	3.07	98.25	3.75	96.66	4.47	94.62	5.08	92.17	5.79	89.43	6.61
	03/29/2027		0.25		1.75		2.75	1.88	3.75		4.00		4.00		4.00
3130ASNH8	1,000	2	0.23%	2	0.16%	1	0.08%	0	0.00%	-1	-0.08%	-2	-0.16%	-2	-0.23%
FHLB 3 04/28/23	3.00	100.10	1.71	100.02	2.72	99.94	3.73	99.87	4.75	99.79	5.77	99.71	6.80	99.63	7.83
	04/28/2023		0.08		0.08		0.08	0.08	0.08		0.08		0.08		0.08
3130ASKS7	1,000	17	1.73%	16	1.66%	10	0.98%	0	0.00%	-11	-1.13%	-23	-2.31%	-34	-3.49%
FHLB 3 3/4 07/25/24	3.75	100.14	1.76	100.07	2.77	99.41	4.21	98.44	4.98	97.33	5.88	96.17	6.83	95.00	7.80
	07/25/2024		0.07		0.07		1.32	1.07	1.32		1.32		1.32		1.32
3130ATCB1	1,000	7	0.74%	5	0.50%	2	0.25%	0	0.00%	-2	-0.25%	-5	-0.49%	-7	-0.73%
FHLB 3 5/8 06/28/23	3.63	100.42	1.88	100.17	2.90	99.93	3.92	99.68	4.94	99.43	5.96	99.19	6.99	98.95	8.02
	06/28/2023		0.24		0.24		0.24	0.24	0.24		0.24		0.24		0.24
3130AT6R3	1,000	12	1.21%	9	0.94%	6	0.60%	0	0.00%	-10	-0.96%	-23	-2.29%	-40	-4.02%
FHLB 4 1/2 09/30/27	4.50	100.62	1.99	100.36	3.06	100.02	4.45	99.42	5.38	98.47	6.11	97.15	6.82	95.42	7.50
	09/30/2027		0.25		0.25		0.25	0.78	1.25		2.25		3.25		4.00
3130ATLG0	1,000	3	0.27%	2	0.20%	1	0.12%	0	0.00%	-5	-0.53%	-13	-1.29%	-23	-2.31%
FHLB 4 1/2 10/27/27	4.50	100.22	1.51	100.15	2.51	100.07	3.53	99.95	5.06	99.42	6.17	98.66	7.02	97.64	7.85
	10/27/2027		0.08		0.08		0.08	0.35	0.33		0.83		1.33		1.83
3130ATDT1	2,000	30	1.50%	20	1.00%	10	0.50%	0	0.00%	-10	-0.49%	-19	-0.98%	-29	-1.46%
FHLB 4.02 09/29/23	4.02	100.91	2.17	100.41	3.19	99.91	4.20	99.42	5.22	98.93	6.24	98.45	7.25	97.97	8.27
	09/29/2023		0.50		0.50		0.50	0.49	0.50		0.50		0.50		0.50



# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
3130ASG52	1,000	33	3.39%	28	2.90%	18	1.82%	0	0.00%	-24	-2.48%	-53	-5.46%	-84	-8.67%
FHLB 4.1 06/30/27	4.10	100.36	2.65	99.88	4.14	98.84	4.40	97.07	4.87	94.66	5.53	91.77	6.34	88.65	7.25
	06/30/2027		0.25		3.25		4.25	2.16	4.25		4.25		4.25		4.25
3130ATQD2	1,000	19	1.90%	13	1.27%	6	0.64%	0	0.00%	-7	-0.72%	-17	-1.68%	-29	-2.89%
FHLB 4.65 11/15/24	4.65	101.66	1.97	101.02	2.98	100.40	3.99	99.76	5.04	99.03	6.24	98.08	6.72	96.87	7.54
	11/15/2024		0.63		0.63		0.63	0.65	0.63		0.63		1.63		1.63
3130AV5J7	1,000	15	1.47%	10	0.99%	5	0.51%	0	0.00%	-6	-0.59%	-13	-1.32%	-21	-2.14%
FHLB 5 1/4 03/20/24	5.25	101.51	2.02	101.03	3.03	100.55	4.06	100.04	5.15	99.45	6.22	98.72	7.01	97.90	7.91
	03/20/2024		0.47		0.47		0.47	0.53	0.47		0.97		0.97		0.97
3130ATVJ3	1,000	20	2.04%	14	1.35%	7	0.67%	0	0.00%	-7	-0.66%	-13	-1.32%	-20	-1.96%
FHLB 5 12/06/23	5.00	102.10	1.88	101.41	2.89	100.73	3.89	100.06	4.90	99.40	5.90	98.74	6.89	98.10	7.89
	12/06/2023		0.68		0.68		0.68	0.65	0.68		0.68		0.68		0.68
3130AUZ98	1,000	1	0.11%	1	0.07%	0	0.04%	0	0.00%	0	-0.04%	-1	-0.07%	-1	-0.11%
FHLB 6 03/13/28	6.00	99.88	9.45	99.85	10.49	99.81	11.55	99.77	12.61	99.74	13.67	99.70	14.74	99.67	15.81
	03/13/2028		0.04		0.04		0.04	0.04	0.04		0.04		0.04		0.04
3134GWUG9	2,000	121	6.59%	84	4.58%	43	2.35%	0	0.00%	-43	-2.34%	-85	-4.65%	-126	-6.89%
FHLMC 0.57 09/24/25	0.57	97.55	1.58	95.72	2.36	93.67	3.24	91.52	4.20	89.38	5.18	87.27	6.18	85.21	7.18
	09/24/2025		2.48		2.48		2.48	2.35	2.48		2.48		2.48		2.48
3134GXQR8	1,000	29	2.93%	22	2.26%	12	1.27%	0	0.00%	-14	-1.49%	-31	-3.14%	-47	-4.89%
FHLMC 2 3/4 04/28/25	2.75	100.04	2.17	99.39	3.79	98.42	4.50	97.19	5.25	95.75	6.01	94.14	6.88	92.44	7.81
	04/28/2025		0.08		1.08		1.58	1.37	2.08		2.08		2.08		2.08
3134GXQM9	1,000	14	1.47%	11	1.09%	5	0.56%	0	0.00%	-5	-0.56%	-11	-1.11%	-16	-1.65%
FHLMC 2.4 10/25/23	2.40	100.06	1.49	99.69	2.95	99.16	3.90	98.61	4.89	98.07	5.90	97.52	6.90	96.99	7.91
	10/25/2023		0.07		0.57		0.57	0.55	0.57		0.57		0.57		0.57
3134GYND0	1,000	16	1.58%	11	1.08%	6	0.57%	0	0.00%	-8	-0.77%	-18	-1.84%	-32	-3.19%
FHLMC 5 1/2 03/28/25	5.50	101.38	2.67	100.88	3.69	100.37	4.73	99.80	5.92	99.04	6.76	97.97	7.35	96.62	8.11
	03/28/2025		0.49		0.49		0.49	0.66	0.49		1.99		1.99		1.99
3134GY5N8	1,500	14	0.91%	10	0.68%	6	0.43%	0	0.00%	-11	-0.75%	-26	-1.72%	-42	-2.78%
FHLMC 5 1/4 06/20/24	5.25	100.71	2.01	100.48	3.03	100.23	4.15	99.81	5.46	99.05	6.06	98.09	6.90	97.04	7.83
	06/20/2024		0.22		0.22		0.22	0.61	0.97		1.22		1.22		1.22
3134GYK76	2,000	34	1.72%	25	1.25%	15	0.73%	0	0.00%	-23	-1.15%	-55	-2.75%	-94	-4.74%
FHLMC 5 5/8 03/13/26	5.63	101.38	2.53	100.91	3.57	100.40	4.72	99.67	5.76	98.53	6.18	96.93	6.79	94.95	7.56
	03/13/2026		0.45		0.45		0.45	0.93	2.70		2.95		2.95		2.95
3134GY2N1	1,000	14	1.40%	10	0.99%	5	0.55%	0	0.00%	-8	-0.78%	-18	-1.76%	-28	-2.80%
FHLMC 5.17 05/28/24	5.17	101.24	2.12	100.82	3.14	100.39	4.21	99.84	5.57	99.06	6.02	98.08	6.91	97.04	7.88
	05/28/2024		0.41		0.41		0.41	0.62	0.41		1.16		1.16		1.16

# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
3134GYJB9	1,000	23	2.34%	17	1.66%	9	0.93%	0	0.00%	-13	-1.28%	-30	-2.97%	-50	-5.01%
FHLMC 5.3 02/27/26	5.30	101.92	2.35	101.24	3.38	100.51	4.50	99.59	5.45	98.32	5.94	96.63	6.59	94.60	7.40
	02/27/2026		0.66		0.66		0.66	1.09	2.91		2.91		2.91		2.91
3136G4V59	1,500	88	6.36%	61	4.44%	31	2.27%	0	0.00%	-31	-2.27%	-62	-4.50%	-92	-6.68%
FNMA 0 5/8 08/27/25	0.63	97.70	1.60	95.93	2.38	93.93	3.26	91.85	4.22	89.76	5.20	87.71	6.19	85.71	7.19
	08/27/2025		2.41		2.41		2.41	2.28	2.41		2.41		2.41		2.41
3135G05R0	3,000	32	1.09%	21	0.72%	11	0.36%	0	0.00%	-11	-0.36%	-21	-0.71%	-31	-1.07%
FNMA 0.3 08/10/23	0.30	99.46	1.79	99.10	2.81	98.75	3.83	98.39	4.84	98.04	5.86	97.69	6.88	97.34	7.90
	08/10/2023		0.36		0.36		0.36	0.36	0.36		0.36		0.36		0.36
3136G4N74	1,500	88	6.37%	61	4.43%	31	2.26%	0	0.00%	-31	-2.26%	-62	-4.48%	-91	-6.64%
FNMA 0.56 08/21/25	0.56	97.60	1.59	95.82	2.37	93.83	3.26	91.75	4.22	89.68	5.21	87.64	6.20	85.65	7.20
	08/21/2025		2.39		2.39		2.39	2.27	2.39		2.39		2.39		2.39
3136G4A45	1,500	84	6.06%	59	4.23%	30	2.16%	0	0.00%	-30	-2.18%	-60	-4.32%	-89	-6.41%
FNMA 0.71 07/22/25	0.71	97.89	1.64	96.20	2.41	94.29	3.29	92.30	4.24	90.29	5.23	88.31	6.22	86.38	7.21
	07/22/2025		2.31		2.31		2.31	2.18	2.31		2.31		2.31		2.31
3135GACZ2	1,000	7	0.74%	6	0.58%	4	0.41%	0	0.00%	-9	-0.87%	-20	-2.04%	-34	-3.37%
FNMA 5.4 11/25/24	5.40	100.52	1.98	100.36	2.99	100.19	4.10	99.78	5.56	98.92	6.09	97.75	6.86	96.42	7.74
	11/25/2024		0.15		0.15		0.15	0.68	1.40		1.65		1.65		1.65
912828R28	1,000	3	0.25%	2	0.17%	1	0.08%	0	0.00%	-1	-0.08%	-2	-0.17%	-2	-0.25%
T 1 5/8 04/30/23	1.63	100.02	1.42	99.93	2.42	99.85	3.43	99.77	4.43	99.68	5.44	99.60	6.44	99.52	7.45
	04/30/2023		0.08		0.08		0.08	0.08	0.08		0.08		0.08		0.08
912828XT2	1,000	34	3.47%	22	2.29%	11	1.13%	0	0.00%	-11	-1.11%	-21	-2.20%	-32	-3.26%
T 2 05/31/24	2.00	100.52	1.54	99.38	2.54	98.26	3.54	97.16	4.53	96.08	5.51	95.02	6.49	93.99	7.47
	05/31/2024		1.17		1.17		1.17	1.11	1.17		1.17		1.17		1.17
Treasury/Agency	54,667	1,859	3.53%	1,332	2.53%	699	1.33%	0	0.00%	-756	-1.44%	-1,553	-2.95%	-2,374	-4.51%
	2.32	99.59	2.06	98.63	2.94	97.47	3.90	96.19	4.89	94.81	5.81	93.35	6.73	91.85	7.69
			1.10		1.35		1.49	1.38	1.73		1.85		1.91		1.94
067167YR1	500	42	8.44%	27	5.53%	13	2.72%	0	0.00%	-13	-2.63%	-26	-5.19%	-38	-7.66%
BARBERS HILL TEX INDPT	4.00	107.49	1.33	104.61	2.33	101.83	3.33	99.13	4.32	96.52	5.32	93.99	6.32	91.54	7.31
	02/15/2026		2.88		2.88		2.88	2.66	2.88		2.88		2.88		2.88
084244HX3	1,010	20	2.01%	13	1.33%	6	0.66%	0	0.00%	-6	-0.65%	-13	-1.29%	-19	-1.92%
BERKELEY CNTY W VA	0.89	99.14	2.18	98.49	3.19	97.84	4.20	97.20	5.20	96.56	6.20	95.94	7.20	95.33	8.20
	12/01/2023		0.67		0.67		0.67	0.65	0.67		0.67		0.67		0.67
088632CT9	1,525	107	7.54%	70	4.95%	35	2.44%	0	0.00%	-34	-2.37%	-66	-4.68%	-98	-6.92%
BI-STATE DEV AGY MO ILL	1.34	100.06	1.32	97.66	2.31	95.32	3.31	93.05	4.30	90.84	5.30	88.69	6.30	86.60	7.30
	10/01/2025		2.50		2.50		2.50	2.39	2.50		2.50		2.50		2.50

# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
150461M57	2,360	160	7.04%	105	4.63%	52	2.28%	0	0.00%	-51	-2.22%	-100	-4.39%	-148	-6.49%
CEDAR PARK TEX	2.95	103.16	1.59	100.84	2.58	98.58	3.58	96.38	4.58	94.24	5.57	92.15	6.57	90.12	7.57
	08/15/2025		2.38		2.38		2.38	2.24	2.38		2.38		2.38		2.38
207580AP6	300	5	1.88%	4	1.24%	2	0.62%	0	0.00%	-2	-0.61%	-4	-1.21%	-5	-1.81%
CONNECTICUT GREEN BK	0.55	99.05	2.08	98.44	3.09	97.83	4.10	97.23	5.11	96.64	6.12	96.05	7.12	95.47	8.12
	11/15/2023		0.63		0.63		0.63	0.61	0.63		0.63		0.63		0.63
207580AQ4	275	13	4.87%	8	3.21%	4	1.59%	0	0.00%	-4	-1.55%	-8	-3.07%	-12	-4.55%
CONNECTICUT GREEN BK	0.85	98.58	1.74	97.02	2.74	95.50	3.73	94.01	4.73	92.55	5.72	91.12	6.71	89.73	7.70
	11/15/2024		1.63		1.63		1.63	1.56	1.63		1.63		1.63		1.63
207580AR2	200	15	7.93%	10	5.21%	5	2.56%	0	0.00%	-5	-2.49%	-9	-4.91%	-13	-7.25%
CONNECTICUT GREEN BK	1.20	99.08	1.56	96.58	2.55	94.16	3.55	91.80	4.55	89.52	5.55	87.30	6.54	85.14	7.54
	11/15/2025		2.63		2.63		2.63	2.51	2.63		2.63		2.63		2.63
20772KJX8	235	15	6.73%	10	4.42%	5	2.18%	0	0.00%	-5	-2.13%	-9	-4.20%	-14	-6.22%
CONNECTICUT ST	2.10	100.38	1.92	98.22	2.92	96.11	3.92	94.06	4.92	92.06	5.91	90.11	6.91	88.21	7.91
	07/01/2025		2.25		2.25		2.25	2.14	2.25		2.25		2.25		2.25
20772GE61	1,205	34	2.82%	23	1.86%	11	0.92%	0	0.00%	-11	-0.91%	-22	-1.79%	-32	-2.67%
CONNECTICUT ST	5.73	103.75	1.77	102.78	2.77	101.83	3.76	100.90	4.75	99.99	5.74	99.09	6.72	98.21	7.70
	03/15/2024		0.96		0.96		0.96	0.91	0.96		0.96		0.96		0.96
20772KEU9	1,000	14	1.39%	9	0.92%	5	0.46%	0	0.00%	-5	-0.45%	-9	-0.90%	-13	-1.35%
CONNECTICUT ST	3.62	100.61	2.28	100.15	3.29	99.69	4.31	99.23	5.33	98.78	6.35	98.34	7.37	97.89	8.39
	09/15/2023		0.46		0.46		0.46	0.46	0.46		0.46		0.46		0.46
20775C6C3	300	14	4.84%	9	3.19%	5	1.58%	0	0.00%	-4	-1.54%	-9	-3.05%	-13	-4.52%
CONNECTICUT ST HSG	2.10	100.26	1.93	98.68	2.93	97.14	3.93	95.63	4.92	94.16	5.92	92.72	6.91	91.31	7.90
	11/15/2024		1.63		1.63		1.63	1.55	1.63		1.63		1.63		1.63
235308D75	2,750	189	6.98%	125	4.59%	61	2.26%	0	0.00%	-60	-2.20%	-118	-4.35%	-175	-6.43%
DALLAS TEX INDPT SCH	4.00	105.56	1.60	103.20	2.60	100.91	3.60	98.68	4.59	96.50	5.59	94.39	6.59	92.33	7.59
	08/15/2025		2.38		2.38		2.38	2.22	2.38		2.38		2.38		2.38
23542JQP3	1,350	95	7.57%	62	4.97%	31	2.45%	0	0.00%	-30	-2.38%	-59	-4.70%	-87	-6.95%
DALLAS TEX WTRWKS &	1.01	99.56	1.19	97.16	2.18	94.82	3.18	92.55	4.17	90.35	5.17	88.21	6.16	86.12	7.16
	10/01/2025		2.50		2.50		2.50	2.40	2.50		2.50		2.50		2.50
345102PG6	700	46	7.06%	30	4.64%	15	2.29%	0	0.00%	-14	-2.23%	-29	-4.40%	-42	-6.51%
FOOTHILL-DE ANZA CALIF	0.91	99.15	1.28	96.91	2.27	94.73	3.27	92.61	4.26	90.55	5.26	88.54	6.25	86.58	7.25
	08/01/2025		2.34		2.34		2.34	2.25	2.34		2.34		2.34		2.34
365820HB8	250	7	2.85%	6	2.28%	3	1.29%	0	0.00%	-4	-1.45%	-7	-2.96%	-11	-4.49%
GARFIELD HEIGHTS OHIO	3.10	100.17	2.29	99.61	3.36	98.64	3.93	97.39	4.71	95.98	5.60	94.50	6.55	93.02	7.53
	12/15/2024		0.21		1.54		1.71	1.37	1.71		1.71		1.71		1.71

# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
419791YT9	1,500	125	8.21%	82	5.39%	40	2.65%	0	0.00%	-39	-2.57%	-77	-5.06%	-114	-7.47%
HAWAII ST	5.33	110.01	1.70	107.14	2.70	104.35	3.70	101.66	4.70	99.05	5.69	96.52	6.69	94.07	7.69
	02/01/2026		2.84		2.84		2.84	2.59	2.84		2.84		2.84		2.84
427908EF1	250	8	3.49%	5	2.30%	3	1.14%	0	0.00%	-3	-1.12%	-5	-2.21%	-8	-3.28%
HERNANDO CNTY FLA	0.59	98.42	1.97	97.29	2.97	96.18	3.96	95.10	4.96	94.04	5.94	92.99	6.93	91.97	7.91
	06/01/2024		1.17		1.17		1.17	1.13	1.17		1.17		1.17		1.17
427908EE4	250	1	0.52%	1	0.34%	0	0.17%	0	0.00%	0	-0.17%	-1	-0.34%	-1	-0.51%
HERNANDO CNTY FLA	0.37	99.82	1.43	99.65	2.45	99.48	3.47	99.31	4.50	99.14	5.53	98.97	6.57	98.80	7.61
	06/01/2023		0.17		0.17		0.17	0.17	0.17		0.17		0.17		0.17
432275AF2	250	4	1.52%	2	1.01%	1	0.50%	0	0.00%	-1	-0.50%	-2	-0.99%	-4	-1.47%
HILLSBOROUGH CNTY FLA	3.75	100.65	2.44	100.15	3.46	99.64	4.47	99.15	5.49	98.66	6.51	98.17	7.53	97.69	8.54
	10/01/2023		0.50		0.50		0.50	0.49	0.50		0.50		0.50		0.50
443728GD6	1,000	11	1.07%	7	0.71%	4	0.35%	0	0.00%	-3	-0.35%	-7	-0.70%	-10	-1.04%
HUDSON CNTY N J IMPT	3.88	100.54	2.25	100.18	3.27	99.83	4.29	99.48	5.31	99.13	6.34	98.78	7.36	98.44	8.39
	08/04/2023		0.34		0.34		0.34	0.34	0.34		0.34		0.34		0.34
46873TAD5	1,925	22	1.14%	20	1.05%	15	0.81%	0	0.00%	-26	-1.38%	-62	-3.25%	-104	-5.44%
JACKSON TENN ENERGY	3.40	100.26	0.32	100.17	1.35	99.93	3.43	99.13	3.71	97.76	4.20	95.91	4.88	93.74	5.70
	04/01/2026		0.08		0.08		2.00	1.09	3.00		3.00		3.00		3.00
473142QX8	280	15	5.77%	10	3.80%	5	1.88%	0	0.00%	-5	-1.83%	-9	-3.62%	-14	-5.37%
JEFFERSON CNTY MO	0.95	98.40	1.80	96.57	2.80	94.78	3.79	93.04	4.79	91.33	5.78	89.67	6.78	88.04	7.77
	03/01/2025		1.92		1.92		1.92	1.85	1.92		1.92		1.92		1.92
473142QW0	200	5	2.74%	3	1.81%	2	0.90%	0	0.00%	-2	-0.88%	-3	-1.74%	-5	-2.59%
JEFFERSON CNTY MO	0.65	98.61	2.18	97.72	3.18	96.85	4.18	95.99	5.17	95.14	6.16	94.31	7.15	93.50	8.13
	03/01/2024		0.92		0.92		0.92	0.89	0.92		0.92		0.92		0.92
473142QY6	300	24	8.83%	16	5.79%	8	2.84%	0	0.00%	-7	-2.75%	-15	-5.42%	-22	-7.99%
JEFFERSON CNTY MO	1.20	98.80	1.62	96.04	2.62	93.37	3.61	90.79	4.61	88.29	5.60	85.87	6.60	83.53	7.59
	03/01/2026		2.92		2.92		2.92	2.80	2.92		2.92		2.92		2.92
485106UX4	1,000	82	9.06%	54	5.93%	27	2.92%	0	0.00%	-26	-2.82%	-51	-5.54%	-75	-8.18%
KANSAS CITY MO SPL	1.48	99.34	1.70	96.49	2.70	93.75	3.69	91.09	4.69	88.52	5.69	86.04	6.68	83.64	7.68
	04/01/2026		3.00		3.00		3.00	2.84	3.00		3.00		3.00		3.00
56042RJ29	250	2	0.76%	1	0.51%	1	0.25%	0	0.00%	-1	-0.25%	-1	-0.50%	-2	-0.75%
MAINE HEALTH & HIGHER	0.51	99.56	2.26	99.31	3.28	99.06	4.30	98.81	5.32	98.56	6.34	98.31	7.37	98.06	8.40
	07/01/2023		0.25		0.25		0.25	0.25	0.25		0.25		0.25		0.25
56042RJ37	250	9	3.74%	6	2.46%	3	1.22%	0	0.00%	-3	-1.19%	-6	-2.36%	-8	-3.51%
MAINE HEALTH & HIGHER	0.71	98.31	2.08	97.11	3.08	95.93	4.08	94.77	5.07	93.64	6.06	92.53	7.04	91.45	8.02
	07/01/2024		1.25		1.25		1.25	1.20	1.25		1.25		1.25		1.25

# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
56042RJ52	200	18	9.85%	12	6.44%	6	3.16%	0	0.00%	-6	-3.05%	-11	-5.99%	-16	-8.83%
MAINE HEALTH & HIGHER	1.30	99.31	1.52	96.23	2.52	93.27	3.51	90.41	4.51	87.65	5.50	84.99	6.50	82.43	7.49
	07/01/2026		3.25		3.25		3.25	3.09	3.25		3.25		3.25		3.25
86666PAE8	500	45	9.79%	29	6.41%	14	3.14%	0	0.00%	-14	-3.03%	-27	-5.96%	-40	-8.78%
MARICOPA COUNTY SUN	1.71	99.93	1.73	96.85	2.73	93.88	3.72	91.02	4.72	88.26	5.71	85.60	6.71	83.03	7.70
	07/01/2026		3.25		3.25		3.25	3.07	3.25		3.25		3.25		3.25
86666PAC2	600	21	3.73%	14	2.46%	7	1.22%	0	0.00%	-7	-1.19%	-13	-2.36%	-20	-3.51%
MARICOPA COUNTY SUN	1.10	98.66	2.19	97.45	3.19	96.27	4.19	95.11	5.18	93.97	6.17	92.86	7.15	91.77	8.13
	07/01/2024		1.25		1.25		1.25	1.20	1.25		1.25		1.25		1.25
57419TDX6	265	14	5.71%	9	3.76%	5	1.86%	0	0.00%	-5	-1.82%	-9	-3.59%	-13	-5.32%
MARYLAND ST CMNTY	2.20	100.59	1.88	98.73	2.88	96.92	3.88	95.15	4.87	93.42	5.87	91.74	6.87	90.09	7.86
	03/01/2025		1.92		1.92		1.92	1.83	1.92		1.92		1.92		1.92
576004GV1	1,000	9	0.88%	6	0.59%	3	0.29%	0	0.00%	-3	-0.29%	-6	-0.58%	-9	-0.87%
MASSACHUSETTS	3.56	100.43	2.07	100.14	3.08	99.84	4.10	99.55	5.12	99.26	6.13	98.97	7.16	98.69	8.18
	07/15/2023		0.29		0.29		0.29	0.29	0.29		0.29		0.29		0.29
57604TAB2	1,000	64	6.33%	42	4.16%	21	2.06%	0	0.00%	-20	-2.00%	-40	-3.96%	-59	-5.86%
MASSACHUSETTS ST	5.20	107.81	1.53	105.62	2.52	103.48	3.52	101.40	4.52	99.37	5.51	97.39	6.51	95.45	7.51
	06/01/2025		2.17		2.17		2.17	2.00	2.17		2.17		2.17		2.17
59447TXA6	1,000	289	29.20%	128	12.96%	36	3.65%	0	0.00%	-9	-0.94%	-14	-1.37%	-18	-1.78%
MICHIGAN FIN AUTH REV	2.37	127.78	1.13	111.72	1.76	102.51	2.20	98.90	5.04	97.97	7.35	97.54	8.45	97.14	9.48
	09/01/2049		26.00		24.00		18.00	1.73	0.42		0.42		0.42		0.42
60636UJQ3	1,000	22	2.25%	14	1.49%	7	0.74%	0	0.00%	-7	-0.73%	-14	-1.45%	-21	-2.15%
MISSOURI ST	0.70	99.09	1.92	98.35	2.93	97.62	3.94	96.91	4.94	96.20	5.94	95.51	6.93	94.82	7.92
	01/01/2024		0.75		0.75		0.75	0.73	0.75		0.75		0.75		0.75
61945DAZ4	250	20	8.77%	13	5.75%	6	2.83%	0	0.00%	-6	-2.74%	-12	-5.38%	-18	-7.95%
MOSAIC DIST CMNTY DEV	1.71	99.37	1.93	96.61	2.93	93.94	3.93	91.36	4.93	88.86	5.92	86.44	6.92	84.10	7.92
	03/01/2026		2.92		2.92		2.92	2.78	2.92		2.92		2.92		2.92
64763FTY5	360	7	2.00%	5	1.33%	2	0.66%	0	0.00%	-2	-0.65%	-5	-1.29%	-7	-1.92%
NEW ORLEANS LA	5.00	101.91	2.11	101.23	3.12	100.57	4.12	99.91	5.13	99.26	6.13	98.62	7.13	97.99	8.13
	12/01/2023		0.67		0.67		0.67	0.64	0.67		0.67		0.67		0.67
64966H4M9	3,795	167	4.40%	110	2.90%	54	1.43%	0	0.00%	-53	-1.40%	-105	-2.77%	-156	-4.12%
NEW YORK N Y	5.05	104.22	2.18	102.72	3.18	101.26	4.17	99.83	5.17	98.43	6.16	97.06	7.15	95.72	8.13
	10/01/2024		1.50		1.50		1.50	1.38	1.50		1.50		1.50		1.50
64966JAP1	1,000	20	2.00%	13	1.33%	7	0.66%	0	0.00%	-7	-0.65%	-13	-1.29%	-19	-1.92%
NEW YORK N Y	5.69	102.27	2.25	101.59	3.26	100.92	4.27	100.26	5.27	99.61	6.27	98.97	7.27	98.34	8.27
	12/01/2023		0.67		0.67		0.67	0.64	0.67		0.67		0.67		0.67

# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
64971M5K4	520	39	7.52%	26	4.94%	13	2.43%	0	0.00%	-12	-2.36%	-24	-4.66%	-36	-6.89%
NEW YORK N Y CITY	5.08	108.60	1.66	106.00	2.66	103.47	3.66	101.01	4.66	98.62	5.65	96.30	6.65	94.05	7.65
	11/01/2025		2.59		2.59		2.59	2.35	2.59		2.59		2.59		2.59
64971WDP2	700	25	3.61%	18	2.65%	10	1.49%	0	0.00%	-13	-1.87%	-28	-4.03%	-43	-6.34%
NEW YORK N Y CITY	3.78	101.33	2.16	100.39	3.55	99.25	4.06	97.80	4.62	95.97	5.33	93.86	6.17	91.59	7.10
	02/01/2026		0.84		1.75		2.84	1.68	2.84		2.84		2.84		2.84
650009S20	400	31	8.22%	20	5.39%	10	2.65%	0	0.00%	-10	-2.57%	-19	-5.07%	-28	-7.48%
NEW YORK ST TWY AUTH	2.41	102.55	1.46	99.88	2.45	97.28	3.45	94.77	4.45	92.33	5.44	89.96	6.44	87.67	7.44
	01/01/2026		2.75		2.75		2.75	2.60	2.75		2.75		2.75		2.75
679087FD3	250	9	3.68%	6	2.43%	3	1.20%	0	0.00%	-3	-1.18%	-6	-2.33%	-9	-3.46%
OKLAHOMA ST CAP IMPT	5.34	103.81	2.24	102.56	3.24	101.33	4.23	100.13	5.23	98.95	6.22	97.80	7.20	96.67	8.18
	07/01/2024		1.25		1.25		1.25	1.17	1.25		1.25		1.25		1.25
6817126Z3	750	63	9.23%	41	6.05%	20	2.97%	0	0.00%	-19	-2.87%	-38	-5.65%	-57	-8.33%
OMAHA CITY	0.98	98.87	1.36	95.99	2.36	93.21	3.35	90.52	4.35	87.92	5.34	85.40	6.33	82.97	7.33
	04/15/2026		3.04		3.04		3.04	2.91	3.04		3.04		3.04		3.04
68189TBA3	425	35	8.11%	23	5.32%	11	2.62%	0	0.00%	-11	-2.54%	-21	-5.00%	-32	-7.38%
OMAHA NEB SPL OBLIG	6.40	108.60	3.20	105.79	4.21	103.08	5.22	100.45	6.22	97.90	7.23	95.43	8.23	93.03	9.24
	02/01/2026		2.84		2.84		2.84	2.55	2.84		2.84		2.84		2.84
68607LXQ5	1,000	123	11.77%	80	7.67%	39	3.75%	0	0.00%	-37	-3.59%	-73	-7.03%	-108	-10.32%
OREGON	5.89	116.59	1.75	112.31	2.74	108.22	3.74	104.31	4.74	100.56	5.74	96.98	6.73	93.55	7.73
	06/01/2027		4.17		4.17		4.17	3.60	4.17		4.17		4.17		4.17
70914PME9	1,135	95	8.38%	62	5.49%	31	2.70%	0	0.00%	-30	-2.62%	-58	-5.15%	-86	-7.60%
PENNSYLVANIA	4.65	107.86	1.83	104.99	2.83	102.21	3.83	99.52	4.83	96.92	5.83	94.40	6.83	91.95	7.83
	02/15/2026		2.88		2.88		2.88	2.64	2.88		2.88		2.88		2.88
73358W4V3	1,000	8	0.76%	5	0.51%	3	0.25%	0	0.00%	-2	-0.25%	-5	-0.50%	-7	-0.75%
PORT AUTH N Y & N J	1.09	99.80	1.89	99.54	2.91	99.29	3.93	99.04	4.95	98.79	5.97	98.54	7.00	98.29	8.03
	07/01/2023		0.25		0.25		0.25	0.25	0.25		0.25		0.25		0.25
79770GJA5	455	17	3.98%	11	2.63%	6	1.30%	0	0.00%	-5	-1.27%	-11	-2.52%	-16	-3.74%
SAN FRANCISCO CALIF	1.29	98.65	2.32	97.37	3.32	96.11	4.31	94.88	5.31	93.67	6.30	92.49	7.29	91.33	8.27
	08/01/2024		1.34		1.34		1.34	1.28	1.34		1.34		1.34		1.34
798111HF0	750	79	11.37%	52	7.42%	25	3.63%	0	0.00%	-24	-3.49%	-47	-6.83%	-70	-10.05%
SAN JOAQUIN HILLS CALIF	2.15	103.06	1.32	99.40	2.32	95.90	3.31	92.54	4.31	89.31	5.30	86.21	6.30	83.24	7.29
	01/15/2027		3.79		3.79		3.79	3.54	3.79		3.79		3.79		3.79
83754LAX5	1,000	91	9.57%	60	6.27%	29	3.08%	0	0.00%	-28	-2.97%	-56	-5.84%	-82	-8.60%
SOUTH DAKOTA EDL	1.50	104.47	0.08	101.32	1.07	98.28	2.06	95.35	3.05	92.52	4.03	89.78	5.02	87.14	6.01
	06/01/2026		3.17		3.17		3.17	3.01	3.17		3.17		3.17		3.17

# Shocked CUSIP Analysis

		-300		-200		-100		Base		+100		+200		+300	
CUSIP	Par Value	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
882669BS2	1,000	24	2.50%	16	1.66%	8	0.82%	0	0.00%	-8	-0.81%	-15	-1.60%	-23	-2.38%
TEXAS PUBLIC FINANCE	0.50	98.61	2.19	97.79	3.20	96.99	4.20	96.20	5.21	95.42	6.20	94.66	7.20	93.91	8.19
	02/01/2024		0.84		0.84		0.84	0.81	0.84		0.84		0.84		0.84
882874KQ2	315	22	6.63%	14	4.36%	7	2.15%	0	0.00%	-7	-2.10%	-13	-4.14%	-20	-6.13%
TEXAS WOMANS UNIV	4.00	109.97	-0.51	107.64	0.74	105.36	1.99	103.14	3.24	100.98	4.48	98.87	5.73	96.82	6.98
	07/01/2025		2.25		2.25		2.25	2.10	2.25		2.25		2.25		2.25
894673TA0	275	22	8.71%	14	5.71%	7	2.81%	0	0.00%	-7	-2.72%	-13	-5.35%	-20	-7.90%
TREDYFFRIN-EASTTOWN	1.16	98.46	1.71	95.74	2.71	93.11	3.71	90.57	4.71	88.10	5.70	85.72	6.70	83.41	7.70
	02/15/2026		2.88		2.88		2.88	2.76	2.88		2.88		2.88		2.88
91476PDR6	300	9	2.96%	7	2.49%	4	1.45%	0	0.00%	-5	-1.73%	-11	-3.64%	-16	-5.59%
UNIVERSITY OKLA REVS	3.02	100.09	1.89	99.63	3.21	98.63	3.66	97.21	4.33	95.53	5.15	93.68	6.07	91.78	7.03
	07/01/2025		0.08		2.00		2.25	1.59	2.25		2.25		2.25		2.25
927781VU5	755	31	4.17%	21	2.75%	10	1.36%	0	0.00%	-10	-1.33%	-20	-2.63%	-29	-3.91%
VIRGINIA COLLEGE BLDG	4.75	103.81	2.01	102.39	3.01	101.01	4.01	99.65	5.00	98.33	5.99	97.03	6.98	95.76	7.97
	09/01/2024		1.42		1.42		1.42	1.34	1.42		1.42		1.42		1.42
Municipal	43,415	2,500	5.91%	1,591	3.76%	765	1.81%	0	0.00%	-733	-1.73%	-1,454	-3.44%	-2,164	-5.11%
	3.11	103.26	1.69	101.17	2.70	99.26	3.73	97.50	4.73	95.81	5.74	94.15	6.72	92.52	7.72
			2.34		2.33		2.30	1.74	1.94		1.94		1.94		1.94
19424JUD6	2,000	17	0.86%	11	0.57%	6	0.29%	0	0.00%	-6	-0.28%	-11	-0.57%	-17	-0.85%
Collateralized Commercial	0.00	99.49	1.79	99.21	2.81	98.92	3.82	98.64	4.84	98.36	5.86	98.08	6.88	97.81	7.90
	07/13/2023		0.29		0.29		0.29	0.28	0.29		0.29		0.29		0.29
46640QS93	2,000	6	0.32%	4	0.22%	2	0.11%	0	0.00%	-2	-0.11%	-4	-0.21%	-6	-0.32%
JP Morgan CP	0.00	99.82	1.70	99.71	2.70	99.60	3.72	99.49	4.73	99.39	5.75	99.28	6.77	99.17	7.80
	05/09/2023		0.11		0.11		0.11	0.11	0.11		0.11		0.11		0.11
46640QVE8	1,000	11	1.12%	7	0.75%	4	0.37%	0	0.00%	-4	-0.37%	-7	-0.73%	-11	-1.10%
JP Morgan CP	0.00	99.24	2.05	98.87	3.07	98.51	4.09	98.14	5.10	97.78	6.12	97.42	7.14	97.07	8.16
	08/14/2023		0.37		0.37		0.37	0.37	0.37		0.37		0.37		0.37
46640QT68	1,000	6	0.56%	4	0.37%	2	0.18%	0	0.00%	-2	-0.18%	-4	-0.37%	-5	-0.55%
JP Morgan CP	0.00	99.86	0.76	99.68	1.78	99.49	2.80	99.31	3.82	99.13	4.85	98.94	5.88	98.76	6.91
	06/06/2023		0.18		0.18		0.18	0.18	0.18		0.18		0.18		0.18
53943SWF0	1,000	14	1.38%	9	0.92%	4	0.46%	0	0.00%	-4	-0.45%	-9	-0.90%	-13	-1.35%
Lloyds Bank CP	0.00	99.05	2.08	98.60	3.10	98.15	4.12	97.70	5.14	97.26	6.16	96.82	7.18	96.39	8.19
	09/15/2023		0.46		0.46		0.46	0.46	0.46		0.46		0.46		0.46
53948BYL7	1,000	19	1.92%	12	1.27%	6	0.63%	0	0.00%	-6	-0.62%	-12	-1.24%	-18	-1.84%
Lloyds Bank CP	0.00	98.54	2.32	97.91	3.34	97.29	4.35	96.68	5.35	96.08	6.36	95.49	7.36	94.90	8.36
	11/20/2023		0.64		0.64		0.64	0.63	0.64		0.64		0.64		0.64

# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
742404AK2	1,000	8	0.77%	5	0.51%	3	0.26%	0	0.00%	-3	-0.25%	-5	-0.51%	-8	-0.76%
RNCON 4.105 07/01/23	4.11	100.80	0.93	100.54	1.95	100.28	2.96	100.03	3.98	99.77	4.99	99.52	6.02	99.27	7.04
	07/01/2023		0.25		0.25		0.25		0.25		0.25		0.25		0.25
8923A1XD8	1,000	16	1.61%	10	1.07%	5	0.53%	0	0.00%	-5	-0.53%	-10	-1.05%	-15	-1.56%
TCPR CP 0 10/13/23	98.87	2.12	98.35	3.14	97.82	4.15	97.31	5.16	96.79	6.17	96.29	7.18	95.79	8.19	
	10/13/2023		0.54		0.54		0.54		0.54		0.54		0.54		0.54
8923A1VF5	1,000	11	1.13%	7	0.75%	4	0.37%	0	0.00%	-4	-0.37%	-7	-0.74%	-11	-1.10%
Toyota Credit de Puerto Rico	0.00	99.18	2.21	98.81	3.23	98.44	4.24	98.07	5.26	97.71	6.28	97.35	7.30	96.99	8.32
	08/15/2023		0.38		0.38		0.38		0.38		0.38		0.38		0.38
8923A1VR9	1,000	12	1.21%	8	0.80%	4	0.40%	0	0.00%	-4	-0.40%	-8	-0.79%	-12	-1.18%
Toyota Credit de Puerto Rico	0.00	99.12	2.22	98.72	3.23	98.32	4.25	97.93	5.27	97.54	6.28	97.15	7.30	96.77	8.32
	08/25/2023		0.40		0.40		0.40		0.40		0.40		0.40		0.40
8923A1Z12	1,000	19	2.01%	13	1.33%	6	0.66%	0	0.00%	-6	-0.65%	-12	-1.29%	-19	-1.92%
Toyota Credit de Puerto Rico	0.00	98.41	2.41	97.76	3.42	97.11	4.43	96.48	5.43	95.85	6.44	95.23	7.44	94.62	8.44
	12/01/2023		0.67		0.67		0.67		0.67		0.67		0.67		0.67
89233HSR6	1,000	5	0.46%	3	0.30%	2	0.15%	0	0.00%	-2	-0.15%	-3	-0.30%	-5	-0.45%
Toyota Motor Credit	0.00	99.91	0.58	99.76	1.58	99.61	2.59	99.46	3.59	99.31	4.60	99.16	5.62	99.01	6.64
Corporate	14,000	142	1.03%	94	0.69%	47	0.34%	0	0.00%	-47	-0.34%	-93	-0.67%	-139	-1.01%
	0.29	99.40	1.76	99.06	2.77	98.72	3.78	98.38	4.80	98.05	5.81	97.72	6.83	97.39	7.85
			0.35		0.35		0.35		0.35		0.35		0.35		0.35
034577AK2	246	2	0.69%	1	0.46%	1	0.23%	0	0.00%	-1	-0.23%	-1	-0.45%	-2	-0.68%
ANEFUCU 3.2 06/21/23	3.20	101.27	-2.41	101.04	-1.41	100.81	-0.41	100.58	0.59	100.36	1.60	100.13	2.60	99.90	3.61
	06/21/2023		0.23		0.23		0.23		0.23		0.23		0.23		0.23
04288LAA6	245	6	2.60%	4	1.78%	2	0.94%	0	0.00%	-3	-1.10%	-6	-2.39%	-9	-3.82%
ARSNCU 5.1 01/21/25	5.10	102.37	2.15	101.56	3.18	100.72	4.25	99.78	5.30	98.68	5.96	97.40	6.74	95.97	7.62
	01/21/2025		0.81		0.81		0.81		1.01		1.81		1.81		1.81
052392CR6	245	6	2.41%	4	1.60%	2	0.79%	0	0.00%	-2	-0.78%	-4	-1.54%	-6	-2.30%
AUSFCU 5 01/26/24	5.00	102.03	2.53	101.21	3.54	100.41	4.54	99.63	5.54	98.85	6.54	98.09	7.53	97.34	8.52
	01/26/2024		0.82		0.82		0.82		0.78		0.82		0.82		0.82
05580AD68	245	10	4.38%	7	2.89%	3	1.43%	0	0.00%	-3	-1.40%	-6	-2.76%	-9	-4.10%
BMW 0.65 09/17/24	0.65	97.50	2.40	96.10	3.40	94.74	4.40	93.41	5.40	92.10	6.39	90.83	7.38	89.58	8.36
	09/17/2024		1.46		1.46		1.46		1.41		1.46		1.46		1.46
130162AF7	245	4	1.44%	2	0.96%	1	0.48%	0	0.00%	-1	-0.47%	-2	-0.94%	-3	-1.40%
CALCRE 4.1 09/22/23	4.10	101.44	1.08	100.96	2.09	100.48	3.10	100.00	4.11	99.53	5.12	99.06	6.14	98.60	7.15
	09/22/2023		0.48		0.48		0.48		0.47		0.48		0.48		0.48



# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
17783PAH4	245	6	2.35%	4	1.55%	2	0.77%	0	0.00%	-2	-0.76%	-4	-1.51%	-5	-2.24%
CFCUTX 4.9 01/18/24	4.90	101.90	2.53	101.11	3.54	100.33	4.54	99.56	5.55	98.80	6.54	98.06	7.54	97.33	8.53
	01/18/2024		0.80		0.80		0.80	0.76	0.80		0.80		0.80		0.80
22551KAA0	245	9	3.87%	6	2.55%	3	1.26%	0	0.00%	-3	-1.24%	-6	-2.45%	-9	-3.64%
CRDTEX 3.2 07/22/24	3.20	100.94	2.47	99.66	3.47	98.40	4.47	97.17	5.46	95.97	6.45	94.80	7.44	93.64	8.42
	07/22/2024		1.31		1.31		1.31	1.24	1.31		1.31		1.31		1.31
24951TAU9	245	6	2.47%	5	1.97%	3	1.07%	0	0.00%	-3	-1.13%	-5	-2.27%	-8	-3.39%
DEPTCM 3 1/2 07/01/24	3.50	100.00	2.34	99.51	3.94	98.63	4.67	97.59	5.56	96.49	6.51	95.38	7.49	94.29	8.47
	07/01/2024		0.00		1.25		1.25	1.10	1.25		1.25		1.25		1.25
30960QAM9	245	6	2.35%	4	1.55%	2	0.77%	0	0.00%	-2	-0.76%	-4	-1.51%	-5	-2.24%
FIGFCU 5 01/18/24	5.00	101.98	2.53	101.18	3.54	100.40	4.54	99.64	5.55	98.88	6.54	98.14	7.54	97.40	8.53
	01/18/2024		0.80		0.80		0.80	0.76	0.80		0.80		0.80		0.80
38149MZJ5	245	23	10.47%	15	6.84%	7	3.36%	0	0.00%	-7	-3.23%	-14	-6.34%	-20	-9.33%
GS 1.05 09/08/26	1.05	96.96	1.97	93.78	2.97	90.72	3.97	87.77	4.96	84.94	5.96	82.21	6.96	79.58	7.95
	09/08/2026		3.44		3.44		3.44	3.29	3.44		3.44		3.44		3.44
44963KAA6	245	1	0.50%	1	0.33%	0	0.17%	0	0.00%	0	-0.17%	-1	-0.33%	-1	-0.50%
IHMISS 2.9 05/30/23	2.90	100.50	-0.15	100.33	0.85	100.17	1.85	100.00	2.85	99.83	3.86	99.67	4.87	99.50	5.89
	05/30/2023		0.17		0.17		0.17	0.17	0.17		0.17		0.17		0.17
920133AL9	245	3	1.19%	2	0.89%	1	0.55%	0	0.00%	-2	-0.94%	-6	-2.27%	-10	-3.89%
KRNFCU 5.1 07/18/25	5.10	100.96	1.88	100.66	2.90	100.31	4.05	99.77	5.28	98.84	5.71	97.51	6.35	95.89	7.15
	07/18/2025		0.30		0.30		0.30	0.74	2.05		2.30		2.30		2.30
53052LAG4	245	6	2.34%	4	1.54%	2	0.77%	0	0.00%	-2	-0.75%	-4	-1.50%	-5	-2.23%
LIBFCU 4.9 01/16/24	4.90	101.89	2.53	101.10	3.54	100.32	4.54	99.56	5.55	98.81	6.54	98.07	7.54	97.34	8.53
	01/16/2024		0.79		0.79		0.79	0.76	0.79		0.79		0.79		0.79
549104TM9	248	5	1.92%	3	1.27%	2	0.63%	0	0.00%	-2	-0.62%	-3	-1.24%	-5	-1.84%
LSAVBK 0.2 11/20/23	0.20	101.06	-1.44	100.41	-0.45	99.78	0.54	99.16	1.53	98.54	2.52	97.93	3.51	97.33	4.49
	11/20/2023		0.64		0.64		0.64	0.63	0.64		0.64		0.64		0.64
70962LBA9	245	13	5.49%	8	3.62%	4	1.79%	0	0.00%	-4	-1.75%	-8	-3.45%	-12	-5.12%
PENCRD 1 1/4 01/31/25	1.25	98.20	2.27	96.45	3.27	94.75	4.27	93.09	5.27	91.46	6.27	89.87	7.27	88.32	8.27
	01/31/2025		1.83		1.83		1.83	1.77	1.83		1.83		1.83		1.83
77535MAM5	245	1	0.33%	1	0.28%	1	0.22%	0	0.00%	-2	-1.00%	-7	-2.78%	-13	-5.25%
ROGUEC 5.1 01/20/28	5.10	100.21	1.23	100.16	2.24	100.10	3.25	99.88	5.19	98.88	5.43	97.10	5.87	94.64	6.49
	01/20/2028		0.06		0.06		0.06	0.67	4.06		4.81		4.81		4.81
795451AK9	245	22	10.22%	14	6.68%	7	3.28%	0	0.00%	-7	-3.16%	-13	-6.20%	-20	-9.13%
SALLMA 1.1 08/11/26	1.10	97.14	1.98	94.02	2.98	91.02	3.98	88.13	4.98	85.35	5.97	82.67	6.97	80.08	7.97
	08/11/2026		3.36		3.36		3.36	3.21	3.36		3.36		3.36		3.36

# Shocked CUSIP Analysis

CUSIP	Par Value	-300		-200		-100		Base		+100		+200		+300	
		\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ
Description	Coupon	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
	Maturity		WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
856285XL0	245	23	10.62%	15	6.94%	7	3.40%	0	0.00%	-7	-3.27%	-14	-6.42%	-20	-9.45%
SBIIN 1.15 09/28/26	1.15	97.13	2.01	93.90	3.00	90.79	4.00	87.80	5.00	84.93	6.00	82.16	6.99	79.50	7.99
	09/28/2026		3.49		3.49		3.49	3.34	3.49		3.49		3.49		3.49
84611JAB9	245	6	2.41%	4	1.59%	2	0.79%	0	0.00%	-2	-0.78%	-4	-1.54%	-6	-2.30%
SPAAGE 5.05 01/26/24	5.05	102.07	2.53	101.25	3.54	100.45	4.54	99.66	5.55	98.89	6.54	98.13	7.54	97.38	8.52
	01/26/2024		0.82		0.82		0.82	0.78	0.82		0.82		0.82		0.82
87165FA20	245	10	4.38%	7	2.89%	3	1.43%	0	0.00%	-3	-1.40%	-6	-2.76%	-9	-4.10%
SYF 0.65 09/17/24	0.65	97.50	2.40	96.10	3.40	94.74	4.40	93.41	5.40	92.10	6.39	90.83	7.38	89.58	8.36
	09/17/2024		1.46		1.46		1.46	1.41	1.46		1.46		1.46		1.46
87868YAG8	245	13	5.24%	8	3.45%	4	1.71%	0	0.00%	-4	-1.67%	-8	-3.30%	-12	-4.89%
TECHCU 5 01/21/25	5.00	104.83	2.30	103.05	3.30	101.31	4.30	99.61	5.30	97.95	6.30	96.33	7.29	94.74	8.29
	01/21/2025		1.81		1.81		1.81	1.68	1.81		1.81		1.81		1.81
89789AAH0	245	21	8.50%	14	5.57%	7	2.74%	0	0.00%	-7	-2.65%	-13	-5.22%	-19	-7.70%
TRUFUCU 5.15 03/23/26	5.15	108.95	2.06	106.01	3.06	103.16	4.06	100.41	5.05	97.75	6.05	95.17	7.05	92.68	8.05
	03/23/2026		2.98		2.98		2.98	2.69	2.98		2.98		2.98		2.98
89841MAA5	245	2	0.74%	1	0.49%	1	0.25%	0	0.00%	-1	-0.25%	-1	-0.49%	-2	-0.73%
TRUFIN 2.95 06/29/23	2.95	100.74	-0.07	100.49	0.94	100.25	1.95	100.00	2.96	99.75	3.97	99.51	4.99	99.27	6.01
	06/29/2023		0.25		0.25		0.25	0.25	0.25		0.25		0.25		0.25
90307LAB0	245	6	2.41%	4	1.59%	2	0.79%	0	0.00%	-2	-0.78%	-4	-1.54%	-6	-2.29%
UNCLCU 5 01/25/24	5.00	102.02	2.53	101.21	3.54	100.41	4.54	99.63	5.54	98.85	6.54	98.09	7.54	97.35	8.53
	01/25/2024		0.82		0.82		0.82	0.78	0.82		0.82		0.82		0.82
91334AAL7	245	14	5.69%	9	3.75%	5	1.85%	0	0.00%	-4	-1.81%	-9	-3.58%	-13	-5.30%
UNIHER 5.15 03/21/25	5.15	105.40	2.36	103.46	3.36	101.57	4.36	99.72	5.36	97.92	6.36	96.15	7.36	94.43	8.36
	03/21/2025		1.98		1.98		1.98	1.83	1.98		1.98		1.98		1.98
91435LAG2	240	1	0.37%	1	0.25%	0	0.12%	0	0.00%	0	-0.12%	-1	-0.25%	-1	-0.37%
UNIICC 3.05 05/15/23	3.05	100.67	-2.35	100.55	-1.37	100.42	-0.37	100.30	0.62	100.17	1.62	100.05	2.62	99.93	3.62
	05/15/2023		0.13		0.13		0.13	0.12	0.13		0.13		0.13		0.13
92891CDA7	245	15	6.09%	10	4.14%	5	2.15%	0	0.00%	-6	-2.47%	-13	-5.33%	-21	-8.51%
VYSTAR 5.2 03/10/28	5.20	106.12	2.00	104.17	3.01	102.18	4.69	100.03	5.25	97.56	5.84	94.70	6.55	91.51	7.36
	03/10/2028		1.94		1.94		4.28	2.28	4.94		4.94		4.94		4.94
CD	6,614	236	3.66%	157	2.44%	79	1.22%	0	0.00%	-81	-1.26%	-165	-2.55%	-250	-3.88%
	3.50	101.18	1.55	99.98	2.57	98.79	3.59	97.60	4.61	96.38	5.52	95.11	6.46	93.82	7.41
			1.22		1.27		1.35	1.24	1.63		1.67		1.67		1.67
TOACASH1	22,941	57	0.25%	38	0.17%	19	0.08%	0	0.00%	-19	-0.08%	-38	-0.17%	-57	-0.25%
CASH	5.01	100.25	2.02	100.17	3.03	100.08	4.04	100.00	5.06	99.92	6.09	99.83	7.11	99.75	8.14
	04/30/2023		0.08		0.08		0.08	0.08	0.08		0.08		0.08		0.08

## Shocked CUSIP Analysis

CUSIP Description	Par Value	-300		-200		-100		Base		+100		+200		+300	
		Coupon	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ	% Px Δ	\$ Amt Δ
Maturity		Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld	Mkt Px	Mkt Yld
			WAL		WAL		WAL	Dur	WAL		WAL		WAL		WAL
Other	22,941	57	0.25%	38	0.17%	19	0.08%	0	0.00%	-19	-0.08%	-38	-0.17%	-57	-0.25%
	5.01	100.25	2.02	100.17	3.03	100.08	4.04	100.00	5.06	99.92	6.09	99.83	7.11	99.75	8.14
			0.08		0.08		0.08		0.08		0.08		0.08		0.08
Total	141,636	4,795	3.47%	3,213	2.33%	1,609	1.17%	0	0.00%	-1,636	-1.18%	-3,303	-2.39%	-4,984	-3.61%
	2.85	100.88	1.89	99.76	2.85	98.63	3.84	97.49	4.85	96.34	5.82	95.16	6.79	93.97	7.78
	2		1.25		1.34		1.39		1.39		1.43		1.46		1.47

## Portfolio Changes

### New Securities 2/2023-3/2023

CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent
3130AUZ98	Treasury/Agency	FHLB 6 03/13/28	03/13/2028	6.00	1,000,000	100.00	HTM
3130AV5J7	Treasury/Agency	FHLB 5 1/4 03/20/24	03/20/2024	5.25	1,000,000	100.00	HTM
3134GYK76	Treasury/Agency	FHLMC 5 5/8 03/13/26	03/13/2026	5.63	2,000,000	100.00	HTM
3134GYND0	Treasury/Agency	FHLMC 5 1/2 03/28/25	03/28/2025	5.50	1,000,000	100.00	HTM
432275AF2	Municipal	HILLSBOROUGH CNTY FLA AVIATION AUTH	10/01/2023	3.75	250,000	99.15	HTM
679087FD3	Municipal	OKLAHOMA ST CAP IMPT AUTH ST HWY CA	07/01/2024	5.34	250,000	99.80	HTM
8923A1Z12	Corporate	Toyota Credit de Puerto Rico	12/01/2023	0.00	1,000,000	96.48	HTM
89789AAH0	CD	TRUFUCU 5.15 03/23/26	03/23/2026	5.15	245,000	100.00	HTM
91334AAL7	CD	UNIHER 5.15 03/21/25	03/21/2025	5.15	245,000	100.00	HTM
92891CDA7	CD	VYSTAR 5.2 03/10/28	03/10/2028	5.20	245,000	100.00	HTM

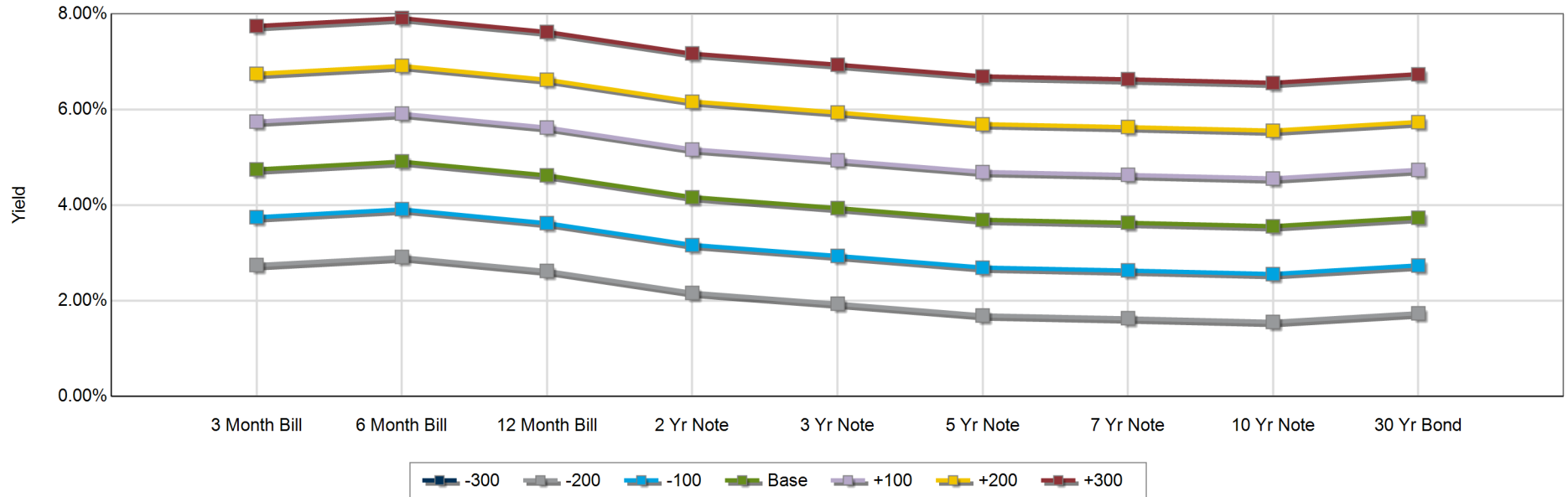
### Securities Sold/Redeemed 2/2023-3/2023

CUSIP	Sector	Security Description	Maturity	Coupon	Original Face	Book Price	Intent	Redemption Type
473142QV2	Municipal	JEFFERSON CNTY MO CONS SCH DIST NO	03/01/2023	0.45	260,000	100.00	HTM	Expired/Matured
3130ADRG9	Treasury/Agency	FHLB 2 3/4 03/10/23	03/10/2023	2.75	4,500,000	100.04	HTM	Expired/Matured
TOACASH1	Other	CASH	04/30/2023	5.01	22,940,543	100.00	AFS	Partial Sale
62384RAF3	CD	MOAFCU 3 03/27/23	03/27/2023	3.00	249,000	100.00	HTM	Sold/Redeemed

# Shocked Assumptions

	Scenarios						
	Down 300	Down 200	Down 100	Base	Up 100	Up 200	Up 300
Shift Amount	-300	-200	-100	0	100	200	300
Curve Slope Change	0	0	0	0	0	0	0
Shock Horizon	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate	Immediate
Curve Type	Static	Static	Static	Static	Static	Static	Static
Valuation Date	2023-03-31	2023-03-31	2023-03-31	2023-03-31	2023-03-31	2023-03-31	2023-03-31

## Yield Curve Scenarios



# Report Assumptions

## Assumptions

• Calculation Engine	The Yield Book © and ZM Financial
• Cash Flow Model	The Yield Book ©
• Curve Date	Same as Portfolio As Of Date
• Curve Type Used	Swap Curve
• Curve Shape	Immediate Sustained Parallel Shocks
• Price Shock Methodology	Constant OAS for fixed rate securities; immediate market shift for floating rate securities
• Horizon Period	Immediate Time Horizon
• Reinvestment Rate	3 Month T-Bill
• Cost of Funds	1.00%
• Tax Rate	21.0%

## Additional Information

Rolloff Yield - Rolloff Yield is the weighted average yield of the cashflows (maturities, calls and paydowns) that roll off during the noted time period. Ending Book Yield is the weighted average yield of the remaining securities at the noted time period.

Shocked Scenarios - All shocked scenarios are instant and parallel and assume a sustained rate cycle from that point on. LIBOR OAS is held constant in order to generate shocked market scenarios and The Yieldbook was used to generate the projected cash flows. In shocked scenarios, 0.01% is considered the floor.

Bonds Likely to be Called - The page identifies all callable agencies which will either be called or mature in the next 12 months in any of the shocked scenarios. The methodology used to determine the call assumes a small internal margin to account for the "cost to call."

Municipals - For taxable institutions, the above tax rate detailed - along with TEFRA adjustments for BQs - is used to calculate TEY unless otherwise input. Ratings are a blend of Moody's and Standard & Poors.

Duration - Duration in the shocked detail section is generated by Yield Book.

Original Face - If original face was not supplied, original face was estimated by dividing current face by current factor.

Yields - All yields are Yield to Projected Scenario. (Assumes 100% of The Yield Book prepayment model).

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## Council Meeting 2023 Updated

3.

**Meeting Date:** 05/23/2023

**Department:** Finance

**Pillars:** Excellence in Transportation Systems  
Gold Standard in Financial Health

**Milestones:** Improve all modes of transportation with infrastructure in an acceptable condition and well maintained  
Continue development and implementation of Long Term Financial Plan

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### **AGENDA CAPTION:**

Present and discuss the proposed 2023 General Obligation Bonds and 2023 Certificates of Obligation.

### **BACKGROUND:**

The Town's proposed 2023 bond issuance program includes a total issuance in the amount of \$9,500,000 consisting of \$5,000,000 in General Obligation Bonds and \$4,500,000 in Certificates of Obligation. Details of the proposed issuance are as follows: Since 2012, Addison voters have approved several bond programs to fund various projects throughout Town. Once voter approval is secured, the City Council is authorized to issue general obligation bonds to pay for projects.

The proposed 2023 General Obligation Bond issuance totals \$5,000,000 and consists of the following:

\$5,000,000 from the authorized \$32,602,000 (\$0 issued to date), from Proposition B of the 2019 Bond Election for street improvements. The funds would be used for the reconstruction design of Monfort Drive (\$900,000) and Quorum Drive (\$4.1M). Design contracts for both projects are anticipated to be brought before Council in late spring or early summer of 2023.

The proposed 2023 Certificates of Obligation issuance totals \$4,500,000 and consists of the following:

- \$2,000,000 for public infrastructure improvements for the Vitruvian Development. The amended and restated master facilities agreement with UDR, that was approved by Council on June 25, 2013, commits the Town to approximately \$49.9M in public infrastructure investment. To date, approximately \$13M of the total commitment remains. After this proposed issuance, approximately \$11M of the total commitment will remain.



- \$2,500,000 for Airport Fund capital improvement projects supported and serviced by Airport Fund revenue. These projects include reconstruction of Jimmy Doolittle Road and the east side airport service road.

With the proposed issuance, and accounting for anticipated growth in taxable property values, the Interest and Sinking (I&S) tax rate is estimated to decrease from \$0.164740/\$100 in Fiscal Year 2023 to \$0.162192/\$100 in Fiscal Year 2024. The 2019 Bond Committee estimated that for Fiscal Year 2024 the I&S tax rate would be approximately \$0.2465/\$100, which is almost 52% higher than the current estimate for Fiscal Year 2024.

**RECOMMENDATION:**

Information only, no action required.

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**Attachments**

Presentation - 2023 General Obligation Bonds and Certificates of Obligation

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# Capital Improvement Funding Plan and 2023 Bond Issuance

May 23<sup>rd</sup>, 2023

The logo for Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. The circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes a white diagonal line and a grey triangle in the top right corner.

# Proposed 2023 Bond Issuance

- Total issuance in the amount of \$9,500,000
  - General Obligation (GO) Bonds in the amount of \$5,000,000
  - Certificates of Obligation (CO) in the amount of \$4,500,000
    - \$2,000,000 supported by property tax
    - \$2,500,000 supported by Airport Fund Revenue

# Proposed 2023 General Obligation Bonds

- Total GO issuance in the amount of \$5,000,000
- Proposition B (Approved By Voters in 2019) - \$5,000,000
  - Reconstruction design of Monfort Drive (\$900,000) and Quorum Drive (\$4,100,000)

# 2023 GO Bonds Tax Rate Impact

Tax Rate Impact	Total	2023 GO's Per Bond Election	2023 GO's Projected	Savings (Deficit)
<b>Proposition A</b>	\$ 0.0353	\$ -	\$ -	\$ -
<b>Proposition B</b>	\$ 0.0450	\$ 0.0067	\$ 0.0066	\$ 0.0001
<b>Proposition C</b>	\$ 0.0100	\$ -	\$ -	\$ -
<b>Proposition D</b>	\$ 0.0113	\$ -	\$ -	\$ -
<b>Proposition E</b>	\$ 0.0015	\$ -	\$ -	\$ -
<b>Totals</b>	\$ 0.1031	\$ 0.0067	\$ 0.0066	\$ 0.0001
	<b>Savings compared to 2019 bond election projections =</b>			<b>1.43%</b>

# 2023 Proposed Certificates of Obligation

- Total CO issuance in the amount of \$4,500,000
- \$2,000,000 for the public infrastructure projects in Vitruvian Park
- \$2,500,000 for Airport Capital Improvement Projects supported by Airport revenue
  - \$1,500,000 – Jimmy Doolittle Drive
  - \$1,000,000 – Airport Service Roads

# Tax Rate Impact from Bond Committee in 2019

**Estimated I&S Tax Rate Impact<sup>(1)(2)(3)</sup>**

FYE	Existing	"Committed"	2019 Bond Propositions						Total All Props	Total Projected
			Prop A	Prop B	Prop C	Prop D	Prop E			
2019	\$ 0.1428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1428	
2020	0.1240	0.0258	-	-	-	-	-	-	0.1497	
2021	0.1200	0.0435	0.0026	-	0.0007	0.0028	0.0016	0.0077	0.1712	
2022	0.1146	0.0602	0.0212	-	0.0055	0.0093	0.0015	0.0375	0.2122	
2023	0.1108	0.0628	0.0351	0.0042	0.0053	0.0114	0.0015	0.0574	0.2311	
2024	0.1071	0.0656	0.0340	0.0205	0.0071	0.0109	0.0014	0.0738	0.2465	

**Assumptions:**

(1) Future Taxable Assessed Values assume 3.5% growth through 2038 as supplied by Town officials.

(2) Tax Collection Percentage: 96.5%

(3) Interest Rate Assumptions:

2019 Sales assume 3.00% (current rates plus 0.25%)

2020 Sales assume current rates plus 1.00% = 4.75%

2021 Sales and beyond assume current rates plus 1.25% = 5.00%

# Tax Rate Impact Current Estimate

## Estimated I&S Tax Rate Impact<sup>(1)(2)(3)</sup>

FYE	Existing	"Committed"	Remaining 2019 Bond Propositions					Total All Props	Total Projected
			Prop A	Prop B	Prop C	Prop D			
2023	\$ 0.1647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1647	
2024	0.1529	0.0027	-	0.0066	-	-	0.0066	0.1622	

Assumptions:

(1) FYE 2023 is the Town's final TAV as provided by Dallas Central Appraisal District. Future values assume 8% growth in FY 2024 and 2.5% thereafter as supplied by Town officials.

(2) Tax Collection Percentage: 96.5% Tax Rate for FYE 2023 is actual. All other years are projections.

(3) Interest Rate Assumptions:

2023 Sales assume 4.75%

2024 Sales and beyond assume 5.00%



# Timeline

- May 23<sup>rd</sup> - Present plan to the Council
- June 13<sup>th</sup> - City Council considers Ordinance authorizing Notice of Intent Publication for Certificates of Obligation
- June 19<sup>th</sup> - First Publication of Notice of Intent to Issue Certificates of Obligation
- June 26<sup>th</sup> - Second Publication of Notice of Intent to Issue Certificates of Obligation
- Week of July 10<sup>th</sup> – Ratings calls
- July 26<sup>th</sup> - Receive ratings
- August 8<sup>th</sup> - Hold competitive sale for the bonds (both GO and CO)
- August 8<sup>th</sup> - Present ordinance authorizing the sale to Council
- September 6<sup>th</sup> - Receive proceeds from bond sale



**Council Meeting 2023 Updated**

**4.**

**Meeting Date:** 05/23/2023

**Department:** Special Events

**Pillars:** Optimize the Addison Brand

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**AGENDA CAPTION:**

Present and discuss an update on Taste Addison 2023.

**BACKGROUND:**

Staff will share an update to the Council on the upcoming Taste Addison event that will take place June 2-3, 2023. Presentation will include information regarding tickets, entertainment, activities, participating restaurants and media coverage.

**RECOMMENDATION:**

Information only. No action required.

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**Attachments**

Update on Taste Addison 2023

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**May 23, 2023**

# Current Vibe: ADMIT MANY!

ADDISON

ADMIT ONE

**Taste  
Addison**

An Experience for Every Vibe

**SINGLE  
DAY \$15**  
GENERAL  
ADMISSION

VALID  
FOR A SINGLE  
ADMISSION ON  
**FRIDAY,  
JUNE 2**

OR  
**SATURDAY  
JUNE 3**



**Friday, June 2: 6pm – 12am**  
**Saturday, June 4: 2pm – 12am**

GENERAL ADMISSION:

**\$15**

ages 13+

**\$5**

ages 6-12

**Free**

ages 0-5

**HOTEL PACKAGE:**

FREE ADMISSION (for 4) *PLUS* exclusive access to the  
Hotel VIP Viewing area at the Main Stage



# VIP Vibes

ADDISON

TK'S

COMEDY • COCKTAILS • CUISINE

FRIDAY VIP

**Taste Addison**

An Experience for Every Vibe

**SINGLE DAY  
VIP**

VALID FOR A SINGLE  
ADMISSION ON

**FRIDAY,  
JUNE 2**



TK'S

COMEDY • COCKTAILS • CUISINE

SATURDAY VIP

**Taste Addison**

An Experience for Every Vibe

**SINGLE DAY  
VIP**

VALID FOR A SINGLE  
ADMISSION ON

**SATURDAY,  
JUNE 3**



**\$60**

*includes:*

- Single Day Admission
- 2 Beverage Tokens
- 2 Taste Bites
- TK's VIP Lounge
- Main Stage Viewing Deck



## SWAE LEE • 3OH!3

HAWTHORNE HEIGHTS • STORY OF THE YEAR

MEET ME @ THE ALTAR • VAN FULL OF NUNS • EMERALD

CITY • TYLER KINCHEN & THE RIGHT PIECES

GRACELAND NINJAZ • MARISSA CHIBLI • SUPER KILO • PENNY AND THE

FLAMETHROWERS • ZAC HARMON • EXTENDED PLAY BAND

ROCKESTRA • REIGNING NICKELS • 3 FOOLS ON STOOLS

NER DE LEON SAXOPHONIST • CLAYTON FARHAT • JOSEPH NEVILLE

**25** ADDISON ESTABLISHMENTS PARTICIPATING **23** selling in the park, plus **4** concessionaires

## DIVERSE CUISINE OPTIONS

KOREAN    INDIAN    BBQ    CHINESE  
HAWAIIAN    MONGOLIAN    TEX-MEX  
THAI    MEDITERRANEAN    SEAFOOD  
SWEET TREATS    AND MORE!

**WATER STANDS** **NEW**  
**4★DWN**

MISSION: fostering the sustainable health and well-being of our kids, families and environment through programs emphasizing recreation, education, cultivation and conservation



## THE GROVE

*Located near the Bowl Stage*

Spirits tastings + full-service bar  
featuring:

**Tanteo Tequila**  
**Don Q Rum**  
**Silver Star Whiskey**  
**Western Son Vodka**

## THE GARDEN

*Located on the north side of the park*

Wine and wine-based cocktail  
tastings featuring:

**Cupcake Vineyards**  
**BuzzBallz Cocktails**  
**BeatBox Beverages**

## WINE TASTINGS

### TASTING HOURS

Friday: 6-9pm

Saturday: 2-7pm

*for guests 21+ while supplies last*

# SHOPPING Vibes

ADDISON



## 25 MARKETPLACE MERCHANTS

ART JEWELRY PACKAGED FOODS  
OTHER ARTISAN ITEMS

**OFFICIAL FESTIVAL MERCH:** branded items, including apparel, drinkware and more

A photograph of three children sitting at a white table outdoors, coloring. The boy on the left is wearing a black and white patterned shirt. The girl in the middle is wearing a colorful floral tank top. The boy on the right is wearing a dark blue t-shirt with 'DWB' on it. They are all focused on coloring their cards. There are markers, a bucket, and other supplies on the table. The background shows other people and greenery.

**TASTE ADDISON**  
*with all*  
**5 SENSES**

- ARTS & CRAFTS
- PETTING ZOO
- GLITTER TATTOOS
- COOKIE SOCIETY
- IMAGINATION PLAYGROUND
- DINO DIG
- TEXAS STYLE WRESTLING



**What's Your Vibe?**

## **Council Meeting 2023 Updated**

**Meeting Date:** 05/23/2023

**Department:** City Manager

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### **AGENDA CAPTION:**

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### **Announcements and Acknowledgments Regarding Town, Activities, Council Meeting and Events**

#### **Requests for clarification of agenda items listed on this agenda.**

This section includes questions members of the City Council direct to staff on any item listed on this agenda. Answers are compiled in a report and provided to the City Council and members of the public by clicking on Exhibit 1 of this item below. The link found within the document will provide access to the supporting documentation. The report will be available prior to start of the meeting. Any handouts distributed at the meeting will also be uploaded to the below link by 12:00 pm on the business day following the meeting.

Exhibit 1: Council Questions and Answers

#### **BACKGROUND:**

#### **RECOMMENDATION:**

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### **Attachments**

Q&A

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## Answers to Council Questions – May 23, 2023

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**Item #2:** Present and discuss the Town of Addison Fiscal Year 2023 Second Quarter Financial Report.

**Question:** Can we please get some thoughts on why sales tax collections have been done for each of the last 5 months?

**Response:** Of the seven months of sales tax data we have received for FY 2023 (one month is not shown on the quarterly financial report) four months, in total, have been less than FY 2022 and three months have been more than FY 2022. When we look at just the current period collections over the seven months, FY 2023 has exceeded FY 2022 by approximately \$20k. Current period collections are sales tax returns that were filed and payments sent to the State Comptroller in the month they were due. In FY 2022, there were significant Audit Collections and Prior Period Collections when compared to FY 2023.

Audit Collections are when the State Comptroller's Office allocates sales tax from prior periods that were either not reported, under reported, or reported to the incorrect local jurisdiction. Prior Period Collections are when a sales tax payer files their sales tax return and remits payment to the State Comptroller in a period after it was due. In FY 2022, through seven months, Audit Collections were approximately \$200k more than FY 2023 and Prior Period Collections were approximately \$110k more than FY 2023. Some of the Audit Collections difference can be attributed to reallocation of sales tax from a payer that was incorrectly reporting to Addison until the Summer of 2022. Through seven months of FY 2023, we anticipate sales tax collections to total over \$15.2M by fiscal year end, or exceed the original budget by over \$800k.

**Item #3:** Present and discuss the proposed 2023 General Obligation Bonds and 2023 Certificates of Obligation.

**Question:** From what I can understand, it looks like the 2019 Bond Package Proposition bonds/COs have not been borrowed per page 119 (slide 6) of the agenda packet. Therefore, the tax rate impact has not been realized. Can we get a quick overview / summary of this and the reasons behind it? (Covid, etc.)

**Response:** The two slides on pages #6 and #7 may be confusing due to slide #6 showing the cumulative tax rate impact that was anticipated for each of the 2019 propositions and "Committed" projects whereas in the current estimate on slide #7 what has been issued from the 2019 propositions and for "Committed" projects in prior years is included in the "Existing" column.

To date, and including the proposed 2023 plan of issuance, the Town has issued approximately \$33.748M from the 2019 General Obligation Bond Authorization. The 2019 bond program anticipated that through the 2023 General Obligation Bond issuance the



## Answers to Council Questions – May 23, 2023

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Town would have issued \$45.52M of the \$70.6M total 2019 authorization. The major difference between the 2019 timeline and what has actually occurred is the issuance of General Obligation Bonds for the reconstruction of Airport Parkway totaling \$9.4M which was anticipated to be fully issued by 2023, of which \$1.13M has been issued to date, and Monfort Drive which was anticipated to be fully issued, \$7.3M, in 2023, but we are proposing to only sell the funds for design, \$900k, in 2023. Conversely, the Les Lacs Pond project has moved quicker than anticipated by the 2019 Bond Program and has been fully issued to date, when the 2019 bond program anticipated that \$1.955M would remain to be issued until 2024. In total the I&S tax rate difference between what has been issued to date (including the 2023 plan of issuance) and what was anticipated in 2019 for the 2019 bond program is \$0.018759/\$100.

In addition, the 2019 Bond Program tax rate analysis anticipated that by 2023 the Town would have issued \$3M in General Obligation Bonds from the 2012 bond authorization for the parking garage near the transit-oriented development and \$3.25M in Certificates of Obligation for the Addison Grove Development public infrastructure. Neither of these have been issued to date but will be evaluated periodically based on need. It was also anticipated in 2019 that the Town would not need to issue any new Certificates of Obligation for the Vitruvian Park public infrastructure until 2025, however, based on need the Town is proposing to issue \$2M in 2023. The net difference of \$4.25M would be equal to \$0.006270/\$100 in terms of I&S tax rate based on the 2019 bond program.

If we reduced the 2019 anticipated tax rate of \$0.246500/\$100 by differences for what we have actually issued (or are planning to issue) through 2023 the total I&S tax rate would be anticipated to be \$0.221471/\$100, which is far above the \$0.162200/\$100 we anticipate now. There are several factors that are responsible for the difference of \$0.059271/\$100 in the I&S tax rate listed below:

- Taxable value of properties in Town has exceeded expectations from the 2019 bond program.
- Interest rates for actual bond issuances have been lower than expected in the 2019 bond program.
- The Town issued refunding bonds in 2020, 2021 and 2022 that were not anticipated in the 2019 bond program that have generated over \$4M in net present value savings.
- Beginning with the fiscal year 2023 budget the Stormwater Fund began contributing approximately \$400k to the debt service fund annually to service General Obligation bonds issued for Stormwater Improvements.
- Beginning with the fiscal year 2023 budget the Airport Fund began contributing approximately \$500k to the debt service fund annually to service General Obligation issued for Airport land acquisition.



## Answers to Council Questions – May 23, 2023

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**Item #8:** Consider action on a Resolution approving a First Amendment to Ground Lease between the Town of Addison and Mercury Air Center – Addison, Inc. (d/b/a Atlantic Aviation FBO) and authorizing the City Manager to execute the necessary documents.

### Questions:

If approved and completed, when would Atlantic Aviation be required to complete Extended Term #1 (i.e., Demolish the building improvements at 4451 Glenn Curtiss Drive and construct a larger jet hanger)?

**Response:** Atlantic is to complete construction required for the amended Extended Term #1 by September 30, 2024. The proposed amendment would defer the demolition of the existing hangar and construct of a new one in its until Extended Term #2 in favor of renovation of the terminal building and reconstruction of 230,000 square feet of aircraft apron (which is currently required for Extended Term #2). Effectively, Atlantic is switching the order of construction phases.

Why does Atlantic Aviation need approval from City Council for this item?

The requested action requires an amendment to the ground lease, as directed by the City Attorney. Such action requires the consideration and consent of the City Council.

What is Atlantic Aviation looking to achieve by amending the Ground Lease?

Atlantic is requesting this amendment because their existing aircraft apron is deteriorating faster than anticipated and they desire to renovate the new terminal sooner to remain competitive.

**Item #11:** Present, discuss, and consider action on a Resolution approving a construction services agreement with Dean Electric, Inc. for Vitruvian Park Fitness Court and authorizing the City Manager to execute the agreement in an amount not to exceed \$234,959.

**Question:** Please provide the total costs of the 38'x37'-7" outdoor fitness court in a per square foot basis for: 1) cost of the original location. 2) cost of the Vitruvian location. Costs should include design, fitness equipment, construction and any grants applied.

**Response:** Staff has provided the requested information below. Please note the Les Lacs location was part of the Redding Trail Drainage and Amenities project, and as a result, benefitted from a magnitude of scale savings related to integration into a larger project. Staff also selected the Les Lacs location due to the ideal site conditions, this significantly reduced construction costs for this site.





## Answers to Council Questions – May 23, 2023

Task	Les Lacs Location	Vitruvian Park Location	Notes
Survey	\$750	\$7,000	Vitruvian site required location of the Flood Plain and Floodway on Site and required a larger survey area to pick up site utilities and grades to address ADA needs.
Geotech		\$4,500	Les Lacs Project utilized Geotech conducted for Sherlock project
Design	\$5,000	\$7,700	The concrete slab for the Les Lacs Location was more of a standard design provided by the manufacturer. The Vitruvian Location required additional design work to address site conditions such as topography, utilities, and the flood plain / floodway.
Additional Design / Reports	-	\$20,900	<ul style="list-style-type: none"> <li>- Location of the Flood Plain</li> <li>- Design of the Thickened Edge / Helical Piers</li> <li>- Separate set of plans for bidding.</li> </ul>
Site Work – Prep, Demo, ADA treatments, Restoration,	-	\$93,374	Les Lacs Location landscape restoration was to be completed by the Parks Department following construction and was never priced in detail as restoration was minimal.
Concrete Slab	\$42,987	\$111,585	Les Lacs Location had no utility, grade, or flood plain conflicts. Vitruvian Location required a perimeter grade beam, 6” curb and guardrail due to existing grades. Geotech report indicated Vitruvian location was on 4’ of unclassified fill which required the addition of helical piers. Construction of the Vitruvian location adjacent to the flood plain also required additional erosion control measures. Construction methods for the Vitruvian location required more landscape restoration than the Les Lacs Location
Fitness Equipment Purchase	\$124,265	\$124,265	Council approved a resolution on September 14, 2021 to purchase the Outdoor Fitness Equipment. The purchase amount reflects an offset of \$25,000 grant that was also approved by a resolution the same date.
Project Contingency	\$30,000	\$30,000	Will be applied towards installation of the equipment.
<b>Total</b>	<b>\$203,002</b>	<b>\$399,324</b>	
<b>Fitness Court Price / SF*</b>	<b>\$144</b>	<b>\$284</b>	

Note: SF of construction site is larger than the fitness court footprint and is not equal for each location.

What was the projected construction complete date for the AAC location version? The total project was estimated to take 90 days. The contractor did not break out the specific time for construction of the fitness court and this was never requested by staff because



## Answers to Council Questions – May 23, 2023

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staff was directed to look at alternative sites.

What is the projected construction complete date for the Vitruvian location if approved? 65 days was included in the contractor's bid and does not include the time needed for equipment installation, which is approximately two weeks. Note that construction days do not include rain delays.

If this project was to be cancelled completely, what are the total out of pocket expenses the town has incurred to date? \$169,415.

Could we recoup cost for equipment? We could attempt to auction off the equipment and recoup pennies on the dollar for the costs.

Can the grant money be used for another project? If the Town were to move the equipment to another location in Addison that meets the grant criteria, the grant obligations would be fulfilled. If the Town were to not install the equipment, Addison may be required to refund the \$25,000 grant.

**Council Meeting 2023 Updated**

**5.**

**Meeting Date:** 05/23/2023

**Department:** City Secretary

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**AGENDA CAPTION:**

Consider Action on the Minutes from the April 25, 2023 City Council Regular Meeting.

**BACKGROUND:**

The minutes for the April 25, 2023 City Council Regular Meeting have been prepared for consideration.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Minutes - April 25, 2023

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# DRAFT

## OFFICIAL ACTIONS OF THE ADDISON CITYCOUNCIL

April 25, 2023

**Addison TreeHouse**  
**14681 Midway Road, Suite 200, Addison, TX 75001**  
600 p.m. Executive Session & Work Session  
7:30 Regular Meeting

**Present:** Mayor Joe Chow; Mayor Pro-Tempore Kathryn Wheeler; Deputy Mayor Pro-Tempore Lori Ward; Council Member Tom Braun; Council Member Darren Gardner; Council Member Guillermo Quintanilla; Council Member Eileen Resnik

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**Call Meeting to Order:** Mayor Chow called the meeting to order at 6:00 PM.

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**Pledge of Allegiance:** Mayor Chow lead the Pledge of Allegiance.

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### EXECUTIVE SESSION

#### **Closed (Executive) Session of the Addison City Council pursuant to Texas Government Code:**

- Section 551.074. Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee, pertaining to:
  - City Manager Personnel Update
- Section 551.087. Regarding Economic Development - Deliberations to discuss or deliberate regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or to deliberate the offer of a financial or other incentive to such business prospect or business prospects:
  - Discuss amending the Memorandum of Understanding (MOU) and agreements between Town of Addison, AMLI Residential and Stream Realty for the Transit Oriented Development Project

Mayor Chow Closed the Open Meeting at 6:04 PM to convene the City Council into closed Executive Session.

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**Reconvene into Regular Session:** In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matters discussed in Executive Session.

Mayor Chow reconvened the City Council into Open Session at 7:47 PM. No action was taken as a result of the Closed Executive Session.

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## REGULAR MEETING

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### Announcements and Acknowledgments Regarding Town and Council Events and Activities

#### Discussion of Meetings / Events

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**Public Comment:** *The City Council invites citizens to address the City Council on any matter, including items on the agenda, except public hearings that are included on the agenda. Comments related to public hearings will be heard when the specific hearing starts. Citizen comments are limited to three (3) minutes, unless otherwise required by law. To address the Council, please fill out a City Council Appearance Card and submit it to a staff member prior to the Public Comment item on the agenda. The Council is not permitted to take any action or discuss any item not listed on the agenda. The Council may choose to place the item on a future agenda.*

No requests to address the City Council on an item not on the agenda.

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**Consent Agenda:** *All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.*

1. **Consider Action on the Minutes from the March 27, 2023 City Council Strategic Planning Retreat.**
  2. **Consider Action on the Minutes from the April 11, 2023 City Council Meeting.**
  3. **Consider Action on a Resolution Approving a Purchase Order with SHI Government Solutions, Inc. for the Purchase, and Installation of 195 Notebooks and 78 Desktops and Authorizing the City Manager to Execute the Purchase Order in an Amount Not to Exceed \$444,259.95.**
  4. **Consider Action on a Resolution Adopting the Fiscal Year 2024 Vision Statement, Strategic Pillars, and Milestones.**
  5. **Consider Action on a Resolution Approving an Agreement Between the Town of Addison and Stripe-A-Zone for the FY2023 Annual Pavement Markings Project and Authorizing the City Manager to Execute the Agreement in an Amount Not to Exceed \$80,000.**
-

6. **Consider Action on a Resolution to Acknowledge a Donation in the Amount of \$30,000 to the WaterTower Theatre for Naming the Main Stage of the Addison Theatre Centre "The Terry Martin Main Stage".**
7. **Consider Action on a Resolution to Acknowledge a Donation in the Amount of \$75,000 to the WaterTower Theatre for Naming the Lobby of the Addison Theatre Centre "The Delynda Johnson Moravec Lobby".**
8. **Consider action on a Resolution Approving an Agreement with Fannin Tree Farm for On-call Contract Services for Tree Furnishing and Planting Services and Authorizing the City Manager to Execute the Agreement in an Amount Not to Exceed \$200,000.**
9. **Consider Action on an Ordinance to Amend Article II, Section 2-31 of the Town's Code of Ordinances Related to Mayor and Councilmember Compensation.**
10. **Consider Action on a Resolution Approving an Interlocal Cooperation Agreement with the City of Farmers Branch, Texas for the Provision of Sanitary Sewer Services at a 1.0065 Acre Tract of Land Located in the City of Farmers Branch and Authorizing the City Manager to Execute the Agreement.**

Mayor Chow called for any requests to remove an item from the *Consent Agenda* for separate discussion.

Council Member Braun requested to remove Item No. 7 and Council Member Resnik requested to remove Item No. 9 from the *Consent Agenda* to discuss separately.

Mayor Chow called for a motion to approve *Consent Agenda* Items No. 1-6, 8, and 10 as presented.

**MOTION:** Deputy Mayor Pro-Tempore Ward moved to approve *Consent Agenda Items No. 1-6, 8, and 10* as presented. Mayor Pro-Tempore Wheeler seconded the motion. Motion carried unanimously.

**\*\* Consent Agenda Item #7 \*\***

Council Member Braun requested to amend the Resolution naming the Lobby to include Ms. Moravec's full name –Delynda Johnson Moravec.

**MOTION:** Council Member Braun moved to amend Resolution to read “Delynda Johnson Moravec.” Council Member Resnick seconded the motion. Motion carried unanimously.

**\*\* Consent Agenda Item #9 \*\***

Council Member Resnik requested that the Council/Mayor's increase be reflected in the FY 2024 Budget. Council Members Resnik and Gardner advised they were going to recuse themselves from voting on this item due to conflict of interest.

**MOTION:** Mayor Pro-Tempore Wheeler moved to amend Article II, §2-31 “Mayor and Council Member Compensation” to become effective in the FY 2024 Budget. Deputy Mayor Pro-Tempore Ward seconded the motion. Motion carried with recusal of Council Members Resnik and Gardner.

*Editor’s Note: Conflict of Interest Statements from Council Members Resnik and Gardner are attached and included in the minutes of this meeting.*

**Resolution No. R23-037:** Agreement SHI Government Solutions, Inc. - purchase/installation of Notebooks & Desktops.

**Resolution No. R23-038:** 2024 Vision Statement, Strategic Pillars, and Milestones.

**Resolution No. R23-039:** Agreement Stripe-A-Zone FY 2023 Annual Pavement Markings Project.

**Resolution No. R23-040:** WaterTower Theatre donation/naming Main Stage in honor of Terry Martin.

**Resolution No. R23-041:** WaterTower Theatre donation/naming Lobby in honor of Delynda Johnson Moravec.

**Resolution No. R23-042:** Agreement Fannin Tree Farm On-call Tree/Planting Services.

**Resolution No. R23-043:** Agreement City of Farmers Branch to provide Sanitary Sewer Service.

**Ordinance No. O23-24:** Amend Article II, §2-31 “Mayor & Council Member Compensation”.

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## Regular Items

11. **Hold a Public Hearing, Present, Discuss, and Consider Action on a Request for a Special Use Permit (SUP) to allow a Religious Institution on 1.28± Acres Located at the Northwest Corner of Celestial Road and Winnwood Road (5555 Celestial Road), that is currently zoned Planned Development (PD), through Ordinance No. O91-083. Case 1868-SUP/5555 Celestial Road (White Rock Chapel).** *[Ken Schmidt, Director of Development Services]*

The applicant has requested to postpone consideration of this item to a later date.

Public Hearing: Mayor Chow opened the Public Hearing to allow for citizen comments. No requests were made; therefore, Mayor Chow closed the Public Hearing.

**MOTION:** Deputy Mayor Pro-Tempore Ward moved to Postpone this Special Use Permit to a future meeting. Council Member Braun seconded the motion. Motion carried unanimously.

12. **Present, Discuss, and Consider Action on a Resolution Approving a Third Amended and Restated Memorandum of Understanding (MOU) Between the Town of Addison and Co-Developers AMLI Residential and Stream Realty for the Addison Circle Area Transit Oriented Mixed-Use Development Project and Authorizing the City Manager to Execute the Third Amended and Restated MOU.** *[David Gaines, City Manager; Ken Schmidt, Director of Development Services]*

At its April 12, 2022 meeting, the City Council approved a Memorandum of Understanding (MOU) between the Town and a co-developer team of AMLI Residential and Stream Realty Partners to execute a multi-phase, transit-oriented mixed-use development on Town and DART-

owned land in the vicinity of the future Addison Silver Line Station. Since that time, two subsequent amendments to the MOU were approved as the Town and the developer team worked to advance the due diligence, zoning and concept plan process, and draft incentive agreements, ground leases and other documents necessary to advance the project. The first amendment to the MOU, approved on November 8, 2022, provided an updated project schedule and due diligence period. The second MOU amendments included minor modifications to the office and restaurant/retail/entertainment square footage, the number of multifamily residential units and associated parking and site improvements. The Second Amendment, approved on January 10, 2023, also included refinements to the project schedule and set conditions for the developer team to pursue a new partner for the retail/restaurant/entertainment node at the core of the project.

As negotiations have continued on the final development agreements, additional amendments to the MOU have been identified. The purpose of this third amendment to the MOU is to reflect changes to the project schedule and to amend the terms and conditions of public incentives to support the development, reflecting the changing conditions for construction and financing costs. This item was discussed during the Closed Executive Session earlier this evening.

**MOTION:** Council Member Resnik moved to approve a Third Amended and Restated Memorandum of Understanding (MOU) Between the Town of Addison and Co-Developers AMLI Residential and Stream Realty as presented. Mayor Pro-Tempore Wheeler seconded the motion. Motion carried unanimously.

**Resolution No. R23-044:** Third Amended and Restated Memorandum of Understanding (MOU) with Co-Developers AMLI Residential and Stream Realty for the Addison Circle Area Transit Oriented Mixed-Use Development Project.

13. **Present, Discuss, and Consider Action on a Resolution Approving an Agreement for Professional Engineering Services Between the Town of Addison and Kimley-Horn and Associates, Inc. for the Design of the Montfort Drive Reconstruction Project, and Authorizing the City Manager to Execute the Agreement in an Amount Not to Exceed \$792,700.** *[Shannon Hicks, Director of Public Works & Engineering]*

The purpose of this item is to approve a professional services agreement for the design of the reconstruction of Montfort Drive from Belt Line Road to the Town’s southern limit, which is located adjacent to the southern property line of the Village on the Parkway development. This project's scope is the complete replacement of the existing pavement, all Town-owned water and sanitary sewer lines, upgrades to the storm sewer system, and the installation of sidewalks and landscaping.

A complete scope of services can be found in Exhibit “A” of the agreement, but it generally includes: (1) Survey of the project area; (2) Subsurface utility exploration; (3) Geotechnical investigation; (4) ROW and easement acquisition services; (5) Traffic signal warrant study; (6) Project design; and (7) Design support during construction. Addison voters approved this project as part of Proposition B in the 2019 bond election and has an overall budget of \$7.3M. The design is anticipated to take approximately 12 months to complete.



Kimley-Horn Associates, Inc. (Kimley-Horn) qualified through a Request for Qualifications process in 2017 to perform design, project management, and construction management-related services for the Town. Kimley-Horn was selected to perform the design work for the Montfort Drive Reconstruction Project due to their experience with previous Town projects and familiarity with the Town's standards and specifications.

**MOTION:** Council Member Quintanilla moved to Approve an Agreement for Professional Engineering Services Between the Town of Addison and Kimley-Horn and Associates, Inc. for the Design of the Montfort Drive Reconstruction Project. Council Member Gardner seconded the motion. Motion carried unanimously.

**Resolution No. R23-045:** Agreement with Kimley-Horn & Associates, Inc. – Design of Montfort Drive Reconstruction Project.

14. **Present, Discuss, and Consider Action on an Ordinance Amending the Town's Annual Budget for the Fiscal Year Ending September 30, 2023 to Provide Funding for Tree Plantings, Comprehensive Plan Updates, Real Estate Consulting, Intersection Improvements, Prior Year Encumbrances, Staffing and Operation Study, Contractual Services for Ambulance Revenue Recovery, Cost of Service Study for the Transit Oriented Development, Compensation Market Study, 911 Grant, and Personnel Costs in the Development Services Department and Council Special Projects.** *[Steven Glickman, Chief Financial Officer]*

The Fiscal Year (FY) 2023 budget was adopted by the City Council on September 13, 2022. This is the first amendment of the FY 2023 Town of Addison annual budget. Each year, Finance staff reviews the budget to determine which items should be recognized with formal budget amendments. When budget variances occur that are outside of the authority of the City Manager, these adjustments are presented to the Council in the form of a budget amendment.

In the General Fund, the proposed budget amendment includes increased personnel costs of \$70,417, fully offset by an equal increase in sales taxes, for a Long-Range Planning position (\$55,417) in Development Services to assist with the comprehensive plan update and increased pay for the Mayor and Council Members (\$15,000).

An amendment is needed in the Self-Funded Projects Fund for prior year encumbrances for Metrocrest Services facility campaign (\$60,000), Police Department carpet replacement (\$40,150), and (\$50,000) for the DART engineering review. An amendment is also needed in the Self-Funded Projects Fund for consulting services in the amount of \$33,000 to acquire funding through Texas Ambulance Services Supplemental Payment Program that were received in September 2022, tree plantings in the amount of \$156,672 offset by tree mitigation funds in the same amount, \$400,000 for a comprehensive plan update, \$75,000 for crosswalk beacons and intersection improvements, \$32,000 for a staffing and operations study of the General Services Department, \$25,000 for a cost of service study for the Transit Oriented Development, \$50,000 for a compensation market study, and real estate brokerage services from Cushman and Wakefield in the amount of \$120,000 (these services were approved by Council on September 22, 2020).

An amendment is needed in the Grant Fund to account for a 911 grant received by member cities of the North Texas Emergency Communications Center. The proposed amendment recognizes \$190,000 in federal grant revenue and \$190,000 in grant expenditures.

An amendment is needed in the Capital Equipment Replacement Fund in the amount of \$621,233 for prior year encumbrances of vehicles and equipment that were not replaced in the prior year due to supply chain issues.

The table below illustrates the net impact the proposed budget amendment has on each fund and in total:

Fund	Impact on Budgeted Expenditures	Impact on Budgeted Revenues	Impact on Fund Balance
General Fund	\$70,417	\$70,417	\$-
Self-Funded Projects Fund	\$1,041,822	\$156,672	(\$885,150)
Grants Fund	\$190,000	\$190,000	\$-
Capital Replacement Fund	\$621,233	\$-	(\$621,233)
Total	\$1,923,472	\$417,089	(\$1,506,383)

**MOTION:** Council Member Gardner moved to approve Ordinance to Amend the Town’s Annual Budget with the amendment to delete Mayor & Council Members increased pay in the amount of \$15,000. Mayor Pro-Tempore Wheeler seconded the motion. Motion carried unanimously.

**Ordinance No. O23-25:** Amending FY 2023 Annual Budget.

15. **Present, Discuss, and Consider Action on a Resolution Approving an Agreement with 110% Inc. for a Park Impact Fee Study and Authorizing the City Manager to Execute the Agreement in an Amount Not to Exceed \$132,895.** *[Janna Tidwell, Director of Parks & Recreation]*

The Parks Recreation and Open Space (PROS) plan identifies future funding strategies to help address long-term sustainability for Addison Parks. The plan recommends the Town analyze the incorporation of park impact fees related to parkland dedication, fee-in-lieu of alternative land requirements and park development fees to address redevelopment and growth in Addison. To ensure Addison Parks are being invested in to meet future Park demands and needs while maintaining the Town's current level of service, funds in the amount of \$132,500 were included in the FY 2023 Budget. Allocated funds are intended to be used for consultant fees and reimbursable expenses to conduct a study and develop an ordinance to define the application and use of Park Impact Fees.

To identify a qualified consultant, staff issued a Request for Qualifications (RFQ) Bid No. 23-54 on Periscope on January 19, 2023. One firm, 110%, Inc. (110%), submitted an RFQ packet by the deadline of February 23, 2023. Staff interviewed the firm and determined that 110% met the requirements of the submittal and scored high in all categories identified in the proposal. The development of a Park Impact Fee and an ordinance is highly specialized, and a significant number of responders was not anticipated.

A component of this study will include forming an advisory committee. Staff will solicit volunteers for this committee and bring a Council Agenda item forward later to appoint the advisory committee.

**MOTION:** Deputy Mayor Pro-Tempore Lori Ward moved to approve Agreement with 110%, Inc. for a Park Impact Fee Study. Council Member Braun seconded the motion. Motion carried unanimously.

**Resolution No. R23-046:** 110%, Inc. agreement for Park Impact Fee Study.

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### **Adjourn Meeting**

There being no further business to come before the City Council, Mayor Chow adjourned the meeting at 8:42 PM.

**TOWN OF ADDISON, TEXAS**

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Bruce Arfsten, Mayor

### **ATTEST:**

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Irma G. Parker, City Secretary

*Editor's Note: At the May 6<sup>th</sup> General Election, Bruce Arfsten was elected Mayor of Addison. Official Canvass was conducted May 17, 2023.*

**Council Meeting 2023 Updated**

**6.**

**Meeting Date:** 05/23/2023

**Department:** City Secretary

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**AGENDA CAPTION:**

Consider Action on the Minutes from the May 17, 2023 City Council Special Meeting.

**BACKGROUND:**

The minutes for the May 17, 2023 City Council Special Meeting have been prepared for consideration.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Minutes - May 17, 2023

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# DRAFT

## OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL WORK SESSION

May 17, 2023

Addison Town Hall,  
5300 Belt Line Rd., Dallas, TX 75254  
6:00 p.m. Special Meeting

**Present:** Mayor Joe Chow; Mayor Pro-Tempore Kathryn Wheeler; Deputy Mayor Pro-Tempore Lori Ward; Council Member Tom Braun; Council Member Guillermo Quintanilla; Council Member Eileen Resnik; Mayor-Elect Bruce Arfsten; Council Member-Elect Nancy Craig; Council Member-Elect Dan Liscio; Council Member-Elect Marlin Willesen

**Present Via Zoom:** Council Member Darren Gardner

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**Call Meeting to Order:** Mayor Chow called the meeting to order at 6:00 PM

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**Pledge of Allegiance:** Mayor Chow led the Pledge of Allegiance.

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### REGULAR MEETING

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#### Announcements and Acknowledgments Regarding Town and Council Events and Activities

#### Discussion of Meetings / Events

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**Public Comment:** *The City Council invites citizens to address the City Council on any matter, including items on the agenda, except public hearings that are included on the agenda. Comments related to public hearings will be heard when the specific hearing starts. Citizen comments are limited to three (3) minutes, unless otherwise required by law. To address the Council, please fill out a City Council Appearance Card and submit it to a staff member prior to the Public Comment item on the agenda. The Council is not permitted to take any action or discuss any item not listed on the agenda. The Council may choose to place the item on a future agenda.*

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## Regular Items

1. **Present, Discuss, and Consider Action on an Ordinance Canvassing the Returns of the May 6, 2023 General Election for the Office of Mayor and Three (3) Council Members.** *[Irma Parker, City Secretary]*

The Unofficial Final Election Reports received from Dallas County Elections Department are as follows:

### Town of Addison Voter Turnout

Statistics	Total	EV-In Person	EV-Mail	EV-ED Provisional	Election Day
Registered Voters	10,706				
Ballots Cast – Total	1,048	673	10	0	365
<b>Voter Turnout- Total</b>	<b>9.79%</b>				

### Voter Turnout by Precinct

Precinct	Registered Voters	Ballots Cast	Voter Turnout Total
2403-02	0	0	0%
2406-02	0	0	0%
2900-01	3,368	621	18.44%
2901-01	1,930	38	1.97%
2902-01	1,907	132	6.92%
2903-01	2,957	113	3.82%
2904-01	14	1	7.14%
2905-01	523	143	27.34%
2913-01	7	0	1%
<b>Totals</b>	<b>10,706</b>	<b>1,048</b>	

### Mayoral Election

Candidate	Total	Vote %	EV-In Person	EV-Mail	EV-ED Provision	Election Day
Bruce Arfsten	914	90.14%	601	7	0	306
J.P. Vercollone	100	9.86%	51	3	0	46
<b>Total Votes Cast</b>	<b>1,014</b>	<b>100.00%</b>	<b>652</b>	<b>10</b>	<b>0</b>	<b>352</b>
Overvotes	0		0	0	0	0
Undervotes	34		21	0	0	13

### City Council Election

Candidate	Total	Vote %	EV-In Person	EV-Mail	EV-ED Provision	Election Day
Nancy Craig	753	29.06%	491	4	0	258
Dan Liscio	695	26.82%	466	7	0	222
Marlin Willesen	682	26.32%	450	7	0	225
Valerie Van Pelt	461	17.79%	283	7	0	171
<b>Total Votes Cast</b>	<b>2,591</b>	<b>100.00%</b>	<b>1,690</b>	<b>25</b>	<b>0</b>	<b>876</b>
Overvotes	0		0	0	0	0
Undervotes	553		329	5	9	219

**MOTION:** Council Member Braun moved to approve Summary Results from the Joint and Special Elections conducted on May 6, 2023. Mayor Pro-Tempore Wheeler seconded the motion. Motion carried unanimously.

**Ordinance No. O23-26:** Canvassing the Returns of the May 6, 2023 General Election for the Office of Mayor and Three (3) Council Members.

2. **Presentation to Outgoing Mayor and City Council Members.** *[David Gaines, City Manager; Deputy City Manager Ashley Shroyer; Irma Parker, City Secretary; Shannon Hicks, Director of Public Works & Engineering; Abby Morales, Special Events Director; Valencia Garcia, Assistant to the City Manager]*

A variety of gifts were presented to the out-going mayor and council members by Staff.

3. **Administer the Oath of Office to the Mayor and Three (3) Council Members Elected at the May 6, 2023 General Election.** *[Irma Parker, City Secretary; Former Mayor Joe Chow]*

The Oath of Office was conducted to Mayor-Elect Bruce Arfsten and Council Members-Elect Nancy Craig, Dan Liscio and Marlin Willesen.

4. **Present Certificates of Election to the Mayor and Three (3) Council Members Elected at the May 6, 2023 General Election.** *[Irma Parker, City Secretary; Former Mayor Joe Chow]*

The newly elected officers for the Town were each presented with a Certificate of Election and invited to take their seat at the dais.

5. **Present, Discuss, and Consider Action on Nominations and Appointment of the Mayor Pro-Tempore and Deputy Mayor Pro-Tempore.**

**MOTION:** Mayor Arfsten moved to appoint Eileen Resnik Mayor Pro-Tempore and Guillermo Quintanilla Deputy Mayor Pro-Tempore. Motion seconded by Council Member Willesen. Motion carried unanimously.

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## Adjourn Meeting

There being no further business to come before the City Council, Mayor Arfsten adjourned the meeting.

**TOWN OF ADDISON, TEXAS**

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Bruce Arfsten, Mayor

**ATTEST:**

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Irma G. Parker, City Secretary

## **Council Meeting 2023 Updated**

7.

**Meeting Date:** 05/23/2023

**Department:** Public Works

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### **AGENDA CAPTION:**

Consider action on a Resolution appointing a voting member and alternative representative of the advisory committee for the Trinity River Authority's Central Wastewater Treatment System.

### **BACKGROUND:**

This item appoints Town representatives to an Advisory Committee for the Trinity River Authority's Central Wastewater Treatment System, which provides wastewater treatment services to the Town.

Section 6.10 of the contract between the Trinity River Authority and the Town of Addison states that "the City's governing body shall annually appoint one of the members of its governing body or one of its officers as a voting member of the Advisory Committee for the Authority's Central Wastewater Treatment System." The term of the voting member shall be 12 months. The Central Wastewater Treatment System Bylaws further specify that an alternate representative shall also be appointed. Currently, the Advisory Committee is primarily comprised of staff members, with few cities appointing elected officials.

It is recommended that Wilson Kakembo, Capital Project Manager for the Public Works and Engineering Services Department, continue his appointment as the voting member and that Shannon Hicks, Director of Public Works and Engineering Services, continue as the alternate representative. Each shall serve a 12-month term.

### **RECOMMENDATION:**

Administration recommends approval.

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### **Attachments**

Resolution - Appointing TRA Voting Member

TRA Advisory Committee - Request To Update Voting Member

TRA Advisory Committee - Nomination Form

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**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPOINTING WILSON KAKEMBO AS A VOTING REPRESENTATIVE AND SHANNON HICKS AS AN ALTERNATE TO THE ADVISORY COMMITTEE OF THE TRINITY RIVER AUTHORITY'S CENTRAL WASTEWATER TREATMENT SYSTEM; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Town of Addison (the "Town") is a member of the Trinity River Authority (the "Authority"); and

**WHEREAS**, the contract between the Town and the Authority requires the Town to annually appoint a representative as a voting member of the Advisory Committee of the Trinity River Authority's Central Wastewater Treatment System (the "Committee"); and

**WHEREAS**, the Authority has requested that the Town also appoint an alternate representative to the Committee.

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

**SECTION 1.** The above and foregoing recitals are incorporated herein and made a part of this Resolution for all purposes.

**SECTION 2.** Wilson Kakembo, Capital Improvements Project Manager, is hereby appointed as the Town's voting representative to the Committee and Shannon Hicks, Director of Public Works and Engineering Services, is hereby appointed as an alternate representative to the Committee.

**SECTION 3.** 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 23<sup>rd</sup> day of MAY 2023.

TOWN OF ADDISON, TEXAS

\_\_\_\_\_  
Bruce Arfsten, Mayor

ATTEST:

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Irma Parker, City Secretary



**DATE:** April 3, 2023

**FILE:** 3110.102

**TO:** MEMBERS, Advisory Committee  
Central Regional Wastewater System

**RE:** Authorized Contracting Party Representative and  
Authorized Alternate Representative

In compliance with the contracting parties' contracts and Central Regional Wastewater System Bylaws, the governing body of each of the Contracting Parties annually shall appoint one of the members of its governing body or one of its employees as a voting member of the Advisory Committee. The term of membership on the Advisory Committee shall be at the pleasure of each governing body represented, respectively, and each member shall serve until replaced by such governing body. The Central Regional Wastewater System Bylaws state that an alternate representative should be appointed.

Please complete the attached authorized representative and alternate representative form and have it executed by your authorized official.

It is requested that this form be returned to us by May 5, 2023. You may send an electronic copy to Lisa Allen, Executive Assistant, Northern Region, at [allenl@trinityra.org](mailto:allenl@trinityra.org).

If you have any questions about this, please contact me at 817-493-5100 or [jalbertm@trinityra.org](mailto:jalbertm@trinityra.org).

A handwritten signature in black ink, appearing to read 'Matthew S. Jalbert', is written over a light blue rectangular background.

MATTHEW S. JALBERT, P.E.  
Executive Manager  
Northern Region

/lma

Attachment



**CENTRAL REGIONAL WASTEWATER SYSTEM  
ADVISORY COMMITTEE**

CONTRACTING PARTY: Town of Addison

In accordance with Section 6.11 ADVISORY COMMITTEE of the Contracting Party Contracts and the Bylaws of the Central Regional Wastewater System, the following individual has been appointed as the Contracting Party Representative and Voting Member for a twelve month period. In addition, an Alternate Contracting Party Representative is also named.

<b><u>CONTRACTING PARTY REPRESENTATIVE</u></b>	
Wilson Kakembo, P.E.	
Name	
Capital Improvements Project Manager	
Title	
16801Westgrove Drive	
Address	
wkakembo@addisontx.gov	
Email	
972-450-2870	
Phone	Cell

<b><u>ALTERNATE REPRESENTATIVE</u></b>	
Shannon Hicks, P.E.	
Name	
Director of Public Works and Engineering Services	
Title	
16801 Westgrove Drive	
Address	
shicks@addisontx.gov	
Email	
972-450-2849	
Phone	Cell

\_\_\_\_\_  
**MAYOR/CITY MANAGER**

\_\_\_\_\_  
**DATE**

<b><u>CONTACT FOR OPERATIONAL EMERGENCY:</u></b> (If other than Contracting Party Representative)	
Jason Sutton	Utilities Supervisor
Name	Title
972-450-2826	214-263-0033
Phone	Cell
jsutton@addisontx.gov	
Email	

COMPLETED FORM CAN BE RETURNED ELECTRONICALLY TO [allenl@trinityra.org](mailto:allenl@trinityra.org)  
OR MAILED TO:

Lisa Allen  
Executive Assistant, Northern Region  
Trinity River Authority of Texas  
P. O. Box 240  
Arlington, TX 76004-0240

If you have questions, please contact Lisa Allen at 817-493-5100.

## Council Meeting 2023 Updated

8.

**Meeting Date:** 05/23/2023

**Department:** Airport

**Pillars:** Excellence in Transportation Systems

**Milestones:** Leverage the new Customs facility to promote international travel use of the Airport  
Leverage the use of the Airport to maximize business growth and expansion

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### AGENDA CAPTION:

Consider action on a Resolution approving a First Amendment to Ground Lease between the Town of Addison and Mercury Air Center – Addison, Inc. (d/b/a Atlantic Aviation FBO) and authorizing the City Manager to execute the necessary documents.

### BACKGROUND:

The Town of Addison (“Town”) and Mercury Air Center – Addison, Inc. d/b/a Atlantic Aviation FBO (“Atlantic”) executed a ground lease dated August 11, 2020, which has a Base Term of seven years. The ground lease provides that Atlantic may qualify and become eligible for three lease term extensions as long as it meets certain requirements set forth in the ground lease, including making the capital repairs and improvements described below at or above the following Costs of Construction:

Terms	Cost of Construction	Years Extended
Base Term	N/A	Primary Term - 7 yrs.
Extended Term #1	\$6,000,000	+13-years
Extended Term #2	\$5,500,000	+15-years
Extended Term #3	\$2,500,000	+5-years
<b>Total</b>	<b>\$14,000,000</b>	<b>40-Years</b>

*Note: Statutory limit for lease terms is 40-years*

#### Extended Term #1:

- Demolish building improvements at 4451 Glenn Curtiss Drive
- Construct larger jet hangar

#### Extended Term #2:

- Renovate FBO terminal building
- Repair and/or replace 203,000 square feet of aircraft apron

Extended Term #3:

- Demolish building improvements at 4530 and 4532 Glenn Curtiss Drive
- Renovate Hangar #3 at 4453 Glenn Curtiss Drive
- Construct new vehicle off-street parking in support of FBO operations

Due to some accelerated deterioration of Atlantic's aircraft apron and Atlantic's desire to complete FBO terminal renovations sooner than originally planned, Atlantic is requesting that the ground lease be amended to allow the FBO terminal renovations and the aircraft apron repairs and replacement (currently required under Extended Term #2) to be completed prior to the demolition of the building improvements at 4451 Glenn Curtiss Drive and the construction of the larger jet hangar (currently required under Extended Term #1). All other terms and conditions of the ground lease remain the same.

Atlantic believes the proposed modifications to the ground lease will allow Atlantic to be more competitive at Addison Airport and will better serve its customer base. The order in which construction of the building improvements is performed should not affect airport operations and there appears to be no monetary impact on the Town. Therefore, Airport Management is in support of amending the ground lease as proposed by Atlantic. The city attorney has reviewed the First Amendment to Ground Lease and approves it to form for the Town's purposes.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Resolution - First Amendment to Ground Lease - Mercury Air Center  
Location Map

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**RESOLUTION NO. 23-**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A FIRST AMENDMENT TO GROUND LEASE AMENDING THAT CERTAIN GROUND LEASE ENTERED BETWEEN THE TOWN OF ADDISON AND MERCURY AIR CENTER – ADDISON, INC. (D/B/A ATLANTIC AVIATION FBO) DATED AUGUST 11, 2020 BY AMENDING SECTION 2.B AND EXHIBIT 4.B OF THE GROUND LEASE IN THEIR ENTIRETY; AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST AMENDMENT TO GROUND LEASE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Town of Addison, Texas (“Town”) and Mercury Air Centers – Addison, Inc. (“Tenant”) executed a ground lease effective August 11, 2020 (the “Ground Lease”), whereby the Town leased to Tenant a certain parcel of improved land owned by the Town and located within Addison Airport, which property is now commonly referred to as 4400, 4451, 4453, 4480, 4530, 4532, and 4540 Glenn Curtiss Drive (the “Property”); and

**WHEREAS**, the Ground Lease has a base term of seven years and provides Tenant the opportunity to qualify for up to three lease term extensions in connection with Tenant’s development of the Property in three corresponding phases; and

**WHEREAS**, due to the accelerated deterioration of Tenant’s aircraft apron, Tenant is requesting to amend the Ground Lease to modify the timing of the development phases to allow certain renovations to the aircraft apron and its fixed base operations to be completed prior to the demolition of the existing building improvements at 4451 Glenn Curtiss Drive and construction of the larger jet hangar on said parcel.

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

**SECTION 1.** The First Amendment to Ground Lease between the Town of Addison and Mercury Air Center – Addison, Inc. a copy of which is attached to this Resolution as **Exhibit A**, is hereby approved and the City Manager is authorized to execute the same.

**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 **23<sup>rd</sup>** day of **MAY 2023**.

**TOWN OF ADDISON, TEXAS**

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Bruce Arfsten, Mayor

**ATTEST:**

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Irma Parker, City Secretary



EXHIBIT A

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

KNOW ALL MEN BY THESE PRESENTS:

**FIRST AMENDMENT TO GROUND LEASE**

This First Amendment to Ground Lease (“First Amendment”) is made and entered into and effective as of May 23, 2023 (“Effective Date”), between the Town of Addison, Texas, a home-rule municipality (“Landlord” or “City”), and Mercury Air Center – Addison, Inc., a Texas corporation (“Tenant”).

**WITNESSETH:**

**WHEREAS**, Landlord and Tenant executed that certain Ground Lease Agreement dated August 11, 2020 (“Ground Lease”) evidenced by that Memorandum of Ground Lease recorded September 15, 2020 as Instrument #202000250277 in the Official Public Records of Dallas County, Texas (“OPR”), by the terms of which Landlord leased to Tenant and Tenant leased from Landlord a certain parcel of improved land owned by the City and located within Addison Airport (“Airport”), more fully described in Exhibit “A” attached hereto and incorporated herein by reference, and in that certain boundary survey dated March 19, 2020, which property is now commonly referred to as 4400, 4451, 4453, 4480, 4530, 4532, and 4540 Glenn Curtiss Drive; and

**WHEREAS**, a true and correct copy of the Ground Lease is attached hereto as Exhibit “B” and incorporated herein by reference; and

**WHEREAS**, Landlord and Tenant desire to amend Section 2.B. of the Ground Lease in its entirety as set forth in Exhibit “C” attached hereto and incorporated herein by reference; and

**WHEREAS**, Landlord and Tenant desire to replace Exhibit 4.B of the Ground Lease in its entirety as set for in Exhibit “D” attached hereto and incorporated herein by reference;

**WHEREAS**, Landlord and Tenant desire to amend the Ground Lease subject to the terms and conditions set forth below.

**NOW THEREFORE**, in consideration of the terms, covenants, and conditions set forth in the Ground Lease and in this First Amendment, the sum of \$10.00 and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. **Recitals.** All the above and foregoing recitals and premises are incorporated herein and made a part of this First Amendment for all purposes.

2. **Amendment.** Landlord and Tenant agree to amend the Ground Lease by substituting Section 2. Term, subsection B of the Ground Lease in its entirety with the amended Section 2.B set forth in Exhibit "C."
3. **No Other Amendments.** Except to the extent modified or amended herein, all other terms, conditions, provisions, and obligations under the Ground Lease shall remain unchanged and in full force and effect during the Term of the Ground Lease.
4. **Authority to Execute.** The undersigned individuals, officers, and/or agents of the parties hereto have the authority to execute this First Amendment on behalf of each respective party, and each party certifies that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

**IN WITNESS WHEREOF**, the undersigned parties execute this First Amendment to Ground Lease as of the day, month, and year first above written.

**TENANT:**

**MERCURY AIR CENTER –  
ADDISON, INC.**

**LANDLORD:**

**TOWN OF ADDISON, TEXAS**

By: \_\_\_\_\_

**Louis T. Pepper, President and CEO**

By: \_\_\_\_\_

**David Gaines, City Manager**

ACKNOWLEDGEMENTS

STATE OF TEXAS §  
§  
COUNTY OF COLLIN §

This instrument was acknowledged before me on May 11, 2023, by Louis T. Pepper, President and CEO of Mercury Air Center – Addison, Inc., a Texas corporation, on behalf of the company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 11 day of May, 2023.



Janet Virga  
Notary Public, State of Texas

STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

This instrument was acknowledged before me on \_\_\_\_\_ 2023, by David Gaines, City Manager of the Town of Addison, Texas, a Texas home-rule municipality, on behalf of the municipality.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 2023.

Irma G. Parker  
Notary Public, State of Texas  
Comm. Expires 08-07-2026  
Notary ID 477006-4

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT "A"**

**Legal Description of Demised Premises**

**BEING** a tract of land situated in the William Lomax Survey, Abstract No. 796, Dallas County, Texas, and being a part of Addison Airport, an addition to the Town of Addison, Texas according to the plat thereof recorded in Volume 2005131, Page 82 in the Map Records of Dallas County, Texas (MRDCT) and being more particularly described as follows:

**COMMENCING** at a cut 'X' found in concrete in the north line of Glenn Curtiss, a 50 foot wide Ingress/Egress easement established by the final plat of said Addison Airport, said beginning point also being the southwest corner of Lot 1, Block 1 of Addison Jet Center, an addition to the Town of Addison, Texas, according to the plat thereof recorded under Instrument No. 201600298616 MRDCT;

**THENCE** South 21 degrees 06 minutes 32 seconds East, along the projected west line of said Lot 1, Block 1, 50.00 feet to a magnetic nail set in concrete in the south line of said Glenn Curtiss and the **POINT OF BEGINNING**;

**THENCE** North 68 degrees 52 minutes 29 seconds East, along the south line of said Glenn Curtiss, 29.12 feet to a magnetic nail set in concrete;

**THENCE** North 70 degrees 46 minutes 26 seconds East, continuing along the south line of said Glenn Curtiss, 156.46 feet to a 5/8-inch iron rod set with plastic cap stamped 'Sparr Surveys';

**THENCE** South 18 degrees 36 minutes 29 seconds East, departing the south line of said Glenn Curtiss, 274.21 feet to a 5/8-inch iron rod set with plastic cap stamped 'Sparr Surveys' in the north line of Taxiway T;

**THENCE** southwesterly, along the north line of said Taxiway T the following:

South 69 degrees 13 minutes 19 seconds West, 291.57 feet to a magnetic nail set in concrete;

South 06 degrees 51 minutes 50 seconds East, 3.85 feet to a 5/8-inch iron rod set with plastic cap stamped 'Sparr Surveys';

South 83 degrees 08 minutes 10 seconds West, 29.79 feet to a 5/8-inch iron rod set with plastic cap stamped 'Sparr Surveys';

South 86 degrees 32 minutes 07 seconds West, 19.79 feet to a 5/8-inch iron rod set with plastic cap stamped 'Sparr Surveys';

South 68 degrees 50 minutes 00 seconds West, 362.78 feet to a 5/8-inch iron rod set with plastic cap stamped 'Sparr Surveys' on the Object Free Area line, being 400 feet east of the runway centerline;

**THENCE** North 21 degrees 07 minutes 31 seconds West, along said Object Free Area line, at all times remaining 400 feet east of and parallel to said runway centerline, 863.87 feet to a 5/8-inch iron rod set with plastic cap stamped 'Sparr Surveys' in the south line of Taxiway U;

**THENCE** North 68 degrees 54 minutes 45 seconds East, along the south line of said Taxiway U, 275.09 feet to a magnetic nail set in concrete at the point of curvature of a circular curve to the left having a radius of 490.00 feet;

**THENCE** continuing along the south line of said Taxiway U and said curve to the left, through a central angle of 17 degrees 40 minutes 25 seconds an arc distance of 151.15 feet and having a chord which bears North 60 degrees 04 minutes 32 seconds East, 150.55 feet to a cut 'x' set in concrete;

**THENCE** South 47 degrees 16 minutes 38 seconds East, departing the south line of said Taxiway U, at 37.56 feet passing a cut 'x' found in concrete at the northwest corner of Lot 1, Block 1 of said Addison Jet Center, continuing along the west line of said Addison Jet Center, in all a distance of 240.10 feet to a 'PK' nail found;

**THENCE** South 21 degrees 06 minutes 32 seconds East, continuing along the west line of said Addison Jet Center, 403.19 feet to **POINT of BEGINNING** and containing 11.49 acres of land.

I, Brad Sparr, a Registered Professional Land Surveyor for Sparr Surveys, do hereby certify that this survey was made on the ground and, this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1B Condition III Survey.



Brad Sparr  
Registered Professional  
Land Surveyor No. 3701



**EXHIBIT "B"**

**True and Correct Copy of the Ground Lease**





\*VG-364-2020-202000250279\*

Dallas County  
John F. Warren  
Dallas County Clerk

**Instrument Number:** 202000250279

Real Property Recordings

Recorded On: September 15, 2020 10:55 AM

Number of Pages: 7

**" Examined and Charged as Follows: "**

Total Recording: \$46.00

\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\*

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 202000250279  
Receipt Number: 20200915000557  
Recorded Date/Time: September 15, 2020 10:55 AM  
User: Hilga R  
Station: CC17

**Record and Return To:**

ADDISON AIRPORT  
16051 ADDISON RD. STE. 220  
ADDISON TX 75001



STATE OF TEXAS  
Dallas County

I hereby certify that this Instrument was filed in the File Number sequence on the date/time printed hereon, and was duly recorded in the Official Records of Dallas County, Texas

John F. Warren  
Dallas County Clerk  
Dallas County, TX

**AFTER RECORDING RETURN TO:**

Addison Airport Management  
c/o Real Estate Manager  
16051 Addison Road, Suite 220  
Addison, Texas 75001

**MEMORANDUM OF LEASE TERMINATION**

This Memorandum of Lease Termination ("Memorandum") is dated the 17<sup>th</sup> day of August, 2020, and is acknowledged and executed by and on behalf of the Town of Addison, Texas, a home-rule municipality ("Landlord" or "City"), and Mercury Air Center – Addison, Inc., a Texas corporation ("Tenant").

**WHEREAS**, by way of various assignments, Tenant leased from Landlord that certain **Property #0430**, which is generally located at 4400 Glenn Curtiss Drive (ALP #A7) at Addison Airport pursuant to the terms and conditions of that certain Office-Hangar Lease entered into and made effective April 1, 1990, in which Beech Holdings, Inc. was named as the original tenant; and

**WHEREAS**, subject to the terms and provisions of the above-referenced Office-Hangar Lease, the parties hereto terminated the Office-Hangar Lease effective September 30, 2020.

**NOW, THEREFORE**, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The above and foregoing recitals are true and correct and are incorporated into this Memorandum and made a part hereof for all purposes.
2. Unless otherwise provided for under the above-referenced Office-Hangar Lease, neither party hereto has any further duty or obligation to the other with respect to the Office-Hangar Lease hereafter.
3. This Memorandum is solely for recording and notice purposes and shall not be construed to alter, modify, expand, diminish, or supplement the provisions of the Office-Hangar Lease or any other written agreement entered into by the parties hereto.

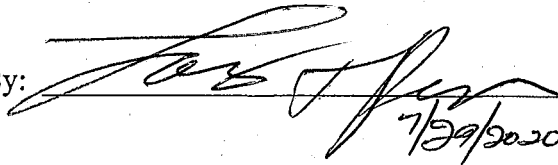
[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto execute this Memorandum of Lease Termination effective as of the date first given above.

**TENANT:**

Mercury Air Center – Addison, Inc.  
a Texas corporation

By:



7/29/2020

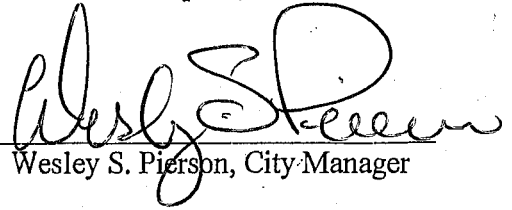
Printed Name: Louis T. Pepper

Title: President and CEO

**LANDLORD:**

Town of Addison, Texas,  
a Home-Rule Municipality

By:



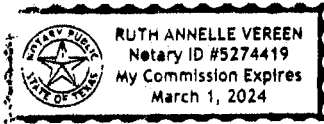
Wesley S. Pierson, City Manager

Resolution No. R20-056  
August 11, 2020

**ACKNOWLEDGEMENTS**

STATE OF TEXAS       §  
                                  §  
COUNTY OF COLLIN   §

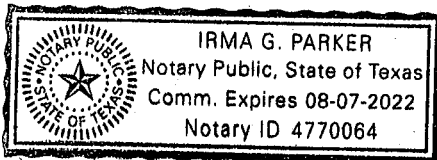
Before me, the undersigned authority, on this day personally appeared Louis T. Pepper ,  
President and CEO for Mercury Air Center – Addison, Inc., a Texas corporation, known to me  
to be the person whose name is subscribed to the foregoing instrument and acknowledged to me  
that he/she executed the same for the purposes and consideration therein expressed.



*Ruth Annela Vereen*  
\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

Before me, the undersigned authority, on this day personally appeared Wesley S. Pierson,  
City Manager for the Town of Addison, Texas, 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 expressed.



*Irma G. Parker*  
\_\_\_\_\_  
Notary Public, State of Texas

Attachment 1

Description of the Real Property Subject to the Office-Hangar Lease

LEASE AGREEMENT

April 1, 1990

TRACTS III and IV

DESCRIPTION

TRACT III:

BEING a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas and located on Addison Municipal Airport, Addison, Texas and being more fully described as follows:

COMMENCING at an iron rod found for the southwest corner of a tract of land conveyed to O. J. Broughton and E. E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County, Texas;

THENCE South 70 degrees 30 minutes 11 seconds West a distance of 224.86 feet to an iron rod found for the southeast corner of a 4.132 acre tract and the BEGINNING POINT of this description;

THENCE South 25 degrees 32 minutes 29 seconds East a distance of 9.73 feet to the northeasterly corner of a 0.158 acre tract for corner;

THENCE South 69 degrees 24 minutes 00 seconds West with the northerly line of said 0.158 acre tract a distance of 137.00 feet for corner;

THENCE South 20 degrees 19 minutes 33 seconds East a distance of 311.15 feet to a point 65 feet from the centerline of a taxiway for corner;

THENCE South 69 degrees 17 minutes 00 seconds West parallel to said taxiway a distance of 375.95 feet to a point 115 feet from the centerline of Taxiway "A" for corner;

THENCE North 20 degrees 43 minutes 00 seconds West parallel to Taxiway "A" a distance of 320.56 feet to the southwest corner of said 4.132 acre tract for corner;

THENCE North 69 degrees 17 minutes 00 seconds East with the southerly line of said 4.132 acre tract a distance of 514.25 feet to the BEGINNING POINT and containing 2.805 acres of land more or less.

AND SAVE AND EXCEPT any portion of such tract released from the Subleasehold Estate by Access Drive Agreement by and among Addison Airport Associates, Ltd., et al, dated November 18, 1986, filed January 13, 1987 and recorded in Volume 87007, Page 5996, Deed Records, Dallas County, Texas.

DESCRIPTION

TRACT IV:

BEING a strip of land measuring 190 feet along a more-or-less North-South axis and 19 feet along a more-or-less East-West axis, being the licence area granted to T.F. Stone Companies, Inc., by Do-Right Associates a/k/a Do-Right Commander Associates by License Agreement dated May 7, 1984, and being and including the Northwesterly corner of a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, and located on the Addison Municipal Airport, Addison, Dallas County, Texas, such tract out of which such strip is taken being more fully described as follows:

BEGINNING at an iron pin found for the Northwest corner of an 8.295 acre tract of land conveyed to Addison Airport, Inc., by deed recorded in Volume 4846, Page 568, Deed Records, Dallas County, Texas, said iron pin also being the Southwest corner of a tract of land conveyed to O. J. Broughton and E. E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records, Dallas County, Texas; Thence South 0 degrees 20 minutes 20 seconds East, 50.00 feet; Thence South 82 degrees 45 minutes West, 18.64 feet; Thence 0 degrees 08 minutes East, 83.56 feet; THENCE South 20 degrees 10 minutes 40 seconds East, 60.04 feet; THENCE South 69 degrees 30 minutes West, 160.00 feet to the POINT OF BEGINNING:

THENCE South 20 degrees 10 minutes 40 seconds East, 208.00 feet;

THENCE South 69 degrees 30 minutes West, 137.00 feet;

THENCE North 20 degrees 10 minutes 40 seconds West, 208.00 feet;

THENCE North 69 degrees 30 minutes East, 137.00 feet;

THENCE South 20 degrees 10 minutes 40 seconds East, 73.00 feet to THE POINT OF BEGINNING and containing 0.65 acres of land, more or less.

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

**GROUND LEASE AGREEMENT**

This Ground Lease Agreement (“Lease” or “Agreement”) is made and entered into as of September 1, 2020 (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 Mercury Air Center – Addison, Inc., a Texas corporation (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 for and on behalf of the City by Shimmick Construction Company, Inc. d/b/a Transportation Operations and Maintenance Services, a Colorado corporation. and SAMI Management, Inc., a Texas corporation (collectively the “Airport Manager”), pursuant to their respective management agreements each effective October 1, 2010 by and between the City and Airport Manager, and such Airport management may be changed by the City from time to time; and

**WHEREAS**, by way of various assignments, Tenant is currently leasing from Landlord that certain Property #0430, which is generally located at 4400 Glenn Curtiss Drive (ALP #A7) at Addison Airport pursuant to the terms and conditions of that certain Office-Hangar Lease entered into and made effective April 1, 1990, in which Beech Holdings, Inc. is named as the original tenant; and said Office Hangar Lease is now due to expire September 30, 2021; and

**WHEREAS**, by way of various assignments, Tenant is currently leasing from Landlord that certain Property #0440, which is generally located at 4451 (ALP #A8) and 4453 (ALP #A9) Glenn Curtiss Drive at Addison Airport pursuant to the terms and conditions of that certain ground lease first entered into and made effective September 30, 1981, in which Beech Holdings, Inc. is named as the original tenant; and said ground lease is now due to expire June 30, 2022; and

**WHEREAS**, by way of various assignments, Tenant is currently leasing from Landlord that certain Property #0400, which is generally located at 4480 Glenn Curtiss Drive (ALP #T7) at Addison Airport pursuant to the terms and conditions of that certain ground lease first entered into and made effective September 4, 1980, in which Three Rivers Gypsum, Inc. is named as the original tenant; and said ground lease is now due to expire June 29, 2021; and



**WHEREAS**, collectively the above referenced lease agreements for Property #0430, Property #0440 and Property #0400 are hereinafter referred to as the "**Mercury Original Leases**"; and

**WHEREAS**, Tenant is currently leasing from Landlord that certain **Property #0390**, which is generally located at 4540 Glenn Curtiss Drive (ALP #T5) at Addison Airport pursuant to the terms and conditions of that certain Conventional Hangar Lease for Commercial Aviation Use first entered into and made effective August 30, 2019 and is now due to expire September 30, 2020; and

**WHEREAS**, Tenant is currently leasing from Landlord that certain **Property #0420**, which is generally located at 4530 Glenn Curtiss Drive (ALP #T3) at Addison Airport pursuant to the terms and conditions of that certain Conventional Hangar Lease for Commercial Aviation Use first entered into and made effective August 5, 2019 and is due to expire February 28, 2021; and

**WHEREAS**, Tenant is currently leasing from Landlord that certain **Property #0410 Hangar Unit A, B & C**, which are generally located at 4532 Glenn Curtiss Drive (ALP #T1) at Addison Airport pursuant to the terms and conditions of that certain Conventional Hangar Lease for Commercial Aviation Use first entered into and made effective April 8, 2019 and, as amended and modified, is now due to expire February 28, 2021; and

**WHEREAS**, collectively the above referenced lease agreements for Property #0390, Property #0420 and Property #0410 are hereinafter referred to as the "Mercury's City Leases"; and

**WHEREAS**, by way of those certain:

- (i) Office-Hangar Lease Early Termination Agreement (4400 Glenn Curtiss Drive; ALP#A7); and
- (ii) Ground Lease Early Termination Agreement (4451 [ALP #A8] and 4453 [ALP #A9] Glenn Curtiss Drive); and
- (iii) Ground Lease Early Termination Agreement (4480 Glenn Curtiss Drive; ALP #T7)

each to be entered into and made effective by Landlord and Tenant simultaneously with this Ground Lease Agreement (so there effectively will be no lapse of time between the termination of the Mercury Original Leases and the commencement of this Ground Lease Agreement). Landlord and Tenant hereby mutually agree to terminate each of the Mercury Original Leases pursuant to the terms and condition set forth in each respective agreement; and

**WHEREAS**, Landlord and Tenant agree to early terminate or allow each of the Mercury's City Leases to expire, whichever occurs first, pursuant to the terms and conditions provided for in each respective lease agreement and in such a manner so there effectively is no lapse of time between the termination or expiration of each Mercury's City Lease and the commencement of this Ground Lease Agreement; and

**WHEREAS**, Tenant desires to lease from the City, and the City desires to lease to Tenant, a portion of the Airport generally described and hereinafter referred to as approximately 11.49 acres

(approximately 500,504 gross square feet) parcel or parcels of improved and unimproved land located at the street address commonly known as:

- (i) 4400 Glenn Curtiss (Property #0430 ALP #A7)
- (ii) 4451 Glenn Curtiss (Property #0440 ALP #A8)
- (iii) 4453 Glenn Curtiss (Property #0440 ALP #A9)
- (iv) 4480 Glenn Curtiss (Property #0400 ALP #T7)
- (v) 4530 Glenn Curtiss (Property #0420 ALP #T3)
- (vi) 4532 Glenn Curtiss (Property #0410 ALP #T1)
- (vii) 4540 Glenn Curtiss (Property #0390 ALP#T5)

within the Airport and as more particularly described in Exhibit 2- Legal Description of Demised Premises and as illustrated in Exhibit 3 – As-built Survey of Demised Premises (collectively the "Property Survey") attached hereto and incorporated herein, together with the non-exclusive right to use the Common Facilities as defined in Section 17 hereinbelow (referred to herein as the "Demised Premises") according to the terms and conditions set forth in this Agreement. The Parties mutually agree and accept the Property Survey for the purposes set forth in this Agreement; and

**WHEREAS**, the Parties hereby agree and mutually accept the signed and stamped Property Survey prepared by Sparr Surveys dated March 19, 2020 (Job #19000Y) to fairly describe the Demised Premises for the purpose of this Agreement.

**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 in existence or hereafter enacted, adopted or imposed, and including, without limitation, any and all grant agreements or grant assurances, the Rules and Regulations, and the Minimum Standards, now existing or as hereafter agreed to, adopted or imposed, (ii) all restrictive covenants affecting the Demised Premises, (iii) all restrictions, easements, and other encumbrances on 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. Subject to the termination and all other provisions of this Lease, the term hereof (the "Base Term") shall commence on the first day of the calendar month following the Effective Date (the "Commencement Date"), and shall end the last day of the eighty fourth (84<sup>th</sup>) full calendar month following the Commencement Date (and including the month of the Commencement Date) (the "Expiration Date"). The period of time beginning upon the Effective Date given above and ending upon the Commencement Date is herein referred to as the "Preliminary Period". Any entry upon and/or use of occupancy of the Demised Premises by Tenant during the Preliminary Period shall be subject to all of the terms and conditions of this Lease.

1. Inspection Period. Intentionally omitted.
2. Early Termination. Intentionally omitted.

B. Tenant may be eligible to qualify for and be granted additional lease term as provided for in the following manner:

1. Extended Term #1: Provided Tenant is (i) then not in default of this Lease, (ii) completes the demolition of the building improvements located at 4451 Glenn Curtiss, (iii) constructs a new jet hangar generally in its place (as more fully described in Section 6 below) with a total estimated Cost of Construction (as defined in below) of no less than Six Million Dollars (\$6,000,000US) and (iv) said construction is Substantially Complete (as defined in Section 6 below) no later than forty-eight (48) months following the Commencement Date (items ii, iii and iv of this sub-paragraph 1 are hereinafter collectively referred to as "Tenant's Capital Improvements Phase-1"), the Term hereof shall be extended an additional thirteen-years beyond the Base Term (or by adding 156 full calendar months to the end of the Base Term), hereinafter referred to as "Extended Term #1". Should Tenant construct the Tenant's Capital Improvements Phase-1 but the actual Cost of Construction is less than \$6,000,000, Tenant shall (at Tenant's sole option) pay to Landlord the difference between the actual Cost of Construction and \$6,000,000 to satisfy its obligation under (iii) herein.

2. Extended Term #2: Provided Tenant is (i) then not in default of this Lease, (ii) has already qualified and been granted Extended Term #1 above, (iii) completes the planned renovation and refurbishment of the FBO terminal located at 4400 Glenn Curtiss together with approximately 203,000 square feet of aircraft apron repair and replacement (as more fully described in Section 6 below) with a total Cost of Construction (as defined in below) of no less than Five Million Five Hundred Thousand Dollars (\$5,500,000 US), and (iv) said construction is Substantially Complete (as defined in Section 6 below) no later than seven (7) years following the Commencement Date (items iii and iv of this sub-paragraph 2 are hereinafter collectively referred to as "Tenant's Capital Improvements Phase-2"), the Term hereof shall be extended an additional fifteen-years beyond the Extended Term #1 (or by adding 180 full calendar months to the end of Extended Term #1), hereinafter referred to as "Extended Term #2." Should Tenant construct the Tenant's Capital Improvements Phase-2 but the actual Cost of Construction is less than \$5,500,000, Tenant shall (at Tenant's sole option) pay to Landlord the difference between the actual Cost of Construction and \$5,500,000 to satisfy its obligation under (iii) herein.

Notwithstanding Section 2.B.2 above, should Lessee, in its sole discretion, elect to exercise Extended Term #2 on or about the same time as Extended Term #1 and Tenant Substantially Completes both Tenant's Capital Improvements Phase-1 and Tenant's Capital Improvements Phase-2 as set forth in the Notice to Proceed with Construction required in Section 6.F below, the Term hereof shall be extended an additional twenty-eight years beyond the Base Term (or by adding 336 full calendar months to the end of the Base Term), hereinafter referred to as "Extended Term #2." Should Tenant construct both the Tenant's Capital Improvements Phase-1 and Phase-2 but the actual Cost of Construction of Tenant's Capital Improvements for Phase-1 and Phase-2 is less than \$11,500,000 Tenant may pay to Landlord the difference between the actual Cost of Construction and \$11,500,000 to satisfy its collective obligations under Section 2.B.1 (iii) and Section 2.B.2 (iii) above.

3. **Extended Term #3:** Provided Tenant is (i) then not in default of this Lease, (ii) has already qualified and been granted Extended Term #2, (iii) completes the renovation of what is commonly referred to as "Hangar 3" (ALP # A9) located at 4453 Glenn Curtiss, and (iv) demolishes the existing building improvements located at 4532 and 4530 Glenn Curtiss and, in their place, (v) construct new off-street vehicle parking to support Tenant's ongoing FBO operations (with each more fully described in Section 6 below), (vi) with a combined total Cost of Construction of no less than Two Million Five Hundred Thousand Dollars (\$2,500,000 US), and (vii) said construction is Substantially Complete (as defined in Section 6 below) no later than thirteen (13) years following the Commencement Date (items iii, iv, v, vi and vii of this sub-paragraph 3 are hereinafter collectively referred to as "Tenant's Capital Improvements Phase-3"), the Term hereof shall be extended an additional five years beyond the Extended Term #2 (or by adding 60 full calendar months to the end of Extended Term #2), hereinafter referred to as "Extended Term #3." Should Tenant construct the Tenant's Capital Improvements Phase-3 but the actual Cost of Construction is less than \$2,500,000, Tenant shall (at Tenant's sole option) may pay to Landlord the difference between the actual Cost of Construction and \$2,500,000 to satisfy its obligation under (iii) herein.

4. **Tenant's Capital Improvements:** the term "Tenant's Capital Improvements" shall collectively mean all, or any portion, of that described as Tenant's Capital Improvements Phase-1, Tenant's Capital Improvements Phase-2 and/or Tenant's Capital Improvements Phase-3 (each being more fully described in "Exhibit 4.B" attached hereto and incorporated herein by reference) constructed by Tenant or caused to be constructed by Tenant on to the Demised Premises.

5. **Cost of Construction:** the term "Cost of Construction" shall mean the cost or dollar amount expended in the design, permitting and construction of the facilities, including construction management. Tenant must exceed as stipulated for Tenant's Capital Improvements Phase-1, Tenant's Capital Improvements Phase-2 and Tenant's Capital Improvements Phase-3 above as a condition precedent for Tenant to be entitled to the respective Extended Term.

C. Notwithstanding the foregoing, it is the intent of the Parties to this Agreement not to allow the Term to exceed the maximum statutory limit of forty (40) consecutive full-calendar years from the Commencement Date.

D. The Parties hereby agree to execute a recordable document to be substantially in the form of the "Memorandum of Lease" attached hereto as **Exhibit 5** affirming, among other things if any, the Term Expiration Date, as may be amended from time to time, which may be requested in writing by either party.

### Section 3. Rental; Security Deposit

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

1. **Base Rent:** Tenant agrees to and shall pay Landlord annual rental for the Demised Premises in an amount calculated to be the product of \$1.23 times the gross square feet of the Demised Premises as determined by the Property Survey (e.g.  $\$1.23 \times 500,504$  gross square feet<sup>1</sup> = \$615,620.41), which amount shall be paid by Tenant in twelve equal monthly installments in advance on or before the first day of each calendar month (the "**Base Rent**", which shall be adjusted as set forth herein). The first monthly payment or installment of Base Rent in the amount of Fifty-One Thousand Three Hundred One Dollars and 70/100 (\$51,301.70) is due and payable on or before the Commencement Date. Thereafter, each installment of the Base Rent, subject to adjustment as set forth below, shall be due and payable on the first day of each calendar month during the Term hereof. All Rent is due on the first of each month and is delinquent after the tenth (10<sup>th</sup>) day of each month and subject to the provisions of Section 39.

2. In the event the Commencement Date is a date other than the first day of a calendar month, the monthly Base Rent for any partial month at the beginning of the Term shall equal the product of the Base Rent multiplied by a fraction, the numerator of which is the number of days in the partial month (beginning with the Commencement Date and ending with the last day of the partial month) and the denominator of which is the number of days in such full calendar month. Payment of Base Rent for any fractional calendar month at the end of the Term shall be similarly prorated.

3. For purposes of this Lease, the term "**Rent**" means Base Rent, additional 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 non-payment 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 rental due under Section 3.A.1, (Base Rent) shall be adjusted as follows:

<sup>1</sup> Rounded to the nearest whole number.

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. In the event that 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 reasonably determined by Landlord) shall be substituted therefor.

**Section 5. Use of Demised Premises:** During the Term, the Demised Premises shall be used and occupied by Tenant as set forth hereinbelow:

**A. Permitted Uses:** The Demised Premises shall be used and occupied by Tenant as set forth below and not for any other purpose without Landlord's prior written consent:

1. Sale of aircraft and aircraft parts;
2. Aircraft maintenance and repair, aircraft storage;
3. Aircraft training, aircraft management and charter;
4. Aircraft rentals;
5. Fixed Base Operations ("FBO"): being the sale of aircraft goods and services to the public, including without limitation providing for the storage of transient aircraft in aircraft hangars and the adjacent ramp area, and the dispensing of aviation fuel in accordance with and subject to the ordinances and regulations issued by the Town of Addison from time to time and/or the Airport Governing Documents;
6. Constructing, owning, and operating hangar facilities, public terminal, and restaurant(s), used directly in support of and in connection with the FBO services;
7. Office or administrative space used strictly in support of aeronautical operations or services, such as corporate flight operations offices and/or corporate aircraft management and charter services;

8. The storage of corporate aircraft owned, leased, or exclusively controlled (i.e. the right to fly or possession of the power to directly or indirectly sell or otherwise dispose of said aircraft) by Tenant;
9. The storage and fueling of corporate aircraft owned, leased or exclusively controlled (i.e. the right to fly or possession of the power to directly or indirectly sell or otherwise dispose of said aircraft) by any sub-tenant or licensee under separate written agreement with Tenant;
10. Incidental support and services of various types in connection with aircraft stored or based at the Demised Premises and such aircraft's users, including general aircraft maintenance and repair as well as "auto spa" type services such as automobile detailing and storage;
11. Ground transportation for rent or hire (including taxi and limousine service);
12. Retail services including food sales, barber and valet services, alcoholic beverage sales, sales of pilot supplies, newsstands and gifts;
13. Hosting special events in support of Tenant, subtenants, licensees, their clientele, or charitable organizations subject to the Rules and Regulations, which may be amended from time to time pursuant to Section 18 below, and those ordinances, rules, standards and regulations of the Town of Addison as may be adopted from time to time governing same;
14. Private parking garages, subject to prior written approval of Landlord as part of the design plan approval, for automobiles used by Tenant, subtenants, licensees, their invitees, and guests;
15. Other uses as authorized in advance and in writing by Landlord.

**B. Prohibited or Restricted Use of Demised Premises:**

1. The Demised Premises shall not, under any circumstance be used for any activity that (i) constitutes a violation of any federal, state, or local laws, ordinances, orders, directives, charters, rules, regulations, standards or policies); (ii) in Landlord's reasonable opinion creates or would create a nuisance or waste, or unreasonably disturb, annoy or interfere with other tenants or users of the Airport; (iii) increases insurance costs for Landlord; or (iv) would result in the Landlord being in violation of its grant assurances obligations to the federal government.
2. Tenant acknowledges that Landlord is bound by, and this Lease is subject to, the terms and conditions of any and all Federal Aviation Administration ("FAA"), Texas Department of Transportation ("TxDOT"), and other grant agreements, grant assurances and regulations regarding the Airport, including, without limitation, 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 act or fail to act in Demised Premises any way or manner that would cause Landlord to be in violation of any of the foregoing.

3. Tenant for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (i) no person on the grounds of race, creed, color, national origin, sex, age or of a qualifying disability shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of the Demised Premises; (ii) that in the construction of any improvements on, over or under the Demised Premises and the furnishing of services thereon, no person on the grounds of race, creed, color, national origin, sex, age, or qualifying disability shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination; and (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.

4. The Tenant agrees to furnish service on a fair, equal, and not unjustly discriminatory basis to all users thereof and to charge fair, reasonable, and not unjustly discriminatory prices for each unit or service, 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.

5. Tenant shall not at any time leave the Demised Premises vacant, but shall in good faith continuously throughout the term of this Lease conduct and carry on in the entire Demised Premises the type of operations or use for which the Demised Premises are leased, except during periods in which the Demised Premises may not be occupied as a result of fire or other casualty or condemnation, a Force Majeure event (as defined in Section 42 below) in which case Tenant shall return to the Demised Premises within a commercially reasonable time following the cessation of the Force Majeure event, or during any commercially reasonable period necessary for making repairs and alterations, all such repairs and alterations to be diligently pursued to completion.

**Section 6. Existing Building Improvements and the Construction of New Building Improvements:**

**A. Existing Building Improvements:** Tenant's use and occupancy of the Demised Premises include those real property improvements having been already constructed and existing on the Demised Premises as of the Effective Date of this Ground Lease, which are more fully described in "Exhibit 3 – As-built Survey of Demised Premises" and "Exhibit 4A - Inventory of Existing Building Improvements as of Effective Date" attached hereto and incorporated herein by reference (the "Existing Building Improvements"). Tenant's acceptance of the Existing Building Improvements is expressly subject to the terms and conditions of Section 7 below.

**B. New Building Improvements:** Over the Term, Tenant may make New Building Improvements upon receipt of advance written approval from Landlord of the proposed Design Plan (as defined below), which approval shall not be unreasonably withheld, conditioned, or delayed.



“New Building Improvements” may consist of (i) material modifications to the Existing Building Improvements (e.g. expansion, demolition, structural changes to the building shell, roof, foundation, vehicle off-street parking or aircraft apron surfaces) and/or (ii) construction of new buildings and/or real property improvements on the Demised Premises including, but not limited to, Tenant's Capital Improvements defined in Section 2.B.4 above and more fully described in Exhibit 4B-Description of Tenant's Capital Improvements (including any material modifications made to any portion of the Existing Building Improvements), whether or not at Tenant's sole cost, expense and risk. For purposes herein, the term "Building Improvements" shall mean collectively the Existing Building Improvements and/or the New Building Improvements whichever the case may be. Except as provided for in this Agreement, Tenant may not construct, locate, install, place, or erect any other improvements upon the Demised Premises without the prior written consent of Landlord.

C. New Building Improvements shall be constructed on the Demised Premises in accordance with plans and specifications prepared 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 by the issuance of a Building Permit or other means as determined by Landlord.

D. Any architect or engineer employed by Tenant to design the New Building Improvements shall be duly licensed to practice architecture or engineering, as the case may be, in the State of Texas. Such construction shall be performed in the best, highest of quality) ("First Class") workmanlike manner consistent with the industry standard for new building improvements for executive jet FBOs 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, and consequential damages) or injury (including, without limitation, claims for personal injury or death, or property damage or 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”), INCLUDING SUCH COSTS, EXPENSES, CLAIMS, DAMAGES, PENALTIES, FINES, LIENS LIABILITIES, AND OBLIGATIONS WHICH ARE ALLEGED OR FOUND TO HAVE BEEN CAUSED BY OR RESULT FROM, IN WHOLE OR IN PART, THE NEGLIGENCE OF ANY OF THE INDEMNIFIED PARTIES (BUT NOT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTIES), OR CONDUCT BY THE INDEMNIFIED PARTIES THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, OR THE VIOLATION OF ANY TERM OF THE LEASE WITHOUT LIMITATION. 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 INDEMNIFIED PARTIES. 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 PARTIES’ PROPORTIONATE SHARE OF NEGLIGENCE, OR CONDUCT THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, THAT CAUSED THE DAMAGES. LIKEWISE, TENANT’S LIABILITY FOR THE INDEMNIFIED PARTIES’ DEFENSE COSTS AND ATTORNEYS’ FEES SHALL BE REDUCED BY A PORTION OF THE DEFENSE COSTS AND ATTORNEYS’

**FEES EQUAL TO THE INDEMNIFIED PARTIES' PROPORTIONATE SHARE OF NEGLIGENCE, OR CONDUCT THAT WOULD GIVE RISE TO THE STRICT LIABILITY OF ANY KIND, THAT CAUSED THE DAMAGES. THIS INDEMNIFICATION SHALL SURVIVE THE TERMINATION OF THIS LEASE.** It is expressly understood and agreed that Tenant's construction of the New Building Improvements shall include the finish-out in accordance with the plans and specifications for the finish-out of the Building Improvements as submitted by Tenant to Landlord and approved in writing by Landlord, such approval not to be unreasonably withheld, delayed or conditioned.

**E.** 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.

**F.** Throughout the Term, Tenant shall not physically cause or authorize the commencing of the construction of any New Building Improvements (as provided for herein or otherwise) except and until Landlord delivers to Tenant its written *Notice to Proceed with Construction*, which shall not be unreasonably withheld by Landlord. Landlord's written *Notice to Proceed with Construction* shall, among other things, stipulate and serve evidence of (i) Tenant's no later than Construction Commencement Date; (ii), Tenant's required date to achieve Substantial Completion; (iii) Tenant's required date of Final Completion (as these two latter terms are defined in Subsection 6.K below); and to (iv) affirm Tenant's required minimum Cost of Construction of the New Building Improvements as provided for herein or as otherwise mutually agreed to by the Parties. For the purposes herein, it is reasonable for Landlord to withhold its written *Notice to Proceed with Construction* until Landlord has received delivery of (or the documented evidence thereof) in the form and content acceptable to Landlord as follows:

1. Written approval of the Design Plan by Landlord.
2. Copies of required building permit(s) or licenses necessary to construct the Building Improvements on the Demised Premises.
3. A true and correct copy of the Federal Aviation Administration's ("FAA's") Determination of Hazard and Tenant's filing of Form 7460 Notice of Proposed Construction or Alteration.
4. Execution of a contract with a qualified general contractor.
5. Proof of required Builder's Risk Insurance Policy.
6. Evidence that the Airport has been included as an additional obligee on the applicable general contractor's Payment and Performance Bond.

**G.** Tenant shall complete construction of the New Building Improvements authorized by Landlord with reasonable diligence, without material deviation from the Design Plan, and any material deviation from the Design Plan shall be subject to the prior review and approval of Landlord.

1. Save and except for Force Majeure as defined in Section 42 herein, if construction of the New Building Improvement is not Substantially Completed by and/or Final Completion is not achieved on or before the date first given in Landlord's written *Notice*

*to Proceed with Construction (per Section 6.F above), or as otherwise provided for herein, Tenant shall then pay to Landlord upon written demand Two Hundred and Fifty Dollars (\$250.00) as additional rent for each and every day thereafter until such completion is achieved satisfactory to Landlord. Notwithstanding anything to the contrary herein, if after the issuance of the Notice to Proceed with Construction a determination is made by the FAA or other regulatory agency that has jurisdiction over the Premises or the applicable New Building Improvement that will increase the total cost of such project by a material amount over the total amount budgeted by Tenant, the parties will revise the scope of the work required in such Notice to Proceed with Construction in an equitable manner.*

2. Tenant must (i) satisfactorily complete the required capital repairs on or before the stipulated Substantially Complete Date and (ii) provide satisfactory evidence Tenant has met or exceed the stipulated Cost of Construction value or amount set forth herein to qualify for the pending Extended Term and any remaining Extended Term options.

H. Tenant agrees that any construction or modification of the Building Improvements or any other improvements which may be authorized by Landlord, which authorization, if any, shall be in writing, on or within the Demised Premises shall comply with all standards, codes, and rules adopted by Landlord or Airport Manager, including, but not limited to, any rules relating to construction and maintenance standards and specifications, shall further comply with the Town of Addison, Texas building and related codes and zoning requirements, and will meet or exceed 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). Tenant recognizes that such construction/maintenance standards and specifications, Town of Addison 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 Building Improvements pursuant to the approved Design Plan.

I. Tenant will properly and timely submit to the Federal Aviation Administration (FAA), the Texas Department of Transportation (TxDOT), and any other governmental authority, entity or agency having jurisdiction regarding Addison 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 Addison Airport.

J. 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, 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.

K. “Substantial Completion of the New Building Improvements” or “Substantial Completion” shall be deemed to have occurred upon the issuance by the Town of Addison, Texas of a certificate of temporary or final occupancy for any portion of the New Building Improvements, if required. “Final Completion” of the construction of the New Building Improvements shall be deemed to occur upon the issuance by Tenant’s architect or engineer who designed the New Building Improvements of such documentation as may be necessary to establish the final completion (closeout) of the construction of the New Building Improvements and the delivery by Tenant to Landlord of comprehensive As-Built Drawings and other such documentation reviewed by Tenant’s architect reflecting all approved changes and modifications to the originally approved Design Plan.

L. Failure of Tenant to observe and comply with the requirements of this Section, subject to notice and cure as provided for herein above and/or in Section 23(B) and/or Section 23(C), shall be an Event of Default.

**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, below.

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

A. Tenant at Tenant's sole cost and expense shall obtain any and 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) any and 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 Building Improvements pursuant to the Design Plan.

**B.** Tenant shall comply with all noise abatement standards at the Airport at all times, 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 may be granted or withheld in Landlord's sole and absolute discretion and opinion), Tenant shall have no power to and may not either voluntarily or involuntarily, by operation of law or otherwise, (i) assign, sell, pledge, encumber, mortgage, 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) or (ii) sublet the whole or any part 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 Permitted 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. 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. Each sublessee agrees to be bound by the terms and provisions of the Ground Lease, including the provisions of Section 5 pertaining to the use of the Demised Premises, and in the event of any conflict between the terms of the Ground Lease and the terms of the sublease, the terms of the Lease shall control;
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; and
6. Landlord shall have no responsibility or obligation for the performance by Tenant of its obligations under the sublease.

Neither this consent, 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 prepared or reviewed by an independent CPA, 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 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.

**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 Building 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 9) 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 9. 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, legal mailing address, email address, daytime telephone number, 24-hour emergency contact information, term of sublease, together with the make, model, aircraft type and "N" number of any aircraft regularly stored or located on or in the Demised Premises covered by said sublease. 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, any and 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 effect 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 the Demised Premises and all improvements made thereto (including the Building Improvements and any other constructed or added Building Improvement made thereto in the future), fixtures, equipment and personal property in “good repair and in a first-class condition”, as such phrase is defined in the Lease Addendum #1 attached hereto, ordinary wear and tear excepted. Furthermore, Tenant shall, over the Term, continue to maintain the Demised Premises in accordance with all applicable ordinances, codes, rules and regulations of or adopted by the Town of Addison, Texas or any other agency with regulatory oversight of any or all portions of the Demised Premises and any buildings, improvements, fixtures, equipment and personal property on the Demised Premises. Tenant’s failure to keep the Demised Premises and all buildings, improvements, fixtures, equipment and personal property situated thereon in good repair and condition and compliant with all regulations, codes and ordinances as required by this Section 11 or elsewhere provided for in the Lease is an Event of Default, subject to Landlord’s written notice and Tenant cure period specified in Section 23, under this Lease (the foregoing is not intended to limit any remedies outside of this Lease that the City has to enforce violations of its ordinances). In the event Tenant shall fail to so maintain the Demised Premises and the buildings, improvements, fixtures, equipment and personal property (excluding aircraft stored in the Building Improvements) situated thereon, after notice and an opportunity to cure as provided in Section 23 below, in addition to its other rights and remedies, Landlord shall have the right (but not the obligation), in accordance with Section 24, to enter the Demised Premises without liability to Tenant to repair or cause to be repaired all such deficiencies and, or perform or cause to be performed such maintenance necessary to remedy such conditions; and all reasonable costs therefore expended by Landlord plus interest thereon as provided for in Section 39 shall be paid by Tenant upon demand.

B. Notwithstanding the foregoing, set forth as “Lease Addendum #1” attached hereto and incorporated herein by reference and made a part hereof, are “Tenant’s Leasehold Minimum Maintenance and Repair Standards and Practices,” which are intended as maintenance and repair standards and practices Landlord expects of Tenant. Tenant (and any of its successors or assigns) hereby agrees to meet or exceed the Tenant’s Leasehold Minimum Maintenance and Repair Standards and Practices throughout the Term. Notwithstanding the foregoing, as provided in Section 18 below, Landlord reserves the right, in its sole discretion, to introduce and adopt other regulations deemed appropriate and necessary by Landlord for the purpose, among other things, of protection of the property of Landlord. In the event Landlord should formally adopt similar leasehold maintenance and repair standards governing such practices of all ground leaseholds at Addison Airport (“Replacement Maintenance Standards”), such encompassing regulations and practices shall supersede and replace Lease Addendum #1 in its entirety upon the effective date of such Replacement Maintenance Standards for the duration of the Term. A copy of any new or amended maintenance and repair standards shall be provided to Tenant promptly after such adoption. In no case shall Tenant be liable for failure to follow any maintenance or repair standards for which it has not received notice thereof.

**Section 12. Alterations, Additions, and Improvements:** After completion of the New Building Improvements described in Section 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the Demised Premises or any

improvements thereon or modifications thereto without the prior written consent of Landlord or Airport Manager. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld, conditioned, or delayed by Landlord or Airport Manager. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures without consent, provided that Tenant complies with all applicable governmental laws, ordinances and regulations (including, without limitation and as may be required by law, obtaining a building permit).

All alterations, modifications, additions and improvements in and to the Demised Premises shall be performed in a First Class workmanlike manner consistent with the industry standard for alterations, modifications, additions and improvements to executive jet hangars and FBO terminal facilities, shall comply with all the standards and requirements set out above, and in Section 6 and Section 8, and Tenant shall promptly pay and discharge all costs, expenses, liens and any and all other liabilities and obligations which arise in connection therewith (**AND SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS LANDLORD AND AIRPORT MANAGER, AND THEIR RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES, AND AGENTS, FROM AND AGAINST ANY AND ALL SUCH COSTS, EXPENSES, CLAIMS, LIENS, LIABILITIES, AND OBLIGATIONS TO THE EXTENT REQUIRED IN SECTION 21**).

**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. 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 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 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 each occurrence each accident/\$1,000,000.00 by disease each-occurrence/\$1,000,000 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 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; 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 per-occurrence is required if Tenant is engaged in maintenance, repair, or servicing of aircraft belonging to a third-party, or if Tenant is otherwise involved in any operation 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 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 and medical expense coverage with a limit of \$5,000 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 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 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 building 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 as the case may be, except with respect to the professional liability policies and workers compensation insurance.

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.

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.

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 coverages (except that if such insurance is canceled for non-payment of premium, such notice shall be ten (10) days).

5. 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.

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

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

8. Tenant shall provide written notice to Landlord of any material change in the insurance coverages required herein within thirty (30) days after the change in coverage.

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.

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

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

1. 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.

2. Tenant shall cause its general contractor to obtain and keep, or cause to be kept, in full force and effect (during the period of initial construction of the Building Improvements) at no cost or expense to Landlord, a Performance Bond and a Payment Bond guaranteeing, respectively, 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 Building Improvements), in the penal sum of one-hundred percent (100%) of the construction costs. Tenant shall cause the general contractor to pay the premiums for such bonds. Bonds shall be issued by a surety company licensed by the State of Texas to act as a Surety and listed on the current U.S. Treasury Listing of Approved Sureties. All forms shall be made on a form complying with the requirements of the laws of the State of Texas. Such bonds shall be in conformance with the provisions of Chapter 2253, Tex. Gov. Code, and any successor statute thereto. Tenant and Landlord shall be named as joint obligees of all such bonds. After the completion of the Building Improvements contemplated by this Lease, in the event that Tenant subsequently requests the commencement of additional construction or improvements in an amount equal to or greater than Five Hundred Thousand Dollars (\$500,000), then Tenant shall provide Landlord a Payment Bond and Performance Bond in the same manner as articulated in this Section 13.D.2.

E. Landlord reserves the right to review from time to time 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 buildings, structures, equipment, or any other improvements on or at the Demised Premises (including the Building Improvements), 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 building, structure, equipment, or other improvements (including the Building 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 commence within a commercially reasonable time following such damage or destruction and diligently proceed to completion the restoration, repair and replacement of said building, structure, equipment, or other 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, delayed, or conditioned. 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. Within a commercially reasonable time following damage or destruction of any Building Improvements, Tenant shall clear the Demised Premises of debris and maintain it in a safe and commercially reasonable state of cleanliness until the commencement of Restoration required hereunder.

C. All insurance proceeds payable on account of such damage to or destruction of the buildings, structures and equipment on the Demised Premises shall be held by an escrow agent mutually acceptable to Landlord and Tenant (all costs of escrow agent are to be paid from the insurance proceeds). Landlord shall be protected, and fully indemnified by Tenant in accordance with Sections 6 and 21 hereof and other relevant provisions of this Lease, in acting upon any certificate received in accordance with Section 14.D.1. below believed in good faith 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 held by the escrow agent 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 out-of-pocket expenses incurred by Landlord, and Tenant in the collection and administration thereof, including, without limitation, adjuster’s and attorney’s fees and escrow agent 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 satisfactory to Landlord 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 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.** In the event Tenant does not commence Restoration within a commercially reasonable time following such damage or destruction, or after commencement Tenant does not diligently proceed to the completion of same shall be an Event of Default by Tenant pursuant to notice and cure in Section 23.B of this Lease. 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 as a result 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. Any insurance proceeds remaining 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, in Tenant's sole discretion, this Lease shall automatically terminate 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 plus such amounts as set forth in Section 15(C) below.

**B.** If after such taking by or sale to said condemning authority Tenant determines that the remainder of the Demised Premises is susceptible to efficient and economic occupation and operation 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 installment 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 actually takes possession of the condemned portion of the Demised Premises. Additionally, upon such taking or sale, Landlord and Tenant shall review the status of the outstanding New Building Improvements and mutually agree upon the feasibility of each. Notwithstanding the infeasibility of a New Building Improvement, the Tenant may, in its sole discretion, elect to extend the Lease Term as though the applicable New Building Improvement had been completed; provided however, Tenant shall pay to Landlord any compensation for the taking related to the loss opportunity to construct the New Building Improvements.



C. If this Lease is not terminated pursuant to Section 15.A, above, Tenant shall commence within a commercially reasonable time following such taking or condemnation to 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 in any condemnation proceeding. For any termination or partial termination of this Lease due to a condemnation, Tenant shall receive proceeds commensurate with the value of the then-existing New Building Improvements that are subject to such sale or taking and no longer usable by Tenant.

**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 at all times be under the exclusive control, operation and management of Landlord and may be rearranged, modified, changed, or altered from time to time at Landlord's sole discretion. Under no circumstances shall Landlord remove or terminate Tenant's ingress and egress or take any action that would materially change Tenant's ingress and egress to the Demised Property for its Permitted Use without providing Tenant alternative ingress and egress.

**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 always agrees to 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 In no case shall Tenant be liable for failure to follow any of the Minimum Standards or Rules and Regulations for which it has not received notice thereof.

**Section 19. Signs and Equipment:** After first securing Landlord's approval, which shall not be unreasonably withheld, delayed or conditioned, 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, 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.

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.** 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.** NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, TENANT AGREES TO AND SHALL FULLY DEFEND (WITH COUNSEL REASONABLY ACCEPTABLE TO LANDLORD WHEN SUCH CLAIM IS NOT A COVERED CLAIM UNDER TENANT'S INSURANCE), 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:

(I) 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"); PROVIDED, HOWEVER, TENANT PERSON SHALL NOT INCLUDE ANY ADDISON PERSON OR MANAGER PERSON; AND

(II) 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 DAMPNES OR BY FIRE, EXPLOSION, FALLING PLASTER OR CEILING; AND

(III) BREACH OF THE REPRESENTATIONS OR WARRANTIES BY TENANT UNDER THIS LEASE; AND/OR

(IV) 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.

HOWEVER, TENANT'S LIABILITY UNDER THIS SECTION 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 NEGLIGENCE, OR CONDUCT THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, THAT CAUSED THE LOSS. LIKEWISE, TENANT'S LIABILITY FOR ANY OF THE 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 PERSON'S, OR MANAGER PERSON OR MANAGER PERSONS' (AS THE CASE WOULD BE) PROPORTIONATE SHARE OF NEGLIGENCE, OR CONDUCT THAT WOULD GIVE RISE TO THE 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) (COLLECTIVELY THE "RELEASED PARTIES) 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 DAMPNES 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.

D. 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. 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. 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 Tenant, during the Term of this Lease, excluding Addison Persons and Manager Persons, 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, as the case may be, 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 ADDISON PERSONS, AND AIRPORT MANAGER AND ALL OTHER MANAGER PERSONS, FROM AND AGAINST, AND REIMBURSE LANDLORD AND ALL OTHER ADDISON 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, (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 PERSONS, 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 RELEVANT AUTHORITY UNDER THE CLEANUP LAWS OR ANY OTHER ENVIRONMENTAL LAW, RULE, STANDARD, REGULATION, OR POLICY ("ENVIRONMENTAL DAMAGES"). 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 ADDISON PERSON, AIRPORT MANAGER, OR ANY OTHER MANAGER PERSON, OR BY ANY ACT OR OMISSION OF LANDLORD, ANY OTHER ADDISON PERSON, AIRPORT MANAGER, OR ANY OTHER MANAGER PERSON THAT MAY GIVE RISE TO STRICT LIABILITY OF ANY KIND. HOWEVER, TENANT'S LIABILITY UNDER THIS CLAUSE SHALL BE REDUCED BY THAT PORTION OF THE TOTAL AMOUNT OF THE ENVIRONMENTAL 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 NEGLIGENCE, OR CONDUCT THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, THAT CAUSED THE LOSS. LIKEWISE, TENANT'S LIABILITY FOR AN ADDISON PERSON OR ADDISON PERSONS' OR ANY MANAGER PERSON OR MANAGER PERSONS' DEFENSE COSTS AND ATTORNEYS' FEES SHALL BE REDUCED BY THAT PORTION OF THE DEFENSE COSTS AND ATTORNEYS' FEES EQUAL TO THE ADDISON PERSON OR ADDISON PERSONS' OR ANY MANAGER PERSON OR MANAGER PERSONS' (AS THE CASE MAY BE) PROPORTIONATE SHARE OF 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.** 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.

**E.** NOTWITHSTANDING ANYTHING IN THIS LEASE TO THE CONTRARY, TENANT SHALL NOT HAVE ANY LIABILITY OR OBLIGATION UNDER THIS LEASE TO ANY PARTY ARISING OUT OF OR RELATED TO, THE GENERATION, INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL, OR DISCHARGE OF HAZARDOUS MATERIALS IN, ON, OR UNDER ANY PORTION OF THE AIRPORT OTHER THAN THE DEMISED PREMISES (INCLUDING, BUT NOT LIMITED TO, THE COMMON FACILITIES, THE AIRPORT FUEL FARM, OR ANY PROPERTY ADJACENT TO THE AIRPORT), EVEN IF SUCH HAZARDOUS MATERIALS MIGRATES, DRAINS, OR LEACHES ONTO OR UNDER THE DEMISED PREMISES, UNLESS A TENANT PARTY GENERATED, INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OR DISCHARGED SUCH HAZARDOUS MATERIALS.

**F.** **SURVIVAL: THE OBLIGATIONS AND LIABILITIES OF THE PARTIES PURSUANT TO THE TERMS OF SECTIONS 6, 21, 22 AND 28 SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.**

**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 pay any installment 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 other sum of money, 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 either (i) a specific cure period provided for in this Lease applicable to such failure, or (ii) if not otherwise specified, thirty (30) days after written notice thereof to Tenant; provided, however, in the event such failure is not susceptible of cure within such thirty (30) day period, then such thirty (30) day period shall be extended for an additional period of time necessary to cure so long as Tenant has provided

Landlord written notice of the curative measures Tenant proposes to undertake and commenced to cure such failure within the initial thirty (30) day period and thereafter diligently pursues such cure.

**D.** Insolvency, the making of a transfer in fraud of creditors, or the making of an 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.

**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 of any of 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 24.

**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.** 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.

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

**I.** 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 (i) recovering possession of the Demised Premises, (ii) removing and storing Tenant's and any other occupant's property, (iii) 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, (iv) collecting any money owed by Tenant or a substitute tenant, (v) repairing any damage caused by any Tenant Persons, (vi) performing any obligation of Tenant under the Lease, and (vii) 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 Airport 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. For the avoidance of doubt, Landlord has no right to take possession of any property which may be situated on the Demised Premises but which is not owned by Tenant including, but not limited to, aircraft any other property which may be owned by a subtenant or licensee of Tenant, or leased or loaned to Tenant.

**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 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. If Landlord fails to cure such default within said thirty (30) day 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 installment(s) due by Tenant to Landlord hereunder;

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

**C.** Terminate this lease upon thirty (30) days advance notice.

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, above).

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 rental less than the current rate then prevailing for similar space at Addison Airport (or if no similar space is available, the current fair market rental then prevailing for similar space in comparable buildings in the same market area as the Demised Premises) nor shall Landlord be obligated to enter into 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 into 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 consistent with industry standards for general aviation FBOs 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 in excess of 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 as a result 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 improvements on the Demised Premises, including, without limitation, the Building Improvements constructed on the Demised Premises by or for Tenant, shall be owned by Tenant during the Term of this Agreement.

**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, the improvements (including, without limitation, the Building Improvements), and all parts thereof, shall merge with the title of the Demised Premises, free and clear of any claim of Tenant and all persons or entities claiming under or through Tenant (including, without limitation, any holder of a leasehold mortgage), and shall become the property of Landlord. In such event (i) Tenant shall deliver up to Landlord the Demised Premises clean and free of trash and in good repair and condition in accordance to the prevailing Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices, as amended or modified, with all fixtures and equipment situated in the Demised Premises delivered in good working order, reasonable wear and tear excepted, and (ii) unless Tenant is then default. Tenant shall have the right to remove all personal property (including aircraft stored in the Building Improvements) and trade fixtures owned by Tenant from the Demised Premises, but Tenant shall be required to repair any damage to the Demised Premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; or (iii) with no less than twelve (12) months remaining to the Term, Landlord may elect to by written notice require Tenant to demolish and remove, or cause to be removed, all improvements from the Demised Premises and restore the Demised Premises to the condition in which the same existed immediately prior to this Lease's Effective Date, in which event Tenant shall, at Tenant's sole cost, risk and expense, perform and complete such removal and restoration in a good and workmanlike manner, in accordance with all applicable ordinances, codes, rules and regulations prior to the expiration or termination of the Term. Upon such termination, 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.

C. Tenant's obligations under this Section 28 shall continue and survive beyond the expiration or termination of this Lease.

**Section 29. Mechanics' and Materialmen's Liens Indemnity:**

A. 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 of 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 so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. 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 an absolutely 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. Landlord shall provide Tenant at least sixty (60) days' notice of any such transfer, together with the name and contact information of the transferee.

**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. Financial Information:** Tenant agrees that Tenant will from time to time upon the written request of Landlord during the Term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

**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 a statement in writing certifying that:

- A. This Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).
- B. The dates to which Rent and other charges have been paid.
- C. The other party is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

**D.** If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

**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 (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 Airport Manager, and Landlord Persons and Manager Persons, from claims 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 due to the Special Events, including, without limitation, death, injury to person or property or loss of business or revenue except to the extent caused by the gross negligence or willful misconduct of Landlord, Airport Manager, Addison Persons and Manager Person (the "Released Claims"); (iii) **covenants not to sue** the Landlord or Airport 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; (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; and (vi) agrees that the provisions of this Section 40 will be included in any sublease or user agreement for the Premises. Landlord agrees to give Tenant reasonable prior written notice of such Special Events so that Tenant may make alternative arrangements for access to the Demised Premises and/or to the Airport.

**Section 41. Landlord/Tenant Relationship:** It is understood and agreed that in leasing, using, occupying, and operating the Demised Premises, Tenant is a tenant and is not acting as an agent, partner, joint venture, independent contractor or employee of Landlord or Airport Manager.

**Section 42. Force Majeure:**

**A.** In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by an Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord or Lessee, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord or Lessee, as the case may be, is so delayed or hindered.

**B.** In the event performance by Tenant of any term, condition or covenant in this Lease is delayed or prevented by an Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, severe weather, delay or restriction by any governmental authority, pandemic or epidemic, or any other cause not within the control of Tenant, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Tenant is so delayed or hindered.

**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.

**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 of 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 effect (to the fullest 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 not exceed 40 years (480 months); if it should be determined that the Term of this Lease exceeds such period of time, the Term hereof shall be reformed so as to make the Term hereof not exceed such period of time.

**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, or (iii) by Federal Express Corporation or other nationally recognized carrier to be delivered on the next business day. 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, and (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. 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  
5300 Belt Line Road  
Dallas, Texas 75254  
Email: [wpierson@addisontx.gov](mailto:wpierson@addisontx.gov)

*And*

Messer, Fort & McDonald, PLLC  
Attn: Brenda N. McDonald  
6371 Preston Road, Suite 200  
Frisco, Texas 75034  
Email: [brenda@txmunicipallaw.com](mailto:brenda@txmunicipallaw.com)

TO TENANT:

Mercury Air Center – Addison, Inc.  
dba Atlantic Aviation  
Attn: Louis T. Pepper, CEO  
5201 Tennyson Pkwy., Suite 150  
Plano, Texas 75024

*And*

Al Archuleta,  
Regional Manager  
Atlantic Aviation Services  
7930 Airport Blvd.  
Houston, Texas 77061  
[Al.Archuleta@atlanticaviation.com](mailto:Al.Archuleta@atlanticaviation.com)

*And*

Town of Addison, Texas  
c/o Addison Airport Manager  
16051 Addison Road, Suite 220  
Addison, Texas 75001  
Attn: Real Estate Manager  
Email: [bill.dyer@addisonairport.net](mailto:bill.dyer@addisonairport.net)

*And*

*Intentionally Left Blank*

**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.

**Section 51. Consent; "Includes" and "Including"; Recitals:** Where Landlord 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; Survivability of Rights and Remedies:** 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. Any and 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. 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.

**Section 53. Entire Agreement and Amendments; Authorized Persons:** This Lease, consisting of fifty-three (53) Sections and Exhibits 1, 2, 3, 4A, 4B, 5, and Addendum #1 attached hereto, embodies the entire agreement between Landlord and Tenant and supersedes all prior agreements, including the Mercury Original Leases that will be terminated simultaneously with the effective date of this agreement, 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 in 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.

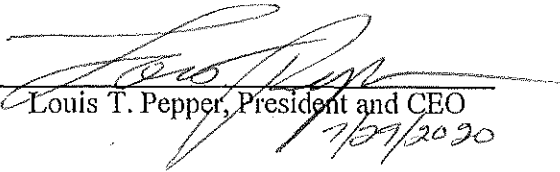
**EXECUTED** as of the day, month, and year first above written.

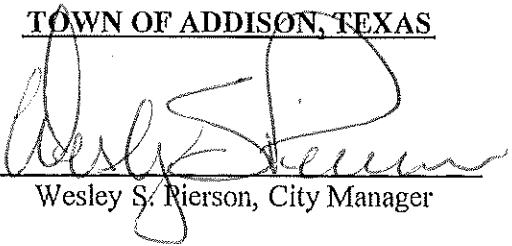
**TENANT:**

**LANDLORD:**

MERCURY AIR CENTER – ADDISON, INC.

TOWN OF ADDISON, TEXAS

By:   
Louis T. Pepper, President and CEO  
7/29/2020

By:   
Wesley S. Rierson, City Manager

Resolution No. R20-056  
August 11, 2020

ACKNOWLEDGEMENTS

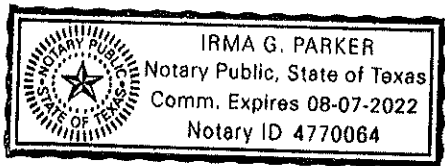
STATE OF TEXAS §

§

COUNTY OF DALLAS §

This instrument was acknowledged before me on August 12, 2020, by Wesley S. Pierson, City Manager of the Town of Addison, Texas, a home-rule municipality, on behalf of the said municipality.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12<sup>th</sup> day of August, 2020.



Irma G. Parker  
Notary Public, State of Texas

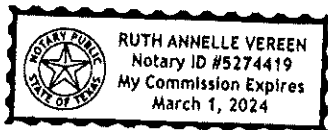
STATE OF TEXAS §

§

COUNTY OF COLLIN §

This instrument was acknowledged before me on July 29, 2020, by Louis T. Pepper, President of Mercury Air Center – Addison, Inc. a Texas corporation, on behalf of the said company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 29<sup>th</sup> day of July, 2020.



Ruth Annelle Vereen  
Notary Public, State of Texas

**LIST OF EXHIBITS AND ADDENDUMS  
TO THIS GROUND LEASE AGREEMENT**

Exhibit 1: Legal Description of Addison Airport

Exhibit 2: Legal Description (Boundary Survey) of Demised Premises

Exhibit 3: As-built Survey of Demised Premises

Exhibit 4A: Inventory of Existing Building Improvements as of Effective Date

Exhibit 4B: Description of Tenant's Capital Improvements to be Constructed

Exhibit 5: Memorandum of Lease

Addendum #1- Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices

**EXHIBIT 1**

**Legal Description of Addison Airport**

Parent/Trusts

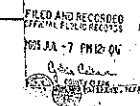
Table with columns: Owner, Page, and Control Monument (Map 23, Texas North Central - 4203)

Control Monument

Being a tract of land out of the E. Cook Survey, Abstract No. 326, the William...

PROPERTY DESCRIPTION

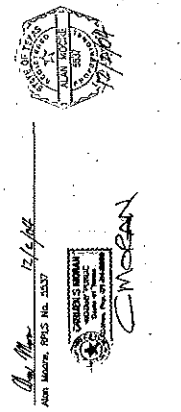
THENCE North 21 degrees 01 minutes 30 seconds West, a distance of 230.94...



FINAL PLAT ADDISON AIRPORT TOWN OF ADDISON, TEXAS

DALTECH ENGINEERING, INC. CONSULTING CIVIL ENGINEERS / SURVEYORS

Town of Addison Approval City Secretary: William J. Hester

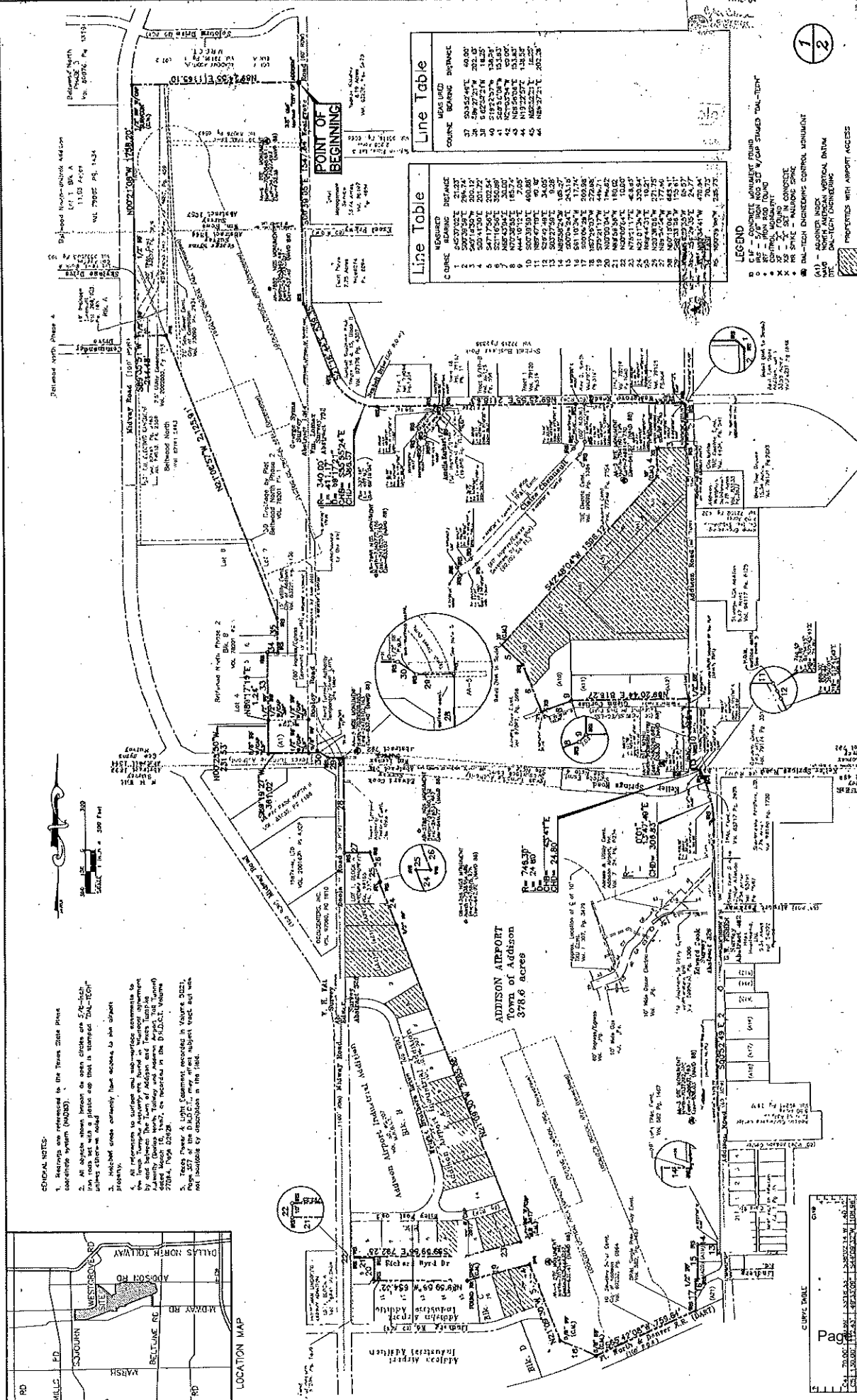


ALM 10/19/05 No. 2337

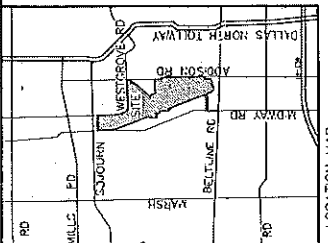
John M. Hester, P.E. 1/12/06

1-Abs hereby a Registered Professional Land Surveyor in the State of Texas, do hereby certify that I prepared this Plan from an actual survey of the land under my supervision in accordance with the 'Minimum Standards of Practice' approved by the Texas Board of Professional Land Surveyors.

DATE AND RECEIVED  
2018-07-27 PM 2:04



GENERAL NOTES:  
 1. Interests are referred to the Texas State Plant concrete system (MDS).  
 2. All details shown herein are 24-inch run notes with a person cap that is stamped "DAL-TECH" unless otherwise noted.  
 3. Hatched areas indicate that access to the airport property.  
 4. All references to surface and subsurface conditions to be investigated by the Town of Addison and Texas Landmark Advisory Group (TLADG) shall be recorded on the DLGOC, Volume 778A, Page 0288.  
 5. Texas Power & Light Company recorded in Volume 0221, page 357 of the DLGOC, may affect subject tract, but with no indication of description in this file.



Line Table

LINE NO.	MEASURED DISTANCE	COURSE BEARING	BEARING DISTANCE
1	600.00	N 45° 00' 00" E	424.26
2	100.00	N 00° 00' 00" E	100.00
3	100.00	S 00° 00' 00" E	100.00
4	100.00	S 45° 00' 00" E	70.71
5	100.00	S 00° 00' 00" E	100.00
6	100.00	S 45° 00' 00" E	70.71
7	100.00	S 00° 00' 00" E	100.00
8	100.00	S 45° 00' 00" E	70.71
9	100.00	S 00° 00' 00" E	100.00
10	100.00	S 45° 00' 00" E	70.71
11	100.00	S 00° 00' 00" E	100.00
12	100.00	S 45° 00' 00" E	70.71
13	100.00	S 00° 00' 00" E	100.00
14	100.00	S 45° 00' 00" E	70.71
15	100.00	S 00° 00' 00" E	100.00
16	100.00	S 45° 00' 00" E	70.71
17	100.00	S 00° 00' 00" E	100.00
18	100.00	S 45° 00' 00" E	70.71
19	100.00	S 00° 00' 00" E	100.00
20	100.00	S 45° 00' 00" E	70.71
21	100.00	S 00° 00' 00" E	100.00
22	100.00	S 45° 00' 00" E	70.71
23	100.00	S 00° 00' 00" E	100.00
24	100.00	S 45° 00' 00" E	70.71
25	100.00	S 00° 00' 00" E	100.00
26	100.00	S 45° 00' 00" E	70.71
27	100.00	S 00° 00' 00" E	100.00
28	100.00	S 45° 00' 00" E	70.71
29	100.00	S 00° 00' 00" E	100.00
30	100.00	S 45° 00' 00" E	70.71
31	100.00	S 00° 00' 00" E	100.00
32	100.00	S 45° 00' 00" E	70.71
33	100.00	S 00° 00' 00" E	100.00
34	100.00	S 45° 00' 00" E	70.71
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36	100.00	S 45° 00' 00" E	70.71
37	100.00	S 00° 00' 00" E	100.00
38	100.00	S 45° 00' 00" E	70.71
39	100.00	S 00° 00' 00" E	100.00
40	100.00	S 45° 00' 00" E	70.71
41	100.00	S 00° 00' 00" E	100.00
42	100.00	S 45° 00' 00" E	70.71
43	100.00	S 00° 00' 00" E	100.00
44	100.00	S 45° 00' 00" E	70.71
45	100.00	S 00° 00' 00" E	100.00
46	100.00	S 45° 00' 00" E	70.71
47	100.00	S 00° 00' 00" E	100.00
48	100.00	S 45° 00' 00" E	70.71
49	100.00	S 00° 00' 00" E	100.00
50	100.00	S 45° 00' 00" E	70.71
51	100.00	S 00° 00' 00" E	100.00
52	100.00	S 45° 00' 00" E	70.71
53	100.00	S 00° 00' 00" E	100.00
54	100.00	S 45° 00' 00" E	70.71
55	100.00	S 00° 00' 00" E	100.00
56	100.00	S 45° 00' 00" E	70.71
57	100.00	S 00° 00' 00" E	100.00
58	100.00	S 45° 00' 00" E	70.71
59	100.00	S 00° 00' 00" E	100.00
60	100.00	S 45° 00' 00" E	70.71

Line Table

LINE NO.	MEASURED DISTANCE	COURSE BEARING	BEARING DISTANCE
37	203.52	N 40.00° E	155.11
38	29.74	N 00.00° E	29.74
39	6.25	S 00.00° E	6.25
40	5.27	S 45.00° E	3.72
41	5.27	S 00.00° E	5.27
42	5.27	S 45.00° E	3.72
43	5.27	S 00.00° E	5.27
44	5.27	S 45.00° E	3.72
45	5.27	S 00.00° E	5.27
46	5.27	S 45.00° E	3.72
47	5.27	S 00.00° E	5.27
48	5.27	S 45.00° E	3.72
49	5.27	S 00.00° E	5.27
50	5.27	S 45.00° E	3.72
51	5.27	S 00.00° E	5.27
52	5.27	S 45.00° E	3.72
53	5.27	S 00.00° E	5.27
54	5.27	S 45.00° E	3.72
55	5.27	S 00.00° E	5.27
56	5.27	S 45.00° E	3.72
57	5.27	S 00.00° E	5.27
58	5.27	S 45.00° E	3.72
59	5.27	S 00.00° E	5.27
60	5.27	S 45.00° E	3.72

LEGEND

- CLF - CONCRETE LINEMARKER FILING
- - 2" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - CONTROL MONUMENT
- - 4" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 6" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 8" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 10" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 12" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 14" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 16" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 18" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 20" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 22" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 24" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 26" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 28" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 30" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 32" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 34" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 36" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 38" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 40" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 42" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 44" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 46" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 48" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"
- - 50" DIA. IRON ROD 50' W/CAP STAMPED "DAL-TECH"

(A) - ADDISON INDEX NORTH AMERICAN VERTICAL DATUM  
 (B) - DAL-TECH ENGINEERING CONTROL MONUMENT  
 (C) - DAL-TECH ENGINEERING CONTROL MONUMENT  
 (D) - DAL-TECH ENGINEERING CONTROL MONUMENT

PROPERTIES WITH AIRPORT ACCESS

1  
2

**DALTECH**  
 ENGINEERING, INC.  
 CONSTRUCTION MANAGEMENT  
 17511 MILLS AVE. SUITE 200  
 ADDISON, TEXAS 75001  
 (972) 382-5222 (FAX) 972-382-0774

FINAL PLAN  
 ADDISON AIRPORT  
 TOWN OF ADDISON, TEXAS

DRAWN: [Name] DATE: 02/18  
 CHECKED: [Name] DATE: 02/18  
 CONTRACT NO: 2018  
 SHEET NO: 001  
 TOTAL SHEETS: 004

Team of Addison Airport  
 City Manager: [Name]  
 City Engineer: [Name]  
 Planning Manager: [Name]  
 Public Works Director: [Name]

Joe Chan



## Exhibit 2

### Legal Description of Demised Premises

**BEING** a tract of land situated in the William Lenax Survey, Abstract No. 796, ~~Ball~~ County, Texas, and being a part of Addison Airport, an addition to the Town of Addison, Texas according to the plat thereof recorded in Volume 200511, Page 82 in the Map Records of Dallas County, Texas (MRDCT) and being more particularly described as follows:

**COMMENCING** at a cut 'x' found in concrete in the north line of Glenn Curtis, a 50 foot wide ingress/egress easement established by the final plat of said Addison Airport, said beginning point also being the southwest corner of Lot 1, Block 1 of Addison Jet Center, an addition to the Town of Addison, Texas, according to the plat thereof recorded under Instrument No. 201600296616 MRDCT;

**THENCE** South 21 degrees 16 minutes 32 seconds East, along the projected west line of said Lot 1, Block 1, 50.00 feet to a magnetic nail set in concrete in the south line of said Glenn Curtis and the **POINT OF BEGINNING**;

**THENCE** North 69 degrees 52 minutes 29 seconds East, along the south line of said Glenn Curtis, 29.72 feet to a magnetic nail set in concrete;

**THENCE** North 70 degrees 46 minutes 26 seconds East, continuing along the south line of said Glenn Curtis, 156.46 feet to a 5/8-inch iron rod set with plastic cap stamped "Span Surveys";

**THENCE** South 18 degrees 36 minutes 29 seconds East, departing the south line of said Glenn Curtis, 274.21 feet to a 5/8-inch iron rod set with plastic cap stamped "Span Surveys" in the north line of Parkway T;

**THENCE** easterly, along the north line of said Parkway T the following:

South 69 degrees 38 minutes 19 seconds West, 291.87 feet to a magnetic nail set in concrete;

South 06 degrees 51 minutes 50 seconds East, 3.85 feet to a 5/8-inch iron rod set with plastic cap stamped "Span Surveys";

South 83 degrees 00 minutes 10 seconds West, 29.79 feet to a 5/8-inch iron rod set with plastic cap stamped "Span Surveys";

South 84 degrees 32 minutes 07 seconds West, 19.79 feet to a 5/8-inch iron rod set with plastic cap stamped "Span Surveys";

South 66 degrees 50 minutes 00 seconds West, 362.78 feet to a 5/8-inch iron rod set with plastic cap stamped "Span Surveys" on the Object Free Area line, being 400 feet east of the runway centerline;

**THENCE** North 21 degrees 07 minutes 31 seconds West, along said Object Free Area line, at all times remaining 400 feet east of and parallel to said runway centerline, 863.87 feet to a 5/8-inch iron rod set with plastic cap stamped "Span Surveys" in the south line of Parkway U;

**THENCE** North 68 degrees 54 minutes 45 seconds East, along the south line of said Parkway U, 275.08 feet to a magnetic nail set in concrete at the point of curvature of a circular curve to the left having a radius of 490.00 feet;

**THENCE** continuing along the south line of said Parkway U and said curve to the left, through a central angle of 17 degrees 40 minutes 25 seconds an arc distance of 151.05 feet and having a chord which bears North 60 degrees 04 minutes 32 seconds East, 150.25 feet to a cut 'x' set in concrete;

**THENCE** South 47 degrees 16 minutes 38 seconds East, departing the south line of said Parkway U, at 57.56 feet passing a cut 'x' found in concrete at the northwest corner of Lot 1, Block 1 of said Addison Jet Center; continuing along the west line of said Addison Jet Center, an all a distance of 240.10 feet to a 'P' nail found;

**THENCE** South 21 degrees 06 minutes 12 seconds East, continuing along the west line of said Addison Jet Center, 403.19 feet to **POINT OF BEGINNING** and containing 13.49 acres of land.

# As-built Survey of Demised Premises

BEING a book of land situated in the William Leases Survey, Abstract No. 795, Dallas County, Texas, and being a part of Addison Airport, in addition to the Town of Addison, Texas according to the record plat in the Public Records of Dallas County, Texas, and being a part of the same, and being more particularly described as follows:

COMMENCING at a cut 'X' found in concrete in the north line of Chain Center, a 35-foot wide alleyway, and extending south therefrom to the southwest corner of Lot 1, Block 1, of Addison, Texas, according to the plat thereof recorded under Instrument No. 2010020818.

THENCE South 72 degrees 06 minutes 32 seconds East, along the proposed west line of said Lot 1, Block 1, of Addison, Texas, a distance of 100 feet to a point 'A' in concrete in the south line of said Chain Center, and thence north 88 degrees 32 minutes 29 seconds East, along the south line of said Chain Center, 253.15 feet to a magnetic well set in concrete;

THENCE North 79 degrees 46 minutes 26 seconds East, continuing along the south line of said Chain Center, 134.66 feet to a 30-inch iron iron pipe cap stamped 'Sparr Surveys';

THENCE South 18 degrees 28 minutes 29 seconds East, departing the south line of said Chain Center, and extending to a 30-inch iron iron pipe cap stamped 'Sparr Surveys' in the north line of Tract 'A';

THENCE southeasterly, along the north line of said Tract 'A' the following:

- South 69 degrees 13 minutes 19 seconds West, 261.57 feet to a magnetic well set in concrete;
- South 05 degrees 31 minutes 50 seconds East, 3.85 feet to a 3/8-inch iron iron pipe cap stamped 'Sparr Surveys';
- South 83 degrees 10 minutes 10 seconds West, 25.79 feet to a 3/8-inch iron iron pipe cap stamped 'Sparr Surveys';
- South 85 degrees 10 minutes 07 seconds West, 19.79 feet to a 3/8-inch iron iron pipe cap stamped 'Sparr Surveys';
- South 08 degrees 09 minutes 00 seconds West, 303.28 feet to a 3/8-inch iron iron pipe cap stamped 'Sparr Surveys' on the Object Free Area line, being 400 feet east of the runway centerline;
- THENCE North 21 degrees 07 minutes 31 seconds West, along said Object Free Area line, at an angle of 17 degrees 46 minutes 26 seconds East, 563.87 feet to a 20-inch iron iron pipe cap stamped 'Sparr Surveys' in the south line of Tract 'A';
- THENCE North 06 degrees 54 minutes 48 seconds East, along the south line of said Tract 'A' 278.09 feet to a magnetic well set in concrete at the point of curvature of a circular curve to the left, having a radius of 650.00 feet;
- THENCE southeasterly along the south line of said Tract 'A' and said curve to the left, through a central angle of 17 degrees 46 minutes 26 seconds at an arc distance of 153.15 feet and being a chord which bears North 00 degrees 04 minutes 24 seconds East, 153.15 feet to a cut 'X' set in concrete;
- THENCE South 17 degrees 36 minutes 30 seconds East, departing the south line of said Tract 'A' and extending to a 30-inch iron iron pipe cap stamped 'Sparr Surveys' in all a distance of 240.12 feet to a 'T' well found;
- THENCE South 08 minutes 32 seconds East, continuing along the west line of said Addison, Texas Center, in all a distance of 400 feet to a cut 'X' set in concrete;

I, Brad Sparr, a Registered Professional Land Surveyor for Sparr Surveys, do hereby certify that I am the author of this survey and that the professional seal and signature contained herein conforms to the current Texas Surveying Statutes and Specifications for a Category 1B Certified II Survey.

ADDISON, TEXAS

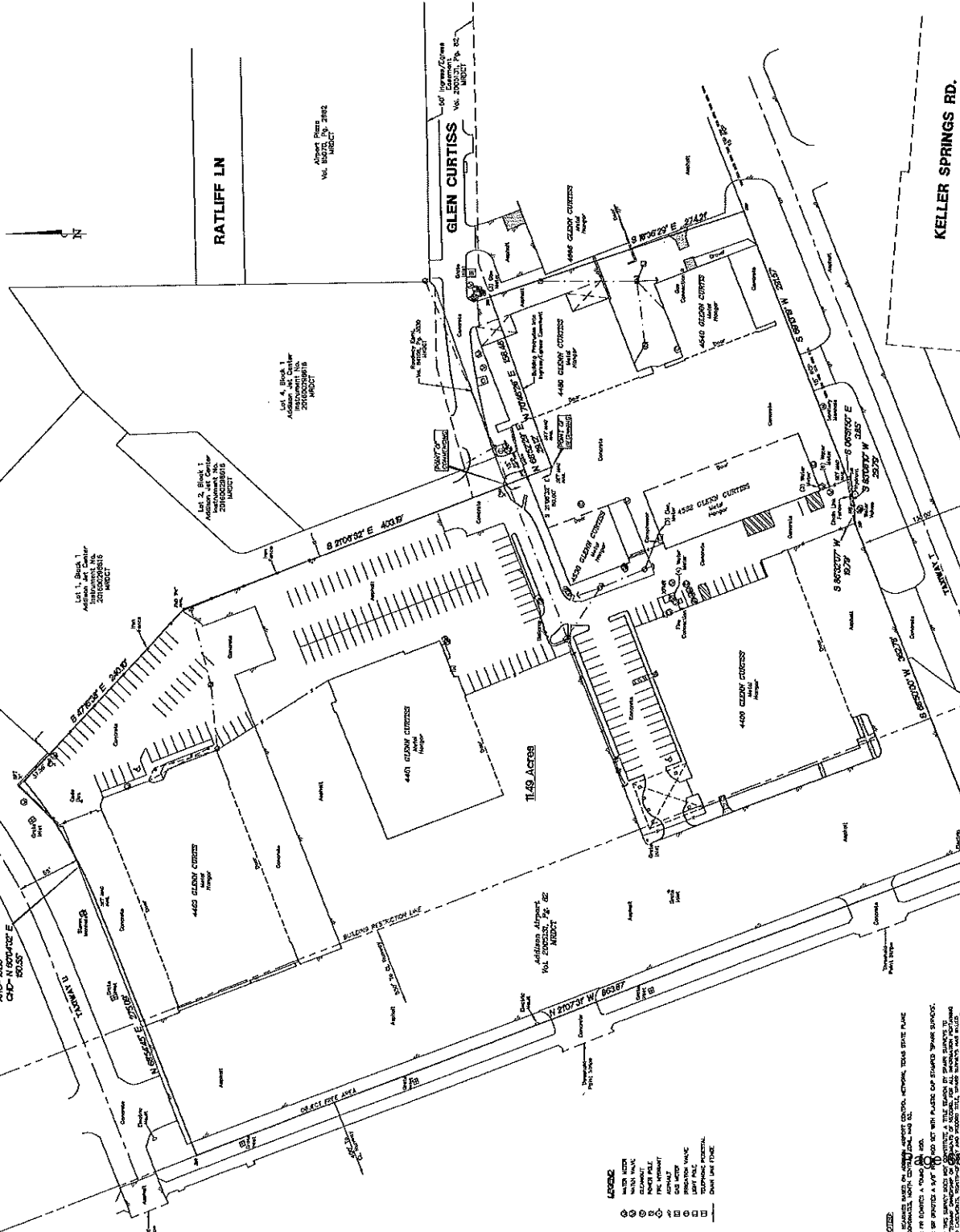
BRAD SPARR  
Registered Professional Land Surveyor No. 2701



Sparr Surveys  
2533 63<sup>rd</sup> St.  
McKinney, Texas 75069  
(214) 544-2007

LEASE DIBBIT  
**ADDISON AIRPORT**  
WILLIAM LEASE SURVEY  
ABSTRACT NO. 795  
TOWN OF ADDISON  
DALLAS COUNTY, TEXAS

DATE OF B.D.S. MAP  
2003  
DATE OF SURVEY  
MARCH 18, 2003  
JOB NO. 19000Y

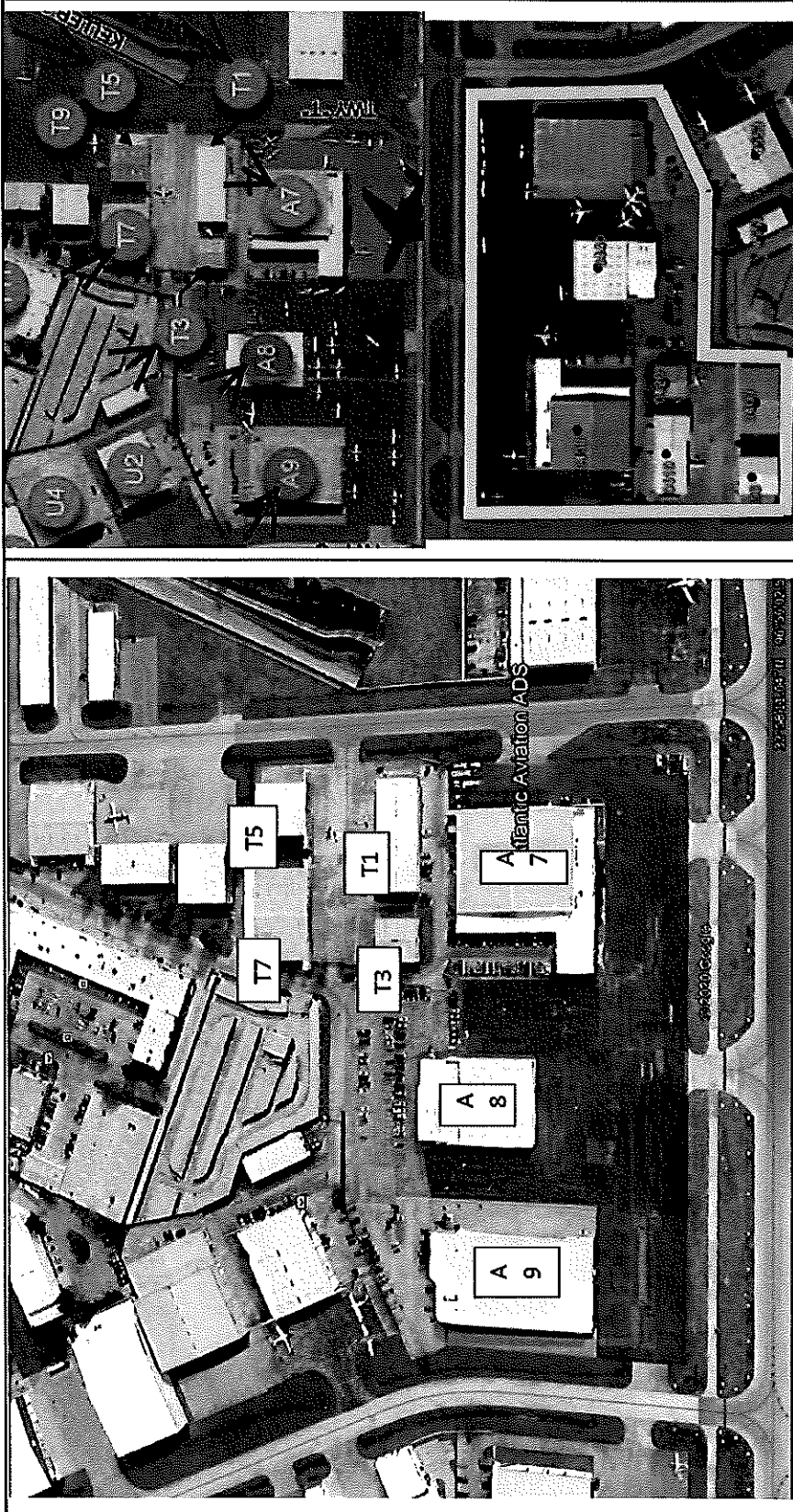


- LEGEND
- 1/4\"/>

NOTES:  
1. DIMENSIONS MADE BY COMPANY SURVEYOR, GEORGE THOMAS STATE PLATE SURVEYOR, DALLAS COUNTY, TEXAS, MAY 20, 1903.  
2. IF DIMENSIONS A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AM, AN, AO, AP, AQ, AR, AS, AT, AU, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, BF, BG, BH, BI, BJ, BK, BL, BM, BN, BO, BP, BQ, BR, BS, BT, BU, BV, BW, BX, BY, BZ, CA, CB, CC, CD, CE, CF, CG, CH, CI, CJ, CK, CL, CM, CN, CO, CP, CQ, CR, CS, CT, CU, CV, CW, CX, CY, CZ, DA, DB, DC, DD, DE, DF, DG, DH, DI, DJ, DK, DL, DM, DN, DO, DP, DQ, DR, DS, DT, DU, DV, DW, DX, DY, DZ, EA, EB, EC, ED, EE, EF, EG, EH, EI, EJ, EK, EL, EM, EN, EO, EP, EQ, ER, ES, ET, EU, EV, EW, EX, EY, EZ, FA, FB, FC, FD, FE, FF, FG, FH, FI, FJ, FK, FL, FM, FN, FO, FP, FQ, FR, FS, FT, FU, FV, FW, FX, FY, FZ, GA, GB, GC, GD, GE, GF, GG, GH, GI, GJ, GK, GL, GM, GN, GO, GP, GQ, GR, GS, GT, GU, GV, GW, GX, GY, GZ, HA, HB, HC, HD, HE, HF, HG, HH, HI, HJ, HK, HL, HM, HN, HO, HP, HQ, HR, HS, HT, HU, HV, HW, HX, HY, HZ, IA, IB, IC, ID, IE, IF, IG, IH, II, IJ, IK, IL, IM, IN, IO, IP, IQ, IR, IS, IT, IU, IV, IW, IX, IY, IZ, JA, JB, JC, JD, JE, JF, JG, JH, JI, JJ, JK, JL, JM, JN, JO, JP, JQ, JR, JS, JT, JU, JV, JW, JX, JY, JZ, KA, KB, KC, KD, KE, KF, KG, KH, KI, KJ, KK, KL, KM, KN, KO, KP, KQ, KR, KS, KT, KU, KV, KW, KX, KY, KZ, LA, LB, LC, LD, LE, LF, LG, LH, LI, LJ, LK, LL, LM, LN, LO, LP, LQ, LR, LS, LT, LU, LV, LW, LX, LY, LZ, MA, MB, MC, MD, ME, MF, MG, MH, MI, MJ, MK, ML, MM, MN, MO, MP, MQ, MR, MS, MT, MU, MV, MW, MX, MY, MZ, NA, NB, NC, ND, NE, NF, NG, NH, NI, NJ, NK, NL, NM, NN, NO, NP, NQ, NR, NS, NT, NU, NV, NW, NX, NY, NZ, OA, OB, OC, OD, OE, OF, OG, OH, OI, OJ, OK, OL, OM, ON, OO, OP, OQ, OR, OS, OT, OU, OV, OW, OX, OY, OZ, PA, PB, PC, PD, PE, PF, PG, PH, PI, PJ, PK, PL, PM, PN, PO, PP, PQ, PR, PS, PT, PU, PV, PW, PX, PY, PZ, QA, QB, QC, QD, QE, QF, QG, QH, QI, QJ, QK, QL, QM, QN, QO, QP, QQ, QR, QS, QT, QU, QV, QW, QX, QY, QZ, RA, RB, RC, RD, RE, RF, RG, RH, RI, RJ, RK, RL, RM, RN, RO, RP, RQ, RR, RS, RT, RU, RV, RW, RX, RY, RZ, SA, SB, SC, SD, SE, SF, SG, SH, SI, SJ, SK, SL, SM, SN, SO, SP, SQ, SR, SS, ST, SU, SV, SW, SX, SY, SZ, TA, TB, TC, TD, TE, TF, TG, TH, TI, TJ, TK, TL, TM, TN, TO, TP, TQ, TR, TS, TT, TU, TV, TW, TX, TY, TZ, UA, UB, UC, UD, UE, UF, UG, UH, UI, UJ, UK, UL, UM, UN, UO, UP, UQ, UR, US, UT, UY, UZ, VA, VB, VC, VD, VE, VF, VG, VH, VI, VJ, VK, VL, VM, VN, VO, VP, VQ, VR, VS, VT, VU, VW, VX, VY, VZ, WA, WB, WC, WD, WE, WF, WG, WH, WI, WJ, WK, WL, WM, WN, WO, WP, WQ, WR, WS, WT, WU, WV, WW, WX, WY, WZ, XA, XB, XC, XD, XE, XF, XG, XH, XI, XJ, XK, XL, XM, XN, XO, XP, XQ, XR, XS, XT, XU, XV, XW, XX, XY, XZ, YA, YB, YC, YD, YE, YF, YG, YH, YI, YJ, YK, YL, YM, YN, YO, YP, YQ, YR, YS, YT, YU, YV, YW, YX, YZ, ZA, ZB, ZC, ZD, ZE, ZF, ZG, ZH, ZI, ZJ, ZK, ZL, ZM, ZN, ZO, ZP, ZQ, ZR, ZS, ZT, ZU, ZV, ZW, ZX, ZY, ZZ.

**EXHIBIT 4A**  
**Inventory & Description of Existing Building Improvements**  
**as of Effective Date**

**Atlantic Aviation ADS – Current Atlantic Leased buildings – 6/2/2020**



<b>Yellow boundary contains 500,504 Sq. Ft. Land or 11.49 acres (Hangars 108,444 SF &amp; Offices 32,514 SF)</b>
<b>(i) 4400 Glenn Curtiss (Property #0430 ALP #A7): Hangar 26,000 SF, FBO 22,310 SF. Built 1985. Land 124,873 SF</b>
<b>(ii) 4451 Glenn Curtiss (Property #0440 ALP #A8): Hangar 15,242 SF and offices 1,884 SF. Built 1964. Land 279,519 SF.</b>
<b>(iii) 4453 Glenn Curtiss (Property #0440 ALP #A9): Hangar 32,500 SF, Offices 8,320 SF. Built 1964. Land included w/ A8</b>
<b>(iv) 4480 Glenn Curtiss (Property #0400 ALP #T7): Hangar 13,736 SF. Built 1980. Land 28,358 SF.</b>
<b>(v) 4530 Glenn Curtiss (Property #0420 ALP #T3): Hangar 4,030 SF. Built 1979. Land 13,575 SF.</b>
<b>(vi) 4532 Glenn Curtiss (Property #0410 ALP #T1): Hangar 10,336 SF. Built 1979. Land 28,937 SF.</b>
<b>(vii) 4540 Glenn Curtiss (Property #0390 ALP#T5 Hangar 6,600 SF. Built 1979. Land 25,244 SF.</b>

Atlantic Aviation ADS \_ Proposed development phases – 6/2/2020

Exhibit 4B  
Description of "Tenant's Capital Improvements" to be Constructed Pursuant to this Ground Lease Agreement

<p>The diagram illustrates the proposed development phases for Atlantic Aviation ADS. Phase 1, the largest area, includes a 'NEW HANGAR 2' (205,428 SF), a 'RAMP' (203,000 SF), and an 'EXPANDED PARKING AREA'. It also shows 'EXISTING HANGAR 3 TO REMAIN' and 'EXISTING HANGAR 1 AND FBO TO REMAIN'. Phase 2 includes a 'NEW PARKING AREA' and 'AOA ACCESS'. Phase 3 includes another 'NEW PARKING AREA'. The site is bounded by 'EXISTING TAXIWAY TO REMAIN' and 'TAXIWAY TANGGO'. A 'NEW TRUCKING AREA' is also indicated.</p>	<table border="1"> <tr> <td data-bbox="1096 243 1161 1967"> <p><u>Extended Term #1:</u> Scope of work: Demolition of building A8 located at 4451 Glenn Curtiss + constructs a new jet hangar in its place. Minimum spend: \$6,000,000 US. Completion: No later than 48 months following the Commencement Date Term Extension: Additional thirteen-years beyond the Base Term</p> </td> <td data-bbox="1161 243 1372 1967"> <p><u>Extended Term #2:</u> Scope of work: Completes the planned renovation and refurbishment of the FBO terminal located at 4400 Glenn Curtiss + 203,000 square feet of aircraft apron repair and replacement. Minimum spend: \$5,500,000 US. Completion: No later than 7 years following the Commencement Date. Term Extension: Additional fifteen-years beyond the Extended Term # 1.</p> </td> <td data-bbox="1372 243 1474 1967"> <p><u>Extended Term #3:</u> Scope of work completes the renovation of "Hangar 3" located at 4453 Glenn Curtiss + demolishes the existing building improvements located at 4532 and 4530 Glenn Curtiss and, in their place construct new off-street vehicle parking to support Tenant's ongoing FBO operations. Minimum spend: \$2,500,000 US. Completion: No later than 13 years following the Commencement Date Term Extension: Additional five-years beyond the Extended Term # 2.</p> </td> </tr> </table>	<p><u>Extended Term #1:</u> Scope of work: Demolition of building A8 located at 4451 Glenn Curtiss + constructs a new jet hangar in its place. Minimum spend: \$6,000,000 US. Completion: No later than 48 months following the Commencement Date Term Extension: Additional thirteen-years beyond the Base Term</p>	<p><u>Extended Term #2:</u> Scope of work: Completes the planned renovation and refurbishment of the FBO terminal located at 4400 Glenn Curtiss + 203,000 square feet of aircraft apron repair and replacement. Minimum spend: \$5,500,000 US. Completion: No later than 7 years following the Commencement Date. Term Extension: Additional fifteen-years beyond the Extended Term # 1.</p>	<p><u>Extended Term #3:</u> Scope of work completes the renovation of "Hangar 3" located at 4453 Glenn Curtiss + demolishes the existing building improvements located at 4532 and 4530 Glenn Curtiss and, in their place construct new off-street vehicle parking to support Tenant's ongoing FBO operations. Minimum spend: \$2,500,000 US. Completion: No later than 13 years following the Commencement Date Term Extension: Additional five-years beyond the Extended Term # 2.</p>
<p><u>Extended Term #1:</u> Scope of work: Demolition of building A8 located at 4451 Glenn Curtiss + constructs a new jet hangar in its place. Minimum spend: \$6,000,000 US. Completion: No later than 48 months following the Commencement Date Term Extension: Additional thirteen-years beyond the Base Term</p>	<p><u>Extended Term #2:</u> Scope of work: Completes the planned renovation and refurbishment of the FBO terminal located at 4400 Glenn Curtiss + 203,000 square feet of aircraft apron repair and replacement. Minimum spend: \$5,500,000 US. Completion: No later than 7 years following the Commencement Date. Term Extension: Additional fifteen-years beyond the Extended Term # 1.</p>	<p><u>Extended Term #3:</u> Scope of work completes the renovation of "Hangar 3" located at 4453 Glenn Curtiss + demolishes the existing building improvements located at 4532 and 4530 Glenn Curtiss and, in their place construct new off-street vehicle parking to support Tenant's ongoing FBO operations. Minimum spend: \$2,500,000 US. Completion: No later than 13 years following the Commencement Date Term Extension: Additional five-years beyond the Extended Term # 2.</p>		

**EXHIBIT 5**

**Form of Memorandum of Lease**

**AFTER RECORDING RETURN TO:**

Addison Airport Management  
c/o Real Estate Manager  
16051 Addison Road, Suite 220  
Addison, Texas 75001

**MEMORANDUM OF LEASE**

This Memorandum of Lease is dated as of \_\_\_\_\_, 20\_\_, and executed by and between the Town of Addison, Texas, a home-rule municipality ("Landlord" or "City") and Mercury Air Center – Addison, Inc., a Texas corporation ("Tenant"). Capitalized terms not otherwise defined in this Memorandum will have the same meaning ascribed to such terms in the Ground Lease.

**WHEREAS**, a Ground Lease was executed on \_\_\_\_\_, 2019 (the "Ground Lease") between Landlord and Tenant wherein Landlord leased to Tenant and Tenant leased from Landlord a certain parcel of land owned by the City and located at and within Addison Airport ("Airport"), more fully described in Exhibit "A" attached hereto and made a part hereof, and in that certain boundary survey dated \_\_\_\_\_, which property is now commonly referred to as [Street Address(es)] Addison Road; and

**WHEREAS**, the Term of the Ground Lease begins on the Commencement Date and continues for \_\_\_\_\_ ( ) full calendar months; and

**WHEREAS**, the address of Landlord as set forth in the Ground Lease is:

Town of Addison, Texas  
c/o City Manager  
5300 Belt Line road  
Dallas, Texas 75254

and

Town of Addison, Texas  
c/o Addison Airport Manager  
16051 Addison Road, Suite 220  
Addison, Texas 75001  
Attn: Real Estate Manager

and;

**WHEREAS**, the address of Tenant as set forth in the Ground Lease is:

Mercury Air Center – Addison, Inc.  
dba Atlantic Aviation  
Attn: Louis T. Pepper, CEO  
5201 Tennyson Pkwy., Suite 150  
Plano, Texas 75024

*And*

Al Archuleta,  
Regional Manager  
Atlantic Aviation Services  
7930 Airport Blvd.  
Houston, Texas 77061  
Al.Archuleta@atlanticaviation.com

**NOW THEREFORE**, 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. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Ground Lease, as amended, the provisions of the Ground Lease, as amended, shall govern. Reference should be made to the Ground Lease (and all amendments thereto) for the full description of the rights and duties of Landlord and Tenant thereunder, and this Memorandum of Lease shall in no way affect the terms and conditions of the Ground Lease (including all amendments thereto) or the interpretation of the rights and duties of Landlord and Tenant thereunder.

**IN WITNESS WHEREOF**, the undersigned parties have executed this Memorandum of Lease on the day and the year first set forth above.

**Tenant:** Mercury Air Center- Addison, Inc.

**Landlord:** Town of Addison, Texas

By: \_\_\_\_\_

By: \_\_\_\_\_

Wesley S. Pierson, City Manager

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, \_\_\_\_\_ of Mercury Air Center – Addison, Inc., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she 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

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

BEFORE ME, the undersigned authority, on this day personally appeared Wesley S. Pierson, 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

Exhibit A  
To Memorandum of Ground Lease  
Legal Description of Demised Premises

**BEING** a tract of land situated in the William Lomas Survey, Abstract No. 796, Dallas County, Texas, and being a part of Addison Airport, an addition to the Town of Addison, Texas according to the plat thereof recorded in Volume 2005131, Page 52 in the Map Records of Dallas County, Texas (MRCR) and being more particularly described as follows:

**COMMENCING** at a cut 'X' found in concrete in the north line of Glenn Curtes, a 50 foot wide Egress/Egress easement established by the first plat of said Addison Airport, said beginning point also being the southwest corner of Lot 1, Block 1 of Addison Jet Center, an addition to the Town of Addison, Texas, according to the plat thereof recorded under instrument No. 20160098616 MRCR;

**THENCE** South 21 degrees 06 minutes 32 seconds East, along the projected west line of said Lot 1, Block 1, 50.00 feet to a magnetic nail set in concrete in the south line of said Glenn Curtes and the **POINT OF BEGINNING**;

**THENCE** North 68 degrees 52 minutes 29 seconds East, along the south line of said Glenn Curtes, 20.12 feet to a magnetic nail set in concrete;

**THENCE** North 70 degrees 46 minutes 26 seconds East, continuing along the south line of said Glenn Curtes, 156.46 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** South 10 degrees 36 minutes 24 seconds East, departing the south line of said Glenn Curtes, 274.21 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the north line of Taxway T;

**THENCE** southwesterly, along the north line of said Taxway T 410, following:

South 89 degrees 13 minutes 19 seconds West, 291.57 feet to a magnetic nail set in concrete;

South 06 degrees 51 minutes 50 seconds East, 3.85 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

South 03 degrees 00 minutes 10 seconds West, 29.72 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

South 06 degrees 37 minutes 07 seconds West, 19.79 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

South 68 degrees 50 minutes 00 seconds West, 362.78 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" on the Outer Free Area line, being 400 feet east of the runway centerline;

**THENCE** North 21 degrees 07 minutes 31 seconds West, along said Object Free Area line, at all times remaining 100 feet east of and parallel to said runway centerline, 843.87 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the south line of Taxway U;

**THENCE** North 68 degrees 54 minutes 45 seconds East, along the south line of said Taxway U, 276.02 feet to a magnetic nail set in concrete at the point of curvature of a circular curve to the left having a radius of 490.00 feet;

**THENCE** continuing along the south line of said Taxway U and said curve to the left, through a central angle of 17 degrees 40 minutes 23 seconds on the distance of 131.75 feet and having a chord which bears North 60 degrees 04 minutes 32 seconds East, 150.55 feet to a cut 'X' set in concrete;

**THENCE** South 47 degrees 16 minutes 53 seconds East, departing the south end of said Taxway U, at 17.58 feet passing a cut 'X' found in concrete at the northwest corner of Lot 1, Block 1 of said Addison Jet Center, continuing along the west line of said Addison Jet Center, in all a distance of 240.10 feet to a 'PK' nail found;

**THENCE** South 21 degrees 04 minutes 11 seconds East, continuing along the west line of said Addison Jet Center, 403.19 feet to **POINT OF BEGINNING** and containing 11.94 acres of land.



## **Lease Addendum #1**

### **Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices**

I. **Purpose:** Pursuant to Section 11 (or elsewhere as provided for) of the Lease<sup>1</sup> the Tenant is required to maintain the Demised Premises and all improvements, fixtures, equipment and personal property thereto in "good repair and in a first class condition" and in accordance with all applicable ordinances, codes, rules and regulations of or adopted by the City of Addison or any regulating agency with oversight of any or all portions of the Demised Premises throughout the Term as it may be extended or otherwise amended.

Additionally, Section 28 entitled Title to Improvements provides, among other things, Tenant shall own and hold title to any building improvements constructed on the Demised Premises and upon the expiration or early termination of the ownership of said building improvements, said building improvements shall merge with the title of the Demised Premises and become the property of the Landlord. Landlord may, at Landlord sole discretion, elect Tenant to: (i) deliver to Landlord the Demised Premises clean and free of trash and in good repair and condition in accordance with these Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices together with all fixtures and equipment situated in the Demised Premises with reasonable wear and tear excepted.; or (ii) prior to the expiration or early termination of the Term, demolish and remove or cause to be removed from the Demised Premises all building improvements together with any fixtures or equipment remaining and restore the Demised Premises to reasonably the same condition it was found immediately prior Tenant's taking possession of the Demised Premises as of the Effective Date. Such demolition and removal shall be performed at Tenant's sole cost and risk in accordance with all prevailing ordinances, codes, rules, and regulations governing same.

Therefore, these Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices ("Maintenance Standards") hereby set forth in general the minimum level of standard of maintenance and repair or practice the Landlord expects of Tenant and Tenant (or any of its successors and, or assigns) agrees to be obliged in order to comply with the terms and conditions of the Lease.

II. **Governing Standard or Practice:** Section 8.A. of the Lease states the Tenant agrees to comply with all laws, ordinances, rules, regulations, directives, permits, policies or standards of any governmental authority, entity, or agency affecting the use of the Demised Premises; and any "Construction/Maintenance Standards and Specifications" published by Landlord or its Airport Manager governing such matters at Addison Airport. Section 11.B. of the Lease states "Should there ever arise a conflict between the degree of standard or duty to practice any such standard or practice between [these Maintenance Standards] and any new construction and maintenance and

<sup>1</sup> All capitalized terms used in these Tenant's Minimum Leasehold Maintenance Standards and Procedures are as used and defined in the underlying Lease unless otherwise defined herein.

repair standard so adopted by the Landlord, the standard and/or practice representing the higher or greater degree of standard and/or practice shall prevail as if such higher degree of standard and/or practice is incorporated into and made a part of these [Maintenance Standards].

**III. Terminology Used:** Unless otherwise provided herein, the definition and/or the description of certain terms used or referred to below shall be the same as defined in the Lease or ASTM International Standard E2018-15<sup>2</sup> (as it may be amended or modified from time to time or its equivalence as generally accepted by the United States commercial real estate industry at the time).

For the purpose herein the standard being in “*good repair and in first-class condition*” generally means when the building component or system is serving its designed function, is of working condition and operating well, shows evidence of being well taken care of and does not require immediate or short-term repairs above its *de minimis* threshold or does not evidence a material physical deficiency.

*Building System* – Interacting or independent components or assemblies, which form single integrated units that comprise a building and its site work, such as pavement and flatwork, structural frame, roofing, exterior walls, plumbing, HVAC, electrical, etc. (ASTM E2018-15).

*Component* – A portion of a building system, piece of equipment, or building element (ASTM E2018-15).

*Deferred Maintenance* – Physical deficiencies that could have been remedied with routine maintenance, normal operating maintenance, etc., excluding *de minimis* conditions that generally do not present a material physical deficiency to the subject property (ASTM E2018-15).

*Effective Age* – The estimated age of a building component that considers actual age as affected by maintenance history, location, weather conditions, and other factors. Effective Age may be more or less than actual age (ASTM E2018-15).

*Engineer*: Designation reserved by law for a person professionally qualified, examined, and licensed by the appropriate governmental board having jurisdiction, to perform engineering services (ASTM E2018-15).

*Expected Useful Life* – The average amount of time in years that an item, component, or system is estimated to function without material repair when installed new and assuming routine maintenance is practiced (ASTM E2018-15).

*Fair Condition* – To be found in working condition but may require immediate or short-term repairs above the *de minimis* threshold of not evidencing a material physical deficiency (ASTM E2018-15).

*Normal Wear and Tear* - Defined as deterioration that results from the intended use of the commercial premises, including breakage or malfunction due to age or deteriorated condition, but the term does not include deterioration that results from negligence, carelessness, accident or abuse

<sup>2</sup> ASTM Designation E2018-15; November 2015 ASTM International, 100 Barr Harbor Drive, PO Box C700, West Conshohocken PA 19428-2929, United States

of the premises, equipment or chattels by the Tenant, by a guest or invitee of the Tenant (Section 93.006[b]); Chapter 93 of the Texas Property Code entitled “Commercial Tenancies”

Physical Deficiency (ies) – The presence of a conspicuous defect or defects and/or material deferred maintenance of a subject property’s material systems, components, or equipment as observed. Specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc. (ASTM E2018-15).

Poor Condition – Found not to be in working condition or requires immediate or short-term repairs substantially above the *de minimis* threshold of not evidencing a material physical deficiency (ASTM E2018-15).

Routine Maintenance - Repair that does not require specialized equipment, professional services, or licensed contractors but, rather can be corrected within the budget and skill set of typical property maintenance staff (ASTM E2018-15).

**IV. Baseline Property Condition Assessment:** Beginning on or about the tenth (10<sup>th</sup>) anniversary but no later than the twelfth (12<sup>th</sup>) anniversary of the Term, Tenant shall procure, at the sole cost of Tenant, a Property Condition Assessment baseline report (PCA) to be prepared, written and signed by a licensed professional engineer qualified to assess the condition of the Demised Premises and all Building Improvements, fixtures and equipment made a part thereto pursuant to the then-operative version of ASTM International Standard Designation E2018 as of the date the PCA is performed. If at that time, for any reason, ASTM International no longer publishes standards for conducting property condition assessments for commercial real estate in the United States, Landlord and Tenant shall mutually agree to adopt another similar standard of practice to be performed by qualified third Parties recognized and accepted by the commercial real estate industry in the United States.

For any portion of the Demised Premises designed and constructed with the intent to be used for the storage and movement of aircraft, the PCA shall also include an aircraft pavement condition assessment performed for such areas in accordance with FAA Advisory Circular 150/5380-7A “Airport Pavement Management Program” and ASTM Standard Designation D5340 “Standard Test Method for Airport Pavement Condition Index Surveys” (or their respective operative standard in effect at the time of the PCA report date) (the “Pavement Standards”). If no such standard exists at the time, the pavement condition assessment shall be performed based on prevailing industry standards as of the date of the assessment.

**A.** Within thirty (30) days of the published date of the PCA report Tenant shall deliver to Landlord a complete signed original copy of the PCA report together with the aircraft pavement condition assessment, if any, together with:

(1.) “Tenant’s Remedy Plan”, a written plan prepared by Tenant itemizing and given in sufficient detail Tenant’s plan to remedy and cure, at Tenant’s sole cost and expense, any and all Physical Deficiencies and, or Deferred Maintenance matters identified and communicated in the PCA report. Tenant’s Remedy Plan shall indicate, among other things, that all work will be completed in a good and workman like condition pursuant to

all local building codes and ordinances as required by the Lease within one hundred and eighty (180) calendar days from the date of the PCA's published report date (the "Remedy Period") unless otherwise agreed to in writing by Landlord.

(a.) If the pavement condition index (PCI), as defined in the Pavement Standards, reflects a score less than 70 (or its equivalence) the Tenant's Remedy Plan shall set forth in sufficient detail Tenant's intended remedy and cost estimate necessary to increase the aircraft pavement PCI score to a minimum of 70 within the Remedy Period.

(b.) In the event the PCA recommends supplemental testing or evaluation of any building component including, but not limited to, structural, building envelope, roofing, HVAC, plumbing, electrical, fire alarm and suppression, elevator, hangar door and/or door operators, environmental, pavement and ADA, Tenant's Remedy Plan shall reflect Tenant's plan to complete such supplemental investigations as recommended within the Remedy Period.

(2.) "**Tenant's Facility Maintenance and Repair Plan**" (or "Maintenance Plan") which sets forth in sufficient detail Tenant's stated itemized objectives to maintain and keep all building components and systems, pavement and landscaped areas in good condition and repair together with any planned capital repairs, including those cited in the PCA report and any capital improvements planned within the next ten (10) years following the PCA published report date. Additionally, the Maintenance Plan should include but not be limited to the following:

(a.) Tenant's schedule and checklist for periodic self-inspection of all major building components and systems on annualized basis.

(b.) Tenant shall periodically update the Maintenance Plan to reflect scheduled repairs made together with itemized repair costs given, new conditions found as a result of Tenant's periodic self-inspections and Tenant's plan to maintain or repair said condition.

**B.** If Tenant fails to deliver to Landlord a complete signed original Baseline PCA Report, Tenant's Remedy Plan and Tenant's Facility Maintenance and Repair Plan as required herein. Landlord may provide written notice thereof to Tenant. Tenant shall have sixty (60) days after receipt of such notice to provide such report or plan. Tenant's failure to provide the documentation required herein shall be considered an event of default of the Lease. Tenant's failure to promptly remedy any Physical Deficiency (ies) identified and communicated in any PCA report as required herein is also considered an event of default under the Lease. In the event of such default(s), in addition to all other rights and remedies available to Landlord under the Lease and by law, Landlord may, but not be obligated to, cause such reports and plans to be prepared and implemented as deemed commercially reasonable; and all reasonable costs therefore expended by Landlord plus interest thereon as provided for in Section 39 of the Lease shall be paid by Tenant upon demand.

**V. Requirement for Subsequent Baseline Property Condition Report Updates, Tenant Remedy Plan Updates and Tenant's Facility Maintenance and Repair Plan Updates:**

A. Upon each ten (10) year anniversary of the Term (but not later than two (2) years after each 10-year anniversary) Tenant shall procure, at its sole cost and expense, a PCA update (including aircraft pavement condition assessment) with the subsequent PCA report being of similar form and scope as the initial baseline PCA outlined above. Consideration should be given to the age of all building components and whether any special assessments might be warranted. Within thirty (30) days of the published date of the subsequent PCA report, Tenant shall deliver to Landlord a complete signed original of the subsequent PCA report together with the aircraft pavement condition assessment findings. Simultaneously, Tenant shall deliver to Landlord its Tenant Remedy Plan setting forth Tenant's itemized and detailed plan for remedying and curing all Physical Deficiencies and/or Deferred Maintenance matters identified and communicated in the subsequent PCA report. Similarly, Tenant shall also deliver to Landlord Tenant's Facility Maintenance and Repair Plan updated to reflect the most recent subsequent PCA report findings and recommendations.

B. With no more than seventy-two (72) and no less than sixty (60) months remaining until the Lease Expiration Date, Tenant shall procure, at its sole cost and expense, a final PCA report (including aircraft pavement condition assessment) with the final PCA report being of similar form and scope as the initial baseline PCA outlined above (the "Final PCA Report"). Consideration should be given to the age of all building components and whether any special assessments might be warranted. Within thirty (30) days of the published date of the Final PCA Report, Tenant shall deliver to Landlord a complete signed original of the Final PCA Report together with the aircraft pavement condition assessment findings. Simultaneously, Tenant shall deliver to Landlord its Tenant Remedy Plan setting forth Tenant's itemized and detailed plan for remedying and curing all Physical Deficiencies and/or Deferred Maintenance matters identified and communicated in the Final PCA Report. Similarly, Tenant shall also deliver to Landlord Tenant's Facility Maintenance and Repair Plan updated to reflect the Final PCA Report findings and recommendations which are to be implemented through the Lease Expiration Date.

**VI. Qualification of Property Condition Reviewer:** The qualifications of a third-party consultant performing or overseeing the PCA shall be:

- Licensed in the state of Texas as a professional architecture or engineer;
- Demonstrated experience working with general aviation type properties;
- Having working knowledge of relevant FAA Advisory Circulars and ASTM Standards relating to facility and pavement maintenance and survey standards affecting the subject property type and scope (size and complexity, etc.); and
- Experience preparing property condition reports.

**VII. Record Retention:** Throughout the Term Tenant shall diligently gather and retain in an orderly manner all documentation affecting and relating to the Building Improvements and any fixtures or equipment made a part of the Demised Premises. To the extent possible the Tenant shall retain digital copies of all such documentation, which can be easily reviewed, inspected, and

sourced. All such documents are to be made available to each consultant assigned to perform the property condition assessment and pavement condition analysis. Such documents to be retained should include but not be limited to:

- Site plan – updated as necessary.
- Property Survey – updated as necessary to reflect any changes to the leased premises.
- Construction and “as-built” drawings together with written building specifications.
- Certificate of Occupancy and building permits.
- Building Owner’s Manual received from the General Contractor
- Pavement Condition Assessment Reports (aircraft apron and other)
- Insurance casualty claims and adjustment reports affecting the Building Improvements
- Description of future/planned material improvement or repairs.
- Outstanding notices and citations for building, fire, and zoning code and ADA violations
- Previously prepared, if any, Property Condition Assessment reports or engineering testing and surveys pertaining to any aspect of the subject property’s physical condition.
- Lease listing literature, listing for sale, marketing/promotional literature such as photographs, descriptive information, reduced floor plans, etc.
- Periodic inspection reports (self or third-party) and supporting documentation.
- Irrigation Plans, updated as needed
- Operating manuals, instructions, parts lists

**VIII. *Reversionary Process (at Lease Expiration or Early Termination):*** Pursuant to the terms and conditions of the Lease, unless otherwise amended or modified the Lease is due to expire at the end of the Lease Expiration Date at which time any and all Building Improvements and any subsequent improvements and alterations made thereto as defined in the Lease revert and become under the ownership of the Landlord. If Tenant is not then in default of the Lease, Tenant shall have the right to remove all personal property and trade fixtures owned by the Tenant from the Demised Premises, but Tenant shall be required to repair any damage to the Demised Premises caused by such removal, which work shall be conducted in a good and workmanlike manner and at Tenant’s sole cost and expense.

Accordingly, in order to facilitate an orderly transfer of all the ownership interests of the Demised Premises, Tenant shall deliver or cause to be delivered to Landlord all of the following on or before the Expiration Date, or earlier termination of the Lease:

**A.** Tenant's Representations: Tenant shall certify and attest in writing, in a form acceptable to Landlord:

(1.) Tenant conveys to Landlord in good and indefeasible title all the Building Improvements free and clear of any and all liens, assessments, easements, security interests and other encumbrances; and

(2.) There are no lessees or sub-lessees in possession of any portion of the Building Improvements, tenants at sufferance or trespassers; and

(3.) There are no mechanic's liens, Uniform Commercial Code liens or unrecorded liens against the Building Improvements, and all obligations of Tenant arising from the ownership and operation of the Demised Premises and any business operated on the Building Improvements including but not limited to taxes, leasing commissions, salaries, contracts, and similar agreements, have been paid or will be paid before the Expiration Date; and

(4.) There is no pending or threatened litigation, condemnation, or assessment affecting the Building Improvements; and

(5.) Tenant has disclosed to Landlord any and all known conditions of a material nature with respect to the Building Improvements which may affect the health or safety of any occupant of the Demised Premises. Except as disclosed in writing by Landlord or Tenant, the Improvements have no known latent structural defects or construction defects of a material nature, and none of the improvements has been constructed with materials known to be a potential health hazard to occupants of the Building Improvements; and

(6.) Except as otherwise disclosed in writing by Tenant to Landlord, the Building Improvements does not contain any Hazardous Materials other than lawful quantities properly stored in containers in compliance with applicable laws. For the purpose herein, "Hazardous Materials" means any pollutants, toxic substances, oils, hazardous wastes, hazardous materials or hazardous substances as defined in or pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Clean Water Act, as amended, or any other federal, state or local environmental law, ordinance, rule, or regulation, whether existing or subsequently enacted during the Term.

- B.** Any rental and monies due under the Lease unless paid in full; and
- C.** A Bill of Sale conveying personal property remaining or left on the Demised Premises, if any, free and clear of liens, security interest and encumbrances; and
- D.** All plans, drawings and specifications respecting the Building Improvements, including as-built plans and specifications, landscape plans, building system plans (HVAC, Telecom/Data, Security System, plumbing) air-conditioning in Tenant's possession or control; and
- E.** Inventory with corresponding descriptions and identification of all keys, lock combinations, access codes and other such devices or means to access every securable

portion, compartment, cabinet, panel, closet, gate or point of entry within the Demised Premises; and

- F. All soil reports, engineering and architectural studies, grading plans, topographical maps, feasibility studies and similar information in Tenant's possession or control relating to the Demised Premises; and.
- G. A list and complete copies of all current service contracts, maintenance contracts, management contracts, warranties, licenses, permits, operating agreements, reciprocal easement agreements, maps, if any, applicable to the Demised Premises, certificate of occupancy, building inspection approvals and covenants, and conditions and restrictions respecting the Demised Premises; and
- H. Copies of all utility bills (electric, water/sewer and gas) and similar records respecting the Building Improvements for the past three (3) months; and
- I. A schedule of all service contracts, agreements and other documents not expressly referenced herein relating to the Demised Premises.

End



BEING a tract of land situated in the William Lomax Survey, Abstract No. 796, Dallas County, Texas, and being a part of Addison Airport, an addition to the Town of Addison, Texas, according to the Survey and Plat of said Addison Airport, as shown on the Plat of said Addison Airport, Town of Addison, Texas, (MBCDT) and being more particularly described as follows:

**COMMENCING** at a 3" x 4" iron nail set in the north line of Glenn Curtiss, a 95' long side line of said Addison Airport, as shown on the Plat of said Addison Airport, said beginning point also being the southwest corner of Lot 1, Block 1, of Addison Jct. Center, an addition to the Town of Addison, Texas, according to the plat thereof recorded under Instrument No. 201000298616 (MBCDT);

**THENCE** South 71 degrees 18 minutes 32 seconds East, along the projected west line of said Lot 1, Block 1, of Addison Jct. Center, to a magnetic nail set in concrete in the south line of said Glenn Curtiss and the **POINT OF BEGINNING**;

**THENCE** North 68 degrees 52 minutes 20 seconds East, along the south line of said Glenn Curtiss, 29.12 feet to a magnetic nail set in concrete;

**THENCE** North 70 degrees 46 minutes 35 seconds East, continuing along the south line of said Glenn Curtiss, 156.46 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** South 18 degrees 38 minutes 29 seconds East, departing the south line of said Glenn Curtiss, 274.21 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the north line of **TWILLEY T**;

**THENCE** southwesterly, along the north line of said **TWILLEY T**, the following:

- South 69 degrees 13 minutes 19 seconds West, 291.57 feet to a magnetic nail set in concrete;
- South 04 degrees 01 minutes 09 seconds East, 3.05 feet to a 3/8-inch iron rod set with plastic cap stamped "Sparr Surveys";
- South 03 degrees 49 minutes 10 seconds West, 29.79 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";
- South 06 degrees 22 minutes 07 seconds West, 19.79 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";
- South 08 degrees 50 minutes 00 seconds West, 362.78 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" on the object tree area line, being 100 feet east of the runway centerline;
- THENCE** North 21 degrees 07 minutes 31 seconds West, along said Object Tree Area line, at all times remaining 100 feet east of and parallel to said runway centerline, 863.87 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the south line of **TWILLEY U**;
- THENCE** North 08 degrees 54 minutes 45 seconds East, along the south line of said **TWILLEY U**, 275.09 feet to a magnetic nail set in concrete at the point of curvature of a circular curve to the left, having a radius of 490.00 feet;
- THENCE** continuing along the south line of said **TWILLEY U** and said curve to the left, through a central angle of 17 degrees 40 minutes 25 seconds an arc distance of 151.15 feet and having a radius which bears North 01 degrees 04 minutes 22 seconds East, 150.55 feet to a 3/4" x 3/4" set in concrete;
- THENCE** South 07 degrees 19 minutes 36 seconds East, departing the south line of said **TWILLEY U**, 127.56 feet to a magnetic nail set in concrete in the north line of said **TWILLEY U** at the Addison Jct. Center, continuing along the west line of said Addison Jct. Center, in all a distance of 240.10 feet to a 3/4" nail head;
- THENCE** South 21 degrees 06 minutes 06 seconds East, continuing along the west line of said Addison Jct. Center, 403.19 feet to **POINT OF BEGINNING** and containing 11.49 acres of land.

I, Brad Sparr, a Registered Professional Land Surveyor for Sparr Surveys, do hereby certify that this survey was made on the ground and that the drawing correctly represents the facts found at the time of survey and that the professional service conforms to the current Texas Society of Professional Surveyors Standards and Specifications for a Category I Boundary and Construction III Survey.



Brad Sparr  
Registered Professional  
Land Surveyor No. 3701

**Sparr Surveys**  
2553 C.E. 722  
McKinney, Texas 75069  
(214) 544-2297

**ADDISON AIRPORT**  
WILLIAM LOMAX SURVEY  
ABSTRACT No. 796  
TOWN OF ADDISON  
DALLAS COUNTY, TEXAS

DATE: MARCH 19, 2020  
SCALE: 1" = 50'  
JOB NO. 19000Y

LEASE EXHIBIT  
DRAWING IN: B.D.S./CAD  
CHECKED BY: B.D.S.  
SCALE: 1" = 50'  
DATE: MARCH 19, 2020

11.49 ACRES  
Addison Airport  
Vol. 20003151, Pg. 82  
MBCDT

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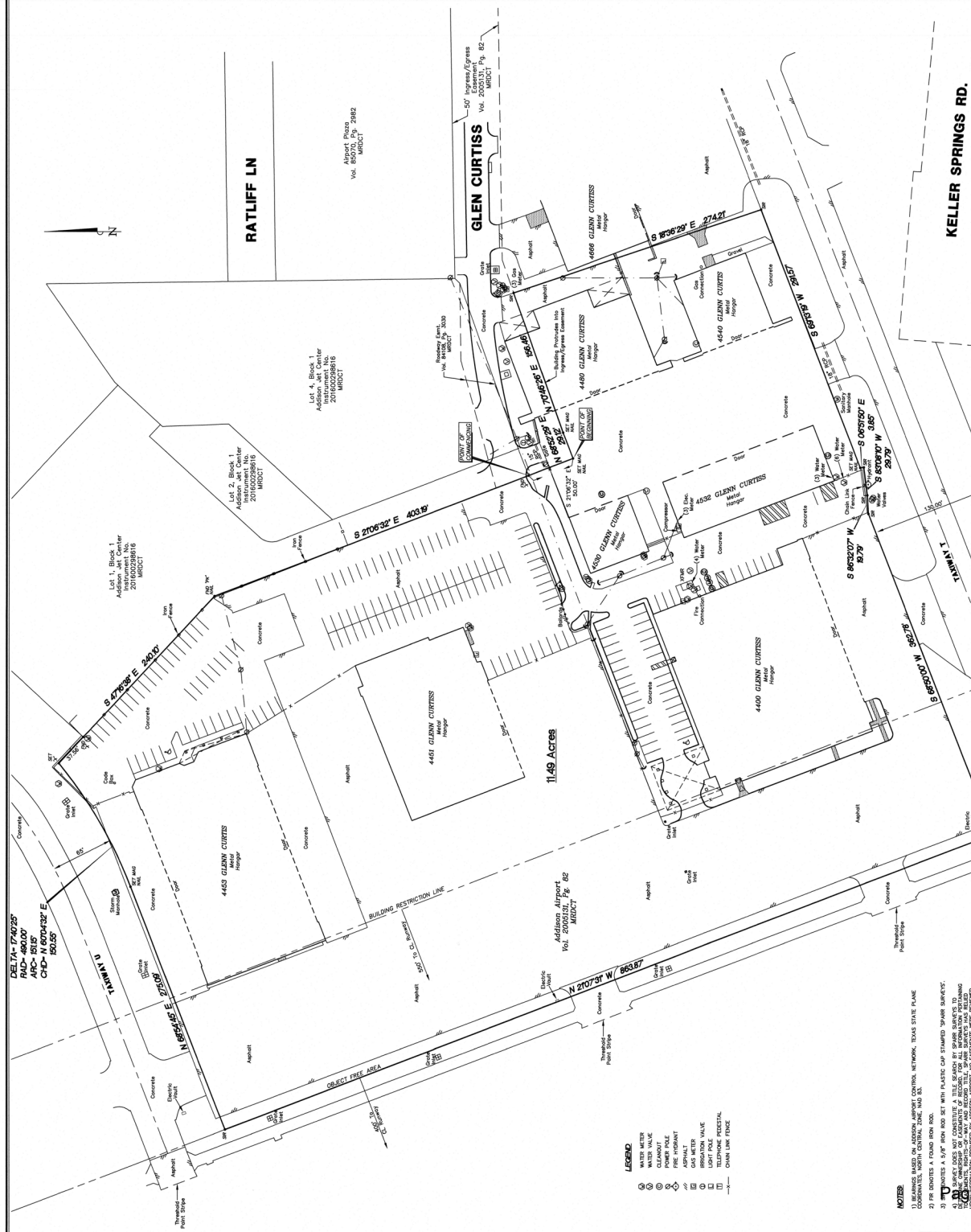
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**EXHIBIT “C”**

**Section 2. Term B. of Ground Lease, in its entirety, is to be replaced and superseded with the following:**

## EXHIBIT "C"

**Section 2.B of Ground Lease, in its entirety, is to be replaced and superseded with the following:**

### **Section 2. Term:**

**B.** Tenant may be eligible to qualify for and be granted additional lease term as provided for in the following manner:

1. **Extended Term #1:** Provided Tenant is (i) then not in default of this Lease, (ii) completes the planned renovation and refurbishment of the FBO terminal located at 4400 Glenn Curtiss together with approximately 203,000 square feet of aircraft apron repair and replacement (as more fully described in Section 6 below) with a total estimated Cost of Construction (as defined below) of no less than Six Million Dollars (\$6,000,000 US); and (iii) said construction is Substantially Complete (as defined in Section 6 below) no later than forty-eight (48) months following the Commencement Date (item ii of this sub-paragraph 1 is hereinafter referred to as "Tenant's Capital Improvements Phase-1"), the Term hereof shall be extended an additional thirteen (13) years beyond the Base Term (or by adding 156 full calendar months to the end of the Base Term), hereinafter referred to as "Extended Term #1." Should Tenant construct the Tenant's Capital Improvements Phase-1 but the actual Cost of Construction is less than \$6,000,000, Tenant shall (at Tenant's sole option in lieu of forfeiting Extended Term #1) pay to Landlord the difference between the actual Cost of Construction and \$6,000,000 to satisfy its obligation under (ii) above.

2. **Extended Term #2:** Provided Tenant is (i) then not in default of this Lease; (ii) has already qualified and has been granted Extended Term #1 above; (iii) completes the demolition of the building improvements located at 4451 Glenn Curtiss and constructs a new jet hangar generally in its place (as more fully described in Section 6 below) with a total Cost of Construction (as defined below) of no less than Five Million Five-Hundred Thousand Dollars (\$5,500,000 US); and (iv) said construction is Substantially Complete (as defined in Section 6 below) no later than seven (7) years following the Commencement Date (items iii and iv of this sub-paragraph 2 are hereinafter collectively referred to as "Tenant's Capital Improvements Phase-2"), the Term hereof shall be extended an additional fifteen (15) years beyond the Extended Term #1 (or by adding 180 full calendar months to the end of Extended Term #1), hereinafter referred to as "Extended Term #2." Should Tenant construct the Tenant's Capital Improvements Phase-2 but the actual Cost of Construction is less than \$5,500,000, Tenant shall (at Tenant's sole option in lieu of forfeiting Extended Term #2) pay to Landlord the difference between the actual Cost of Construction and \$5,500,000 to satisfy its obligation under (iii) above.

Notwithstanding Section 2.B.2 above, should Tenant, in its sole discretion, elect to exercise Extended Term #2 on or about the same time as Extended Term #1, and Tenant Substantially Completes both Tenant's Capital Improvements Phase 1 and Tenant's Capital Improvements Phase 2 as set forth in the Notice to Proceed with Construction required in

Section 6.F below, the Term hereof shall be extended an additional twenty-eight (28) years beyond the Base Term (or by adding 336 full calendar months to the end of the Base Term), hereinafter referred to as "Extended Term #2." Should Tenant construct both the Tenant's Capital Improvements Phase 1 and Phase 2, but the actual Cost of Construction of Tenant's Capital Improvements for Phase 1 and Phase 2 is less than \$11,500,000, Tenant shall (at Tenant's sole option in lieu of forfeiting Extended Term #1 and Extended Term #2) pay to Landlord the difference between the actual Cost of Construction and \$11,500,000 to satisfy its collective obligations under Section 2.B.1 (ii) and Section 2.B.2 (iii) above.

3. **Extended Term #3:** Provided Tenant is (i) then not in default of this Lease; (ii) has already qualified and has been granted Extended Term #2; (iii) completes the renovation of what is commonly referred to as "Hangar 3" (ALP # A9) located at 4453 Glenn Curtiss; (iv) demolishes the existing building improvements located at 4530 and 4532 Glenn Curtiss and, in their place; (v) construct new off-street vehicle parking to support Tenant's ongoing FBO operations (with each more fully described in Section 6 below); (vi) with a combined total Cost of Construction of no less than Two Million Five Hundred Thousand Dollars (\$2,500,000 US); and (vii) said construction is Substantially Complete (as defined in Section 6 below) no later than thirteen (13) years following the Commencement Date (items iii, iv, v, vi and vii of this sub-paragraph 3 are hereinafter collectively referred to as "Tenant's Capital Improvements Phase 3"), the Term hereof shall be extended an additional five (5) years beyond the Extended Term #2 (or by adding 60 full calendar months to the end of Extended Term #2), hereinafter referred to as "Extended Term #3." Should Tenant construct the Tenant's Capital Improvements Phase 3 but the actual Cost of Construction is less than \$2,500,000, Tenant shall (at Tenant's sole option in lieu of forfeiting Extended Term #3) pay to Landlord the difference between the actual Cost of Construction and \$2,500,000 to satisfy its obligation under (iii) herein.

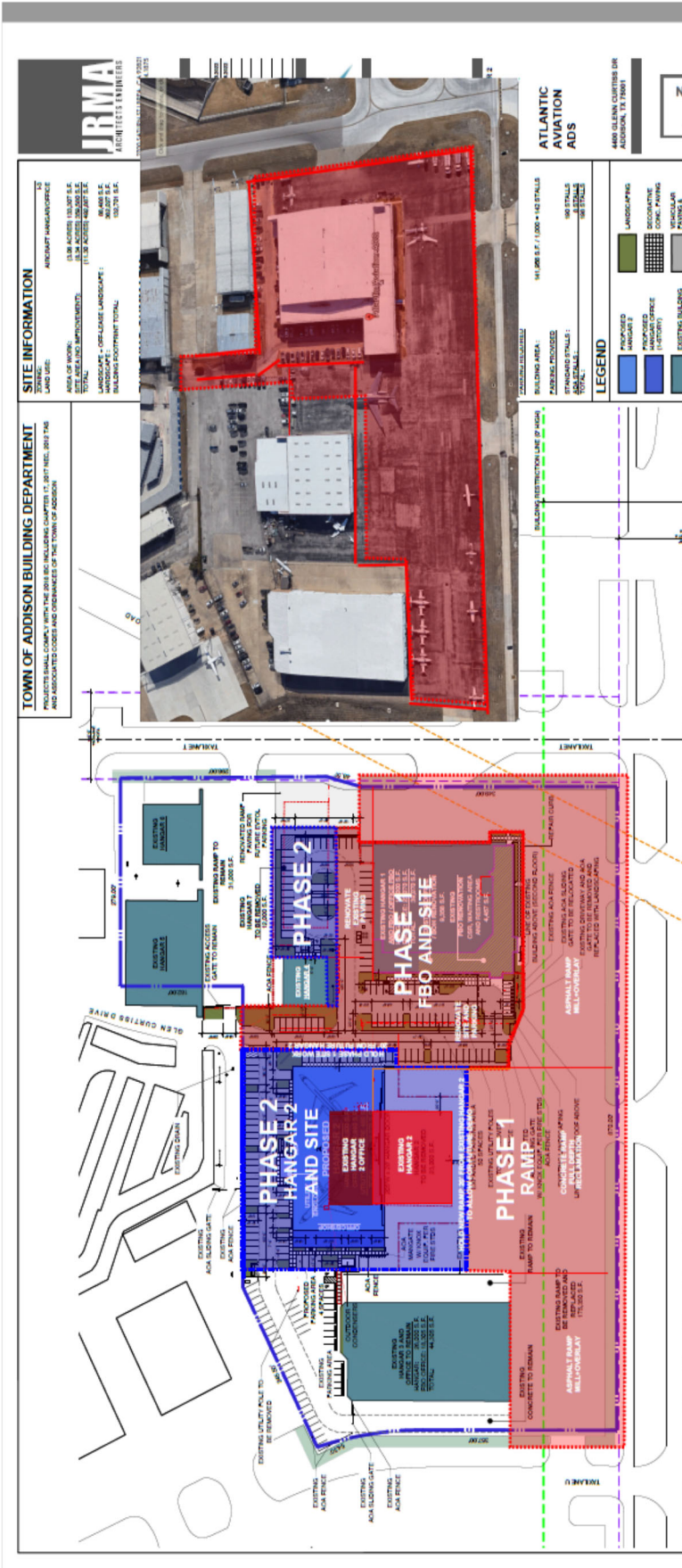
4. **Tenant's Capital Improvements:** The term "Tenant's Capital Improvements" shall collectively mean all or any portion of that which is described as Tenant's Capital Improvements Phase 1; Tenant's Capital Improvements Phase 2; and/or Tenant's Capital Improvements Phase 3 (each being more fully described in "Exhibit 4.B" attached hereto and incorporated herein by reference).

5. **Cost of Construction:** The term "Cost of Construction" shall mean the cost or dollar amount expended in the design, permitting, and construction of the facilities, including construction management. Tenant must exceed as stipulated for Tenant's Capital Improvements Phase 1, Tenant's Capital Improvements Phase 2, and Tenant's Capital Improvements Phase 3 as a condition precedent for Tenant to be entitled to the respective Extended Terms.

**EXHIBIT “D”**

**Ex bit 4.B of Ground Lease, in its entirety, is to be replaced and superseded with the following:**

# EXHIBIT 4.B



**Extended Term #1:**

- **Scope of Work:** Complete the planned renovation and refurbishment of the FBO terminal located at 4400 Glenn Curtiss Dr. +203,000 square feet of aircraft apron repair and replacement.
- **Minimum Spend:** \$6 million
- **Completion:** No later than 48 months following the Commencement Date.
- **Term Extension:** Additional 13-years beyond Base Term.

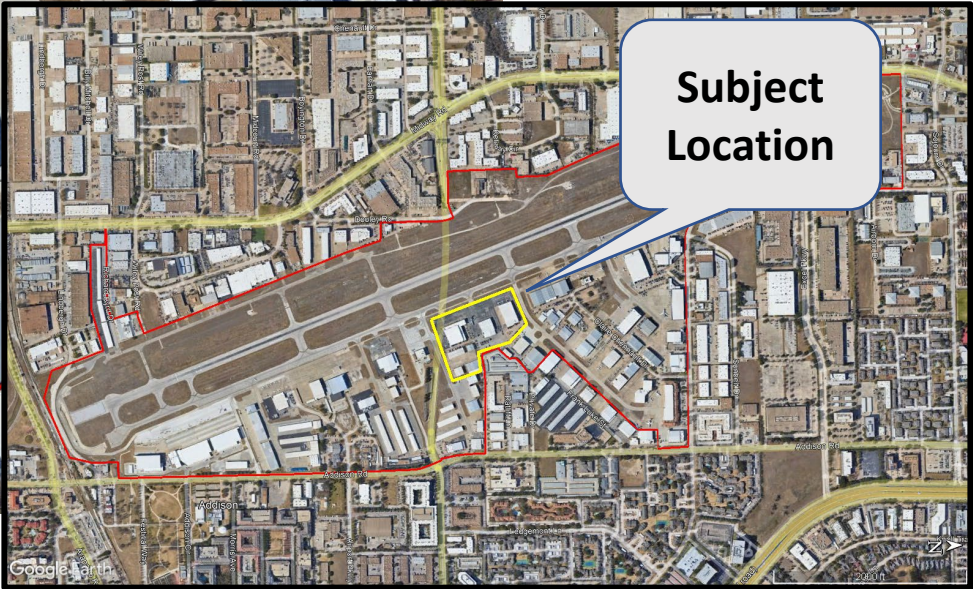
**Extended Term #2:**

- **Scope of Work:** Demolition of building A8 located at 4451 Glenn Curtiss & construct a new jet hangar in its place
- **Minimum Spend:** \$5.5 million
- **Completion:** No later than 7years following the Commencement Date.
- **Term Extension:** Additional 15-years beyond Extended Term #1.

**Extended Term #3 (Not Depicted Above):**

- **Scope of Work:** complete the renovation of "Hangar 3" located at 4453 Glenn Curtiss + demolishes the existing building improvements located at 4532 and 4530 Glenn Curtiss and, in their place construct new off-street vehicle parking to support Tenant's ongoing FBO operations.
- **Minimum Spend:** \$2,500,000 US.
- **Completion:** No later than 13 years following the Commencement Date
- **Term Extension:** Additional five-years beyond the Extended Term # 2.

Mercury Air Center – Addison, Inc.  
4400 – 4540 Glenn Curtiss Drive



## Council Meeting 2023 Updated

9.

**Meeting Date:** 05/23/2023

**Department:** Airport

**Pillars:** Excellence in Transportation Systems

**Milestones:** Leverage the new Customs facility to promote international travel use of the Airport  
Leverage the use of the Airport to maximize business growth and expansion

---

### **AGENDA CAPTION:**

Consider action on a Resolution consenting to the sale and assignment of the ground leasehold at 4575 Claire Chennault Drive from Claire Chennault Partners, LLC to RR Investments, Inc. (d/b/a Million Air - Dallas) and authorizing the City Manager to execute all necessary documents.

### **BACKGROUND:**

The original ground lease for this 1.135-acre parcel of land was entered into on September 28, 1983, with Parkway Jet, Inc. After the property was sold and assigned various times, the ground lease was acquired by the current tenant, Claire Chennault Partners, LLC on November 27, 2013.

The Leased Premises originally consisted of approximately 11,000 square feet of hangar space with adjoining offices, and 25,000 square feet of aircraft apron. In 2005, the Leased Premises were improved by adding approximately 3,000 square feet of clear-span hangar space along with interior office modifications. In consideration of the value added to the leased premises by these improvements, the lease term was extended eight years, so the term is now set to expire August 30, 2032.

The Assignee, RR Investments, Inc., operating as Million Air - Dallas, is one of the airport's three Fixed Base Operators (FBO) and has been operating on the field for almost 40 years. It is acquiring this property to facilitate its expansion of its current FBO operations, fuel sales, and customer base.

The city attorney has reviewed the proposed Assignment of Ground Lease Agreement with Consent of Landlord and finds it acceptable for the Town's purposes. After the City Manager executes the Consent of Landlord, airport management will deliver the agreement in trust to the escrow agent administering the transaction closing to be executed by the parties; the escrow agent will deliver to the Town a publicly recorded copy of the fully executed document for its records.



**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Resolution - 4575 Claire Chennault

Location Map

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**RESOLUTION NO. 23-**

**CONSIDER ACTION ON A RESOLUTION OF THE CITY COUNCIL CONSENTING TO THE SALE AND ASSIGNMENT OF THE GROUND LEASEHOLD AT 4575 CLAIRE CHENNAULT DRIVE FROM CLAIRE CHENNAULT PARTNERS, LLC. TO RR INVESTMENTS, INC. FOR COMMERCIAL OFFICE AND AERONAUTICAL USE; AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONSENT OF LANDLORD, AS REQUIRED UNDER THE GROUND LEASE AND OTHER AGREEMENTS NECESSARY TO EFFECTUATE SAME.**

**WHEREAS**, Claire Chennault Partners, LLC is the current tenant under that certain ground lease made effective on September 28, 1983, for the airport property located 4575 Claire Chennault Drive at Addison Airport owned by the Town of Addison (the “Ground Lease”); and

**WHEREAS**, Claire Chennault Partners, LLC desires to assign all its rights, duties, and obligations under the Ground Lease to RR Investments, Inc.; and

**WHEREAS**, the City Council desires to provide the Town’s consent and authorize the City Manager to execute the same.

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

**SECTION 1.** The Assignment of Ground Lease with Landlord’s Consent between Claire Chennault Partners, LLC and RR Investments, Inc. for commercial office and aeronautical use, a copy of which is attached to this Resolution as **Exhibit A** (the “Assignment Agreement”), is hereby approved and the City Manager is authorized to execute the Consent of Landlord in conformance with 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 **23rd** day of **MAY 2023**.

**TOWN OF ADDISON, TEXAS**

\_\_\_\_\_  
Bruce Arfsten, Mayor

**ATTEST:**

\_\_\_\_\_  
Irma Parker, City Secretary

**EXHIBIT A**

**Assignment of Ground Lease with Landlord's Consent**

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS       §

**ASSIGNMENT OF GROUND LEASE**

This Assignment of Ground Lease (this “Assignment”) is entered into and effective as of \_\_\_\_\_ 2023, at Addison, Texas, by and between **CLAIRE CHENNAULT PARTNERS, LLC**, a Texas limited liability company (herein referred to as “Assignor”), and **RR INVESTMENTS, INC.**, a Texas corporation (herein referred to as “Assignee”).

**WHEREAS**, a Ground Lease was entered and made effective on September 28, 1983, between the City of Addison, Texas (the same being the Town of Addison, Texas (the “City”), and Addison Airport of Texas, Inc., as landlord, and Parkway Jet, Inc., as tenant, by the terms of which certain real property generally located at 4575 Claire Chennault Drive at Addison Airport within the City (and more specifically described in Exhibit “A” attached hereto and incorporated herein by reference) was leased by landlord to tenant (as amended and assigned, the “Ground Lease”); and

**WHEREAS**, on May 7, 1991, Franklin First Savings Bank became successor of Parkway Jet, Inc.’s leasehold interests by way of the Substitute Trustee’s Deed evidenced by Instrument #199100922200 recorded in the Dallas County, Texas Official Public Records (the “OPR”); and

**WHEREAS**, on May 13, 1993, the Ground Lease was assigned by Franklin First Savings Bank, successor in interest to Parkway Jet, Inc., to Aquila Leasing Company, a Texas corporation, by way of that certain Assignment of Lease publicly recorded as Instrument #199300958653 in the OPR; and

**WHEREAS**, Aquila Leasing Company assigned the Ground Lease to C.C. Hangar, LP, a Texas limited partnership by that certain Assignment of Ground Lease dated and made effective September 22, 2004; and

**WHEREAS**, the Ground Lease was amended by the First Amendment to Ground Lease dated and made effective September 22, 2004, whereby, amongst other things, the term of the Ground Lease was to be extended to August 30, 2032, provided tenant completed certain building improvements as required therein (the “Building Improvements”);

**WHEREAS**, tenant completed such Building Improvements, as affirmed by Landlord by notice delivered to tenant dated November 10, 2006, certified mail, return receipt requested; and

**WHEREAS**, on November 27, 2013, the Ground Lease was assigned by C.C. Hangar, LP to Claire Chennault Partners, LLC, a Texas limited liability company by that Assignment of Ground Lease recorded as Instrument #201300367715 in the OPR; and

**WHEREAS**, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the “Base Lease” (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations of the Landlord under the Ground Lease; and

**WHEREAS**, the said Base Lease has expired and the City, in its sole and absolute capacity, is the landlord (the “Landlord”) under the Ground Lease; and

**WHEREAS**, by virtue of said assignments, Assignor is the tenant under the Ground Lease; and

**WHEREAS**, a true and correct copy of the Ground Lease in its entirety, with all hereinabove said assignments, amendments and/or modifications made thereto, is attached and incorporated herein by reference as Exhibit "B"; and

**WHEREAS**, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the tenant may not assign the Ground Lease or any rights of tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from Assignee whereby Assignee agrees to be bound by the terms and provisions of the Ground Lease; and

**WHEREAS**, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the assignment thereof in accordance with the terms and conditions of this Assignment.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which is hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

### **AGREEMENT**

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor’s right, title, duties, responsibilities, and interest in and to the Ground Lease, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming any part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of One Thousand Dollars and no/100 (\$1,000.00) to Landlord.

3. Assignee hereby agrees to and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

RR Investments, Inc.  
4300 Westgrove Drive  
Addison, Texas 75001

4. Nothing in this Assignment shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein.

5. The above and foregoing premises and recitals to this Assignment are incorporated and made part of this Assignment, and Assignor and Assignee both warrant and represent that such premises and statements, and all other provisions of this Assignment, are true and correct, and that in giving consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

6. This Assignment is subject to the consent and filing requirements of the Town of Addison, Texas.

7. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from any such Assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

8. The undersigned representatives of Assignor and Assignee have the necessary authority to execute this Assignment on behalf of each of the respective parties hereto, and Assignor and Assignee certify one to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

*[Signatures Follow]*

**IN WITNESS WHEREOF**, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

**Assignor: CLAIRE CHENUALT  
PARTNERS, LLC**

**Assignee: RR INVESTMENTS, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGMENT**

**STATE OF \_\_\_\_\_ §**  
**COUNTY OF \_\_\_\_\_ §**

BEFORE ME, the undersigned authority, on this day personally appeared Rex Nichols, manager of Claire Chennault Partners, LLC, 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 \_\_\_\_\_, 2023.

[SEAL]

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_

**STATE OF TEXAS §**  
**COUNTY OF DALLAS §**

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, as \_\_\_\_\_ of RR Investments, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas





## EXHIBIT A

### Legal Description of Property

BEING a 1.1379 acre tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas and being located on Addison Municipal Airport, Addison, Dallas County, Texas, and being the same tract of land conveyed to Ward Williford, Trustee by deed recorded in Volume 91092, Page 2558, Deed Records, Dallas County, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road (a 60 foot right-of-way) and the West right-of-way line of Addison Road (a 60 foot right-of-way);

THENCE West along the South right-of-way line of said Westgrove Road, a distance of 750.59 feet to a point, said point being the intersection of the South right-of-way line of said Westgrove Road and the West line of Clair Chennault (a 60 foot right-of-way);

THENCE South 00 degrees 07 minutes 20 seconds East along the West line of said Clair Chennault, a distance of 261.58 feet to a point, said point lying in the West right-of-way line of said Clair Chennault and also being the beginning of a curve to the right, said curve having a radius of 70.0 feet, a delta of 43 degrees 36 minutes 37 seconds, and a chord which bears South 21 degrees 41 minutes 11 seconds West, for a distance of 52.00 feet;

THENCE along the West right-of-way line of said Clair Chennault and along said curve to the right, an arc length of 53.28 feet to a point, said point lying in the West right-of-way line of said Clair Chennault;

THENCE South 43 degrees 29 minutes 42 seconds West along the West right-of-way line of said Clair Chennault, a distance of 480.50 feet to a 60D nail found in concrete for corner, said corner being the POINT OF BEGINNING;

THENCE South 43 degrees 10 minutes 59 seconds West along the West right-of-way line of said Clair Chennault, a distance of 22.00 feet to a 60D nail found for corner, said corner lying in the West right-of-way line of said Clair Chennault, and also lying in a Northeasterly line of a tract of land conveyed to the City of Addison by deed dated 1-14-77;

THENCE along said City of Addison tract as follows:

North 47 degrees 07 minutes 35 seconds West, a distance of 351.95 feet to a 1/2 inch iron rod found for corner;

North 43 degrees 14 minutes 48 seconds East, a distance of 182.37 feet to an "X" found in concrete for corner;

North 46 degrees 38 minutes 02 seconds West, a distance of 60.00 feet to an "X" found in concrete for corner;

North 89 degrees 55 minutes 19 seconds East, a distance of 248.02 feet to a 60D nail found in concrete for corner, said corner lying in a Southerly line of said City of Addison tract, and also being the Northwest corner of a tract of land conveyed to Redman Investments, Inc. by deed recorded in Volume 84247, Page 3822, Deed Records, Dallas County, Texas;

THENCE South 43 degrees 10 minutes 21 seconds West along the Northwest line of said Redman Investments, Inc. tract and leaving said City of Addison tract, a distance of 149.79 feet to a 60D nail found in concrete for corner, said corner being the most Northerly West corner of a tract of land conveyed to James D. Donaldson by deed recorded in Volume 90155, Page 3379, Deed Records, Dallas County, Texas;

THENCE South 46 degrees 54 minutes 50 seconds East along the most Northerly Southwest line of said Donaldson tract, a distance of 40.00 feet to an "X" found in concrete for corner, said corner being an ell corner of said Donaldson tract;

THENCE South 43 degrees 27 minutes 13 seconds West along the most Southerly Northwest line of said Donaldson tract, a distance of 180.00 feet to an "X" found in concrete for corner, said corner being the most Westerly West corner of said Donaldson tract;

THENCE South 47 degrees 08 minutes 32 seconds East along the most Southerly Southwest line of said Donaldson tract, a distance of 191.95 feet to the POINT OF BEGINNING and containing 49,565.54 square feet or 1.1379 acres of land.

**EXHIBIT B**

True and Correct Copy of Ground Lease As Amended and Modified

131-662 MCS  
STATE OF TEXAS

COUNTY OF DALLAS

§  
§  
§

ASSIGNMENT OF GROUND LEASE

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of 11/27 2013, at Addison, Texas, by and between C.C. Hangar, LP (herein referred to as "Assignor") and Claire Chennault Partners, LLC, a Texas limited liability company (herein referred to as "Assignee").

WHEREAS, a Ground Lease was entered into on September 28, 1983 between the City of Addison, Texas (the same being the Town of Addison, Texas (the "City")) and Addison Airport of Texas, Inc., as landlord, and Parkway Jet, Inc., as tenant, by the terms of which certain real property described in the Ground Lease and generally located at 4575 Claire Chennault Drive (the "Demised Premises") within the City at Addison Airport was leased by landlord to tenant;

WHEREAS, the Ground Lease was assigned by Substitute Trustee's Deed to Franklin First Federal Savings Bank ("Franklin") on May 7, 1991; and

WHEREAS, Franklin assigned the Ground Lease to Aquila Leasing Company, a Texas corporation on May 13, 1993; and

WHEREAS, Aquila Leasing Company assigned the Ground Lease to C.C. Hangar, LP (Assignor) by that Assignment Agreement entered into and effective September 22, 2004; and

WHEREAS, the Ground Lease was amended at the time it was assigned to C.C. Hangar, LP by that First Amendment to Ground Lease made effective September 22, 2004 to include, among other things, a 96-month lease extension due to improvements C.C. Hangar, L.P. made to the property that exceeded \$350,000 and provisions to reflect then current minimum standards; and

WHEREAS, Assignor and Assignee acknowledge and agree that the boundary survey dated March 12, 2004 prepared by Texas Land Title Survey attached hereto as Exhibit "A" and incorporated herein by this reference, is the true and correct legal description of the Demised Premises and shows the Demised Premises to contain 1.138 acres of land ; and

WHEREAS, by virtue of such assignments of and amendments and/or modifications made to the Ground Lease, Assignor is the Tenant under the Ground Lease (a true and correct copy of said Ground Lease in its entirety with all hereinabove said assignments, amendments and/modifications made thereto are attached and incorporated herein by reference as Exhibit "B" (the Ground Lease, as so assigned, amended and/or modified, being hereinafter referred to as the "Ground Lease")); and

**WHEREAS**, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

**WHEREAS**, the said Base Lease has expired and the City alone is the Landlord under the Ground Lease; and

**WHEREAS**, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the Assignee whereby the Assignee agrees to be bound by the terms and provisions of the Ground Lease; and

**WHEREAS**, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound agree as follows:

### **AGREEMENT**

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit "B", TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming any part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 (\$450.00) to Landlord.

3. Assignee hereby agrees to assume and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of Tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

Claire Chennault Partners, LLC  
Attn. Mr. Rex Nichols, Manager  
15800 Dooley Rd.  
Addison, Texas 75001

4. Nothing in this Assignment shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein.

5. The above and foregoing premises and recitals to this Assignment are incorporated into and made a part of this Assignment, and Assignor and Assignee both warrant and represent that such premises and statements, and all other provisions of this Assignment, are true and correct, and that in giving its consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

6. Assignor and Assignee acknowledge that in addition to any other remedies provided in the Ground Lease or by law, in equity, or otherwise, Landlord may at its own option, collect directly from the Assignee all rents becoming due under the Ground Lease and this Assignment and apply such rent against any sums due to Landlord. Assignor acknowledges to Assignee that it does not owe Landlord any past rent, fees, charges, taxes, insurance payments, penalties or any other amounts at the time of this Assignment. No such collection by Landlord from Assignee shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

7. EXCEPT FOR THE WARRANTY OF TITLE SET FORTH IN SECTION 1, ABOVE AND EXCEPT AS OTHERWISE SET FORTH IN THIS ASSIGNMENT, AS BETWEEN ASSIGNOR AND ASSIGNEE, ASSIGNOR IS ASSIGNING THIS GROUND LEASE TO ASSIGNEE "AS IS", "WHERE IS", AND WITH ALL FAULTS AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR IMPLIED, OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF THE ASSIGNOR.

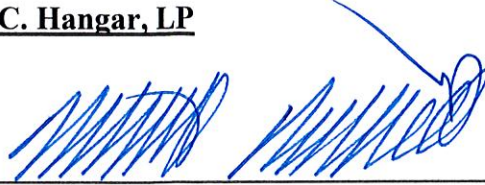
8. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of each of the respective parties hereto, and Assignor and Assignee certify one to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

*Left Intentionally Blank*

**IN WITNESS WHEREOF**, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

**ASSIGNOR:**

**C.C. Hangar, LP**

A handwritten signature in blue ink, appearing to read "Mitchell Rosenthal", written over a horizontal line.

By: Mitchell Rosenthal, Manager of  
MSR Spring Valley Investments, LLC,  
General Partner

**ASSIGNEE:**

**Claire Chennault Partners, LLC**

A handwritten signature in blue ink, appearing to read "Rex Nichols manager", written over a horizontal line.

By: Rex Nichols, Manager

**ACKNOWLEDGMENT**

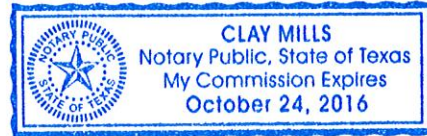
**STATE OF TEXAS       §**  
**COUNTY OF DALLAS   §**

BEFORE ME, the undersigned authority, on this day personally appeared Mitchell Rosenthal, manager of MSR Spring Valley Investments, LLC, general partner of C.C. Hangar LP, 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 27 day of Nov, 2013.

[SEAL]

  
\_\_\_\_\_  
Notary Public, State of Texas

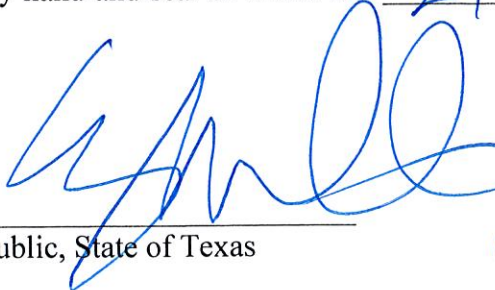


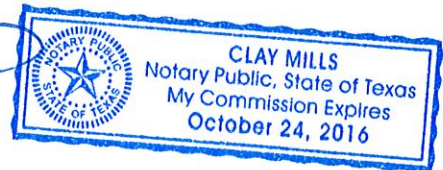
**STATE OF TEXAS       §**  
**COUNTY OF DALLAS   §**

BEFORE ME, the undersigned authority, on this day personally appeared Rex Nichols, manager of Claire Chennault Partners, LLC, 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 27 day of Nov, 2013.

[SEAL]

  
\_\_\_\_\_  
Notary Public, State of Texas





## CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of November 4, 2013, at Addison, Texas, by and between C.C. Hangar, LP, a Texas limited partnership (herein referred to as "Assignor") and Claire Chennault Partners, LLC, a Texas limited liability company (herein referred to as "Assignee"). In executing this Consent of Landlord ("Consent"), Landlord is relying upon the warranty, representations, provisions, and statements made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. However, notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, and responsibilities under or in connection with the Ground Lease, and Assignor shall be and remain liable and responsible for all such covenants obligations, duties, and responsibilities. In addition, notwithstanding any provisions of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This Consent does not and shall not be construed to waive any rights or remedies of the Town of Addison, Texas under the Ground Lease, to release or waive any claims of the Town against any tenant (or any other person or entity) under or in connection with the Ground Lease, or to release any tenant (or any other person or entity) from any duties, obligations or liabilities under or in connection with the Ground Lease.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on December 31, 2013:

(i) the Assignment has been executed and notarized by both Assignor and Assignee,

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of this Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001.

Otherwise, and failing compliance with and satisfaction of each all of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this 15<sup>th</sup> day November 2013.

**LANDLORD:**

**TOWN OF ADDISON, TEXAS**

By:   
Ron Whitehead, City Manager



PROPERTY DESCRIPTION

BEING a 1.1379 acre tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas and being located on Addison Municipal Airport, Addison, Dallas County, Texas, and being the same tract of land conveyed to Ward Williford, Trustee by deed recorded in Volume 91092, Page 2558, Deed Records, Dallas County, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road (a 60 foot right-of-way) and the West right-of-way line of Addison Road (a 60 foot right-of-way);

THENCE West along the South right-of-way line of said Westgrove Road, a distance of 750.59 feet to a point, said point being the intersection of the South right-of-way line of said Westgrove Road and the West line of Clair Chennault (a 60 foot right-of-way);

THENCE South 00 degrees 07 minutes 20 seconds East along the West line of said Clair Chennault, a distance of 261.58 feet to a point, said point lying in the West right-of-way line of said Clair Chennault and also being the beginning of a curve to the right, said curve having a radius of 70.0 feet, a delta of 43 degrees 36 minutes 37 seconds, and a chord which bears South 21 degrees 41 minutes 11 seconds West, for a distance of 52.00 feet;

THENCE along the West right-of-way line of said Clair Chennault and along said curve to the right, an arc length of 53.28 feet to a point, said point lying in the West right-of-way line of said Clair Chennault;

THENCE South 43 degrees 29 minutes 42 seconds West along the West right-of-way line of said Clair Chennault, a distance of 480.50 feet to a 60D nail found in concrete for corner, said corner being the POINT OF BEGINNING;

THENCE South 43 degrees 10 minutes 59 seconds West along the West right-of-way line of said Clair Chennault, a distance of 22.00 feet to a 60D nail found for corner, said corner lying in the West right-of-way line of said Clair Chennault, and also lying in a Northeasterly line of a tract of land conveyed to the City of Addison by deed dated 1-14-77;

THENCE along said City of Addison tract as follows:

North 47 degrees 07 minutes 35 seconds West, a distance of 351.95 feet to a 1/2 Inch iron rod found for corner;

North 43 degrees 14 minutes 48 seconds East, a distance of 182.37 feet to an "X" found in concrete for corner;

North 46 degrees 38 minutes 02 seconds West, a distance of 60.00 feet to an "X" found in concrete for corner;

North 89 degrees 55 minutes 19 seconds East, a distance of 248.02 feet to a 60D nail found in concrete for corner, said corner lying in a Southerly line of said City of Addison tract, and also being the Northwest corner of a tract of land conveyed to Redman Investments, Inc. by deed recorded in Volume 84247, Page 3822, Deed Records, Dallas County, Texas;

THENCE South 43 degrees 10 minutes 21 seconds West along the Northwest line of said Redman Investments, Inc. tract and leaving said City of Addison tract, a distance of 149.79 feet to a 60D nail found in concrete for corner, said corner being the most Northerly West corner of a tract of land conveyed to James D. Donaldson by deed recorded in Volume 90155, Page 3379, Deed Records, Dallas County, Texas;

THENCE South 46 degrees 54 minutes 50 seconds East along the most Northerly Southwest line of said Donaldson tract, a distance of 40.00 feet to an "X" found in concrete for corner, said corner being an ell corner of said Donaldson tract;

THENCE South 43 degrees 27 minutes 13 seconds West along the most Southerly Northwest line of said Donaldson tract, a distance of 180.00 feet to an "X" found in concrete for corner, said corner being the most Westerly West corner of said Donaldson tract;

THENCE South 47 degrees 08 minutes 32 seconds East along the most Southerly Southwest line of said Donaldson tract, a distance of 191.95 feet to the POINT OF BEGINNING and containing 49,565.54 square feet or 1.1379 acres of land.

0670-6703

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

**ASSIGNMENT OF GROUND LEASE**

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of 11/27 2013, at Addison, Texas, by and between C.C. Hangar, LP (herein referred to as "Assignor") and Claire Chennault Partners, LLC, a Texas limited liability company (herein referred to as "Assignee").

**WHEREAS**, a Ground Lease was entered into on September 28, 1983 between the City of Addison, Texas (the same being the Town of Addison, Texas (the "City")) and Addison Airport of Texas, Inc., as landlord, and Parkway Jet, Inc., as tenant, by the terms of which certain real property described in the Ground Lease and generally located at 4575 Claire Chennault Drive (the "Demised Premises") within the City at Addison Airport was leased by landlord to tenant;

**WHEREAS**, the Ground Lease was assigned by Substitute Trustee's Deed to Franklin First Federal Savings Bank ("Franklin") on May 7, 1991; and

**WHEREAS**, Franklin assigned the Ground Lease to Aquila Leasing Company, a Texas corporation on May 13, 1993; and

**WHEREAS**, Aquila Leasing Company assigned the Ground Lease to C.C. Hangar, LP (Assignor) by that Assignment Agreement entered into and effective September 22, 2004; and

**WHEREAS**, the Ground Lease was amended at the time it was assigned to C.C. Hangar, LP by that First Amendment to Ground Lease made effective September 22, 2004 to include, among other things, a 96-month lease extension due to improvements C.C. Hangar, L.P. made to the property that exceeded \$350,000 and provisions to reflect then current minimum standards; and

**WHEREAS**, Assignor and Assignee acknowledge and agree that the boundary survey dated March 12, 2004 prepared by Texas Land Title Survey attached hereto as Exhibit "A" and incorporated herein by this reference, is the true and correct legal description of the Demised Premises and shows the Demised Premises to contain 1.138 acres of land ; and

**WHEREAS**, by virtue of such assignments of and amendments and/or modifications made to the Ground Lease, Assignor is the Tenant under the Ground Lease (a true and correct copy of said Ground Lease in its entirety with all hereinabove said assignments, amendments and/modifications made thereto are attached and incorporated herein by reference as Exhibit "B" (the Ground Lease, as so assigned, amended and/or modified, being hereinafter referred to as the "Ground Lease")); and

**WHEREAS**, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

**WHEREAS**, the said Base Lease has expired and the City alone is the Landlord under the Ground Lease; and

**WHEREAS**, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the Assignee whereby the Assignee agrees to be bound by the terms and provisions of the Ground Lease; and

**WHEREAS**, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound agree as follows:

### **AGREEMENT**

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit "B", TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming any part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 (\$450.00) to Landlord.

3. Assignee hereby agrees to assume and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of Tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

Claire Chennault Partners, LLC  
Attn. Mr. Rex Nichols, Manager  
15800 Dooley Rd.  
Addison, Texas 75001

4. Nothing in this Assignment shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein.

5. The above and foregoing premises and recitals to this Assignment are incorporated into and made a part of this Assignment, and Assignor and Assignee both warrant and represent that such premises and statements, and all other provisions of this Assignment, are true and correct, and that in giving its consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

6. Assignor and Assignee acknowledge that in addition to any other remedies provided in the Ground Lease or by law, in equity, or otherwise, Landlord may at its own option, collect directly from the Assignee all rents becoming due under the Ground Lease and this Assignment and apply such rent against any sums due to Landlord. Assignor acknowledges to Assignee that it does not owe Landlord any past rent, fees, charges, taxes, insurance payments, penalties or any other amounts at the time of this Assignment. No such collection by Landlord from Assignee shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

7. EXCEPT FOR THE WARRANTY OF TITLE SET FORTH IN SECTION 1, ABOVE AND EXCEPT AS OTHERWISE SET FORTH IN THIS ASSIGNMENT, AS BETWEEN ASSIGNOR AND ASSIGNEE, ASSIGNOR IS ASSIGNING THIS GROUND LEASE TO ASSIGNEE "AS IS", "WHERE IS", AND WITH ALL FAULTS AND SPECIFICALLY AND EXPRESSLY WITHOUT ANY WARRANTIES, REPRESENTATIONS OR GUARANTEES, EITHER EXPRESS OR IMPLIED, OF ANY KIND, NATURE, OR TYPE WHATSOEVER FROM OR ON BEHALF OF THE ASSIGNOR.


8. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of each of the respective parties hereto, and Assignor and Assignee certify one to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

*Left Intentionally Blank*

**IN WITNESS WHEREOF**, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

**ASSIGNOR:**

**C.C. Hangar, LP**



---

By: Mitchell Rosenthal, Manager of  
MSR Spring Valley Investments, LLC,  
General Partner

**ASSIGNEE:**

**Claire Chennault Partners, LLC**



---


By: Rex Nichols, Manager

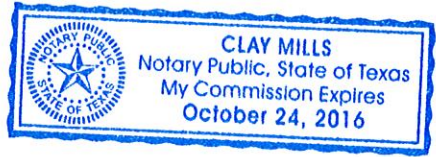
**ACKNOWLEDGMENT**

**STATE OF TEXAS       §**  
**COUNTY OF DALLAS   §**

BEFORE ME, the undersigned authority, on this day personally appeared Mitchell Rosenthal, manager of MSR Spring Valley Investments, LLC, general partner of C.C. Hangar LP, 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 27 day of NOV, 2013.


[SEAL]  
  
\_\_\_\_\_  
Notary Public, State of Texas

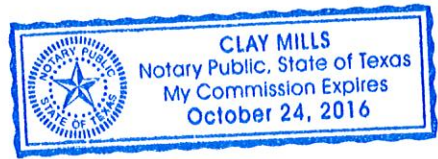


**STATE OF TEXAS       §**  
**COUNTY OF DALLAS   §**

BEFORE ME, the undersigned authority, on this day personally appeared Rex Nichols, manager of Claire Chennault Partners, LLC, 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 27 day of NOV, 2013.

[SEAL]  
  
\_\_\_\_\_  
Notary Public, State of Texas





## CONSENT OF LANDLORD

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of November 4, 2013, at Addison, Texas, by and between C.C. Hangar, LP, a Texas limited partnership (herein referred to as "Assignor") and Claire Chennault Partners, LLC, a Texas limited liability company (herein referred to as "Assignee"). In executing this Consent of Landlord ("Consent"), Landlord is relying upon the warranty, representations, provisions, and statements made in the foregoing Assignment by both Assignor and Assignee, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. However, notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, and responsibilities under or in connection with the Ground Lease, and Assignor shall be and remain liable and responsible for all such covenants obligations, duties, and responsibilities. In addition, notwithstanding any provisions of this Consent of Landlord or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This Consent does not and shall not be construed to waive any rights or remedies of the Town of Addison, Texas under the Ground Lease, to release or waive any claims of the Town against any tenant (or any other person or entity) under or in connection with the Ground Lease, or to release any tenant (or any other person or entity) from any duties, obligations or liabilities under or in connection with the Ground Lease.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on December 31, 2013:

(i) the Assignment has been executed and notarized by both Assignor and Assignee,

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of this Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001.

Otherwise, and failing compliance with and satisfaction of each all of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this 15<sup>th</sup> day November, 2013.

**LANDLORD:**

**TOWN OF ADDISON, TEXAS**

By:   
Ron Whitehead, City Manager



PROPERTY DESCRIPTION

BEING a 1.1379 acre tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas and being located on Addison Municipal Airport, Addison, Dallas County, Texas, and being the same tract of land conveyed to Ward Williford, Trustee by deed recorded in Volume 91092, Page 2558, Deed Records, Dallas County, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road (a 60 foot right-of-way) and the West right-of-way line of Addison Road (a 60 foot right-of-way);

THENCE West along the South right-of-way line of said Westgrove Road, a distance of 750.59 feet to a point, said point being the intersection of the South right-of-way line of said Westgrove Road and the West line of Clair Chennault (a 60 foot right-of-way);

THENCE South 00 degrees 07 minutes 20 seconds East along the West line of said Clair Chennault, a distance of 261.58 feet to a point, said point lying in the West right-of-way line of said Clair Chennault and also being the beginning of a curve to the right, said curve having a radius of 70.0 feet, a delta of 43 degrees 36 minutes 37 seconds, and a chord which bears South 21 degrees 41 minutes 11 seconds West, for a distance of 52.00 feet;

THENCE along the West right-of-way line of said Clair Chennault and along said curve to the right, an arc length of 53.28 feet to a point, said point lying in the West right-of-way line of said Clair Chennault;

THENCE South 43 degrees 29 minutes 42 seconds West along the West right-of-way line of said Clair Chennault, a distance of 480.50 feet to a 60D nail found in concrete for corner, said corner being the POINT OF BEGINNING;

THENCE South 43 degrees 10 minutes 59 seconds West along the West right-of-way line of said Clair Chennault, a distance of 22.00 feet to a 60D nail found for corner, said corner lying in the West right-of-way line of said Clair Chennault, and also lying in a Northeasterly line of a tract of land conveyed to the City of Addison by deed dated 1-14-77;

THENCE along said City of Addison tract as follows:

North 47 degrees 07 minutes 35 seconds West, a distance of 351.95 feet to a 1/2 inch iron rod found for corner;

North 43 degrees 14 minutes 48 seconds East, a distance of 182.37 feet to an "X" found in concrete for corner;

North 46 degrees 38 minutes 02 seconds West, a distance of 60.00 feet to an "X" found in concrete for corner;

North 89 degrees 55 minutes 19 seconds East, a distance of 248.02 feet to a 60D nail found in concrete for corner, said corner lying in a Southerly line of said City of Addison tract, and also being the Northwest corner of a tract of land conveyed to Redman Investments, Inc. by deed recorded in Volume 84247, Page 3822, Deed Records, Dallas County, Texas;

THENCE South 43 degrees 10 minutes 21 seconds West along the Northwest line of said Redman Investments, Inc. tract and leaving said City of Addison tract, a distance of 149.79 feet to a 60D nail found in concrete for corner, said corner being the most Northerly West corner of a tract of land conveyed to James D. Donaldson by deed recorded in Volume 90155, Page 3379, Deed Records, Dallas County, Texas;

THENCE South 46 degrees 54 minutes 50 seconds East along the most Northerly Southwest line of said Donaldson tract, a distance of 40.00 feet to an "X" found in concrete for corner, said corner being an ell corner of said Donaldson tract;

THENCE South 43 degrees 27 minutes 13 seconds West along the most Southerly Northwest line of said Donaldson tract, a distance of 180.00 feet to an "X" found in concrete for corner, said corner being the most Westerly West corner of said Donaldson tract;

THENCE South 47 degrees 08 minutes 32 seconds East along the most Southerly Southwest line of said Donaldson tract, a distance of 191.95 feet to the POINT OF BEGINNING and containing 49,565.54 square feet or 1.1379 acres of land.

0670-6700

SURVEYOR'S CERTIFICATE

This survey is made relying on information provided by (Ticor Title Insurance Company) in connection with the transaction described in GF# (04-003263-CC). The undersigned Registered Professional Land Surveyor (Bryan Connally) hereby certifies to (Ticor Title Insurance Company and Vigor Properties, Inc.) that, (a) this plat of survey and the property description set forth hereon were prepared from an actual on-the-ground survey of the real property (4575 Clair Chennault) described in (Volume 91092, Page 2558), and shown hereon; (b) such survey was conducted by the Surveyor, or under his direction; (c) all monuments shown hereon actually existed on the date of the survey, and the location, size and type of material thereof are correctly shown; (d) except as shown hereon there are no observable protrusions on to the Property or observable protrusions there from, there are no observable discrepancies, conflicts, shortages in area or boundary line conflicts; (e) the size, location and type of improvements, are shown hereon, and all are located within the boundaries of the Property and setback from the Property lines the distances indicated; (f) the distance from the nearest intersection street or road is as shown; (g) the Property has apparent access to and from a public roadway; (h) recorded easements listed hereon have been labeled and platted hereon; (i) the boundaries, dimensions and other details shown hereon are shown to the appropriate accuracy standards of the State of Texas; (j) the Property is in Zone "X" and is not located in a 100 Year Flood Plain or in an identified "Flood Prone Area" as defined by the U. S. Department of Housing and Urban Development (Flood Insurance Rate Map No. 48113C0180J) pursuant to the Flood Disaster Protection Act of 1973.

The surveyor expressly understands and agrees that (Ticor Title Insurance Company and Vigor Properties, Inc.) are entitled to rely on this survey as having been performed to the appropriate standards of the current (1999 Edition) Texas Society of Professional Surveyors Standards and Specifications for a Texas Land Title Survey as set forth by the Texas Board of Professional Land Surveying.

Use of this survey by any other parties and/or for other purposes shall be at user's own risk and any loss resulting from other use shall not be the responsibility of the undersigned.

EXECUTED this 12<sup>th</sup> day of March, 2004

Bryan Connally  
 Bryan Connally  
 Registered Professional Land Surveyor



does lie in Zone X

ACCEPTED BY: \_\_\_\_\_ SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_ SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

DOUG CONNALLY & ASSOC., INC.  
 9754 SKILLMAN STREET  
 DALLAS, TEXAS 75243  
 PHONE:(214) 349-9485  
 FAX:(214) 349-2216  
 www.dcasurveying.com

<b>TEXAS LAND TITLE SURVEY</b>	
WILLIAM LOMAX SURVEY, ABSTRACT NO. 792	
ADDISON, DALLAS COUNTY	
4575 CLAIR CHENNAULT	

SCALE	DATE	JOB NO.	G.F. NO.	DRAWN
" = 20'	03/12/04	0401651-1	04-0032 63-CC	M.W.

0670-6702

## EXHIBIT "B"

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

FIRST AMENDMENT TO GROUND LEASE

This First Amendment to Ground Lease (hereinafter referred to as the "First Amendment to Ground Lease" or "Amendment") is entered into and effective as of September 22, 2004 between the Town of Addison, Texas a municipal corporation (hereinafter sometimes referred to as "Addison" or the "Landlord"), and C. C. Hangar, L. P., a Texas corporation ("Tenant").

Schedule of Exhibits	
Exhibit A:	Copy of Ground Lease dated 9/28/1983
Exhibit B:	Copy of Substitute Trustees Deed dated 5/7/1991
Exhibit C:	Assignment of Lease dated 5/13/1993
Exhibit D:	Assignment of Lease dated <del>7/22/94</del>
Exhibit E:	Survey of demised Premises dated 03/14/04 by Texas Land Title
Exhibit F:	Description of Improvements

WHEREAS, a Ground Lease was entered into as of September 28, 1983 between the Town (City) of Addison, Texas and Addison Airport of Texas, Inc., together as Landlord, and Parkway Jet, Inc., as Tenant, of a 1.135 acre (49,461 square feet) tract of land located at 4575 Claire Chennault at Addison Airport (the said tract of land being referred to in the Ground Lease and herein as the "Demised Premises" or "demised premises"), which Ground Lease provides that its term commenced on September 1, 1984 (or the first day of the first calendar month the tenant completes certain construction as described in the Ground Lease, whichever is earlier) and will end 480 months thereafter (or on August 30, 2024) (the "Ground Lease", a true and correct copy of which is attached hereto as Exhibit A); and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants, and obligations, of the Landlord under the Ground lease; and

WHEREAS, the said Base Lease has expired and the City is the sole Landlord under the Ground Lease; and

WHEREAS, the tenant's leasehold interest in the Ground Lease was thereafter conveyed to Franklin First Federal Savings Bank by Substitute Trustee's Deed executed May 7, 1991 and recorded in Volume 91092, Volume 2558, Deed Records, Dallas County, Texas (a true and correct copy is attached hereto as Exhibit B); and

WHEREAS, the tenant's leasehold interest in the Ground Lease was thereafter assigned by Franklin First Savings Bank to Aquila Leasing Company, a Texas corporation ("Aquila") by that Assignment of Lease dated May 13, 1993 (a true and correct copy of which is attached hereto as Exhibit C); and

WHEREAS, the Ground Lease was thereafter assigned by Aquila to C. C. Hangar, L. P. ("C. C. Hangar"), a Texas limited partnership by that Assignment of Lease dated 7-22-04 (a true and correct copy of which is attached hereto as Exhibit D); and

WHEREAS, by virtue of such conveyances and assignments, "C. C. Hangar" is the Tenant under the Ground Lease (and is hereinafter referred to as "Tenant"); and

WHEREAS, Tenant has proposed to construct certain additional improvements on the Demised Premises as described herein, and in connection therewith and as consideration therefor Landlord and Tenant desire to amend the Ground Lease in the manner set forth below, contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), the terms and conditions of this Amendment, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas and Tenant do hereby agree as follows:

**Section 1. Incorporation of Premises.** The above and foregoing premises are true and correct and are incorporated herein and made a part hereof.

**Section 2. Amendments and Modifications to Ground Lease.** The Ground Lease is hereby amended and modified by amending certain paragraphs of the Ground Lease as set forth below, by stating and affirming certain terms in connection with the Ground Lease, and by adding additional provisions to the Ground Lease to read as follows:

A. Description of Demised Premises, Survey, Rent.

1. (a) It is anticipated as of the date of execution of this Amendment that Tenant will be constructing upon the Demised Premises certain Improvements (as described below in Section 2.B. of this Amendment). If Tenant constructs the Improvements in accordance herewith, upon completion of such construction (as evidenced by the issuance of a final certificate of occupancy for the Improvements or such other final certification as may be required by the Town of Addison), Tenant, at its sole cost, shall within thirty (30) days following the date of issuance of such final certificate of occupancy or other certification) procure an As-Built Survey (the "Survey") of the Demised Premises, prepared by a registered surveyor duly licensed in the State of Texas and bearing the surveyor's seal, and which shall reflect the following:

- (i) A certification to the Town of Addison, Texas and to Tenant to the effect that
  - (A) the Survey was made on the ground as per the field notes shown thereon and correctly shows the boundary lines and dimensions and the area of land indicated thereon and each individual parcel thereof indicated thereon,
  - (B) the Survey correctly shows the location of all buildings, structures, and other improvements, and visible items on the Demised Premises,
  - (C) the Survey correctly shows the location and dimensions of all alleys, streets, roads, rights-of-way, easements and other matters of record of which the surveyor has been advised or should be aware of affecting the Demised Premises according to the legal description in such easements and other matters (with instrument, book and page number indicated),

- (D) except as shown on the Survey, no portion of the Property is located within a special flood hazard area, there are no visible easements, rights-of-way, party walls, or conflicts, and there are no visible encroachments on adjoining premises, streets, or alley ways by any of said buildings, structures, or other improvements, and there are no visible encroachments on the Property by buildings, structures, or other improvements situated on adjoining premises, and
- (E) the distance from the nearest intersecting street and road is as shown on the Survey;
- (ii) The location of all improvements, streets, highways, sidewalks, rights-of-ways and easements appurtenant to, traversing, adjoining or bounding the Demised Premises (which shall show all applicable recording data);
- (iii) Any encroachments on the Demised Premises and protrusions from or onto adjacent land;
- (iv) A metes and bounds description of the Demised Premises and the total acres and the total square feet contained therein;
- (v) The beginning point should be established by a monument located at the beginning point, or be reference to a nearby monument;
- (vi) The boundary line of highways and streets abutting the Demised Premises and the width of said highways and streets, including any proposed relocation, modification or widening thereof;
- (vii) The proximity of the Demised Premises from any nearby taxiway and its centerline, Airport Operating Area zones, markings or designations required by the Airport Director, including the latitude, longitude, site elevation structure height and total structure height as reported on the *Federal Aviation Administration Form 7460 ~ Notice of Proposed Construction or Alteration*; and
- (viii) Such other pertinent and salient information as may be required by Landlord.

(b) Upon the Landlord's and Tenant's acceptance of the Survey, it shall be incorporated into and made part of this Amendment as Exhibit E, and the description of the Demised Premises contained therein shall become and be substituted for the description of the Demised Premises as contained in the Ground Lease, subject, however, to any and all currently existing title exceptions or other matters of record, or items or matters which are visible or apparent from an inspection, affecting the demised premises.

2. Rent for the Demised Premises shall be in an annual amount equal to the product of the number of square feet of the Demised Premises (as set forth in the Survey) multiplied by \$ .3409 per square foot (as of the date of this Amendment, such annual amount is \$16,862.16, which rent is



subject to adjustment as set forth in the Ground Lease. Without offset or deduction, rent shall be paid in advance in monthly installments on or before the first day of each calendar month, determined by dividing the annual rental amount by twelve (12). Landlord and Tenant agree that the rent rate of \$.3409 per square foot is the rent rate as adjusted in accordance with the Ground Lease since the commencement of the Ground Lease, and is subject to further and future adjustment as set forth in the Ground Lease (with the next such adjustment to be made September 1, 2004).

B. Amendment to Paragraph 3. Paragraph 3 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

A. The term hereof shall commence on the earlier of September 1, 1984, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end 480 months thereafter (subject, however, to the termination provisions of this Lease); provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

B. Notwithstanding subparagraph A. of this Paragraph 3 and subject to the terms and conditions set forth below, this Lease shall be extended for an additional 96 months from the end of the term described in subparagraph A., so that this Lease shall end on August 30, 2032 (the "Lease Extension Period"); provided, however, that the Lease Extension Period shall become effective if, and only if, Tenant first fully complies with each of the following terms and conditions:

- (i) On or before August 1, 2005:
  - (a) Tenant shall have completed upon the demised premises to the Landlord's satisfaction all of those certain improvements generally described as the Improvements attached hereto (to this Amendment) as Exhibit F (the "Improvements"), and including (without limitation) the completion of the construction of at least 3,000 square feet of additional (new) building, of which at least 3,000 square feet shall be clear span hangar space; and
  - (b) Tenant shall present evidence in writing to Landlord (to the Landlord's satisfaction) that the construction value of the said Improvements exceeds \$350,000. Such evidence shall include, without limitation, true and correct copies of all receipts or other documents or records indicating the nature of the construction work performed, the cost thereof and the amount paid for such construction work; and

- (ii) Tenant shall not, at the time of the issuance of the letter described in subparagraph E. of this Paragraph 3, then be in default of any provision of this Lease beyond any applicable cure period.

C. For purposes of subparagraph B. of this Paragraph 3, the Improvements shall be deemed completed upon the issuance by the Town of Addison, Texas of (i) a certificate of occupancy for such Improvements or such other certification as may be required by the Town of Addison, (ii) the delivery, acceptance and incorporation herein of the Survey as set forth in this Amendment; (iii) the issuance of a letter by Landlord stating that Landlord is satisfied that all such Improvements have been completed to Landlord's satisfaction.

D. Tenant shall, prior to the construction of the Improvements or any other facilities or improvements on the Demised Premises, present to Landlord for Landlord's review and consideration of approval, the plans and specifications for the construction of the Improvements or any other improvements or facilities. For purposes of this subparagraph D., plans and specifications shall be approved by Landlord or by the Town of Addison City Manager's designee. All construction of the Improvements and any other facilities or improvements shall be strictly in accordance with the approved plans and specifications, and such construction shall be in a first class, workmanlike manner. Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with any such construction.

E. Upon the final completion of the Improvements and the presentation of evidence satisfactory to Landlord of the value of the completed improvements, Landlord will issue a letter to Tenant that the terms and conditions precedent to the Lease Extension Period as stated above have been fulfilled, and the Lease Extension Period shall thereafter be in effect. Such letter or letters shall be attached to and shall be made a part of this First Amendment amending the Ground Lease. In the event the Improvements are not completed in accordance herewith, this Lease shall not be extended for the Lease Extension Period."

C. Amendment to Paragraph 6. Paragraph 6 is hereby amended so that it shall hereafter read as follows:

6. Use of Demised Premises and Construction of Improvements: The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair, aircraft storage; aircraft training; aircraft charter; aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the Demised Premises the improvements depicted in the plans and specifications.

1 - Metal hangar 100' x 110' w/20'x100' office with associated aircraft ramps and vehicle parking. Addison Airport must approve construction prints prior to construction.

As set forth above in Paragraph 3 of this Lease, Tenant further intends to construct the Improvements (as generally described in Exhibit F attached to this First Amendment to the Ground Lease) in accordance with the terms of this Lease (as amended by the First Amendment to Ground Lease). All construction shall be strictly in accordance with plans and specifications submitted by Tenant to Landlord for Landlords' review and consideration of approval, and such construction shall be performed in a first class, workmanlike manner and in compliance with all applicable building codes, standards, ordinances, rules, and regulations. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction. Except as provided for in this Lease, Tenant may not construct, locate, install, place or erect any other improvements upon the Leased Premises without the prior written consent of Landlord. It is expressly understood and agreed that Tenant's construction of any building or other improvements (including, without limitation, the Improvements) shall include the finish-out of such building and improvements in accordance with the plans and specifications for the finish-out of the building or other improvements as agreed by Landlord and Tenant. Landlord's approval of any plans and 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.

D. Amendment to Paragraph 7. Paragraph 7 is hereby amended so that it shall hereafter read as follows:

7. Acceptance of Demised Premises: Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition "AS IS, WHERE IS" and with all faults and defects, whether known or unknown to either Landlord or Tenant and without representation or warranty of any kind from Landlord as to the status or condition thereof, and further the Ground Lease is subject to any and all currently existing title exceptions or other matters of record or visible or apparent from an inspection affecting the demised premises. Without limiting the foregoing, THERE IS NO WARRANTY, EXPRESS OR IMPLIED, OF SUITABILITY, MERCHANTABILITY, and HABITABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE GIVEN IN CONNECTION WITH THIS LEASE.

E. Amendment to Paragraph 8. Paragraph 8 is hereby amended so that it shall hereafter read as follows:

8. Securing Governmental Approvals and Compliance with Law.

A. Tenant at Tenant's sole cost and expense shall obtain any and 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 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 occupation of the demised premises and whether in existence or hereafter enacted, adopted or imposed, and 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) any and all grant agreements or grant assurances now existing or as hereafter agreed to, adopted or imposed.

Tenant agrees that any construction or modification of improvements on the demised premises will comply with all standards and rules published by the Landlord or by any person or entity authorized by Landlord to manage and/or operate the Airport ("Airport Manager"), including, but not limited to, the Airport's published "Construction/Maintenance Standards and Specifications," will comply with the Town of Addison building 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 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. Tenant will properly and timely submit to the Federal Aviation Administration ("FAA"), the Texas Department of Transportation (TXDOT), and any other governmental entity or agency having jurisdiction regarding or related to Addison Airport, a Notice of Proposed Construction, when and as required. 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, 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. Failure of Tenant to observe and comply with the requirements of this Section 8 shall be an Event of Default.

B. Tenant shall comply with noise abatement standards at the Airport at all times and shall notify any aircraft operator using any portion of the demised premises of such standards.

F. Amendments to Paragraph 9. Paragraph 9, subparagraphs A., B. and E. of the Ground Lease are hereby amended so that they shall hereafter read as follows:

"A. Without the prior written consent of Landlord, Tenant shall have no power to and may not assign, sell, pledge, transfer, or otherwise convey (together, "assign" or "assignment") this Lease or any rights or obligations of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided and in accordance with all of the terms and conditions of this Lease) or sublet the whole or any part of the demised premises, and any such assignment or any subletting shall be null and void and a cause for immediate termination of this Lease by Landlord. For purposes hereof, an assignment will be deemed to occur if the person or persons who own or have voting control of 51% or more of Tenant on the date of the First Amendment to Ground Lease cease to own or have voting control of 51% or more 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 as to the ownership of voting securities or voting control of Sublessee. 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 partnership interests, by contract, or otherwise. Any assignment or any subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of Paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or any subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease (and Tenant shall provide a copy of such written agreement to Landlord). 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 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, transferee, pledgee, or person or entity to whom this Lease is otherwise conveyed or to such subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. Tenant shall provide to Landlord the names and addresses of any subtenants and the make, model, aircraft type and "N" number of any aircraft stored or located on or in the demised premises.

B. 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 improvements described in Paragraph 6, or (ii) for acquisition of leasehold estate and improvements of (iii) other construction upon the

demised premises approved from time to time by Landlord in writing, or (iv) for other purposes 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 rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

E. 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 and its successors and assigns 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 or its successors and assigns performs all of the obligations of Tenant hereunder; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such mortgagee shall and does not have the right and shall and does not have the power to assign, sell, transfer, pledge or otherwise convey this Lease or sublet the whole or any part of the Demised Premises without the prior written approval of the Landlord, and any such assignment, sale, transfer, pledge or other conveyance and any such subletting shall be null and void 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, pledge, transfer or otherwise convey this Lease, or to sublet the Demised Premises (or any portion thereof), or to use the demised premises, than the Tenant has. Landlord also agrees to reasonably consider the execution and delivery to such proposed leasehold mortgagee of 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 mortgage.

G. Amendment to Paragraph 10. Paragraph 10 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

10. Property Taxes and Assessments: Tenant shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses, 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.

H. Amendment to Paragraph 11. Paragraph 11, subparagraph A. of the Ground Lease is hereby amended so that it shall hereafter read as follows:

11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and in a first class condition (in accordance with, among other things, any construction and/or maintenance standards and specification established by Landlord or Manager and all applicable ordinances, rules, regulations, standards, and permits of the Town of Addison, Texas) all the demised premises and all 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, with all fixtures and equipment situated in the demised premises in good working order, reasonable wear and tear excepted.

I. Amendment to Paragraph 13. Paragraph 13 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

13. Insurance: Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) 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, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) Commercial General Liability insurance against claims for bodily injury, death or property damage or destruction occurring on, in or about the demised premises, with limits of liability of not less than \$2,000,000.00 for each occurrence, CSL/\$4,000,000.00 general aggregate. Coverage must include contractual liability.

(iii) 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.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, 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.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) 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, or if Tenant is otherwise involved in any operation in which Tenant has care, custody, or control of an aircraft that belongs to a third-party.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

(viii) 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).

All such policies of insurance shall (i) be issued by insurance companies acceptable to Landlord and authorized to do business in Texas and in the standard form approved by the Texas Department of Insurance, (ii) name the Town of Addison, Texas, and Manager and their respective officials, officers, employees and agents as additional insureds or loss payees, as the case may be, (iii) in all liability policies, provide that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of activities conducted hereunder, (iv) contain a waiver of subrogation endorsement in favor of the Town of Addison, Texas, and (v) provide for at least thirty (30) days written notice to the Town of Addison, Texas prior to cancellation, non-renewal or material modification which affects this Lease. Certificates of insurance (together with the declaration page of such policies, along with the endorsement naming the Town of Addison, Texas and the Manager as an additional insured), satisfactory to Landlord, evidencing all coverage above, shall be promptly delivered to Landlord and updated as may be appropriate, with complete copies of such policies furnished to the Landlord upon request. 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.

J. Amendment to Paragraph 18. Paragraph 18 of the Ground Lease is hereby amended so that it shall hereafter read as follows:



18. Airport Minimum Standards and Rules and Regulations:

A. Landlord has adopted Minimum Standards for all operators at the Airport (hereinafter referred to as the "Minimum Standards") 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 are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Minimum Standards. Landlord shall have the right to amend, modify and alter the Minimum Standards from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

B. Landlord has adopted Rules and Regulations (hereinafter referred to as the "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 Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, modify and alter the Rules and Regulations from time to time for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport.

K. Amendment to Paragraph 19. Paragraph 19 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

19. Signs and Equipment. After first securing Landlord's approval, Tenant shall have the right from time to time to install 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 without limitation the Town of Addison's 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).

L. Amendment to Paragraph 21. Paragraph 21 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

21. Indemnity and Exculpation.

**A. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL NOT BE LIABLE TO TENANT OR TO TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, 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 DEMISED PREMISES OR ANY ADJACENT AREA OWNED BY LANDLORD CAUSED BY OR RESULTING FROM ANY ACT OR OMISSION OF TENANT, TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT, OR ARISING OUT OF THE USE OR OCCUPATION OF THE DEMISED PREMISES BY TENANT, ITS EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, OR SUBCONTRACTORS AND/OR THE CONDUCT OF TENANT'S BUSINESS THEREON, OR ARISING OUT OF ANY BREACH OR DEFAULT BY TENANT IN THE PERFORMANCE OF TENANT'S OBLIGATIONS HEREUNDER; AND TENANT HEREBY AGREES TO AND SHALL DEFEND AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS AGAINST, AND HOLD LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL LIABILITY, DAMAGES, COSTS, PENALTIES, LOSS, EXPENSE OR CLAIMS ARISING OUT OF SUCH DAMAGE, DESTRUCTION, INJURY, DEATH OR HARM.

B. TENANT AGREES TO AND SHALL DEFEND (WITH COUNSEL ACCEPTABLE TO LANDLORD) AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) (TOGETHER, FOR PURPOSES OF THIS SUBPARAGRAPH, "INDEMNIFIED PERSONS") AGAINST, AND HOLD THE INDEMNIFIED PERSONS HARMLESS FROM, ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, LOSSES, HARM, DAMAGES, PENALTIES, LIABILITY, EXPENSES, LAWSUITS, JUDGMENTS, COSTS, AND FEES (INCLUDING REASONABLE ATTORNEY FEES AND COURT COSTS) ("DAMAGES"), ASSERTED BY ANY PERSON OR ENTITY ON ACCOUNT OF OR FOR ANY INJURY TO OR THE DEATH OF ANY PERSON, OR ANY DAMAGE TO OR DESTRUCTION OF ANY PROPERTY, OR ANY OTHER HARM FOR WHICH DAMAGES OR ANY OTHER FORM OF RECOVERY IS SOUGHT (WHETHER AT LAW OR IN EQUITY), RESULTING FROM, BASED UPON, OR ARISING OUT OF, IN WHOLE OR IN PART, ANY CONDITION OF THE DEMISED PREMISES OR ANY ACT OR OMISSION OF TENANT, ITS OFFICERS, EMPLOYEES, AGENTS, ENGINEERS, CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, INVITEES, OR ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY EMPLOYED BY OR ACTING UNDER TENANT, UNDER, IN

CONNECTION WITH, OR IN THE PERFORMANCE OF, THIS LEASE, INCLUDING ALL DAMAGES CAUSED BY THE INDEMNIFIED PERSON'S OWN NEGLIGENCE, OR CONDUCT THAT MAY OR DOES EXPOSE AN INDEMNITEE TO STRICT LIABILITY UNDER ANY LEGAL THEORY, EXCEPT AS SPECIFICALLY LIMITED HEREIN, EXCEPTING ONLY THAT TENANT SHALL NOT BE OBLIGATED TO SO DEFEND, INDEMNIFY AND HOLD HARMLESS LANDLORD AND MANAGER IF SUCH DAMAGES, INJURY OR HARM IS DUE TO THE SOLE NEGLIGENCE OF LANDLORD OR MANAGER.

C. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL BE DEFENDED, INDEMNIFIED AND HELD HARMLESS BY AND NOT BE LIABLE TO TENANT FOR 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 DAMPNES OR BY FIRE, EXPLOSION, FALLING PLASTER OR CEILING OR FOR ANY OTHER REASON WHATSOEVER. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES, SHALL NOT BE LIABLE TO TENANT FOR ANY LOSS OR DAMAGE THAT MAY 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, OR OF ANY OTHER PERSONS WHOMSOEVER, EXCEPTING ONLY THE DULY AUTHORIZED AND RESPECTIVE AGENTS AND EMPLOYEES OF LANDLORD OR MANAGER, AS THE CASE MAY BE.

D. THE PROVISIONS OF THIS SECTION 21 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE.

M. Addition of Paragraph 21.1. A new Paragraph 21.1 is hereby inserted and made a part of the Ground Lease to read as follows:

Section 21.1. Environmental Compliance.

A. 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 agents, employees, invitees, contractors, subcontractors, independent contractors, or subtenants) on the demised premises or any portion of the common facilities (described in Paragraph 17), 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 law, rule, regulation, standard, permit, directive or policy, 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 applicable law; or (ii) in any manner prohibited or deemed unsafe under applicable law. (The substances referred to in (a), (b), (c) or (d) are collectively referred to hereinafter as "Hazardous Materials").

**B. TENANT SHALL, AT TENANT'S OWN EXPENSE, COMPLY WITH ANY PRESENTLY EXISTING OR HEREAFTER ENACTED LAWS, RULES, REGULATIONS, STANDARDS, DIRECTIVES, PERMITS, OR NOTICES RELATING TO HAZARDOUS MATERIALS (COLLECTIVELY, "CLEANUP LAWS"). 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. 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 (AS DESCRIBED IN PARAGRAPH 17) BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE TERM OF THIS LEASE, TENANT SHALL, AT TENANT'S OWN COST AND 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, AS THE CASE MAY BE, AND SHALL SIGN THE AFFIDAVITS PROMPTLY WHEN REQUESTED TO DO SO BY LANDLORD. TENANT SHALL INDEMNIFY, DEFEND, SAVE AND HOLD HARMLESS LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) FROM AND AGAINST, AND REIMBURSE LANDLORD FOR, ANY AND ALL OBLIGATIONS, DAMAGES, INJUNCTIONS, FINES, PENALTIES, DEMANDS, CLAIMS, COSTS, EXPENSES, ACTIONS, LIABILITIES, SUITS, PROCEEDINGS AND LOSSES OF WHATEVER NATURE (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS AND ALL ACTIONS OF ANY KIND ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL OR DISCHARGE OF HAZARDOUS MATERIALS IN OR ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE LEASE TERM; AND FROM ALL FINES, SUITS, PROCEDURES, CLAIMS AND ACTIONS OF ANY KIND ARISING OUT OF TENANT'S (OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT) FAILURE TO PROVIDE ALL INFORMATION, MAKE ALL SUBMISSIONS AND TAKE ALL STEPS REQUIRED BY THE AUTHORITY UNDER THE CLEANUP LAWS OR ANY OTHER LAW (ENVIRONMENTAL OR OTHERWISE). TENANT'S OBLIGATIONS AND LIABILITIES UNDER THIS SUBPARAGRAPH SHALL CONTINUE (AND SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE) SO LONG AS THERE MAY BE HAZARDOUS MATERIALS AT THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, THAT WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED DURING THE LEASE TERM BY TENANT, OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY

**PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT. 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. 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, or any other local, state or federal authority that requires submission of any information concerning environmental matters or Hazardous Materials.

D. Tenant's obligations and liability pursuant to the terms of this Paragraph 21.1 shall survive the expiration or earlier termination of this Lease."

N. Amendment to Paragraph 22. Paragraph 22 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

22. Default by Tenant: The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or 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 or sum which Tenant is to make under this Lease, on the date that same is due and such failure shall continue for a period of ten (10) days after the date on which such payment is to be made.

B. 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 payment Tenants is to make under this Lease, as set forth in subparagraph A. of this Paragraph 22, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant (and if such failure cannot reasonably be cured with the said thirty (30) period, Tenant may, with Landlord's prior written consent (which consent shall not be unreasonably withheld), have such additional reasonable time (as agreed upon by Landlord and Tenant) to cure such default, provided that Tenant pursues such cure with all due diligence).

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. 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 Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

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

F. Abandonment by Tenant for a period of thirty (30) days of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

O. Amendment to Paragraph 26. Paragraph 26 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

26. Title to Improvements: Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense. Upon such termination or expiration, Tenant shall deliver the demised premises to Landlord in good condition, reasonable wear and tear excepted, and shall, at Landlord's request, execute a recordable instrument evidencing the termination or expiration of this Lease and stating the termination or expiration date.

P. Amendment to Paragraph 27. Paragraph 27 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

27. Mechanics' and Materialmen's Liens; Landlord's Lien:

A. Tenant agrees to indemnify and hold Landlord harmless of and from 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, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in Paragraph 37 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.

B. TENANT HEREBY GRANTS TO LANDLORD A CONTINUING SECURITY INTEREST TO SECURE PAYMENT OF ALL RENT AND

OTHER SUMS OF MONEY COMING DUE HEREUNDER FROM TENANT, AND TO SECURE PAYMENT OF ANY DAMAGES OR LOSS WHICH LANDLORD MAY SUFFER BY REASON OF THE BREACH BY TENANT OF ANY COVENANT, AGREEMENT, OR CONDITION CONTAINED HEREIN, UPON ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT PRESENTLY OR WHICH MAY HEREAFTER BE SITUATED ON THE LEASED PREMISES, AND ALL PROCEEDS THEREFROM ("COLLATERAL"). TENANT WILL NOT REMOVE, OR ALLOW OTHERS TO REMOVE, ANY OF SUCH COLLATERAL FROM THE LEASED PREMISES WITHOUT LANDLORD'S PRIOR WRITTEN CONSENT; BUT TENANT MAY REMOVE COLLATERAL IN THE ORDINARY COURSE OF BUSINESS BEFORE A DEFAULT. IF A DEFAULT OCCURS, LANDLORD WILL BE ENTITLED TO EXERCISE ANY OR ALL RIGHTS AND REMEDIES UNDER THE UNIFORM COMMERCIAL CODE OR OTHERWISE PROVIDED IN THIS LEASE OR BY LAW. IN ADDITION TO ANY OTHER REMEDIES PROVIDED IN THIS LEASE OR BY LAW OR EQUITY, IN THE EVENT OF DEFAULT, LANDLORD MAY ENTER THE LEASED PREMISES AND TAKE POSSESSION OF ANY AND ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT SITUATED UPON THE LEASED PREMISES WITHOUT LIABILITY FOR TRESPASS OR CONVERSION. LANDLORD MAY SELL THE SAME AT A PUBLIC OR PRIVATE SALE, WITH OR WITHOUT HAVING SUCH PROPERTY AT THE SALE, AFTER GIVING TENANT REASONABLE NOTICE AS TO THE TIME AND PLACE OF THE SALE. AT SUCH SALE, LANDLORD OR ITS ASSIGNS MAY PURCHASE THE PROPERTY UNLESS SUCH PURCHASE IS OTHERWISE PROHIBITED BY LAW. UNLESS OTHERWISE PROVIDED BY LAW, THE REQUIREMENT OF REASONABLE NOTICE SHALL BE MET IF SUCH NOTICE IS GIVEN TO TENANT AT THE ADDRESS HEREAFTER PRESCRIBED AT LEAST FIFTEEN (15) DAYS PRIOR TO THE TIME OF THE SALE. THE PROCEEDS OF ANY SUCH DISPOSITION, LESS ALL EXPENSES CONNECTED WITH THE TAKING OF POSSESSION AND SALE OF THE PROPERTY, INCLUDING A REASONABLE ATTORNEY'S FEE, SHALL BE APPLIED AS A CREDIT AGAINST THE INDEBTEDNESS SECURED BY THE SECURITY INTEREST GRANTED IN THIS PARAGRAPH. ANY SURPLUS SHALL BE PAID TO TENANT AND TENANT SHALL PAY ANY DEFICIENCIES UPON DEMAND. UPON REQUEST BY LANDLORD, TENANT WILL EXECUTE AND DELIVER TO LANDLORD A FINANCING STATEMENT IN A FORM SUFFICIENT TO PERFECT THE SECURITY INTEREST OF THE LANDLORD IN THE AFOREMENTIONED PROPERTY AND THE PROCEEDS THEREOF UNDER THE PROVISION OF THE UNIFORM COMMERCIAL CODE IN FORCE IN THE STATE OF TEXAS, AND TENANT IRREVOCABLY APPOINTS LANDLORD AS TENANT'S ATTORNEY-IN-FACT TO SIGN AND DELIVER A FINANCING



**STATEMENT TO LANDLORD IF TENANT FAILS OR REFUSES TO DO SO. THIS POWER-OF-ATTORNEY IS COUPLED WITH AN INTEREST. ANY STATUTORY LIEN FOR RENT IS NOT WAIVED; THE SECURITY INTEREST HEREIN GRANTED IS IN ADDITION AND SUPPLEMENTARY THERETO."**

C. Notwithstanding anything to the contrary, in exercising Landlord's rights under this Paragraph 27, Landlord shall not be entitled to take possession of or withhold Tenant's right to possess Tenant's business records, books, written or printed material, and computers, or to violate the quality control concerning aircraft parts and aircraft records which are located in a clearly marked secured area.

Q. Amendment to Paragraph 28. Paragraph 28 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) Minimum Standards; (iii) the Rules and Regulations; (iv) easements and rights-of way and (v) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises (including, without limitation, the City, the Federal Aviation Administration, and the Texas Department of Transportation), and (vi) any and all grant agreements or assurances regarding the Airport whether now in effect or hereafter agreed to or imposed.

R. Amendment to Paragraph 29. Paragraph 29 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

29. Quiet Enjoyment and Subordination: Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall (subject to all of the terms and conditions of this Lease) peaceably and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon, or to any other matter affecting, the demised premises. 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 now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions 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 so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. 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.

S. Addition of Paragraph 37.1. A new Paragraph 37.1 is hereby inserted and made a part of the Ground Lease to read as follows:

37.1. 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 demised premises and/or to the Airport ("Special Events"). 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 invitees, 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 (and such use for Special Events may preclude Tenant's use of all Airport facilities, except that Tenant will continue to have vehicular (excluding any aircraft) access to the demised premises from roadways outside of the Airport); (ii) releases, waives and discharges Landlord and Manager, and their respective officials, officers, employees and agents, 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 their respective officials, officers, employees and agents (whether in their official or private capacities) 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 Paragraph shall not be affected thereby but shall continue in full force and effect.

T. Amendment to Paragraph 48. Paragraph 48 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"48. Governing Law and Venue; Survivability of Rights and Remedies. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas 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 interpretation, validity and enforcement of this Agreement, and

Landlord and Tenant both irrevocably agree that venue for any disputed concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas. 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.

U. Amendment to Paragraph 49. Paragraph 49 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

49. Entire Agreement and Amendments. This Lease, consisting of the above and foregoing through this Paragraph 49 and Exhibits A through F attached hereto, 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 in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

**Section 2. No Other Amendments.** Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

**Section 3. Applicable Law; Venue.** This Amendment shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this Amendment are performable in Dallas County, Texas. Venue for any action under this Amendment shall be in Dallas County, Texas.

**Section 4. 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 Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 2004


**LANDLORD:**

**TENANT:**

TOWN OF ADDISON, TEXAS

C. C. HANGAR L. P.

By:   
Ron Whitehead, City Manager

By: 

Typed Name: \_\_\_\_\_

ATTEST:

Title: \_\_\_\_\_

By:   
Carmen Moran, City Secretary

STATE OF TEXAS

§

ASSIGNMENT OF GROUND LEASE

COUNTY OF DALLAS

§

§

9/22/04  
This Assignment of Ground Lease (the "Assignment") is entered into and effective as of ~~June 2004~~, at Addison, Texas, by and between Aquila Lease Company (herein referred to as "Assignor") and C. C. Hangar L. P. (herein referred to as "Assignee").

WHEREAS, a Ground Lease was made and entered on September 28, 1983 between the City of Addison, Texas (the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc., as landlord, and Parkway Jet, Inc. as tenant (the "Ground Lease," a true and correct copy of which Ground Lease is attached hereto as Exhibit A), by the terms of which certain real property located at Addison Airport and described in the Ground Lease within the Town of Addison, Texas (the "City") and owned by the City was leased to Parkway Jet, Inc.; and

WHEREAS, the tenant's leasehold interest in the Ground Lease was thereafter conveyed to Franklin First Federal Savings Bank by Substitute Trustee's Deed executed May 7, 1991 and recorded in Volume 91092, Volume 2558, Deed Records, Dallas County, Texas; and

WHEREAS, thereafter by that Assignment of Lease dated May 13, 1993 (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from Franklin First Savings Bank, successor in interest to Parkway Jet, Inc.'s interest in the Ground Lease, as assignor, to Aquila Leasing Company, as assignee; and

WHEREAS, by virtue of such assignments, Assignor is the current Tenant under the Ground Lease; and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

WHEREAS, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any

assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the assignee whereby the assignee agrees to be bound by the terms and provisions of the Ground Lease; and

**WHEREAS**, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound agree as follows:

#### **AGREEMENT**

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit A, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming any part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 (\$450.00) to Landlord.

3. Assignee hereby agrees to and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of tenant under the Ground Lease. Assignee acknowledges and agrees that it assumes and is hereby assuming all obligations, liability and responsibility of Assignor (and Assignor's predecessors in interest to the Ground Lease) in connection with and under the Ground Lease, and agrees to perform the tenant's obligations under the Ground lease. For purposes of notice under the Ground Lease, the address of Assignee is 5400 West Plano Parkway, Suite 200, Plano, Texas 75093.

4. Nothing in this Agreement shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein.

5. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, Landlord may at its own option, collect directly from the Assignee or any other assignee or any subtenant as may be approved by Landlord in writing all rents becoming due under such assignment or sublease and apply such rent against any sums due to Landlord. No such collection by Landlord from any Assignee or

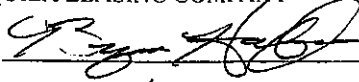
any other approved assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground lease.

6. The above and foregoing premises to this Assignment and statements and representations made herein are true and correct, and Assignor and Assignee both warrant and represent that such premises, statements, and representations are true and correct, and that in giving its consent, Landlord is entitled to rely upon such premises, representations and statements.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

**ASSIGNOR:**


AQUILA LEASING COMPANY

By:   
\_\_\_\_\_  
*Vice*, President  
Byron Holtzman

**ASSIGNEE:**

C. C. HANGAR, L.P.

By: Vigor Properties, Inc. its General Partner

By:   
\_\_\_\_\_  
Howard D. Kollinger, President



ACKNOWLEDGMENT

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this \_\_\_\_ day of \_\_\_\_\_, 2004.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this \_\_\_\_ day of \_\_\_\_\_, 2004.

[SEAL]

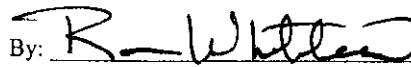
\_\_\_\_\_  
Notary Public, State of Texas

**CONSENT OF LANDLORD**

The Town of Addison, Texas ("Landlord") is the Landlord under the Ground Lease described in the above and foregoing Assignment. In executing this Consent of Landlord, Landlord is relying upon the premises, statements, and representations made in the foregoing Assignment by both Assignor and Assignee, and in reliance upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee, waiving none of its rights under the Ground Lease as to the Assignor or the Assignee.

**LANDLORD:**

**TOWN OF ADDISON, TEXAS**

By: 

Ron Whitehead, City Manager

ASSIGNMENT OF LEASE

THIS AGREEMENT is made this 13<sup>th</sup> day of May, 1993, at Addison, Texas, between Franklin First Savings Bank, successor in interest to Parkway Jet, Inc., hereinafter called "Assignor", and AQUILA LEASING COMPANY, a Texas corporation, hereinafter called "Assignee".

WHEREAS, a lease executed on September 28, 1983, between CITY OF ADDISON and ADDISON AIRPORT OF TEXAS, INC., as the Lessor, and Parkway Jet, Inc. as predecessor of the Assignor as Lessee, by the terms of which certain real property located on the Addison Airport was leased to the Assignor as Lessee upon the terms and conditions provided therein; and

WHEREAS, the Assignor now desires to assign the Lease to Assignee, and the Assignee desires to accept the assignment thereof;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, and the agreement of the Assignee, hereinafter set forth, the Assignor hereby assigns and transfers to the Assignee, its successors and assigns, all of his right, title and interest in and to the lease hereinbefore described, a copy of which is attached hereto as Exhibit "A", and the Assignee hereby agrees to and does accept the assignment, and in addition expressly assumes and agrees to keep, perform and fulfill all the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by the Assignor as the Lessee thereunder, including the making of all payments due to or payable on behalf of the Lessor under said lease when due and payable.

This agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest, and assigns.

EXECUTED the day and year first above written.

ASSIGNOR:

FRANKLIN FIRST SAVINGS BANK

By: Michael J. Johnson  
Michael J. Johnson  
Senior Vice President

ASSIGNEE:

AQUILA LEASING COMPANY  
By: [Signature]  
PRESIDENT, its

CONSENT OF LESSOR

The undersigned is the Lessor in the lease described in the foregoing Assignment and hereby consents to the assignment of the lease to Assignee, waving none of their rights thereunder as to the Lessee or the Assignee.

LESSOR:

ADDISON AIRPORT OF TEXAS, INC.

[Signature]  
President

ACKNOWLEDGEMENT

THE STATE OF ~~TEXAS~~ Pennsylvania )  
COUNTY OF LUZERNE )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Michael J. Johnson, SAVOC Vice President of Peapack Fair Lamp Bank, a Corporation, known to me to be person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN under my hand and seal of office this 11<sup>th</sup> day of May, 1993.

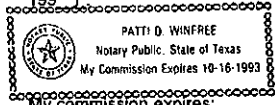
Maryann T. Kwak  
Notary Public - State of Texas

My commission expires: 

THE STATE OF TEXAS )  
COUNTY OF Dallas )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Morris L. Kubny, President of Aquila's Learning Company, Inc. Corporation, known to me to be person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN under my hand and seal of office this 12<sup>th</sup> day of May, 1993.



Patti D. Winfree  
Notary Public - State of Texas

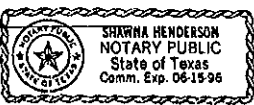
My commission expires: \_\_\_\_\_

THE STATE OF TEXAS )  
COUNTY OF Dallas )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Sam Stuart, President of Addison Airport of Texas, a Texas Corporation, known to me to be person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN under my hand and seal of office this 13<sup>th</sup> day of May, 1993.

Sharna Henderson  
Notary Public - State of Texas

My commission expires: 

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of September 28, 1983, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and PARKWAY JET, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain Instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor at AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of September 1, 1984, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end four hundred eighty (480) months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of EIGHT HUNDRED SIXTY-ONE AND 46/100 per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price Index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

- 1 - Metal hangar 100' x 110' w/20'x100' office with associated aircraft ramps and vehicle parking. Addison Airport must approve construction prints prior to construction. #67

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and 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.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate:**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby such such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. 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 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.

B. 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 obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises 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 become 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 rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

C. All mortgages or deeds of trust created hereby by Tenant mortgaging the leasehold estate of Tenant created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice 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.

D. Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a leasehold mortgage and written notice of 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 mortgage 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.

E. 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 and its successors and assigns 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 or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver 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.

10. **Property Taxes and Assessments:** Tenant shall pay any and all property taxes or assessments levied or assessed on the 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's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

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

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all 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, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs thereof expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. **Alterations, Additions and Improvement.** After completion of the Improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

13. **Insurance.** Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and 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 eighty percent (80%) of the full insurable value of the demised premises. 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, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, 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 \$100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

14. **Casualty Damage or Destruction:**

A. In case of any damage to or destruction of the buildings, structures and equipment on 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 the buildings, structures and equipment on 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 commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

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 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 paragraph 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) shall be applied as follows:

(i) 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 satisfactory to Landlord 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.

(ii) Upon receipt by Landlord of evidence of the character 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', materialmen'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. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

**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, this Lease shall automatically terminate 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, 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 installment due hereunder, as adjusted from time to time pursuant to paragraph 5, 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 actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the 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 A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

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 and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

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 without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

18. **Rules and Regulations.** Landlord has adopted Rules and Regulations (hereinafter referred to as the "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 Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

19. **Signs and Equipment.** After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and 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.

20. **Landlord's Right of Entry.** Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, 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.

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 or for sale.

**21. Indemnity and Exculpation:**

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property 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 dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may 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, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

**22. Default by Tenant.** The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. 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 Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

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

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

23. **Remedies of Landlord.** Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

A. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on demand the amount of all loss and damages which Landlord may suffer by reason of such termination, whether through inability to relet the demised premises on satisfactory terms or otherwise.

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly or on

and from time to time any deficiency that may arise by reason of any such existing in determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of relief shall be subtracted from the amount of rent received under such retelling.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any 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.

24. **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 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 recoupment or entitle Tenant to take any action whatsoever with regard to the demised premises or Landlord until 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. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

(i) Proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding rental installment(s) due by Tenant to Landlord hereunder; or

(ii) Proceed to cure such default and bring suit against Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum.

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.

25. **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 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.

26. **Title to Improvements.** Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

27. **Mechanics' and Materialmen's Liens.** Tenant agrees to indemnify and hold Landlord harmless of and from 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, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 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.

28. **Title.** Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

29. **Quiet Enjoyment and Subordination.** Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peaceably and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the demised premises. Landlord further 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 now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions 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 so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. 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.

30. **Tenant on Net Return Basis.** Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely 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.

31. **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 two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

32. **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.

33. **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.

34. **Attorneys' Fees.** If, on account of any breach or default by Landlord or Tenant of their respective obligations under this Lease, it shall become necessary for the other to employ an attorney to enforce or defend any of such party's rights or remedies hereunder, and should such party prevail, such party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the other party.

35. **Financial Information.** Tenant agrees that Tenant will from time to time upon the written request of Landlord during the term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

36. **Estoppel Certificates.** Tenant agrees that from time to time, upon not less than ten (10) days' prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Landlord is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be



furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this lease.

Landlord agrees that from time to time, upon not less than ten (10) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Tenant is not in default under any term or provision of this Lease or is in default the nature thereof in detail in accordance with an exhibit attached thereto.

37. 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 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.

38. Independent Contractor. It is understood and agreed that in leasing 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.

39. Force Majeure. In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord is so delayed or hindered.

40. 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.

41. 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.

42. Captions. The captions or headings 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.

43. Successors. 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.

44. Severability. If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

45. Notices. Any notice or document required or permitted to be delivered hereunder may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

LANDLORD:

TENANT:

Addison Airport of Texas, Inc.  
P. O. Box 34067  
Dallas, Texas 75234

City of Addison, Texas

P. O. Box 144

Addison, Texas 75001

PARKWAY JET, INC.  
5485-Beltline Rd., Suite 300  
Dallas, Texas 75240  
392-3722

46. 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.

47. 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.

48. Governing Law and Venue. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas.

49. Entire Agreement and Amendments. This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, 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 in behalf of the party against whom enforcement of this change, modification, discharge or abandonment is sought.

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: *Patrick Love*

Its: *Vice President*

CITY OF ADDISON, TEXAS

By: *Berry H. Light*

Its: *Mayor Pro-Tem*

TENANT:

By: *Way B. Hancock, Pres.*

Its: *Secretary*

c

STATE OF TEXAS  
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Robert L. Coore  
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 considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 1st day of November, 19 83

Dorothy L. James  
Notary Public  
Dallas  
County, Texas

STATE OF TEXAS  
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Bruce Adelman  
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 purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 2nd day of Dec., 19 83

Jacque Sharp  
Notary Public  
Dallas  
County, Texas



STATE OF TEXAS  
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Roy B. Blanchard & Todd Cippic  
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 considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 1 day of November, 19 83

Dorothy L. James  
Notary Public  
Dallas  
County, Texas

EASEMENT AGREEMENT

This easement agreement by PARKWAY JET, INC.,  
a Texas corporation \_\_\_\_\_, (Grantor) witnesseth

Whereas, the City of Addison ("City") is the owner of a certain tract of real property in Dallas County, Texas, more particularly described in the attached Exhibit "A" and incorporated into this agreement for all purposes, and

Whereas, Grantor is the leasehold owner of a certain tract of real property located in Dallas County, Texas more particularly described in the attached Exhibit "B", which is incorporated into this agreement for all purposes ("Tract B"); and

Whereas Addison Airport of Texas, Inc. (AATI) leases the real property described in Exhibit "A" pursuant to an agreement titled "Agreement for Operations of the Addison Airport" (the "Base Lease"); and

Whereas, Grantor agrees that proper movement of aircraft, along with vehicle, equipment, and pedestrian traffic related to airport operations, is desirable and in the best interest of the City, AATI, and Grantor; and

Whereas, Grantor, in the interest of proper airport operation, wishes to create a common ramp upon a tract of land within the leasehold owned by it, more particularly described in the attached Exhibit "C" which is incorporated into this agreement for all purposes (referred to hereafter as "Ramp C");

NOW, THEREFORE, Grantor hereby agrees as follows:

ARTICLE I

Grant of Easements and Rights

Grantor, for itself and its successors and assigns, does hereby grant, sell, convey and deliver to the City and to AATI, their successors and assigns, a non-exclusive, perpetual and permanent right-of-way easement, for the purpose of aircraft, vehicular and pedestrian access over and across the Ramp C area and permanent rights of entry upon the Ramp Carea for the purpose of maintaining and repairing the Improvements (hereinafter defined).

ARTICLE II

Improvements

Grantor hereby covenants and agrees to cause to be constructed, at its own expense, surface improvements on the Ramp C area, sufficient to provide a completely operable ramp meeting all standards for ramp construction configuration, and finish imposed by the City and AATI for ramp construction intended for similar use.

ARTICLE III

Maintenance of Improvements

3.01. Grantor hereby covenants and agrees to maintain and repair the ramp improvements located on the Ramp C area at its own expense. Such maintenance and repair shall include, but not be limited to, cleaning, sweeping, ice and snow removal, repair of paving and lighting, restriping of paving, and such other necessary maintenance and repairs, including the necessary safety measures, to the extent necessary to maintain the Improvements on the Ramp C area in a condition substantially equivalent to their condition and usefulness when newly constructed

2.02. Grantor's covenant to improve, repair and maintain the Improvements on the Ramp C Area shall be a covenant running with Tract B and shall be for the benefit of the City and AATI.

ARTICLE IV

Miscellaneous

4.01. Grantor agrees that no aircraft, vehicle or other equipment will be left unattended on the Ramp area, thereby hindering access to and from the Taxiway, other than during periods of normal loading, unloading or refueling.

4.02 Grantor agrees that if it or any future owner of the Ramp C area shall be in default of any of the easements, covenants, agreements, terms or restrictions contained herein, then the City or AATI shall have the right, but shall not be obligated, to cure such default, provided it is a curable default under this Agreement, and provided that such defaulting owner (hereinafter referred to as the "Defaulting Owner"), and any mortgagee having an interest in the Area upon which the default has occurred are notified in writing of such intended cure in the manner provided hereinafter at least ten (10) days prior to the date of effecting any curative action. All expenses and cost incurred by the City or AATI effecting such cure, together with reasonable attorneys' fees and costs for collecting such costs and interest thereon, shall be a demand obligation owing by the Defaulting Owner to the party effecting such cure and such demand obligation shall bear interest at the lesser of eighteen per cent (18%) per annum or the maximum rate then permitted under applicable law. The City, AATI or any mortgagee electing to effect such cure, its directors, officers, employees, agents, servants and workmen shall have the right of entry and ingress and egress upon that portion of the Area upon which such default occurred as is necessary for effecting any such cure. The Defaulting Owner hereby agrees to indemnify and hold harmless any such party so entering upon such Area from all claims, demands, liabilities and judgments arising from any such entry for the purpose of effecting any such cure. Additionally, the City, AATI or mortgagee effecting such cure, in the event that breach of such covenant, agreement or term is not subject to cure as provided herein, shall have the right to institute suit and obtain protective or mandatory injunction to prevent a continuing breach of or to enforce the continued observance by such Defaulting Owner of the covenants, agreements, terms, conditions and restrictions contained herein, and the City or AATI (but not such mortgagee) shall have the right to ordinary damages against such Defaulting Owner occasioned by any such continuing default under this Agreement.

4.03. Grantor covenants and agrees that the servitudes, easements, rights, rights-of-way, privileges, agreements, covenants and restrictions and all other terms hereof shall be binding upon their respective successors and assigns, and all other persons of entities having or hereafter acquiring any right, title or interest in Tract B, and all other persons and entities claiming by, through or under said owners and their respective successors and assigns. In the event any owner or future owner of all or any part of Tract B shall convey either all or any portion of such Tract, such owner so conveying shall automatically be freed and relieved, from and after the date of recording of such conveyance, of all liability for future performance of any covenants, agreements or obligations on the part of such owner which

are required by this Agreement to thereafter be performed with respect to any such Tract or the portion of any such Tract so conveyed, except as herein otherwise specified. It is intended hereby that the agreements and obligations contained in this Agreement shall be binding on such owner only as to that owner's period of ownership or subsequent periods of ownership, though such conveying owner shall remain liable after the date of recording of such conveyance for any obligations arising or incurred prior to such date of recording during such conveying owner's period of ownership.

4.09. A default under this Easement shall constitute and be deemed an event of default under Grantor's Ground Lease covering Tract A.

4.10. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and vice versa, and the words in masculine gender shall include the feminine and neuter genders and vice versa.

4.11. Every provision in this Agreement is intended to be severable. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remaining provisions of this Agreement.

IN WITNESS WHEREOF, Grantor has executed this Agreement as of the date hereinabove set forth.

By   
Ray Blanchard

By   
Todd Coppic

THE STATE OF TEXAS        X  
COUNTY OF DALLAS        X

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Roy Blanchard, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Parkway Jet, Inc., and that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 1st day of November, 1983.

Dorothy L. James  
Notary Public, State of Texas

Dorothy L. JAMES  
(Print Name)

My Commission Expires  
8-13-84

THE STATE OF TEXAS        X  
COUNTY OF DALLAS        X

BEFORE ME, the undersigned authority, a Notary Public in and for said State, on this day personally appeared Todd Coppe, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Parkway Jet, Inc., and that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 1st day of November, 1983.

Dorothy L. James  
Notary Public, State of Texas

Dorothy L. JAMES  
(Print Name)

My Commission Expires  
8-13-84

EXHIBIT C  
DESCRIPTION

BEING a tract of land situated in the William Lomax Survey, Abstract No. 792, Dallas County, Texas, also being located on Addison Municipal Airport, Addison, Texas, and being more particularly described as follows:

COMMENCING at the intersection of the South right-of-way line of Westgrove Road and the West right-of-way line of Addison Road;

THENCE, West along the South right-of-way line of Westgrove Road a distance of 759.59 ft. to a point in the West right-of-way of Claire Chennault (60-ft. ROW);

THENCE, S 0°07'20" E, along the said West right-of-way a distance of 261.58 ft. to a point on a curve to the right; said curve having a central angle of 43°37'02", a radius of 70.0 ft., a chord bearing S 21°41'11" E, 52.01 ft. and an arc length of 53.28 ft.;

THENCE, S 43°29'42" W, along the right-of-way of Claire Chennault a distance of 480.50 ft. to a Point;

THENCE, N 46°50'17" W, a distance of 191.95 ft. to a point;

THENCE, N 43°22'26" E, a distance of 180.00 ft. to a point;

THENCE, N 46°37'34" W, a distance of 40.00 ft. to a Point of Beginning;

THENCE, N 43°22'26" E, a distance of 149.79 ft. to a point;

THENCE, S 89°55'19" W, a distance of 248.02 ft. to a point;

THENCE, S 46°37'34" E, a distance of 180.04 ft. to a point;

THENCE, N 43°22'20" E, a distance of 20.78 ft. to the Point of Beginning, containing 0.352 acres of land more or less

SUBSTITUTE TRUSTEE'S DEED  
(WITH AFFIDAVITS ATTACHED)

	A			
THE STATE OF TEXAS	\$	2200	2	13.00 DEED
	\$			1 05/10/91
COUNTY OF DALLAS	\$			

WHEREAS, by a certain deed of trust dated April 17, 1985, recorded in Volume 85078, Page 4838, Deed of Trust Records, Dallas County, Texas (the "Deed of Trust"), PARKWAY JET, INC., as Grantor, conveyed to Ward Williford, Trustee, certain property described in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Property"), for the purpose of securing and enforcing payment of a certain note, more particularly described in said Deed of Trust of even date therewith, in the original principal sum of \$1,025,000.00 (the "Note"); and

WHEREAS, said Note and Deed of Trust were assigned to Franklin First Federal Savings and Loan Association (now known as Franklin First Federal Savings Bank) by Assignment of Lien dated April 17, 1985, recorded in Volume 85079, Page 3798, Deed Records, Dallas County, Texas; and

WHEREAS, said Note and Deed of Trust were modified by Modification Agreement dated December 18, 1989, recorded in Volume 90011, Page 1952, Deed Records, Dallas County, Texas; and

WHEREAS, FRANKLIN FIRST FEDERAL SAVINGS BANK, the holder of the Note and Deed of Trust, as authorized by and provided in the Deed of Trust, appointed the undersigned to serve as substitute trustee and to enforce the Deed of Trust, the said Parkway Jet, inc. having made default in the payment of the Note when due, and



there being due thereon the principal sum of \$991,396.20 plus interest and attorney's fees as provided in the Note; and

WHEREAS, I, as substitute trustee, did, on May 7, 1991, after having posted and recorded written notice of the time, place and terms of a public sale of the Property, which written notice was posted at the courthouse door of Dallas County, Texas, the county in which the Property is situated, and which said notice was posted for at least twenty-one (21) days preceding the date of sale, sell the Property at public vendue, at the south side of the Government Center (same being the place designated by the County Commissioners) of Dallas County, Texas, to FRANKLIN FIRST FEDERAL SAVINGS BANK being the highest bidder, for the sum of \$710,000.00; and

WHEREAS, from the affidavit attached hereto and made a part hereof, it appears that the holder of the Note served notice of such substitute trustee's sale by certified mail at least twenty-one (21) days preceding the date of sale on each debtor obligated to pay such indebtedness according to the records of the holder of the Note and as required by law; and


WHEREAS, all prerequisites required by law and/or by the Deed of Trust having been duly satisfied by the holder of the Note and by said substitute trustee;

NOW, THEREFORE, in consideration of the premises and of the payment to me of the sum of \$710,000.00 by the said FRANKLIN FIRST FEDERAL SAVINGS BANK, I, as substitute trustee, by virtue of the authority conferred upon me in writing by the holder of the Note,

have granted, sold and conveyed, and by these presents do grant, sell and convey unto the said FRANKLIN FIRST FEDERAL SAVINGS BANK, its successors and assigns, all of the Property situated in Dallas County, Texas, more particularly described in Exhibit "A" attached hereto;

TO HAVE AND TO HOLD the Property, together with the rights, privileges and appurtenances thereto belonging unto the said FRANKLIN FIRST FEDERAL SAVINGS BANK, its successors and assigns, forever; and I, as said substitute trustee, do hereby bind the said Parkway Jet, Inc., its successors and assigns, to warrant and forever defend the said premises unto FRANKLIN FIRST FEDERAL SAVINGS BANK, its successors and assigns forever, against the claim or claims of all persons claiming or to claim the same or any part thereof.

EXECUTED this the 7th day of May, 1991.

  
\_\_\_\_\_  
LAWRENCE FISCHMAN,  
Substitute Trustee

THE STATE OF TEXAS §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on this the 7 day of May, 1991, by LAWRENCE FISCHMAN.

Melanie J. Illig  
Notary Public in and for  
the State of Texas

My Commission Expires:

5/30/92



**AFFIDAVIT OF NOTICE PREPARATION**

I, Lawrence Fischman, Substitute Trustee under the Deed of Trust, certify that on April 16, 1991, I signed a notice of foreclosure sale, which had been prepared in accordance with the requirements of Section 51.002 of the Texas Property Code, and posted and filed the notice. I further certify that on April 16, 1991, I signed and sealed, in an envelope for mailing, notice(s) of the scheduled foreclosure sale (including a copy of the above-described notice of foreclosure sale), with such notice(s) to be sent by certified mail, return receipt requested, to the Grantor at the following address: Parkway Jet, Inc., Attn: Ray B. Blanchard, President, 15600 NE 8th Street, Suite A-3 332, Bellevue, Washington 98008-3917; Parkway Jet, Inc., c/o Mr. Cecil J. Unruh, Cecil Unruh Properties, Inc., P.O. Box 1477, Rockwall, Texas 75087; Parkway Jet, Inc., c/o Mr. Cecil J. Unruh, Cecil Unruh Properties, Inc., 2255 Ridge Road, Rockwall, Texas 75087-5100; Mr. Ray B. Blanchard, 15600 NE 8th Street, Suite A-3 332, Bellevue, Washington 98008-3917; Mr. Todd C. Coppic, c/o Frederick M. Mowrer, Esq., Law Offices of Raymond G. Sanchez, 115 Eighth Street, SW, Post Office Box 1966, Albuquerque, New Mexico 87103, and to each debtor who, according to my records and the records of Beneficiary, is obligated to pay the debt.

LAWRENCE FISCHMAN

SUBSCRIBED AND SWORN, TO BEFORE ME by the said LAWRENCE FISCHMAN, on this the 7 day of May, 1991, to certify which witness my hand and seal of office.

*Melanie J. Illig*  
Notary Public in and for  
the State of Texas

My Commission Expires:

5/30/92



AFTER RECORDATION RETURN TO:

Lawrence Fischman, Esq.  
Seeligson & Steinberg, P.C.  
2200 One Galleria Tower  
13355 Noel Road  
Dallas, Texas 75240

GRANTEE'S ADDRESS:

Franklin First Federal Savings Bank  
44 West Market Street  
Wilkes-Barre, Pennsylvania 18773

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## EXHIBIT "A"

A SUB-LEASEHOLD ESTATE in and to the following described property as created by that certain Lease Agreement by and between the City of Addison, Texas, a municipal corporation, lessor, and Addison Airport of Texas, Inc., a Texas corporation (successor to Addison Airport, Inc.), lessee, for a term and upon the terms, conditions and provisions contained in said Lease as disclosed by instrument recorded in Volume 84158, Page 84; and as created by that certain Sub-Lease, dated 9/28/83, by and between City of Addison, Texas, a municipal corporation and Addison Airport of Texas, Inc., a Texas corporation, as Lessors, and Parkway Jet, Inc., as Lessee, for the term and upon the terms, conditions and provisions contained in said Sub-Lease, filed 8/8/84, and recorded in Volume 84158, Page 84, Deed Records, Dallas County, Texas.

BEING a tract of land situated in WILLIAM LOMAX SURVEY, ABSTRACT NO. 792 in the City of Addison, Dallas County, Texas, and also being situated on Addison Municipal Airport, and being more particularly described as follows:

COMMENCING at the intersection of the South line of Westgrove Road with the West line of Addison Road (60' ROW);

THENCE West, along the South line of Westgrove Road, 759.59' to a point in the West line of Claire Chenault (60' ROW);

THENCE South 00°07'20" East, along the West line of Claire Chenault, 261.58' to the beginning of a curve to the right;

THENCE Southwesterly, along the West line of Claire Chenault and along the curve to the right which has a chord that bears South 21°41'11" West, a central angle of South 43°29'42" West, along the Northwest line of Claire Chenault, 480.50' to the POINT OF BEGINNING, a "+" on concrete for corner;

THENCE South 43°29'42" West, continuing along the Northwest line of Claire Chenault, 22.00' to an iron rod set for corner;

THENCE North 46°50'17" West, 391.95' to an iron rod set for corner;

THENCE North 43°22'26" East, 181.81' to a "+" on concrete for corner;

THENCE North 46°37'34" West, 60.00' to a point in the centerline of Taxiway "F", a "+" on concrete for corner;

THENCE North 89°55'19" East, 248.02' to a "+" on concrete for corner;

THENCE South 43°22'26" West, 149.79' to a "+" on concrete for corner;

THENCE South 46°37'34" East 40.00' to a "+" on concrete for corner;

THENCE South 43°22'26" West, 180.00' to a "+" on concrete for corner;

THENCE South 46°50'17" East, 191.95' to the POINT OF BEGINNING and containing 1.135 acres of land, more or less.

91092 2563

FILED  
91 MAY 10 AM 10:50  
EARL BULLOCK  
COUNTY CLERK  
DALLAS COUNTY

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is hereby and unenforceable under Federal law.  
STATE OF TEXAS COUNTY OF DALLAS  
I hereby certify this instrument was filed on the date and hour named herein by me and was duly recorded in the volume and page of the record records of Dallas County, Texas as designated herein by me.

MAY 10 1991



*Earl Bullock*  
COUNTY CLERK, Dallas County, Texas

AGREEMENT FOR  
OPERATION OF THE ADDISON AIRPORT  
BETWEEN  
THE CITY OF ADDISON, TEXAS  
AND  
ADDISON AIRPORT, INC.

COUNTY OF DALLAS

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

## WITNESSETH:

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas. It being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof, and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

- (i) the land described in Exhibit "1" as the Property and the Improvements thereon owned by the City;
- (ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and
- (iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand (\$800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

## Section 1. Definitions

- (a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;
- (b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.
- (c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely affect the Gross Receipts shall first require the approval of the City.

## Section 2. Representations by City

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

## Section 3. Representations by Company

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

## Section 4. Term of Agreement

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years hereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

## Section 5. Rent

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the Improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

## Section 6. Taxes and Assessments

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment: all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties



Agreement, or which may be a lien upon the Leased Premises. The Company shall pay for the personal property lost or destroyed by the City for the year 1976.

#### Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fueling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fueling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

#### Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

#### Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

#### Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. 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 City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, 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 \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements.

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

#### Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (1) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

#### Section 12. Delivery of Evidence of Insurance

Company shall deliver to the City at the execution and delivery of this Agreement the original or duplicate policies or satisfactory

evidence of insurance or insurance certificate for insurance required in Section 10 hereof. The Company shall, at least ten days prior to the expiration of any such insurance, deliver to the City in the place of expired policies other original policies or other certificates of the insurers endorsed as in above provided in Section 10 hereof evidencing renewal of such insurance.

#### Section 13. Casualty

If any improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the improvements, at its expense in conformity with the requirements of Section 14, in such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

#### Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and improvements or any part thereof, in order to keep and maintain the Leased Premises and improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

#### Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

#### Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

#### Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvements, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

#### Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) the Rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

#### Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

#### Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option provisions, expires and terminates on or before twenty years after the effective date of this Agreement, without the prior written consent of the City.

any such subcontract its estoppel certificate, certifying unto the Subtenant that this Agreement is in full force and effect.

#### Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy of any part thereof.

#### Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgements of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the Improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

#### Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leased Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

#### Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

#### Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

#### Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

#### Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

#### Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

#### Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

#### Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 30 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublease) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(b) The City may terminate this Agreement.

and hereafter to maintain, use, or to exercise performance and observance of any obligations, agreement or covenant of the Company under this Agreement.

**Section 31. No Remedy Exclusive**

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

**Section 32. No Additional Waiver Implied**

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**Section 33. Termination by Company**

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require activity over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

**Section 34. Access and Egress**

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

**Section 35. Company's Right to Remove Property**

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

**Section 36. Termination, Settlement**

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

**Section 37. Settlement**

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

- (i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,
- (ii) until Company has paid all other sums due under this Agreement.

**Section 38. Quiet Enjoyment**

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

**Section 39. No Third Party Beneficiary**

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

**Section 40. Severability**

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

**Section 41. Binding Effect**

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

**Section 42. Governing Law**

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

**Section 43. Venue**

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

**Section 44. Force Majeure**

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

**Section 45. Issuance of Revenue Bonds for Future Improvements**

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

**Section 46. Airport Boundaries**

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

**Section 47. Covenant by Company**

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations, modifications, or removals at the Airport, which will effectively destroy the ability of the Airport to render first-class service to its customers and for the maximization of revenue.

Section 48. Record Keeping

The Company shall maintain its books and records in accordance with accepted accounting practice and shall be available to an authorized representative of the City for consideration records, books and records and annual audit prepared by an independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34067, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

ATTEST:

Joyce H. Stevens  
SECRETARY

CITY OF ADDISON, TEXAS

BY: Jerry Redding

APPROVED AS TO FORM:

Robert L. McCall  
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Bunch  
SECRETARY

BY: [Signature]

## FIELD NOTES

(BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1185.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 19' 04", a radius of 337.18 feet a distance of 407.83 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.28 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2081.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 69° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the west easterly corner of Addison Airport Industrial District;

THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.28 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

HENCE S. 75° 48' 25" W. a distance of 95 feet to a point;  
 HENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;  
 HENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;  
 HENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;  
 HENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;  
 HENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;  
 HENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;  
 HENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;  
 HENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;  
 HENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;  
 HENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;  
 HENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;  
 HENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 5.340 acres of land, more or less, save and except the following 1 acre tract:  
 beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent Northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 55° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;  
 HENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;  
 HENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;  
 HENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;  
 HENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.

This plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.  
 All encumbrances of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977

Date

*W. J. Wischmeyer*  
 W. J. Wischmeyer  
 Registered Professional Engineer

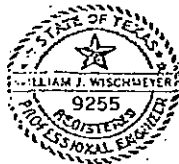


EXHIBIT "A"  
 PROPERTY MAP  
 ADDISON MUNICIPAL AIRPORT  
 ADDISON, TEXAS

Ricwe & Wischmeyer, Inc.

CONSULTING ENGINEERS  
 DALLAS, TEXAS

DECEMBER 1976





Claire Chennault Partners, LLC  
4575 Claire Chennault Drive



## Council Meeting 2023 Updated

10.

**Meeting Date:** 05/23/2023

**Department:** Parks & Recreation

**Pillars:** Excellence in Transportation Systems

**Milestones:** Improve all modes of transportation with infrastructure in an acceptable condition and well maintained

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### **AGENDA CAPTION:**

Consider action on a Resolution supporting a Dallas Area Rapid Transit application to the Texas Department of Transportation's 2023 Transportation Alternatives Set-Aside call for projects.

### **BACKGROUND:**

The Cotton Belt Trail is a part of the Regional Veloweb which is a 1,883-mile network of off-street shared-use paths in north Texas designed for multi-use trip purposes for cyclists, pedestrians and other non-motorized forms of transportation. The Cotton Belt Trail is a part of the Cotton Belt Trail Corridor that will ultimately provide a connection between Plano and Fort Worth. The trail corridor generally follows a portion of the planned TEXRail commuter rail project in Tarrant County as well as the Cotton Belt Silver Line rail corridor in Dallas and Collin counties. Along the way, the corridor links several key destinations and municipalities, such as two planned Transit-Oriented Developments (TOD) in North Richland Hills, Downtown Grapevine, Old Town Coppell, Cypress Waters in Dallas, Downtown Carrollton, Addison planned TOD and the Circle District, CityLine in Richardson, and Downtown Plano.

Since 2018, Dallas Area Rapid Transit (DART) has been working cooperatively with the North Central Texas Council of Governments (NCTCOG) and respective cities along the Silver Line Corridor on a regional partnership to design and construct the Cotton Belt/ Silver Line Rail Trail within the DART owned right of way. DART is coordinating engineering design and construction of the trail through the Federal Transit Administration (FTA), and entering into necessary agreements with FTA to construct the trail with funding awarded for the project. If the application is successful, the TA Set-Aside Program funds requested from TxDOT will be used for construction of portions of the Cotton Belt / Silver Line Rail Trail within the Town of Addison. The program funds require a local match and the Town of Addison will be contributing \$307,469 of local match funds previously committed with funding awards by the NCTCOG Regional Transportation Council. The NCTCOG will coordinate funding for cost overruns, if any, for construction of the trail. Assuming the application is successful, once the Cotton Belt Trail in Addison is constructed, the Town of Addison will be

responsible for maintenance of the Trail.

As a result of these efforts, the design for the Cotton Belt Trail in Addison is fully funded and no additional funding for local matches associated with the higher construction costs is being requested from Addison. Additionally, in September 2022, the Town of Addison applied for TA Set-Aside funding for DART to construct a portion of the Cotton Belt Trail adjacent to the bridge over Midway Road as a critical component of the Cotton Belt trail route through the Town. Staff received correspondence in November 2022 from the NCTCOG that the project was the number one recommended project in Dallas County and The Regional Transportation Council awarded \$12,247,826 to the Town of Addison in December, 2022. The funding is passed directly to DART for construction of the trail once the procurement process is completed.

This project will be funded by federal transportation funds, and one of the most important aspects of a well-scored project is support. Council support by Resolution is not only required, but is also the most important way for our project to be increased to priority status. Applications for the TA Set-Aside funds are due to TxDOT by June 5, 2023.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Resolution - Supporting DART Application Cotton Belt Trail

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**RESOLUTION NO. \_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS SUPPORTING THE DALLAS AREA RAPID TRANSIT APPLICATION TO THE TEXAS DEPARTMENT OF TRANSPORTATION'S 2023 TRANSPORTATION ALTERNATIVES SET-ASIDE CALL FOR PROJECTS.**

**WHEREAS**, the Texas Department of Transportation (TxDOT) issued a call for projects in December 2022 for communities to apply for funding assistance through the Transportation Alternatives Set-Aside Program (the "Program"); and

**WHEREAS**, since 2018, DART has been working cooperatively with the North Central Texas Council of Governments (NCTCOG) and respective cities along the Silver Line Corridor on a regional partnership to design and construct the Cotton Belt / Silver Line Rail Trail (the "Trail") within the DART owned rail right-of way; and

**WHEREAS**, DART is coordinating engineering design and construction of the Trail through the Federal Transit Administration (FTA), and entering into necessary agreements with FTA to construct the Trail with funding awarded for the project; and

**WHEREAS**, The Program funds requested from TxDOT will be used for construction of portions of the Cotton Belt / Silver Line Rail Trail within the Town of Addison, and the Program funds require a local match. The Town of Addison will be contributing \$307,469 of local match funding previously committed with funding awards by the NCTCOG Regional Transportation Council; and

**WHEREAS**, the NCTCOG and DART will coordinate funding for cost overruns, if any for construction of the Trail. Upon completion, the Town of Addison will be responsible for maintenance of the Trail; and

**NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON THAT:**

**SECTION 1.** The City Council hereby authorizes this resolution in support the Dallas Area Rapid Transit Detailed Application of the Texas Department of Transportation 2023 Transportation Alternatives Set-Aside Program Call for Projects which includes funding to construct segments of the Cotton Belt / Silver Line Rail Trail in the Town of Addison.

**SECTION 2.** That this resolution shall take effect immediately from and after its passage.

**DULY RESOLVED AND ADOPTED** by the City Council of the Town of Addison, Texas, on this 23<sup>d</sup> day of MAY 2023.

**TOWN OF ADDISON, TEXAS**

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Bruce Arfsten, Mayor

**ATTEST:**

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Irma G. Parker, City Secretary

## Council Meeting 2023 Updated

11.

**Meeting Date:** 05/23/2023

**Department:** Parks & Recreation

**Pillars:** Optimize the Addison Brand

**Milestones:** Promote and protect the Addison Way

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### **AGENDA CAPTION:**

Present, discuss, and consider action on a Resolution approving a construction services agreement with Dean Electric, Inc. for Vitruvian Park Fitness Court and authorizing the City Manager to execute the agreement in an amount not to exceed \$234,959.

### **BACKGROUND:**

On September 14, 2021, the Council approved a Resolution authorizing the purchase of Outdoor Fitness Court equipment with the intent of installing the equipment at Les Lacs Park. Based on resident input and Council direction, the location of the Outdoor Fitness Court was changed to Vitruvian Park.

The change to a new location necessitated amendments to the professional service agreements for the fitness court slab design and other engineering aspects of the project. The discovery of the unclassified fill at the new site requires the use of helical piers under the fitness court slab in lieu of a traditional slab on grade. The helical piers and other factors associated with the new location will increase the cost of the project.

The Vitruvian Park Fitness Court project was issued for competitive sealed proposal on Periscope March 20, 2023, under Bid Number 23-67. Four proposals were received on April 13, 2023 and the tabulation of those proposals is shown below.

#### **VITRUVIAN PARK FITNESS COURT CONSTRUCTION BID TABULATION**

<b>CONTRACTOR</b>	<b>DEAN ELECTRIC</b>	<b>APR GROUP</b>	<b>FAIN CONSTRUCTION</b>	<b>NORTH ROCK CONSTRUCTION</b>
BASE BID	\$234,959	\$239,953	\$258,760	\$309,632
CONSTRUCTION DAYS (CAL)	65 DAYS	52 DAYS	120 DAYS	60 DAYS

Staff scored the proposals using information supplied by the contractors. The evaluation criteria and results are shown in the table that follows:

**VITRUVIAN FITNESS COURT CONSTRUCTION CONTRACTOR EVALUATION**

<b>CONTRACTOR</b>	<b>DEAN ELECTRIC</b>	<b>APR GROUP</b>	<b>FAIN CONSTRUCTION</b>	<b>NORTH ROCK CONSTRUCTION</b>
Proposed Contract Price (50 points maximum)	50	48.94	44.94	34.11
Previous Experience with Similar Projects (25 points maximum)	25	25	25	25
Proposed Construction Schedule (10 points maximum)	10	8	7	10
Proposed Construction Days (15 points maximum)	14	13	12	15
<b>Total Score</b>	99.00	94.94	88.94	84.11

Staff deemed the offer from Dean Electric to represent the best value. They have also performed exceptionally well on two previous projects for Town staff.

The additional services required for the Vitruvian Park location have exhausted the available bond funds to construct the fitness court slab. Staff recommends this project be funded by an end-of-year budget amendment from Self-Funded Project Funds.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Presentation- Vitruvian Sport Court  
Resolution - Agreement Dean Electric

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**Vitruvian Park Fitness  
Court Slab  
Contractor Services  
Agreement**

**ADDISON**



# Background

- September 14, 2021- Council approved a resolution confirming the Town's intent to participate in the 2021 National Fitness Campaign (NFC) Grant Program for \$25,000 toward purchase of fitness equipment.
- September 14, 2021- Council approved a resolution to approve a purchase of Outdoor Fitness Court equipment from NFC for \$124,265. The equipment has been purchased and is now stored in a container on site.
- March 8, 2022- Council recommended that staff move the NFC fitness court to Vitruvian Park.
- May 13, 2022- Staff awarded a Professional Services amendment to Parkhill to design the fitness court slab at the new location in Vitruvian Park. This also required a new site survey that identified the location of the flood plain and floodway along with a geotechnical report.
- June, 2022- The design process brought discovery of several considerable site constraints that had to be overcome over the course of the following several months.

# Project Location

ADDISON



# Background

ADDISON

## National Fitness Campaign Outdoor Fitness Court



# Contractor Services Agreement

- Competitive Sealed Proposals were received from 4 contractors on April 13, 2022.
- Based on qualifications presented by the four contractors, staff deemed that the offer from Dean Electric, Inc. represented the best value to the Town of Addison based on the published evaluation criteria.
- Dean Electric, Inc. has successfully performed numerous projects for Town staff members.
- Administration recommends approval of contract award to Dean Electric, Inc. for \$234,959.
- The additional services required for the new location at Vitruvian Park have exhausted the available bond funds to construct the fitness court slab. Staff recommends this project be funded by an end-of-year budget amendment from self-funded project funds.

# Questions?

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING AN AGREEMENT WITH DEAN ELECTRIC, INC. FOR THE VITRUVIAN PARK FITNESS COURT PROJECT IN AN AMOUNT NOT TO EXCEED \$234,959.00; AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council desires to authorize an agreement with Dean Electric, Inc. for the Vitruvian Park Fitness Court Project in conformance with the project documents for City Bid No. 23-67.

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

**SECTION 1.** The City Council hereby approves the contract agreement between the Town of Addison and Dean Electric, Inc. for the Vitruvian Park Fitness Court Project in conformance with the project documents identified in the agenda memorandum for this Resolution, in an amount not-to-exceed of \$234,959.00, a copy of which is attached to this Resolution as **Exhibit A**. The City Manager is hereby authorized to execute the agreement.

**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 23<sup>rd</sup> day of MAY, 2023.

**TOWN OF ADDISON, TEXAS**

\_\_\_\_\_  
Bruce Arfsten, Mayor

**ATTEST:**

\_\_\_\_\_  
Irma Parker, City Secretary

**CONSTRUCTION SERVICES AGREEMENT**  
**VITRUVIAN PARK FITNESS COURT PROJECT**  
(Bid #23-67)

This CONSTRUCTION SERVICES AGREEMENT (“Agreement”) is made as of the Effective Date by and between **Dean Electric, Inc.**, a Texas Corporation, hereinafter called “Contractor”, and the **Town of Addison, Texas**, hereinafter called “City”.

**RECITALS**

**WHEREAS**, City desires Contractor to perform certain work and services set forth in Section 1, below; and

**WHEREAS**, Contractor has expressed a willingness to perform said work and services, hereinafter referred to only as “services”, specified in the Contract Documents and Section 1 of this Agreement.

**NOW, THEREFORE**, for and in consideration of the covenants and promises made one to the other herein, City and Contractor agree as follows:

**Section 1.     Scope of Services**

Upon issuance of a written notice to proceed by City, Contractor agrees to provide to City the necessary services, labor, materials, equipment, and supplies to perform the Vitruvian Park Fitness Court Project (the “Project”), such services being more fully described herein and pursuant to the plans and specifications identified in the Contract Documents (defined below).

**Section 2.     Term of Agreement**

The term of this Agreement shall begin on the last date of execution hereof (the “Effective Date”) and shall continue until Contractor completes the services required herein to the satisfaction of City and has been paid in full by City, unless sooner terminated in conformance with this Agreement.

**Section 3.     Contract Documents**

- (a) This Agreement is a part of the “Contract Documents”, which include:
- (1) This Agreement, including all exhibits and addenda hereto;
  - (2) City’s plans, specifications, and all other contract documents for the Project contained in City’s Bid #23-67;
  - (3) City’s written notice(s) to proceed to the Contractor;
  - (4) Properly authorized change orders;
  - (5) Contractor’s Bid Proposal (“Proposal” and/or “Response”); and
  - (6) Any other materials distributed by the City that relate to the Project.

In the event there exists a conflict between any term, provision, and/or interpretation of the Contract Documents, the documents shall take precedent and control in the order listed above in this section (which shall supersede any conflicting provision concerning priority of contract documents contained in the Bid Packet). If discrepancies are found that may impact Contractor’s performance of the services for the Project, it shall be the Contractor’s obligation to seek clarification as to which requirements or provisions control before undertaking any work on that component of the Project. Should the Contractor fail or refuse to seek a clarification of such conflicting or inconsistent requirements or provisions prior to any work on that component of the Project, the Contractor shall be solely responsible for the costs and expenses - including additional time - necessary to cure, repair and/or correct that component of the Project.

#### **Section 4. Contractor Obligations**

(a) Performance of Services. To the extent reasonably necessary for Contractor to perform the services under this Agreement, Contractor shall be authorized to engage the services of any agents, assistants, persons, or corporations that Contractor may deem proper to aid or assist in the performance of the services under this Agreement with the prior written approval of City. The cost of such personnel and assistance shall be a reimbursable expense to Contractor only if authorized in writing in advance by City. Unless otherwise agreed, Contractor shall provide and pay for all materials, supplies, machinery, equipment, tools, superintendence, labor, insurance, and all water, light, power, fuel, transportation and all other facilities necessary for the execution and completion of the Project.

(b) Quality Materials. Contractor shall be responsible for the professional quality, technical accuracy, and the coordination of all materials, construction, installation and other services furnished by Contractor under this Agreement. Unless otherwise specified in writing by City, all materials shall be new and both workmanship and materials shall be of a good quality. Contractor shall, if required, furnish satisfactory evidence as to the kind and quality of materials. Materials or work described in the Contract Documents that, so applied, have well known, technical or trade meaning shall be held to refer to such recognized standards. Contractor shall, without additional compensation, correct or revise any errors or deficiencies in the installation and construction of the Project components to conform as shown in the Project drawings and specifications.

(c) Additional Services. All minor details of the work not specifically mentioned in the Contract Documents but obviously necessary for the proper completion of the work, such as the proper connection of new work to old, shall be considered as incidental to and a part of the work for which the prices are set forth in this Agreement. Contractor will not be entitled to any additional compensation therefor unless specifically stated otherwise. Should City require additional services not included under this Agreement, Contractor shall make reasonable effort to provide such additional services at mutually agreed charges or rates, and within the time schedule prescribed by City, and without decreasing the effectiveness of the performance of services required under this Agreement. The terms "extra work" and "additional services" as used in this Agreement shall be understood to mean and include all work that may be required by City to be done by Contractor to accomplish any alteration or addition to the work as shown on the Project plans and drawings. It is agreed that Contractor shall perform all extra work under the direction of the City's representative when presented with a written work/change order signed by the City's representative, subject, however, to the right of Contractor to require written confirmation of such extra work order by City. No claims for extra services, additional services or changes in the services whatsoever, including any change in pricing or time for performance related to the services will be made by Contractor without first obtaining the City's written agreement and approval of a work/change order reflecting the same.

(d) Independent Contractor. It is understood and agreed by and between the parties that Contractor, while performing under this Agreement, is acting independently, and that City assumes no responsibility or liabilities to any third party in connection with Contractor's acts or omissions. All services to be performed by Contractor pursuant to this Agreement shall be in the capacity of an independent contractor, and not as an agent or employee of City. Contractor shall supervise the performance of its services and shall be entitled to control the manner and means by which its services are to be performed, subject to the terms of this Agreement. There is no intended third-party beneficiary to this Agreement.

(e) Inspection of Records. Contractor grants City and its designees the right to audit, examine, or inspect, at City's election, all of Contractor's Records relating to the performance of services under this Agreement, during the term of the Agreement and any retention period herein. City's audit, examination, or inspection of Contractor's Records may be performed by a City designee, which may include its internal auditors or an outside representative engaged by City. Contractor agrees to retain Contractor's Records for



a minimum of four (4) years following termination of the Agreement, unless there is an ongoing dispute under the contract; then, such retention period shall extend until final resolution of the dispute. "Contractor's Records" shall include any and all information, materials and data of every kind and character generated as a result of the services under this Agreement. City agrees that it will exercise its right to audit, examine or inspect Contractor's Records only during regular business hours unless City has provided advance written notice of an alternate time. Contractor agrees to allow City and its designees access to all of Contractor's Records, Contractor's facilities and the current or former employees of Contractor, deemed necessary by City or its designee(s), to perform such audit, inspection, or examination.

(f) Certification of No Conflicts. Contractor hereby warrants to the City that Contractor has made full disclosure in writing of any existing or potential conflicts of interest related to Contractor's services under this Agreement. In the event that any conflicts of interest arise after the Effective Date of this Agreement, Contractor hereby agrees immediately to make full disclosure to the City in writing.

(g) No Waiver of City's Rights. Neither City's review, approval or acceptance of, nor payment for any of the materials or services required under this Agreement, 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, and Contractor shall be and remain liable to City in accordance with applicable law for all damages to City caused by Contractor's negligent performance of any of the services furnished under this Agreement.

(h) Rights-of-Access. City will endeavor to provide such rights of access on any project site as may be reasonably necessary for Contractor to perform any required preliminary site studies, surveys, tests, or other necessary investigations prior to mobilization for the Project. Contractor will take all necessary and reasonable precautions to minimize damage to all personal and real property in the performance of such surveys, tests, studies and investigations.

(i) Compliance with Laws. Contractor shall comply with all laws, ordinances, rules, policies, orders, directives, and other regulations governing Contractor's performance of this Agreement.

## **Section 5. Payment**

(a) Compensation. City agrees to pay Contractor for all services authorized in writing and properly performed by Contractor in a total amount not to exceed TWO HUNDRED AND THIRTY-FOUR THOUSAND, NINE HUNDRED AND FIFTY-NINE DOLLARS (\$234,959.00) ("Contract Price"), subject to additions or deletions for change orders and/or extra work agreed upon in writing.

(b) Method of Payment. Unless otherwise agreed by the parties in writing, payment to Contractor shall be monthly based on a monthly progress report and detailed monthly itemized statement for services submitted by Contractor that shows the names of the Contractor's employees, agents, or subcontractors performing the services, the time worked, the actual services performed, and the rates charged for such services, in a form acceptable to City. City shall pay such monthly statements within thirty (30) days after receipt of a completed submission and City's verification of the services performed.

(c) Deductions; Withholding. City may deduct from any amounts due or to become due to Contractor any sum or sums owing by Contractor to City. In the event of any breach by Contractor of any provision or obligation of this Agreement, or in the event of the assertion by any third-party of a claim or lien against City, or the City's premises, arising out of Contractor's performance under this Agreement, City shall have the right to retain out of any payments due or to become due to Contractor an amount sufficient to completely protect the City from any and all loss, damage or expense therefrom, until the breach, claim, or lien has been satisfactorily remedied by Contractor. Additionally, City may, on account of subsequently discovered evidence, withhold the whole or part of any payment to such extent as may be necessary to protect itself from loss on account of:

- (1) defective work not remedied;
- (2) claims filed or reasonable evidence indicating possible filing of claims;
- (3) failure of Contractor to make payments promptly to subcontractors or for material or labor which City may pay as an agent for the Contractor; or
- (4) damages to another contractor or subcontractor.

When the above grounds are removed, or Contractor provides a letter of credit, or similar guaranty satisfactory to City (to be determined in City's sole discretion) which will protect City in the amount withheld because of said grounds, City will release the amounts withheld.

## **Section 6. Performance Schedule**

(a) Time for Performance. Contractor shall perform all services as provided for under this Agreement in a proper, efficient, timely, and professional manner in accordance with City's requirements. The time for performance under this Agreement is sixty-five (65) calendar days. Accordingly, Contractor shall complete all work related to the Project on or before sixty-five (65) calendar days following the date of City's written notice to proceed to Contractor.

(b) Extensions; Written Request Required. No allowance of any extension of time, for any cause whatever (including an event of Force Majeure), shall be claimed by or granted to Contractor, unless (i) Contractor shall have made written request to City for such extension within forty-eight (48) hours after the cause for such extension occurred, and (ii) City and Contractor have agreed in writing that such additional time shall be granted. As used in this section, the term "Force Majeure" shall mean that Contractor's performance of the services under this Agreement is prevented or delayed, in whole or in part, to such an extent that Contractor would not be able to complete the services (or any partial component thereof) within the time for performance set forth herein by reason of or through work strikes, stoppage of labor, riot, fire, flood, acts of war, insurrection, court judgment, act of God, pandemic, or other specific cause reasonably beyond Contractor's control and not attributable to its malfeasance, neglect or nonfeasance. Should Contractor timely request an extension of time due to an event of force majeure under this section, City and Contractor may agree in writing to suspended Contractor's performance until such disability to perform (other than a payment obligation) is removed; provided, that Contractor shall use commercially reasonable efforts to remove any such causes and resume performance of the services under this Agreement as soon as reasonably practicable.

(c) Costs of Delay. Contractor understands and agrees that time is of the essence of this contract, and that for each day of delay beyond the number of calendar days agreed upon for the completion of the work herein specified and contracted for (after due allowance for such extension of time as may otherwise be provided for extension of time herein), the Owner may withhold permanently from the Contract Price an amount equal to \$250.00 per day, which the parties agree represents a reasonable estimation of the actual costs that would be incurred by the City in the event of such delay. In the event Contractor's performance under this Agreement is delayed or interfered with, regardless of reason, Contractor shall not be entitled to any increase in fee or price, or to damages or additional compensation as a consequence of such delays.

## **Section 7. Ownership of Project; Bill of Sale; No Liens**

(a) Title of Ownership. Contractor warrants that title to all services, including all equipment and materials incorporated into the Project, will pass to City no later than the time of final payment. Contractor further warrants that upon payment by City, all services for which payments have been received from City shall be free and clear of liens, claims, security interests or other encumbrances in favor of Contractor or any other person or entity whatsoever.

(b) Assignment; Bill of Sale. Contractor agrees, no later than the time of completion of the Project, to assign to City all manufacturer's warranties relating to equipment, materials and labor used in the Project and further agrees it will at all times perform the services in a manner that will, to the greatest extent possible, preserve all manufacturer's warranties. If necessary as a matter of law, Contractor may retain the right to enforce directly any such manufacturers' warranties during the one year period following the date of acceptance of the Project by City; provided, that City's rights related to the same shall not be subordinate to Contractor's enforcement rights.

CONTRACTOR AGREES TO INDEMNIFY, DEFEND, AND SAVE CITY HARMLESS FROM ALL CLAIMS RELATED TO ANY DEMANDS OF SUBCONTRACTORS, LABORERS, WORKMEN, MECHANICS, MATERIALMEN, AND SUPPLIERS OF MACHINERY AND PARTS THEREOF, EQUIPMENT, POWER TOOLS, ALL SUPPLIES ARISING OUT OF THE PERFORMANCE OF THIS AGREEMENT. CONTRACTOR SHALL FURNISH SATISFACTORY EVIDENCE THAT ALL OBLIGATIONS DESCRIBED HEREIN HAVE BEEN PAID, DISCHARGED OR WAIVED UPON CITY'S WRITTEN REQUEST.

### **Section 8. Default; Termination; Abandonment**

(a) Default by Contractor. Should Contractor fail to comply with any term or condition this Agreement applicable to Contractor, or become disabled and unable to comply with any provisions of this Agreement related to the quality or character of the services or time of performance, Contractor shall be deemed in default of this Agreement. If such default is not corrected within ten (10) days after written notice by City to Contractor, City may, at its sole discretion and without prejudice to any other right or remedy:

- (1) terminate this Agreement and be relieved of any further payment or consideration to Contractor except for all services determined by City to be satisfactorily completed prior to such termination. Payment for work satisfactorily completed shall be for actual costs incurred and non-refundable, including reasonable salaries and travel expenses of Contractor to and from meetings called by City at which Contractor is required to attend, but shall not include any loss of profit of Contractor. City may further proceed to complete the services in any manner deemed proper by City, either by the use of its own forces or by resubletting to others; or
- (2) 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 Contractor's sole expense.

(b) Suspension or Termination by City. City may suspend or terminate this Agreement for cause or without cause at any time by giving written notice to Contractor. In the event suspension or termination is without cause, payment to Contractor, in accordance with the terms of this Agreement, will be made based on services reasonably determined by City to be satisfactorily performed as of the date of suspension or termination. Such payment will become payable upon delivery of all instruments of service to City and City's acceptance of the same. If City requires a modification of the services under this Agreement, and in the event City and Contractor fail to agree upon such modification(s), City shall have the option of terminating this Agreement and Contractor's services hereunder at no additional cost other than the payment to Contractor in accordance with the terms of this Agreement for the services reasonably determined by City to be properly performed prior to such termination date.

(c) Abandonment. If Contractor should abandon and fail or refuse to resume work within ten (10) days after written notification from the City, or if Contractor fails to timely comply with the orders of the City, when such orders are consistent with the Contract Documents, then, and in that case, where a performance bond(s) exists, the surety on the bond(s) may be notified in writing by City and directed to complete the

work (at City's sole discretion), and a copy of said notice shall be delivered to Contractor. After receiving said notice of abandonment, Contractor shall not remove from the work any machinery, equipment, tools, materials or supplies then on the job, but the same, together with any materials and equipment under contract for the work, may be held for use on the work by the City or the surety on the performance bond, or another Contractor in completion of the work; and Contractor shall not 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 work and be reflected in the final settlement. 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 work 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 Contractor, which shall be deducted and paid by City out of such amounts as may be due, or that may thereafter at any time become due to the Contractor 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 (ies) 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 work 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 would have been the cost under this Agreement, such increase shall be charged to the Contractor and its surety (ies) 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.

(d) 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 herein above.

## **Section 9.     Insurance**

Contractor shall during the term hereof maintain in full force and effect all policies of insurance reasonably required by City and in compliance with the Contract Documents. Contractor's obligation to provide acceptable certificates of insurance is a material condition of this Agreement, and services under this Agreement shall not commence until certificates of insurance have been received, reviewed, and accepted by City. The minimum coverages and limits of liability for the policies of insurance required under this Agreement are maintained by and accessible through the City's purchasing department.

## **Section 10.    Indemnification**

(a) Release of liability. CITY SHALL NOT BE LIABLE FOR ANY LOSS, DAMAGE, OR INJURY OF ANY KIND OR CHARACTER TO ANY PERSON OR PROPERTY ARISING FROM THE SERVICES OF CONTRACTOR PURSUANT TO THIS AGREEMENT. CONTRACTOR HEREBY WAIVES ALL CLAIMS AGAINST CITY, ITS OFFICERS, AGENTS AND EMPLOYEES (COLLECTIVELY REFERRED TO IN THIS SECTION AS "CITY") FOR DAMAGE TO ANY PROPERTY OR INJURY TO, OR DEATH OF, ANY PERSON ARISING AT ANY TIME AND FROM

ANY CAUSE OTHER THAN THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CITY OR BREACH OF CITY'S OBLIGATIONS HEREUNDER.

(b) Contractor's Indemnity Obligation. CONTRACTOR AGREES TO INDEMNIFY AND SAVE HARMLESS CITY FROM AND AGAINST ANY AND ALL LIABILITIES, DAMAGES, CLAIMS, SUITS, COSTS (INCLUDING COURT COSTS, REASONABLE ATTORNEYS' FEES AND COSTS OF INVESTIGATION) AND ACTIONS OF ANY KIND BY REASON OF INJURY TO OR DEATH OF ANY PERSON OR DAMAGE TO OR LOSS OF PROPERTY TO THE EXTENT CAUSED BY CONTRACTOR'S PERFORMANCE OF SERVICES UNDER THIS AGREEMENT OR BY REASON OF ANY NEGLIGENT ACT OR OMISSION ON THE PART OF CONTRACTOR, ITS OFFICERS, DIRECTORS, SERVANTS, EMPLOYEES, REPRESENTATIVES, CONSULTANTS, LICENSEES, SUCCESSORS OR PERMITTED ASSIGNS (EXCEPT WHEN SUCH LIABILITY, CLAIMS, SUITS, COSTS, INJURIES, DEATHS OR DAMAGES ARISE, IN WHOLE OR IN PART, FROM OR ARE ATTRIBUTED TO THE GROSS NEGLIGENCE OF CITY, IN WHICH CASE CONTRACTOR SHALL INDEMNIFY CITY ONLY TO THE EXTENT OR PROPORTION OF NEGLIGENCE ATTRIBUTED TO CONTRACTOR AND/OR ITS OFFICERS, DIRECTORS, SERVANTS, EMPLOYEES, REPRESENTATIVES, CONSULTANTS, LICENSEES, SUCCESSORS OR PERMITTED ASSIGNS AS DETERMINED BY A COURT OR OTHER FORUM OF COMPETENT JURISDICTION).

(c) Notice of Claim(s). Contractor shall promptly advise City in writing of any claim or demand against the City, related to or arising out of Contractor's acts or omissions under this Agreement and shall see to the investigation and defense of such claims or demand at Contractor's sole cost and expense; provided, that City, at its option and at its own expense, may participate in such defense without relieving Contractor of any of its obligations hereunder.

CONTRACTOR'S OBLIGATIONS UNDER THIS SECTION SHALL NOT BE LIMITED TO THE LIMITS OF COVERAGE OF INSURANCE MAINTAINED OR REQUIRED TO BE MAINTAINED BY CONTRACTOR UNDER THIS AGREEMENT. THE PROVISIONS OF THIS SECTION 11 SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

#### **Section 11. Notice**

All notices required by this Agreement shall be in writing and addressed to the parties at the addresses set forth on the signature page(s) of this Agreement (or to such other address that may be designated by the receiving party from time to time in accordance with this section). All notices shall be delivered by (a) personal delivery, (b) certified or registered mail (in each case, return receipt requested, postage prepaid), (c) nationally recognized overnight courier (with all fees pre-paid), or (d) email of a pdf document containing the required notice. Such notice or document shall be deemed to be delivered or given, whether actually received or not, (i) when received if delivered or given in person, (ii) if sent by United States mail, three (3) business days after being deposited in the United States mail as set forth above, (iii) on the next business day after the day the notice or document is provided to a nationally recognized carrier to be delivered as set forth above, or (iv) 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.

#### **Section 12. Sales and Use Taxes**

Contractor understands and acknowledges that City is a governmental entity and exempt from the payment of sales and use taxes for certain materials and equipment conveyed to City as part of this Project or otherwise incorporated into the Project. City agrees to provide Contractor such documentation as may

otherwise be required by state law to allow Contractor to avoid payment of sales and uses taxes for materials and equipment with respect to the Project to the extent allowed by law.

**Section 13. Texas Government Code Verifications**

(a) Contractor’s execution of this Agreement shall serve as its acknowledgement and written verification that:

(1) the requirements of Subchapter J, Chapter 552, Government Code, apply to this Agreement and Contractor agrees that the Agreement can be terminated if Contractor knowingly or intentionally fails to comply with a requirement of that subchapter;

(2) pursuant to Texas Government Code Chapter 2270, that Contractor’s organization does not presently boycott Israel and will not boycott Israel during the term of this Agreement; and

(3) pursuant to Texas Government Code Chapter 2251, that Contractor’s organization does not current discriminate against firearm and ammunition industries and will not for the term of the contract. Discriminating means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with the firearm or ammunition industry or with a person or entity doing business in the firearm or ammunition industry, but does not include an action made for ordinary business purposes.

**Section 14. Miscellaneous**

(a) Contractor shall not assign or sublet this Agreement, in whole or in part, without the prior written consent of City. (b) Contractor shall comply with all federal, state, county and municipal laws, ordinances, resolutions, regulations, rules, policies, orders, and directives applicable to the services under this Agreement. (c) The laws of the State of Texas shall govern this Agreement; and venue for any action concerning this Agreement shall be in the state district courts of Dallas County, Texas. The parties agree to submit to the personal and subject matter jurisdiction of said courts. (d) This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and there are no oral understandings, statements or stipulations bearing upon the meaning or effect of this Agreement which have not been incorporated herein. (e) The exhibits attached hereto, if any, are incorporated herein and made a part hereof for all purposes. (f) Unless expressly provided otherwise herein, this Agreement may only be modified, amended, supplemented or waived by a mutual written agreement of the parties. (g) In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it. (h) Any of the representations and obligations of the parties, as well as any rights and benefits of the parties pertaining to a period of time following the termination of this Agreement shall survive termination. (i) This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of any number of copies hereof each signed by less than all, but together signed by all of the parties. (j) Each party represents that it has full capacity and authority to grant all rights and assume all obligations granted and assumed under this Agreement. (k) Subject to the provisions regarding assignment, this Agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, legal representatives, successors and assigns.

[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:

For Contractor:

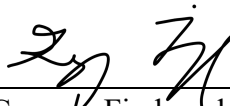
TOWN OF ADDISION, TEXAS

DEAN ELECTRIC, INC.

By: \_\_\_\_\_

David Gaines  
City Manager

By: \_\_\_\_\_

  
Gregory Firebaugh  
President

Date: \_\_\_\_\_

Date: 4/28/2023

Notice Address:

Town of Addison  
Attn: City Manager  
P.O. Box 9010  
Town of Addison, Texas 75001  
E: dgaines@addisontx.gov

Notice Address:

Dean Electric, Inc.  
Attn: Gregory Firebaugh, President  
701 Hall St  
Cedar Hill, Texas 75104  
E: greg@dean-construction.com

Addison Contract ID:  
CSA\_JLP\_May 23, 2023\_v1.20220628

## Council Meeting 2023 Updated

12.

**Meeting Date:** 05/23/2023

**Department:** Airport

**Pillars:** Excellence in Transportation Systems

**Milestones:** Leverage the new Customs facility to promote international travel use of the Airport  
Leverage the use of the Airport to maximize business growth and expansion

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### **AGENDA CAPTION:**

Present, discuss, and consider action on a Resolution approving the Early Termination of Ground Lease #0200-3504 between the Town of Addison and RR Investments, Inc. (d/b/a Million Air Dallas), located at 4550 Jimmy Doolittle Drive on the condition and subject to Council approving a replacement Ground Lease; and, authorizing the City Manager to execute all necessary documents.

### **BACKGROUND:**

In June 2021, Addison Airport advertised a Request for Qualifications (RFQ) #21-77 for the redevelopment opportunity of the 1.8-acre unimproved parcel of airport land adjacent to the US Customs / Airport Administration offices. There was not enough interest to lead to further negotiations. In 2022, the airport reposted the 1.8-acre site's availability and received three favorable responses, including one from RR Investments, Inc. (RRI). RRI has been a tenant of good standing at Addison Airport since the early 1980s while doing business as Million Air Dallas.

Around the same time, RRI was the successful bidder and acquired the ground leasehold interests at 4550 Jimmy Doolittle Drive. This is a 2.25-acre parcel of airport land and improvements that is adjacent to the 1.8-acre unimproved parcel. The Town consented to this sale and assignment of leasehold interests in September 2022.

In part because of RRI's acquisition of the 4550 Jimmy Doolittle property, RRI became the preferred prospect to develop the 1.8-acre parcel next door. In October 2022, the Town entered a Letter of Intent with RRI to exclusively negotiate a new ground lease agreement to replace and supersede the underlying ground lease for 4550 Jimmy Doolittle. The new agreement would, among other things, include the above-described 1.8-acre unimproved vacant parcel of airport land and allow RRI to expand their commercial aeronautical facilities with the intent of enhancing their international operations.



RRI is requesting the Council approve this new ground lease agreement to include both properties so RRI can construct heavy aircraft apron to support their FBO operations and potentially to build a private international terminal building next to the US Customs offices.

Salient terms and conditions of the proposed ground lease and early termination agreement are discussed in the presentation.

Assuming RRI exercises their option for term extension, the estimated overall valuation of the proposed ground lease arrangement today is \$6,825,000 when considering RRI's minimum capital investment of \$5,500,000 plus the net present value (NPV) of the projected annual rentals over the term of \$1,325,000 when discounted at 10%.

**RR Investments, Inc. 4550-4553 Jimmy Doolittle Dr.**

Airport Land Area (acres)	4.05
Annual Ground Rental (Stabilized)	\$132,875
Projected Cashflow Over Term (rd)	\$6,827,000
Net Present Value (Disc. @ 10%) (rd)	\$1,325,000
Tenant Minimum Capital Investment	\$5,500,000
Overall Projected Valuation (rd)	\$6,825,000

The proposed ground lease arrangement with RRI:

- Achieves the Town's Strategic Pillars and Milestones
- Is consistent with the 2013 Airport Strategic Plan and 2014 Airport Master Plan
- Enhances the Airport's annual revenue
- Increases the overall value of the Airport and community

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Presentation  
Resolution  
Location Map

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# **Addison Airport Proposed Ground Lease**

**RR Investments, Inc.**



**ADDISON**

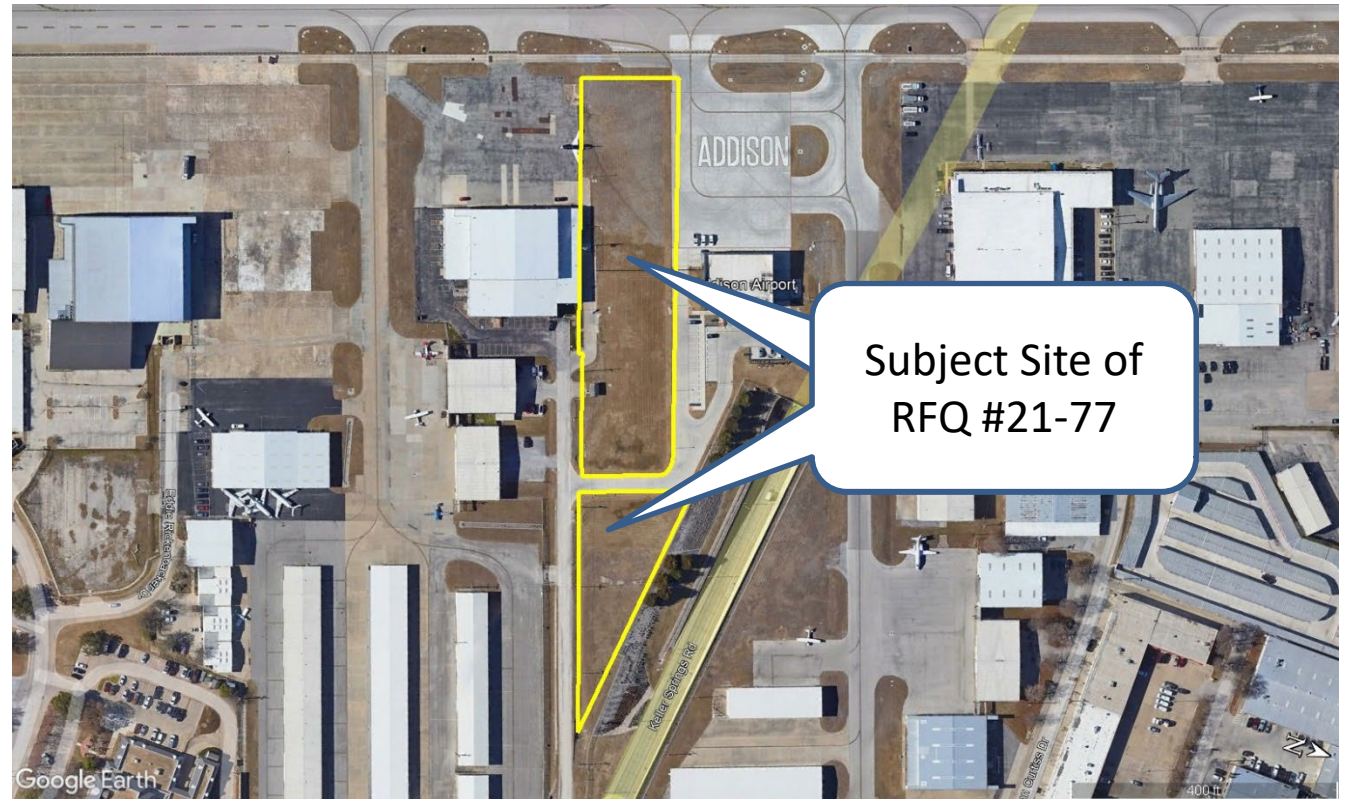
# For the City Council's Consideration and Action

- ✈ Proposed ground lease with RR Investments, inc. (D.B.A. Million Air – Dallas) to include existing 2.25-acre executive jet hangar facility and adjacent 1.8-acre unimproved parcel.
- ✈ Subject to and on the condition the Town agrees to early terminate an existing ground lease affecting the 2.25-acre improved parcel.
- ✈ Authorize the city manager to execute on behalf of the Town:
  - Early Termination of Ground Lease Agreement
  - New Ground Lease Agreement

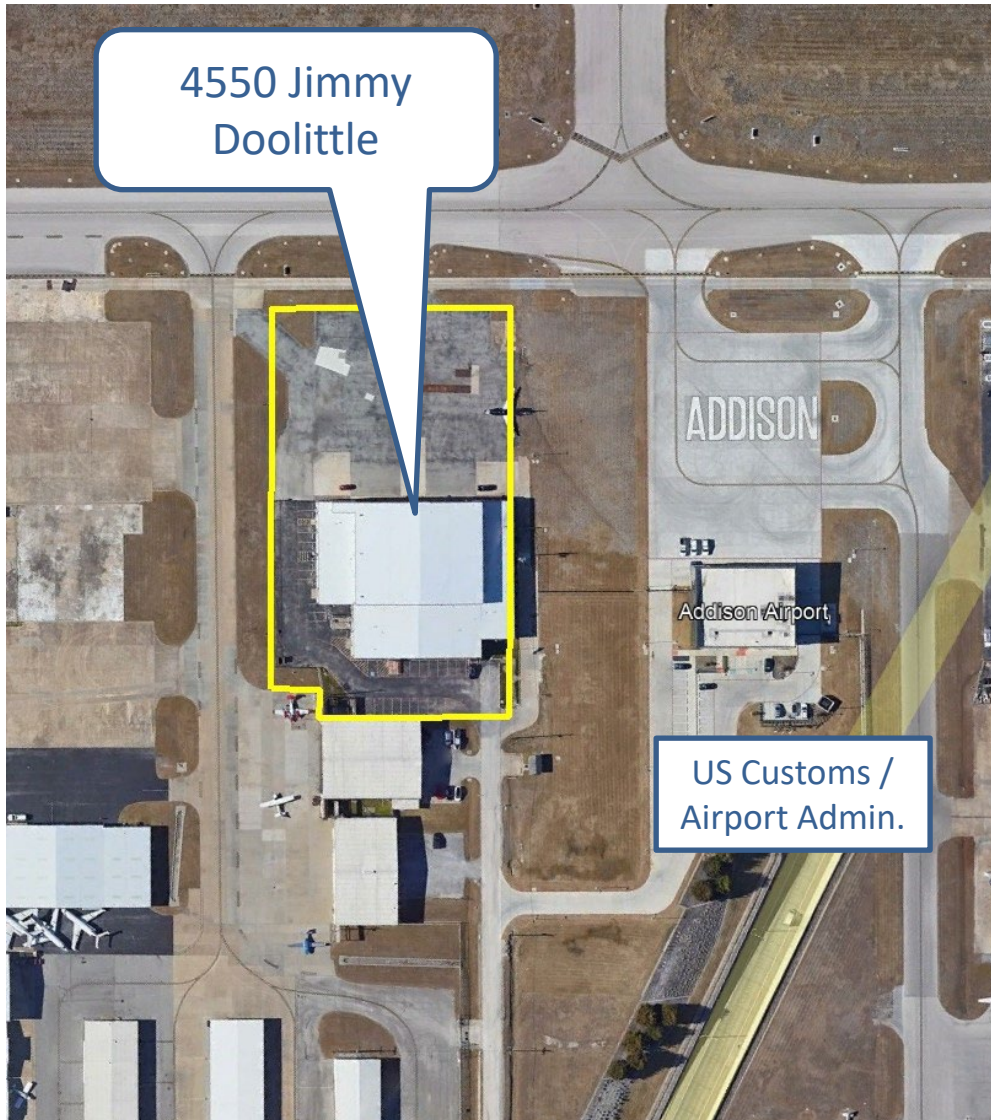


# Background Information

- ✈ June 2021 - Airport advertised RFQ #21-77 promoting the redevelopment opportunity of two unimproved parcels located south of and adjacent to the US Customs / Airport Administration Offices.
- ✈ Received one conditional response, no action taken. RFQ terminated.
- ✈ Mid-2022 - Airport re-advertised the redevelopment opportunity.
- ✈ RR Investments, Inc. (“RRI”) was one of three proposals received.



# Background Information (Cont.)



- ✈ August 2022 - ground leasehold at 4550 Jimmy Doolittle Dr. was placed on the open market for sale.
  - 2.25 acres airport land
  - 21,000 square-foot hangar
  - 7,000 square feet of office space
  - 56,000 square feet of dedicated aircraft apron
- ✈ September 2022 - RRI acquired the property with the Town's consent.

# Background Information (Cont.)



- ✈ RRI became the preferred respondent for vacant site at 4553 Jimmy Doolittle Dr.
- ✈ RRI amended their proposal to include both parcels:
  - Use existing hangar and apron in support of FBO operations.
  - Construct new aircraft apron on vacant lot to stage international aircraft.
  - Optional international terminal building.
- ✈ October 2022 – the Town and RRI entered a Letter of Intent to negotiate a new ground lease.

# Summary of Salient Terms of Ground Lease

- ✦ Execute Early Termination of Ground Lease Agreement in favor of a new ground lease.
- ✦ The leased premises is 4.05 acres (combined 4550 and 4553 Jimmy Doolittle Dr.).
- ✦ Base lease term is to expire June 30, 2048 (25 years), same term as existing lease.
- ✦ Annual ground rent to start at \$76,421 (\$6,368/mo.), same rent as existing lease.
- ✦ Within the first 18 months, RRI must complete construction of 112,000 square feet of heavy aircraft apron (rated for 100,000 lbs. Dual wheel tandem landing gear) with total minimum construction value of \$3 million.
- ✦ Upon completion of the aircraft apron construction the annual ground rent will increase to \$132,875 (\$11,073/mo. or \$.75/gsf).

# Summary of Salient Terms of Ground Lease (Cont.)

- ✦ RRI has the option to extend the lease term to the statutory limit of 40-years (additional 15 years) if:
  - RRI constructs an international terminal building on 4553 Jimmy Doolittle Dr. within the first 5-years of the lease term, and;
  - A minimum construction value of \$2.5 million.
- ✦ RRI to deliver a letter of credit or payment & performance bond equal to construction costs benefiting the Town to mitigate construction risk to the Town.
- ✦ There are monetary penalties in the form of additional rent to be assessed in the event construction is delayed except for events of force majeure.
- ✦ Should RRI default during the construction of the aircraft apron or terminal building, the Town has the right to repossess 4553 Jimmy Doolittle Dr. and cause the leased premises to revert to the original 2.25 acres.



**RR Investments, Inc.**  
**4550 & 4553 Jimmy Doolittle Drive**  
(Assuming Term Option is Exercised)

Airport Land Area (Acres)	4.05
Annual Ground Rent (Stabilized @ \$.75 gsf)	\$132,875
Projected Cash Flow Over Term (Esc. 3% Biennially)	\$6,828,000
Net Present Value (NPV) of Cash Flow (Discounted @ 10%)	\$1,325,000
Tenant's Minimum Capital Investment	\$5,500,000
Overall Project Valuation (in Today's Dollars)	\$6,825,000

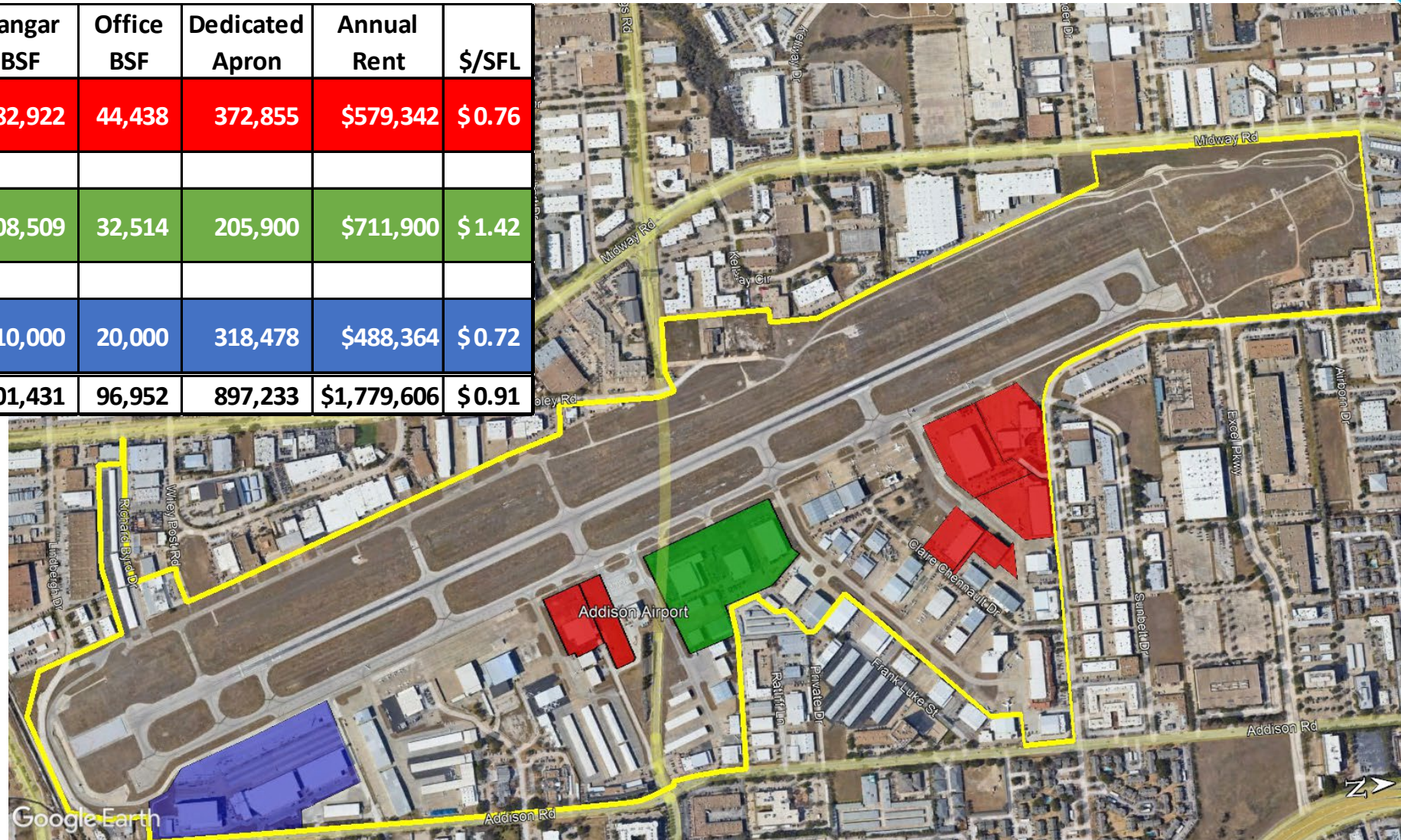
## ✈ Proposed ground lease

- Achieves the Town's following Strategic Pillar & Milestones:
  - Excellence in transportation systems
  - Leverages use of the US Customs facility
  - Leverages use of the airport to maximize business growth and expansion
- Is consistent with the 2013 Strategic Plan and 2014 Airport Master Plan
- Optimizes use of two airport properties
- Increases Airport Revenue
- Increase Overall Value of the Airport and Community

**Administration Recommends Approval**

# Addison Airport FBO Overview

	Land AreaSF	Acres	Hangar BSF	Office BSF	Dedicated Apron	Annual Rent	\$/SFL
<b>Million Air</b>	<b>763,325</b>	<b>17.5</b>	<b>182,922</b>	<b>44,438</b>	<b>372,855</b>	<b>\$579,342</b>	<b>\$0.76</b>
<b>Atlantic FBO</b>	<b>500,504</b>	<b>11.49</b>	<b>108,509</b>	<b>32,514</b>	<b>205,900</b>	<b>\$711,900</b>	<b>\$1.42</b>
<b>Galaxy FBO</b>	<b>682,789</b>	<b>15.67</b>	<b>110,000</b>	<b>20,000</b>	<b>318,478</b>	<b>\$488,364</b>	<b>\$0.72</b>
<b>Total</b>	<b>1,946,618</b>	<b>44.69</b>	<b>401,431</b>	<b>96,952</b>	<b>897,233</b>	<b>\$1,779,606</b>	<b>\$0.91</b>



# Questions?



**RESOLUTION NO. 23-**

**PRESENT, DISCUSS, AND CONSIDER ACTION ON A RESOLUTION APPROVING THE EARLY TERMINATION OF GROUND LEASE #0200-3504 BETWEEN THE TOWN OF ADDISON AND RR INVESTMENTS, INC., LOCATED AT 4550 JIMMY DOOLITTLE DRIVE AT ADDISON AIRPORT ON THE CONDITION AND SUBJECT TO THE CITY COUNCIL APPROVING A NEW GROUND LEASE AGREEMENT TO BE EXECUTED BY THE TOWN AND RR INVESTMENTS INC. WHICH SHALL SUPERSEDE AND REPLACE THE EXISTING GROUND LEASE; AUTHORIZING THE CITY MANAGER TO EXECUTE THE EARLY TERMINATION AGREEMENT OF GROUND LEASE AND THE NEW GROUND LEASE AGREEMENT ON BEHALF OF THE CITY AND OTHER AGREEMENTS THAT MAY BE NECESSARY TO EFFECTUATE THE SAME; AND PROVIDING AN EFFECTIVE DATE ACCORDINGLY.**

WHEREAS, RR Investments, Inc. (“RRI”) currently holds the leasehold interests in airport property generally located at 4550 Jimmy Doolittle subject to a ground lease entered and made effective May 23, 1984, in which Hangar Six, Inc. was named as the original tenant; and

WHEREAS, by way of the Early Termination of Ground Lease Agreement attached hereto as Exhibit A, the Town and RRI agree to early terminate RRI’s ground lease, so there effectively is no lapse of time between the termination or expiration of the RRI ground lease and the commencement of the new Ground Lease Agreement, attached hereto as Exhibit B and incorporated herein by reference, for approximately 4.05 acres located where commonly known as 4550 & 4553 Jimmy Doolittle Drive at Addison Airport.

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

**SECTION 1.** The Early Termination Agreement between the Town of Addison and RR Investments, Inc., a copy of which is attached to this Resolution as Exhibit A (the “Early Termination Agreement”), is hereby approved and the City Manager is authorized to execute the same.

**SECTION 2.** The Ground Lease Agreement between the Town of Addison and RR Investment, Inc., a copy of which is attached to this Resolution as Exhibit B (the “Ground Lease”), is hereby approved and the City Manager is authorized to execute the same and any other agreements required to effectuate the same.

**SECTION 3.** 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 23rd day of MAY 2023.

**TOWN OF ADDISON, TEXAS**

\_\_\_\_\_  
Bruce Arfsten, Mayor

**ATTEST:**

\_\_\_\_\_  
Irma Parker, City Secretary

**EXHIBIT A**

**GROUND LEASE EARLY TERMINATION AGREEMENT  
4550 JIMMY DOOLITTLE DRIVE AT ADDISON AIRPORT  
ALP #A5; PROPERTY #0200**

STATE OF TEXAS §

§

**GROUND LEASE  
EARLY TERMINATION AGREEMENT  
(4550 Jimmy Doolittle Drive; ALP#A5)**

COUNTY OF DALLAS §

This Ground Lease Early Termination Agreement (hereinafter referred to as the “Agreement”) is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2023 (the “Effective Date”) between the **TOWN OF ADDISON**, a Texas home-rule municipality (hereinafter referred to as “Landlord” or “City”); a Texas home-rule municipality, and **RR INVESTMENTS, INC.**, a Texas corporation (hereinafter referred to as “Tenant”) (Landlord and Tenant are sometimes referred to together herein as the “Parties” and individually as a “party”).

**RECITALS**

**WHEREAS**, the Landlord 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**, Landlord is operator and manager of the Airport, and any person or entity appointed or authorized by Landlord from time to time to manage or operate the Airport on behalf of the Landlord (severally and/or collectively) hereinafter referred to as “Airport Manager” or “Manager”); and

**WHEREAS**, the Town of Addison, as a home-rule municipality, operates under a municipal charter that has been adopted or amended as authorized by Article XI, Section 5, of the Texas Constitution. The Town of Addison, as a municipality, from time to time establishes and enforces federal, state and local ordinances, codes and regulations, which in doing so is acting in its governmental capacity, which may be the same or separate as its capacity as Landlord and Manager provided for herein; and

**WHEREAS**, a Ground Lease (as amended and assigned, the “Ground Lease”) was entered into as of May 23, 1984, between the Town of Addison, Texas (“City”) and Addison Airport of Texas, Inc. as Landlord, and Hangar Six, Inc. as Tenant; and

**WHEREAS**, the Ground Lease was assigned to Turbine Aircraft Services, Inc. by that Assignment of Lease dated July 2, 2002, and was simultaneously amended and modified by that Amendment to Ground Lease dated July 2, 2002, which among other things, amended the Demised Premises of the Ground Lease as set forth therein; and

**WHEREAS**, the Ground Lease was further amended by that Second Amendment to Ground Lease entered into and made effective as of April 16, 2003, recorded in the Official Public Records of Dallas County, Texas, as Instrument #200503504117 which, among other things, amended the Demised Premises of the Ground Lease as set forth therein; and



**WHEREAS**, the Ground Lease was further amended by that Third Amendment to Ground Lease entered into and made effective January 13, 2009 (evidenced by that Memorandum of Lease recorded as Instrument #200900063654 and by that Memorandum of Third Amendment to Ground Lease recorded as Instrument #201100292149 in the Official Public Records of Dallas County) which, among other things, amended the Demised Premises of the Ground Lease and extended the Term of the Ground Lease to June 30, 2048; and

**WHEREAS**, the Ground Lease was assigned by Turbine Aircraft Services, Inc. to 6200 GP, LLC, a Nevada limited liability company, by that Assignment of Ground Lease dated January 21, 2014, recorded in the Official Public Records of Dallas County as Instrument #201400014985; and

**WHEREAS**, the Ground Lease was further amended by that Fourth Amendment to Ground Lease entered into on January 8, 2019, which, among other things, amended the Demised Premises of the Ground Lease as set forth therein (evidenced by that Memorandum of Lease recorded in the Official Public Records of Dallas County as Instrument 201900017100), and more fully described in Exhibits “A” and “B” attached hereto and made a part hereof; and

**WHEREAS**, the Ground Lease was assigned by 6200 GP, LLC to RR Investments, Inc., a Texas corporation, by that Assignment of Ground Lease dated September 7, 2022, recorded in the Official Public Records of Dallas County, Texas as Instrument #202200241777; and

**WHEREAS**, by virtue of such assignments, RR Investments, Inc. is the Tenant under the Ground Lease, as amended or modified; and

**WHEREAS**, the Ground Lease provides that upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the “Base Lease” (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all the rights, benefits, and remedies, and will perform the duties, covenants, and obligations of the Landlord under the Ground Lease; and

**WHEREAS**, the Base Lease expired and the City is the Landlord under the Ground Lease; and

**WHEREAS**, Landlord and Tenant desire to early terminate the Ground Lease and simultaneously, without interruption to Tenant’s ownership and title to the building improvements made thereon, enter into a new ground lease intended to replace and supersede the Ground Lease in its entirety (hereinafter referred to as the “RRI Ground Lease”);

**WHEREAS**, capitalized terms used herein but not otherwise defined have the meanings assigned to such terms in the Ground Lease; and

**WHEREAS**, a true, correct, and complete copy of the Ground Lease, as amended, modified, and assigned is attached hereto as **Exhibit A**.

**NOW, THEREFORE**, for and in consideration of the sum of Ten and No/100 Dollars

(\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

## **AGREEMENT**

**Section 1. Incorporation of Premises.** The above and foregoing premises are true and correct and are incorporated herein and made a part of this Agreement for all purposes.

**Section 2. Termination.** Landlord and Tenant agree that, subject to the parties entering into and executing the RRI Ground Lease as agreed to by the parties, the Ground Lease shall terminate simultaneously upon the commencement of the new RRI Ground Lease (the "Termination Date"), as if such date were the stated expiration date of the Ground Lease. In accordance herewith, the Termination Date of the Ground Lease is \_\_\_\_\_, 2023 (*to be completed upon execution of the new RRI Ground Lease, which shall be the first day of the calendar month following the Effective Date of the RRI Ground Lease*). In the event the new RRI Ground Lease is not agreed to and executed by the authorized representatives of both parties on or before \_\_\_\_\_, 2023, this Agreement shall become null and void *ab initio*, shall have no force or effect whatsoever, and the Ground Lease shall remain in full force and effect. The early termination of the Ground Lease shall not release Tenant from any of its obligations, duties, liabilities, or responsibilities Tenant would otherwise have if the Ground Lease had been otherwise terminated or had expired in accordance with the terms and provisions thereof.

As of the date of the execution of this Agreement, certain building and other improvements located upon the Demised Premises are among the leasehold interests held by Tenant pursuant to the terms and conditions of the Ground Lease. However, the Ground Lease provides in Section 26 thereof, where upon the expiration or termination of the Ground Lease any and all improvements made to the Demised Premises by Tenant shall become the property of Landlord. Despite this language, the parties hereto desire and intend by this Agreement and by way of the new RRI Ground Lease for the ownership of such buildings and improvements be retained and continued to be owned by Tenant without interruption, and that Landlord not become the owner of the buildings and improvements upon the termination of the Ground Lease. Therefore, such buildings and improvements shall be retained and continued to be owned by Tenant despite the termination of the Ground Lease pursuant to this Agreement, and such ownership shall be reflected in and carry over with the execution of the new RRI Ground Lease.

**Section 3. Continued Performance.** Landlord and Tenant agree that each shall continue to perform their respective obligations contained in the Ground Lease including, but not limited to, Tenant's obligation to pay rent through the Termination Date. If the Termination Date is other than the last day of the month, the parties agree that the rent attributable to that part of the month through the Termination Date shall be prorated on a per-diem basis.

**Section 4. Binding Effect.** This Agreement shall be for the benefit of, and shall be binding upon, the parties hereto and their respective heirs, executors, administrators, successors, and assigns (as the same may be permitted by the Ground Lease).

**Section 5. Applicable Law; Venue; Recording.** The parties agree that 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 hereto 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; and all obligations of the parties created by this Agreement are performable in Dallas County, Texas. Venue for any action under this Agreement shall be in Dallas County, Texas. The parties hereby mutually agree to execute and cause to be recorded in the Official Public Records of Dallas County, Texas a Memorandum of Lease Termination substantially in the form of **Exhibit B**, attached hereto and incorporated herein affirming this Agreement in the Dallas County Clerk's Official Public Records.

**Section 6. Final Agreement; No Other Amendments.** This Agreement shall constitute the final agreement and understanding of the parties on the subject matter hereof and may only be modified by further written instrument executed by both parties. Except to the extent modified or amended herein, all other terms, conditions, standards, and obligations of the Ground Lease shall remain unchanged and in full force and effect.

**Section 7. 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, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement as of the Effective Date first given above.

**TENANT:**

**RR INVESTMENTS, INC.**

**LANDLORD:**

**Town of Addison, Texas**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

David Gaines, City Manager

Date: \_\_\_\_\_

**ACKNOWLEDGMENT**

**STATE OF TEXAS           §**  
**§**  
**COUNTY OF DALLAS       §**

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, 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]

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS           §**  
**§**  
**COUNTY OF DALLAS       §**

BEFORE ME, the undersigned authority, on this day personally appeared Wesley S. Pierson, 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]

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT A**

**True and Correct Copy of**

Ground Lease #0200-3504  
as amended, modified and assigned

STATE OF TEXAS

§

ASSIGNMENT OF GROUND LEASE

§

COUNTY OF DALLAS

§

National Title GF# 782201593

This Assignment of Ground Lease (“Assignment”) is entered into and effective as of September 7, 2022, by and between 6200 GP, LLC, a Nevada limited liability company (“Assignor”), and RR Investments, Inc., a Texas corporation, (“Assignee”).

**WHEREAS**, a Ground Lease was entered into as of May 23, 1984, between the Town of Addison, Texas (“City”) and Addison Airport of Texas, Inc. as Landlord, and Hangar Six, Inc. as Tenant; and

**WHEREAS**, the Ground Lease was assigned to Turbine Aircraft Services, Inc. by that Assignment of Lease dated July 2, 2002, and was simultaneously amended and modified by that Amendment to Ground Lease dated July 2, 2002, which among other things, amended the Demised Premises of the Ground Lease as set forth therein; and

**WHEREAS**, the Ground Lease was further amended by that Second Amendment to Ground Lease entered into and made effective as of April 16, 2003, recorded in the Official Public Records of Dallas County, Texas, as Instrument #200503504117 which, among other things, amended the Demised Premises of the Ground Lease as set forth therein; and

**WHEREAS**, the Ground Lease was further amended by that Third Amendment to Ground Lease entered into and made effective January 13, 2009, (evidenced by that Memorandum of Lease recorded as Instrument #200900063654 and by that Memorandum of Third Amendment to Ground Lease recorded as Instrument #201100292149 in the Official Public Records of Dallas County) which, among other things, amended the Demised Premises of the Ground Lease and extended the Term of the Ground Lease to June 30, 2048; and

**WHEREAS**, the Ground Lease was assigned by Turbine Aircraft Services, Inc. to 6200 GP, LLC, a Nevada limited liability company, by that Assignment of Ground Lease dated January 21, 2014, recorded in the Official Public Records of Dallas County as Instrument #201400014985; and

**WHEREAS**, the Ground Lease was further amended by that Fourth Amendment to Ground Lease entered into on January 8, 2019, which, among other things, amended the Demised Premises of the Ground Lease as set forth therein (evidenced by that Memorandum of Lease recorded in the Official Public Records of Dallas County as Instrument 201900017100), and more fully described in Exhibits “A” and “”B” attached hereto and made a part hereof; and

**WHEREAS**, by virtue of such assignments, 6200 GP, LLC is the Tenant under the Ground Lease, as amended or modified; and

**WHEREAS**, the Ground Lease provides that upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the “Base Lease” (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all the rights, benefits, and remedies, and will perform the duties, covenants, and obligations of the Landlord under the Ground Lease; and

**WHEREAS**, the Base Lease expired and the City is the Landlord under the Ground Lease; and

**WHEREAS**, the Ground Lease provides in Section 9 thereof that without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of the Tenant under the Ground Lease (except as provided therein); that any assignment must be expressly subject to all the terms and provisions of the Ground Lease; and that any assignment must include a written agreement from the Assignee whereby the Assignee agrees to be bound by the terms and provisions of the Ground Lease; and

**WHEREAS**, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the assignment thereof, in accordance with the terms and conditions of this Assignment of Ground Lease.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which is hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

**AGREEMENT**

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor’s right, title, duties, responsibilities, and interest in and to the Ground Lease, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming any part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay Landlord an Assignment Fee in the amount of One Thousand Dollars and 00/100 (\$1,000.00).

3. Assignee hereby agrees to and shall be bound by and comply with all the terms, provisions, duties, conditions, and obligations of the Tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

RR Investments, Inc  
4300 Westgrove Drive  
Addison, Texas 75001

4. Nothing in this Assignment shall be construed or shall be deemed to modify, alter, amend, or change any term or condition of the Ground Lease except as set forth herein.

5. The above and foregoing premises and recitals are incorporated and made part of this Assignment, and Assignor and Assignee warrant and represent that such premises and statements, and all other provisions of this Assignment, are true and correct, and that in giving consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

6. This Assignment is subject to the consent and filing requirements of the Town of Addison, Texas.

7. Assignor acknowledges that, in addition to any other remedies provided in the Ground Lease or by law, Landlord may, at its own option, collect directly from the Assignee all rents becoming due under such assignment and may apply such rent against any sums due to Landlord. No such collection by Landlord from any such Assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

8. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of the respective parties, and Assignor and Assignee certify to one another that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

**IN WITNESS WHEREOF**, Assignor and Assignee have executed and delivered this Assignment of Ground Lease on the day and the year first set forth above.

**Assignor: 6200 GP, LLC**

**Assignee: RR INVESTMENTS, INC**

By: *Gina H. Kay*

By: \_\_\_\_\_

Printed Name: *Gina H. Kay*

Printed Name: \_\_\_\_\_

Title: *Manager*

Title: \_\_\_\_\_



4. Nothing in this Assignment shall be construed or shall be deemed to modify, alter, amend, or change any term or condition of the Ground Lease except as set forth herein.

5. The above and foregoing premises and recitals are incorporated and made part of this Assignment, and Assignor and Assignee warrant and represent that such premises and statements, and all other provisions of this Assignment, are true and correct, and that in giving consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely upon such representations and statements.

6. This Assignment is subject to the consent and filing requirements of the Town of Addison, Texas.

7. Assignor acknowledges that, in addition to any other remedies provided in the Ground Lease or by law, Landlord may, at its own option, collect directly from the Assignee all rents becoming due under such assignment and may apply such rent against any sums due to Landlord. No such collection by Landlord from any such Assignee or subtenant shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

8. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of the respective parties, and Assignor and Assignee certify to one another that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

**IN WITNESS WHEREOF**, Assignor and Assignee have executed and delivered this Assignment of Ground Lease on the day and the year first set forth above.

**Assignor: 6200 GP, LLC**

**Assignee: RR INVESTMENTS, INC**

By: \_\_\_\_\_

By: 

Printed Name: \_\_\_\_\_

Printed Name: Donald Rickerhauser

Title: \_\_\_\_\_

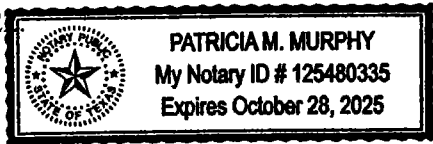
Title: President and COO

**ACKNOWLEDGMENT**

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

BEFORE ME, the undersigned authority, on this day personally appeared Gina H. Kay, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this 6<sup>th</sup> day of September, 2022.



P. Murphy  
Notary Public, State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

GIVEN under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

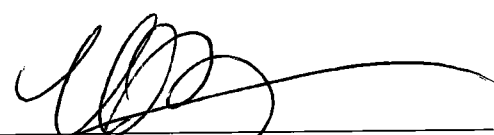
\_\_\_\_\_  
Notary Public, State of Texas

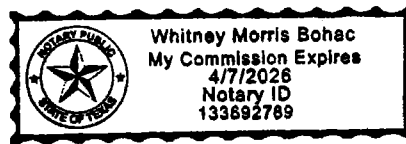
**ACKNOWLEDGMENT**

**STATE OF TEXAS       §**  
**§**  
**COUNTY OF DALLAS   §**

BEFORE ME, the undersigned authority, on this day personally appeared **Donald Rickerhauser**, 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   6   day of September, 2022.

  
\_\_\_\_\_  
Notary Public, State of Texas



**CONSENT OF LANDLORD**

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease ("Assignment") entered into and effective as of \_\_\_\_\_ 2022, by and between 6200 GP, LLC, a Nevada limited liability company (herein referred to as "Assignor"), and RR Investments, Inc., a Texas corporation (herein referred to as "Assignee").

In executing this Consent of Landlord ("Consent"), Landlord is relying upon the warranties and representations made in the Assignment by Assignor and Assignee, and in relying upon the same, Landlord hereby consents to the Assignment from Assignor to Assignee. Notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or to the Assignee, and does not release Assignor from its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall remain liable and responsible for all such covenants obligations, duties, and responsibilities. Notwithstanding any provisions of this Consent of Landlord, or the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This Consent of Landlord shall remain valid only if, and provided that no later than 6:00 o'clock p.m. on October 31, 2022:

(i) The Assignment is executed and notarized by Assignor and Assignee;

(ii) All other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of Assignor's interest in the Ground Lease have been fully consummated and completed, and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of the Assignment and any other documentation required by Landlord relating to this transaction), delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, 4545 Jimmy Doolittle Road, Suite 200, Addison, Texas 75001.

Otherwise, and failing compliance with and satisfaction of paragraphs (i) and (ii) above, this Consent of Landlord shall be null and void *ab initio* as if it had never been given and executed.

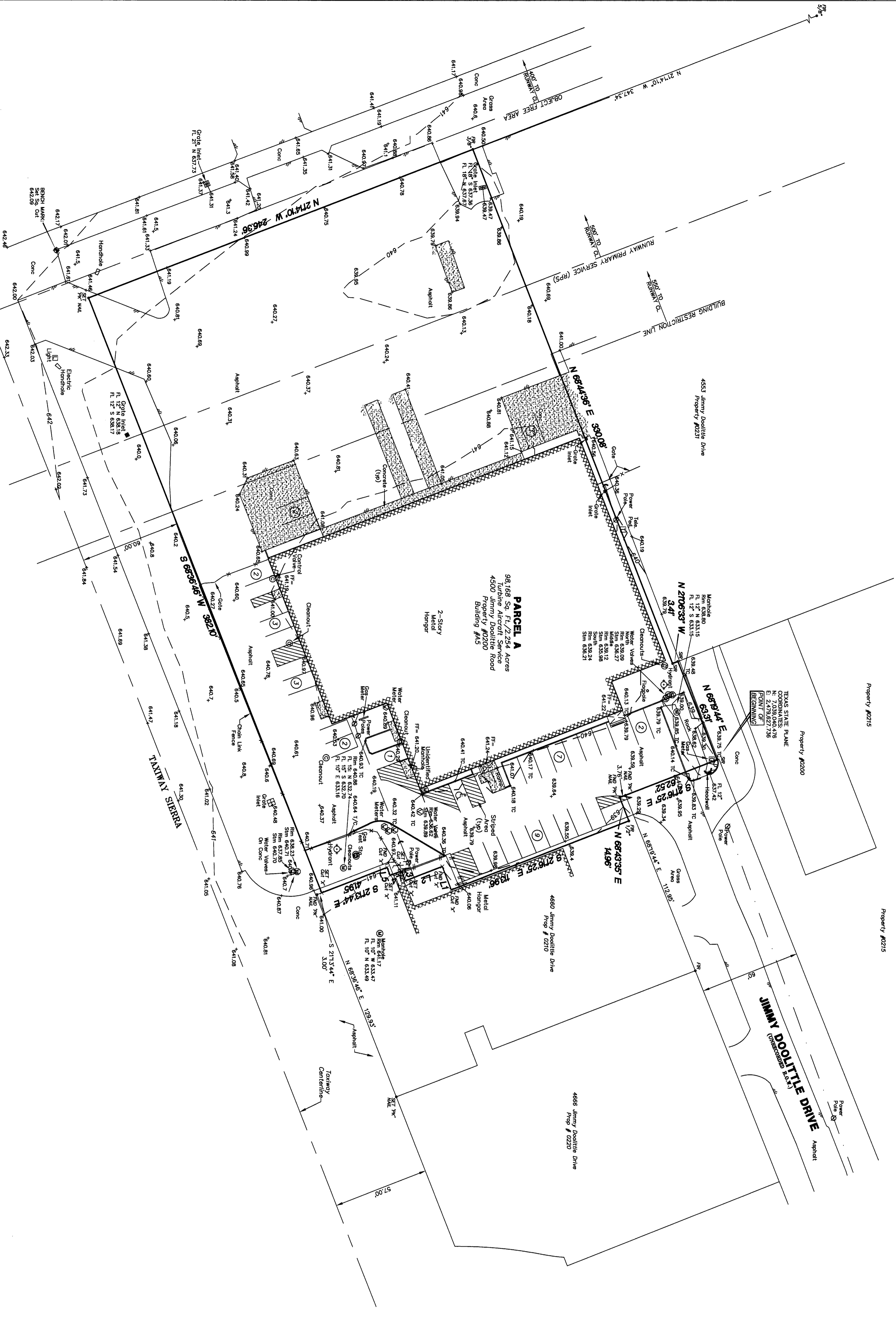
Executed on this 10th day of AUGUST, 2022.

**LANDLORD: Town of Addison, Texas**

By:   
**Hamid Khaleghipour**, City Manager

**LINE TABLES**

NO.	BEARING	DIST.
L1	S 68°36'04" W	14.96
L2	S 21°13'15" E	23.89
L3	S 68°46'16" W	6.26
L4	S 68°46'16" W	5.12
L5	S 68°46'16" W	5.12



**PARCEL A**  
**PROPERTY #0200**

BEING a tract situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 62 of the Deed Records of Dallas County, Texas (OTDCT), and being more particularly described as follows:

**BEGINNING** at a 5/8-inch iron rod set with plastic cap stamped "Spart Surveys" in the west line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), and lying in the south line of Addison Airport Property #0231 and, having Texas State Plane Coordinates of Northing 7,039,040.476, Easting 2,479,627.735;

**THENCE** S 21°16'25\" E along the west line of said Jimmy Doolittle Drive, at 30.76 feet passing a PIR nail found in the south line of said Jimmy Doolittle Drive at the northwest corner of Addison Airport Property #0210, continuing along the west line of said Property #0210, in all a distance of 92.52 feet to a PIR nail found;

**THENCE** along the west line of said Property #0210 to the following:

- North 68 Degrees 43 Minutes 35 Seconds East, 14.96 feet to a 1/2-inch iron rod found;
- South 21 Degrees 19 Minutes 25 Seconds East, 113.98 feet to a cut 'X' found;
- South 68 Degrees 56 Minutes 04 Seconds West, 14.96 feet to a cut 'X' found;
- South 21 Degrees 13 Minutes 15 Seconds East, 23.69 feet to a cut 'X' set;
- South 68 Degrees 46 Minutes 16 Seconds West, 6.26 feet to a cut 'X' set;
- South 21 Degrees 13 Minutes 44 Seconds East, 7.30 feet to a cut 'X' set;
- South 68 Degrees 46 Minutes 16 Seconds West, 5.12 feet to a cut 'X' found;
- South 21 Degrees 13 Minutes 44 Seconds East, 41.95 feet to a cut 'X' set in the north line of Taxway Sierra, from which a PIR nail found at the southwest corner of said Property #0210 bears South 21 Degrees 13 Minutes 44 Seconds East, 3.00 feet;
- THENCE** South 68 Degrees 36 Minutes 46 Seconds West, at all times remaining 90.00 feet north of and parallel to the centerline of Taxway Sierra, 352.10 feet to a PIR nail set;
- THENCE** North 21 Degrees 14 Minutes 10 Seconds West, 246.36 feet to a 3/8-inch iron rod found at the southwest corner of said Property #0231;
- THENCE** North 68 Degrees 44 Minutes 36 Seconds East, along the south line of said Property #0231, 330.08 feet to a 5/8-inch iron rod set with plastic cap stamped "Spart Surveys";
- THENCE** North 21 Degrees 06 Minutes 33 Seconds East, along the south line of said Property #0231, 3.41 feet to a 5/8-inch iron rod set with plastic cap stamped "Spart Surveys";
- THENCE** North 68 Degrees 19 Minutes 44 Seconds East, along the south line of said Property #0231, 63.31 feet to the **POINT OF BEGINNING** and **CONTAINING** 2,254 acres of land.

To: Addison Airport, exclusively.

I, Brad Sparr, a Registered Professional Land Surveyor for Spart Surveys, do hereby certify that this survey was made on the ground, that this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category 1B Condition II Survey.

Brad Sparr  
Registered Professional  
Land Surveyor No. 3701

**PROPERTY #0200**  
**2.254 ACRE TRACT**

SITUATED IN THE  
ADDISON AIRPORT  
TOWN OF ADDISON  
DALLAS COUNTY, TEXAS

EDWARD COOK SURVEY, ABSTRACT NO. 326  
DALLAS COUNTY, TEXAS

**PROPERTY #0200**  
**2.254 ACRE TRACT**

SITUATED IN THE  
ADDISON AIRPORT  
TOWN OF ADDISON  
DALLAS COUNTY, TEXAS

EDWARD COOK SURVEY, ABSTRACT NO. 326  
DALLAS COUNTY, TEXAS

**SPARR SURVEYS**

2553 C.R. 722  
McKinney, Texas 75069  
(214) 544-2297

**NOTES**

BEARINGS BASED ON ADDISON AIRPORT CONTROL POINTS. ALL BEARINGS ARE TRUE BEARINGS UNLESS OTHERWISE NOTED.

FOR DETAILS OF 5/8" IRON ROD SET WITH PLASTIC CAP STAMPED "SPART SURVEYS".

This survey was performed and prepared for ADDISON AIRPORT.

THE PLAT IS MADE UNLESS IT BEARS AN ORIGINAL SIGNATURE AND EMBOSSED SEAL, THE SIGNATURE AND SEAL BEING CONSIDERED VOID.

DATE: SEPT. 16, 2018  
REV. 10-01-2018  
JOB NO. 19000M-5

## EXHIBIT B

### LEGAL DESCRIPTION

**BEING** a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), and being more particularly described as follows:

**BEGINNING** at a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the west line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), and lying in the south line of Addison Airport Property #0231 and, having Texas State Plane Coordinates of Northing: 7,039,040.476, Easting: 2,479,627.736;

**THENCE** S 21°16'25" E, along the west line of said Jimmy Doolittle Drive, at 58.76 feet passing a 'PK' nail found in the south line of said Jimmy Doolittle Drive at the northwest corner of Addison Airport Property #0210, continuing along the west line of said Property #0210, in all a distance of 62.52 feet to a 'PK' nail found;

**THENCE** along the west line of said Property #0210 the following:

North 68 Degrees 43 Minutes 35 Seconds East, 14.96 feet to a 1/2-inch iron rod found;

South 21 Degrees 16 Minutes 25 Seconds East, 113.96 feet to a cut 'x' found;

South 68 Degrees 56 Minutes 04 Seconds West, 14.96 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 15 Seconds East, 23.69 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 6.26 feet to a cut 'x' set;

South 21 Degrees 13 Minutes 44 Seconds East, 7.30 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 5.12 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 44 Seconds East, 41.95 feet to a cut 'x' set in the north line of Taxiway Sierra, from which a 'PK' nail found at the southwest corner of said Property #0210 bears South 21 Degrees 13 Minutes 44 Seconds East, 3.00 feet;

**THENCE** South 68 Degrees 36 Minutes 46 Seconds West, at all times remaining 60.00 feet north of and parallel to the centerline of Taxiway Sierra, 382.10 feet to a 'PK' nail set;

**THENCE** North 21 Degrees 14 Minutes 10 Seconds West, 246.36 feet to a 3/8-inch iron rod found at the southwest corner of said Property #0231;

**THENCE** North 68 Degrees 44 Minutes 36 Seconds East, along the south line of said Property #0231, 330.08 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 21 Degrees 06 Minutes 33 Seconds East, along the south line of said Property #0231, 3.41 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 68 Degrees 19 Minutes 44 Seconds East, along the south line of said Property #0231, 63.31 feet to the **POINT of BEGINNING** and **CONTAINING** 2.254 acres of land.

**Dallas County  
John F. Warren  
Dallas County Clerk**

---

**Instrument Number:** 202200241777

eRecording - Real Property

Recorded On: September 08, 2022 01:53 PM

Number of Pages: 10

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**" Examined and Charged as Follows: "**

Total Recording: \$58.00

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**\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\***

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 202200241777  
Receipt Number: 20220908000370  
Recorded Date/Time: September 08, 2022 01:53 PM  
User: Kevin T  
Station: CC18

**Record and Return To:**

CSC Global



**STATE OF TEXAS  
COUNTY OF DALLAS**

**I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Dallas County, Texas.**

John F. Warren  
Dallas County Clerk  
Dallas County, TX

**CORRECTION INSTRUMENT AS TO A RECORDED ORIGINAL INSTRUMENT**  
**[Non-material correction pursuant to §5.028, Texas Property Code, where the parties to the recorded original instrument have not signed the correction affidavit (instrument)]**

Date: September 9, 2022  
GF No: 782201593  
Title Company: National Title Group, LLC  
Affiant: Monica Forman

Description of Original Instrument (include name of instrument, date, parties and recording information):

Assignment of Ground Lease, Dallas County Real Property Records 202200241777, Recorded September 8, 2022, 6200 GP, LLC, a Nevada limited liability company ("Assignor"), and RR Investments, Inc., a Texas corporation ("Assignee")

Affiant on oath swears that the following statements are true and within the personal knowledge of Affiant:

1. My name is Monica Forman. My address is 4131 N. Central Expwy. Ste. 450, Dallas, TX 75204. I am over the age of eighteen (18) years and am otherwise competent to make this Correction Affidavit.
2. I have personal knowledge of the facts relevant to the correction of the above referenced Original Instrument as evidenced by the following facts (describe facts indicating personal knowledge below):

Escrow Officer that closed the referenced transaction.

3. I am making this Affidavit as a correction instrument pursuant to §5.028 of the Texas Property Code, with regard to the following clerical error in the Original Instrument (describe error below):

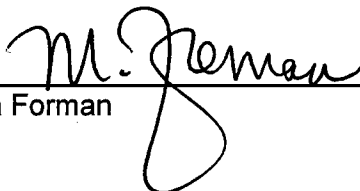
The effective date of page 7 of the recorded document "Consent of Landlord" was left blank.

4. The Original Instrument should correctly read as follows with respect to the clerical error described above, this being a non-material change to the Original Instrument (Insert corrected language below):

The effective date of page 7 of the recorded document "Consent of Landlord" is September 7, 2022.


5. I have given notice of this correction of the Original instrument by sending a copy of this Correction Affidavit by mail to each party to the Original Instrument, in accordance with §5.028 (d) (2) of the Texas Property Code. The evidence of said notice is attached to this affidavit as required by §5.028 (d) (1) of the Texas Property Code.

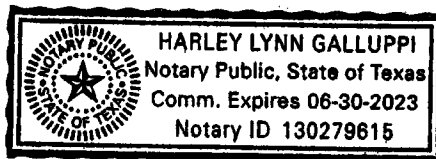
AFFIANT:

  
\_\_\_\_\_  
Monica Forman

STATE OF TEXAS  
COUNTY OF DALLAS

This instrument was acknowledged before me on September 9, 2022 by Monica Forman and acknowledged to me that he/she executed the same on behalf of said bank for the purposes and consideration therein expressed and in the capacity therein stated.

  
\_\_\_\_\_  
Notary Public, State of  
Notary's name (printed):  
Notary's commission expires:







**National Title**  
4131 N. Central Expressway, Suite 450  
Dallas, TX 75204  
Phone or Fax 214-751-3855  
[TeamMonica@NationalTitleGroup.com](mailto:TeamMonica@NationalTitleGroup.com)

## Exhibit A

September 9, 2022

6200 GP, LLC, a Nevada limited liability company  
4500 Jimmy Doolittle Drive  
Addison, TX 75001

RR Investments, Inc.  
4300 Westgrove  
Addison TX 75001

In compliance with Section §5.028 et seq., Texas Property Code, please accept this transmittal as notification to the non-material corrections that will be made to the attached Assignment of Ground Lease, which was recorded with an error in page7 effective date was left blank.

The attached Correction Instrument will be submitted to the Dallas Clerk's Office for recordation. A recorded copy of each corrected instrument will be provided to all once available. Please feel free to call or email if you have any questions.

Thank you for your patience and cooperation!

A handwritten signature in black ink that reads 'Harley Galluppi'. The signature is written in a cursive, flowing style.

Harley Galluppi  
Escrow Officer & Assistant to Monica Forman  
NATIONAL TITLE GROUP  
LATHRAM POU & ASSOCIATES

**Dallas County  
John F. Warren  
Dallas County Clerk**

---

**Instrument Number:** 202200243056

eRecording - Real Property

Recorded On: September 09, 2022 03:54 PM

Number of Pages: 3

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**" Examined and Charged as Follows: "**

Total Recording: \$30.00

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**\*\*\*\*\* THIS PAGE IS PART OF THE INSTRUMENT \*\*\*\*\***

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**File Information:**

Document Number: 202200243056  
Receipt Number: 20220909000583  
Recorded Date/Time: September 09, 2022 03:54 PM  
User: Lynn G  
Station: CC53

**Record and Return To:**

CSC Global



**STATE OF TEXAS  
COUNTY OF DALLAS**

**I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Dallas County, Texas.**

John F. Warren  
Dallas County Clerk  
Dallas County, TX



201900017100

LEASE 1/5

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

After Recording Return To:  
Addison Airport Administration  
Attn.: Real Estate Manager  
16051 Addison Road, Suite 220  
Addison, Texas 75001

## **MEMORANDUM OF LEASE**

This Memorandum of Lease is dated as of January 8, 2019, and executed by and between the Town of Addison, Texas ("Landlord") and 6200 GP, LLC, a Nevada limited liability company ("Tenant").

**WHEREAS**, a Ground Lease was entered into as of May 23, 1984 between the Town (City) of Addison, Texas and Addison Airport of Texas, Inc., as landlord, and Hangar Six, Inc., as tenant, affecting a 1.764 acre tract of land located at Addison Airport, which Ground Lease provides that its term commenced on July 1, 1984 and is to end 360 months thereafter (or on June 30, 2014); and

**WHEREAS**, the Ground Lease was then assigned to Turbine Aircraft Services, Inc. by that Assignment of Lease dated July 2, 2002, and was simultaneously amended and modified by that Amendment to Ground Lease dated July 2, 2002 (the "First Amendment to Ground Lease"), which, among other things, amended the description of the demised premises of the Ground Lease as set forth therein; and

**WHEREAS**, the Ground Lease was further amended by that "Second Amendment to Ground Lease" (recorded in the Official Public Records of Dallas County, Texas in Book 2005178, Page 00001, Instrument # 200503504117), entered into and made effective as of April 16, 2003 which, among other things, amended the demised premises of the Ground Lease as set forth therein; and

**WHEREAS**, the Ground Lease was further amended by that "Third Amendment to Ground Lease" entered into and made effective January 13, 2009, which among other things, amended the demised premises of the Ground Lease and extended the Term so that it shall end on June 30, 2048 (evidenced by that Memorandum of Third Amendment to Ground Lease recorded in the Official Public Records of Dallas County as Instrument #201100292149); and

**WHEREAS**, the Ground Lease was assigned by Turbine Aircraft Services, Inc. to 6200 GP, LLC, a Nevada limited liability company, by that Assignment of Lease dated January 21, 2014 and recorded as Instrument #201400014985 in the OPR; and

**WHEREAS**, by virtue of such assignments, 6200 GP, LLC, a Nevada limited liability company, is the Tenant of record under the Ground Lease, as amended or modified.

Now let it be known, the said Ground Lease is further amended by that "Fourth Amendment to Ground Lease", entered into and made effective January 8, 2019, which, among other things, amends the description of the demised premises so that the demised premises shall thereafter comprise the land described in **Exhibit A** attached hereto and incorporated herein by reference; provided, however, the said demised premises described in the attached **Exhibit A** and the lease thereof are subject to any and all restrictive covenants, taxes, easements, encroachments, leases, liens, laws, ordinances, rules, regulations, standards, and all other encumbrances or title exceptions, whether of record or not, and including, without limitation, items or matters which are visible or apparent from an inspection of the said demised premises.

This Memorandum 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. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Ground Lease (as amended), the provisions of the Ground Lease, as amended, shall govern. Reference should be made to the Ground Lease (and all amendments thereto) for the full description of the rights and duties of Landlord and Tenant thereunder, and this Memorandum of Lease shall in no way affect the terms and conditions of the Ground Lease (including all amendments thereto) or the interpretation of the 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 termination of this Memorandum of Lease.

IN WITNESS WHEREOF, the undersigned parties execute this Memorandum of Lease this 10th day of JANUARY, 2019.

**LANDLORD:**

**TOWN OF ADDISON, TEXAS**

By:

Wesley S. Pierson  
Wesley S. Pierson, City Manager

**TENANT:**

**6200 GP, LLC**

By Regis Realty Prime, LLC (authorized Agent)

By:

Scott Porter  
Scott Porter, Senior Vice President

ATTEST: By:

Irma G. Parker  
Irma Parker, City Secretary

January 8, 2019  
Resolution No. R19-003



ACKNOWLEDGMENT

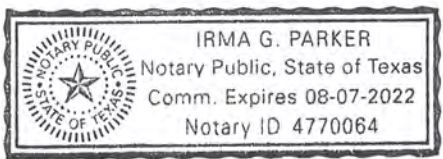
STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on the 10th day of JANUARY, 2019 by Wesley S. Pierson, City Manager for the Town of Addison, a Texas home-rule municipality, on behalf of said municipality.

Irma G. Parker  
Notary Public, State of Texas

Print Name: Irma G. Parker

My commission expires: 08-07-2022



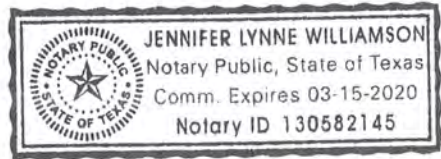
STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on the 3 day of January, 2019 by Scott Porter, senior vice president of Regis Realty Prime LLC, authorized agent of 6200 GP, LLC, a Nevada limited liability company, on behalf of said corporation.

Jennifer Williamson  
Notary Public, State of Texas

Print Name: Jennifer Williamson

My commission expires: 3-15-20



# EXHIBIT "A"

## Parcel "A" PROPERTY #0200

**BEING** a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), and being more particularly described as follows:

**BEGINNING** at a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the west line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), and lying in the south line of Addison Airport Property #0231 and, having Texas State Plane Coordinates of Northing: 7,039,040.476, Easting: 2,479,627.736;

**THENCE** S 21°16'25" E, along the west line of said Jimmy Doolittle Drive, at 58.76 feet passing a 'PK' nail found in the south line of said Jimmy Doolittle Drive at the northwest corner of Addison Airport Property #0210, continuing along the west line of said Property #0210, in all a distance of 62.52 feet to a 'PK' nail found;

**THENCE** along the west line of said Property #0210 the following:

North 68 Degrees 43 Minutes 35 Seconds East, 14.96 feet to a 1/2-inch iron rod found;

South 21 Degrees 16 Minutes 25 Seconds East, 113.96 feet to a cut 'x' found;

South 68 Degrees 56 Minutes 04 Seconds West, 14.96 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 15 Seconds East, 23.69 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 6.26 feet to a cut 'x' set;

South 21 Degrees 13 Minutes 44 Seconds East, 7.30 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 5.12 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 44 Seconds East, 41.95 feet to a cut 'x' set in the north line of Taxiway Sierra, from which a 'PK' nail found at the southwest corner of said Property #0210 bears South 21 Degrees 13 Minutes 44 Seconds East, 3.00 feet;

**THENCE** South 68 Degrees 36 Minutes 46 Seconds West, at all times remaining 60.00 feet north of and parallel to the centerline of Taxiway Sierra, 382.10 feet to a 'PK' nail set;

**THENCE** North 21 Degrees 14 Minutes 10 Seconds West, 246.36 feet to a 3/8-inch iron rod found at the southwest corner of said Property #0231;

**THENCE** North 68 Degrees 44 Minutes 36 Seconds East, along the south line of said Property #0231, 330.08 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 21 Degrees 06 Minutes 33 Seconds East, along the south line of said Property #0231, 3.41 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 68 Degrees 19 Minutes 44 Seconds East, along the south line of said Property #0231, 63.31 feet to the **POINT of BEGINNING** and **CONTAINING** 2.254 acres of land.

Filed and Recorded  
Official Public Records  
John F. Warren, County Clerk  
Dallas County, TEXAS  
01/22/2019 11:04:26 AM  
\$38.00



A handwritten signature in black ink, appearing to be "JFW", is written over the seal.

201900017100

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

**FOURTH AMENDMENT TO GROUND LEASE**

This Fourth Amendment to Ground Lease (hereinafter referred to as the "Fourth Amendment") is entered into and made effective as of the first day of the calendar month immediately following the Date of Execution given hereinbelow (the "Effective Date"), at Addison, Texas, by and between the Town of Addison, Texas, a home-rule municipality (hereinafter sometimes referred to as the "Landlord" or the "City"), and 6200 GP, LLC, a Nevada limited liability company ("Tenant") (Landlord and Tenant are sometimes referred to herein as the "parties" or "party").

**WHEREAS**, the original Ground Lease was entered into as of May 23, 1984 between the Town (City) of Addison, Texas and Addison Airport of Texas, Inc., as Landlord, and Hangar Six, Inc., as the tenant, by the terms of which certain real property described in the Ground Lease and now commonly known as 4550 Jimmy Doolittle Drive, Addison Airport, within the Town of Addison, Texas, and owned by the City was leased to Hangar Six, Inc.; and

**WHEREAS**, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and AATI), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations of the Landlord under the Base Lease; and

**WHEREAS**, the Base Lease has expired and the City alone is the Landlord under the Ground Lease; and

**WHEREAS**, the Ground Lease was assigned by Hangar Six, Inc. to Turbine Aircraft Services, Inc. by that Assignment of Lease dated July 2, 2002; and

**WHEREAS**, simultaneously with the Assignment of Lease, Landlord and Tenant entered into an Amendment to Ground Lease dated July 2, 2002 (the "First Amendment"), which, among other things, amended the description of the Demised Premises of the Ground Lease as set forth in the First Amendment; and

**WHEREAS**, the Ground Lease was further amended by that Second Amendment to Ground Lease entered into and made effective as of April 16, 2003 (the "Second Amendment", recorded as Instrument #200503504117 in the Dallas County, Texas Official Public Records ("OPR")) which, among other things, amended the Demised Premises of the Ground Lease, as set forth in the Second Amendment; and

**WHEREAS**, the Ground Lease was further amended by that Third Amendment to Ground Lease entered into and made effective as of January 13, 2009 (the "Third Amendment", as evidenced by that certain Memorandum of Third Amendment to Ground Lease recorded as Instrument #201100292149 in the OPR) which, among other things, amended: (i) the description of the Demised Premises; (ii) the Rental amount due as of the amendment effective date, and; (iii) modified the Term (extended the Ground Lease Term to now expire June 30, 2048); and



**WHEREAS**, the Ground Lease was assigned by Turbine Aircraft Services, Inc. to 6200 GP, LLC, a Nevada limited liability company by that Assignment of Lease dated January 21, 2014 and recorded as Instrument #201400014985 in the OPR; and

**WHEREAS**, by virtue of such assignments, 6200 GP, LLC, a Nevada limited liability company, is the Tenant of record under the Ground Lease, as amended or modified, as of the Date of Execution of this Fourth Amendment; and

**WHEREAS**, a true and correct copy of the Original Ground Lease as amended or modified is attached hereto and incorporated herein by reference as **Exhibit "A"**; and

**WHEREAS**, Landlord has proposed, and the Tenant has agreed, to remove from the Demised Premises certain unimproved land located at Addison Airport described in the attached **Exhibit "B"** as "Parcel B" (consisting of approximately 6,554 square feet, which at one time was intended to accommodate future off-street vehicle parking no longer required by Tenant), and Landlord and Tenant desire to amend the Ground Lease in the manner set forth below.

**NOW, THEREFORE**, for and in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas, and 6200 GP, LLC do hereby agree as follows:

**Section 1. Incorporation of Premises.** The above and foregoing recitals are true and correct and are incorporated herein and made a part hereof.

**Section 2. Amendments and Modifications to Ground Lease.** The Ground Lease, as described in the above and foregoing recitals, is hereby amended and modified as follows:

A. Amendment to Description of Demised Premises

1. The Ground Lease is hereby amended by modifying the description of the Demised Premises leased to Tenant as set forth in the Ground Lease so that the Demised Premises shall hereafter comprise of the land described as "Parcel A; Property #0200" in Exhibit "B" attached to this Fourth Amendment and incorporated herein by reference provided, however, the Demised Premises, as modified herein, shall continue to be subject to any and all restrictive covenants, taxes, easements, encroachments, leases, liens, laws, ordinances, rules, regulations, standards, and all other encumbrances or title exceptions, whether of record or not, and including, without limitation, items or matters which are visible or apparent from an inspection of the Demised Premises. Hereinafter, any reference to "Parcel B" as described in Exhibit "B" shall no longer be regarded as any part of the Demised Premises under the Ground Lease, as amended and modified.

2. Together with the above modification of the Demised Premises, Rental (as defined in Section 2, A.2 of the Third Amendment to Ground Lease) is hereby amended to equal Sixty-Four Thousand Five Hundred Thirty-Two Dollars and 76/100ths\_(\$64,532.76) payable in twelve (12) equal installments of Five Thousand Three Hundred Seventy-Seven

Dollars and 76/100ths (\$5,377.76) with the first said monthly installment due on or before the Effective Date of this Fourth Amendment to Ground Lease. Said Rental is calculated to equal the product of the number of gross square feet of the Demised Premises, as modified herein (being 98,184 square feet) multiplied by **\$0.6573** for each gross square foot thereof, which said Rental is subject to adjustment as set forth in the Ground Lease. Thereafter, without offset or deduction, Rental shall be paid on or before the first day of each calendar month over the Term. Landlord and Tenant hereby agree and acknowledge the rental rate of \$0.6573 per gross square foot is the current rental rate as adjusted in accordance with the Ground Lease, as amended or modified since the commencement of the Ground Lease and is subject to future adjustments as set forth in Section 2.B. hereinbelow.

**B. Amendment to Section 5 of the Ground Leases - Adjustment of Rental**

1. A comparison shall be made between the Price Index (as defined in the Ground Lease) as of the **Effective Date of this Fourth Amendment to Ground Lease** (the "Base Index" and "Base Index Date") and as it exists on the then applicable Adjustment Date ("the Current Index").

2. The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of change in the Price Index (i.e. Current Index divided by the Base Index) times the Rental as defined in subparagraph A.2 above (the "Base Rental" for the purpose of this Section 5).

3. Landlord and Tenant agree the next Adjustment Date shall be July 1, 2020.

**Section 3. No Other Amendments.** Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

**Section 4. Applicable Law; Venue.** In the event of any action under this Fourth Amendment, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the state of Texas shall govern and apply to the interpretation, validity and enforcement of this Fourth Amendment; 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 Fourth Amendment. All obligations of the parties created by this Fourth Amendment are performable in Dallas County, Texas.

**Section 5. No Third Party Beneficiaries.** This Fourth Amendment and each of its provisions are solely for the benefit of the parties hereto and are not intended to and shall not create or grant any rights, contractual or otherwise, to any third person or entity.

**Section 6. 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

Fourth Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 26 day of January, 2019 ("Date of Execution"):

TENANT:

LANDLORD:

6200 GP, LLC

TOWN OF ADDISON, TEXAS

By: Regis Realty Prime LLC (authorized agent)

By: [Signature]  
Scott Porter, Senior Vice President

By: [Signature]  
Wesley S. Pierson, City Manager

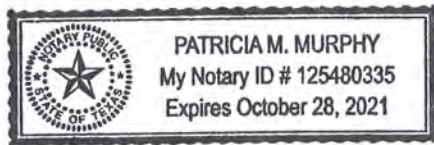
**ACKNOWLEDGMENT**

STATE OF TEXAS §  
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Scott Porter, senior vice president of Regis Realty Prime LLC, authorized agent of 6200 GP, LLC, a Nevada limited liability company, 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 26 day of November, 2018.

[SEAL]



[Signature]  
Notary Public, State of Texas

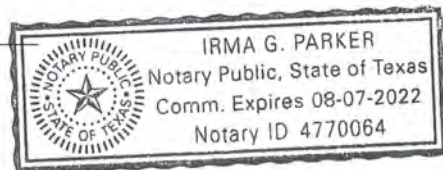
STATE OF TEXAS §  
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Wesley S. Pierson, 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 10th day of JANUARY, ~~2018~~ 2019.

[SEAL]

[Signature]  
Notary Public, State of Texas



**EXHIBIT "A"**

**COPY OF GROUND LEASE AS AMENDED AND MODIFIED**

Due to the voluminous size of the historical documents, they are not included herein.

However, the Ground Lease as amended and modified as described in the Fourth Amendment Preamble is available for review upon request in the archives of the Town of Addison, Dallas County, Texas.

EXHIBIT "B"

AMENDMENT #4 PROPERTY SURVEY AND LEGAL DESCRIPTION  
OF DEMISED PREMISES

**PARCEL A  
PROPERTY #0200**

**BEING** a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), and being more particularly described as follows:

**BEGINNING** at a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the west line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), and lying in the south line of Addison Airport Property #0231 and, having Texas State Plane Coordinates of Northing: 7,039,040.476, Easting: 2,479,627.736;

**THENCE** S 21°16'25" E, along the west line of said Jimmy Doolittle Drive, at 58.76 feet passing a 'PK' nail found in the south line of said Jimmy Doolittle Drive at the northwest corner of Addison Airport Property #0210, continuing along the west line of said Property #0210, in all a distance of 62.52 feet to a 'PK' nail found;

**THENCE** along the west line of said Property #0210 the following:

North 68 Degrees 43 Minutes 35 Seconds East, 14.96 feet to a 1/2-inch iron rod found;

South 21 Degrees 16 Minutes 25 Seconds East, 113.96 feet to a cut 'x' found;

South 68 Degrees 56 Minutes 04 Seconds West, 14.96 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 15 Seconds East, 23.69 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 6.26 feet to a cut 'x' set;

South 21 Degrees 13 Minutes 44 Seconds East, 7.30 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 5.12 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 44 Seconds East, 41.95 feet to a cut 'x' set in the north line of Taxiway Sierra, from which a 'PK' nail found at the southwest corner of said Property #0210 bears South 21 Degrees 13 Minutes 44 Seconds East, 3.00 feet;

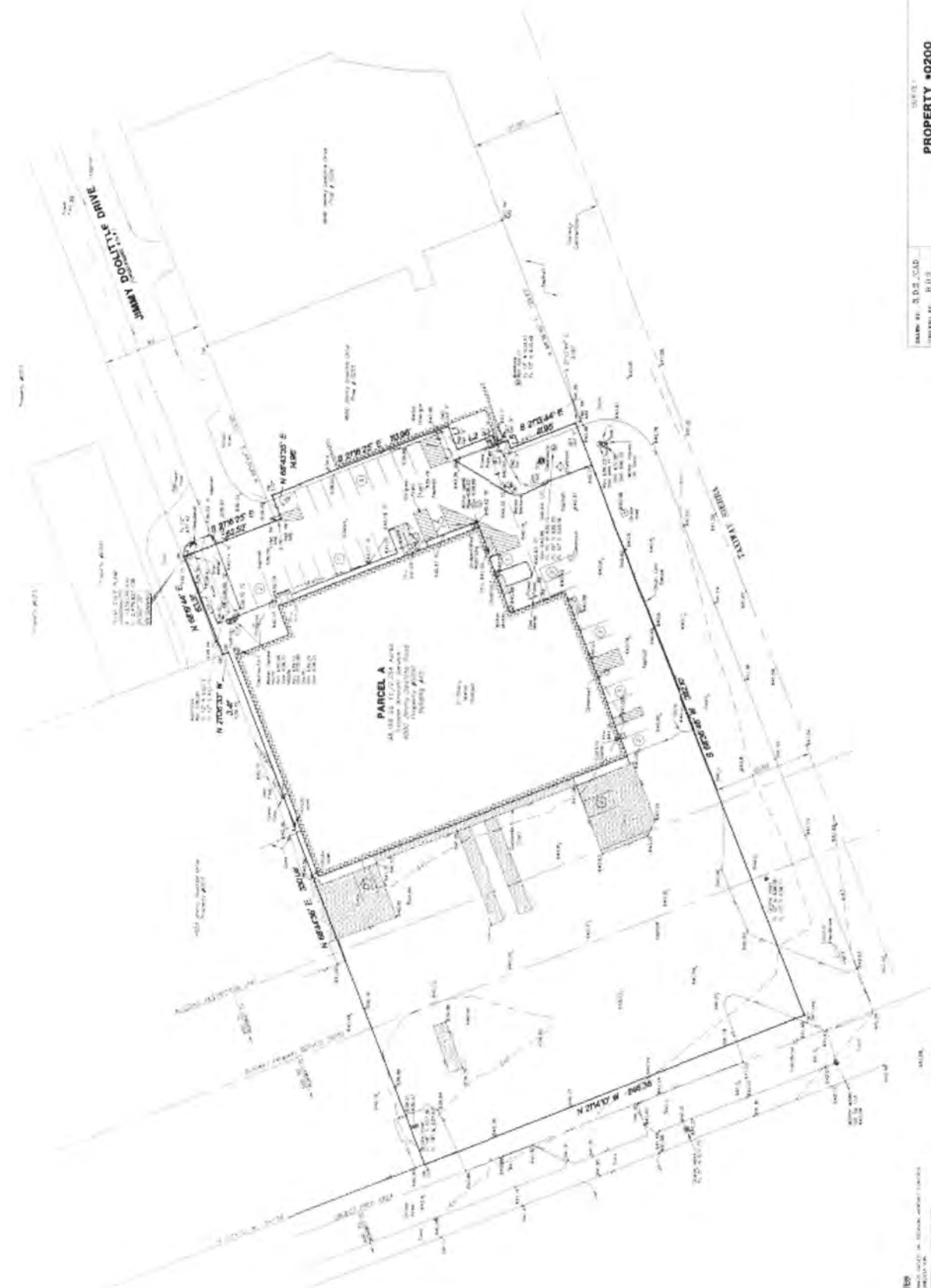
**THENCE** South 68 Degrees 36 Minutes 46 Seconds West, at all times remaining 60.00 feet north of and parallel to the centerline of Taxiway Sierra, 382.10 feet to a 'PK' nail set;

**THENCE** North 21 Degrees 14 Minutes 10 Seconds West, 246.36 feet to a 3/8-inch iron rod found at the southwest corner of said Property #0231;

**THENCE** North 68 Degrees 44 Minutes 36 Seconds East, along the south line of said Property #0231, 330.08 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 21 Degrees 06 Minutes 33 Seconds East, along the south line of said Property #0231, 3.41 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 68 Degrees 19 Minutes 44 Seconds East, along the south line of said Property #0231, 63.31 feet to the **POINT of BEGINNING** and **CONTAINING** 2.254 acres of land.



DATE: 03.03.2010  
 DRAWN BY: ELS  
 SCALE: 1" = 20'  
 PLAN: SEPT. 18, 2010  
 SHEET: 10 OF 10  
 JOB NO: 1000101-5  
 JOB NAME: 1000101-5

PROPERTY #0200  
 2.254 ACRE TRACT  
 SITUATED IN THE  
 ADDRESS APPROX  
 EDWARDS COUNTY, TEXAS  
 DALLAS COUNTY, TEXAS

THIS PLAN AND SPECIFICATIONS ARE PREPARED BY  
 THE ARCHITECT AND ENGINEER AND SHALL BE USED  
 FOR THE CONSTRUCTION OF THE PROJECT ONLY.  
 NO PART OF THIS PLAN OR SPECIFICATIONS SHALL  
 BE REPRODUCED OR TRANSMITTED IN ANY FORM OR  
 BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING  
 PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION  
 STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE  
 WRITTEN PERMISSION OF THE ARCHITECT AND ENGINEER.

100  
 PREPARED BY: EDWARDS COUNTY ENGINEERS  
 1000101-5  
 1000101-5  
 1000101-5

Exhibit "B" to the Fourth Amendment to Ground Lease



201400014985  
AS 1/76

STATE OF TEXAS     §  
                                  §  
COUNTY OF DALLAS §

**ASSIGNMENT OF GROUND LEASE**

*228004720*

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of Jan. 21, 2014, at Addison, Texas, by and between Robert Hoff, Independent Executor of the Estate of Tom L. Berscheidt, Deceased, and Turbine Aircraft Services, Inc., a Texas corporation (herein referred to as "Assignor"), and 6200 GP, LLC, a Nevada limited liability company (herein referred to as "Assignee").

**WHEREAS**, a Ground Lease ("Original Ground Lease") was executed on May 23, 1984 between the City of Addison, Texas (the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc., as landlord, and Hangar Six, Inc., as tenant, by the terms of which certain real property described in the Ground Lease and generally located at 4550 Jimmy Doolittle Drive, Addison Airport, within the Town of Addison, Texas (the "City") and owned by the City was leased to Hangar Six, Inc.; and

**WHEREAS**, by that Assignment of Lease dated July 2, 2002 (the "2002 Assignment"), the Tenant's interest in the Original Ground Lease was assigned from Hangar Six, Inc., as Assignor, to Turbine Aircraft Services, Inc., as Assignee; and

**WHEREAS**, simultaneously with the 2002 Assignment, Landlord and Tenant entered into an Amendment to Ground Lease dated July 2, 2002 (the "First Amendment"), which, among other things, amended the description of the demised premises under the Original Ground Lease, as set forth in the First Amendment; and

**WHEREAS**, the Original Ground Lease, as amended, was further amended by a Second Amendment to Ground Lease made effective as of April 16, 2003 (the "Second Amendment," recorded as Instrument #200503504117 in the Dallas County, Texas Official Public Records), which, among other things, further amended the description of the demised premises under the Ground Lease, as set forth in the Second Amendment; and

**WHEREAS**, the Original Ground Lease, as amended, was further amended by a Third Amendment to Ground Lease made effective as of January 13, 2009 (the "Third Amendment," as evidenced by that certain Memorandum of Third Amendment to Ground Lease recorded as Instrument #201100292149 in the Dallas County, Texas Official Public Records), which, among other things, further amended the description of the demised premises under the Ground Lease, as set forth in the Third Amendment; and

**WHEREAS**, by virtue of the 2002 Assignment, Turbine Aircraft Services, Inc., Assignor herein, is the Tenant under the Original Ground Lease as amended by the First Amendment, the Second Amendment, and the Third Amendment (the Original Ground Lease, as so amended, being referred to herein as the "Ground Lease," and a true and correct copy of the Ground Lease in its entirety, and including the 2002 Assignment is attached and incorporated herein by reference as Exhibit "A"); and

**WHEREAS**, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and



**WHEREAS**, the said Base Lease has expired and the City alone is the Landlord under the Ground Lease; and

**WHEREAS**, Tom Berscheidt, as the sole shareholder of Turbine Aircraft Services, Inc. became deceased on or about February 11, 2011, and by way of his Last Will and Testament instructed Robert Hoff, the estate's independent executor, to assign the Ground Lease and sell the building improvements as soon as practical; and

**WHEREAS**, the Ground Lease provides in Section 9 thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the Assignee whereby the Assignee agrees to be bound by the terms and provisions of the Ground Lease; and

**WHEREAS**, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound agree as follows:

#### **AGREEMENT**

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as **Exhibit A**, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind itself and its successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming any part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 (\$450.00) to Landlord.

3. Assignee hereby agrees to, assumes, and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of Tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is:

6200 GP, LLC  
Attn: Steven A. Shelley  
1603 LBJ Freeway, Suite 800  
Dallas, Texas 75234

4. Nothing in this Assignment modifies, alters, amends or changes, and shall not be construed or be deemed to modify, alter, amend or change, any term, provision, or condition of the Ground Lease.

5. The above and foregoing premises and recitals to this Assignment are incorporated into and made a part of this Assignment, and Assignor and Assignee both warrant and represent that such premises and statements, and all other provisions of this Assignment, are true and correct, and that in giving its consent, Landlord (as defined in the Consent of Landlord attached hereto) is entitled to rely

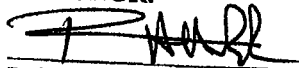
upon such representations and statements.

6. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, in equity, or otherwise, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from the Assignee shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

7. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of each of the respective parties hereto, and Assignor and Assignee certify one to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

**IN WITNESS WHEREOF**, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

**ASSIGNOR:**



Robert Hoff, Independent Executor of the  
Estate of Tom L. Berscheidt, Deceased

**TURBINE AIRCRAFT SERVICES, INC.,**  
a Texas corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ASSIGNEE:**

6200 GP, LLC,  
a Nevada limited liability company

By: \_\_\_\_\_  
Steven A. Shelley  
Vice President

*[Acknowledgments Follow On Next Page]*

upon such representations and statements.

6. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, in equity, or otherwise, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from the Assignee shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

7. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of each of the respective parties hereto, and Assignor and Assignee certify one to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

**IN WITNESS WHEREOF**, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

**ASSIGNOR:**

\_\_\_\_\_  
Robert Hoff, Independent Executor of the  
Estate of Tom L. Berscheidt, Deceased

TURBINE AIRCRAFT SERVICES, INC.,  
a Texas corporation

By: RICHARD G. WHELDON  
Name: Richard G. Wheldon  
Title: VICE PRESIDENT

**ASSIGNEE:**

6200 GP, LLC,  
a Nevada limited liability company

By: \_\_\_\_\_  
Steven A. Shelley  
Vice President

*[Acknowledgments Follow On Next Page]*

upon such representations and statements.

6. Assignor acknowledges that in addition to any other remedies provided in the Ground Lease or by law, in equity, or otherwise, Landlord may at its own option, collect directly from the Assignee all rents becoming due under such assignment and apply such rent against any sums due to Landlord. No such collection by Landlord from the Assignee shall release Assignor from the payment or performance of Assignor's obligations under the Ground Lease.

7. The undersigned representatives of the Assignor and Assignee have the necessary authority to execute this Assignment on behalf of each of the respective parties hereto, and Assignor and Assignee certify one to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

**IN WITNESS WHEREOF**, Assignor and Assignee have executed and delivered this Assignment on the day and the year first set forth above.

**ASSIGNOR:**

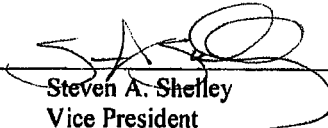
\_\_\_\_\_  
Robert Hoff, Independent Executor of the  
Estate of Tom L. Berscheidt, Deceased

TURBINE AIRCRAFT SERVICES, INC.,  
a Texas corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ASSIGNEE:**

6200 GP, LLC,  
a Nevada limited liability company

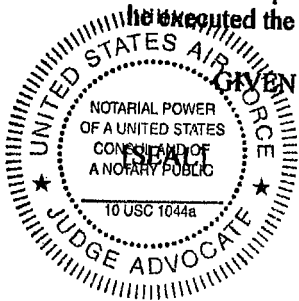
By:   
Steven A. Shelley  
Vice President

*[Acknowledgments Follow On Next Page]*

**ACKNOWLEDGMENT**

*California with*  
**STATE OF TEXAS** §  
**COUNTY OF DALLAS** §

*Kern with*  
BEFORE ME, the undersigned authority, on this day personally appeared Robert Hoff, 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 16<sup>th</sup> day of Jan, 2014.

*[Signature]*  
\_\_\_\_\_  
Notary Public, State of Texas *California with*

My commission expires: 13 Nov 2015

**STATE OF TEXAS** §  
**COUNTY OF DALLAS** §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_, 2014.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**STATE OF TEXAS** §  
**COUNTY OF DALLAS** §

BEFORE ME, the undersigned authority, on this day personally appeared Steven A. Shelley, 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 \_\_\_\_\_, 2014.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**ACKNOWLEDGMENT**

STATE OF TEXAS           §  
COUNTY OF DALLAS       §

BEFORE ME, the undersigned authority, on this day personally appeared Robert Hoff, 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 \_\_\_\_\_, 2014.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS           §  
COUNTY OF DALLAS       §

BEFORE ME, the undersigned authority, on this day personally appeared RICHARD G. WHELDON, 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 21 day of JANUARY, 2014.

[SEAL]



Andrea C Thompson  
Notary Public, State of Texas

My commission expires: 09/28/2015

STATE OF TEXAS           §  
COUNTY OF DALLAS       §

BEFORE ME, the undersigned authority, on this day personally appeared Steven A. Shelley, 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 \_\_\_\_\_, 2014.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

**ACKNOWLEDGMENT**

STATE OF TEXAS §  
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Robert Hoff, 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 \_\_\_\_\_, 2014.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §  
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_, 2014.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

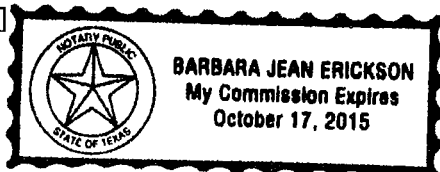
My commission expires: \_\_\_\_\_

STATE OF TEXAS §  
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Steven A. Shelley, 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 20<sup>th</sup> day of JAN., 2014.

[SEAL]



Barbara Jean Erickson  
Notary Public, State of Texas

My commission expires: 10-17-2015

**CONSENT OF LANDLORD**

The Town of Addison, Texas ("Landlord") is the Landlord in the Ground Lease described in the Assignment of Ground Lease (the "Assignment") entered into and effective as of Jan. 21, 2014, at Addison, Texas, by and between Robert Hoff, Independent Executor of the Estate of Tom L. Berscheidt, Deceased, and Turbine Aircraft Services, Inc. (herein referred to as "Assignor") and 6200 GP, LLC, a Nevada limited liability company (herein referred to as "Assignee"). In executing this Consent of Landlord ("Consent"), Landlord is relying upon the warranty, representations, provisions, and statements made and included in the foregoing Assignment, and in relying upon the same Landlord hereby consents to the foregoing Assignment from Assignor to Assignee. However, notwithstanding this Consent, Landlord does not waive any of its rights under the Ground Lease as to the Assignor or the Assignee, and does not release Assignor from its covenants, obligations, duties, or responsibilities under or in connection with the Ground Lease, and Assignor shall be and remain liable and responsible for all such covenants, obligations, duties, and responsibilities. In addition, notwithstanding any provision of this Consent or of the above and foregoing Assignment to the contrary, this Consent shall not operate as a waiver of any prohibition against further assignment, transfer, conveyance, pledge, change of control, or subletting of the Ground Lease or the premises described therein without Landlord's prior written consent.

This Consent shall be and remain valid only if and provided that, by no later than 6:00 o'clock p.m. on January 31, 2014:

(i) the Assignment has been executed and notarized by both Assignor and Assignee, and a fully executed and notarized original of the Assignment has been delivered to Bill Dyer at the address set forth below; and

(ii) all other matters in connection with the transfer, sale, and/or conveyance by Assignor to Assignee of the Assignor's interest in the Ground Lease have been fully consummated and completed and the transaction closed as reasonably determined by Landlord (such matters including, without limitation, the full execution and finalization of the Assignment and any other documentation so required by Landlord relating to this transaction) and delivered to Landlord c/o Mr. Bill Dyer, Addison Airport Real Estate Manager, at 16051 Addison Road, Suite 220, Addison, Texas 75001.

Otherwise, and failing compliance with and satisfaction of each all of paragraphs (i) and (ii) above, this Consent shall be null and void *ab initio* as if it had never been given and executed.

Signed this 31<sup>st</sup> day of December, 2013

**LANDLORD:**

**TOWN OF ADDISON, TEXAS**

By: 

Ron Whitehead, City Manager



STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

**THIRD AMENDMENT TO GROUND LEASE**

This Third Amendment to Ground Lease (hereinafter referred to as the "Third Amendment") is entered into and effective as of January 13, 2009 (the "Effective Date"), between the Town of Addison, Texas a home-rule municipality (hereinafter sometimes referred to as the "Landlord" or the "City"), and Turbine Aircraft Services, Inc., a Texas corporation ("Tenant").

**WHEREAS**, a Ground Lease was entered into as of May 23, 1984 between the Town (City) of Addison, Texas and Addison Airport of Texas, Inc., as landlord, and Hangar Six, Inc., as tenant, of a 1.764 acre tract of land located at Addison Airport, which Ground Lease provides that its term commenced on July 1, 1984 and is to end 360 months thereafter (or on June 30, 2014); and

**WHEREAS**, the Base Lease (as defined in the Ground Lease) between the Town of Addison, Texas and Addison Airport of Texas, Inc. has expired, and the Town of Addison, Texas alone is the Landlord under the Ground Lease; and

**WHEREAS**, the Ground Lease was assigned by Hangar Six, Inc. to Turbine Aircraft Services, Inc. by that Assignment of Lease dated July 2, 2002; and

**WHEREAS**, simultaneously with the said Assignment of Lease, Landlord and Tenant entered into an "Amendment to Ground Lease" dated July 2, 2002 (the "First Amendment"), which, among other things, amended the description of the demised premises of the Ground Lease as set forth in the First Amendment; and

**WHEREAS**, the Ground Lease was further amended by that "Second Amendment To Ground Lease" entered into and made effective as of April 16, 2003 (the "Second Amendment") which, among other things, amended the demised premises of the Ground Lease as set forth in the Second Amendment; and

**WHEREAS**, a copy of the Second Amendment (including a copy of the Ground Lease and the First Amendment) was recorded in the Official Public Records of Dallas County, Texas in Book 2005178, Volume 0001 (Instrument # 200503504117) (the Ground Lease, as amended by the First Amendment and the Second Amendment, hereinafter referred to as the "Ground Lease") and is attached hereto as Exhibit A and made a part hereof; and

**WHEREAS**, on or about April 9, 2008 a portion of the existing building, structure and equipment improvements to the demised premises incurred casualty damage caused by severe weather, and in accordance with the Ground Lease Tenant intends to complete the restoration, repair and replacement of the damaged buildings, structures and equipment to meet or exceed their value, condition and character immediately prior to the casualty event; and

**WHEREAS**, in addition to Tenant restoring and repairing the damaged building, structure and equipment improvements, Tenant has proposed to construct certain additional

improvements on the demised premises and to add to the demised premises certain additional land located at Addison Airport as described herein, and Landlord and Tenant desire to amend the Ground Lease in the manner set forth below contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

**NOW, THEREFORE**, for an in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas and Turbine Aircraft Services, Inc. do hereby agree as follows:

**Section 1. Incorporation of Premises.** The above and foregoing recitals are true and correct and are incorporated herein and made a part hereof.

**Section 2. Amendments and Modifications to Ground Lease.** The Ground Lease, as described in the above and foregoing recitals, is hereby amended and modified as follows:

**A. Amendment to Description of Demised Premises**

1. The Ground Lease is hereby amended by amending the description of the demised premises leased to Tenant as set forth in the Ground Lease so that the demised premises shall hereafter comprise the land described in Exhibit B attached to this Third Amendment and incorporated herein (the "demised premises"); provided, however, the said demised premises described in the attached Exhibit B and the lease thereof are subject to any and all restrictive covenants, taxes, easements, encroachments, leases, liens, laws, ordinances, rules, regulations, standards, and all other encumbrances or title exceptions, whether of record or not, and including, without limitation, items or matters which are visible or apparent from an inspection of the said demised premises.

2. Rent for the demised premises as amended hereby shall be in an annual amount equal to the product of the number of gross square feet of the demised premises (the number of gross square feet of the demised premises as set forth in Exhibit B to this Third Amendment being 104,718 square feet) multiplied by \$0.5860 per gross square foot (104,718 square feet times \$0.5860 per gross square foot equals annual rent amount of \$61,364.75), which rent is subject to adjustment as set forth in the Ground Lease. Without offset or deduction, rent shall be paid in advance in monthly installments on or before the first day of each calendar month, determined by dividing the annual rental amount by twelve (12), with the first such installment due on or before the first day of the first calendar month following the Effective Date of this Third Amendment. Landlord and Tenant agree that the rent rate of \$0.5860 per gross square foot is that rent rate as adjusted in accordance with the Ground Lease since the commencement of the Ground Lease and is subject to further and future adjustment as set forth in the Ground Lease (with the next such adjustment to be made on July 1, 2010).

**B. Amendment to Term.** The term of the Ground Lease may be modified in accordance with the following:

1. The Term of the Lease, currently scheduled to end on June 30, 2032, shall be extended for an additional **192 months** so it shall end on June 30, 2048 (the "Second Lease Extension Period"), but subject, however, to the termination provisions of the Ground Lease. Provided, however, that notwithstanding the foregoing, the Second Lease Extension Period shall not become effective unless and until Tenant has complied with and fully satisfied each of the following terms and conditions:

- (i) Within one-hundred eighty (180) consecutive days immediately following the Effective Date of this Third Amendment (the "Repair and Improvement Period"), Tenant shall have completed upon the demised premises to Landlord's satisfaction the restoration, repair and replacement of the building improvements and equipment that were damaged (the "Damaged Facilities" which are generally described in various damage assessment reports, costs estimates and related correspondence delivered by Tenant to the City kept in the file and records of the Airport Manager, including but not limited to certain letters from Tri-Star Construction, Inc. dated May 27, 2008 and JDA Engineering dated June 4, 2008) during a casualty event (severe weather) that occurred on April 9, 2008 (the "Casualty Event") to at least a condition which meets or exceeds the value, condition and character of such Damaged Facilities immediately prior to the Casualty Event;
- (ii) Within the Repair and Improvement Period, Tenant shall have completed upon the demised premises to Landlord's satisfaction the construction of the remodeling and renovation improvements to the existing building improvements as generally described in **Exhibit C** attached hereto and incorporated herein (the "New Improvements");

For purposes of this Amendment, the restoration, repair and replacement of the Damaged Facilities and the construction of the New Improvements referred to in sub-sections (i) and (ii) above may be jointly or severally referred to hereinafter as the "Building Improvements."

- (iii) Prior to beginning any construction, repair or restoration of any of the Building Improvements on the demised premises, Tenant shall present to Landlord for Landlord's review and consideration of approval, the plans and specifications for the construction of the Building Improvements (the "Plans and Specifications"). Plans and Specifications shall be in accordance with and subject to applicable provisions of the Ground Lease, and be prepared by an architect and/or engineer duly authorized and licensed or registered to practice architecture and/or engineering, as the case may be, in and by the State of Texas. For purposes of this subparagraph (iii), Plans and Specifications shall be approved for Landlord by the City Manager of the Town of Addison, Texas or the City Manager's designee. All construction of the Building Improvements and any other facilities or improvements shall be in accordance with the approved Plans and Specifications, and such construction shall be in a first class, workmanlike manner and in accordance with and subject to the provisions of the Ground Lease. The design and construction of the Building Improvements shall be in accordance and comply with all applicable federal, state, and local laws, statutes, ordinances,

codes, rules, regulations, orders, and standards. Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations that arise in connection with any such construction;

- (iv) In connection with the Damaged Facilities, insurance proceeds have been paid, will be paid, or are payable (such insurance proceeds, together with any deductible under a policy of insurance relating to the Damaged Facilities, being the "Insurance Proceeds"). Tenant will promptly provide to the City all information requested by the City regarding or related to Insurance Proceeds and the amount thereof. Tenant shall use the Insurance Proceeds to complete the construction, repair, and renovation of the Damaged Facilities. Additionally, Tenant shall pay at its sole cost and expense no less than Fifty Thousand Dollars and no cents (\$50,000.00) (the "Additional Amount") towards the total construction cost of the Building Improvements over and above the Insurance Proceeds received by Tenant and/or Tenant and the City (as named payees) as a result of the April 9, 2008 Casualty Event (the Insurance Proceeds and the Additional Amount being referred to herein together as "Tenant's Capital Requirement");
- (v) No later than ten (10) days following the earlier of (a) the end of the Repair and Inspection Period and the (b) date of the last of the Certificate of Occupancy and the Conformance Certification (as defined below) to be issued, Tenant shall present evidence to Landlord (to the Landlord's satisfaction) that Tenant has expended at least the Tenant's Capital Requirement to construct the Building Improvements. Such evidence shall include true and correct copies of all receipts or other documents or records indicating the nature of the construction work performed, the cost thereof and the amount paid for such construction work.
- (vi) Tenant shall not, at the time of the issuance of the notice described in subsection B.2. of this Section 2, have violated any provision of the Ground Lease (including the provisions of this Third Amendment), or be in default of any provision of the Ground Lease (and including the provisions of this Third Amendment) beyond any applicable cure period.

For the purposes hereof, the Building Improvements shall be deemed completed upon the issuance of a certificate of occupancy by the Town of Addison for such Building Improvements (if the same is required by the Town of Addison) ("Certificate of Occupancy"), and a certification (in form and content acceptable to Landlord) by Tenant's architect or inspecting engineer (who must be duly authorized and licensed or registered to practice architecture and/or engineering, as the case may be, in and by the State of Texas) that the Building Improvements have been completed in conformance with the Plans and Specifications and with all applicable federal, state, and local laws, statutes, ordinances, codes, rules, regulations, orders, and standards (the "Conformance Certification").

2. Upon Landlord's determination that Tenant has fully, finally and timely complied with and satisfied to Landlord's satisfaction each of the terms and conditions set forth in Section 2.B.1, above, Landlord will notify Tenant of the same in writing and the Second Lease Extension Period shall thereafter be in effect. In such event, Landlord and Tenant agree, if requested by the other party, to execute and deliver a written memorandum confirming the Second Lease Extension Period, which confirmation may be filed in the Official Public Records of Dallas County, Texas.

3. If, however, Landlord determines that Tenant has failed to fully, finally and timely comply with and satisfy to Landlord's satisfaction all of the conditions and provisions of Section 2.B.1., above, Landlord shall deliver to Tenant written notice of its failure to comply with and satisfy all the conditions and provisions of Section 2.B.1 and if said conditions and provisions remain unresolved and not so complied with and so satisfied, in the sole discretion of Landlord, for more than thirty (30) days after said notice the Second Lease Extension Period shall not be granted and shall not take effect, and the Term of the Ground Lease shall end on June 30, 2032 (subject to the termination provisions of the Ground Lease).

C. Amendment to Section 6 of the Ground Lease - Section 6 of the Ground Lease is amended to read as follows:

6. Use of Demised Premises and Construction of Improvements: The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair, aircraft storage; aircraft training, aircraft charter; aircraft rentals; and the provision of aviation administrative and consulting services to Tenant's clients; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

1 - Metal building 225' X 150' with enclosed offices and associated aircraft ramp and vehicle parking.

As set forth in Section 2.B.1 of the Third Amendment to this Ground Lease, Tenant intends to complete the restoration, repair and replacement of the Damaged Facilities and the construction of the New Improvements (together with the existing building improvements on the demised premises, the Damaged Facilities and, the New Improvements shall hereinafter constitute the "Improvements" or "Building Improvements") in accordance with the terms of this Lease, as amended and modified. All construction on or within the demised premises of any kind or nature whatsoever shall be strictly in accordance with plans and specifications submitted by Tenant to Landlord for Landlords' review and consideration of approval, and such construction shall be performed in a first class, workmanlike manner and in compliance with all applicable building codes, standards and ordinances. Such plans and specification shall be prepared by an architect and/or engineer duly authorized and licensed or registered to practice architecture and/or engineering, as the case may be, in and by the State of Texas.

Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages (including, without limitation, consequential damages) or injury (including, without limitation, claims for personal injury or death, or property damage or destruction, or economic loss), or any other harm, penalties, fines, liens and any and all other liabilities and obligations which arise in connection with any such construction, and **Tenant shall DEFEND, INDEMNIFY, and HOLD HARMLESS Landlord and Airport Manager, and their respective officials, officers, employees and agents, from and against any and all such costs, expenses, claims, suits, proceedings, damages, penalties, fines liens, liabilities, and obligations without limitation, INCLUDING SUCH COSTS, EXPENSES, CLAIMS, SUITS, PROCEEDINGS, DAMAGES, PENALTIES, FINES, LIENS LIABILITIES, AND OBLIGATIONS WHICH ARE CAUSED BY, ARISE OUT OF, OR RESULT FROM, IN WHOLE OR IN PART, THE NEGLIGENCE OF LANDLORD OR MANAGER (OR THEIR RESPECTIVE OFFICIALS, OFFICER, EMPLOYEES, AND AGENTS), OR ANY ACT OR OMISSION BY LANDLORD OR MANAGER (OR THEIR RESPECTIVE OFFICIALS, OFFICER, EMPLOYEES, AND AGENTS) THAT GIVES RISE TO STRICT LIABILITY OF ANY KIND.** Except as provided for in this Lease, Tenant may not construct, locate, install, place or erect any other improvements upon the Leased Premises without the prior written consent of Landlord. It is expressly understood and agreed that Tenant's construction of any building or other improvements shall include the finish-out of such building and improvements in accordance with the plans and specifications for the finish-out of the building or other improvements as submitted by Tenant to Landlord and approved in writing by Landlord. Landlord's approval of any plans and 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 laws, regulations, standards, building or other codes, and the like, for which Tenant and its contractors shall have full and complete responsibility and liability.

Tenant will properly and timely submit to the FAA, the Texas Department of Transportation (TxDOT), and any other governmental entity or agency having jurisdiction regarding Addison Airport, a Notice of Proposed Construction or Alteration (FAA Form 7460), when and as required.

Tenant further agrees that the Landlord shall be authorized at all times during any project of construction to enter upon the Leased Premises, and all parts thereof, 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, Substantial Completion and Final 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.

D. Amendment to Section 7 of the Ground Lease - Section 7 of the Ground Lease is amended to read as follows:

7. Acceptance of Demised Premises: Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the

purpose for which the same are leased in their present condition "AS IS, WHERE IS" and with all faults and defects, whether known or unknown to either Lessor or Tenant and without representation or warranty of any kind from Lessor as to the status or condition thereof, and further the Ground Lease is subject to any and all currently existing title exceptions or other matters of record or visible or apparent from an inspection affecting the demised premises. 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.

Without limiting the foregoing, TENANT ACKNOWLEDGES THAT TENANT HAS FULLY INSPECTED THE LEASED PREMISES AND ACCEPTS THE LEASED PREMISES AND THAT THE LEASED 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 FOR ANY PURPOSE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION REGARDING SOIL CONDITIONS, AVAILABILITY OR EFFICACY OF UTILITIES, 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 LEASED PREMISES HAVE BEEN 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 OR EFFICACY OF UTILITIES, 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 LEASED 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 VISIBLE OR APPARENT FROM AN INSPECTION AFFECTING THE LEASED PREMISES. TENANT WAIVES ANY IMPLIED WARRANTIES OF SUITABILITY, HABITABILITY, AND FITNESS FOR A PARTICULAR PURPOSE, AND FURTHER WAIVES ALL CLAIMS BASED ON ANY DEFECT IN THE LEASED PREMISES THAT COULD HAVE BEEN DISCOVERED BY TENANT'S REASONABLE INSPECTION.

E. Amendment to Section 10 of the Ground Lease - Section 10 of the Ground Lease is amended to read as follows:

10. Property Taxes and Assessments: Tenant shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses, 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.

If any buildings or other improvements located upon the demised premises are determined to be subject to property taxation by the Dallas Central Appraisal District (or any successor entity or agency thereto or other agency with the authority to make such determination) ("DCAD"), Tenant will not contest any such determination. Additionally, 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.

F. Amendment to Section 21 of the Ground Lease - Section 21 of the Ground Lease is amended to read as follows:

21. Indemnity and Exculpation and Release.

A. Exculpation. The Town of Addison, Texas and the elected officials, the officers, employees, representatives, and volunteers of the Town of Addison, Texas (both in their official and private capacities), and the Airport Manager, and the owners, officers, employees, and representatives of the Airport Manager, shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, tenants, licensees, concessionaires, contractors, subcontractors, 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 demised premises or any adjacent area owned by Landlord caused by or resulting from any act or omission of Tenant, Tenant's employees, agents, servants, customers, invitees, tenants, licensees, concessionaires, contractors, subcontractors, or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use or occupation of the demised premises by Tenant, its employees, agents, servants, customers, invitees, tenants, licensees, concessionaires, contractors, or subcontractors and/or the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations



hereunder; and Tenant hereby agrees to and shall DEFEND, INDEMNIFY, AND HOLD HARMLESS the Town of Addison, Texas and all of the Addison Persons, and the Airport Manager and all of the Manager Persons (as the terms "Addison Persons" and "Manager Persons" are defined in subsection B of this Section, below) from and against any and all liability, damages, costs, penalties, suits, judgments, losses, expenses or claims arising out of such damage, destruction, injury, death or harm.

**B. TENANT'S INDEMNITY OBLIGATION.** Tenant shall DEFEND (WITH COUNSEL REASONABLY ACCEPTABLE TO LANDLORD), INDEMNIFY AND HOLD HARMLESS (i) the Town of Addison, Texas, and the elected officials, the officers, employees, 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 representatives each being a "Manager Person" and collectively the "Manager Persons"), from and against any and all claims, actions, proceedings, causes of action, demands, losses, 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, whether directly or indirectly, (collectively for purposes of this Section, "Damages"), that result from, relate to, or arise out of, in whole or in part, (i) 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 demised premises under express or implied invitation of Tenant during the Lease Term (collectively, "Tenant Persons"), (ii) 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 demised premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling, (iii) representations or warranties by Tenant under this Lease, and/or (iv) 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 OR GROSS NEGLIGENCE OF THE TOWN OF ADDISON, TEXAS, ANY ADDISON

**PERSON, THE AIRPORT MANAGER, OR ANY MANAGER PERSON, OR BY ANY ACT OR OMISSION BY THE TOWN OF ADDISON, TEXAS, ANY ADDISON PERSON, THE AIRPORT MANAGER, OR ANY MANAGER PERSON THAT GIVES RISE TO STRICT LIABILITY OF ANY KIND. Despite the full indemnity given herein, under no circumstances shall Tenant indemnify or have any duty to indemnify Landlord for any Damages found to have been caused by the sole negligence of any Addison Person.**

**Tenant shall promptly advise Landlord in writing of any claim or demand against any Addison Person, Manager Person, or Tenant 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 own expense, to participate in such defense without relieving Tenant of any of its obligations hereunder.**

C. Release. Tenant and Owners hereby **RELEASE** the Town of Addison, Texas and all other Addison Persons (as the term "Addison Persons" is defined in subsection B. of this Section) and Airport Manager, and all other Manager Persons (as the term "Manager Persons" is defined in subsection B. of this Section) 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 subsection B. of this Section) 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) for, any loss or damage that may 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.

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

G. Amendment to Section 21.1 of the Ground Lease - Section 21.1 of the Ground Lease is amended to read as follows:

Section 21.1. Environmental Compliance.

A. Tenant shall not install, store, use, treat, transport, discharge or dispose (or permit, allow, or acquiesce in the installation, storage, use, treatment, transportation, discharge or disposal by 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/or their respective owners, directors, shareholders, partners, officers, managers, employees, agents, representatives, engineers,

consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, and concessionaires) on the demised premises or any portion of the common facilities (described in Paragraph 17), 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 law, rule, regulation, order, standard, permit, directive or policy, 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, regulation, order, standard, permit, directive or policy, or (ii) in any manner prohibited or deemed unsafe under applicable law, rule, regulation, order, standard, permit, directive or policy. (The substances referred to in (a), (b), (c) or (d) herein are collectively referred to hereinafter as "Hazardous Materials").

**B. Cleanup Laws; Tenant's Indemnity Obligation.**

1. Tenant shall, at Tenant's own expense, comply with any presently existing or hereafter enacted laws, rules, regulations, orders, standards, directives, permits, or notices relating to Hazardous Materials (collectively, "Cleanup Laws"). 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. 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 (as described in Paragraph 17) by (i) Tenant, or by (ii) 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/or their respective owners, directors, shareholders, partners, officers, managers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, invitees, patrons, and concessionaires, or by (iii) any person acting by or under the authority or with the permission of Tenant, Tenant's tenants, or any other person entering the demised premises under express or implied invitation of Tenant during the Term of this Lease, Tenant shall, at Tenant's own cost and 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 cost or 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, as the case may be, and shall sign the affidavits promptly when requested to do so by Landlord.

2. **Tenant's Indemnity Obligation.** Without limiting any other indemnity, hold harmless, and defense obligation of Tenant set forth in this Lease, Tenant shall **INDEMNIFY, DEFEND, SAVE, AND HOLD HARMLESS** the Town of Addison, Texas, and the elected officials, the officers, employees, 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 representatives each being a "Manager Person" and collectively the "Manager Persons") from and against, and reimburse the Town of Addison, Texas, the Addison Persons, the Airport Manager, and the Manager Persons (as the case may be) for, any and all obligations, damages, injunctions, fines, penalties, demands, claims, costs, expenses, actions, causes of action, judgments, liabilities, suits, proceedings, harm, and losses of whatever nature (including, without limitation, attorneys' fees and court costs), and all cleanup or removal costs and all actions of any kind arising out of or in any way connected with the installation, storage, use, treatment, transporting, disposal or discharge of Hazardous Materials in, on, or to the demised premises and/or any portion of the common facilities 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, 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 demised premises under express or implied invitation of Tenant during the Lease Term (collectively, "Tenant Persons"); and from all fines, penalties, suits, judgments, procedures, proceedings, claims, actions, and causes of action of any kind whatsoever arising out of Tenant's or any of Tenant Persons' failure to provide all information, make all submissions and take all steps required by the Authority under the Cleanup Laws or any other law, rules, regulation, standard, order, or policy (environmental or otherwise). **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 OR GROSS NEGLIGENCE OF THE TOWN OF ADDISON, TEXAS, ANY ADDISON PERSON, THE AIRPORT MANAGER, OR ANY MANAGER PERSON, OR BY ANY ACT OR OMISSION BY THE TOWN OF ADDISON, TEXAS, ANY ADDISON PERSON, THE AIRPORT MANAGER, OR ANY MANAGER PERSON THAT GIVES RISE TO STRICT LIABILITY OF ANY KIND.** Despite the full indemnity given herein, under no circumstances shall Tenant indemnify or have any duty to indemnify Landlord for any Damages found to have been caused by the sole negligence of any Addison Person.

**Tenant's obligations and liabilities under this subparagraph shall continue (and survive the termination or expiration of this Lease) so long as there may be Hazardous Materials at the demised premises and/or any portion of the common facilities, that were installed, stored, used, treated, transported, disposed of or discharged during the Lease Term by Tenant or any of Tenant Persons. 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. Tenant shall promptly supply Landlord and Airport Manager 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. Tenant's obligations and liability pursuant to the terms of this Paragraph 21.1 shall survive the expiration or earlier termination of this Lease.

H. Amendment to Section 39 of the Ground Lease - Section 39 of the Ground Lease is amended to read as follows:

**Section 39. Force Majeure.**

- A. In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord is so delayed or hindered.
- B. Except for the payment of any rent or any other payment to be made by Tenant under this Lease, and the provision of insurance by Tenant under this Lease, in the event performance by Tenant of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, the delay of any governmental approvals, civil riot, flood, or any other cause not within the control of Tenant, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Tenant is so delayed or hindered.

**Section 3. Tenant's Duty to Restore.** Tenant acknowledges and recognizes Tenant's duty, responsibility, and obligation, under Section 14 of the Ground Lease, to promptly commence and complete, at Tenant's sole cost, risk and expense, the restoration, repair and replacement of any buildings, structures and equipment on the demised premises (or any part thereof) which have been damaged or destroyed as nearly as possible to their value, condition or character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord, whether or not the insurance

proceeds (if any) payable on account of such damage and/or destruction is sufficient for such purposes.

Tenant is not by this Third Amendment released, relieved, or otherwise discharged from such duty, responsibility, and obligation under the Ground Lease, and if Tenant fails to fully, finally and timely complete all of the Building Improvements as described in, and in accordance and compliance with, Section 2.B., above, of this Third Amendment, Tenant shall immediately following the expiration of the Repair and Improvement Period (but in any event no less than ten (10) days thereafter) initiate compliance with the provisions of Section 14 of the Ground Lease. Tenant's failure to timely initiate such compliance and to present proof thereof in form and content satisfactory to Landlord within twenty (20) days following the expiration of the Repair and Improvement Period, and/or Tenant's failure to complete the restoration, repair and replacement of any damaged and/or destroyed buildings, structures and equipment within ninety (90) days following the expiration of the Repair and Improvement Period, shall constitute a breach of or default under the Ground Lease by Tenant.

For purposes of this Section, completion of the restoration, repair and replacement will be evidenced by a certificate of occupancy issued by the Town of Addison for the buildings, structures and equipment, and a certification (in form and content acceptable to Landlord) by Tenant's architect or inspecting engineer (who must be duly authorized and licensed or registered to practice architecture and/or engineering, as the case may be, in and by the State of Texas) that the restoration, repair and replacement has been completed in conformance with the plans and specifications therefor and in compliance with all applicable federal, state, and local laws, statutes, ordinances, codes, rules, regulations, orders, and standards.

**Section 4. No Other Amendments.** Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

**Section 5. Applicable Law; Venue.** In the event of any action under this Third Amendment, exclusive venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Third Amendment; and, with respect to any conflict of laws 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 Third Amendment. All obligations of the parties created by this Third Amendment are performable in Dallas County, Texas.

**Section 6. No Third Party Beneficiaries.** This Third Amendment and each of its provisions are solely for the benefit of the parties hereto and are not intended to and shall not create or grant any rights, contractual or otherwise, to any third person or entity.

**Section 7. 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 Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this  
13 day of January, 2009

**LANDLORD:**

**TOWN OF ADDISON, TEXAS**

By: Ron Whitehead  
Ron Whitehead, City Manager

ATTEST:

By: Lea Dunn  
Lea Dunn, City Secretary

**TENANT:**

**TURBINE AIRCRAFT SERVICES, INC.**

By: Tom L. Berscheidt  
Tom L. Berscheidt

Its: President

**ACKNOWLEDGMENT**

STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 13<sup>th</sup> day of ~~January~~ <sup>February</sup>, 2009 by Ron Whitehead, City Manager for the Town of Addison, a Texas home-rule municipal corporation, on behalf of said municipal corporation.



Michele Loper Covino  
Notary Public, State of Texas

Print Name: MICHELE LOPER COVINO

My commission expires: 09/22/09

STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on the 21<sup>st</sup> day of January, 2009 by Tom L. Berscheidt, President, Turbine Aircraft Services, Inc., a Texas corporation, on behalf of said corporation.



Craig Fahning  
Notary Public, State of Texas

Print Name: Craig Fahning

My commission expires: Aug 12, 2009

Filed and Recorded  
Official Public Records  
John F. Warren, County Clerk  
Dallas County, TEXAS  
01/22/2014 12:30:29 PM  
\$326.00



JF



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**EXHIBIT B**

**NEW PROPERTY SURVEY AND LEGAL DESCRIPTION  
OF DEMISED PREMISES**

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**PARCEL A**

BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), and being more particularly described as follows:

BEGINNING at a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the west line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), having Texas State Plane Coordinates of Northing: 7,039,040.476, Easting: 2,479,627.736;

THENCE S 21°16'25" E, along the west line of said Jimmy Doolittle Drive, at 58.76 feet passing a 'PK' nail found in the south line of said Jimmy Doolittle Drive, in all a distance of 62.62 feet to a 'PK' nail found;

THENCE N 68°43'36" E, 14.96 feet to a 1/2-inch iron rod found;

THENCE S 21°18'25" E, 113.96 feet to a cut 'x' found;

THENCE S 65°56'04" W, 14.96 feet to a cut 'x' found;

THENCE S 21°13'15" E, 23.69 feet to a cut 'x' set;

THENCE S 68°46'16" W, 6.26 feet to a cut 'x' set;

THENCE S 21°13'44" E, 7.30 feet to a cut 'x' set;

THENCE S 68°46'16" W, 5.12 feet to a cut 'x' found;

THENCE S 21°13'44" E, 41.95 feet to a cut 'x' set, from which a found 'PK' nail bears S 21°13'44" E, 3.00 feet;

THENCE S 68°36'46" W, at all times remaining 60.00 feet north of and parallel to the centerline of Taxiway Sierra, 352.10 feet to a 'PK' nail set;

THENCE N 21°14'10" W, 246.36 feet to a 3/8-inch iron rod found;

THENCE N 68°44'36" E, 330.08 feet to a 'PK' nail found;

THENCE N 21°06'33" W, 3.41 feet to a 'PK' nail set;

THENCE N 68°19'44" E, 63.31 feet to the POINT of BEGINNING and CONTAINING 2.254 acres of land.

**PARCEL B**

BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found at the northeast corner of the herein described parcel, having Texas State Plane Coordinates of Northing: 7,039,135.749, Easting: 2,479,680.397;

THENCE S 21°05'12" E, 45.33 feet to a 1/2-inch iron rod found, from which a 5/8-inch iron rod found with plastic cap stamped "Sparr Surveys" in the north line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), bears S 21°05'12" E, 22.54 feet;

THENCE S 69°25'53" W, 146.73 feet to a cut 'x' set;

THENCE N 21°06'33" W, 44.00 feet to a cut 'x' found;

THENCE N 69°54'43" E, 146.74 feet to the POINT of BEGINNING and CONTAINING 0.150 acre of land.

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**EXHIBIT C**

**DESCRIPTION OF THE "IMPROVEMENTS"**

Site Plan SP-1 Progress Print dated 11-07-08

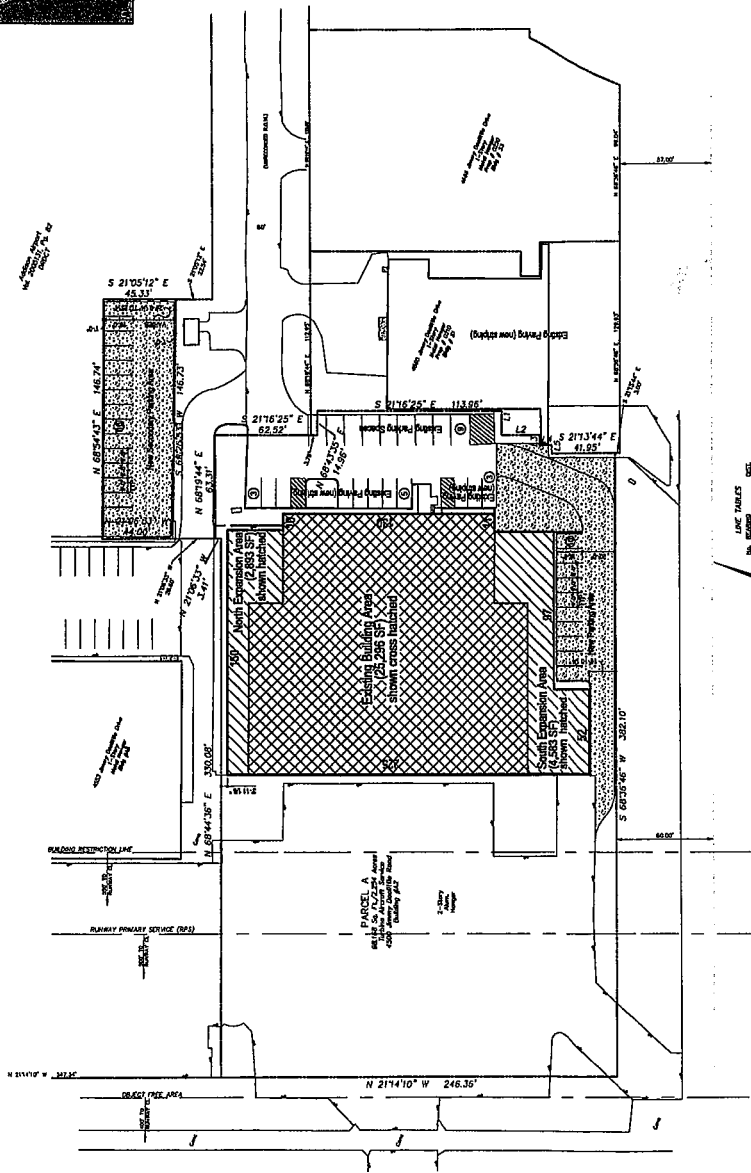
All construction drawings, specifications and respective change orders (the "Plans and Specifications") are hereby incorporated and made part of this Exhibit by reference.

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**Site Data**

Lot Area	9.68 Acres
Building Area	22,774 SF after expansion
Parking	30 spaces
Secondary Parking	16 spaces



01 Preliminary Site Plan  
 11-07-08  
 P.M.S. P.C.A.

Progress Print  
 11-07-08

STATE OF TEXAS §  
COUNTY OF DALLAS §

SECOND AMENDMENT TO GROUND LEASE

This Second Amendment to Ground Lease (hereinafter referred to as the "Second Amendment") is entered into and effective as of April ~~16~~ 2003, between the Town of Addison, Texas a municipal corporation (hereinafter sometimes referred to as the "Landlord"), and Turbine Aircraft Services, Inc., a Texas corporation ("Tenant").

WHEREAS, a Ground Lease was entered into as of May 23, 1984 between the Town (City) of Addison, Texas and Addison Airport of Texas, Inc., as landlord, and Hangar Six, Inc., as tenant, of a 1.764 acre tract of land located at Addison Airport, which Ground Lease provides that its term commenced on July 1, 1984 and is to end 360 months thereafter (or on June 30, 2014) (the "Ground Lease", a true and correct copy of which is attached hereto as Exhibit B and incorporated herein by this reference); and

WHEREAS, the Base Lease (as defined in the Ground Lease) between the Town of Addison, Texas and Addison Airport of Texas, Inc. has expired, and the Town of Addison, Texas alone is the Landlord under the Ground Lease; and

WHEREAS, the Ground Lease was assigned by Hangar Six, Inc. to Turbine Aircraft Services, Inc. by that Assignment of Lease dated July 2, 2002 (a true and correct copy of which Assignment of Lease is attached hereto as Exhibit C and incorporated herein by this reference); and

WHEREAS, simultaneously with the said Assignment of Lease, Landlord and Tenant entered into an "Amendment to Ground Lease" dated July 2, 2002 (the "First Amendment"), which in part amended the demised premises of the Ground Lease to include as a part thereof certain additional areas depicted on Exhibit C to the First Amendment as Areas A, B, C and D (Areas B and C being areas for parking); and

WHEREAS, the parties desire for their mutual benefit to modify and reconfigure the said parking areas so that the tracts of land labeled E and F and described and depicted on Exhibit A attached hereto and incorporated herein by this reference shall be substituted in place of Areas B and C; and

WHEREAS, the tracts described on Exhibit C to the First Amendment as Areas A and D, and the tracts labeled E and F on Exhibit A attached hereto, have been surveyed and are more fully described as set forth in the said Exhibit A; and

WHEREAS, Landlord and Tenant agree that it is in the mutual best interest of Landlord and Tenant to remove from and add to the demised premises the tracts of land located at Addison Airport as described herein, and Landlord and Tenant desire to amend the Ground Lease and First Amendment in the manner set forth below.

NOW, THEREFORE, for an in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), and other good and valuable consideration, the

sufficiency of which is hereby acknowledged, the Town of Addison, Texas and Turbine Aircraft Services, Inc. do hereby agree as follows:

**Section 1. Incorporation of Premises.** The above and foregoing premises are true and correct and are incorporated herein and made a part hereof.

**Section 2. Amendments and Modifications.** The Ground Lease, as amended by and together with the First Amendment, is hereby amended and modified as follows:

**A. Amendment to Description of Demised Premises**

1. The First Amendment amended the Ground Lease in part by amending the description of the demised premises as set forth in the Ground Lease to include as a part of the demised premises certain additional areas depicted on Exhibit C to the First Amendment as Areas A, B, C and D. The parties desire to further modify the description of the demised premises so that (a) Areas B and C of the said Exhibit C to the First Amendment are removed, and (b) those tracts of land labeled E and F as shown on Exhibit A attached hereto are added. Therefore, the demised premises as so modified shall be and are as set forth and described in Exhibit A attached hereto, which shall also serve as Exhibit A to the Ground Lease; provided, however, that the said demised premises and the lease thereof are subject to any and all currently existing title exceptions or other matters of record, or items or matters which are visible or apparent from an inspection, affecting the said premises.

**Section 2. No Other Amendments.** Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease and First Amendment (including, without limitation, the Notes included on Exhibit C to the First Amendment) shall remain unchanged and in full force and effect.

**Section 3. Applicable Law; Venue.** In the event of any action under this Contract, venue for all causes of action shall be instituted and maintained in Dallas County, Texas. The parties agree that the laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Second Amendment; 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 Second Amendment. All obligations of the parties created by this Second Amendment are performable in Dallas County, Texas.

**Section 4. No Third Party Beneficiaries.** This Second Amendment and each of its provisions are solely for the benefit of the parties hereto and are not intended to and shall not create or grant any rights, contractual or otherwise, to any third person or entity.

**Section 5. 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 Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 27<sup>th</sup>  
day of ~~April~~ <sup>May</sup>, 2003.

LANDLORD:

TOWN OF ADDISON, TEXAS

By: R. Whitehead  
Ron Whitehead, City Manager

TENANT:

TURBINE AIRCRAFT SERVICES, INC.

By: Tom L. Berscheidt  
Tom L. Berscheidt, President

ATTEST:

By: C. MORAN  
Carmen Moran, City Secretary



STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

AMENDMENT TO GROUND LEASE

This Amendment to Ground Lease (hereinafter referred to as the "Amendment") is entered into and effective as of July 2, 2002 between the Town of Addison, Texas a municipal corporation (hereinafter sometimes referred to as the "Landlord"), and Turbine Aircraft Services, Inc., a Texas corporation ("Tenant").

WHEREAS, a Ground Lease was entered into as of May 23, 1984 between the Town (City) of Addison, Texas and Addison Airport of Texas, Inc., as landlord, and Hangar Six, Inc., as tenant, of a 1.764 acre tract of land located at Addison Airport (referred to in the Ground Lease and herein as the "demised premises"), which Ground Lease provides that its term commenced on July 1, 1984 and is to end 360 months thereafter (or on June 30, 2014) (the "Ground Lease", a true and correct copy of which is attached hereto as Exhibit A); and

WHEREAS, the Ground Lease was assigned by Hangar Six, Inc. to Turbine Aircraft Services, Inc. by that Assignment of Lease dated \_\_\_\_\_, 2002 (see attached Exhibit B), and in connection with such Assignment of Lease, Landlord's consent thereto, Landlord's acknowledgment of a loan obtained by Tenant to acquire the leasehold interest in the Ground Lease, and for other purposes described herein, the parties hereto have agreed to amend the Ground Lease as set forth herein; and

WHEREAS, the Base Lease (as defined in the Ground Lease) between the Town of Addison, Texas and Addison Airport of Texas, Inc. has expired, and the Town of Addison, Texas is the Landlord under the Ground Lease; and

WHEREAS, Tenant has proposed to construct certain additional improvements on the demised premises and to add to the demised premises certain additional land located at Addison Airport (the "Airport") as described herein, and Landlord and Tenant desire to amend the Ground Lease in the manner set forth below contingent upon the final completion of such additional improvements and the approval thereof by Landlord.

NOW, THEREFORE, for an in consideration of the above and foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Town of Addison, Texas and Hangar Six, Inc. do hereby agree as follows:

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof.

Section 2. Amendments and Modifications to Ground Lease. The Ground Lease is hereby amended and modified by amending certain Paragraphs of the Ground Lease as set forth below, by stating and affirming certain terms in connection with the Ground Lease, and by adding additional provisions to the Ground Lease to read as follows:

A. Amendment to Description of Demised Premises; Rent.

1. The Ground Lease is hereby amended by amending the description of the demised premises which is set forth in Exhibit A to the Ground Lease so that the demised premises shall comprise the land described in Exhibit C to this Amendment (and the said Exhibit C to this Amendment shall be substituted for and serve as Exhibit A to the Ground Lease, subject to further substitution as set forth below), subject, however, to any and all currently existing title exceptions or other matters of record, or items or matters which are visible or apparent from an inspection, affecting the demised premises. Tenant, at its sole cost, at the time of Landlord's approval of the plans and specifications for the construction of the Phase I Improvements (as defined herein), shall obtain a current topographical survey of the demised premises by a registered surveyor. The survey shall be staked and pinned on the ground and shall show all buildings, other improvements, easements (including public recording information), encroachments, restrictions, rights-of-way, sidewalks, highway, streets, roads, and utilities serving the property indicating size and location. Upon the Landlord's and Tenant's approval of the survey, it shall be substituted for and serve as the description of the demised premises (Exhibit A to the Ground Lease).

2. Rent for the demised premises as amended hereby shall be in an annual amount equal to the product of the number of square feet of the demised premises multiplied by \$0.4686 per square foot, which rent is subject to adjustment as set forth in the Ground Lease. Without offset or deduction, rent shall be paid in advance in monthly installments on or before the first day of each calendar month, determined by dividing the annual rental amount by twelve (12). Landlord and Tenant agree that the rent rate of \$0.4686 per square foot is the rent rate as adjusted in accordance with the Ground Lease since the commencement of the Ground Lease, and is subject to further and future adjustment as set forth in the Ground Lease (with the next such adjustment to be made in July, 2002).

B. Amendment to Paragraph 3. Paragraph 3 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"A. The term hereof shall commence on the earlier of July 1, 1984, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end 360 months thereafter (subject, however, to the termination provisions of this Lease); provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

B. Notwithstanding subparagraph A. of this paragraph 3 and subject to the terms and conditions set forth below, this Lease shall be extended for an additional 216 months from the end of the term described in subparagraph A., so that this Lease shall end on June 30, 2032 (the "Lease Extension Period"); provided, however, that the Lease Extension Period shall become effective if, and only if, Tenant first fully complies with each of the following terms and conditions:

(i) On or before July 1, 2003:

- (a) Tenant shall have completed upon the demised premises to the Landlord's satisfaction all of those certain improvements generally described as the "Phase I" improvements in that letter dated June 13, 2002 from Turbine Aircraft Services, Inc. attached hereto as Exhibit D (the "Phase I Improvements"), and including (without limitation) the completion of the construction of at least 10,000 square feet of additional (new) building, of which at least 1,300 square feet shall be clear span hangar space; and
- (b) Tenant shall present evidence to Landlord (to the Landlord's satisfaction) that the construction value of the said Phase I Improvements exceeds \$450,000.00. Such evidence shall include ~~true and correct copies of all receipts or other documents or records~~ indicating the nature of the construction work performed, the cost thereof and the amount paid for such construction work; and
- (ii) On or before July 1, 2005:
- (a) Tenant shall have completed upon the demised premises to the Landlord's satisfaction all of those certain improvements generally described as the "Phase II Improvements" in that letter dated June 13, 2002 from Turbine Aircraft Services, Inc. attached hereto as Exhibit D ("Phase II Improvements"); and
- (b) Tenant shall present evidence to Landlord (to the Landlord's satisfaction) that the construction value of the said Phase II Improvements, when added together with the construction value of the Phase I Improvements, exceeds \$550,000.00. Such evidence shall include true and correct copies of all receipts or other documents or records indicating the nature of the construction work performed, the cost thereof and the amount paid for such construction work; and
- (iii) Tenant shall not, at the time of the issuance of the letter described in subparagraph E. of this paragraph 3, then be in default of any provision of this Lease beyond any applicable cure period.
- C. For purposes of subparagraph B. of this paragraph 3, the Phase I Improvements and the Phase II Improvement shall be deemed completed upon the issuance by Landlord of a certificate of occupancy for such improvements (when a certificate of occupancy is required by law) and/or the issuance by Landlord of a letter stating that Landlord is satisfied that such improvements have been completed.
- D. Tenant shall, prior to the construction of the Phase I Improvements and the Phase II Improvements or any other facilities or improvements on the Demised Premises, present to Landlord for Landlord's review and consideration of approval the plans and specifications for the construction of the Phase I Improvements and the

Phase II Improvements or any other improvements or facilities. For purposes of this subparagraph D., plans and specifications shall be approved by Landlord if such plans and specifications are approved by the City Manager of the Town of Addison, Texas or the City Manager's designee. All construction of the Phase I Improvements and the Phase II Improvements and any other facilities or improvements shall be strictly in accordance with the approved plans and specifications, and such construction shall be in a first class, workmanlike manner. Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with any such construction.

E. Upon the final completion of the Phase I Improvements and the Phase II Improvements and the presentation of evidence satisfactory to Landlord of the value of the completed improvements, Landlord shall issue a letter to Tenant that the terms and conditions precedent to the Lease Extension Period as stated above have been fulfilled, and the Lease Extension Period shall thereafter be in effect. Such letter or letters shall be attached to and shall be made a part of this Lease. In the event the Phase I Improvements and the Phase II Improvements are not completed in accordance herewith, this Lease shall not be extended for the Lease Extension Period."

C. Amendment to Paragraph 6. Paragraph 6 is hereby amended so that it shall hereafter read as follows:

"6. Use of Demised Premises and Construction of Improvements: The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair, aircraft storage; aircraft training, aircraft charter, aircraft rentals; and the provision of aviation administrative and consulting services to Tenant's clients; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

1 - Metal building 170' X 105' with enclosed offices and associated aircraft ramp and vehicle parking.

As set forth above in paragraph 3 of this Lease, Tenant further intends to construct the Phase I Improvements and the Phase II Improvements in accordance with the terms of this Lease. All construction shall be strictly in accordance with plans and specifications submitted by Tenant to Landlord for Landlord's review and consideration of approval, and such construction shall be performed in a first class, workmanlike manner and in compliance with all applicable building codes, standards and ordinances. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction. Except as provided for in this Lease, Tenant may not construct, locate, install, place or erect any other

improvements upon the Leased Premises without the prior written consent of Landlord. It is expressly understood and agreed that Tenant's construction of any building or other improvements shall include the finish-out of such building and improvements in accordance with the plans and specifications for the finish-out of the building or other improvements as agreed by Landlord and Tenant. Landlord's approval of any plans and 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."

D. Amendment to Paragraph 7. Paragraph 7 is hereby amended so that it shall hereafter read as follows:

"7. Acceptance of Demised Premises: Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition "AS IS, WHERE IS" and with all faults and defects, whether known or unknown to either Lessor or Tenant and without representation or warranty of any kind from Lessor as to the status or condition thereof, and further the Ground Lease is subject to any and all currently existing title exceptions or other matters of record or visible or apparent from an inspection affecting the demised premises. 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."

E. Amendment to Paragraph 8. Paragraph 8 is hereby amended so that it shall hereafter read as follows:

"8. Securing Governmental Approvals and Compliance with Law.

A. Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. 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 Federal Aviation Administration, the Texas Department of Transportation, the United States Environmental Protection Agency, and the Texas Natural Resources Conservation Commission) applicable or related to, whether directly or indirectly, the use and occupation of the demised premises and whether in existence or hereafter enacted, adopted or imposed, and 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) any and all grant agreement or grant assurances now existing or as hereafter agreed to, adopted or imposed.

Tenant agrees that any construction or modification of improvements on the demised premises will comply with all standards and rules published by the Landlord or by any person or entity authorized by Landlord to manage and/or operate the Airport ("Airport Manager"), including, but not limited to, the Airport's published "Construction/Maintenance Standards and Specifications," will comply with the Town of Addison building 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 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. Tenant will properly and timely submit to the Federal Aviation Administration ("FAA"), the Texas Department of Transportation (TxDOT), and any other governmental entity or agency having jurisdiction regarding to Addison Airport, a Notice of Proposed Construction, when and as required. 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, 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. Failure of Tenant to observe and comply with the requirements of this Section 8 shall be an Event of Default.

B. Tenant shall comply with noise abatement standards at the Airport at all times and shall notify any aircraft operator using any portion of the demised premises of such standards."

F. Amendments to Paragraph 9. Paragraph 9, subparagraphs A., B. and E. of the Ground Lease are hereby amended so that they shall hereafter read as follows:

"A. Without the prior written consent of Landlord, Tenant shall have no power to and may not assign, pledge, transfer, or otherwise convey (together, "assign" or "assignment") this Lease or any rights or obligations of Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided and in accordance with all of the terms and conditions of this Lease) or sublet the whole or any part of the demised premises, and any such assignment or any subletting shall be null and void and a cause for immediate termination of this Lease by Landlord. Any assignment or any subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or any subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee

or sublessee agrees to be bound by the terms and provisions of this Lease (and Tenant shall provide a copy of such written agreement to Landlord). 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 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, transferee, pledgee, or person or entity to whom this Lease is otherwise conveyed or to such subtenant shall release Tenant from the payment or performance of Tenant's obligations hereunder. Tenant shall provide to Landlord the names and addresses of any subtenants and the make, model, aircraft type and "N" number of any aircraft stored or located on or in the demised premises.

Tenant may sublet a part of the demised premises (i) to Mitsubishi Heavy Industries America, Inc., (ii) to Hangar Six, Inc., (iii) to Tenant's affiliated companies of Turbine Aircraft Components, Inc., Turbine Aircraft Marketing, Inc., and West Texas Executive Leasing, Inc. (provided that such companies are either controlled by Tenant, or control Tenant ("Tenant's Parent"), or are controlled by Tenant's Parent (*control* for purposes of this subparagraph meaning 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 partnership interests, by contract, or otherwise), and (iv) to make short term rentals (less than 10 days) to various third parties; provided, however, that in making any such sublease, Tenant shall first comply with the provisions of this subparagraph A (including, without limitation, obtaining an agreement that a subtenant agrees to be bound by the terms of this Lease and that Tenant provide to Landlord the names and addresses of any subtenants and the make, model, aircraft type and "N" number of any aircraft stored or located on or in the demised premises."

"B. 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 improvements described in paragraph 6, or (ii) for other construction upon the demised premises approved from time to time by Landlord in writing, or (iii) for other purposes 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 rental due hereunder and otherwise fully perform the terms and conditions of this Lease."

"E. 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 and its successors and assigns 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 or its successors and assigns performs all of the obligations of Tenant hereunder; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such mortgagee shall and does not have the right and shall and does not have the power to assign, transfer, pledge or otherwise convey this Lease or sublet the whole or any part of the Demised Premises without the prior written approval of the Landlord, and any such assignment, transfer, pledge or other conveyance and any such subletting shall be null and void 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, pledge, transfer or otherwise convey this Lease or to sublet the Demised Premises (or any portion thereof) than the Tenant has as set forth in Subparagraph B of this Paragraph 9. Landlord also agrees to reasonably consider the execution and delivery to such proposed leasehold mortgagee of 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 mortgage.

G. Amendment to Paragraph 10. Paragraph 10 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"10. Property Taxes and Assessments: Tenant shall pay, before they become delinquent, any and all property taxes or assessments, and any other governmental charges, fees or expenses, 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."

H. Amendment to Paragraph 11. Paragraph 11, subparagraph A. of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"11. Maintenance and Repair of Demised Premises:

A. Tenant shall, throughout the term hereof, maintain in good repair and in a first class condition (in accordance with, among other things, any construction and/or maintenance standards and specification established by Landlord or Manager and all applicable ordinances, rules, regulations, standards, and permits of the Town of Addison, Texas) all the demised premises and all 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, with all fixtures



and equipment situated in the demised premises in good working order, reasonable wear and tear excepted."

I. Amendment to Paragraph 13. Paragraph 13 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"13. Insurance: Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) 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, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) Commercial General Liability insurance against claims for bodily injury, death or property damage or destruction occurring on, in or about the demised premises, with limits of liability of not less than \$2,000,000.00 for each occurrence, CSL/\$4,000,000.00 general aggregate. Coverage must include contractual liability.

(iii) 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.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, 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.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) 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, or if Tenant is otherwise involved in any operation in which Tenant has care, custody, or control of an aircraft that belongs to a third-party.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

(viii) 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).

All such policies of insurance shall (i) be issued by insurance companies acceptable to Landlord and authorized to do business in Texas and in the standard form approved by the Texas Department of Insurance, (ii) name the Town of Addison, Texas, and Manager and their respective officials, officers, employees and agents as additional insureds or loss payees, as the case may be, (iii) in all liability policies, provide that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of activities conducted hereunder, (iv) contain a waiver of subrogation endorsement in favor of the Town of Addison, Texas, and (v) provide for at least thirty (30) days written notice to the Town of Addison, Texas prior to cancellation, non-renewal or material modification which affects this Lease. Certificates of insurance (together with the declaration page of such policies, along with the endorsement naming the Town of Addison, Texas and the Manager as an additional insured), satisfactory to Landlord, evidencing all coverage above, shall be promptly delivered to Landlord and updated as may be appropriate, with complete copies of such policies furnished to the Landlord upon request. 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."

J. Amendment to Paragraph 18. Paragraph 18 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"18. Rules and Regulations: Landlord has adopted Rules and Regulations (hereinafter referred to as the "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 Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, modify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other tenants and customers of the Airport."

K. Amendment to Paragraph 19. Paragraph 19 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"19. Signs and Equipment. After first securing Landlord's approval, Tenant shall have the right from time to time to install 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 without limitation the Town of Addison's 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)."

L. Amendment to Paragraph 21. Paragraph 21 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"21. Indemnity and Exculpation.

A. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL NOT BE LIABLE TO TENANT OR TO TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, 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 DEMISED PREMISES OR ANY ADJACENT AREA OWNED BY LANDLORD CAUSED BY OR RESULTING FROM ANY ACT OR OMISSION OF TENANT, TENANT'S EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT, OR ARISING OUT OF THE USE OR OCCUPATION OF THE DEMISED PREMISES BY TENANT, ITS EMPLOYEES, AGENTS, SERVANTS, CUSTOMERS, INVITEES, SUBTENANTS, LICENSEES, CONCESSIONAIRES, CONTRACTORS, OR SUBCONTRACTORS AND/OR THE CONDUCT OF TENANT'S BUSINESS THEREON, OR ARISING OUT OF ANY BREACH OR DEFAULT BY TENANT IN THE PERFORMANCE OF TENANT'S OBLIGATIONS HEREUNDER; AND TENANT HEREBY AGREES TO AND SHALL DEFEND AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS AGAINST, AND HOLD LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL LIABILITY, DAMAGES, COSTS, PENALTIES, LOSS, EXPENSE OR CLAIMS ARISING OUT OF SUCH DAMAGE, DESTRUCTION, INJURY, DEATH OR HARM.

B. TENANT AGREES TO AND SHALL DEFEND (WITH COUNSEL ACCEPTABLE TO LANDLORD) AND INDEMNIFY LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S RESPECTIVE OFFICIALS, OFFICERS, EMPLOYEES AND AGENTS (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) (TOGETHER, FOR PURPOSES OF THIS SUBPARAGRAPH, "INDEMNIFIED PERSONS") AGAINST, AND HOLD THE INDEMNIFIED PERSONS HARMLESS FROM, ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, LOSSES, HARM, DAMAGES, PENALTIES, LIABILITY, EXPENSES, LAWSUITS, JUDGMENTS, COSTS, AND FEES (INCLUDING REASONABLE ATTORNEY FEES AND COURT COSTS), ASSERTED BY ANY PERSON OR ENTITY ON ACCOUNT OF OR FOR ANY INJURY TO OR THE DEATH OF ANY PERSON, OR ANY DAMAGE TO OR DESTRUCTION OF ANY PROPERTY, OR ANY OTHER HARM FOR WHICH DAMAGES OR ANY OTHER FORM OF RECOVERY IS SOUGHT (WHETHER AT LAW OR IN EQUITY), RESULTING FROM, BASED UPON, OR ARISING OUT OF, IN WHOLE OR IN PART, ANY CONDITION OF THE DEMISED PREMISES OR ANY ACT OR OMISSION OF TENANT, ITS OFFICERS, EMPLOYEES, AGENTS, ENGINEERS, CONSULTANTS, CONTRACTORS, SUBCONTRACTORS, INVITEES, OR ANY PERSON OR ENTITY DIRECTLY OR INDIRECTLY EMPLOYED BY OR ACTING UNDER TENANT, UNDER, IN CONNECTION WITH, OR IN THE PERFORMANCE OF, THIS LEASE. TENANT'S DUTY TO DEFEND, INDEMNIFY AND HOLD HARMLESS HEREUNDER SHALL APPLY WITHOUT REGARD TO WHETHER ANY ACT, ERROR, OMISSION, OR NEGLIGENCE OF LANDLORD OR MANAGER WOULD OTHERWISE HAVE MADE THEM JOINTLY NEGLIGENT OR LIABLE FOR SUCH DAMAGE, INJURY OR HARM, EXCEPTING ONLY THAT TENANT SHALL NOT BE OBLIGATED TO SO DEFEND, INDEMNIFY AND HOLD HARMLESS LANDLORD AND MANAGER IF SUCH DAMAGE, INJURY OR HARM IS DUE TO THE SOLE NEGLIGENCE OF LANDLORD OR MANAGER.

C. LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) SHALL BE DEFENDED, INDEMNIFIED AND HELD HARMLESS BY AND NOT BE LIABLE TO TENANT FOR 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. LANDLORD AND MANAGER, AND

LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES, SHALL NOT BE LIABLE TO TENANT FOR ANY LOSS OR DAMAGE THAT MAY 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, OR OF ANY OTHER PERSONS, WHOMSOEVER, EXCEPTING ONLY THE DULY AUTHORIZED AND RESPECTIVE AGENTS AND EMPLOYEES OF LANDLORD OR MANAGER, AS THE CASE MAY BE.

D. THE PROVISIONS OF THIS SECTION 21 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS LEASE."

M. Addition of Paragraph 21.1. A new Paragraph 21.1 Lease is hereby to the Ground Lease to read as follows:

"Section 21.1. Environmental Compliance.

A. 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 agents, employees, invitees, contractors, subcontractors, independent contractors, or subtenants) on the demised premises or any portion of the common facilities (described in Paragraph 17), 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 law, rule, regulation, standard, permit, directive or policy, 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 applicable law; or (ii) in any manner prohibited or deemed unsafe under applicable law. (The substances referred to in (a), (b), (c) or (d) are collectively referred to hereinafter as "Hazardous Materials").

B. TENANT SHALL, AT TENANT'S OWN EXPENSE, COMPLY WITH ANY PRESENTLY EXISTING OR HEREAFTER ENACTED LAWS, RULES, REGULATIONS, STANDARDS, DIRECTIVES, PERMITS, OR NOTICES RELATING TO HAZARDOUS MATERIALS (COLLECTIVELY, "CLEANUP LAWS"). 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. 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 (AS DESCRIBED IN PARAGRAPH 17) BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE TERM OF THIS LEASE, TENANT SHALL, AT TENANT'S OWN COST AND 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, AS THE CASE MAY BE, AND SHALL SIGN THE AFFIDAVITS PROMPTLY WHEN REQUESTED TO DO SO BY LANDLORD. TENANT SHALL INDEMNIFY, DEFEND, SAVE AND HOLD HARMLESS LANDLORD AND MANAGER, AND LANDLORD'S AND MANAGER'S OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES (BOTH IN THEIR OFFICIAL AND PRIVATE CAPACITIES) FROM AND AGAINST, AND REIMBURSE LANDLORD FOR, ANY AND ALL OBLIGATIONS, DAMAGES, INJUNCTIONS, FINES, PENALTIES, DEMANDS, CLAIMS, COSTS, EXPENSES, ACTIONS, LIABILITIES, SUITS, PROCEEDINGS AND LOSSES OF WHATEVER NATURE (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS AND ALL ACTIONS OF ANY KIND ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL OR DISCHARGE OF HAZARDOUS MATERIALS IN OR ON THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES BY TENANT, TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON

ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT DURING THE LEASE TERM; AND FROM ALL FINES, SUITS, PROCEDURES, CLAIMS AND ACTIONS OF ANY KIND ARISING OUT OF TENANT'S (OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT) FAILURE TO PROVIDE ALL INFORMATION, MAKE ALL SUBMISSIONS AND TAKE ALL STEPS REQUIRED BY THE AUTHORITY UNDER THE CLEANUP LAWS OR ANY OTHER LAW (ENVIRONMENTAL -OR OTHERWISE). TENANT'S OBLIGATIONS AND LIABILITIES UNDER THIS SUBPARAGRAPH SHALL CONTINUE (AND SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE) SO LONG AS THERE MAY BE HAZARDOUS MATERIALS AT THE DEMISED PREMISES AND/OR ANY PORTION OF THE COMMON FACILITIES, THAT WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED DURING THE LEASE TERM BY TENANT, OR TENANT'S OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES, INVITEES, LICENSEES, CUSTOMERS, CONCESSIONAIRES, CONTRACTORS, SUBCONTRACTORS, ANY PERSON ACTING BY OR UNDER THE AUTHORITY OR WITH THE PERMISSION OF TENANT, SUBTENANTS, OR ANY OTHER PERSON ENTERING THE DEMISED PREMISES UNDER EXPRESS OR IMPLIED INVITATION OF TENANT. 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. 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, or any other local, state or federal authority that requires submission of any information concerning environmental matters or Hazardous Materials.

D. Tenant's defense and indemnity obligation and Tenant's liability pursuant to the terms of this Paragraph 21.1 shall survive the expiration or earlier termination of this Lease."

N. Amendment to Paragraph 22. Paragraph 22 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"22. Default by Tenant: The following events shall be deemed to be events of default by Tenant under this Lease:

- A. Failure of Tenant to pay any installment of rent or 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 or sum which Tenant is to make under this Lease, on the date that same is due and such failure shall continue for a period of ten (10) days after the date on which such payment is to be made.
- B. 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 payment Tenants is to make under this Lease, as set forth in subparagraph A. of this paragraph 22, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant (and if such failure cannot reasonably be cured with the said thirty (30) period, Tenant may, with Landlord's prior written consent (which consent shall not be unreasonably withheld), have such additional reasonable time (as agreed upon by Landlord and Tenant) to cure such default, provided that Tenant pursues such cure with all due diligence).
- C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.
- D. 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 Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.
- E. Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations.
- F. Abandonment by Tenant for a period of thirty (30) days of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased."
- O. Amendment to Paragraph 26. Paragraph 26 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"26. Title to Improvements: Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) if Tenant is not then in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense. Upon such termination



or expiration, Tenant shall deliver the demised premises to Landlord in good condition, reasonable wear and tear excepted, and shall, at Landlord's request, execute a recordable instrument evidencing the termination or expiration of this Lease and stating the termination or expiration date."

P. Amendment to Paragraph 27. Paragraph 28 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"27. Mechanics' and Materialmen's Liens; Landlord's Lien:

A. Tenant agrees to indemnify and hold Landlord harmless of and from 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, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 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.

**B. TENANT HEREBY GRANTS TO LANDLORD A CONTINUING SECURITY INTEREST TO SECURE PAYMENT OF ALL RENT AND OTHER SUMS OF MONEY COMING DUE HEREUNDER FROM TENANT, AND TO SECURE PAYMENT OF ANY DAMAGES OR LOSS WHICH LANDLORD MAY SUFFER BY REASON OF THE BREACH BY TENANT OF ANY COVENANT, AGREEMENT, OR CONDITION CONTAINED HEREIN, UPON ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT PRESENTLY OR WHICH MAY HEREAFTER BE SITUATED ON THE LEASED PREMISES, AND ALL PROCEEDS THEREFROM ("COLLATERAL"). TENANT WILL NOT REMOVE, OR ALLOW OTHERS TO REMOVE, ANY OF SUCH COLLATERAL FROM THE LEASED PREMISES WITHOUT LANDLORD'S PRIOR WRITTEN CONSENT; BUT TENANT MAY REMOVE COLLATERAL IN THE ORDINARY COURSE OF BUSINESS BEFORE A DEFAULT. IF A DEFAULT OCCURS, LANDLORD WILL BE ENTITLED TO EXERCISE ANY OR ALL RIGHTS AND REMEDIES UNDER THE UNIFORM COMMERCIAL CODE OR OTHERWISE PROVIDED IN THIS LEASE OR BY LAW. IN ADDITION TO ANY OTHER REMEDIES PROVIDED IN THIS LEASE OR BY LAW OR EQUITY, IN THE EVENT OF DEFAULT, LANDLORD MAY ENTER THE LEASED PREMISES AND TAKE POSSESSION OF ANY AND ALL GOODS, WARES, EQUIPMENT, FIXTURES, FURNITURE, IMPROVEMENTS AND OTHER PERSONAL PROPERTY OF TENANT SITUATED UPON THE LEASED PREMISES WITHOUT LIABILITY FOR TRESPASS OR CONVERSION. LANDLORD MAY SELL THE SAME AT A PUBLIC OR PRIVATE SALE, WITH OR**

WITHOUT HAVING SUCH PROPERTY AT THE SALE, AFTER GIVING TENANT REASONABLE NOTICE AS TO THE TIME AND PLACE OF THE SALE. AT SUCH SALE, LANDLORD OR ITS ASSIGNS MAY PURCHASE THE PROPERTY UNLESS SUCH PURCHASE IS OTHERWISE PROHIBITED BY LAW. UNLESS OTHERWISE PROVIDED BY LAW, THE REQUIREMENT OF REASONABLE NOTICE SHALL BE MET IF SUCH NOTICE IS GIVEN TO TENANT AT THE ADDRESS HEREAFTER PRESCRIBED AT LEAST FIFTEEN (15) DAYS PRIOR TO THE TIME OF THE SALE. THE PROCEEDS OF ANY SUCH DISPOSITION, LESS ALL EXPENSES CONNECTED WITH THE TAKING OF POSSESSION AND SALE OF THE PROPERTY, INCLUDING A REASONABLE ATTORNEY'S FEE, SHALL BE APPLIED AS A CREDIT AGAINST THE INDEBTEDNESS SECURED BY THE SECURITY INTEREST GRANTED IN THIS PARAGRAPH. ANY SURPLUS SHALL BE PAID TO TENANT AND TENANT SHALL PAY ANY DEFICIENCIES UPON DEMAND. UPON REQUEST BY LANDLORD, TENANT WILL EXECUTE AND DELIVER TO LANDLORD A FINANCING STATEMENT IN A FORM SUFFICIENT TO PERFECT THE SECURITY INTEREST OF THE LANDLORD IN THE AFOREMENTIONED PROPERTY AND THE PROCEEDS THEREOF UNDER THE PROVISION OF THE UNIFORM COMMERCIAL CODE IN FORCE IN THE STATE OF TEXAS, AND TENANT IRREVOCABLY APPOINTS LANDLORD AS TENANT'S ATTORNEY-IN-FACT TO SIGN AND DELIVER A FINANCING STATEMENT TO LANDLORD IF TENANT FAILS OR REFUSES TO DO SO. THIS POWER-OF-ATTORNEY IS COUPLED WITH AN INTEREST. ANY STATUTORY LIEN FOR RENT IS NOT WAIVED; THE SECURITY INTEREST HEREIN GRANTED IS IN ADDITION AND SUPPLEMENTARY THERETO."

C. Notwithstanding anything to the contrary, in exercising Landlord's rights under this paragraph 27, Landlord shall not be entitled to take possession of or withhold Tenant's right to possess Tenant's business records, books, written or printed material, and computers, or to violate the quality control concerning aircraft parts and aircraft records which are located in a clearly marked secured area.

Q. Amendment to Paragraph 28. Paragraph 28 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"28. Title. Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises (including, without limitation, the City, the Federal Aviation Administration, and the Texas Department of Transportation), and (v) any and all grant agreements or assurances regarding the Airport whether now in effect or hereafter agreed to or imposed."

R. Amendment to Paragraph 29. Paragraph of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"29. Quiet Enjoyment and Subordination: Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall (subject to all of the terms and conditions of this Lease) peaceably and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon, or to any other matter affecting, the demised premises. 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 now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions 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 so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. 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."

S. Addition of Paragraph 37.1. A new Paragraph 37.1 Lease is hereby to the Ground Lease to read as follows:

37.1. 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 demised premises and/or to the Airport ("Special Events"). 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 invitees, 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 (and such use for Special Events may preclude Tenant's use of all Airport facilities, except that Tenant will continue to have vehicular (excluding any aircraft) access to the demised premises from roadways outside of the Airport); (ii)

releases, waives and discharges Landlord and Manager, and their respective officials, officers, employees and agents, 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 their respective officials, officers, employees and agents (whether in their official or private capacities) 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 Paragraph shall not be affected thereby but shall continue in full force and effect."

T. Amendment to Paragraph 48. Paragraph 48 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"48. Governing Law and Venue; Survivability of Rights and Remedies. This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas 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 interpretation, validity and enforcement of this Agreement, and Landlord and Tenant both irrevocably agree that venue for any disputed concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas. 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."

U. Amendment to Paragraph 49. Paragraph 49 of the Ground Lease is hereby amended so that it shall hereafter read as follows:

"49. Entire Agreement and Amendments. This Lease, consisting of the above and foregoing through this Paragraph 49 and Exhibits A through D attached hereto, 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 in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought."

Section 2. No Other Amendments. Except to the extent modified or amended herein, all other terms and obligations of the Ground Lease shall remain unchanged and in full force and effect.

Section 3. Applicable Law; Venue. This Amendment shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this Amendment are performable in Dallas County, Texas. Venue for any action under this Amendment shall be in Dallas County, Texas.

Section 4. 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 Amendment on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions or other act extending such authority have been duly passed and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned parties execute this Agreement this 2  
of July, 2002.

LANDLORD:

TOWN OF ADDISON, TEXAS

By: Ron Whitehead  
Ron Whitehead, City Manager

TENANT:

TURBINE AIRCRAFT SERVICES, INC.

By: Stan R. Burdett  
Typed Name: \_\_\_\_\_  
Title: President

ATTEST:

By: \_\_\_\_\_  
Carmen Moran, City Secretary

STATE OF TEXAS §  
COUNTY OF DALLAS §

ASSIGNMENT OF GROUND LEASE

This Assignment of Ground Lease (the "Assignment") is entered into and effective as of July 2, 2002, at Addison, Texas, by and between Hangar Six, Inc. (herein referred to as "Assignor") and Turbine Aircraft Services, Inc. (herein referred to as "Assignee").

WHEREAS, a Ground Lease was executed on May 23, 1984 between the City of Addison, Addison Airport of Texas, Inc., and Hangar Six, Inc. (the "Ground Lease", a true and correct copy of which Ground Lease is attached hereto as Exhibit A), by the terms of which certain real property located at Addison Airport within the Town of Addison, Texas (the "City") and owned by the City was leased to Hangar Six, Inc.; and

WHEREAS, by that Assignment of Lease dated N/A (a true and correct copy of which is attached hereto as Exhibit B), the Ground Lease was assigned from \_\_\_\_\_, as assignor, to \_\_\_\_\_, as assignee; and

[add additional paragraphs tracing the assignment history of the Ground Lease]

WHEREAS, by virtue of such assignments, Assignor is the Tenant under the Ground Lease; and

WHEREAS, the Ground Lease provides that, upon the expiration or termination of that certain agreement referred to and defined in the Ground Lease as the "Base Lease" (and being an Agreement for Operation of the Addison Airport between the City and Addison Airport of Texas, Inc.), the City is entitled to all of the rights, benefits and remedies, and will perform the duties, covenants and obligations, of the Landlord under the Ground Lease; and

WHEREAS, the said Base Lease has expired and the City is the Landlord under the Ground Lease; and

WHEREAS, the Ground Lease provides ~~no portion~~ thereof that, without the prior written consent of the Landlord, the Tenant may not assign the Ground Lease or any rights of Tenant under the Ground Lease (except as provided therein), and that any assignment must be expressly subject to all the terms and provisions of the Ground Lease, and that any assignment must include a written agreement from the assignee whereby the assignee agrees to be bound by the terms and provisions of the Ground Lease; and

WHEREAS, Assignor desires to assign the Ground Lease to Assignee, and Assignee desires to accept the Assignment thereof in accordance with the terms and conditions of this Assignment.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions contained herein, the sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

AGREEMENT

1. Assignor hereby assigns, bargains, sells, and conveys to Assignee, effective as of the date above, all of Assignor's right, title, duties, responsibilities, and interest in and to the Ground Lease, attached hereto as Exhibit A, TO HAVE AND TO HOLD the same, for the remaining term thereof, and Assignor does hereby bind (itself, himself, herself) and (its, his, her) successors and assigns to warrant and forever defend the same unto Assignee against every person or persons lawfully claiming any part thereof through Assignor.

2. Prior to the effective date of this Assignment, Assignee agrees to pay an Assignment Fee in the amount of Four Hundred Fifty Dollars and no/100 (\$450.00) to Landlord.

3. Assignee hereby agrees to and shall be bound by and comply with all of the terms, provisions, duties, conditions, and obligations of tenant under the Ground Lease. For purposes of notice under the Ground Lease, the address of Assignee is 745 Warehouse Rd., San Angelo, Texas 76903.

4. Nothing in this Assignment shall be construed or be deemed to modify, alter, amend or change any term or condition of the Ground Lease, except as set forth herein.

5. This Assignment is subject to the consent and filing requirements of the Town of Addison, Texas.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment on the day and year first set forth above.

ASSIGNOR:  
Hangar Six, Inc.

Walter Fuller  
By: Walter Fuller, President

ASSIGNEE:  
Turbine Aircraft Services, Inc.

Tom L. Berscheidt  
By: Tom L. Berscheidt, President

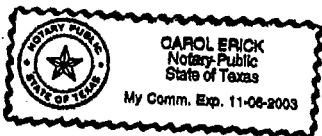
ACKNOWLEDGMENT

STATE OF TEXAS §  
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared WALTER FULLER known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

2002 GIVEN under my hand and seal of office this 2nd day of July.

[SEAL]



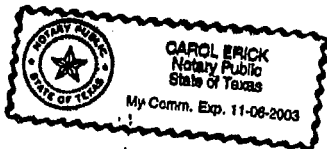
Carol Erick  
Notary Public, State of Texas

STATE OF TEXAS §  
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared TOM L. BERSCHIEDT known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he, she) executed the same for the purposes and consideration therein stated.

2002 GIVEN under my hand and seal of office this 2nd day of July.

[SEAL]



Carol Erick  
Notary Public, State of Texas



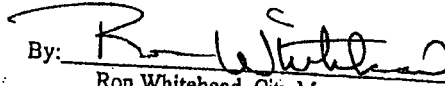
CONSENT OF LANDLORD

The Town of Addison, Texas is the Landlord in the Ground Lease described in the foregoing Assignment, and hereby consents to the foregoing Assignment of the Ground Lease to Assignee, waiving none of its rights under the Ground Lease as to the Assignor or the Assignee.

LANDLORD:

TOWN OF ADDISON, TEXAS

By:



Ron Whitehead, City Manager

EXHIBIT "A"

Being a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas, and being more fully described as follows:

BEGIN at an iron pin found for the northwest corner of an 8.295 acre tract of land conveyed to Addison Airport, Inc. by deed recorded in Volume 4846, Page 568, Dallas County Deed Records, said iron pin also being the southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Dallas County Deed Records; THENCE S 00 deg 20 min 20 sec E, 50.00 feet; THENCE S 82 deg 45 min W, 18.64 feet; THENCE S 00 deg 08 min E, 83.56 feet; THENCE S 20 deg 10 min 40 sec E, 195.14 feet; THENCE S 69 deg 30 min W, 297.00 feet; THENCE S 20 deg 10 min 40 sec E, 65.00 feet; THENCE S 69 deg 30 min W, 71.35 feet; THENCE S 20 deg 30 min E, 162.75 feet to a point on the northeast corner of Ray Stern 1.752 acre tract; THENCE S 69 deg 37 min W, along the north line of said tract, 305.0 feet to a point being 115.0 feet east of the centerline of the existing North/South Taxiway and 162.75 feet south of the existing East/West Taxiway; THENCE S 20 deg 23 min E, parallel to and 115.0 feet from the centerline of said North/South Taxiway, 250.0 feet to the POINT OF BEGINNING:

THENCE N 69 deg 49 min 15 sec E, 184.80 feet;  
THENCE S 20 deg 12 min 32 sec E, 6.19 feet;  
THENCE N 69 deg 38 min E, 105.44 feet;  
THENCE S 20 deg 22 min 03 sec E, 10.0 feet;  
THENCE N 68 deg 02 min 57 sec E, 103.31 feet;  
THENCE S 20 deg 28 min 15 sec E, 149.26 feet;  
THENCE S 24 deg 33 min 34 sec W, 56.54 feet;  
THENCE S 69 deg 35 min 25 sec W, 353.58 feet;  
THENCE N 20 deg 23 min W, 203.50 feet to the POINT OF BEGINNING,  
containing 1.764 acres of land (76847.594 s.f.), more or less.

Bill of Sale

Date: July 2, 2002

Seller: HANGAR SIX, INC.

Seller's Mailing Address: P.O. Box 6, Addison, Texas 75001 (Dallas County)

Buyer: TURBINE AIRCRAFT SERVICES, INC.

Buyer's Mailing Address: 745 Warehouse Road, San Angelo, Texas 76903  
(Tom Green County)

Consideration: Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged.

Transferred Properties: All improvements located on the leasehold described in lease between City of Addison and Hangar Six, Inc., dated May 23, 1984, consisting of a metal hangar building approximately 105' x 170' with covered awning for parking, commonly known as Hangar 6, located at 4550 Jimmy Doolittle Drive, Addison, Dallas County, Texas.

Reservations from Transfer: NONE

Exceptions to Transfer and Warranty: NONE

Seller, for the Consideration and subject to the Reservations from Transfer and the Exceptions to Transfer and Warranty, sells, transfers, and delivers the Transferred Properties to Buyer, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Buyer and Buyer's heirs, successors, and assigns forever. Seller binds Seller and Seller's heirs and successors to warrant and forever defend all and singular the Transferred Properties to Buyer and Buyer's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Seller but not otherwise, except as to the Reservations from Transfer and the Exceptions to Transfer and Warranty.

As a material part of the Consideration for this deed, Grantor and Grantee agree that Grantee is taking the Property "AS IS" with any and all latent and patent defects and that there is no warranty by Grantor that the Property has a particular financial value or is fit for a particular purpose. Grantee acknowledges and stipulates that Grantee is not relying on any representation, statement, or other assertion with respect to the Property condition but is relying on Grantee's examination of the Property. Grantee takes the Property with the express understanding and stipulation that there are no express or implied warranties except for limited warranties of title set forth in this Bill of Sale.

When the context requires, singular nouns and pronouns include the plural.

HANGAR SIX, INC., SELLER

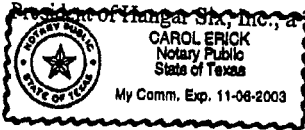
By: Walter Fuller  
Walter Fuller, President

TURBINE AIRCRAFT SERVICES, INC., BUYER

By: Tom L. Berscheidt  
Tom L. Berscheidt, President

STATE OF TEXAS §  
COUNTY OF DALLAS §

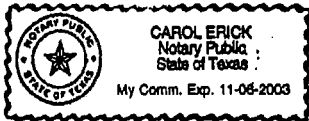
This instrument was acknowledged before me on July 2, 2002, by Walter Fuller,  
President of Hangar Six, Inc., a Texas corporation, on behalf of said corporation.



Carol Erick  
Notary Public, State of Texas

STATE OF TEXAS §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on July 2, 2002, by Tom L. Berscheidt,  
President of Turbine Aircraft Services, Inc., a Texas corporation, on behalf of said corporation.



Carol Erick  
Notary Public, State of Texas

MEMORANDUM OF LEASE

The Town of Addison, Texas, as Landlord, and Turbine Aircraft Services, Inc. (by assignment), a Texas corporation, as Tenant, are parties to a Ground Lease dated May 23, 1984 and amended by that Amendment to Ground Lease between the parties dated July 2, 2002, in which Ground Lease Landlord has leased the premises described in Exhibit "A" attached hereto. The Ground Lease provides that, if certain conditions precedent are met by Tenant, the Ground Lease shall end, unless earlier terminated, on June 30, 2032; if such conditions precedent are not met by Tenant, the Ground Lease shall end, unless earlier terminated, on June 30, 2014.

Executed effective the 20 day of July, 2002, but signed on the dates of the respective acknowledgements.

TURBINE AIRCRAFT SERVICES, INC.

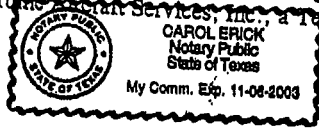
By: Tom L. Berscheidt  
Tom L. Berscheidt, President

CITY OF ADDISON

By: R. White  
Name:  
Position:

STATE OF TEXAS §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on July 2, 2002, by Tom L. Berscheidt of Turbine Aircraft Services, Inc., a Texas corporation, on behalf of said corporation.



Carol Erick  
Notary Public, State of Texas

STATE OF TEXAS §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on July 9th, 2002, by Ron White as City Manager of the City of Addison.



Michele L. Covino  
Notary Public, State of Texas

berscheidt.addison.mem 8-27-02

EXHIBIT "A"

Being a tract of land situated in the William Lomax Survey, Abstract 792, Dallas County, Texas, and located on Addison Municipal Airport, Addison, Texas, and being more fully described as follows:

BEGIN at an iron pin found for the northwest corner of an 8.295 acre tract of land conveyed to Addison Airport, Inc. by deed recorded in Volume 4846, Page 568, Dallas County Deed Records, said iron pin also being the southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Dallas County Deed Records; THENCE S 00 deg 20 min 20 sec E, 50.00 feet; THENCE S 82 deg 45 min W, 18.64 feet; THENCE S 00 deg 08 min E, 83.56 feet; THENCE S 20 deg 10 min 40 sec E, 195.14 feet; THENCE S 69 deg 30 min W, 297.00 feet; THENCE S 20 deg 10 min 40 sec E, 65.00 feet; THENCE S 69 deg 30 min W, 71.35 feet; THENCE S 20 deg 30 min E, 162.75 feet to a point on the northeast corner of Ray Stern 1.752 acre tract; THENCE S 69 deg 37 min W, along the north line of said tract, 305.0 feet to a point; said point being 115.0 feet east of the centerline of the existing North/South Taxiway and 162.75 feet south of the existing East/West Taxiway; THENCE S 20 deg 23 min E, parallel to and 115.0 feet from the centerline of said North/South Taxiway, 250.0 feet to the POINT OF BEGINNING;

THENCE N 69 deg 49 min 15 sec E, 184.80 feet;  
THENCE S 20 deg 12 min 32 sec E, 6.19 feet;  
THENCE N 69 deg 38 min E, 105.44 feet;  
THENCE S 20 deg 22 min 03 sec E, 10.0 feet;  
THENCE N 68 deg 02 min 57 sec E, 103.31 feet;  
THENCE S 20 deg 28 min 15 sec E, 149.26 feet;  
THENCE S 24 deg 33 min 34 sec W, 56.54 feet;  
THENCE S 69 deg 35 min 25 sec W, 353.58 feet;  
THENCE N 20 deg 23 min W, 203.50 feet to the POINT OF BEGINNING, containing 1.764 acres of land (76847.594 s.f.), more or less.

This Ground Lease (hereinafter referred to as the "Lease") is made and entered into as of May 23, 1984, by and among the City of Addison, Texas, a municipal corporation (hereinafter sometimes referred to as the "City"), Addison Airport of Texas, Inc., a Texas Corporation (hereinafter sometimes referred to as "AATI") and HANGAR SIX, INC. (hereinafter referred to as "Tenant").

WITNESSETH:

WHEREAS, AATI leases that certain real property (hereinafter referred to as the "demised premises") described in attached Exhibit A from the City pursuant to that certain instrument captioned Agreement for Operation of the Addison Airport (hereinafter referred to as the "Base Lease") between the City and Addison Airport, Inc. (predecessor to AATI); and

WHEREAS, the demised premises are situated at Addison Airport (hereinafter referred to as the "Airport") in Dallas County, Texas, the Airport being delineated in a plat attached hereto as Exhibit B; and

WHEREAS, the City and AATI hereby lease and demise the demised premises to Tenant, and Tenant hereby leases and takes the demised premises from the City and AATI, upon the terms and conditions set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. **Base Lease:** All of the terms and conditions of the Base Lease are incorporated into this Lease by reference as if written verbatim herein, and Tenant by Tenant's execution hereof acknowledges that AATI has furnished Tenant with a copy of the Base Lease. Tenant agrees to fully comply at all times and in all respects with the terms and conditions of the Base Lease insofar as the same relate to the demised premises and/or the use and operation thereof, except that Tenant shall not be responsible for the payment of any rental due under the Base Lease which shall be paid by AATI.

2. **Definition of Landlord and Effect of Default under the Base Lease:** The term "Landlord" as hereinafter used in this Lease shall mean either AATI or the City. So long as the Base Lease is in effect, AATI shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. Upon the expiration or termination of the Base Lease, the City shall be entitled to all of the rights, benefits and remedies of the Landlord under this Lease, and shall perform all of the duties, covenants and obligations of the Landlord under this Lease. The City agrees that (i) until such time as the City notifies Tenant to the contrary in writing, Tenant is fully authorized to make all payments due under this Lease to AATI, and (ii) that default by AATI under the Base Lease shall have no effect on this Lease so long as Tenant pays and performs its duties, covenants and obligations under this Lease.

3. **Term:** The term hereof shall commence on the earlier of July 1, 1984, or the first day of the first calendar month after Tenant completes the construction hereinbelow described and opens for business at the demised premises (the applicable date being hereinafter referred to as the "Commencement Date"), and shall end 360 months thereafter; provided, however, that any entry upon the demised premises by Tenant prior to the Commencement Date shall be subject to all of the terms and conditions hereof except that rental shall not accrue.

4. **Rental:** Subject to adjustment as hereinbelow provided, Tenant agrees to pay to Landlord, without offset or deduction, rent for the demised premises at the rate of EIGHTEEN HUNDRED EIGHTY-NINE AND 17/100 per month in advance. The first of such monthly installment shall be due and payable on or before the Commencement Date, and a like installment shall be due and payable on or before the first day of each calendar month thereafter during the term hereof.

5. **Adjustment of Rental:** Commencing on the second anniversary of the Commencement Date and on every bi-annual anniversary thereafter (hereinafter referred to as the "Adjustment Date"), the monthly rental due under paragraph 4 shall be adjusted as follows:

(i) A comparison shall be made between the Consumers' price index-All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the Commencement Date and as it exists on the first day of the calendar month preceding the then applicable Adjustment Date.

(ii) The monthly rental for the two (2) year period beginning with and following the then applicable Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and the then applicable Adjustment Date, but in no event shall such monthly rental ever be decreased below the monthly rental set forth in paragraph 4.

(iii) In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefor.

6. **Use of Demised Premises and Construction of Improvements.** The demised premises shall be used and occupied by Tenant only for the following purposes: sale of aircraft and aircraft parts; aircraft maintenance and repair; aircraft storage; aircraft training; aircraft charter; and aircraft rentals; and not otherwise without the prior written consent of Landlord.

In connection with such use and occupancy, Tenant intends to construct upon the demised premises the improvements depicted in the plans and specifications.

- 1 - Metal building 170' x 105' with enclosed offices and associated aircraft ramp and vehicle parking.

All construction shall be strictly in accordance with such plans and specifications, and such construction shall be performed in a first class, workmanlike manner. Tenant agrees to promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection with such construction.

7. **Acceptance of Demised Premises.** Tenant acknowledges that Tenant has fully inspected the demised premises and accepts the demised premises as suitable for the purpose for which the same are leased in their present condition.

8. **Securing Governmental Approvals and Compliance with Law.** Tenant at Tenant's sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the demised premises. Tenant shall comply at all times with all governmental laws, ordinances and regulations applicable to the use of the demised premises, and 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.

9. **Assignment, Subletting and Mortgaging of Leasehold Estate;**

A. Without the prior written consent of Landlord, Tenant may not assign this Lease or any rights or Tenant hereunder (except to a leasehold mortgagee as hereinbelow provided) or sublet the whole or any part of the demised premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of paragraph 6 pertaining to the use of the demised premises. In the event of any assignment or subletting, Tenant shall not assign Tenant's rights hereunder or sublet the demised premises without first obtaining a written agreement from each such assignee or sublessee whereby each such assignee or sublessee agrees to be bound by the terms and provisions of this Lease. 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 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.

B. 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 obtaining funds for the construction of the improvements described in paragraph 6 or for other construction upon the demised premises 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 become 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 rental due hereunder and otherwise fully perform the terms and conditions of this Lease.

C. All mortgages or deeds of trust which Tenant mortgages the leasehold estate of Tr \_\_\_\_\_ created hereby shall contain provisions (i) requiring the leasehold mortgagee to give Landlord fifteen (15) days written notice prior \_\_\_\_\_ 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.

D. 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 mortgagee 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.

E. 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 and its successors and assigns 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 or its successors and assigns performs all of the obligations of Tenant hereunder. Landlord also agrees to execute and deliver 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.

10. **Property Taxes and Assessments:** Tenant shall pay any and all property taxes or assessments levied or assessed on the 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's "paid receipts" or other written evidence that all such taxes have been paid by Tenant.

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

A. Tenant shall, throughout the term hereof, maintain in good repair and condition all the demised premises and all 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, with all fixtures and equipment situated in the demised premises in working order, reasonable wear and tear excepted.

B. In the event Tenant shall fail to so maintain the demised premises and the fixtures, equipment and personal property situated thereon, Landlord shall have the right (but not the obligation) to cause all repairs or other maintenance to be made and the reasonable costs therefor expended by Landlord plus interest thereon as provided in paragraph 37 shall be paid by Tenant on demand.

12. **Alterations, Additions and Improvement.** After completion of the improvements described in paragraph 6, Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the demised premises without the prior written consent of Landlord. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld by Landlord. Tenant shall have the right to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations.

All alterations, additions and improvements in and to the demised premises shall be performed in a first class, workmanlike manner, and Tenant shall promptly pay and discharge all costs, expenses, claims for damages, liens and any and all other liabilities and obligations which arise in connection therewith.

13. **Insurance.** Tenant shall during the term hereof maintain at Tenant's sole cost and expense insurance relating to the demised premises as follows:

(i) Insurance against loss or damage to improvements by fire, lightning, and 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 eighty percent (80%) of the full insurable value of the demised premises. 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, therefore, proper adjustment in the limits of insurance coverage shall be effected.

(ii) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises, such insurance to afford protection to Landlord of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.

(iii) Workmen's compensation insurance covering all persons employed by Tenant in connection with any work done on or about the demised premises with respect to which claims for death or bodily injury could be asserted against Landlord or the demised premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(iv) If applicable, boiler and pressure vessel insurance on all steam boilers, 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 \$100,000.00 for damage to property resulting from such perils.

(v) Such other insurance on improvements in such amounts and against such other insurable hazard which at the time are commonly obtained in the case of property similar to such improvements.

(vi) Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Tenant.

(vii) During any period of construction, a Builder's Risk Completed Value policy with an all risks endorsement.

All such policies of insurance (i) shall be issued by insurance companies acceptable to Landlord, (ii) shall name Landlord as an additional insured or loss payee, as the case may be, and (iii) shall provide for at least ten (10) days written notice to Landlord prior to cancellation or modification. Tenant shall provide Landlord with duplicate originals of all insurance policies required by this paragraph.

**14. Casualty Damage or Destruction:**

A. In case of any damage to or destruction of the buildings, structures and equipment on 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 the buildings, structures and equipment on 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 commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Landlord (hereinafter sometimes referred to as the "Restoration").

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 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 paragraph 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) shall be applied as follows:

(i) 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 satisfactory to Landlord 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.

(ii) Upon receipt by Landlord of evidence of the character 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', materialmen'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. In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration after Landlord has given Tenant thirty (30) days prior written notice requesting the commencement of Restoration or that Tenant diligently proceeds to the completion of same if Tenant during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Landlord shall retain the insurance proceeds, and Tenant shall pay any deficiency if such proceeds are not sufficient for Restoration.

**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, this Lease shall automatically terminate 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, 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 installment due hereunder, as adjusted from time to time pursuant to paragraph 5, 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 actually takes possession of the condemned portion of the demised premises.

C. If this Lease is not terminated pursuant to Section A, Tenant shall promptly restore the 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 A, condemnation proceeds to which Landlord and Tenant are entitled shall be awarded and paid to Landlord and Tenant as their interests may appear.

**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 and services furnished to the demised premises during the term hereof. Landlord shall in no event be liable or responsible for any cessation or interruption in any such utility services.

**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 without charge from time to time by Landlord in operating the Airport. All such common facilities shall at all times be under the exclusive control and management of Landlord and may be rearranged, modified, changed or terminated from time to time at Landlord's sole discretion.

**18. Rules and Regulations.** Landlord has adopted Rules and Regulations (hereinafter referred to as the "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 Rules and Regulations are incorporated by reference as if written verbatim herein, and Tenant agrees to comply fully at all times with the Rules and Regulations. Landlord shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Landlord, Tenant and all other Tenants and customers of the Airport.

**19. Signs and Equipment.** After first securing Landlord's approval which will not be unreasonably withheld, Tenant shall have the right from time to time to install and operate advertising signs and 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.

**20. Landlord's Right of Entry.** Landlord and Landlord's authorized representatives shall have the right, during the normal business hours, 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.

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 or for sale.

**21. Indemnity and Exculpation:**

A. Landlord shall not be liable to Tenant or to Tenant's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damage to property on or about the demised premises or any adjacent area owned by Landlord caused by the negligence or misconduct of Tenant, Tenant's employees, servants, customers, invitees, subtenants, licensees or concessionaires or any other person entering the demised premises under express or implied invitation of Tenant, or arising out of the use of the demised premises by Tenant and the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder; and Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any loss, expense or claims arising out of such damage or injury.

B. Landlord and Landlord's agents and employees shall not be liable to Tenant for any injury to persons or damage to property 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 dampness or by fire, explosion, falling plaster or ceiling or for any other reason whatsoever. Landlord shall not be liable to Tenant for any loss or damage that may 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, or of any other persons whomsoever, excepting only duly authorized agents and employees of Landlord.

**22. Default by Tenant.** The following events shall be deemed to be events of default by Tenant under this Lease:

A. Failure of Tenant to pay any installment of rent or any other sum payable to Landlord hereunder on the date that same is due and such failure shall continue for a period of ten (10) days.

B. Failure of Tenant to comply with any term, condition or covenant of this Lease, other than the payment of rent or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant.

C. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Tenant or any guarantor of Tenant's obligations.

D. 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 Tenant or any guarantor of Tenant's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Tenant or such guarantor.

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

F. Abandonment by Tenant of any substantial portion of the demised premises or cessation of use of the demised premises for the purpose leased.

**23. Remedies of Landlord.** Upon the occurrence of any of the events of default listed in paragraph 22, Landlord shall have the option to pursue any one or more of the following remedies without the notice or demand whatsoever:

A. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on demand the amount of all loss and damages which Landlord may suffer by reason of such termination, whether through inability to relet the demised premises on satisfactory terms or otherwise.

B. Terminate this Lease, in which event Tenant shall immediately surrender the demised premises to Landlord. If Tenant fails to so surrender the demised premises, Landlord may, without prejudice to any other remedy which Landlord may have for possession of the demised premises or arrearages in rent, enter upon and take possession of the demised premises and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof, without being liable for prosecution or any claim for damages therefor. Tenant shall pay to Landlord on the date of such termination damages in any amount equal to the excess, if any, of the total amount of all monthly rental and other amounts to be paid by Tenant to Landlord hereunder for the period which would otherwise have constituted the unexpired portion of the term of this Lease over the then fair market rental value of the demised premises for such unexpired portion of the term of this Lease.

C. Enter upon and take possession of the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and expel or remove Tenant and any other person who may be occupying the demised premises or any part thereof. Landlord may relet the demised premises and receive the rent therefor. Tenant agrees to pay to Landlord monthly

and from time to time any deficiency that may arise by reason of any such letting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, modeling expenses and other costs of letting shall be subtracted from the amount of rent received under such letting.

D. Enter upon the demised premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to pay Landlord on demand for expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, together with interest thereon at the rate of ten percent (10%) per annum from the date expended until paid. Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any 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.

**24. 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 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 recoupment or entitle Tenant to take any action whatsoever with regard to the demised premises or Landlord until 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. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, Tenant shall have the right to:

(i) Proceed to cure such default and deduct the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum from the next succeeding rental installment(s) due by Tenant to Landlord hereunder; or

(ii) Proceed to cure such default and bring suit against Landlord for the cost of curing same plus interest thereon at the rate of ten percent (10%) per annum.

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.

**25. 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 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.

**26. Title to Improvements.** Any and all improvements on the demised premises shall become the property of Landlord upon the expiration or termination of this Lease; provided, however: (i) if Tenant is not in default hereunder, Tenant shall have the right to remove all personal property and trade fixtures owned by Tenant from the demised premises, but Tenant shall be required to repair any damage to the demised premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense; and (ii) Landlord may elect to require Tenant to remove all improvements from the demised premises and restore the demised premises to the condition in which the same existed on the date hereof, in which event Tenant shall promptly perform such removal and restoration in a good and workmanlike manner and at Tenant's sole cost and expense.

**27. Mechanics' and Materialmen's Liens.** Tenant agrees to indemnify and hold Landlord harmless of and from 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, and Landlord, at Landlord's option, may satisfy such liens and collect the amount expended from Tenant together with interest thereon as provided in paragraph 37 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.

**28. Title.** Tenant accepts the demised premises subject to: (i) the Base Lease; (ii) the Rules and Regulations; (iii) easements and rights-of-way and (iv) zoning ordinances and other ordinances, laws, statutes or regulations now in effect or hereafter promulgated by any governmental authority having jurisdiction over the demised premises.

**29. Quiet Enjoyment and Subordination.** Landlord covenants, represents and warrants that Landlord has full right and power to execute and perform this Lease and to grant the estate demised herein, and that Tenant, upon payment of the rents herein reserved, and performance of the terms, conditions, covenants and agreements herein contained, shall peaceably and quietly have, hold and enjoy the demised premises during the full term of this Lease; provided, however, that Tenant accepts this Lease subject and subordinate to any recorded mortgage, deed of trust or other lien presently existing upon the demised premises. 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 now existing or hereafter placed on the demised premises or to declare this Lease prior and superior to any mortgage, deed of trust or other lien now existing or hereafter placed on the demised premises; provided, however, any such subordination shall be upon the express conditions 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 so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. Tenant also agrees upon demand to execute further instruments declaring this Lease prior and superior to any mortgage, deed or trust or other lien and specifically providing that this Lease shall survive the foreclosure of such mortgage, deed of trust or other lien.

**30. Rent on Net Return Basis.** Except for the rental due under the Base Lease during the time that AATI is the Landlord hereunder, it is intended that the rent provided for in this Lease shall be an absolutely 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.

**31. 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 two hundred percent (200%) of the rent paid for the last month of the term of this Lease.

**32. 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.

**33. 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.

**34. Attorneys' Fees.** If, on account of any breach or default by Landlord or Tenant of their respective obligations under this Lease, it should become necessary for the other to employ an attorney to enforce or defend any of such party's rights or remedies hereunder, and should such party prevail, such party shall be entitled to collect reasonable attorneys' fees incurred in such connection from the other party.

**35. Financial Information.** Tenant agrees that Tenant will from time to time upon the written request of Landlord during the term of this Lease furnish to Landlord such credit and banking references as Landlord may reasonably request.

**36. Estoppel Certificates.** Tenant agrees that from time to time, upon not less than ten (10) days' prior written request by Landlord Tenant will deliver to Landlord a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Landlord is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

D. If requested by Landlord, Tenant will not pay rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be

furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this lease.

Landlord agrees that from time to time, upon not less than ten (10) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying that:

A. This Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications).

B. The dates to which rent and other charges have been paid.

C. Tenant is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

37. **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 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.

38. **Independent Contractor.** It is understood and agreed that in leasing 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.

39. **Force Majeure.** In the event performance by Landlord of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Landlord, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Landlord is so delayed or hindered.

40. **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.

41. **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.

42. **Captions.** The captions or headings 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.

43. **Successors.** 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.

44. **Severability.** If any provision in this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

45. **Notices.** Any notice or document required or permitted to be delivered hereunder may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the parties at the addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

LANDLORD:

TENANT:

Addison Airport of Texas, Inc.  
P. O. Box 34087  
Dallas, Texas 75234

Hangar Six, Inc.  
P. O. Box 6  
Addison, Texas 75001

City of Addison, Texas

(214) 233-2945

P. O. Box 144

Addison, Texas 75001

46. **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.

47. **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.

48. **Governing Law and Venue.** This Lease and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas, and Landlord and Tenant both irrevocably agree that venue for any dispute concerning this Lease or any of the transactions contemplated herein shall be in any court of competent jurisdiction in Dallas County, Texas.

49. **Entire Agreement and Amendments.** This Lease, consisting of forty-nine (49) paragraphs and Exhibits A through B attached hereto, 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 in behalf of the party against whom enforcement of the change, modification, discharge or abandonment is sought.

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

LANDLORD:

ADDISON AIRPORT OF TEXAS, INC.

By: 

Its: 

CITY OF ADDISON, TEXAS

By: 

Its: 

TENANT:

By: 

Its: \_\_\_\_\_

STATE OF TEXAS }  
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared William H. Baker  
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 considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 10th day of June, 19 54.

John H. Baker  
Notary Public

Dallas  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_  
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 purpose and considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
County, Texas

STATE OF TEXAS }  
COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Walter J. Baker  
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 considerations therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 5th day of June, 19 54.

John H. Baker  
Notary Public

Dallas  
County, Texas

MEMORANDUM OF LEASE

The Town of Addison, Texas, as Landlord, and Turbine Aircraft Services, Inc. (by assignment), a Texas corporation, as Tenant, are parties to a Ground Lease dated May 23, 1984 and amended by that Amendment to Ground Lease between the parties dated July 2, 2002, in which Ground Lease Landlord has leased the premises described in Exhibit "A" attached hereto. The Ground Lease provides that, if certain conditions precedent are met by Tenant, the Ground Lease shall end, unless earlier terminated, on June 30, 2032; if such conditions precedent are not met by Tenant, the Ground Lease shall end, unless earlier terminated, on June 30, 2014.

Executed effective the 20 day of July, 2002, but signed on the dates of the respective acknowledgements.

TURBINE AIRCRAFT SERVICES, INC.

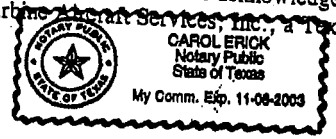
By: Tom L. Berscheidt  
Tom L. Berscheidt, President

CITY OF ADDISON

By: R. Whitman  
Name:  
Position:

STATE OF TEXAS §  
COUNTY OF DALLAS §

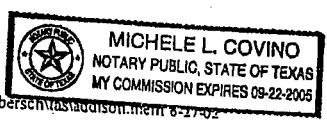
This instrument was acknowledged before me on July 2, 2002, by Tom L. Berscheidt of Turbine Aircraft Services, Inc., a Texas corporation, on behalf of said corporation.



Carol Erick  
Notary Public, State of Texas

STATE OF TEXAS §  
COUNTY OF DALLAS §

This instrument was acknowledged before me on July 9th, 2002, by Ron Whitman as City Manager of the City of Addison.



Michele L. Covino  
Notary Public, State of Texas

AGREEMENT FOR  
OPERATION OF THE ADDISON AIRPORT  
BETWEEN  
THE CITY OF ADDISON, TEXAS  
AND  
ADDISON AIRPORT, INC.

THIS AGREEMENT, made and entered into the 30th day of December, 1976, by and between the CITY OF ADDISON, TEXAS, a municipal corporation acting by and through the City Council (hereinafter "City") and ADDISON AIRPORT, INC., a Texas corporation (hereinafter "Company"), with an address at P.O. Box 34067, Dallas, Texas 75234.

**WITNESSETH:**

WHEREAS, the City has entered into a Contract of Sale whereby the City will acquire the principal portions of the existing Airport known as Addison Airport, in Dallas County, Texas, it being contemplated that the City will purchase approximately three hundred sixty-four (364) acres ("Property"), in part with federal funds available for such purpose, the Property being reflected and described on Exhibit "1" attached hereto.

WHEREAS, the City and the Company are desirous of having the Company operate and conduct all lawful, reasonable and appropriate activity at the Airport for the use of the general public and generally in accordance with the operations description set forth in Section 7 hereof; and

WHEREAS, in the exercise of its lawful authority, the City has entered into that certain Grant Agreement with the United States of America (acting through the Federal Aviation Administration (FAA), dated December 30, 1976, for the purpose of obtaining funds for the acquisition of the Property.

WHEREAS, the Company agrees to carry out the terms and conditions set forth in that certain Grant Agreement; and

WHEREAS, the City, during the term of this Agreement, agrees to consult with the FAA on the adjustment or modification of any term or condition in the Grant Agreement which because of the peculiar circumstances of the Airport operation the Company believes to be unworkable or impractical; and

WHEREAS, it has been found and determined by the City in accordance with its lawful duties, that it is essential, appropriate and necessary for its public purposes and for the public to acquire such adequate general aviation facilities; and

WHEREAS, the Mayor of the City of Addison has been duly authorized and empowered to execute the Agreement; and

WHEREAS, it is the intention of the parties that the Airport shall be operated in a manner as would be accomplished by a reasonably prudent airport operator and in accordance with sound business practices;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein set forth, the parties hereto hereby agree and contract as follows:

The City hereby leases to Company, and the Company hereby takes, upon the terms and conditions hereinafter specified, the following premises:

- (i) the land described in Exhibit "1" as the Property and the improvements thereon owned by the City;
- (ii) all easements, rights and appurtenances relating to the land (all property described in clauses (i) and (ii) above is herein sometimes collectively called the "Leased Premises"); and
- (iii) City hereby assigns to Company all of its right, title and interest in and to the leases set forth in Exhibit "B" to the Contract of Sale.

As consideration for this Agreement, and in addition to the rents payable hereunder, the Company agrees to pay to the City the sum of Eight Hundred Thousand (\$800,000.00) Dollars, in cash, said payment to be made simultaneous with the release of this Agreement from escrow pursuant to that certain Escrow Agreement dated December 30, 1976, by and between the City, Company and Southwest Land and Title Company ("Escrow Agreement").

In the event this Agreement is not delivered out of escrow to the City and is returned to Company by reason of the Escrow Agreement, the Company shall have no liability for any payment to the City hereunder and this entire Agreement shall be null and void and of no force or effect as of the date this Agreement is executed.

**Section 1. Definitions**

- (a) "Airport" means the Addison Airport as shown on Exhibit "2" hereof;
- (b) "Improvements" means all improvements that specifically serve the Airport, including, but not limited to, streets, roadways, parking areas, aprons, runways, sewers and waterlines, all buildings and structures and additions, substitutions, accessions, and replacements thereto on the Leased Premises.
- (c) "Gross Receipts" means all monies paid to the Company for sales made and for services rendered or agreed to be rendered at or from the Airport regardless of the time or place of receipt of the order therefor, and for sales made and for services rendered or agreed to be rendered outside the Airport if the order therefor is received at the Airport, the charges, rentals, fees and other payments of whatever kind of nature paid to the Company under any lease, sublease, permit, license, or any other agreement, oral or written, relating to the Airport, all landing, parking and other fees and charges paid to the Company from any user of the Airport, revenues paid to the Company for the sale or delivery of aviation fuel, petroleum and other products, including any fuel flowage fees, any other revenues of any type arising out of or in connection with the Company's services and operations at the Airport, including its operations thereof. Any addition, change, modification or alteration in the Company's method of performing its Airport function or responsibility which would adversely effect the Gross Receipts shall first require the approval of the City.

**Section 2. Representations by City**

The City is the duly and lawfully created, existing and recognized owner of the Leased Premises, having the power to enter into the transactions hereunder, and by proper action the City has been duly authorized to execute and deliver this Agreement.

**Section 3. Representations by Company**

The Company is a corporation duly incorporated under the laws of the State of Texas, is in good standing under the laws of said State; is duly authorized to do business in the State of Texas; has the power to enter into this Agreement without violating the terms of any other agreement to which it may be a party; and by proper corporate action had been duly authorized to execute and deliver this Agreement.

It generally will occupy and possess the Leased Premises for the public purposes of the City as set forth in Section 7 hereof.

**Section 4. Term of Agreement**

Subject to the terms, covenants, conditions and agreements contained in this Agreement, the Company shall have and hold the Leased Premises for a term commencing on the date of closing of the purchase of the Property in the Contract of Sale and ending 20 years thereafter.

The Company agrees to yield and deliver peaceably to the City possession of the Leased Premises together with all buildings, structures, improvements, additions and other installations therein or thereon, on the date of the expiration of this Agreement, promptly and in good operating condition, the intention being that when the Leased Premises are returned to the City they shall be in first-class condition giving due consideration to normal wear and tear and shall be free and clear of any and all liens, debts, contracts, leases or encumbrances of whatsoever kind, nature and description.

**Section 5. Rent**

(a) Company shall pay the City, on demand, the sum of \$100,000.00, as a special assessment for public improvements to be made by the City of Addison. The Company shall not be assessed or otherwise be liable for any further such assessments made outside of the Leased Premises during the term of the Agreement.

(b) The Company agrees to pay the City \$6,250.00 per month, or 3% of the Company's monthly Gross Receipts, whichever amount is the greater. Such installment shall be payable to the City of Addison, Dallas County, Texas, commencing on the 20th day of the second month after the effective date of this Agreement for the first month hereof, and on the 20th day of each calendar month thereafter for the calendar month preceding. Payment of such amounts shall be reduced by any real property or personal property taxes assessed by the City of Addison on the Property or assessed by the City of Addison on the Improvements or this Agreement, commencing with the effective date of this Agreement, such reduction to be credited against the next succeeding installments of rent hereunder from and after date of payment of such taxes by the Company. The Company shall render to the City, on the 20th day of each calendar month, a sworn statement showing its Gross Receipts for each preceding month.

**Section 6. Taxes and Assessments**

The Company shall pay when due and before any fine, penalty, interest or cost may be added for non-payment: all levies, fees, water and sewer rents or other rents, rates and charges, permit fees, inspection fees and other charges, if any, in each case whether general and special, ordinary and extraordinary, which are lawfully imposed, whether or not the same were within the contemplation of the parties

herein, together with any interest and penalties thereon, which imposed or levied upon or assessed or in respect to this Agreement, or which may be a lien upon the Leased Premises. The Company shall pay all of the personal property taxes assessed by the City for the year 1976.

#### Section 7. Uses of Leased Premises

(a) The Company shall have control of the operation of the Leased Premises and shall operate them on a nondiscriminatory and uniform basis consistent with the normal public use of airports of a similar kind, and in accordance with all applicable laws and regulations. The use of the areas thereof shall be for the following purposes only:

- (i) For the handling and accommodation of operators, crews and travelers arriving at or departing from the Leased Premises;
- (ii) For the storage, parking, maintenance and servicing of aircraft in covered and open areas;
- (iii) For the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;
- (iv) For the storage of fuel and for the fueling of aircraft;
- (v) For the charter and leasing of aircraft;
- (vi) For schools for the training of aeronautical pilots, mechanics, repairmen, navigators and dispatchers, and other aeronautical personnel;
- (vii) For the storage, parking, maintenance, servicing and fueling of automotive vehicles, automotive equipment and other equipment owned or operated by the Company in connection with the operation of the Leased Premises or by other persons using the Leased Premises for other purposes authorized hereunder;
- (viii) For the operation of stores, concessions and other consumer service activities, reasonably required for the accommodation of operators, crews and travelers arriving at or departing from the Leased Premises by aircraft, and other persons doing business with or who are the guests of the Company or other users of the Leased Premises;
- (ix) For the fabrication, manufacture, testing or development of aeronautical materials which will be used or installed in aircraft at the Leased Premises; and
- (x) For all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

The provisions of this Section shall be inserted and enforced by the Company in the agreement(s) of any other future user of the Leased Premises.

(b) In the performance of the Uses of the Airport granted by the City hereunder, the Company agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without unjust discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations at the Airport.

(c) The Company shall perform the above-named Uses in a manner which shall be compatible with the latest FAA-approved Airport Layout Plan.

(d) Any clause or provision of this Agreement to the Company notwithstanding:

(i) The Company agrees to operate the Airport in accordance with the obligations of the City to the Federal Government under above-described Grant Agreement. In furtherance of this general covenant, but without limiting its general applicability, the Company specifically agrees to operate the Airport for the use and benefit of the public; to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination and to provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified persons, firms and corporations desiring to conduct aeronautical operations on the Airport. In this connection, the Company may from time to time adopt standard rules and regulations concerning the use and operation of the Airport, provided such rules and regulations shall not constitute a violation of the Grant Agreement.

(ii) It is specifically understood and agreed that nothing herein contained shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act.

(iii) The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent the Company from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(iv) This Agreement shall be subordinate to the provisions of any existing or future agreement entered into between the City and the United States to obtain federal aid for the improvement or operation and maintenance of the Airport.

#### Section 8. Orderly Conduct of Operations

The Company shall conduct its operations in a proper and orderly manner and will not annoy, disturb or be offensive to others. The Company shall take all reasonable measures to control the conduct, demeanor and appearance of its employees, agents, representatives, contractors, and the conduct and demeanor of its customers, invitees and those doing business with it in the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

#### Section 9. Standards of Operation

The Company shall not knowingly commit any nuisances on the Leased Premises, or do or permit to be done anything which may result in the creation or commission of a nuisance on the Leased Premises.

The terms of this Section shall be inserted and enforced by the Company in the agreement(s) of any other user of the Airport.

#### Section 10. Insurance

The Company will maintain at its expense insurance on the Leased Premises of the following character:

(a) Insurance against loss or damage to improvements by fire, lightning, other risks from time to time included under the standard extended coverage policies, and sprinkler and vandalism and malicious mischief, all in amounts sufficient to prevent City or Company from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than 80% of the full insurable value of the Leased Premises. 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 City, and, thereafter, proper adjustment in the limits of insurance coverage shall be affected.

(b) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to City of not less than \$500,000.00 with respect to any one accident, and not less than \$200,000.00 with respect to property damage. Policies of such insurance shall be for the benefit of City and Company.

(c) Workmen's compensation insurance covering all persons employed by Company in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against City, Company or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.

(d) If applicable, boiler and pressure vessel insurance on all steam boilers, 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 \$100,000.00 for damage to property resulting from such perils.

(e) Such other insurance on the improvements in such amounts and against such other insurable hazards which at the time are commonly obtained in the case of property similar to the improvements.

(f) In addition to all other insurance required hereunder, the Company will maintain at its expense hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of the Company.

#### Section 11. Carriers, Insureds, etc.

The insurance referred to in Section 10 shall be effected under a valid and enforceable policy or policies or contract or contracts issued by (1) an insurer or insurers permitted to do business in the State of Texas approved by the City, which approval will not be unreasonably withheld. Such insurance shall name as the insured parties thereunder the City and the Company, as their respective interest may appear. The Company may prosecute any claim against, or contest any settlement proposed by, any insurer at its expense. In such event, the Company may bring such prosecution or contest any settlement in the name of the City, Company or both, and City will join therein at the Company's written request upon the City's receipt of an agreement by the Company to indemnify City against all costs, liabilities and expenses in connection with such prosecution or contest.

#### Section 12. Delivery of Evidence of Insurance



evidence of insurance or insurance certificates for insurance required in Section 10 hereof. The Company shall within ten days prior to the expiration of any such insurance, deliver the place of expired policies other original duplicate policies or other certificates of the insurers endorsed as in above provided in Section 10 hereof evidencing renewal of such insurance.

### Section 13. Casualty

If any improvements or any part thereof owned by the City shall be damaged or destroyed by fire, theft or other casualty, the Company shall with reasonable promptness and diligence, rebuild, replace, and repair any damage or destruction to the improvements, at its expense in conformity with the requirements of Section 14, in such manner as to restore the same to a unit of equal size, quality and condition to that which existed prior to such damage or destruction. Insurance proceeds payable with respect to such casualty shall belong to the Company to the extent necessary to make such repairs.

It is agreed that damage or destruction, whether partial or total, by any cause whatsoever, of the improvements, except upon termination of this Agreement as is provided for herein, shall not release the Company from any obligation under this Agreement.

### Section 14. Maintenance and Repair

The Company agrees and acknowledges that it has received the Leased Premises in good order and condition, and further agrees to accept the premises as is. The Company further agrees that it will, at its expense, keep and maintain the Leased Premises, and the improvements in good repair and appearance, and in good mechanical condition, except for ordinary wear and tear, and will with reasonable promptness make all, interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary changes, repairs, substitutions and replacements (substantially equivalent to the original work) of any kind and nature which may be required to be made upon or in connection with the Leased Premises and improvements or any part thereof, in order to keep and maintain the Leased Premises and improvements in as good repair, mechanical condition and appearance as they were originally, except for ordinary wear and tear.

### Section 15. Failure to Commence and Complete Repairs

In the event the Company fails to commence or complete repairs, replacements or painting which is required hereunder within a period of thirty days after written notice from the City, or fails to continue and diligently complete any such repair, the City may at its option make such repairs, replacement or do such painting, the cost of which shall be paid by the Company upon written demand.

Subject to the right of existing sub-leases, the City, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the Airport for the purpose of inspecting the Leased Premises, for observing the performance by the Company of its obligations under this Agreement, and for the doing of any act or thing which the City may be obligated or have the right to do under this Agreement.

Nothing in this Section shall impose or shall be construed to impose upon the City any obligations to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure to do so. The City shall not in any event be liable for any injury or damage to any property or to any person happening on or about the Leased Premises nor for any injury or damage to the Leased Premises nor to any property of the Company or of any other person located in or thereon other than those occasioned by the acts of the City.

### Section 16. Alterations, Construction by Company for Airport Purposes

Company may erect structures, make improvements, install fixtures, or do any other construction work on the Leased Premises, or alter, modify or make additions, improvements, repairs to, or replacement of any improvements or any structure now existing or hereafter built on the Leased Premises.

Any such alterations, additions, improvements, installations, repairs, substitutions or replacements shall be expeditiously completed, in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each such alteration, addition, improvement, installation, repair, substitution or replacement shall comply with the requirement of any insurance policy required to be maintained by Company hereunder, with any applicable requirements of the Agreement.

Any improvement to or alteration of the Airport under this Section or under Section 17 shall be consistent with the latest FAA-approved version of the Airport Layout Plan.

### Section 17. Alteration, Construction by City

The City may erect structures, make improvements, install fixtures, or do any other construction work on the Airport, whether Airport-related or not; provided, however, the erection of such structures, the making of such improvements, the installation of such fixtures, or the doing of such construction work shall not unreasonably interfere with the operation or development of the Airport, including the maximization of revenues. The City shall give the Company reasonable advance written notice of any action taken hereunder.

Any such alterations, additions, improvements, installation, repairs, substitutions or replacements shall be completed in compliance with all laws, ordinances, orders, rules, regulations and requirements applicable thereto. All work done in connection with each alteration, addition, improvements, installation, repair, substitution or replacement shall be done at the City's expense and shall comply with the requirement of the insurance policy required to be maintained by the City or Company, hereunder. As to any construction, buildings or other structures constructed by the City which are not related to the Airport and its operations, Company shall not be required to furnish insurance.

### Section 18. Liens

The Company will not directly or indirectly create or permit to be created or to remain, and will promptly discharge, at its expense, any mortgage, lien, security interest, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to:

- (a) The Leased Premises or any part thereof,
- (b) City's ownership interest, or
- (c) The rent or other sums payable by Company under this Agreement.

The existence of any mechanic's, laborer's, materialmen's, supplier's, or vendor's lien, or any right in respect thereof shall not constitute a violation of this provision if payment is not yet due upon the contract or for goods or services, or the lien(s) are being contested in good faith by the Company.

This Section shall not apply to security interests or other liens with respect to buildings or improvements on, or which may later be constructed on, the Leased Premises which are not owned by the City.

### Section 19. Prices and Rates

The Company shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service. In furtherance of this objective, a list of charges will be maintained and available for inspection by the public for all services, materials, supplies and privileges provided by the Company and any Airport tenant. However, the Company, and any Airport tenant, may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Company shall, from time to time, as the need arises, make and publish changes in the prices being charged; provided, however, fifteen (15) days prior to any such changes, the Company shall provide to the City a list of such charges. If no objection is received by the City to such changes in prices within fifteen (15) days, the price changes shall become effective. The City may object to any changes in prices within the fifteen-day period; provided, however, the only basis for any such objection by the City will be on the ground that such pricing change would constitute a violation of a present or future Grant Agreement with the Federal Aviation Administration.

It is further understood and agreed that in the event others on the Airport undertake to sell or dispense fuels or lubricants for aircraft or other machinery being used on the Airport, the Company shall impose reasonable standards consistent with any grant agreements with respect to any fueling operations in order to assure adequate safety and efficient operations on or about the Airport. Further, any persons selling or dispensing fuel or lubricants for aircraft or other machinery shall pay to the Company a reasonable and non-discriminatory fuel flowage fee.

### Section 20. Subleases

(a) The Company shall have the right and is expressly hereby authorized to sublease such portions of the Leased Premises as it shall deem appropriate for the growth and development of the Airport and the maximization of revenues; provided any such sublease shall be for the purpose of carrying out one or more of the activities set forth in Section 7. During the existence of this Agreement, all revenues from any sublease shall belong to the Company, subject only to the rights of the City to a percentage of Gross Receipts as provided in Section 5 (b).

(b) The Company shall not enter into any sublease with any tenant which is owned or controlled, in whole or in part, by any of the officers, directors or stockholders of the Company without the prior written approval of the City, which approval shall not be unreasonably withheld.

(c) The Company shall not enter into any sublease unless the term of such sublease, including any renewal or option

(d) Upon request by the Company, from time to time, that a sublease is entered into by the Company, the City shall deliver to any such subtenant its estoppel certificate certifying unto the subtenant that this Agreement is in full force and effect.

#### Section 21. Applicable Governmental Requirements

The Company agrees,

(a) at its expense, to procure from governmental authority, having jurisdiction, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations or for any additional construction required pursuant to the terms of this Agreement.

(b) that it shall, at its expense, comply with and cause the Leased Premises and Company's operations to comply with all governmental statutes, laws, rules, orders, regulations and ordinances affecting the Leased Premises or any part thereof or the use or occupancy or any part thereof.

#### Section 22. Indemnification

Company covenants and agrees that it will defend, indemnify and save harmless the City, its council, officers, agents and employees from and against any and all actions, suits, claims, demands, liabilities, losses, damages, costs, expenses or judgments of any nature whatsoever, arising from:

(a) any injury to, any nuisance, or the death of any person or any damage to property on the Leased Premises, or any damage to property on the Leased Premises, or in any manner growing out of or connected with the use, non-use, condition or occupancy of the Leased Premises or any part thereof or resulting from the condition thereof,

(b) the ownership, use or non-use or condition of the Improvements, or

(c) violation by Company of any agreement or condition of this Agreement, and of any contract or agreement to which Company is a party, or any restriction, statute, law, ordinance or regulation or otherwise, in each case affecting the Leased Premises or the ownership, occupancy or use thereof.

In case any action or proceeding be brought against the City by reason of any such claim, the Company covenants upon notice from the City to resist or defend such action, and the City will cooperate and assist in the defense of such action or proceeding, if reasonably requested so to do by the Company; provided, however, that the Company shall not be liable for damages not covered by insurance required to be carried pursuant to this Agreement and caused solely by the negligence or deliberate act of the City, or any of its council, officers, agents, servants or employees. This provision shall not operate to indemnify others when liability for damages arises due to the fault of such others, unless they are insured or indemnified parties under the insurance policies or contracts required by this Agreement.

#### Section 23. Federal Airport Aid

The City has made application to the Federal Aviation Administration for a grant(s) of federal funds to partially defray the cost of acquiring the Leases Premises. The Company, in its management, operation, maintenance and use of the Airport, shall be subject to and hereby assumes the terms, conditions and provisions of any and all grant agreements and project applications imposed on the City by the Federal Aviation Administration, and any other federal obligations or restrictions with respect thereto. The Company shall in its agreements with other users of the Airport insert in said agreements the appropriate provisions and requirements as required by any and all of the provisions of the grant agreement and the project applications, the assurances set forth therein and any other federal obligations or restrictions with respect thereto.

To the extent that the City considers it prudent, considering the requirements attached to the acceptance of such funds, the City shall continue to apply for and make maximum use of all available federal and state funds for the development of the Airport; provided nothing in this Section obligates or requires the City to apply for such funds, other than funds necessary to acquire Additional Purchases.

#### Section 24. Notice to Indemnified Parties

Notwithstanding the indemnification set forth in Section 22, the Company shall forward to the City a copy of every notice, summons, complaint, or other process received in any legal proceedings encompassed by such indemnification or in any way affecting the rights of the City, or any other indemnified party.

#### Section 25. Liability of Officials

No officers, agent or employee of the City or the Company shall be personally liable for any of their acts carrying out the provisions of the Agreement, in exercising any power or authority granted to them pursuant to the Agreement, it being understood that in such matters they act as agents and representatives of the City and the Company.

#### Section 26. Non-Discrimination

Company will, in its operations on the Airport, be bound by the Civil Rights obligations imposed on the City. Company will not deny any benefits to or otherwise discriminate against any person or group on the basis of race, color, sex, or national origin. Company will comply with applicable portions of, and will effect City's compliance with the Attachment 2 (Including OST Regulations, Part 21) attached hereto and incorporated herein by reference for all purposes.

#### Section 27. OMBE: Advertisements, Bids, Concessions:

In addition to complying with the above and normal procedures required of the City by state/federal law and agreements, the Company will send a copy of all invitations for bids, advertised or negotiated, for concessions or other businesses at the Airport to the appropriate Office of Minority Business Enterprise (OMBE) representative as identified by the FAA Regional Civil Rights Office. The Company will disclose and make information about the contracts, contracting procedures and requirements available to the designated OMBE representative and minority firms on the same basis that such information is disclosed and made available to other organizations or firms. Responses by minority firms to invitations for bids shall be treated in the same manner as all other responses to the invitations for bids.

#### Section 28. Assignment

Except as explicitly set forth herein or contemplated by this Agreement, the Company shall not assign, sublet, sell, convey or transfer its rights under this Agreement or any part thereof without the prior written consent of the City, provided, however, that this Agreement may be assigned in its entirety without such consent for a period of one year from the effective date of this Agreement. The City hereby agrees that it will not unreasonably withhold its consent to such an assignment or sublease, sale, transfer, and shall not make any charge for any such assignment, sublease, sale or transfer made with its consent.

#### Section 29. Events of Default and Remedies

The following shall be "events of default" as to the Company under this Agreement and the term "event of default" as to the Company shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay when due or cause to be paid when due the Rent required to be paid under Section 5 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the City, unless the City shall agree in writing to an extension of such time prior to its expiration.

(c) The Leased Premises shall be abandoned, deserted or vacated by the Company or any lien shall be filed against the Leased Premises or any part thereof in violation of this Agreement and shall remain unreleased for a period of sixty days from the date of such filing unless within said period the Company is contesting in good faith the validity of such lien.

(d) The dissolution or liquidation of the Company or the filing by the Company or a voluntary petition in bankruptcy, or failure by the Company within sixty days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the adjudication of the Company as a bankrupt, or general assignment by the Company for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Company", as used in this subsection, shall not be construed to include cessation of the corporate existence of the Company following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting actions contained in Section 29 hereof, which such dissolution or liquidation it is acknowledged will occur.

#### Section 30. Remedies on Default

Whenever any event of default as to the Company referred to in Section 30 hereof shall have happened and be subsisting, the City may take any one or more of the following remedial steps as against the Company:

(a) The City may re-enter and take possession of the Leased Premises without terminating this Agreement and sublease (or operate as a sublessee) the Leased Premises for the account of the Company, holding the Company liable for the difference between the rents and other amounts payable by the Company hereunder and the rents and other amounts payable by such sublessee in such subleasing or, if operated by the City, the difference between the net revenues received from such operations and the rents and other amounts payable by the Company hereunder.

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

#### Section 31. No Remedy Exclusive

No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing under law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, unless such notice is herein expressly required by law.

#### Section 32. No Additional Waiver Implied

In the event any covenant contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

#### Section 33. Termination by Company

The Company may terminate this Agreement upon the occurrence of any one or more of the following reasons:

(a) In the event the Airport shall be closed or its operations curtailed by more than fifty percent of its achieved operating level in terms of daily average departing and arriving flights, the Company in its reasonable discretion may cease or curtail its operations in the Leased Premises during the period that the Airport operations have ceased or have been so curtailed, and if such condition shall continue unabated for more than two years, the Company shall have the right and option to terminate the Agreement upon thirty days prior written notice to the City.

(b) The City shall fail to perform any of its obligations under this Agreement within sixty days after receipt of notice of default hereunder from the Company (except where fulfillment of its obligations require actively over a period of time and the City shall commence to perform whatever may be required for fulfillment within sixty days after the receipt of notice and continue such performance without interruption, except for causes beyond its control).

Upon the occurrence of any of the foregoing events, or at any time thereafter during the continuation of any such condition, the Company may, by sixty days written notice terminate this Agreement, such termination to be effective upon the date set forth in such notice and to have the same effect as if the terms hereof had expired on that date, subject, as aforesaid, to the provisions of this Section.

No waiver by the Company of any default on the part of the City, in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the City shall be or shall be construed to be a waiver by the Company of any other or subsequent default in the performance of any of said terms, covenants and conditions.

#### Section 34. Access and Egress

Except as set forth in this Agreement, the City hereby grants to the Company full and unrestricted access to and egress from the Leased Premises and between the Leased Premises and the public roadways for the Company, its employees, guests, patrons, invitees, contractors, suppliers of materials, furnishers of services, its or their equipment, vehicles, machinery and other property, without charge to Company or to said employees, guests, patrons, invitees, contractors, suppliers of materials and furnishers of services, or their said equipment, vehicles, machinery or other property.

#### Section 35. Company's Right to Remove Property

The Company shall have the right at any time during the term of this Agreement or any renewal or extension thereof, or at the expiration or earlier termination thereof, to remove any nonessential personal property which it may have on the Leased Premises, including, without limitation, furniture, equipment and machinery; provided the City will purchase from the Company, at its then fair market value, any personal property which the City deems essential.

#### Section 36. Termination, Settlement

In the event the City exercises its right to terminate the Agreement or any part thereof, the Company and the City shall endeavor in good faith to negotiate a sale by the Company to the City or its designee of the Company's personal property located on the Leased Premises. Upon termination of the Agreement, the City may, and the Company shall, remove any improvements on the Leased Premises belonging to the Company at the Company's expense if required by the City.

#### Section 37. Settlement

In the event that any sums due or to become due the Company upon termination of this Agreement are paid or payable to the City, the City shall not have any obligation to make such payment or settlement to the Company,

(i) until receipt of payment due to City from Company in accordance with pertinent provisions of this Agreement under which termination is permitted and,

(ii) until Company has paid all other sums due under this Agreement.

#### Section 38. Outlet Enjoyment

The City covenants that through the term hereof, the Company shall have, hold and enjoy peaceful and uninterrupted possession of all of the Leased Premises, subject to the performance of the covenants as herein provided.

#### Section 39. No Third Party Beneficiary

No provision contained in or incorporated by the Agreement shall create or give to any third party or parties any claim or right of action against the Company or the City, beyond such claims or rights of action which legally exist in the absence of any provision of said Agreement.

#### Section 40. Severability

Each and every covenant and agreement contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement.

#### Section 41. Binding Effect

All of the covenants, conditions, and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Company, subject to the limitations contained herein restricting such assignment by the Company, to the same extent as if each such successor and assign were in each case named as a party to this Agreement. This Agreement may not be altered, modified, or discharged except by a writing signed by the City and the Company.

#### Section 42. Governing Law

This Agreement shall be governed by and interpreted under and in accordance with the laws of the State of Texas.

#### Section 43. Venue

The venue of any action drawn under this Agreement shall lie in Dallas County, in the State of Texas.

#### Section 44. Force Majeure

Neither the City or the Company shall be deemed in violation of this Agreement if it is prevented from performing any of the obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control, and the time for performance shall be automatically extended by the period the party is prevented from performing its obligations hereunder.

#### Section 45. Issuance of Revenue Bonds for Future Improvements

City and Company acknowledge that as the Airport develops such circumstances may require that additional improvements ("Future Improvements") will be needed in order to provide convenient and necessary services at the Airport. Subject to the approval of plans and specifications by the City as submitted by the Company, the City may make such acquisitions, additions, extensions, improvements and modifications to the Airport as shall be recommended by the Company. In order to obtain funds for such purposes, the City, in its discretion, may provide for the issuance of Airport revenue bonds.

#### Section 46. Airport Boundaries

The City will not grant any access, privilege, license, or permission of any kind to any person, firm or corporation using, owning or occupying any land outside the designated boundaries of the Airport as shown on Exhibit "2" hereof, to use or have access to the Airport.

#### Section 47. Covenant by Company

It is understood and agreed by the parties hereto, that the Company will not make any improvements, changes, alterations,

Section 48. Record Keeping

The Company shall maintain in accordance with accepted accounting practice and make available to an authorized representative of the City for consideration records, books and its annual audit prepared by an Independent Certified Public Accountant. The Company shall permit such authorized representative of the City to inspect such books and records during ordinary business hours of the Company and at times reasonably convenient to the Company.

Section 49. Notices

Notices provided for in this Agreement shall be sufficient if sent by registered mail, postage prepaid, addressed if to the City — The City of Addison, P. O. Box 144, Addison, Texas, 75001, Attention: City Administrator, or to such other address and person it may direct in writing; and if to Company — Addison Airport, Inc., P. O. Box 34067, Dallas, Texas 75234, or to such other address and person as it may direct in writing. Notices shall be deemed completed when mailed unless otherwise herein required.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed as of the date first above written.

ATTEST:

Joyce N. Stevens  
SECRETARY

CITY OF ADDISON, TEXAS

BY: James Redding

APPROVED AS TO FORM:

Robert H. McCall  
CITY ATTORNEY

ADDISON AIRPORT, INC.

ATTEST:

Margaret E. Bunch  
SECRETARY

BY: [Signature]

FIELD NOTES

BEING a tract of land out of the E. Cook Survey, Abstract 326, the William Lomax Survey, Abstract 792, the George Syms Survey, Abstract 1344, the William Rowe Survey, Abstract 1257, and part of Lot 1, and Lot 2 of Block "A" of Carroll Estates Addition, Dallas County, Texas, and being more fully described as follows:

BEGINNING at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said beginning point being S 89° 58' 54" E 30.00 feet, thence N 0° 05' 50" E 25.00 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326;

THENCE N. 89° 58' 54" W. a distance of 105.72 feet with the North line of said Keller Springs Road to an angle point in the right-of-way;

THENCE N. 56° 19' 03" W. a distance of 90.20 feet with said angle in the right-of-way to a point in the East right-of-way line of Dooley Road;

THENCE N. 0° 03' 47" W. a distance of 1457.70 feet with the East line of said Dooley Road to a point;

THENCE N. 20° 38' 30" W. a distance of 170.87 feet to the apparent West right-of-way line of said Dooley Road;

THENCE S. 0° 03' 47" E. a distance of 313.49 feet with the apparent West line of said Dooley Road to a point;

THENCE N. 89° 23' 56" W. a distance of 208.00 feet to an iron pin;

THENCE N. 0° 14' 32" W. a distance of 161.00 feet to an iron pin;

THENCE N. 89° 56' 00" W. a distance of 203.65 feet to a point;

THENCE N. 20° 38' 30" W. a distance of 2156.07 feet to a point in the apparent East right-of-way line of New Dooley Road, a 100 foot street;

THENCE N. 0° 09' 30" E. a distance of 1189.87 feet with the East line of said New Dooley Road;

THENCE N. 89° 53' 26" E. a distance of 1165.44 feet to a point in the apparent West line of Dooley Road;

THENCE S. 0° 03' 47" E. with the apparent West line of Dooley Road, at 335.02 feet passing a concrete monument for a total distance of 1550.38 feet to an iron pin;

THENCE S. 20° 46' 10" E. a distance of 539.44 feet with the West line of said Dooley Road to an iron pin for the beginning point of a curve to the left;

THENCE in a southeasterly direction with the curved West line of said Dooley Road having a central angle of 69° 19' 04", a radius of 337.18 feet a distance of 407.93 feet to a point in the South right-of-way line of Keller Springs Road;

THENCE N. 89° 54' 46" E. a distance of 2135.61 feet with the South line of said Keller Springs Road to a point in the West right-of-way line of Addison Road;

THENCE S. 0° 14' 20" E. a distance of 307.44 feet with the West line of said Addison Road to an iron pin;

THENCE S. 89° 45' 40" W. a distance of 200.00 feet to a point;

THENCE S. 0° 14' 20" E. a distance of 210.72 feet to a point;

THENCE S. 43° 16' W. a distance of 1595.29 feet to an iron pin;

THENCE S. 46° 44' E. a distance of 202.51 feet to a point;

THENCE S. 20° 43' E. a distance of 350.85 feet to a point;

THENCE N. 69° 17' E. a distance of 30.00 feet to a point;

THENCE N. 71° 12' 51" E. a distance of 185.72 feet to a point;

THENCE N. 44° 44' 08" E. a distance of 7.05 feet to an iron pin found for the Southwest corner of a tract of land conveyed to O.J. Broughton and E.E. Ericson by deed recorded in Volume 4350, Page 491, Deed Records of Dallas County;

THENCE N. 89° 54' 40" E. a distance of 819.46 feet with the South line of the Broughton tract to an iron pin in the West line of said Addison Road;

THENCE S. 0° 14' 20" E. a distance of 490.82 feet with the West line of said Addison Road to a point in the apparent common survey line between the William Lomax Survey, Abstract 792, and the E. Cook Survey, Abstract 326;

THENCE S. 89° 37' 20" E. a distance of 58.08 feet with said common survey line to a point in the West line of said Addison Road and the beginning of a curve to the left;

THENCE Southerly with said curve, and the West line of Addison Road, having a central angle of 1° 53' 11", a radius of 746.30 feet, for a distance of 24.57 feet;

THENCE S. 26° 12' 50" E. 34.05 feet with the West line of Addison Road to the beginning of a curve to the right;

THENCE in a southeasterly direction with the curved West line of said Addison Road having a central angle of 25° 50', a radius of 686.30 feet for a distance of 309.44 feet;

THENCE S. 0° 22' 50" E. a distance of 2061.91 feet with the West line of said Addison Road to an angle point in the right-of-way;

THENCE N. 89° 37' 10" E. a distance of 10.00 feet with said angle in the right-of-way to a point in the West line of said Addison Road;

THENCE S. 0° 22' 50" E. a distance of 812.30 feet with the West line of Addison Road to a point;

THENCE S. 69° 37' W. a distance of 185.70 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 263.11 feet to a point;

THENCE S. 66° 06' 26" W. a distance of 17.27 feet to a point;

THENCE S. 0° 22' 50" E. a distance of 211.04 feet to an iron pin in the North right-of-way line of the St. Louis and Southwestern Railroad;

THENCE S. 66° 06' 26" W. a distance of 759.90 feet with the North line of said St. Louis and Southwestern Railroad to an iron pin and the most easterly corner of Addison Airport Industrial District;

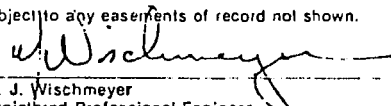
THENCE N. 67° 01' 55" W. a distance of 273.80 feet to an iron pin in the easterly line of said Addison Airport Industrial District;

THENCE N. 20° 39' 35" W. a distance of 572.28 feet with the easterly line of said Addison Airport Industrial District to an iron pin;

THENCE S. 75° 48' 25" W. a distance of 9.95 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 658.63 feet to a point;  
 THENCE N. 0° 03' 25" E. a distance of 160.00 feet to a point;  
 THENCE N. 89° 56' 35" W. a distance of 160.00 feet to a point in the East right-of-way line of Dooley Road;  
 THENCE N. 0° 03' 25" E. a distance of 10.00 feet with the East line of Dooley Road to a point;  
 THENCE S. 89° 56' 35" E. a distance of 797.46 feet to a point;  
 THENCE N. 75° 48' 25" E. a distance of 408.36 feet to an iron pin in the easterly line of said Addison Airport Industrial District;  
 THENCE N. 20° 39' 35" W. a distance of 2386.20 feet with the easterly line of said Addison Airport Industrial District to an iron pin for the northeast corner of Addison Airport Industrial District;  
 THENCE N. 20° 43' 53" W. a distance of 320.72 feet to an iron pin;  
 THENCE N. 89° 49' 30" E. a distance of 9.98 feet to an iron pin;  
 THENCE N. 20° 17' 10" W. a distance of 389.50 feet to an iron pin;  
 THENCE N. 89° 54' 10" W. a distance of 117.08 feet to an iron pin in the apparent East right-of-way line of said Dooley Road;  
 THENCE N. 0° 05' 50" E. a distance of 502.30 feet with the apparent East line of said Dooley Road to the place of beginning and containing 365.340 acres of land, more or less, save and except the following 1 acre tract;  
 Beginning at a fence post found for the apparent intersection of the North right-of-way line of Keller Springs Road, a 50 foot street, and the East line of Dooley Road, a 60 foot street, said point being S. 89° 58' 54" E. 30.00 feet, thence N. 0° 05' 50" E. 25.0 feet from the apparent northwest corner of the E. Cook Survey, Abstract 326; Thence N. 89° 58' 54" W. 105.72 feet with the apparent North line of Keller Springs Road; Thence N. 56° 19' 03" W. 90.20 feet to a point in the East line of Dooley Road; Thence N. 0° 03' 47" W. 1457.70 feet with the apparent East line of Dooley Road; Thence N. 20° 38' 30" W. 170.87 feet to a point in the apparent West line of Dooley Road and the BEGINNING POINT of this description;  
 THENCE S. 0° 03' 47" E. 209.0 feet with the West line of Dooley Road;  
 THENCE N. 89° 23' 56" W. 208.0 feet to an iron pin;  
 THENCE N. 0° 14' 32" W. 209.0 feet to an iron pin;  
 THENCE S. 89° 23' 56" E. 208.0 feet to the place of beginning and containing 1.0 acres of land, more or less.  
 The plat hereon is a true and accurate representation of the property as determined by actual survey, the lines and dimensions of said property being as indicated by the plat; all improvements being within the boundaries of the property.  
 Easements of record that could be located are shown. This plat is subject to any easements of record not shown.

5 JAN 1977

Date

  
 W. J. Wischmeyer  
 Registered Professional Engineer

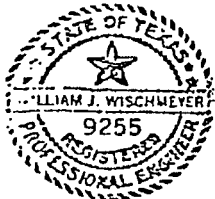


EXHIBIT "A"  
 PROPERTY MAP  
 ADDISON MUNICIPAL AIRPORT  
 ADDISON, TEXAS

Riewe & Wischmeyer, Inc.

CONSULTING ENGINEERS  
 DALLAS TEXAS

DECEMBER 1976



**EXHIBIT B TO EARLY TERMINATION OF GROUND LEASE AGREEMENT**

**SAMPLE FORM AGREEMENT - NOT FOR EXECUTION**

**MEMORANDUM OF LEASE TERMINATION**

This Memorandum of Lease Termination (“Memorandum”) is dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and is acknowledged and executed by and on behalf of the **TOWN OF ADDISON**, a Texas home-rule municipality (“Landlord” or “City”), and **RR INVESTMENTS, INC.**, a Texas corporation (“Tenant”).

**WHEREAS**, by way of various assignments, Tenant leased from Landlord that certain real property located at 4550 Jimmy Doolittle Drive (ALP #A5) at Addison Airport and more particularly described on **Exhibit 1** attached hereto pursuant to the terms and conditions of that certain Ground Lease entered into and made effective May 23, 1984, in which Hangar Six, Inc. was named as the original tenant; and

**WHEREAS**, subject to the terms and provisions of the above-referenced Ground Lease, the parties hereto terminated the Ground Lease effective \_\_\_\_\_, 2023.

**NOW, THEREFORE**, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The above and foregoing recitals are true and correct and are incorporated into this Memorandum and made a part hereof for all purposes.
2. Unless otherwise provided for under the above-referenced Ground Lease, neither party hereto has any further duty or obligation to the other with respect to the Ground Lease hereafter.
3. This Memorandum 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 or any other written agreement entered into by the parties hereto.

[Remainder of Page Intentionally Left Blank]



**IN WITNESS WHEREOF**, the parties hereto execute this Memorandum of Lease Termination effective as of the date first given above.

**TENANT:**

RR INVESTMENTS, INC.  
a Texas corporation

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LANDLORD:**

Town of Addison  
a Texas home-rule municipality

By: \_\_\_\_\_  
David Gaines, City Manager

**SAMPLE FORM AGREEMENT - NOT FOR EXECUTION**

**ACKNOWLEDGMENT**

**STATE OF TEXAS           §**  
**§**  
**COUNTY OF DALLAS       §**

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, 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]

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS           §**  
**§**  
**COUNTY OF DALLAS       §**

BEFORE ME, the undersigned authority, on this day personally appeared Wesley S. Pierson, 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]

\_\_\_\_\_  
Notary Public, State of Texas

# **EXHIBIT 1**

## **PROPERTY LEGAL DESCRIPTION AND PROPERTY SURVEY**

**PROPERTY #0200 ALP-5**  
**4550 Jimmy Doolittle Drive, Addison Airport**

**BEING** a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), and being more particularly described as follows:

**BEGINNING** at a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the west line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), and lying in the south line of Addison Airport Property #0231 and, having Texas State Plane Coordinates of Northing: 7,039,040.476, Easting: 2,479,627.736;

**THENCE** S 21°16'25" E, along the west line of said Jimmy Doolittle Drive, at 58.76 feet passing a 'PK" nail found in the south line of said Jimmy Doolittle Drive at the northwest corner of Addison Airport Property #0210, continuing along the west line of said Property #0210, in all a distance of 62.52 feet to a 'PK' nail found;

**THENCE** along the west line of said Property #0210 the following:

North 68 Degrees 43 Minutes 35 Seconds East, 14.96 feet to a 1/2-inch iron rod found;

South 21 Degrees 16 Minutes 25 Seconds East, 113.96 feet to a cut 'x' found;

South 68 Degrees 56 Minutes 04 Seconds West, 14.96 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 15 Seconds East, 23.69 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 6.26 feet to a cut 'x' set;

South 21 Degrees 13 Minutes 44 Seconds East, 7.30 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 5.12 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 44 Seconds East, 41.95 feet to a cut 'x' set in the north line of Taxiway Sierra, from which a 'PK' nail found at the southwest corner of said Property #0210 bears South 21 Degrees 13 Minutes 44 Seconds East, 3.00 feet;

**THENCE** South 68 Degrees 36 Minutes 46 Seconds West, at all times remaining 60.00 feet north of and parallel to the centerline of Taxiway Sierra, 382.10 feet to a 'PK' nail set;

**THENCE** North 21 Degrees 14 Minutes 10 Seconds West, 246.36 feet to a 3/8-inch iron rod found at the southwest corner of said Property #0231;

**THENCE** North 68 Degrees 44 Minutes 36 Seconds East, along the south line of said Property #0231, 330.08 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 21 Degrees 06 Minutes 33 Seconds East, along the south line of said Property #0231, 3.41 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 68 Degrees 19 Minutes 44 Seconds East, along the south line of said Property #0231, 63.31 feet to the **POINT of BEGINNING** and **CONTAINING** 2.254 acres of land.

Addison Airport,  
Vol. 2005131, Pg. 82  
DIRACT

**PARCELA  
PROPERTY #0200**

BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82, of the Deed Records of Dallas County, Texas (DRDC), and being more particularly described as follows:

**BEGINNING** at a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the west line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), and lying in the south line of Addison Airport Property #0231 and, having Texas State Plane Coordinates of Northing: 7,039,040.476, Easting: 2,479,627.736;

**THENCE** S 21°16'25" E, along the west line of said Jimmy Doolittle Drive, at 56.76 feet passing a PK nail found in the south line of said Jimmy Doolittle Drive at the northwest corner of Addison Airport Property #0210, continuing along the west line of said Property #0210, in an arc distance of 62.52 feet to a PK nail found;

**THENCE** along the west line of said Property #0210 the following:

North 68 Degrees 43 Minutes 35 Seconds East, 14.96 feet to a 1/2-inch iron rod found;

South 21 Degrees 16 Minutes 25 Seconds East, 113.96 feet to a cut 'X' found;

South 68 Degrees 56 Minutes 04 Seconds West, 14.96 feet to a cut 'X' found;

South 21 Degrees 13 Minutes 15 Seconds East, 23.69 feet to a cut 'X' set;

South 68 Degrees 46 Minutes 16 Seconds West, 6.26 feet to a cut 'X' set;

South 21 Degrees 13 Minutes 44 Seconds East, 7.30 feet to a cut 'X' set;

South 68 Degrees 46 Minutes 16 Seconds West, 5.12 feet to a cut 'X' found;

South 21 Degrees 13 Minutes 44 Seconds East, 41.95 feet to a cut 'X' set in the north line of Taxway Sierra, from which a PK nail found at the southwest corner of said Property #0210 bears South 21 Degrees 13 Minutes 44 Seconds East, 3.00 feet;

**THENCE** South 68 Degrees 36 Minutes 46 Seconds West, at all times remaining 60.00 feet north of and parallel to the centerline of Taxway Sierra, 382.10 feet to a PK nail set;

**THENCE** North 21 Degrees 14 Minutes 10 Seconds West, 246.36 feet to a 3/8-inch iron rod found at the southwest corner of said Property #0231;

**THENCE** North 68 Degrees 44 Minutes 36 Seconds East, along the south line of said Property #0231, 330.08 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 21 Degrees 06 Minutes 33 Seconds East, along the south line of said Property #0231, 3.41 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

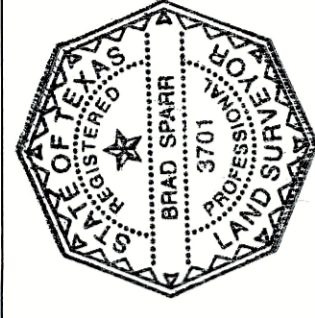
**THENCE** North 68 Degrees 19 Minutes 44 Seconds East, along the south line of said Property #0231, 63.31 feet to the **POINT OF BEGINNING** and **CONTAINING** 2.254 acres of land.

# Property #0200 4550 Jimmy Doolittle Drive

To: Addison Airport, exclusively;

I, Brad Sparr, a Registered Professional Land Surveyor for Sparr Surveys, do hereby certify that this survey was made on the ground, that this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category 1B Condition II Survey.

Brad Sparr  
Registered Professional  
Land Surveyor No. 3701



**Sparr Surveys**  
2553 C.R. 722  
McKinney, Texas 75069  
(214) 544-2297

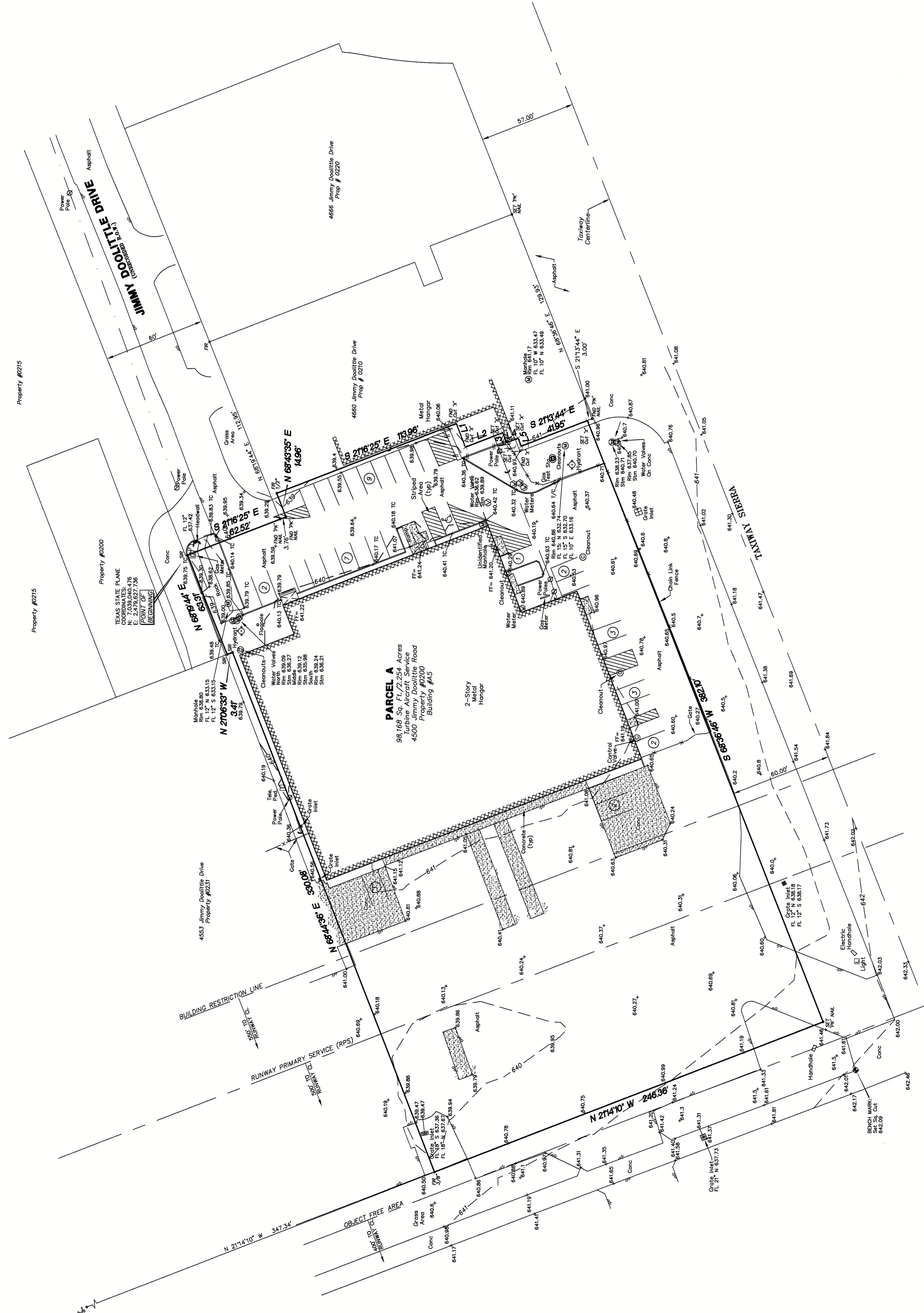
**PROPERTY #0200  
2.254 ACRE TRACT**  
SITUATED IN THE  
ADDISON AIRPORT  
TOWN OF ADDISON  
DALLAS COUNTY, TEXAS

DRAWN BY: B.D.S./CAD  
CHECKED BY: B.D.S.  
SCALE: 1" = 30'  
DATE: SEPT. 18, 2018  
REV. 10-01-2018  
JOB NO. 19000M-5

This survey was prepared for  
ADDISON AIRPORT.  
THIS PLAN IS VALID UNLESS IT BEARS AN  
ORIGINAL SIGNATURE AND EMBOSSED SEAL,  
AND UNLESS IT IS RECORDED IN THE  
APPLICABLE PUBLIC RECORDS.

**LINE TABLES**

No.	BEARING	DIST.
L1	S 68°56'04" W	14.96'
L2	S 21°13'15" E	23.69'
L3	S 68°46'16" W	6.26'
L4	S 21°13'15" E	7.30'
L5	S 68°46'16" W	5.12'



**NOTES**  
BEARINGS BASED ON ADDISON AIRPORT CONTROL.  
PK DENOTES A FOUND IRON ROD.  
SR DENOTES A 5/8" IRON ROD SET WITH PLASTIC CAP  
STAMPED "SPARR SURVEYS".

**EXHIBIT B**

**GROUND LEASE AGREEMENT  
RR INVESTEMENTS, INC.**

**4550 JIMMY DOOLITTLE DRIVE,  
ADDISON AIRPORT  
ALP #A6; PROPERTY 0200**

STATE OF TEXAS           §  
  §  
COUNTY OF DALLAS     §

Summary of Exhibits
• <a href="#">Exhibit 1</a> : Legal Description of Addison Airport
• <a href="#">Exhibit 2</a> : Property Survey of Demised Premises
• <a href="#">Exhibit 3</a> : Legal Description of Demised Premises
• <a href="#">Exhibit 4A</a> : Description of New Building Improvements and Approved Site Plan Aircraft Apron Improvements
• <a href="#">Exhibit 4B</a> : Description of New Building Improvements and Approved Site Plan Terminal Building Improvements
• <a href="#">Exhibit 5</a> : Form of Irrevocable Standby Letter of Credit
• <a href="#">Exhibit 6</a> : Forms of Memorandum of Lease
• <a href="#">Exhibit 7</a> : Master Landlord Sublease Consent Form
• <a href="#">Exhibit 8</a> : Description of Eddie Rickenbacker Drive
• <a href="#">Exhibit 9</a> : Landlord’s Areas of Repair or Reconstruction of Common Area Infrastructure
• <a href="#">Lease Addendum #1</a> : Tenant’s Leasehold Minimum Maintenance and Repair Standards and Practices
• <a href="#">Lease Addendum #2</a> : Existing Improvements; Demolition and Site Preparation
• <a href="#">Lease Addendum #3</a> : Construction of New Building Improvements

**GROUND LEASE AGREEMENT**

This Ground Lease Agreement (“Lease” or “Agreement”) is made and entered into as of \_\_\_\_\_, 2023 (the “Effective Date”), by and among the **TOWN OF ADDISON, TEXAS**, a Texas home-rule municipality (hereinafter referred to as “Landlord” or “City”), and **RR INVESTMENTS, INC.**, a Texas corporation (hereinafter referred to as “Tenant”) (Landlord and Tenant are sometimes referred to herein together as the “Parties”).

**WITNESSETH:**

**WHEREAS**, the Landlord 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**, Landlord is operator and manager of the Airport, and any person or entity appointed or authorized by Landlord from time to time to manage or operate the Airport on behalf of the Landlord (severally and/or collectively) hereinafter referred to as “Airport Manager” or “Manager”); and

**WHEREAS**, the Town of Addison, as a home-rule municipality, operates under a municipal charter that has been adopted or amended as authorized by Article XI, Section 5, of the Texas Constitution. The Town of Addison, as a municipality, from time to time establishes and enforces federal, state and local ordinances, codes and regulations, which in doing so is acting in its governmental capacity, which may be the same or separate as its capacity as Landlord and Manager provided for herein; and

**WHEREAS**, on May 23, 1984, the Town of Addison and Addison Airport of Texas, Inc. as landlord, and Hangar Six, Inc, as tenant, entered a ground lease affecting the airport land commonly known to be located at 4550 Jimmy Doolittle Drive (“ALP-A5”) and by the way of various amendments, modifications and assignments, RR Investments, Inc. is the assignee and holder of the leasehold interests thereof and, hereby recognized as the tenant of this ground lease (the “4550 Jimmy Doolittle Ground Lease”).

**WHEREAS**, the Town of Addison (now the sole and absolute landlord under the 4550 Jimmy Doolittle Ground Lease) and RR Investment, Inc. desire to terminate the 4550 Jimmy Doolittle Ground Lease early, by separate agreement, simultaneously with the Parties entering into and executing this Lease.

**WHEREAS**, Tenant desires to lease from the Landlord, and Landlord desires to lease to Tenant, a portion of the Airport generally described and hereinafter referred to as that certain parcel of improved and unimproved land consisting of approximately 4.05 acres (approximately 176,592 gross square feet) located at what is commonly known as 4550 and 4553 Jimmy Doolittle Road Drive (as also identified as Property #0200 and Property #0240 (ALP-A5 and A6, respectively in the Airport Master Plan) at the Airport, as shown in [Exhibit 2](#) ( a survey illustration of the leased premises) and being more particularly described in [Exhibit 3](#), (the legal description of the leased premises), each attached hereto and incorporated herein (collectively the “[Property Survey](#)”), together with the non-exclusive right to use the Common Facilities as defined in [Section 17](#) hereinbelow (which parcel is referred to herein as the “[Demised Premises](#)”) according to the terms and conditions set forth in this Agreement. The Property Survey, which is mutually agreed to and accepted by the Parties, was prepared by a licensed surveyor in the state of Texas and provides a legal description by metes and bounds and establishes the gross square feet of land area contained within the Demised Premises used as the multiplier to calculate Base Rent identified in [Section 3](#) hereinbelow. By mutual written agreement, the Parties may, during the lease term, adopt an updated Property Survey prepared by a registered licensed surveyor in the state of Texas, which shall supersede and replace both Exhibit #2 and Exhibit #3, respectively.

**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 in existence or hereafter enacted, adopted or imposed, and including, without limitation, any and all grant agreements or grant assurances, the Rules and Regulations, and the Minimum Standards, now existing or as hereafter agreed to, adopted or imposed, (ii) all restrictive covenants affecting the Demised Premises, (iii) all restrictions, easements, and other encumbrances on or matters affecting the Demised Premises, whether of record or not or which would be revealed by a survey of the Demised Premises, and (iv) and 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.** Subject to the termination and all other provisions of this Lease, the term hereof (the "Term") shall commence on the first day of the first calendar month following the Effective Date (the "Commencement Date") and shall end June 30th, 2048 (the "Expiration Date"). At the request of one party or the other, the Parties hereby mutually agree to execute and record a Memorandum of Lease substantially in the form of Exhibit 6A attached hereto and incorporated herein by reference, evidencing the Ground Lease, its Commencement Date and Expiration Date.

**B. Extended Term Option:** Provided Tenant:

**a.** is not then in default beyond the expiration of applicable notice and cure periods under this Agreement or any other agreement with Landlord, and

**b.** satisfactorily achieves Final Completion of the Terminal Building Improvements as provided for in Lease Addendum #3 attached hereto and incorporated herein by reference) on or before the thirty-seventh full calendar month following the Commencement Date of this Agreement, then:

Tenant shall have the option to extend the Base Term, which Base Term, which Base Term shall be extended so not to exceed the then prevailing Texas statutory lease term limit so authorized under Section 22.021 of the Texas Transportation Code (currently equal to 480 months), but in no event to exceed 600 full calendar months from the Commencement Date (the "Extended Term"). Should Tenant qualify for the Extended Term, the Parties hereby mutually agree to execute and record a Memorandum of Lease substantially in the form of Exhibit 6B attached hereto and incorporated herein by reference, memorializing the Extended Term, which shall thereafter have the same meaning as Base Term as referenced herein. Should Tenant fail to complete the New Land Improvements as required pursuant to Lease Addendum #1, Tenant shall not be entitled to this Extended Term causing the Base Term to remain unchanged except for subject to adjustment pursuant to Section 4 - Adjustment of Rent.

### **Section 3. Rental; Security Deposit:**

**A.** Subject to adjustment as hereinbelow provided, Tenant agrees to and shall pay to Landlord, without notice, demand, offset or deduction, rental 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 as follows (hereinafter "Base Rent"):

**a.** From the Commencement Date until the last day of the calendar month following the earlier of (i) the date Tenant commences aeronautical operations or the storage of aircraft on any portion of the Aircraft Apron Improvements as provided for and described in Lease Addendum #3 and Exhibit 4A, or (ii) the second anniversary of the Commencement Date, Tenant shall pay the Base Rent sum amount of \$76,420.80 payable in twelve equal installments of \$6,368.40.

**b.** Beginning the first day of the calendar month following the earlier of (i) or, (ii) above, Tenant shall pay the new Base Rent sum amount of \$132,874.56 payable in twelve equal monthly installments of \$11,072.88 (the “Stepped-Up Rent”). In any event, the Stepped-Up Rent is subject to adjustment pursuant to Section 4 below.

**2.** Base Rent is to be paid in twelve equal monthly installments in advance of or before the first day of each calendar month, with the first monthly payment of Base Rent due and payable on or before the Commencement Date. Thereafter, Base Rent is subject to periodic adjustment over the Term as set forth in Section 4 below. All Rent is due on the first day of each month and is delinquent after the 10<sup>th</sup> day of each month and subject to the provisions of Section 39.

**3.** For purposes of this Lease, the term “Rent” means Base Rent, the Stepped-Up Rent, (as each may be subject to adjustment under Section 4), Additional Rent, and all other sums that Tenant may owe to Landlord or otherwise be required to pay under this Lease. For purposes herein, “Additional Rent” shall mean any lien incurred by Tenant and any interest accrued thereon paid by Landlord, any per diem rental to be paid by Tenant pursuant to Lease Addendum #3, any other sum of monies required to be paid by Tenant under this Lease. Landlord shall have the same rights and remedies for nonpayment of any Rent as for non-payment of Base Rent.

**4.** Rent is payable to Landlord by personal or corporate check made payable to “Addison Airport,” electronic transfer, ACH, or by credit card at the location given herein or to such other address as Landlord may designate from time to time. Landlord reserves the right to require the form of payment of rent to be by certified or cashier’s check or money order. Cash is an unacceptable form of payment of rent without Landlord’s prior written consent. Rent payments are payable to:

Addison Airport  
P. O. Box 222331  
Dallas, Texas 75222-2331

**5. Security Deposit:** Not applicable.

#### **Section 4. Adjustment of Rent:**

**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 Rental due under Section 3.A.1. (Base Rent or Stepped-Up Rent, as the case may be) shall be adjusted as follows (“Adjusted Rent”):

**B.** Annual Rent (including Base Rent or Stepped-Up Rent, as the case may be) 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.

1. Beginning with the first full month following the then applicable Adjustment Date, the annual Rent (including the Base Rent or Stepped-Up Rent, as the case may be) shall be adjusted so that it equals the product of the annual Rent (including the Base Rent or Stepped-Up Rent, as the case may be) 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 or Stepped-Up Rent, as the case may be) ever be decreased below the Base Rent set forth in [Section 3.A.1](#).
2. Landlord shall calculate Adjusted Rent in accordance with the above-described method and give Tenant written notice of the newly Adjusted Rent (“Adjusted Rent Notice”) within a commercially reasonable period of time following the publication of the Consumer Price Index. Tenant is obligated to pay any Adjusted Rent accrued between the Adjustment Date and the date of Landlord’s Adjusted Rent Notice.
3. In the event that 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:**

During the Term the Demised Premises shall be used and occupied by Tenant as set forth hereinbelow:

### **A. Permitted Uses:**

The Demised Premises may be used and occupied by Tenant only for the following uses:

1. Constructing, owning and operating an aircraft hangar; passenger lounge; public terminal; administrative offices; shop space used in connection with the sale of aircraft and aircraft part; aircraft maintenance and repair; aircraft storage; aircraft training, aircraft charter; aircraft rentals; vehicle parking; dispensing fuel in accordance with any licenses issued by the Town of Addison subject to any ordinances, rules, standards and regulations of the City; and not otherwise without the prior written consent of Landlord.
2. Hangar size to be not less than 21,000 building gross square feet, excluding office, passenger terminal and shop space.
3. Hangar Door Height not less than 28 feet high. Aircraft apron shall be of design capacity of 100,000 pounds dual wheel aircraft.
4. Off-street parking with count to meet or exceed local building codes. Regard shall be given to permitted use at peak demand.

5. Incidental support, services, and materials in connection with the aircraft stored or based at the Demised Premises, including maintenance and repair.

6. Any portion of the Demised Premises designed and constructed for aircraft storage may be used only for the purpose of storing aircraft in accordance with the FAA Policy on the Non-Aeronautical Use of Airport Hangars.

7. Other uses as authorized in advance and in writing by the Town of Addison.

**B. Prohibited or Restricted Use of Demised Premises:**

The following uses are expressly prohibited:

1. Any use that would conflict with the FAA policy on the Non-Aeronautical Use of Airport Hangars as may be amended or modified (*FR/Vol. 81, No. 115, June 15, 2016; 14 CFR Chapter 1 [Docket No. FAA 2014-0463]*);

2. For 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 or not such increased costs are actually incurred.

3. Tenant acknowledges that Landlord is bound by the terms and conditions, whether now existing or agreed in the future, of any and 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. 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.

4. The Tenant shall not at any time abandon or leave the Demised Premises vacant for any extended period of time but shall in good faith continuously throughout the term of this Lease conduct and carry on in the entire Demised Premises the type of use for which the Demised Premises are leased, except during periods in which the Demised Premises may not be occupied as a result of fire or other casualty, or reasonable periods for repairs and alterations, all such repairs and alterations to be diligently pursued to completion.

5. 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 (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; and (iii) that the Tenant shall

use the Demised Premises in material 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.

6. To the extent the Demised Premises is used for commercial purposes, the 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. Construction of Improvements:**

A. In connection with the use and occupancy of the Demised Premises by Tenant, Tenant will cause to be constructed on the Demised Premises throughout the Term, buildings and other improvements at Tenant's sole cost, expense and risk (except as may be otherwise agreed to in writing by Landlord and Tenant), which are to be approved in advance by Landlord, such approval not to be unreasonably withheld, conditioned or delayed. For purposes herein, the term "Building Improvements" shall mean, without limitation, any Existing Building Improvements as defined in [Lease Addendum #2](#), New Building Improvements as defined in [Lease Addendum #3](#) (as each are provided for herein) and any other future building or improvements made to, constructed, installed, located or placed upon the Demised Premises during the Term, as may be extended or modified. Except as provided for by this Lease (including [Lease Addendum #2](#) (if applicable) and [Lease Addendum #3](#)), Tenant may not construct, locate, install, place 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.

B. **Existing Building Improvements; Demolition and Site Preparation:** See [Lease Addendum #2](#) attached hereto and incorporated herein by reference.

C. **Construction of New Building Improvements:** See [Lease Addendum #3](#) attached hereto and incorporated herein by reference.

### **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 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](#), below.

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

A. This Lease is subject to and Tenant shall comply in all material respects with 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 (“FAA”), Texas Department of Transportation (“TxDOT”), the United States Environmental Protection Agency (“EPA”), and the Texas Commission on Environmental Quality (“TCEQ”)) whether applicable or related to, directly or indirectly, the use and occupancy of the Demised Premises and whether in existence or hereafter enacted, adopted or imposed, and including, without limitation, any and all grant agreements or grant assurances for which Landlord, at its sole absolute discretion accepts and is or becomes obliged (collectively “Laws”).

**B.** Tenant at Tenant’s sole cost and expense shall obtain any and all governmental licenses, permits and approvals necessary for the construction of improvements and for the use and occupancy of the Demised Premises.

**C.** Tenant acknowledges that Landlord is bound by the terms and conditions, whether now existing or made in the future, of all FAA, TxDOT, and other grant agreements, grant assurances and regulations regarding the Airport, and the terms of any grant, loan, regulation, or agreement under Section 22.055 of the Texas Transportation Code, as amended or superseded. 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.

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

### **A. Assignment:**

1. Without the prior written consent of Landlord (which consent may be granted or withheld in Landlord’s sole and absolute discretion and opinion), 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 “Permitted Transferee” as defined below, a “Tenant Affiliate” as defined below, and 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 (except as provided for in Section 9.B below) 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 subject to notice and cure as provided in Section 23 of the 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. 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.

**2.** If consent by Landlord to an assignment is required hereunder, Tenant shall deliver a written request to Landlord for Landlord's consent to the proposed assignment, which shall include, in addition to any other information or materials that Landlord may request: (i) the full legal name of the proposed assignee, including the name and title the person directly or indirectly holding a controlling ownership interest in the proposed assignee (if an entity); (ii) the nature and character of the assignee's business; (iii) all material terms of the proposed assignment; and (iv) certified financial statements of the proposed assignee or other evidence of the proposed assignee to perform its obligations under this Lease.

**3.** 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 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, but no more than once per calendar year, 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 or voting securities.

**4.** Tenant shall have the right to assign this Lease, or sublet the Demised Premises or any portion thereof, without the consent of Landlord, to any entity (a) with which Tenant may merge or consolidate, or (b) which is a parent or subsidiary of Tenant (collectively "Tenant Affiliate"). Tenant, or its successor in interest shall give Landlord written notice of any such assignment of this Lease to a Tenant Affiliate within thirty (30) days of said assignment, which said notice shall affirm the Tenant Affiliate information required by Section 48 below.

**5.** For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord withholding consent, it shall be deemed to be reasonable for Landlord to withhold its consent to an assignment when any one or more of the following apply:

- a.** the proposed assignee is of a character or of a reputation or is engaged in a business which is not consistent with the master or strategic plan of the Airport as determined by Landlord; or
- b.** the proposed assignee has not demonstrated sufficient financial responsibility, or creditworthiness to the satisfaction of Landlord in light of the duties, obligations, and responsibilities of the tenant under the Lease at the time when the consent is requested; or



c. the proposed assignee's intended use of the demised premises as defined in the Lease is inconsistent with the Lease; or

d. the proposed assignment would cause Landlord to be in violation of another lease or agreement to which Landlord is a party or to which Landlord or the Airport is subject (including, without limitation, any grant agreements or grant assurances of the FAA or any other governmental entity or agency); or

e. if at any time consent is requested or at any time prior to the granting of consent, Tenant is in default under the Lease or would be in default under the Lease but for the pendency of a grace or cure period; or

f. the proposed assignee does not intend to occupy the entire Demised Premises as described in the Lease and conduct its business therefrom for a substantial portion of the then remaining term of the Lease.

6. For purposes herein and any applicable law, and without limitation as to other grounds for Landlord delaying consent, it shall be deemed to be reasonable for Landlord to delay its consent for a period of forty-five (45) days pursuant to Section 51 after the receipt by Landlord of all information requested by Landlord regarding or in connection with the proposed assignment and the proposed assignee.

## **B. Subletting:**

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

a. Each sublessee agrees to be bound by the terms and provisions of this Lease to the extent such extends to a sublessee;

b. In the event of any conflict between the terms of this Lease and the terms of the sublease, the terms of the Lease shall control;

c. Such subletting shall not constitute a novation of the Lease;

d. 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;

e. Any such sublease is to automatically terminate upon termination of this Lease notwithstanding any other provision of the sublease to the contrary; Landlord shall have no responsibility or obligation for the performance by Tenant of its obligations under any sublease; and

f. 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.

2. If Tenant desires to sublease the Demised Premises for any purpose other than aircraft storage only as set forth in Section 9(B)(1) above<sup>1</sup>, Tenant shall obtain in advance Landlord's prior written consent, which must be evidenced by written agreement signed and executed by Tenant and made subject to the "Master Landlord Sublease Consent," substantially in the form of the rider to sublease attached hereto and incorporated herein by reference as Exhibit 7. Without Landlord's Consent, any such sublease is null and void.

3. Neither Landlord's consent to a sublease set forth in this Section 9(B), 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.

4. Furthermore, Tenant agrees that in no way does any sublease release Tenant from any of its covenants, agreements, liabilities and duties under this Lease; Landlord's consent to a sublease set forth in this Section 9(B) 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 an Event of Default, subject to notice and cure as provided in Section 23 of the Lease.

5. Upon request by Landlord, Tenant shall provide to Landlord within five (5) business days of receipt of each request 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 an Event of Default, subject to notice and cure, as provided in Section 23 of this Lease.

### **C. Mortgaging of Leasehold Estate:**

1. 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 Building Improvements described in Lease Addendum #3, 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. If Tenant borrows money

for any purpose provided for above, and the lender requires a mortgage, deed of trust or some other form of security interest (a “Mortgage”) to secure the loan, then Tenant may, without Landlord’s further consent, enter into a Mortgage with a bank or lender (or, if the bank’s or lender’s interest have been assigned by or on behalf of a mortgage beneficiary, to such person or entity so assigned) herein referred to as a “Leasehold Mortgagee”). 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.

**2.** A Mortgage is not an assignment of this Lease or of Tenant’s interest in this Lease, and a Mortgage does not and shall not be construed to make Landlord a principal or surety on the loan or any other financial obligation secured by the deed of trust or similar security. Any Mortgage affecting Tenant’s leasehold estate 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 Mortgage.

**3.** Landlord agrees, if and so long as the leasehold estate of Tenant is encumbered by a Mortgage and written notice to such effect has been given to Landlord, to give the Leasehold Mortgagee 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 Mortgage shall have the right, for a period of thirty (30) 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. If the default cannot objectively be cured within the cure period, and if the Leasehold Mortgagee proceeds diligently and in good faith to cure the default, then the Leasehold Mortgagee will be entitled a reasonable additional period of time to cure the default but, not to exceed six (6) months from the date of the Leasehold Mortgagee’s notice.

**4.** If this Lease is terminated for Tenant’s breach before the end of the Term, for any reason other than a default that has not been cured by Tenant or Leasehold Mortgagee within the period specified in subsection 9(C)(3) above, including, without limitation, as a result of a rejection or disaffirmation of the Lease in a bankruptcy, insolvency or other proceeding affecting creditor’s rights, then Landlord shall provide a copy of the termination notice to the Leasehold Mortgagee. Upon the written request of Leasehold Mortgagee made any time within thirty (30) days after the

receipt of such notice from Landlord, Landlord shall agree to enter into a new lease of the Demised Premises with Leasehold Mortgagee for the remainder of the Term of the Lease upon the same covenants, conditions, limitations and agreements contain in the Lease, except for such provisions which must be modified to reflect any such termination, rejection or disaffirmance and the passage of time, provided, that, in the event of any such termination, rejection or disaffirmance, Leasehold Mortgagee (or such successor or assign) (A) shall pay to Landlord, simultaneously with the delivery of such new lease, all unpaid amounts due under the Lease up to and including the date of the commencement of the term of such new lease and all reasonable and substantiated expenses incurred by Landlord to prepare such new lease, and (B) otherwise shall cure all other defaults under the Lease promptly and with due diligence after the delivery of such new lease. If Landlord does not enter into a new lease with the Leasehold Mortgagee, then the Leasehold Mortgagee shall immediately remove all trade fixtures and other personal property from the Premises and repair to Landlord's reasonable satisfaction, any damage caused to the Demised Premises by the removal. The Leasehold Mortgagee shall not remove or tamper with any Building Improvement on the Demised Premises.

5. 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 Leasehold 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 Leasehold Mortgagee performs all of the obligations of Tenant hereunder and is not in default; provided, however, that notwithstanding the foregoing or any other provision of this Lease, such Leasehold 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 attempted assignment without such approval 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. If the Leasehold Mortgagee succeeds to Tenant's interest under this Lease, the Leasehold Mortgagee shall attorn to Landlord as if it were the Tenant under this Lease. The Leasehold Mortgagee's duty to so attorn to Landlord arises immediately upon the Leasehold Mortgagee succeeding to Tenant's interest under this Lease, and the duty to attorn is self-executing, requiring no formal writing or further action by Landlord or the Leasehold Mortgagee.

## **Section 10. Property Taxes and Assessments:**

A. Following the Commencement Date, Tenant shall pay, before they become delinquent, any and 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 (if Tenant has title to and owns the same) 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 Dallas Central Appraisal District 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 Landlord 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, 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 defined in [Lease Addendum #1](#)) (in accordance with any construction and/or maintenance standards and specifications established by Landlord or Airport Manager from time to time and all applicable ordinances, codes, rules and regulations of or adopted by the Town of Addison, Texas) all the Demised Premises and all buildings, improvements, fixtures, equipment and personal property (excluding aircraft stored in the Building Improvements) 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 any construction and/or maintenance standards and specifications established by Landlord or Airport Manager from time to time and all applicable ordinances, codes, rules and regulations of or adopted by the Town of Addison, Texas), with all fixtures and equipment 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.** Notwithstanding the foregoing, set forth as [Lease Addendum #1](#) attached hereto and incorporated herein by reference and made a part hereof, are "[Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices](#)," which are intended as maintenance and repair standards and practices Landlord expects of Tenant. Tenant (and any of its successors or assigns)

hereby agrees to meet or exceed the Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices throughout the Term. Notwithstanding the foregoing, as provided in [Section 18](#) below, Landlord reserves the right, in its sole discretion, to introduce and adopt other regulations deemed appropriate and necessary by Landlord for the purpose, among other things, of protection of the property of Landlord. In the event Landlord should formally adopt similar leasehold maintenance and repair standards governing such practices of all ground leaseholds at the Airport ("[Replacement Maintenance Standards](#)"), such encompassing regulations and practices shall be provided to Tenant in writing and shall supersede and replace [Lease Addendum #1](#) in its entirety upon the effective date of such Replacement Maintenance Standards for the duration of the Term or until otherwise modified, repealed, or revised by Landlord.

## **Section 12. Alterations, Additions and Improvements:**

After completion of the New Building Improvements described in [Lease Addendum #3](#), Tenant shall not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the Demised Premises or any improvements thereon or modifications thereto without the prior written consent of Landlord or Manager. Consent for non-structural alterations, additions or improvements shall not be unreasonably withheld, conditioned or delayed by Landlord or Manager. Tenant shall have the right without Landlord's or Airport Manager consent to erect or install shelves, bins, machinery, air conditioning or heating equipment and trade fixtures, provided that Tenant complies with all applicable governmental laws, ordinances and regulations (including, without limitation and as may be required by law, obtaining a building permit).

All alterations, modifications, additions and improvements in and to the Demised Premises shall be performed in a first class, workmanlike manner, shall comply with all the standards and requirements set out above in [Section 8](#), and in [Lease Addendum #3](#) 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 Airport 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 [Lease Addendum #3](#).

## **Section 13. Insurance:**

A. Unless otherwise specified herein, 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 from a company or companies lawfully authorized to do business in Texas such insurance coverages relating to the Demised Premises as follows:

1. 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 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 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, or if Tenant is otherwise involved in any operation 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 and medical expense coverage with a limit of \$5,000 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 for bodily injury and property damage.

9. If Tenant is fueling aircraft at the Airport pursuant to a fueling permit or license issued by Landlord, Tenant shall maintain a minimum of \$1,000,000 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 building 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 as the case may be, except with respect to the professional liability policies and workers compensation insurance;

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;

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;

4. All insurance policies shall be endorsed to the effect that the Town of Addison, Texas and the Airport Manager will receive at least sixty (60) 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.);

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

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;

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.** For insurance and bond requirements during periods of Building Improvement demolition and construction, refer to Lease Addendum #2 and, Lease Addendum #3, respectively.

**E.** 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 buildings, structures, equipment, or any other improvements on or at the Demised Premises (including the Building Improvements), 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 building, structure, equipment, or other improvements (including the Building 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 commence and diligently complete the restoration, repair and replacement of said building, structure, equipment, or other 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"). Notwithstanding the foregoing, in the event the Building Improvements or any other improvements on the Demised Premises shall be destroyed or substantially damaged during the last five (5) years of the Lease Term, then Tenant shall have no obligations for Restoration and shall notify Landlord in writing within thirty (30) days of such substantial damage or destruction whether Tenant elects to undertake Restoration or terminate this Lease. Tenant's failure to timely make such election as aforesaid shall be deemed an election by Tenant to terminate this Lease. Tenant's termination of this Lease pursuant to this Section 14 shall otherwise be in accordance with the terms and provisions of this Lease. For purposes of the foregoing, "substantial" shall mean such damage to the Building Improvements as shall render the Building Improvements unfit for their intended purpose. For purposes of this Section 14.B. and Section 14.E., the term "promptly" shall mean within ninety (90) days after Landlord and Tenant have mutually agreed upon the plans and specifications for the Restoration, provided Tenant shall in good faith and with reasonable diligence cooperate with Landlord in first proposing and then agreeing upon plans and specifications for the Restoration. All Restoration plans (whether design, architectural, or otherwise) shall be approved in writing by Landlord prior to the commencement of construction.

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 \(including Lease Addendum #2\), 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) evidence satisfactory to Landlord 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 evidence required by the foregoing clauses (1) (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.** In the event that Tenant does not promptly commence Restoration, or after commencement Tenant does not diligently proceed to the completion of same, Landlord shall have the right to commence or complete Restoration. 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 as a result 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, and all insurance proceeds shall be paid to 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, this Lease shall automatically terminate 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, 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 installment 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 actually takes possession of the condemned portion of the Demised Premises.

**C.** If this Lease is not terminated pursuant to [Section 15.A.](#), above, 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, data connectivity, 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, except to the extent caused by the gross negligence or willful misconduct of Landlord.

## **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 at all times 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. Airport Governing Documents:**

Landlord, in its sole and absolute discretion, shall have the right from time to time to adopt, amend, modify, alter, and terminate in a reasonable manner certain rules and regulations, standards of operations, policies, procedures and practices deemed necessary and appropriate for the purpose of assuring the safety, welfare, fairness and equality without unjust discrimination, convenience and protection of property of Landlord, Tenant, other tenants and users of the Airport, their customers, and the general public (herein collectively referred to as the "Airport Governing Documents.") Tenant hereby agrees to comply in all material aspects at all times with these Airport Governing Documents.

As of the Effective Date of this Lease such Airport Governing Documents include, without limitation:

1. Addison Airport Minimum Standards and Requirements for Commercial Aeronautical Service Providers vr. 2004 (also commonly referred to as the "Minimum Standards" or "Airport Minimum Standards"); and
2. *Addison Airport Rules and Regulations* vr. 2010 (also commonly referred to as the "Rules and Regulations" or "Airport Rules and Regulations"), which shall govern Tenant's use of the Demised Premises and all Common Facilities of the Airport; and
3. *Addison Airport Rates and Charges* – a schedule of the current rates, fees and charges assessed by the Airport for various services and facilities, which are generally approved in connection with the Airport's annual budgetary process but may be amended from time to time as deemed reasonable and appropriate.

Landlord has also adopted the National Business Aviation Association (NBAA) Noise Abatement Program (<https://nbaa.org/aircraft-operations/environment/noise-abatement-program/>) revised in 2015. Unless Landlord adopts a noise abatement program of its own, Tenant and Tenant's subtenants and their aeronautical guest and invitees are required to comply with NBAA's recommended noise abatement procedures, which are suitable for any aircraft type and airport operating environment.

## **Section 19. Signs and Equipment:**

After first securing Landlord's approval, 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 Town of Addison's 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 one (1) day notice (not counting Saturdays, Sundays or holidays), except in the case of emergencies, 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.

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.**

**Landlord and the elected officials, the officers, employees, representatives, agents, and volunteers of Landlord, individually or collectively, in both their official and private capacities, (each a "Landlord Person" and collectively the "Landlord Persons"), and Airport Manager and Airport Manager's owner's, officers, employees, representatives, and agents, in both their official and private capacities, (each a "Manager Person" and collectively the "Manager Persons"), shall not be liable to Tenant or to any of Tenant's owners, directors, officers, shareholders, partners, managers, employees, agents, consultants, servants, customers, invitees, patrons, subtenants, licensees, concessionaires, contractors, subcontractors, or any other person or entity for whom Tenant is legally responsible, and their respective owners, directors, officers, shareholders, partners, managers, employees, agents, consultants, servants, customers, invitees, patrons, subtenants, licensees, concessionaires, contractors, and subcontractors, (each a "Tenant Person" and collectively "Tenant Persons"), 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 Demised Premises or any adjacent area owned by Landlord caused by or resulting from any act or omission of Tenant or any Tenant Persons, or arising out of the use or occupation of the Demised Premises by Tenant or any Tenant Persons and/or the conduct of Tenant's business thereon, or arising out of any breach or default by Tenant in the performance of Tenant's obligations hereunder.**

**B. Tenant's Indemnity Obligation.**

Tenant shall DEFEND (with counsel reasonably acceptable to Landlord), INDEMNIFY, AND HOLD HARMLESS Landlord and all other Landlord Persons and Airport Manager and all Manager Persons (Landlord and all other Landlord Persons, and Airport Manager and all other Manager Persons, being collectively the "Indemnified Persons") from and against any and all claims, actions, proceedings, causes of action, demands, losses, harm, damages, penalties, fines, liability, 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 of the Indemnified Persons, whether directly or indirectly (collectively for purposes of this Section, "Damages"), that result from, relate to, are based upon, or arise out of, in whole or in part, (I) any condition of the Demised Premises caused in whole or in part by Tenant or by any Tenant Persons; (II) any act or omission of Tenant or any Tenant Persons under, in connection with, or in the performance of, this Lease; (III) any representations or warranties by Tenant under this Lease; (IV) any personal injuries (including but not limited to death) to any Tenant Persons and to any third persons or parties arising out of or in connection with Tenant's breach or default by Tenant in the performance of Tenant's obligations under this Lease; and/or (V) 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 Demised Premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling. THIS 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 EXCLUDING ANY DAMAGES CAUSED IN WHOLE OR IN PART BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) OF THE INDEMNIFIED PERSONS (OR ANY OF THEM), OR CONDUCT BY THE INDEMNIFIED PERSONS (OR ANY OF THEM) THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND. HOWEVER, TO THE EXTENT GROSS NEGLIGENCE AND/OR WILLFUL CONDUCT ARE ALLEGED SIMULTANEOUSLY WITH CLAIMS REQUIRING DEFENSE AND INDEMNITY HEREIN, TENANT SHALL DEFEND ALL CLAIMS ALLEGED AGAINST THE INDEMNIFIED PERSONS. 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 limited to 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.

Tenant shall promptly advise Landlord and Airport Manager in writing of any claim or demand against any Indemnified Persons, Tenant, or any Tenant Persons 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 Indemnified Persons shall have the right, at the

Indemnified Person's or Indemnified Persons' option and own expense, to participate in such defense without relieving Tenant of any of its obligations hereunder.

**C. Release.**

Tenant hereby **RELEASES** Landlord and all other Landlord Persons, and Airport Manager and all other Manager Persons, (i) for 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 (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 CLAIMS WHICH ARISE FROM THE 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.**

**D. 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. 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. 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 Tenant, 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, as the case may be, 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, (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 PERSONS, 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 TO THE EXTENT CAUSED BY 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.** Prior to the Commencement Date of the Lease, the Tenant, at Tenant's sole cost and expense, may conduct a Phase I Environmental Site Assessment ("ESA") with respect to the Demised Premises. If a Phase I ESA indicates the likely presence of Hazardous Materials (as defined in this Lease) on the Demised Premises, Tenant shall be entitled to (i) ask Landlord to remedy the reported condition at Landlord's sole cost and expense if, and only if, a Phase II ESA is not recommended; or (ii) if a Phase II ESA is recommended, Tenant may, at its sole option, terminate the Lease or 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 to: (a) remedy the condition at its sole cost, expense and risk, or (b) ask Landlord to remedy the reported condition at Landlord's sole cost, expense and risk, which the Landlord shall make such determination at its sole discretion, or (c) elect to terminate and disaffirm the Lease, in which case the Lease shall become null and void *ab initio*, whereupon no further obligation shall be borne of either party hereto. A full copy of any ESA shall be delivered promptly to Landlord upon its issuance.

**E.** Survival: Tenant's defense and indemnity and hold harmless obligation and Tenant's liability pursuant to the terms of Sections 6, 21 and 22 shall survive the expiration or earlier termination of this Lease.

### **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 pay any installment of Rent or any other sum payable to Landlord hereunder, or 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 to make under this Lease, on the date that same is due and such failure shall continue for a period of ten (10) days after the date on which such payment is to be made.

**B.** Failure of Tenant to comply with any term, condition or covenant of this Lease (other than the payment of Rent or other sum of money, 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. of this Section 23) and such failure shall not be cured within thirty (30) days after written notice thereof to Tenant; provided, however, in the event such failure is not susceptible of cure within such thirty (30) day period, then such thirty (30) day period shall be extended for an additional period of time (not to exceed an additional sixty [60] days) so long as Tenant has provided Landlord written notice of the curative measures Tenant proposes to undertake and commenced to cure such failure within the initial thirty (30) day period and thereafter diligently pursues such cure.

**C.** INTENTIONALLY DELETED.

**D.** Insolvency, the making of a transfer in fraud of creditors, or the making of an 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 and same is not dismissed within sixty (60) days of filing.

**F.** Appointment of a receiver or trustee for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations and same is not dismissed within sixty (60) days of filing.

**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 thirty (30) consecutive days.

**H.** Tenant is in default of any other lease or agreement with the Town of Addison after notice and opportunity to cure, 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.

## **Section 24. Remedies of Landlord:**

**A.** Upon the occurrence of any 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:

1. Terminate this Lease or any of Tenant's rights under this Lease, with or without reentering or repossessing the Demised Premises. Landlord may also terminate this Lease at any time after a termination of occupancy or possession occurs as described herein..
2. 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.
3. Recover unpaid Rent and any Damages (as defined below);
4. 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.
5. Remove and store (at Tenant's sole cost) any property (other than aircraft) on the Demised Premises.
6. Sue for eviction, specific enforcement, equitable relief, Rent, damages, or any other available remedy.
7. Cure Tenant's default, and if Landlord does so, Tenant shall 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.
8. Withhold or suspend any payment that this Lease would otherwise require Landlord to make.
9. Exercise all other remedies available to Landlord at law or in equity (including, without limitation, injunctive and other extraordinary remedies).

**B.** For purposes of this Section, "Damages" includes, without limitation, all actual, incidental, and 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 (i) recovering possession of the Demised Premises, (ii) removing and storing Tenant's and any other occupant's or other property, (iii) re-letting the Demised Premises, including, without limitation, the costs of brokerage commissions and cleaning, decorating, repairing, or altering the Demised Premises for a substitute tenant or tenants, (iv) collecting any money owed by Tenant or

a substitute tenant, (v) repairing any damage caused by any Tenant Persons, (vi) performing any obligation of Tenant under the Lease, and (vii) 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.

**C.** 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).

**D.** 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 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. In the event that Landlord fails to cure such default within said thirty (30) day period, or within said additional reasonable period of time, 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 installment(s) due by Tenant to Landlord hereunder;

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

**C.** Seek, through judicial action, a declaratory judgment action, and limited equitable remedies of injunction and specific performance, as well as actual damages directly resulting from such default (but subject to the provisions of subsection B. of Section 26, below).

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 lieu of 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 within a reasonable period after the termination of Tenant's right to possess the Demised Premises have been relet (but subject to the provisions of this subsection A. set forth below), will use commercially reasonable efforts to mitigate damages by marketing 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, above).

**B.** 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 acceptable 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 rental less than the current rate then prevailing for similar space at Addison Airport (or if no similar space is available, the current fair market rental then prevailing for similar space in comparable buildings in the same market area as the Demised Premises) nor shall Landlord be obligated to enter into a new lease under any terms or conditions that are unacceptable to Landlord.

4. Landlord will not be obligated to enter into 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 into a lease with any prospective tenant: (i) which does not have, in Landlord's commercially reasonable 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 in excess of 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.**

**C.** Tenant's right to seek actual damages as a result 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 improvements on the Demised Premises, including, without limitation, any buildings constructed on the Demised Premises by or for Tenant, shall be owned by Tenant during the term of this Agreement. The term "improvements" shall include, without limitation, the Building Improvements) as defined in [Section 6](#).

**B.** Upon the expiration or earlier termination of this Lease, whether by expiration of the Term (as it may be amended or modified) or, by reason of default on the part of Tenant, or for any other reason whatsoever, the improvements (including, without limitation, the Building Improvements), and all parts thereof, shall merge with the title of the Demised Premises, free and clear of any claim of Tenant and all persons or entities claiming under or through Tenant (including, without limitation, any holder of a leasehold mortgage), and shall become the property of Landlord. Upon the expiration or earlier termination of this Lease, Tenant shall deliver up to Landlord the Demised Premises clean and free of trash and in good repair and condition in accordance to the prevailing Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices set forth in Lease Addendum #1, as amended or modified, with all fixtures situated in the Demised Premises delivered in good working order, reasonable wear and tear excepted; provided however, that if Tenant is not in default under the Lease at the time, Tenant shall have the right to remove all personal property (including aircraft stored in the Building Improvements) and trade fixtures owned by Tenant from the Demised Premises, but Tenant shall be required to repair any damage to the Demised Premises caused by such removal in a good and workmanlike manner and at Tenant's sole cost and expense.

**C** With no less than sixty (60) months remaining to the Term, or if the Lease is earlier terminated as provided for in this Lease, Landlord may elect, upon written notice, require Tenant to: demolish and remove, or cause to be removed, any or all Building Improvements, made to the Demised Premises pursuant to this Lease including, but not limited to, those Building Improvements described in Lease Addendum #2 and Lease Addendum #3 attached hereto.

**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 Lease and giving the effective date of said termination or Expiration Date.

## **Section 29. Mechanics' and Materialmen's Liens; Lien for Rent:**

**A.** Tenant agrees to DEFEND, INDEMNIFY and HOLD HARMLESS to the full extent as provided in this Lease, Landlord and all Landlord Persons, and Airport Manager and all Manager 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 thirty (30) days after written notification to Tenant of Landlord's intention to do so and Tenant's failure during such thirty (30) 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 covenants, represents and warrants that Landlord has the full right and power to execute and perform this Lease and to grant the estate demised herein and that Tenant, upon payment of the Rent and performance of the terms, conditions, covenants and agreements herein contained, shall (subject to all of 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 conditions 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 so long as Tenant shall fully perform all Tenant's obligations hereunder and attorn to the purchaser. 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 an absolute 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 fifty percent (150%) of the Base Rent owed or 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, and should such party so prevail on the merits, then such party shall be entitled, in addition to any other rights it may have, in law or equity, to collect reasonable attorneys' fees incurred in connection with such enforcement or defense from the other Party .

### **Section 37. Financial Information:**

Tenant agrees that Tenant will, from time to time upon the written request of Landlord during the term of this Lease, furnish to Landlord such credit and banking references as Landlord may reasonably request.

### **Section 38. Estoppel Certificates:**

**A.** Tenant agrees that from time to time, upon not less than ten (10) days prior written request by Landlord, Tenant will deliver to Landlord a statement in writing certifying that:

1. This Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease as modified is in full force and effect and stating the modifications).
2. The dates to which Rent and other charges have been paid.
3. Landlord is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.
4. If requested by Landlord, Tenant will not pay Rent for more than one (1) month in advance and that this Lease will not be amended without notice to Landlord's mortgagee and that the same will not be terminated without the same notice required by the Lease to be furnished to Landlord also being furnished to Landlord's mortgagee and Landlord's mortgagee fails to cure such default within the curative period allowed Landlord under this Lease.

**B.** Landlord agrees that from time to time, upon not less than ten (10) days' prior written request by Tenant, Landlord will deliver to Tenant a statement in writing certifying that:

1. This Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease as modified is in full force and effect and stating the modifications).
2. The dates to which Rent and other charges have been paid.
3. Tenant is not in default under any term or provision of this Lease or if in default the nature thereof in detail in accordance with an exhibit attached thereto.

### **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 under this Lease 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 Airport Manager, or any of the Landlord Persons and Manager Persons, for any Released Claims (except to the extent caused by the gross negligence or willful misconduct of Landlord); (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:**

To the extent either party to this Lease shall be wholly or partially prevented from the performance of any obligation or duty placed on such party by reason of or through any Act of God, stoppage of labor or material, riot, fire, flood, acts of war, insurrection, court judgment, or a government restriction, quarantine or mandatory closure order enacted in response to a pandemic or other public health crises, or other specific cause reasonably beyond the party's control and not attributable to its malfeasance, neglect or nonfeasance (each an event of "Force Majeure"), the time for performance of such obligation (other than a payment obligation) may be extended for a period equal to the time lost by reason such event, provided, that the party complies with the provisions of this section. Specifically, the party asserting Force Majeure (i) 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 (ii) has the burden of demonstrating: (1) how and why their performance was so prevented, (2) 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 (3) that the party used commercially reasonable efforts to mitigate and/or eliminate such prevention and resumed performance under this Lease as soon as reasonably practicable.

#### **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. For the purposes herein, the term "business day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of Texas are authorized or required by law or other governmental action to close.

#### **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 expressly set forth in this Lease (e.g., provisions relating to the Airport Manager and Manager Persons), this Lease and all of 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 Town of Addison, Landlord, 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 effect (to the fullest extent possible) to the parties' intentions in a manner that is legal, valid, and enforceable. Unless otherwise amended or modified by written agreement, it is the parties intent that the term of this Lease does not exceed the statutory limit, but in no event any longer than 50 years (600 months); if it should be determined that the term of this Lease exceeds such period of time, the term hereof shall be reformed so as to make the term hereof not exceed such period of time.

## **Section 48. Notices:**

Any notice or document required to be delivered or given hereunder in writing shall be delivered, whether received or not, when (a) delivered in person; or (b) deposited in the United States mail, postage prepaid, registered, or certified mail, (return receipt requested optional by the sender); or (c) by Federal Express Corporation or other nationally recognized carrier to be delivered the next business day addressed to the parties at the addresses indicated below or at such address as may have theretofore been specified by written notice delivered in accordance with this Section 48; or (d) sent

by e-mail only, with delivery deemed effective the next business day. 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, and (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. If sent by e-mail, a confirmation-of-delivery receipt or report reflecting the time and date that the e-mail was delivered to the recipient's last notified e-mail address is prima facie evidence of receipt by the recipient, unless the sender receives a delivery failure notification indicating that the e-mail 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: [dgaines@addisontx.gov](mailto:dgaines@addisontx.gov)

TO TENANT

RR Investments, Inc.  
4300 Westgrove Drive  
Addison, Texas 75001  
Email: [drickerhauser@millionairdallas.com](mailto:drickerhauser@millionairdallas.com)

*With Copy to:*

Town of Addison, Texas  
c/o Addison Airport Manager  
4545 Jimmy Doolittle Road, Suite 200  
Addison, Texas 75001  
Attn: Real Estate Manager  
Email: [bill.dyer@addisonairport.net](mailto:bill.dyer@addisonairport.net)

*With Copy to:*

*and*

Town of Addison, Texas  
City Attorney  
P.O. Box 9010  
Addison, Texas 75001

**Section 49. Fees or Commissions:**

Except as provided for in Section 24.B herein, 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.

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

Unless otherwise provided for herein, where Landlord's consent or approval is required in this Lease, such consent or approval shall be required of the City Council of the Town of Addison, Texas, or as such authority is delegated by the City Council from time to time. 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; Survivability of Rights and Remedies:**

A. This Lease and all of 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. Any and 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 would be in an inconvenient forum or that the venue of that suit, action, or legal proceeding is improper.

B. 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 PURSUANT TO 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 53. Entire Agreement and Amendments; Authorized Persons:**

This Lease, consisting of fifty-three (53) Sections and Exhibits 1-7 together with Lease Addendum #1, Lease Addendum #2 and Lease Addendum #3 attached hereto, 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:**

RR INVESTMENTS, INC.  
a Texas corporation

**LANDLORD:**

TOWN OF ADDISON, TEXAS  
a home-rule municipality

By:   
Don Rickerhauser, President & CEO

By: \_\_\_\_\_  
David Gaines, City Manager

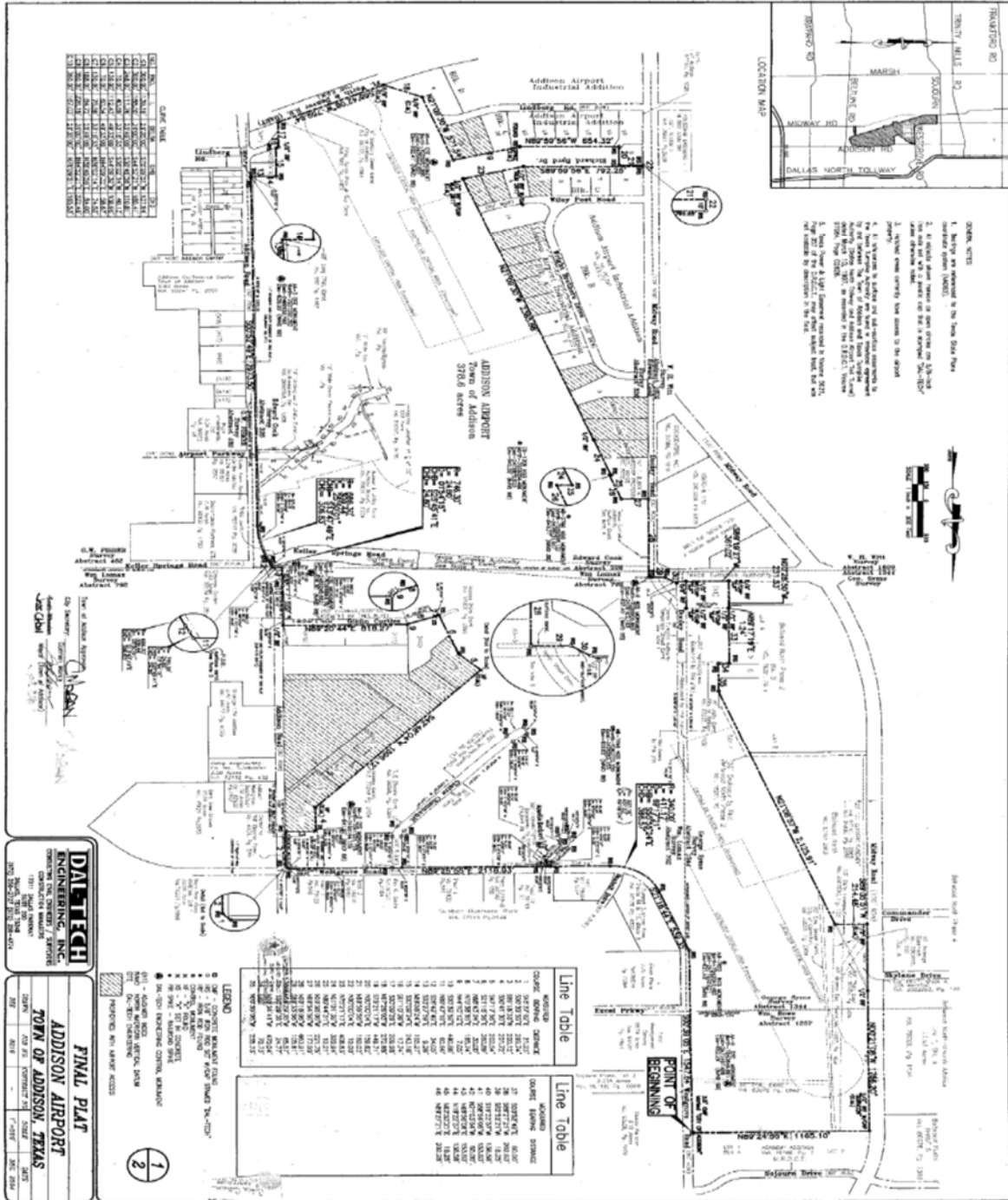




# Exhibit 1

## 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.





## **Exhibit 2**

### **Legal Description of Demised Premises**

Property #0200 ALP-A5; 4550 Jimmy Doolittle

And

Property #0240 ALP-A6; 4553 Jimmy Doolittle

---

**PROPERTY #0200 ALP-5**  
**4550 Jimmy Doolittle Drive, Addison Airport**

**BEING** a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), and being more particularly described as follows:

**BEGINNING** at a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the west line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), and lying in the south line of Addison Airport Property #0231 and, having Texas State Plane Coordinates of Northing: 7,039,040.476, Easting: 2,479,627.736;

**THENCE** S 21°16'25" E, along the west line of said Jimmy Doolittle Drive, at 58.76 feet passing a 'PK" nail found in the south line of said Jimmy Doolittle Drive at the northwest corner of Addison Airport Property #0210, continuing along the west line of said Property #0210, in all a distance of 62.52 feet to a 'PK' nail found;

**THENCE** along the west line of said Property #0210 the following:

North 68 Degrees 43 Minutes 35 Seconds East, 14.96 feet to a 1/2-inch iron rod found;

South 21 Degrees 16 Minutes 25 Seconds East, 113.96 feet to a cut 'x' found;

South 68 Degrees 56 Minutes 04 Seconds West, 14.96 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 15 Seconds East, 23.69 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 6.26 feet to a cut 'x' set;

South 21 Degrees 13 Minutes 44 Seconds East, 7.30 feet to a cut 'x' set;

South 68 Degrees 46 Minutes 16 Seconds West, 5.12 feet to a cut 'x' found;

South 21 Degrees 13 Minutes 44 Seconds East, 41.95 feet to a cut 'x' set in the north line of Taxiway Sierra, from which a 'PK' nail found at the southwest corner of said Property #0210 bears South 21 Degrees 13 Minutes 44 Seconds East, 3.00 feet;

**THENCE** South 68 Degrees 36 Minutes 46 Seconds West, at all times remaining 60.00 feet north of and parallel to the centerline of Taxiway Sierra, 382.10 feet to a 'PK' nail set;

**THENCE** North 21 Degrees 14 Minutes 10 Seconds West, 246.36 feet to a 3/8-inch iron rod found at the southwest corner of said Property #0231;

**THENCE** North 68 Degrees 44 Minutes 36 Seconds East, along the south line of said Property #0231, 330.08 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 21 Degrees 06 Minutes 33 Seconds East, along the south line of said Property #0231, 3.41 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 68 Degrees 19 Minutes 44 Seconds East, along the south line of said Property #0231, 63.31 feet to the **POINT of BEGINNING** and **CONTAINING** 2.254 acres of land.

**PROPERTY #0240 ALP-A6**  
**4553 Jimmy Doolittle Drive, Addison Airport**

**BEING** a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82 of the Deed Records of Dallas County, Texas (DRDCT), and being more particularly described as follows:

**BEGINNING** at a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the north line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), from which the intersection of the north line of said Jimmy Doolittle Drive with the south line of Keller Springs Road a variable width surface easement to the Texas Turnpike Authority as described in instrument recorded in Volume 97084, Page 2628 DRDCT bears, North 68 degrees 19 minutes 44 seconds East, 372.00 feet;

**THENCE** South 68 degrees 19 minutes 44 seconds West, along the north line of said Jimmy Doolittle Drive, 256.47 feet to 'PK' nail found in concrete;

**THENCE** South 21 degrees 06 minutes 33 seconds East, 4.65 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** South 68 degrees 44 minutes 36 seconds West, at 145.22 feet passing an interior corner of ground lease #0200-3502, continuing along the westerly north line of said ground lease #0200-3502, in all a distance of 330.08 feet to a 3/8-inch iron rod found at the northwest corner of said ground lease #0200-3502;

**THENCE** North 21 degrees 14 minutes 10 seconds West, 137.75 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 68 degrees 59 minutes 49 seconds East, 562.50 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of curvature of a circular curve to the right having a radius of 24.00 feet;

**THENCE** southeasterly, along said curve to the right, through a central angle of 89 degrees 40 minutes 58 seconds, an arc distance of 37.57 feet and having a chord which bears South 66 degrees 09 minutes 42 seconds East, 33.85 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" at the point of tangency;

**THENCE** South 21 degrees 19 minutes 13 seconds East, 104.78 feet to the **POINT of BEGINNING** and **CONTAINING** 1.80 acres of land.

## **Exhibit 3**

### **Property Survey of Demised Premises**

Property #0200 ALP-A5; 4550 Jimmy Doolittle

And

Property #0240 ALP-A6; 4553 Jimmy Doolittle

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Addison Airport,  
Vol. 2005131, Pg. 82  
DIRACT

**PARCELA  
PROPERTY #0200**

BEING a tract of land situated in the Edward Cook Survey, Abstract No. 326, Dallas County, Texas, and being a part of the Final Plat of Addison Airport, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 2005131, Page 82, of the Deed Records of Dallas County, Texas (DRDC), and being more particularly described as follows:

**BEGINNING** at a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys" in the west line of Jimmy Doolittle Drive, (a unrecorded 60 foot wide ingress and egress easement), and lying in the south line of Addison Airport Property #0231 and, having Texas State Plane Coordinates of Northing: 7,039,040.476, Easting: 2,479,627.736;

**THENCE** S 21°16'25" E, along the west line of said Jimmy Doolittle Drive, at 56.76 feet passing a PK nail found in the south line of said Jimmy Doolittle Drive at the northwest corner of Addison Airport Property #0210, continuing along the west line of said Property #0210, in an arc distance of 62.52 feet to a PK nail found;

**THENCE** along the west line of said Property #0210 the following:

North 68 Degrees 43 Minutes 35 Seconds East, 14.96 feet to a 1/2-inch iron rod found;

South 21 Degrees 16 Minutes 25 Seconds East, 113.96 feet to a cut 'X' found;

South 68 Degrees 56 Minutes 04 Seconds West, 14.96 feet to a cut 'X' found;

South 21 Degrees 13 Minutes 15 Seconds East, 23.69 feet to a cut 'X' set;

South 68 Degrees 46 Minutes 16 Seconds West, 6.26 feet to a cut 'X' set;

South 21 Degrees 13 Minutes 44 Seconds East, 7.30 feet to a cut 'X' set;

South 68 Degrees 46 Minutes 16 Seconds West, 5.12 feet to a cut 'X' found;

South 21 Degrees 13 Minutes 44 Seconds East, 41.95 feet to a cut 'X' set in the north line of Taxway Sierra, from which a PK nail found at the southwest corner of said Property #0210 bears South 21 Degrees 13 Minutes 44 Seconds East, 3.00 feet;

**THENCE** South 68 Degrees 36 Minutes 46 Seconds West, at all times remaining 60.00 feet north of and parallel to the centerline of Taxway Sierra, 382.10 feet to a PK nail set;

**THENCE** North 21 Degrees 14 Minutes 10 Seconds West, 246.36 feet to a 3/8-inch iron rod found at the southwest corner of said Property #0231;

**THENCE** North 68 Degrees 44 Minutes 36 Seconds East, along the south line of said Property #0231, 330.08 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

**THENCE** North 21 Degrees 06 Minutes 33 Seconds East, along the south line of said Property #0231, 3.41 feet to a 5/8-inch iron rod set with plastic cap stamped "Sparr Surveys";

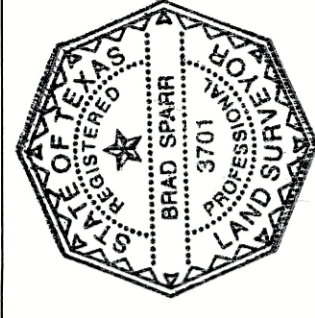
**THENCE** North 68 Degrees 19 Minutes 44 Seconds East, along the south line of said Property #0231, 63.31 feet to the **POINT OF BEGINNING** and **CONTAINING** 2.254 acres of land.

# Property #0200 4550 Jimmy Doolittle Drive

To: Addison Airport, exclusively;

I, Brad Sparr, a Registered Professional Land Surveyor for Sparr Surveys, do hereby certify that this survey was made on the ground, that this drawing correctly represents the facts found at the time of survey and that this professional service conforms to the current Texas Society of Professional Land Surveyors Standards and Specifications for a Category 1B Condition II Survey.

Brad Sparr  
Registered Professional  
Land Surveyor No. 3701



**Sparr Surveys**  
2553 C.R. 722  
McKinney, Texas 75069  
(214) 544-2297

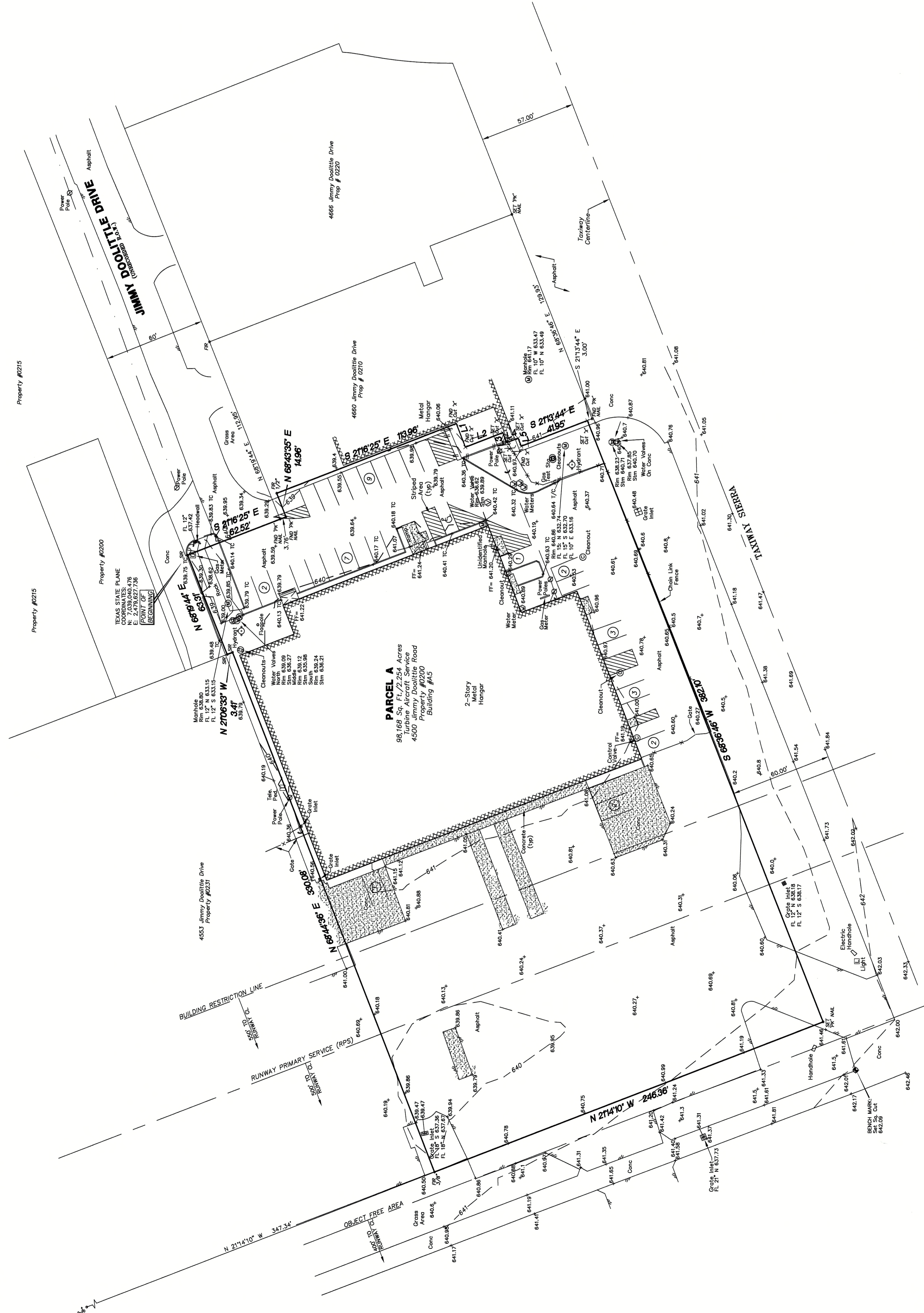
**PROPERTY #0200  
2.254 ACRE TRACT**  
SITUATED IN THE  
ADDISON AIRPORT  
TOWN OF ADDISON  
DALLAS COUNTY, TEXAS

DRAWN BY: B.D.S./CAD  
CHECKED BY: B.D.S.  
SCALE: 1" = 30'  
DATE: SEPT. 18, 2018  
REV. 10-01-2018  
JOB NO. 19000M-5

This survey was prepared for  
ADDISON AIRPORT.  
THIS PLAN IS VALID UNLESS IT BEARS AN  
ORIGINAL SIGNATURE AND EMBOSSED SEAL,  
AND UNLESS IT IS RECORDED IN THE  
APPLICABLE PUBLIC RECORDS.

**LINE TABLES**

No.	BEARING	DIST.
L1	S 68°56'04" W	14.96'
L2	S 21°13'15" E	23.69'
L3	S 68°46'16" W	6.26'
L4	S 21°13'44" E	7.30'
L5	S 68°46'16" W	5.12'



**NOTES**  
BEARINGS BASED ON ADDISON AIRPORT CONTROL.  
PK DENOTES A FOUND IRON ROD.  
SR DENOTES A 5/8" IRON ROD SET WITH PLASTIC CAP  
STAMPED "SPARR SURVEYS".





### **Exhibit 3**

#### **Legal Descriptions of Demised Premises**

Property #0200 ALP-A5; 4550 Jimmy Doolittle

And

Property #0240 ALP-A6; 4553 Jimmy Doolittle

---

## Exhibit 4A

### Description of New Building Improvements and Approved Site Plan Aircraft Apron Improvements

- Demolition, removal and preparation of site where the existing aircraft apron serving 4550 Jimmy Doolittle (ALP #0200) now exists
- Demolish and remove each of two existing taxiway/taxilane connectors (as the case may be)
- Demolish and remove the airport vehicle service road (common area) parallel and contiguous the full width of the Demised Premises from Taxilane Sierra northward to the common boundary line with the neighboring U.S. Customs/Airport Administration Building located at 4545 Jimmy Doolittle.
- Reconstruct the existing aircraft apron, taxiway connectors and airport vehicle service road with steel reinforced concrete with a designed capacity rated for Aircraft Design Group III aircraft up to 100,000 pounds dual wheel tandem landing gear. (Approximately 57,000 square feet of surface area included.)
- Where the vacant land now exists at 4553 Jimmy Little Dr. (ALP #0240), construct new aircraft apron, taxiway connectors and airport vehicle service road with steel reinforced concrete with a designed capacity rated for Aircraft Design Group III aircraft up to 100,000 pounds dual wheel tandem landing gear. (Approximately 56,000 square feet of surface area included.) *Note: it is assumed here the new aircraft apron will not extend eastward beyond the existing No-Build Area (buried water and sewer infrastructure lines traversing the vacant lot).*
- Estimated Construction Value \$2,500,000 (See Lease Addendum #3 Section B.3)

This Exhibit 4A hereby includes by reference the complete set of Design Plans approved by the Town of Addison for the New Building Improvements - Aircraft Apron Improvements including, but not limited to, all architectural, civil, mechanical, and electrical and landscape drawings and specifications, together with all change orders and as-built modifications, warranties and guaranties procured by Tenant.

---

## **Exhibit 4B**

### **Description of New Building Improvements and Approved Site Plan Terminal Building Improvements**

- Erect a private aircraft terminal building (FBO) adequate in size to comfortably accommodate arriving and departing passengers, crew members, and support staff. The expected area will be approximately 15,000sf.
- FBO will be either a two-story building or erected as a single-story construction with the appearance of a two-story building allowing high ceilings and natural light to illuminate the interior
- FBO will complement the neighboring US Customs / Airport Administration facility in design and construction
- Create an FBO space that is aesthetically pleasing and welcoming to travelers arriving to the Town of Addison
- Install an aesthetically pleasing and welcoming vehicle gate allowing access to/from the main ramp controlled within the FBO facility
- FBO will be designed to support international private aircraft traffic due to its proximity to the US Customs facility
- Provide for parking at or above the standards required by the Town of Addison
- Construction value to exceed \$3,000,000

\*\*The above information is preliminary in scope and subject to change. Million Air Dallas looks forward to working closely with The Town and Airport Management to further refine the concept and design to our mutual benefit.

This Exhibit 4B hereby includes by reference the complete set of Design Plans approved by the Town of Addison for the New Building Improvements – Terminal Building Improvements including, but not limited to, all architectural, civil, mechanical, and electrical and landscape drawings and specifications, together with all change orders and as-built modifications, warranties and guaranties procured by Tenant.

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## Exhibit 5

### Form of Irrevocable Standby Letter of Credit

[Lender Letterhead]

\_\_\_\_\_, 202\_

Town of Addison, Texas  
C/o City Manager  
5300 Belt Line Road  
Dallas, Texas 75254  
Email: dgaines@addisontx.gov

Dear Mr. Gaines:

At the request of \_\_\_\_\_ [TENANT] \_\_\_\_\_, we have established in your favor the enclosed Irrevocable Standby Letter of Credit # \_\_\_\_\_, in an amount not to exceed \_\_\_\_\_ and \_\_\_/100 Dollars (\$\_\_\_\_\_ .00).

Please examine this instrument carefully. If you are unable to comply with the terms and conditions, please communicate with the applicant to arrange for an amendment.

All drawings under this credit must be accompanied by the original Letter of Credit for endorsement.

If we can be of further assistance, please do not hesitate to call us at

\_\_\_\_\_.

Sincerely,

\_\_\_\_\_ [LENDER] \_\_\_\_\_

By:  
Name: \_\_\_\_\_  
Title:

Enclosure

cc: [TENANT]

[Lender Letterhead]

IRREVOCABLE LETTER OF CREDIT # \_\_\_\_\_

Date: \_\_\_\_\_, 202\_\_

Beneficiary:

Town of Addison, Texas  
C/o City Manager  
5300 Belt Line Road  
Dallas, Texas 75254  
Email: dgaines@addisontx.gov

Applicant:

[TENANT]

Attention: \_\_\_\_\_

We hereby issue our Irrevocable Standby Letter of Credit # \_\_\_\_\_ in favor of Beneficiary (as defined hereunder). This Letter of Credit is effective up to the aggregate amount of \_\_\_\_\_ and No/100 Dollars (\$ \_\_\_\_\_ .00) available by draft drawn on Issuer at sight, marked "Drawn under Irrevocable Standby Letter of Credit # \_\_\_\_\_" accompanied by the following:

1. Beneficiary's written statement purportedly signed by its authorized representative reading as follows: "The undersigned is authorized to make the following statement on behalf of Town of Addison, Texas ("Beneficiary"). Beneficiary hereby certifies that an event of default has occurred under that certain Lease Agreement dated \_\_\_\_\_, 20\_\_, between Beneficiary and Applicant (the "Lease") with respect to the construction of the [New/Existing] Building Improvements, as defined therein, and that such default is ongoing. The amount of the draft presented represents the amount known by me to be required to complete construction of the [New/Existing] Building Improvements under the Lease."
2. This original Letter of Credit and any amendments thereto (if any). In the event of a partial drawing the original Letter of Credit will be endorsed and returned to you unless the Letter of Credit has expired or the amount available is reduced to zero.

Special Conditions:

1. Partial drawings are permitted under this Letter of Credit.

2. Other than Beneficiary's statement required above, the Lender shall require no further substantiation of the occurrence of such an event of default, consent of Applicant, or proof of the necessity of the draw.
3. This Letter of Credit sets forth in full the terms of our undertaking and such undertaking shall not in any way be modified, amended or amplified by reference to any document, instrument or agreement referred to herein or to which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement.
4. Except as expressly stated herein, this undertaking is not subject to any agreement, condition or qualification.

We hereby engage with you that documents drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented for payment to [LENDER], at \_\_\_\_\_, Attention: \_\_\_\_\_, prior to 5:00 pm on or before \_\_\_\_\_, 202\_\_.

This Letter of Credit is subject to and governed by the Uniform Customs and Practice for Documentary credits of the International Chamber of Commerce (Publication 600, 2007 Revision).

[LENDER]

By:  
Name: \_\_\_\_\_  
Title:

**SAMPLE FORM ONLY NOT FOR EXECUTION**

**Exhibit 6A**

**FORM OF MEMORANDUM OF LEASE**

**STATE OF TEXAS           §**  
**§**  
**COUNTY OF DALLAS       §**

**KNOW ALL MEN BY THESE PRESENTS:**

**MEMORANDUM OF LEASE**

This Memorandum of Lease is dated as of \_\_\_\_\_, 2023, and is executed by the Town of Addison, Texas, a home-rule municipality (“Landlord”) and RR Investments, Inc., a Texas corporation (“Tenant”).

**WITNESSETH THAT:**

In consideration of the premises and of the mutual covenants and agreements set forth in that certain Ground Lease Agreement dated as of \_\_\_\_\_, 2023 (the “Ground Lease”), by and between Landlord and Tenant, Landlord has leased to Tenant, and Tenant has leased from Landlord, a certain parcel of land located at and within Addison Airport (“Airport”) that is more particularly described in Exhibit “1” attached hereto with a Commencement Date of \_\_\_\_\_, 2023 and an Expiration Date of June 30th, 2048, as each term is defined in the Ground Lease, and subject to all of the terms, provisions and conditions of 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. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Ground Lease, the provisions of the Ground Lease shall govern. Reference should be made to the Ground Lease for the full description of the rights and duties of Landlord and Tenant, and this Memorandum of Lease shall in no way affect the terms and conditions of the Ground Lease or the interpretation of the rights and duties of Landlord and Tenant thereunder.

Upon the expiration or earlier termination of the above-described Ground Lease, Landlord and Tenant agree that they shall execute and record a termination of this Memorandum of Lease.

IN WITNESS WHEREOF, the undersigned parties execute this Memorandum of Lease this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

<b>TENANT:</b>  <b>RR Investments, Inc.</b> _____  By: _____ _____	<b>LANDLORD:</b>  <b>TOWN OF ADDISON, TEXAS</b>  By: _____ _____, City Manager
---	---

**SAMPLE FORM ONLY NOT FOR EXECUTION**



**SAMPLE FORM ONLY NOT FOR EXECUTION**

**ACKNOWLEDGEMENTS**

**STATE OF TEXAS**           §  
  §  
**COUNTY OF DALLAS**    §

This instrument was acknowledged before me on \_\_\_\_\_, 2023, by  
\_\_\_\_\_(Name)\_\_\_\_\_, \_\_\_\_ (Title)\_\_\_\_\_, on behalf of RR INVESTMENTS,  
INC., a Texas corporation.

**GIVEN UNDER MY HAND AND SEAL OF OFFICE**, this the \_\_\_\_ day of  
\_\_\_\_\_, 2023.

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS**           §  
  §  
**COUNTY OF DALLAS**    §

This instrument was acknowledged before me on \_\_\_\_\_, 2023 by  
David Gaines, 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  
\_\_\_\_\_, 2023.

Irma G. Parker  
Notary Public, State of Texas  
Comm. Expires \_\_\_\_\_  
Notary ID 4770064

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT 1**

**PROPERTY SURVEY AND LEGAL DESCRIPTION  
OF DEMISED PREMISES**

**SAMPLE FORM ONLY  
NOT FOR EXECUTION**

## Exhibit 6B

### FORM OF MEMORANDUM OF LEASE

**SAMPLE FORM ONLY NOT FOR EXECUTION**

### MEMORANDUM OF LEASE EXTENSION

This Memorandum of Lease is dated as of \_\_\_\_\_, 20\_\_\_\_, and executed by and between the Town of Addison, Texas ("Landlord" or "City") and RR INVESTMENTS, INC., a Texas corporation ("Tenant").

**WHEREAS**, a Ground Lease was first executed on \_\_\_\_\_, 2023 (the "Ground Lease"), between the Landlord and Tenant whereby Landlord leased to Tenant and Tenant leased from Landlord a certain parcel of land located at and within Addison Airport ("Airport") that is described in Exhibit "1" attached hereto and incorporated herein by referenced) as evidenced by that Memorandum of Lease recorded in the Dallas County, Texas Official Public Records ("OPR") as Instrument # \_\_\_\_\_; and

**WHEREAS**, the Ground Lease provides that, should Tenant achieve Final Completion of the Terminal Building Improvements (as these terms are defined in the Ground Lease) as required under the Ground Lease, the "Base Term" shall be extended, to the then-prevailing Texas statutory lease term limit stipulated in Section 22.021 of the Texas Transportation Code (current statutory lease term limit is 480 months), but in no event shall the Base Term exceed 600 full calendar months from the Commencement Date (the "Extended Term").

**NOW LET IT BE KNOWN**, Tenant satisfactorily fulfilled the requirements necessary to achieve Final Completion of the Terminal Building Improvements required under the Ground Lease; therefore, the Base Term was extended and now expires on \_\_\_\_\_, unless otherwise earlier terminated pursuant to the terms and conditions of the Ground Lease.

This Memorandum of Lease Extension 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. In the event of any inconsistency between the provisions of this Memorandum of Lease Extension and the provisions of the Ground Lease, the provisions of the Ground Lease shall govern. Reference should be made to the Ground Lease (and all amendments thereto, if any) for the full description of the rights and duties of Landlord and Tenant thereunder, and this Memorandum of Lease shall in no way affect the terms and conditions of the Ground Lease (including all amendments thereto, if any) or the interpretation of the rights and duties of Landlord and Tenant thereunder.

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

<b>TENANT:</b>  <b>RR INVESTMENTS, INC.</b>  By: _____, _____	<b>LANDLORD:</b>  <b>TOWN OF ADDISON, TEXAS</b>  By: _____, _____, City Manager
--	--

**SAMPLE FORM ONLY NOT FOR EXECUTION**

**SAMPLE FORM ONLY – NOT FOR EXECUTION**

**ACKNOWLEDGEMENTS**

**STATE OF TEXAS**       §  
  §  
**COUNTY OF DALLAS**   §

This instrument was acknowledged before me on \_\_\_\_\_, 202\_, by  
(Name) \_\_\_\_\_, \_\_\_(Title)\_\_\_\_\_, on behalf of RR INVESTMENTS,  
INC., a Texas corporation.

**GIVEN UNDER MY HAND AND SEAL OF OFFICE**, this the \_\_\_\_ day of  
\_\_\_\_\_, 202\_.

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS**       §  
  §  
**COUNTY OF DALLAS**   §

This instrument was acknowledged before me on \_\_\_\_\_, 202\_ by  
David Gaines, 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  
\_\_\_\_\_, 202\_.

Irma G. Parker  
Notary Public, State of Texas  
Comm. Expires \_\_\_\_\_  
Notary ID 4770064

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT 1**

**PROPERTY SURVEY AND LEGAL DESCRIPTION  
OF DEMISED PREMISES**

**SAMPLE FORM ONLY NOT FOR EXECUTION**

## Exhibit 7

### Master Landlord Sublease Consent (See Section 9.B of Ground Lease)

#### MASTER LANDLORD'S CONSENT TO SUBLEASE

##### Rider to Sublease Agreement

#### GROUND LEASE TENANT & MASTER LEASE INFORMATION

Name of Tenant as " <u>Tenant</u> "		
Primary Contact		
Legal Notice Address:		
Telephone:		Ground Lease No: _____
E-mail Address:		Effective Date of Ground Lease: _____ ( <i>"Master Lease Effective Date"</i> )

#### SUBLEASE AGREEMENT (the "Sublease")

<u>Sublease Agreement Date:</u>	<u>Commencement Date:</u>	<u>Expiration Date:</u>
Address of Subleased Premises:		
Describe Renewal Options (if applicable):		

Subtenant Name: as " <u>Subtenant</u> "		" <u>State</u> " of Formation/ Incorporation (if applicable)
Entity Type		
DBA:		
Primary Contact:		Title:
Legal Notice Address:		
Telephone:		E-mail:
Website:	<b>B.</b>	

**ON-SITE CONTACT INFORMATION**

Name:		Title:
Telephone:		E-mail

**EMERGENCY / AFTER HOURS CONTACT INFORMATION**

Name:		Title:
Telephone:		E-mail

**BASED AIRCRAFT REGISTRATION (use an additional sheet if needed)**

<b>N #</b>	<b>Make</b>	<b>Model</b>	<b>Year</b>

(Underlined terms are defined as first given above)

The Town of Addison, Texas (the "Master Landlord") is the sole Landlord under that certain Ground Lease/Lease Agreement dated as of the Master Lease Effective Date wherein by way of any assignment, amendment, modification or other act, the above-named Tenant is the Tenant of the Ground Lease/Lease Agreement described above. Together with any and all assignments, modifications and amendments thereto, if any, the Ground Lease/Lease Agreement is hereinafter referred to as the "Master Lease," by the terms of which Tenant leased from Master Landlord certain property referred to as the "Demised Premises," "Leased Premises," or "Premises" (or such similar term) in the Master Lease (referred to herein as the "Demised Premises") located at Addison Airport within the Town of Addison, Texas, said property being more particularly described in said Master Lease. Tenant is hereby seeking Master Landlord's consent to the sublease ("Consent to Sublease") by Tenant of all or a part of the Demised Premises, which part is described in the Sublease, to the Subtenant so named above, pursuant to that Sublease Agreement described above (the "Sublease"), on the following terms and conditions:

Based on Tenant's representations, Master Landlord hereby consents to the Sublease on the following terms and conditions:

1. Tenant shall remain fully liable for the performance of each and every term, provision, covenant, duty and obligation of the Tenant under the Master Lease including, without limitation, the duty to make any and all payments of rent. This Consent to Sublease shall in no way release Tenant from any of its covenants, agreements, liabilities and duties under the Master Lease. Upon written demand by Master Landlord, Tenant and/or Subtenant shall deliver a true and correct copy of the Sublease as it may be amended or modified from time to time. This Consent to Sublease does not constitute approval by Master Landlord of the terms of the Sublease. Nothing herein contained shall be deemed a waiver or release of any of the Master Landlord's rights under the Master Lease.



2. Subtenant's use and occupancy of the Demised Premises shall be subject to all of the terms and conditions of the Master Lease to the extent applicable, Subtenant agrees to be bound by the terms and provisions of the Master Lease and in the event of any conflict between the terms of the Master Lease and the terms of the Sublease, the terms of the Master Lease shall control (and, without limiting the foregoing, the Demised Premises shall never be used for any purpose other than as permitted by the Master Lease, and this Consent to Sublease does not constitute and is not consent to any use on or within the Demised Premises which is not permitted by the Master Lease).
3. Subtenant shall be obligated to obtain Master Landlord's consent to any action as to which Tenant is obligated to obtain such consent under the Master Lease.
4. Tenant shall be fully liable for any violation by Subtenant of any of the terms and conditions of the Master Lease.
5. Master Landlord shall have no obligation for the performance by Tenant of its obligations under the Sublease. Neither this Consent to Sublease, the exercise by Master Landlord of its rights hereunder, nor the Sublease or any other instrument shall give Subtenant any rights directly or indirectly against Master Landlord or create or impose any obligation, duty, responsibility, or liability of Master Landlord in favor of or for the benefit of Subtenant.
6. In the event of the occurrence of an event of default under the Master Lease by Tenant while the Sublease is in effect, Master Landlord, in addition to any other rights or remedies provided in the Master Lease or by law, in equity, or otherwise, may at Master Landlord's option, collect directly from the Subtenant all rents becoming due under the Sublease and apply such rent against any sums due to Master Landlord. No direct collection by Master Landlord from Subtenant shall release Tenant from the payment or performance of Tenant's obligations under the Master Lease; provided that if Master Landlord collects any rents directly from Subtenant pursuant to this paragraph, Subtenant shall be released from its obligations to pay such rents to Tenant.
7. Tenant and Subtenant each hereby represent and warrant to Master Landlord that other than the Sublease, there are no agreements or understandings, whether written or oral between Tenant and Subtenant with respect to Subtenant's use and occupancy of the Demised Premises or any property of Tenant located therein.
8. Tenant and Subtenant each hereby covenants and agrees with Master Landlord that Tenant and Subtenant shall **defend, indemnify and hold harmless** Master Landlord, its elected officials, its officers, employees, representatives and agents from and against any and all claims, liabilities and obligations to any broker or agent in connection with the Sublease, including, without limitation, any reasonable attorneys' fees and costs incurred by Master Landlord in connection therewith.
9. If Subtenant is to operate as a commercial aeronautical service provider pursuant to the Sublease Agreement, Tenant hereby warrants and represents to Master Landlord that Tenant has delivered to Subtenant a complete copy of the prevailing *Addison Airport Minimum Standards and Requirements for Commercial Aeronautical Service Providers* and the *Addison Airport Rules and Regulations*, each of which may be amended and, or modified by the Master Landlord from time to time, and Subtenant hereby acknowledges and warrants and represents to Master Landlord that Subtenant has received the same and shall comply with the requirements set forth therein.
10. Tenant and Subtenant attest, warrant and represent to Master Landlord that all information given herein is true and correct.

**This Master Landlord’s Consent to Sublease may be executed in multiple counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement; the signatures of all the parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile (e.g., telecopier, scanned PDF by email, or electronic signature) is as effective as executing and delivering this Agreement in the presence of the other parties to this Agreement.**

**ACKNOWLEDGED AND AGREED TO this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.**

**TENANT:**

**SUBTENANT:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**MASTER LANDLORD  
TOWN OF ADDISON, TEXAS**

By: \_\_\_\_\_

Title: \_\_\_\_\_  
Authorized Officer on Behalf of Master Landlord

Date: \_\_\_\_\_  
Effective Date of Landlord’s Consent

# LEASE ADDENDUM #1

## Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices

*Note: Capitalized terms used herein are the same as defined in the Lease or any Addendum attached and made a part of the Lease unless otherwise expressly provided for. This Lease Addendum #1 is made a part of and hereby incorporated into the Lease by reference.*

I. **Purpose:** Pursuant to [Section 11](#) (or elsewhere as provided for) of the Lease<sup>1</sup> the Tenant is required to maintain the Demised Premises and all improvements, fixtures, equipment and personal property thereto in “good repair and in a first class condition” and in accordance with all applicable ordinances, codes, rules and regulations of or adopted by the Town of Addison or any regulating agency with oversight of any or all portions of the Demised Premises throughout the Term as it may be extended or otherwise amended.

Additionally, [Section 28](#) titled Title to Improvements provides that, among other things, Tenant shall own and hold title to any Buildings Improvements constructed on the Demised Premises by or for Tenant, shall be owned by Tenant for the duration of the Term, as the Term may be amended or modified. Upon the expiration or early termination of the Lease Term, the ownership of said Building Improvements, shall merge with the title of the Demised Premises and become the property of the Landlord. Landlord may, at Landlord's sole discretion, elect for Tenant to: (i) deliver to Landlord the Demised Premises clean and free of trash and in good repair and condition in accordance with these Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices together with all fixtures and equipment situated in the Demised Premises with reasonable wear and tear excepted; or (ii) upon written notice to tenant no later than sixty (60) months prior to the expiration of the Term, Landlord may elect to require Tenant to demolish and remove, or cause to be removed, any or all Building Improvements made to the Demised Premises, whether below, on or above the ground by Tenant or others, including, but not limited to, foundations, structures, buildings, utility lines, transformer vaults and all other service facilities constructed or installed upon the Demised Premises; and Tenant shall restore, quit and peacefully surrender possession of the Demised Premises to Landlord and leave the land free of debris in a level, graded condition, with no excavations, holes, hollows, hills or humps. Tenant shall perform and complete such removal and restoration in a good and workmanlike manner, in accordance with all applicable ordinances, codes, rules and regulations within six (6) months of the expiration or termination of the Term. Such demolition and removal shall be performed at Tenant's sole cost and risk in accordance with all prevailing ordinances, codes, rules and regulations governing same.

Therefore, these Tenant's Leasehold Minimum Maintenance and Repair Standards and Practices (“Maintenance Standards”) hereby set forth in general the minimum level of standard of maintenance and repair or practice the Landlord expects of Tenant and Tenant (or any of its successors and or assigns) agrees to be obliged in order to comply with the terms and conditions of the Lease.

**II. Governing Standard or Practice:** [Section 8.A.](#) of the Lease states the Tenant agrees to comply with all laws, ordinances, rules, regulations, directives, permits, policies or standards of any governmental authority, entity, or agency affecting the use of the Demised Premises; and any “Construction/Maintenance Standards and Specifications” published by Landlord or its Airport Manager governing such matters at the Airport. [Section 11.B.](#) of the Lease states “Should there ever arise a conflict between the degree of standard or duty to practice any such standard or practice between [these Maintenance Standards] and any new construction and maintenance and repair standard so adopted by the Landlord, the standard and/or practice representing the higher or greater degree of standard and/or practice shall prevail as if such higher degree of standard and/or practice is incorporated into and made a part of these [Maintenance Standards].”

**III. Terminology Used:** Unless otherwise provided herein, the definition and/or the description of certain terms used or referred to below shall be the same as defined in the Lease or ASTM International Standard E2018-15<sup>2</sup> (as it may be amended or modified from time to time or its equivalence as generally accepted by the United States commercial real estate industry at the time).

For the purpose herein the standard of being in “good repair and in first-class condition” generally means when the building component or system is serving its designed function, is of working condition and operating well, shows evidence of being well taken care of and does not require immediate or short-term repairs above its *de minimis* threshold or does not evidence a material physical deficiency.

Building System – Interacting or independent components or assemblies, which form single integrated units that comprise a building and its site work, such as pavement and flatwork, structural frame, roofing, exterior walls, plumbing, HVAC, electrical, etc. (ASTM E2018-15).

Component – A portion of a building system, piece of equipment, or building element (ASTM E2018-15).

Deferred Maintenance – 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 (ASTM E2018-15).

Effective Age – The estimated age of a building component that considers actual age as affected by maintenance history, location, weather conditions, and other factors. Effective Age may be more or less than actual age (ASTM E2018-15).

Engineer: Designation reserved by law for a person professionally qualified, examined, and licensed by the appropriate governmental board having jurisdiction, to perform engineering services (ASTM E2018-15).

Expected Useful Life – The average amount of time in years that an item, component or system is estimated to function without material repair when installed new and assuming routine maintenance is practiced (ASTM E2018-15).

---

<sup>2</sup> ASTM Designation E2018-15; November 2015 ASTM International, 100 Barr Harbor Drive, PO Box C700, West Conshohocken PA 19428-2929, United States

Fair Condition – To be found in working condition but may require immediate or short-term repairs above the *de minimis* threshold of not evidencing a material physical deficiency (ASTM E2018-15).

Normal Wear and Tear - Defined as deterioration that results from the intended use of the commercial premises, including breakage or malfunction due to age or deteriorated condition, but the term does not include deterioration that results from negligence, carelessness, accident or abuse of the premises, equipment or chattels by the Tenant, by a guest or invitee of the Tenant (Section 93.006[b]); Chapter 93 of the Texas Property Code entitled “Commercial Tenancies”

Physical Deficiency (ies) – The presence of a conspicuous defect or defects and/or material deferred maintenance of a subject property’s material systems, components, or equipment as observed. Specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc. (ASTM E2018-15).

Poor Condition – Found not to be in working condition or requires immediate or short-term repairs substantially above the *de minimis* threshold of not evidencing a material physical deficiency (ASTM E2018-15).

Routine Maintenance - Repair that does not require specialized equipment, professional services, or licensed contractors but, rather can be corrected within the budget and skill set of typical property maintenance staff (ASTM E2018-15).

**IV. Baseline Property Condition Assessment:** Beginning on or about the tenth (10<sup>th</sup>) anniversary but no later than the twelfth (12<sup>th</sup>) anniversary of the Commencement Date, Tenant shall procure, at the sole cost of Tenant, a Property Condition Assessment baseline report (PCA) to be prepared, written and signed by a licensed professional engineer qualified to assess the condition of the Demised Premises and all Building Improvements, fixtures and equipment made a part thereto pursuant to the then-operative version of ASTM International Standard Designation E2018 as of the date the PCA is performed. If at that time, for any reason, ASTM International no longer publishes standards for conducting property condition assessments for commercial real estate in the United States, Landlord and Tenant shall mutually agree to adopt another similar standard of practice to be performed by qualified third parties recognized and accepted by the commercial real estate industry in the United States.

For any portion of the Demised Premises designed and constructed with the intent to be used for the storage and movement of aircraft, the PCA shall also include an aircraft pavement condition assessment performed for such areas in accordance with FAA Advisory Circular 150/5380-7A “Airport Pavement Management Program” and ASTM Standard Designation D5340 “Standard Test Method for Airport Pavement Condition Index Surveys” (or their respective operative standard in effect at the time of the PCA report date) (the “Pavement Standards”). If no such standard exists at the time, the pavement condition assessment shall be performed based on prevailing industry standards as of the date of the assessment.

A. Within thirty (30) calendar days of the published date of the PCA report Tenant shall deliver to Landlord a complete signed original copy of the PCA report together with the aircraft pavement condition assessment, if any, together with:

(1.) “**Tenant’s Remedy Plan**”, a written plan prepared by Tenant itemizing and given in sufficient detail Tenant’s plan to remedy and cure, at Tenant’s sole cost and expense, any and all physical deficiencies and, or Deferred Maintenance matters identified and communicated in the PCA report. Tenant’s Remedy Plan shall indicate, among other things, that all work will be completed in a good and workman like condition pursuant to all local building codes and ordinances as required by the Lease within one hundred and eighty (180) calendar days from the date of the PCA’s published report date (the “Remedy Period”) unless otherwise agreed to in writing by Landlord.

(a.) If the pavement condition index (PCI), as defined in the Pavement Standards, reflects a score less than 70 (or its equivalence) the Tenant’s Remedy Plan shall set forth in sufficient detail Tenant’s intended remedy and cost estimate necessary to increase the aircraft pavement PCI score to a minimum of 70 within the Remedy Period.

(b.) In the event the PCA recommends supplemental testing or evaluation of any building component including, but not limited to, structural, building envelope, roofing, HVAC, plumbing, electrical, fire alarm and suppression, elevator, hangar door and/or door operators, environmental, pavement and ADA, Tenant’s Remedy Plan shall reflect Tenant’s plan to complete such supplemental investigations as recommended within the Remedy Period.

(2.) “**Tenant’s Facility Maintenance and Repair Plan**” (or “Maintenance Plan”) which sets forth in sufficient detail Tenant’s stated itemized objectives to maintain and keep all building components and systems, pavement and landscaped areas in good condition and repair together with any planned capital repairs, including those cited in the PCA report and any capital improvements planned within the next ten (10) years following the PCA published report date. Additionally, the Maintenance Plan should include but not be limited to the following:

(a.) Tenant’s schedule and checklist for periodic self-inspection of all major building components and systems on annualized basis.

(b) Tenant shall periodically update the Maintenance Plan to reflect scheduled repairs made together with itemized repair costs given, new conditions found as a result of Tenant’s periodic self-inspections and Tenant’s plan to maintain or repair said condition.

B. If Tenant fails to deliver to Landlord a complete signed original Baseline PCA Report, Tenant’s Remedy Plan and Tenant’s Facility Maintenance and Repair Plan as required herein. Landlord may provide written notice thereof to Tenant. Tenant shall have sixty (60) business days after receipt of such notice to provide such report or plan. Tenant’s failure to provide the documentation required herein shall be considered an event of default of the Lease. Tenant’s failure to promptly remedy any physical deficiency (ies) identified and communicated in any PCA report as required herein is also considered an event of default under the Lease. In the event of such default(s), in addition to all other rights and remedies available to Landlord under the Lease and by law, Landlord may, but not be obligated to, cause such reports and plans to be prepared and implemented as deemed commercially reasonable; and all reasonable costs therefore expended by

Landlord plus interest thereon as provided for in [Section 39](#) of the Lease shall be paid by Tenant upon demand.

**V. Requirement for Subsequent Baseline Property Condition Report Updates, Tenant Remedy Plan Updates and Tenant’s Facility Maintenance and Repair Plan Updates:**

A. Upon each ten (10) year anniversary of the Commencement Date (but in no event later than two (2) years after each ten-year anniversary) Tenant shall procure, at its sole cost and expense, a PCA update (including aircraft pavement condition assessment) with the subsequent PCA report being of similar form and scope as the initial baseline PCA outlined above. Consideration should be given to the age of all building components and whether any special assessments might be warranted. Within thirty (30) business days of the published date of the subsequent PCA report, Tenant shall deliver to Landlord a complete signed original of the subsequent PCA report together with the aircraft pavement condition assessment findings. Simultaneously, Tenant shall deliver to Landlord its Tenant Remedy Plan setting forth Tenant’s itemized and detailed plan for remedying and curing all physical deficiencies and/or Deferred Maintenance matters identified and communicated in the subsequent PCA report. Similarly, Tenant shall also deliver to Landlord Tenant’s Facility Maintenance and Repair Plan updated to reflect the most recent subsequent PCA report findings and recommendations.

B. With no less than sixty (60) months remaining until the Lease Expiration Date, Landlord shall give written notice to Tenant whether to:

1. Procure, at Tenant’s sole cost and expense, a final PCA report (including aircraft pavement condition assessment) with the final PCA report being of similar form and scope as the initial baseline PCA outlined above (the “Final PCA Report”). Consideration should be given to the age of all building components and whether any special assessments might be warranted. Within thirty (30) business days of the published date of the Final PCA Report, Tenant shall deliver to Landlord a complete signed original of the Final PCA Report together with the aircraft pavement condition assessment findings. Simultaneously, Tenant shall deliver to Landlord its Tenant Remedy Plan setting forth Tenant’s itemized and detailed plan for remedying and curing all Physical Deficiencies and/or Deferred Maintenance matters identified and communicated in the Final PCA Report. Similarly, Tenant shall also deliver to Landlord Tenant’s Facility Maintenance and Repair Plan updated to reflect the Final PCA Report findings and recommendations. which are to be implemented through the Lease Expiration Date.

or,

2. Plan for, prepare and implement the demolition and removal of the Building Improvements as set forth in [Section 28.C.](#) of the Lease.

**VI. *Qualification of Property Condition Reviewer:*** The qualifications of a third-party consultant performing or overseeing the PCA shall be:

1. Licensed in the state of Texas as a professional architecture or engineer;
2. Demonstrated experience working with general aviation type properties;

3. Having working knowledge of relevant FAA Advisory Circulars and ASTM Standards relating to facility and pavement maintenance and survey standards affecting the subject property type and scope (size and complexity, etc.); and
4. Experience preparing property condition reports.

**VII. *Record Retention:*** Throughout the Term Tenant shall diligently gather and retain in an orderly manner all documentation affecting and relating to the Building Improvements and any fixtures or equipment made a part of the Demised Premises. To the extent possible the Tenant shall retain digital copies of all such documentation, which can be easily reviewed, inspected and sourced. All such documents are to be made available to each consultant assigned to perform the property condition assessment and pavement condition analyses.

Such documents to be retained should include but not be limited to:

1. Site plan – updated as necessary.
2. Property Survey – updated as necessary to reflect any changes to the Demised Premises.
3. Construction and “as-built” drawings together with written building specifications.
4. Certificate of Occupancy and building permits.
5. Building Owner’s Manual received from the General Contractor.
6. Pavement Condition Assessment Reports (aircraft apron and other).
7. Insurance casualty claims and adjustment reports affecting the Building Improvements.
8. Description of future/planned material improvement or repairs.
9. Outstanding notices and citations for building, fire, and zoning code and ADA violations.
10. Previously prepared, if any, Property Condition Assessment reports or engineering testing and surveys pertaining to any aspect of the subject property’s physical condition.
11. Lease listing literature, listing for sale, marketing/promotional literature such as photographs, descriptive information, reduced floor plans, etc.
12. Periodic inspection reports (self or third-party) and supporting documentation.
13. Irrigation plans updated as needed.
14. Operating manuals, instructions, parts lists.

**VIII. *Reversionary Process (at Lease Expiration or Early Termination):*** Provided Landlord has not already given written notice to Tenant that Landlord has elected to require Tenant to demolish and remove any or all of the Building Improvements from the Demised Premises as set forth in [Section 28.C](#) of the Lease; pursuant to the terms and conditions of the Lease, unless otherwise amended or modified the Lease is due to expire at the end of the Lease Expiration Date at which time any and all Building Improvements and any subsequent improvements and alterations made thereto as defined in the Lease revert and become under the ownership of the



Landlord. If Tenant is not then in default of the Lease, Tenant shall have the right to remove all personal property and trade fixtures owned by the Tenant from the Demised Premises, but Tenant shall be required to repair any damage to the Demised Premises caused by such removal, which work shall be conducted in a good and workmanlike manner and at Tenant's sole cost and expense.

Accordingly, in order to facilitate an orderly transfer of all the ownership interests of the Demised Premises, Tenant shall deliver or cause to be delivered to Landlord all of the following on or before the Expiration Date, or earlier termination of the Lease:

Tenant's Representations: Tenant shall certify to Tenant's knowledge and attest in writing, in a form acceptable to Landlord:

1. Tenant conveys to Landlord in good and indefeasible title all the Building Improvements free and clear of any and all liens, assessments, security interests and other monetary encumbrances; and
2. There are no lessees or sub-lessees in possession of any portion of the Building Improvements, tenants at sufferance or trespassers; and
3. There are no mechanic's liens, Uniform Commercial Code liens or unrecorded liens against the Building Improvements, and all obligations of Tenant arising from the ownership and operation of the Demised Premises and any business operated on the Building Improvements including but not limited to taxes, leasing commissions, salaries, contracts, and similar agreements, have been paid or will be paid before the Expiration Date; and
4. There is no pending or threatened litigation, condemnation, or assessment affecting the Building Improvements; and
5. Tenant has disclosed to Landlord any and all known conditions of a material nature with respect to the Building Improvements which may affect the health or safety of any occupant of the Demised Premises; and
6. Except as otherwise disclosed in writing by Tenant to Landlord, the Building Improvements do not contain, to Tenant's actual knowledge, any known Hazardous Materials other than lawful quantities properly stored in containers in compliance with applicable laws. For the purpose herein, "Hazardous Materials" means any pollutants, toxic substances, oils, hazardous wastes, hazardous materials or hazardous substances as defined in or pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Clean Water Act, as amended, or any other federal, state or local environmental law, ordinance, rule, or regulation, whether existing or subsequently enacted during the Term; and
7. Any Rent and monies due under the Lease unless paid in full; and
8. A Bill of Sale conveying personal property remaining or left on the Demised Premises, if any, free and clear of liens, security interest and encumbrances; and
9. All plans, drawings and specifications respecting the Building Improvements, including as-built plans and specifications, landscape plans, building system plans (HVAC, Telecom/Data, Security System, plumbing) air-conditioning in Tenant's possession or control; and

10. Inventory with corresponding descriptions and identification of all keys, lock combinations, access codes and other such devices or means to access every securable portion, compartment, cabinet, panel, closet, gate or point of entry within the Demised Premises; and
11. All soil reports, engineering and architectural studies, grading plans, topographical maps, feasibility studies and similar information in Tenant's possession or control relating to the Demised Premises; and.
12. A list and complete copies of all current service contracts, maintenance contracts, management contracts, warranties, licenses, permits, operating agreements, reciprocal easement agreements, maps, if any, applicable to the Demised Premises, certificate of occupancy, building inspection approvals and covenants, and conditions and restrictions respecting the Demised Premises; and
13. Copies of all utility bills (electric, water/sewer and gas) and similar records respecting the Building Improvements for the past three (3) months; and
14. A schedule of all service contracts, agreements and other documents not expressly referenced herein relating to the Demised Premises.

~End~

## LEASE ADDENDUM #2

### Existing Building Improvements, Demolition and Site Preparation

*Note: Capitalized terms used herein are the same as defined in the Lease or any Addendum other attached and made a part of the Lease unless otherwise expressly provided for. This Lease Addendum #2 is made a part of and hereby incorporated into the Lease by reference.*

1. **Existing Building Improvements:** As of the Effective Date of this Lease there are certain building improvements existing upon the Demised Premises in their as-is, where-is condition, including but not limited to a +/-14,688 square foot executive jet hangar with +/-11,294 square feet of attached office space, +/-1,814 square feet of shop space, 30 off-street vehicle parking spaces and +/-47,000 square feet of dedicated paved aircraft apron. The facility is constructed of steel frame with metal cladding. Domestic water, sanitary sewer and storm water service the Demised Premises. The Demised Premises is accessed by Jimmy Doolittle Drive, a paved airport street running east to west from the Keller Springs Road/Addison Road intersection and terminating at the entrance of the Demised Premises. Collectively, the above described shall hereinafter be referred to as the “Existing Building Improvements.”

2. Upon the Effective Date, Tenant accepts, without condition, the Demised Premises together with the Existing Building Improvements in their as-is, where-is condition (“Landlord’s Delivery of the Demised Premises”).

3. **Demolition and Site Preparation:** As of the Effective Date of this Lease, Tenant contemplates the demolition and site preparation affecting certain Existing Building Improvements, namely the paved aircraft apron within the Demised Premises. No vertical structures of the Existing Building Improvements are currently contemplated to be demolished in connection with the construction of New Building Improvements provided for in [Lease Addendum #3](#).

A. For the purposes of this [Lease Addendum #2](#), the demolition and site preparation of the existing dedicated aircraft apron described in #1 and referenced in #3 above, is and shall be deemed to be included and made a part of the New Building Improvements provided for in [Lease Addendum #3](#).

B. Notwithstanding the foregoing, in the event any Building Improvements (except for the aforementioned aircraft apron), including any future building or improvements made to, constructed, installed, located or placed upon the Demised Premises during the Term, shall, whether by (i) election of Tenant, (ii) the early termination of this Lease due to Tenant’s default of this Lease or, (iii) the expiration of the Lease pursuant to [Section 28.C](#) requiring demolition, razing, or deconstruction (“Demolition”) of any or all Building Improvements and the removal of any resulting debris, require site cleanup and site preparation necessary to restore the Demised Premises to a ‘Green Condition’ (as defined below) or, readied as necessary for the construction of any New Building Improvements (“Site Preparation”), such

Demolition and Site Preparation work shall be performed at Tenant's sole cost and expense and completed pursuant to a Demolition Work Plan (as defined below).

C. For purposes herein, a "Demolition Work Plan" is a written plan (i) prepared by a licensed engineer commissioned at Tenant's sole cost and expense setting forth (ii) the necessary and strategic steps to be followed by a licensed and authorized demolition contractor to ensure that the demolition and removal of any buildings or structures from the Demised Premises is performed safely and in accordance with local codes and ordinances, and (iii) in a manner that does not harm the environment; and (iv) does not present a nuisance to adjacent businesses, users of the airport and, community at-large; and (v) is performed pursuant to any required demolition or other applicable permits issued by the City and/or state.

D. Unless otherwise required by the Demolition Work Plan approved by Landlord, the term "Demolition" shall further mean the removal of, in their entirety, any Building Improvements, whether constructed by Tenant, their sublessees, or others before them, above and/or below the prevailing ground elevation or "grade," including but not limited to, foundations, piers and footings, structures, buildings, utility lines, transformer vaults and all other service facilities constructed or installed upon the Demised Premises, leaving the land free of debris in a level, graded condition, with no excavations, holes, hollows, hills or humps (hereinafter referred to as a "Green Condition"). All such removal and restoration shall be performed in a good and workmanlike manner, in accordance with all applicable ordinances, codes, rules and regulations.

E. Except for instances of delays covered by Force Majeure (pursuant to [Section 42](#) of the Lease) or those delays directly caused by Landlord, Tenant's failure to execute the completion of the approved Demolition Work Plan within six (6) full calendar months following the commencement of said demolition and site work shall be a Default by Tenant pursuant to [Section 23](#) of the Lease. For the purposes of this Lease Addendum #2, 'completion' shall mean (i) the Demolition Work Plan has been completed in full and all obligations thereunder fulfilled by Tenant and Tenant has fully complied with and met all conditions of any permit(s) issued by the City or state.

#### 4. **Construction Insurance, Payment and Performance Bond:**

A. During any period of Demolition, Tenant or Tenant's demolition contractor shall obtain at Tenant's or Tenant's contractor's sole cost and expense and keep in full force and effect:

(i) Commercial General Liability insurance in conformance with [Section 13](#) of the Lease; and

(ii) Statutory limits of worker's compensation insurance in conformance with [Section 13](#) of the Lease.

B. Before any Demolition commences on the Demised Premises, Tenant shall deliver or cause to be delivered the following surety bonds to Landlord, which said surety bonds

shall be issued in conformance with state law naming Tenant and Landlord as joint obligees of said surety bonds:

(i) Tenant shall cause its contractor(s) to provide a Texas Payment Bond (private work) in the penal sum equal to 100% of the contracted amount for the demolition, removal and legal discharge and disposal of all debris as required by the Demolition Work Plan (“Payment Bond”) to ensure that all materials, equipment and labor are paid claim free.

(ii). Tenant shall cause its contractor(s) to provide a Texas Performance Bond (private work) in the penal sum equal to 100% of the total contracted amount (“Performance Bond”) to ensure that the work is completed in accordance with the Demolition Work Plan.

(iii) Prior to commencement of work, all surety bonds shall be duly recorded with the county clerk of Dallas County, when required to be enforceable, with a copy of same delivered to Landlord.

(iv) Upon completion of the contract, Tenant shall publicly record a release of each surety bond and provide Landlord with a copy.

(v) The surety company providing the Payment and Performance Bonds shall have an A.M. Best rating of B+ VI or better for the past four (4) calendar quarters.

5. Should Tenant be in default of the Lease after any applicable cure period pursuant to [Section 23](#) of the Lease prior to completion of the Demolition Work Plan, Landlord shall, in addition to and without waiving any other remedies available to Landlord under [Section 24](#) of the Lease, be entitled to the following:

**A.** If Tenant has commenced work on the approved Demolition Work Plan but has not achieved substantial completion at the time Landlord delivers its written notice of default under Section 23 of the Lease, Landlord shall have the right to re-enter the Demised Premises to complete or cause the completion of the Demolition in accordance with the approved Demolition Work Plan, which said costs of completion by Landlord shall be at Tenant’s sole cost and expense. Tenant shall promptly reimburse Landlord within thirty (30) days of Tenant’s receipt of Landlord’s final invoice for costs incurred to complete Demolition in accordance with the Demolition Work Plan. Provided Tenant timely reimburses Landlord as set forth herein and Landlord has no further claims against Tenant, except where the Survivability of Rights and Remedies are provided for in [Section 52](#) the Lease, Landlord may, at its sole and absolute discretion declared the Lease null and void with no further obligation of one party to the other.

**B.** Tenant’s failure to timely reimburse Landlord under Paragraph 7.A. above shall constitute an Event of Default under the Lease and shall be eligible, without exception, for recovery by Landlord under the Payment and Performance Bonds required of Tenant under Paragraph 5 above.

**C.** In the event Tenant is required to surrender possession of the Demised Premises under this Paragraph 5, Tenant shall deliver the Demised Premises to Landlord in a Green Condition. Notwithstanding the foregoing, in the event Tenant does not deliver the

Demised Premises in a Green Condition, Landlord shall provide Tenant written notice allowing Tenant fourteen (14) days to restore the Demised Premises to a Green Condition and deliver in such condition to Landlord. If Tenant fails to restore the premises to a Green Condition and deliver in such condition to Landlord within fourteen (14) days, Landlord may without waiving any other of its rights and remedies available to it under the Lease enter and restore the Demised Premises to a Green Condition at Tenant's sole cost and expense. Tenant shall promptly reimburse Landlord within thirty (30) days of Tenant's receipt of Landlord's final invoice for said demolition work. Provided Tenant timely vacates the Demised Premises as required herein and timely reimburses Landlord for the Demolition work, and Landlord has no further claims against Tenant, except where the Survivability of Rights and Remedies are provided for in [Section 53](#) of the Lease, Landlord may, at its sole and absolute discretion declare the Lease null and void with no further obligation of one party to the other.

6. The parties hereby agree and acknowledge time is of the essence with respect to the obligations of the parties under this [Lease Addendum #2](#). Landlord and Tenant agree to collectively cooperate and coordinate with one another as necessary in order to facilitate the remediation (if any) and Demolition contemplated herein. The parties acknowledge that, due to the nature of the work contemplated in this [Lease Addendum #2](#), unknown circumstances may arise that result in a material effect upon the timelines set forth herein that may not constitute an Event of Force Majeure under [Section 42](#) of the Lease. In the event of such circumstances and provided each party is diligently pursuing their respective duties and obligations herein, the parties may, upon mutual written agreement, amend or modify the timeline(s) to better suit the overall objective and outcome of the affected work.

~ End ~

## LEASE ADDENDUM #3

### CONSTRUCTION OF NEW BUILDING IMPROVEMENTS

*Note: Capitalized terms used herein are the same as defined in the Lease or any Addendum other attached and made a part of the Lease unless otherwise expressly provided for. This Lease Addendum #3 is made a part of and hereby incorporated into the Lease by reference.*

#### A. New Building Improvements.

1. It is herein contemplated by Landlord and Tenant, as a condition for Landlord to lease the Demised Premises to Tenant pursuant to the terms and conditions of this Lease, Tenant shall construct or cause to be constructed on the Demised Premises, at Tenant's sole cost, expense and risk, certain land improvements hereinafter referred to as "Aircraft Apron Improvements" which are more fully described in Section B below and in [Exhibit 4A](#), which is attached to the Lease and incorporated herein by reference.

2. Furthermore, provided Tenant (i) has completed the Aircraft Apron Improvements or is able to demonstrate to Landlord's satisfaction, which shall be in Landlord's sole and absolute discretion, Tenant's good faith effort and financial commitment to complete the Aircraft Apron Improvements in a timely manner; and (ii) is not then in default of the Lease, Tenant has the option to construct, at Tenant's sole cost, expense and risk, a general aviation terminal building designed to support Tenant's international and domestic fixed based aeronautical operations ("Terminal Building Improvements"), which shall be Substantially Complete (as the term is defined in Section D.4 below) within the first thirty-six (36) months following the Commencement Date of the Lease, as more fully described in Section C hereinbelow and in [Exhibit 4B](#), which is attached to the Lease and incorporated herein by reference.

#### B. Aircraft Apron Improvements.

1. The Aircraft Apron Improvements described in [Exhibit 4A](#) of the Lease are to be constructed in accordance with plans and specifications prepared by a state licensed architect and/or engineer retained by Tenant (the "Apron Design Plan"), which said Apron Design Plan shall be submitted to Landlord for approval evidenced by the issuance of a building permit necessary to construct the Aircraft Apron Improvements.

2. Tenant shall bear all cost and expense for the demolition and removal of any Existing Building Improvements on or in the Demised Premises in accordance with the Apron Design Plan.

3. Similarly, Tenant is responsible for making all Utility connections, if required, pursuant to [Section 16](#) of the Lease.

- 4.** Tenant is obligated to obtain all pre-construction permits and approvals deemed necessary, including but not limited to those itemized in Section D.3. below, prior to the commencement of construction.
- 5.** If Tenant fails to submit the Apron Design Plan to the Landlord for application of a building permit to construct the Aircraft Apron Improvements within six (6) full calendar months following the Effective Date of the Lease then, such failure shall constitute an Event of Default of the Lease subject to notice and cure provision of [Section 23.B](#) of the Lease as well as the rights and remedies of Landlord set forth below in subparagraph #10, hereinbelow.
- 6.** Construction of the Aircraft Apron Improvements shall commence no later than ninety (90) calendar days after Landlord gives its approval of the Apron Design Plan. If the Construction Commencement Date (as defined in [Section D.1.](#) below) does not occur within twelve (12) calendar months after the Effective Date of the Lease, then such failure shall constitute an Event of Default, subject to the notice and cure provisions of [Section 23.B](#) of the Lease as well as the rights and remedies of Landlord set forth below in subparagraph #10, hereinbelow.
- 7.** Should Tenant fail to Substantially Complete (as defined in [Section D.4.](#) below) the Aircraft Apron Improvements on or before the twelfth (12th) full calendar month after the Construction Commencement Date (the “[Substantial Completion Date](#)”), Tenant shall pay Landlord Four Hundred Dollars (\$400.00) as Additional Rent for each and every day thereafter until Substantial Completion is achieved. Said Additional Rent shall accrue in arrears monthly on a per diem basis and be payable by Tenant upon receipt of invoice from Landlord subject to [Section 39](#) of the Lease.
- 8.** Should Final Completion (as defined in [Section D.5](#) below) of the Aircraft Apron Improvements not occur within three (3) full calendar months after the Substantial Completion Date (the “[Final Completion Date](#)”), then Tenant shall pay Landlord One Hundred Dollars (\$100.00) as Additional Rent for each and every day thereafter until Final Completion is achieved. Said Additional Rent shall accrue in arrears monthly on a per diem basis and be payable by Tenant upon receipt of invoice from Landlord subject to Section 39 of the Lease.
- 9.** Should Substantial Completion not occur within eighteenth (18) full calendar months after the Construction Commencement Date, excepting delays fairly attributed to events of Force Majeure, such delay is an Event of Default, subject to the notice and cure provisions of [Section 23.B](#) of the Lease and rights and remedies of Landlord set forth below in subparagraph #10, hereinbelow.
- 10.** Should there be an occurrence of an Event of Default under subparagraph #5, #6, or #9 above and after any notices and cure period required under [Section 23](#) of the Lease, among the rights and remedies available to Landlord under [Section 24](#) of the Lease, Landlord may also make written demand of Tenant (“[Default Notice](#)”, without terminating the Lease, to surrender to Landlord Property #0240, the original 1.8-acre vacant parcel of



airport land to Landlord (4553 Jimmy Doolittle Dr.; ALP-A6) as described in Exhibit #2 and Exhibit #3 of the Ground Lease by amending the Lease (the “Apron Improvements Default Amendment”) and causing the Demised Premises of the Lease to revert to its prior 2.25-acre description given in the 4550 Jimmy Doolittle Ground Lease, as otherwise amended and modified. The Base Rent, as adjusted, shall be pro-rated proportionately on a gross square footage basis between the surrendered and remaining portion of the Demised Premises. All other terms and conditions of the Lease shall remain unchanged and remain in full force and effect without interruption. As a condition precedent to the Apron Improvements Default Amendment, Tenant shall, at Tenant’s sole cost and expense, upon receipt of Landlord’s Demand Notice, restore that portion of the Demised Premises to be surrendered to Landlord to a condition similar as it was found immediately prior to the Effective Date of this Lease (or as otherwise reasonably directed by Landlord). Notwithstanding the foregoing, Landlord reserves all rights and remedies afforded to it under Section 24 of the Lease and by law in the event Tenant fails to cooperate and timely comply with the provisions of this subparagraph #10, including but not limited to Landlord’s right to (i) re-enter and re-possess all or any portion of the Demised Premises; (ii) terminate Tenant’s right of possession for same; (iii) restore the land to an approximation of its original condition prior to the Lease or complete the Airport Apron Improvements per the Design Plan at Tenant’s sole cost and expense; and (iv) file a monetary claim against any payment and/or performance bond or, irrevocable standby letter of credit (as the obligee or beneficiary, as the case may be) in effect pursuant to Section D of this Lease Addendum #3, hereinbelow.

**C. Terminal Building Improvements.**

1. Should Tenant so elect to construct the Terminal Building Improvements described hereinbelow and as set forth in Exhibit 4B of the Lease, the Terminal Building Improvements are to be constructed in accordance with plans and specifications prepared by a state licensed architect and/or engineer retained by Tenant (the “Terminal Building Design Plans”), which said Terminal Building Design Plans shall be submitted to Landlord for approval evidenced by the issuance of a building permit necessary to construct the Terminal Building Improvements.

2. Tenant shall bear all cost and expense for the demolition and removal of any Existing Building Improvements on, or in the Demised Premises in accordance with the Terminal Building Design Plan. Tenant is responsible for all Utility connections pursuant to Section 16 of the Lease.

3. The minimum construction value (separate and apart from the cost of design) of the Terminal Building Improvements shall exceed Three Million Dollars (\$3,000,000.00) (the “Terminal Building Construction Value”), and Tenant shall submit to Landlord upon request all commercially reasonable evidence of such Terminal Building Construction Value in a form acceptable to Landlord (the “Terminal Building Construction Value Evidence”). For purposes hereof, reasonable evidence of the Terminal Building Construction Value would be satisfied with the uses of the American Institute of Architects

(AIA) G702 Application for Payment form (or of similar form acceptable to Landlord) certified by the Tenant, owner, architect or engineer and, Tenant's general contractor to be true and correct to their best knowledge.

**4.** Tenant is obligated to obtain all pre-construction permits and approvals deemed necessary, including but not limited to those itemized in Section D.3. below, prior to the commencement of construction.

**5.** Construction of the Terminal Building Improvements should commence no later than ninety (90) calendar days following Landlord's written approval of the Terminal Building Design Plans. Notwithstanding the foregoing, except for events of force majeure or allowance for any cure period following written notice given by Landlord under [Section 23](#) of the Lease, should the Construction Commencement Date of the Terminal Building Improvements fail to occur within the first full thirty-six (36) months following the Effective Date of the Lease, Landlord has the option, in its sole and absolute discretion, by way of written notice to: (i) rescind and cancel any and all building permits issued to Tenant by Landlord, and (ii) Tenant shall forfeit any and all rights to the Extended Term Option provided for in Section 2.B of the Lease.

**6.** Once Tenant achieves a Construction Commencement Date (as defined in [Section D.3](#) below) for the Terminal Building Improvements, Tenant shall complete construction of the Terminal Building Improvements with commercially reasonable diligence and without interruption, "construction downtime" (as the term is generally recognized within the industry) or, abandonment by Tenant (including without limitation their contractors, sub-contractors and/or vendors of the project). Except for Force Majeure provided for under [Section 42](#) of the Lease and after any notices and cure period required under [Section 23](#) of the Lease:

- a).** Should Tenant fail to achieve Substantial Completion (as defined in [Section D.4](#) of this [Lease Addendum #3](#)) of the Terminal Building Improvements on or before the first day of the twenty-fourth (24<sup>th</sup>) full calendar month following the Terminal Building Improvements Construction Commencement Date, Tenant shall pay Landlord One Hundred and Fifty Dollars (\$150.00) as Additional Rent for each and every day thereafter until Substantial Completion is achieved. Said Additional Rent shall accrue in arrears monthly on a per diem basis and be payable by Tenant upon receipt of invoice from Landlord subject to [Section 39](#) of the Lease.
- b).** In the event Tenant fails to achieve Substantial Completion on or before the thirty-sixth (36<sup>th</sup>) full month following the Terminal Building Improvements Construction Commencement Date, the Extended Term for which Tenant is eligible under [Section 2.B](#) of the Lease shall be reduced by six (6) months for each and every full calendar month thereafter until Substantial Completion is achieved.

- c). If Final Completion (as defined in Section D.5 below) of the Terminal Building Improvements has not occurred within three (3) full calendar months after the Substantial Completion Date (the “Final Completion Date”), then Tenant shall pay Landlord One Hundred Dollars (\$100.00) as Additional Rent for each and every day thereafter until Final Completion is achieved. Said Additional Rent shall accrue in arrears monthly on a per diem basis and be payable by Tenant upon receipt of invoice from Landlord subject to [Section 39](#) of the Lease.
- d). Should the Terminal Building Improvements (i) be subjected to excessive construction downtime or, abandonment by Tenant as deemed by Landlord, in its sole and absolute discretion, for a period of ninety (90) consecutive days, or more, or (ii) Tenant fails to achieve Substantial Completion of the Terminal Building Improvements within forty-eight (48) full calendar months following the Terminal Building Construction Commencement Date, Landlord may make written demand of Tenant (“Default Notice”, without terminating the Lease, to surrender Property #0240, the original 1.8-acre vacant parcel (4553 Jimmy Doolittle Dr.; ALP-A6) of airport land (the “Surrendered Premises”) to Landlord by amending the Lease (the “Terminal Building Default Amendment”) and causing the Demised Premises of the Lease to revert to its prior 2.25-acre description given for Property #0200 (located at 4550 Jimmy Doolittle / ALP-A5) in Exhibit #2 and Exhibit #3 of the Ground Lease. The Base Rent, as adjusted, shall be pro-rated proportionately on a gross square footage basis between the Surrendered Premises and the remaining Demised Premises. All other terms and conditions of the Lease shall remain unchanged and remain in full force and effect without interruption. As a condition precedent to the Terminal Building Default Amendment, prior to Tenant’s transfer of the Surrendered Premises to Landlord, Tenant shall, at Tenant’s sole cost and expense, leave the Surrendered Premises in a commercially reasonable clean and safe condition, including without limitation, the removal of all construction tools, equipment (mechanical and otherwise), vehicles and construction trailers. Should Tenant fail to leave the Demised Premises in such condition, Landlord shall provide Tenant with fourteen (14) days written notice to remedy any deficiency. Thereafter, Landlord has the right to restore or cause to restore the Surrendered Premises to a commercially reasonable clean and safe condition as called for herein, the costs of which shall be at Tenant’s sole cost and expense. Tenant shall promptly reimburse Landlord within thirty (30) days of Tenant’s receipt of Landlord’s final invoice for said work.
- e). Notwithstanding the foregoing, Landlord reserves all rights and remedies afforded to it under [Section 24](#) of the Lease and by law in the event Tenant fails to cooperate and timely comply with the provisions of this sub-section C of this Lease Addendum #3, including without limitation the right to file a monetary claim against any payment and/or performance bond or irrevocable standby letter of credit (as the obligee or beneficiary, as the case may be) in effect pursuant to Section D of this Lease Addendum #3, below.

**D. General Provisions Regarding Construction of New Building Improvements (including but not limited to Sections B and C above).**

1. For the purposes of this Lease the term “New Building Improvements” may refer to the Aircraft Apron Improvements, the Terminal Building Improvements, or for any future building improvements made to the Demised Premises by Tenant or Tenant’s sublessees, if any.

2. For the purposes of this Lease the term “Design Plan” may refer to the Apron Design Plan, the Terminal Building Design Plan, or for any future building improvement design plans prepared by a state licensed architect and/or engineer retained by Tenant or Tenant’s sublessee, if any.

3. The Construction Commencement Date shall be deemed to have occurred after each of the following events has occurred: (“Construction Commencement Date”):

a). Approval of the Design Plan by Landlord which shall not be unreasonably conditioned, delayed or withheld;

b). Tenant has been issued the required building permit(s) or licenses necessary to construct the New Building Improvements on the Demised Premises;

c). Tenant shall have received (and shall have provided a true and correct copy to the Landlord) the FAA’s determination to Tenant’s filing of Form 7460 Notice of Proposed Construction or Alteration (or any other similar filing required by a governmental agency with oversight of the Airport);

d). Execution of a contract with a qualified general contractor, proof of required insurance and, a Letter of Credit or Payment and Performance Bond, as the case may be, as required under sub-paragraph B, below, and

e). The initiation of actual mobilization of construction equipment on the Demised Premises; and

f). Landlord gives Tenant written notice it may proceed with construction of the New Building Improvements, that each of the foregoing items has occurred in a form reasonably satisfactory to Landlord (“Landlord’s Notice to Proceed”).

4. “Substantial Complete” or “Substantial Completion” of the New Building Improvements shall be deemed to have occurred upon the earlier of: (i) issuance by Landlord of a certificate of temporary or final occupancy for any portion of the New Building Improvements, if required, or (ii) Tenant’s use of any portion of the New Building Improvements pursuant to Section 5 of the Lease.

5. “Final Completion” of the construction of the New Building Improvements shall be deemed to occur upon the issuance by Tenant’s architect who designed the Building Improvements of such documentation as may be necessary to establish the final completion (closeout) of the construction of the New Building 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.

6. Any architect or engineer of Tenant pursuant to this Lease Addendum #3 shall be duly licensed to practice architecture or engineering, as the case may be, 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, and consequential damages) or injury (including, without limitation, claims for personal injury or death, or property damage or destruction, or economic loss), liens and any and all other liabilities and obligations which arise in connection with such construction, 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 (TOGETHER, FOR PURPOSES OF THIS SUBSECTION, THE “DAMAGES”), **INCLUDING SUCH COSTS, EXPENSES, CLAIMS, DAMAGES, PENALTIES, FINES, LIENS LIABILITIES, AND OBLIGATIONS WHICH ARE ALLEGED OR FOUND TO HAVE BEEN CAUSED BY OR RESULT FROM, IN WHOLE OR IN PART, THE NEGLIGENCE OF ANY OF THE INDEMNIFIED PARTIES (BUT NOT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTIES), OR CONDUCT BY THE INDEMNIFIED PERSONS THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, OR THE VIOLATION OF ANY TERM OF THE LEASE WITHOUT LIMITATION. 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 INDEMNIFIED PARTIES. 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 PARTIES’ PROPORTIONATE SHARE OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AS DETERMINED BY A COURT OR OTHER FORUM OF COMPETENT JURISDICTION, THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND, THAT CAUSED THE DAMAGES. LIKEWISE, TENANT’S LIABILITY FOR THE INDEMNIFIED PARTIES’ DEFENSE COSTS AND ATTORNEYS’ FEES SHALL BE REDUCED BY A PORTION OF THE DEFENSE COSTS AND ATTORNEYS’ FEES EQUAL TO THE INDEMNIFIED PARTIES’ PROPORTIONATE SHARE OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AS DETERMINED BY A COURT OR OTHER FORUM OF COMPETENT JURISDICTION, THAT WOULD GIVE RISE TO THE STRICT LIABILITY OF ANY KIND, THAT CAUSED THE DAMAGES.** It is expressly understood and agreed that Tenant’s construction of the Building Improvements shall include the finish-out in accordance with the plans and specifications for the finish-out of the New

Building Improvements as submitted by Tenant to Landlord and approved in writing by Landlord, such approval not to be unreasonably withheld, delayed or conditioned.

**7.** 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.

**8.** After the Construction Commencement Date, Tenant shall complete construction of the New Building Improvements with reasonable diligence, without material deviation from the Design Plan, and any material deviation from the Design Plan shall be subject to the prior review and approval of Landlord.

**9.** Tenant agrees that any construction or modification of the Building Improvements or any other improvements which may be authorized in writing by Landlord on or within the Demised Premises shall be performed in strict compliance with all Laws. Tenant recognizes that construction/maintenance standards and specifications, the Town of Addison'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 Building Improvements pursuant to the approved Design Plan.

**10.** With respect to Title III of the Americans With Disabilities Act of 1990, Tenant acknowledges and agrees it shall remain fully responsible and obligated over the Term to construct, alter and maintain the Building Improvements in accordance with the prevailing ADA Act. Furthermore, Tenant shall ensure no person or groups of persons shall, on the grounds of race, color, sex, religion, national origin, age, disability, retaliation or genetic information, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the ADA Act. Tenant shall give Landlord written notice within ten (10) days of Tenant having knowledge or written notice of any ADA Act violation or claim of violation from any governmental entity with authority on such matters or from any third party.

**11.** 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.

**12.** 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. Landlord shall coordinate access with Tenant's designated personnel prior to a site visit. Tenant reserves the right to deny access to Landlord if OSHA safety requirements aren't followed.

**E. Construction Insurance, Performance and Performance Bond or Irrevocable, Stand-by Letter of Credit:**

In addition to the applicable insurance requirements set forth in [Section 13](#) of the Lease, prior to Landlord giving its Notice to Proceed to Tenant provided for in Section D.3. above, Tenant shall deliver to Landlord the following:

1. 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 \$10,000 or deductibles imposed by carrier due to state market conditions.

2. Prior to mobilization of any construction on the Demised Premises, Tenant shall obtain or cause to obtain, at its sole cost and expense, and shall keep in full force and effect during any period of construction through Final Completion of any Building Improvements under this Lease either (at Tenant's election):

a. A Performance Bond and a Payment Bond guaranteeing, respectively, 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 Building Improvements), in the penal sum of one-hundred percent (100%) of the construction costs. Tenant shall pay or cause to have paid the premiums for such bonds. Bonds shall be issued by a surety company satisfactory to the Landlord, licensed by the State of Texas to act as a Surety, and listed on the current U.S. Treasury Listing of Approved Sureties. All forms shall be made on a form complying with the requirements of the laws of the State of Texas and satisfactory to Landlord. Such bonds shall be in conformance with the provisions of Chapter 2253, Tex. Gov. Code, and any successor statute thereto. Tenant and Landlord shall be named as joint obligees of all such bonds;

Or,

b. 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 Building 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 under this Lease with respect to the construction of the Building Improvements and Tenant has not cured the event of default after being given notice and a reasonable opportunity to cure as provided in this Lease.

(i). The form of such Letter of Credit is attached hereto and incorporated herein as Exhibit 5.

(ii). 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 by an amount equal to the construction costs incurred and paid by Tenant during the immediately preceding calendar quarter as demonstrated by the Construction Value Evidence submitted to Landlord.

3. After the completion of the Building Improvements contemplated by this Lease, in the event that Tenant subsequently requests the commencement of additional construction or improvements in an amount equal to or greater than Five Hundred Thousand Dollars (\$500,000), then Tenant shall provide Landlord a Payment Bond and Performance Bond or Letter of Credit in the same manner as articulated in subparagraph 2, above.

*~ End~*



Claire Chennault Partners, LLC  
4575 Claire Chennault Drive

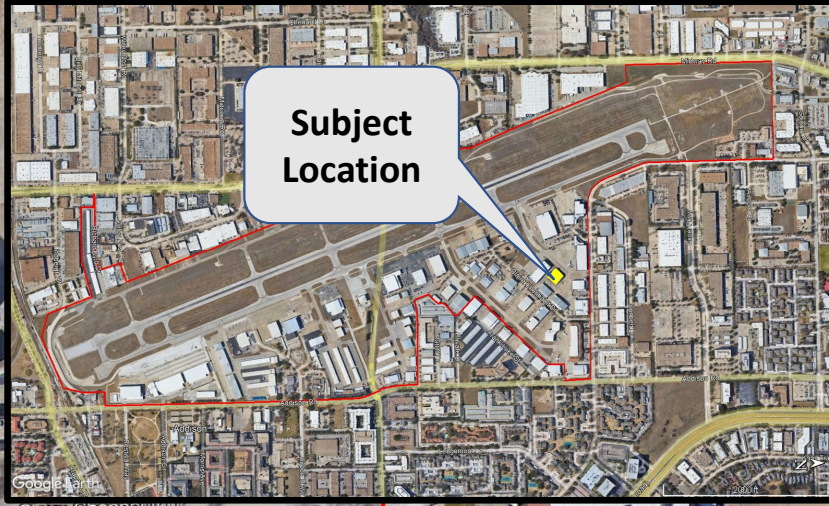
Taxilane Victor

4575

Claire Chennault Drive

Taxilane Uniform

Google Earth



Subject Location