



City of Denton

City Hall
215 E. McKinney St.
Denton, Texas 76201
www.cityofdenton.com

Meeting Agenda

Airport Advisory Board

Wednesday, June 10, 2026

3:00 PM

Airport Terminal Meeting Room

After determining that a quorum is present, the Airport Advisory Board of the City of Denton, Texas will convene in a Regular Meeting on Wednesday, June 10, 2026, at 3:00 p.m. in the Meeting Room at the Denton Enterprise Airport Terminal Building, 5000 Airport Road, Denton, Texas, at which the following items will be considered:

1. PLEDGE OF ALLEGIANCE

- A. U.S. Flag
- B. Texas Flag

“Honor the Texas Flag – I pledge allegiance to thee, Texas, one state under God, one and indivisible.”

2. PRESENTATIONS FROM MEMBERS OF THE PUBLIC

Citizens may complete one Request to Speak “Public Comment” card per night for the “Presentations from Members of the Public” portion of the meeting and submit it to the Airport Staff. Presentations from Members of the Public time is reserved for citizen comments regarding items not listed on the agenda. No official action can be taken on these items. Presentations from Members of the Public is limited to five speakers per meeting with each speaker allowed a maximum of three (3) minutes.

3. ITEMS FOR CONSIDERATION

- A. [AAB26-009](#) Consider approval of the minutes of May 13, 2026.

Attachments: [Exhibit 1 - Agenda Information Sheet](#)
 [Exhibit 2 - Draft Minutes – May 13, 2026](#)

- B. [AAB26-010](#) Receive a report, hold a discussion, and provide a recommendation to the Denton City Council regarding an update of the Airport Leasing and Development Policy.

Attachments: [Exhibit 1 - Agenda Information Sheet](#)
 [Exhibit 2 - Presentation](#)
 [Exhibit 3 - Airport Leasing and Development Policy - Final Draft for AAB consider](#)
 [Exhibit 4 - Airport Leasing and Development Policy - Final Draft or AAB consider](#)

- C. [AAB26-012](#) Receive a report, hold a discussion, and provide recommendation to City Council regarding the approval of an Airport Land Lease Agreement between the City of Denton, Texas and Sheltair Aviation Denton, LLC, at the Denton Enterprise Airport; authorizing the City Manager to execute the Airport Lease Agreement; and providing an effective date.

Attachments: [Exhibit 1 - Agenda Information Sheet](#)
[Exhibit 2 - Location Map](#)
[Exhibit 3 - Sheltair Aviation Denton, LLC Lease Agreement](#)

4. WORK SESSION

- A. [AAB26-011](#) Staff Reports:
1. Monthly Operations Report - June 2026
 2. Administrative Update - June 2026
 3. Airport Advisory Board-City Council Airport Related Items Matrix - June 2026

Attachments: [Monthly Operations Report - June 2026](#)
[Administrative Update - June 2026](#)
[Airport Advisory Board-City Council Airport Related Items Matrix - June 2026](#)

5. CONCLUDING ITEMS

A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Airport Advisory Board or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutory recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

NOTE: The Airport Advisory Board reserves the right to adjourn into a Closed Meeting on any item on its Open Meeting agenda consistent with Chapter 551 of the Texas Government Code, as amended, or as otherwise allowed by law.

Following the completion of the Regular Meeting, the Airport Advisory Board will convene in a Work Session at which the following items will be considered:

CERTIFICATE

I certify that the above notice of meeting was posted on the official website (<https://tx-denton.civicplus.com/242/Public-Meetings-Agendas>) and bulletin board at City Hall, 215 E. McKinney Street, Denton, Texas, on June 3, 2026, in advance of the three (3) business day posting deadline, as applicable, and in accordance with Chapter 551 of the Texas Government Code.

OFFICE OF THE CITY SECRETARY

NOTE: THE CITY OF DENTON'S DESIGNATED PUBLIC MEETING FACILITIES ARE ACCESSIBLE IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT. THE CITY WILL PROVIDE ACCOMMODATION, SUCH AS SIGN LANGUAGE INTERPRETERS FOR THE HEARING IMPAIRED, IF REQUESTED AT LEAST TWO (2) BUSINESS DAYS IN ADVANCE OF THE SCHEDULED MEETING. PLEASE CALL THE CITY SECRETARY'S OFFICE AT 940-349-8309 OR USE TELECOMMUNICATIONS DEVICES FOR THE DEAF (TDD) BY CALLING 1-800-RELAY-TX SO THAT REASONABLE ACCOMMODATION CAN BE ARRANGED.



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
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AGENDA INFORMATION SHEET

DEPARTMENT: Denton Enterprise Airport

ACM: Frank Dixon

DATE: June 10, 2026

SUBJECT

Consider approval of the minutes of May 13, 2026.

BACKGROUND

The draft minutes from the Airport Advisory Board meeting of May 13, 2026, are attached for the Board's consideration and approval.

EXHIBITS

1. Agenda Information Sheet
2. Draft Minutes – May 13, 2026

Respectfully submitted:
Leanne Alexander, A.C.E.
Airport Analyst

MINUTES
AIRPORT ADVISORY BOARD
May 13, 2026

After determining that a quorum was present, the Airport Advisory Board of the City of Denton, Texas convened in a Regular Meeting on Wednesday, May 13, 2026, at 3:00 p.m. in the Meeting Room at the Denton Enterprise Airport Terminal Building, 5000 Airport Road, Denton, Texas.

PRESENT: Chair Rick Woolfolk, Vice Chair Brownie Stonecipher, Members Ann Patterson, Byron Woods, Craig ORourke and Landon Huey

ABSENT: None

1. PLEDGE OF ALLEGIANCE

Members conducted the U.S. and Texas pledge of allegiance.

2. PRESENTATION FROM MEMBERS OF THE PUBLIC

None.

3. ITEMS FOR CONSIDERATION

A. Consider approval of the minutes of March 11, 2026. (AAB26-005)

The item was presented, and discussion followed.

Member Woods moved to approve the item as presented. Member ORourke seconded the motion. Motion carried.

AYES (5): Chair Woolfolk, Vice Chair Stonecipher, Members ORourke, Woods, and Huey

NAYS (0): NONE

ABSENT (1): Member Patterson

B. Receive a report, hold a discussion, and provide feedback regarding recognition of the United States Air Force training activity at Denton Enterprise Airport. (AAB26-006)

The item was presented, and discussion followed. Board members requested that a proclamation be made on behalf of Denton Enterprise Airport.

C. Receive a report, hold a discussion, and provide feedback regarding a draft update of the Airport Leasing and Development Policy. (AAB26-007)

The item was presented, and discussion followed. Board members requested the item be brought back to the Airport Advisory Board for recommendation.

4. WORK SESSION

A. Staff Reports: (AAB26-008)

- 1. Monthly Operations Report – May 2026**
- 2. Administrative Update – May 2026**
- 3. Airport Advisory Board-City Council Airport Related Items Matrix – May 2026**

The items were presented, and discussion followed. There was no direction provided as the items were for presentation/discussion purposes only.

5. CONCLUDING ITEMS

The next scheduled Airport Advisory Board meeting is June 10, 2026, at 3:00 p.m.

With no further business, the meeting was adjourned at 4:00 p.m.

X

Rick Woolfolk
Chair

X

Leanne Alexander
Recording Secretary

MINUTES APPROVED ON: _____



AGENDA INFORMATION SHEET

DEPARTMENT: Denton Enterprise Airport

ACM: Frank Dixon

DATE: June 10, 2026

SUBJECT

Receive a report, hold a discussion, and provide a recommendation to the Denton City Council regarding an update of the Airport Leasing and Development Policy.

BACKGROUND

As a recipient of Federal Aviation Administration (“FAA”) Airport Improvement Program funding, in addition to other federal funding, the City of Denton (“City”) is obligated to operate Denton Enterprise Airport (“Airport”) under FAA Grant Assurances. Among these federal obligations is the requirement to operate the Airport for the use and benefit of the public and for the Airport to be made available to all types, kinds, and classes of aeronautical activity on reasonable terms and without unjust discrimination.

These Grant Assurances further obligate the City to maintain a fee and rental structure for the facilities and services at the airport, making the Airport as self-sustaining as possible under existing circumstances and avoiding unjust economic discrimination within classes of users.

The Airport Leasing and Development Policy (“Policy”), adopted on Oct. 15, 2024, sets forth the parameters that shall be used by the City for leasing land and/or improvements for commercial or non-commercial general aviation purposes at the Airport.

When the policy was discussed by the Airport Advisory Board in September 2024, staff committed to holding a subsequent discussion with the board to provide an update on the policy and recommend any modifications, if applicable. In January 2026, the Airport Advisory Board reviewed the policy with Airport staff and provided feedback on potential modifications.

The following updates to the policy were presented to the Airport Advisory Board on May 13, 2026:

All Articles

- Minor grammatical corrections and clarifications

Article I

- New provision granting the ability of the Director to modify the Policy in certain cases. This language is consistent with similar language in the Airport Rules and Regulations (approved in October 2025) and the Airport Minimum Operating Standards.

Article II

- An Airport Pre-Leasing Application Meeting (PLAM) is required for prospective applicants.
- Establishes the documents that must be provided at the PLAM, including a site plan.
- Clarifies criteria for lease application approval:
 - Airport application approval (i.e., conformance with Principal Development Criteria);
 - Participation by the applicant in a Development Services Pre-Application Conference; and
 - Payment of the applicable fee.
- Establishes that if two or more applications are received for a property prior to any one application being approved, the Airport will initiate a Request for Proposals process.
- Establishes that if the application is incomplete/rejected, the applicant may reapply within 90 days with no additional fee.
- Extends the exclusive negotiating period for Airport leases extended by 60 days (to a total of 180 days).
- Establishes that the applicant is responsible for acquiring an updated appraisal for the subject site.
- Removes criteria required in order to consider a competitive process (in conflict with other provisions).

Article III

- Establishes a requirement that all leases include building permit and construction completion deadlines.
- Clarifies requirements for subleasing.
- Clarifies that a licensed commercial building inspector shall perform a condition assessment required under the lease.

Articles VI and V

- No substantive changes

The Board gave staff direction to schedule the Board's consideration of a recommendation regarding the policy to the City Council.

OPTIONS

n/a

RECOMMENDATION

Staff recommends that the updated Policy be recommended to the City Council for approval.

ESTIMATED SCHEDULE OF PROJECT

Staff anticipates any additional policy revisions and the formal recommendation of the updated policy to be reviewed by the AAB in June

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

| | |
|-----------------|---|
| May 13, 2026: | AAB Work Session |
| Jan. 14, 2026: | AAB Work Session |
| Oct. 15, 2024: | City Council Approval of Airport Leasing and Development Policy |
| Sept. 11, 2024: | AAB Recommendation of Airport Leasing and Development Policy |
| May 8, 2024: | AAB Work Session |
| June 12, 2024: | AAB Work Session |
| Aug. 14, 2024: | Airport Advisory Board Work Session |

EXHIBITS

1. Agenda Information Sheet
2. Presentation
3. Draft Airport Leasing and Development Policy (redline)
4. Draft Airport Leasing and Development Policy (clean)

Respectfully submitted:
Ryan Adams, C.M.
Director of Airport



Airport Leasing and Development Policy

Airport Advisory Board

Summary

- Purpose of and Need for a Lease Policy
- Airport/Tenant Lease Relationship
- Policy Elements
- Challenges with current policy
- Draft Improvements
- Recommendation and Next Steps

Purpose/Need for a Leasing Policy

Supports Federal Grant Assurances

- 5. Rights and Powers
- 19. Operations & Maintenance
- 22. Economic Non-Discrimination
- 23. Exclusive Rights
- 24. Fee & Rental Structure
- 29. Airport Layout Plan

- Benefits of a policy-based approach
 - Supports a well-organized and comprehensive approach to leasing
 - Encourages transparency and consistency; demonstrates equity
 - Reduces ad-hoc decision-making
 - Creates process efficiency in application approval and negotiation
- FAA Compliance
 - Reduces inadvertent non-compliance
 - FAA views presence of a policy favorably
 - “No Policy is a Policy”

Airport/Tenant Lease Relationship

Airport Receives

- Good, dependable service/activity
- Reliable income stream
- Full market return on invested capital
- Expectation of ownership of Improvements (and charging market rates)

Tenants Receive

- Airport/Airfield Access
- Good customer base
- Recoup investment costs (directly or indirectly)
- Business profit

Lease Policy Components

Article I

- Introduction, Purpose, Authority, Applicability

Article II

- Principal Development Criteria, Application, Approval, RFPs

Article III

- Lease Terms and Conditions, Maintenance and other Requirements

Article IV

- Rent, Fees, Lease Term

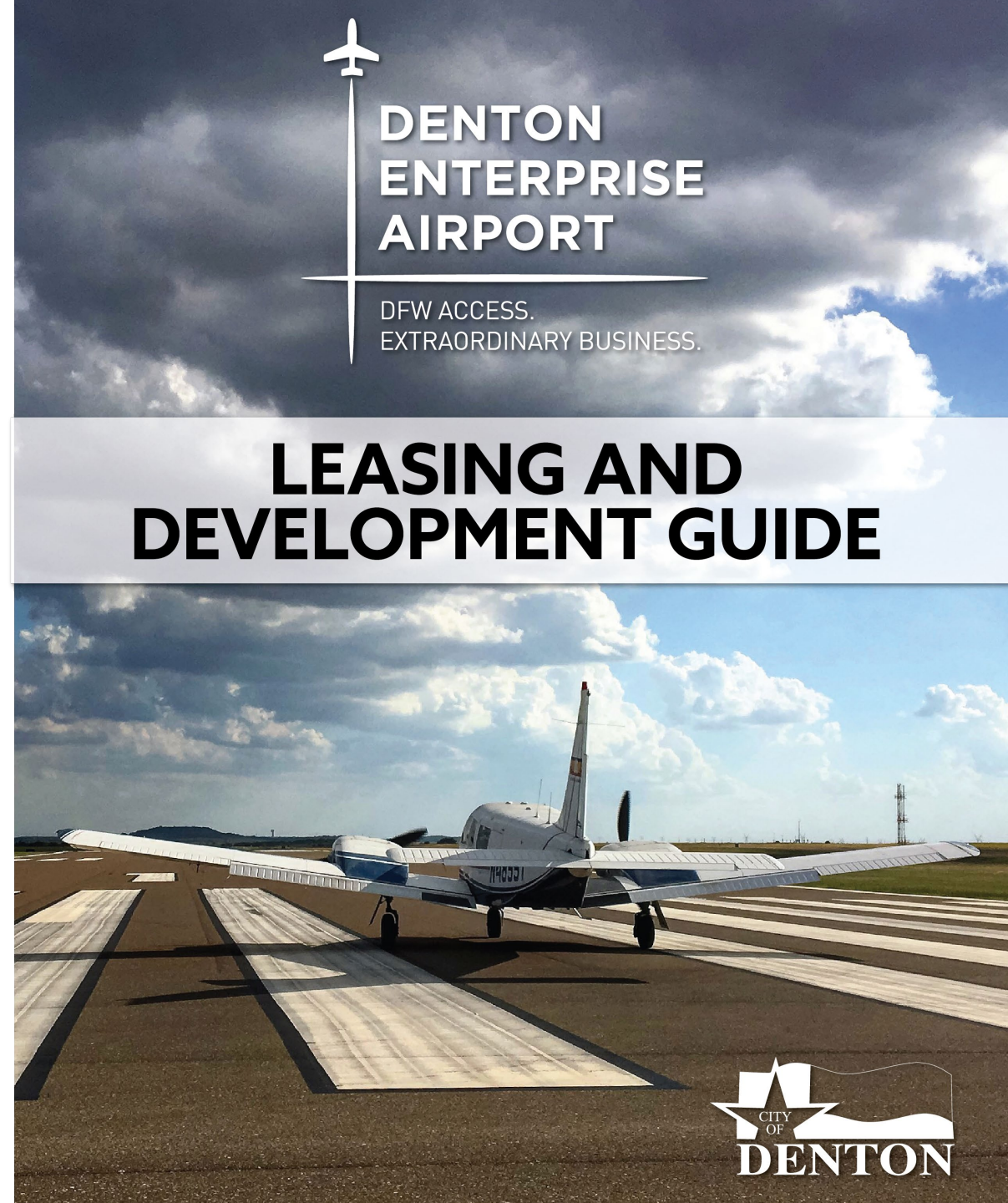
Article V

- Lease Reversion

Benefits Since Adoption

- Clarity
 - Lease conditions
 - Length of Lease term
- Basis for accepting Lease Applications
 - Must conform to Principal Development Criteria
- Process for Requests for Proposals (RFPs)

AAB26-010; June 10, 2026



Challenges discussed in January

Timelines

- Lengthy negotiation process for complex developments results in council approval after deadline
- 120 days may not be sufficient in most cases

Competitive Applications

- Policy best suited for one interested developer at a time
- No process for competitive applications (e.g. Site 3 and 4)

Challenges discussed in January

Lease Application Submissions

- No requirement for a site plan with specific items to include
- Pre-application meeting would be more efficient with that information provided ahead of time

Appraisals

- Requirement for appraisals every two years is costly, impractical
- This is a cost of development that should be borne by the developer

Draft Policy Updates

- All Articles
 - Grammatical corrections and clarifications
- Article I – Introduction
 - New provision granting the ability to modify policy in certain cases. Consistent with Rules and Regulations and Minimum Operating Standards.

Draft Policy Updates

Article II - Application

- Airport Pre-Leasing Application Meeting (PLAM) is required for developers
- Establishes documents that must be provided at the PLAM, including a site plan
- Application approval criteria:
 1. Airport notification of approval (i.e. conformance with Principal Development Criteria)
 2. Participation by the developer in a Development Services Pre-Application Conference
 3. Payment of the applicable fee

Article II – Application Acceptance

- If two or more applications are received for a property prior to any one application being approved, the Airport will initiate RFP.
- If the application is incomplete/rejected, the applicant may reapply within 90 days at no cost.
- Exclusive negotiating period extended by 60 days (to a total of 180 days).
- Applicant is responsible for acquiring an updated appraisal.
- Removed criteria for considering a competitive process (in conflict with other provisions).

Draft Policy Updates

- Article III – The Lease Agreement
 - Requirement for building permit and construction completion deadlines
 - Clarifications on requirements for subleasing
 - Condition Assessment shall be performed by a licensed commercial building inspector
- Article IV – Rents Fees and Agreement Term
 - No substantive changes
- Article V – Reversion of Improvements to the City
 - No Substantive changes

Staff Recommendation and Next Steps

- Staff recommends the AAB recommend approval of the updates to the City Council
- Council consideration of updates in July.

Airport Leasing and Development Policy

Article I. Introduction

As a recipient of Federal Aviation Administration (“FAA”) Airport Improvement Program funding, in addition to other federal funding, the City of Denton (“City”) is obligated to operate Denton Enterprise Airport (“Airport”) in accordance with FAA Grant Assurances. Among these federal obligations is the requirement to operate the Airport for the use and benefit of the public and for the Airport to be made available to all types, kinds, and classes of aeronautical activity on reasonable terms and without unjust discrimination.

These Grant Assurances further obligate the City to maintain a fee and rental structure for the facilities and services at the airport, making the Airport as self-sustaining as possible under existing circumstances and avoiding unjust economic discrimination within classes of users.

Section 1.01 Purpose

The Airport Lease and Development Policy (“Policy”) sets forth the parameters that shall be used by the City for leasing land and/or improvements for commercial or non-commercial general aviation purposes at the Airport.

The Policy seeks to:

1. **Promote Aviation Growth** by encouraging the provision of essential aeronautical activities and aviation services for the benefit of the public while preserving the City’s financial investment in the Airport. Non-aeronautical uses of Airport land will be permitted only on portions of the Airport not needed for aviation purposes and in accordance with FAA policy.
2. **Apply Standards Uniformly** through equitable, reasonable, and not unjustly discriminatory treatment of all lessees and permittees while promoting the highest and best use of Airport property. The Policy facilitates orderly management of and ensures consistent quality of facilities at the Airport.
3. **Promote Long-Term Financial Self-Sufficiency** through a rental, rates, and fees structure that maximizes Airport revenue for its current and future development, management, maintenance, and operating expenses.
4. **Ensure Compliance** with applicable laws, regulations, ordinances, policies, guidelines, and requirements as they relate to the application for and acceptance of federal funds. This includes FAA regulations and current airport Minimum Operating Standards, Rules and Regulations, and other regulatory requirements as may be adopted or amended by the City.

All new and renewed lease agreements will require adherence to Citythis Policy. ~~City policy, and, at a minimum,~~ will promote and require fairness and consistency, uniform application of this policy, and prohibit economic discrimination relative to aviation leases.

The City will establish rents and fees associated with this Policy, consistent with FAA policy and in support of grant assurances, balancing competitiveness with financial sustainability, with provisions for periodic review and adjustment based on market conditions and operational needs.

Section 1.02 Authority of the City

The Airport is owned, operated, and governed by the City, which expressly reserves the authority to lease Airport-owned land and/or improvements, ~~allow~~allows the occupancy and/or development of Airport-owned land or improvements, ~~grant~~grants the right to engage in any activity at the Airport, and ~~implement, supplement, amend, modify, approve~~implements, supplements, amends, modifies, approves, or ~~adopt~~adopts any agreement, policy, standard, rule, regulation, or ~~directives~~directive.

Any person wishing to lease for the exclusive use of any parcel of land on the Airport, or of any ~~city~~City-owned or operated facility, must enter into a written lease agreement with the City specifying the terms and conditions of such use. The City Council may establish by ordinance those rates and fees, and those terms and conditions it deems appropriate and applicable to Airport use.

The Airport Director, acting under the authority of the City Manager, shall take those necessary decisions and/or actions to ensure compliance with:

- Existing leases, licenses, permits, and other written agreements between the City and persons within the Airport;
- This Policy, and those other policies, rules, ~~or~~regulations, ~~or~~ordinances established by the authority of the City Council, which apply within the Airport;
- Those responsibilities levied on the City by the federal or state governments concerning Airport operations and management.

The Airport Director may authorize an interim or emergency agreement to occupy or use City-owned improvements and infrastructure by appropriate public agencies. Examples of situations that may be suitable for such authorizations are military or law enforcement activities ~~and~~ the temporary occupation of airport areas by government agencies during natural disasters, or aircraft accident investigations.

The Airport Manager may waive or modify any portion of this Policy for the benefit of any governmental agency performing non-profit public services, fire protection, or firefighting operations. The City manager or designee may waive or modify any portion of this Policy for any person when it is determined that such waiver or modification is in the best interest of the City and will not result in unjust discrimination among airport users or a violation of the Grant Assurances.

Section 1.03 Applicability

This Policy shall apply to any new agreement or any new amendment to an existing agreement relating to the leasing of land and/or improvements, including the establishment or ~~adjusting~~adjustment of rents, rates, fees, and other charges for commercial or non-commercial general aviation aeronautical activities.

This Policy shall not affect any agreement or amendment thereto that is properly executed before the date of adoption of this Policy, except as provided for in such agreement, in which case, this Policy shall apply to the extent provided by such agreement.

The City reserves the right from time to time to amend, supplement, revise, alter, rescind, or add to the policies and procedures listed herein, either in part or in their entirety. The Airport further reserves the

right to use this ~~Leasing~~ Policy for the selection of non-aeronautical ~~service providers and concessionaires~~uses as it deems appropriate.

Section 1.04 Compliance with Federal, State, and Local Law

This Policy is subject to federal law, FAA regulations, state statute, and local ordinance. In the event of provisions of this policy conflicting with the aforementioned ~~law~~laws, the aforementioned laws shall prevail.

If any section, subsection, sentence, clause, or phrase of these policies and procedures is, for any reason, held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall neither affect nor impair any of the remaining provisions.

Article II. Leasing Airport Land or Improvements

Entities shall not occupy Airport land or improvements for any purpose unless the entity has an agreement ~~or with the City, occupies a hangar under an approved~~ sublease, or occupies a hangar under a rental agreement with a duly permitted hangar rental business. Any use of leased property must be listed and approved within the lease agreement prior to allowing such use. In addition, entities shall not conduct aeronautical or non-aeronautical commercial activities at the airport unless the entity has an Airport Business Permit authorizing such activities. Entities shall also comply with the Denton Code of Ordinances, Airport Rules and Regulations, Minimum Operating Standards, and any other applicable federal, state, and local laws and regulations.

Section 2.01 Principal Development Criteria

The Airport has limited land resources, ~~so and it is important to shall~~ adequately evaluate proposed Airport leases and ~~development~~developments to ensure that the highest and best use of each property is realized and that such use is compatible with future Airport development and land use plans. ~~Proposed leasing~~Leasing or development ~~requests~~proposals will be evaluated in accordance with this ~~policy~~Policy. Such evaluation will look to whether the proposed use conforms to the following (collectively, the "Principal Development Criteria"):

1. The use is shown to be appropriate and consistent with the Airport Layout Plan ("ALP"), Airport Master Plan, ~~Airport Appraisal~~qualified appraisals, and other relevant Airport planning documents or Airport expansion or development plans or goals.
2. The use will not interfere with the normal and efficient operation of the Airport or with the ability of other Airport users to enjoy reasonable access to their leaseholds or the public areas of the Airport, including its runway ~~and~~, public taxiways_z, and aprons. The use also considers access to public areas of the Airport from adjacent land.
3. The use will advance the goal of achieving financial self-sustainability for the Airport by providing a consistent, reliable, and appropriately substantial source of revenue to the Airport, whether in the form of rent or other rates, fees, or charges.
4. The use will provide long-term benefits to the Airport through the tenant's construction, expansion, maintenance, or other development of useful and valuable improvements or facilities (or through the tenant's efficient use of improvements to existing Airport property or facilities).

5. The use will support the City's efforts to make the Airport an attractive, aesthetically pleasing gateway to, and source of economic development for, the City.
6. The use will not involve non-aeronautical use of Airport property designated for an aeronautical use on the Airport Layout Plan, or facilities more appropriate or necessary for aeronautical use, as determined at the sole discretion of the City.
7. The use does not pose exceptional or unreasonable financial, legal, or operational risk to the Airport or the City.
8. The use does not violate any applicable laws or regulations or any Grant Assurances or similar state or local obligations and does not pose a substantial risk of causing the City to violate any such laws, regulations, Grant Assurances, or obligations.

Section 2.02 Designated Areas

The City reserves the right to designate specific Airport land and/or improvements in which commercial and/or non-commercial aeronautical activities may or may not be conducted. The right to use the Airport and any airport land or improvements is non-exclusive except for the land and or improvements leased exclusively to an entity by the City.

The City may establish, through the Airport Master Plan or other Council-approved plan, certain areas approved for particular types of commercial and non-commercial activities within the Airport. These designated areas will indicate proposed future uses and activities for segments of the Airport property. If designated areas are established, all proposed activities and developments must be located in a designated area that corresponds to and does not conflict with such use.

To the extent allowed under FAA regulations, the City reserves the right to refuse proposals to use or develop ~~airport~~Airport land for aeronautical or non-aeronautical purposes.

Section 2.03 Pre-Leasing Application Meeting

Section 2.03—Prior to submission of a Lease Application

~~Prior to entering into formal lease discussions or negotiations~~, a prospective lessee shall ~~complete a written~~ schedule an Airport pre-leasing application meeting with Airport staff. The purpose of the meeting is for a lease airport staff to provide information on the leasing process, discuss the requirements of this Policy, and provide basic feedback on the proposal's alignment with the principal development criteria.

Prior to the pre-leasing application meeting, and in a form prescribed by the City and pay any associated fees as established by the City Council. The application shall, a prospective lessee must, at a minimum, provide the following to Airport staff:

1. A conceptual plan or layout of the development area, to include, at ~~minimum~~: a minimum, leasehold boundaries, all proposed buildings, including hangar door height, if known, paved ramp or apron areas, vehicular parking points of ingress and egress, fencing, and gates. It shall further include the total area of the leasehold, in square feet, and of any buildings, ramps, aprons, and vehicular parking areas.
2. The estimated value of the capital investment, if known.
- 1.3. A description of the activity or activities that the applicant proposes to conduct under its requested development, with sufficient narrative detail to adequately explain the benefits of the

activity or activities to the Airport and the City and to demonstrate that it meets the Principal Development Criteria.

- ~~4. The estimated increase in based aircraft and itinerant air traffic resulting from the development.~~
- ~~5. For any commercial activity, the projected number of employees and hours of operation.~~
- ~~2-6. The names and contact information of the prospective lessee(s) or, if an incorporated entity, of all parties owning an interest in the entity.~~
- ~~3. A description of the premises intending to be leased.~~
- ~~4. The type of facilities which the applicant proposes to construct on or for the proposed leasehold, if applicable.~~

Section 2.04 Airport Lease Application

After the pre-leasing application meeting, but prior to entering into formal lease discussions or negotiations, a prospective lessee shall complete a written application for an Airport lease in a form prescribed by the City and pay any associated fees as established by the City Council. The application shall include, at a minimum:

1. All information required for the pre-leasing application meeting, to include any updates recommended by Airport staff.
- ~~5. An estimate of the value of the proposed capital investment on the premises, if applicable.~~
- ~~6-2. For any commercial activity, the services to be not previously provided, proposed hours of operation, number of aircraft to be based, and projected number of employees, and other relevant information.~~

The City reserves the right to request additional information from the lease applicant. Upon receipt, Airport staff will review the application and determine if the proposed use and leasehold location comply with this ~~policy~~ Policy. Noncompliance may result in the rejection of the lease application.

~~Submission of~~ The City Council shall have the right to adopt an application fee and publish it in the Airport Rates and Fees schedule.

In the event two or more complete applications are received for the same property prior to any one applicant's application being approved, the City will initiate a Request for Proposals (RFP) process (See Section 2.06)

Section 2.05 Lease Negotiation and Approval/Rejection

A lease application shall not be considered approved until:

- Review and written notification of approval of the proposed development application by the Airport
- Participation by the applicant in a Development ~~Services~~ Pre-Application Conference
- Payment of the applicable fee

Where applications are incomplete or, after review, do not meet the requirements of this Policy, the application will be rejected and the applicant notified. The applicant may resubmit their application within 90 days of the original application submission without payment of ~~applicable fees~~ the application fee.

Approval of an application secures for the prospective Lessee applicant the exclusive right to pursue a lease with the City for 120/180 days. During this time, the Airport will not consider nor discuss the leasing or development of the subject property with other interested parties. If no lease agreement is executed by the end of the 120/180 days, the application will expire, and the City may accept applications for the property from other parties. This 120 or a resubmittal of the application by the prospective lessee whose original application expired. This 180-day timeframe may be extended in writing by the Airport Director.

~~The~~ At the request of the City Council, the applicant shall have the right:

1. Be responsible for acquiring, at its sole cost, a new or updated survey of the proposed lease boundaries, provided by a surveyor qualified to ~~adopt an application fee~~ perform such work in the State of Texas.
2. Be responsible for acquiring, at its sole cost, a new or updated appraisal of the proposed leasehold property for the purpose of confirming the fair market value rental rate for the proposed use. The appraiser shall be approved by the City and ~~publish it~~ qualified to perform such work in the ~~Airport Rates and Fees schedule~~ State of Texas.

~~Section 2.04~~ Lease Approval

Within ~~60~~30 days of receiving a completed application, including survey and appraisal, as required, the Airport shall convey the key terms and conditions (including rents, fees, and other charges) of a proposed lease agreement to the applicant. The applicant shall, within a reasonable amount of time, indicate if the key terms and conditions proposed by the Airport are acceptable or provide revised key terms and conditions. The Airport Director may negotiate the revised key terms and conditions and/or initiate the competitive proposal process described in Section 2.05.

All new lease agreements, ~~lease assignments or transfers, and subleases~~amendments shall be reviewed by Airport staff and considered for recommendation to the City Council by the Airport Advisory Board. Approval by the City Council shall be required for any lease agreement or amendment.

~~Section 2.05~~Section 2.06 Requests for Proposals

~~If~~As Airport land and/or improvements exist or become available for leasing, the City may, at its sole discretion and at any time, including upon receipt of an application for a lease or development, issue a request for proposals to optimize the development of or to assess the level of market demand and competitiveness for a proposed activity or use of Airport property. Any competitive proposal or bidding process shall comply with the City of Denton's purchasing policies and directives.

~~To determine whether it is appropriate to utilize competitive proposal or bidding, the City shall consider factors including, but not limited to:~~

- ~~1. The size and proposed use of the property.~~
- ~~2. The availability of similar property at the Airport.~~
- ~~3. Whether the property is going to be used for Aeronautical or Non-Aeronautical Activities.~~
- ~~4. Whether the property is developed or vacant.~~
 - ~~a. If the property is vacant, the proposed use; type of Improvements will be developed; number of employees to work on the property.~~

- ~~b. Whether infrastructure (such as utility lines) needs to be installed or and if so, who will be responsible for such installation?~~
- ~~5. The financial strength and experience of the Applicant.~~
- ~~6. Economic impact the proposed use of the Airport property will have on the Airport.~~
- ~~7. Whether the proposed use of the Airport property will generate new revenue for the Airport or generate new activity at the Airport.~~

The request for proposals shall also list the criteria the City will use to make its selection, including but not limited to, compliance with this Policy and the Principal Development Guidelines, the benefits generated by the proposed activity, and the long-term revenue generated by the proposal. The City may consider additional factors that it deems relevant to make its final decision regarding the use or disposition of the Airport premises and privileges in question. The City shall examine all applications and select a proposal for further lease negotiations, if, in the City's opinion, it is in the best interest of the Airport and the community.

Article III. The Lease Agreement

Lease Agreements are designed to protect the public interest and contain more restrictive clauses than private-sector leases. Liabilities associated with possession and control of real property will be transferred to the Lessee to the greatest extent possible, including compliance with and subordination to all applicable federal, state, and local laws and regulations. Leases will additionally be subordinate to the City's Grant Assurances, other applicable federal and state laws and regulations, and City ordinances and regulations.

The following are not inclusive of all lease terms, conditions, and obligations. Authority is granted to City staff to negotiate leases that promote the Principal Development Criteria and the objectives of this Policy.

Section 3.01 Key Terms and Conditions

(a) Recitals:

All recitals shall include, at a minimum, the desires of the City and the Lessee. All recitals shall be incorporated into the agreement by reference.

(b) Premises:

Each agreement shall meticulously describe the specific area of Airport property to be occupied, including precise boundaries and any shared or common areas. Leases will clearly outline the permitted activities and any special conditions or restrictions on usage, ensuring compatibility with airport operations and safety regulations.

(c) Use:

Each agreement shall make clear the intended use of the premises.

1. **Commercial aeronautical activities** – The agreement shall identify the products, services, and/or facilities to be provided by the operator. The agreement may identify optional products, services, and/or facilities that may be provided by the operator with or without the approval of the Airport Director.

2. **Non-commercial aeronautical activities** – For non-commercial occupancy and/or use of the Airport land and/or improvements, the Agreement shall stipulate that the Lessee shall not offer or provide commercial products, services, or facilities or conduct commercial activities at the Airport or from the leased premises without an amendment of the lease agreement.
3. **Non-aeronautical activities** – Leasing Airport land and/or improvements for non-aeronautical activities is not generally favored by the City of the FAA. The City may, in its sole discretion, consider such use in the event the non-aeronautical use of Airport land and/or improvements does not interfere with the primary aeronautical use of Airport land and/or improvements and is not in violation of any legal requirements, including the Grant Assurances. If such use is contemplated, the applicant must prove that the subject Airport land and/or Improvements will not conflict with the existing or foreseeable aeronautical use of the property during the entire term of a proposed agreement. The leasing of Airport land and/or Improvements for non-aeronautical activities will not be allowed without the prior written consent of the FAA.
4. **Prohibited Activities:** All prohibited uses and activities of the premises shall be identified; however, no lease agreement will allow any activities prohibited by applicable federal, state, or local laws and regulations even if such use is not specifically set out by the lease agreement.

(d) Term

The original term, commencement date, and ending date shall be conveyed in the Agreement. The term of the agreement shall be commensurate with the value of capital investment made by the Lessee into the leased premises and/or on the Airport and sufficient for the Lessee's amortization of the investment, consistent with Article IV of this policy.

(e) Rents and Fees

The applicable rents and fees to be paid by the Lessee to the City shall be identified in the agreement. Rents and fees shall be established and adjusted in accordance with Article IV of this policy.

(f) Improvements

A description of the improvements, including minimum square footage of occupied space, shall be included in the agreement. The Lessee shall procure all necessary permits and certificates, including, but not limited to, all City building, fire, safety, final certificate of occupancy, and meet other applicable requirements for improvements located on Airport property and within the legal boundaries of the Airport as identified on the Airport Layout Plan.

Each lease agreement shall include a deadline by which the Lessee must secure a building permit and a deadline by which construction must be completed and a certificate of occupancy issued, if applicable. Each deadline shall be sufficient for development approval and construction, respectively, and incorporate a reasonable timeframe for completion.

Upon expiration of the term of the agreement, ownership of permanent improvements that have been made to the leased premises by the Lessee shall revert to the City. The City shall retain the right to require the demolition and removal of the improvements and the return of

the premises to its original condition and character by the Lessee, normal wear and tear excepted.

Section 3.02 Other Standard Terms and Conditions

Additional terms and conditions within the Lease Agreement shall include, but are not limited to:

1. Procedures for entering into a sublease agreement for all or part of the leased premises, including approval processes and sublessee obligations, to prevent unauthorized use and maintain accountability. Subleasing shall be authorized with the operation of a permitted commercial hangar rental business or with City consent, as applicable. All sublease agreements shall be approved byin accordance with the City ~~Council~~of Denton Code of Ordinances.
2. Procedures for transferring lease interests, including city approval requirements and any associated fees or conditions, shall be clearly defined to ensure orderly transitions. All sales, assignments, or transfers shall be approved byin accordance with the City ~~Council~~of Denton Code of Ordinances.
3. ~~Conditions~~If applicable, conditions for granting rights of first refusal. Rights of first refusal may only be granted where the property that is subject to the right of first refusal is contiguous to the leased premises. No right of first refusal may be granted without the payment of a fee or other financial consideration being provided to the City. Other conditions of the right of first refusal will be negotiated by Airport staff. The City retains the right to refuse requests for rights of first refusal.
4. Conditions, procedures, and penalties for defaulting on lease obligations, including notification requirements and remedies available to the city.
5. Requirements that the Lessee shall be responsible, at its own expense, for connection to and service of public utilities.
6. Requirements for Lessee insurance coverage, including liability, property, and workers' compensation insurance, shall be clearly outlined to mitigate risk and protect airport assets.
7. The right of the City to, with notice to the Lessee, inspect the leasehold and improvements for compliance with lease terms, federal, state, or local law, and/or Airport rules and regulations.
8. Requirements that ensure construction adheres to local development standards, building codes, environmental laws, Airport Minimum Operating Standards, and other applicable statutes and regulations in order to maintain the safety and integrity of airport property
9. Requirements for the Lessee to demonstrate possession of all necessary licenses, certifications, and permits required for activities permitted under the lease, with provisions for City verification and periodic updates.
10. Requirements for the Lessee to bear responsibility for the provision of utility service during their occupancy, including electricity, water, gas, sewage, and telecommunications services, with provisions for city oversight
11. Requirements for the Lessee to fulfill all tax obligations related to its activities, including property taxes, sales taxes, and income taxes, under applicable laws and regulations.
12. Requirements for Lessee to maintain accurate records of their operations, including financial statements, maintenance logs, and regulatory compliance documentation, subject to city audit and inspection.

13. Guidelines for holdover possession beyond the lease term, including rental adjustments and termination provisions, shall be established to address transitional periods and prevent unauthorized occupancy.
14. Any other conditions or requirements deemed appropriate by the City

Section 3.03 Maintenance of the Leasehold

The Lessee shall bear responsibility for ongoing maintenance of the leased premises and all improvements including, but not limited to, preventing the accumulation of debris and trash, abating fire and chemical hazards, abatement of nuisances, and the irrigation and maintenance of landscaping. The Lessee shall perform all work in accordance with applicable laws and regulations.

To prevent the premature aging and deterioration of the improvements, the Lessee, at its own expense, shall conduct a ~~condition assessment~~ Condition Assessment ("Assessment") on all improvements no later than the tenth (10th) anniversary of the Commencement Date, and every five (5) year anniversary thereafter. ~~The Condition Assessment shall be conducted by a person qualified to perform such an assessment in the State of Texas who, after being selected by the Lessee, shall be approved in writing by the City. The Condition~~ The Assessment shall examine, at minimum, the building's structural components, electrical, plumbing, heating and cooling systems, and roof. Additionally, any pavement (asphalt or concrete) within the leasehold area shall also be examined. The Assessment shall be conducted by a commercial building inspector qualified to perform such work in the State of Texas who, after being selected by the Lessee, shall be approved in writing by the City. The Condition Assessment shall be provided to the City within thirty (30) days of the ~~condition assessment~~ completion deadline. Any deficiencies that are due to the Lessee's failure to meet their obligations under the Lease shall be corrected by the Lessee at its expense. The Lessee shall, within ninety (90) days, provide to the Lessor a plan to correct such deficiencies identified in the Condition Assessment within one (1) year, unless extended in writing by the Airport Director, or designee. Failure to correct deficiencies identified in the Condition Assessment will constitute a breach of the lease agreement.

Section 3.04 Additional Lease Requirements

The Lease shall contain, or adopt by reference, all provisions required by the applicable law, including, without limitation, regulations promulgated by the FAA and the Transportation Safety Administration, and assurances or agreements entered into by the City as a condition of any Federal Grant to the City for the Airport. The Lease or Permit shall be subordinate to any existing or future Federal grant assurances.

Article IV. Rents, Fees, and Agreement Term

Airport lease rates and associated fees shall be consistent with FAA policy and Grant Assurance obligations, specifically the requirement that the Airport be as financially self-sustaining as possible and that leases are provided on a consistent and equitable basis. To the extent feasible, aeronautical use fees must be established on a cost-recovery basis while the use of Airport property for non-aeronautical facilities and/or services must be based on fair market value.

Section 4.01 Rent

During the lease term, the Lessee shall pay the Airport market rent for applicable land and facility(ies). Where a Lessee has constructed a Facility, the Lessee shall pay Market Rent for land only during the Term of its Lease.

(a) Establishment of Market Rent

Market rent shall be established through a property appraisal by a qualified appraiser, or a market analysis performed by a similarly qualified individual or firm. ~~Appraisals~~No appraisals used to establish market rent for ~~properties~~a property shall have been performed ~~within~~the more than two years before the execution of a lease agreement.

(b) Deviations from Market Rent

Below market rent may only be offered where the Lessee constructs public infrastructure that benefits other properties (i.e., taxilanes, taxiways, roads, or utilities) or makes improvements to an existing facility that extends the useful life of the facility, as approved by the City. In such cases, the value of the reduced rental rate may not exceed the value of the Lessee's investment in public infrastructure.

In the event that the City develops all or part of the Improvements, to establish rents the City may, in its sole discretion, establish a reasonable rate of return on the investment.

Rental rates for certain property uses, particularly non-aeronautical uses, may ~~be based on~~include a percentage of Lessee's gross income ~~from~~relating to its use of the property.

Section 4.02 Adjustment of Rent

To account for regular cost inflation, Lease rents shall be adjusted no later than every two years after the commencement date of the lease. This adjustment proportion that the then-current United States Consumer Price Index for all urban consumers ("CPI-U") for the Dallas-Fort Worth Bureau of Labor Statistics (1982-84 = 100) bears to that of the Commencement Date month.

Section 4.03 "Through the Fence" Agreements

FAA Grant Assurances require access to the Airport to be provided on an equitable basis. If an adjacent property requests access to the airport to conduct aeronautical activities, the property owner may be granted a "Through the Fence Agreement" granting them such access. As a condition of this access, the property shall pay market rent, including adjustments, under the terms outlined by this policy.

The City may impose additional requirements as a condition of any "through the fence agreement" access, and any request for such agreement is subject to review and approval by the City Council.

Section 4.04 Fees

The City shall reserve the right to establish and assess fees to recover the costs being incurred by the Airport associated with the planning, development, operation (including maintenance and repair), management, and marketing of the Airport.

Fees may include, but are not limited to, fuel flowage fees, aircraft parking fees, based aircraft fees, operator permit fees, percentage of gross receipts fees, aircraft landing fees, and/or temporary or special use permit fees. All fees shall be identified in the City's rates and fee schedule.

Section 4.05 Lease Term

Lease agreements shall specify the duration of occupancy. The length of a ground lease shall comply with federal and state regulations and be sufficient for the Lessee to amortize its capital investment into the leased premises. The lease term will depend on the value of capital invested in the leasehold.

Airport staff shall, based on financial and market conditions, determine the appropriate investment to warrant a given lease term, considering additional factors such as site conditions, indirect benefits to the airport, and federal requirements, as applicable.

On a case-by-case basis, the City may consider a significantly longer lease term, still subject to federal and state regulations, to support Airport property development and allow a Lessee to amortize its investment, based on the following criteria:

1. Significant initial capital investment beyond the minimum requirements
2. Significant additional capital investment in the current leased property
3. Exceptional or unique services provided to other Airport tenants and users
4. Exceptional job creation and/or impact to the local economy
5. Public infrastructure extension which will benefit other properties (i.e., taxilanes, taxiways, roads, or utilities)
6. Potential to attract other new aviation businesses or to significantly increase airport revenues

Leases where no capital is invested into the property shall be limited to no more than 3 years.

Section 4.06 Lease Extensions

Extensions to leases shall only be permitted where the following criteria are met:

1. The extensions are at the Lessor's discretion;
2. The extensions are the result of an investment of capital on the premises for new improvements; or
3. The extensions are the result of an investment of capital in the leased premises that extends the life of existing improvements.

In cases where an extension is the result of an investment of capital, the extension term shall be commensurate with the value of the capital investment.

The City shall require that the rent paid for the term of any lease extension shall reflect the higher of the then-current rent or the fair market rent at the time of the extension. Rent shall be adjusted through the term of the extension as permitted within his policy. No extension or extensions may result in the total lease term extending beyond the statutory limit.

Article V. Reversion of Improvements to the City

Each lease agreement shall require that, at the end of the lease term, Lessees shall surrender all leased premises to the Airport, including any improvements made during the lease period, unless otherwise specified in the lease agreement. Lessees may be required to remove any improvements not deemed necessary for the ongoing operation of the airport, restoring the leased premises to their original condition at the Lessee's expense.

At the time of the reversion of the leased premises and improvements, the City may at its discretion:

1. Extend the current ground lease or enter into a new lease with the Lessee under the provisions of this policy;
2. Enter into a building conventional hangar lease at fair market value with a qualified Lessee;

3. Pursue redevelopment of the leasehold; or
4. Take any other action that is in the best interests of the Airport and in compliance with applicable laws and regulations.

The provision of a lease extension or new lease agreement shall be based on the best long-term financial interest of the airport. A long-term financial analysis shall be provided to the City Council during any consideration of a lease extension or new lease agreement under this provision.

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Airport Leasing and Development Policy

Article I. Introduction

As a recipient of Federal Aviation Administration (“FAA”) Airport Improvement Program funding, in addition to other federal funding, the City of Denton (“City”) is obligated to operate Denton Enterprise Airport (“Airport”) in accordance with FAA Grant Assurances. Among these federal obligations is the requirement to operate the Airport for the use and benefit of the public and for the Airport to be made available to all types, kinds, and classes of aeronautical activity on reasonable terms and without unjust discrimination.

These Grant Assurances further obligate the City to maintain a fee and rental structure for the facilities and services at the airport, making the Airport as self-sustaining as possible under existing circumstances and avoiding unjust economic discrimination within classes of users.

Section 1.01 Purpose

The Airport Lease and Development Policy (“Policy”) sets forth the parameters that shall be used by the City for leasing land and/or improvements for commercial or non-commercial general aviation purposes at the Airport.

The Policy seeks to:

1. **Promote Aviation Growth** by encouraging the provision of essential aeronautical activities and aviation services for the benefit of the public while preserving the City’s financial investment in the Airport. Non-aeronautical uses of Airport land will be permitted only on portions of the Airport not needed for aviation purposes and in accordance with FAA policy.
2. **Apply Standards Uniformly** through equitable, reasonable, and not unjustly discriminatory treatment of all lessees and permittees while promoting the highest and best use of Airport property. The Policy facilitates orderly management of and ensures consistent quality of facilities at the Airport.
3. **Promote Long-Term Financial Self-Sufficiency** through a rental, rates, and fees structure that maximizes Airport revenue for its current and future development, management, maintenance, and operating expenses.
4. **Ensure Compliance** with applicable laws, regulations, ordinances, policies, guidelines, and requirements as they relate to the application for and acceptance of federal funds. This includes FAA regulations and current airport Minimum Operating Standards, Rules and Regulations, and other regulatory requirements as may be adopted or amended by the City.

All new and renewed lease agreements will require adherence to this Policy, and, at a minimum, will promote and require fairness and consistency, uniform application of this policy, and prohibit economic discrimination relative to aviation leases.

The City will establish rents and fees associated with this Policy, consistent with FAA policy and in support of grant assurances, balancing competitiveness with financial sustainability, with provisions for periodic review and adjustment based on market conditions and operational needs.

Section 1.02 Authority of the City

The Airport is owned, operated, and governed by the City, which expressly reserves the authority to lease Airport-owned land and/or improvements, allows the occupancy and/or development of Airport-owned land or improvements, grants the right to engage in any activity at the Airport, and implements, supplements, amends, modifies, approves, or adopts any agreement, policy, standard, rule, regulation, or directive.

Any person wishing to lease for the exclusive use of any parcel of land on the Airport, or of any City-owned or operated facility, must enter into a written lease agreement with the City specifying the terms and conditions of such use. The City Council may establish by ordinance those rates and fees, and those terms and conditions it deems appropriate and applicable to Airport use.

The Airport Director, acting under the authority of the City Manager, shall take those necessary decisions and/or actions to ensure compliance with:

- Existing leases, licenses, permits, and other written agreements between the City and persons within the Airport;
- This Policy, and those other policies, rules, regulations, or ordinances established by the authority of the City Council, which apply within the Airport;
- Those responsibilities levied on the City by the federal or state governments concerning Airport operations and management.

The Airport Director may authorize an interim or emergency agreement to occupy or use City-owned improvements and infrastructure by appropriate public agencies. Examples of situations that may be suitable for such authorizations are military or law enforcement activities, the temporary occupation of airport areas by government agencies during natural disasters, or aircraft accident investigations.

The Airport Manager may waive or modify any portion of this Policy for the benefit of any governmental agency performing non-profit public services, fire protection, or firefighting operations. The City manager or designee may waive or modify any portion of this Policy for any person when it is determined that such waiver or modification is in the best interest of the City and will not result in unjust discrimination among airport users or a violation of the Grant Assurances.

Section 1.03 Applicability

This Policy shall apply to any new agreement or any new amendment to an existing agreement relating to the leasing of land and/or improvements, including the establishment or adjustment of rents, rates, fees, and other charges for commercial or non-commercial general aviation aeronautical activities.

This Policy shall not affect any agreement or amendment thereto that is properly executed before the date of adoption of this Policy, except as provided for in such agreement, in which case, this Policy shall apply to the extent provided by such agreement.

The City reserves the right from time to time to amend, supplement, revise, alter, rescind, or add to the policies and procedures listed herein, either in part or in their entirety. The Airport further reserves the right to use this Policy for the selection of non-aeronautical uses as it deems appropriate.

Section 1.04 Compliance with Federal, State, and Local Law

This Policy is subject to federal law, FAA regulations, state statute, and local ordinance. In the event of provisions of this policy conflicting with the aforementioned laws, the aforementioned laws shall prevail.

If any section, subsection, sentence, clause, or phrase of these policies and procedures is, for any reason, held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall neither affect nor impair any of the remaining provisions.

Article II. Leasing Airport Land or Improvements

Entities shall not occupy Airport land or improvements for any purpose unless the entity has an agreement with the City, occupies a hangar under an approved sublease, or occupies a hangar under a rental agreement with a duly permitted hangar rental business. Any use of leased property must be listed and approved within the lease agreement prior to allowing such use. In addition, entities shall not conduct aeronautical or non-aeronautical commercial activities at the airport unless the entity has an Airport Business Permit authorizing such activities. Entities shall also comply with the Denton Code of Ordinances, Airport Rules and Regulations, Minimum Operating Standards, and any other applicable federal, state, and local laws and regulations.

Section 2.01 Principal Development Criteria

The Airport has limited land resources, and it shall adequately evaluate proposed Airport leases and developments to ensure that the highest and best use of each property is realized and that such use is compatible with future Airport development and land use plans. Leasing or development proposals will be evaluated in accordance with this Policy. Such evaluation will look to whether the proposed use conforms to the following (collectively, the “Principal Development Criteria”):

1. The use is shown to be appropriate and consistent with the Airport Layout Plan (“ALP”), Airport Master Plan, qualified appraisals, and other relevant Airport planning documents or Airport expansion or development plans or goals.
2. The use will not interfere with the normal and efficient operation of the Airport or with the ability of other Airport users to enjoy reasonable access to their leaseholds or the public areas of the Airport, including its runway, public taxiways, and aprons. The use also considers access to public areas of the Airport from adjacent land.
3. The use will advance the goal of achieving financial self-sustainability for the Airport by providing a consistent, reliable, and appropriately substantial source of revenue to the Airport, whether in the form of rent or other rates, fees, or charges.
4. The use will provide long-term benefits to the Airport through the tenant’s construction, expansion, maintenance, or other development of useful and valuable improvements or facilities (or through the tenant’s efficient use of improvements to existing Airport property or facilities).
5. The use will support the City’s efforts to make the Airport an attractive, aesthetically pleasing gateway to, and source of economic development for, the City.
6. The use will not involve non-aeronautical use of Airport property designated for an aeronautical use on the Airport Layout Plan, or facilities more appropriate or necessary for aeronautical use, as determined at the sole discretion of the City.

7. The use does not pose exceptional or unreasonable financial, legal, or operational risk to the Airport or the City.
8. The use does not violate any applicable laws or regulations or any Grant Assurances or similar state or local obligations and does not pose a substantial risk of causing the City to violate any such laws, regulations, Grant Assurances, or obligations.

Section 2.02 Designated Areas

The City reserves the right to designate specific Airport land and/or improvements in which commercial and/or non-commercial aeronautical activities may or may not be conducted. The right to use the Airport and any airport land or improvements is non-exclusive except for the land and or improvements leased exclusively to an entity by the City.

The City may establish, through the Airport Master Plan or other Council-approved plan, certain areas approved for particular types of commercial and non-commercial activities within the Airport. These designated areas will indicate proposed future uses and activities for segments of the Airport property. If designated areas are established, all proposed activities and developments must be located in a designated area that corresponds to and does not conflict with such use.

To the extent allowed under FAA regulations, the City reserves the right to refuse proposals to use or develop Airport land for aeronautical or non-aeronautical purposes.

Section 2.03 Pre-Leasing Application Meeting

Prior to submission of a Lease Application, a prospective lessee shall schedule an Airport pre-leasing application meeting with Airport staff. The purpose of the meeting is for airport staff to provide information on the leasing process, discuss the requirements of this Policy, and provide basic feedback on the proposal's alignment with the principal development criteria.

Prior to the pre-leasing application meeting, and in a form prescribed by the City, a prospective lessee must, at a minimum, provide the following to Airport staff:

1. A conceptual plan or layout of the development area, to include, at a minimum, leasehold boundaries, all proposed buildings, including hangar door height, if known, paved ramp or apron areas, vehicular parking points of ingress and egress, fencing, and gates. It shall further include the total area of the leasehold, in square feet, and of any buildings, ramps, aprons, and vehicular parking areas.
2. The estimated value of the capital investment, if known.
3. A description of the activity or activities that the applicant proposes to conduct under its requested development, with sufficient detail to adequately explain the benefits of the activity or activities to the Airport and the City and to demonstrate that it meets the Principal Development Criteria.
4. The estimated increase in based aircraft and itinerant air traffic resulting from the development.
5. For any commercial activity, the projected number of employees and hours of operation.
6. The names and contact information of the prospective lessee(s) or, if an incorporated entity, of all parties owning an interest in the entity.

Section 2.04 Airport Lease Application

After the pre-leasing application meeting, but prior to entering into formal lease discussions or negotiations, a prospective lessee shall complete a written application for an Airport lease in a form prescribed by the City and pay any associated fees as established by the City Council. The application shall include, at a minimum:

1. All information required for the pre-leasing application meeting, to include any updates recommended by Airport staff.
2. An estimate of the value of the proposed capital investment on the premises, if not previously provided.

The City reserves the right to request additional information from the lease applicant. Upon receipt, Airport staff will review the application and determine if the proposed use and leasehold location comply with this Policy. Noncompliance may result in the rejection of the lease application.

The City Council shall have the right to adopt an application fee and publish it in the Airport Rates and Fees schedule.

In the event two or more complete applications are received for the same property prior to any one applicant's application being approved, the City will initiate a Request for Proposals (RFP) process (See Section 2.06)

Section 2.05 Lease Negotiation and Approval/Rejection

A lease application shall not be considered approved until:

- Review and written notification of approval of the proposed development application by the Airport
- Participation by the applicant in a Development Services Pre-Application Conference
- Payment of the applicable fee

Where applications are incomplete or, after review, do not meet the requirements of this Policy, the application will be rejected and the applicant notified. The applicant may resubmit their application within 90 days of the original application submission without payment of the application fee.

Approval of an application secures for the applicant the exclusive right to pursue a lease with the City for 180 days. During this time, the Airport will not consider nor discuss the leasing or development of the subject property with other interested parties. If no lease agreement is executed by the end of the 180 days, the application will expire, and the City may accept applications for the property from other parties or a resubmittal of the application by the prospective lessee whose original application expired. This 180-day timeframe may be extended in writing by the Airport Director.

At the request of the City, the applicant shall:

1. Be responsible for acquiring, at its sole cost, a new or updated survey of the proposed lease boundaries, provided by a surveyor qualified to perform such work in the State of Texas.
2. Be responsible for acquiring, at its sole cost, a new or updated appraisal of the proposed leasehold property for the purpose of confirming the fair market value rental rate for the

proposed use. The appraiser shall be approved by the City and qualified to perform such work in the State of Texas.

Within 30 days of receiving a completed application, including survey and appraisal, as required, the Airport shall convey the key terms and conditions (including rents, fees, and other charges) of a proposed lease agreement to the applicant. The applicant shall, within a reasonable amount of time, indicate if the key terms and conditions proposed by the Airport are acceptable or provide revised key terms and conditions. The Airport Director may negotiate the revised key terms and conditions and/or initiate the competitive proposal process described in Section 2.05.

All new lease agreements or amendments shall be reviewed by Airport staff and considered for recommendation to the City Council by the Airport Advisory Board. Approval by the City Council shall be required for any lease agreement or amendment.

Section 2.06 Requests for Proposals

As Airport land and/or improvements exist or become available for leasing, the City may, at its sole discretion and at any time, including upon receipt of an application for a lease or development, issue a request for proposals to optimize the development of or to assess the level of market demand and competitiveness for a proposed activity or use of Airport property. Any competitive proposal or bidding process shall comply with the City of Denton's purchasing policies and directives.

A request for proposals shall also list the criteria the City will use to make its selection, including but not limited to, compliance with this Policy and the Principal Development Guidelines, the benefits generated by the proposed activity, and the long-term revenue generated by the proposal. The City may consider additional factors that it deems relevant to make its final decision regarding the use or disposition of the Airport premises and privileges in question. The City shall examine all applications and select a proposal for further lease negotiations if, in the City's opinion, it is in the best interest of the Airport and the community.

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Lease Agreements are designed to protect the public interest and contain more restrictive clauses than private-sector leases. Liabilities associated with possession and control of real property will be transferred to the Lessee to the greatest extent possible, including compliance with and subordination to all applicable federal, state, and local laws and regulations. Leases will additionally be subordinate to the City's Grant Assurances, other applicable federal and state laws and regulations, and City ordinances and regulations.

The following are not inclusive of all lease terms, conditions, and obligations. Authority is granted to City staff to negotiate leases that promote the Principal Development Criteria and the objectives of this Policy.

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All recitals shall include, at a minimum, the desires of the City and the Lessee. All recitals shall be incorporated into the agreement by reference.

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(c) Use:

Each agreement shall make clear the intended use of the premises.

1. **Commercial aeronautical activities** – The agreement shall identify the products, services, and/or facilities to be provided by the operator. The agreement may identify optional products, services, and/or facilities that may be provided by the operator with or without the approval of the Airport Director.
2. **Non-commercial aeronautical activities** – For non-commercial occupancy and/or use of the Airport land and/or improvements, the Agreement shall stipulate that the Lessee shall not offer or provide commercial products, services, or facilities or conduct commercial activities at the Airport or from the leased premises without an amendment of the lease agreement.
3. **Non-aeronautical activities** – Leasing Airport land and/or improvements for non-aeronautical activities is not generally favored by the City of the FAA. The City may, in its sole discretion, consider such use in the event the non-aeronautical use of Airport land and/or improvements does not interfere with the primary aeronautical use of Airport land and/or improvements and is not in violation of any legal requirements, including the Grant Assurances. If such use is contemplated, the applicant must prove that the subject Airport land and/or Improvements will not conflict with the existing or foreseeable aeronautical use of the property during the entire term of a proposed agreement. The leasing of Airport land and/or Improvements for non-aeronautical activities will not be allowed without the prior written consent of the FAA.
4. **Prohibited Activities:** All prohibited uses and activities of the premises shall be identified; however, no lease agreement will allow any activities prohibited by applicable federal, state, or local laws and regulations even if such use is not specifically set out by the lease agreement.

(d) Term

The original term, commencement date, and ending date shall be conveyed in the Agreement. The term of the agreement shall be commensurate with the value of capital investment made by the Lessee into the leased premises and/or on the Airport and sufficient for the Lessee's amortization of the investment, consistent with Article IV of this policy.

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The applicable rents and fees to be paid by the Lessee to the City shall be identified in the agreement. Rents and fees shall be established and adjusted in accordance with Article IV of this policy.

(f) Improvements

A description of the improvements, including minimum square footage of occupied space, shall be included in the agreement. The Lessee shall procure all necessary permits and certificates, including but not limited to all City building, fire, safety, final certificate of occupancy, and meet other applicable requirements for improvements located on Airport property and within the legal boundaries of the Airport as identified on the Airport Layout Plan.

Each lease agreement shall include a deadline by which the Lessee must secure a building permit and a deadline by which construction must be completed and a certificate of occupancy issued, if applicable. Each deadline shall be sufficient for development approval and construction, respectively, and incorporate a reasonable timeframe for completion.

Upon expiration of the term of the agreement, ownership of permanent improvements that have been made to the leased premises by the Lessee shall revert to the City. The City shall retain the right to require the demolition and removal of the improvements and the return of the premises to its original condition and character by the Lessee, normal wear and tear excepted.

Section 3.02 Other Standard Terms and Conditions

Additional terms and conditions within the Lease Agreement shall include, but are not limited to:

1. Procedures for entering into a sublease agreement for all or part of the leased premises, including approval processes and sublessee obligations, to prevent unauthorized use and maintain accountability. Subleasing shall be authorized with the operation of a permitted commercial hangar rental business or with City consent, as applicable. All sublease agreements shall be approved in accordance with the City of Denton Code of Ordinances.
2. Procedures for transferring lease interests, including city approval requirements and any associated fees or conditions, shall be clearly defined to ensure orderly transitions. All sales, assignments, or transfers shall be approved in accordance with the City of Denton Code of Ordinances.
3. If applicable, conditions for granting rights of first refusal. Rights of first refusal may only be granted where the property that is subject to the right of first refusal is contiguous to the leased premises. No right of first refusal may be granted without the payment of a fee or other financial consideration being provided to the City. Other conditions of the right of first refusal will be negotiated by Airport staff. The City retains the right to refuse requests for rights of first refusal.
4. Conditions, procedures, and penalties for defaulting on lease obligations, including notification requirements and remedies available to the city.
5. Requirements that the Lessee shall be responsible, at its own expense, for connection to and service of public utilities.
6. Requirements for Lessee insurance coverage, including liability, property, and workers' compensation insurance, shall be clearly outlined to mitigate risk and protect airport assets.
7. The right of the City to, with notice to the Lessee, inspect the leasehold and improvements for compliance with lease terms, federal, state, or local law, and/or Airport rules and regulations.

8. Requirements that ensure construction adheres to local development standards, building codes, environmental laws, Airport Minimum Operating Standards, and other applicable statutes and regulations in order to maintain the safety and integrity of airport property
9. Requirements for the Lessee to demonstrate possession of all necessary licenses, certifications, and permits required for activities permitted under the lease, with provisions for City verification and periodic updates.
10. Requirements for the Lessee to bear responsibility for the provision of utility service during their occupancy, including electricity, water, gas, sewage, and telecommunications services, with provisions for city oversight
11. Requirements for the Lessee to fulfill all tax obligations related to its activities, including property taxes, sales taxes, and income taxes, under applicable laws and regulations.
12. Requirements for Lessee to maintain accurate records of their operations, including financial statements, maintenance logs, and regulatory compliance documentation, subject to city audit and inspection.
13. Guidelines for holdover possession beyond the lease term, including rental adjustments and termination provisions, shall be established to address transitional periods and prevent unauthorized occupancy.
14. Any other conditions or requirements deemed appropriate by the City

Section 3.03 Maintenance of the Leasehold

The Lessee shall bear responsibility for ongoing maintenance of the leased premises and all improvements including, but not limited to, preventing the accumulation of debris and trash, abating fire and chemical hazards, abatement of nuisances, and the irrigation and maintenance of landscaping. The Lessee shall perform all work in accordance with applicable laws and regulations.

To prevent the premature aging and deterioration of the improvements, the Lessee, at its own expense, shall conduct a Condition Assessment (“Assessment”) on all improvements no later than the tenth (10th) anniversary of the Commencement Date, and every five (5) year anniversary thereafter. The Assessment shall examine, at minimum, the building’s structural components, electrical, plumbing, heating and cooling systems, and roof. Additionally, any pavement (asphalt or concrete) within the leasehold area shall also be examined. The Assessment shall be conducted by a commercial building inspector qualified to perform such work in the State of Texas who, after being selected by the Lessee, shall be approved in writing by the City. The Condition Assessment shall be provided to the City within thirty (30) days of the completion deadline. Any deficiencies that are due to the Lessee’s failure to meet their obligations under the Lease shall be corrected by the Lessee at its expense. The Lessee shall, within ninety (90) days, provide to the Lessor a plan to correct such deficiencies identified in the Condition Assessment within one (1) year, unless extended in writing by the Airport Director, or designee. Failure to correct deficiencies identified in the Condition Assessment will constitute a breach of the lease agreement.

Section 3.04 Additional Lease Requirements

The Lease shall contain, or adopt by reference, all provisions required by the applicable law, including, without limitation, regulations promulgated by the FAA and the Transportation Safety Administration, and assurances or agreements entered into by the City as a condition of any Federal Grant to the City for the Airport. The Lease or Permit shall be subordinate to any existing or future Federal grant assurances.

Article IV. Rents, Fees, and Agreement Term

Airport lease rates and associated fees shall be consistent with FAA policy and Grant Assurance obligations, specifically the requirement that the Airport be as financially self-sustaining as possible and that leases are provided on a consistent and equitable basis. To the extent feasible, aeronautical use fees must be established on a cost-recovery basis while the use of Airport property for non-aeronautical facilities and/or services must be based on fair market value.

Section 4.01 Rent

During the lease term, the Lessee shall pay the Airport market rent for applicable land and facility(ies). Where a Lessee has constructed a Facility, the Lessee shall pay Market Rent for land only during the Term of its Lease.

(a) Establishment of Market Rent

Market rent shall be established through a property appraisal by a qualified appraiser, or a market analysis performed by a similarly qualified individual or firm. No appraisals used to establish market rent for a property shall have been performed more than two years before the execution of a lease agreement.

(b) Deviations from Market Rent

Below market rent may only be offered where the Lessee constructs public infrastructure that benefits other properties (i.e., taxilanes, taxiways, roads, or utilities) or makes improvements to an existing facility that extends the useful life of the facility, as approved by the City. In such cases, the value of the reduced rental rate may not exceed the value of the Lessee's investment in public infrastructure.

In the event that the City develops all or part of the Improvements, to establish rents the City may, in its sole discretion, establish a reasonable rate of return on the investment.

Rental rates for certain property uses, particularly non-aeronautical uses, may include a percentage of Lessee's gross income relating to its use of the property.

Section 4.02 Adjustment of Rent

To account for regular cost inflation, Lease rents shall be adjusted no later than every two years after the commencement date of the lease. This adjustment proportion that the then-current United States Consumer Price Index for all urban consumers ("CPI-U") for the Dallas-Fort Worth Bureau of Labor Statistics (1982-84 = 100) bears to that of the Commencement Date month.

Section 4.03 "Through the Fence" Agreements

FAA Grant Assurances require access to the Airport to be provided on an equitable basis. If an adjacent property requests access to the airport to conduct aeronautical activities, the property owner may be granted a "Through the Fence Agreement" granting them such access. As a condition of this access, the property shall pay market rent, including adjustments, under the terms outlined by this policy.

The City may impose additional requirements as a condition of any "through the fence agreement" access, and any request for such agreement is subject to review and approval by the City Council.

Section 4.04 Fees

The City shall reserve the right to establish and assess fees to recover the costs being incurred by the Airport associated with the planning, development, operation (including maintenance and repair), management, and marketing of the Airport.

Fees may include, but are not limited to, fuel flowage fees, aircraft parking fees, based aircraft fees, operator permit fees, percentage of gross receipts fees, aircraft landing fees, and/or temporary or special use permit fees. All fees shall be identified in the City's rates and fee schedule.

Section 4.05 Lease Term

Lease agreements shall specify the duration of occupancy. The length of a ground lease shall comply with federal and state regulations and be sufficient for the Lessee to amortize its capital investment into the leased premises. The lease term will depend on the value of capital invested in the leasehold. Airport staff shall, based on financial and market conditions, determine the appropriate investment to warrant a given lease term, considering additional factors such as site conditions, indirect benefits to the airport, and federal requirements, as applicable.

On a case-by-case basis, the City may consider a significantly longer lease term, still subject to federal and state regulations, to support Airport property development and allow a Lessee to amortize its investment, based on the following criteria:

1. Significant initial capital investment beyond the minimum requirements
2. Significant additional capital investment in the current leased property
3. Exceptional or unique services provided to other Airport tenants and users
4. Exceptional job creation and/or impact to the local economy
5. Public infrastructure extension which will benefit other properties (i.e., taxilanes, taxiways, roads, or utilities)
6. Potential to attract other new aviation businesses or to significantly increase airport revenues

Leases where no capital is invested into the property shall be limited to no more than 3 years.

Section 4.06 Lease Extensions

Extensions to leases shall only be permitted where the following criteria are met:

1. The extensions are at the Lessor's discretion;
2. The extensions are the result of an investment of capital on the premises for new improvements; or
3. The extensions are the result of an investment of capital in the leased premises that extends the life of existing improvements.

In cases where an extension is the result of an investment of capital, the extension term shall be commensurate with the value of the capital investment.

The City shall require that the rent paid for the term of any lease extension shall reflect the higher of the then-current rent or the fair market rent at the time of the extension. Rent shall be adjusted through the term of the extension as permitted within his policy. No extension or extensions may result in the total lease term extending beyond the statutory limit.

Article V. Reversion of Improvements to the City

Each lease agreement shall require that, at the end of the lease term, Lessees shall surrender all leased premises to the Airport, including any improvements made during the lease period, unless otherwise specified in the lease agreement. Lessees may be required to remove any improvements not deemed necessary for the ongoing operation of the airport, restoring the leased premises to their original condition at the Lessee's expense.

At the time of the reversion of the leased premises and improvements, the City may at its discretion:

1. Extend the current ground lease or enter into a new lease with the Lessee under the provisions of this Policy;
2. Enter into a conventional hangar lease at fair market value with a qualified Lessee;
3. Pursue redevelopment of the leasehold; or
4. Take any other action that is in the best interests of the Airport and in compliance with applicable laws and regulations.

The provision of a lease extension or new lease agreement shall be based on the best long-term financial interest of the airport. A long-term financial analysis shall be provided to the City Council during any consideration of a lease extension or new lease agreement under this provision.

DRAFT



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Denton Enterprise Airport

ACM: Frank Dixon

DATE: June 10, 2026

SUBJECT

Receive a report, hold a discussion, and provide recommendation to City Council regarding the approval of an Airport Land Lease Agreement between the City of Denton, Texas and Sheltair Aviation Denton, LLC, at the Denton Enterprise Airport; authorizing the City Manager to execute the Airport Lease Agreement; and providing an effective date.

BACKGROUND

Sheltair Aviation Denton, LLC (“Sheltair”), a tenant of Denton Enterprise Airport currently leases land covering properties located at 4700 Spartan Drive, 4780 Spartan Drive, 4849 Spartan Drive, 4700 John Carrell, 4790 John Carrell, 4600 Spartan Drive, 4850 Spartan Drive, 5007 Airport Road, 5077 Sabre Drive, 5035 Warbird Drive, and 5050 Warbird Drive. In December 2025, Sheltair asked the City for approval to consolidate its seven leaseholds, which currently expire between 2047 and 2055, into a single unified lease agreement.

The consolidated lease will include 19 buildings totaling approximately 359,944 square feet, one (1) self-fueling station, two (2) fuel farms, and approximately 226,705 square feet of ramp area. The final ramp area includes approximately 185,000 square feet of that is currently covered under separate short-term license agreements. The assignment of this additional ramp space will support Sheltair’s long-term provision of services to itinerant (i.e. visiting) aircraft, such as corporate and cargo aviation operators.

Consolidating the leases and adding the licensed space to the leasehold, provides an opportunity to standardize lease provisions, align consumer price index (“CPI”) adjustment dates, and simplify long-term oversight for both the City and the tenant across all leased areas. The proposed consolidated lease would extend through 2056 with no extensions, resulting in 1 to 9 years added to the lease term for the existing facilities depending on the relevant lease agreement. The initial annual lease rate will be set at \$0.38 per square foot, increasing to \$0.40 per square foot beginning in 2027. Beginning in 2028, the rate will adjust every two years based on increases in the Consumer Price Index for All Urban Consumers (CPI-U). This rate is significantly higher than what is currently paid by many of the individual ground leases that will be consolidated. In addition to rental adjustments, Sheltair will commit to a \$3,330,000 capital investment in existing facilities during the first 10 years of the consolidated lease. The scale and nature of the required improvements are sufficient to justify the lease term extensions and must meet the criteria for enhancing the useful life of the facilities, Generally Accepted Accounting Principles standards for capital expenditures.

STAFF RECOMMENDATION

Airport Staff recommends approval of the Sheltair Aviation Denton, LLC Lease Agreement (**Exhibit 3**).

FISCAL INFORMATION

The initial annual lease rate will be set at \$0.38 per square foot, resulting in a total first-year rent of \$598,921.42, which represents an increase over the current annual land lease of \$ \$132,537.36. Beginning one year after the commencement date, the rate will adjust to \$0.40 per square foot, yielding an annual total of \$630,443.60.

EXHIBITS


1. Agenda Information Sheet
2. Location Map
3. Sheltair Aviation Denton, LLC Lease Agreement

Respectfully submitted:
Ryan Adams, C.M.
Airport Director

Location Map

Sheltair Aviation Denton, LLC

Legend

 Consolidated Land Lease



Denton Enterprise Airport

Google Earth

Image Landsat / Copernicus

1000 ft



AIRPORT LEASE AGREEMENT

between

CITY OF DENTON

and

SHELTAIR AVIATION DENTON, LLC

dated as of

_____, **2026**

TABLE OF CONTENTS

| | Page No. |
|--|-----------------|
| ARTICLE I LEASE OF LEASED PREMISES; TERM | 2 |
| Section 1.1 <u>Lease of Leased Premises</u> | 2 |
| Section 1.2 <u>Lease Term</u> | 2 |
| Section 1.3 <u>Holding Over; Rights at Expiration</u> | 2 |
| Section 1.4 <u>Inspection of Leased Premises; Access to Books and Records</u> | 2 |
| Section 1.5 <u>Ownership of Leased Premises</u> | 3 |
| Section 1.6 <u>Existing Leases Terminated</u> | 3 |
| ARTICLE II RENT | 3 |
| Section 2.1 <u>Rent</u> | 3 |
| Section 2.2 <u>Insufficient Funds Charge</u> | 4 |
| Section 2.3 <u>Time and Place of Payments</u> | 4 |
| Section 2.4 <u>Delinquent Rent</u> | 4 |
| ARTICLE III OCCUPANCY, USE AND CONDITIONS OF LEASED PREMISES..... | 4 |
| Section 3.1 <u>Condition of Leased Premises</u> | 4 |
| Section 3.2 <u>Construction and Ownership of Improvements</u> | 4 |
| Section 3.3 <u>Access</u> | 5 |
| Section 3.4 <u>Use of Leased Premises and Compliance with all Laws and Regulations</u> | 6 |
| Section 3.5 <u>No Unauthorized Use</u> | 7 |
| Section 3.6 <u>Permits and Licenses</u> | 7 |
| Section 3.7 <u>Payment of Taxes</u> | 7 |
| Section 3.8 <u>No Liens</u> | 7 |
| Section 3.9 <u>Compliance with 2252.909 of Texas Government Code</u> | 8 |
| ARTICLE IV REPRESENTATIONS AND WARRANTIES | 8 |
| Section 4.1 <u>Representations by City</u> | 8 |
| Section 4.2 <u>Representations by Lessee</u> | 8 |
| ARTICLE V OBLIGATIONS OF LESSEE | 9 |
| Section 5.1 <u>Plans and Specifications</u> | 9 |
| Section 5.2 <u>Appraisal at Conclusion of Construction</u> | 9 |
| Section 5.3 <u>Operations and Maintenance</u> | 9 |
| Section 5.4 <u>Utilities</u> | 10 |
| Section 5.5 <u>Signs</u> | 10 |
| Section 5.6 <u>Security</u> | 10 |
| Section 5.7 <u>Obstruction Lights</u> | 10 |
| Section 5.8 <u>Hazardous Materials</u> | 10 |
| Section 5.9 <u>Trash, Garbage, and Other Refuse</u> | 11 |

| | |
|--|-----------|
| ARTICLE VI INDEMNIFICATION AND INSURANCE | 12 |
| Section 6.1 <u>Insurance</u> | 12 |
| Section 6.2 <u>Lessee’s Indemnification and Duty to Pay Damages.</u> | 13 |
| ARTICLE VII DEFAULT AND REMEDIES | 13 |
| Section 7.1 <u>Lessee’s Default</u> | 13 |
| Section 7.2 <u>Default by City</u> | 14 |
| Section 7.3 <u>Remedies for Failure to Pay Rent</u> | 14 |
| Section 7.4 <u>Remedies for Breach of Agreement</u> | 14 |
| Section 7.5 <u>Survival</u> | 14 |
| ARTICLE VIII ASSIGNMENT AND SUBLEASING | 14 |
| Section 8.1 <u>Assignment by Lessee</u> | 14 |
| Section 8.2 <u>Assignment by City</u> | 15 |
| Section 8.3 <u>Encumbrances</u> | 15 |
| Section 8.4 <u>Leasehold Mortgage</u> | 15 |
| Section 8.5 <u>Sublease</u> | 18 |
| ARTICLE IX MISCELLANEOUS PROVISIONS..... | 19 |
| Section 9.1 <u>Waiver of Exemption</u> | 19 |
| Section 9.2 <u>Addresses</u> | 19 |
| Section 9.3 <u>No Waiver</u> | 19 |
| Section 9.4 <u>Lessee’s Subordination</u> | 19 |
| Section 9.5 <u>Additional Charges as Rent</u> | 19 |
| Section 9.6 <u>Subordination to Grant Assurances</u> | 19 |
| Section 9.7 <u>Non-Interference With Operation of the Airport</u> | 20 |
| Section 9.8 <u>Emergency Closures</u> | 20 |
| Section 9.9 <u>Interpretation</u> | 20 |
| Section 9.10 <u>Force Majeure</u> | 21 |
| Section 9.11 <u>Governing Law and Venue</u> | 21 |
| Section 9.12 <u>Amendments and Waivers</u> | 21 |
| Section 9.13 <u>Severability</u> | 21 |
| Section 9.14 <u>Merger</u> | 21 |
| Section 9.15 <u>Relationship of Parties</u> | 21 |
| Section 9.16 <u>Further Assurances</u> | 22 |
| Section 9.17 <u>Required Federal Clauses</u> | 22 |

AIRPORT LEASE AGREEMENT

THIS AIRPORT LEASE AGREEMENT (this “Agreement”) effective as of this _____ day of _____, 2026, (by and between the CITY OF DENTON, TEXAS, a Texas home-rule municipal corporation (“City”), and Sheltair Aviation Denton, LLC, a Texas, foreign limited liability company (the “Lessee” and, together with City, the “Parties” and each a “Party”).

RECITALS

WHEREAS, City is the owner and operator of the Denton Enterprise Airport in the City of Denton, Texas (the “Airport”);

WHEREAS, Lessee is the current lessee pursuant to that certain Consent to Lease Assignment dated November 15, 2022, and March 7, 2023, for fixed base operations and hangar leasing, as approved by Ordinance 23-496, and Ordinance 22-2353 (the “Existing Leases”); and

WHEREAS, the Existing Leases, prior to being assumed by Lessee, were approved by the City pursuant to Ordinance No. 2005-020, Ordinance No. 2005-311, Ordinance No. 98-133, Ordinance No. 2007-186, Ordinance No. 2009-018, Ordinance No. 2004-362, and Ordinance No. 2015-259 respectively, as each has been amended or assigned from time to time; and

WHEREAS, the Lessee also has a License Agreement with the City for use of certain apron space which the Parties intend to add to the Leased Premises (as defined below); and

WHEREAS, the Lessee has requested to consolidate the Existing Leases and the License Agreement covering property described in **Exhibit A** attached hereto; and


WHEREAS, Lessee desires, and City agrees, to enter into a new consolidated lease agreement that will supersede the Existing Leases subject to the terms and conditions contained in this Agreement; and


WHEREAS, City has the right, title and interest in and to the real property on the Airport, together with the facilities, easements, rights, licenses, and privileges hereinafter granted, and has full power and authority to enter into this Agreement in respect thereof;

WHEREAS, City owns that certain real property located within the Airport legally described on **Exhibit A** and made part hereof which consists of One Million, Five Hundred Seventy-Six Thousand, One Hundred Nine square feet or 36.19 acres (such real property, together with all rights, privileges, easements and appurtenances benefiting such real property, are collectively referred to herein as the “Leased Premises”);

WHEREAS, the Parties hereto wish to memorialize their agreement herein and they agree as follows:

AGREEMENT

Signed by:

76544D73C38F499...

Signed by:

LESSEE
CFFD0602DCDD451...

NOW, THEREFORE, in consideration of the foregoing Recitals, which by this reference are hereby incorporated into this Agreement, and the mutual covenants contained in this Agreement, the Parties hereto hereby agree as follows:

**ARTICLE I
LEASE OF LEASED PREMISES; TERM**

Section 1.1 Lease of Leased Premises. City hereby leases to Lessee, and Lessee hereby rents from City for its exclusive use the Leased Premises, all herein described rights incident thereto, for and during the Lease Term and upon and subject to the terms, provisions and conditions herein set forth. All improvements existing in, on or under the Leased Premises as of the Commencement Date, as hereafter defined, shall be referred to herein as "Improvements". All improvements constructed by or on behalf of City from and after the Commencement Date, as hereafter defined, shall be referred to herein as "City Improvements".

Section 1.2 Lease Term. The term of this Agreement (the "Lease Term") shall be for a period of thirty (30) years commencing on _____, 2026 (the "Commencement Date"), and unless sooner terminated pursuant to the provisions of this Agreement, shall terminate on _____, 2056.

Section 1.3 Holding Over; Rights at Expiration.

A. If Lessee retains all or any portion of the Leased Premises after the expiration or termination of the Lease Term by lapse of time or otherwise, such holding over shall constitute the creation of a tenancy at will with respect to such retained portion, terminable by City at any time upon thirty (30) days prior written notice to Lessee. Under such tenancy at will, Lessee agrees to pay to City as liquidated damages, and not as a penalty, 150 % of the last monthly rental rate under this agreement for each month of holdover. All provisions of this Agreement shall remain in full force and effect during such holdover period.


B. Lessee further agrees that, upon the expiration or termination of the Lease Term, the Leased Premises will be delivered to City in as good a condition as when this Agreement began, reasonable wear and tear and matters covered by insurance excepted and the Improvements, as defined above, will be delivered to City in as good a condition as when such Improvements were constructed, located, installed, placed or erected in, upon or under the Leased Premises, reasonable wear and tear and matters covered by insurance excepted.

C. Except as otherwise expressly set forth elsewhere herein, Lessee shall have no rights with respect to any improvements made to the Leased Premises during the Lease Term that are not otherwise required to be removed by City.

Section 1.4 Inspection of Leased Premises; Access to Books and Records. City, through its duly authorized agents, shall have at any reasonable time the full and unrestricted right to enter the Leased Premises and the Improvements, as hereafter defined, for the purpose of periodic inspection for fire protection, maintenance and to investigate compliance with the terms of this Agreement; provided, however, that except in the case of emergency, such right shall be exercised upon reasonable prior notice to Lessee and with an opportunity for Lessee to have an employee or agent present, and will not interfere with Lessee's construction or operations. City or its duly

Signed by:

CITY
76544D73C36F499...

Signed by:

LESSEE
CFFD0602DCDD451...

authorized representatives shall have the right at all reasonable times during business hours to inspect the books, records and receipts of Lessee, for the purpose of verification. Such records must be made available for City inspection within the Denton City limits within thirty (30) days of such request. Lessee must maintain an acceptable cost accounting system. Lessee agrees to provide City, the Federal Aviation Administration, and the Comptroller General of the United States or any of their duly authorized representatives access to any books, documents, papers, and records of the Lessee which are directly pertinent to this Agreement for the purpose of making audit, examination, excerpts, and transcriptions, provided that the confidentiality of business records is preserved subject to City’s obligations under state law or other similar federal laws. The Lessee agrees to maintain all books, records, and reports required under this Agreement for a period of not less than three years after final payment is made and all pending matters are closed

Section 1.5 Ownership of Leased Premises. City and Lessee intend and hereby agree that the Leased Premises shall be and remain the property of City during the entire term of this Agreement and thereafter.

Section 1.6 Existing Leases Terminated. City and Lessee hereby agree that the Existing Leases and License Agreement are terminated and of no further force and effect.

ARTICLE II

RENT

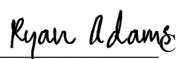
Section 2.1 Rent


A. In consideration for the use of the Leased Premises herein granted, Lessee shall pay to City the following rental amounts (the “Rent”). The monthly rent shall be in the sum of \$0.38 per net square foot per year, as determined and provided in Exhibit A, said sum being stipulated herein as **Five Hundred Ninety-Eight Thousand, Nine Hundred Twenty-One Dollars and forty-two cents (\$598,921.42)**, payable in twelve equal monthly installments of Forty-Nine Thousand, Nine Hundred Ten Dollars and Twelve Cents (\$49,910.12). All rental payment will be due in advance on the first of each calendar month thereafter. City will mail a courtesy statement on or about the first of each month. Failure to receive the statement in a timely manner does not absolve Lessee from making rental payment on the first of each month.

B. The monthly rent shall be increased to \$0.40 per net square foot, one year after the commencement date.

C. The Rent for the Leased Premises shall be readjusted at the end of each two (2) year period during the Lease Term, starting two (2) years after the Commencement Date and every two (2) years thereafter, on the basis of the proportion that the then current United States Consumer Price Index for all urban consumers (“CPI-U”) for the Dallas-Fort Worth Bureau of Labor Statistics (1982-84 = 100) bears to that of the Commencement Date.

D. Lessee shall pay City a percentage of (i) all hangar and tie -down rentals collected and (ii) fees collected by Lessee from persons renting facilities on the Leased Premises. Such fees shall be equal to 12% on gross receipts or such other percentage as established by the City Council from time to time. All such fees shall be paid monthly to City on or before the 15th day

Signed by:

76544D73C36F499...

Signed by:

LESSEE
CFFD0602DCDD451...

of each month during the Lease Term. The fees shall be accompanied by the ledger verifying rental and fuel fees with at least as much information as provided on the sample ledger attached as Exhibit C.

Section 2.2 Insufficient Funds Charge. There shall be an extra charge of THIRTY DOLLARS (\$30.00) on any check returned by the bank for insufficient funds or account not existing.

Section 2.3 Time and Place of Payments. The Rent, as well as all other charges hereunder, shall be payable in equal monthly installments in advance on or before the first business day of each calendar month of the Lease Term at City’s offices of the Finance Department of the City of Denton, 215 E. McKinney, Denton, Texas, unless otherwise designated in writing by the City.

Section 2.4 Delinquent Rent. In the event Rent due pursuant to Section 2.1 or any other amounts payable by Lessee hereunder shall not be paid by Lessee on the due date thereof, Lessee shall pay to City as additional Rent, an interest charge of five percent (5%), or the maximum percentage allowed by law, whichever is greater, of the amount due for each full calendar month of delinquency, computed as simple interest. No interest shall be charged until payment is thirty (30) days overdue, but any such interest assessed thereafter shall be computed from the due date.

ARTICLE III

OCCUPANCY, USE AND CONDITIONS OF LEASED PREMISES

Section 3.1 Condition of Leased Premises. Lessee accepts the Leased Premises in their present “as is” condition. Lessee releases City and holds City and City’s officers, directors, elected and appointed officials, employees, and agents harmless for any claims arising out of or related to any condition of the Leased Premises.

Section 3.2 Construction and Ownership of Improvements.

A. Lessee shall make a minimum capital investment of Three Million Three Hundred Thousand Dollars (\$3,330,000.00) in life extension improvements (“Life Extension Improvements”) to the Leased Property within the first ten (10) years of the Lease Term. Such Life Extension Improvements shall be applied exclusively to the designated surveyed properties set forth in Section 3.2.A(a)-(o) and shall be consistent with Generally Accepted Accounting Principles standards for capital expenditures, with the intent of enhancing the useful life of the building and ramp infrastructure:

- (a) Surveyed Tract 7.
- (b) Surveyed Tract 8.
- (c) Surveyed Tract 3.
- (d) Surveyed Tract 4, Parcel 1

Signed by:
Ryan Adams CITY
76544D73C36F499...


Signed by:
Lisa Holland LESSEE
CFFD0602DCDD451...

- (e) Surveyed Tract 4, Parcel 2
- (f) Surveyed Tract 4, Parcel 3
- (g) Surveyed Tract 5.
- (h) Surveyed Tract 9.
- (i) Surveyed Tract 10.
- (j) Surveyed Tract 11.
- (k) Surveyed Tract 12.
- (l) Surveyed Tract 13.
- (m) Surveyed Tract 14.
- (n) Surveyed Tract 15.
- (o) All surveyed fuel farms.

B. The Lessee shall use the Leased Premises for the following aeronautical uses: Fixed Based Operator and hangar rental services. Any changes in aeronautical use must be approved in writing by the Director of Airport or designee. With respect to the hangar leasing services use, all subtenants of Lessee will be required to follow all Laws and Regulations, including the Airport Minimum Operating Standards and Airport Rules and Regulations. The Lessee shall ensure that its subtenants comply with such obligations and provide an annual report to City as to the uses of the hangars by its subtenants.

C. Lessee will own the Improvements during the Lease Term only. Effective upon the expiration or termination of this Agreement, the Improvements shall become the property of City, without the payment by City of any compensation or other consideration for any Improvements, and title to the Improvements shall merge with the title of, or be otherwise considered and deemed a part of, the real property of City, free and clear of any claim of Lessee and any persons or entities claiming under or through Lessee including, without limitation, the trustee, beneficiary or holder of any mortgage or deed of trust. Any other personal property of Lessee that can be removed by Lessee without material damage to the Leased Premises or to the Improvements may remain the personal property of Lessee and may be removed by Lessee at any time on or before the end of the Lease Term. Lessee shall, in removing any such personal property, repair all damage to the Leased Premises and Improvements caused by such removal.

Section 3.3 Access. City agrees that if Lessee is not in breach of this Agreement, Lessee and Lessee's employees, officers, directors, sublessees (that are approved by City pursuant to this Agreement), contractors, subcontractors, suppliers, agents, invitees, and other representatives ("Lessee's Associates") are authorized to ingress and egress across the common areas of the Airport (in the areas designated by City, for the purposes for which they were designed, and as permitted by applicable Laws and Regulations as defined in Section 3.4) on a non-exclusive basis

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and to the extent reasonably necessary for Lessee's use, occupancy, and operations at the Leased Premises. Lessee agrees to comply with any driver training program or guidelines established by the City. Lessee further agrees to ensure that Lessee's Associates shall comply with such program or guidelines. During special events at the Airport, Lessee acknowledges that the standard operation procedure at the Airport may be altered such that egress and ingress to the Leased Premises may be altered by City. City will notify Lessee in writing of any special events or closures that will impede Lessee's use of the Leased Premises. Lessee's failure to comply with the altered procedure is a default of this Agreement, and City may proceed to terminate this Agreement. In accordance with Executive Order 13513, "Federal Leadership on Reducing Text Messaging While Driving", (10/1/2009) and DOT Order 3902.10, "Text Messaging While Driving", (12/30/2009), the Federal Aviation Administration encourages recipients of Federal grant funds to adopt and enforce safety policies that decrease crashes by distracted drivers, including policies to ban text messaging while driving when performing work related to a grant or subgrant. In support of this initiative, City encourages the Lessee to promote policies and initiatives for its employees and other work personnel that decrease crashes by distracted drivers, including policies that ban text messaging while driving motor vehicles while performing work activities associated with the project.

Section 3.4 Use of Leased Premises and Compliance with all Laws and Regulations.

Lessee agrees that it shall use the Leased Premises and the Improvements only for aeronautical purposes and Lessee and Lessee's Associates shall comply at all times, at Lessee's sole cost, with any and all laws and regulations (as amended or otherwise modified from time to time) that are applicable to Lessee's use, occupancy, or operations at the Leased Premises, the Improvements or the Airport (the "Laws and Regulations"), which include, but are not limited to, all laws, statutes, ordinances, regulations, rules, orders, writs, judgments, decrees, injunctions, directives, rulings, guidelines, standards, codes, policies, common law, and other pronouncements of any kind having the effect of law that may be applicable at any time during the term of this Agreement including, but not limited to, the Airport Rules and Regulations, Minimum Operating Standards, master plans and zoning codes, and all Laws and Regulations pertaining to the environment (the "Environmental Laws"); any and all plans and programs developed in compliance with such requirements (including, but not limited to, any Airport Security Plan); and all lawful, reasonable, and nondiscriminatory Airport policies and other requirements. Lessee shall provide all required notices under the Laws and Regulations. Upon a written request by City, Lessee will verify, within a reasonable time frame, compliance with any Laws and Regulations. Further, in its use of the Leased Premises and the Improvements, Lessee shall comply with the following:

A. Address. Lessee shall file with the Airport Director and keep current its mailing addresses, telephone numbers, and contacts where it can be reached in an emergency.

B. List of Sublessee and Aircraft. At least quarterly, Lessee shall file with the Airport Director and keep current a list of its sublessees and a list of all aircraft hangared or tied down on the Leased Premises within the previous four (4) month period.

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Section 3.5 No Unauthorized Use. Lessee and Lessee's Associates shall use the Leased Premises, the Improvements and the Airport only for purposes that are expressly authorized by this Agreement and shall not engage in any unauthorized use of the same. Unauthorized uses include, but are not limited to, restricting access on any road or other area that Lessee does not lease; placing waste materials on the Airport or disposing of such materials in violation of any Laws and Regulations; any use that would constitute a public or private nuisance or a disturbance or annoyance to other Airport users; driving a motor vehicle in a prohibited Airport location; the use of automobile parking areas in a manner not authorized by City; any use that would interfere with any operation at the Airport or decrease the Airport's effectiveness (as determined by City in its sole discretion); and any use that would be prohibited by or would impair coverage under either Party's insurance policies or would cause an increase in the existing rate of insurance upon the Leased Premise.

Section 3.6 Permits and Licenses. Lessee shall obtain and maintain in current status all permits and licenses that are required under any Laws and Regulations in connection with Lessee's construction of Improvements and the use, occupancy, or operations at the Leased Premises, the Improvements or the Airport. Those permits and licenses include, but are not limited to, (i) all contractors doing work on the Leased Premises, including work on or for the Improvements, must be licensed by the State of Texas, (ii) prior to commencing construction of any Improvements, a permit must be obtained from the City of Denton and a copy of the permit must be furnished to the Airport Manager, and (iii) if applicable, clearance must be obtained from the responsible health department or other agency. In the event that Lessee receives notice from any governmental entity that Lessee lacks, or is in violation of, any such permit or license, Lessee shall provide City with timely written notice of the same.

Section 3.7 Payment of Taxes. Lessee shall pay (before their respective due dates) all taxes, fees, assessments, and levies that relate to Lessee's use, occupancy, or operations at the Leased Premises, the Improvements or the Airport and all other obligations for which a lien may be created relating thereto (including, but not limited to, utility charges and work for any Improvements). Lessee shall be responsible for any and all taxes generated by the Denton County Tax Assessor / Collector.

Section 3.8 No Liens. No liens may be placed upon the Leased Premises. Within thirty (30) days, Lessee shall pay all lawful claims made against City and discharge all liens filed or which exist against the Leased Premises or any other portion of the Airport (other than Lessee's trade fixtures or trade equipment) to the extent such claims arise out of or in connection with, whether directly or indirectly, the failure to make payment for work done or materials provided by Lessee, its contractors, subcontractors, or materialmen. However, Lessee shall have the right to contest the amount or validity of any such claim or lien without being in default under this Agreement upon furnishing security in form acceptable to City, in an amount equal to one hundred percent (100%) of such claim or lien, which insures that such claim or lien will be properly and fully discharged forthwith in the event that such contest is finally determined against Lessee or City. City shall give timely notice to Lessee of all such claims and liens of which it becomes aware. When contracting for any work in connection with the Leased Premises or the Improvements, Lessee shall include in such contract a provision prohibiting the contractor or any subcontractor or supplier from filing a lien or asserting a claim against City's real property or any interest therein. Lessee is solely responsible for ensuring that all requirements are met such that

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such lien waivers are effective and enforceable (such as filing such contracts, if necessary). Furthermore, when completed, the Improvements on the Leased Premises shall be free from all construction liens.

Section 3.9 Compliance with 2252.909 of Texas Government Code.

A. In connection with Lessee’s construction, alteration or repair of the Improvements or any other construction on the Leased Property, Lessee shall require their contractor to:

(a) execute a payment bond that conforms to Subchapter I, Chapter 53, Property Code; and

(b) execute a performance bond in an amount equal to the amount of the contract for the protection of the City and conditioned on the faithful performance of the contractor’s work in accordance with the plans, specifications, and contract documents.

B. Lessee shall provide City with a notice of commencement of construction no later than ninety (90) days prior to the commencement of construction, alteration, or repair of any improvement to the Leased Property (“Notice of Commencement”), which will materially conform with the requirements under Texas Local Government Code 2252.909.

C. Notice of Commencement must:

(a) identify the public property where the work will be performed;

(b) described the work to be performed;

(c) state the total cost of the work to be performed;

(d) include copies of the performance and payment bonds required; and


(e) include a written acknowledgment signed by the contractor stating that copies of the required performance payment bonds will be provided to all subcontractors not later than the fifth day after the date a subcontract is executed.


ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations by City. City represents and warrants that it has the right, power, and legal capacity to enter into and perform its obligations under this Agreement, has duly executed and delivered this Agreement, and that this Agreement constitutes a legal, valid, and binding obligation of City.

Section 4.2 Representations by Lessee. Lessee represents and warrants that it has the right, power, and legal capacity to enter into and perform its obligations under this Agreement, has duly executed and delivered this Agreement, and that this Agreement constitutes a legal, valid, and binding obligation of Lessee.

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ARTICLE V

OBLIGATIONS OF LESSEE

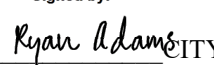
Section 5.1 Plans and Specifications. With respect to any Improvements, Lessee shall select qualified architects and engineers to prepare, prior to construction or on a phased basis during construction, the architectural, site, structural, mechanical, and/or electrical drawings and specifications for the Improvements in the form and content required by the appropriate local planning and zoning authorities and pursuant to all applicable Laws and Regulations and this Agreement, which shall be approved in writing by the Director of Airport or designee (collectively, the “Plans and Specifications”).

Section 5.2 Capital Expenditure Report. Lessee shall, at its own expense, provide City (not more than once each Lease year) a report of the total capital expenditures relating to the Life Extension Improvements that have been incurred as of the date of the report including detailed invoices and confirmation of the cost of the Life Extension Improvements.

Section 5.3 Operations and Maintenance.

A. Lessee shall maintain the Leased Premises and all Improvements in a condition that is clean, free of debris, safe, sanitary, and in good repair and shall not accumulate or permit the accumulation of any trash, refuse, debris, or of anything that is unsightly, which creates a fire hazard, nuisance, or causes inconvenience to adjoining properties. Lessee shall at its own expense create, execute, and maintain a comprehensive landscaping and irrigation plan for the Leased Premises in accordance with relevant local landscaping codes. Lessee shall perform all work in accordance with Laws and Regulations and in a good and workmanlike manner. Lessee shall promptly remedy any condition that fails to meet this standard. Without limiting the foregoing obligations, Lessee shall not store on the Leased Premises any inoperable equipment, discarded or unsightly materials, or materials likely to create a hazard; shall not use areas outside of enclosed buildings for storage; and shall store trash in covered metal receptacles or any other receptacles approved in writing by the Director of Airport, or designee. Any substance or material that is regulated by any Environmental Law (“Hazardous Materials”) shall be governed by Section 5.8. In addition, Lessee agrees to comply with all applicable provisions of City’s Texas Pollutant Discharge Elimination Multi-Sector General Permit.

B. Lessee shall conduct a condition assessment on all Improvements no later than the tenth (10th) anniversary of the Commencement Date, and every five (5) year anniversary thereafter (the “Condition Assessment”). The Condition Assessment shall be conducted by a licensed commercial building inspector, whom shall be approved in writing by the City. The Condition Assessment, which shall be at the Lessee’s sole expense, shall, at minimum, examine the building’s structural components, electrical, plumbing, heating and cooling systems, roof, and asphalt and/or concrete paving. The Condition Assessment shall be provided to the City within 30 days of the Condition Assessment being due. Any extensions must be requested by the Lessee and approved by the City in writing. Any deficiencies due to Lessee’s failure to meet its obligations under this Agreement shall be corrected at the Lessee’s sole expense within one (1) year of the completion of the Condition Assessment, with Lessee providing the City documentation of such correction. Failure to correct such deficiencies will constitute a breach of this Agreement.

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Section 5.4 Utilities. City represents that there are water, sewer, and 3-phase electrical lines accessible within the general vicinity of the Leased Premises. Lessee shall be responsible, at Lessee’s sole cost and expense, for obtaining all utility connections at or for the Leased Premises and the Improvements. Further, Lessee shall pay for telecommunications, television, internet, gas, light bulbs, electricity, water, sewer, and garbage and trash removal services provided to or used by Lessee and shall make such deposits as are required to secure service. Lessee shall be responsible for any water or sewer impact fees incurred by their use of the Leased Premises. Any repairs of the utility lines, other than those which are the responsibility of the utility service, are the responsibility of Lessee. If utilities are billed to a common meter, Lessee shall pay to City the pro-rated amount based on square footage leased.

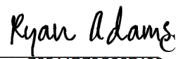
Section 5.5 Signs. With the exception of signage denoting an on-site, permitted business and in compliance with any applicable Laws and Regulations, Lessee shall not place, or cause to be placed, any sign or signs on the Leased Premises or the Improvements unless otherwise agreed to in writing by the Director of Airport, or designee. Any signage must meet all applicable Laws and Regulations.

Section 5.6 Security. Lessee is responsible to comply (at Lessee’s sole cost) with all security measures that City, the United States Transportation Security Administration, the United States Department of Homeland Security (“Homeland Security”), the United States Federal Aviation Administration (“FAA”), or any other governmental entity having jurisdiction may require in connection with the Airport, including, but not limited to, any access credential requirements, any decision to remove Lessee’s access credentials, and any civil penalty obligations and other costs arising from a breach of security requirements caused or permitted by Lessee or Lessee’s Associates. Lessee agrees that Airport access credentials are the property of City and may be suspended or revoked by City for security-related reasons in its sole discretion at any time. Lessee shall pay all fees associated with such credentials, and Lessee shall immediately report to the Airport Manager any lost credentials or credentials that Lessee removes from any employee or any of Lessee’s Associates. Lessee shall protect and preserve security at the Airport. Lessee acknowledges that FAA, Homeland Security, or a subdivision of either may enact laws or regulations regarding security at general aviation airports such that City may not be able to comply fully with its obligations under this Agreement, and Lessee agrees that City will not be liable for any damages to Lessee or Lessee’s personal property that may result from said noncompliance.

Section 5.7 Obstruction Lights. Lessee shall, at its expense, provide and maintain obstruction lights on any structure on the Leased Premises, including the Improvements, if required by City or FAA regulations. Any obstruction lights so required shall comply with the specifications and standards established for such installations by City or FAA.

Section 5.8 Hazardous Materials.

A. No Violation of Environmental Laws. Lessee shall not cause or permit any Hazardous Materials to be used, produced, stored, transported, brought upon, or released on, under, or about the Leased Premises or the Airport by Lessee or Lessee’s Associates in violation of applicable Environmental Laws. Lessee is responsible for any such violation as provided by Section 7.1. In addition to the above, Lessee specifically agrees to comply with all applicable standards, orders, and regulations issued pursuant to the Clean Air Act (42 U.S.C. §§ 7401-7671q)

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and the Federal Water Pollution Control Act as amended (33 U.S.C. §§ 1251-1387). Lessee shall not be responsible for any violations occurring prior to Lessee's entering into the Existing Leases.

B. **Response to Violations.** Lessee agrees that in the event of a release or threat of release of any Hazardous Material by Lessee or Lessee's Associates at the Airport, Lessee shall provide City with prompt notice of the same. Lessee shall respond to any such release or threat of release in accordance with applicable Laws and Regulations. If City has reasonable cause to believe that any such release or threat of release has occurred, City may request, in writing, that Lessee conduct reasonable testing and analysis (using qualified independent experts acceptable to City) to show that Lessee is complying with applicable Environmental Laws. City may conduct the same at Lessee's expense if Lessee fails to respond in a reasonable manner. Lessee shall cease any or all of Lessee's activities as City determines necessary, in its sole and absolute discretion, in connection with any investigation, cure, or remediation. If Lessee or Lessee's Associates violate any Environmental Laws at the Airport (whether due to the release of a Hazardous Material or otherwise), Lessee, at Lessee's sole expense, shall have the following obligations, which shall survive any expiration or termination of this Agreement: (i) promptly remediate such violation in compliance with applicable Environmental Laws; (ii) submit to City a written remediation plan, and City reserves the right to approve such plan (which approval shall not be unreasonably withheld) and to review and inspect all work; (iii) work with City and other governmental authorities having jurisdiction in connection with any violation; and (iv) promptly provide City copies of all documents pertaining to any environmental concern that are not subject to Lessee's attorney-client privilege.

C. **Obligations upon Termination and Authorized Transfers.** Upon any expiration or termination of this Agreement or any change in possession of the Leased Premises authorized by City, Lessee shall demonstrate to City's reasonable satisfaction that Lessee has removed any Hazardous Materials and is in compliance with applicable Environmental Laws. Such demonstration may include, but is not limited to, independent analysis and testing to the extent that facts and circumstances warrant analysis and testing, such as evidence of past violations or specific uses of the Leased Premises. If the site is contaminated during Lessee's possession, Lessee shall bear all costs and responsibility for the required clean up, and shall hold City, its officers, elected and appointed officials, employees, and agents harmless therefrom. Notwithstanding anything to the contrary, the obligations of this Section 5.8 shall survive any termination of this Agreement.

Section 5.9 Trash, Garbage, and Other Refuse. Lessee shall pick up and provide for a complete and proper arrangement for the adequate sanitary handling and disposal, away from the Airport through the City or any other licensed refuse hauler. Lessee is responsible for contacting the Master Refuse Hauler and arranging for disposal and payment of such services. Lessee shall provide and use suitable covered metal receptacles, or any other receptacles approved by the Director of Airport, or designee, for all such garbage, trash, and other refuse on the Leased Premises. Lessee shall not pile boxes, cartons, barrels, pallets, debris, or similar items in an unattractive or unsafe manner, on or about the Leased Premises.

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ARTICLE VI

INDEMNIFICATION AND INSURANCE

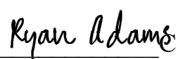
Section 6.1 Insurance. Lessee agrees to purchase general liability covering the Lessee and Lessee's Associates, and its operations on the Airport as described in Section 3 in an amount not less than \$1,000,000 per occurrence and provide coverage for premises/operations and contractual liability AND where exposure exists in the opinion of the City, coverage for: products/completed operations; explosions, collapse, and underground property damage; and environmental impairment.

A. All risk property insurance on a one hundred percent (100%) replacement cost basis covering loss or damage to all facilities and improvements located on the Lease premises, either as a part of this Lease Agreement or erected by the Lessee subsequent to this Lease Agreement. Covered perils shall include, but not be limited to, Fire, Extended Coverage, and Vandalism & Malicious Mischief. Under no circumstances shall the City be liable for any damages to fixtures, merchandise, or personal property of the Lessee or its sub-lessees. The City of Denton will be shown as a loss payee, as their interest may appear.

B. Additional Insurance requirements may be necessary as identified in the Airport Minimum Operating Standards for specific aeronautical uses.

C. Coverage Requirements

- i. All liability policies shall be endorsed to include the city of Denton, and its officers and employees as an Additional Insured. All all-risk property policies shall be endorsed to name the City of Denton as a loss payee. All required insurance policies shall provide for a minimum of 30 days written notice to the City of any cancellation or material change to the policy.
- ii. All insurance required by the Lease Agreement must be issued by a company or companies of sound and adequate financial responsibility and authorized to do business in the State of Texas. All policies are subject to the examination and approval of the City's office of Risk Management for their adequacy as to content, form of protection and providing company.
- iii. Required insurance naming the City as an additional insured must be primary insurance and not contributing with any other insurance available to the City whether from a third-party liability policy or other. Said limits of insurance shall in no way limit the liability the Lessee hereunder. Such policies shall contain a waiver of subrogation in favor of the City of Denton.
- iv. The City shall be provided with a copy of all such policies and renewal certificates within ten (10) days of expiration of any policy required herein. Failure to Lessee to comply with the minimum specified amounts or types of insurance as required by City shall constitute Lessee's default of this Lease Agreement.

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- v. During the Lease Term, or any extension thereof, City herein reserves the right to, with one hundred twenty (120) days' notice, adjust or increase the liability insurance amounts required of the Lessee, and to require any additional rider, endorsement, provisions, or certificates of insurance, and Lessee hereby agrees to provide any such insurance requirements as may be required by City.

Section 6.2 Lessee's Indemnification and Duty to Pay Damages.

A. LESSEE SHALL HOLD CITY AND CITY'S OFFICERS, ELECTED AND APPOINTED OFFICIALS, EMPLOYEES, AND AGENTS EXEMPT AND HARMLESS, TO THE EXTENT ALLOWED BY LAW, FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, SUITS, JUDGMENTS, COSTS, AND EXPENSES ASSERTED BY ANY PERSON OR PERSONS (INCLUDING AGENTS OR EMPLOYEES OF CITY, LESSEE, OR SUBLESSEE) BY REASON OF DEATH OR INJURY TO PERSONS OR LOSS OF OR DAMAGE TO PROPERTY RESULTING FROM LESSEE'S OPERATIONS, OR ANYTHING DONE OR OMITTED BY LESSEE UNDER THIS AGREEMENT EXCEPT TO THE EXTENT THAT SUCH CLAIMS, DEMANDS, SUITS, JUDGMENTS, COSTS, AND EXPENSES MAY BE ATTRIBUTED TO THE INTENTIONAL ACTS OR OMISSIONS OF CITY, ITS AGENTS, OR EMPLOYEES.

B. CITY SHALL NOT BE LIABLE TO LESSEE FOR ANY DAMAGE BY OR FROM ANY ACT OR NEGLIGENCE OF ANY CO-TENANT OR OTHER OCCUPANT OF THE SAME BUILDING, OR BY ANY OWNER OR OCCUPANT OF ADJOINING OR CONTIGUOUS PROPERTY.


C. LESSEE AGREES TO PAY FOR ALL DAMAGES TO THE LEASED PREMISES, THE IMPROVEMENTS, ITS APPARATUS, OR APPURTENANCES CAUSED BY LESSEE'S MISUSE OR NEGLIGENCE THEREOF.

D. LESSEE SHALL BE RESPONSIBLE AND LIABLE FOR THE CONDUCT OF LESSEE'S ASSOCIATES IN, ON AND AROUND THE LEASED PREMISES.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.1 Lessee's Default. The occurrence of any of the following events shall constitute a default by Lessee under this Agreement unless cured within thirty (30) days following written notice of such violation from City: (i) Lessee fails to timely pay any Rent; (ii) Lessee or Lessee's Associates violate any requirement under this Agreement (including, but not limited to, abandonment of the Leased Premises); (iii) Lessee assigns or encumbers any right in this Agreement, delegates any performance hereunder, or subleases any part of the Leased Premises (except as expressly permitted in this Agreement); (iv) Lessee files a petition in bankruptcy or has a petition filed against Lessee in bankruptcy, insolvency, or for reorganization or appointment of a receiver or trustee which is not dismissed within sixty (60) days; (v) Lessee petitions for or enters

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into an arrangement for the benefit of creditors, or suffers this Agreement to become subject to a writ of execution and such writ is not released within thirty (30) days; (vi) Lessee defaults in constructing any Improvements that are required to be constructed under this Agreement; or (vii) Lessee dissolves or dies.

Section 7.2 Default by City. City shall not be in default under this Agreement unless City fails to perform an obligation required of City under this Agreement within thirty (30) days after written notice by Lessee to City. If the nature of City’s obligation is such that more than thirty (30) days are reasonably required for performance or cure, City shall not be in default if City commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

Section 7.3 Remedies for Failure to Pay Rent. If any Rent required by this Agreement shall not be paid when due, City shall have the option to:

A. Terminate this Agreement, take possession of the Improvements, resume possession of the Leased Premises for its own account, and recover immediately from Lessee the differences between the Rent and the fair rental value of the property for the term, reduced to present worth, or

B. Terminate this Agreement, take possession of the Improvements, resume possession of the Leased Premises, re-lease the Leased Premises for the remainder of the term for the account of Lessee, and recover from Lessee, at the end of the term or at the time each payment of Rent comes due under this Agreement as City may choose, the difference between the Rent and the rent received on the re-leasing or renting.

In either event, City shall also recover all expenses incurred by reason of breach, including reasonable attorney’s fees.


Section 7.4 Remedies for Breach of Agreement. If Lessee shall fail to perform or breach any provision of this Agreement other than the agreement of Lessee to pay Rent, City shall provide written notice to Lessee specifying the performance required. Thirty (30) days after such notice is provided under this Section 7.4, City may terminate this Agreement or take any such action it is legally entitled to take, including instituting litigation to compel performance of this Agreement. Should litigation be filed by City and it is the prevailing party in that litigation, Lessee shall be liable for all expenses related to such litigation, including City’s attorney’s fees. The duties and obligations imposed by the Agreement and the rights and remedies available thereunder are in addition to, and not a limitation of, any duties, obligations, rights and remedies otherwise imposed or available by law.

Section 7.5 Survival. The provisions of this Article VII and the remedies and rights provided in this Article VII shall survive any expiration or termination of this Agreement.

ARTICLE VIII

ASSIGNMENT AND SUBLEASING

Section 8.1 Assignment by Lessee.

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A. Except as expressly set forth herein. Lessee shall not assign any of its rights under this Agreement, including, but not limited to, rights in any Improvements, (whether such assignment is voluntarily or involuntarily, by merger, consolidation, dissolution, change in control, or any other manner), and shall not delegate any performance under this Agreement, except with the prior written consent of City to any of the same, in City's sole discretion. As a condition of obtaining such consent, the City reserves the right to require the transferee receiving any such rights from Lessee to execute a new lease agreement provided by City. Regardless of City's consent, Lessee shall not be released from any obligations for matters arising during the time when this Agreement was in effect. Any purported assignment or delegation of rights or delegation of performance in violation of this section is void.

B. Upon the expiration or termination of this Agreement, Lessee hereby assigns, transfers, and conveys to City, without warranty, the following:

(a) The right to the use of the Plans and Specifications on the Premises to the extent owned by Lessee;

(b) Any copyright interests in the Plans and Specifications held by Lessee; and


(c) The right to enforce, in Lessee's own name as a proper party, (i) any subcontracts related to the Improvements or other maintenance or services contracts in force with respect to the Leased Premises or Improvements and any warranties arising under any of them or in connection with the performance thereof, as the case may be.

Section 8.2 Assignment by City. City shall have the right, in City's sole discretion, to assign any of its rights under this Agreement (and in connection therewith, shall be deemed to have delegated its duties), and upon any such assignment, Lessee agrees that Lessee shall perform its obligations under this Agreement in favor of such assignee.

Section 8.3 Encumbrances. Lessee shall not encumber or permit the encumbrance of any real property at the Airport. Except for a Leasehold Mortgage as defined in Section 8.5, Lessee shall not encumber or permit the encumbrance of any of Lessee's rights under this Agreement without City's prior written consent, in City's sole discretion. Lessee shall not record this Agreement or any document or interest relating thereto. Any purported encumbrance of rights in violation of this Section 8.3 is void.

Section 8.4 Leasehold Mortgage –

A. **Right to Mortgage**. Lessee may encumber its leasehold estate by granting a mortgage or other similar instrument creating a mortgage lien against the Lessee's leasehold interest. Any such instrument which creates a first mortgage lien is hereinafter referred to as "Leasehold Mortgage", and the holder thereof is referred to as "Leasehold Mortgagee") during the Lease Term and any extension thereof; provided that, City shall not be obligated to, nor deemed to have subjected or subordinated City's fee simple interest in the Leased Premises to any Leasehold Mortgage, nor subordinated the City's interest in this Lease to such Leasehold Mortgage. City's interests in the fee and in this Lease are and shall always remain superior and prior in right to any Leasehold Mortgage.

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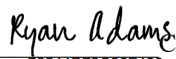
B. Notice of Default, Default. A Leasehold Mortgagee may provide written notice of its Leasehold Mortgage in the same manner and at the same address as required by this Lease for notices delivered to City, together with the name and address of the Leasehold Mortgagee. In the event such notice is delivered to City, City upon serving Lessee with any notice of default under this Lease, shall also serve a copy of that notice of default upon the Leasehold Mortgagee in the same manner as required by this Lease for notices delivered to Lessee. The delivery shall be made at the address the Leasehold Mortgagee shall have designated in writing to City.

C. Right to Cure. In case Lessee shall default under any of the provisions of this Lease, the Leasehold Mortgagee shall have the right to cure such default, within the time periods set forth for Lessee in this Lease Agreement, whether same consists of the failure to pay rent and other payments as further set forth in Article II, or the failure to perform any other matter or thing which Lessee is required to do or perform and City shall accept such performance on the part of the Leasehold Mortgagee as though the same had been done or performed by Lessee subject to City's rights to damages, restitution, or other legal or equitable monetary remedies related directly to the default(s) at issue. The Leasehold Mortgagee, upon receiving such notice, shall have, in addition to any time to cure a default (a "Cure Period") extended to Lessee under the terms of this Lease, a period of an additional thirty (30) days within which to cure the default or cause same to be cured or, if such default cannot reasonably be cured within such 30 days, to commence to cure such default with diligence and continuity, notwithstanding the foregoing:

- i. Where a provision of this Lease provides less than a thirty (30) day Cure Period, the Leasehold Mortgagee shall also have an additional fifteen (15) days Cure Period following the Lessee's Cure Period; or
- ii. Where a provision of this Lease expressly provides that Lessee has no opportunity to cure, the Leasehold Mortgagee shall have no Cure Period.

In case Lessee shall default under any of the provisions of this Lease, the Leasehold Mortgagee shall have the right to cure such default, within the time periods set forth above, whether same consists of the failure to pay rent and other payments as further set forth in Article II, or the failure to perform any other matter or thing which Lessee is required to do or perform and City shall accept such performance on the part of the Leasehold Mortgagee as though the same had been done or performed by Lessee.

D. Cure of Default or Termination. City will take no action to affect a termination of the Lease until such time as the Cure Period provided herein has expired and the defaults remain uncured. During the Cure Period, the Leasehold Mortgagee shall be entitled to: 1) obtain possession of the Premises (including possession by a receiver) and cure such default in the case of a default which is susceptible of being cured when the Leasehold Mortgagee has obtained possession; or 2) institute foreclosure proceedings or otherwise acquire Lessee's interest under this Lease with diligence and continuity and thereafter proceed to cure such default; provided, however, that the Leasehold Mortgagee shall not be required to continue such possession or continue such foreclosure proceedings if the default which would have been the reason for City serving such notice of default shall be cured, and provided further, that nothing in this paragraph shall preclude City from exercising any other rights or remedies under this Lease with respect to the default.

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E. **Foreclosure.** The Leasehold Mortgagee may become the legal owner and holder of this Lease by foreclosure of its Leasehold Mortgage or as a result of the assignment of this Lease in lieu of foreclosure, subject to City's written consent, which shall not be unreasonably withheld, and effective upon such assignment whereupon such Leasehold Mortgagee or assignee shall become and remain liable under this Lease as provided in this paragraph, except that such Leasehold Mortgagee may assign this Lease with City's consent, which shall not be unreasonably withheld, and subject to the assignee's meeting the requirements of sub-paragraph I of this Section 8.4 to the City's reasonable satisfaction, and effective upon such assignment, the new lessee shall become and remain liable to CitL under this Lease, and the Leasehold Mortgagee shall no longer be liable to City. If a Leasehold Mortgagee shall become the owner or holder of Lessee's interest in this Lease by foreclosure of its Leasehold Mortgage or by assignment of this Lease in lieu of foreclosure, the term "Lessee" as used in this Lease, shall include the owner or holder of Lessee's interest in the event of a sale, assignment or other disposition of Lessee's interest in this Lease by the Leasehold Mortgage.

Reference in this Lease to acquisition of Lessee's interest in this Lease by the Leasehold Mortgagee shall be deemed to include, where circumstances require, to acquisition of Lessee's interest in this Lease by any purchaser at a sale on foreclosure of the Leasehold Mortgage and provisions applicable to the Leasehold Mortgagee in such instance or instances shall also be applicable to any such purchaser. Leasehold Mortgagee's acquisition of Lessee's interest in this Lease and any assignment of the acquired interest by the Leasehold Mortgagee shall not be deemed a novation of Lessee's obligations under this Lease. City does not authorize any novation of Lessee's obligations under this Lease.


F. **Prohibition on Fee Simple Transfer.** So long as Lessee's interest in this Lease shall be mortgaged to a Leasehold Mortgagee, the parties agree, for the benefit of such Leasehold Mortgagee, that City shall not sell, grant or convey to Lessee all or any portion of City's fee simple title to the Premises without the prior written consent of such Leasehold Mortgagee (which consent shall not be unreasonably withheld, conditioned, or delayed, provided the parties agree in writing that such sale, grant, or conveyance shall not result in a merger of this Lease into fee simple title to the Premises). In the event of any such sale, grant, or conveyance by City to Lessee, City and Lessee agree that no such sale, grant or conveyance shall create a merger of this Lease into a fee simple title to the Premises. This paragraph shall not be construed to prevent any, or to require any consent of any Leasehold Mortgagee or Lessee to any, sale, grant, or conveyance of City's fee simple title by City to any person, firm, or corporation other than Lessee, its successors, legal representatives, and assigns.

G. **Leasehold Mortgagee.** Reference in this Lease to a Leasehold Mortgagee shall be deemed to refer where circumstances require, to any assignee of a Leasehold Mortgagee; provided that such assignee shall forward to City, pursuant to Section 8.4.B a duplicate original of the assignment of the Leasehold Mortgage in a form proper for recording or a copy of such assignment, as recorded in the Public Records, together with a written notice setting forth the name and address of the assignee and, to the extent available, the name, telephone number, facsimile number and email address of a representative of the assignee to whom notices may be sent.

H. **Subordination.** Any leasehold mortgage shall be specifically subject and subordinate to City's rights under this Lease and City's fee simple interest in the Leased Premises. Despite any

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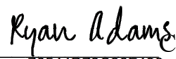
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provision which is or may appear to the contrary in this Lease, under no circumstances whatsoever shall the fee simple title interest of City in the Leased Premises, or any portion of same, be subordinated to the leasehold mortgage or encumbered by the leasehold mortgage.

I. **Assignees.** Notwithstanding anything herein to the contrary, after a default by Lessee whereby any Leasehold Mortgagee shall acquire any rights and/or obligations under this Lease, including as a result of bidding or lack thereof at auction after foreclosure (this also includes any rights/obligations a Leasehold Mortgagee shall acquire under any other lease of Lessee at the Airport, as a result of cross- default provisions), and thereafter the Leasehold Mortgagee or referee at sale proposes to assign, sell, rent, or otherwise transfer any interests, rights, and obligations to a special purpose entity and/or third party, or allow use of the property under this Lease (or any other property under any other lease at the Airport that Lessee is a party to as a result of cross-default provisions) by a special purpose entity and/or third party, any such assignment, sale, transfer, or use of the property under this Lease (or any other property under any other lease at the Airport that Lessee is a party to as a result of cross-default provisions) by a special purpose entity and/or third party is contingent upon City confirming to its reasonable satisfaction that the special purpose entity and/or third party has the financial and operational capabilities sufficient for the proper conduct of a fixed base operator as those capabilities are defined in this Lease and the Minimum Standards for Aeronautical Activities and Rules and Regulations, as may be amended from time-to-time by City applicable to the Airport. In such case, the Leasehold Mortgagee agrees to make commercially reasonable efforts to promptly find such a special purpose entity and/or third party meeting the requirements of this Section 8.4.I to enter into a new agreement with the City for the remainder of the Lease Term and/or to temporarily perform fixed based operator services at the property while the Leasehold Mortgagee secures a replacement lessee. City may also submit nominees to the Leasehold Mortgagee, and the Leasehold Mortgagee shall negotiate in good faith and act with such nominees in order to determine whether any such nominee meets the Leasehold Mortgagee’s qualifications.

J. **Estoppel Certificates.** Each party agrees, at any time and from time to time upon not less than twenty (20) days prior written notice by the other party, to execute, acknowledge and deliver to the other party a statement in writing, in substantially the same form as **Exhibit B** certifying: (a) whether this Lease is in full force and effect, and if it is alleged that this Lease is not in full force and effect, setting forth the nature thereof in reasonable detail; (b) whether this Lease has been supplemented or amended, specifying the manner in which it has been supplemented or amended; (c) the date to which all rental payments have been made; (d) the commencement and expiration date of this Lease; and (e) whether or not, to the best of the knowledge of the signer of such statement, the other party is in default or may be with notice or the passage of time, or both, in keeping, observing or performing any term, covenant, agreement, provision, condition or limitation contained in this Lease and if in default, specifying each such default, it being intended that any such statement delivered pursuant to this Section may be relied upon by the other party, any prospective assignee of the other party’s interest in this Lease or any Leasehold Mortgagee, but reliance on such certificate may not extend to any default as to which the signer shall not have had actual knowledge.

Section 8.5 **Sublease.** Any sublease of Improvements shall be for aviation-related purposes only. Any sublease agreement for the purpose of conducting commercial aeronautical activities as identified in the Airport Minimum Operating Standards will require an approved

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Airport Business Permit prior to commencing operation. All sublease agreements shall be provided to the City at the time of execution.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1 Waiver of Exemption. Any constitutional or statutory exemption of Lessee of any property usually kept on the Leased Premises, from distress or forced sale, is waived.

Section 9.2 Addresses. All notices given under this Agreement to City shall be sent to the Airport Manager at 5000 Airport Road, Denton, Texas 76207, with a copy to the City Attorney at 215 E. McKinney, Denton, Texas 76201, or such other place as City shall specify in writing. All notices given under this Agreement to Lessee shall be sent to:

Sheltair Aviation Denton, LLC
Attn: Lisa Holland, President
4860 NE 12th Avenue, Fort Lauderdale, FL 33334
lholland@sheltairaviation.com


All notices given under this Agreement to the Mortgagee shall be sent to the address provided by Mortgagee to City. Any notice properly mailed by registered mail, postage and fee prepaid, shall be deemed delivered when mailed, whether it is received or not.

Section 9.3 No Waiver. The waiver by City of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by City shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Agreement, other than the failure of Lessee to pay the particular rental so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent.

Section 9.4 Lessee's Subordination. Lessee hereby subordinates and makes this Agreement inferior to all existing and future mortgages, trust indentures or other security interest of City or City's successor in interest. Lessee shall execute and deliver any documents required to evidence and perfect such subordination.

Section 9.5 Additional Charges as Rent. Any charges against Lessee by City for services or for work done on the Leased Premises or the Improvements by order of Lessee or otherwise accruing under this Agreement shall be considered as Rent due.

Section 9.6 Subordination to Grant Assurances. This Agreement shall be subordinate to the Grant Assurances, as amended. In the event that this Agreement, either on its own terms or by any other reason, conflicts with or violates any such Grant Assurances, City has the right to

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amend, alter or otherwise modify the terms of this Agreement in order to resolve such conflict or violation.

Section 9.7 Non-Interference With Operation of the Airport. Lessee expressly agrees for itself, its successors, and assigns that Lessee will not conduct operations in or on the Leased Premises or the Improvements in a manner that in the reasonable judgment of City, (i) interferes or might interfere with the reasonable use by others of common facilities at the Airport, (ii) hinders or might hinder police, fire fighting, or other emergency personnel in the discharge of their duties, (iii) would or would be likely to constitute a hazardous condition at the Airport, (iv) would or would be likely to increase the premiums for insurance policies maintained by City unless such operations are not otherwise prohibited hereunder and Lessee pays the increase in insurance premiums occasioned by such operations, (v) is contrary to any applicable Grant Assurance; (vi) is in contradiction to any rule, regulation, directive, or similar restriction issued by agencies having jurisdiction over the Airport including FAA, Homeland Security, Transportation Security Administration and Customs and Border Patrol, or (vii) would involve any illegal purposes. In the event this covenant is breached, City reserves the right, after prior written notice to Lessee, to enter upon the Leased Premises and the Improvements and cause the abatement of such interference at the expense of Lessee. In the event of a breach in Airport security caused by Lessee, resulting in fine or penalty to City of which Lessee has received prior written notice, such fine or penalty will be charged to Lessee.

Section 9.8 Emergency Closures. During time of war or national emergency, City shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly-owned air navigation facilities and/or other areas or facilities of the Airport. If any such agreement is executed, the provisions of this Agreement, insofar as they are inconsistent with provisions of the agreement with the Government, will be suspended.

Section 9.9 Interpretation.


A. References in the text of this Agreement to articles, sections, or exhibits pertain to articles, sections, or exhibits of this Agreement, unless otherwise specified.

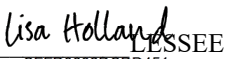
B. The terms “hereby,” “herein,” “hereof,” “hereto,” “hereunder,” and any similar terms used in this Agreement refer to this Agreement. The term “including” shall not be construed in a limiting nature, but shall be construed to mean “including, without limitation.”

C. Words importing persons shall include firms, associations, partnerships, trusts, corporations, and other legal entities, including public bodies, as well as natural persons.

D. Any headings preceding the text of the articles and sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect the meaning, construction or effect of this Agreement.

E. Words importing the singular shall include the plural and vice versa. Words of the masculine gender shall be deemed to include correlative words of the feminine and neuter genders.

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Section 9.10 Force Majeure. No act or event, whether foreseen or unforeseen, shall operate to excuse Lessee from the prompt payment of rent or any other amounts required to be paid under this Agreement. If City (or Lessee in connection with obligations other than payment obligations) is delayed or hindered in any performance under this Agreement by a force majeure event, such performance shall be excused to the extent so delayed or hindered during the time when such force majeure event is in effect, and such performance shall promptly occur or resume thereafter at the expense of the Party so delayed or hindered. A “force majeure event” is an act or event, whether foreseen or unforeseen, that prevents a Party in whole or in part from performing as provided in this Agreement, that is beyond the reasonable control of and not the fault of such Party, and that such Party has been unable to avoid or overcome by exercising due diligence, and may include, but is not limited to, acts of nature, war, riots, strikes, accidents, fire, and changes in law. Lessee hereby releases City and City’s officers, elected and appointed officials, employees, and agents from any and all liability, whether in contract or tort (including strict liability and negligence) for any loss, damage, or injury of any nature whatsoever sustained by Lessee, its employees, agents, or invitees during the Lease Term, including, but not limited to, loss, damage, or injury to the aircraft or other personal property of Lessee that may be located or stored in, on or under the Leased Premises or the Improvements due to a force majeure event.


Section 9.11 Governing Law and Venue. This Agreement has been made in and will be construed in accordance with the laws of the State of Texas. In any action initiated by one Party against the other, exclusive venue and jurisdiction will be in the appropriate state courts in and for Denton County, Texas.

Section 9.12 Amendments and Waivers. No amendment to this Agreement shall be binding on City or Lessee unless reduced to writing and signed by both Parties. No provision of this Agreement may be waived, except pursuant to a writing executed by the Party against whom the waiver is sought to be enforced.

Section 9.13 Severability. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect if both the economic and legal substance of the transactions that this Agreement contemplates are not affected in any manner materially adverse to any Party. If any provision of this Agreement is held invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Agreement to fulfill as closely as possible the original intents and purposes of this Agreement.

Section 9.14 Merger. This Agreement constitutes the final, complete, and exclusive agreement between the Parties on the matters contained in this Agreement. All prior and contemporaneous negotiations and agreements between the Parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement. In entering into this Agreement, neither Party has relied on any statement, representation, warranty, nor agreement of the other Party except for those expressly contained in this Agreement.

Section 9.15 Relationship of Parties. This Agreement does not create any partnership, joint venture, employment, or agency relationship between the Parties. Nothing in this Agreement shall confer upon any other person or entity any right, benefit, or remedy of any nature.

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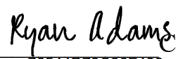
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Section 9.16 Further Assurances. Each Party shall execute any document or take any action that may be necessary or desirable to consummate and make effective a performance that is required under this Agreement.

Section 9.17 Required Federal Clauses. Lessee and Lessee's Associates shall comply with all Laws and Regulations, including all of the required federal clauses in this Section 9.17 and any amendments or successor requirements during the Term of this Agreement.

A. During the performance of this contract, Lessee, for itself, Lessee's Associates, its assignees, and successors in interest (hereinafter collectively referred to as the "Lessee") agrees as follows:

1. **Compliance with Regulations:** Lessee will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.
2. **Non-discrimination:** Lessee, with regard to the work performed by it or use of the Leased Premises and the Improvements during the Lease Term, will not discriminate on the grounds of race, color, national origin, creed, sex, age, or disability in the selection and retention of contractors, including procurements of materials and leases of equipment. Lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21, including amendments thereto.
3. **Solicitations for Contracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by Lessee for work to be performed under a contract, including procurements of materials, or leases of equipment, each potential contractor or supplier will be notified by Lessee of Lessee's obligations under this Agreement and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.
4. **Information and Reports:** Lessee will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of Lessee is in the exclusive possession of another who fails or refuses to furnish the information, Lessee will so certify to City or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of Lessee's noncompliance with the non-discrimination provisions of this contract, City will impose such sanctions as

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it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to cancelling, terminating, or suspending the Lease, in whole or in part.

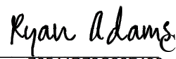
6. **Incorporation of Provisions:** Lessee will include the provisions of paragraphs one through six of this Section 9.17(A) in every contract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. Lessee will take action with respect to any contract or procurement as City or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Lessee becomes involved in, or is threatened with litigation by a contractor, or supplier because of such direction, Lessee may request City to enter into any litigation to protect the interests of City. In addition, Lessee may request the United States to enter into the litigation to protect the interests of the United States.

B. Lessee for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Agreement for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, Lessee will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Pertinent List of Nondiscrimination Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

C. Lessee for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that Lessee will use the Leased Premises and the Improvements in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts and Authorities.

D. During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- ii. 49 CFR Part 21 (Non-discrimination in Federally-Assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964) including amendments thereto;

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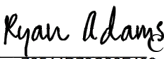
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- iii. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- iv. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);
- v. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 *et seq.*) (prohibits discrimination on the basis of age);
- vi. Airport and Airway Improvement Act of 1982 (49 U.S.C. § 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
- vii. The Civil Rights Restoration Act of 1987 (P.L. 100-259) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- viii. Titles II and III of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, *et seq.*) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by U.S. Department of Transportation regulations at 49 CFR Parts 37 and 38;
- ix. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. § 1681, *et seq.*).

E. In all its activities within the scope of this Agreement, Lessee and its transferee agree to comply with pertinent statutes, Executive Orders, and such rules as identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin, creed, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Lessee or its sublessee for the period during which Federal assistance is extended to the Airport through the Airport Improvement Program. In cases where Federal assistance provides, or is in the form of personal property; real property or interest therein; structures or improvements thereon, this provision obligates the party or any transferee for the longer of the following periods: (i) the period during which the property is used by the City or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (ii) the period during which the airport sponsor or any transferee retains ownership or possession of the property.

F. In the event of breach of any of the above nondiscrimination covenants, City will have the right to terminate this Agreement and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the Agreement had never been made or issued.

G. This Agreement incorporates by reference the provisions of 29 CFR Part 201, the Federal Fair Labor Standards Act (“FLSA”), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full

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and part time workers. Lessee has full responsibility to monitor compliance to the referenced statute or regulation. Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

H. This Agreement incorporates by reference the requirements of 29 CFR Part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. Lessee retains full responsibility to monitor its compliance and any sublessee’s compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

I. Lessee agrees that it shall insert the above eight provisions (Section 9.17(A) through Section 9.17(H)) in any agreement by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Leased Premises or at the Improvements, herein leased or owned, as applicable.

J. Lessee 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 Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers. (Grant Assurance 22)

K. It is hereby specifically understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by the Grant Assurances, and City reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature. (Grant Assurance 23)

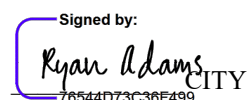
L. City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance. (FAA Order 5190.6B)

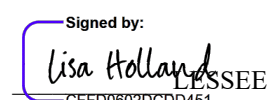
M. City reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. (FAA Order 5190.6B)

N. This Agreement shall be subordinate to the provisions of and requirements of any existing or future agreement between City and the United States, relative to the development, operation, or maintenance of the Airport. (FAA Order 5190.6B)

O. If the Lessee assigns this Agreement or transfers an obligation in accordance with its terms, the transferee is obligated in the same manner as Lessee. These obligations apply to the Lessee for the term of the Lease as long as the Airport remains obligated to the Federal Aviation Administration.

P. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned

Signed by:

76544D73C36F499...

Signed by:

LESSEE
CFFD0602DCDD451...

for the Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises. (FAA Order 5190.6B)

Q. It is clearly understood by Lessee that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own regular employees (including but not limited to, maintenance and repair) that it may choose to perform. (Grant Assurance 22(f))

R. Lessee agrees to comply with mandatory standards and policies relating to use and procurement of certain telecommunications and video surveillance services or equipment in compliance with the National Defense Authorization Act P.L. 115-232, § 889(f)(1)).

[SIGNATURE PAGES FOLLOW]

Signed by:
Ryan Adams
CITY
76544D73C36F499...

Signed by:
Lisa Holland
LESSEE
CFFD0602DCDD451...

IN WITNESS WHEREOF, the Parties have set their hands and seals this _____ day of _____, 2026.

CITY OF DENTON, TEXAS, CITY

By: _____
Cassey Ogden, Interim City Manager

ATTEST:
Kristi Fogle, Interim City Secretary

By: _____

APPROVED AS TO LEGAL FORM:
Mack Reinwand, City Attorney

By: DocuSigned by:
Marcella Lunn
4B070831B4AA438... _____

Sheltair Aviation Denton, LLC, LESSEE

By: Signed by:
Lisa Holland
CFFD0802DCDD451... _____
Lisa Holland, President

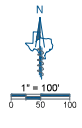
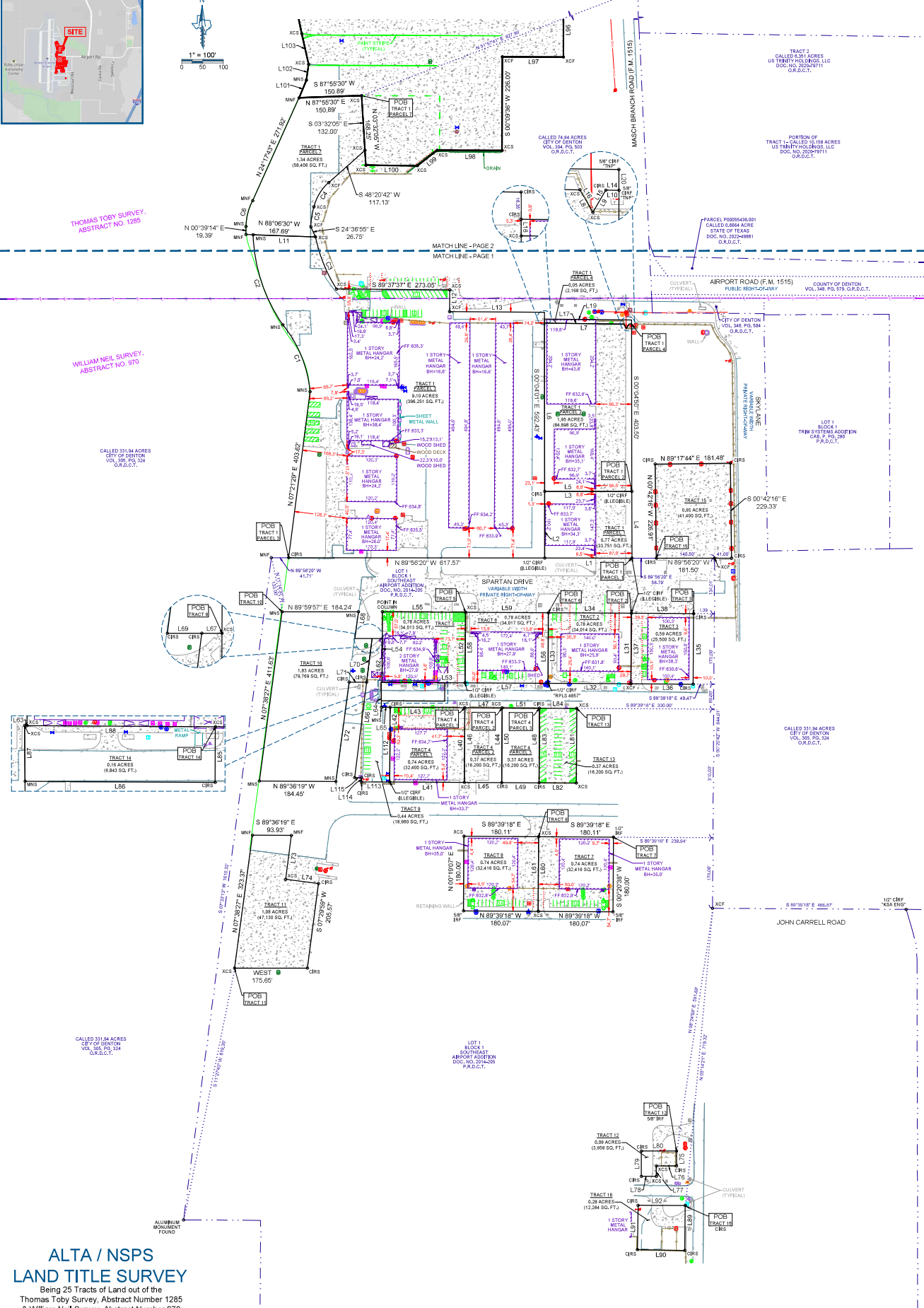


EXHIBIT A - LEASED PREMISES LEGAL DESCRIPTION



THOMAS TOBY SURVEY ABSTRACT NO. 1285

WILLIAM NEIL SURVEY ABSTRACT NO. 970

ALTA / NSPS LAND TITLE SURVEY Being 25 Tracts of Land out of the Thomas Toby Survey, Abstract Number 1285 & William Neil Survey, Abstract Number 970 in the City of Denton, Denton County, Texas

LEGEND table with various symbols and their corresponding descriptions for survey features.

JOB NUMBER 2207.028 DATE 08/19/2022 REVISION 05-22-2026 DRAWN BY CHM/TER



Eagle Surveying, LLC 222 South Elm Street Suite: 200 Denton, TX 76201 940.222.3009 www.eaglesurveying.com TX Firm # 10194177

VICINITY MAP
NOT TO SCALE

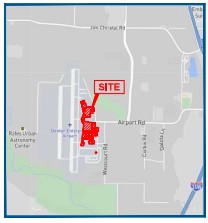
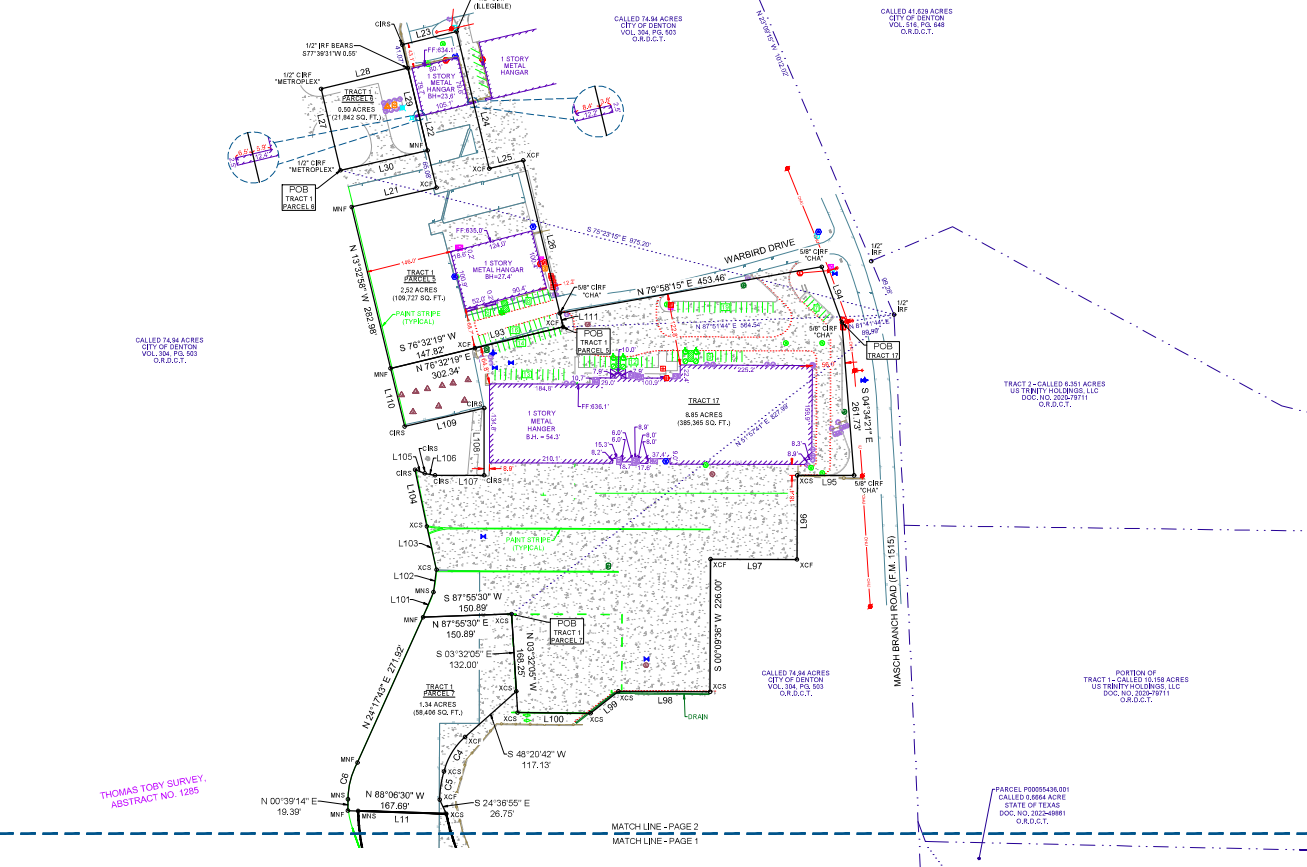


EXHIBIT A - LEASED PREMISES LEGAL DESCRIPTION



SCHEDULE B EXCEPTIONS OF COVERAGE

Subject to the easements as shown on Schedule "B" of the life commitment provided by Title Resources Guaranty Company with G.F. No. 2645138 as listed... 10g. Easement executed by G. CAL CORBIN and wife, E. PEARL CORBIN to TEXAS POWER & LIGHT COMPANY filed February 6, 1931, recorded in Volume 236, Page 23, Deed Records of Denton County, Texas.

GENERAL NOTES

- 1. Eagle Surveying, LLC did not abstract the subject property. This survey was based off of a Legal description provided by Title Resources Guaranty Company with G.F. No. 2645138, an effective date of February 23, 2009 and issued on February 27, 2026. This survey is only valid for G.F. No. 2645138. Eagle Surveying, LLC does not intend to express an opinion regarding ownership or title of the subject property.
- 2. This survey is being provided by Eagle Surveying, LLC solely for the use of the parties to whom the survey is certified and no license has been created, express or implied to copy the survey except as necessary in conjunction with this transaction.

Table with 4 columns: CURVE, ARC LENGTH, RADIUS, CHORD BEARING, CHORD LENGTH. Contains data for curves 01 through 08.

Table with 3 columns: LINE TABLE, BEARING, DISTANCE. Contains detailed survey data for lines 01 through 138.

ALTERATIONS AND ERRORS

This survey is the work product of the signing surveyor and may not be altered or modified in any manner, except by the signing surveyor. Any alteration or modification performed to this survey by any party except for the signing surveyor will be prosecuted to the fullest extent of the law.

FLOOD NOTE

This property is located in Non-Shaded Zone "X" as shown on the F-2 C.M.A.A. Flood Insurance Rate Map dated April 18, 2011 and is located in Community Number 489194 as shown on Map Number 4812205505. The location of the Flood Zone is approximate. For additional information regarding Flood Zone designation, please contact 1-877-FEMA MAP.

ALTA / NSPS
LAND TITLE SURVEY
Being 25 Tracts of Land out of the
Thomas Toby Survey, Abstract Number 1285
& William Neil Survey, Abstract Number 970
in the City of Denton, Denton County, Texas

LEGEND section containing symbols and descriptions for various survey features such as bearings, distances, easements, and monuments.

EXHIBIT A - LEASED PREMISES LEGAL DESCRIPTION

Project information including Job Number (2207.028), Date (08-19-2022), Revision (05-22-2026), and Eagle Surveying, LLC contact information (222 South Elm Street, Suite: 200, Denton, TX 76201, 940.222.3009).

Exhibit B

GROUND LESSOR ESTOPPEL AND CONSENT AGREEMENT

WHEREAS, _____ a _____ **[corporation]** **[limited liability company]** (hereinafter “Landlord”), or its predecessor in interest, has heretofore leased certain lands described on Exhibit A attached hereto (hereinafter the “Premises”) to _____ a _____ **[corporation]** **[limited liability company]** (hereinafter “Tenant”), or its predecessor in interest, pursuant to an agreement of lease, as more particularly described on Exhibit B (as same may have been amended, modified, substituted or extended, hereinafter the “Lease”);

WHEREAS, Tenant and certain other affiliates of Borrower, as co-borrowers or guarantors (collectively, “Loan Parties”) intend to enter into a Credit Agreement among Borrower, the Loan Parties, SunTrust Bank, as Administrative Agent and Collateral Agent (together with its successors and assigns, the “Administrative Agent”), Swingline Lender and Issuing Bank, and the Lenders from time to time party thereto (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”; capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement). As security for the Obligations under the Credit Agreement and the other Loan Documents, Tenant intends to execute a first leasehold **[mortgage]** **[deed of trust]** **[deed to secure debt]** for the benefit of Administrative Agent upon Tenant’s interest as tenant under the Lease in the Premises (the “Leasehold Mortgage”); and

WHEREAS, the Administrative Agent and the Lenders are unwilling to enter into the Credit Agreement unless Landlord reaffirms to Administrative Agent that the provisions of the Lease respecting leasehold mortgages are restated and confirmed for Administrative Agent’s benefit **[and certain additional agreements are made with Administrative Agent with respect to Administrative Agent’s rights as the holder of the Leasehold Mortgage]**;

NOW THEREFORE, in consideration of ten dollars (\$10.00) and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Landlord hereby certifies to and agrees with Administrative Agent as follows:

1. **[Upon the recording of the Leasehold Mortgage, Landlord hereby recognizes Administrative Agent as a “Leasehold Mortgagee” as defined in Section ___ of the Lease, for all purposes under the Lease] [Landlord hereby consents to the granting by Tenant of a mortgage on Tenant’s interest pursuant to the Lease to Administrative Agent.]**

2. **[All of the leasehold mortgagee protection provisions contained in the Lease, including but not limited to Sections(s) _____, and all other provisions inuring to the benefit of leasehold mortgagees or their successors and assigns contained in the Lease, are hereby incorporated into this agreement by reference and restated and confirmed by Landlord for the benefit of Administrative Agent, its successors and assigns.] Landlord [confirms that pursuant to the provisions contained in Section(s) ___ of the Lease] [covenants and agrees] that Landlord is not permitted, in the absence of an uncured default of Tenant under**

the Lease or a default of Tenant where a provision of the Lease expressly provides that Tenant has no opportunity to cure, to disturb the possession, interest or quiet enjoyment of Tenant or any subtenant of the Tenant, or in any manner, which would adversely affect the security provided in the Leasehold Mortgage.

3. Landlord hereby **[confirms that pursuant to Section ___ of the Lease,]** **[agrees that]** the Lease shall not be modified, terminated, amended, altered or cancelled, nor shall a surrender of the Premises be accepted by Landlord, without prior written notice to Administrative Agent and after the expiration of all applicable opportunities to cure provided for in the Lease, and that any such action taken without such notice and expiration shall not be binding on Tenant or Administrative Agent.

4. Landlord hereby **[confirms that, pursuant to Section ___ of the Lease]** **[covenants and agrees that]**, in the event that the Lease is terminated for any reason including, without limitation, as a result of a rejection of the Lease in a bankruptcy proceeding, upon Administrative Agent's request, and subject to the requirements in Section IX.I of the Lease Landlord shall enter into a new ground lease with Administrative Agent and such new ground lease shall be upon the same terms and conditions of the unexpired term of the Lease immediately prior to such termination.

5. Landlord hereby confirms with respect to the new ground lease referred to in **[Section ___ of the Lease]** **[paragraph 4 above]** that, should Administrative Agent become the tenant under a new lease **[pursuant to Section ___ of the Lease]:**

(a) title to all improvements now owned by Tenant **[including the Building, as defined in the Lease]**, situate on the Premises shall automatically vest in Administrative Agent **[pursuant to Section ___ of the Lease]**; and

(b) Landlord shall promptly assign to Administrative Agent all space leases and subleases under which the tenants have attorned, with the consent of Administrative Agent **[pursuant to Section ___ of the Lease]**, to Landlord.

6. Landlord hereby **[confirms]** **[covenants and agrees]** that the Leasehold Mortgage shall not be subject or subordinate to any mortgage encumbering the fee estate of the Premises.

7. Landlord hereby **[confirms the provisions of Section ___ of the Lease to the effect]** **[covenants and agrees]** that Landlord shall deliver to Administrative Agent written notice of any default by Tenant under the Lease simultaneously with sending such notice to Tenant and that no notice of default given to Tenant, and no exercise of any remedy by Landlord as a result of any such default, shall be effective unless such notice shall have been delivered to Administrative Agent. Landlord hereby further **[confirms the provisions of Section ___ of the Lease to the effect]** **[covenants and agrees]** that Administrative Agent shall have the right, but not the obligation, to cure any default by Tenant under the Lease and Administrative Agent shall be afforded (a) 30 additional days to cure any such default where Tenant has 30 days to cure pursuant to the Lease; or (b) 15 additional days where the Tenant has less than 30 days to cure such default pursuant to the Lease; or (c) in the event that any such default cannot, with reasonable

diligence, be cured within such cure period, such longer period as may be required to complete such cure including, without limitation, such time as may be required for Administrative Agent to gain possession of Tenant's interest under the Lease, provided that Administrative Agent notifies Landlord of its intention to cure such default and Administrative Agent promptly commences and diligently pursues such cure to completion.

8. Subject to any assignee or sublessee meeting the requirements of Section IX.I of the Lease, Landlord hereby **[confirms] [agrees]** that Tenant shall have the right to assign or sublet Tenant's interest under the Lease to Administrative Agent, its successor or assign without the consent of Landlord, and in the event Tenant's interest under the Lease is so assigned or sublet to Administrative Agent, its successor or assign (as applicable, the "Assignee"), such Assignee shall have the right to further assign or sublet the Tenant's interest in the Lease without the need to obtain the consent of Landlord.

9. Landlord hereby **[confirms] [covenants and agrees]** that Administrative Agent shall be entitled to participate in any settlement regarding insurance or condemnation proceeds or awards, to collect and hold any such proceeds or awards and to determine and direct whether any such proceeds or awards are made available for the restoration of the Premises or are applied to the repayment of the Obligations under the Credit Agreement and the other Loan Documents.

10. Landlord hereby **[confirms the provisions of Section ___ to the effect] [agrees]** that Administrative Agent shall have the right, pursuant to the terms of the Lease, to exercise any option to renew the term of the Lease or any option to purchase the Premises, if the Tenant shall fail to exercise any option to so extend or purchase.

11. Landlord hereby certifies as follows:

(a) Landlord is the owner of the fee simple estate in the Premises and is the landlord under the Lease.

(b) Tenant is the owner of the leasehold estate in the Premises and is the tenant under the Lease.

(c) The Lease is in full force and effect in accordance with its terms and has not been further assigned, supplemented, modified or otherwise amended except as set forth in Exhibit B attached hereto and each of the obligations on Landlord's part to be performed to date under the Lease have been performed.

(d) To the best of Landlord's knowledge, each of the obligations on Tenant's part to be performed to date under the Lease have been performed.

(e) To the best of Landlord's knowledge, Borrower has no offsets, counterclaims, defenses, deductions or credits whatsoever with respect to the Lease.

(f) Except as set forth in Exhibit B attached hereto, there do not exist any other agreements (including Subordination, Non-Disturbance and Attornment Agreements) concerning the Premises, whether oral or written between Landlord and Tenant (or their respective predecessors or successors) under the Lease.

(g) As of the date hereof, no basic rent or additional rent is due from Tenant under the Lease. The basic rent currently payable by Tenant under the Lease is \$ _____ per annum. Basic rent due under the Lease has been paid through _____.

(h) The term commencement date of the Lease was _____, and the initial term/current extension term of the lease shall expire on _____.

(i) Neither Landlord nor Tenant has assigned the Lease or sublet the Premises.

(j) Landlord has not assigned, conveyed, transferred, sold, encumbered or mortgaged its interest in the Lease or the Premises and there are currently no mortgages, deeds of trust or other security interests encumbering Landlord's fee interest in the Premises and no third party has an option or preferential right to purchase all or any part of the Premises.

(k) Landlord has not received written notice of any pending eminent domain proceedings or other governmental actions or any judicial actions of any kind against the Landlord's interest in the Premises.

(l) Landlord has not received written notice that it is in violation of any governmental law or regulation applicable to its interest in the Premises and its operation thereon, including, without limitation, any environmental laws or the Americans with Disabilities Act, and has no reason to believe that there are grounds for any claim or such violation.

(m) The Lease attached hereto is a true, correct and complete copy thereof.

12. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of the same in person to the intended addressee, or by depositing the same with Federal Express or another reputable private courier service for next business day delivery, or by depositing the same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, in any event addressed to the intended addressee at its address set forth on the first page hereof and, if addressed to Administrative Agent, to _____, _____, _____, Attention: _____, and if addressed to Landlord, to _____, _____, _____, Attention: _____, or at such other address as may be designated by such party as herein provided. All notices, demands and requests shall be effective upon such personal delivery, or one (1) business day after being deposited with the private courier service, or two (2) business days after being deposited in the United States mail as required above. By giving to the other party hereto at least fifteen (15) days' prior written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

This Estoppel and Agreement and the representations and agreements made herein are given with the understanding that this Estoppel and Agreement constitutes a material inducement for Administrative Agent and the Lenders to enter into the Credit Agreement and that Administrative Agent and the Lenders shall rely hereon in entering into the Credit Agreement. This Estoppel and Agreement and the representations and agreements made herein shall inure to the benefit of Administrative Agent, its successors and assigns and shall be binding on Landlord, its heirs, legal representatives, successors and assigns.

This Estoppel and Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Estoppel and Agreement may be detached from any counterpart of this Estoppel and Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Estoppel and Agreement identical in form hereto but having attached to it one or more additional signature pages.

Executed this ____ day of _____, 202__.

LANDLORD:

[INSERT SIGNATURE BLOCK]

[INSERT EXHIBIT A AND B]

Exhibit C -Sample Ledger

Sheltair Denton Jet Center, LLC

Fuel and Hanger / Tie-Down and Rent Commission

MONTH:

Flowage Fee:
\$ 0.22

| Deliveries Date | Invoice # | Jet-A Gallons | Avgas Gallons | Commission |
|--------------------|-----------|---------------|---------------|------------|
|--------------------|-----------|---------------|---------------|------------|

Total Fuel
Commission -

| Hanger/Tie-Down Date | | Amount | 12% Commission |
|-------------------------|-------------------------|--------|------------------------------|
| GL | Nightly Hangar Fees | | |
| GL | Nightly Ramp Fees | | |
| | Properties Rentals | | |
| | Total Commission | | <u> -</u> |

TOTAL PAYMENT -

| | | | |
|-----------------|---------------|----|---|
| FOR ACCOUNTING: | | | |
| 5004 | Jet-A Flowage | \$ | - |
| 5102 | Avgas Flowage | \$ | - |
| 4710 | Hangar Fees | | - |
| 4708 | RON Fees | | - |
| 1201 | Exchange | | - |
| | | \$ | - |

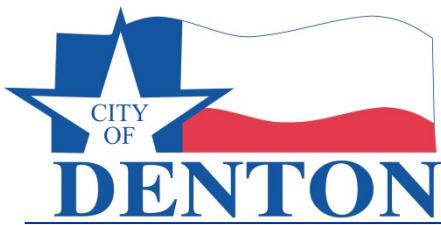
Exhibit C

Supporting Documentation

[Fueling Receipts]

[General Ledger Reports]

[Account Detail Reports]



5000 AIRPORT RD. • DENTON, TEXAS 76207 • (940) 349-7736 • FAX (940) 349-7289
DENTON ENTERPRISE AIRPORT • DTO

MONTHLY OPERATIONS REPORT June 2026

The following tables provide details on operations, fueling, based aircraft, alerts, and incidents. Historical Airport Operations, **Exhibit 1**, provides airport historical operations data from 2016-2026.

| OPERATIONS (Calendar Year) | | | | | | |
|-----------------------------------|---------------|---------------|--------------|---------------|---------------|--------------|
| Operation Type | Apr-25 | Apr-26 | % Change | 2025 YTD | 2026 YTD | % Change |
| IFR Itinerant | 1,062 | 1,169 | 10.1% | 4,045 | 3,536 | -12.6% |
| VFR Itinerant | 7,414 | 5,847 | -21.1% | 31,766 | 29,550 | -7.0% |
| Local | 4,807 | 5,685 | 18.3% | 22,100 | 22,335 | 1.1% |
| Total | 13,283 | 12,701 | -4.4% | 57,911 | 55,421 | -4.3% |

| FUELING (Fiscal Year) | | | | | | |
|------------------------------|----------------|----------------|---------------|----------------|----------------|--------------|
| Type | Apr-25 | Apr-26 | % Change | 2025 YTD | 2026 YTD | % Change |
| AvGas | 53,838 | 41,660 | -22.6% | 360,134 | 346,511 | -3.8% |
| Jet A | 71,556 | 63,074 | -11.9% | 524,633 | 466,715 | -11.0% |
| Total | 125,394 | 104,734 | -16.5% | 884,767 | 813,226 | -8.1% |

| BASED AIRCRAFT | | | | | |
|-----------------------|---------------|--------------|-----|------------|-------|
| Description | Single Engine | Multi-Engine | Jet | Helicopter | Total |
| Dec 2025 | 378 | 68 | 30 | 16 | 492 |
| Dec 2024 | 352 | 71 | 35 | 18 | 476 |
| Dec 2023 | 309 | 62 | 34 | 15 | 420 |

NOTE: Due to agenda-related deadlines, figures for the prior month will be available at the next Airport Advisory Board meeting.

| ALERTS | | |
|---------------|-------------|--------------------|
| Date | Type | Description |
| N/A | | |

| INCIDENTS | |
|------------------|--------------------|
| Date | Description |
| N/A | |

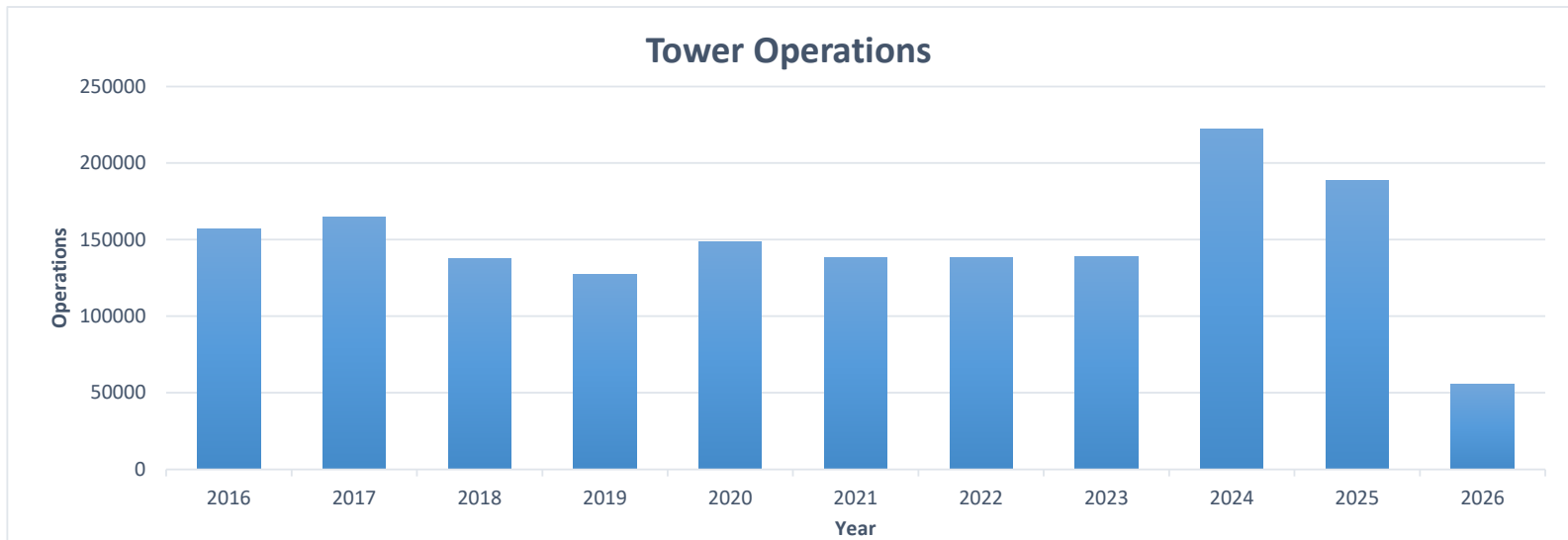
| April Weather Data | |
|---|--|
| Days with Measurable Precipitation | Days with an Avg. Wind over 10mph |
| 9 | 20 |

EXHIBITS

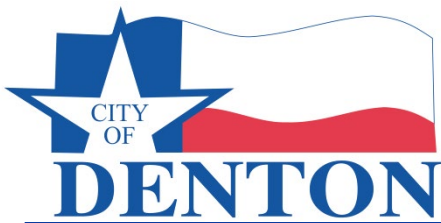
1. Historical Airport Operations 2016-2026 (Attached)

DENTON ENTERPRISE AIRPORT HISTORICAL OPERATIONS

| Month: | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| JAN | 12074 | 11070 | 13036 | 12323 | 9830 | 9138 | 14030 | 13814 | 14618 | 16068 | 11418 |
| FEB | 12530 | 9300 | 7899 | 9307 | 11704 | 6697 | 10469 | 13218 | 20919 | 13379 | 16782 |
| MARCH | 9240 | 10846 | 10659 | 13074 | 10055 | 12423 | 12719 | 15134 | 21655 | 15180 | 14520 |
| APRIL | 10226 | 9390 | 11314 | 11709 | 12090 | 10631 | 13601 | 14993 | 16992 | 13284 | 12701 |
| MAY | 11958 | 11914 | 14854 | 11172 | 12690 | 10704 | 9902 | 19470 | 19503 | 15839 | |
| JUNE | 11962 | 10342 | 12521 | 12468 | 11282 | 11519 | 15321 | 18549 | 22043 | 16270 | |
| JULY | 13190 | 11162 | 13553 | 11718 | 14274 | 14124 | 15936 | 19931 | 13869 | 18637 | |
| AUG | 11461 | 10514 | 14888 | 10392 | 13076 | 12868 | 17597 | 21408 | 14855 | 14955 | |
| SEP | 13523 | 11010 | 11477 | 12176 | 10911 | 13672 | 20217 | 20484 | 20090 | 18046 | |
| OCT | 13021 | 10870 | 13682 | 11444 | 11445 | 12837 | 17794 | 18362 | 23875 | 17063 | |
| NOV | 9195 | 10249 | 13276 | 11367 | 10508 | 12482 | 14415 | 18860 | 18914 | 16431 | |
| DEC | 9166 | 10899 | 11539 | 11379 | 10296 | 12051 | 14217 | 17977 | 14613 | 13518 | |
| Total: | 157339 | 165052 | 137546 | 127566 | 148698 | 138529 | 138161 | 139146 | 221946 | 188670 | 55421 |



Tower OPS 2016-2026



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ADMINISTRATIVE UPDATE June 2026

Airport Business Roundtable

On May 20th, the Denton Enterprise Airport, in partnership with Economic Development, hosted a business roundtable event at the Airport Administration Building to engage on-airport businesses and gather insights into their business development needs. Over a dozen airport businesses participated in the event, which also included a presentation from Apex Accelerator on how Airport businesses can better position themselves to compete for government contracts. Staff will continue to review feedback from this initial session and plan to host additional roundtable events over the next year.

Airport Strategic Business Plan Request for Information (RFI)

The Airport recently issued an RFI to gather information and cost estimates as staff consider developing a strategic business plan. An airport strategic business plan is a 3- to 5-year roadmap defining an airport's vision, financial goals, and operational priorities. It bridges the gap between daily operations and long-term development (i.e., the Airport Master Plan), focusing on revenue diversification, asset optimization, stakeholder alignment, and regional competitiveness. The Airport last created a strategic business plan in 2010, and this project is one of the Airport initiatives within the Citywide strategic plan.

The strategic business plan RFI will conclude in mid-June and, should no significant barriers to progress arise, begin developing a request for proposals (RFP) from consultants for the development of the plan. A key benefit of a consultant-developed plan is the significant expertise and national perspective that can be leveraged. Staff anticipates providing the Board with an update prior to issuing a future RFP.

| Airport Advisory Board/City Council Airport Related Items | | | | |
|---|-------------------------------|---------------|---------------------|---------------|
| **Council Airport Committee – Dissolved 09/28/2021 | | | | |
| ***Legal Review | | | | |
| Description | Airport Advisory Board | | City Council | |
| | Date | Action | Date | Action |
| Pending Items | | | | |
| Airport Land Lease – Leasing Policy Updates | 06/10/2026 | Pending | 07/14/2026 | Pending |
| Lease Agreement (Consolidation) - Sheltair | 06/10/2026 | Pending | 07/14/2026 | Pending |
| Lease Agreement – Site 2 | Pending | Pending | Pending | Pending |
| Garver – Third Amendment – Pavement Design | Pending | Pending | Pending | Pending |
| Completed Items with Airport Advisory Board and City Council | | | | |
| Lease Amendment – Sheltair – 4849 Spartan Drive (Site 0) | 03/11/2026 | Pending | 03/24/2026 | Pending |
| Airport Master Plan | 11/20/2025 | Approved 5-0 | 1/13/2026 | Approved 7-0 |
| Chapter 3 Amendment | 10/08/2025 | Approved 5-0 | 12/02/2025 | Approved 7-0 |
| Airport Rules and Regulations Amendment | 10/08/2025 | Approved 5-0 | n/a | n/a |
| Consent to Collateral Assignment – U.S. Aviation Academy, LLC | 10/08/2025 | Approved 5-0 | 10/21/2025 | Approved 6-0 |
| Consent to Lease Assignment – Ezell Aviation, Inc to Marklyn Jet Parts, LLC | 06/11/2025 | Approved 7-0 | 06/17/2025 | Approved 7-0 |
| Consent to Collateral Assignment – HC Aviation Property Holdings, Inc | 06/11/2025 | Approved 7-0 | 06/17/2025 | Approved 7-0 |
| Land Lease Agreement – Hangar Club, LLC – Site 3 & 4 | 06/11/2025 | Approved 7-0 | 06/17/2025 | Approved 7-0 |
| 918 Aeronca Lane – Airport Hangar Lease Agreement | 04/09/2025 | Approved 6-0 | 04/15/2025 | Approved 7-0 |
| 922 Aeronca Lane – Airport Hangar Lease Agreement | 04/09/2025 | Approved 6-0 | 04/15/2025 | Approved 7-0 |
| 926 Aeronca Lane – Airport Hangar Lease Agreement | 04/09/2025 | Approved 6-0 | 04/15/2025 | Approved 7-0 |
| 5088 Sabre Drive – Airport Hangar Lease Agreement | 04/09/2025 | Approved 5-1 | 04/15/2025 | Approved 7-0 |
| Garver – Second Amendment – Pavement Analysis | 04/09/2025 | Approved 6-0 | 05/06/2025 | Approved 7-0 |
| Airport Rates and Fees | 12/11/2024 | Approved 6-0 | 02/18/2025 | Approved 7-0 |
| Drainage Study – Garver Proposal – Task Amendment 1 | 02/12/2025 | Approved 4-0 | 02/18/2025 | Approved 7-0 |
| Feasibility Study – UAS/Drone | 02/12/2025 | Approved 4-0 | 02/18/2025 | Approved 7-0 |
| Wayne and Maribeth Yarbrough – Lease Assignment | 01/08/2025 | Approved 5-0 | 01/14/2025 | Approved 7-0 |

| Airport Advisory Board/City Council Airport Related Items | | | | |
|--|-------------------------------|---------------|---------------------|---------------|
| **Council Airport Committee – Dissolved 09/28/2021 | | | | |
| ***Legal Review | | | | |
| Description | Airport Advisory Board | | City Council | |
| | Date | Action | Date | Action |
| HC Commercial – Lease Agreement – Site 10 | 11/13/2024 | Approved 5-0 | 11/19/2024 | Approved 7-0 |
| First Financial Resources – Lease Assignment | 11/13/2024 | Approved 5-0 | 11/19/2024 | Approved 7-0 |
| Airport Leasing and Development Policy | 09/11/2024 | Approved 6-0 | 10/15/2024 | Approved 7-0 |
| US Trinity Aviation, LLC – Lease Agreement – Site 9 | 10/09/2024 | Approved 7-0 | 10/15/2024 | Approved 7-0 |
| GKY Holdings 1, LLC – Lease Amendment | 08/14/2024 | Approved 5-0 | 09/17/2024 | Approved 7-0 |
| Airport Master Plan | 03/20/2024 | Approved 5-0 | 04/02/2024 | Approved 7-0 |
| Airport Financial Update | 03/20/2024 | Work Session | N/A | N/A |
| Roanoke Air and Auto, Inc – Lease Agreement | 03/20/2024 | Approved 5-0 | 04/02/2024 | Approved 7-0 |
| Hangar 10 Flying Museum – Lease Assignment | 02/14/2024 | Approved 6-0 | 02/20/2024 | Approved 7-0 |