

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON, TEXAS APPROVING A CONSENT TO ASSIGNMENT OF AN AIRPORT LEASE BETWEEN BAM DENTON MANAGEMENT VENTURES, LLC AND SYKES-VAUGHAN INVESTMENTS, LLC; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on August 4, 2015 the City of Denton, Texas (hereinafter the "City") entered into that certain Airport Lease (the "Lease") with BAM Denton Management Ventures, LLC (hereinafter "BAM") at the Denton Enterprise Airport (hereinafter the "Airport"); and

WHEREAS, BAM has agreed to assign its interest in the Lease to Sykes-Vaughan Investments, LLC (the "Sykes-Vaughan") as evidenced by that certain Assignment and Assumption of Lease Agreement, dated June 15, 2017, attached hereto as Exhibit A; and

WHEREAS, the Lease requires written consent of the City for the Assignment to be effective and BAM has requested the City for such consent; and

WHEREAS, at the June 5, 2017 meeting of the Council Airport Committee, the committee recommended that the City approve the Consent by a vote of 2 - 0; and

WHEREAS, the City Council deems it in the public interest to give consent to the assignment contemplated above; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The findings and recitations contained in the preamble of this Ordinance are incorporated herein by reference.

SECTION 2. The City Manager or his designee is hereby authorized to execute a Consent to the Assignment of Airport Lease in the form attached hereto as Exhibit A and made a part of this Ordinance for all purposes.

SECTION 3. This Ordinance shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the _____ day of _____, 2017.

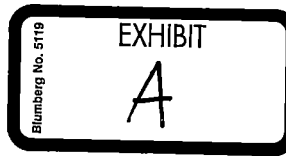
CHRIS WATTS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
AARON LEAL, INTERIM CITY ATTORNEY

BY:  _____



AIRPORT LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement ("**Agreement**") dated as of June __, 2017, between BAM Denton Management Ventures, LLC, d/b/a Business Air, a Texas limited liability company ("**Assignor**"), and Sykes-Vaughn Investments, LLC, a Texas limited liability company ("**Assignee**"), subject to the consent of City of Denton, Texas ("**Lessor**").

Recitals

A. Assignor as Seller and Assignee as Buyer have entered into an Asset Purchase Agreement dated as of June 30, 2017 ("**Purchase Agreement**"), providing (among other things) for the assignment to and assumption by Assignee of all rights and obligations of Assignor as lessee ("**Lessee**") under that certain Airport Lease Agreement Fixed Base Operator, dated as of August 4, 2015, between the City of Denton, Texas, a municipal corporation, as lessor ("**Lessor**"), and Assignor as Lessee, of real property at the Denton Enterprise Airport commonly known as 5007 Airport Road, Denton, Texas (the "**Airport Lease**"). A true and correct copy of the Airport Lease is attached hereto as Exhibit A.

B. Consent of Lessee is required under Section XI of the Airport Lease in order to effect the assignment and assumption provided for herein, such consent to not be unreasonably withheld.

C. Subject to the closing of the transactions provided for in the Purchase Agreement and the consent of the Lessor provided for herein, the parties desire to effectuate the assignment and assumption of the Airport Lease as provided for herein.

Terms

Therefore, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Effective Time.** The assignment and assumption of the Airport Lease described in this Agreement shall become effective at 12:01 a.m. immediately following the Closing Date provided for in the Purchase Agreement, subject to (a) Lessee consent from the City of Denton to the assignment of the Airport Lease as provided for herein, and (b) fulfillment of all other Closing conditions provided for in the Purchase Agreement.

2. **Assignment.** For valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor does hereby assign, sell, convey, grant, bargain, deliver and confirm to Assignee, its successors and assigns, forever, all of Assignor's right, title and interest under the Airport Lease on and after the Effective Time.

3. **Assumption.** For valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignee does hereby assume and agree to pay, perform, and discharge all of the obligations of Assignor under the Airport Lease arising on and after the Effective Time.

4. **Limited Power of Appointment.** Assignor hereby constitutes and appoints Assignee, its successors and assigns, the true and lawful attorney of Assignor, with full power of substitution, in the name, for the benefit and at the expense of Assignee to take any and all reasonable action designed to provide

Assignee the benefits under the Airport Lease, including without limitation the enforcement for the account of Assignee of any and all rights arising after the Effective Time against the other party thereto. Assignor acknowledges that the foregoing powers are coupled with an interest and shall be irrevocable by it. Assignee shall be entitled to retain for its own account any amounts properly collected pursuant to the foregoing powers, including any amounts payable as interest with respect thereto, and attributable to periods on and after the Effective Time but shall remit to Assignor any amounts payable attributable to periods prior to the Effective Time.

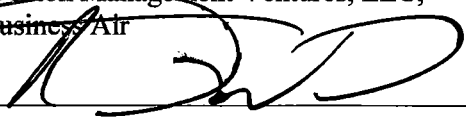
5. **Benefit.** This instrument shall be binding upon and inure to the benefit of the respective successors and assigns of the parties.

Executed as of the date set forth above.

Assignor:

BAM Denton Management Ventures, LLC,
d/b/a Business Air

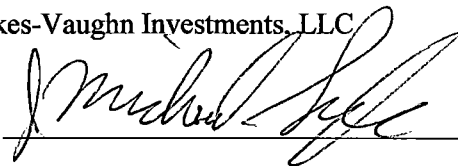
By



Assignee:

Sykes-Vaughn Investments, LLC

By



CONSENT

The City of Denton, Texas, as Lessor does hereby consent to the foregoing assignment and assumption of the Lessee's interest in the Airport Lease.

City of Denton, Texas, Lessor

By

ATTEST:

JENNIFER WALTERS, CITY SECRETARY

BY:

APPROVED AS TO FORM:
CITY ATTORNEY
CITY OF DENTON, TEXAS

BY:



EXHIBIT A

Airport Lease Attached

ORDINANCE NO. 2015-259

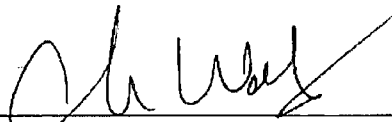
AN ORDINANCE APPROVING A FIXED BASE OPERATOR AIRPORT LEASE AGREEMENT BETWEEN THE CITY OF DENTON, TEXAS AND BAM DENTON MANAGEMENT VENTURES, LLC; AND PROVIDING AN EFFECTIVE DATE.

THE COUNCIL OF THE CITY OF DENTON, TEXAS HEREBY ORDAINS:

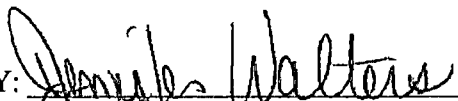
SECTION 1. The City Manager or his designee is hereby authorized to execute an airport lease agreement between the City of Denton and BAM Denton Management Ventures, LLC in substantially the form of the Fixed Base Operator Airport Lease Agreement which is attached to and made a part of this ordinance for all purposes.

SECTION 2. This ordinance shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the 1 day of September, 2015.


CHRIS WATTS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: 

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY: 

AIRPORT LEASE AGREEMENT
FIXED BASED OPERATOR

This Lease Agreement is made and executed to be effective as of the Fourth day of August, 2015 (the "Effective Date") at Denton, Texas, by and between the City of Denton, Texas, a municipal corporation, hereinafter referred to as "Lessor", and BAM Denton Management Ventures, LLC, a Texas limited liability company, hereinafter referred to as "Lessee".

WITNESSETH:

WHEREAS, Lessor now owns, controls and operates the Denton Enterprise Airport (the "Airport") in the City of Denton, County of Denton, State of Texas; and

WHEREAS, Lessee is the current lessee pursuant to that certain Consent of Sale Agreement dated October 29, 2014 for fixed base operations dated December 15, 2004 as approved by Ordinance 2004-380 (the "Existing Lease"); and

WHEREAS, Lessee and Lessor desire to enter into this Lease Agreement (sometimes called this "Lease Agreement", "Agreement", or "Lease") in order to extend and supercede the Existing Lease subject to the terms and conditions contained in this Agreement; and

WHEREAS, pursuant to this Agreement Lessee is leasing the original 9.1 acres of land as approved by City of Denton City Council Resolution R2001-063 dated October 16, 2001 and as described in Attachment "B" attached hereto and made a part hereof by reference, and, Parcels A and B as described in Attachment "A" attached hereto and made a part hereof by reference; and

WHEREAS, pursuant to this Agreement Lessee is also granted a lease of Parcels C and D as described in Attachment "C" attached hereto and made a part hereof by reference; and

WHEREAS, pursuant to this Agreement Lessee is leasing 2.519 acres of land as approved by City of Denton City Council Ordinance 2005-376 dated December 13, 2005 as subsequently amended and as described in Attachment "E" attached hereto and made a part hereof by reference; and

WHEREAS, pursuant to this Agreement Lessee is leasing 21,842 square feet of land as approved by City of Denton City Council Ordinance 2007-063 dated March 27, 2007 as described in Attachment "F" attached hereto and made a part hereof by reference; and

WHEREAS, pursuant to this Agreement Lessee is leasing 1.338 acres of land as approved by City of Denton City Council Ordinance 2010-194 dated August 17, 2010 as described in Attachment "G" attached hereto and made a part hereof by reference;

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained in this Agreement, the parties agree as follows:

I. CONDITIONS OF LEASE AGREEMENT

NOTWITHSTANDING ANY LANGUAGE TO THE CONTRARY HEREINAFTER CONTAINED, THE LANGUAGE IN PARAGRAPHS A THROUGH D OF THIS SECTION SHALL BE BINDING.

A. PRINCIPLES OF OPERATIONS. The right to conduct aeronautical and related activities for furnishing services to the public is granted to Lessee subject to Lessee agreeing:

1. To furnish said services on a fair, equal and not unjustly discriminatory basis to all users thereof; and
2. 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.

B. NON-DISCRIMINATION: Lessee, for itself, its personal representatives, successors, 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 grounds of race, religion, color, sex, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities;
2. In the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, religion, color, sex, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination;
3. Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally assisted programs of the Department of Transportation - Effectual of Title VI of the Civil Rights Act of 1964, as said Regulations may be amended.

C. RIGHT OF INDIVIDUALS TO MAINTAIN AIRCRAFT. 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.

D. NON-EXCLUSIVE RIGHT. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Title 49 U.S.C. Appendix §1349.

E. PUBLIC AREAS.

1. Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.
2. Lessor shall be obligated to maintain and keep in good 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.
3. During time of war or national emergency, Lessor shall have the right to lease the landing area or any part thereof to the United States Government for military or naval use, and, if such lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the Government, shall be suspended.
4. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of Lessor, would limit the usefulness or safety of the Airport or constitute a hazard to aircraft or to aircraft navigation. The hangar/office/shop complex as currently proposed as provided in Section II.D. does not violate this provision.
5. This Lease Agreement shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States or agency thereof, relative to the operation or maintenance of the Airport.

II. LEASED PREMISES

Lessor, for and in consideration of the covenants and agreements herein contained, to be kept by Lessee, and subject to the conditions contained herein, does hereby demise and lease unto Lessee, and Lessee does hereby lease from Lessor, for the lease term described in Article III, the following described land situated in the City of Denton, Denton County, Texas:

A. Land. The same 9.1 acre tract or parcel of land leased to Lessee under the Existing Lease, together with improvements thereon, which property is more particularly described in Attachment "B" attached hereto and incorporated herein by reference (the "Existing Parcel"); and, Parcels A and B as shown in Attachment "A" attached hereto and incorporated herein by reference; and, Parcels C and D as described in Attachment "C" attached hereto and incorporated herein by reference; and, the tract as shown in Attachment "E" attached hereto and incorporated herein by reference; and, the tract as shown in Attachment "F" attached hereto and incorporated herein by reference; and, the tract as shown in Attachment "G" attached hereto and incorporated herein by reference, all of the Attachments "A – F" which are referenced herein as the "Leased Premises", together with the right of ingress and egress to the Leased Premises; and the right in common with others so authorized of passage upon the Airport property generally, subject to reasonable regulations by the City of Denton and such rights shall extend to Lessee's employees, passengers, patrons and invitees. For purposes of this Agreement, the term "Leased Premises" shall include leasehold improvements constructed by the Lessee, but not including certain easements or property owned and/or controlled by the Lessor.

B. Use of Fuel Farm. Subject to the requirements of V.B.1., Lessee shall have the right of ingress and egress and use of the fuel farm which is located on property that is particularly described in Attachment "D" attached hereto and made a part hereof by reference (the "Fuel Farm"). Lessee may in its discretion provide for the installation of one additional 12,000 gallon above ground fuel facility at the Fuel Farm.

C. IMPROVEMENTS PROVIDED BY LESSOR: The only improvements provided by Lessor, except as set forth in Article II.F. "Access to Utilities" below, shall be as follows: Lessor shall continue to maintain the FBO Apron as depicted on Attachment "B" (the "FBO Apron"). All maintenance costs for the FBO Apron under \$2,000.00 shall be borne by Lessor. For maintenance costs of \$2,000.00 or over the cost of materials will be shared 50-50 with the Lessor being responsible for 100% of the labor costs.

The term "Lessor improvements" shall mean those things on or adjacent to the Leased Premises belonging to, constructed by, or to be constructed by the Lessor. Unless otherwise noted herein, all Lessor improvements are and will remain the property of Lessor. All Lessor improvements must be described in detail above, or above referenced and attached to this Agreement in an exhibit approved by Lessor.

D. IMPROVEMENTS PROVIDED BY LESSEE.

1. Construction of Upgrades. The following improvements are currently located on the Existing Parcel: Six buildings as more particularly described in Attachment "E" attached hereto and made a part hereof by references (the "Existing Improvements"). The Lessee shall have the right to renovate Building 2 as described

in Attachment "B" hereto and which is owned by the City of Denton provided the changes to Building 2 shall be approved by Lessor prior to any rehabilitation.

2. Construction of Parcel D Improvements. On Parcel D as shown on Attachment "C" hereto, Lessee shall construct a commercial hangar/office facility of not less than 10,000 square feet with a minimum door height of 28 feet and a minimum door width of 90 feet, minimum aircraft staging apron of 9,000 square feet and appropriate taxiway access to Taxiway H ("Parcel D Improvements"). Construction of Parcel D Improvements shall be commenced no later than 360 days after the Effective Date of this Agreement and completed no later than 540 days after the Effective Date (the "Construction Period"). Construction of Parcel D Improvements are considered commenced upon issuance of a building permit and construction of any portion of the hangar/office facility. Construction of Parcel D Improvements are considered complete upon the issuance of a certificate of occupancy for the entire hangar/office facility.

Notwithstanding anything contained in this Lease Agreement to the contrary, a failure to complete the Parcel D Improvements within the Construction Period may, at the sole option and discretion of the Lessor, result in the immediate termination and cancellation of this Lease Agreement only as to Parcel D upon 30 days written notice of cancellation to Lessee. In such case Lessee's rights under the Lease Agreement as to Parcel D will immediately cease and be forfeited, and all of Parcel D Improvements shall immediately become the property of Lessor at no cost, expense or other compensation paid by Lessor to Lessee; and Lessee shall immediately vacate the Parcel D. In such case this Lease Agreement will remain in force and effect as to all other parcels and tracts described in Attachments A – G of this Agreement.

E. EASEMENTS. Lessor and Lessee by mutual agreement may establish, on the Leased Premises, easements for public access on roads and taxiways.

F. ACCESS TO UTILITIES. Lessor represents that there are water, sewer and 3-phase electricity lines within close proximity to the Leased Premises available to "tap-in" by Lessee, and that the same are sufficient for usual and customary service on the Leased Premises.

III. TERM

The term of this Lease Agreement shall be for a period of forty (40) years, commencing on the 1st day of September, 2015 and continuing through the 31st day of August, 2055, unless earlier terminated or reduced under the provisions of the Lease Agreement (the "Lease Term"). Lessee has the option to extend this lease under terms as provided in Section VIII, C, 2 of this Agreement. The rental and terms to be negotiated for the option term shall be reasonable and consistent with the then value, rentals and terms of similar property on the Airport.

property on the Airport.

IV. PAYMENTS, RENTALS AND FEES

Lessee covenants and agrees to pay Lessor, as consideration for this Lease Agreement, the following payments, rentals and fees:

- A. LAND RENTAL. Land rental shall be due and payable to Lessor in twelve (12) equal monthly installments in the sums set forth below, on or before the 1st day of each and every month during the term of this Lease Agreement. Lessee has the option to pay annual rentals and fees in whole on or before the 1st day of October, at the beginning of the City's fiscal year, each and every year of this Lease Agreement.

Annual rent shall be a sum equal to \$0.1942 per square foot annually for the land area as described in Attachments "A - B" and Attachments "D - G" to this Agreement. Monthly rental shall be 1/12th of the annual rent. However, beginning August 1, 2017 the Original Rent will be adjusted in accordance with Section IV.C.

Annual rent shall be a sum equal to \$0.27 per square foot annually for the land area described as Parcels C and D in Attachment "C" to this Agreement. Annual rent for Parcel D as described in Attachment "C" shall not begin until the first of the month following issuance of a building permit for improvements as described in Section II, D, 2 of this Agreement. Monthly rental shall be 1/12th of the annual rent. However, beginning August 1, 2017 the Original Rent will be adjusted in accordance with Section IV.C.

Notwithstanding the foregoing, the annual lease rental will be reduced by the current lease rate per square foot, as adjusted by the CPI-U referenced in Section IV.C., times the number of square feet comprising all easements established in accordance with Section II.E..

B. LESSOR IMPROVEMENTS RENTALS. NONE: There are no Lessor improvements on the Leased Premises.

C. PAYMENT, PENALTY, ADJUSTMENTS. All payments due Lessor from Lessee under this Lease Agreement shall be made to Lessor at the offices of the Finance Department of the City of Denton, Customer Service Division, 601 West Hickory, Denton, Texas, unless otherwise designated in writing by the Lessor. If payments are not received on or before the 15th day of the month, a five percent (5%) penalty will be due as of the 16th. If payments are not received by the first of the subsequent month, an additional penalty of one percent (1%) of the unpaid rental/fee amount will be due. A one percent (1%) charge will be added on the first of each subsequent month until the unpaid rental/fee payment is made. The Original Rent for the Leased Premises shall be readjusted at the end of each one year period during the Lease Term 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 bears to the May 2015 index, which was 218.484 (1982-84 = 100). Each rental adjustment, if any, shall occur on the 16th day of June, beginning 2017, and every second year thereafter on such date.

The adjustments in the yearly rent shall be determined by multiplying the Original Rent by a fraction, the numerator of which is the index number for the last month prior to the adjustment, and the denominator of which is the index number applicable at the execution of this Lease Agreement. If the product of this multiplication is greater than the Original Rent, Lessee shall pay this greater amount as the yearly rent until the time of the next rental adjustment as called for in this section. If the product of this multiplication is less than the Original Rent there shall be no adjustment in the annual rent at that time, and Lessee shall pay the previous year's annual rent until the time of the next rental adjustment as called for in this section. In no event shall any rental adjustment called for in this section result in an annual rent less than the previous year's annual rent. The adjustment shall be limited so that the annual rental payment determined for any given two-year period shall not exceed the annual rental payment calculated for the previous CPI adjustment by more than twenty percent (20%) percent.

If the consumer price index for all urban consumers (CPI-U) for the Dallas-Fort Worth geographical region, as compiled by the U.S. Department of Labor, Bureau of Labor Statistics, is discontinued during the Lease Term, the remaining rental adjustments called for in this section shall be made using the formula set forth above, but by substituting the index numbers for the Consumer Price Index-Seasonally Adjusted U.S. City Average For All Items For All Urban Consumers (CPI-U) for the index numbers for the CPI-U applicable to the Dallas-Fort Worth geographical region. If both the CPI-U for the Dallas-Fort Worth geographical region and the U.S. City Average are discontinued during the Lease Term, the remaining rental adjustments called for in this section shall be made using the statistics of the Bureau of Labor Statistics of the United States Department of Labor that are most nearly comparable to the CPI-U applicable to the Dallas-Fort Worth geographical region. If the Bureau of Labor Statistics of the United States Department of Labor ceases to exist or ceases to publish statistics concerning the purchasing power of the consumer dollar during the Lease Term, the remaining rental adjustments called for in this section shall be made using the most nearly comparable statistics published by a recognized financial authority selected by Lessor.

D. OTHER PAYMENTS TO LESSOR.

1. Hangar and Tie-Down Fees. Lessee shall pay Lessor a percentage of all hangar and tie-down rentals and fees collected by Lessee from persons renting facilities rendered to Denton County Appraisal District as part of Lessee's Fixed Base Operator (FBO) service on the Leased Premises. Such fees shall be equal to:

- a. 11% of all hangar and tie-down fees through November 30, 2019.
- b. 12% of all hangar and tie-down fees beginning December 1, 2019 through the end of the Lease Term.

All such fees shall be paid monthly to Lessor on or before the 15th day of each month during the Lease Term. The fees shall be accompanied by records showing the date and location on the Airport where the aircraft was hangared or parked and the tail number, or side number, of the aircraft.

2. Fuel Fees.

Lessee shall pay Lessor a fuel flow fee for use of the Fuel Farm equal to 7% of the wholesale price per gallon of all fuel used by Lessee through June 30, 2019. Thereafter, through the end of the Lease Term an adjustment will be made based on a market analysis as of June 30, 2019.

E. RECORDS. Lessee shall keep and maintain accurate records of wholesale fuel delivered under this Agreement, and parking and hangar fees collected, for a period of three (3) years from the date the record is made. Such records shall be kept according to generally accepted accounting principles. Lessor or its duly 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.

F. ANNUAL STATEMENT. Within sixty (60) days after the end of each calendar year, Lessee shall furnish to Lessor a certified statement of fuel deliveries, and parking and hangar fees collected during the preceding calendar year. Lessor reserves the right to audit said statement and Lessee's books and records, including examination of the general ledger and all other supporting material, at any reasonable time during business hours, for the purpose of verification.

If the audit establishes the Lessee has understated or overstated fuel sales, parking fees, or hangar rentals collected by five percent (5%) or more, the entire expense of said audit shall be borne by Lessee. Any additional payment due from Lessee shall forthwith be paid to Lessor, with interest thereon at one percent (1%) per month from the date such amount originally became payable to Lessor. Any overpayment by Lessee shall be credited against further payments due to Lessor. Either party may refer the results of the audit for resolution in accordance with Section IV.G. (Disputes) below.

G. DISPUTES. If any dispute arises as to the amount owed from fuel deliveries or hangar or parking fees collected, the party disputing the amount and/or fee shall notify the other, in writing, within thirty (30) days from the date the dispute arises. Upon notification of the dispute, the disputed amount shall be submitted to a panel of three (3) certified public accountants, one to be selected by Lessor, one to be selected by Lessee and the third to be chosen by the first two accountants selected. This panel shall, by majority vote, determine the rights of the parties hereunder in conformity with generally accepted accounting principles. The fees due the accountants for such service shall be paid by the unsuccessful party, or in the event the determination is partially in favor of each party, the fee shall be borne equally by the parties.

V. RIGHTS AND OBLIGATIONS OF LESSEE

A. USE OF LEASED PREMISES. Lessee is granted the non-exclusive privilege to engage in or provide the following on the Leased Premises:

1. The right and privilege to engage in commercial aviation activities, hereby defined as those activities which involve the sale of aviation services for profit to the general public and shall include the maintenance and servicing of aircraft, which right shall include overhauling, rebuilding, repairing, inspection, and licensing of same and the purchase and sale of parts, equipment, and accessories therefore.
2. The sale of aircraft fuels, lubricants, and propellants within the leased area and at such other areas that may be designated by the Airport Manager.
3. The storing of aircraft in hangars or on tie down areas owned or operated by Lessees.
4. The sale of said fuels, lubricants, and propellants shall include the right to use vehicles necessary for the servicing of aircraft.
5. The operation of a business of buying and selling, or renting new and used aircraft, aircraft parts, and accessories therefore, and aviation equipment of all descriptions either at retail, wholesale, or as a dealer.
6. The operation and sale of aerial survey, photograph, mapping, and spraying services. (However, spraying services shall at all times comply with applicable local, state, and national regulations pertaining to aerial spraying.)
7. The operation and sale of air taxi and sightseeing services.
8. The operation of schools for the instruction of the general public in flying, navigation, mechanics, aerial survey, photography, aircraft design and/or training of the general public in any art, science, craft, or skill pertaining directly or indirectly to aircraft.
9. The operation of non-scheduled and charter air transportation of passengers.
10. The sale through coin operated vending machines of tobacco, confections, and refreshments and the maintenance on the leased premises of appropriate facilities therefore.
11. The undertaking of any phase of aviation activity for profit related to or in any

way contributing to air transportation or aerial navigation, as long as such activity in no way interferes or hinders any F.A.A. approved navigational aids that may exist now or in the future at the Airport.

12. Ten years after the Effective Date of this Lease Agreement Lessee will begin to pay a commission fee to Lessor for car rentals based on the then existing market commission at similar sized airports.
13. The general use, in common with others authorized to do so, of all public airport facilities and improvements which are now or may hereafter be connected with or appurtenant to said Airport, except as hereinafter provided.
14. Ramp services, including loading and unloading of passengers, baggage, mail and freight, and providing of ramp equipment, aircraft cleaning and other services for persons, firms or air carriers.

No person, business or corporation other than Lessee may operate a commercial, retail or industrial business upon the Leased Premises or upon the Airport, without prior written consent from Lessor authorizing such commercial, retail or industrial activity.

Lessee shall be allowed to provide sleeping quarters and other accommodations for use of an around-the-clock security guard. This provision shall not be construed to allow family living on the leased premises, and it is expressly understood and agreed that no permanent dwelling or domicile may be built, moved to or established on or within the leased premises nor may the Lessee, its tenants, invitees, or guests be permitted to reside or remain as a resident on or within the leased premises or other airport premises.

Lessee shall file with the Airport Manager and keep current its mailing address, telephone number(s) and contacts where he can be reached in an emergency.

Lessee shall file with the Airport Manager and keep current a list of its tenants and sub-lessees.

Lessee shall require its employees and sub-lessees (and sub-lessee's invitees) to abide by the terms of this Agreement. Lessee agrees it shall promptly correct or remedy any breaches of any rules, regulations, terms, conditions or covenants by its employees or sub-lessees.

Lessee, its tenants, employees, invitees and guests shall not be authorized to conduct any services not specifically listed in this Lease Agreement. The use of the Leased Premises by Lessee, its tenants, employees, invitees or guests shall be limited to only those private, commercial, retail or industrial activities having to do with or related to airports and aviation. Except as specifically authorized in this Lease Agreement, no person, business or corporation may operate a commercial, retail or industrial business upon the Leased Premises or upon the Airport without a lease or license from Lessor authorizing such commercial, retail or industrial activity. The Lessor shall not unreasonably withhold

authorization to conduct aeronautical or related services.

B. REQUIRED SERVICES. Lessee is required and is hereby granted the non-exclusive privilege to engage in the business of and provide the services of a full and complete fixed base operator. It is expressly understood and agreed that the non-exclusive right to conduct aeronautical activities for furnishing services to the public, including the delivery of fuel into aircraft is granted to the Lessee subject to the provisions set forth herein and all applicable ordinances of the City of Denton. Lessee agrees to perform the following services:

1. Fuel: To have available those grades and octanes of aviation gasoline, jet fuel and other petroleum products normally found at similar airports, and to provide ramp services including the sale and into-plane delivery of those aviation fuels, lubricants and other related aviation products, and to provide aircraft guidance and assistance within the areas of the leased premises, at least during daylight hours, sunrise to sunset, three hundred sixty-five (365) days per year. All fuels shall meet minimum F.A.A. requirements for aviation fuels as set out in F.A.A. Circular 5230-4, Aircraft fuel storage handling and dispensing, as the same may be revised, updated, or replaced by the F.A.A. or the United States Government. All fuels which are a nationally known brand shall meet the terms of this requirement. All fuels shall be made available either by tank truck, stationary pump or other suitable equipment approved by the Fire Marshall of the City of Denton and the Airport Manager; and in accordance with the provisions of the Fire Code of the City of Denton. All fueling operations and all fuel facilities owned or operated by the Lessee shall be in compliance with the Minimum Fueling Standards Ordinance of the City of Denton. All prices for fuels and other petroleum products shall be posted in full public view at all times. Lessee agrees that it shall locate any new fuel storage tanks in compliance with all local, State and Federal codes and regulations. Except for major system failure not caused by Lessee's neglect, Lessee shall maintain the Fuel Farm and its equipment in good repair including the replacement of normal wear and tear items and making TCEQ upgrades. Lessee's privilege to use the Fuel Farm to meet its fuel obligations under this Agreement may be rescinded by Lessor should fuel levels at the Fuel Farm fall below 2,000 gallons for more than 45 days.
2. Ramp Services: To provide ramp servicing of, and assistance to, aircraft, including parking, storage and tie-down service, to both based and itinerant aircraft upon or within facilities leased to Lessee or other areas designated by the Lessor, at least during the Required Hours of Operation.
3. Pilot Lounge: To provide a pilot lounge area, informational services, and telephone service connections to the Flight Service Station at least during the Required Hours of Operation.
4. Hours of Operation: FBO will be open 6 a.m. to 10 p.m. Monday through

Friday; 7:00 a.m. to 7:00 p.m. Saturday and Sunday, 365 days of the year. However, FBO may close on the following holidays: Thanksgiving, Christmas, New Year's Day, and 4th of July. Such hours of operations are herein called the "Required Hours of Operation".

5. Additional Services: Lessee may provide the following additional services:
- a. Airframe and power plant repair (this service is the equivalent of providing two services)
 - b. Flight instruction/aircraft rental
 - c. Aircraft sales
 - d. Air taxi and/or part 135 charter
 - e. Avionics and instrument shop/maintenance
 - f. Propeller repair
 - g. Pilot shop
 - h. Aircraft wash rack
 - i. Aircraft paint services
 - j. Aircraft upholstery
 - k. Other commercial aeronautical services as approved by Airport Management

C. STANDARDS. Lessee shall meet or exceed the following standards:

1. Address. Lessee shall file with the Airport Manager and keep current its mailing addresses, telephone numbers and contacts where it can be reached in an emergency.
2. List. Lessee shall file with the Airport Manager and keep current a list of its tenants and sublessees.
3. Conduct. Lessee shall contractually require its employees and sublessees (and sublessee's invitees) to abide by the terms of this Lease Agreement. Lessee shall promptly enforce its contractual rights in the event of a default of such covenants.
4. Utilities, Taxes and Fees. Lessee shall meet all expenses and payments in connection with the use of the Leased Premises and the rights and privileges herein granted, including the timely payment of utilities, taxes, permit fees, license fees and assessments lawfully levied or assessed.
5. Laws. Lessee shall comply with all current and future federal, state and local laws, rules and regulations which may apply to the conduct of business contemplated, including rules, regulations and ordinances promulgated by Lessor, and Lessee shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.

6. Maintenance of Property. Lessee shall be responsible for the maintenance, repair and upkeep of all property, buildings, structures and improvements, including the mowing or elimination of grass and other vegetation on the Leased Premises, and shall keep the Leased Premises neat, clean and in respectable condition, free from any objectional matter or thing, including trash or debris. Lessee agrees not to utilize or permit others to utilize areas on the Leased Premises which are located on the outside of any hangar or building for the storage of wrecked or permanently disabled aircraft, aircraft parts, automobiles, vehicles of any type, or any other equipment or items which would distract from the appearance of the leased premises. Lessee agrees that at no time shall the Leased Premises be used for a flea market type sales operation.
7. Exterior Maintenance of Buildings. During the Lease Term, Lessor shall have the right to require, not more than once every five years, that the metal exterior of hangar(s) and building(s) located on the Leased Premises be inspected to identify any deterioration beyond normal wear. The Lessor may require Lessee to repair said exteriors according to Lessor's reasonable specifications, including paint and metal restoration, if needed. Lessee shall complete any repair in accordance with such specifications within one (1) year of receipt of notice from Lessor. Lessee shall pay all costs and expenses involved in the hangar or building restoration process.
8. Unauthorized use of Leased Premises. Lessee may not use any of the Leased Premises for any use not authorized herein unless Lessor gives Lessee prior written approval of such additional use. Without limiting the foregoing the Leased Premises shall not be used for the operation of a motel, hotel, restaurant, private club or bar, apartment house, storage of recreational vehicles, automobiles, or marine vehicles, or for industrial, commercial, retail, or other purposes, except as authorized herein.
9. Dwellings. It is expressly understood and agreed that no dwelling or domicile may be built, moved to or established on or within the Leased Premises nor may lessee, its tenants, employees, invitees, or guests be permitted to reside or remain as a resident on or within the Leased Premises or other Airport premises. . Lessee may have a pilot lounge, including restroom and shower facilities for use by flight crew and passengers.
10. Quit Possession. Lessee shall quit possession of the Leased Premises at the end of the Lease Term or any renewal or extension thereof, or upon cancellation or termination of the Lease Agreement, and deliver up the Lease Premises to Lessor in as good condition as existed when possession was taken by Lessee, reasonable wear and tear excepted.
11. Indemnity. Lessee must indemnify, hold harmless and defend the Lessor, its

officers, agents and employees, from and against liability for any and all claims, liens, suits, demands and/or actions for damages, injuries to persons (including death), property damage, (including loss of use), and expenses, including court costs, attorneys' fees and other reasonable costs, occasioned by or incidental to the Lessee's occupancy or use of the Leased Premises or the Airport and/or activities conducted in connection with or incidental to this Lease Agreement, including all such causes of action based on common, constitutional or statutory law, or based in whole or in part upon the negligent or intentional acts or omissions of Lessee, its officers, agents employees, invitees or other persons. Lessee must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, employees, agents, customers, visitors, invitees, licensees and other persons, as well as their property, while in, on, or involved in any way with the use of the Leased Premises. The Lessor is not liable or responsible for the negligence or intentional acts or omissions of the Lessee, its officers, agents, employees, agents, customers, visitors and other persons. The Lessor shall assume no responsibility or liability for harm, injury, or any damaging events which are directly or indirectly attributable to premise defects, whether real or alleged, which may now exist or which may hereafter arise upon the Leased Premises, responsibility for all such defects being expressly assumed by the Lessee. The Lessee agrees that this indemnity provision applies to all claims, suits, demands, and actions arising from all premise defects or conditions.

THE LESSOR AND THE LESSEE EXPRESSLY INTEND THIS INDEMNITY PROVISION TO REQUIRE LESSEE TO INDEMNIFY AND PROTECT THE LESSOR FROM THE CONSEQUENCES OF THE LESSOR'S OWN NEGLIGENCE WHILE LESSOR IS PARTICIPATING IN THIS LEASE AGREEMENT WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE INJURY, DEATH, OR DAMAGE. NOTWITHSTANDING THE TERMS OF THE PRECEDING SENTENCES, THIS INDEMNITY PROVISION DOES NOT APPLY TO ANY CLAIM, LOSS, DAMAGE, CAUSE OF ACTION, SUIT AND LIABILITY WHERE THE INJURY, DEATH, OR DAMAGE RESULTS FROM THE SOLE NEGLIGENCE OF THE LESSOR OR ANY OF ITS EMPLOYEES, CONTRACTORS, OR AGENTS, UNMIXED WITH THE FAULT OF ANY OTHER PERSON OR ENTITY.

12. Chemicals. Lessee agrees to properly store, collect and dispose of all chemicals and chemical residues; to properly store, confine, collect and dispose of all paint, including paint spray in the atmosphere, and paint products; and to comply with all Local, State and Federal regulations governing the storage, handling or disposal of such chemicals and paints. Further, the Lessee shall be solely responsible for all discharges, whether accidental or intentional, of any chemical and for the costs associated with the cleanup, remediation and disposal of said chemicals.

13. Hazardous Activities. Should Lessee violate any law, rule, restriction or regulation of the City of Denton or the Federal Aviation Administration, or any other regulatory authority, or should the Lessee engage in or permit other persons or agents to engage in activities which could produce hazards or obstruction to air navigation, obstructions to visibility or interference with any aircraft navigational aid station or device, whether airborne or on the ground, then Lessor shall state such violation in writing and deliver written notice to Lessee or Lessee's agent on the Leased Premises, or to the person(s) on the Leased Premises who are causing said violation(s), and upon delivery of such written notice, Lessor shall have the right to demand that the person(s) responsible for the violation(s) cease and desist from all such activity creating the violation(s). In such event, Lessor shall have the right to demand that corrective action, as required, be commenced immediately to restore the Leased Premises into conformance with the particular law, rule or aeronautical regulation being violated. Should Lessee, Lessee's agent, or the person(s) responsible for the violation(s) fail to cease and desist from said violation(s) and to immediately commence correcting the violation(s), and to complete said corrections within twenty-four (24) hours following written notification, then Lessor shall have the right to enter onto the Leased Premises and correct the violation(s) at the sole cost and expense of Lessee, and Lessor shall not be responsible for any damages incurred to any improvements on the Leased Premises as a result of the corrective action process. In addition, such violation shall be considered a material default by Lessee authorizing Lessor, at its sole option and discretion, to immediately terminate and cancel this Lease Agreement.
14. Manager. Lessee shall select, appoint, and designate to Lessor in writing, a full-time Manager of business at the Leased Premises. The manager shall be vested with full power and authority to act in the name of Lessee with respect to the method, manner and conduct of the operation of the fixed base services to be provided under this agreement. The manager shall be available during regular business hours and during the manager's absence, a duly authorized subordinate shall be in charge and available during Required Hours of Operation, and on an on-call basis during other hours of the day.
15. Employees. Lessee shall provide, at its sole expense, the employees necessary to provide effectively and efficiently the services required or authorized in this Agreement. Lessee shall control the conduct, demeanor and appearance of its employees, who shall possess such technical qualifications and hold such certificates of qualification as may be required in carrying out assigned duties. Lessee shall be responsible to supervise its employees to assure a high standard of service to customers of the Lessee.
16. Charges by Lessee: The Lessee agrees to furnish all services 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, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

17. Property Appearance: Lessee shall at its sole cost and expense keep and maintain the Leased Premises and all improvements, additions or alterations thereto, equipment and landscaping constructed or installed upon the Leased Premises, in first-class condition, which condition shall at all times be based on a standard of care reflecting prudent property management.

D. SIGNS. No signs, posters, or other similar devices ("Signage") shall be placed on the exterior of the Lease Improvements or on any portion of the Leased Premises or Airport property without the prior written approval of Lessor. Lessee, at its sole expense, shall be responsible for the creation, installation and maintenance of all such Signage. Lessee shall pay to Lessor any and all damages, injuries, or repairs resulting from the installation, maintenance or repair of any such Signage. Any Signage placed on the Leased Premises shall be maintained at all times in a safe, neat, sightly and good physical condition. All signage shall be removed from the Leased Premises by Lessee immediately upon receipt of instructions for removal of same from Lessor, including without limitation, upon expiration or termination of this Lease Agreement. If Lessee fails to remove the Signage then Lessor may do so at the sole cost and expense of Lessee. Lessee shall be permitted the right to place two wall signs, no greater than thirty-two square feet each, identifying the commercial hangar operation. All signage shall comply with all applicable ordinances including the City of Denton sign ordinance."

E. ENTRY. Lessor and its designees shall have the right to enter the Leased Premises upon reasonable advance notice (written or oral) and at any reasonable times for the purposes of inspecting the Leased Premises, performing any work which Lessor elects to perform under this Lease Agreement, and exhibiting the Leased Premises for sale, lease, or mortgage. Nothing in this section shall imply any duty upon Lessor to do any work, which under any other provision of this Lease Agreement Lessee is required to perform, and any performance by Lessor shall not constitute a waiver of Lessee's default.

VI. COVENANTS BY LESSOR

Lessor hereby agrees as follows:

A. PEACEFUL ENJOYMENT. Upon on payment of all rent, fees, and performance of the covenants and agreements on the part of Lessee to be performed hereunder, Lessee shall peaceably hold and enjoy the Leased Premises and all rights and privileges herein granted.

B. COMPLIANCE. Lessor warrants and represents that in the establishment, construction and operation of the Airport, that Lessor has heretofore and at this time is complying with all existing rules, regulations, and criteria distributed by the Federal

Aviation Administration, or any other governmental authority relating to and including, but not limited to, noise abatement, air rights and easements over adjoining and contiguous areas, over-flight in landing or takeoff, to the end that Lessee will not be legally liable for any action of trespass or similar cause of action by virtue of any aerial operations of adjoining property in the course of normal take-off and landing procedures from the Airport; Lessor further warrants and represents that at all times during the Lease Term, or any renewal or extension of same, that it will continue to comply with the foregoing.

VII. SPECIAL CONDITIONS

It is expressly understood and agreed by and between Lessor and Lessee that this Lease Agreement is subject to the following special terms and conditions.

RUNWAYS AND TAXIWAYS. Because of the present sixty thousand (60,000) pound continuous use weight bearing capacity of the taxiways, Lessee herein agrees to limit all aeronautical activity including landing, take-off and taxiing, to aircraft having an actual weight, including the weight of its fuel, of sixty thousand (60,000) pounds or less, until such time that the runway and designated taxiways on the Airport have been improved to handle aircraft of such excessive weights. It is further agreed that, based on qualified engineering studies, the weight restrictions and provisions of this clause may be adjusted, up or down, and that Lessee agrees to abide by any such changes or revisions as such studies may dictate. "Aeronautical activity" referred to in this clause shall include any activity of the Lessee or its agents or subcontractors, and its customers and invitees, but shall not include those activities over which it has no solicitory part or control, such as an unsolicited or unscheduled or emergency landing. A pattern of violating the provisions of this section on two or more occasions shall be sufficient to cause the immediate termination of this entire Lease Agreement and subject Lessee to liability for any damages to the Airport that might result.

VIII. LEASEHOLD IMPROVEMENTS

A. REQUIREMENTS: Before commencing the construction of any additional improvements on the Leased Premises including the Parcel A Improvements (the "Additional Lease Improvements"), Lessee shall submit:

1. Documentation, specifications, or design work, to be approved by the Lessor, which shall establish that the improvements to be built or constructed upon the Leased Premises are in conformance with the overall size, shape, color, quality and design, in appearance and structure of the program established by Lessor on the Airport.
2. All plans and specifications showing the location upon the Leased Premises of

the proposed construction and improvements;

3. The estimated cost of such construction.

No construction may commence until Lessor has approved the plans and specifications and the location of the Lease Improvements, and the estimated costs of such construction. Approval by the Lessor shall not be unreasonably withheld. Documentary evidence of the actual cost of construction on public areas only (such as taxiways) shall be delivered by Lessee to Lessor's City Manager from time to time as such costs are paid by Lessee, and Lessor's City Manager or designee is hereby authorized to endorse upon a copy of this Lease Agreement filed with the City Secretary of Lessor such actual amounts as he shall have found to have been paid by Lessee, and the findings of the City Manager when endorsed by him upon said contract shall be conclusive upon all parties for all purposes of this Lease Agreement.

No later than 30 days after completion of the Additional Lease Improvements, Lessee shall submit to Lessor detailed as built plans of the Additional Lease Improvements and documentary evidence acceptable to Lessor evidencing the total cost to construct the Lease Improvements ("Cost to Construct Lease Improvements").

B. ADDITIONAL CONSTRUCTION OR IMPROVEMENTS: Lessee is hereby authorized to construct upon the Leased Premises, at its own cost and expense, buildings, hangars, and structures, that Lessor and Lessee mutually agree are necessary for use in connection with the operations authorized by this Lease Agreement, provided however, Lessee shall comply with all of the requirements of Section VIII.A., above. Such additional improvements shall be a part of the Additional Lease Improvements.

D. OWNERSHIP OF IMPROVEMENTS: The Existing Improvements except for the hangar constructed by Lessee in 2003 and which is identified on Attachment "B" (the "2003 Hangar") and all improvements as described in Attachment "B" are the property of the Lessor. The 2003 Hangar and the Additional Lease Improvements, when completed by Lessee, (the "Lease Improvements") shall remain the property of Lessee during the Lease Term subject to the following conditions, terms and provisions:

1. **Removal of Buildings.** No building or permanent fixture may be removed from the Leased Premises except as provided in this Agreement.
2. Upon the termination of this Agreement, whether by expiration of the Term hereof or by reason of default on the part of Lessee, or for any other reason whatsoever, the improvements (including without limitation, the Lease Improvements), and all parts thereof, shall merge with the title of, or be otherwise considered and deemed a part of the real property, free and clear of any claim of Lessee and all persons or entities claiming under or through Lessee (including, without limitation, any holder of a leasehold mortgage), and shall become the property of Lessor; provided, however:

- (i) if Lessee is not then in default hereunder, Lessee shall have the right to remove all personal property and trade fixtures owned by Lessee from the Leased Premises, but Lessee shall be required to repair any damage to the Leased Premises caused by such removal in a good and workmanlike manner and at Lessee's sole cost and expense; and
 - (ii) Lessor may elect to require Lessee to remove all or part of the improvements (other than the Lessor Improvements) from the Leased Premises prior to the expiration or earlier termination of this Lease Agreement and restore the Leased Premises to the condition in which the same existed as of the Effective Date of this Lease, as concerns the improvements required to be removed by Lessor, which said removal shall be completed no later than the last day of this Lease Agreement, whether expired or earlier terminated, in which event Lessee shall promptly perform such removal and restoration in a good and workmanlike manner and at Lessee's sole cost and expense; and
 - (iii) Upon such expiration or earlier termination, Lessee shall deliver the Leased Premises to Lessor in good condition, reasonable wear and tear excepted, and shall, at Lessor's request, execute a recordable instrument evidencing the termination of this Agreement, expressly stating the termination or expiration date thereof.
- 3. The Lessor Improvements, if any, shall remain the property of Lessor at all times during and after the expiration or earlier termination of this Lease Agreement.
 - 4. Nothing contained herein shall be construed to limit or prohibit Lessor and Lessee from mutually agreeing to either (i) amend or modify this Lease Agreement or, (ii) enter into a new agreement to supersede and replace this Lease Agreement, which may, among other things, effectively extend or otherwise defer the transfer of title and ownership of the Lease Improvements to Lessor as provided for in this **Section VIII.C.**, prior to the expiration of this Lease Agreement. However, nothing contained herein shall be deemed or construed to require any amendment or modification of this Lease or the entering into of a new lease agreement. Any such action shall be at the sole and absolute discretion of Lessor and Lessee.

IX. SUBROGATION OF MORTGAGEE

Any person, corporation or institution that lends money to Lessee for construction of any hangar, structure, building or improvement and retains a security interest in said hangar, structure, building or improvement shall, upon default of Lessee's obligations to said mortgagee, have the right to enter upon the Leased Premises and operate or manage said hangar, structure, building or improvement according to the terms of this Lease

Agreement, for a period not to exceed the term of the mortgage with Lessee, or until the loan is paid in full, whichever comes first, but in no event longer than the Lease Term. It is expressly understood and agreed that the right of the mortgagee referred to herein is limited and restricted to those improvements constructed with funds borrowed from mortgagee, those improvements purchased with the borrowed funds, and those improvements pledged to secure the refinancing of the improvements.

X. RIGHT OF EASEMENT

Lessor shall have the right to establish easements, at no cost to Lessee, upon the Leased Premises for the purpose of providing underground utility services to, from or across the Airport property or for the construction of public facilities on the Airport. However, any such easements shall not interfere with Lessee's use of the Leased Premises and Lessor shall restore the property to the original condition as is reasonable practicable upon the installation of any utility services on, in, over or under any such easement at the conclusion of such construction. Construction in or at the easement shall be completed within a reasonable time.

XI. ASSIGNMENT OF LEASE

Lessee expressly covenants that it will not assign this Lease Agreement, convey more than fifty percent (50%) of the interest in its business, through the sale of stock or otherwise, transfer, license, nor sublet the whole or any part of the Leased Premises for any purpose, except for rental of hangar space or tie-down space for storage of aircraft only, without the written consent of Lessor. Lessor agrees that it will not unreasonably withhold its approval of such sale, sublease, transfer, license, or assignment of the facilities for Airport related purposes; provided however, that no such assignment, sublease, transfer, license, sale or otherwise shall be approved if the rental, fees or payments, received or charged are in excess of the rental or fees paid by Lessee to Lessor under the terms of this lease, for such portion of the Leased Premises proposed to be assigned, subleased, transferred, licensed, or otherwise. The provisions of this Lease Agreement shall remain binding upon the assignees, if any, of Lessee.

XII. INSURANCE

A. REQUIRED INSURANCE: Regardless of the activities contemplated under this Lease Agreement, Lessee shall maintain continuously in effect at all times during the term of this agreement, at Lessee's sole expense, the following minimum insurance coverages:

1. Commercial (Public) General Liability covering the Lessee or its company, its employees, agents, tenants and independent contractors, and its operations on the airport. Coverage shall be in an amount not less than \$1,000,000 per occurrence and provide coverage for premises/operations and contractual liability AND where exposure exists, coverage for: products/completed operations; explosion, collapse and underground property damage.

2. All risk property insurance on a replacement cost basis covering loss or damage to all facilities used by the Lessee, either as a part of this agreement or erected by the Lessee subsequent to this agreement. Under no circumstances shall the Lessor be liable for any damages to fixtures, merchandise or other personal property of the Lessee or its tenants.

3. Business Automobile Liability to include coverage for Owned/Leased Autos, Non-Owned Autos and Hired Cars:

For operation in aircraft movement areas the limit of liability shall be \$100,000 per occurrence.

For other operations the limit of liability shall be consistent with the amount set by State Law.

B. ADDITIONAL COVERAGES: In addition to the above referenced coverages, the following insurance is required if the activity or exposure exists or is contemplated:

1. Aircraft Fuel/Oil Storage and Dispensing – Comprehensive Commercial (Public) General Liability shall include coverage or separate coverage shall be provided for Environmental Impairment Liability.
2. Aircraft Sales or Aircraft Charter and Air Taxi – Aircraft Liability in the amount of \$1,000,000 per occurrence to include Hull Coverage and Liability. In addition, Passenger Liability in an amount of \$100,000 per person (per passenger seat) shall be provided.
3. Aircraft Rental or Flight Training - Aircraft Liability in the amount of \$1,000,000 per occurrence to include Hull Coverage and Liability, Passenger Liability in the amount of \$100,000 per person (per passenger seat) and Student/Renter Liability covering all users in the amount of \$500,000 per occurrence.
4. Specialized Commercial Flying (including crop dusting, seeding, and spraying, banner towing and aerial advertising, aerial photography and surveying, fire fighting, power line or pipe line patrol) - Aircraft Liability in the amount of \$1,000,000 per occurrence to include Hull Coverage and Liability. In addition, Passenger Liability in an amount of \$100,000 per person (per passenger seat) shall be provided.
5. Aircraft Storage, Maintenance and/or Repair - Aircraft Liability in the amount of \$1,000,000 per occurrence to include Hull Coverage and Liability. In addition, Hanger Keepers Liability in the amount of \$500,000 per occurrence shall be provided. The requirement for Hangar Keepers Liability shall not apply to individual owner/operators whose primary use of the hangar space is the storage of their own aircraft. The requirement does not apply to such

individuals notwithstanding the fact that they may, from time to time, permit the storage of non-owned aircraft in the hangar space and charge a fee for the storage of such aircraft so long as such use is in the nature of a rent-sharing agreement rather than a commercial aircraft storage business.

C. COVERAGE REQUIREMENTS: All insurance coverages shall comply with the following requirements:

1. All liability policies shall name the City of Denton, and its officers and employees as an additional named insured and provide for a minimum of 30 days written notice to the City of any cancellation or material change to the policy.
2. All insurance required by this 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.
3. 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 of the Lessee hereunder.
4. The Lessor shall be provided with a copy of all such policies and renewal certificates. Failure of Lessee to comply with the minimum specified amounts or types of insurance as required by Lessor shall constitute Lessee's default of this Lease Agreement.
5. During the Lease Term, or any extension thereof, Lessor herein reserves the right to, with 60 days notice, adjust or increase the liability insurance amounts required of the Lessee, and to require any additional rider, provisions, or certificates of insurance, and Lessee hereby agrees to provide any such insurance requirements as may be required by Lessor; provided however, that any requirements shall be commensurate with insurance requirements at other public use airports similar to the Denton Municipal Airport in size and in scope of aviation activities, located in the southwestern region of the United States.

XIII. CANCELLATION BY LESSOR

In the event that Lessee shall file a voluntary petition in bankruptcy or proceedings in bankruptcy shall be instituted against it and Lessee thereafter is adjudicated bankrupt pursuant to such proceedings, or any court shall take jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act, or Lessee shall be divested of its estate herein by other operation of law; or Lessee shall fail to perform, keep and observe any of the terms, covenants, or

conditions herein contained, or on its part to be performed, the Lessor may give Lessee written notice to correct such condition or cure such default and, if any condition or default shall continue for thirty (30) days after the receipt of such notice by Lessee, then Lessor may terminate this Lease Agreement by written notice to Lessee. However, if Lessee provides written notice to Lessor within said 30 day cure period that it is impossible to cure such default within said time period, then the Lessor may consent to an extension of such time to cure, which consent will not be unreasonably withheld. In the event of default, Lessor has the right to purchase any or all of the Lease Improvements under the provisions of Section VIII.C.4. hereof.

XIV. CANCELLATION BY LESSEE

Lessee may cancel this Lease Agreement, in whole or part, and terminate all or any of its obligations hereunder at any time, by thirty (30) days written notice, upon or after the happening of any one of the following events: (1) issuance by any court of competent jurisdiction of a permanent injunction in any way preventing or restraining the use of the Airport or any part thereof for airport purposes; (2) the breach by Lessor of any of the covenants or agreements contained herein and the failure of Lessor to remedy such breach for a period of ninety (90) days after receipt of a written notice of the existence of such breach; (3) the inability of Lessee to use the Lease Premises and facilities continuing for a longer period than ninety (90) days due to any law or any order, rule or regulation of any appropriate governmental authority having jurisdiction over the operations of Lessor or due to war, earthquake or other casualty; or (4) the assumption or recapture by the United States Government, or any authorized agency thereof, of the maintenance and operation of said airport and facilities or any substantial part or parts thereof.

Upon the happening of any of the four events listed in the preceding paragraph, such that the Leased Premises cannot be used for aviation purposes, then the Lessee may cancel this Lease Agreement as aforesaid, or may elect to continue this Lease Agreement under its terms, except, however, that the use of the Leased Premises shall not be limited to aviation purposes, their use being only limited by such laws and ordinances as may be applicable at that time.

Should Lessor close the Airport and relocate the Airport to another location during the primary term of this Lease Agreement, Lessee shall have the right to relocate its facilities to the new airport at a suitable location under the same or similar terms of this Lease Agreement. The cost of relocation of Lessee's facilities will be shared by Lessor and Lessee in proportion to the number of years remaining on the primary term of this Lease Agreement. In this regard Lessor will be responsible for 1/30 of the such costs for every year remaining on the primary term.

XV. MISCELLANEOUS PROVISIONS

A. ENTIRE AGREEMENT. This Lease Agreement constitutes the entire understanding between the parties and as of its Effective Date supersedes all prior or independent Agreements between the parties covering the subject matter hereof. Any change or modification hereof shall be in writing signed by both parties.

B. BINDING EFFECT. All covenants, stipulations and agreements herein shall extend to, bind and inure to the benefit of the legal representatives, successors and assigns of the respective parties hereto.

C. SEVERABILITY. If a provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction, the entire Lease Agreement shall not be void; but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties.

D. NOTICE. Any notice given by one party to the other in connection with this Lease Agreement shall be in writing and shall be sent by certified mail, return receipt requested, with postage fees prepaid or via facsimile as follows:

1. If to Lessor, addressed to:

City Manager
City of Denton
215 E. McKinney Street
Denton, Texas 76201
Fax No. 940.349.8596

2. If to Lessee, addressed to:

Chief Executive Officer
BAM Denton Management Ventures, L.L.C.
5007 Airport Road
Denton, Texas 76207
Phone (940) 898-1200
Fax No. (940) 382-5602

E. HEADINGS. The headings used in this Lease Agreement are intended for convenience of reference only and do not define or limit the scope or meaning of any provision of this Agreement.

F. GOVERNING LAW AND VENUE. This Lease Agreement is to be construed in accordance with the laws of the State of Texas and is fully performable in Denton County, Texas. Exclusive venue for any lawsuit to enforce the terms or conditions of this Lease Agreement shall be a court of competent jurisdiction in Denton County, Texas.

G. NO WAIVER. No waiver by Lessor or Lessee of any default or breach of

covenant or term of this Lease Agreement may be treated as a waiver of any subsequent default or breach of the same or any other covenant or term of this Lease Agreement.

H. NO AGENCY. During all times that this Lease Agreement is in effect, the parties agree that Lessee is and shall not be deemed an agent or employee of the Lessor.

I. FORCE MAJEURE. None of the Parties shall be in default or otherwise liable for any delay in or failure of performance under this Lease Agreement if such delay or failure arises by any reason beyond their reasonable control, including any act of God, any acts of the common enemy or terrorism, the elements, earthquakes, floods, fires, epidemics, riots, failures or delay in transportation or communications. However, lack of funds shall not be deemed to be a reason beyond a Party's reasonable control. The Parties will promptly inform and consult with each other as to any of the above causes, which in their judgment may or could be the cause of a delay in the performance of this Lease Agreement.

J. SUPERCEDES EXISTING LEASE. This Lease Agreement supercedes and takes the place of the Existing Lease as approved by City of Denton Ordinance 2004-380 in its entirety.

IN WITNESS WHEREOF, the parties have executed this Lease Agreement as of the Effective Date first above written.

CITY OF DENTON, TEXAS, LESSOR

BY: 

GEORGE C. CAMPBELL, CITY MANAGER

ATTEST:

JENNIFER WALTERS, CITY SECRETARY

BY: 

APPROVED AS TO LEGAL FORM:

ANITA BURGESS, CITY ATTORNEY

BY: 

BAM Denton Management Ventures, L.L.C.,
a Texas Limited Liability Company

BY: 

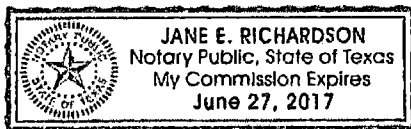
DAMON WARD, CEO

ACKNOWLEDGMENTS

THE STATE OF TEXAS §

COUNTY OF DENTON §

This instrument was acknowledged before me on the 1st day of September, 2015, by George C. Campbell, City Manager of the City of Denton, Texas, on behalf of said municipality.

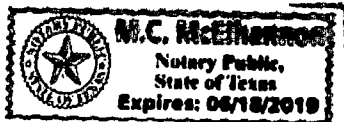



NOTARY PUBLIC, STATE OF TEXAS

THE STATE OF TEXAS §

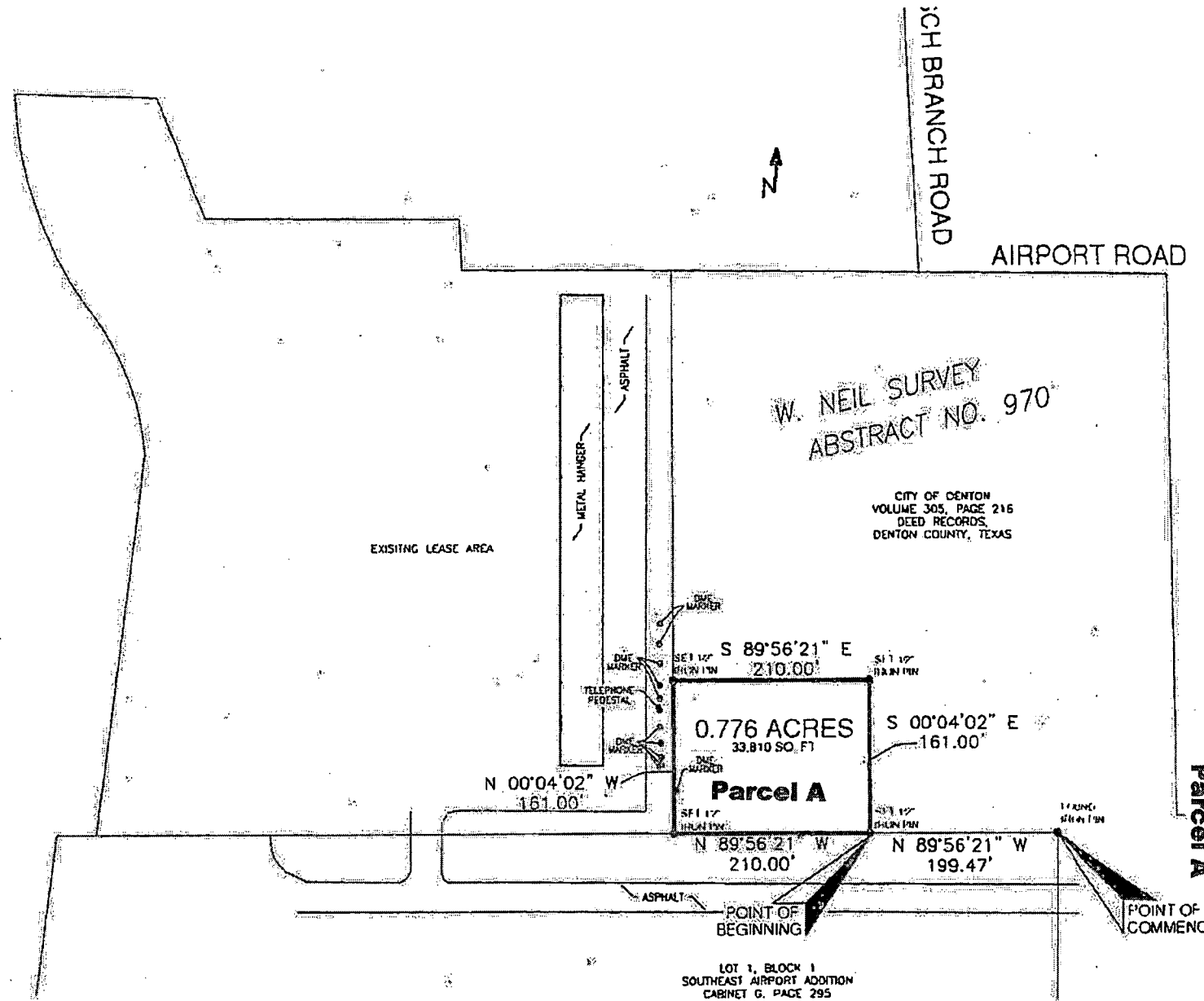
COUNTY OF DENTON §

This instrument was acknowledged before me on the 20 day of July, 2015 by Damon Ward, CEO, BAM Denton Management Ventures, L.L.C., a Texas limited liability company, on behalf of said company.




NOTARY PUBLIC, STATE OF TEXAS

ATTACHMENT A



ATTACHMENT A, Page 1 of 3
Parcel A

ATTACHMENT A, Page 2 of 3
Parcel A - Legal Description

34221
03/23/05

ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING SITUATED IN THE W NEIL SURVEY, ABSTRACT NUMBER 970, CITY OF DENTON, DENTON COUNTY, TEXAS AND BEING A PART OF A TRACT DESCRIBED IN A DEED TO THE CITY OF DENTON, RECORDED IN VOLUME 305, PAGE 216, DEED RECORDS, DENTON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A FOUND IRON PIN AT THE NORTHEAST CORNER OF LOT 1, BLOCK 1 SOUTHEAST AIRPORT ADDITION, AN ADDITION TO THE CITY OF DENTON, DENTON COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN CABINET G PAGE 295 PLAT RECORDS, DENTON COUNTY, TEXAS

THENCE NORTH 89 DEGREES 56 MINUTES 21 SECONDS WEST WITH THE NORTH LINE OF SAID LOT 1, A DISTANCE OF 199.47 FEET TO A SET 1/2" IRON PIN AT THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE NORTH 89 DEGREES 56 MINUTES 21 SECONDS WEST, A DISTANCE OF 210.00 FEET TO A 1/2 INCH IRON PIN SET WITH A YELLOW PLASTIC CAP STAMPED "METROPLEX 1849";

THENCE NORTH 00 DEGREES 04 MINUTES 02 SECONDS WEST, A DISTANCE OF 161.00 FEET TO A 1/2 INCH IRON PIN SET WITH A YELLOW PLASTIC CAP STAMPED "METROPLEX 1849";

THENCE SOUTH 89 DEGREES 56 MINUTES 21 SECONDS EAST, A DISTANCE OF 210.00 FEET TO A 1/2 INCH IRON PIN SET WITH A YELLOW PLASTIC CAP STAMPED "METROPLEX 1849";

THENCE SOUTH 00 DEGREES 04 MINUTES 02 SECONDS EAST, A DISTANCE OF 161.00 FEET TO A 1/2 INCH IRON PIN SET WITH A YELLOW PLASTIC CAP STAMPED "METROPLEX 1849" AT THE POINT OF BEGINNING AND CONTAINING IN ALL 0.776 ACRES OF LAND

NOTES

DME= DENTON MUNICIPAL ELECTRIC


THIS SURVEY WAS MADE WITHOUT THE BENEFIT OF A TITLE COMMITMENT. THERE MAY BE SETBACKS OR EASEMENTS AFFECTING THE SUBJECT PROPERTY NOT SHOWN HEREON.

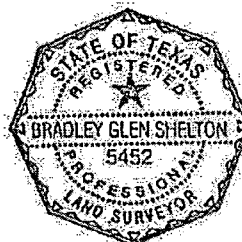
BEARINGS BASED ON GPS OBSERVATIONS DATED MARCH 23, 2005

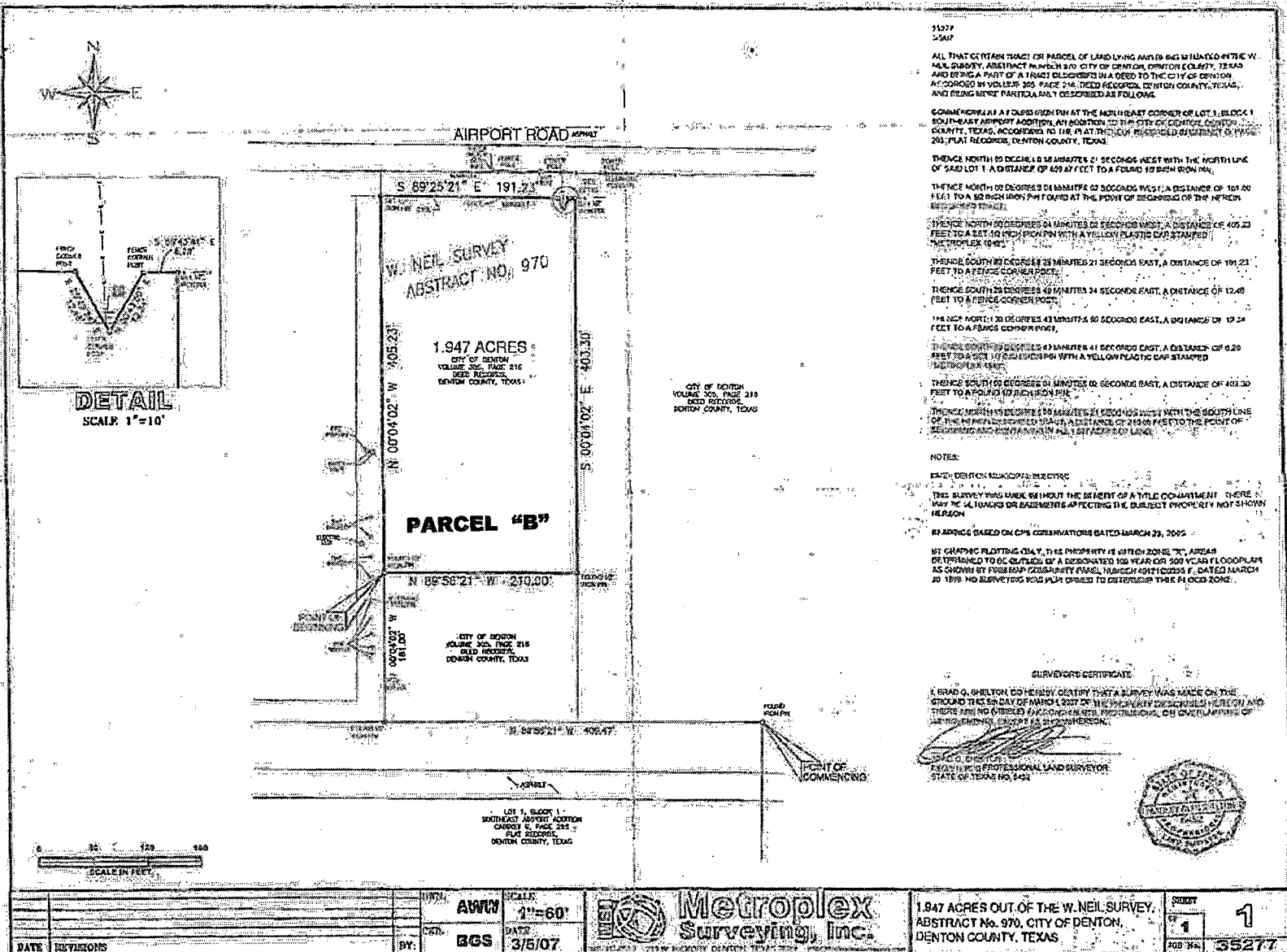
BY GRAPHIC PLOTTING ONLY, THIS PROPERTY IS WITHIN ZONE "X". AREAS DETERMINED TO BE OUTSIDE OF A DESIGNATED 100 YEAR OR 500 YEAR FLOODPLAIN AS SHOWN BY FIRM MAP COMMUNITY-PANEL NUMBER 48121C0355 F, DATED MARCH 30, 1998. NO SURVEYING WAS PERFORMED TO DETERMINE THIS FLOOD ZONE.

SURVEYOR'S CERTIFICATE

I, BRAD G. SHELTON, DO HEREBY CERTIFY THAT A SURVEY WAS MADE ON THE GROUND THIS 21st DAY OF APRIL, 2005 OF THE PROPERTY DESCRIBED HEREON AND THERE ARE NO (VISIBLE) ENCROACHMENTS, PROTRUSIONS, OR OVERLAPPING OF IMPROVEMENTS, EXCEPT AS SHOWN HEREON.


BRAD G. SHELTON
REGISTERED PROFESSIONAL LAND SURVEYOR
STATE OF TEXAS NO. 5452





35277
35277

ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING SITUATED IN THE W. NEIL SURVEY, ABSTRACT NO. 970, CITY OF DENTON, DENTON COUNTY, TEXAS, AND BEING A PART OF A TRACT DESCRIBED IN A DEED TO THE CITY OF DENTON, TEXAS, RECORDED IN VOLUME 205, PAGE 214, DEED RECORDS, DENTON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCEMENT AT A CORNER PIN AT THE NORTH-EAST CORNER OF LOT 1, BLOCK 1, SOUTH-EAST AIRPORT ADDITION, AN ADDITION TO THE CITY OF DENTON, DENTON COUNTY, TEXAS, ACCORDING TO THE PLAT THEREON, RECORDED SUBSEQUENT TO VOLUME 205, PLAT RECORDS, DENTON COUNTY, TEXAS;

THENCE NORTH 20 DEGREES 18 MINUTES 21 SECONDS WEST WITH THE NORTH LINE OF SAID LOT 1 A DISTANCE OF 409.47 FEET TO A FOUND 10 BUSH IRON PIN;

THENCE NORTH 00 DEGREES 04 MINUTES 02 SECONDS WEST A DISTANCE OF 101.00 FEET TO A 10 BUSH IRON PIN FOUND AT THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE NORTH 00 DEGREES 04 MINUTES 02 SECONDS WEST, A DISTANCE OF 405.23 FEET TO A SET 10 BUSH IRON PIN WITH A YELLOW PLASTIC CAP STAMPED "METROPLEX 10-01";

THENCE SOUTH 89 DEGREES 25 MINUTES 21 SECONDS EAST, A DISTANCE OF 191.23 FEET TO A FENCE CORNER POST;

THENCE SOUTH 24 DEGREES 09 MINUTES 24 SECONDS EAST, A DISTANCE OF 12.48 FEET TO A FENCE CORNER POST;

THENCE NORTH 10 DEGREES 43 MINUTES 40 SECONDS EAST, A DISTANCE OF 17.24 FEET TO A FENCE CORNER POST;

THENCE SOUTH 89 DEGREES 25 MINUTES 21 SECONDS EAST, A DISTANCE OF 6.20 FEET TO A SET 10 BUSH IRON PIN WITH A YELLOW PLASTIC CAP STAMPED "METROPLEX 10-01";

THENCE SOUTH 00 DEGREES 04 MINUTES 02 SECONDS EAST, A DISTANCE OF 405.30 FEET TO A FOUND 10 BUSH IRON PIN;

THENCE NORTH 89 DEGREES 25 MINUTES 21 SECONDS WEST WITH THE SOUTH LINE OF THE HEREIN DESCRIBED TRACT, A DISTANCE OF 210.00 FEET TO THE POINT OF BEGINNING AND CONTAINING AN AREA OF 1.947 ACRES OF LAND.

NOTES:

EXISTING DENTON MUNICIPAL ELECTRIC

THIS SURVEY WAS MADE WITHOUT THE BENEFIT OF A TITLE COMMITMENT. THERE MAY BE UNRECORDED ENCUMBRANCES AFFECTING THE SUBJECT PROPERTY NOT SHOWN HEREON.

BE APPROVED BASED ON GPS OBSERVATIONS DATED MARCH 23, 2005

BY CHARTERED PLATTING ONLY, THIS PROPERTY IS WITHIN ZONE "N", AREAS DETERMINED TO BE OUTSIDE OF A DESIGNATED 100 YEAR OR 500 YEAR FLOODPLAIN AS SHOWN BY FIRM MAP COMMUNITY PANEL NUMBER 497102200 F, DATED MARCH 20 1995. NO SURVEYING WAS MADE TO DETERMINE THEIR FLOOD ZONE.

SURVEYOR'S CERTIFICATE

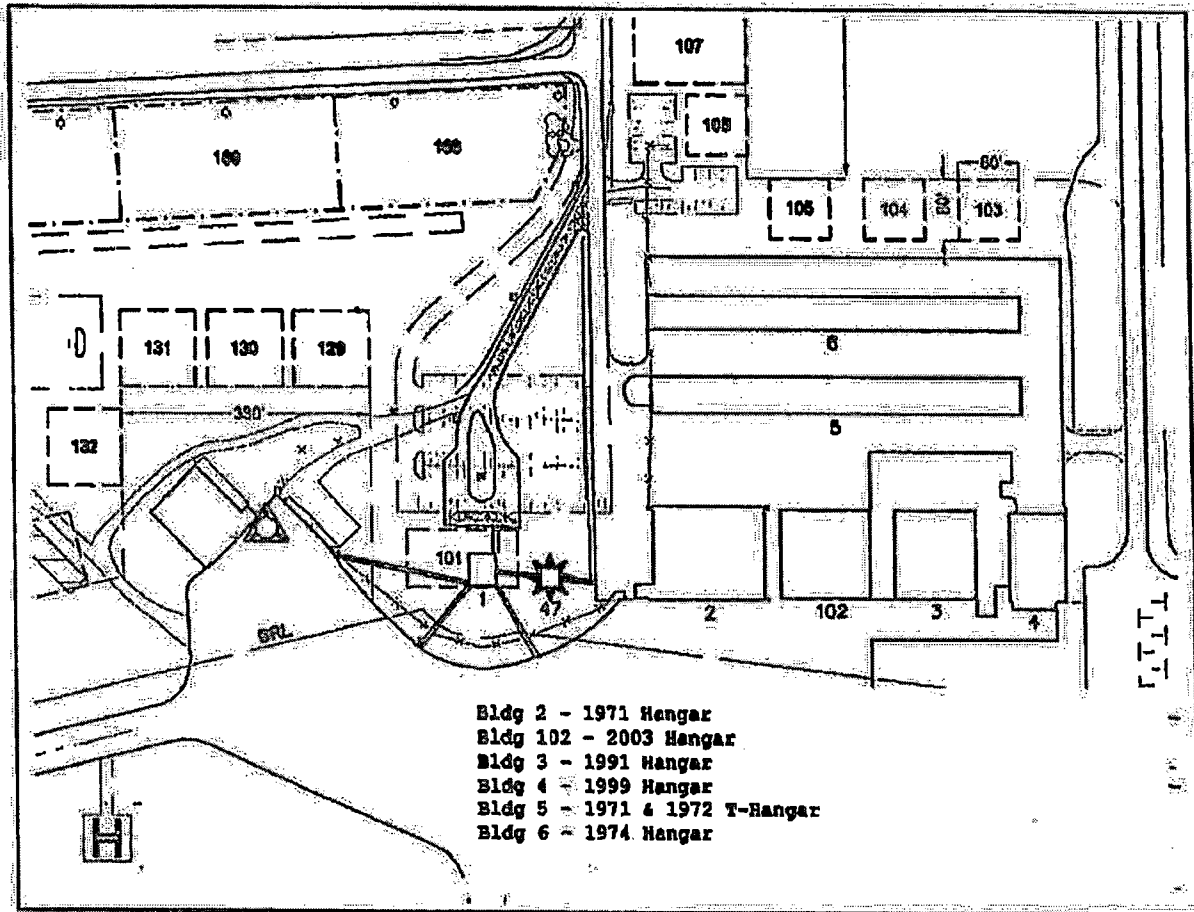
I, BRAD Q. SHELTON, DO HEREBY CERTIFY THAT A SURVEY WAS MADE ON THE STATED THIS 30 DAY OF MARCH, 2007, OF THE PLAT HEREIN DESCRIBED HEREON AND THERE ARE NO UNRECORDED ENCUMBRANCES AFFECTING THE SAME, OR UNLAWFUL ACTS OF ANY NATURE, EITHER AS TO THE HEREON.

BRAD Q. SHELTON
REGISTERED PROFESSIONAL LAND SURVEYOR
STATE OF TEXAS NO. 5421

STATE OF TEXAS
COUNTY OF DENTON
NOTARY PUBLIC
COMMISSION EXPIRES 08/01/2008

DATE		REVISIONS		BY:	DATE	SCALE	1"=60'		1.947 ACRES OUT OF THE W. NEIL SURVEY, ABSTRACT No. 970, CITY OF DENTON, DENTON COUNTY, TEXAS	SHEET 1 JOB No. 35277

ATTACHMENT B, Page 1 of 2
Original Parcel



ATTACHMENT B, Page 2 of 2
Original Parcel - Legal Description

All that certain lot, tract, or parcel of land situated in the William Neil Survey, Abstract Number 970, and the T. Toby Survey, Abstract Number 1285, Denton County, Texas, and being part of a tract shown by deed to the City of Denton, recorded in Volume 305, Page 216 of the Deed Records of Denton County, Texas and part of a tract shown by deed to the City of Denton, recorded in Volume 304, Page 503 Deed Records and being more particularly described as follows:

Beginning at a point that is North 88 degrees 33 minutes 59 seconds West 528.37 feet from the northwest corner of a tract shown by deed to Patrick F. Breen recorded in Volume 427, Page 183 Deed Records;

Thence South 00 degrees 59 minutes 07 seconds West a distance of 592.66 feet to a point for a corner, said point being in the north line of Lot 1, Block 1 of the Southeast Airport Addition, and addition to the City of Denton as shown by plat recorded in Cabinet G, Slide 295, Plat Records, Denton County, Texas;

Thence North 88 degrees 53 minutes 12 seconds West a distance of 617.60 feet to a point for a corner, said point being South 88 degrees 53 minutes 12 seconds East 41.67 feet from the northwest corner of said Lot 1;

Thence North 08 degrees 24 minutes 37 seconds East a distance of 403.85 feet to the beginning of a non-tangent curve to the left whose center is South 86 degrees 04 minutes 55 seconds West 293.69 feet and central angle is 34 degrees 30 minutes 00 seconds;

Thence with said curve a distance of 176.84 feet to the end of said curve; and the beginning of another curve to the right, whose center is North 56 degrees 28 minutes 22 seconds East 405.64 feet and central angle is 32 degrees 42 minutes 43 seconds;

Thence with said curve, a distance of 231.59 feet to the end of said curve;

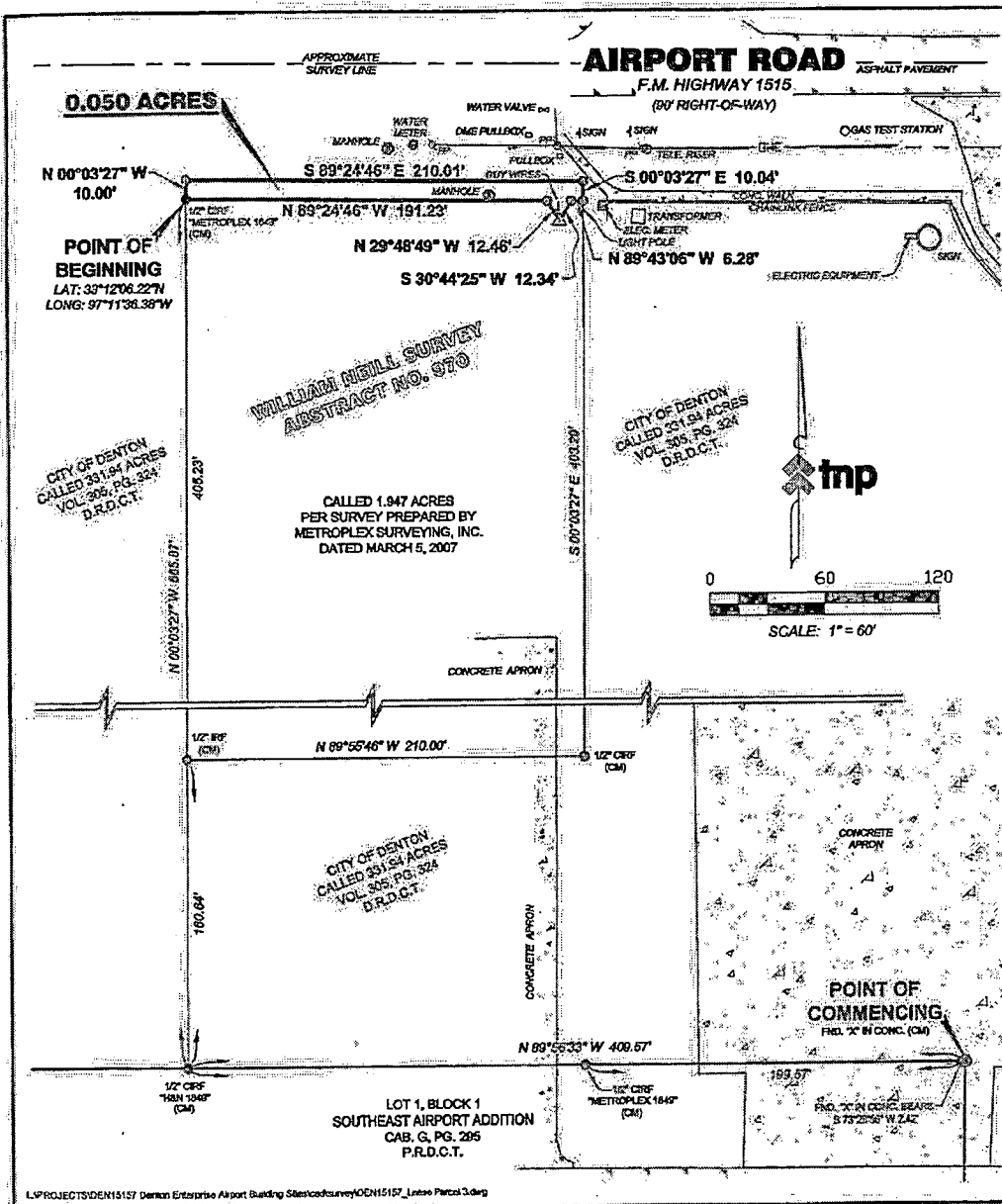
Thence leaving the last mentioned curve in a non-tangent direction of South 87 degrees 03 minutes 22 seconds East a distance of 150.42 feet to a point in a chain link fence and the beginning of a non-tangent curve to the left whose center is North 79 degrees 32 minutes 34 seconds East 375.00 feet and central angle is 20 degrees 51 minutes 11 seconds;

Thence with said curve a distance of 136.48 feet to the end of said curve;

Thence leaving the last mentioned curve in a non-tangent direction of South 88 degrees 34 minutes 29 seconds East a distance of 273.05 feet to a point for a corner;

Thence South 01 degrees 19 minutes 14 seconds West a distance of 52.60 feet to a point for a corner;

Thence South 88 degrees 33 minutes 59 seconds East a distance of 228.66 feet to the Place of Beginning and containing 9.100 acres of land.



LEGAL DESCRIPTION

BEING a 0.050 acre tract of land situated in the William Neill Survey, Abstract No. 970, City of Denton, Denton County, Texas, and being a part of a called 331.94 acre tract of land described in a Deed to the City of Denton, as recorded in Volume 305, Page 324 of the Deed Records of Denton County, Texas, and being more particularly described as follows:

COMMENCING at an "X" cut in concrete found for the Northeast corner of Lot 1, Block 1 of Southeast Airport Addition, as recorded in Cabinet G, Page 295 of the Plat Records of Denton County, Texas, from which an "X" cut in concrete found for reference bears South 73°28'56" West a distance of 2.42 feet;

THENCE North 89°56'33" West along the North line of said Lot 1, passing a 1/2 inch iron rod with cap stamped "Metroplox 1849" found at a distance of 199.57 feet, and continuing along the North line of said Lot 1 for a total distance of 409.57 feet to a 1/2 inch iron rod with cap stamped "H&N 1849" found for corner;

THENCE North 00°03'27" West departing the North line of said Lot 1, passing a 1/2 inch iron rod found for the Southwest corner of a called 1.947 acre tract of land per Survey prepared by Metroplex Surveying, Inc., dated March 5, 2007 at a distance of 160.64 feet, and continuing along the West line of said 1.947 acre tract for a total distance of 585.87 feet to a 1/2 inch iron rod with cap stamped "Metroplox 1849" found for the Northwest corner of said 1.947 acre tract, said point being the **POINT OF BEGINNING** for the herein described tract, said point having a NAD83(2011) geographic coordinate of Latitude = 33°12'06.22"N, Longitude = 97°11'36.38"W;

THENCE North 00°03'27" West for a distance of 10.00 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 89°24'46" East for a distance of 210.01 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 00°03'27" East for a distance of 10.04 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner at the Northeast corner of said 1.947 acre tract;

THENCE North 89°43'06" West along the North line of said 1.947 acre tract, for a distance of 8.28 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 30°44'25" West continuing along the North line of said 1.947 acre tract, for a distance of 12.34 feet to a point for corner;

THENCE North 29°48'49" West continuing along the North line of said 1.947 acre tract, for a distance of 12.46 feet to a 5/8 inch iron rod with cap stamped "TNP" set for corner;

THENCE North 89°24'46" West continuing along the North line of said 1.947 acre tract, for a distance of 191.23 feet to the **POINT OF BEGINNING**, and containing 0.050 acres of land, more or less.

- NOTES:**
1. Bearings are referenced to grid north of the Texas Coordinate System of 1983 (North Central Zone; NAD83(2011) Epoch 2010) as derived locally from Western Data Systems Continuously Operating Reference Stations (CORS) via Real Time Kinematic (RTK) survey methods. Distances represent surface values utilizing a surface adjustment factor of 1.000149993 to scale from grid to surface.
 2. This Survey was prepared without the benefit of a current Title Commitment or Report. Easements and/or other matters of record may affect this tract that are not shown hereon.

BOUNDARY SURVEY **0.050 ACRE TRACT** **DENTON ENTERPRISE AIRPORT**

BEING SITUATED IN THE
WILLIAM NEILL SURVEY, ABSTRACT NO. 970
CITY OF DENTON
DENTON COUNTY, TEXAS



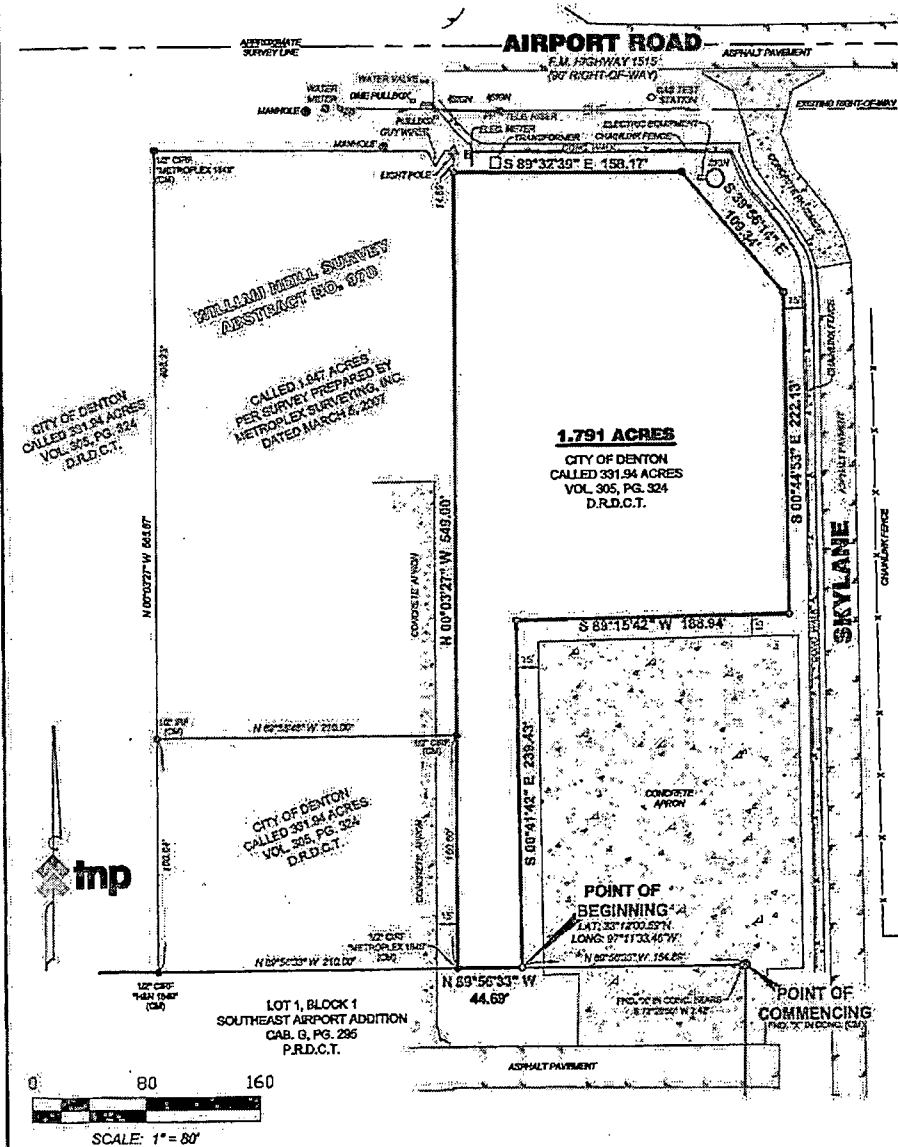
teague nall & perkins

1517 Centre Plaza Drive, Suite 320
Denton, Texas 76205
940.363.4177, PH: 940.363.8535, FX:
TRPLS Form No. 10011601
www.tnplc.com

DEN15157

PAGE 1 OF 1

ATTACHMENT C, Page 1 of 2
Parcel C



LEGAL DESCRIPTION

BEING a 1.791 acre tract of land situated in the William Neill Survey, Abstract No. 970, City of Denton, Denton County, Texas, and being a part of a called 331.94 acre tract of land described in a Deed to the City of Denton, as recorded in Volume 305, Page 324 of the Deed Records of Denton County, Texas, and being more particularly described as follows:

COMMENCING at an "X" cut in concrete found for the Northeast corner of Lot 1, Block 1 of Southeast Airport Addition, as recorded in Cabinet G, Page 295 of the Plat Records of Denton County, Texas, from which an "X" cut in concrete found for reference bears South 73°28'56" West a distance of 2.42 feet;

THENCE North 89°56'33" West along the North line of said Lot 1, for a distance of 154.89 feet to a 1/2 inch iron rod with cap stamped "TNP" set for corner at the POINT OF BEGINNING for the herein described tract, said point having a NAD83(2011) geographic coordinate of Latitude = 33°12'00.59"N, Longitude = 97°11'33.46"W;

THENCE North 89°56'33" West continuing along the North line of said Lot 1, for a distance of 44.69 feet to a 1/2 inch iron rod with cap stamped "Metroplex 1849" found for corner;

THENCE North 00°03'27" West departing the North line of said Lot 1, passing a 1/2 inch iron rod found for the Southeast corner of a called 1.947 acre tract of land per Survey prepared by Metroplex Surveying, Inc., dated March 5, 2007 at a distance of 180.60 feet, and continuing along the East line of said 1.947 acre tract for a total distance of 549.00 feet to a 1/2 inch iron rod with cap stamped "TNP" set for corner, from which the Northeast corner of said 1.947 acre tract bears North 00°03'27" West a distance of 14.89 feet;

THENCE South 89°32'38" East departing the East line of said 1.947 acre tract, for a distance of 158.17 feet to a 1/2 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 39°56'14" East for a distance of 109.34 feet to a 1/2 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 00°44'53" East for a distance of 222.13 feet to a 1/2 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 89°15'42" West for a distance of 188.94 feet to a 1/2 inch iron rod with cap stamped "TNP" set for corner;

THENCE South 00°41'42" East for a distance of 239.43 feet to the POINT OF BEGINNING, and containing 1.791 acres of land, more or less.

- NOTES:**
- Bearings are referenced to grid north of the Texas Coordinate System of 1983 (North Central Zone; NAD83(2011) Epoch 2010) as derived locally from Western Data Systems Continuously Operating Reference Stations (CORS) via Real Time Kinematic (RTK) survey methods. Distances represent surface values utilizing a surface adjustment factor of 1.000149593 to scale from grid to surface.
 - This Survey was prepared without the benefit of a current Title Commitment or Report. Easements and/or other matters of record may affect this tract that are not shown hereon.

BOUNDARY SURVEY 1.791 ACRE TRACT DENTON ENTERPRISE AIRPORT

BEING SITUATED IN THE
WILLIAM NEILL SURVEY, ABSTRACT NO. 970
CITY OF DENTON,
DENTON COUNTY, TEXAS



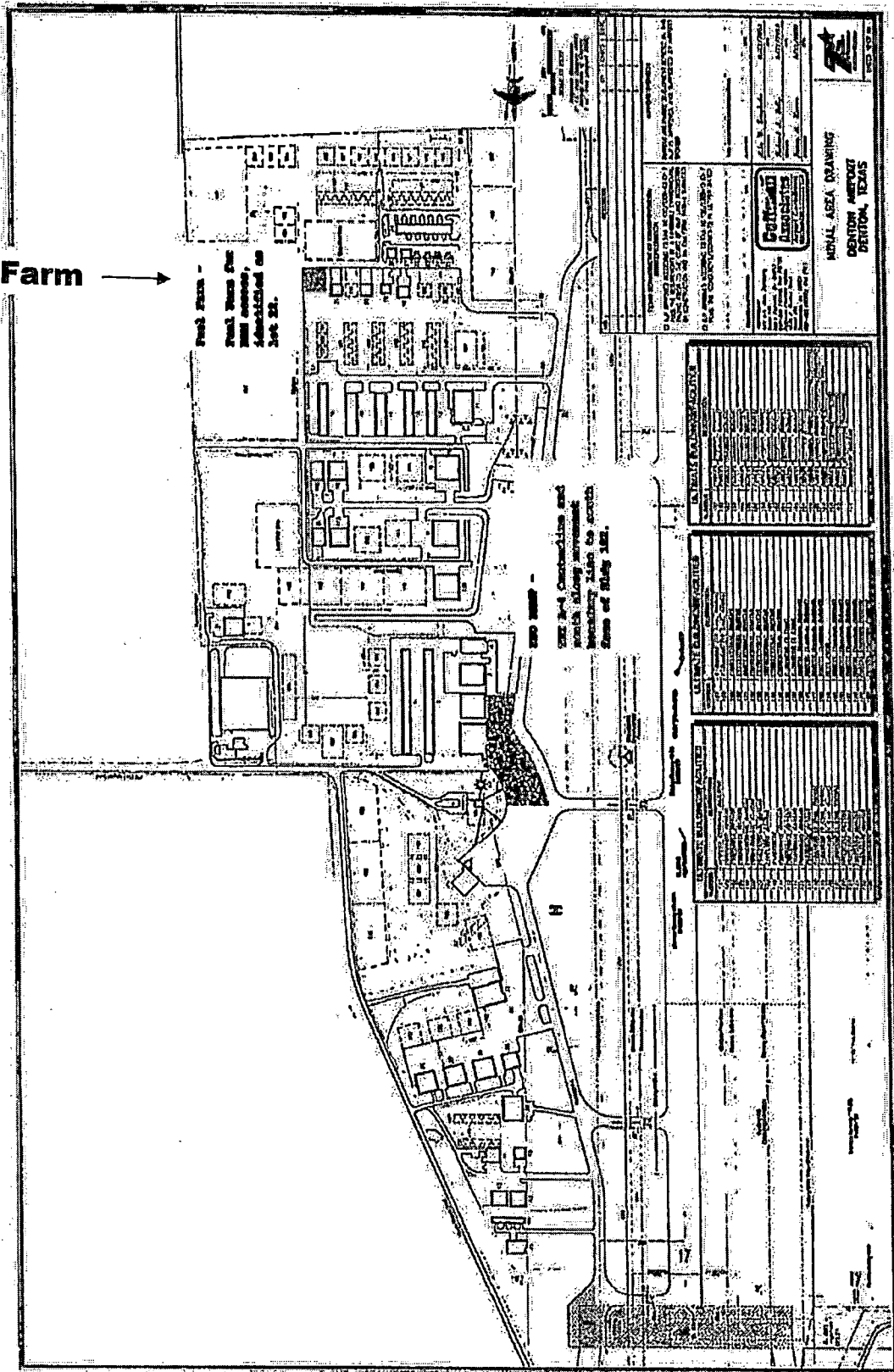
teague nall & perkins
1517 Centre Place Drive, Suite 200
Denton, Texas 76205
940.353.4177 ph 940.353.8025 fx
18PL5 Firm No. 10011601
www.tnpinc.com



ATTACHMENT D

Fuel Farm

Fuel Farm →



SCALE IN FEET

DETAIL
SCALE 1"=10'

T. TOBY SURVEY
ABSTRACT NO. 1285

MRK	SCALE 1"=30'
EGS	DATE 02/19/07

Metroplex Surveying, Inc.

0.501 ACRES IN THE T. TOBY
SURVEY, ABSTRACT No. 1285,
DENTON COUNTY, TEXAS

SECRET	
DP 1	1
JOB No.	35256

35250
02/25/97

ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING SITUATED IN THE THOMAS TOBY SURVEY, ABSTRACT NUMBER 1265, DENTON COUNTY, TEXAS, AND BEING A PART OF A CALLED 74.94 ACRE TRACT DESCRIBED IN A DEED TO THE CITY OF DENTON, RECORDED IN VOLUME 304, PAGE 500, DEEO RECORDS, DENTON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A PK NAIL FOUND IN ASPHALT AT THE SOUTHEAST CORNER OF SAID CITY OF DENTON TRACT,

THENCE NORTH 02 DEGREES 32 MINUTES 44 SECONDS WEST WITH THE EAST LINE OF SAID CITY OF DENTON TRACT, A DISTANCE OF 1000.00 FEET TO A 1/2 INCH IRON PIN FOUND AT AN ANGLE POINT IN THE EAST LINE OF SAID CITY OF DENTON TRACT;

THENCE NORTH 23 DEGREES 02 MINUTES 44 SECONDS WEST WITH THE EAST LINE OF
BAND CITY OF GENTON TRACT, A DISTANCE OF 851.05 FEET;

THENCE SOUTH 75 DEGREES 31 MINUTES 11 SECONDS WEST, A DISTANCE OF 509.88 FEET TO A 1/2 INCH IRON PIN FOUND.

THENCE SOUTH 13 DEGREES 25 MINUTES 48 SECONDS EAST A DISTANCE OF 41.97 FEET TO A SET 1/2 INCH IRON PIN WITH A YELLOW PLASTIC CAP STAMPED "METROPLEX 1046" AT THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 13 DEGREES 28 MINUTE 6 40 SECONDS EAST, A DISTANCE OF 144.22 FEET TO A SET PK NAIL IN ASPHALT.

THENCE SOUTH 77 DEGREES 07 MINUTES 18 SECONDS WEST A DISTANCE OF 152.28 FEET TO A SET 1/2 INCH IRON PIN WITH A YELLOW PLASTIC CAP STAMPED "METROPLEX 1943".

THENCE NORTH 13 DEGREES 23 MINUTES 48 SECONDS WEST, A DISTANCE OF 142.73 FEET TO A SET 1/2 INCH IRON PIN WITH A YELLOW PLASTIC CAP STAMPED "METROPLEX 1549".

THENCE NORTH 71 DEGREES 31 MINUTES 31 SECONDS EAST, A DISTANCE OF 152.07 FEET TO THE POINT OF BEGINNING, AND CONTAINING IN ALL 0.501 OF AN ACRE (21,942 SQUARE FEET) OF LAND.

NOTES:

THIS SURVEY WAS MADE WITHOUT THE BENEFIT OF A TITLE COMMITMENT, THERE MAY BE OTHER ERETRAGS OR EASEMENTS AFFECTING THE SUBJECT PROPERTY NOT SHOWN HEREON

BEARING OF N02°12'41"W IS BASED ON THE EAST LINE OF THE TRACT DESCRIBED IN A
DEED TO THE CITY OF DENTON, RECORDED IN VOLUME 304 PAGE 503, DEED
RECORDS, DENTON COUNTY, TEXAS

BY GRAPHIC PLOTTING ONLY. THIS PROPERTY IS WITHIN ZONE "X". AREAS DETERMINED TO BE OUTSIDE OF A DESIGNATED 100 YEAR OR 500 YEAR FLOODPLAIN AS SHOWN BY FIRM MAP COMMUNITY-PANEL NUMBER 48121C035 E. DATED MARCH 30, 1996. NO SURVEYING WAS PERFORMED TO DETERMINE THIS FLOOD ZONE.

SURVEYOR'S CERTIFICATE

I, SHAWN S. SHELTON, DO HEREBY CERTIFY THAT A SURVEY WAS MADE ON THE GROUND THIS 12th DAY OF FEBRUARY, 2007 OF THE PROPERTY DESCRIBED HEREON AND THERE ARE NO (VISIBLE) ENCROACHMENTS, PROTRUSIONS, OR OVERLAPPING OF IMPROVEMENTS, EXCEPT AS SHOWN HEREON


 DAVID C. NELSON
 REGISTERED PROFESSIONAL LAND SURVEYOR
 STATE OF TEXAS NO 3452



ATTACHMENT F

