ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON, TEXAS APPROVING A FIRST AMENDMENT TO AN AIRPORT LEASE BETWEEN THE CITY OF DENTON, TEXAS AND CFD INTEGRATION, LLC D/B/A CFDI AERO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on June 13, 2017, CFD Integration, LLC d/b/a CFDI Aero (the "CFDI") agreed to assume the interests and obligations in an Airport Lease between the City of Denton, Texas (the "City") with J.R. Almand, M.D. at the Denton Enterprise Airport, as evidenced by that certain Assignment and Assumption of Lease Agreement attached hereto as Exhibit A; and

WHEREAS, the City has consented to the Airport Lease assumption and assignment; and

WHEREAS, CFDI has requested certain revisions to the Airport Lease in the form attached hereto as Exhibit B; and

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

WHEREAS, the City Council deems it in the public interest to agree to the First Amendment as 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 First Amendment to Airport Lease in the form attached hereto as Exhibit B 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: _____

Blumberg No. 5119

EXHIBIT

A

ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT ("Agreement") is made and entered into this 13th day of June, 2017, by and between JAMES R. ALMAND ("Assignor") and CFD INTEGRATION, LLC dba CFDI AERO, ("Assignee").

RECITALS

WHEREAS, Assignor, as Lessee, and the City of Denton, a municipal corporation of the State of Texas, as Lessor, entered into that certain Lease Agreement dated April 18, 1989, ("the Lease") pursuant to which Lessor leased to Assignor certain premises described in the Airport Lease, a copy of which is attached hereto as Exhibit "A".

WHEREAS, Assignor desires to assign all of his right, title and interest in the Lease to Assignee and Assignee desires to assume Assignor's obligations under the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable cash consideration to be paid by Assignee to Assignor immediately upon consent by the City of Denton to this Assignment, the Parties hereto agree as follows:

1. **1A Assignment.** Assignor hereby assigns to Assignee all of his right, title and interest in and to the Lease, subject to all of the terms, covenants, conditions and provisions of the Lease. This Assignment includes all aircraft maintenance assets, jacks, and parts, etc., which are located in the leased premises on the date this document is

executed by both Parties, (which have been stored on a long-term basis), and which are not already owned by a third party.

1B Conveyance of Title. This agreement also conveys title without warranty to all building structures and facilities above the concrete slab, which can be physically moved, and includes all aircraft maintenance assets, jacks, and parts, etc., which are located in the leased premises on the date this document is executed by both Parties, (which have been stored on a long-term basis), and which are not already owned by a third party.

2. **Assumption.** From and after the date hereof, Assignee hereby assumes, covenants and agrees to keep and perform each and every obligation of Assignor under the Lease. Assignee agrees to be bound by each and every provision of the Lease as if it had executed the same.

3. **Present Condition.** Assignor accepts the Property covered by the Lease and all improvements thereon, in their present condition, as is, and with all faults. Assignor makes no warranties or representations of any kind concerning the leased premises or improvements thereon.

4. **Condition and Effective Date.** This Assignment is conditioned upon payment by Assignee of the cash consideration heretofore referenced in this Assignment, and consent by the City of Denton to the Assignment of the Lease to Assignee, at which time this Assignment shall be effective.

5. **Entire Agreement.** This Agreement embodies the entire understanding of the Parties hereto and there are no other agreements or understandings written in effect between the Parties relating to the subject matter hereof unless expressly referred to by

reference herein. This Agreement may be amended or modified only by an instrument of equal formality signed by the Parties or their duly authorized agents.

6. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and each of the Parties hereto submits to the exclusive jurisdiction of the Courts of the State of Texas in connection with any disputes arising out of this Agreement.

7. **Successors and Assigns.** This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

8. **Attorneys' Fees.** In the event of a dispute arising under this Agreement, the prevailing Party shall be entitled to recover all reasonable attorneys' fees.

9. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Facsimile signatures shall be deemed the same as originals.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

ASSIGNOR:

JAMES R. ALMAND

Acknowledged before me by JAMES R. ALMAND on this 15th day of June, 2017.

NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

Notary's printed name: JAN ROWLETT
Notary Public
State of Texas
Comm. Expires 02/11/2018

Commission Expires:

Notary ID # _____

ASSIGNEE:

CFD INTEGRATION, LLC dba CFDI AERO

By: _____

Its: CHAIRMAN + MANAGING MEMBER

Acknowledged before me by WILLIAM F. GORDON, who is CHAIRMAN + MANAGING MEMBER of CFD INTEGRATION, LLC dba CFDI AERO, on this 13th day of June 2017.

PAM STEPHENS
Notary Public, State of Texas
Comm. Expires 11-24-2018
Notary ID 215044-2

_____
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

Notary's printed name: PAM STEPHENS

Commission Expires: 11-24-2018

Notary ID # 215044-2

EXHIBIT "A"

Almands

RESOLUTION NO. R89-031

A RESOLUTION APPROVING A LEASE BETWEEN THE CITY OF DENTON AND J. R. ALMAND, M.D. FOR PROPERTY LOCATED AT THE CITY OF DENTON MUNICIPAL AIRPORT, DENTON, TEXAS AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Denton has certain vacant property located at the Denton Municipal Airport, Denton, Texas; and

WHEREAS, the City of Denton desires to lease the property for constructing and maintaining an aircraft storage hangar and associated facilities thereon; and

WHEREAS, J. R. Almand, M.D. desires to lease the land at the airport on the terms contained in the attached lease; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

SECTION I. That the City Council approves the lease of airport property to J. R. Almand, M.D. in accordance with the terms of the attached lease and the City Manager is authorized to execute the lease on behalf of the City.

SECTION II. That this resolution shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the 18th day of April, 1989.

Ray Stephens
RAY STEPHENS, MAYOR

ATTEST:

Jennifer Walters
JENNIFER WALTERS, CITY SECRETARY

APPROVED AS TO LEGAL FORM:
DEBRA A. DRAYOVITCH, CITY ATTORNEY

BY: Debra A. Drayovitch

AIRPORT LEASE BETWEEN THE
CITY OF DENTON AND J. R. ALMAND, M.D. & [redacted]

This agreement, hereinafter referred to as "Lease" is made and executed this 18th day of April, 1989, at Denton, Texas, by and between the CITY OF DENTON, a municipal corporation of the State of Texas, hereinafter referred to as "Lessor", and J. R. ALMAND, M.D. [redacted], having its principal offices at Carrier Parkway & Dalworth Street, Grand Prairie, Texas, hereinafter referred to as "Lessee".

WITNESSETH:

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

WHEREAS, Lessee desires to lease land on the Airport and construct and maintain an aircraft storage hangar and associated facilities thereon;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Lease, the parties agree as follows:

I. CONDITIONS OF LEASE

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

A. Non-Discrimination. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

(1) 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.

(2) The Lessee, shall use the Premises incompliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transpor-

tation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation-Effectual of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

In the event of breach of any of the above non-discriminatory covenants, Lessor shall have the right to terminate the Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21, as amended, are followed and completed, including expiration of appeal rights.

B. 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 view of the Lessee, and without interference or hindrance.

(2) Lessor reserves unto itself, its successors and assigns, for the use and benefit of the flying public, a right of flight for the passage of aircraft above the surface of the Premises described herein, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from, or operating on the Airport.

(3) Lessor shall be obligated to maintain and keep in repair the landing area of the Airport and shall have the right to direct and control all activities of Lessee in this regard.

(4) 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.

(5) 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 the Lessor, would limit the usefulness or safety of the Airport or constitute a hazard to aircraft or to aircraft navigation.

(6) This Lease 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, does lease to Lessee, and Lessee does hereby lease from Lessor the tract of land as shown in Attachment "A", attached hereto and incorporated herein by reference, described as follows:

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

BEGINNING at a found half inch rebar at a point North 17 degrees 07 minutes 10 seconds East 1618.05 feet from a concrete monument marked DTO-B-1979;

THENCE North 01 degrees 26 minutes 06 seconds East a distance of 198.12 feet to a set half inch rebar;

THENCE South 88 degrees 33 minutes 54 seconds East a distance of 180.00 feet to a set half inch rebar;

THENCE South 01 degrees 26 minutes 06 seconds West a distance of 150.00 feet to a set half inch rebar;

THENCE South 76 degrees 28 minutes 03 seconds West a distance of 186.32 feet to the Point of Beginning, containing in all 0.719 acres of land.

For the purposes of this Lease, the term "Premises" shall mean the property located within the land described above.

III. TERM

The term of this Lease shall be for a period of twenty-five (25) years, commencing on the 1st day of May, 1989, and continuing through the 30th day of April, 2015, unless earlier terminated under the provisions of the Lease. Lessee shall have the right and option to extend the term of this Lease for two additional five (5) year terms after the expiration of the initial twenty-five (25) year term. Should Lessee desire to exercise either such option, Lessee shall give written notice thereof to Lessor at least one hundred eighty (180) days prior to the expiration of the initial term or first additional five-year term of this Lease, whichever the case may be. In the event Lessee fails to give written notice within the required time, the option to extend shall automatically terminate. In the event Lessee timely exercises the option to extend, this Lease shall be extended for an additional five-year term upon the same terms and conditions provided for in this Lease.

IV. RENTALS AND PAYMENTS

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

A. First Year Rent. Lessee shall pay to the Lessor rent for the use and occupancy of the Premises for the first year of this Lease the sum of eight cents (8¢) per square foot per year, for a total of Two Thousand Five Hundred Five Dollars and Fifty-seven Cents ($2,505.57), to be paid in twelve (12) equal monthly installments in the sum of Two Hundred Eight Dollars and Eighty Cents ($208.80) per month. The first monthly payment should be prorated for the number of days remaining in the month after the effective date of this Lease.

B. Annual Rental Adjustments. For subsequent years the yearly rental shall be based on the All Urban Consumer Price Index (CPI-U) for the Dallas/Fort Worth, Texas, Standard Metropolitan Statistical Area, as compiled by the U.S. Department of Labor, Bureau of Labor Statistics, using 1967 = 100 as the base period. The rental for years subsequent to the initial year of this Lease, including any year in any additional term provided for in this Lease, shall be computed by dividing the sum of $2,505.57, the amount of rent for the initial year of the Lease, by the index number for January 1989, which is the first month of the initial year of the Lease, then multiplying that amount by the index number of the month immediately preceding the initial month of each subsequent year of the Lease. The annual rental so calculated for each subsequent

year shall be paid in twelve (12) equal monthly installments as provided herein.

C. Payment and Penalty. All payments made hereunder by Lessee shall be made to Lessor at the offices of the Finance Department of the Lessor of Denton, Accounts Receivable, 215 E. McKinney, Denton, Texas 76201, unless Lessee is notified to the contrary in writing by Lessor. All monthly rental payments, other than the first monthly rental, shall be due and payable on or before the first day of each month and shall be paid by Lessee without demand or notice from Lessor. The first monthly rental payment shall be due and payable within ten (10) days of the effective date of this Lease. All rental amounts paid by Lessee after the tenth (10) day of the month will be delinquent and shall include an additional monetary amount (penalty) which shall equal five percent (5%) of the rental amount due. Failure of Lessee to pay the five percent (5%) monetary penalty on delinquent rent shall constitute an event of default of this Lease.

V. RIGHTS AND OBLIGATIONS OF LESSEE

A. Use of Premises. Lessee is granted the right to use the Premises for the storage, maintenance, and repair of aircraft owned and operated by the Lessee and Lessee's family or invitees. Lessee may not use any portion of the Premises for any use not authorized by this Lease, including any industrial, commercial or retail business or any other business operations which furnish or provide any product or service to the general public or other lessees of Airport property. No permanent dwelling or domicile may be built, moved to or established on or within the Premises nor may the Lessee, its tenants, invitees, or guests be permitted to reside or remain as a resident on or within the Premises or other Airport Premises.

B. General Access to Premises. Subject to the reasonable rules, regulations, or directives of Lessor, Lessee shall, in common with others so authorized, have the nonexclusive right and privilege over and through the Airport property and the right of ingress to and egress from the Premises for its employees, agents, guests, and invitees, suppliers of materials and furnishers of services.

C. Standards. During the Lease term, Lessee shall comply with the following requirements and standards:

(1) Address. Lessee shall file with the Airport Manager and keep current its mailing address, telephone number(s) and contacts where its authorized official

can be reached in an emergency.

(2) List of Tenants. Lessee shall file with the Airport Manager and keep current a list of any tenants or sublessee authorized by this Lease and shall contractually require its tenants and sublessee to abide by the terms of this Lease. Lessee shall promptly enforce its contractual rights in the event of a default of such covenants.

(3) Utilities, Taxes And Fees. Lessee shall meet all expenses and payments in connection with the use and occupancy of the Premises and the rights and privileges herein granted, including the timely payments of utilities, taxes, permit fees, license fees and assessments lawfully levied or assessed. Lessee herein agrees to timely pay to all lawful taxing authorities an ad valorem property tax on all improvements constructed by the Lessee on the Premises, and to comply with all tax laws pertaining to the Premises, including those promulgated in the future.

(4) Rules, Regulations and Restrictions. Lessee shall comply with all laws, codes, ordinances, rules, and regulations, either existing or those promulgated in the future, by the Lessor, the County of Denton, the State of Texas, the United States of America, and the Federal Aviation Administration, or their successors applicable to the Premises or use thereof. Lessee's use of the Premises shall at all times be in compliance with and subject to any covenants, restrictions, and conditions of record pertaining to the use and occupancy of the Premises.

Lessee shall not operate or permit the operation of any transmitter devices, electrical signal producers, or machinery on the Premises which could interfere with the electronic aircraft navigation aids or devices located on or off Airport property. Lessee shall not be permitted to engage in any business or operation on the Premises which would produce obstructions to visibility or violate height restrictions as set forth by the Federal Aviation Administration or the Lessor.

(5) Height Restriction And Airspace Protection. The Lessee agrees for itself, its successors, and assigns to restrict the height of structures, objects of natural growth and other obstructions on the Premises to a height as established in City of Denton Ordinance 81-1,

as the same may be amended from time-to-time. The Lessee also agrees for itself, its successors, and assigns to prevent any use of the Premises which would interfere with landing or taking off of aircraft at the Airport, or otherwise constitute an airport hazard. Lessee hereby forfeits all claims to aviation rights over the Premises.

(6) Maintenance. Lessee shall be responsible for all maintenance and repair of the Premises, including buildings, structures, grounds, pavements, and utilities. Lessee shall be responsible for grass cutting, collection and removal of trash and for such other maintenance requirements as may arise. Lessee agrees to keep the Premises, together with all improvements, in a safe, clean and attractive condition at all times. Lessee shall not change the original color or texture of the exterior walls of any structures or improvements without the written consent from Lessor.

(a) Painting of Buildings. During the original term of this Lease and during each extension, Lessor shall have the right to require, not more than once every five years, that the exterior of each hangar or building located on the Premises be reviewed by the Airport Board for the purpose of determining whether painting of the exteriors of such buildings or hangars is necessary. If the Airport Board determines painting is necessary, it shall furnish a recommendation to this effect to the City Council. The Council, may, upon the Board's recommendation, require Lessee to repaint said exteriors according to Lessor's specifications (to specify color of paint, quality of paint, number of applications, quality of workmanship and the year and month in which each hangar or building is to be painted, if needed). Lessee shall complete the painting in accordance with such specifications within six (6) months of receipt of notice from Lessor. Lessee agrees to pay all costs of the required painting. Failure of Lessee to complete the painting required by Lessor's City Council within the six (6) month period shall constitute Lessee's default under this Lease.

(b) Storage. Lessee shall not utilize or permit others to utilize areas on the 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 Premises.

(7) Quit Possession. Lessee shall quit possession of the Premises at the end of the primary term of this Lease or any renewal or extension thereof, and deliver up the Premises to Lessor in as good condition as existed when possession was taken by Lessee, reasonable wear and tear excepted.

(8) Chemicals. Lessee shall properly store, collect and dispose of all chemicals and chemical residues; properly store, confine, collect and dispose of all paint, including paint spray in the atmosphere, and paint products; and comply with all local, state and federal laws and regulations governing the storage, handling or disposal of chemicals and paints. Lessee shall not utilized, store, dispose, or transport any material, fluids, solids or gaseous substances on the Premises which are considered by the Environmental Protection Agency to be a hazard to the health of the general public and undertake any activity on the Premises that would produce noxious odors.

(9) Signs. Lessee shall have the right, at its own expense, to place in or on the Premises signs identifying Lessee. The signs shall be of a size, shape and design, and at a location or locations, approved by the Lessor and in conformance with any overall directional graphics or sign program established by Lessor on the Airport. The signs shall be maintained in repair. Notwithstanding any other provision of this Lease, the signs shall remain the property of Lessee. Lessee shall remove, at its expense, all lettering, signs and placards so erected on the Premises at the expiration of the term of this Lease or extensions thereof.

(10) Use of Runways and Taxiways. That because of the present sixty thousand (60,000) pound continuous use weight bearing capacity of the runway and taxiways of the Airport, Lessee shall 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 a greater weight. Based on qualified engineering studies, the weight restrictions and provisions may be adjusted up or down by Lessor and Lessee agrees to abide by any such changes or revisions as such studies may dictate. "Aeronautical Activity" referred to in this clause shall include that activity of the Lessee, its agents, subcontractors, and invitees. Should Lessee negligently disregard the provisions of this section, Lessor may immediately terminate this Lease. Lessee agrees to pay to Lessor upon demand for any damage, as determined by Lessor, to Airport property that results from a violation of this section.

(11) Parking. The parking of motor vehicles on Airport property by Lessee, Lessee's guests or invitees, shall be subject to any regulations, restrictions or directions imposed by Lessor.

C. Connection to Utilities. Lessor may connect to any existing water mains serving the Premises, in accordance with and upon payment of any tap or connection fees, as specified by Lessor's ordinances applicable to utility customers, provided, however, **Lessee shall not be liable to Lessor for any water or sewer pro rata payments as a result of the connections made.**

D. Abatement of Violations. Should Lessee violate any law, rule, restriction or regulation of the Lessor of Denton or the Federal Aviation Administration, 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, either 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 Premises, or to the person on the Premises who are causing said violation, and upon delivery of such written notice, Lessor shall have the right to demand that the person responsible for the violation cease and desist from all such activity creating the violation. In such event, Lessor shall have the right to demand that corrective action, as required, be commenced immediately to restore the Premises into conformance with the particular law, rule or aeronautical regulation being violated. Should Lessee, Lessee's agent, or the person responsible for the violation fail to cease and desist from said violation and to immediately commence correcting the violation, and to complete said corrections within twenty-four (24) hours following written notification, then Lessor shall have the right to enter on to the Premises and correct the violation, and Lessor shall not be responsible for any damages incurred to any improvements on the Premises as a result of the corrective action process. Lessor

shall submit an invoice to Lessee for the cost of the repairs and Lessee shall pay said invoice within thirty (30) days.

E. Recording of Lease. Within thirty (30) days after the date of execution of this Lease, Lessee shall at its own expense record a copy of this Lease in the Real Property Records of Denton County, Texas, a copy of which recorded lease shall be provided to Lessor.

VI. RIGHTS AND OBLIGATIONS OF LESSOR

A. Improvements Provided By Lessor. Within sixty (60) days of the effective date of this Lease, Lessor shall construct and install, at Lessor's expense, an extension to the existing underground stormwater drainage pipe located on the Premises, so that the stormwater drainage pipe will extend beyond the boundaries of the Premises.

B. Peaceful Enjoyment. That on payment of 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 Premises and all rights and privileges herein granted.

C. 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 over adjoining property in the course of normal takeoff and landing procedures from the Airport. Lessor further warrants and represents that at all times during the term hereof, or any renewal or extension of same, that it will continue to comply with the foregoing.

D. Easements. Lessor shall have the right to establish easements, at no cost to Lessee, upon the Premises for the purpose of providing 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 Premises and Lessor shall restore the property to its original condition upon the installation of any utility services on, in, over or under any such easement at the conclusion of such construction. Lessee shall not have the right to levy fees, charges, or receive any compensation for any exercised right of easement by Lessor or Lessor's authorized agent.

VII. LEASEHOLD AND TAXIWAY IMPROVEMENTS

A. Improvements by Lessee. Lessee may construct upon the Premises, at its own cost and expense, an aircraft storage hanger, office and bathroom facilities, and other buildings, hangars, structures, and leasehold improvements that Lessor and Lessee mutually agree are necessary for the use of the Premises authorized by this Lease.

B. Required Plat and Building Plans. Lessee shall, prior to constructing any improvements on the Premises, submit to the Lessor for its approval, a plat of the property and the detailed construction and building plans and specifications for the proposed improvements. The required plat and plans shall be submitted in the form and manner specified by Lessor's ordinances and Lessee shall, at the time of submission pay all processing, permit, and approval fees applicable thereto, as specified by Lessor's ordinances. The plat submitted shall conform to regulation and requirements of Lessor's Subdivision and Land Development Regulations. Any building, hanger, or other improvement plans and specifications submitted for initial construction, or any additional improvements to be made thereafter, shall conform to the following requirements:

(1) Buildings, hangers, or structures shall conform with and be compatible with the overall size, shape, color, quality, design, appearance, and general plan of the program established by the Lessor's Master Plan for the Airport, as approved by the City Council, copies which are on file at the Office of the Airport Manager and the City Secretary.

(2) The regulations and requirements of the Lessor's Building, Fire, Electrical, Plumbing, and other applicable Codes and ordinances of Lessor applicable to the improvements to be made.

(3) All buildings, including hangers, shall be designed and constructed so as to have an anticipated life of at least twenty-five (25) years.

(4) Any rules or regulations of the any Federal or State agency having jurisdiction thereof.

(5) Contain the estimated cost of the construction of the improvements to be made.

C. Approval of Plans. Within sixty (60) days of proper submission of the plat and plans, and payment of the applicable

fees, Lessor shall approve or disapprove the plat and plans. Should Lessor fail to approve or disapprove of the required plat or plans within the sixty (60) days, the plat and plans shall be deemed approved. Should the Lessor timely disapprove the plat or plans, it shall give notice to the Lessee of the reason for the disapproval. No construction of any improvements shall begin until and unless the plans and specifications are approved by Lessor.

D. Airplane Taxiway Access.

(1) Taxiway Improvements by Lessee. The Lessee acknowledges that on the effective date of this Lease, there are no existing taxiway improvements to serve the Premises and that Lessee shall be responsible, at no cost to Lessor, of providing any necessary taxiway improvements which are necessary to serve the Premises. The area designated as "taxiway" on attachment "A" shall be the general area used, as more specifically designated by Lessor, to provide for taxiway access to serve the Premises. Prior to beginning the taxiway improvements, the plans therefore shall be submitted and approved in accordance with the provisions for other leasehold improvements.

(2) Maintenance and Use of Taxiway Provided by Lessee. Lessee shall be responsible for the maintenance of the taxiway access provided, and shall keep the taxiway in good condition, free of obstructions and defects. The use of the improved taxiway access shall be subject to the reasonable rules, regulations, or directives of Lessor.

E. Ownership of Improvements. All buildings and improvements constructed upon the Premises by Lessee shall remain the property of Lessee throughout the term of the Lease, except as otherwise provided in this Lease. All buildings and improvements of whatever nature remaining upon the Premises at the end of the primary term, or any extension thereof, of this Lease shall automatically become the property of Lessor absolutely in fee without any cost to Lessor.

F. Right of Lessor to Purchase Hangar or Building. In the event that Lessee should elect to sell hangars or buildings and other improvements situated upon the Premises at the time Lessor has the authority to do so, Lessor shall first be offered the right to purchase the improvements at a value determined by having such improvements appraised by three appraisers, one appointed by Lessor, one appointed by Lessee, and one appointed by the two appraisers. The costs of the appraisal shall be paid by Lessor.

Within sixty (60) days of the delivery of a written appraisal report by the appraisers to Lessor, shall notify Lessee in writing of its decision to purchase all or part of the hangers or buildings to be sold. If Lessor exercises its right to purchase, it shall make payment to Lessee of the appraised value of the buildings or hangers to be purchased within thirty (30) days of the written notice.

G. Removal of Hangars or Buildings. In the event that Lessee should remove any building or hangar from the Premises, where such removal is authorized by this Lease, Lessee herein agrees to comply with the following terms:

(1) Prior to commencing the hangar or building removal process, the Lessee and Lessor shall agree on the best method to remove the building, including where to cut water lines, electrical wire, plumbing and other fixtures or utilities, so as to cut said fixtures to allow the future use of these fixtures.

(2) The building shall be removed completely from the surface of the concrete slab and up, with the exception of cut utility lines. All interior fixtures shall be removed including sinks, commodes, dividing walls and all other items or fixtures that would prevent the concrete slab from being as free as possible from all obstructions.

(3) Removal of hangars or buildings shall begin and be completed prior to Lessee's designated termination date.

(4) The hangar or building slab, the aircraft parking apron, the taxiway, and all other improvements on the Premises shall remain on the Premises and shall become the property of the Lessor without costs to Lessor.

(5) Lessee shall be responsible for the removal of all refuse and debris from the Premises prior to vacating the Premises.

(6) Lessee shall be responsible for all costs involved in the removal of the hangar or building, including costs of permits or fees.

(7) Lessee shall be responsible for any damage caused to any improvements on the Premises during the building or hangar removal process, and Lessee herein agrees to repair or replace, at Lessee's expense, any improve-

ments damaged by Lessee during the removal of said structures.

VIII. SUBROGATION OF MORTGAGEE

Lessee shall have the right to place a first mortgage lien upon its leasehold in an amount not to exceed eighty percent (80%) of the cost of the capital improvements. The terms and conditions of such mortgage loan shall be subject to the approval of Lessor and Lessee shall submit copies of the loan documents, including the loan application, to Lessor. Lender's duties and rights are as follows:

(1) The Lender shall have the right, in case of default, to assume the rights and obligations of Lessee herein and become a substituted Lessee, with the further right to assign the Lessee's interest to a third party, subject to approval of Lessor. Lender's obligations under this Lease as substituted Lessee shall cease upon assignment to a third party as approved by Lessor.

(2) As a condition precedent to the exercise of the right granted to Lender by this paragraph, Lender shall notify Lessor of all action taken by it in the event payments on such loans shall become delinquent. Lender shall also notify Lessor, in writing, on any change in the identity or address of the Lender.

(3) All notices required by the Lease to be given by Lessor to Lessee shall also be given by Lessor to Lender at the same time and in the same manner provided Lessor has been furnished with written notice of Lender's interest and its address. Such notice shall be given to the City Secretary and the Airport Manager. Upon receipt of such notice, Lender shall have the same rights as Lessee to correct any default.

IX. INSURANCE

A. Lessee shall maintain continuously in effect at all times during the term of this Lease or any extension thereof, at Lessee's expense, the following insurance coverage:

(1) Comprehensive General Liability Insurance covering the Premises, the Lessee, its personnel and its operations on the Airport, for bodily injury and property damage

in the minimum amount of $250,000, combined single limits on a per occurrence basis.

(2) Fire and extended coverage for replacement value for all facilities used by the Lessee either as a part of this Lease or erected by the Lessee subsequent to the execution of this Lease.

B. All policies shall be issued by a company authorized to do business in the State of Texas, be approved by the Lessor, copies of which shall be provided to Lessor. The policies shall name the Lessor as an additional named insured and shall provide for a minimum of thirty (30) days written notice to the Lessor prior to the effective date of any cancellation or lapse of such policies.

C. During the original or extended term of this Lease, Lessor herein reserves the right to 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 Airport in size and in scope of aviation activities, located in the southwestern region of the United States. For the purpose of this Lease, the Southwestern region of the United States shall be the states classified as the Southwestern region by the Federal Aviation Administration.

D. Lessee herein agrees to comply with all increased or adjusted insurance requirements that may be required by the Lessor throughout the original or extended term of this Lease, including types of insurance and monetary amounts or limits of insurance, and to comply with said insurance requirements within sixty (60) days following receipt of a notice in writing from Lessor stating the increased or adjusted insurance requirements. Lessee shall have the right to maintain in force types of insurance and amounts of insurance which exceed Lessor's minimum insurance requirements.

E. In the event that State law should be amended to require types of insurance or insurance amounts which exceed those of like or similar public use airports in the southwestern region of the United States of America, then in such event, Lessor shall have the right to require that Lessee maintain in force types of insurance or the amount of insurance as specified by State Law.

X. INDEMNITY

A. Lessee agrees to indemnify and hold harmless Lessor and its agents, employees, and representatives from and against all liability for any and all claims, suits, demands, or actions arising from or based upon intentional or negligent acts or omissions on the part of Lessee, its agents, representatives, employees, members, patrons, visitors, contractors and subcontractors, or sublessees, if any, which may arise out of or result from Lessee's occupancy or use of the Premises or activities conducted in connection with or incidental to this Lease.

B. This Indemnity Provision extends to any and all such claims, suits, demands, or actions regardless of the type of relief sought thereby, and whether such relief is in the form of damages, judgments, and costs and reasonable attorney's fees and expenses, or any other legal or equitable form of remedy. This Indemnity Provision shall apply regardless of the nature of the injury or harm alleged, whether for injury or death to persons or damage to property, and whether such claims be alleged at common law, or statutory, or constitutional claims, or otherwise. This Indemnity Provision shall apply whether the basis for the claim, suit, demand, or action may be attributable in whole or in part to the Lessee, or to any of its agents, representatives, employees, members, patrons, visitors, contractors, and subcontractors, or sublessees, if any, or to anyone directly or indirectly employed by any of them.

C. This Indemnity Provision also extends to any claim or liability for harm, injury, or any damaging events which are directly or indirectly attributable to premise defects or conditions which may now exist or which may hereafter arise upon the Premises, any and all such defects being expressly waived by Lessee. Lessee understands and agrees that this Indemnity Provision shall apply to any and all claims, suits, demands, or actions based upon or arising from any such claim asserted by or on behalf of Lessee or any of its members, patrons, visitors, agents, employees, contractors and subcontractors, or sublessees, if any.

D. It is expressly understood and agreed that the Lessor shall not be liable or responsible for the negligence of Lessee, its agents, servants, employees or sublessees, if any. Lessee further agrees that it shall at all times exercise reasonable precautions for the safety of, and shall be solely responsible for the safety of its agents, representatives, employees, members, patrons, visitors, contractors and subcontractors, sublessees, if any, and other persons, as well as for the protection of supplies and equipment and the property of Lessee or other persons.

E. Lessee and Lessor each agree to give the other party prompt and timely notice of any such claim made or suit instituted which in any way, directly or indirectly, contingently or otherwise, affects or might affect the Lessee or the Lessor. Lessee further agrees that this Indemnity Provision shall be considered as an additional remedy to Lessor and not an exclusive remedy.

XI. CANCELLATION BY LESSOR

All the terms, restrictions, covenants, and conditions pertaining to the use and occupancy of the Premises are conditions of this Lease and the failure of the Lessee to comply with any of the terms, conditions, restrictions, covenants, and conditions shall be considered a default of this Lease, and upon default, the Lessor shall have the right to invoke any one or all of the following remedies.

A. Should Lessee fail to pay the monthly rental amounts or fees prescribed in this Lease, such failure shall constitute a default of this Lease, and Lessor may give written notice to Lessee of Lessee's failure to pay and demand payment in accordance with the Lease terms. Should Lessee fail to pay the monthly rental amount within twenty (20) days following receipt of written notice from Lessor, then Lessor may terminate this Lease.

B. In the event that Lessee fails to comply with any other terms, conditions, restrictions and covenants pertaining to this Lease, Lessor shall give Lessee notice of said breach, and request Lessee to cure or correct the same. Should Lessee fail to correct said violation(s) or breach within thirty (30) days following receipt of said notice, then Lessor shall have the right to terminate this Lease. Should this Lease be terminated by Lessor for failure of Lessee to correct said breach or violation within the thirty (30) day cure time, Lessee shall forfeit all rights to all improvements on the Premises and all improvements on the Premises shall become the property of the Lessor.

C. In addition to termination of this Lease for the breach of terms and conditions herein, the Lessor shall have the right to terminate this Lease for the following reasons:

(1) In the event that Lessee shall file a voluntary petition in bankruptcy or proceedings in bankruptcy shall be instituted against Lessee 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 if a receiver shall take jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any federal reorganization act; or if a receiver for Lessee's assets is appointed.

(2) In the event that Lessee should make an assignment of this Lease, for any reason, without the approval of and written consent from Lessor.

D. Upon termination or cancellation of this Lease and provided all monies due Lessor have been paid, Lessee shall have the right to remove its personal property, provided such removal does not cause damage to any part of the hangar, structure or improvements. Lessee shall remove all personal property from the Premises within ten (10) days after the termination. If Lessee fails to remove its personal property as agreed, Lessor may elect to retain possession of such property or may sell the same and keep the proceeds, or may have such property removed at the expense of Lessee.

Where, upon termination of the Lease, the fixed improvements become the property of Lessor as provided herein, Lessee shall repair, at its own expense, any damage to the fixed improvements, resulting from the removal of personal property and shall leave the Premises in a neat and clean condition with all other improvements in place.

E. Failure of Lessor to declare this Lease terminated upon the default of Lessee for any of the reasons set out shall not operate to bar, destroy, or waive the right of Lessor to cancel this Lease by reason of any subsequent violation of the terms hereof. The acceptance of rentals and fees by Lessor for any period or periods after a default of any of the terms, covenants, and conditions herein contained to be performed, kept, and observed by Lessee shall not be deemed a waiver of any rights on the part of the Lessor to cancel this Lease for failure by Lessee to so perform, keep or observe any of the terms, covenants or conditions hereof to be performed, kept and observed.

XII. CANCELLATION BY LESSEE

Lessee may cancel this Lease, 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 preventing or restraining the use of said 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 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 Premises for 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 Premises cannot be used for authorized purposes, then Lessee may cancel this Lease as aforesaid, or may elect to continue this Lease under its terms.

XIII. MISCELLANEOUS PROVISIONS

A. Entire Agreement. This Lease 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. Subletting or Assignment. The Lessee shall not rent, or sublease the Premises, or any portion thereof, or assign this Lease, without prior written consent of the Lessor. If approved by Lessor, any tenant, sublessee, or assignee shall be subject to the same conditions, obligations and terms as set forth herein.

C. Lease Binding on Successors and Assigns. All covenants, agreements, provisions and conditions of this Lease shall be binding upon and inure to the benefit of the respective parties hereto and their legal representatives, successors or assigns. No modification of this Lease shall be binding upon either party unless written and signed by both parties.

D. Effect of Condemnation. If the whole or any part of the Premises shall be condemned or taken by eminent domain proceedings by any city, county, state, federal or other authority for any

purpose, then the term of this Lease shall cease on the part so taken from the day the possession of that part shall be required for any purpose and the rent shall be paid up to that day, and from that day Lessee shall have the right to continue in the possession of the remainder of the Premises under the terms herein provided, except that the rent shall be adjusted to such amount as the parties hereto shall negotiate; but, under no circumstances shall the rent be greater than the rental per square foot provided for herein. All damages awarded for such taking of and for any public purpose shall belong to and be the property of Lessor. All damages awarded for such taking of structures, improvements or businesses that were constructed by Lessee shall be reflective of their value for the remainder of the Lease term and be awarded to Lessee, the remainder to be awarded to Lessor.

E. Severability. If any provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction, the entire Lease 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.

F. Notice. Any notice given by one party to the other in connection with this Lease shall be in writing and shall be sent by registered mail, return receipt requested, with postage and registration fees prepaid, as follows:

1. If to Lessor, addressed to:

   City Manager
   City of Denton
   215 E. McKinney
   Denton, Texas 76201

2. If to Lessee, addressed to:

   J. R. Almand, M. D. ~~[illegible]~~ PLC
   Carrier Parkway & Dalworth Street
   Grand Prairie, Texas 75050

Notices shall be deemed to have been received on the date of receipt as shown on the return receipt.

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

H. Governing Law. This Lease is to be construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

CITY OF DENTON, TEXAS, LESSOR

BY: Lloyd V. Harrell
LLOYD HARRELL, CITY MANAGER

ATTEST:

Jennifer Walters
JENNIFER WALTERS, CITY SECRETARY

APPROVED AS TO LEGAL FORM:
DEBRA ADAMI DRAYOVITCH, CITY ATTORNEY

BY: Debra Drayovitch

J. R. ALMAND, M.D. [redacted],
LESSEE

BY: J R C Jr
TITLE:

ATTEST:

Rumsey Kraft
~~SECRETARY~~ NOTARY

THE STATE OF TEXAS

COUNTY OF DENTON

This instrument was acknowledged before me on the _____ day of _____, 1989, by Lloyd V. Harrell, City Manager of the City of Denton, Texas, a municipal corporation of the State of Texas, on behalf of said corporation.

_____
NOTARY PUBLIC, STATE OF TEXAS

My Commission expires: _____

THE STATE OF TEXAS

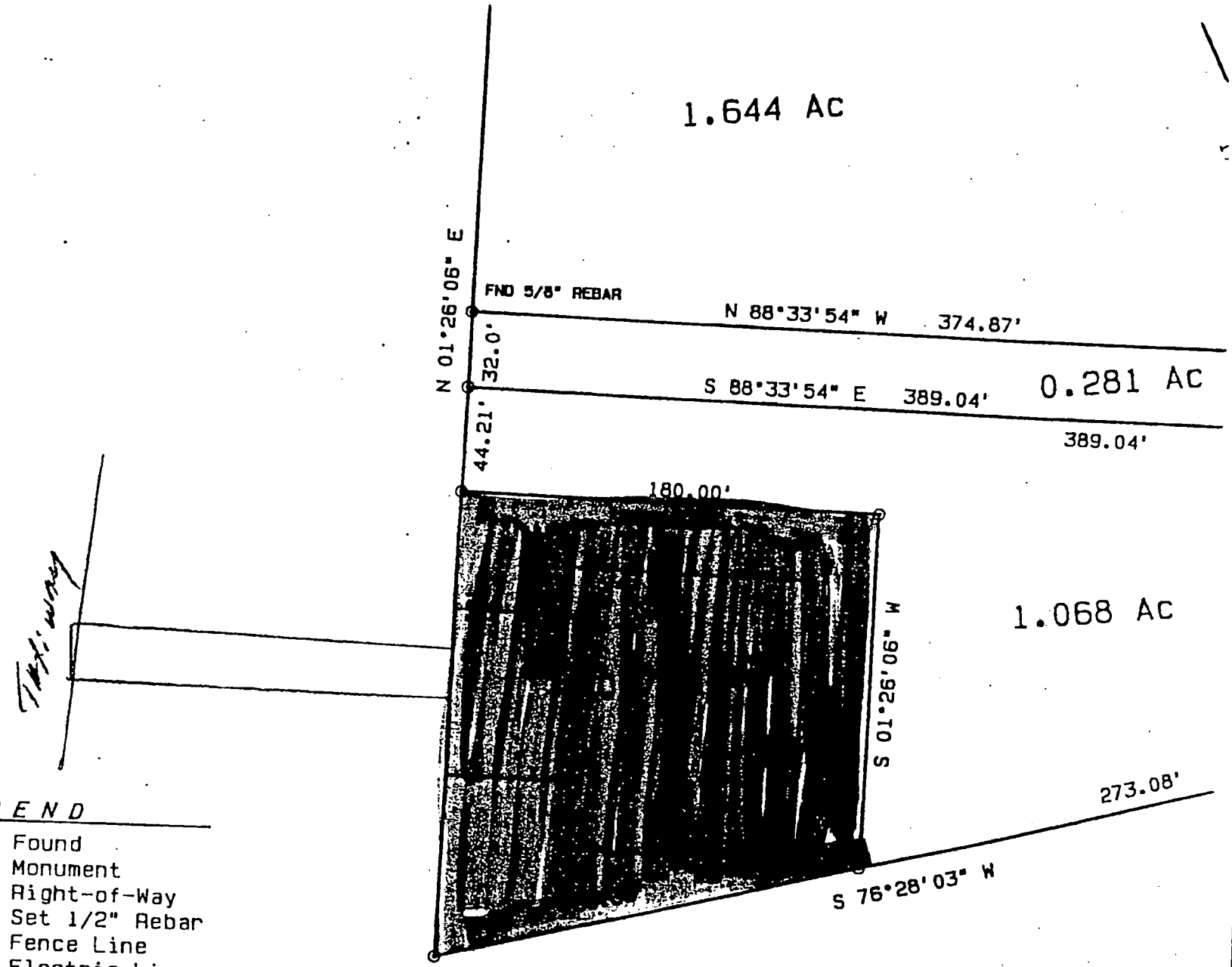
COUNTY OF ~~DENTON~~ DALLAS

This instrument was acknowledged before me on the 24th, day of March, 1989, by J. R. Almand, ~~[illegible] of said association~~.

Freeman Hiatt
NOTARY PUBLIC, STATE OF TEXAS

My Commission expires: 10-31-92

C:\WP50\ALMAND



LEGEND

FND - Found
MON - Monument
ROW - Right-of-Way
SIP - Set 1/2" Rebar
-X- - Fence Line
-E- - Electric Line
-T- - Telephone Line
MH - Manhole
PP - Power Pole
LP - Light Pole
FH - Fire Hydrant
---- Center Line

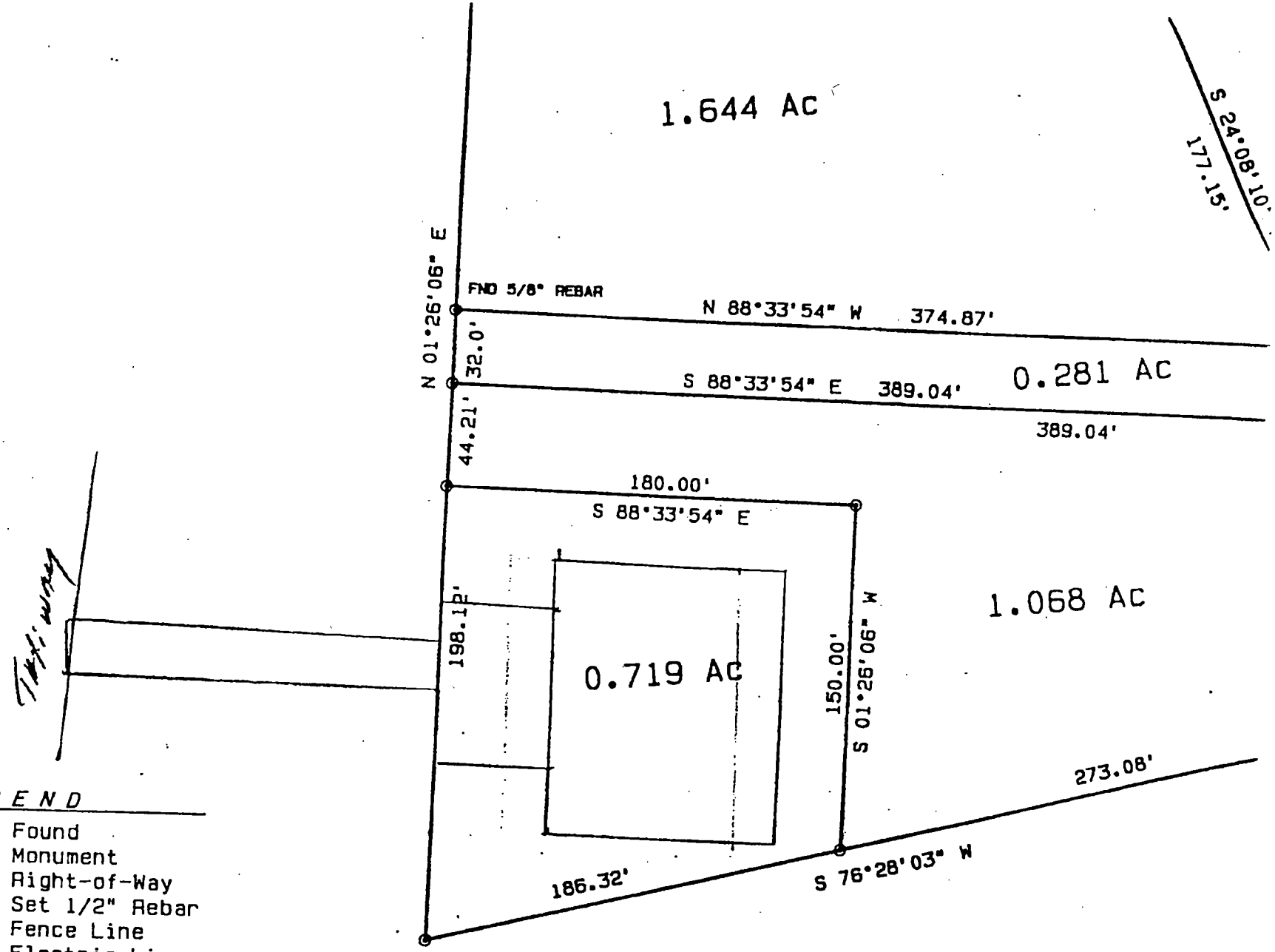


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EXHIBIT
B

Blumberg No. 5119

FIRST AMENDMENT TO
AIRPORT LEASE AGREEMENT
BETWEEN CITY OF DENTON AND CFD INTEGRATION, LLC D/B/A CFDI AERO.

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS
COUNTY OF DENTON §

This is the First Amendment to that certain Airport Lease, which was first made and executed on April 18, 1989 at Denton, Texas, by and between the City of Denton, Texas, a municipal corporation ("Lessor"), and J.R. Almand, M.D., which was assigned to CFD Integration, LLC d/b/a CFDI Aero ("Lessee") on June 13, 2017.

WITNESSETH:

WHEREAS, the Lessee has requested an amendment of the Airport Lease terms regarding use of the space; and

WHEREAS, the Council Airport Committee and City Council support the amendment of the Airport Lease;

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

SECTION V. – RIGHTS AND OBLIGATIONS OF LESSEE; A. USE OF PREMISES IS HEREBY AMENDED TO READ AS FOLLOWS:

A. Use of Leased Premises. Lessee is granted the non-exclusive privilege to engage in owner/operator activities providing the following aviation services:

1. General Aircraft Maintenance. Lessee is granted the non-exclusive right to conduct airframe and power plant maintenance services.

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, retain, 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.

ALL OTHER PROVISIONS OF THE LEASE AGREEMENT REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the _____ day of _____, 2017.

BY LESSOR:
CITY OF DENTON, TEXAS,
a Texas home-rule municipal corporation

_____
TODD HILEMAN
CITY MANAGER

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: _____

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

BY: _____

LESSEE:
CFD INTEGRATION, LLC d/b/a CFDI AERO

BY:_____
William F. Gordon
Chairman and Managing Member

STATE OF TEXAS
COUNTY OF DENTON

This instrument was acknowledged before me on the ____ day of _____, 2017, by William F. Gordon, as Chairman and Managing Member of CFD Integration, LLC d/b/a CFDI Aero, as an act of said company.

[SEAL]

_____
Notary Public, State of Texas
My Commission Expires _____
(or Notary Stamp)

STATE OF TEXAS
COUNTY OF DENTON

This instrument was acknowledged before me on the ____ day of _____, 2017, by Todd Hileman, City Manager on behalf the City of Denton, Texas, a home-rule municipal corporation.

[SEAL]

_____
Notary Public, State of Texas
My Commission Expires _____
(or Notary Stamp)