

THE STATE OF TEXAS  
COUNTY OF GRAYSON

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§

**KNOW ALL PERSONS BY THESE PRESENTS:**

**BUILDING LEASE AGREEMENT  
BY AND BETWEEN  
NORTH TEXAS REGIONAL AIRPORT  
AND**

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This Lease is entered into and effective the \_\_\_\_ day of \_\_\_\_\_, 2008, between GRAYSON COUNTY, "Lessor", a body politic existing under the Constitution and laws of the STATE OF TEXAS, acting by and through the NORTH TEXAS REGIONAL AIRPORT BOARD, (the "Board") pursuant to a Resolution dated April 2, 2007, of the Commissioners Court of Grayson County, the governing body of said County and the true and lawful owner of THE NORTH TEXAS REGIONAL AIRPORT, (the "Airport"), acting by and through the Airport Director, (the "Director") and \_\_\_\_\_, hereinafter referred to as "Lessee", who covenant and agree as follows:

**WHEREAS**, Lessor and Lessee are committed to the proper operation, improvement, and continued development of the Airport; and

**WHEREAS**, Lessor deems it advantageous to itself and to the operation of the Airport to lease to Lessee that certain land and building as stated herein.

**NOW THEREFORE**, in accordance with the terms, considerations and privileges listed herein, Lessor and Lessee covenant and agree as follows:

**SECTION 1. LEASED BUILDING:**

1. Lessor does hereby lease to Lessee Building No. \_\_\_\_\_ containing approximately \_\_\_\_\_ square feet of space and approximately \_\_\_\_\_ square feet of adjacent land located at \_\_\_\_\_, Denison, Texas 75020, located on the Airport, more particularly described on Exhibit "A" as Leased Premises together with all improvements located thereon, and as shown on the "Airport Layout Plan" which is attached hereto as Exhibit B and incorporated herein, all hereinafter referred to as the "Leased Premises". Lessee hereby leases the Leased Premises from Lessor subject to the terms, covenants and conditions stated below.
2. Lessee has inspected the Leased Premises and accepts it in its present "as-is" condition unless expressly noted otherwise in this Lease. Neither Lessor nor any agent has made any express or implied warranties as to the condition or permitted use of the Leased Premises. Lessee must satisfy itself that the Leased Premises may be used as Lessee intends by independently investigating all matters related to the use of the Leased Premises. Lessee agrees that it is not relying on any warranty or representation made by Lessor, Lessor's agent or any broker concerning the use of the Leased Premises.
3. Lessor shall deliver possession of the Leased Premises to Lessee as of the Effective Date hereof (the "Commencement Date").

**SECTION 2. TERM:**

1. This Lease shall be for \_\_\_\_\_ (\_\_\_\_\_) years (the "Term") from the Commencement Date.
2. Any holding over after the expiration of the Term of this Lease or any written extension thereof shall be construed to be a tenancy from month to month, at a Lease Payment equal to one and one-half times the Lease Payment then currently in effect, and shall otherwise be on the terms and conditions herein provided, as far as applicable.

**SECTION 3. CONSIDERATION:**

1. Lease Payments - Subject to adjustment as herein below provided, Lessee agrees to pay to Lessor, without offset or deduction, payment for the Leased Premises at the initial rate of \$\_\_\_\_\_ per month, in advance, (the "Lease Payment"). The first such Lease Payment shall be due and payable on or before the first day of \_\_\_\_\_, 2008, with successive Lease Payments being due and payable on the first day of each month thereafter during the Term hereof.
2. Adjustment of Lease Payment – Commencing in January following the first full calendar year of the Lease Commencement Date and on every January of even numbered years thereafter (the "Adjustment Date") the Lease Payment shall be adjusted as follows:
  - A. A comparison shall be made between the Consumer Price Index - All Items for the Dallas, Texas Metropolitan Area (the "Price Index") as it existed on the Commencement Date and as it exists on the first day of October preceding the then applicable Adjustment Date.
  - B. After the first twelve (12) months of the term of this Lease, the Lease Payment for each year period beginning with and following each Adjustment Date shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the Price Index between the Commencement Date and October 1 of the current year, but in no event shall such Lease Payment ever be decreased below the initial Lease Payment.
  - C. In the event that the Price Index is unavailable for whatever reason for the computations set forth hereinabove, another index approximating the Price Index as closely as feasible shall be substituted therefore.
3. Payment Method - All Lease Payments shall be paid as the same become due, without demand, in lawful currency of the United States made payable to the North Texas Regional Airport, by mail to 4700 Airport Drive, Denison, Texas 75020, or by hand-delivery to the Administration Office in the Terminal Building.
4. Late Payments - In the event Lessor fails to receive any Lease Payment within 10 days after the same is due, a Late Payment penalty equal to 10% of such payment shall be charged to Lessee. In the event Lessee shall remain delinquent for more than 10 days, Lessee shall be in default as described in Section 17 – Events of Default and Lessee's right of occupancy and/or this Lease may be terminated by Lessor as further described in Section 18 - Remedies.

**SECTION 4. MAINTENANCE AND REPAIRS:**

1. Lessee shall throughout the Term of this Lease, at its own cost without expense to Lessor, be responsible for all maintenance and repair of the Leased Premises. By way of illustration but not

limitation, such maintenance and repairs shall include exterior walls, interior/exterior paint, floor coverings, wall coverings, fixtures, doors, door locks and glass. Lessee shall also be responsible for payment of utility service charges for all utility service provided to the Leased Premises. Lessee shall be responsible for maintaining all mechanical systems including heating ventilation and air conditioning systems. Lessor shall be responsible for replacing mechanical systems deemed non-repairable by a certified technician. Lessee shall maintain all utility lines and conduits running to and away from the buildings and is responsible for repair or replacement of taxiway areas, parking areas and driveways located within the Leased Premises.

2. Lessee shall also be responsible for the repair of building foundation, structural members, roof areas, plumbing, pipe and conduits if damage to the Leased Premises is caused by Lessee, its agents or assigns or by the operation of Lessee's business..

#### **SECTION 5. TAXES AND FEES:**

Lessee shall be liable for all taxes and fees owed on or by its personal business or itself. Under no circumstances shall Lessor be liable for or be required to pay any tax or fee owed by Lessee.

#### **SECTION 6. INSURANCE:**

Lessee shall during the Term hereof maintain at Lessee's sole cost and expense insurance relating to the Leased Premises as follows:

1. Insurance against loss or damage to improvements by fire, lightning, and other risks from time to time included under standard extended coverage policies, and sprinkler, vandalism and malicious mischief, all in amounts sufficient to prevent Lessor or Lessee from becoming co-insurers of any loss under the applicable policies but in any event in amounts not less than eighty percent (80%) of the full insurable value of the Leased Premises. The term "full insurable value" as used herein means actual replacement value at the time of such loss. Upon request, such replacement value shall be determined by a qualified appraiser, a copy of whose findings shall be submitted to Lessor, and, thereafter, proper adjustment in the limits of insurance coverage shall be effected. The cost for any such appraisal/replacement value determined shall be borne by Lessee.
2. General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Leased Premises, such insurance to afford protection to Lessor as set forth in the North Texas Regional Airport Minimum Standards and Rules and Regulations as amended by the Board from time to time.
3. Worker's compensation insurance covering all persons employed by Lessee in connection with any work done on or about the Leased Premises with respect to which claims for death or bodily injury could be asserted against Lessor or the Leased Premises, or in lieu of such workmen's compensation insurance, a program of self-insurance complying with the rules, regulations and requirements of the appropriate state agency of the State of Texas.
4. If applicable, boiler and pressure vessel insurance on all steam boilers, parts thereof and appurtenances attached or connected thereto which by reason of their use or existence are capable of bursting, erupting, collapsing, imploding or exploding, in the minimum amount of \$100,000.00 for damage to property resulting from such perils.
5. Such other insurance in improvements in such amounts and against such other insurable hazards, which at the time are commonly obtained in the case of property similar to such improvements.

6. All such policies of insurance (A) shall be issued by insurance companies acceptable to Lessor, (B) shall name Lessor as an additional insured or loss payee, as the case may be, and (C) shall provide for at least ten (10) days written notice to Lessor prior to cancellation or modification. Lessee shall provide Lessor with duplicate originals of all insurance policies required by this Section. Certificates of such required insurance shall be furnished by Lessee to Lessor and certificates presently then in effect shall be on file at all times. Any changes to those certificates must have the prior written approval of Lessor.

**SECTION 7. CASUALTY DAMAGE OR DESTRUCTION:**

1. In case of any damage to or destruction of the buildings, structures and equipment on the Leased Premises, or any part thereof, Lessee will promptly give written notice thereof to Lessor, generally describing the nature and extent of such damage and/or destruction.
2. In case of any damage to or destruction of the buildings, structures and equipment on the Leased Premises, or any part thereof, Lessee, whether or not the insurance proceeds, if any, payable on account of such damage and/or destruction shall be sufficient for such purpose, at Lessee's sole cost, risk and expense, will promptly commence and complete the restoration, repair and replacement of said buildings, structures and equipment as nearly as possible to their value, condition and character immediately prior to such damage and/or destruction, with such alterations in and additions thereto as may be approved in writing by Lessor (hereinafter sometimes referred to as the "Restoration").
3. All insurance proceeds, if any, payable on account of such damage to or destruction of the buildings, structures and equipment on the Leased Premises shall be held by Lessor. Lessor shall be protected in acting upon any certificate believed by Lessor to be genuine and to have been executed by the proper party and shall receive such certificate as conclusive evidence of any fact or as to any matter therein set forth. Such certificate shall be full warranty, authority and protection to Lessor in acting thereon, and Lessor shall be under no duty to take any action other than as set forth in this Section.
4. Insurance proceeds received by Lessor on account of any damage to or destruction of the buildings, structures and equipment on the Leased Premises, or any part thereof (less the costs, fees and expenses incurred by Lessor and Lessee in the collection thereof, including, without limitation, adjuster's and attorney's fees and expenses) shall be applied as follows:
  - A. Net insurance proceeds as above defined shall be paid to Lessee or as Lessee may direct from time to time as Restoration progresses to pay (or reimburse Lessee for) the cost of Restoration, upon written request of Lessee to Lessor accompanied by: (1) a certificate of a supervising architect or engineer approved by Lessor, describing in reasonable detail the work and material in question and the cost thereof, stating that the same were necessary or appropriate to the Restoration and constitute a complete part thereof, and that no part of the cost thereof has theretofore been reimbursed, and specifying the additional amount, if any, necessary to complete the Restoration; and (2) an opinion of counsel satisfactory to Lessor that there exist no mechanics', materialmen's or similar liens for labor or materials except such, if any, as are discharged by the payment of the amount requested.
  - B. Upon receipt by Lessor of evidence of the character required by the foregoing paragraphs (A)(1) and (2) that Restoration has been completed and the cost thereof paid in full, and that there are no mechanics', materialmen's or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall be paid to Lessee or as Lessee may direct.

5. In the event that Lessee does not promptly commence Restoration, or after commencement Lessee does not diligently proceed to the completion of same, Lessee shall be in default as described in Section 17 of this Lease and Lessor shall have the right to commence or complete Restoration after Lessor has given Lessee thirty (30) days prior written notice requesting the commencement of Restoration or that Lessee diligently proceed to the completion of same if Lessee during such thirty (30) day period does not so commence or proceed to diligently complete Restoration. In such event, Lessor shall retain the insurance proceeds, and Lessee shall pay any deficiency if such proceeds are not sufficient for Restoration.

#### **SECTION 8. HOLD HARMLESS:**

1. Lessor shall not be liable to Lessee or Lessee's employees, agents, servants, customers, invitees, or to any other person whomsoever, for any injury to persons or damages to property on or about the Leased Premises or any adjacent area owned by Lessor caused by Lessee, Lessee's employees, servants, customers, invitees, licensees or any other person entering the Leased Premises and the conduct Lessee's business thereon, or arising out of any breach or default by Lessee in the performance of Lessee's obligations hereunder; and Lessee hereby agrees to indemnify Lessor and hold Lessor harmless from any loss, expense or claim arising out of such damage or injury.
2. Lessee agrees to save and hold harmless Lessor and its agents, servants, and employees of and from any and all liabilities, expenses, causes of action, damages, and/or Attorney's fees resulting from or as a result of any of Lessee's businesses, operation, occupancy, or use of the Airport or from any act or omission of Lessee's agents, servants, or employees.

#### **SECTION 9. CONDITIONS OF USE:**

1. Condition of Premises: Compliance With Law - Lessee agrees that it will at all times keep the Leased Premises, including the inside and the outside of any building, clean and free of trash, litter, tall grass, weeds, junked automobiles, and scrap parts. Any outside storage of non-active vehicles (30 days storage), parts, inventory or non-aviation related equipment must be contained within a minimum 6-foot fence that has screening (slats, wood fence, etc). Any variances to these standards can be appealed to the Airport Board for consideration. Lessee shall abide by the Minimum Standards and Rules and Regulations of the Airport and all applicable laws and rules of the Environmental Protection Agency, the Texas Commission on Environmental Quality, the Texas Department of Agriculture, the Texas Department of Transportation and any other public agency concerning the use, storage and disposal of hazardous chemicals, fuel, and/or oil. Lessee further agrees to abide by the manufacturer's directions in regard to the use, storage and disposal of all pesticides, herbicides and other chemicals including their containers used at the Airport.
2. Clean-Up By Lessor: Charge Against Lessee - Should Lessee fail to keep the Leased Premises clean and free of hazards, Lessee shall be in default as described in Section 17 of this Lease and Lessor may, after thirty (30) days written notice, arrange for the clean-up of the littered or hazardous area. Such clean up shall be charged to Lessee and payable upon demand.
3. Compliance with Laws, Rules and Regulations - Lessee will comply with all laws, rules and regulations now existing or hereafter established by the United States of America, the State of Texas, the County of Grayson, and their respective agencies, including the Federal Aviation Administration, the Texas Department of Transportation Aviation Division (TxDOT Aviation), and the Board. Lessee acknowledges receipt of a copy of the current Rules and Regulations and Minimum Standards of the Airport. The Rules & Regulations and Minimum Standards are incorporated by reference as if written verbatim herein, and Lessee agrees to comply fully at all times with the Rules & Regulations and Minimum Standards. Lessor shall have the right to amend, modify and alter the Rules and

Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of Lessor, Lessee and all other Lessees and customers of the Airport.

4. Requirements of U.S.A. - It is expressly understood and agreed that this Lease is subject to and subordinate to and controlled by provisions, stipulations, covenants, and agreements contained in those certain contracts, agreements, resolutions and actions of Lessor constituting agreements between Lessor and the United States of America and its agents, including, but not limited to, the Federal Aviation Administration (FAA), and the Texas Department of Transportation Aviation Division (TxDOT Aviation) and all regulations now and hereafter imposed upon Lessor and that Lessor shall not be liable to Lessee on account of any of the foregoing matters and all of such contracts, agreements, resolutions, and regulations are incorporated herein by reference, and if any provision of this Lease is determined to be at variance with same, such provision is unilaterally reformable at Lessor's option.
5. FAA Requirements - Lessor and Lessee recognize and agree this Lease shall be subject to: such regulations and approvals as required by the FAA and TxDOT Aviation and in particular those FAA regulations which provide that the property subject to this Lease shall be used for Airport purposes and in such a manner so as not to materially and adversely affect the development and improvement, operation or maintenance of the Airport; and to the requirements of national emergency. Lessee agrees to cooperate and assist Lessor in complying with such regulations and conditions of approval. All runways and Airport facilities shall be open to the general traveling public for the landing and operation of aircraft therefrom without hindrance or interference on the part of Lessee.
6. National Emergencies - This Lease is subject to the right of temporary reentry and use of certain portions of the Airport by the Armed Forces of the United States Government during wartime involving the United States and in other national emergencies. In the event of any such re-entry, Lessee shall be entitled to receive the entire amount of any award made for such re-entry whether such award is paid by way of damages, rent or otherwise, unless such period of re-entry shall extend beyond the expiration date of the Term of this Lease, in which case such award, after payment to Lessor therefrom of the estimated cost of restoration of the Leased Premises to the extent that any such award is intended to compensate for damage to the Leased Premises shall be apportioned by Lessor and Lessee as of such date of expiration in the same ratio that the part of the entire period for which such compensation is made falling before the date of expiration and that part falling after, bear to such entire period.

#### **SECTION 10. PERMITTED USE:**

1. Except as otherwise provided herein, Lessee will use the Leased Premises for \_\_\_\_\_, as defined in the North Texas Regional Airport Minimum Standards and in any lawful manner necessary or incidental to the conduct thereof. Any activity Lessee wishes to perform that is not authorized herein may be approved by Lessor upon written request by Lessee, which approval shall not be unreasonably withheld.
2. Lessee will not make or permit any use of the Leased Premises, which would interfere with landing or taking off of aircraft at the Airport, or otherwise constitute an Airport hazard or impair the future development of the Airport. This includes such items as electrical or electronic equipment, creation of smoke or dust or glaring or misleading lights.
3. Lessor hereby grants, assigns and conveys to Lessee reasonable non-exclusive, non-discriminatory use, as defined by the FAA, of the runways, landing and taxiing ways, and common use portions of the Airport and related facilities (collectively referred to as "Common Areas") at all times, subject,

however, to the right of others entitled to use thereof. Lessee shall pay reasonable and customary fees for the use of such portions of the Airport. In the event that reasonable availability of the Airport for use by Lessee is discontinued for any cause or reason, Lessor shall use its best efforts to restore such availability at the earliest possible date.

4. Lessor reserves for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace over the Leased Premises and for such noise as may be inherent in the operation of aircraft in said airspace, and for landing on, taking off from or operating on the Airport.

#### **SECTION 11. RESTRICTED USE:**

1. Lessee agrees not to make any additions or modifications to the Leased Premises unless agreed upon by both parties in writing. In the event of such consent, all improvements or modifications shall be made at the expense of Lessee, and at the expiration of this Lease and any extensions to this Lease, shall become the property of Lessor and Lessee shall have no further rights therein and may not remove any part thereof.
2. All automobiles, buses, trucks or other transportation modes must be parked or stored in approved automobile parking areas unless Lessor agrees in writing to allow parking or storage in another area. Non-aviation related vehicles may be parked under roof of any building or hangar for no more than one week without written permission from Lessor.
3. Lessee agrees that it will not operate any nonaviation-related business or activity on the Leased Premises without the express written consent of Lessor in advance. Any such nonaviation related business or activity must be so established by a separate contract with a term of no more than 18 months.
4. Lessee agrees Lessor and Lessor's authorized representatives shall have the right, during normal business hours, to enter the Leased Premises: (a) to inspect the general condition and state of repair thereof, (b) to make repairs permitted under this Lease, (c) to show the Leased Premises to any prospective Lessee or purchaser or (d) for any other reasonable and lawful purpose.
5. Lessee agrees that during the final one hundred eighty (180) days of the Term hereof, Lessor and Lessor's authorized representatives shall have the right to erect and maintain on or about the Leased Premises customary signs advertising the Leased Premises for lease or for sale.

#### **SECTION 12. SUBLEASE, ASSIGNMENT OR SALE:**

Other than a transfer of ownership as a result of death, operation of law, or court decree, Lessee may not change more than 51% of its ownership, assign this Lease in its entirety or any rights of Lessee hereunder (except to a leasehold mortgagee as herein below provided) without the prior written consent of Lessor as provided herein, (which consent shall not be unreasonably withheld), provided however, the Lessee may sub-lease or sub-rent office, hangar, and/or tie-down spaces as part of its business. Any assignment or subletting shall be subject to all the terms and provisions of this Lease, including the provisions of Sections 6, 7 and 8 pertaining to the use of the Leased Premises. Other than as set out above in this paragraph, Lessee shall not transfer ownership, assign Lessee's rights hereunder or sublet the Leased Premises without first obtaining a written agreement from each such new owner assignee or sublessee whereby each such owner, assignee or sub-lessee agrees to be bound by the terms and provisions of this Lease. No such assignment or subletting shall constitute a novation. In the event of the occurrence of an Event of Default while the Leased Premises are assigned or sublet, Lessor, in addition to any other remedies provided herein or by law, may at Lessor's option, collect directly from such assignee or sub-

Lessee all rents becoming due under such assignment or subletting and apply such rent against any sums due to Lessor hereunder. No direct collection by Lessor from any such assignee or sub-Lessee shall release Lessee from the payment or performance of Lessee's obligations hereunder. Lessor shall respond to Lessee's request for change of ownership, assignment, sublease, or transfer within 30 days after receipt of a written request outlining all terms and conditions of such transaction. If the Lessor does not respond to Lessee's request within such 30-day period, then Lessor's consent will be conclusively presumed to be given.

### **SECTION 13. TERMINATION:**

1. Termination for Cause – Lessee's right of occupancy and/or this Lease Agreement may be terminated by Lessor upon the occurrence of an Event of Default by Lessee as set forth in Section 18 - Remedies.
2. Termination by Mutual Consent - This Lease may be terminated by mutual agreement and consent of both parties in writing.
4. Requirements at Termination – At the termination of this Lease, either by normal expiration, premature termination or mutual agreement, Lessee shall peaceably vacate the Leased Premises.

### **SECTION 14. CONDEMNATION:**

1. If during the Term hereof, any part of the Leased Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, or are sold to a condemning authority under threat of condemnation, and after such taking by or sale to said condemning authority the remainder of the Leased Premises is not susceptible to efficient and economic occupation and operation by Lessee, this Lease shall automatically terminate as of the date that said condemning authority takes possession of the Leased Premises, and Lessor shall refund to Lessee any prepaid but unaccrued rental less any sum then owing by Lessee to Lessor.
2. If after such taking by or sale to said condemning authority the remainder of the Leased Premises is susceptible to efficient and economic occupation and operation by Lessee, this Lease shall not terminate but the rental due hereunder shall be adjusted so that Lessee shall be required to pay for the remainder of the Term the sum obtained by multiplying each Lease Payment installment due hereunder, as adjusted from time to time pursuant to Section 3, (2), by a fraction, the numerator of which shall be the number of square feet remaining in the Leased Premises after the taking by or sale to said condemning authority and denominator of which shall be the square footage originally contained in the Leased Premises. The rental adjustment called for herein shall not commence until said condemning authority actually takes possession of the condemned portion of the Leased Premises.
3. If this Lease is not terminated pursuant to Paragraph 1, Lessee shall promptly restore the improvements on the Leased Premises, and the condemnation proceeds to which Lessor and Lessee are entitled shall be awarded and paid first to cover the costs and expenses for restoring the remaining portion of the Leased Premises to a condition susceptible to efficient and economic occupation and operation by Lessee, and any remaining proceeds to which Lessor and Lessee are entitled shall be awarded and paid to Lessor and Lessee, as their interest may appear. If this Lease is terminated pursuant to Paragraph 1, condemnation proceeds to which Lessor and Lessee are entitled shall be awarded and paid to Lessor and Lessee as their interests may appear.

## **SECTION 15. MAINTENANCE OF LANDING AREA:**

Lessee understands and agrees that Lessor reserves the right, but not the obligation, to maintain the Airport to at least the minimum standards as recommended by the FAA and/or TxDOT Aviation. Such right includes the right to maintain and keep in repair all public use areas at the Airport and the right to direct and control all activities as necessary at the Airport. Lessee also understands that Lessor is not obligated by this Lease to continue operating the Airport as an airport and may close the Airport at any time and at its own discretion. Such closure shall immediately void this Lease and no damages or monies or other compensation will be owed to Lessee by Lessor.

## **SECTION 16. ENVIRONMENTAL COMPLIANCE**

1. NO STORAGE OR DISPOSAL – LESSEE SHALL NOT INSTALL, STORE, USE, TREAT, TRANSPORT OR DISPOSE (OR PERMIT OR ACQUIESCE IN THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTATION, DISCHARGE OR DISPOSAL BY LESSEE, ITS AGENTS, EMPLOYEES, INDEPENDENT CONTRACTORS, OR SUB-LESSEES ON THE LEASED PREMISES, ANY:

- A. ASBESTOS IN ANY FORM;
- B. UREA FORMALDEHYDE FOAM INSULATION;
- C. TRANSFORMERS OR OTHER EQUIPMENT WHICH CONTAIN DIELECTRIC FLUID CONTAINING LEVELS OF POLYCHLORINATED BIPHENYLS IN EXCESS OF 50 PARTS PER MILLION;
- D. OR ANY OTHER CHEMICAL, MATERIAL, AIR POLLUTANT, TOXIC POLLUTANT WASTE OR SUBSTANCE WHICH IS REGULATED AS TOXIC OR HAZARDOUS OR EXPOSURE TO WHICH IS PROHIBITED, LIMITED OR REGULATED BY THE RESOURCE CONSERVATION RECOVERY ACT, THE COMPREHENSIVE AND ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT, THE HAZARDOUS MATERIALS TRANSPORTATION ACT, THE TOXIC SUBSTANCES CONTROL ACT, THE CLEAN AIR ACT, AND/OR THE CLEAN WATER ACT OR ANY OTHER FEDERAL, STATE, COUNTY, REGIONAL, LOCAL OR OTHER GOVERNMENTAL AUTHORITY OR WHICH, EVEN IF NOT SO REGULATED, MAY OR COULD POSE A HAZARD TO THE HEALTH AND SAFETY OF THE OCCUPANTS OF THE LEASED PREMISES, AND WHICH IS EITHER:
  - I. IN AMOUNTS IN EXCESS OF THAT PERMITTED OR DEEMED SAFE UNDER APPLICABLE LAW;  
OR
  - II. IN ANY MANNER WHICH IS PROHIBITED OR DEEMED UNSAFE UNDER APPLICABLE LAW.

(THE SUBSTANCES REFERRED TO IN (A), (B), (C) OR (D) ARE COLLECTIVELY REFERRED TO HEREINAFTER AS (“HAZARDOUS MATERIALS”).

2. CLEANUP LAWS - LESSEE SHALL, AT LESSEE’S OWN EXPENSE, COMPLY WITH ANY PRESENTLY EXISTING OR HEREAFTER ENACTED LAWS RELATING TO HAZARDOUS MATERIALS (COLLECTIVELY, “CLEANUP LAWS”); PROVIDED, HOWEVER THAT LESSEE SHALL NOT BE RESPONSIBLE FOR CORRECTING ANY VIOLATION OF THE CLEANUP LAWS UNDER THIS SECTION THAT EXISTED PRIOR TO THE COMMENCEMENT DATE. IN FURTHERANCE AND NOT IN LIMITATION OF THE FOREGOING, LESSEE SHALL, AT LESSEE’S OWN EXPENSE, MAKE ALL SUBMISSIONS TO, PROVIDE ALL INFORMATION TO, AND COMPLY WITH ALL REQUIREMENTS OF THE APPROPRIATE GOVERNMENTAL AUTHORITY (THE “AUTHORITY”) UNDER THE CLEANUP LAWS. SHOULD ANY AUTHORITY REQUIRE THAT A CLEANUP PLAN BE PREPARED AND THAT A CLEANUP BE UNDERTAKEN BECAUSE OF THE EXISTENCE OF

HAZARDOUS MATERIALS WHICH WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED ON THE LEASED PREMISES, BY LESSEE, ITS AGENTS, EMPLOYEES, INDEPENDENT CONTRACTORS OR SUB-LESSEES DURING THE TERM OF THIS LEASE, LESSEE SHALL, AT LESSEE'S OWN EXPENSE, PREPARE AND SUBMIT THE REQUIRED PLANS AND FINANCIAL ASSURANCES AND CARRY OUT THE APPROVED PLANS IN ACCORDANCE WITH SUCH CLEANUP LAWS AND TO LESSOR'S SATISFACTION. AT NO EXPENSE TO LESSOR, LESSEE SHALL PROMPTLY PROVIDE ALL INFORMATION REQUESTED BY LESSOR FOR PREPARATION OF AFFIDAVITS OR OTHER DOCUMENTS REQUIRED BY LESSOR TO DETERMINE THE APPLICABILITY OF THE CLEANUP LAWS TO THE LEASED PREMISES, AS THE CASE MAY BE, AND SHALL SIGN THE AFFIDAVITS PROMPTLY WHEN REQUESTED TO DO SO BY LESSOR. LESSEE SHALL INDEMNIFY, DEFEND, SAVE AND HOLD LESSOR HARMLESS FROM AND AGAINST, AND REIMBURSE LESSOR FOR, ANY AND ALL OBLIGATIONS, DAMAGES, INJUNCTIONS, FINES, PENALTIES, DEMANDS, CLAIMS, COSTS, EXPENSES, ACTIONS, LIABILITIES, SUITS, PROCEEDINGS AND LOSSES OF WHATEVER NATURE, (INCLUDING, WITHOUT LIMITATION, ATTORNEY'S FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS AND ALL ACTIONS OF ANY KIND ARISING OUT OF OR ANY WAY CONNECTED WITH THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL OR DISCHARGE OF HAZARDOUS MATERIALS IN OR ON THE LEASED PREMISES BY LESSEE, ITS AGENTS, EMPLOYEES, INDEPENDENT CONTRACTORS OR SUB-LESSEES DURING THE LEASE TERM; AND FROM ALL FINES, SUITS, PROCEDURES, CLAIMS AND ACTIONS OF ANY KIND ARISING OUT OF LESSEE'S FAILURE TO PROVIDE ALL INFORMATION, MAKE ALL SUBMISSIONS AND TAKE ALL STEPS REQUIRED BY THE AUTHORITY UNDER THE CLEANUP LAWS OR ANY OTHER ENVIRONMENTAL LAW. LESSEE'S OBLIGATIONS AND LIABILITIES UNDER THIS SECTION SHALL CONTINUE SO LONG AS LESSOR AND ANY OF LESSOR'S AFFILIATES REMAIN RESPONSIBLE FOR HAZARDOUS MATERIALS AT THE LEASED PREMISES, THAT WERE INSTALLED, STORED, USED, TREATED, TRANSPORTED, DISPOSED OF OR DISCHARGED DURING THE LEASE TERM BY LESSEE, ITS AGENTS, EMPLOYEES, INDEPENDENT CONTRACTORS OR SUB-LESSEES. IN ADDITION TO AND NOT IN LIMITATION OF LESSOR'S OTHER RIGHTS AND REMEDIES, LESSEE'S FAILURE TO ABIDE BY THE TERMS OF THIS SECTION SHALL BE RESTRAINABLE BY INJUNCTION.

3. ENVIRONMENTAL NOTICES - LESSEE SHALL PROMPTLY SUPPLY LESSOR WITH COPIES OF ANY NOTICES, CORRESPONDENCE AND SUBMISSIONS MADE BY LESSEE TO OR RECEIVED BY LESSEE FROM ANY GOVERNMENTAL AUTHORITIES OF THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, THE UNITED STATES OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, OR ANY OTHER LOCAL, STATE OR FEDERAL AUTHORITY THAT REQUIRES SUBMISSION OF ANY INFORMATION CONCERNING ENVIRONMENTAL MATTERS OR HAZARDOUS MATERIALS.
4. SURVIVAL - LESSEE'S LIABILITY PURSUANT TO THE TERMS OF THIS ARTICLE SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.

#### **SECTION 17. EVENTS OF DEFAULT BY LESSEE:**

Each of the following events shall be deemed to be an Event of Default by Lessee under this Lease:

1. Failure of Lessee to do such things as Lessee should do or discontinue doing which create a danger to or hinder aviation activities immediately upon delivery of written notice thereof to Lessee.
2. Failure of Lessee to pay any Lease Payment or any other sum payable to Lessor hereunder within 10 days of the date that same is due.
3. Failure of Lessee to comply with a term, condition or covenant of this Lease other than the Lease Payment or other sum of money within 30 days after delivery of written notice thereof to Lessee.

4. Insolvency, the making of a transfer in fraud of creditors, or the making of an assignment for the benefit of creditors by Lessee or any guarantor of Lessee's obligations.
5. Filing of a petition under any section or chapter of the United States Bankruptcy Code, as amended or under any similar law or statute of the United States of any State thereof by Lessee or any guarantor of Lessee's obligations, or adjudication as bankrupt or insolvent in proceedings filed against Lessee or such guarantor.
6. Appointment of a receiver or trustee for all or substantially all of the assets of Lessee or any guarantor of Lessee's obligations.
7. Abandonment by Lessee of any substantial portion of the Leased Premises or cessation of use of the Leased Premises for the purposes leased.

#### **SECTION 18. REMEDIES:**

Upon the occurrence of any Event of Default specified in Section 17 hereof, Lessor shall have the option to pursue any one or more of the following remedies after written notice or demand:

1. Terminate this Lease, in which event Lessee shall immediately surrender the Premises to Lessor. If Lessee fails to so surrender the Leased Premises, Lessor may, without prejudice to any other remedy which Lessor may have for possession of the Leased Premises or arrearages in Lease Payments, enter upon and take possession of the Leased Premises and expel or remove Lessee and any other person who may be occupying the Leased Premises or any part thereof, without being liable for prosecution or any claim for damages thereof; and Lessee shall pay to Lessor on demand the amount of Lease Payment due hereunder as it comes due plus attorneys fees or costs incurred in obtaining possession of the Leased Premises, less the proceeds of any reletting.
2. Enter upon and take possession of the Leased Premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefore, and expel or remove Lessee and any other party who may be occupying the Leased Premises or any part thereof. Lessor may (but shall not be required to) relet the Leased Premises and receive the Lease Payment therefore. Lessee agrees to pay to Lessor monthly or on demand from time to time any deficiency that may arise by reason of any such reletting. In determining the amount of such deficiency, brokerage commissions, attorneys' fees, remodeling expenses and other costs of reletting shall be subtracted from the amount of the Lease Payment received under such reletting.
3. Enter upon the Leased Premises without terminating this Lease and without being liable for prosecution or for any claim for damages therefore, and do whatever Lessee is obligated to do under the terms of this Lease. Lessee agrees to pay Lessor on demand for expenses, which Lessor may incur in thus effecting compliance with Lessee's obligations under this Lease, together with interest thereon at the rate of the lesser of the maximum lawful contractual rate of interest or eighteen percent (18%) per annum from the date expended until paid. Lessor shall not be liable for any damages resulting to Lessee from such action, whether caused by negligence of Lessor or otherwise.
4. No re-entry or taking possession of the Leased Premises by Lessor shall be construed as an election on its part to terminate this Lease, unless a written notice of such intention be given to Lessee. Notwithstanding any such reletting or re-entry or taking possession, Lessor may at any time thereafter elect to terminate this Lease for a previous uncured Event of Default. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or

waiver of any Lease Payment due to Lessor hereunder of any damages accruing to Lessor by reason of the violation of any of the terms, provisions and covenants herein contained. Lessor's acceptance of a Lease Payment following an Event of Default hereunder shall not be construed as Lessor's waiver of such Event of Default. No waiver by Lessor of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions, and covenants herein contained. Forbearance by Lessor to enforce one or more of the remedies herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of any other violation or Event of Default. The loss or damage that Lessor may suffer by reason of termination of this Lease or the deficiency from any reletting as provided for above shall include the expense of repossession and any repairs undertaken by the Lessor following repossession. If any of Lessee's property ("Lessee Property") remains upon the Leased Premises upon the expiration of the Term of this Lease or any earlier termination of this Lease or any repossession of the Leased Premises by Lessor because of Lessee's default under this Lease, Lessor shall have the right to remove such Lessee Property from the Leased Premises and store such Lessee Property, and Lessee shall be obligated to reimburse Lessor for all of the costs incurred by Lessor in removing and storing such Lessee Property. Lessor shall not be required to release any Lessee Property to Lessee until Lessee has paid Lessor all costs incurred by Lessor in removing and storing such Lessee Property and all other amounts owed by Lessee to Lessor pursuant to this Lease, including without limitation, unpaid Lease Payments and costs incurred by Lessor to repair the Leased Premises.

#### **SECTION 19. GENERAL PROVISIONS:**

1. Force Majeure – In the event performance by Lessor of any term, condition or covenant in this Lease is delayed or prevented by any Act of God, strike, lockout, shortage of material or labor, restriction by any governmental authority, civil riot, flood, or any other cause not within the control of Lessor, the period for performance of such term, condition or covenant shall be extended for a period equal to the period Lessor is so delayed or hindered.
2. Entire Agreement - This Lease embraces the entire agreement of the parties mentioned herein pertaining to the Leased Premises and no statement, remark, agreement, or understanding, either oral or written, not contained herein shall be recognized or enforced as it pertains to the Lease of the Leased Premises, except that this Lease Agreement may be modified by written amendment agreed to and signed by all pertinent parties and attached hereto.
3. Use of Terms - For the purpose of this Lease, the singular number shall include the plural and the masculine shall include the feminine and visa-versa, whenever this Lease so admits or requires.
4. Headings and Captions - The "Section" captions and headings are inserted solely for the convenience of reference and are not part of nor intended to govern, limit, or aid in the construction of any provision hereof.
5. Authority - The parties to this Lease hereby acknowledge and agree that they are the principals to this Lease and have the power, right, and authority to enter into this Lease and are not acting as an agent for the benefit of any third party; except that Lessor is acting on behalf of the County of Grayson.
6. Governing Law – This Lease shall be governed by the laws of the State of Texas and construed thereunder and venue of any action brought under this Lease shall be in Grayson County, Texas.

- 7. Severability - If any section, Section, sentence or phrase entered in this Lease is held to be illegal or unenforceable by a court of competent jurisdiction, such illegality or unenforceability shall not affect the remainder of this Lease and, to this end, the provisions of this Lease are declared to be severable.
- 8. Legal Fees and Expenses - In the event of any dispute or legal action relating to this Lease Agreement, the prevailing party shall be entitled to receive from the other party, reimbursement for reasonable attorney's fees, costs and expenses incurred.

**IN WITNESS WHEREOF** the said Lessor and Lessee have executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

Lessee: \_\_\_\_\_

Lessor: Grayson County  
By North Texas Regional Airport Board

By \_\_\_\_\_  
Name/Title

By \_\_\_\_\_  
Mike Shahan, Airport Director

Approved as to Form:

\_\_\_\_\_  
William B. Munson, Attorney

**LESSEE'S ADDRESS:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**LESSOR'S ADDRESS:**  
North Texas Regional Airport  
4700 Airport Drive  
Denison, Texas 75020

**STATE OF TEXAS** }

**COUNTY OF GRAYSON** }

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_ 2008, by Mike Shahan, Airport Director, as the duly authorized agent for the North Texas Regional Airport.

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

**STATE OF TEXAS** }

**COUNTY OF \_\_\_\_\_** }

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_ 2008, by \_\_\_\_\_, the duly authorized \_\_\_\_\_ for \_\_\_\_\_.

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

## **EXHIBIT "A"**

Situated in the County of Grayson, State of Texas, being a part of the Northeast Quarter and a part of the Southeast Quarter of Section Twelve of the Subdivision of University Leagues 1, 11, 15 and 16, said Quarter Sections Patented in the names of J. S. Teague Abstract No. 1270 and Y. S. Hughes Abstract No. 577, respectively and further being a part of that tract of land described on Attachment "B" of Indenture, dated October 6, 1972 between The United States of America and The County of Grayson, Texas, recorded in Volume 1231, Page 569, Deed Records, Grayson County, Texas.