

THE STATE OF TEXAS
COUNTY OF GRAYSON

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KNOW ALL PERSONS BY THESE PRESENTS:

**GROUND LEASE AGREEMENT
BY AND BETWEEN
GRAYSON COUNTY AIRPORT
AND**

This Lease is entered into effective the _____ day of _____, 20____, between GRAYSON COUNTY, a body politic existing under the Constitution and laws of the STATE OF TEXAS, (the "Lessor"), acting by and through the GRAYSON COUNTY AIRPORT BOARD, (the "Board") pursuant to a Resolution dated August 16, 1999 of the Commissioners Court of Grayson County, the governing body of said County and the true and lawful owner of THE GRAYSON COUNTY 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 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 PREMISES:

Land - Lessor does hereby lease to Lessee approximately _____ sq. ft of land located on the Airport more particularly described on Exhibit "A" as Leased Premises together with all improvements located thereon, and as identified 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, and shall have the right and privilege to construct and maintain the following improvements on the Leased Premises.

Lessee has inspected the Leased Premises and accepts it in its present (as-is) condition unless expressly noted otherwise in this Lease. Lessor and any agent have made no 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.

Lessor shall deliver possession of the Leased Premises to Lessee as of the Effective Date hereof.

Lessee shall be responsible for maintenance and insurance of the Leased Premises upon delivery of possession to Lessee.

SECTION 2. TERM:

This Lease shall be for _____ (___) years, (the "Term").

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 rate of \$_____ per month in advance, (the "Lease Payment"). The first such monthly payment shall be due and payable on or before the first day of _____, 20____, with successive monthly payments being due and payable on the first day of each month thereafter during the Term hereof.
2. Commencing on January following the first full calendar year of the lease commencement date and on every January thereafter the monthly rental due shall be adjusted as follows:
 - A. A comparison shall be made between the Consumers' Price Index (CPI) - All Items for the Dallas, Texas Metropolitan Area (hereinafter referred to as the "Price Index") as it existed on the commencement date and as it exists on the first day of the new calendar year preceding the then applicable adjustment date.
 - B. The monthly rental for each year period beginning with and following each January thereafter shall be either increased or decreased, as the case may be, by the percentage of increase or decrease in the CPI between the commencement date and the January 1 of the current year, but in no event shall such monthly rental ever be decreased below the initial monthly rental set forth in the lease.
 - 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 Airport, by mail at 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 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 become delinquent for more than 30 days, this Lease may be terminated by Lessor as further defined in Section 10 – Termination.

SECTION 4. CONSTRUCTION OF IMPROVEMENTS:

1. Construction - Lessee agrees to construct all buildings, ramps and facilities (as more fully described in Exhibit "C"-The "Improvements"), which will be constructed by Lessee at its expense. Construction must begin within one hundred twenty (120) days after the effective date this Lease and must be substantially completed within one hundred eighty (180) days thereafter. The Improvements on the Leased Premises shall remain the Lessee's property until expiration or termination of this Lease and its covenants. Upon expiration or termination of this Lease, such Improvements shall become the property of Lessor.

2. Prior to construction of the improvements, the Lessee shall obtain the Lessor's written approval of the plans and specifications for such construction, which approval the Lessor shall not unreasonably withhold. The preliminary submission by the Lessee shall employ essentials of aesthetics, convenience, function and design, and shall be compatible in such respect with those of the Airport. Upon approval of such preliminary plans, Lessee shall prepare complete plans and specifications for the proposed construction. A construction application and final plans and specifications, when rendered, shall be submitted to the Lessor for approval, which approval shall not be unreasonably withheld. The Lessee shall include in all construction contracts entered into by it, in connection with any or all of the construction work, a provision requiring all contractors to indemnify, hold harmless, defend and insure Lessor, its Officers, Agents, and Employees, against the risk of death, injury, or damage to persons or property, direct or consequential, arising out of or in connection with the performance of any or all of such construction work. The Lessee shall require all contractors to furnish liability insurance in such reasonable amounts as may be required by the Lessor. In the alternative, the Lessee itself may provide the indemnity and liability insurance otherwise required of contractors. Lessor agrees to provide approval or disapproval within thirty (30) days of receipt of each written request.
3. All plans and specifications referred to above and all construction, renovation, remodeling, or refurbishing to or upon the Leased Premises shall meet all current Standard Fire and Building Codes published by the Southern Building Code Congress and the National Electrical Code, and shall provide for the construction to be from material satisfactory and acceptable to the Lessor. During the progress of all work, Lessor's duly authorized representative may enter upon the Leased Premises and make such inspections as may be reasonably necessary for the purpose of satisfying Lessor that the work or construction meets such requirements and standards.
4. The Lessee further covenants that all construction work to be performed by it or its contractors, including all workmanship or materials shall be of first class quality and shall be performed in accordance with the plans and specifications approved by the Lessor. Lessee agrees that it shall deliver to the Lessor "as built" transparencies of the improvements constructed by it and shall, during the term of this Lease keep such transparencies, if any, current, showing thereon any changes or modifications which may be made in or to the improvements.
5. The Lessee will complete a FAA Form 7460-1, "Notice of Proposed Construction or Alteration," and receive a favorable determination from the FAA prior to any construction on the Facility.

SECTION 5. TAXES, FEES AND INSURANCE:

Lessee shall be liable for all taxes and fees owed on or by his personal business or himself. Under no circumstances shall Lessor be liable for or be required to pay any tax or fee owed by Lessee. Lessee shall provide his own insurance coverage for all Lessee Improvements and Lessee owned property located in or on the Leased Premises and shall provide business liability insurance in an amount of \$1,000,000.00 with Lessor listed as additional insured. 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 in those certificates must have the prior written approval of Lessor.

SECTION 6. CONDITIONS OF USE OF THE LEASED PREMISES:

1. Condition of Leased Premises; Compliance with Law - Lessee agrees that it will at all times keep the Leased Premises, including the inside and the outside of any facility, clean and free of trash, litter, tall

grass, weeds, junked automobiles, and scrap parts. Lessee shall abide by all applicable laws and rules of the Environmental Protection Agency, the Texas Natural Resources Conservation Commission, 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 regards to the use, storage and disposal of all pesticides, herbicides, and other chemicals plus 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, Lessor may, after 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. Failure to render prompt payment for such cleanup is grounds for Lessor to terminate this Lease.
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 Agency, the Texas Department of Transportation Aviation Division (TxDOT Aviation), and the Board. The Rules and Regulations are incorporated by reference as if written verbatim herein, and Lessee agrees to comply fully at all times with the Rules and Regulations. Lessor shall have the right to amend, notify and alter the Rules and Regulations from time to time in a reasonable manner for the purpose of assuring the safety, welfare and convenience of 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 the Lessor and that the 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 - The 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 7. PERMITTED USE:

1. Except as otherwise provided herein, Lessee will use the Leased Premises for aviation purposes, and administrative offices, and in any lawful manner necessary or incidental to the conduct thereof. Any aviation activity Lessee wishes to perform that is not authorized herein may be approved by Lessor upon request by Lessee, which approval shall not be unreasonably withheld.
2. The 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. The 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. The 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 8. 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.
2. Lessee agrees that the usage of the Leased Premises plus any associated apron shall be limited to the parking of his personal/company/customer owned aircraft. All automobiles, buses, trucks or other transportation modes must be parked or stored in approved automobile parking areas and/or inside any hangar, unless agreed upon by Lessor in writing.
4. Lessee agrees not to fuel or defuel any aircraft parked inside any hangar. Lessee agrees to have a sufficient number of fire extinguishers of acceptable size as determined by the local fire marshal inside any hangar/office. Such fire extinguisher(s) shall be readily accessible in the event of a fire. The local fire marshal or his designated representative reserves the right to periodically inspect such fire extinguishers and the facility for fire safety compliance.
5. 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 whose term does not exceed eighteen (18) months.

6. 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.
7. 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 9. ASSIGNMENT, SUBLETTING AND MORTGAGING OF LEASED PREMISES:

1. Without the prior written consent of Lessor, Lessee may not assign this Lease or any rights of Lessee hereunder (except to a leasehold mortgagee as herein below provided) or sublet the whole or any part of the Leased Premises. Any assignment or subletting shall be expressly subject to all the terms and provisions of this Lease, including the provisions of Section 6 pertaining to the use of the Leased Premises. In the event of any assignment or subletting, Lessee shall not assign Lessee's rights hereunder or sublet the Leased Premises without first obtaining a written agreement from each such assignee or sublessee whereby each such 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.
2. Lessee shall have the right to mortgage the leasehold estate of Lessee created hereby in order to secure a mortgage loan for the purpose of obtaining funds for the construction of the improvements described in Paragraph 6 or for other construction upon the Leased Premises approved from time to time by Lessor in writing. In the event that Lessee pursuant to mortgages or deeds of trust mortgages the leasehold estate of Lessee created hereby, the leasehold mortgagee shall in no event become personally liable to perform the obligations of Lessee under this Lease unless and until said mortgagee become the owner of the leasehold estate pursuant to foreclosure, transfer in lieu of foreclosure, or otherwise, and thereafter said leasehold mortgagee shall remain liable for such obligations only so long as such mortgagee remains the owner of the leasehold estate. Notwithstanding the foregoing, it is specifically understood and agreed that no such mortgaging by Lessee and/or any actions taken pursuant to the terms of such mortgage shall ever relieve Lessee of Lessee's obligation to pay the rental due hereunder and otherwise fully perform the terms and conditions of this Lease.
3. All mortgages or deeds of trust whereby Lessee mortgages the leasehold estate of Lessee created hereby shall contain provisions (A) requiring the leasehold mortgagee to give Lessor fifteen (15) days written notice prior to accelerating the debt of Lessee to such mortgagee and/or initiating foreclosure proceedings under said mortgages or deeds of trust, and (B) allowing Lessor during such fifteen (15) day notice period to cure Lessee's default and prevent said acceleration and/or foreclosure

proceedings, and thereafter at Lessor's option to assume Lessee's position under said mortgages or deeds of trust.

4. Lessor agrees, if and so long as the leasehold estate of Lessee is encumbered by a leasehold mortgage and written notice to such effect has been given to Lessor, to give the holder of such leasehold mortgagee at such address or addresses as may be specified in such written notice to Lessor for the giving of notices to the leasehold mortgagee, or as otherwise may be specified by the leasehold mortgagee to Lessor in writing, written notice of any default hereunder by Lessee, simultaneously with the giving of such notice to Lessee, and the holder of any such leasehold mortgage shall have the right, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make payment as may be necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that Lessor shall not exercise Lessor's right to terminate this Lease without first giving any such leasehold mortgagee the notice provided for herein and affording any such leasehold mortgagee the right to cure such default as provided for herein.

SECTION 10. TERMINATION:

1. Termination for Cause - This Lease Agreement may be terminated by Lessor upon the occurrence of an event of default by Lessee as set forth in Section 13 - Default by Lessee.
2. Termination by Mutual Consent - This Lease may be terminated by mutual agreement and consent of both parties in writing. Such termination by mutual agreement shall cause both Lessor and Lessee to be free of any and all requirements of this Lease, except as contained in Paragraph 10.4 hereunder.
3. Requirements at Termination - At the termination of this Lease Agreement, either by normal expiration, premature termination, or mutual agreement, Lessee shall peaceably vacate the Leased Premises. Should Lessee be in default of any monies owed to Lessor, Lessor may take possession of any personal property owned by Lessee upon the Leased Premises and hold such until the monetary default is settled. In such case, if Lessee cannot or will not settle any claims against him owed to Lessor, Lessor may, upon thirty (30) days written notice to Lessee, liquidate any personal property seized. Lessee shall be liable for any and all expenses incurred by Lessor in such action.

SECTION 11. 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 hereof the sum obtained by multiplying each monthly rental 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 12. 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, therefore, proper adjustment in the limits of insurance coverage shall be effected.
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 of not less than \$500,000.00 with respect to any one person, \$1,000,000.00 with respect to any one accident and not less than \$200,000.00 with respect to property damage.
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 on improvements in such amounts and against such other insurable hazard, which at the time are commonly obtained in the case of property similar to such improvements.
6. Hangar keeper's liability insurance providing for coverage in the following limits: \$200,000.00 per aircraft and \$400,000.00 per occurrence on property damage to aircraft in the care, custody or control of Lessee if the Lessee does not own all the aircraft stored in his hangar.

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 paragraph.

SECTION 13. 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 Paragraph 14.
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) 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 clauses (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, 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 proceeds 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 14. 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 of Lessee's business thereon, or arising out of any breach or default by Lessee in the performance of the 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 15. MAINTENANCE OF LANDING AREA:

Lessee understands and agrees that Lessor will maintain the Airport to at least the minimum standards as recommended by the FAA and/or the Texas Department of Transportation. 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 obligated to continue operate the Airport as an airport and may not close the Airport at any time and at its own discretion

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 SUBLESSEES) 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; OR (D) ANY OTHER CHEMICAL, MATERIAL, AIR POLLUTANT, TOXIC POLLUTANT, WASTE, OR SUBSTANCE WHICH IS REGULATED AS TOXIC OR HAZARDOUS OR EXPOSURE TO WHICH IS PROHIBITED, LIMITED OR REGULATED BY THE RESOURCE CONSERVATION RECOVERY ACT, 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 SUBLESSEES 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, ATTORNEYS' FEES AND COURT COSTS), AND ALL CLEANUP OR REMOVAL COSTS AND ALL ACTIONS OF ANY KIND ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE INSTALLATION, STORAGE, USE, TREATMENT, TRANSPORTING, DISPOSAL OR DISCHARGE OF HAZARDOUS MATERIALS IN OR ON THE LEASED PREMISES BY LESSEE, ITS AGENTS, EMPLOYEES, INDEPENDENT CONTRACTORS OR SUBLESSEES 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 SUBLESSEES. 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 GROUND LEASE.

SECTION 17. DEFAULT BY LESSEE:

The following events shall be deemed to be events of default by Lessee under this Lease:

1. Failure of Lessee to pay any Lease Payment or any other sum payable to Lessor hereunder on the date that same is due and such failure shall continue for a period of thirty (30) days.
2. Failure of Lessee to comply with any term, condition or covenant of this Lease other than the Lease Payment or other sum of money, and such failure shall not be cured within thirty (30) days after written notice thereof to Lessee.
3. 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.
4. Filing of a petition under any section or chapter of the National Bankruptcy Act, as amended or under any similar law or statute of the United States or any State thereof by Lessee or any guarantor of Lessee's obligations, or adjudication as a bankrupt or insolvent in proceedings filed against Lessee or such guarantor.
5. Appointment of a receiver or trustee for all or substantially all of the assets of Lessee or any guarantor of Lessee's obligations.
6. 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. 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 Agreement 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 addendum agreed to and signed by all pertinent parties and attached hereto.
3. Use of Terms - For the purpose of this Lease Agreement, 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 Agreement 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 Agreement shall be governed by the laws of the State of Texas and construed thereunder and venue of any action brought under this Lease Agreement shall be in Grayson County, Texas.
7. Severability - If any section, paragraph, 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. Arbitration and Cost - Any dispute, controversy or question of interpretation arising under, out of, in connection with or in relation to this Lease or any breach or default hereunder, shall be submitted to, and determined and settled by arbitration in accordance with the applicable rules of the American Arbitration Association in effect as of the date hereof. Any award rendered thereon shall be final and binding on Lessor and Lessee, and judgment may be entered thereon in any court having jurisdiction thereof.
9. 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 _____, 20__.

Lessee: _____

Lessee’s Address:

**Lessor: Grayson County, Texas
 By Grayson County Airport Board**

by _____
Mike Shahan, Airport Director

Lessor’s Address:

Grayson County Airport
 4700 Airport Drive
 Denison, Texas 75020

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

This instrument was acknowledged before me on the _____ day of _____, 20____, by _____, as the duly authorized _____.

NOTARY PUBLIC, STATE OF TEXAS

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

This instrument was acknowledged before me on the _____ day of _____, 2000, by _____.

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.