

**MCKINNEY AIRPORT PROPERTIES, INC.
LEASE AGREEMENT**

This LEASE AGREEMENT (the "Lease"), made and entered into on the 1st of August 2012, Between McKinney Aviation 1 a Texas Corporation ("Landlord") and the City of McKinney, a Texas municipal corporation ("Tenant").

WITNESSETH:

1. DEFINITIONS

- (a) "Building" shall mean the structure commonly known as McKinney Aviation 1, Building.
- (b) "Premises" shall mean the suite of offices Suite 118 (Collin County Regional Airport Offices, 965.25 square feet) and Suite 119 (U.S. Customs Office, 340.5 square feet) consisting of approximately 1,306 square feet in the McKinney Aviation 1, Building.
- (c) "Base Rental" shall mean the sum of **\$28,943.16** per annum (such sum being \$29.99 per square foot multiplied by 965.25 and \$0.00 per square foot multiplied by 340.5) (subject to adjustment in accordance with the provisions of Paragraph 6 hereof) payable in equal monthly installments of **\$2,411.93** each.
- (d) "Commencement Date" shall mean August 1, 2012.
- (e) "Lease Term" shall mean the term commencing on the Commencement Date and continuing until 35 full months after the first day of the first full month following Commencement Date, unless sooner terminated as hereinafter provided.
- (f) "Common Areas" shall mean those devoted to corridors, elevator foyers, restrooms, mechanical rooms, janitorial closets, electrical and telephone closets, vending areas and other facilities provided on the particular floor for the common use or benefit of tenants generally and/or the public.
- (g) "Service Areas" shall mean those areas within the outside walls used for elevator mechanical rooms, building stairs, fire towers, elevator shafts, flues, vents, stacks, pipe shafts and vertical ducts (but shall not include any such areas for the exclusive use of any particular tenant such as special stairs or elevators).
- (h) "Net Rentable Area" as used herein, shall refer to (i) in the case of a single tenancy floor, all floor area measured from the inside surface of the outer glass or finished column or exterior wall of the Building to the inside surface of the opposite exterior wall excluding only the Service Areas plus an allocation of the square footage of the Building's elevator and mechanical rooms and ground floor lobby and (ii) in the case of a partial floor, all floor areas within the inside surface of the outer glass or finished column or exterior wall enclosing the portion of the Premises on such floor and measured to the mid-point of the walls separating areas leased by or held for lease to other tenants or from areas devoted to Common Areas, but including a proportionate part of the Common Areas located on such floor based upon the ratio which the tenant's Rentable Area (determined by excluding Common Areas) on such floor bears to the aggregate Net Rentable Area (determined by excluding Common Areas) on such floor, plus an allocation of the square footage of the Building elevator and mechanical rooms and ground floor lobby. No deductions from Net Rentable Area are made for columns or projections necessary to the Building. The Net

Rentable Area in the Premises has been calculated on the basis of the foregoing definition and is hereby stipulated for all purposes hereof to be the number of square feet specified in Paragraph 1 (b) hereof, whether the same should be more or less as a result of minor variations resulting from actual construction and completion and of the Premises for occupancy so long as such work is in accordance with the terms and provisions hereof.

I & j initially deleted

(k) "Project" shall mean the Land and the Building, the parking facilities, parking garage and other structures, improvements, landscaping, fixtures, appurtenances and other common areas now or hereafter placed, constructed or erected thereon.

(l) "Security Deposit": \$0.00.

(m) "Broker": -0-.

(n) "Building Standard Improvements" shall mean those improvements to the Premises, which Landlord shall agree to provide. "Building Grade" shall mean the type, brand and/or quality of materials Landlord designates from time to time to be the minimum quality to be used in the Building or the exclusive type, grade or quality of material to be used in the Building.

2. **LEASE TERM**

(a) This Lease shall continue in force during a period beginning on Commencement Date and continuing until the expiration of the Lease Term, unless this Lease is sooner terminated or extended to a later date under any other term or provision hereof.

3. **USE**

The Premises shall be used for any activity in connection with municipal airport management and any related municipal services. The area designated for the U.S. Customs office shall be used solely for that purpose. Landlord agrees to cooperate with Tenant in making application for and obtaining all licenses, permits and any and all other necessary approvals that may be required for Tenant's intended use of the Premises. Tenant agrees not to use or permit the use of the Premises for any purpose which is illegal or which, in Landlord's opinion, creates a nuisance or which would increase the cost of insurance coverage with respect to the Building. All common areas and facilities shall be available to Tenant on a twenty-four (24) hour, seven (7) day per week basis.

4. **BASE RENTAL**

(a) Tenant agrees to pay during the Lease Term to Landlord, without any set off or deduction whatsoever, the Base Rental, and all of which are sometimes herein collectively called "rent" for the nonpayment of which Landlord shall be entitled to exercise all such rights and remedies as are herein provided in the case of the nonpayment of Base Rental. The annual Base Rental for each calendar year or portion thereof during the Lease Term together with any estimated adjustment thereto pursuant to Paragraph 6 hereof then in effect, shall be due and payable in advance, in twelve (12) equal installments of the first day of each calendar month during the initial term of Lease and any extensions or renewals thereof, and Tenant hereby agrees to pay such Base Rental to Landlord at Landlord's address provided herein (or at such other address as may be designated by Landlord in

writing from time to time) monthly, in advance, and without demand. If the term of this Lease commences on a day other than the first day of a month or terminates on a day other than the last day of a month, then the installments of Base Rental and any adjustments thereto for such month or months shall be pro-rated, based on the number of days in such month.

(b) Deleted

(c) Tenant has a 5-day grace period in which to pay Rent. On the sixth day of non-payment, and/or payment in full, a late charge of \$25.00 will be assessed. If in the event of delinquency of Rent continues past the 10th day after the due date, an additional \$5.00 late charge per day for a maximum of 30 days will be required prior to the Tenant becoming current.

5. Deleted

6. **SERVICES TO BE FURNISHED BY LANDLORD**

Landlord agrees to furnish Tenant while Tenant is occupying the Premises and is not in default hereunder the following services:

(a) Landlord, at Landlord's expense, shall furnish all utilities.

(b) Tenant shall have the right to draw electricity and other utilities from the existing utilities, at Landlord's expense, on the Premises. Tenant must provide written notice to Landlord prior to obtaining separate utility service from any utility company that will provide service to the Premises. Tenant shall furnish, at Tenant's expense, any phone or computer data lines. Tenant may install an alarm/security system compatible with Landlord's existing security system.

(c) Landlord will continue to provide the U.S. Customs Office (Suite 119) for no charge unless U.S. Customs chooses to expand or change locations at which time the lease will be renegotiated.

7. **IMPROVEMENTS TO BE MADE BY LANDLORD**

Except as otherwise provided all installations and improvements now or hereafter placed on the Premises other than Building Standard Improvements shall be for Tenant's account and at Tenant's cost.

8. **MAINTENANCE AND REPAIR OF PREMISES BY LANDLORD**

Except as otherwise expressly provided herein, Landlord shall not be required to make any repairs to the Premises. Tenant will repair any damage to the premises caused by tenant or its employees, agents, assigns, invitees or customers. Landlord shall be responsible for ordinary and regular maintenance.

9. **GRAPHICS AND DIRECTORY**

Landlord shall provide and install, all letters or numerals on doors in the Premises; all such letters and numerals shall be in the standard graphics for the Building and no others shall be used or permitted on the Premises without Landlord's prior written consent. All such letters and numerals shall remain the property of the Landlord.

10. **CARE OF THE PREMISES BY TENANT**

Tenant agrees not to commit or allow any waste to be committed on any portion of the Premises, and at the termination of this Lease agrees to deliver up the Premises to Landlord in as good condition as at the date of the commencement of the term of this Lease, ordinary wear and tear excepted.

11. **REPAIRS AND ALTERATIONS**

Landlord shall repair or replace any damage done to the Building, or any part thereof, caused by Tenant or Tenant's agents, employees, invites, or visitors. Tenant shall pay the cost thereof to Landlord on demand as additional rent. Tenant agrees with Landlord not to make or allow to be made any alterations to the Premises, install any vending machines on the Premises, or place signs on the Premises which are visible from outside the Premises, without first obtaining the written consent of Landlord in each instance, which consent may be withheld or may be given on such conditions as Landlord may elect. Any and all alterations to Premises shall become the property of Landlord upon termination of this Lease (except for movable equipment or furniture owned by Tenant). Landlord may, nonetheless, require Tenant to remove any and all fixtures, equipment and other improvements installed on the Premises. In the event that Landlord so elects, and Tenant fails to remove such improvements, Landlord may remove such improvements at Tenant's costs, and Tenant shall pay Landlord on demand the cost of restoring the Premises to Building standard.

12. **USE OF ELECTRICAL SERVICES BY TENANT**

Tenant's use of electrical services furnished by Landlord shall be subject to the following:

(a) Tenant's electrical equipment shall be restricted to that equipment which individually does not have a rated capacity greater than 1.5 kilowatts per hour or require voltage other than 120/208 volts, single phase. Tenant's lighting shall not have a designed load greater than an average of two (2) watts per square foot. Collectively, Tenant's equipment and lighting shall not have an electrical design load greater than an average of four (4) watts per square foot exclusive of copiers and printers.

(b) If Tenant's consumption of electrical services exceeds either the rated capacities and/or design loads specified in Paragraph 12 (a) hereof, then Tenant shall remove such equipment and/or lighting to achieve compliance within ten (10) days after receiving notice from Landlord. Or upon receiving Landlord's prior written approval, such equipment and/or lighting may remain in the Premises, subject to the following:

(i) Tenant shall pay for all costs of installation and maintenance of submeters, wiring, air conditioning and other items required by Landlord, in Landlord's discretion, to accommodate Tenant's excess design loads and capacities.

(ii) Tenant shall pay to the Landlord, upon demand, the cost of the excess demand and consumption of electrical service at rates determined by Landlord, which shall be in accordance with any applicable laws.

(iii) Landlord may, at its option, upon no less than thirty (30) days prior written notice to Tenant, discontinue the availability of such extraordinary utility service. If Landlord gives any such notice, Tenant will contract directly with the public utility for

supplying of such utility service to the Premises.

13. **PARKING**

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord five (5) parking spaces at no charge to Tenant. Tenant may not increase or decrease such number of parking spaces without the prior written consent of Landlord. Tenant agrees to comply with such reasonable rules and regulations as may be promulgated from time to time for use of such parking facility, including, without limitation, rules and regulations requiring the parking of vehicles in designated spaces or areas to the exclusion of other spaces or areas. Parking spaces will be unassigned, provided that Landlord may at any time assign parking spaces. Tenant shall, if requested by Landlord, furnish to Landlord a complete list of the license plate numbers of all vehicles operated by Tenant, Tenant's employees and agents. Landlord shall not be liable for any damage of any nature whatsoever to, or any theft of, vehicles, or contents therein, in or about such parking facility.

14. **LAWS AND REGULATIONS**

Tenant agrees to comply with all applicable laws, ordinances, rules, and regulations of any government entity or agency having jurisdiction of the Premises.

15. **BUILDING RULES**

Tenant will comply with the reasonable rules of the Building adopted and altered by Landlord in good faith from time to time and will cause all its agents, employees, invites and visitors to do so; all changes to such rules will be provided by Landlord to Tenant in writing.

16. **ENTRY BY LANDLORD**

Tenant agrees to permit Landlord or its agents or representatives to enter into and upon any part of the Premises at all reasonable hours (and in emergencies at all times) to inspect the same, or to show the Premises to prospective purchasers, mortgages, tenants or insurers, to clean or make repairs, alterations or additions thereto, and Tenant shall not be entitled to any abatement or reduction of rent by reason thereof.

17. **ASSIGNMENTS AND SUBLETTING**

(a) Tenant shall not assign, sublease, transfer, and encumber this Lease or any interest therein. Any attempted assignment or sublease by Tenant in violation of the terms and covenants of this paragraph shall be void.

(b) If Tenant requests Landlord's consent to an assignment of the Lease or subleasing of all or part of the Premises, Landlord shall have the option (without limiting Landlord's other rights hereunder) of terminating this Lease as to such portion of the premises upon thirty (30) days notice and of dealing directly with the proposed assignee or sub lessee, and, in the event of a subleasing of less than all of the Premises and a termination of this Lease as to such portion of the premises, then the rental and other charges hereunder shall be proportionately reduced. If Landlord should fail to notify Tenant in writing of its decision within thirty (30) day period after Landlord is notified in writing of the proposed assignment or sublease, Landlord shall be deemed to have refused to consent to any assignment or subleasing, and to have elected to keep this Lease in full force and effect.

(c) All cash or other proceeds of any assignment, sale or sublease of Tenant's

interest in this Lease, whether consented to by Landlord or not, shall be paid to Landlord notwithstanding the fact that such proceeds exceed the rentals called for hereunder, unless Landlord agrees to the contrary in writing, and Tenant hereby assigns all rights it might have or ever acquire in any such proceeds to Landlord. This covenant and assignment shall run with the land and shall bind Tenant and Tenant's heirs, executors, administrators, personal representatives, successors and assigns. Any assignee, sub lessee or purchaser of Tenant's interest in this Lease (all such assignees, sub lessee and purchasers being hereinafter referred to as "Successors"), by assuming Tenant's obligations hereunder shall assume liability to Landlord for all amounts paid to persons other than by Landlord by such Successor in consideration of any such sale, assignment or subletting, in violation of the provisions hereof.

18. **LIENS**

Tenant will not permit any mechanic's lien(s) or other liens to be placed upon the Premises or the Building and nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to any person for the performance of any labor or the furnishing of any materials to the Premises, or any part thereof, nor as giving Tenant any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to any mechanics' or other liens against the Premises. In the event any such lien is attached to the Premises or the Building, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same without questioning the validity thereof. Tenant shall pay any amount paid by Landlord for any of the aforesaid purposes to Landlord on demand as additional rent.

19. **PROPERTY INSURANCE**

Landlord shall maintain fire and extended coverage insurance on the Building and the premises in such amounts as desired by Landlord. Such insurance shall be maintained at the expense of the Landlord and payments for losses thereunder shall be made solely to Landlord or the mortgages of Landlord as their interest shall appear or as they shall agree. Tenant shall maintain at its expense, in an amount equal to full replacement cost, fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Premises and in such additional amounts as are required to meet Tenant's obligations pursuant to Paragraph 23 hereof. Tenant shall, at Landlord's request from time to time, provide Landlord with current certificates of insurance evidencing Tenant's compliance with this Paragraph 19 and with Paragraph 20 hereof. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least ten (10) days prior to such expiration.

20. **LIABILITY INSURANCE**

Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the building with the premiums thereon fully paid on or before the due date, issued by and binding upon an insurance company approved by landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall not be required to maintain insurance against thefts within the Premises or the Building generally. Tenant's policy shall include coverage for fire legal liability.

21. **DELETED**

22. **WAIVER OF SUBROGATION RIGHTS**

Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all rights of recovery, claim, action, or cause of action, against the other, its agents, officers, or employees, for any loss or damage that may occur to the Premises, or any improvements thereto, or the Building of which the Premises are a part or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause(s) which are insured against under the terms of the standard fire and extended coverage insurance policies referred to in paragraph 19 hereof, regardless of cause or origin, including negligence of the other party hereto, its agents, officers, or employees.

23. **CASUALTY DAMAGE**

If fire or other casualty thereof shall damage the Premises or any part, Tenant shall give prompt written notice thereof to Landlord. In case the Building shall be so damaged that substantial alteration or reconstruction of the building shall, in Landlord's sole opinion, be required (whether or not the premises shall have been damaged by such casualty), or in the event any mortgage of Landlord should require that the insurance proceeds payable as a result of a casualty be applied to the payment of the mortgage debt, or in the event of any material uninsured loss to the Building, Landlord may, at its option, terminate this Lease by notifying Tenant in writing of such termination within ninety (90) days after the date of such casualty. If Landlord does not thus elect to terminate this Lease, Landlord shall commence and proceed with reasonable diligence to restore the Building to substantially the same condition in which it was immediately prior to the happening of the casualty, except that Landlord's obligation to restore shall not exceed the scope of the work required to be done by Landlord in originally constructing the Building and installing Building Standard Improvements in the Premises, nor shall Landlord be required to spend for such work an amount in excess of the insurance proceeds actually received by Landlord as a result of the casualty. When Landlord has restored the premises to Building Standard, Tenant shall complete the restoration of the Premises, including the reconstruction of all improvements in excess of Building Standard and the restoration of Tenant's furniture and equipment. All cost and expense of reconstructing the Premises to a level in excess of Building Standard shall be borne by Tenant. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage or the repair thereof, except that, subject to the provisions of the next sentence, Landlord shall allow Tenant a fair diminution or abatement of rent during the time and to the extent the Premises are unfit for occupancy. If the Premises or any other portion of the Building are damaged by fire or other casualty resulting from the fault or negligence of Tenant or any of Tenant's agents, employees, or invites, the rent hereunder shall not be diminished during the repair of such damage and Tenant shall be liable to Landlord for the cost of the repair and restoration of the Building caused thereby to the extent such cost and expense is not covered by insurance proceeds.

24. **CONDEMNATION**

If the whole or substantially the whole of the Building or the Premises should be taken for any public or quasi-public use, by right of eminent domain or otherwise or should be sold in lieu of condemnation, then this Lease shall terminate as of the date when physical possession of the Building or the premises is taken by the condemning authority. If less than the whole or substantially the whole of the Building or the Premises is thus taken or sold, Landlord (whether or not the premises are affected thereby) may terminate

this Lease by giving written notice thereof to Tenant, in which event this Lease shall terminate as of the date when physical possession of such portion of the Building or Premises is taken by condemning authority. If the Lease is not so terminated upon any such taking or sale, the Base Rental payable thereunder shall be diminished by an equitable amount or Tenant may terminate this Lease if the remaining space is inadequate for Tenant's purposes, and Landlord shall, to the extent Landlord deems feasible, restore the Building and Premises to substantially their former condition, but such work shall not exceed the scope of the work done by Landlord in originally constructing the Building and installing Building Standard Improvements in the Premises, nor shall Landlord in any event be required to spend for such work an amount in excess of the amount received by Landlord as compensation for such taking. All amounts awarded upon a taking of any part or all of the Building or Premises shall belong to the Landlord and Tenant shall not be entitled to and expressly waives all claims to any such compensation.

25. **DAMAGES FROM CERTAIN CAUSES**

Landlord shall not be liable to Tenant for any loss or damage to any property or person occasioned by theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition, or order of governmental body or authority or by any other cause beyond the reasonable control of Landlord. Nor shall Landlord be liable for any damage or inconvenience, which may arise through repair or alteration of any part of the Building or Premises, which is not attributable to Landlord's negligence.

26. **EVENTS OF DEFAULT/REMEDIES**

(a) The following events shall be deemed to be events of default by Tenant under this Lease: (i) Tenant shall fail to comply with any provision of this Lease or any other agreement between Landlord and Tenant including but not limited to the failure of Tenant to pay any monthly rental installment or any portion of the basic rental hereby reserved when due or any additional rental or other charges due hereunder all of which terms, provisions and covenants of which shall be deemed material; (ii) the leasehold hereunder demised shall be taken on execution or other process of law in any action against Tenant; (iii) Tenant shall fail to promptly move into and take possession of the Premises when the Premises are ready for occupancy or shall cease to do business in or abandon any substantial portion of the Premises; (iv) Tenant shall become insolvent or unable to pay its debts as they become due, or Tenant notified Landlord that it anticipates either condition; (v) Tenant take any action to, or notifies Landlord that it anticipates either condition; (v) Tenant take any action to, or notifies Landlord that Tenant intends to file a petition under any section or chapter of the National Bankruptcy Code, as amended from time to time, or under any similar law or statute of the United States of any State thereof; or a petition shall be filed against Tenant under any such statute or Tenant or any creditor of Tenant's notifies Landlord that it knows such a petition will be filed or Tenant notifies Landlord that it expects such a petition to be filed or (vi) a receiver or trustee shall be appointed for Tenant's leasehold interest in the Premises or for all or a substantial part of the assets of Tenant.

(b) Upon the occurrence of any event or events of default by Tenant, whether enumerated in this Paragraph or not, Landlord shall have the option to pursue any one or more of the following remedies or demand for possession whatsoever. (i) terminate this lease in which Tenant shall immediately surrender the Premises to Landlord; (ii) terminate Tenant's right to occupy the Premises and re-enter and take possession of the Premises (without terminating this Lease); (iii) enter upon the Premises and do whatever Tenant is obligated to do under the terms of this Lease; and to the extent allowed under Texas law and the Texas Constitution, Tenant agrees to reimburse Landlord on demand for any

expense which Landlord may incur in effecting compliance with Tenant's obligations under this Lease, and Tenant further agrees that Landlord shall not be liable for any damages resulting to the Tenant from such action; and (iv) exercise all other remedies available to Landlord at law or in equity, including, without limitation, injunctive relief of all varieties.

Landlord may, without prejudice to any other remedy which he may have for possession or arrearages in rent, expel or remove tenant and any other person who may be occupying said Premises or any part thereof. In addition, the provisions of Paragraph 29 hereof shall apply with respect to the period from and after the giving of notice of such termination to Tenant. All Landlord's remedies shall be cumulative and not exclusive. Forbearance by Landlord 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 such default.

(c) This Paragraph 26 shall be enforceable to the maximum extent not prohibited by applicable law, and the unenforceability of any portion thereof shall not hereby render unenforceable any other portion.

27. **NOTICE AND CURE**

In the event of any act or omission by Landlord that would give Tenant the right to damages from Landlord or the right to terminate this Lease by reason of a constructive or actual eviction from all or part of the Premises or otherwise, Tenant shall not sue for such damages or exercise any such right to terminate until it shall have given written notice of such act or omission to Landlord and to the holder(s) of the indebtedness or other obligations secured by any mortgage or deed of trust affecting the Premises, and a reasonable period of time for remedying such act or omission shall have elapsed following the giving of such notice, during which time Landlord and such holder(s), or either of them, their agents or employees, shall be entitled to enter upon the Premises and do therein whatever may be necessary to remedy such act or omission. During the period after the giving of such notice and during the remedying of such act or omission, the Base Rental payable by Tenant for such period as provided in this Lease shall be abated and apportioned only to the extent that any part of the Premises shall be untenable.

28. **PEACEFUL ENJOYMENT**

Tenant shall, and may peacefully have, hold and enjoy the Premises, subject to other terms hereof, provided that Tenant pay the rent and other sums herein recited to be paid by Tenant and performs all of Tenant's covenants and agreements herein contained. This covenant and any and all other covenants of Landlord shall be binding upon Landlord and its successors only with respect to breaches occurring during its or their respective periods of ownership of Tenant's interest hereunder.

29. **HOLDING OVER**

In the event of holding over by Tenant after expiration or other termination of this Lease or in the event Tenant continues to occupy the Premises after the termination of Tenant's right of possession pursuant to Paragraph 25 (b) (ii) hereof, Tenant shall, throughout the entire holdover period, pay rent equal to twice the Base Rental which would have been applicable had the term of this Lease continued through the period of such holding over by Tenant. No holding over by Tenant after the expiration of the term of this

Lease shall be construed to extend the term of this Lease.

30. **SUBORDINATION TO MORTGAGE**

Tenant accepts this Lease subject and subordinate to any mortgage deed or trust or other lien presently existing or hereafter arising upon the Premises, or upon the Building and to any renewals, refinancing and extensions thereof, and to zoning ordinances and other building and fire ordinances and governmental regulations relating to the use of the Premises, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Premises, or the Building and Tenant agrees upon demand to execute such further instruments subordinating this Lease or atoning to the holder of any such liens as Landlord may request. The terms of this Lease may be subject to approval by the Landlord's permanent lender(s), and such approval, if required by Landlord or such lender(s), shall be a condition precedent to Landlord's obligations hereunder. In addition, all leases of portions of the Building may, at Landlord's option be absolutely and unconditionally subordinate to such permanent lender(s)' mortgage; such lender(s) shall have discretion as to whether or not it shall enter an attornment and non-disturbance agreement with Tenant. In the event that Tenant should fail to execute any such instrument promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under the Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

31. **DELETED**

32. **ATTORNEY'S FEES**

In the event either party defaults in the performance of any of the terms of this Lease, the other party agrees to pay the prevailing party's reasonable attorneys' fees. The term "prevailing Party" means the party under Texas law who recovers damages over and above any settlement credits or insurance payment credits.

33. **NO IMPLIED WAIVER**

The failure of Landlord to insist at any time upon the strict performance of any covenant or agreement herein, or to exercise any option, right power or remedy contained in the Lease shall not be construed as a waiver or as a relinquishment thereof for the future. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of rent due under this Lease shall be deemed to be other than on account of the earliest rent due hereunder, or portion thereof, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

34. **NOTICE**

Any notice in this Lease provided for must, unless otherwise expressly provided herein, be in writing and may, unless otherwise in this Lease expressly provided, be given or be served by depositing the same in the United States mail, postpaid and certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to an office of each party or by prepaid telegram, when appropriate, addressed to the party to be notified at the address stated in this lease or such other address, notice of which has been given to the other party. Notice deposited in the mail in the manner hereinabove described shall be effective from and after the expiration of three (3) days after it is so deposited whether or not actually received.

35. **DELETED**

36. **SEVERABILITY**

If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law notwithstanding the invalidity of any other term or provision hereof.

37. **RECORDATION**

Landlord and Tenant agree not to record this Lease or any memorandum hereof.

38. **PLACE OF PERFORMANCE; BINDING EFFECT**

(a) Tenant shall perform all covenants, conditions and agreements contained herein, including by not limited to payment of rent, in Collin County, Texas. Any suit arising from or relating to this Lease shall be brought in Collin County, Texas.

(b) All rights and remedies of Landlord under this Lease shall be cumulative and none shall exclude any other rights or remedies allowed by law; and this Lease is declared to be a Texas contract, and all of the terms thereof shall be construed according to the laws of the State of Texas.

(c) This Lease shall be binding upon and inure to the benefits of the successors and assigns of Landlord, and shall be binding upon and inure to the benefit of Tenant, and with the prior written approval of Landlord, its successors and assigns.

39. **FORCE MAJEURE**

Whenever a period of time is herein prescribed for the taking of any action by Landlord, Landlord shall not be liable or responsible for, and there shall be excluded from the computation of such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations, or any other cause whatsoever beyond the reasonable control of Landlord.

40. **TIME OF PERFORMANCE**

Except as expressly otherwise herein provided, with respect to all required acts of Tenant and Landlord, time is of the essence of this Lease.

41. **TRANSFERS BY LANDLORD**

Landlord shall have the right to transfer and assign, in whole or in part, all its rights

and obligations hereunder and in the Building and property referred to herein, and in such event and upon such transfer Landlord shall be released from any further obligations hereunder, and Tenant agrees to look solely to such successor in interest of Landlord for the performance of such obligations.

42. **LANDLORD'S MORTGAGE**

If the Building is at any time subject to a mortgage, deed of trust or other lien, then in any instance in which Tenant gives notice to Landlord alleging default by Landlord hereunder, Tenant will also simultaneously give a copy of such notice to each Landlord's mortgage (providing Landlord or Landlord's mortgage shall have advised Tenant of the name and address of Landlord's mortgagee) in writing and each Landlord's mortgagee shall have the right (but no obligation) to cure or remedy such default during the period that is permitted to Landlord hereunder, plus an additional period of fifteen (15) days, and Tenant will accept such curative or remedial action (if any) taken by Landlord's mortgagee with the same effect as if such action had been taken by Landlord.

43. **DELETED**

44. **DELETED**

45. **EFFECT OF DELIVERY OF THIS LEASE**

Landlord has delivered a copy of this Lease to Tenant for Tenant's review only, and the delivery hereof does not constitute an offer to Tenant or option. This Lease shall not be effective until copy executed by both Landlord and Tenant and is delivered to and accepted by Landlord.

46. **PARTIES BOUND**

This agreement shall be binding upon and inure to the benefit of the parties to this lease and their respective heirs, executors, administrators, legal representatives, successors, and assigns when permitted by this agreement.

47. **TEXAS LAW TO APPLY**

This agreement shall be construed under, and in accordance with the laws of the State of Texas, and all obligations of the parties created by this lease are performable in Collin County, Texas.

48. **PRIOR AGREEMENTS SUPERSEDED**

This agreement constitutes the sole and only agreement of the parties and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this agreement.

49. **AMENDMENT**

No amendment, modification, or alteration of the terms of this agreement shall be binding unless it is in writing, dated subsequent to the date of this agreement, and duly executed by the parties to this agreement.

50. **RIGHTS AND REMEDIES CUMULATIVE**

The rights and remedies provided by this lease agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its rights to use any or all other remedies. These rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

51. **EXHIBITS**

Exhibits A and B are attached hereto and incorporated herein and made a part of this Lease for all purposes.

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IN TESTIMONY WHEREOF, the parties hereto have executed this Lease as of the date aforesaid.

Landlord: McKinney Aviation 1.
Cutter Aviation McKinney
Management Agent

Tenant: City of McKinney

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____