

13 November 2012

Ms. Carolina Roa-Meza
Executive Manager of Real Estate
City of Dallas, Department of Aviation
7610 Aviation Place
Dallas, TX 75235-2852

RE: RESTATED UNSOLICITED OFFER – DALFORT AEROSPACE DEVELOPMENT PLAN FOR AVIATION USE
BUILDING PROJECT BENEFITING THE COMMUNITY

Dear Ms. Roa-Meza:

As a further clarification of our 07 March 2012 Unsolicited Offer, several items were unclear due to our understanding of the flexible nature of the initial negotiations. In support of a more concrete offer, we are hereby offering the following to the Department of Aviation for the former Braniff Operations and Maintenance Base.

Flying Crown Land Group, a non-profit corporation, wishes to enter into a 40 year land lease for the property identified on land records as the “Braniff Leased Premises” to include approximately 1,167,514 square feet or 26.8 acres of land on the Dallas Love Field Airport. It is the intent of Flying Crown Land Group to rehabilitate the property for the use of aeronautical activities. As such, the preservation of the historically significant Braniff Operations and Maintenance Base and its original northern annex will remain on the site.

Therefore, Flying Crown Land Group is proposing the following:

- 1) A forty (40) year lease term and payment of rent shall commence the 18th month following the effective date of the lease.
- 2) Flying Crown Land Group will expend an amount not less than \$28,000,000 in capital improvements on the leased premises within 24 months from the effective date of the lease or 18 months from the issuance of building permits, whichever is greater.
- 3) The City of Dallas retains ownership of all permanent improvements through the remainder of the lease term.
- 4) An aviation lease consisting of approximately 140,000 square feet on the current prevailing annual rental rate at Dallas Love Field of \$3.50 per square foot for storage hangar. Total estimated annual revenue is \$490,000.
- 5) An aviation lease consisting of approximately 1,027,408 square feet of land having a lease rate based on the current prevailing annual rental rate at Dallas Love Field of \$0.40 per square foot

for unimproved land and \$0.65 per square foot for improved land. Total estimated annual revenue is \$659,145 (992,728 sq. ft. improved land and 34,680 sq. ft. of unimproved land).

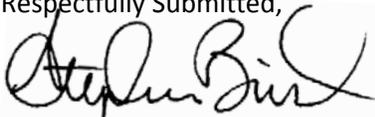
- 6) Upon closure of the parallel access road to Lemmon Avenue, lessor shall execute an addendum to lessee's primary lease to include the frontage land at the unimproved rate of \$0.40 per square foot or at the City Council set prevailing aviation use rate at the time of the addendum, whichever is greater.
- 7) Rent will escalate every three years by the greater of (1) Consumer Price index, or (2) the prevailing rate for aviation use property as set by the City Council under the existing lease land allocation.
- 8) Environmental remediation shall remain the responsibility of the city and lessee may remediate the site to acceptable levels and the City shall reimburse lessee the cost of such remediation though rent abatements in an amount not to exceed one year's rent.
- 9) Lessee will have the right to remove, at lessee's expense, all non-historic structures on the land lease to include the parking garage and remaining "Legends" structures.
- 10) Lessee shall be granted Right of First Refusal to lease the two office buildings adjacent land currently leased to Signature Flight Support Corporation if/when the property becomes available.
- 11) Should the Department of Aviation receive approval from the Federal Aviation Administration to allow part of the leased premises as non-aeronautical, lessee will enter into a joint venture arrangement whereby the City is to receive incremental land lease revenue at the prevailing market rate for any such land as deemed appropriate by the lessee.
- 12) During the 36th year of the primary term, the City and lessee agree to enter negotiations regarding possible extension of the term of the lease for additional periods of 10 years.

The resulting revenue to the City for the above mentioned lease will be \$1,149,145 annually payable in monthly installments of approximately \$95,762.

In addition to the above terms, it is requested the City assist the lessee in any applications for grant funding that may be applicable. Grant funding is not a requirement of lease acceptance by either party. Evidence of funding for the initial phases of the project has been previously provided to the Department of Aviation. Upon entering into lease negotiations, Flying Crown Land Group will allow uninhibited access to the private placement purchaser of all \$32MM in bonds that will be issued either by the organization, or the City of Dallas with Flying Crown Land Group as a conduit borrower.

Again, we look forward to a continuing dialog and respectfully point out this, as with our previous offer, exceeds any current lease terms provided by competitors. We ask that the Department of Aviation enter into lease negotiations for the preservation of this historic building.

Respectfully Submitted,



Stephen Birch
Managing Director