

1997 KELLER SPRINGS TUNNEL
AATI - CORRESPONDENCE

JACKSON & WALKER, L.L.P.
ATTORNEYS AND COUNSELORS
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HOUSTON
FORT WORTH
SAN ANTONIO

David T. Moran
(214) 953-6000

March 21, 1997

Frank E. Stevenson, II
Locke Purnell Rain Harrell
2200 Ross Avenue, Suite 2200
Dallas, Texas 75201

VIA TELECOPY NO. 214/740-8800

Re: Letter dated March 21, 1997 from the Texas Turnpike Authority


Dear Frank:

As you know from our telephone conversation, I represent Addison Airport of Texas, Inc. ("AATI") and H & S Ventures. The Texas Turnpike Authority's letters to my clients dated March 21, 1997, have been referred to me for a response.

As we discussed, I am very confident that AATI and H & S Ventures will reach an acceptable agreement with the Town of Addison with respect to the Toll Tunnel Project. We have been diligently working with the Town to finalize such an agreement.

The purpose of my letter is to request that the Texas Turnpike Authority agree to a modest extension of time to allow AATI, H & S Ventures and the Town to complete and finalize their agreement. Specifically, I would appreciate an extension until April 4, 1997.

I look forward to hearing from you.

Yours very truly,

David T. Moran

DTM:pc

cc: Martin R. Griffin
Locke Purnell Rain & Harrell
2200 Ross Avenue, Suite 2200
Dallas, Texas 75201

VIA TELECOPY NO. 214/740-8800

Frank E. Stevenson, II
March 21, 1997
Page 2

James W. Griffin, P.E.
3015 Raleigh Street
P. O. Box 190369
Dallas, Texas 75219

VIA TELECOPY NO. 214/528-4826

John M. Hill
Cowles & Thompson
901 Main Street
Suite 4000
Dallas, Texas 75202

VIA TELECOPY NO. 214/672-2020

150280-4



ADDISON AIRPORT

December 16, 1996

Mr. Ron Whitehead
City Manager
Town of Addison
P.O. Box 144
Addison, Texas 75001

RE: Letter to the FAA dated December 5, 1996 concerning the Toll Tunnel

Dear Ron:

Upon receipt of your letter to the FAA concerning undeveloped property within the airport, this letter follows with comments on those properties you have identified as available for development. The following lettered items correspond with a photocopied aerial from your letter with matching lettered tracts:

- A. Million Air has a pending lease on this property which they have tried to get through the Airport Board since September. One large multi-storage hangar and some office space is planned for this site. This item has not been placed on an Airport Board agenda for action. This item was tabled at the September Airport Board meeting and no meeting has convened since for action.
- B. This property is already under ground lease. Due to property restriction and access, it is unlikely that this will be able to be developed as aviation.
- C. AATI has an existing ground lease and is seeking an extension to this property. This property has been scheduled for the Airport Board since September. A large multi-storage hangar capable of holding jet aircraft is planned for this site. This item was tabled at the September Airport Board meeting and no meeting has convened since for action.
- D. AATI had a pending lease on this property which we scheduled for the last Airport Board meeting in September. At your insistence, we temporarily withdrew our request to lease this property. This property was planned to have several multi-storage hangars capable of handling corporate aircraft.

- E. Ron Frederick has a pending lease on this property which he tried to get through Airport Board in September. Two large multi-storage hangars for corporate aircraft are planned for this site. This item has not been placed on an Airport Board agenda for action. This item was tabled at the September Airport Board meeting and no meeting has convened since for action.
- F. Half of the indicated area is beyond the building restriction line. As you have outlined, there are two lessees; AATI and KPI. Both AATI and KPI intend to build a large multi-storage hangar beside each other on this site.
- G. This property is used by the second-largest flight school at Addison for aircraft tiedown. Lessee has no intention of building.
- H. This is the new site for the relocation of three Port-o-Ports per conversations with John Baumgartner.
- I. This is the proposed JetCourt development area which we worked unsuccessfully with your staff to attempt to relocate many of the hangars being removed by the Tunnel Project. Additionally, a portion of this property is beyond the building restriction line.
- J. Most of this property is being used for an auto parking area for the South Terminal leasehold. The remaining small undeveloped portion has poor rear access and several encumbrances.
- K. This property is under ground lease with AVGroup to meet the requirements of their FBO and potentially for additional hangar space.
- L. This property is under ground lease with AVGroup to meet the requirements of their Self-Serve FBO.

To the best of my judgment and understanding, all of the identified properties are either pending development or are being used by their lessee in the way they deem the highest and best use for their aviation business. It has always been our intent to develop any properties, however, we have been unable to get the few remaining of these parcels before the Airport Board for approval so development can begin.

Mr. Ron Whitehead
December 16, 1996
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You also indicated that you have chosen to deal with the "issue of relocating displaced aircraft" by providing these fifty to sixty hangared aircraft with tiedown space. As you know, they were in hangars and moving them to tiedowns will cause many to leave the airport. Hangar space is very tight and the airport can ill afford to lose 15-20% of our hangar storage. This is a very important source of revenue to keep this airport from becoming a burden to other sources of funding support. The sixty airport businesses also rely on these aircraft to support their livelihood.

Finally, you indicated that, because of the contract we have to manage this airport, that you are short of airport funds that could be used to purchase acreage and relocate aircraft. First of all, this is not an airport project and any Tunnel funding should not come out of this account. This Tunnel Project has been the Town of Addison's project from the very beginning to relieve auto traffic on Beltline Road. Either the Texas Turnpike Authority or the Town, not the airport, should fund acreage and hangar replacement. Additionally, there are substantial funds in your airport account. Last year the aircraft owners and airport businesses paid approximately \$700,000 in local ad valorem property taxes on aircraft and airport improvements. This airport has never been a financial burden to the State, Federal, or local government. There is not another general aviation airport in the State of Texas that has contributed or continues to contribute as much financially to the surrounding community or directly to the local taxing authorities such as the Town of Addison. For 40 years, this airport has been a model development for the aviation and business community.

Ron, as you might gather, I am not too pleased to be presented to the FAA as the reason for not being able to meet the terms and conditions agreed upon several years ago. However, it is very simple to regain our support. Do what is right. Do what we agreed upon. I know that we have talked about all the above items with you or your staff before. So, if you have any further questions or concerns about these properties, please call me at 248-7733, extension 103. It may be time again for us to sit down with the FAA to work this out.

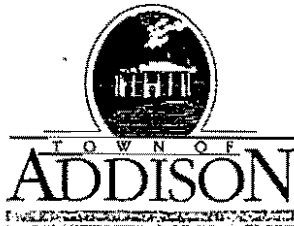
Sincerely,



Sam Stuart
President
Addison Airport of Texas, Inc.

Attachment

cc: Otis Welch, FAA
Charles Carroll, FAA
John Baumgartner, TOA



December 5, 1996

Mr. Otis Welch
Federal Aviation Administration
2601 Meacham Blvd.
Fort Worth, Texas 76137-4298

Re: Keller Springs Tunnel - Addison Airport

Dear Mr. Welch:

Thank you for taking time to meet with us to discuss our airport and the challenges associated with the Texas Turnpike Authority's (TTA) efforts to construct the tunnel under the airport. As we mentioned, the three main issues regarding the airport are compensation to the lease holders, relocation of displaced aircraft, and replacement of land acquired for right-of-way.

Addison is working with the TTA to fairly compensate the parties effected by the tunnel construction. We are negotiating settlements with all of the investors and will provide tie-down space to any displaced aircraft. These efforts are all being accomplished with the funds provided by the TTA to acquire the property for the tunnel.

The remaining issue involves the replacement of land at the airport being used for the tunnel. The TTA is acquiring a total of 3 acres of airport property for right-of-way for the tunnel. Because our current contract with AATI provides us with limited resources to invest in airport improvements, we would propose to replace the 3 acres of property by December 31, 2001.

There are several vacant tracts and two occupied tracts that abut the west side of the airport that the Town is interested in acquiring for airport use (see exhibit I). The Town respectfully requests the FAA consider each of these properties as acceptable replacement land, provided that they total at least three acres and are a minimum of one acre in size.

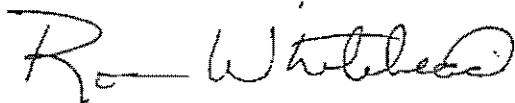
The Town feels that the temporary loss of the three acres will not hinder new development at the airport. Currently, there are approximately 20 acres on the airport available for development (see exhibit I). This property should be sufficient to meet the needs of the aviation community for the next 5 years.

Mr. Otis Welch
Page Two

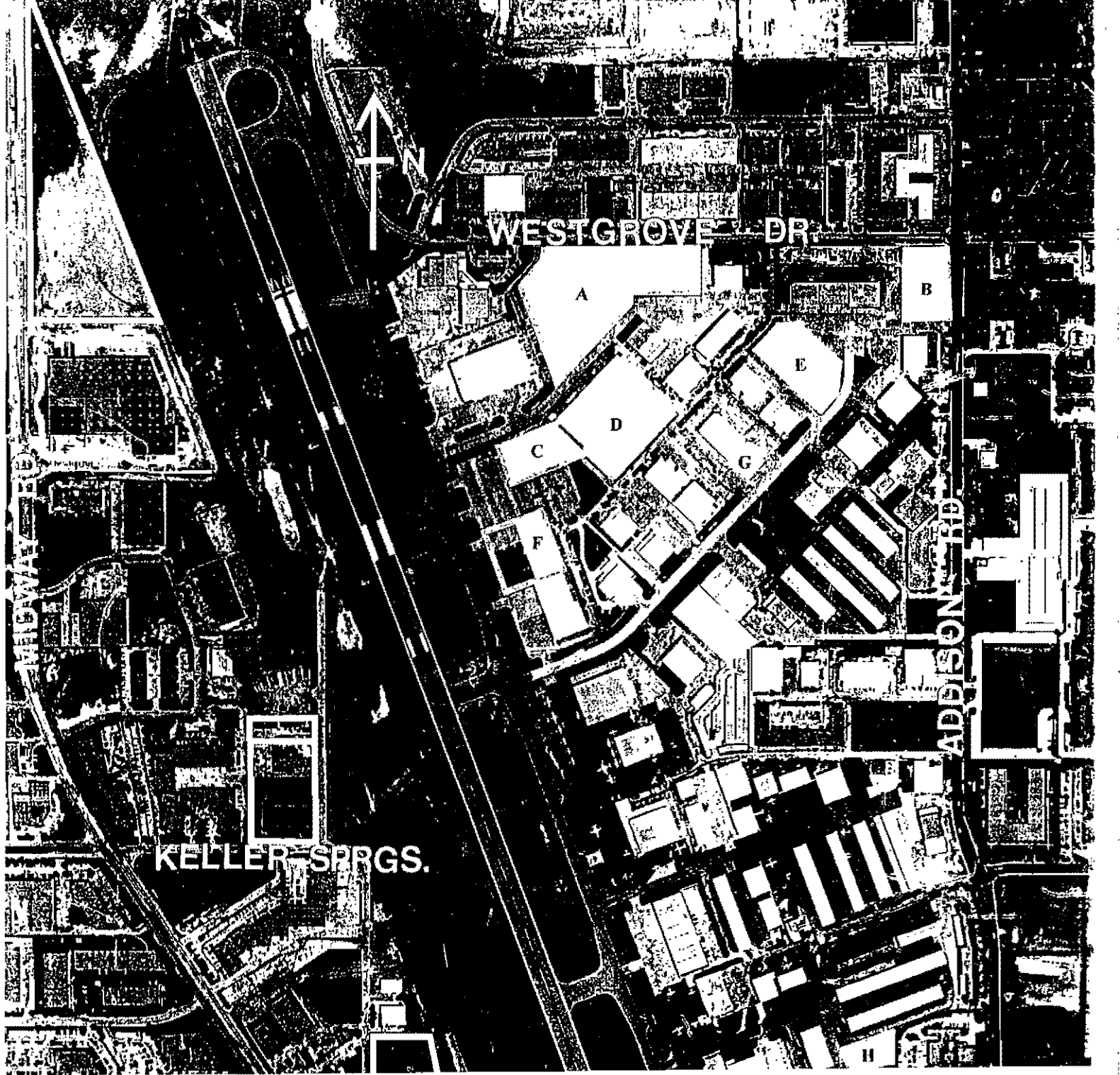
I trust that this adequately explains our plans for the airport to mitigate the impacts from the tunnel project. Should the FAA find this appropriate, we would be happy to develop an agreement to acquire the replacement property.

Please call John Baumgartner (972) 450-2871 if you have any questions or need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Ron Whitehead". The signature is written in dark ink and is positioned above the printed name and title.

Ron Whitehead
City Manager



WESTGROVE DR.

MIDWAY E

KELLER SRGRS.

ADDISON RD.

A

B

C

D

E

F

G

H



December 9, 1996

ADDISON AIRPORT

Mr. Ron Whitehead
City Manager
Town of Addison
P.O. Box 144
Addison, Texas 75001

Dear Ron:

I wanted to share the Airport's perspective with you concerning the meeting with Mayor Beckert and your staff on the December 3rd concerning the Toll Tunnel. This letter is to insure no misunderstanding exists between the Town and AATI from where we started several years ago and where we are today.

Several years ago, the FAA and AATI were asked to join in a partnership with the Town on the Toll Tunnel Project. We agreed under the following four conditions:

1. Effected leaseholds are fairly compensated for the taking of property.
2. No disruption of the aircraft operations during construction.
3. Replacement of aircraft storage facilities equaling the approximate square footage.
4. Replacement of usable acreage comparable to that which is taken.

Your staff has worked diligently to achieve the first two conditions, however, the second two items appear to be items which you have no intention fulfilling as agreed. Mayor Beckert stated that the Town is requesting of the FAA a five-year period to add the additional property and the Town has no intention of replacing the effected hangars. It would appear that the Town has reneged on its original agreement under the guise of a funding shortfall. We even provided the Town with an opportunity to leverage dollars for replacement of the aircraft storage hangars but with no success. If there is additional information on this subject or if this is not a correct understanding, please help me understand the Town's position so we can insure that the Town, the Airport and AATI's concerns can be met.

This Tunnel has challenged both the Town's staff and mine to be innovative and seek out alternatives that would benefit everyone. Until two weeks ago, I thought we had found resolution to the situation. We will continue to work hard to facilitate the Tunnel project

Mr. Ron Whitehead
December 9, 1996
Page 2

although we are disappointed with the direction the JetCourt development and the replacement acreage has taken.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Stuart". The signature is fluid and cursive, with a large initial "S" and a trailing flourish.

Sam Stuart
President
Addison Airport of Texas, Inc.

cc: Charles Carroll, FAA
David Fulton, TxDOT
John Baumgartner, Town of Addison
David Moran, Jackson Walker



ADDISON AIRPORT

DATE: Nov. 11, '96

TIME: 5:20 pm

IMPORTANT TELECOPY NOTICE

COVERSHEET

TO: John Bauninger

FAX NO: _____

FROM: Sam Stuart

NUMBER OF PAGES (Including this sheet): 2

PLEASE NOTIFY US IMMEDIATELY IF NOT PROPERLY RECEIVED BY CALLING OUR OFFICE AT (214) 248-7733. OUR FAX NUMBER IS (214) 248-2416.

Thank you,

C. Stee

Fax Operator

MEMO: _____

FAXED

ADDISON AIRPORT

Mr. Ron Whitehead
Town of Addison
P.O. Box 144
Addison, Texas 75001

RE: ADDISON AIRPORT / KELLER SPRINGS TOLL TUNNEL PROJECT

Dear Ron:

This letter concerns an attempt to resolve several very important issues that have yet to be solved with the taking of aircraft hangars by the Tunnel Project. This past week, I presented to your staff through John Baumgartner a proposal to replace the hangars being lost to this project.

The very condensed proposal would have the Town of Addison (TOA) agree to engineer and construct the infrastructure for the replacement of these taken hangars in an area by our old south terminal that we have chosen to call the Jet Court. We will construct the hangars in this area at our cost and relocate several that have previously been identified for relocation, build offices and other amenities, release TOA of all claims for lost future rents, and obtain a long term lease in exchange for these long term investments. As you know, we have worked with your staff and Carter & Burgess Engineers for the past months to design and have this hangar complex constructed originally by the Town.

We were informed just a few days ago that it had been determined that, because of a short fall in right of way funded money by the Texas Turnpike Authority, that there would not only be possibility of no hangar replacement, but also no immediate acreage replacement as well.

We have now offered a solution to the hangar replacement that is in fact very simple and straight forward. An outline of the details of this proposal have been presented to you and your staff for final review and for your presentation to the mayor and council. We have tried since the very first to solve as many challenges as possible that this Tunnel undertaking has placed on the airport. This latest offer is very simple, works well for all concerned, and will keep all of us from spending needless time and money going through the very complex, costly, and taxing process of condemnation.

As always, I will make my staff and my time available to work quickly to answer any questions or issues this may present.

Sincerely,



Sam Stuart
President

c: John Baumgartner - TOA
Charles Carroll - FAA

REC'D NOV 13 1996



FAXED
11/11/96

5:20 pm
CPT

November 11, 1996

ADDISON AIRPORT

Mr. Ron Whitehead
Town of Addison
P.O. Box 144
Addison, Texas 75001

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Sincerely,

Sam Stuart
President

c: John Baumgartner - TOA
Charles Carroll - FAA