

AN ORDINANCE 2017-10-05-0751

APPROVING THE DEED OF TRUST GRANTING A SECURITY INTEREST IN A LEASE FOR CORPORATE HANGAR SPACE LOCATED AT SAN ANTONIO INTERNATIONAL AIRPORT TO SECURE AN INDEBTEDNESS BETWEEN HH AVIATION, LLC AND BANK SNB.

* * * * *

WHEREAS, HH Aviation, LLC ("HH Aviation") and City entered into a lease in June 2011 for corporate hangar space located at San Antonio International Airport; and

WHEREAS, HH Aviation desires to use its leasehold interest in the premises to secure an indebtedness with Bank SNB, which assignment requires Council approval per the terms of the lease; and

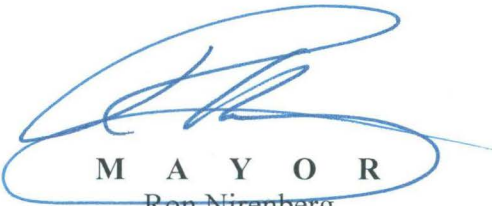
WHEREAS, this Ordinance approves the Deed of Trust between HH Aviation and Banks SNB using the leasehold interest to secure the indebtedness; **NOW THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The Deed of Trust between HH Aviation, LLC and Bank SNB is hereby approved, a copy of which is set out in **Exhibit 1**.

SECTION 2. This Ordinance shall be effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

PASSED and APPROVED this 5th day of October, 2017.


M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

Agenda Item:	11A (in consent vote: 5, 6A, 6B, 6C, 7, 8, 9, 10, 11A, 11B, 12, 14, 16, 17, 19, 21, 22, 23, 24A, 24B)						
Date:	10/05/2017						
Time:	10:42:24 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance approving the executed Deed of Trust between HH Aviation, LLC and Bank SNB for their leasehold interest at the San Antonio International Airport.						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x				x
William Cruz Shaw	District 2		x			x	
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8	x					
John Courage	District 9		x				
Clayton H. Perry	District 10	x					

KRH
10/05/17
Item No. 11A

EXHIBIT 1

**DEED OF TRUST -
LEASEHOLD ESTATE**

THE STATE OF TEXAS

§

§

COUNTY OF BEXAR

§

KNOW ALL MEN BY THESE PRESENTS:

THAT, HH Aviation, L.L.C., a Texas limited liability company, of the County of Bexar, State of Texas, sometimes hereinafter called Grantor (whether one or more) for the purpose of securing the indebtedness hereinafter described, and in consideration of the sum of TEN DOLLARS (\$10.00) to us in hand paid by the Trustee hereinafter named, the receipt of which is hereby acknowledged, and for the further consideration of the uses, purposes and the trusts hereinafter set forth, have GRANTED, SOLD, AND CONVEYED, and by these presents do GRANT, SELL and CONVEY unto Clay Jett, Trustee, of San Antonio, Bexar County, Texas, and his substitutes or successors, all of the following described property situated in Bexar County, Texas, to-wit, subject to (a) the items described on Exhibit "B" attached hereto; and (b) the rights and liens of landlord under the Lease (as defined herein), if any, subject to the terms of the City Subordination Agreement (as hereinafter defined), and (c) the terms, provisions and conditions of the Lease (collectively, the "Permitted Exceptions"):

THAT CERTAIN LEASEHOLD ESTATE CREATED BY THE LEASE AS DEFINED AND DESCRIBED ON EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN COVERING THE LEASED PREMISES AS DEFINED AND DESCRIBED ON EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN; THE LEASEHOLD ESTATE OF GRANTOR IN THE LEASED PREMISES CREATED BY THE LEASE BEING HEREIN REFERRED TO AS THE "PROPERTY."

TO HAVE AND TO HOLD the Property, together with the rights, privileges and appurtenances thereto belonging unto the said Trustee, and to his substitutes or successors forever, and Grantor does hereby bind itself, its successors and assigns to warrant and forever defend the said Property unto the said Trustee, his substitutes or successors and assigns forever, against the claim or claims, of all persons claiming or to claim the same any part thereof, when the claim is by, through or under Grantor but not otherwise, subject to the Permitted Exceptions.

Notwithstanding anything contained herein to the contrary, the effectiveness and enforceability of this Deed of Trust, including but not limited to the terms, covenants, representations and warranties of Grantor herein, are expressly subject to and conditioned upon the approval of the City of San Antonio, Texas thereof (acting through its City Council) in its sole absolute discretion, and this Deed of Trust shall not be effective and enforceable, nor recorded in the real property records of Bexar County, Texas, unless and until such approval is obtained (such date being referred to herein as the "City Approval Date"). BENEFICIARY ACKNOWLEDGES THAT GRANTOR HAS NOT MADE, AND GRANTOR HEREBY SPECIFICALLY DISCLAIMS, ANY EXPRESS OR IMPLIED WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, OR CONCERNING WHETHER THE CITY OF SAN ANTONIO WILL APPROVE THIS DEED OF TRUST AND THE CONVEYANCE BY GRANTOR, AND THE BENEFICIARY

ACCEPTS THE RISK THAT THE CITY OF SAN ANTONIO MAY NOT APPROVE THIS DEED OF TRUST AND THE CONVEYANCE BY GRANTOR HEREUNDER, WHICH SHALL NOT OTHERWISE AFFECT THE LOAN (AS HEREAFTER DEFINED).

This conveyance, however, is made in TRUST to secure payment of that certain Promissory Note ("Note") of even date herewith, in the principal sum of Five Million Two Hundred Fifty Thousand and No/100 Dollars (\$5,250,000.00), executed by Grantor, payable to the order of Bank SNB, hereinafter referred to as Beneficiary, in the City of San Antonio, Bexar County, Texas, and payable as therein provided, bearing interest as therein stipulated, providing for acceleration of maturity and for reasonable attorney's fees, which Note evidences the Loan (herein so called) made under that certain Loan Agreement (herein so called) of even date herewith, executed by and between Grantor and Beneficiary.

Should Grantor do and perform all of the covenants and agreements herein contained, and make prompt payment of said indebtedness as the same shall become due and payable, then this conveyance shall become null and void and of no further force and effect, and shall be released at the expense of Grantor, by the holder thereof, hereinafter called Beneficiary (whether one or more).

Grantor COVENANTS and AGREES as follows:

That it is lawfully seized of the Property, in leasehold estate, and has the right to convey the same; that said property is free from all liens and encumbrances, other than the Permitted Exceptions.

To protect the leasehold title of the Property and to pay when due all taxes and assessments now existing or hereafter levied or assessed upon the Property if and to the extent required under the Lease and to preserve and maintain the lien hereby created as a first and prior lien on the Property including any leasehold interest of Grantor in any improvements hereafter made a part of the realty.

If and to the extent required under the Lease, to keep the improvements on the Property in good repair and condition, reasonable wear, tear and casualty excepted, and not to permit or commit any waste thereof.

If and to the extent required under the Lease, to insure and keep insured all improvements now or hereafter created upon the Property against loss or damage by fire and windstorm, and any other hazard or hazards as may be reasonably required from time to time by Beneficiary during the term of the indebtedness hereby secured, if and to the extent required under the Lease, in such form and with such Insurance Company or Companies as may be approved by Beneficiary, and to deliver to Beneficiary the policies of such insurance having attached to said policies such mortgage, indemnity clause as Beneficiary shall reasonably direct; to deliver renewals of such policies to Beneficiary at least fifteen (15) days before any such insurance policies shall expire; any proceeds which Beneficiary may receive under any such policy, or policies, may be applied by Beneficiary, at his option, to reduce the indebtedness hereby secured, whether then matured or to mature in the future, and in such manner as Beneficiary may elect, or

Beneficiary may permit Grantor to use said proceeds to repair or replace all improvements damaged or destroyed and covered by said policy.

That Beneficiary may employ counsel for advice or other legal service at the Beneficiary's discretion in connection with any dispute as to the debt hereby secured or lien securing same or this instrument, or any litigation to which the Beneficiary may be made a party on account of this lien or which may affect the title to the Property securing the indebtedness hereby secured or which may affect said debt or lien and any reasonable attorney's fees so incurred shall be added and be part of the debt hereby secured.

Grantor agrees to pay on demand for all abstracts, title policies, appraisals, recording fees and reasonable attorney's fees incurred in connection with either the closing of the Loan or the renewal, extension or rearrangement of any part of the indebtedness secured hereby, or, in the alternative, such amounts expended by Beneficiary shall be added to and be a part of the debt hereby secured.

That in the event Grantor shall fail to keep Grantor's interest in the improvements on the Property in good repair and condition if and to the extent required under the Lease, reasonable wear, tear and casualty excepted, or to pay promptly when due all taxes and assessments if and to the extent required under the Lease, or to preserve the prior lien of this Deed of Trust on the Property or to keep the buildings and improvements insured, as aforesaid, if and to the extent required under the Lease, or to deliver the policy, or policies, of insurance or the renewal thereof to Beneficiary, as aforesaid, if applicable, then Beneficiary may, at its option, but without being required to do so, subject to and in compliance with the terms and provisions of the Lease, make such repairs, pay such taxes and assessments, purchase any tax title thereon, remove any prior liens, and prosecute or defend any suits in relation to the preservation of the prior lien of this Deed of Trust on the Property, or insure and keep insured the improvements thereon in any amount not to exceed that above stipulated; that any sums which may be so paid out by Beneficiary and all sums paid for insurance premiums, as aforesaid, including the costs, expenses and reasonable attorney's fees paid in any suit affecting the Property when necessary to protect the lien hereof and all other expenses and costs agreed to be paid by Grantor under the Deed of Trust which are not paid when due shall bear interest from the dates of such payments at the interest rate contracted for in the Note hereby secured and shall be paid by Grantor to Beneficiary upon written demand, at the same place at which the Note is payable, and shall be deemed a part of the debt hereby secured and recoverable as such in all respects.

Grantor agrees annually to furnish Beneficiary validated receipts evidencing payment of any taxes assessed against, and insurance covering, the Property that Grantor is required to pay under the Lease. Such tax receipts shall be furnished on or before thirty (30) days prior to the date such taxes become delinquent. The insurance receipt shall be furnished on or before fifteen (15) days prior to the date the current insurance coverage expires.

Other than the Permitted Exceptions, Grantor shall not impose, or permit to be imposed, any restrictive covenants binding upon the Property or Leased Premises or execute or file any subdivision plat or condominium declaration or other instrument affecting the Property or Leased Premises without the prior written consent of Beneficiary.

That upon the occurrence of an Event of Default under and as defined in the Loan Agreement, GRANTOR HEREBY EXPRESSLY WAIVING ANY FURTHER NOTICES OF NON-PAYMENT, PRESENTMENT FOR PAYMENT, PRESENTATIONS FOR PAYMENT, NOTICES OF INTENTION TO ACCELERATE MATURITY, NOTICES OF ACCELERATION OF MATURITY, PROTESTS, AND NOTICES OF PROTEST, Beneficiary shall, at Beneficiary's option, accelerate the maturity of the Note and the entire outstanding and unpaid principal indebtedness hereby secured with all accrued and unpaid interest thereon and all other sums hereby secured shall thereby become immediately due and payable. In the event of default in the payment of the Note when due or declared due, it shall thereupon, or at any time thereafter, be the duty of the Trustee, or his successor or substitute as hereinafter provided, at the request of the Beneficiary (which request is hereby conclusively presumed), to enforce this Deed of Trust; and after advertising the time, place and terms of the sale of the Property, then subject to the lien hereof, for at least twenty-one (21) days preceding the date of sale by posting written or printed notice thereof at the Courthouse and by filing a copy of such notice in the office of the County Clerk of the county where the Leased Premises are situated, which notice may be posted by the Trustee acting, or by any person acting for him, and the Beneficiary (the holder of the indebtedness secured hereby) has, at least twenty-one (21) days preceding the date of sale, served written or printed notice of the proposed sale by certified mail on each person and/or entity(s) obligated to pay the indebtedness secured by this Deed of Trust according to the records of Beneficiary by the deposit of such notice, enclosed in a postpaid wrapper, properly addressed to such person(s) and/or entity(s) at such person's and/or entity(s)' most recent address as shown by the records of Beneficiary, in a post office or official depository under the care and custody of the United States Postal Service, the Trustee shall sell the Property, then subject to the lien hereof, at public auction in accordance with such notice at the Courthouse of said county where the Property is situated, on the first Tuesday in any month between the hours of ten o'clock A.M. and four o'clock P.M., to the highest bidder for cash, selling all of the Property as an entirety or in such parcels as the Trustee acting may elect and make due conveyance to the purchaser or purchasers (provided that any such purchaser has been approved by the City of San Antonio as provided in the City Subordination Agreement, as hereinafter defined), with special warranty binding Grantor, its successors and assigns, subject to the Permitted Exceptions; and of the money arising from such sale, the Trustee acting shall pay first, all the expenses of advertising the sale and making the conveyance, including a commission of five per cent (5%) to himself, which commission shall be due and owing in addition to the reasonable attorney's fees provided for in the Note, and then to Beneficiary the full amount of principal, interest, reasonable attorney's fees and other charges due by Grantor and unpaid on the Note and all other indebtedness secured hereby, rendering the balance of the sales price, if any, to Grantor, and its successors and assigns; and the recitals in the conveyance to the purchaser or purchasers shall be full and conclusive evidence of the truth of the matters therein stated, and all prerequisites to said sale shall be presumed to have been performed, and such sale and conveyance shall be conclusive against Grantor, its successors and assigns.

Subject to and in compliance with the terms and provisions of the Lease, Beneficiary may remedy any default, without waiving same, or may waive any default without waiving any prior or subsequent default.

It is agreed that in the event a foreclosure hereunder should be commenced by the Trustee, or his substitute or successor, Beneficiary may at any time before the sale of said

property direct the said Trustee to abandon the sale, and may then institute suit for the collection of said Note, and for the foreclosure of this Deed of Trust lien; it is further agreed that if Beneficiary should constitute a suit for the collection thereof, and for a foreclosure of this Deed of Trust lien, that he may at any time before the entry of a final judgment in said suit dismiss the same, and require the Trustee, his substitute or successor to sell the property in accordance with the provisions of this Deed of Trust.

Beneficiary shall have the right to purchase at any sale of the property, being the highest bidder and to have the amount for which such property is sold credited on the debt secured hereby.

Notwithstanding anything to the contrary expressed or implied herein or in any of the other Security Instruments (as defined in the Loan Agreement), Grantor and Beneficiary acknowledge and agree that the Property is comprised solely of Grantor's leasehold estate in the Leased Premises under the Lease, and that Beneficiary's rights and remedies hereunder and otherwise with regard to the Property is subject in all respects to the rights and interests of the City of San Antonio, the fee owner of the Leased Premises and landlord under the Lease, and to the terms and provisions of that certain City of San Antonio Subordination Agreement (the "City Subordination Agreement"), including without limitation the agreements set forth therein providing that (1) the Leased Premises are permitted to be used solely for aviation purposes and no other use is permitted, and that in the event of the foreclosure of the lien of this Deed of Trust, Beneficiary shall be restricted to that use under the Lease, and (2) that any assignment by Beneficiary of its right under the Lease after foreclosure shall be subject to the prior written approval of such assignee or purchaser by the City of San Antonio (acting through its City Council) in the absolute discretion of the City of San Antonio.

Beneficiary in any event is hereby authorized to appoint a substitute trustee, or a successor trustee, to act instead of the Trustee named herein without other formality than the designation in writing of a substitute or successor trustee; and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until the indebtedness hereby secured has been paid in full, or until the Property is sold hereunder, and each substitute and successor trustee shall succeed to all of the rights and powers of the original trustee named herein.

In the event any sale is made of the Property, or any portion thereof, under the terms of this Deed of Trust, Grantor, its successors and assigns, shall forthwith upon making of such sale surrender and deliver possession of the property so sold to the Purchaser at such sale, and in the event of their failure to do so they shall thereupon from and after the making of such sale be and continue as tenants at will of such Purchaser, and in the event of their failure to surrender possession of said property upon demand, the Purchaser, his or its heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of said property in the Justice of the Peace Court in the Justice Precinct in which such property or any part thereof, is situated.

Grantor agrees that any resale by Beneficiary of the Property after foreclosure may be made for a price below the fair market value (i.e. at wholesale) and that Beneficiary is not required to re-sell the Property for a price equal to or above fair market value (i.e. retail). Grantor agrees that the sales price obtained by Beneficiary at any such resale will not be used in

determining the fair market value of the Property for the purposes of determining value under Section 51.003 of the Texas Property Code.

To the greatest extent permitted by law, Grantor hereby waives all rights and remedies created under Section 51.003 of the Texas Property Code including, without limitation, the right to introduce evidence of the amount of the sales price of the property sold by Beneficiary following any foreclosure of the liens pursuant to the terms of this Deed of Trust.

It is agreed that the lien hereby created shall take precedence over and be a prior lien to any other lien of any character whether vendor's, materialmen's or mechanic's lien hereafter created on the Property, and in the event the proceeds of the indebtedness secured hereby as set forth herein are used to pay off and satisfy any liens heretofore existing on the Property, then Beneficiary is, and shall be, subrogated to all of the rights, liens and remedies of the holders of the indebtedness so paid.

It is further agreed that if Grantor, its successors or assigns, while the owner of the Property, should commit an act of bankruptcy, or authorize the filing of a voluntary petition in bankruptcy, or should an act of bankruptcy be committed and involuntary proceedings instituted or threatened, or should the property hereinabove described be taken over by a receiver for Grantor, its successors or assigns, the Note shall, at the option of Beneficiary, after any applicable notice and cure periods set forth in the Security Instruments, immediately become due and payable, and the acting Trustee may then proceed to sell the same under the provisions of this Deed of Trust.

Grantor hereby transfers and assigns unto Beneficiary, to be applied on the debt secured hereby: (a) all eminent domain or condemnation award moneys which may hereafter be awarded or paid to Grantor for the condemnation of the Property, or any part thereof or for any portion of the Property which may be appropriate for any public or quasi-public use, or by virtue of private sale in lieu thereof and any sums which may be awarded or become payable to Grantor for damages caused by public works or construction on or near the Leased Premises; and (b) all the bonuses, rents, royalties, damages and delay moneys that may be due or that may hereafter become due and payable to the Grantor or its assigns under any oil, gas, mining or mineral lease or leases of any kind now existing, or which may hereafter come into existence (including agricultural contracts of every kind) covering the Leased Premises or any part thereof. Grantor authorizes and directs payment of such money to Beneficiary until the debt secured hereby is paid. Such money may, at the option of Beneficiary, be applied on the debt whether due or not. Beneficiary shall not be obligated, in any manner to collect said moneys or any part thereof, and shall be responsible only for amounts received by Beneficiary. Nothing herein contained shall be construed as a waiver or prejudice to the priority of this lien or the options hereunder in favor of Beneficiary.

It is agreed that an extension, or extensions, may be made of the time of payment of all, or any part, of the indebtedness secured hereby without altering or affecting the priority of the lien created by this Deed of Trust in favor of any junior encumbrancer, mortgagee or purchaser, or any person acquiring an interest in the Property, or any part thereof; it being the intention of the parties hereto to preserve this lien on the Property, subject to the Permitted Exceptions, first and superior to any liens that may be placed thereon, or that may be fixed, given or imposed by

law thereon after the execution of this instrument notwithstanding any such extension of the time of payment.

In the event any portion of the indebtedness hereinabove described cannot be lawfully secured by this Deed of Trust lien with respect to the Property, it is agreed that the first payments made on said indebtedness shall be applied to the discharge of that portion of said indebtedness.

Nothing herein or in the Note contained shall ever entitle Beneficiary, upon the arising of any contingency whatsoever, to receive or collect interest in excess of the highest rate allowed by the laws of the State of Texas or to the extent federal law permits a greater rate, then such greater rate, on the principal indebtedness hereby secured or on any money obligation hereunder, and in no event shall Grantor be obligated to pay interest thereon in excess of such rate.

If this Deed of Trust is executed by only one person or by a corporation, the plural reference to Grantor shall be held to include the singular and all of the covenants and agreements herein undertaken to be performed by and the rights conferred upon Grantor shall be binding upon and insure to the benefit of not only said parties respectively but also their respective heirs, executors, administrators, grantees, successors and assigns.

In the event that the Property is sold, assigned, conveyed, or otherwise disposed of without the prior written consent of the Beneficiary, the maturity of the outstanding and unpaid principal and the accrued and unpaid interest of the Note may, at the option of Beneficiary, be accelerated and Beneficiary may immediately demand payment of the then outstanding principal sum together with all accrued and unpaid interest due thereon.

Grantor expressly represents that this Deed of Trust and Note are given for the following purpose, to-wit:

To finance Grantor's interest in the hangar, furniture, fixtures, equipment and fuel storage tanks located at 10226 John Cape Rd., San Antonio International Airport, City of San Antonio, Bexar County, Texas.

This conveyance is also made in trust to secure and enforce: (i) any and all renewals, extensions, modifications, supplements, amendments, revisions and rearrangements of the indebtedness under the Note, said indebtedness hereby secured payable to the order of Beneficiary, whose mailing address is Attn: Rob Adams, 601 NW Loop 410, Suite 230, San Antonio, Texas 78216, both interest and principal being payable as it accrues at the office of Beneficiary in San Antonio, Bexar County, Texas, payable and bearing interest as therein specified; and (ii) all of the covenants and obligations of Grantor to Beneficiary, as contained in the Note, the Loan Agreement and the other Security Instruments.

GRANTOR WILL NEITHER CREATE NOR PERMIT ANY JUNIOR OR SUBSEQUENT LIEN OR ENCUMBRANCE AGAINST THE PROPERTY WITHOUT PRIOR WRITTEN CONSENT OF BENEFICIARY.

Applicable To Prior Liens. If this Deed of Trust is or becomes subordinate to any other liens, security interests, assignments of leases or rents or any other encumbrances (collectively, the "Prior Liens") affecting any of the Property, all documents creating the Prior Liens and

evidencing and governing the indebtedness secured thereby being collectively called the "Prior Lien Documents" this section shall apply. Grantor shall not enter into any renewal, extension, modification, increase or refinancing of any of the Prior Lien Documents or the indebtedness secured thereby without the prior written consent of Beneficiary, provided that Grantor may enter into a renewal, extension, modification, increase or refinancing of that certain Loan Agreement dated as of August 11, 2010, as amended, made by and between Bank of Texas, N.A., and Borrower in the original principal amount of \$12,000,000.00 (the "Bank of Texas Loan") without requiring the prior written consent of the Beneficiary. Grantor shall pay when due all indebtedness evidenced and secured by the Prior Lien Documents and shall timely perform all other obligations of the Grantor under the Prior Lien Documents. Beneficiary may, but shall not be obligated to, pay any such indebtedness or perform any such obligations for the account of Grantor and any sum so expended shall be secured hereby. Grantor shall pay to Beneficiary all amounts so expended by Beneficiary with interest on such amounts from date and at the rate set forth in the Note, but not in excess of the highest rate permitted by applicable law. Any default under any of the Prior Lien Documents, the curing thereof by Beneficiary shall not constitute a cure of the default under this Deed of Trust. Grantor shall send to Beneficiary a copy of each notice of default or notice of acceleration or other notice received by Grantor from the holder of any of the Prior Lien Documents within one (1) business day after receipt thereof by Grantor. Notwithstanding the foregoing, Beneficiary does not consent to any Prior Lien other than the Bank of Texas Loan and the liens attributable thereto unless otherwise expressly permitted in this Deed of Trust.

In the event Grantor should seek a temporary restraining order or an injunction or other legal action, be it temporary or permanent, to prevent, hinder or delay the exercise by Beneficiary of its rights and remedies under this Deed of Trust, including, without limitation, its foreclosure rights, upon the occurrence of an Event of Default under the Loan Agreement as herein provided, then Grantor agree to pay and/or reimburse Beneficiary for all costs and expenses, including its reasonable attorneys' fees, incurred by Beneficiary in connection with its defense, appearance and/or other action taken by Beneficiary with respect thereto, such payment and/or reimbursement to be made whether or not Beneficiary is the prevailing party in any such injunction or temporary restraining order or legal proceeding.

Subject to the rights of Grantor under the Lease and otherwise in compliance with the terms and provisions of the Lease, Grantor hereby grants Beneficiary the right to protest any and all ad valorem taxes and special assessments made against the Property. In that regard, Grantor shall deliver to Beneficiary a true and correct copy, upon request by Beneficiary, of all tax assessments, valuations, re-appraisals and other notices received by Grantor from all tax authorities related to the Property. Beneficiary shall have the right to appear in all tax proceedings and file appeals concerning taxes affecting the Property, or any portion thereof.

Environmental Compliance. Grantor's use of the Leased Premises will at all times comply with all laws, statutes, ordinances, rules and regulations ("Laws") of any governmental, quasi-governmental or regulatory authority which relate to the transportation, storage, placement, handling, treatment, discharge, generation, production, removal or disposal (collectively, "Treatment") of any waste, petroleum product (including, without limitation, gasoline and diesel fuel), waste products, poly-chlorinated biphenyl, asbestos hazardous materials, and/or any other substance, the Treatment of which is regulated by any Laws (collectively, "Waste"), to the extent

Grantor has assumed such compliance obligations under the Lease. Grantor will comply with all Laws regarding underground storage tanks used to hold gasoline, diesel fuel, or any other petroleum products on the Leased Premises, to the extent Grantor has assumed such compliance obligations under the Lease.

To Grantor's knowledge, no investigation, administrative order, consent order and agreement, litigation or settlement, with respect to Waste or the Treatment of Waste is proposed, threatened, anticipated or in existence with respect to the Property that would constitute a default by Borrower under the Lease.

Site Assessments. Beneficiary (by its officers, employees and agents), after the occurrence of any Event of Default, may contract for the services of any person or firm ("Site Reviewers") to perform environmental site assessments ("Site Assessments") on the Property for the purposes of determining whether there exists on the Property any environmental condition which could reasonably be expected to result in any liability, cost or expense to the lessee, occupier or operator of such Property arising under any laws relating to Waste or the Treatment of Waste. To the extent permitted under the Lease, the Site Assessments may be performed upon reasonable notice, and under reasonable conditions established by Grantor which do not impede the performance of the Site Assessments. To the extent permitted under the Lease, the Site Reviewers are hereby authorized to enter upon the Mortgaged Property for such purposes. The cost of performing such Site Assessments shall be paid by Grantor upon demand of Beneficiary and any such expenses borne by Beneficiary not immediately reimbursed by Grantor shall be secured by this Deed of Trust.

Indemnification. Grantor will defend, indemnify and hold harmless Beneficiary and Trustee from any and all liabilities (including strict liability), actions, demands, penalties, losses, costs or expenses (including, without limitation, attorneys' fees and expenses, and remedial costs), suits costs of any settlement or judgment and claims of any and every kind whatsoever which may now or in the future be paid, incurred or suffered by or asserted against Beneficiary or Trustee by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, on, or affecting the Property of any Waste or any Spill, or which arise out of or result from the environmental condition of the Property or the applicability of any Laws relating to Waste, within the control of Grantor and not caused by Beneficiary, and only during that portion of the term of the Lease in which Grantor is a tenant of the Property and to the extent same would constitute a default by Grantor of its obligations under the Lease beyond the expiration of any applicable notice and cure period. The representations, covenants, warranties and indemnifications herein contained shall survive the release and/or judicial or non-judicial foreclosure (or transfer in lieu thereof) of the lien of this Deed of Trust. For the purpose of this paragraph and notwithstanding any other provision contained herein to the contrary, the term "Grantor" shall refer not only to the Grantor named herein, but also to all other persons who may hereafter assume the Note and the obligations of this Deed of Trust.

Notwithstanding the provisions above relating to conducting a foreclosure sale(s) pursuant to the provisions of this Deed of Trust, the Trustee shall, and is hereby directed to, comply with the provisions of Chapter 51 of the Texas Property Code (the "Property Code") as it may be amended and in effect as of the date or dates of any foreclosure proceedings conducted

pursuant to this Deed of Trust. In particular, the location and time of sale shall be held in accordance with Section 51.002 of the Property Code or any amendments thereto or re-enactments or revisions to such law.

Grantor stipulates and agrees that for purposes of determining the fair market value of the Property (or any portion thereof), as such term is used in Section 51.003 of the Texas Property Code, which is sold at a non-judicial foreclosure sale pursuant to the terms of this Deed of Trust (and in accordance with Section 51.002 of the Property Code), the following facts or shall be used to determine such property's fair market value, for such purposes: (a) the property shall be valued "AS IS," without any value being anticipated for any improvements or refurbishing to be conducted, or conducted, after the date of the foreclosure sale, (b) the intention of the purchaser to re-sell the property promptly, without any extensive holding period, (c) any re-sale shall be for cash only, without financing by the seller, (d) all reasonable costs of closing a re-sale shall be deducted from the estimated of fair market value, such as reasonable attorneys' fees, title policy premiums, surveyor fees and expenses, the then prevailing broker's or salesmen commission, unpaid ad valorem tax amounts and (e) the application of a discount to the value to be applied to any future sales price to arrive at its then current fair market value. Grantor further stipulates that any value given to the Property in connection with Grantor's obtaining of the Loan, or at any other time or times, shall not be used and shall not be considered for guidance in determining the fair market value of such property on the date of any such foreclosure sale.

THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Signature Page Follows]

EXECUTED on the date of the Notary Acknowledgement, to be effective on the City Approval Date.

GRANTOR:

HH Aviation, L.L.C.,
a Texas limited liability company

By: _____
Name: Paul C. Hensley
Title: Secretary

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

The foregoing instrument was acknowledged before me this ____ day of _____, 201_ by _____, _____ of HH Aviation, L.L.C., a Texas limited liability company, for and on behalf of said company.

Notary Public, State of Texas

After recording, return to Beneficiary, at its mailing address, as follows:
Bank SNB
601 NW Loop 410, Suite 230
San Antonio, Texas 78216
Attention: Rob Adams

EXHIBIT "A"

LEASE:

San Antonio International Airport Lease dated December 2, 2009, between the City of San Antonio, Texas and HH Aviation, L.L.C., a Texas limited liability company, as assignee of Zachry Industrial, Inc.

LEASED PREMISES:

Grantor's leasehold interest in the real property that is subject to the Lease, which is located at 10226 John Cape Road, San Antonio International Airport, City of San Antonio, Bexar County, Texas, and more particularly described on Exhibit "A-1" attached hereto.

Exhibit A-1

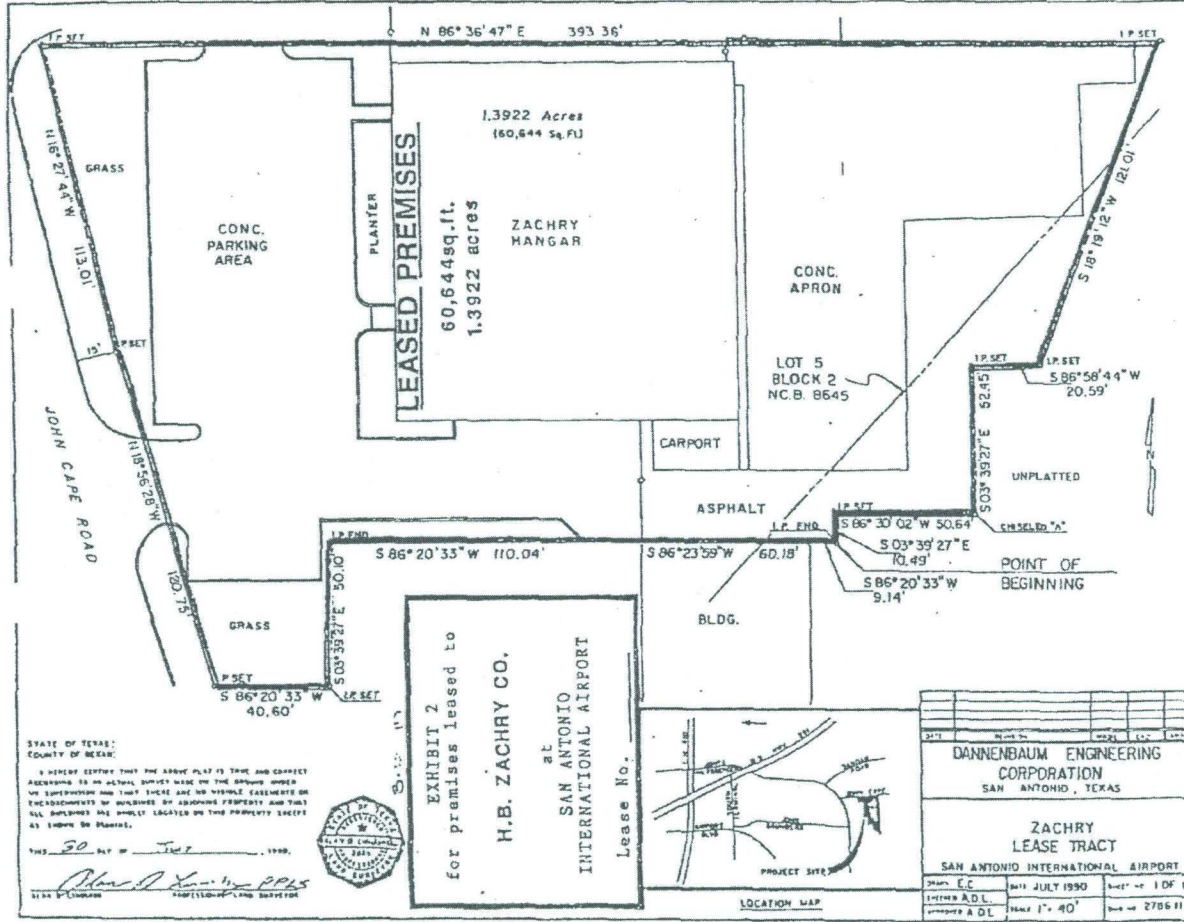


Exhibit A-1 (cont.)

FIELD NOTES FOR A 1.3922 ACRE TRACT

BEING 1.3922 Acres (60,644 square feet) including that tract described in a lease agreement (Lease No. 336) between the City of San Antonio and H.B. Zachry and including a previously unleased portion of Lot 5, Block 2, NCB 8645 and an unleased and unplatted tract on San Antonio International Airport property and being more particularly described as follows:

BEGINNING at an iron pin found at the northwest corner of the cutoff at the intersection of the south line of Paul Wilkins Road (a 60 foot wide non dedicated road located on San Antonio International Airport) with the west line of John Saunders Road (a 60 foot wide non dedicated road located on San Antonio International Airport), said pin being an exterior corner of Lot 2 Block 1 NCB 16435 according to a plat of San Antonio International Airport Unit 2 as recorded in Volume 9521 Pages 61 to 65, Deed and Plat Records of Bexar County, Texas;

THENCE South $86^{\circ}20'33''$ West 212.74 feet with the south line of Paul Wilkins to a point opposite an iron pin found for the southeast corner of a 0.6221 acre tract;

THENCE North $3^{\circ}39'27''$ West at 60.00 feet passing said southeast corner, a total of 199.89 feet to the iron pin found for POINT OF BEGINNING of the herein described tract;

THENCE with the north line of said 0.6221 acre tract, the south line of this tract with the following calls:

South $86^{\circ}20'33''$ West 9.14 feet to a building corner.
South $86^{\circ}23'59''$ West 60.18 feet along said building.
South $86^{\circ}20'33''$ West 110.04 feet to an iron pin found.
South $3^{\circ}39'27''$ East 50.10 feet to an iron pin found and.
South $86^{\circ}20'33''$ West 40.60 feet to an iron pin found in the east line of John Cape Rd. for the southwest corner of this tract;

THENCE with the east line of John Cape Rd. (a non dedicated road located on San Antonio International Airport) North $18^{\circ}56'28''$ West 120.76 feet to an iron pin set for an angle point and North $16^{\circ}27'44''$ West 113.01 feet to an iron pin set for the northwest corner of this tract;

THENCE North $86^{\circ}35'47''$ East 393.36 feet with the north line of this tract to an iron pin set for a corner;

THENCE along the east line of this tract with the following calls:

South $18^{\circ}19'12''$ West 121.01 feet to an iron pin set for a corner.
South $86^{\circ}58'44''$ West 20.59 feet to an iron pin set for a corner
South $3^{\circ}39'27''$ East 52.45 feet to a chiseled "X" for a corner.
South $86^{\circ}30'02''$ West 50.64 feet to an iron pin set for a corner and,
South $3^{\circ}39'27''$ East 10.49 feet to an iron pin set for the

POINT OF BEGINNING and containing 1.3922 acres (60,644 square feet) more or less.

July 30, 1990

STATE OF TEXAS
COUNTY OF BEXAR

I hereby certify that the above description is true and correct according to a survey made on the ground under my supervision.



Alan D. Lindskog
Alan D. Lindskog, R.P.L.S.
Registered Professional Land Surveyor No.
2845

Note: This tract is shown on a drawing entitled Zachry Lease Tract prepared by Dannenbaum Engineering Corporation dated July 30, 1990.

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EXHIBIT "B"

1. Liens for taxes, assessments or other governmental charges or levies not yet delinquent.
2. Liens, encumbrances, easements, rights of way, restrictions, plats, declarations of covenants, conditions and restrictions and other matters of record (i) validly existing against the Leased Premises as of the date hereof, or (ii) hereafter placed or caused to be placed against the Leased Premises by the landlord under the Lease.
3. Any statute, law, ordinance or regulation of the United States (including without limitation, the FAA), the State of Texas and of all other governmental, regulatory or judicial bodies applicable to the use, operation, maintenance or control of the Leased Premises.
4. The provisions of any existing or future agreement between the City of San Antonio and the United States regarding the operation or maintenance of the San Antonio International Airport.