



INTERNATIONAL AIRPORT

Easy to and through.

March 1, 2010

Stuart Lichter, President
IRG, Inc.
12214 Lakewood Blvd
Downey, CA 90242

RE: UPS Facility at James M. Cox Dayton International Airport

Dear Mr. Lichter:

Over the past few months, discussions have taken place concerning the Air Cargo and Sorting Facility ("Facility") located at the James M. Cox Dayton International Airport ("Airport"). As you know, the Facility is situated on a significant and highly visible amount of Airport acreage leased by the City to UPS, as successor to Emery Air Freight Corporation, pursuant to a Special Facility Ground Lease and Use Agreement dated April 1, 1981, as amended (the "Ground Lease"). The Airport is in receipt of your proposal and preliminary concept regarding the reuse of the Facility. Pursuant to such, IRG and the City agree in principal that developing the necessary legal documents that will give IRG the opportunity to gain control of the Facility and implement re-use is advantageous to the Dayton region.

Following is the Airports response outlining a summary of the business terms as we understand them:

1. **Conceptual Plan.** IRG will prepare a conceptual plan that identifies the proposed use of the Facility (keeping in mind that not less than 10% of the Facility will be held for aviation use) and containing preliminary financial data.
2. **UPS Negotiations.** IRG may immediately begin negotiations with UPS regarding the terms of an assignment of the Ground Lease from UPS to IRG. IRG commits to providing updates to the City regarding the status of such negotiations. As part of the negotiations with UPS, IRG shall obtain from UPS a sum not less than the total amount of Ground Lease rentals payable to the City for the remainder of the base term of the Ground Lease (which expires on January 1, 2020). The funds obtained from UPS to cover the Ground Lease rentals will be placed in a trust account for the benefit of the City.
3. **Due Diligence.** Once IRG secures a firm commitment from UPS, IRG will prepare and submit a financial Pro Forma and final Concept Plan(s) for use of the Facility to the Airport. The document(s) shall contain sufficient detail concerning the use of the Facility, expected job creation, use of ramp space, identification of any environmental matters and any modifications to the Facility and/or surrounding infrastructure. It is this documentation that will be submitted in connection with the application to the Federal Aviation Administration to release the aeronautical restriction on the Facility.
4. **FAA Release.** Upon receipt of the Due Diligence above and concurrence with same, the City will submit an application to the Federal Aviation Administration (FAA) seeking FAA approval of a release of the aeronautical restriction, with the understanding and commitment that IRG will use not less than ten percent (10%) of the Facility for aeronautical purposes. IRG agrees to cooperate with the City in seeking such release and will furnish any information and documentation requested by the City in connection therewith.

Owned and Operated by the City of Dayton
3800 Terminal Drive - Suite 300 - Vandalia, Ohio 45377-1085
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5. Assignment and Amendment of Ground Lease. Contingent upon the Airport securing FAA approval of the release of aeronautical restrictions and Airport concurrence with the Pro Forma and final Concept Plan:

- (a) The City will execute the necessary legal document(s) for the assignment of the Ground Lease to IRG (or related assignee).
- (b) The parties will enter into an amendment of the Ground Lease covering the following:
 - i. Allowing IRG to use the Facility for non-aeronautical uses;
 - ii. Allowing IRG to sublease the Facility to multiple tenants;
 - iii. Allowing IRG to renew the Ground Lease for a maximum of 50 years (or such other maximum period allowed under Ohio law, Charter and Ordinances of the City of Dayton and approval by the FAA) and which shall include periodic rental rate adjustments; and
 - iv. Providing an option to establish preferential use of certain ramp space.

Except for the forgoing changes and those others needed to allow non-aeronautical use of the Facility, IRG shall perform and comply with all other terms and conditions of the Ground Lease, including those related to payment of rentals, taxes and insurance, maintenance and repair of the Facility and providing the necessary security required by the Department of Homeland Security.

- (c) As consideration for the Assignment and Amendment of Ground Lease, the City will agree to forego claims for building rentals, provided IRG pays Fair Market Value ground rent and all operating costs for the Facility during the entire period of IRG's lease of the Airport property.
- (d) IRG agrees and commits that the costs for the operation and maintenance of the Facility shall be borne exclusively by IRG, inclusive of above- and below-ground fuel facilities and security plan implementation. Moreover, the City shall receive from IRG (taken out of the trust established under 2 above), the Ground Lease rental payments in such amounts and times as prescribed under the Ground Lease for the base term.

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This letter constitutes the Airport's understanding of our discussions with IRG pertaining to the reuse of the Facility that is mutually beneficial to both parties. We appreciate the time devoted to working with us to address these issues.

Please indicate your agreement or concerns with the matters outlined herein by returning any written remarks to the attention of Ms. Regina M. Holman, Airport Business Development Manager, City of Dayton, Department of Aviation, 3600 Terminal Drive, Suite 300, Vandalia, Ohio 45377.

Very truly yours,



**Iftikhar Ahmad
Director of Aviation**

cc: **Timothy H. Riordan
Stanley Earley
Shelley Dickstein**