

**ERIE MUNICIPAL AIRPORT
MANAGEMENT AND OPERATING
AGREEMENT**

By and Between

The Town of Erie, Colorado

and

Vector Air Management, LLC

July 1, 2011

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MANAGEMENT AND OPERATING AGREEMENT

THIS MANAGEMENT AND OPERATING AGREEMENT ("Operating Agreement") is entered into this _____ day of June, 2011, by and between the **TOWN OF ERIE, COLORADO**, a Colorado municipal corporation ("Town") and **VECTOR AIR MANAGEMENT, LLC**, a Colorado limited liability company ("Operator").

WHEREAS, Town is the owner and operator of the Erie Municipal Airport ("Airport"), which is located in the Town of Erie, County of Weld, State of Colorado, as described in Exhibit "A" (Legal Description of Airport), which is attached and incorporated by this reference;

WHEREAS, Town wishes to enter into a long-term management and operating agreement with Operator for: (i) the operation, management and maintenance of the movement areas of the Airport and Existing Airfield Improvements, as depicted on Exhibit "A-1" (Airport Movement Areas and Existing Airfield Improvements), which is attached and incorporated by this reference, and (ii) to develop and construct New Airfield Improvements as may be required to provide for the efficient, safe and orderly operation of the Airport;

WHEREAS, the Operator is qualified and willing to perform such services in accordance with, and subject to the provisions of this Operating Agreement;

WHEREAS, legal authority exists to engage the Operator and sufficient funds have been budgeted by Town and are available for the work to be performed by Operator under this Operating Agreement, and other necessary approvals have been obtained.

NOW, THEREFORE, in consideration of the respective promises and mutual agreements, covenants and conditions herein, receipt of which is hereby acknowledged, Town and Operator agree as follows:

1.0 DEFINITIONS

The following words, terms and phrases, whenever used in this Operating Agreement, shall have the meaning and significance attached to them in Section 1.0, Definitions, unless expressly provided otherwise.

- 1.1 "Agreement for Services" shall mean the agreement entered into by and between Town and Vector Aircraft Services, LLC, dated March 24, 2009, providing for Vector Aircraft Services, LLC, an affiliate of the Operator, to be responsible for certain services to the Airport.

- 1.2 "Airfield Improvements" shall mean the Existing Airfield Improvements and New Airfield Improvements together, as defined herein.
- 1.3 "Airport" shall mean the Erie Municipal Airport, located in the Town of Erie, County of Weld, State of Colorado.
- 1.4 "Airport Layout Plan" shall mean the plan approved by the Federal Aviation Administration ("FAA") showing the layout of the physical areas of the Airport.
- 1.5 "Airport Movement Areas" shall mean the movement areas of the Airport and Existing Airfield Improvements as depicted on Exhibit "A-1" (Airport Movement Areas and Existing Airfield Improvements). In addition, the Airport Movement Areas shall incorporate any New Airfield Improvements as may be developed and constructed pursuant to this Operating Agreement.
- 1.6 "Agreement Commencement Date" shall mean the date set forth in Paragraph 2.1 of this Operating Agreement.
- 1.7 "Code" shall mean the Code of Ordinance of the Town of Erie, Colorado, as it may be amended from time to time.
- 1.8 "CDOT" shall mean the Colorado Department of Transportation, Division of Aeronautics.
- 1.9 "Existing Airfield Improvements" shall mean all of the improvements that exist on the Airport Movement Areas as of the Agreement Commencement Date, as shown on Exhibit "A-1" (Airport Movement Areas and Existing Airfield Improvements).
- 1.10 "FAA" shall mean the Federal Aviation Administration created by the Federal Aviation Act of 1958, as amended and recodified, or any successor agency thereto.
- 1.11 "Fuel Tanks and Fuel Farm" shall mean the two above-grade 12,000 gallon fuel tanks and the underground fuel tanks located in the area designated as the "fuel farm" on Exhibit "A-1".
- 1.12 "GAAP" shall mean the Generally Accepted Accounting Principles applicable to municipal governments as promulgated by the Governmental Accounting Standard Board ("GASB") or other sources required by GASB and/or GASB's successor organization (if applicable).

- 1.13 "Hazardous Materials" shall mean "Hazardous Materials" as defined in Paragraph 20.1 of this Operating Agreement.
- 1.14 "New Airfield Improvements" shall mean any improvements of any type and use constructed by Operator, for the benefit of Town and the Airport, within the Airport Movement Areas and in accordance with the terms and conditions of this Operating Agreement.
- 1.15 "Operating Agreement Calendar Year" shall be determined as follows: Operating Agreement Calendar Year one shall be the period beginning with the Agreement Commencement Date and ending on December 31 of that same year. The second and each subsequent Operating Agreement Calendar Year shall be the consecutive twelve (12) month period following the end of the prior Operating Agreement Calendar Year, beginning on January 1 and ending on December 31.
- 1.16 "Operator" shall mean Vector Air Management, LLC, a limited liability company authorized to do business in the State of Colorado, entering into this Operating Agreement as the Operator of the Airport.
- 1.17 "Parties" shall mean Town and Operator.
- 1.18 "Town" shall mean the Town of Erie, Colorado, a municipal corporation.
- 1.19 "Unavoidable Delays" shall mean delays due to strikes, lockouts, litigation stay orders, acts of God, inability to obtain labor or materials, governmental acts or restrictions, enemy action, civil commotion, fire, terrorism, acts of war, unavoidable casualties or any other causes beyond the reasonable control of Operator and/or Town.

2.0 TERM

- 2.1 Term. The term of this Operating Agreement ("Term") shall be for a period of five (5) years and six (6) months. The Term shall commence on July 1, 2011 ("Agreement Commencement Date"). The Operating Agreement shall expire on December 31, 2016 ("Agreement Expiration Date"), unless sooner terminated pursuant to the terms of this Operating Agreement.
- 2.2 Option. Operator shall have the option to extend the Operating Agreement for an additional term of five (5) years in accordance with the terms of Section 22.0, below.
- 2.3 Holdover. Upon expiration or sooner termination of this Operating Agreement, Operator shall surrender the Airport Movement Areas and Airfield Improvements to Town in as

good, safe, and clean condition as practicable, reasonable wear and tear and acts of God excepted. The Operating Agreement shall terminate without further notice at the expiration of the Term. Any holding over by Operator after expiration shall not constitute a renewal or extension, or give Operator any rights in or to the Airport Movement Areas, except as expressly provided in this Operating Agreement.

3.0 TITLE TO IMPROVEMENTS; ENTRY BY TOWN

- 3.1 All Existing Airfield Improvements and New Airfield Improvements shall at all times during the Term of this Operating Agreement, including any option period, extension or holdover period, be and remain the property of, with title thereto being in the name of Town for all purposes.
- 3.2 Town reserves the right to enter the Airport at any time for any purpose necessary. Town shall have the right to use any and all means which Town may deem proper in an emergency, without any liability to Operator except for failure to exercise due care for Operator's property.

4.0. CONSIDERATION AND PAYMENTS; AGREEMENTS

- 4.1 Management Fee. For the obligations and work to be performed under this Operating Agreement, Operator shall be paid as follows during the Term of this Operating Agreement:
- 4.1.1 Lease Agreements. Operator shall receive the income and rent from the rental and lease agreements listed in Exhibit "B" ("Existing Airport Rental Agreements") and any new lease agreements entered into by Operator pursuant to Paragraph 4.8. Operator's right to the revenue from the Existing Airport Rental Agreements and any new lease agreements shall terminate on the Agreement Expiration Date.
- 4.1.2 Tie Downs. Operator shall keep all revenue realized from the rental of tie-downs numbered 11 through 37, and 40 through 46, as designated on Exhibit "A-1" and such additional new tie-downs as may be added during the term of this Operating Agreement. Town shall set the tie-down rental rate from time to time pursuant to the Code and to FAA regulations and requirements. Operator may propose its recommendation for the amount of the tie-down rental rate to Town, however, the determination of the tie-down rental rate and the establishment of the tie-down rental rate shall be at the commercially reasonable discretion of Town, in accordance with its Code and with FAA regulations and requirements. Operator's right to the revenue for such tie-downs shall terminate on the Agreement

Expiration Date. No other tie-downs in any other location on the Airport are permitted for use by Operator, unless agreed to in writing in advance by Town.

- 4.1.3 Fuel Sales. Operator shall keep all profits from fuel sales after payment of the expenses related to fuel sales, service and maintenance. Operator's right to the revenue of such fuel sales shall terminate on the Agreement Expiration Date. Operator may set and adjust retail fuel prices, and offer such discounts as it believes appropriate, in its commercially reasonable discretion. Operator shall pay a fuel flow fee to Town during the Term of this Operating Agreement as set forth and designated in Paragraph 4.2.1.

4.1.3.1 Town hereby grants to Operator a royalty-free license to use the underground and above-ground Fuel Tanks and Fuel Farm, as depicted on Exhibit "A-1", subject to the terms and restrictions as set forth in Paragraph 6.4 and Section 20.0, which license shall terminate or expire at the same time that this Operating Agreement terminates or expires.

4.1.3.2 Operator shall have sole responsibility for the maintenance of the fuel Tanks and Fuel Farm and shall keep the same in good operating condition. Operator shall contract with the fuel vendors; arrange for delivery of all fuel; oversee the transfer of fuel from supply trucks to the fuel farm; pay for all fuel delivered to the fuel farm; sell and collect payment for fuel sold from the fuel farm; collect and pay all state and federal taxes and other costs directly associated with the sale of fuel from the fuel farm; manage the fuel farm and island; perform daily maintenance of the fuel system; maintain and repair the above-ground and below-ground fuel equipment, including point-of-sale equipment, hoses, and nozzles. Operator shall download the automated fuel system leak check report monthly and keep a logbook of the entries. When the State Fuel Inspector visits the Airport for inspections, Operator shall show the Inspector the areas the Inspector is in need of locating. For the purposes of this Agreement, replacement of hoses, nozzles, filters and other parts necessary to the day to day functioning of the above-ground and below-ground fuel equipment shall be considered to be maintenance and repair.

- 4.1.4 Through the Fence Fees. Operator shall receive the proceeds from the collection of the Through the Fence Fees ("TTF Fees"). Operator's right to the revenue of such TTF Fees shall terminate on the Agreement Expiration Date. Town shall set the amount of the TTF Fees from time to time pursuant to the Code and to FAA regulations and requirements. Operator may propose its recommendation for the

amount of the TTF Fee to Town, however, the determination of the TTF Fee and the establishment of the TTF Fee shall be at the sole discretion of Town, in accordance with its Code and with FAA regulations and requirements. Operator shall collect the TTF Fees from the users of the Airport as required by the Code and by FAA regulations and requirements.

- 4.1.5 Other Sources. Operator shall keep the proceeds from other sources of revenue that the Operator may create at the Airport in conformance with the obligations of this Operating Agreement. Operator's right to the revenue from these other sources shall terminate on the Agreement Expiration Date.

- 4.2 Operator Payments to Town. Operator shall pay to Town, during the Term of this Operating Agreement, as follows:

- 4.2.1 Fuel Flowage Fee. Operator shall pay monthly to Town a fuel flowage fee per gallon of fuel for all gallons sold by Operator at the Airport. The Fuel Flowage Fee for the Term shall be five cents (\$0.05) per sold gallon of fuel.

- 4.2.2 Monthly Fee. Operator shall pay to Town a monthly fee of three thousand dollars (\$3,000) during the Term of the Operating Agreement ("Monthly Fee"). Said Monthly Fee shall be paid on the first day of each and every month during the Term of the Operating Agreement, and shall be payable to Town at the address as set forth in the Notice provision in Paragraph 18.1.1. If the Agreement Commencement Date is not the first day of the month, the Monthly Fee for the initial month shall be prorated based on the number of days during such month the Operating Agreement is in effect.

- 4.2.3 Portion of Operating Agreement Net Revenues. Operator shall pay to Town one-half of the Operating Agreement Net Revenues (as defined in Paragraph 4.3) realized by the Operator from the Management Fee as defined in Paragraph 4.1, over and above the initial eighty-six thousand dollars (\$86,000) of Operating Agreement Net Revenues realized by the Operator per Operating Agreement Calendar Year during the Term of the Operating Agreement. The distribution of Operating Agreement Net Revenues, if any, for each Operating Agreement Calendar Year, or part thereof, shall be determined by Operator on a preliminary basis, and verified and adjusted as a result of the annual audit as outlined in Paragraph 8.2.7. The amount determined on the preliminary basis shall be distributed to Town by Operator no later than ninety (90) days following the end of the Operating Agreement Calendar Year and shall be payable to Town at the address as set forth in the Notice provision in Paragraph 18.1.1. Once the audited

amount is determined, the corrected amount (or difference) shall be paid to Town or repaid to the Operator (as may be necessary) within thirty (30) days after the financial statements are issued.

By way of example, in one Operating Agreement Calendar Year, the Operator has Operating Agreement Net Revenues of \$100,000. From this, deduct \$86,000 (which represents the \$36,000 Operator paid to Town during the Operating Agreement Calendar Year as the Monthly Fee, plus the Operator's \$50,000 management fee that Operator pays itself prior to splitting any funds with Town), leaving a remainder of \$14,000. The Operator would pay to Town one-half of the remainder, or \$7,000, and keep the balance of \$7,000 for itself.

In the second example, in one Operating Agreement Calendar Year, the Operator has Operating Agreement Net Revenues of \$80,000. From this, deduct \$86,000, leaving a shortage of \$6,000. In this example, the Operator would only be able to pay itself a \$44,000 management fee (due to the \$6,000 shortfall), and no money would be paid to Town as there is no remainder available above the \$86,000 to split between the parties.

The risk to Operator is that if it makes less than \$86,000 in Operating Agreement Net Revenues, its self-paid management fee is reduced accordingly. The risk to Town is that if Operator makes less than \$86,000 in Operating Agreement Net Revenues, Town receives no income other than the Monthly Fee and the Fuel Flowage Fee.

The Monthly Fee is paid by Operator during the Term of the Operating Agreement, as set forth in Paragraph 4.2.2. The Fuel Flowage Fee is payable based solely upon the number of gallons of fuel sold by Operator at the Airport, as set forth in Paragraph 4.2.1. Both are separate and independent payment obligations of Operator and are not included in the Operating Agreement Net Revenues split as provided for in this Paragraph 4.2.3.

- 4.2.4 Town Staff Time. In the event Operator fails to perform its obligations hereunder, Operator shall pay to Town the actual cost of any Town staff time spent performing any such obligations ("Town Staff Time"). Operator shall pay to Town the actual cost of any Town Staff Time for Town staff work requested by Operator during the Term of the Operating Agreement. The actual cost of any Town Staff Time shall be determined by the hourly rate (including overtime, if applicable), times one and three tenths (1.3). Such Town Staff Time shall be

billed to Operator by Town, and shall be payable by Operator within thirty (30) days of receipt of such billing.

4.2.5 Interest. Any fees, payments and expenses due hereunder not paid to Town by the Operator when due shall earn interest at the rate of twelve percent (12%) per annum.

4.2.6 Payment for Services by Operator. Operator shall be responsible for payment of all fees and costs of utility services (AWOS system, water, sewer, electric, gas, trash, telephone, internet, cable television, etc.) as used by Operator on the Airport, either directly to the utility provider if the Airport is separately metered or billed, or to Town if utilities are provided to the Airport without separate meter or billing for the Airport. Operator shall pay, prior to delinquency and directly to the applicable supplier, for all services and utilities supplied to the Airport and separately metered or billed, together with any taxes thereon. If any services are not separately metered or billed to Operator, Operator shall pay to Town the cost of the services billed to Town. Operator shall arrange in advance for the transfer all services into the name of Operator for such billing purposes, to be effective on the Agreement Commencement Date.

4.3 Operating Agreement Net Revenues. As used in this Operating Agreement, the term "Operating Agreement Net Revenues" shall mean all revenues and income of any nature derived from the items set forth in the Management Fee as defined in Paragraph 4.1 above, minus Airport Operating Expenses as defined in Paragraph 4.4.

4.4 Airport Operating Expenses. The Parties hereto acknowledge that it is their intent that all routine costs associated with the operation, management and/or maintenance of the Airport and the Airport Movement Areas and/or Airfield Improvements, including but not limited to taxes, insurance, and maintenance costs, are entirely the Operator's obligation, whether directly or as delegated to a third party.

As used in this Operating Agreement, the term "Operating Expenses" shall mean all reasonable and necessary operating and other costs incurred or expended by Operator in connection with or in any manner relating to the operation of the Airport, as well as all reasonable and necessary expenses incurred in connection with the operation, management and maintenance of the Airport Movement Areas, including (without limitation) the use, operation, repair and maintenance thereof. Operating Expenses shall specifically exclude the payments due hereunder as required by Paragraphs 4.2.1, 4.2.2, 4.2.3., and 4.2.5.

Without limiting the foregoing, "Operating Expenses" shall be reasonable and as required and customary for airports in the metropolitan Denver area of similar size and usage, and shall be deemed to generally include the following expenses, which shall be calculated in accordance with Generally Accepted Accounting Principles ("GAAP"): (i) the cost of all operating equipment, operating supplies, inventories, wages, salaries and employee fringe benefits, advertising and promotional expenses, the cost of personnel training programs, utility and energy costs, operating licenses and permits, security costs, and grounds and landscaping maintenance costs; (ii) all expenditures made for maintenance and repairs to keep the Airport and the Airport Movement Areas in good condition and repair; (iii) premiums and charges on all insurance coverages specified in Section 9.0 of this Operating Agreement; (iv) all impositions and other property taxes and assessments levied on or attributable to the Airport and the Airport Movement Areas; (v) audit, legal and other professional or special fees reasonably and necessarily incurred in the management and operation of the Airport and the Airport Movement Areas; and, (vi) rentals payable under equipment leases of any fixtures, furnishings and equipment. Operating Expenses shall not include payments for services made to affiliates of Operator that are not commercially reasonable, or Debt Service or Capital Expenditures as such terms are defined in GAAP. Operating Expenses exclude any expenses currently incurred by the Operator for its existing business activities at the Airport which pre-date this Operating Agreement.

Operator shall not be responsible for or obligated to pay extraordinary costs associated with Capital Expenditures or with the replacement of Airport assets which have catastrophically failed, been destroyed through no fault of Operator's, or have reached their normal end-of-life unless such failure or destruction was the result of Operator's failure to perform its duties under this Operating Agreement.

- 4.5 Existing Airport Rental Agreements. Town hereby represents and warrants that attached as Exhibit "B" (Existing Airport Rental Agreements), which is incorporated by this reference, is a list that sets forth each of the rental agreements affecting the Airport as of the Agreement Commencement Date (collectively, the "Existing Airport Rental Agreements"). Exhibit "B" includes information relating to: (i) the identity of the parties to each Existing Airport Rental Agreement; (ii) any and all amendments and modifications to each Existing Airport Rental Agreement; (iii) a description of the area leased or rented for each Existing Airport Rental Agreement; (iv) the date, commencement date, and expiration date of each Existing Airport Rental Agreement; (v) the current monthly rental charges payable under each Existing Airport Rental Agreement; and (vi) the amount of all security deposits and/or prepaid amounts paid to Town therein. Payments in arrears as of the Agreement Commencement Date shall remain due and owing to, and the property of Town.

4.5.1 Continuation. Town shall, upon the execution of this Operating Agreement, assign all of its rights and interests under each such Existing Airport Rental Agreement to Operator. In that regard, Town shall deliver a letter to the holder of each of the parties under the Existing Airport Rental Agreement ("Continuation Notification Letter"), duly executed by Town and dated as of the Agreement Commencement Date, notifying each such party that: (i) the Operator is now responsible for and is authorized to conduct the management, maintenance and operation of the Airfield Movement Areas; (ii) all of Town's rights and interest in and to the Existing Airport Rental Agreement have been assigned to Operator; and (iii) commencing immediately, all rent any notices under the Existing Airport Rental Agreement are to be paid by and sent directly to Operator. Town shall remit to Operator any security deposits or advance payments made to Town under any such Existing Airport Rental Agreement.

4.6 Existing Agreements. Town hereby represents and warrants that attached as Exhibit "C" (Existing Agreements), which is incorporated by this reference, is a list that sets forth each of the licenses, contracts and other agreements (other than the Existing Airport Rental Agreements) affecting the Airfield Movement Areas as of the Agreement Commencement Date (collectively, the "Existing Agreements"). Exhibit "C" includes information relating to: (i) the identity of the parties to each Existing Agreement; (ii) any and all amendments and modifications to each Existing Agreement; (iii) a description of the services and/or products provided via each Existing Agreement; (iv) the date, commencement date, and expiration date of each Existing Agreement; (v) the current monthly charges payable under each Existing Agreement; and (vi) the amount of all security deposits and/or prepaid amounts paid by Town thereto.

4.6.1 Notification Letter. Prior to the execution of this Operating Agreement, Operator shall provide Town with a written list of the Existing Agreements, as identified in Exhibit "C", it intends to continue after the Agreement Commencement Date and a list of Existing Agreements it intends to terminate as of the Agreement Commencement Date.

4.6.1.1 Continuation. In the event Operator desires to continue any Existing Agreement, Town shall, upon the execution of this Operating Agreement, assign all of its rights and interests under each such Existing Agreement to Operator. In that regard, Town shall deliver a letter to the holder of each of the parties under the Existing Agreement ("Continuation Notification Letter"), duly executed by Town and dated as of the Agreement Commencement Date, notifying each such party that: (i) the Operator is

now responsible for the maintenance and operation of the Airfield Movement Areas; (ii) all of Town's rights and interest in and to the Existing Agreement have been assigned to Operator; and (iii) commencing immediately, all invoices and any notices under the Existing Agreement are to be paid by and sent directly to Operator. Any charges and other liabilities incurred by Town prior to the Agreement Commencement Date shall remain the sole responsibility of Town. Town shall remit to Operator any security deposits or advance payments made to Town under any such Existing Agreement, which shall be held by Operator pursuant to the terms of the applicable Existing Agreement and Colorado law. Upon termination of this Operating Agreement, Operator shall remit to Town all security deposits or advance payments made under any such Existing Agreement which have not been returned or used for their permitted purposes under the Existing Agreements.

4.6.1.2 Termination. In the event Operator chooses not to continue any Existing Agreement, Town shall, upon the execution of this Operating Agreement, deliver a letter to each of the parties under such Existing Agreement ("Termination Notification Letter"), duly executed by Town and dated as of the Agreement Commencement Date, notifying each such party that the Existing Agreement shall be terminated as of the Agreement Commencement Date or as soon as allowable pursuant to the terms of the Existing Agreement thereafter. Any charges and other liabilities incurred by Town prior to the Agreement Commencement Date shall remain the sole responsibility of Town. Town shall be responsible for the remitting of any security deposits or advance payments made to Town under any such Existing Agreement pursuant to the terms of the applicable Existing Agreement and Colorado law.

- 4.7 New Agreements - Town. Town is expressly prohibited from entering into any new agreements, leases, contracts or other arrangements with third parties with respect to the Airport Movement Areas during the Term of this Operating Agreement. This prohibition excludes any agreements required by the FAA.
- 4.8 New Agreements - Operator. Operator has the authority to terminate, renew, negotiate and enter into new agreements, leases, contracts or other arrangements with respect to the Airport Movement Areas and New Airfield Improvements during the Term of this Operating Agreement, and to bring any legal action necessary to enforce any such agreement; provided, however, that any new agreements, leases, contracts or other arrangements with third parties with respect to the Airport Movement Areas or New

Airfield Improvements shall be subject to the prior written approval of Town, which approval may be withheld in the reasonable discretion of Town.

Notwithstanding the foregoing, both parties understand and agree that the Operator may renegotiate and/or enter into a new agreement with Vector Air LLC concerning the rental of the FBO Building at the Airport and that the rent for such rental may be a nominal amount. Town may exercise its reasonable discretion in reviewing the terms of the renegotiated and/or new agreement with Vector Air LLC, but Town will not withhold approval based upon the nominal rental amount as determined by Operator.

5.0 IMPROVEMENTS/ALTERATIONS

5.1 Capital Improvement Plan. Operator shall prepare and file with the FAA, as and when required by the FAA, a Capital Improvement Plan ("CIP"), which shall seek to improve, modernize and renovate Existing Airfield Improvements and/or develop and construct New Airfield Improvements, so as to provide for the efficient, safe and orderly operation of the Airport. Upon FAA approval of a CIP, Operator shall promptly thereafter deliver to Town a copy of each such CIP.

5.1.1 Implementation. As the Parties may agree, Operator shall diligently, and subject to the receipt of the airport aid referenced in Subparagraph 5.1.2 below, use reasonable efforts to implement the existing CIP and continue such implementation until such time as the FAA shall approve a subsequent CIP for the Airport prepared by Operator. Notwithstanding the foregoing, and subject to FAA approval, if required, Operator may alter the existing CIP by making changes to the nature and phasing of individual projects within the CIP.

5.1.2 FAA Grants and Government Financing. Town encourages, authorizes and charges Operator to seek funding from the FAA for improvement and upgrade of the Airport Movement Areas and Airfield Improvements, and shall consider such funding proposals brought to it by Operator. Further, Town agrees to cooperate, to the extent required, and assist Operator in securing other types of applicable government financing for the Airfield Improvements during the Term of the Operating Agreement. Operator agrees to be primarily responsible in the application for and administration of such funding, and Town shall assist the Operator as necessary. Town shall be solely responsible for serving as the sponsor of such funding and for the payment of the sponsor's share. Town and Operator agree that any federal or state funds received shall be disbursed and accounted for in accordance with the terms and conditions of the applicable grant or loan program.

5.1.3 FAA Funding. Notwithstanding anything contained herein to the contrary, in no event shall Operator be deemed to have any obligation in this Operating Agreement to undertake any project or portion thereof, in an approved CIP, unless and until FAA funding is available to finance such improvements and Town has committed to the sponsor's share of the funding such that the entire project is fully funded. In no event shall Operator be obligated to finance any portion of the renovation of Existing Airfield Improvements or the construction of New Airfield Improvements.

5.1.4 Operator Investment. In the event Town is unable to fulfill the FAA funding requirements contained in Subparagraph 5.1.3, Operator may elect to pay the FAA's required sponsor's share up to an amount not exceeding \$5,000 per year on behalf of Town. Operator shall have no authority to pay the FAA's required sponsor's share in any amount exceeding \$5,000 on behalf of Town without first obtaining the prior written permission and consent of Town, which consent may be withheld in the reasonable discretion of Town. In the event Operator makes such a permitted investment, all amounts paid by Operator shall be considered to be a loan and shall be repaid to Operator as funds are available to Town for repayment. However, in no event shall Town commit to fund or repay more than Town has currently available to spend on the project.

5.2 Construction. The terms and provisions of this Paragraph 5.2 shall apply with respect only to any of the work to be undertaken by Operator pursuant to Paragraph 5.1, and work which is in accordance with the approved ALP.

5.2.1 Generally. Town hereby grants to Operator the right and power to renovate and/or construct Airfield Improvements within the Airfield Movement Areas in accordance with an approved CIP. Operator agrees to construct Airfield Improvements in accordance with the terms of this Paragraph 5.2 and, once commenced, to use reasonable efforts to cause the completion of Airfield Improvements.

5.2.2 Plans and Specifications. If required by any governmental agency, Operator shall prepare working drawings and specifications ("Plans"), submit them to the appropriate governmental agencies for approval, and shall deliver to Town one complete set as approved by such governmental agencies. Operator must comply with all Town Code and UDC requirements, as well as all building permit and building code construction requirements.

- 5.2.3 Notice of Intent to Construct. Operator shall notify Town of Operator's intention to commence work on Airfield Improvements at least thirty (30) days before the commencement of any such work.
- 5.2.4 Completion of Construction. Once any work on the Airfield Improvements is begun, Operator shall, with reasonable diligence, secure completion of all construction of Airfield Improvements. All work shall substantially comply with all legal requirements, permitted Use, as defined in section 7.0, and Insurance Requirements, as set forth in Section 9.0. Any work performed by Operator shall be deemed to have satisfied the foregoing if such new work has been approved in writing by the applicable governmental agencies, including Town, with jurisdiction over same.
- 5.2.5 Notice of Completion. On completion of Airfield Improvements, Operator shall timely file, or cause to be filed, a notice of completion with Town. Airfield Improvements shall remain the property of the Operator until accepted by Town.
- 5.2.6 Ownership of Airfield Improvements. All Existing Airfield Improvements and any New Airfield Improvements, subject to the requirements of Paragraph 5.2.5, shall remain the sole and separate property of Town.
- 5.3 Alterations. At anytime during the Term of this Operating Agreement, Operator shall have the right to make such changes and alterations, structural or otherwise, to the Airport Movement Areas and/or Airfield Improvements as Operator, subject to FAA approval, shall deem necessary or desirable, ("Alteration(s)"). All such Alterations shall be in conformance with the Airport Layout Plan and the CIP. Any such Alteration(s) shall be subject to the same terms and conditions as set forth in this Section 5.0, in addition to the terms and conditions of this Paragraph 5.3.
- 5.4 Mechanics' Liens. Operator shall require appropriate performance bonds by third parties in connection with any work, labor, services or materials provided in connection with the Airfield Movement Areas or Airfield Improvements, and use commercially reasonable efforts to prevent the filing of any mechanics' liens against the Airfield Movement Areas or Airfield Improvements.
- 6.0 DUTY TO INSPECT**
- 6.1 Baseline Agreement. Operator agrees that it has examined the location and physical condition of the Airport Movement Areas and Existing Airfield Improvements and accepts them in their present condition, with material exceptions to be noted in a baseline agreement ("Baseline Agreement") to be entered into by Operator and Town within

ninety (90) days following the Agreement Commencement Date. Material defects that are discovered at the time of the inspection shall be agreed upon by Operator and Town, and listed on the Baseline Agreement. Town shall remain liable for material defects discovered at the time of inspection and not due to the actions or inactions of Operator, for which it will hold Operator harmless.

- 6.2 Duty of Disclosure. Town has the responsibility to disclose the location and condition of all known Hazardous Materials as well as underground and otherwise concealed structures, tanks, pipes, valves, drains, sumps, or other like items for which Town has actual knowledge.
- 6.3 Hazardous Materials, Town Responsibility. Town responsibility for Hazardous Materials on the Airport Movement Areas and Airfield Improvements, other than the Fuel Tanks and Fuel Farm, existing at the time of the Agreement Commencement Date, is set forth in Section 20.0.
- 6.4 Hazardous Materials, Operator Responsibility. Operator responsibility for Hazardous Materials on the Airport Movement Areas and Airfield Improvements is set forth in Section 20.0. Pursuant to the terms of the Agreement for Services entered into by and between the Town and Vector Aircraft Services, LLC, dated March 24, 2009 ("Agreement for Services"), Operator shall assume responsibility for the Fuel Tanks and Fuel Farm area, as more particularly set forth in Paragraph 20.3.5.

7.0 USE

Prior to the Agreement Commencement Date, the Airport Movement Areas have been operated by Town as a portion of the Erie Municipal Airport. The Airport Movement Areas, together with that portion of the Airport that is not covered under this Operating Agreement have been operated on an integrated basis. Town and Operator intend that the Airport Movement Areas shall continue to be operated as a municipal airport during the Term of this Operating Agreement in substantially the same manner as the Airport Movement Areas have been operated prior to the Agreement Commencement Date, subject to the terms and provisions hereof. Upon performance of the agreements, provisions and conditions contained in this Operating Agreement, Operator will have the use of the Airport Movement Areas for the purposes of the operation and maintenance of the Existing Airfield Improvement, for the construction and operation of the New Airfield Improvements, and for other business activities directly related thereto.

8.0 TOWN AND OPERATOR RESPONSIBILITIES

8.1 Town Responsibilities. Notwithstanding anything contained in this Operating Agreement to the contrary, Town shall be responsible for providing the following to and for the benefit of the Airport Movement Areas during the Term of this Operating Agreement ("Town Responsibilities"):

8.1.1 FAA Grants and Government Financing. In accordance with all of the terms and conditions provided in Paragraph 5.1 of this Operating Agreement, Town will consider, in the exercise of its reasonable discretion, funding from the FAA during the Term of this Operating Agreement, as such funding is necessary and appropriate to improve and upgrade the Airport Movement Areas. Moreover, Town agrees to cooperate to extent required to assist Operator in securing applicable government financing for the Airfield Improvements during the entire Term hereof once Town has agreed to the improvements and upgrades, subject to the availability of matching funds.

8.1.2 Existing Equipment and Rolling Stock. Town shall provide Operator with the equipment and rolling stock, if any, to be furnished by Town as of the Agreement Commencement Date as described in Exhibit "D" (Existing Equipment and Rolling Stock), which is attached and incorporated by this reference.

8.1.3 Transition Assistance. At reasonable times at Operator's request, Town shall provide, at no cost to Operator, the assistance of the Deputy Director of Public Works and other knowledgeable Town staff to assist in the transition of functions previously performed by Town to Operator including, without limitation, assistance in the development of the LEOP and storm water permitting and monitoring, the Capital Improvement Plan, and grant writing. Such transition assistance shall end after the first year of the Operating Agreement.

8.2 Operator Responsibilities and Authority. Town hereby authorizes and Operator agrees that it shall manage and operate the Airport as a public airport, and perform all work and furnish all services required for such operation, in an orderly and proper manner and in accordance with all applicable federal, state and local laws, rules and regulations, FAA agreements, FAA and state assurances, FAA grant assurance, TSA regulations and requirements, Erie Airport Rules and Regulations, and the terms and conditions of this Operating Agreement. The Parties agree that the intent of this Operating Agreement is to have Operator be One Hundred Percent (100%) responsible for all management, maintenance and operations at the Airport – to provide a "turnkey" operation of the Airport, and that Operator is authorized to take all actions necessary to manage, operate and maintain the Airport. Operator shall be solely responsible for providing the

following to and for the benefit of the Airport Movement Areas during the Term of this Operating Agreement.

- 8.2.1 Operator Services. Operator is authorized and required to perform the responsibilities for management and operation of the Airport in accordance with the operation of a first class airport of similar size and type located in the Denver metropolitan area, and in accordance with all FAA rules, regulations, grant assurances and requirements. Operator, by way of example and not of limitation, shall perform those roles and responsibilities as set forth on Exhibit "E" ("Operator Obligations").
- 8.2.2 Responsibility for Airport Movement Areas. Operator is responsible for and authorized to ensure that the Airport Movement Areas are maintained and operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable federal, state and local agencies for maintenance and operation.
- 8.2.3 Airfield Maintenance. Operator is authorized to and shall maintain, repair and keep in good working order all runways, tarmacs, taxiways, and other areas of the Airport Movement Area. More specifically, Operator shall be required to undertake, at a minimum, the maintenance obligations set forth in Exhibit "E" (Operator Obligations), which is attached and incorporated by this reference.
- 8.2.4 Airfield Improvements. Operator is authorized, encouraged and shall seek funding from the FAA to maintain, improve and modernize the Existing Airfield Improvements and to construct New Airfield Improvements, as necessary and appropriate, subject to the availability of matching funds, and shall develop, construct and manage such Airfield Improvements in accordance with Section 5.0 and this Section 8.0 of this Operating Agreement.
- 8.2.5 FAA Certification. Operator shall maintain FAA certification to the extent FAA airport certification rules apply to the Airport at any time.
- 8.2.6 Recordkeeping. Operator shall be required to maintain separate financial accounting records to properly record and categorize expenses incurred in connection with this Operating Agreement on a basis that is consistent with Generally Accepted Accounting Principles ("GAAP") and of sufficient detail to assure Town of the safeguarding of the assets being managed, and in accordance with the standards required by the FAA. Town or its agent shall have the right, at

Town's expense and at reasonable times upon prior notice to Operator, to examine the books and records of Operator with respect thereto.

- 8.2.7 Annual Audit Requirement and Audited Financial Statements. Operator understands that its activities pursuant to this Operating Agreement may result in the activities being accounted for as a Fund or as a Component Unit of Town under GAAP. This will require the Operator to maintain separate records for its specific activities under the Operating Agreement. Operator shall meet with Town's independent auditors prior to the Agreement Commencement Date and determine the record-keeping necessary to legally account for its performance under this Operating Agreement. Operator agrees to maintain such records in a format suitable to Town's auditors and to make those records available to the auditors no later than ninety (90) days after December 31 of each Operating Agreement Calendar Year. The audited account balances from Operator's records will then be provided by the auditors to Town Staff. At Town's expense, Town Staff will be responsible for preparing the Airport Fund's financial statements and related footnotes and other information in accordance with GAAP. Operator agrees to cooperate with Town Staff in the preparation of this information. Operator shall be required to maintain any applicable books and records for such period of time as requested by the auditors.

Operator's records shall include a list of all expenses and revenues, and a clear accounting of Town Staff Time directly related to the Operating Agreement responsibilities of Operator.

- 8.2.8 Airport Personnel. Operator is authorized and responsible for the hiring, discharge, management, training and all other matters relating to personnel required to operate and maintain the Airport and Airport Movement Areas pursuant to this Operating Agreement. Operator is authorized and responsible for ensuring that airport personnel receive all FAA and state-required training throughout the term of this Operating Agreement. Operator shall have controls in place for allocating its personnel time between activities performed outside of the Operating Agreement, and activities performed pursuant to this Operating Agreement.

- 8.2.9 Emergency Plans. The Town of Erie Local Emergency Operations Plan (LEOP) provides general guidelines and principles for managing and coordinating Town's overall mitigation, preparedness, response and recovery activities before, during and after emergencies and disasters that affect Town including Erie Municipal Airport. Operator shall designate a member of the Operator's on-airport staff

responsible for emergency preparedness activities; this staff member shall be responsible for maintaining and developing emergency plans that shall be included in Town's LEOP. This staff member shall work in coordination with the Town of Erie Emergency Management Director, the Town of Erie Emergency Preparedness Coordinator, Erie Police Department and the Mountain View Fire Protection District as well as other off-airport resources that may be required in the event of an emergency on the Airport. All emergency communications shall be in accordance with Town's LEOP and shall be conducted in coordination with Town's Information Coordinator.

8.2.10 Community Relations. Operator shall develop a community relations program, including the designation of a member of Operator's on-airport staff responsible for community liaison activities. Such community relations program shall be presented to Town within one hundred twenty (120) days following the Agreement Commencement Date.

8.2.11 Noise Abatement Officer. For the purposes of providing and maintaining good relationships with Airport neighbors consistent with safe aircraft operation and applicable law, Operator will designate a noise abatement officer who shall serve as the primary liaison with the community. The noise abatement officer shall maintain a log of all noise complaints and shall provide information to complaining parties regarding applicable airport noise law. Operator shall publish maps of commonly used Airport traffic entries and patterns depicting the location of noise sensitive areas.

8.2.12 Meet with Town Staff. Operator shall meet with Town Staff at regularly scheduled meetings to be held a minimum of once a month.

8.2.13 Reporting. Operator shall report to the Town Board of Trustees and staff, from time to time and as may be required, with respect to all matters relating to the use and operation of the Airport.

8.2.14 General Responsibility. Operator shall be responsible for, and have authority regarding, all management, operations, maintenance and costs associated therewith required for the Airport's operation beyond those specifically listed herein as the responsibility of Town.

8.3 Operator Subcontracting. It is specifically agreed that nothing contained herein shall preclude Operator from subcontracting the performance for any such work or services to others or purchasing utilities, supplies or services from others in a prudent manner,

provided that the overall administration and control of the Airport and Airport Movement Areas is exercised by Operator. Operator shall contract with and pay any and all subcontractors used by Operator in the performance for any such work or services. Town shall in no event have any liability to any subcontractor, and Operator shall hold Town harmless with respect to any payments alleged to be due to Operator's subcontractors.

- 8.4 Operator Obligation to Comply with Laws. Operator shall at all times comply, and shall use reasonable efforts to inform and encourage all users of the Airport and Airport Movement Areas to comply with all applicable laws, all regulations imposed by and all other matters relating to the FAA that affect the Airport and Airport Movement Areas, Airport Improvement Program grant assurances, and any other rules or regulations imposed by governmental agencies with jurisdiction over the Airport, including Town. Operator shall promptly notify Town of any problems regarding FAA regulations and/or grant assurances at the Airport.
- 8.5 Temporary Closure of Erie Airport. Town and Operator acknowledge and agree that Town shall have the right to temporarily suspend operations at the Airport, in the case of emergencies, for so long as reasonably required to meet the emergency conditions, or as otherwise permitted or required by the FAA for up to ten (10) calendar days each "Operating Agreement Calendar Year." Town shall, except in the case of emergencies, give Operator written notice of any such suspension of operations not less than thirty (30) days prior to the date of such suspension. Except in the case of emergencies, Town shall have no right to suspend operations or close the Erie Airport: (i) for more than two (2) times during any 30-day period; or, (ii) for more than ten (10) days in any Operation Agreement Year, without the prior written consent of Operator, which consent shall not be unreasonably withheld. Operator and Town understand and agree that the FAA may require closure of the Airport for any length of time for any purpose they so deem necessary.
- 8.6 Operation of Erie Airport: FAA Requirements. Town and Operator hereby acknowledge and agree that the Airport shall at all times be operated in accordance with the terms and conditions set forth in any applicable FAA grant assurances and as set forth on Exhibit "F" (FAA Grant Assurances), which is attached and incorporated by this reference, as well as all FAA regulations and requirements. The Parties also understand and agree that the grant assurances set forth in Exhibit "F" were provided by Town as a condition of Town's acceptance and use of federal grant funds from the FAA. Within the areas of its control and responsibility, Operator agrees to comply with those assurances to the same extent required of Town.

9.0 INSURANCE/INDEMNIFICATION

9.1 Operator shall, during the entire Term of this Operating Agreement, procure and maintain, and shall cause any subcontractor of Operator to procure and maintain, the minimum insurance coverages listed below. Such coverages shall be procured and maintained with forms and insurers acceptable to Town in the exercise of its reasonable discretion. All coverages shall be continuously maintained to cover all liability, claims, demands, and other obligations assumed by Operator pursuant to this Operating Agreement. In case of any claims made policy, Operator shall procure "tail" insurance for the period Operator performed services under this Operating Agreement to maintain continuous coverage. Operator shall be solely responsible for payment of all deductible payments required by such policies.

9.1.1 Workmen's Compensation Insurance and Employer's Liability Insurance to cover obligations imposed by applicable laws for any employee of Operator or a subcontractor engaged in the performance of work under this Operating Agreement.

9.1.2 Aviation Commercial General Liability insurance with minimum combined single limits of Five Million Dollars (\$5,000,000) each occurrence and Five Million Dollars (\$5,000,000) aggregate. The policy shall be applicable to all premises used by, and operations undertaken by Operator in performing this Operating Agreement. The policy shall include coverage for bodily injury, broad form property damage (including completed operations), personal injury (including coverage for contractual and employees' acts), blanket contractual, products, completed operations, and hangar keepers legal liability (as further defined in subparagraph 9.1.2.1). The policy shall contain a severability of interests provision.

9.1.2.1 The Aviation Commercial General Liability insurance as required herein shall have a sublimit of \$1,000,000 for Hangar Keepers Legal Liability.

9.1.3 Comprehensive Automobile Liability insurance within single limits for bodily injury and property damage of not less than One Million Dollars (\$1,000,000) each occurrence and One Million Dollars (\$1,000,000) aggregate with respect to each of Operator's owned, hired or non-owned vehicles assigned to or used in the performance of this Operating Agreement. The policy shall contain a severability of interests provision.

9.1.4 Storage Tank Guard Liability insurance for Operator with minimum combined single limits of Two Million Dollars (\$2,000,000) each occurrence and Two Million Dollars (\$2,000,000) aggregate and self-insured retention of \$5,000

for each incident. The policy shall be applicable to Operator's operations, tank and fuelling equipment and ancillary fuelling equipment at the Fuel Farm and Fuel Tanks, and shall cover On-Site clean-up of new conditions; Third party claims for on-site Bodily Injury and Property Damage; Third party claims from on-site clean-up from new condition; and, Third party claims for on-site Bodily Injury and Property Damage. The policy shall contain a severability of interests provision and name Town as Additional Insured. The parties acknowledge and agree that on the Agreement Commencement Date this policy will meet the requirements set forth herein with the following exception: the existing underground tank system will not be covered, but that coverage will be extended to all newly installed above-ground tank systems as they are placed into operation.

9.1.5 **Builder's Risk Insurance.** Before commencement of any demolition or construction work, Operator shall procure a policy of builder's "all risk" insurance including vandalism and malicious mischief coverage, in a form and with a company reasonably acceptable to Town, covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractor's or subcontractor's employees ("Builder's Risk Insurance"), said insurance to be maintained in force until completion and acceptance of the work.

9.2 The policies required by Paragraphs 9.1.2, 9.1.3 and 9.1.4 above shall be endorsed to include Town and Town's officers and employees as an additional insured. Every policy required above shall be primary insurance. The Operator shall be solely responsible for any deductible losses under any policy required above. Operator agrees to waive subrogation against Town in the event of a loss.

9.3 A certificate of insurance shall be completed by Operator's insurance agent and provided to Town as evidence that policies providing the required coverages, conditions, and minimum limits are in full force and effect, and shall be reviewed and approved by Town prior to commencement of the Operating Agreement. Such certificates of insurance shall be provided to Town annually thereafter during the term of Operating Agreement. The certificate shall identify this Operating Agreement and shall provide that the coverages afforded under the policies shall not be cancelled until at least thirty (30) days prior written notice has been given to Town. Operator shall notify Town within ten (10) days if the coverages afforded under the policies are materially changed. The completed Certificate of Insurance shall be sent to: Town Clerk, Town of Erie, P.O. Box 750, Erie, CO 80516.

- 9.4 Notwithstanding any other portion of this Operating Agreement, failure on the part of Operator to procure or maintain policies providing the required coverages, conditions, and minimum limits shall constitute a material breach of this Operating Agreement for which Town may terminate this Operating Agreement, or, at its discretion, Town may elect to continue the Operating Agreement and procure or renew any such policy or any extended reporting period thereto and may pay any and all premiums in connection therewith, and all money so paid by Town shall be repaid by Operator to Town upon demand, or Town may offset the cost of the premiums against any money due to Operator from Town.
- 9.5 The parties hereto understand and agree that Town is relying on, and does not waive or intend to waive by any provision of this Operating Agreement, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, Section 24-10-101, et seq., C.R.S., as from time to time amended, or any other law, protection or limitation otherwise available to Town, its officers, or its employees.
- 9.6 Review of Insurance Requirements. The amount and types of insurance to be maintained pursuant to this Operating Agreement shall be reviewed by Town and Operator periodically to consider whether, in Town's reasonable discretion, the amount of coverage shall be increased or decreased and whether the type of coverage should be modified consistent with generally accepted insurance practices of similar airports with comparable operations.
- 9.7 Policy Provisions. All insurance required under this Operating Agreement shall be effected under valid enforceable policies issued by insurers of recognized responsibility and licensed to do business in the State of Colorado. Such insurance shall be provided by a company (or companies) having a general policyholder's rating in Best's Rating Guide of A- or better. Certificates evidencing all such policies shall be delivered to Town. All such policies shall contain a non-cancellation clause, except upon thirty (30) days' prior written notice to each named insured and loss payee. All such policies shall contain language to the effect that: (i) the insurer waives the right of subrogation against Town; and (ii) the policies are primary and noncontributing with any insurance that may be carried by Operator.
- 9.7.1 All policies of insurance required herein shall name Town and Operator as the insureds as their respective interests may appear. Subject to the provisions and limitations herein set forth, all Builder's Risk Insurance policies shall also provide, if required by either Party hereto, for any loss thereunder to be payable to any mortgagee as their respective interests may appear, pursuant to a standard

mortgagee clause or endorsement. The loss, if any, under said Builder's Risk Insurance policies shall be adjusted by Operator with the insurance companies.

9.7.2 Any loss paid under Builder's Risk Insurance to Operator shall be held by Operator in trust for application first to the Restoration of the Airport Movement Areas and Airfield Improvements to the extent required under Section 10.0 below (with any balance remaining thereafter to become Town's sole property, subject, however, to the rights of any mortgagee). Any loss so paid to the Depository shall be disbursed by it in accordance with the provisions of Paragraph 10.3 below.

9.7.3 Operator shall be entitled to maintain any of the insurance, required pursuant this Section 9.0, under a blanket policy or policies of insurance that covers other properties owned, leased and/or operated by Operator or its affiliates, provided that no insurance required hereunder is limited, decreased or modified as a result thereof (whether as the result of any co-insurance, excess coverage or other term or provisions of such blanket policy).

9.8 Waiver of Subrogation. Operator hereby waives its right of recovery against Town for any loss covered by insurance policies required by this Operating Agreement, to the extent of the insurance coverage is actually provided thereby.

9.9 Indemnification. Operator agrees to indemnify and hold harmless Town, and Town's agents, officers, employees, and contractors against any and all claims, debts, demands, damages or obligations which may be asserted against Town arising by reason of, or in connection with any alleged act or omission of Operator or any person acting on behalf of or at the direction of Operator. Operator shall pay, as they become due, all court costs, expert witness fees, and the reasonable attorney's fees of a single competent, qualified and adequately staffed defense firm selected by Operator with advice and input from Town, incurred in defending against any such claims. Town shall cooperate in the defense of the claim or suit, and may appear through counsel of its own choice, which shall be at Town's expense. If it becomes necessary for Town to directly defend any action arising by reason of, or in connection with, any alleged act or omission of Operator or any person acting on behalf of or at the direction of Operator seeking to impose liability for such claim or demand, Operator shall pay all court costs, witness fees, expert witness fees, and reasonable attorney's fees incurred by Town in effecting such defense, in addition to any other sums which Town may be called upon to pay by reason of the entry of any judgment, assessment, bond, writ or levy against Town in the litigation in which such claims are asserted. Operator shall be subrogated to any and all amounts paid by it on behalf of Town to any claims that Town may have as a result of said payments to any person or third persons which are the reason or cause of said payments.

- 9.10 Town may, at Town's sole discretion and option, obtain Premises Pollution Liability insurance with minimum combined single limits of One Million Dollars (\$1,000,000) each occurrence and One Million Dollars (\$1,000,000) aggregate, with self-insured retention of \$25,000 for each incident. Both parties understand and agree that Town currently has such a Premises Pollution Liability insurance in place, but that such policy may or may not be renewed at Town's sole discretion and option. Said policy, when obtained by Town, shall name Operator as Additional Insured.

In the event of a covered claim under the Premises Pollution Liability insurance policy, liability for payment of the self-insured retention shall be allocated as follows: 1) for any claim where Operator is not involved or which does not fall under Paragraph 20.9, Town shall be responsible for payment of the full self-insured retention; 2) for any claim where Operator's or its agents' actions trigger coverage under the Premises Pollution Liability policy only, no matter where on the Airport, Operator shall be responsible for payment of the full self-insured retention; 3) for any claim occurring at or near the Fuel Farm and Fuel Tanks, or where Operator is repairing or working on aircraft, which claim is not covered by the Storage Tank Guard Liability insurance required under Section 9.1.4, Operator shall be responsible for payment of the full self-insured retention; and, 4) for any claim falling under Paragraph 20.9, not caused by Operator and not covered by the scenarios addressed above, Operator and Town shall be responsible for payment of all of the self-insured retention in the following amounts: Town \$20,000, Operator \$5,000. With regard to this fourth scenario, in the event the self-insurance retention is different at any point from \$25,000, the same division between Town and Operator shall apply as set forth herein, but on a pro-rata basis. Town agrees that in any instance above where Operator is responsible for payment of some or all of the self-insured retention and where the Storage Tank Guard Liability insurance required under Section 9.1.4 provides coverage, Town may, in its sole discretion, elect to make a claim under the Premises Pollution Liability insurance policy, but in such event Town shall be responsible for payment of the full self-insured retention.

10.0 DAMAGE TO OR DESTRUCTION OF PROPERTY

- 10.1 Notice. In case of any material damage to or destruction of the Airport Movement Areas or any part thereof, Operator shall promptly give written notice thereof to Town generally describing the nature, extent and cause of such damage or destruction.
- 10.2 Restoration. In case of any damage to or destruction of the Airport Movement Areas and/or Airfield Improvements or any part thereof, subject to the provisions of Section 5.0 above and Paragraph 10.4 below, Operator shall, subject to the availability of FAA and/or insurance funds, promptly commence and complete (subject to Unavoidable Delays) the

restoration, replacement or rebuilding of the Airport Movement Areas and/or Airfield Improvements ("Restoration"). These efforts will restore, replace, or rebuild the Airport Movement Areas and/or Airfield Improvements so that they are equivalent, to the greatest extent possible, to their value, condition and character immediately prior to such damage or destruction, with such Alterations as may be made at Operator's election pursuant to and subject to the terms of Paragraph 5.3.

10.3 Application of Insurance Proceeds.

10.3.1 Insurance proceeds received by a Depository pursuant to 9.7.2 above shall be paid to Operator according to Depository's standard procedures for disbursing construction loan proceeds, from time to time, as Restoration progresses, to pay (or reimburse Operator for) the cost of Restoration. Any excess (*i.e.*, beyond all sums necessary for such Restoration) shall be paid to Town as its sole and separate property with respect to Alterations and Airfield Improvements.

10.3.2 Any such Casualty Insurance proceeds paid to Operator shall be applied by Operator first directly toward such Restoration.

10.4 Termination Due to Damage. In the event the Airport Movement Areas shall be damaged as a result of: (i) any casualty during the last year of the Term, to the extent the Airport Movement Areas cannot be reasonably repaired or restored; or (ii) as a result of any earthquake or other casualty not covered by any insurance that is required to be carried on the Airport Movement Areas, Operator may, subject to the satisfaction of those conditions set forth below, elect to terminate this Operating Agreement and all of its obligations hereunder effective as of the date that is the last calendar day of the fourth (4th) month following such event of destruction, provided that such notice of termination must be delivered to Town within thirty (30) days after the occurrence of such damage or destruction. Operator's right to terminate this Operating Agreement as provided in this Paragraph 10.4 shall be subject to each of the following conditions:

10.4.1 Operator shall give Town notice of the damage or destruction promptly but not later than fifteen (15) days after such event of destruction, detailing facts that qualify the casualty under this provision;

10.4.2 Operator delivers possession of the Airport Movement Areas and Airfield Improvements to Town, and promptly thereafter ceases to operate or do business on the Airport Movement Areas;

- 10.4.3 Operator causes to be discharged all liens and encumbrances resulting from any act or omission of Operator that are not consented to by Town in writing;
- 10.4.4 Operator complies with the provisions of this Operating Agreement relating to the application of insurance proceeds; and
- 10.4.5 Operator uses all available insurance proceeds to pay the costs of removing all debris and remains of the damaged Airfield Improvements from the Airport Movement Areas.

11.0 TERMINATION

- 11.1 Termination for Cause. Either Town or Operator may terminate this Operating Agreement if the other Party shall cause a material breach to the terms of this Operating Agreement. Should either Party elect to do so, the rights of the Parties shall be adjusted pursuant to this Section 11.0.
- 11.2 Termination by Town. Town reserves the right to terminate this Operating Agreement for cause in the event of a material breach to the terms of this Operating Agreement by Operator by giving Operator one hundred twenty (120) days' prior written notice of Town's intent to terminate. Such Operating Agreement shall then be terminated provided Operator has not cured such breach within said one hundred twenty (120) day period, or, if such breach is not capable of being cured within said period, Operator has not diligently commenced such cure within such period or has not continued prosecuting the same with due diligence.

Additionally, Operator agrees to pay Town all monies due and owing to Town under this Operating Agreement as of the date of said termination.

- 11.2.1 Operator Obligations. Following receipt of a notice to terminate, and except as otherwise directed by Town, Operator shall: (i) cease operations under this Operating Agreement as of the termination date; (ii) to the extent specific obligations of Operator are not terminated by such notice, Operator shall continue and/or complete performance of such obligations; and, (iii) return to Town all records and any money owing hereunder.
- 11.2.2 Town Obligations. In the event Town terminates this Operating Agreement for any reason, Town agrees to pay Operator all monies due and owing to the Operator under this Operating Agreement as of the date of said termination.

- 11.3 Termination by Operator. Operator reserves the right to terminate this Operating Agreement for cause in the event of a material breach to the terms of this Operating Agreement by Town by giving Town one hundred twenty (120) days' prior written notice of Operator's intent to terminate. Such Operating Agreement shall then be terminated provided Town has not cured such breach within said one hundred twenty (120) day period, or, if such breach is not capable of being cured within said period, Town has not diligently commenced such cure within said period or has not continued prosecuting the same with due diligence.

Additionally, Town agrees to pay Operator all monies due and owing to the Operator under this Operating Agreement as of the date of said termination.

- 11.4 Eminent Domain. If at any time during the Term hereof, Operator is deprived of the Airport Movement Areas, any part thereof, or any interest therein, by condemnation or like proceedings or by conveyance in lieu thereof, this Operating Agreement and each and all of the obligations shall terminate proportionately with the portion of the Airport Movements Areas so taken, but shall remain in full force and effect as to the remainder of the Airport Movement Areas, subject to Operator's termination rights herein. However, nothing herein shall be construed to deprive Operator of any right it may have under law to just compensation or damages for the value of the unexpired Term of this Operating Agreement or for Operator's trade fixtures, personal property, reasonable expenses or remaining rights of use of the Airfield Improvements.

12.0 FINANCING

- 12.1 Fee Mortgage. At any time, Town shall have the right to enter into a mortgage, deed of trust or other security instrument on the interests of Town in the Airport Movement Areas (a "Fee Mortgage").
- 12.2 No Liens. Notwithstanding anything to the contrary contained in this Operating Agreement, Operator shall not be permitted to give, assign, transfer, mortgage, hypothecate, grant control of, or otherwise encumber Town's fee interest in the Airport or Airport Movement Areas.

13.0 ASSIGNMENT

- 13.1 No Assignment. Operator's duties and obligations pursuant to this Operating Agreement require a particular expertise and skill, and may not be assigned to any third party or agency without the express written consent of Town, which consent may be withheld at the sole discretion of Town.

14.0 ESTOPPEL CERTIFICATE

At any time, each Party agrees that, upon not less than ten (10) business days' prior notice by the other Party, to execute, acknowledge and deliver to the requesting Party a statement in writing certifying that: (i) this Operating Agreement is unmodified and in full force and effect (or, if there have been modifications, that this Operating Agreement is in full force and effect as modified and stating the modifications); (ii) the dates to which the consideration and payments due under Section 4.0 have been paid; and (iii) whether or not, to the best knowledge of the signer of such statement, that the other Party is then in default or may be in default with notice or the passage of time, or both, in keeping, observing or performing any term, covenant, agreement, provision, condition or limitation contained in this Operating Agreement, and, if in default, specifying each such default. The Parties intend that any such statement delivered pursuant to this Section 14.0 may be relied upon by either Party, its respective lender, or any prospective purchaser of either Party's interest hereunder. The requesting Party will pay the other Party's reasonable third party costs of preparing the estoppel(s).

15.0 DEFAULT/BANKRUPTCY

15.1 Operator's Default. The occurrence of anyone or more of the following events shall be deemed an "Event of Default" by Operator hereunder:

- 15.1.1 Default in the payment of any amount due hereunder on the part of Operator to be paid within the time periods specified herein if such default continues for a period of five (5) days after written notice, specifying such default, is given to Operator; or
- 15.1.2 Default in the performance of any other covenant or agreement on the part of Operator to be performed hereunder, within the time periods specified herein, but subject to Unavoidable Delays, if such default continues for a period of thirty (30) days after written notice, specifying such default, is given to Operator. However, in the case of a default which cannot with due diligence be remedied by Operator within such period of thirty (30) days, if Operator proceeds as promptly as may reasonably be possible after the service of such notice and with all due diligence to remedy such default, and thereafter prosecutes the remedying of such default with all due diligence, the period of time after the giving of such notice within which Operator may remedy such default shall be extended for such period as may be necessary to remedy the same with all due diligence (including any period of Unavoidable Delays); or

15.1.3 The making by Operator of any assignment for the benefit of creditors, the filing by or against Operator of a petition to have Operator adjudged bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy or insolvency (unless in the case of a petition filed against Operator, the same is dismissed Within ninety (90) days), the appointment of a trustee or receiver to take possession of all or substantially all of Operator's assets or of Operator's interest under this Operating Agreement where possession is not restored to Operator within ninety (90) days, or the attachment, execution or other judicial seizure of all or substantially all of Operator's assets or of Operator's interest under this Operating Agreement, where such seizure is not discharged within ninety (90) days; or

15.1.4 Operator's abandonment or surrender of the Airport Movement Areas or any portion thereof.

15.2 Town's Remedies. Upon the occurrence of any Event of Default by Operator, Town may exercise anyone or more of the following remedies, or any other remedy provided in this Operating Agreement or by law or equity, to which Town may resort cumulatively or in the alternative:

15.2.1 Termination. Town may, at its option, terminate this Operating Agreement. Upon such termination, any and all right, title and interest of the Operator hereunder in and to the Airport Movement Areas will expire and the Operator will then quit and surrender the Airport Movement Areas to Town. Operator will pay and reimburse Town for its reasonable transition costs to replace Operator's contractual obligations. Additionally, Operator agrees to pay Town all monies due and owing to Town under this Operating Agreement as of the date of said termination.

15.2.2 Other Remedies. In the event of a default by the Operator under this Operating Agreement, Town has any and all rights and remedies available to Town, whether at law or in equity, including the right to terminate this Operating Agreement and the right to recover damages, and/or the right seek to specific performance of the Operator's obligations hereunder.

15.3 Town Default. Town shall be in default in the performance of any covenant or agreement on the part of Town to be performed hereunder (within the time periods specified, subject to Unavoidable Delays), including without limitation Town's Responsibilities at all times throughout the Term of this Operating Agreement, if such default continues for a period of forty-five (45) days after written notice thereof, specifying such default, is given to

Town. However, in the case of a default which cannot with due diligence be remedied by Town within such period of forty-five (45) days, if Town proceeds as promptly as may reasonably be possible after the service of such notice and with all due diligence to remedy such default and thereafter prosecutes the remedying of such default with all due diligence, the period of time after the giving of such notice within which Operator may remedy such default shall be extended for such period as may be necessary to remedy the same with all due diligence (including any period of Unavoidable Delays).

15.3.1 Operator's Remedies. In the event of a default by Town under this Operating Agreement, the Operator has any and all rights and remedies available to the Operator, whether at law or in equity, including the right to terminate this Operating Agreement and the right to recover damages, and/or the right to seek specific performance of Town's obligations hereunder.

15.4 Force Majeure. If either Party is delayed, hindered, or prevented from performing any act required hereunder, other than the payment of amounts due hereunder, by reason of any Unavoidable Delay or for reasons beyond the Party's control, the performance of any such act is hereby extended for the period necessary to complete performance after the end of such delay, hindrance, or prevention.

16.0 NO WAIVER

No failure by Town or Operator to insist upon the strict performance of any provision hereof or to exercise any right, power or remedy consequent upon a default hereunder shall constitute a waiver of any such default or of any other existing or subsequent default of the same type or any other type, nor shall such failure preclude either Party's right to at any time thereafter insist upon the other Party's strict performance under any term or provision of this Operating Agreement and no waiver of any default shall affect or alter this Operating Agreement, which shall continue in full force and effect.

17.0 WARRANTIES

17.1 Town's Covenants, Representations and Warranties. Town hereby represents, warrants, and covenants to Operator as follows:

17.1.1 Town has full power and authority to execute this Operating Agreement and neither this Operating Agreement nor anything provided to be done under this Operating Agreement violates or shall violate any agreement to which Town is a party or by which it may be bound or any agreement affecting the Airport Movement Areas of which Town has actual knowledge.

17.1.2 Subject to the terms of this Operating Agreement, upon performing all the terms, covenants and conditions of this Operating Agreement on Operator's part to be performed, Operator shall and may peaceably and quietly have, hold, occupy, possess and enjoy the Airport Movement Areas during the Term (subject, however, only to the exceptions, reservations, terms and conditions of this Operating Agreement and applicable FAA regulations and requirements).

17.2 Operator's Warranties. Operator hereby represents and warrants to Town that Operator is a limited liability company, validly in existence and in good standing pursuant to the laws of the State of Colorado, and will remain as such during the Term of this Operating Agreement and any extension hereof. Operator shall maintain a valid Town business license and any state business license that may be required. Operator has the right and power to enter into this Operating Agreement and to perform its obligations hereunder.

18.0 NOTICES

18.1 Written Notices. All written notices or demands of any kind which either Party may be required or may desire to serve on the other in connection with this Operating Agreement must be served (as an alternative to personal service) by registered or certified mail, shall be deposited in the United States mail with postage thereon fully prepaid, and addressed to the Party to be served as follows:

18.1.1 If the Party so to be served be Town, address Town at:

Director of Public Works
Town of Erie
P.O. Box 750
Erie, Colorado 80516
Telephone: 303-926-2871 or 303-926-2700

With a copy (which shall not
constitute notice) to:

Mark R. Shapiro
Mark R. Shapiro, P.C.
1650 38th Street, Suite 103
Boulder, Colorado 80301

18.1.2 If the Party so to be served be Operator, address Operator at:

Vector Air Management, LLC

395 Airport Drive
Erie, CO 80516
Attn: Jason Hurd
Telephone: Bus: 303-664-0633; Cell: 303-870-5659

With a copy (which shall not
constitute notice) to:

Charles F. Luce, Jr.
Moye White LLP
16 Market Square, 6th Floor
1400 16th Street
Denver, Colorado 80202-1473

- 18.2 Service. Each service of any such notice or demand so made by mail shall be deemed complete on the day of actual delivery as shown by the addressee's registry or certification receipt, or at the expiration of the fourth day after the date of mailing, whichever is earlier in time.

Either Party may designate by notice, in writing and in the manner specified above, a new or other address to which such notice or demand shall thereafter be so given or made.

19.0 INVALIDITY OF PARTICULAR PROVISIONS

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

20.0 FUEL TANKS AND FUEL FARM; HAZARDOUS MATERIALS

- 20.1 Hazardous Materials. As used herein the term "Hazardous Materials" shall mean any material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," "pollutant" or other words of similar import within the meaning of any Environmental Statute as defined in Paragraph 20.2, or any other hazardous or toxic wastes or substances or other substances or materials which are now or in the future included under or regulated by any Environmental Statute or adopted by the United States Environmental Protection Agency, including petroleum and petroleum products and all hazardous or

toxic substances or wastes, any substances which because of their quantitative concentration, chemical, radioactive, flammable, explosive, infectious or other characteristics, constitute or may reasonably be expected to constitute or contribute to a danger or hazard to public health, safety or welfare or to the environment, including any asbestos (whether or not friable) and any ACM, waste oils, solvents and chlorinated oils, polychlorinated biphenyls (PCBs), toxic metals, etchants and plating wastes, explosives, reactive metals and compounds, pesticides, herbicides, radon gas, urea formaldehyde foam insulation and chemical, biological and radioactive wastes; provided, however, except as provided otherwise in immediately following sentence, the term "Hazardous Materials" shall not include reasonable quantities of the foregoing substances used or stored at the Airport Movement Areas in compliance with all Environmental Statutes and in the ordinary course of operating and maintaining a general aviation airport (including common cleaning supplies located at the Airport Movement Areas).

- 20.2 Environmental Statutes. As used herein the term "Environmental Statutes" shall mean and include any federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct (in each case having the force of law), concerning any: (a) Hazardous Materials, (b) environmental regulations, (c) contamination or pollution by Hazardous Materials or other substances, (d) clean-up of Hazardous Materials or other substances or disclosures relating to Hazardous Materials or other substances, (e) wetlands or other protected land or wildlife species, (f) solid, gaseous or liquid waste generation, handling, discharge, release, threatened release, treatment, storage, disposal or transportation, including underground storage tanks, (g) the implementation of spill prevention and/or disaster plans relating to Hazardous Materials or other substances, (h) community right-to-know and other disclosure laws, together with any judicial or administrative interpretation of the items described in the foregoing clauses (a) through (h), inclusive, including any judicial or administrative orders, judgments, advisories or guidance documents now or hereafter in effect of any federal, state or local court or executive, legislative, judicial, regulatory or administrative agency, board or authority (or any judicial or administrative decision with regard thereto). "Environmental Statutes" shall include, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq. ("CERCLA"); (ii) Solid Waste Disposal Act, 42 U.S.C. § 6901 et seq. as amended by and including the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. ("RCRA"); (iii) Superfund Amendments and Reauthorization Act of 1986, Public Law No. 99-499 ("SARA"); (iv) Toxic Substances Control Act, 15 U.S.C. § 2601 et seq. ("TSCA"); (v) the Clean Water Act, 33 U.S.C. § 1251 et seq., as amended; (vi) the Safe Drinking Water Act, 42 U.S.C. § 300f-300j; (vii) the Clean Air Act, 42 U.S.C. § 7401 et seq.; (viii) the Hazardous Materials Transportation Act, as amended; (ix) the Federal Water Pollution Control Act, the Rivers

and Harbors Act of 1899, 33 U.S.C. § 401 et seq.; (x) the National Environmental Policy Act, 42 U.S.C. § 4321 et seq.; (xi) the Refuse Act, 33 U.S.C. § 407 et seq.; (xi) The Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. § 1101 et seq.; (xii) the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; and, (xiii) all Colorado Hazardous Waste control laws, safe drinking water acts, water quality acts, and Hazardous Substances acts.

- 20.3 The parties acknowledge that Town has previously installed three underground and one above-ground aviation fuel tanks located in the Fuel Farm depicted on Exhibit "A-1." The parties further acknowledge that as of the Agreement Commencement Date three underground tanks remain in the Fuel Farm. Town and Operator agree that Town owns all said fuel tanks and further agree that Operator has no right to use the fuel tanks other than as set forth herein. Town hereby grants Operator a license to use the fuel tanks, subject to the terms and restrictions as set forth herein below, which license shall terminate or expire at the same time that this Operating Agreement terminates or expires.
- 20.4 The parties acknowledge and agree that Town has previously tested the soil surrounding the underground aviation fuel tanks for the presence of hydrocarbons and Hazardous Materials, and that no such hydrocarbons and Hazardous Materials were disclosed by this testing. This testing was done in conjunction with the Agreement for Services previously entered into between Town and Vector Aircraft Services, LLC. The parties further acknowledge that Town is in the process of removing the existing underground tanks from the Fuel Farm and installing another above-ground tank.
- 20.5 At the time the underground tanks are removed and upon the completion of the installation of a second above-ground tank, the parties agree that the soil surrounding the aviation fuel tanks shall be tested again for the presence of hydrocarbons and Hazardous Materials. This testing shall be conducted by a qualified, independent testing organization mutually agreed upon by the parties. The scope of the testing shall be in accord with the recommendations of the testing organization. The parties acknowledge that the purpose of the testing shall be to determine if the soil under and around the tanks has been contaminated by hydrocarbons or Hazardous Materials, and, if so, the extent of the contamination and the likely costs of remediating it. If the soil is found to contain hydrocarbons or Hazardous Materials which do not comply with the applicable standards of the U.S. Environmental Protection Agency or the Colorado Health Department, then Town and the Operator shall determine the party responsible, and the responsible party must pay any uninsured cost to have the soil decontaminated so as to comply with applicable Federal and State statutes, regulations and standards and have all leaks in the aviation fuel system repaired.

- 20.6 If the soil is found not to contain hydrocarbons or Hazardous Materials which violate any of the applicable standards of the U.S. Environmental Protection Agency or the Colorado Health Department, then the Operator shall have full responsibility for the Fuel Tanks And Fuel Farm as provided for herein below in Paragraphs 20.7, 20.9 and 20.12.
- 20.7 The Parties acknowledge that an affiliate of the Operator is currently in possession of the Fuel Farm and selling fuel pursuant to the Agreement for Services, and that Operator will assume possession of the Fuel Farm and will continue selling fuel following the execution of this Operating Agreement. The Operator's possession of the Fuel Farm and Fuel Tanks and Operator's sale of fuel will continue prior to Town's testing for hydrocarbons and Hazardous Materials as provided for herein. Operator shall be responsible for any uninsured cost of any and all leaks or contamination caused by Operator, its agents, customers, sublessees, or their agents in connection with the operation or use of the Fuel Farm, during the time prior to the testing as provided for herein.
- 20.8 Town and the Operator shall equally share the charges of the independent testing organization selected to test the soil as required in Paragraph 20.5.
- 20.9 All fuel spills and/or contamination by hydrocarbons or Hazardous Materials that may occur during the term of this Operating Agreement, and are caused by Operator, its agents, customers, or their agents, or by Operator's sublessees following the Agreement Commencement Date, shall be cleaned up to the applicable standards of the U.S. Environmental Protection Agency or the Colorado Health Department and to the additional reasonable satisfaction of Town at Operator's sole expense. Operator shall have the Fuel Tanks and Fuel Farm subject to the license granted by Town herein inspected from time to time as required by law and as reasonably required by Town. To the extent not covered by insurance procured pursuant to Paragraph 9.0 of this Operating Agreement, Operator shall fully defend and indemnify Town against all claims arising from any act or omission of Operator, its agents, customers, sublessees, or their agents, which results in any injury, damage or expense arising in connection with the operation, testing and maintenance of the aviation fuel storage and dispensing system.
- 20.10 Notwithstanding any other provision of this Operating Agreement, until the underground fuel tanks are removed, Town shall remain solely responsible and liable for the integrity of the underground aviation fuel tanks and any leaks or contamination caused by a failure of the underground aviation fuel tanks, except those leaks or failures of the underground aviation fuel tanks caused by Vector Aircraft Services, LLC, Operator, their agents, customers, or their agents, or by Operator's sublessees following the Agreement Commencement Date.

- 20.11 Town will coordinate the installation of the above-ground fuel tanks and improvements with the Operator. However, Town shall have no responsibility for any loss or diminution of fuel sales suffered by the Operator during the construction and installation period.
- 20.12 Removal and Indemnity by Operator. To the extent required by any Environmental Statute or other applicable law, Operator shall remove any Hazardous Materials that are brought onto or released at the Fuel Tanks and Fuel Farm area during the Term of this Operating Agreement by Operator, Operator's employees, direct tenants or Subtenants, contractors, licensees or invitees (collectively, "Operator Affiliates") during the Term of this Operating Agreement (collectively, "Operator-Caused Hazardous Materials"). In addition to Operator's obligation to remove any Operator-Caused Hazardous Materials as set forth in the preceding sentence, Operator hereby covenants and agrees to remove any Hazardous Materials which are brought on to the Airport and Airport Movement Areas by Operator and Operator Affiliates.
- 20.12.1 At any time during the Term of this Operating Agreement if Operator does not remove any Hazardous Materials from the Airport and Airport Movement Areas that are required to be removed by Operator in accordance with this Operating Agreement, then notwithstanding anything contained herein to the contrary, Town's remedies shall include, but not be limited to, the remedies set forth in Subparagraphs 20.12.1 (a) or 20.12.1 (b) below:
- a) Town shall have the right and authority, but not the obligation, to undertake Operator's obligations pursuant to Subparagraph 20.12 above on behalf of Operator ("Self-Help"), including to remove any such Hazardous Materials from the Airport and Airport Movement Areas. All costs and expenses incurred by Town in connection with the performance of such actions (including, without limitation, attorneys' fees, costs and other litigation expenses) shall be collectively referred to herein as "Self-Help Costs". Town shall be entitled to full reimbursement from Operator of all Self-Help Costs.
 - b) If, in Town's reasonable judgment, Town is unable to use any portion of the Airport Movement Areas as a result of the presence or suspected presence of Hazardous Materials (regardless of the original source thereof, unless caused by Town), then Town shall have the right, but not the obligation, to terminate this Operating Agreement in its entirety.

20.12.2 Operator shall and hereby does agree to defend, indemnify and hold Town harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities (including liabilities arising under a claim of strict liability), including, but not limited to, attorneys' fees and costs of litigation, arising out of or in any matter connected with: (i) Operator and Operator Affiliates violation of any Environmental Statute or other applicable federal, state or local environmental Law with respect to any Hazardous Materials (other than Town-Caused Hazardous Materials, as such are defined in Paragraph 20.13); or (ii) the presence, "release" or "threatened release" of or failure to remove by Operator of Hazardous Materials brought on to the Airport Movement Areas by Operator and Operator Affiliates.

20.13 Removal and Indemnity by Town. Excluding only the liability previously assumed by Vector Aircraft Services, LLC pursuant to the Agreement for Services or assumed under Paragraphs 20.5, 20.7, 20.9 and 20.12 above, to the extent required by any Environmental Statute or other applicable law, Town shall remove any Hazardous Materials that are brought onto or released at the Airport and Airport Movement Areas during the Term of this Operating Agreement by Town ("Town-Caused Hazardous Materials").

20.13.1 At any time during the Term of this Operating Agreement if Town does not remove any Hazardous Materials from the Airport and Airport Movement Areas that are required to be removed by Town in accordance with this Operating Agreement, then notwithstanding anything contained herein to the contrary, Operator's remedies shall include, but not be limited to, the remedies set forth in Subparagraph 20.13.1 (a) below:

- a) If, in Operator's reasonable judgment, Operator is unable to use any portion of the Airport Movement Areas as a result of the presence or suspected presence of Hazardous Materials (regardless of the original source thereof, unless caused by Operator), then Operator shall have the right, but not the obligation, to terminate this Operating Agreement in its entirety.

20.13.2 To the extent permitted by law, Town shall and hereby does agree to defend, indemnify and hold Operator harmless from and against any and all causes of actions, suits, demands or judgments of any nature whatsoever, losses, damages, penalties, expenses, fees, claims, costs (including response and remedial costs), and liabilities (including liabilities arising under a claim of strict liability), including, but not limited to, attorneys' fees and costs of litigation, arising out of or in any matter connected with: (i)

Town's obligations under this Paragraph 20.13; (ii) Town's violation of any Environmental Statute or other applicable federal, state or local environmental Law with respect to any Hazardous Materials (other than Operator or Operator Affiliate-caused Hazardous Materials)); or (iii) the presence, "release" or "threatened release" of or failure to remove by Town of Hazardous Materials brought on to the Airport Movement Areas by Town. Town does not waive or intend to waive the rights or protections guaranteed under the Colorado Governmental Immunity Act.

- 20.14 If and to the extent that any Hazardous Materials are discovered on, under or about the Airport and Airport Movement Areas and the presence thereof is attributable to the actions or omissions of any third-party, then Operator shall diligently pursue and use its best efforts to cause such third-party to remove such Hazardous Materials in accordance with all applicable laws (including all applicable Environmental Statutes).

20.14.1 If the Operator does not diligently pursue and use its best efforts to cause any responsible third-party to remove any Hazardous Materials located at the Airport and Airport Movement Areas which are attributable to such third party in accordance with this Operating Agreement, Town shall have the right and authority, but not the obligation, to undertake Operator's obligations pursuant to Subparagraph 20.13 above on behalf of Operator, including to remove any such Hazardous Materials from the Airport and Airport Movement Areas.

- 20.15 Except as expressly provided in this Operating Agreement, Operator shall have no liability or responsibility for the discharge or clean-up of Hazardous Materials, or contractually for compliance with Environmental Statutes, it being the intent of the parties that all such liability and responsibility not expressly assumed by Operator under this Operating Agreement remains the liability and/or responsibility of Town or any third-party causally responsible for the discharge of Hazardous Materials. Further, it is the belief of the parties that all obligations assumed by the Operator with regard to Hazardous Materials and Environmental Statutes are fully insured against under the insurance procured pursuant to Paragraph 9.0 of this Operating Agreement, such that Operator's maximum financial liability assumed with regard to Hazardous Materials and Environmental Statutes would be the application deductible/retention under such insurance in those instances in which the Operator is contractually responsible under this Operating Agreement.

21.0 MISCELLANEOUS

- 21.1 Interpretation. In all cases the language in all parts of this Operating Agreement shall be construed simply, according to its fair meaning and not strictly for or against the drafter of this Operating Agreement or for or against Town or Operator. The terms "Town" and

"Operator" as used herein shall include the plural as well as the singular, and the neuter shall include the masculine and the feminine genders.

- 21.2 Headings. The Section, Paragraph and Subparagraph designations or headings contained herein are inserted solely for convenience of reference and do not in any way govern the intent or construction of this Operating Agreement. Any reference to a Paragraph shall be deemed to include a reference to all Subparagraphs therein.
- 21.3 Successors and Assigns. Subject to the provisions of Section 13.0 of this Operating Agreement, this Operating Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, and wherever a reference in this Operating Agreement is made to either of the Parties hereto such reference shall be deemed to include, wherever applicable, also a reference to the successors and assigns of such Party, as if in every case so expressed.
- 21.4 Governing Law. This Operating Agreement shall be governed by and construed in accordance with the laws of the State of Colorado and venue shall be in the Courts of the County of Weld, State of Colorado; however, this Operating Agreement shall also be subject to any federal law that may be applicable due to matters associated with the FAA's regulation of airports and Town's federal grant assurances.
- 21.5 Entire Agreement. This Operating Agreement together with any written modifications or amendments hereto hereafter entered into shall constitute the entire agreement between the Parties relative to the subject matter hereof, and shall supersede any prior agreement or understanding, if any, whether written or oral, which Operator may have had relating to the subject matter hereof with Town.
- 21.6 No Oral Modification. This Operating Agreement may be changed, waived or discharged only by an instrument in writing signed by the Parties to this Operating Agreement.
- 21.7 Counterparts. This instrument may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute and be construed as one and the same instrument.
- 21.8 Consent. Unless otherwise specifically provided in this Operating Agreement, whenever in this Operating Agreement the consent or approval of Town or Operator is required, it is agreed by Town and Operator that such consent or approval will not be unreasonably withheld and will be promptly considered.

- 21.9 Attorneys' Fees. In any action or arbitration brought to interpret, enforce or avoid this Operating Agreement or any provision hereunder, the Party which receives a final judgment and which substantially prevails on the claims and defenses raised in the action shall be entitled to recover its attorneys' fees and costs incurred in resolving the dispute, including all fees and costs incurred prior to the commencement of any proceeding, and in any appeal of such claims and defenses. In the event each Party prevails on some claims or defenses, the Parties agree that the arbitrator(s) or court shall determine which is the "prevailing party" on each claim or defense entitled to an attorney's fee and costs award hereunder and the resulting portion of the total attorneys' fee and costs award, if any, each Party is entitled to recover from the other.
- 21.10 Time of Essence. Time is of the essence with respect to each and every provision of this Operating Agreement.
- 21.11 Independent Contractor. This Operating Agreement is by and between Town and Operator and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or any other association between Town and Operator.
- 21.12 General Cooperation. Town and Operator each agree to reasonably cooperate with one another in order to carry out the intent of any term or provision of this Operating Agreement.
- 21.13 Public Records. Operator understands that written information submitted to and/or obtained by Town from Operator, relating to this Operating Agreement and/or the Airport, and which is prepared, used or retained by Town may be open to inspection by the public pursuant to the Colorado Open Records Act as now in force or hereafter amended, or otherwise may be made available to the public.
- 21.14 Joint Authorship. This Operating Agreement is a product of the negotiation of the Parties hereto, and shall not be construed in favor of, or against, a particular Party hereto on the basis of authorship.
- 21.15 No Third-Party Beneficiaries. This Operating Agreement is not intended to benefit, and does not benefit, any person or entity other than the Parties hereto.

22.0 OPTION TO RENEW

- 22.1 Provided Operator is not in default of any term or condition of the Operating Agreement and that an event has not occurred which, with the giving of notice or passage of time, would constitute a default, Operator shall be entitled to renew this Operating Agreement

("Option to Renew") for one (1) additional term of five (5) years ("Option Term") on the following terms and conditions:

- 22.1.1 Operator shall notify Town in writing of its intent to exercise the Option to Renew no less than one hundred eighty (180) days prior to the expiration of the Operating Agreement Term.
- 22.1.2 The terms during the Option Term shall be the same terms and conditions as set forth in the Operating Agreement, with the exception of the following: (i) the Monthly Fee set forth in Paragraph 4.2.2, which shall increase to three thousand three hundred thirty-three and 33/100s (\$3,333.33) per month, (ii) the Fuel Flowage Fee which shall increase to seven cents (\$0.07) per delivered gallon of fuel, and (iii) the provision hereof granting Operator an option to renew the Operating Agreement, which shall have been exercised and shall have expired.
- 22.1.3 Operator shall execute an Amendment to the Operating Agreement evidencing such renewal within fifteen (15) days after delivery thereof to Operator from Town.
- 22.1.4 Failure by Operator to exercise the Option to Renew in the time and manner set forth herein within the time period provided herein shall result in the automatic termination of such Option to Renew.
- 22.1.5 The Option to Renew may not be exercised by a subcontractor or assignee of Operator and is not transferable by Operator to any other party.

23.0 PROHIBITION AGAINST EMPLOYMENT OF ILLEGAL ALIENS

- 23.1 By its signature on this Operating Agreement, Operator certifies that, as of the time of its signature, it does not knowingly employ or contract with an illegal alien and that, in order to verify that it does not employ any illegal aliens, the Operator will participate in the E-Verify Program created in Public Law 104-208, as amended, and expanded in Public Law 108-156, as amended, administered by the United States Department of Homeland Security and the Social Security Administration.
- 23.2 Operator agrees that it shall not knowingly employ or contract with an illegal alien to perform work under this Operating Agreement; and that it shall not enter into a contract with a subcontractor that fails to certify to the Operator that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this Operating Agreement.

- 23.3 Operator has verified through participation in the E-Verify Program that the Operator does not employ any illegal aliens.
- 23.4 Operator shall not use the E-Verify Program procedures to undertake pre-employment screening of job applicants while work under this Operating Agreement is being performed.
- 23.5 If Operator obtains actual knowledge that a subcontractor performing work under this Operating Agreement knowingly employs or contracts with an illegal alien, the Operator shall: (1) notify the subcontractor and Town within three days that the Operator has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and (2) terminate the subcontract with the subcontractor if, within three days of receiving the notice required herein, the subcontractor does not stop employing or contracting with the illegal alien; except that the Operator shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.
- 23.6 The Operator shall comply with any reasonable request by the Colorado Department of Labor and Employment made in the course of an investigation that the Department is undertaking pursuant to the authority established in C.R.S. section 8-17.5-101(5).
- 23.7 If Operator violates a provision of this Section 23.0, Town may terminate this Operating Agreement for breach of contract. If the Operating Agreement is so terminated, the Operator shall be liable for actual and consequential damages to Town. Operator understands that, in the event of such a termination, Town is required to notify the office of the Colorado Secretary of State.

24.0 FAA REVIEW

It shall be the responsibility and duty of the Operator to submit this Operating Agreement to the FAA's regional office to allow the FAA to review the Operating Agreement and note any terms that are inconsistent with FAA policy. However, it is stated FAA policy not to "approve" agreements between third parties, and this Operating Agreement is not contingent on an FAA statement of approval.

In the event the FAA, during its review of the Operating Agreement as provided for herein, disapproves of the Operating Agreement or any portion thereof, the parties shall revise and, if necessary, renegotiate those terms found by the FAA to be unacceptable in order to fully address the FAA objections, and shall revise the Operating Agreement to meet FAA approval.

Operator specifically agrees to comply with the notification and review requirements covered in Part 77 of the FAA Regulations (as may be amended from time to time, or such other regulation replacing Part 77 as may be adopted pursuant to federal authority) prior to the construction of the Improvements described herein, or any other on-site construction, which includes the modification or alteration of existing structures.

- 25.4 Nonexclusive Right. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958. (49 U.S.C. §1349.)

26.0 TERMINATION OF AGREEMENT FOR SERVICES

Upon the execution of this Operating Agreement by both Parties hereto, the Agreement for Services shall be and hereby is declared to be terminated, null and void and of no further force or effect as of the Agreement Commencement Date of this Operating Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Operating Agreement as of the day and year first-above written.

TOWN:

TOWN OF ERIE,
a Colorado municipal corporation

By: _____

Joseph A. Wilson, Mayor



ATTEST:

By: _____

Nancy J. Parker, Town Clerk

OPERATOR:

VECTOR AIR MANAGEMENT, LLC,
a Colorado limited liability company

By: _____

Jason Hurd, Manager and Member

6/26/11(12)

EXHIBIT "A"
LEGAL DESCRIPTION OF AIRPORT

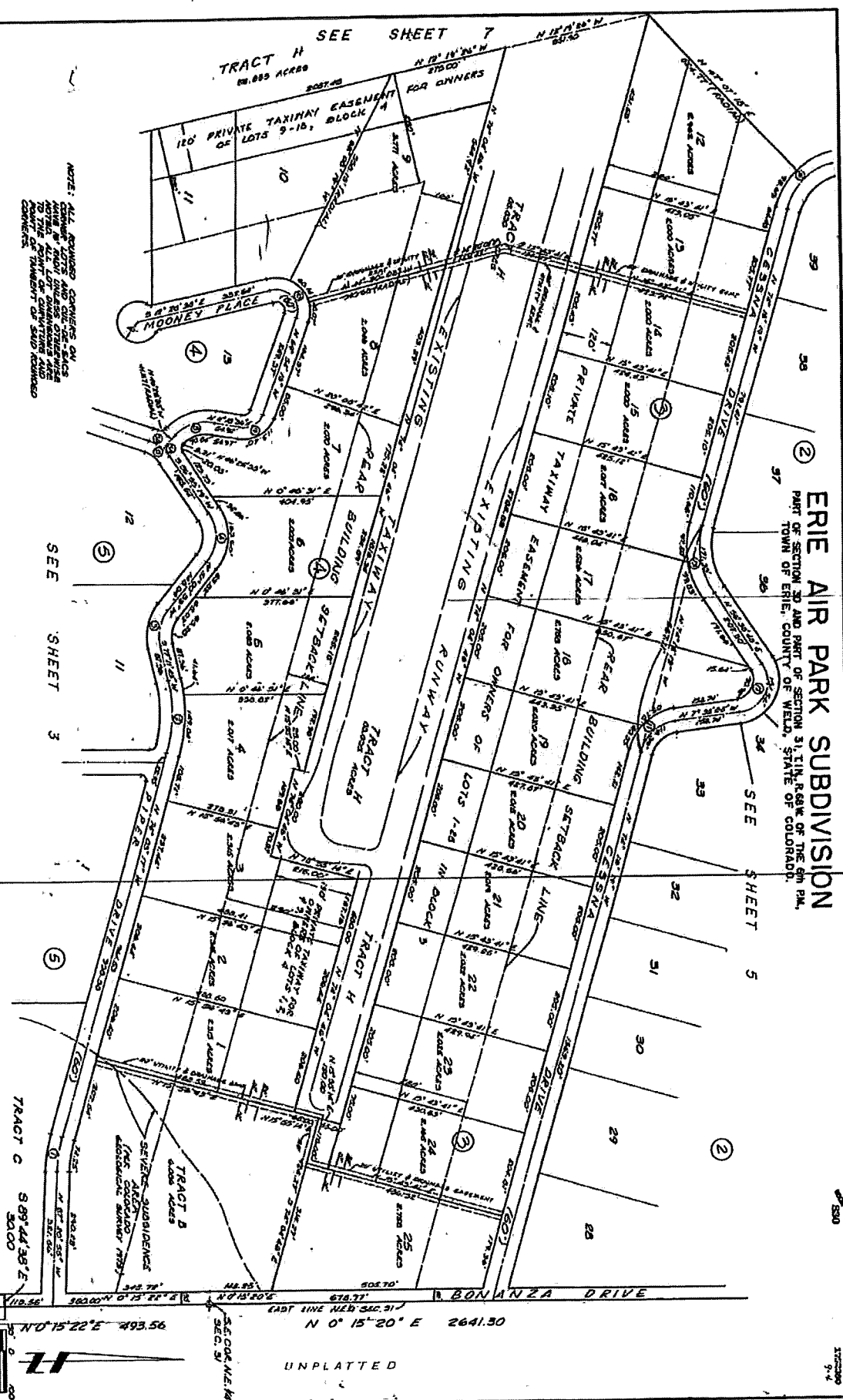
PART OF SECTION 30 AND PART OF SECTION 31, T1N, R68W, OF THE 6th P.M.,
TOWN OF ERIE, COUNTY OF WELD, STATE OF COLORADO.

ROAD CENTERLINE							DADA		CENTRAL	
CURVE #	RADIUS	LENGTH	CHORD	CHORD BEARING	ANGLE	ANGLE				
1	350.00	91.27	91.03	N106°04'30"	72°13.35'					
2	350.00	175.62	173.78	N105°24'30"	55°44.50'					
3	100.00	50.80	61.35	N105°24'30"	57°47.43'					
4	100.00	125.84	112.70	N101°03'57"	72°06.03'					
5	100.00	65.85	63.16	S105°24'30"	35°49.00'					
5/4	100.00	23.84	23.84	S105°24'30"	19°16.94'					
5/8	100.00	41.02	40.79	S105°24'30"	23°20.55'					
6	350.00	143.75	142.74	S105°24'30"	23°20.55'					
7	50.00	48.94	47.01	S115°30'30"	56°04.11'					
8	100.00	100.77	96.56	N115°30'30"	57°44.11'					
9	50.00	70.87	65.09	N09°57'30"	61°12.54'					
10	50.00	106.96	67.00	S04°04'30"	122°38.50'					
11	100.00	116.39	109.93	N05°24'30"	65°46.07'					
12	25.00	151.54	147.05	N05°24'30"	65°46.07'					
13	300.00	171.53	165.14	S09°11'30"	48°04.05'					
14	150.00	142.20	145.14	N07°11'30"	61°57.80'					
15	62.73	86.65	78.90	S07°06'30"	62°17.05'					
16	150.00	726.67	722.97	N10°05'45"	45°11.89'					
16/4	150.00	73.23	72.59	N10°05'45"	25°15.89'					
16/8	150.00	52.90	52.74	N03°24'30"	18°38.26'					
17	60.00	153.94	150.92	N03°24'30"	10°39.81'					
18	100.00	112.79	106.91	N04°37'30"	67°37.67'					
19	779.17	114.12	116.65	N04°37'30"	37°35.89'					
20	300.00	178.72	173.09	N16°32'30"	54°57.57'					
21	300.00	524.66	527.00	N15°10'30"	72°57.51'					
22	100.00	118.62	112.62	N15°10'30"	65°32.32'					
23	100.00	103.97	96.99	N17°13'30"	69°28.29'					
24	256.54	94.93	94.62	N17°13'30"	21°24.21'					
25	214.37	175.97	170.60	N17°13'30"	45°30.50'					
26	167.36	97.18	93.02	S02°04'30"	39°16.05'					

U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS
WASHINGTON, D. C. 20540

PAGE 2 OF 2

ERIE AIR PARK SUBDIVISION PART OF SECTION 30 AND PART OF SECTION 31, T1N, R64W OF THE 6th PM, TOWN OF ERIE, COUNTY OF WELD, STATE OF COLORADO.



NOTE: ALL REQUIRED CORNERS ON
 CORNER LOTS AND ON SETBACK
 LINES AND ALL LOT DIMENSIONS ARE
 TO THE POINT OF CORNERING AND
 CORNERS. TRACTS OF SAID AIRPORT

SEE SHEET 3

SEE SHEET 5

TRACT H SEE SHEET 7
 80.885 ACRES

TRACT C 509.44 39°E
 30.00

Prepared By: ROBINSON SURVEYING & ENGINEERING CO. - 2930 S. FOX ST., ENGLEWOOD, COLORADO, 80110

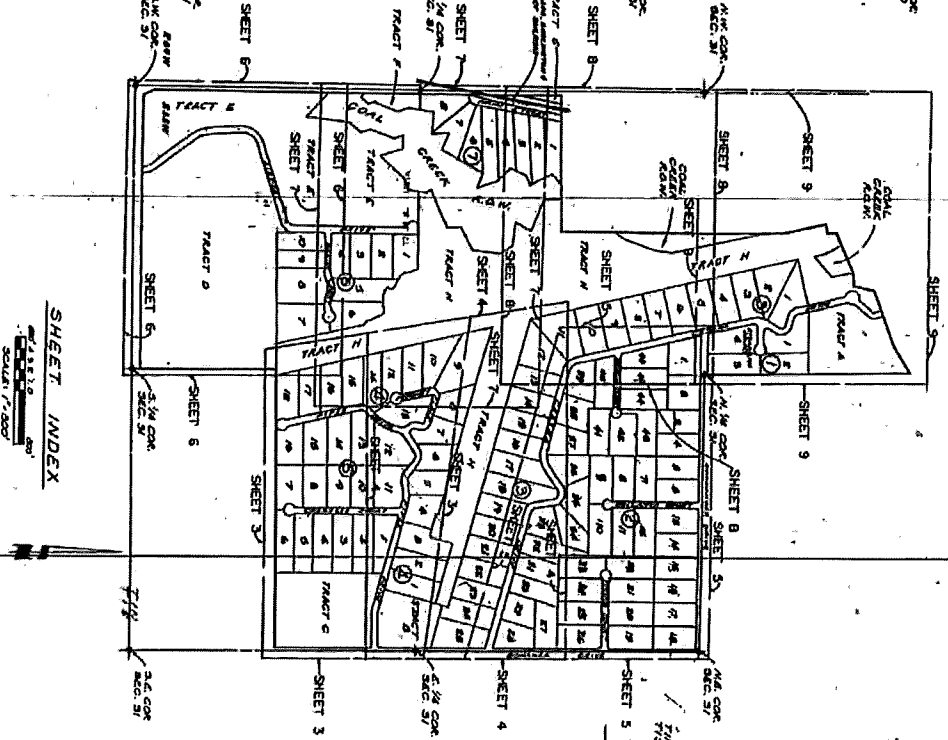
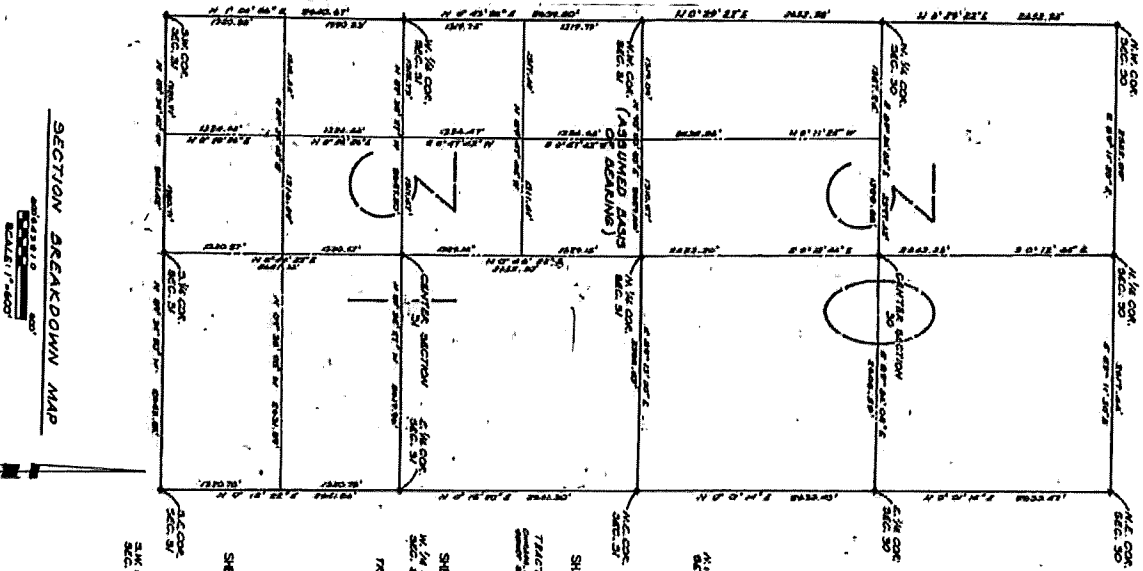
DATE: APRIL 24, 1978

SCALE 1"=100'

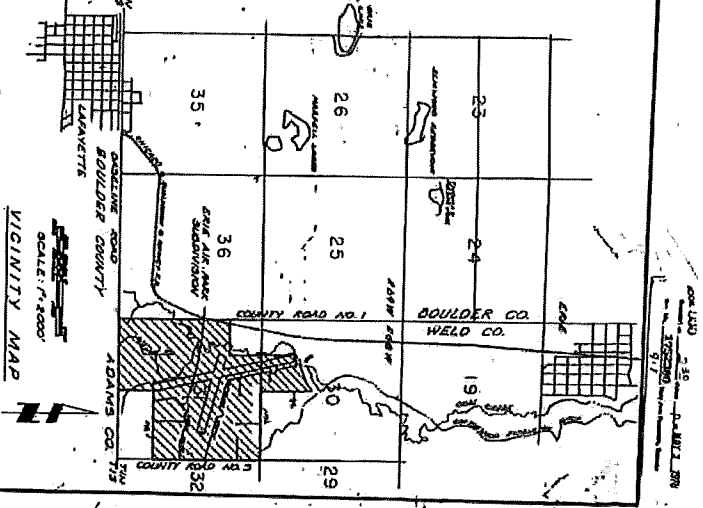
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 9-4

ERIE AIR PARK SUBDIVISION PART OF SECTION 30 AND PART OF SECTION 31, T1N, R66W OF THE 6TH PM. TOWN OF ERIE, COUNTY OF WELD, STATE OF COLORADO.



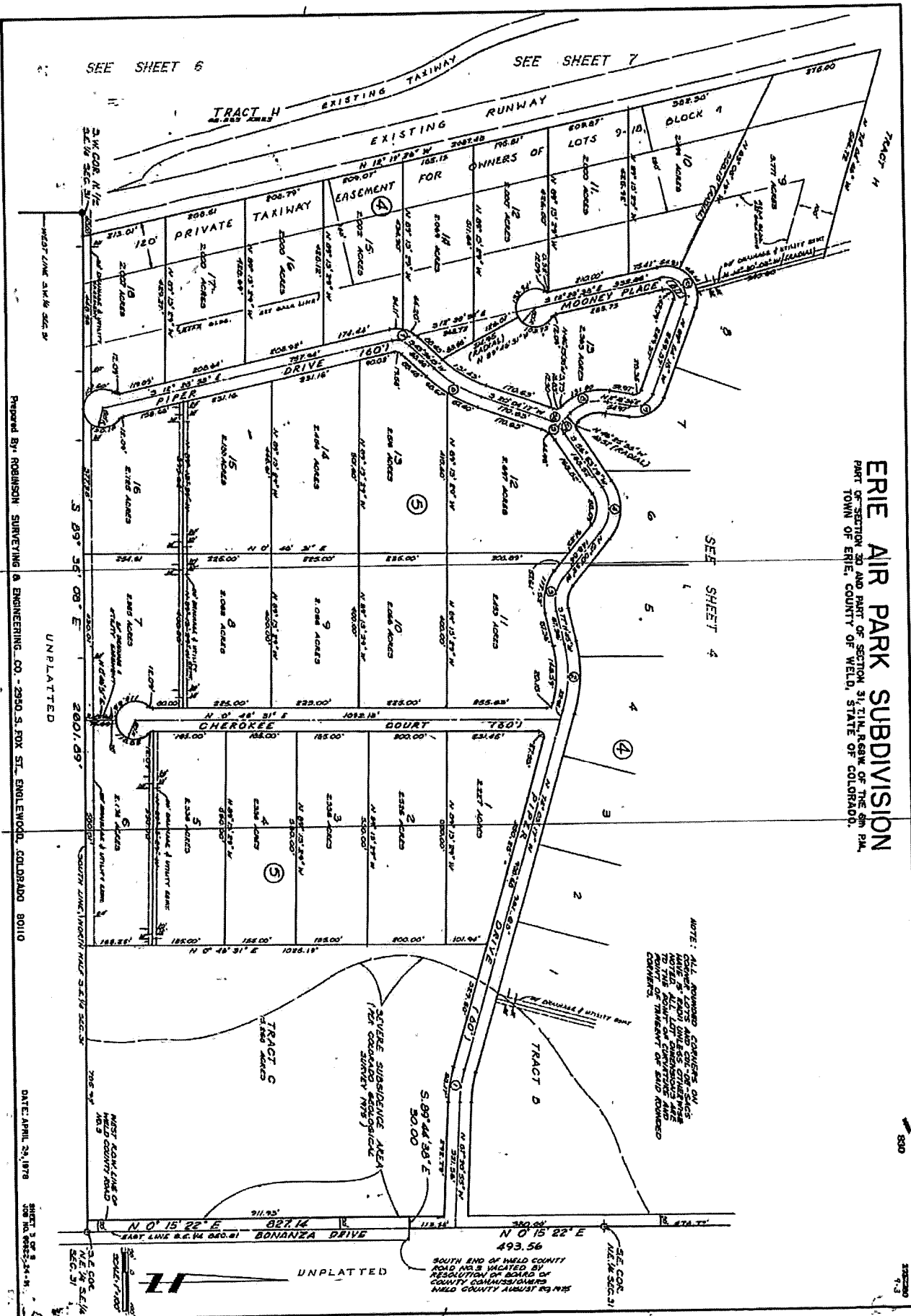
SHEET NO.	DESCRIPTION
1	SECTION 30, T1N, R66W, 6TH PM.
2	SECTION 31, T1N, R66W, 6TH PM.
3	SECTION 32, T1N, R66W, 6TH PM.
4	SECTION 33, T1N, R66W, 6TH PM.
5	SECTION 34, T1N, R66W, 6TH PM.
6	SECTION 35, T1N, R66W, 6TH PM.
7	SECTION 36, T1N, R66W, 6TH PM.
8	SECTION 37, T1N, R66W, 6TH PM.
9	SECTION 38, T1N, R66W, 6TH PM.
10	SECTION 39, T1N, R66W, 6TH PM.
11	SECTION 40, T1N, R66W, 6TH PM.
12	SECTION 41, T1N, R66W, 6TH PM.
13	SECTION 42, T1N, R66W, 6TH PM.
14	SECTION 43, T1N, R66W, 6TH PM.
15	SECTION 44, T1N, R66W, 6TH PM.
16	SECTION 45, T1N, R66W, 6TH PM.
17	SECTION 46, T1N, R66W, 6TH PM.
18	SECTION 47, T1N, R66W, 6TH PM.
19	SECTION 48, T1N, R66W, 6TH PM.
20	SECTION 49, T1N, R66W, 6TH PM.
21	SECTION 50, T1N, R66W, 6TH PM.
22	SECTION 51, T1N, R66W, 6TH PM.
23	SECTION 52, T1N, R66W, 6TH PM.
24	SECTION 53, T1N, R66W, 6TH PM.
25	SECTION 54, T1N, R66W, 6TH PM.
26	SECTION 55, T1N, R66W, 6TH PM.
27	SECTION 56, T1N, R66W, 6TH PM.
28	SECTION 57, T1N, R66W, 6TH PM.
29	SECTION 58, T1N, R66W, 6TH PM.
30	SECTION 59, T1N, R66W, 6TH PM.
31	SECTION 60, T1N, R66W, 6TH PM.
32	SECTION 61, T1N, R66W, 6TH PM.
33	SECTION 62, T1N, R66W, 6TH PM.
34	SECTION 63, T1N, R66W, 6TH PM.
35	SECTION 64, T1N, R66W, 6TH PM.
36	SECTION 65, T1N, R66W, 6TH PM.



[Signature]
 [Signature]
 [Signature]

SEE SHEET 6

SEE SHEET 7



ERIE AIR PARK SUBDIVISION
PART OF SECTION 30 AND PART OF SECTION 31 T1N, R34W OF THE 5th PM.
TOWN OF ERIE, COUNTY OF WELD, STATE OF COLORADO.

SEE SHEET 4

NOTE: ALL BOUNDARY CORNERS ON THIS MAP ARE TO BE LOCATED BY THE FIELD ENGINEER. ALL LOT DIMENSIONS ARE TO BE MEASURED FROM THE POINT OF THE CORNER OF THE LOT OR TRACT OF LAND TO BE LOCATED. ALL LOT DIMENSIONS ARE TO BE MEASURED FROM THE POINT OF THE CORNER OF THE LOT OR TRACT OF LAND TO BE LOCATED.

SOUTH END OF WELD COUNTY ROAD NO. 10 AS SHOWN BY RESOLUTION OF BOARD OF COUNTY COMMISSIONERS WELD COUNTY JANUARY 1978

Prepared By: ROBINSON SURVEYING & ENGINEERING, CO., 2550 S. FOX ST., ENGLEWOOD, COLORADO 80110

DATE: APRIL 29, 1978
SHEET 3 OF 3
JOB NO. 8855-34-N

175236
9-5

175236
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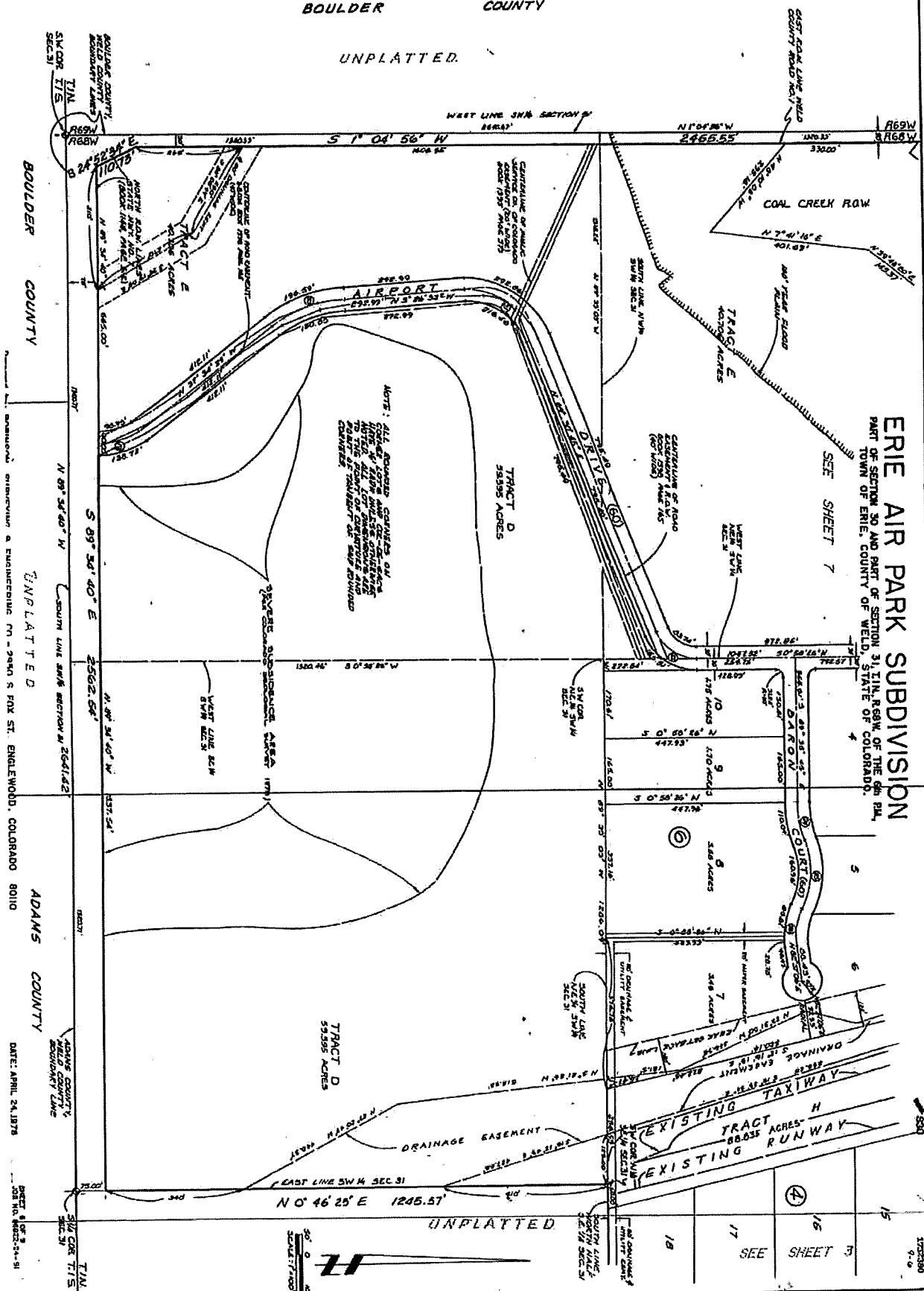


BOULDER COUNTY

UNPLATTED

ERIE AIR PARK SUBDIVISION
PART OF SECTION 30 AND PART OF SECTION 31, T1N, R69W, OF THE 6th PM,
TOWN OF ERIE, COUNTY OF WELD, STATE OF COLORADO.

SEE SHEET 7



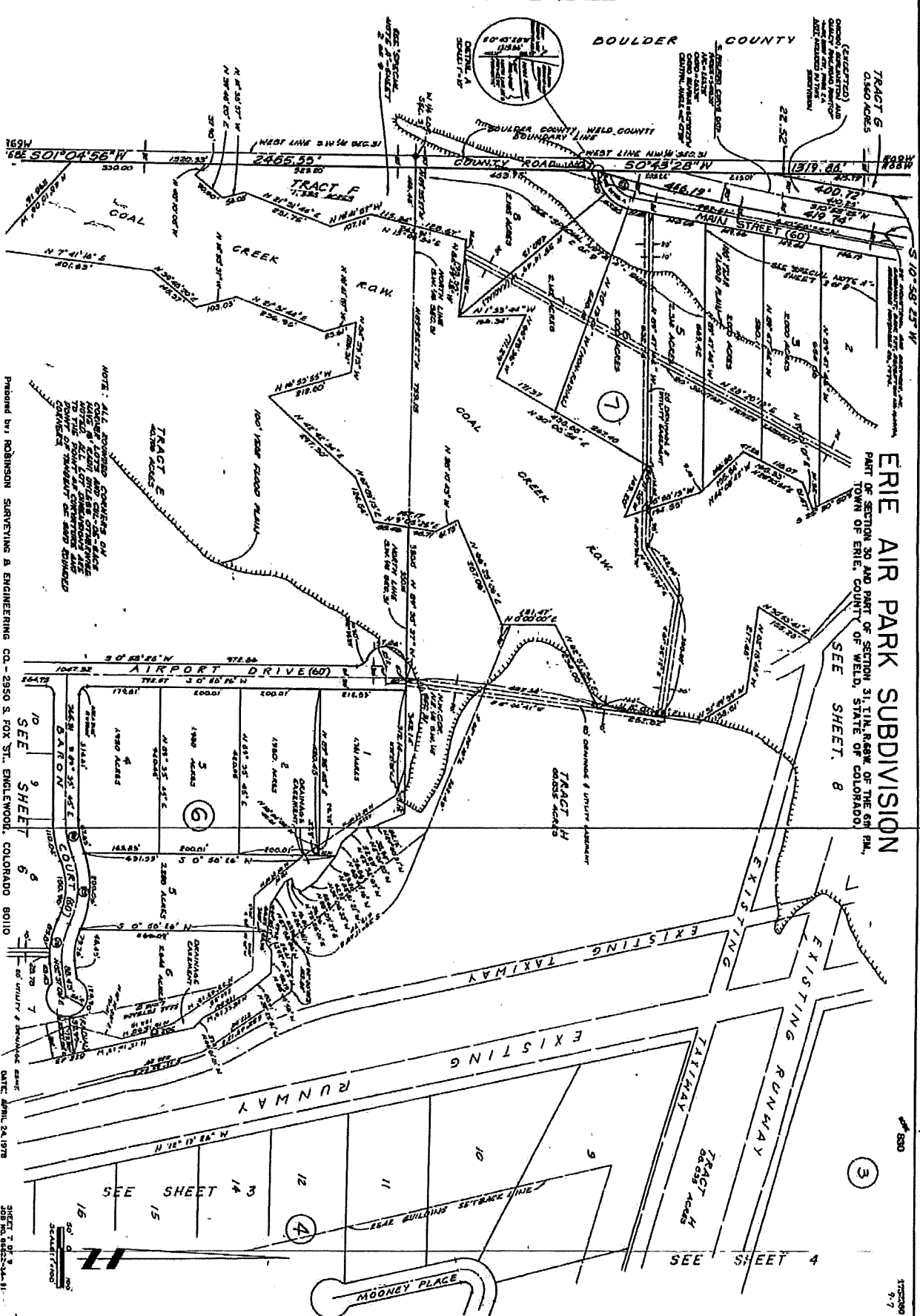
BOULDER COUNTY
ADAMS COUNTY

UNPLATTED

ADAMS COUNTY

DATE: APRIL 24, 1978

100' 0' 100'



ERIE AIR PARK SUBDIVISION
PART OF SECTION 30 AND PART OF SECTION 31, T11N, R66W, OF THE 6TH
TOWN OF ERIE, COUNTY OF WELD, STATE OF COLORADO.

SEE SHEET 8

SEE SHEET 4

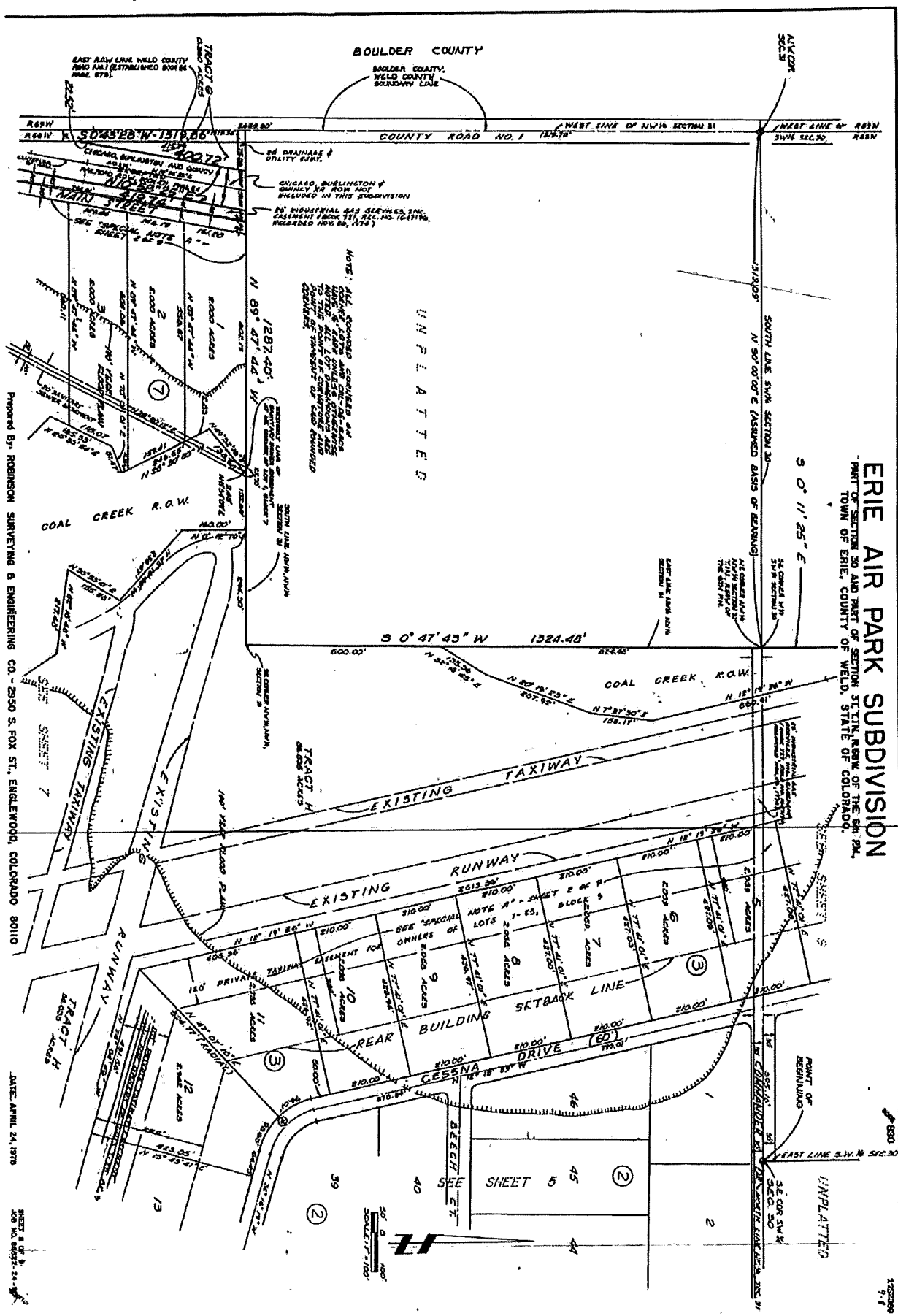
Prepared by ROBINSON SURVEYING & ENGINEERING CO. - 2350 S. FOX ST., ENGLEWOOD, COLORADO 80110

DATE: APRIL 24, 1978

100' = 1" = 100'

ERIE AIR PARK SUBDIVISION

PART OF SECTION 30 AND PART OF SECTION 31, T4N, R69W, OF THE 6th PM, TOWN OF ERIE, COUNTY OF WELD, STATE OF COLORADO.



Prepared By ROBINSON SURVEYING & ENGINEERING CO., 2550 S. FOX ST., ENGLEWOOD, COLORADO 80110

DATE: APRIL 24, 1979

SHEET 3 OF 4
JOB NO. 0025-24-70

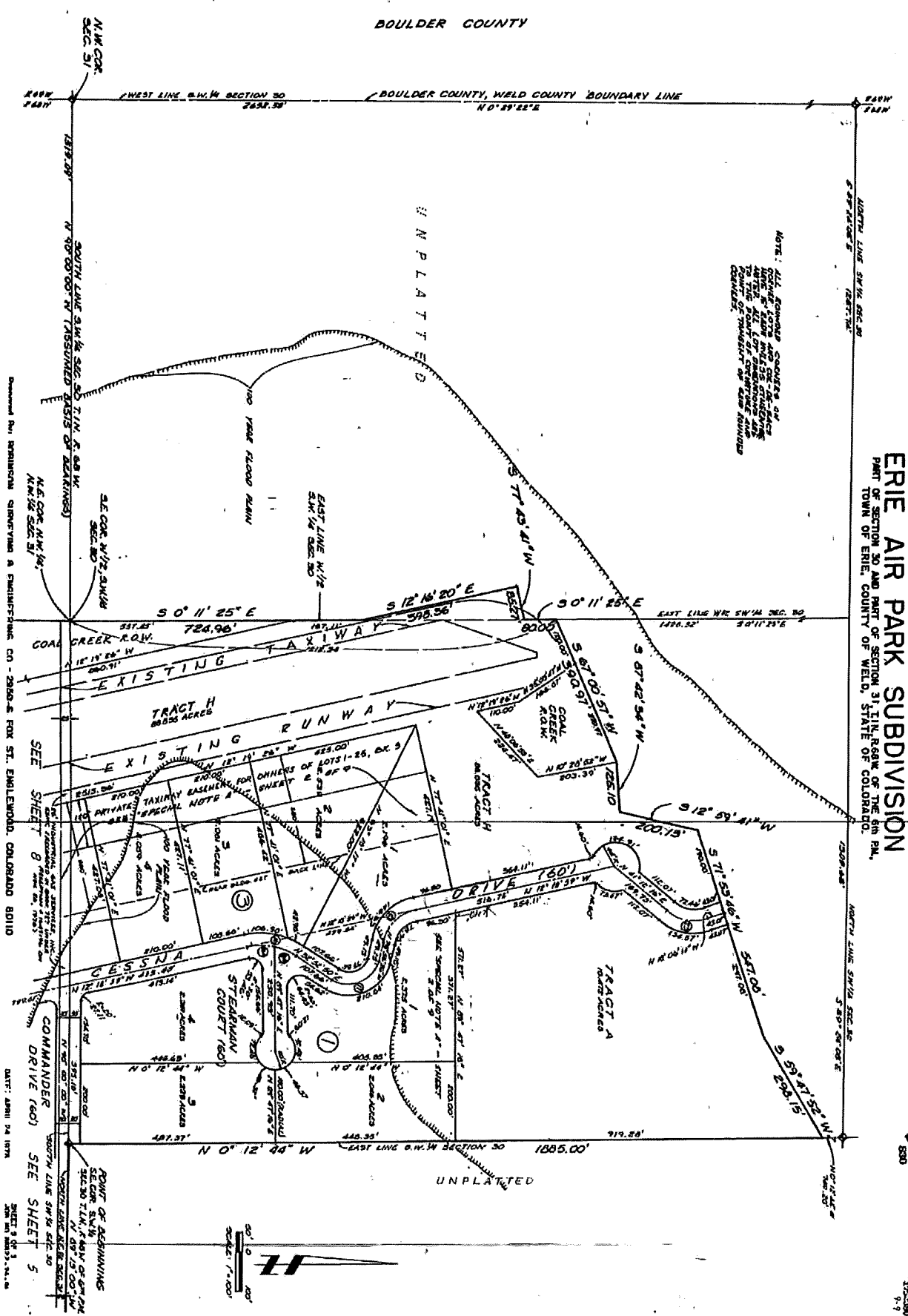
1352-289
9-8

BOULDER COUNTY

BOULDER COUNTY, WELD COUNTY BOUNDARY LINE
N 0° 29' 22" E

ERIE AIR PARK SUBDIVISION
PART OF SECTION 30 AND PART OF SECTION 31, T11N, R6E, OF THE 10th PM.
TOWN OF ERIE, COUNTY OF WELD, STATE OF COLORADO.

NOTE: ALL BOUNDARY CORNERS OF THIS SUBDIVISION ARE TO BE MARKED BY IRON PIPES OR STEEL PIPES, OR BY CONCRETE OR METAL MONUMENTS, OR BY ANY OTHER PERMANENT MARKS, AND THE POINT OF BEGINNING OF EACH TRACT IS TO BE MARKED BY A CONCRETE OR METAL MONUMENT.



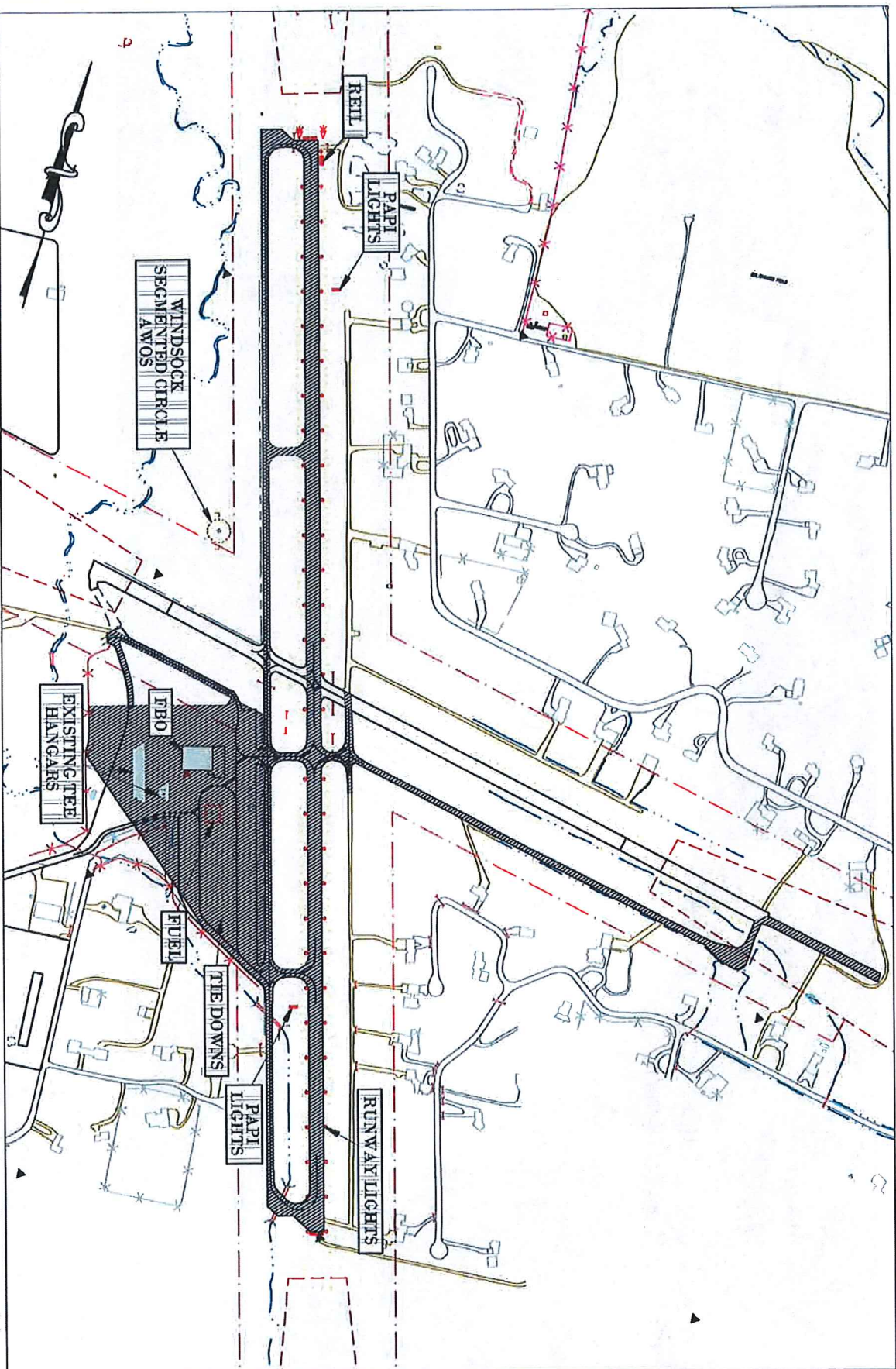
Surveyed by: BERNARDSON SURVEYING & ENGINEERING CO. - 2880 S. FOX ST., ENGLEWOOD, COLORADO 80110

DATE: APRIL 24 1978

SHEET 5 OF 5
JOB NO. 88035-54-08

EXHIBIT "A-1"
AIRPORT MOVEMENT AREAS
AND EXISTING AIRFIELD IMPROVEMENTS

ERIE MUNICIPAL AIRPORT EXHIBIT A-1 AIRPORT MOVEMENT AREAS



Erie Municipal Airport (KEIK) Tie-down Map

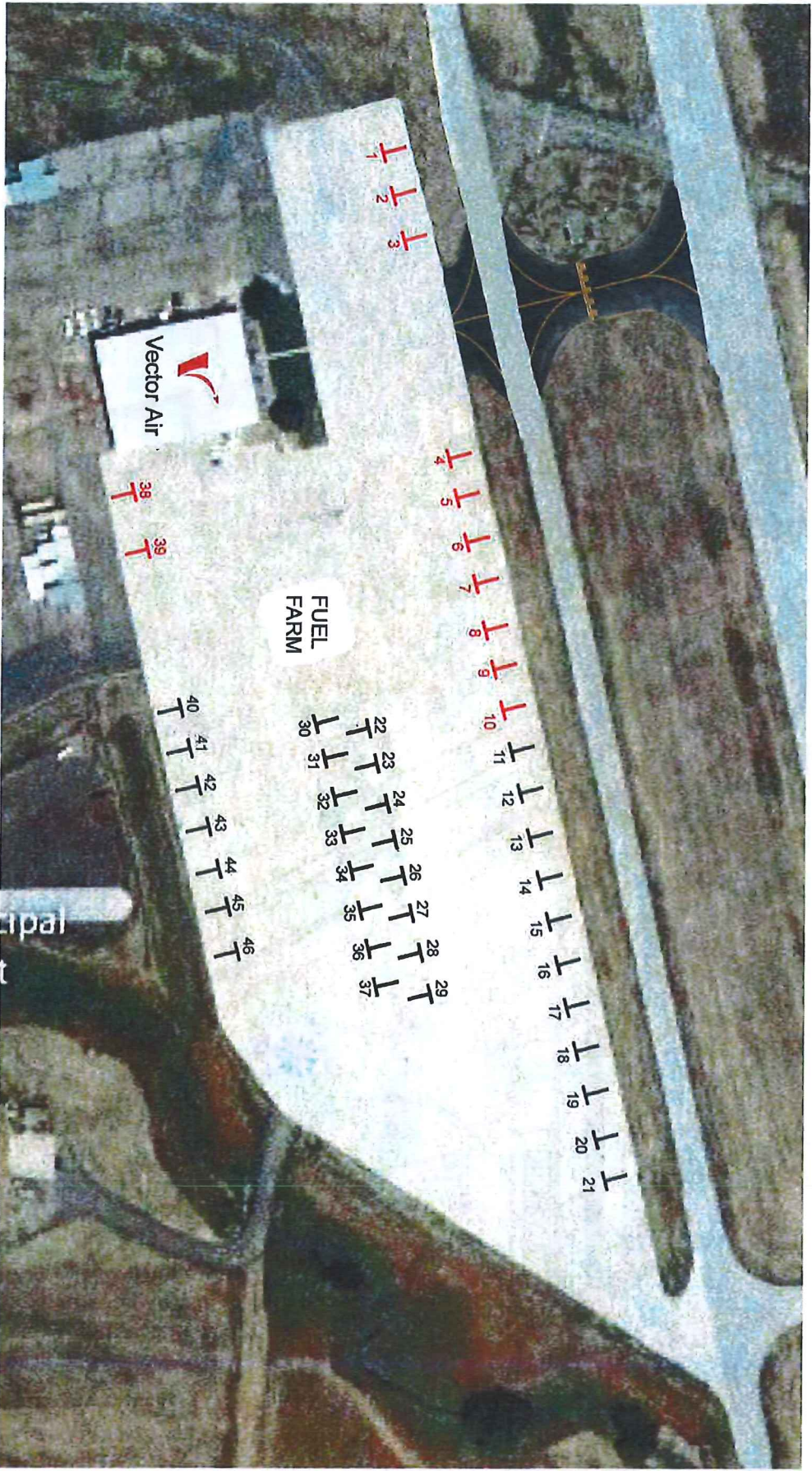


EXHIBIT "B"

ERIE MUNICIPAL AIRPORT RENTAL AND LEASE AGREEMENTS

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, entered into this 12th day of January, 2008, by and between the **TOWN OF ERIE**, a Colorado municipal corporation, (hereinafter referred to as the "Landlord") and **SKYRAIDER AVIATION, INC.**, a Colorado corporation, whose address is **395 Airport Drive, Erie, Colorado 80516**, (hereinafter referred to as "Operator").

WITNESSETH

WHEREAS, the Landlord is the owner of an airport located in the south portion of the Town of Erie and commonly known and referred to as the Erie Municipal Airport (hereinafter referred to as the "Airport"); and

WHEREAS, the Landlord owns the entire FBO building and its curtilage and desires to lease Rooms 1 and 2 on the second floor of the FBO Building, as is more fully described on Exhibit A, which is attached hereto and by this reference is made a part hereof (hereinafter referred to as the "Premises") to the Operator, and Operator desires to lease the Premises from the Landlord; and

WHEREAS, the Landlord desires to enter into a Lease and Agreement with Operator permitting Operator to lease the Premises and to perform the services enumerated herein; and

WHEREAS, the Operator desires to lease and operate the Premises as a facility open to the public that is clean and well maintained.

COVENANTS AND CONDITIONS

NOW, THEREFORE, in consideration of the recitals, promises, covenants, and conditions herein set forth herein, and other good and valuable considerations herein receipted for, the parties agree as follows:

Section 1. Month to Month Term, Termination. The Landlord does hereby demises, lets, and leases unto Operator the Premises as defined herein and shown on Exhibit A, to have and to hold, together with the privileges and appurtenances pertaining thereto, and subject to the conditions and covenants contained herein, on a month to month basis (such time period hereinafter referred to as the "Lease Term"). Either party may terminate this Lease and Agreement at any time, for any reason, by giving at least ten (10) days prior written notice to the other party of such termination prior to the end of the month of the intended termination date.

This Lease and Agreement shall be effective as of February 1, 2008. Operator shall pay the rent due for February, 2008 and the security deposit (as rent and the security deposit are defined in Paragraph 12., below) to the Landlord upon Operator's execution of this Lease and Agreement.

Section 2. Exclusions to the Premises. The Rooms 1 and 2 on the second floor portion of the FBO Building as shown on Exhibit A and as described in this Section, are included as part of the Premises. The remainder of the FBO Building is not part of the Premises.

Section 3. Ownership of Buildings.

A. The Operator acknowledges that all structures and other improvements situated on the Premises are owned solely by the Landlord, that Operator is only leasing the Premises and that Operator's ownership rights extend only to its personal property which may be located in the Premises. Operator is familiar with the Premises and accepts the Premises in "as is" condition.

B. Alterations. Operator shall not make any alterations, additions or improvements to the Premises, or change any plumbing or wiring, without the prior written consent of Landlord. Plans and specifications for such work shall be submitted to and approved in writing by Landlord prior to commencement of any such work. No fixtures, permanently attached, shall be removed from the Premises. Landlord shall have the right to approve Operator's contractors as well as the general manner and method in which such work is to be performed. Prior to commencement of any work, Operator shall provide Landlord with insurance certificates evidencing that all contractors and subcontractors have workmen's compensation insurance, and builder's risk insurance in amounts and with coverages satisfactory to Landlord. Any such improvements, including wall covering, paneling and built-in cabinet work, but excepting movable furniture and trade fixtures, shall at once become a part of the realty and belong to Landlord and shall be surrendered with the Premises. Upon the expiration of the term hereof, Operator shall, upon written demand by Landlord, at Operator's sole cost and expense, remove any alterations, additions or improvements made by Operator, designated by Landlord to be removed; and Operator shall, at its sole cost and expense, repair any damage to the Premises caused by such removal. At least twenty (20) days prior to the commencement of any work on the Premises, Operator shall notify Landlord of the names and addresses of the persons supplying labor and materials so that Landlord may give notice that it shall not be subject for any lien for Operator's work, in accordance with Colorado's mechanics' lien statutes. Landlord shall have the right to keep posted on the Premises notice to such persons in accordance with such statute.

C. Mechanics' Liens. Operator shall pay or cause to be paid all costs for work done by or on behalf of Operator or caused to be done by or on behalf of Operator on the Premises of a character which will or may result in liens against Landlord's interest in the Premises or the Airport, or any part thereof and Operator will keep the same free and clear of all mechanics' liens and other liens on account of work done for or on behalf of Operator or persons claiming under Operator. Operator hereby agrees to indemnify, defend and save Landlord harmless of and from all liability, loss, damages, costs or expenses, including attorneys' fees, incurred in connection with any claims of any nature whatsoever for work performed for, or materials or supplies furnished to Operator, including lien claims of laborers, materialmen or others. Should any such liens be filed or recorded against the Premises or the Airport with respect to work done for or materials supplied to or on behalf of Operator or should any action affecting the title thereto be commenced, Operator shall cause such liens to be released of record within twenty (20) days after notice thereof. If Operator desires to contest any such claim of lien, Operator shall nonetheless cause such lien to be released of record by the posting of adequate security with a court of competent jurisdiction as may be provided by Colorado's mechanics' lien statutes. If Operator shall be delinquent in paying any charge for which such a mechanics' lien or suit to foreclose such a lien has been recorded or filed and shall not have caused the lien to be released as aforesaid, Landlord may (but without being required to do so) pay such lien or claim and costs associated therewith, and the amount so paid, together with interest thereon at the Interest Rate

and Reasonable Attorneys' fees incurred in connection therewith, shall be immediately due from Operator to Landlord as Additional Rent.

D. **Compliance With Law.** Operator shall comply, at Operator's sole expense, with all laws, statutes, ordinances, and governmental rules, regulations or requirements now in force, or which may hereafter be in force, and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted related to the Premises. Further, the judgment of any court of competent jurisdiction or the admission of Operator in any action against Operator, whether Landlord be a party thereto or not, that Operator has violated any such law, statute, ordinance, rule, regulation, or requirement, shall be conclusive of the fact as between Landlord and Operator. Operator shall be responsible for compliance with the Americans With Disabilities Act (the "Act") and for correcting non-compliance with the Act within the Premises or resulting from Operator's particular use of the Premises or because of compliance requirements attributable to disabilities of Operator's employees. Landlord's consent to any alterations by Operator or Landlord's approval of plans, specifications, and working drawings for Operator's alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules, and regulations of governmental agencies or authorities, including, but not limited to the Act.

Section 4. Expiration or Termination. Upon the expiration or sooner termination of this Lease and Agreement, Operator shall remove from the Premises all of its personal property. Title to all items of real and personal property of Operator that have not been removed from the Premises within three (3) days of the expiration or termination of this Lease and Agreement shall vest in the Landlord.

Section 5. Reserved

Section 6. Financing and Refinancing. Operator shall not finance or refinance any improvement located on the Premises or to be constructed on the Premises without prior written approval of the Landlord. At the time of expiration or termination of this Lease and Agreement, all improvements constructed by Operator shall become the property of the Landlord and shall be free and clear of all liens and encumbrances.

Section 7. Reserved

Section 8. Reserved

Section 9. Permissible Activities of Operator. Operator may perform all of the following activities and no others on the Premises for the full term of this Lease and Agreement, and those other activities, if any, which are determined by the Landlord to be reasonably incidental to these activities: office and business uses related to airport and aviation services.

Section 10. Reserved.

Section 11. Reserved

Section 12. Payments to Landlord; Security Deposit.

A. Operator shall pay to the Landlord rent for the Premises in the monthly rental amount of Sixty Dollars (\$120.00), per month,

B. Payments of the rent shall be made monthly in advance on or before the first (1st) day of each month, without demand.

C. Also included in the monthly payment shall be interest payments calculated at One and One Half Percent (1-1/2%) per month for any overdue amounts due for the previous month in which the actual amount due was paid after the first (1st) day of the month.

D. In the event any Payment as required herein, or any other sum due from Operator is not received by Landlord on the date such amount is due, Operator shall pay to Landlord on demand a late charge of ten percent (10%) of such overdue amount, plus any attorneys' fees and costs incurred by Landlord by reason of Operator's failure to pay such amount. Operator shall pay on demand Twenty-five Dollars (\$25.00) for any check returned for insufficient funds.

E. Operator shall deposit with Landlord the sum of Sixty Dollars (\$60.00) at the time of signing this Lease and Agreement. Said sums shall be held by Landlord as security for the faithful performance by Operator of all the terms of this Lease and Agreement. If Operator defaults with respect to any provisions of this Lease and Agreement, including, but not limited to, the provisions relating to the Payments to be made by Operator, Landlord may apply any part of this security deposit to the payment of any sum in default, accrued interest, last payment fees, or for the payment of, or to compensate Landlord for, any other loss or damage which Landlord may suffer by reason of Operator's default. If any portion of the security deposit is so applied, Operator shall immediately deposit cash with Landlord to restore the security deposit to its original amount. Landlord shall not be required to keep this security deposit separate from its general funds, and Operator shall not be entitled to interest on the security deposit. If Operator shall fully and faithfully perform every provision of this Lease and Agreement to be performed by it during the Lease Term, the remaining security deposit or any balance thereof shall be returned to Operator within seventy-five (75) days following expiration of the Lease and Agreement and surrender of the Premises by Operator.

Section 13. Right of Entry. The Landlord shall not disturb Operator's right to quiet enjoyment of the Premises, except that the Landlord shall have the right to enter upon and inspect the Premises at any time during normal business hours, and at such other times as may be necessary in the event the Landlord determines an emergency situation exists. The Landlord reserves the right to access and use Landlord property and space at the Airport at any time.

Section 14. Liability Insurance Requirement. Operator shall maintain in full force and effect during the entire Lease and Agreement term comprehensive liability insurance with limits of \$1,000,000.00 for two or more persons in each occurrence and \$500,000.00 for any one person in each occurrence, and \$500,000.00 for property damage. The insurance policy shall be issued by an insurance company authorized to do business in Colorado and reasonably acceptable to the Landlord and it shall name the Landlord and Operator as insureds. The insurance policy shall be supplemental to any other insurance the Landlord may obtain. If the limitation on judgments set forth in Section 24-10-114 C.R.S., or any successor statute, are raised during the term of this Lease and Agreement, Operator shall forthwith cause the limits of the insurance coverage to be raised to the levels of the statutory limitations.

Section 15. Fire and Casualty Insurance Requirement. Fire and casualty insurance in an amount of \$1,000,000.00 per occurrence for all improvements on the Premises, and all fixtures shall be maintained at all times and paid for by Operator. The insurance policy shall be issued by an insurance company authorized to do business in Colorado and be reasonably acceptable to the Landlord and it shall name the Landlord as insured. The insurance policy shall be supplemental to any other insurance policy the Landlord may obtain.

Section 16. Copies of Insurance Policies to be Furnished to the Landlord. Operator shall furnish the Landlord with copies of all current insurance policies relating to the Premises within ten (10) days after they become effective and are made available to Operator. All notices of cancellation, if any, shall be furnished to the Landlord at least thirty (30) days before they become effective or within two working days of Operator's receipt of such notice.

Section 17. Independent Contractor, Indemnity, Liability.

- A. Operator is and shall be deemed to be an independent contractor in the conduct of its business and activities hereunder.
- B. Operator agrees to indemnify and save harmless the Landlord against any and all claims, debts, demands or obligations which may be asserted against the Landlord arising by reason of, or in connection with, any alleged act or omission of Operator or any person claiming under, by or through Operator, at Operator's own expense using those attorneys that Landlord deems appropriate. If, however, it becomes necessary for the Landlord to defend any action arising by reason of, or in connection with, any alleged act or omission of Operator or any person claiming under, by or through Operator seeking to impose liability for any such claim or demand, Operator shall pay all court costs, witness fees and reasonable attorney fees, including without limitation, fees and expenses of the Town Attorney, incurred by the Landlord in effecting such defense, in addition to any other sums which the Landlord may be called upon to pay by reason of the entry of any judgment, assessment, bond, writ or levy against the Landlord in the litigation in which such claims are asserted. Operator shall be subrogated to any and all amounts paid by it on behalf of the Landlord to any claims that the Landlord may have as a result of said payments to any person or third persons which are the reason or cause of said payments.

C. Landlord shall not be liable for any loss or damage resulting from: (a) fire, explosion, falling plaster, steam, gas, electricity, water or rain; (b) the pipes, appliances or plumbing systems in the Premises or at the Airport; (c) the roof, street, subsurface; (d) any variation or interruption of utility services; (e) theft or other criminal acts of third parties; or (f) any other cause whatsoever, unless due to the gross negligence of Landlord.

Section 18. Reserved

Section 19. Utilities.

- A. The Landlord shall provide the following utilities to the Premises at the cost of Operator: water and sewer, gas and electricity. Operator shall pay \$0 per month as and for its pro-rata share of the gas and electric utilities cost. These utilities costs shall be billed to the Operator monthly, and shall be paid by the Operator in addition to the rent payments as required to be paid

herein by the Operator. Failure by Operator to pay these utilities costs shall be treated as a failure to pay rent. In the event that these named utilities (or any of them) are separately metered to the Premises, Operator shall pay for such utilities directly to the utilities provider, and Landlord shall no longer pay for the utilities.

B. Landlord shall not be liable for failure or interruption of utility services systems or services so long as Landlord uses reasonable diligence to provide or restore such services. Landlord may discontinue services due to accident, repairs, strikes, acts of God, or any other event beyond the reasonable control of Landlord. In such event, Landlord shall not be liable for such failure or discontinuance, nor shall such failure or discontinuance be construed as a constructive eviction of Operator or cause an abatement of rent. Landlord's obligation to furnish systems for the delivery of electricity and gas is further conditioned upon the availability of adequate sources from the utility company servicing the Premises. Landlord may reduce or modify heating, cooling or lighting in the Premises, without liability, to comply with any public energy-saving program.

Section 20. Covenants and Warranties of the Landlord.

A. The Landlord covenants it has good right to lease the Premises in the manner described herein and that Operator shall peaceably and quietly have, hold, occupy and enjoy the Premises during the term of the Lease and Agreement, so long as Operator uses the Premises lawfully and in accordance with the Lease and Agreement.

B. The Landlord warrants that the undersigned is authorized to enter into this agreement to obligate the Landlord as provided herein.

C. Subject to the understanding stated in Subsection A, the Landlord warrants and represents that the zoning classification of the Airport will allow the activities described in Section 9

Section 21. Maintenance Duties of the Parties.

A. Operator accepts responsibility for the maintenance and repair of all improvements located on the Premises, including by way of example and not of limitation, the following: HVAC, heating and air conditioning systems; plumbing, plumbing fixtures and pipes; electrical and electrical fixtures; glass; roofing; structural repair; moving doors and their electrical system; exterior maintenance, clean up and painting; interior finish, painting and improvements; floors and flooring; and utility hookups and connections. If at any time Operator's maintenance or repair is deemed by the Landlord to be unsatisfactory or untimely, then the Landlord shall give written notice to Operator of the unsatisfactory or untimely items. Operator shall immediately correct the noticed item(s). If Operator fails to immediately correct any noticed item or to reach agreement with the Landlord for its correction, then the Landlord shall have the right to correct the noticed item(s) at Operator's expense. Operator agrees to reimburse the Landlord for its expense within thirty (30) days of the Landlord's written billing of Operator.

B. Operator shall maintain and repair all improvements in accordance with applicable Federal Aviation Administration regulations and the conditions of this Lease and Agreement. The Landlord shall maintain all municipal utilities, roads, runways and major taxiways serving the Premises and the Airport.

C. The Operator shall have responsibility for janitorial and cleaning of the Premises, and shall pay all of the janitorial service costs for the Premises. The Landlord shall approve the contractor or other person who will provide said janitorial services.

D. The Operator shall maintain the Premises in a neat, clean, safe and sightly manner.

Section 22. Reserved.

Section 23. Report of Change of Ownership. In the event that more than ten percent (10%) of the ownership or stock of the Operator is sold or transferred at one time or in more than one transaction occurring within a period of three hundred sixty-five (365) days, the Operator shall notify the Landlord in writing of such fact within ten (10) days from the date of such change of ownership, setting forth the name and mailing address of the new owner(s). Such change of ownership shall be considered an assignment and shall be subject to the terms of Section 35, below.

Section 24. Courtesy and Professionalism. Operator and all of its employees, sublessees, and representatives shall at all times serve the public and Operator's customers and business associates at the Airport in a prompt, courteous, and professional manner.

Section 25. Signs. Operator agrees that no signs shall be erected or painted upon the Premises without the prior written approval of the Town Administrator, which approval shall not be unreasonably withheld. The Landlord reserves the right to remove and install signs as it sees fit. All signs must comply with the Town of Erie Zoning Code and Sign Code, and conform to the Landlord's master sign plan for the Airport.

Section 26. Compliance with Laws, Ordinances, Rules and Regulations. Operator shall comply with all applicable laws of the United States (including regulations of the Federal Aviation Administration), the State of Colorado, Weld County, and the ordinances and codes of the Town, in effect as of the date of this Lease and Agreement or enacted in the future. Operator further agrees that it will use the Premises in compliance with all rules and regulations adopted by the Landlord, in effect as of the date of this Lease and Agreement or enacted in the future, for the operation of the Airport.

Section 27. Payment of Taxes, License Fees and Obligations. Operator agrees to pay promptly all valid excises, license fees, and permit fees of whatever nature applicable to its operation. Operator further agrees to pay promptly when due all valid bills, debts, taxes, and other obligations incurred in connection with its operation, and not to permit the same to become delinquent and to suffer no lien, mortgage, judgment, execution or adjudication in bankruptcy which will in any way impair the rights of the Landlord under this Lease and Agreement. Notwithstanding the foregoing and without violating this section, Operator shall have the right to dispute or litigate such bills, debts, taxes and other such obligations.

If any real property tax or personal property tax shall be assessed by any governmental agency against the property on the Premises, or the Premises itself, Operator shall be fully and solely responsible for and promptly pay such tax.

Section 28. Non-Discrimination.

A. Operator agrees that any services furnished to the public shall be on a fair, equal and non-discriminatory basis.

B. Operator agrees to comply with the requirements of any Federal Executive Order barring discrimination. Further, in accordance with these requirements, Operator agrees to not discriminate in any manner against any employee or applicant for employment because of political or religious opinion or affiliation, sex, race, creed, color, or national origin; and further, Operator agrees to include a similar clause in all subleases and subcontracts, except subcontracts for standard commercial supplies or raw materials. Operator understands and acknowledges that the Landlord has given to the United States of America, acting by and through the Federal Aviation Administration, certain assurances with respect to nondiscrimination, which have been required by Title VI of the Civil Rights Act of 1964, and by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, as a condition precedent to the United States Government making grants in aid to the Landlord for certain Airport programs and activities, and that the Landlord is required under said regulations to include in every agreement or concession, pursuant to which any person or persons other than the Landlord that operates or has the right to operate any facility at the Airport providing services to the public, the following covenant, to which Operator agrees:

Operator in its operation at and use of the Airport, covenants that it will not, on the grounds of sex, race, color, or national origin, discriminate or permit discrimination against any person or group of persons in any manner prohibited by Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21; and in the event of such discrimination, Operator agrees that the Landlord has the right to take such action against Operator as the United States Government may direct to enforce this covenant.

Section 29. Vehicle Control. Operator shall prevent all motor vehicles owned, leased, or used by it and, to the greatest degree possible, all motor vehicles under the control of its employees, customers, and licensees from being parked unattended on any part of an Airport apron or from driving upon or being on any part of the Airport runway or any other aircraft operating area. The requirements of this section may be suspended temporarily by a written statement of the Airport Manager delivered to Operator in advance of the condition or incident that would otherwise violate these requirements. Operator agrees that motor vehicles are strictly prohibited from aircraft operation surfaces except as needed in connection with aircraft operations.

Section 30. Right of Landlord to Protect Aerial Approaches. Notwithstanding any other provision of this Lease and Agreement, the Landlord reserves the right to take any action it reasonably considers necessary to protect the aerial approaches of the Airport against obstruction.

Section 31. Airport Development. The Landlord reserves the right to further develop or improve the Airport without unreasonable interference or hindrance to Operator. If the physical development of the Airport requires the relocation of the buildings or the Premises, the Landlord agrees to provide a comparable location without any unreasonable interruption to Operator's

activities or business, to relocate all Operator owned improvements, or provide comparable replacement facilities for Operator at no cost to Operator.

Section 32. Operator's Default. The occurrence of any one or more of the following events shall constitute the default and breach of this Lease and Agreement by Operator:

- A. The vacation or abandonment of the Premises by Operator.
- B. The failure of Operator to make any payment of rent or any other payment required to be made by Operator hereunder, as and when due.
- C. The failure by Operator to observe or perform any of the covenants, conditions, or provisions of this Lease and Agreement to be observed or performed by Operator.

Section 33. Remedies of Landlord. In the event of any default or breach by Operator under Subsections 32.A. or C. above, the Landlord shall give ten (10) days written notice to Operator during which time Operator may correct such default or take reasonable steps thereto, thereby abating said default. Any past due or unpaid amounts due pursuant to this Lease and Agreement shall accrue interest at the rate of Eighteen percent (18%) per annum. Thereafter, without limiting the Landlord in the exercise of any right or remedy at law or in equity which Landlord may have by reason of such default or breach, the Landlord may:

- A. Maintain this Lease and Agreement in full force and effect and recover the rent and other monetary charges as they become due without terminating Operator's right to possession irrespective of whether Operator shall have abandoned the Premises. In the event the Landlord elects not to terminate the Lease and Agreement, the Landlord shall have the right to attempt to re-let the Premises at such rent and upon such conditions and for such a term and to do all acts necessary to maintain or preserve the Premises as the Landlord deems reasonable and necessary without being deemed to have elected to terminate the Lease and Agreement, including removal of all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Operator. In the event such re-letting occurs, this Lease and Agreement shall terminate automatically upon the new lessee's taking possession of the Premises. Notwithstanding that the Landlord fails to elect to terminate the Lease and Agreement initially, the Landlord, at any time during the term of this Lease and Agreement, may elect to terminate this Lease and Agreement by virtue of such previous default of Operator.
- B. Terminate the Lease and Agreement and bring suit against Operator for damages.
- C. Pursue any other remedy now or hereafter available to the Landlord under applicable law, including without limitation, suits for specific performance and damages.
- D. Upon termination of this Lease and Agreement hereunder, Operator may remove from the Premises all of its personal property. Title to all items of personal property of Operator which have not been removed from the Premises within three (3) days of the termination shall vest in Landlord.

E. The Landlord shall be entitled to recover from Operator all damages and expenses incurred by the Landlord by reason of Operator's default, including without limitation, reasonable attorney fees and court costs.

Section 34. Landlord's Default. The occurrence of the following shall constitute a default and breach of this Lease and Agreement by the Landlord: The failure of the Landlord to observe or perform any of the covenants, warranties, conditions, or provisions of this Lease and Agreement, which it is required to observe or perform.

Section 35. Remedies of Operator. In the event of any default or breach by the Landlord, Operator shall give thirty (30) days written notice thereof to the Landlord, during which time the Landlord may correct such default or take reasonable steps thereto, thereby abating said default. Thereafter, if the default continues, Operator may:

- A. Terminate the Lease and Agreement, and remove all of its personal property from the Premises.
- B. Pursue any other remedy now or hereafter available to the Operator under applicable law.

Section 36. Eminent Domain. In the event any portion or all of the Premises is acquired by eminent domain, or under threat or power thereof, then Operator shall be entitled to all financial awards or benefits available to it, as a lessee, by law. Operator shall not be entitled to those awards or payments due to the Landlord as owner of the Premises.

Section 37. Right of Landlord to Close the Airport.

A. The Landlord shall have the right to close, vacate or abandon--totally or partially, temporarily or permanently--the Airport for any reason it chooses, including, but not limited to, the right to order the Operator to close, vacate or abandon some or all of the Premises on a temporary or permanent basis. This shall not constitute a default of this Lease and Agreement by the Landlord.

B. If the Airport (including, but not limited to, the Premises) remains totally closed, vacated, or abandoned by action of the Landlord for a period greater than sixty consecutive days, then the Operator may, by written notice to the Landlord, declare this Lease and Agreement to be terminated.

Section 38. Assignment and Subletting. Operator agrees that it will not assign or transfer its interest in or rights under this Lease and Agreement, either in whole or in part, or sublet the Premises or any part thereof without first obtaining the written approval of the Landlord, which approval shall be at the sole discretion and decision of the Landlord.

Section 39. Lease and Agreement Subordinate to Agreements with the United States. This Lease and Agreement is subject to the terms, reservations, restrictions and conditions of any existing or future agreements between the Landlord and the Federal Government, relative to the operation and maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the participation of any Federal agency in the development of the Airport; provided however, any such future agreements shall not detrimentally affect the rights

or interest of Operator under this Lease and Agreement. Prior to the effective date of this Lease and Agreement, the Landlord shall provide Operator with the opportunity to review copies of all such agreements in effect at that time.

Section 40. Costs and Fees of Litigation. If any party is required to initiate litigation to enforce any of the provisions of this Lease and Agreement or due to the default of the other party, the prevailing party in such litigation shall be entitled to all costs of litigation, plus expert witness fees and reasonable attorney fees.

Section 41. Extinguish the prior Agreements. Upon the full execution of this Lease and Agreement, the Landlord and Operator agree all other agreements between the Landlord and Operator, both written and oral, are extinguished, replaced and superseded by this one Lease and Agreement.

Section 42. Notices to Parties. All written notices to the Landlord or Operator provided for in this Lease and Agreement shall be personally served or mailed to the following addresses until further notice in writing is given as to the change in address:

Landlord:	Erie Town Administrator Town of Erie P.O Box 750 Erie, CO 80516
With a copy (which shall not constitute notice) to:	Mark R. Shapiro Mark R. Shapiro, P.C. 1650 – 38th Street, Suite 105 Boulder, Colorado 80301
Operator:	Skyraider Aviation, Inc. 395 Airport Drive Erie, Colorado 80516

Service of any notice required herein shall be considered effected three (3) days after mailing when addressed to a party at the address stated above, duly posted and mailed certified at any United State post office.

Section 43. Amendments to Lease and Agreement. No changes, alterations or modifications to any of the provisions hereof shall be effective unless contained in a written agreement signed by the parties. Copies of all amendments shall be made available for public inspection in the office of the Town Clerk in the same manner as this Lease and Agreement document.

Section 44. Covenants to Run with Land. The agreements and covenants set forth herein shall run with the land and shall be binding upon the parties, their successors, lenders, representatives, heirs, personal representatives and assigns, and all persons who may hereafter acquire an interest in the Airport, or any part thereof.

Section 45. Lease and Agreement may be Recorded. This Lease and Agreement and any amendments, changes, alterations or modifications may be recorded with the County Clerk and Recorder by the Landlord at the expense of Landlord.

Section 46. Entire Agreement. This Lease and Agreement represents the entire and only agreement between the parties regarding lease of the Premises. Any and all prior Lease and Agreements between the Parties are superseded and extinguished by this Lease and Agreement.

Section 47. Inclusions. Operator agrees that this Lease and Agreement incorporates, and that Operator is subject to, the terms, requirements and conditions set forth in the following exhibits: Exhibit A.

Section 48. Environmental Matters.

(a) Environmental Compliance. Operator and its agents and employees shall use the Premises and conduct any operations thereon in compliance with all applicable federal, state and local environmental statutes, regulations, ordinances and any permits, approvals or judicial or administrative orders issued thereunder.

(b) Environmental Hazards. Operator covenants that:

(i) No hazardous substances shall be generated, treated, stored or disposed of, or otherwise deposited in or located on the Premises or the Airport, except as such use is in compliance with applicable laws and regulations;

(ii) No activity shall be undertaken on the Premises or the Airport which would cause:

a. the Airport or the Premises to become a hazardous waste treatment, storage or disposal facility within the meaning of, or otherwise cause the Premises to be in violation of the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et seq., or any similar state law or local ordinance;

b. a release or threatened release from any source on the Airport or the Premises of Hazardous Substances from the Premises within the meaning of, or otherwise cause the Premises to be in violation of, the Comprehensive Environmental Response Compensation and Liability Act, as amended ("CERCLA"), 42 U.S.C. Section 9601 et seq., or any similar law or local ordinance or any other environmental law; or

c. the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. Section 1251 et seq., or the Clean Air Act ("CAA"), 42 U.S.C. Section 7401 et seq., or any similar state law or local ordinance;

(iii) There shall be no substances or conditions in or on the Airport or the Premises which may support a claim or cause of action under RCRA, CERCLA, any other federal, state or local environmental statutes, regulations, ordinances or other environmental regulatory requirements or under any common law claim relating to environmental matters, or

could result in recovery by any governmental or private party or remedial or removal costs, natural resources damages, property damages, damages in personal injuries or other costs, expenses or damages, or could result in injunctive relief arising from any alleged injury or threat of injury to health, safety or the environment; and

(iv) there shall be no storage tanks or release or threatened releases from such tanks located on the Premises.

For purposes of this Lease, "Hazardous Substances" shall mean any and all hazardous or toxic substances, hazardous constituents, contaminants, wastes, pollutants or petroleum (including without limitation crude oil or any fraction thereof), including without limitation hazardous or toxic substances, pollutants and/or contaminants as such terms are defined in CERCLA or RCRA; asbestos or material containing asbestos; and PCBs, PCB articles, PCB containers PCB N277.

Section 49. Rules and Regulations. Operator shall comply with such reasonable rules and regulations concerning the Airport and for the general benefit of both Landlord and the tenants of the Airport that Landlord may establish from time to time. The violation of any such published Rules and Regulations by Operator shall be deemed a breach of this Lease and Agreement by Operator, affording Landlord all the remedies set forth herein. Landlord shall not be responsible to Operator for the nonperformance by any other tenant or occupant of the Airport of any of said Rules and Regulations.

Section 50. General Provisions.

A. The waiver by Landlord of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach. The acceptance of rent shall not be deemed to be a waiver of any default by Operator.

B. The headings to the sections of this Lease and Agreement shall have no effect upon the construction or interpretation of any part hereof.

C. Time is of the essence.

D. If Operator is a corporation, each individual executing this Lease and Agreement on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease and Agreement on behalf of said corporation, in accordance with the bylaws and resolutions of said corporation.

E. No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.

F. This Lease and Agreement shall be governed by the laws of the State of Colorado.

G. This Lease and Agreement and the obligations of the Operator hereunder shall not be affected or impaired because the Landlord is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Landlord.

H. Any provision of this Lease and Agreement which shall prove to be invalid, void, or illegal shall in no way effect, impair, or invalidate any other provision hereof and such other provision shall remain in full force and effect.

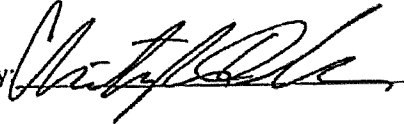
I. Landlord reserves the absolute right to effect such other tenancies at the Airport as Landlord, in the exercise of its sole business judgment, determines to best promote the interest of the Airport. Operator does not rely on the fact, nor does Landlord represent, that any specific tenant or number of tenants shall, during the term of this Lease and Agreement, occupy any space in the Airport.

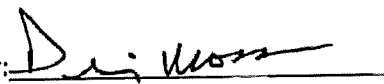
J. This Lease and Agreement is and shall be considered to be the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this document.

IN WITNESS WHEREOF, the parties executed this Lease and Agreement effective the date first above written.

OPERATOR:
SKYRAIDER AVIATION, INC.,
a Colorado corporation

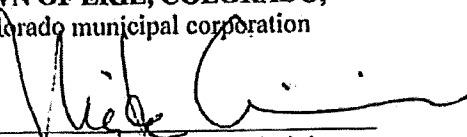
ATTEST:

By: 

By: 

LANDLORD:
TOWN OF ERIE, COLORADO,
a Colorado municipal corporation

ATTEST:

By: 
Mike Acimovic, Town Administrator

By: 
Nancy Barker, Town Clerk

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

The foregoing instrument was acknowledged before me this ____ day of November, 2006, by _____, President, and _____, Secretary, of Skyraider Aviation, Inc.

My commission expires:
WITNESS my hand and official seal.

NOTARY
SEAL

Notary Public

EXHIBIT A
(Description of Premises)

T- HANGAR LEASE AGREEMENT

ERIE MUNICIPAL AIRPORT

THIS T-HANGAR LEASE AGREEMENT ("Agreement"), made and entered into this 1st day of November, 2008, by and between the TOWN OF ERIE, a Colorado municipal corporation ("Lessor"), and Jason Herd ("Lessee").

In consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties hereby agree follows:

1. **LEASE OF T-HANGAR LOCATION SPACE.** Lessor agrees to lease to Lessee one (1) T- Hangar Location Space(s) ("Space") located at the Erie Municipal Airport, and as specifically designated on Exhibit A, attached hereto. The Space(s) shall be used and occupied by Lessee solely for the location of a T-Hangar, as approved by the Lessor, for storage of one described aircraft(s) _____ N-Number(s) _____ ("Aircraft") or any other similar aircraft owned or leased by Lessee (the "Substitute Aircraft"), provided Lessee has obtained the written consent of Lessor to store the Substitute Aircraft in the space. In the event Lessee is permitted to store a Substitute Aircraft on the Space, all provisions of the Agreement applicable to the Aircraft shall also be applicable to the Substitute Aircraft. The Space may be used for the location of a T-Hangar only in conformance with the requirements of Paragraph 4, below.
2. **TERM.** This Agreement and the rentals due hereunder shall continue in effect on a month-to-month basis or until such time as one party gives the other written notice of termination, as herein provided. Either party may, upon written notice to the other, delivered at least fifteen (15) days before the end of the period, terminate this Agreement without cause at such effective date. Said notice shall be delivered either in person or by certified mail to the address of the party as set forth in Paragraph 16 or at the end of this Agreement.
3. **RENT.** For use of the Space, Lessee shall pay to Lessor, at the address specified in the paragraph entitled Notices, the amount of forty-two (\$ 42.00) per month. Such amount to be payable in advance, due on the first day of each month for which this Agreement is in effect. If the term of this Lease Agreement commences on a day other than the first day of a month, the first month's rent shall be prorated on a daily basis of \$ 1.38 per day. Such rent shall be due and payable without notice from Lessor on the first day of each and every month during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due. The amount of rent may be changed from time to time by Lessor upon fifteen (15) day's prior written notice to Lessee.
4. **LESSEE'S USE OF THE SPACE.** The Space shall be used only for the placement of a T-Hangar, as approved by the Lessor, and the storage of Aircraft. Written consent of Lessor shall be required prior to the placement of a T-Hangar on the Space, which consent may be denied in Lessor's sole discretion. No commercial activity of any kind shall be conducted by Lessee in, from or around the Space. No maintenance on the Aircraft shall be performed in the Space without the prior approval of the Lessor except such minor maintenance as would normally be performed by an aircraft owner without the benefit of an aircraft mechanic. Lessee shall take such steps so as to ensure that the

performance of such maintenance work shall not damage the Space. Lessee shall control the conduct and demeanor of its employees and invitees, and of those doing business with it; in and around the space and shall take all steps necessary to remove and prohibit persons whom Lessor may, for good and sufficient cause, deem objectionable. Lessee shall keep the Space clean and free of debris at all times. In utilizing the space, Lessee agrees to and shall comply with all applicable ordinances, resolutions, rules and regulations established by any federal, state and local government agency, by the Town of Erie, and by the Erie Municipal Airport. On the termination of this Agreement, by expiration or otherwise, Lessee shall immediately surrender possession of the Space and shall immediately remove the Aircraft, T-Hangar and all other property therefrom, leaving the Space in the same condition as when received, ordinary wear and tear excepted. Lessee shall take such steps so as to ensure that the installation and removal of the T-Hangar shall not damage the Space.

5. SERVICES PROVIDED BY LESSOR; UTILITIES PROHIBITED. Lessee shall have the sole and final responsibility for securing the Space, the T-Hangar and the Aircraft. No utilities of any type shall be provided by the Lessor. No utilities of any type or nature shall be allowed on or leading to the Space and/or T-Hangar, whether provided by Lessor or Lessee.

6. SUBLEASE OF ASSIGNMENT. Lessee shall have no right to sublease the Space or to assign this Agreement without the prior written consent of Lessor, which may be denied in Lessor's sole discretion. The parking of aircraft not owned by or leased by Lessee within the Space shall constitute a sublease.

7. INDEMNITY. Lessee agrees to indemnify and save harmless the Lessor, its officers, agents, representatives and employees from and against any and all liabilities, damages, business interruptions, delays, losses, claims, judgments, obligations of any kind whatsoever, including all costs, attorneys' fees, and expenses incidental thereto, which may be asserted against the Lessor arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, at Lessee's own expense using those attorneys that the Lessor deems appropriate. If, however, it becomes necessary for the Lessor to defend any action arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, Lessee shall pay all court costs, witness fees, expert witness fees, and attorney's fees, incurred by the Lessor in effecting such defense in addition to any other sums which the Lessor may be called upon to pay by reason of the entry of any judgment, assessment, bond, writ or levy against the Lessor in the litigation in which such claims are asserted.

8. CONDITION OF SPACE. Lessee shall accept the Space in its present condition without any liability or obligation on the part of Lessor to make any alterations, improvements or repairs of any kind within or to the space. At the termination of this Agreement, Lessee shall return the Space to the Lessor in the same condition as found at the start of the Agreement.

9. DEFAULT. This Agreement shall be breached if:

- A. Lessee shall default in the payment of any rental payment hereunder. Said rental shall be due and payable without notice from Lessor on the first day of each and every period during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due.
- B. Lessee shall default in the performance of any other covenant herein, and such default shall continue for three (3) days after receipt by Lessee of notice thereof from Lessor.
- C. Lessee shall cease to use the Space or sublease the Space without consent of the Lessor.
- D. A petition is filed by or against Lessee under the bankruptcy act of any amendment thereto (including a petition for reorganization or an arrangement).
- E. Lessee assigns his/her/its property for the benefit of creditors.

In the event of any breach of this Agreement by Lessee, Lessor shall, at its option, and without further notice, have the right to terminate this Agreement and to remove the T- Hangar and any other property of Lessee from the Space, using such force as may be necessary without being deemed guilty of trespass, breach of peace or forcible entry and detainer, and Lessee expressly waives the service of any notice. Exercise by Lessor of either or both of the rights specified above shall not prejudice Lessor's right to pursue any other remedy available to Lessor in law or equity.

10. TERMINATION. Either party to this Agreement shall have the right, with or without cause, to terminate this Agreement by giving fifteen (15) days prior written notice to the other party.

11. DISCLAIMER OF LIABILITY. Lessor hereby disclaims, and Lessee hereby releases Lessor from, any and all liability whether in contract or tort (including strict liability and negligence) for any loss, damage or injury of any nature whatsoever sustained by Lessee, its employees, agents, or invitees during the term of this Agreement, including but not limited to loss, damage or injury to the Aircraft or other property of Lessee that may be located within the Space, unless such loss, damage or injury is caused by Lessor's gross negligence. The parties hereby agree that under no circumstances shall Lessor be liable for indirect, consequential, special or exemplary damages, whether in contract or tort (including strict liability and negligence), such as but not limited to loss of revenue or anticipated profits or other damage related to the leasing of the Space under this Agreement. This Agreement and the obligations of the Lessee hereunder shall not be affected or impaired because the Lessor is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Lessor. Lessee shall be responsible for obtaining its own liability and casualty insurance on the Aircraft or the T-Hangar while using the Space.

12. SITUS, VENUE AND SEVERABILITY. The laws of the State of Colorado shall govern the interpretation, validity, performance and enforcement of this Agreement.

For the resolution of any dispute arising hereunder, venue shall be in the Courts of the County of Weld, State of Colorado. If any provision of this Agreement shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

13. RELATIONSHIP OF PARTIES. The relationship between Lessor and Lessee shall always and only be that of Lessor and Lessee. Lessee shall never at any time during the term of this Agreement become the agent of Lessor, and Lessor shall not be responsible for the acts or omissions of Lessee or its agents.

14. REMEDIES CUMULATIVE. The rights and remedies with respect to any of the terms and conditions of this Agreement shall be cumulative and not exclusive and shall be in addition to all other rights and remedies.

15. INTEGRATION. This Agreement constitutes the entire agreement between the parties, and as of its effective date supersedes all prior independent agreements between the parties covering the space. Any change or modification hereof must be in writing signed by both parties.

16. NOTICES. Any notice given by one party to the other in connection with this agreement shall be in writing and shall be sent by certified or registered mail, return receipt requested, or personally delivered. Notices shall be deemed to have been received on the date of mailing, or on the date of personal service.

All notices required to be given to Lessor hereunder shall be in writing and sent by certified mail or personally delivered to: Director of Public Works, Town of Erie, 645 Holbrook, P.O. Box 750, Erie, Colorado 80516. All notices required to be given to Lessee hereunder shall be in writing and sent by certified mail or personally delivered to Lessee. Lessee's address is set forth at the end of this Agreement.

17. WAIVER. The waiver by either party of any covenant or condition of this Agreement shall not thereafter preclude such party from demanding performance in accordance with the terms hereof.

18. SUCCESSORS BOUND. This Agreement shall be binding on and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

19. ATTORNEY'S FEES; INTEREST. In any action brought to enforce the provision(s) of this Agreement, the prevailing party shall be entitled to an award of all reasonable attorney's fees and costs, including expert witness' fees, expended or incurred, to be recovered as part of the costs therein. Any rents, fees and expenses not paid to Lessor by Lessee when due shall earn interest at the rate of eighteen percent (18%) per annum.

20. HAZARDOUS MATERIALS. LESSEE shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, or used in or about the Space or T-Hangar by LESSEES, its agents, employees, contractors, or invitees, without the prior written consent of LESSOR (which LESSOR shall not unreasonably withhold as long as LESSEE demonstrates to LESSOR's reasonable satisfaction that such Hazardous Material is necessary to LESSEE's use of the aircraft and will be used, kept, stored and

disposed of by LESSEE in a manner that complies with all laws regulating any such Hazardous Material so brought upon or used or kept in or about the Space or T-Hangar, and such storage will not create an undue risk to other LESSEES of the Spaces or Airport). If LESSEE breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Space or T-Hangar, or if contamination of the Space or T-Hangar, by Hazardous Material otherwise occurs for which LESSEE is legally liable to LESSOR for damage resulting therefrom, then LESSEE shall indemnify, defend and hold LESSOR harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Space or T-Hangar, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Space or T-Hangar, damages arising from any adverse impact on marketing of the Space or T-Hangar, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Lease Term as a result of such contamination. This indemnification of LESSOR by LESSEE includes, without limitation, the obligation to reimburse LESSOR for costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present in, on, or about the Space or T-Hangar or in the soil or ground water on or under the Space or T-Hangar. Without limiting the foregoing, if the presence of any Hazardous Material in, on or about the Space or T-Hangar caused or permitted by LESSEE results in any contamination of the Space or T-Hangar, LESSEE shall promptly take all actions at its sole expense as are necessary to return the Space or T-Hangar to the condition existing prior to the introduction of any such Hazardous Material thereto; provided that LESSOR's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Space or T-Hangar or exposes LESSOR to any liability therefore and such actions are undertaken in accordance with all applicable laws, rules and regulations and accepted industry practices.

The term "Hazardous Materials", when it appears in this Agreement, is used in the broadest sense and shall mean oil, any petroleum based product or derivative (and any fraction thereof), any petroleum additive, pesticides, paints, solvents, polychlorinated biphenyls, lead, cyanide, DDT, acids, bases, ammonium compounds, ethylene glycol, antifreeze, asbestos (in any form), chemicals, pollutants, contaminants, irritants, wastes or any substance or material defined or designated as hazardous, toxic, regulated, or other similar term, by any Hazardous Materials Laws.

The term "Hazardous Materials Laws", when it appears in this Agreement, means any federal, state or local environmental statute, regulation, ordinance or policy presently in effect or which may be promulgated in the future, as they may be amended from time to time, including but not limited to: the Act, 42 U.S.C. Sec. 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq.; the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. Sec. 1101 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1251 et seq.; the Oil Pollution Act, 33 U.S.C. Sec. 2701 et seq.; the Safe Drinking Water Act, 42 U.S.C. Sec. 300f-300j; the Clean Air Act, 42 U.S.C. Sec. 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 5101 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Sec. 136 et seq.; the Toxic Substances Control Act, 15 U.S.C. Sec. 2601 et seq.; the Colorado Hazardous Waste Act, C.R.S. Sec. 25-15-101 et seq.; Colorado's Hazardous Waste Sites law, C.R.S. Sec. 26-16-101 et seq.; the

Colorado Hazardous Substances Act of 1973, C.R.S. Sec. 25-5-501 et seq.; the Colorado Water Quality Control Act, C.R.S. Sec. 25-8-101 et seq.; the Colorado Underground and Aboveground Storage Tank law, C.R.S. Sec. 8-20.5-101 et seq.; the Colorado Air Quality Control Act, C.R.S. Sec. 25-7-101 et seq.; Colorado's Hazardous Materials Transportation Act, C.R.S. Sec. 43-6-101 et seq.; and all regulations promulgated under or which implement the foregoing laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

LESSOR:

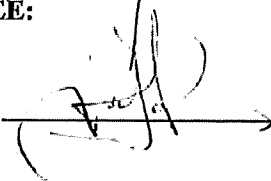
TOWN OF ERIE, a Colorado municipal corporation

BY:


Director of Public Works

LESSEE:

BY:



PRINTED NAME

STREET ADDRESS

CITY/STATE/ZIP

MAILING ADDRESS (IF DIFFERENT)

TELEPHONE

TYPE A/C

N-NUMBER

2/17/08

T- HANGAR LEASE AGREEMENT

ERIE MUNICIPAL AIRPORT

THIS T-HANGAR LEASE AGREEMENT ("Agreement"), made and entered into this 1 day of March, 2008, by and between the TOWN OF ERIE, a Colorado municipal corporation ("Lessor"), and Brock Taras ("Lessee").

In consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties hereby agree follows:

1. **LEASE OF T-HANGAR LOCATION SPACE.** Lessor agrees to lease to Lessee two (2) T- Hangar Location Space(s) ("Space") located at the Erie Municipal Airport, and as specifically designated on Exhibit A, attached hereto. The Space(s) shall be used and occupied by Lessee solely for the location of a T-Hangar, as approved by the Lessor, for storage of AIRCRAFT described aircraft(s) PIPER, N-Number(s) 10476 ("Aircraft"), or any other similar aircraft owned or leased by Lessee (the "Substitute Aircraft"), provided Lessee has obtained the written consent of Lessor to store the Substitute Aircraft in the space. In the event Lessee is permitted to store a Substitute Aircraft on the Space, all provisions of the Agreement applicable to the Aircraft shall also be applicable to the Substitute Aircraft. The Space may be used for the location of a T-Hangar only in conformance with the requirements of Paragraph 4, below.

2. **TERM.** This Agreement and the rentals due hereunder shall continue in effect on a month-to-month basis or until such time as one party gives the other written notice of termination, as herein provided. Either party may, upon written notice to the other, delivered at least fifteen (15) days before the end of the period, terminate this Agreement without cause at such effective date. Said notice shall be delivered either in person or by certified mail to the address of the party as set forth in Paragraph 16 or at the end of this Agreement. GCP

3. **RENT.** For use of the Space, Lessee shall pay to Lessor, at the address specified in the paragraph entitled Notices, the amount of thirty-five (\$35.00) per space per month for a total of seventy (\$70.00) per month. Such amount to be payable in advance, due on the first day of each month for which this Agreement is in effect. If the term of this Lease Agreement commences on a day other than the first day of a month, the first month's rent shall be prorated on a daily basis of \$ 2.34 per day. Such rent shall be due and payable without notice from Lessor on the first day of each and every month during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due. The amount of rent may be changed from time to time by Lessor upon fifteen (15) day's prior written notice to Lessee. GCP

4. **LESSEE'S USE OF THE SPACE.** The Space shall be used only for the placement of a T-Hangar, as approved by the Lessor, and the storage of Aircraft. Written consent of Lessor shall be required prior to the placement of a T-Hangar on the Space, which consent may be denied in Lessor's sole discretion. No commercial activity of any kind shall be conducted by Lessee in, from or around the Space. No maintenance on the

Aircraft shall be performed in the Space without the prior approval of the Lessor except such minor maintenance as would normally be performed by an aircraft owner without the benefit of an aircraft mechanic. Lessee shall take such steps so as to ensure that the performance of such maintenance work shall not damage the Space. Lessee shall control the conduct and demeanor of its employees and invitees, and of those doing business with it, in and around the space and shall take all steps necessary to remove and prohibit persons whom Lessor may, for good and sufficient cause, deem objectionable. Lessee shall keep the Space clean and free of debris at all times. In utilizing the space, Lessee agrees to and shall comply with all applicable ordinances, resolutions, rules and regulations established by any federal, state and local government agency, by the Town of Erie, and by the Erie Municipal Airport. On the termination of this Agreement, by expiration or otherwise, Lessee shall immediately surrender possession of the Space and shall immediately remove the Aircraft, T-Hangar and all other property therefrom, leaving the Space in the same condition as when received, ordinary wear and tear excepted. Lessee shall take such steps so as to ensure that the installation and removal of the T-Hangar shall not damage the Space.

5. SERVICES PROVIDED BY LESSOR; UTILITIES PROHIBIED. Lessee shall have the sole and final responsibility for securing the Space, the T-Hangar and the Aircraft. No utilities of any type shall be provided by the Lessor. No utilities of any type or nature shall be allowed on or leading to the Space and/or T-Hangar, whether provided by Lessor or Lessee.

 **6. SUBLEASE OR ASSIGNMENT.** Lessee shall have no right to sublease the Space or to assign this Agreement without the prior written consent of Lessor, which may be denied in Lessor's sole discretion. The parking of aircraft not owned by or leased by Lessee within the Space shall constitute a sublease.

7. INDEMNITY. Lessee agrees to indemnify and save harmless the Lessor, its officers, agents, representatives and employees from and against any and all liabilities, damages, business interruptions, delays, losses, claims, judgments, obligations of any kind whatsoever, including all costs, attorneys' fees, and expenses incidental thereto, which may be asserted against the Lessor arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, at Lessee's own expense using those attorneys that the Lessor deems appropriate. If, however, it becomes necessary for the Lessor to defend any action arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, Lessee shall pay all court costs, witness fees, expert witness fees, and attorney's fees, incurred by the Lessor in effecting such defense in addition to any other sums which the Lessor may be called upon to pay by reason of the entry of any judgment, assessment, bond, writ or levy against the Lessor in the litigation in which such claims are asserted.

8. CONDITION OF SPACE. Lessee shall accept the Space in its present condition without any liability or obligation on the part of Lessor to make any alterations, improvements or repairs of any kind within or to the space. At the termination of this

Aircraft shall be performed in the Space without the prior approval of the Lessor except such minor maintenance as would normally be performed by an aircraft owner without the benefit of an aircraft mechanic. Lessee shall take such steps so as to ensure that the performance of such maintenance work shall not damage the Space. Lessee shall control the conduct and demeanor of its employees and invitees, and of those doing business with it, in and around the space and shall take all steps necessary to remove and prohibit persons whom Lessor may, for good and sufficient cause, deem objectionable. Lessee shall keep the Space clean and free of debris at all times. In utilizing the space, Lessee agrees to and shall comply with all applicable ordinances, resolutions, rules and regulations established by any federal, state and local government agency, by the Town of Erie, and by the Erie Municipal Airport. On the termination of this Agreement, by expiration or otherwise, Lessee shall immediately surrender possession of the Space and shall immediately remove the Aircraft, T-Hangar and all other property therefrom, leaving the Space in the same condition as when received, ordinary wear and tear excepted. Lessee shall take such steps so as to ensure that the installation and removal of the T-Hangar shall not damage the Space.

5. SERVICES PROVIDED BY LESSOR; UTILITIES PROHIBITED. Lessee shall have the sole and final responsibility for securing the Space, the T-Hangar and the Aircraft. No utilities of any type shall be provided by the Lessor. No utilities of any type or nature shall be allowed on or leading to the Space and/or T-Hangar, whether provided by Lessor or Lessee.

6. SUBLEASE OF ASSIGNMENT. Lessee shall have no right to sublease the Space or to assign this Agreement without the prior written consent of Lessor, which may be denied in Lessor's sole discretion. The parking of aircraft not owned by or leased by Lessee within the Space shall constitute a sublease.

7. INDEMNITY. Lessee agrees to indemnify and save harmless the Lessor, its officers, agents, representatives and employees from and against any and all liabilities, damages, business interruptions, delays, losses, claims, judgments, obligations of any kind whatsoever, including all costs, attorneys' fees, and expenses incidental thereto, which may be asserted against the Lessor arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, at Lessee's own expense using those attorneys that the Lessor deems appropriate. If, however, it becomes necessary for the Lessor to defend any action arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, Lessee shall pay all court costs, witness fees, expert witness fees, and attorney's fees, incurred by the Lessor in effecting such defense in addition to any other sums which the Lessor may be called upon to pay by reason of the entry of any judgment, assessment, bond, writ or levy against the Lessor in the litigation in which such claims are asserted.

8. CONDITION OF SPACE. Lessee shall accept the Space in its present condition without any liability or obligation on the part of Lessor to make any alterations, improvements or repairs of any kind within or to the space. At the termination of this

Agreement, Lessee shall return the Space to the Lessor in the same condition as found at the start of the Agreement.

9. DEFAULT. This Agreement shall be breached if:

- A. Lessee shall default in the payment of any rental payment hereunder. Said rental shall be due and payable without notice from Lessor on the first day of each and every period during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due.
- B. Lessee shall default in the performance of any other covenant herein, and such default shall continue for three (3) days after receipt by Lessee of notice thereof from Lessor.
- C. Lessee shall cease to use the Space or sublease the Space without consent of the Lessor.
- D. A petition is filed by or against Lessee under the bankruptcy act of any amendment thereto (including a petition for reorganization or an arrangement).
- E. Lessee assigns his/her/its property for the benefit of creditors.

In the event of any breach of this Agreement by Lessee, Lessor shall, at its option, and without further notice, have the right to terminate this Agreement and to remove the T- Hangar and any other property of Lessee from the Space, using such force as may be necessary without being deemed guilty of trespass, breach of peace or forcible entry and detainer, and Lessee expressly waives the service of any notice. Exercise by Lessor of either or both of the rights specified above shall not prejudice Lessor's right to pursue any other remedy available to Lessor in law or equity.

10. TERMINATION. Either party to this Agreement shall have the right, with or without cause, to terminate this Agreement by giving fifteen (15) days prior written notice to the other party.

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11. DISCLAIMER OF LIABILITY. Lessor hereby disclaims, and Lessee hereby releases Lessor from, any and all liability whether in contract or tort (including strict liability and negligence) for any loss, damage or injury of any nature whatsoever sustained by Lessee, its employees, agents, or invitees during the term of this Agreement, including but not limited to loss, damage or injury to the Aircraft or other property of Lessee that may be located within the Space, unless such loss, damage or injury is caused by Lessor's gross negligence. The parties hereby agree that under no circumstances shall Lessor be liable for indirect, consequential, special or exemplary damages, whether in contract or tort (including strict liability and negligence), such as but not limited to loss of revenue or anticipated profits or other damage related to the leasing of the Space under this Agreement. This Agreement and the obligations of the Lessee hereunder shall not be affected or impaired because the Lessor is unable to fulfill any of its obligations

hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Lessor. Lessee shall be responsible for obtaining its own liability and casualty insurance on the Aircraft or the T-Hangar while using the Space.

12. SITUS, VENUE AND SEVERABILITY. The laws of the State of Colorado shall govern the interpretation, validity, performance and enforcement of this Agreement. For the resolution of any dispute arising hereunder, venue shall be in the Courts of the County of Weld, State of Colorado. If any provision of this Agreement shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

13. RELATIONSHIP OF PARTIES. The relationship between Lessor and Lessee shall always and only be that of Lessor and Lessee. Lessee shall never at any time during the term of this Agreement become the agent of Lessor, and Lessor shall not be responsible for the acts or omissions of Lessee or its agents.

14. REMEDIES CUMULATIVE. The rights and remedies with respect to any of the terms and conditions of this Agreement shall be cumulative and not exclusive and shall be in addition to all other rights and remedies.

15. INTEGRATION. This Agreement constitutes the entire agreement between the parties, and as of its effective date supersedes all prior independent agreements between the parties covering the space. Any change or modification hereof must be in writing signed by both parties.

16. NOTICES. Any notice given by one party to the other in connection with this agreement shall be in writing and shall be sent by certified or registered mail, return receipt requested, or personally delivered. Notices shall be deemed to have been received on the date of mailing, or on the date of personal service.

All notices required to be given to Lessor hereunder shall be in writing and sent by certified mail or personally delivered to: Director of Public Works, Town of Erie, 645 Holbrook, P.O. Box 750, Erie, Colorado 80516. All notices required to be given to Lessee hereunder shall be in writing and sent by certified mail or personally delivered to Lessee. Lessee's address is set forth at the end of this Agreement.

17. WAIVER. The waiver by either party of any covenant or condition of this Agreement shall not thereafter preclude such party from demanding performance in accordance with the terms hereof.

18. SUCCESSORS BOUND. This Agreement shall be binding on and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

19. ATTORNEY'S FEES; INTEREST. In any action brought to enforce the provision(s) of this Agreement, the prevailing party shall be entitled to an award of all reasonable attorney's fees and costs, including expert witness' fees, expended or incurred, to be recovered as part of the costs therein. Any rents, fees and expenses not paid to

Lessor by Lessee when due shall earn interest at the rate of eighteen percent (18%) per annum.

20. HAZARDOUS MATERIALS. LESSEE shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, or used in or about the Space or T-Hangar by LESSEES, its agents, employees, contractors, or invitees, without the prior written consent of LESSOR (which LESSOR shall not unreasonably withhold as long as LESSEE demonstrates to LESSOR's reasonable satisfaction that such Hazardous Material is necessary to LESSEE's use of the aircraft and will be used, kept, stored and disposed of by LESSEE in a manner that complies with all laws regulating any such Hazardous Material so brought upon or used or kept in or about the Space or T-Hangar, and such storage will not create an undue risk to other LESSEES of the Spaces or Airport). If LESSEE breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Space or T-Hangar, or if contamination of the Space or T-Hangar, by Hazardous Material otherwise occurs for which LESSEE is legally liable to LESSOR for damage resulting therefrom, then LESSEE shall indemnify, defend and hold LESSOR harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Space or T-Hangar, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Space or T-Hangar, damages arising from any adverse impact on marketing of the Space or T-Hangar, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Lease Term as a result of such contamination. This indemnification of LESSOR by LESSEE includes, without limitation, the obligation to reimburse LESSOR for costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present in, on, or about the Space or T-Hangar or in the soil or ground water on or under the Space or T-Hangar. Without limiting the foregoing, if the presence of any Hazardous Material in, on or about the Space or T-Hangar caused or permitted by LESSEE results in any contamination of the Space or T-Hangar, LESSEE shall promptly take all actions at its sole expense as are necessary to return the Space or T-Hangar to the condition existing prior to the introduction of any such Hazardous Material thereto; provided that LESSOR's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Space or T-Hangar or exposes LESSOR to any liability therefore and such actions are undertaken in accordance with all applicable laws, rules and regulations and accepted industry practices.

The term "Hazardous Materials", when it appears in this Agreement, is used in the broadest sense and shall mean oil, any petroleum based product or derivative (and any fraction thereof), any petroleum additive, pesticides, paints, solvents, polychlorinated biphenyls, lead, cyanide, DDT, acids, bases, ammonium compounds, ethylene glycol, antifreeze, asbestos (in any form), chemicals, pollutants, contaminants, irritants, wastes or any substance or material defined or designated as hazardous, toxic, regulated, or other similar term, by any Hazardous Materials Laws.

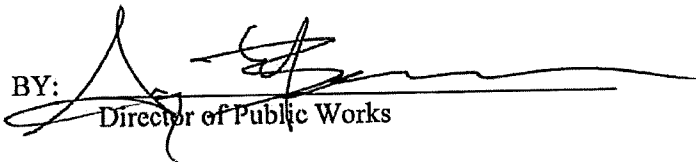
The term "Hazardous Materials Laws", when it appears in this Agreement, means any federal, state or local environmental statute, regulation, ordinance or policy presently

in effect or which may be promulgated in the future, as they may be amended from time to time, including but not limited to: the Act, 42 U.S.C. Sec. 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq.; the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. Sec. 1101 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1251 et seq.; the Oil Pollution Act, 33 U.S.C. Sec. 2701 et seq.; the Safe Drinking Water Act, 42 U.S.C. Sec. 300f-300j; the Clean Air Act, 42 U.S.C. Sec. 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 5101 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Sec. 136 et seq.; the Toxic Substances Control Act, 15 U.S.C. Sec. 2601 et seq.; the Colorado Hazardous Waste Act, C.R.S. Sec. 25-15-101 et seq.; Colorado's Hazardous Waste Sites law, C.R.S. Sec. 26-16-101 et seq.; the Colorado Hazardous Substances Act of 1973, C.R.S. Sec. 25-5-501 et seq.; the Colorado Water Quality Control Act, C.R.S. Sec. 25-8-101 et seq.; the Colorado Underground and Aboveground Storage Tank law, C.R.S. Sec. 8-20.5-101 et seq.; the Colorado Air Quality Control Act, C.R.S. Sec. 25-7-101 et seq.; Colorado's Hazardous Materials Transportation Act, C.R.S. Sec. 43-6-101 et seq.; and all regulations promulgated under or which implement the foregoing laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

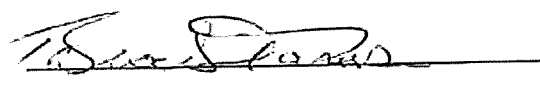
LESSOR:

TOWN OF ERIE, a Colorado municipal corporation

BY: 

Director of Public Works

LESSEE:

BY: 

BROCK TARAS
PRINTED NAME

1929 E CLIFF SWALLOW
STREET ADDRESS

GREEN VALLEY AZ 85614
CITY/STATE/ZIP

SAME
MAILING ADDRESS (IF DIFFERENT)

3-1-02

T- HANGAR LEASE AGREEMENT

ERIE MUNICIPAL AIRPORT

THIS T-HANGAR LEASE AGREEMENT ("Agreement"), made and entered into this 1st day of July, 2008, by and between the TOWN OF ERIE, a Colorado municipal corporation ("Lessor"), and John H. Helton ("Lessee").

In consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties hereby agree follows:

1. LEASE OF T-HANGAR LOCATION SPACE. Lessor agrees to lease to Lessee one (1) T- Hangar Location Space(s) ("Space") located at the Erie Municipal Airport, and as specifically designated on Exhibit A, attached hereto. The Space(s) shall be used and occupied by Lessee solely for the location of a T-Hangar, as approved by the Lessor, for storage of one described aircraft(s) _ N-Number(s) N5025N ("Aircraft") owned by James Spence of 1366 Allen Avenue, Erie, CO, or any other similar aircraft owned or leased by Lessee (the "Substitute Aircraft"), provided Lessee has obtained the written consent of Lessor to store the Substitute Aircraft in the space. In the event Lessee is permitted to store a Substitute Aircraft on the Space, all provisions of the Agreement applicable to the Aircraft shall also be applicable to the Substitute Aircraft. The Space may be used for the location of a T-Hangar only in conformance with the requirements of Paragraph 4, below.

2. TERM. This Agreement and the rentals due hereunder shall continue in effect on a month-to-month basis or until such time as one party gives the other written notice of termination, as herein provided. Either party may, upon written notice to the other, delivered at least fifteen (15) days before the end of the period, terminate this Agreement without cause at such effective date. Said notice shall be delivered either in person or by certified mail to the address of the party as set forth in Paragraph 16 or at the end of this Agreement.

3. RENT. For use of the Space, Lessee shall pay to Lessor, at the address specified in the paragraph entitled Notices, the amount of forty-two (\$ 42.00) per month. Such amount to be payable in advance, due on the first day of each month for which this Agreement is in effect. If the term of this Lease Agreement commences on a day other than the first day of a month, the first month's rent shall be prorated on a daily basis of \$ 1.38 per day. Such rent shall be due and payable without notice from Lessor on the first day of each and every month during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due. The amount of rent may be changed from time to time by Lessor upon fifteen (15) day's prior written notice to Lessee.

4. LESSEE'S USE OF THE SPACE. The Space shall be used only for the placement of a T-Hangar, as approved by the Lessor, and the storage of Aircraft. Written consent of Lessor shall be required prior to the placement of a T-Hangar on the Space, which consent may be denied in Lessor's sole discretion. No commercial activity of any kind shall be conducted by Lessee in, from or around the Space. No maintenance on the Aircraft shall be performed in the Space without the prior approval of the Lessor except such minor maintenance as would normally be performed by an aircraft owner without

the benefit of an aircraft mechanic. Lessee shall take such steps so as to ensure that the performance of such maintenance work shall not damage the Space. Lessee shall control the conduct and demeanor of its employees and invitees, and of those doing business with it, in and around the space and shall take all steps necessary to remove and prohibit persons whom Lessor may, for good and sufficient cause, deem objectionable. Lessee shall keep the Space clean and free of debris at all times. In utilizing the space, Lessee agrees to and shall comply with all applicable ordinances, resolutions, rules and regulations established by any federal, state and local government agency, by the Town of Erie, and by the Erie Municipal Airport. On the termination of this Agreement, by expiration or otherwise, Lessee shall immediately surrender possession of the Space and shall immediately remove the Aircraft, T-Hangar and all other property therefrom, leaving the Space in the same condition as when received, ordinary wear and tear excepted. Lessee shall take such steps so as to ensure that the installation and removal of the T-Hangar shall not damage the Space.

5. SERVICES PROVIDED BY LESSOR; UTILITIES PROHIBIED. Lessee shall have the sole and final responsibility for securing the Space, the T-Hangar and the Aircraft. No utilities of any type shall be provided by the Lessor. No utilities of any type or nature shall be allowed on or leading to the Space and/or T-Hangar, whether provided by Lessor or Lessee.

6. SUBLEASE OF ASSIGNMENT. Lessee shall have no right to sublease the Space or to assign this Agreement without the prior written consent of Lessor, which may be denied in Lessor's sole discretion. The parking of aircraft not owned by or leased by Lessee within the Space shall constitute a sublease.

7. INDEMNITY. Lessee agrees to indemnify and save harmless the Lessor, its officers, agents, representatives and employees from and against any and all liabilities, damages, business interruptions, delays, losses, claims, judgments, obligations of any kind whatsoever, including all costs, attorneys' fees, and expenses incidental thereto, which may be asserted against the Lessor arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, at Lessee's own expense using those attorneys that the Lessor deems appropriate. If, however, it becomes necessary for the Lessor to defend any action arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, Lessee shall pay all court costs, witness fees, expert witness fees, and attorney's fees, incurred by the Lessor in effecting such defense in addition to any other sums which the Lessor may be called upon to pay by reason of the entry of any judgment, assessment, bond, writ or levy against the Lessor in the litigation in which such claims are asserted.

8. CONDITION OF SPACE. Lessee shall accept the Space in its present condition without any liability or obligation on the part of Lessor to make any alterations, improvements or repairs of any kind within or to the space. At the termination of this Agreement, Lessee shall return the Space to the Lessor in the same condition as found at the start of the Agreement.

9. DEFAULT. This Agreement shall be breached if:

- A. Lessee shall default in the payment of any rental payment hereunder. Said rental shall be due and payable without notice from Lessor on the first day of each and every period during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due.
- B. Lessee shall default in the performance of any other covenant herein, and such default shall continue for three (3) days after receipt by Lessee of notice thereof from Lessor.
- C. Lessee shall cease to use the Space or sublease the Space without consent of the Lessor.
- D. A petition is filed by or against Lessee under the bankruptcy act of any amendment thereto (including a petition for reorganization or an arrangement).
- E. Lessee assigns his/her/its property for the benefit of creditors.

In the event of any breach of this Agreement by Lessee, Lessor shall, at its option, and without further notice, have the right to terminate this Agreement and to remove the T- Hangar and any other property of Lessee from the Space, using such force as may be necessary without being deemed guilty of trespass, breach of peace or forcible entry and detainer, and Lessee expressly waives the service of any notice. Exercise by Lessor of either or both of the rights specified above shall not prejudice Lessor's right to pursue any other remedy available to Lessor in law or equity.

10. TERMINATION. Either party to this Agreement shall have the right, with or without cause, to terminate this Agreement by giving fifteen (15) days prior written notice to the other party.

11. DISCLAIMER OF LIABILITY. Lessor hereby disclaims, and Lessee hereby releases Lessor from, any and all liability whether in contract or tort (including strict liability and negligence) for any loss, damage or injury of any nature whatsoever sustained by Lessee, its employees, agents, or invitees during the term of this Agreement, including but not limited to loss, damage or injury to the Aircraft or other property of Lessee that may be located within the Space, unless such loss, damage or injury is caused by Lessor's gross negligence. The parties hereby agree that under no circumstances shall Lessor be liable for indirect, consequential, special or exemplary damages, whether in contract or tort (including strict liability and negligence), such as but not limited to loss of revenue or anticipated profits or other damage related to the leasing of the Space under this Agreement. This Agreement and the obligations of the Lessee hereunder shall not be affected or impaired because the Lessor is unable to fulfill any of its obligations hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Lessor. Lessee shall be responsible for obtaining its own liability and casualty insurance on the Aircraft or the T-Hangar while using the Space.

12. SITUS, VENUE AND SEVERABILITY. The laws of the State of Colorado shall govern the interpretation, validity, performance and enforcement of this Agreement.

For the resolution of any dispute arising hereunder, venue shall be in the Courts of the County of Weld, State of Colorado. If any provision of this Agreement shall be held to be invalid or unenforceable; the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

13. RELATIONSHIP OF PARTIES. The relationship between Lessor and Lessee shall always and only be that of Lessor and Lessee. Lessee shall never at any time during the term of this Agreement become the agent of Lessor, and Lessor shall not be responsible for the acts or omissions of Lessee or its agents.

14. REMEDIES CUMULATIVE. The rights and remedies with respect to any of the terms and conditions of this Agreement shall be cumulative and not exclusive and shall be in addition to all other rights and remedies.

15. INTEGRATION. This Agreement constitutes the entire agreement between the parties, and as of its effective date supersedes all prior independent agreements between the parties covering the space. Any change or modification hereof must be in writing signed by both parties.

16. NOTICES. Any notice given by one party to the other in connection with this agreement shall be in writing and shall be sent by certified or registered mail, return receipt requested, or personally delivered. Notices shall be deemed to have been received on the date of mailing, or on the date of personal service.

All notices required to be given to Lessor hereunder shall be in writing and sent by certified mail or personally delivered to: Director of Public Works, Town of Erie, 645 Holbrook, P.O. Box 750, Erie, Colorado 80516. All notices required to be given to Lessee hereunder shall be in writing and sent by certified mail or personally delivered to Lessee. Lessee's address is set forth at the end of this Agreement.

17. WAIVER. The waiver by either party of any covenant or condition of this Agreement shall not thereafter preclude such party from demanding performance in accordance with the terms hereof.

18. SUCCESSORS BOUND. This Agreement shall be binding on and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

19. ATTORNEY'S FEES; INTEREST. In any action brought to enforce the provision(s) of this Agreement, the prevailing party shall be entitled to an award of all reasonable attorney's fees and costs, including expert witness' fees, expended or incurred, to be recovered as part of the costs therein. Any rents, fees and expenses not paid to Lessor by Lessee when due shall earn interest at the rate of eighteen percent (18%) per annum.

20. HAZARDOUS MATERIALS. LESSEE shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, or used in or about the Space or T-Hangar by LESSEES, its agents, employees, contractors, or invitees, without the prior written consent of LESSOR (which LESSOR shall not unreasonably withhold as long as LESSEE demonstrates to LESSOR's reasonable satisfaction that such Hazardous Material is necessary to LESSEE's use of the aircraft and will be used, kept, stored and

disposed of by LESSEE in a manner that complies with all laws regulating any such Hazardous Material so brought upon or used or kept in or about the Space or T-Hangar, and such storage will not create an undue risk to other LESSEES of the Spaces or Airport). If LESSEE breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Space or T-Hangar, or if contamination of the Space or T-Hangar, by Hazardous Material otherwise occurs for which LESSEE is legally liable to LESSOR for damage resulting therefrom, then LESSEE shall indemnify, defend and hold LESSOR harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Space or T-Hangar, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Space or T-Hangar, damages arising from any adverse impact on marketing of the Space or T-Hangar, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Lease Term as a result of such contamination. This indemnification of LESSOR by LESSEE includes, without limitation, the obligation to reimburse LESSOR for costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present in, on, or about the Space or T-Hangar or in the soil or ground water on or under the Space or T-Hangar. Without limiting the foregoing, if the presence of any Hazardous Material in, on or about the Space or T-Hangar caused or permitted by LESSEE results in any contamination of the Space or T-Hangar, LESSEE shall promptly take all actions at its sole expense as are necessary to return the Space or T-Hangar to the condition existing prior to the introduction of any such Hazardous Material thereto; provided that LESSOR's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Space or T-Hangar or exposes LESSOR to any liability therefore and such actions are undertaken in accordance with all applicable laws, rules and regulations and accepted industry practices.

The term "Hazardous Materials", when it appears in this Agreement, is used in the broadest sense and shall mean oil, any petroleum based product or derivative (and any fraction thereof), any petroleum additive, pesticides, paints, solvents, polychlorinated biphenyls, lead, cyanide, DDT, acids, bases, ammonium compounds, ethylene glycol, antifreeze, asbestos (in any form), chemicals, pollutants, contaminants, irritants, wastes or any substance or material defined or designated as hazardous, toxic, regulated, or other similar term, by any Hazardous Materials Laws.

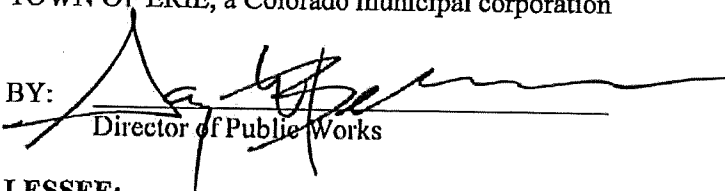
The term "Hazardous Materials Laws", when it appears in this Agreement, means any federal, state or local environmental statute, regulation, ordinance or policy presently in effect or which may be promulgated in the future, as they may be amended from time to time, including but not limited to: the Act, 42 U.S.C. Sec. 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq.; the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. Sec. 1101 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1251 et seq.; the Oil Pollution Act, 33 U.S.C. Sec. 2701 et seq.; the Safe Drinking Water Act, 42 U.S.C. Sec. 300f-300j; the Clean Air Act, 42 U.S.C. Sec. 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 5101 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Sec. 136 et seq.; the Toxic Substances Control Act, 15 U.S.C. Sec. 2601 et seq.; the Colorado Hazardous Waste Act, C.R.S. Sec. 25-15-101 et seq.; Colorado's Hazardous Waste Sites law, C.R.S. Sec. 26-16-101 et seq.; the

Colorado Hazardous Substances Act of 1973, C.R.S. Sec. 25-5-501 et seq.; the Colorado Water Quality Control Act, C.R.S. Sec. 25-8-101 et seq.; the Colorado Underground and Aboveground Storage Tank law, C.R.S. Sec. 8-20.5-101 et seq.; the Colorado Air Quality Control Act, C.R.S. Sec. 25-7-101 et seq.; Colorado's Hazardous Materials Transportation Act, C.R.S. Sec. 43-6-101 et seq.; and all regulations promulgated under or which implement the foregoing laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

LESSOR:

TOWN OF ERIE, a Colorado municipal corporation

BY: 

Director of Public Works

LESSEE:

BY: JOHN H. HELTON

John H. Helton
PRINTED NAME

2500 21st ST NW APT 94
STREET ADDRESS

WINTER HAVEN FL 33881-1275
CITY/STATE/ZIP

MAILING ADDRESS (IF DIFFERENT)

863 293 2844
TELEPHONE

BELLANCA
TYPE A/C

N 5025N
N-NUMBER

CP 951 533 4352

2/17/08

ERIE AIRPARK T-HANGARS 2008 EXHIBIT A

1	3. Helton 2500 21 st St. NW Apt 94 Winter Haven, FL 33881
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T- HANGAR LEASE AGREEMENT

ERIE MUNICIPAL AIRPORT

THIS T-HANGAR LEASE AGREEMENT ("Agreement"), made and entered into this 21 day of April, 2008, by and between the TOWN OF ERIE, a Colorado municipal corporation ("Lessor"), and John C. Baker ("Lessee").

In consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties hereby agree follows:

1. **LEASE OF T-HANGAR LOCATION SPACE.** Lessor agrees to lease to Lessee two (2) T- Hangar Location Space(s) ("Space") located at the Erie Municipal Airport, and as specifically designated on Exhibit A, attached hereto. The Space(s) shall be used and occupied by Lessee solely for the location of a T-Hangar, as approved by the Lessor, for storage of 2 described aircraft(s) N8918D, N-Number(s) N101C ("Aircraft"), or any other similar aircraft owned or leased by Lessee (the "Substitute Aircraft"), provided Lessee has obtained the written consent of Lessor to store the Substitute Aircraft in the space. In the event Lessee is permitted to store a Substitute Aircraft on the Space, all provisions of the Agreement applicable to the Aircraft shall also be applicable to the Substitute Aircraft. The Space may be used for the location of a T-Hangar only in conformance with the requirements of Paragraph 4, below.
2. **TERM.** This Agreement and the rentals due hereunder shall continue in effect on a month-to-month basis or until such time as one party gives the other written notice of termination, as herein provided. Either party may, upon written notice to the other, delivered at least fifteen (15) days before the end of the period, terminate this Agreement without cause at such effective date. Said notice shall be delivered either in person or by certified mail to the address of the party as set forth in Paragraph 16 or at the end of this Agreement.
3. **RENT.** For use of the Space, Lessee shall pay to Lessor, at the address specified in the paragraph entitled Notices, the amount of thirty-five (\$ 35.00) per space per month for a total of seventy (\$ 70.00) per month. Such amount to be payable in advance, due on the first day of each month for which this Agreement is in effect. If the term of this Lease Agreement commences on a day other than the first day of a month, the first month's rent shall be prorated on a daily basis of \$ 2.34 per day. Such rent shall be due and payable without notice from Lessor on the first day of each and every month during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due. The amount of rent may be changed from time to time by Lessor upon fifteen (15) day's prior written notice to Lessee.
4. **LESSEE'S USE OF THE SPACE.** The Space shall be used only for the placement of a T-Hangar, as approved by the Lessor, and the storage of Aircraft. Written consent of Lessor shall be required prior to the placement of a T-Hangar on the Space, which consent may be denied in Lessor's sole discretion. No commercial activity of any kind shall be conducted by Lessee in, from or around the Space. No maintenance on the

Aircraft shall be performed in the Space without the prior approval of the Lessor except such minor maintenance as would normally be performed by an aircraft owner without the benefit of an aircraft mechanic. Lessee shall take such steps so as to ensure that the performance of such maintenance work shall not damage the Space. Lessee shall control the conduct and demeanor of its employees and invitees, and of those doing business with it, in and around the space and shall take all steps necessary to remove and prohibit persons whom Lessor may, for good and sufficient cause, deem objectionable. Lessee shall keep the Space clean and free of debris at all times. In utilizing the space, Lessee agrees to and shall comply with all applicable ordinances, resolutions, rules and regulations established by any federal, state and local government agency, by the Town of Erie, and by the Erie Municipal Airport. On the termination of this Agreement, by expiration or otherwise, Lessee shall immediately surrender possession of the Space and shall immediately remove the Aircraft, T-Hangar and all other property therefrom, leaving the Space in the same condition as when received, ordinary wear and tear excepted. Lessee shall take such steps so as to ensure that the installation and removal of the T-Hangar shall not damage the Space.

5. SERVICES PROVIDED BY LESSOR; UTILITIES PROHIBIED. Lessee shall have the sole and final responsibility for securing the Space, the T-Hangar and the Aircraft. No utilities of any type shall be provided by the Lessor. No utilities of any type or nature shall be allowed on or leading to the Space and/or T-Hangar, whether provided by Lessor or Lessee.

6. SUBLEASE OF ASSIGNMENT. Lessee shall have no right to sublease the Space or to assign this Agreement without the prior written consent of Lessor, which may be denied in Lessor's sole discretion. The parking of aircraft not owned by or leased by Lessee within the Space shall constitute a sublease.

7. INDEMNITY. Lessee agrees to indemnify and save harmless the Lessor, its officers, agents, representatives and employees from and against any and all liabilities, damages, business interruptions, delays, losses, claims, judgments, obligations of any kind whatsoever, including all costs, attorneys' fees, and expenses incidental thereto, which may be asserted against the Lessor arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, at Lessee's own expense using those attorneys that the Lessor deems appropriate. If, however, it becomes necessary for the Lessor to defend any action arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, Lessee shall pay all court costs, witness fees, expert witness fees, and attorney's fees, incurred by the Lessor in effecting such defense in addition to any other sums which the Lessor may be called upon to pay by reason of the entry of any judgment, assessment, bond, writ or levy against the Lessor in the litigation in which such claims are asserted.

8. CONDITION OF SPACE. Lessee shall accept the Space in its present condition without any liability or obligation on the part of Lessor to make any alterations, improvements or repairs of any kind within or to the space. At the termination of this

Agreement, Lessee shall return the Space to the Lessor in the same condition as found at the start of the Agreement.

9. DEFAULT. This Agreement shall be breached if:

- A. Lessee shall default in the payment of any rental payment hereunder. Said rental shall be due and payable without notice from Lessor on the first day of each and every period during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due.
- B. Lessee shall default in the performance of any other covenant herein, and such default shall continue for three (3) days after receipt by Lessee of notice thereof from Lessor.
- C. Lessee shall cease to use the Space or sublease the Space without consent of the Lessor.
- D. A petition is filed by or against Lessee under the bankruptcy act of any amendment thereto (including a petition for reorganization or an arrangement).
- E. Lessee assigns his/her/its property for the benefit of creditors.

In the event of any breach of this Agreement by Lessee, Lessor shall, at its option, and without further notice, have the right to terminate this Agreement and to remove the T- Hangar and any other property of Lessee from the Space, using such force as may be necessary without being deemed guilty of trespass, breach of peace or forcible entry and detainer, and Lessee expressly waives the service of any notice. Exercise by Lessor of either or both of the rights specified above shall not prejudice Lessor's right to pursue any other remedy available to Lessor in law or equity.

10. TERMINATION. Either party to this Agreement shall have the right, with or without cause, to terminate this Agreement by giving fifteen (15) days prior written notice to the other party.

11. DISCLAIMER OF LIABILITY. Lessor hereby disclaims, and Lessee hereby releases Lessor from, any and all liability whether in contract or tort (including strict liability and negligence) for any loss, damage or injury of any nature whatsoever sustained by Lessee, its employees, agents, or invitees during the term of this Agreement, including but not limited to loss, damage or injury to the Aircraft or other property of Lessee that may be located within the Space, unless such loss, damage or injury is caused by Lessor's gross negligence. The parties hereby agree that under no circumstances shall Lessor be liable for indirect, consequential, special or exemplary damages, whether in contract or tort (including strict liability and negligence), such as but not limited to loss of revenue or anticipated profits or other damage related to the leasing of the Space under this Agreement. This Agreement and the obligations of the Lessee hereunder shall not be affected or impaired because the Lessor is unable to fulfill any of its obligations

hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Lessor. Lessee shall be responsible for obtaining its own liability and casualty insurance on the Aircraft or the T-Hangar while using the Space.

12. SITUS, VENUE AND SEVERABILITY. The laws of the State of Colorado shall govern the interpretation, validity, performance and enforcement of this Agreement. For the resolution of any dispute arising hereunder, venue shall be in the Courts of the County of Weld, State of Colorado. If any provision of this Agreement shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

13. RELATIONSHIP OF PARTIES. The relationship between Lessor and Lessee shall always and only be that of Lessor and Lessee. Lessee shall never at any time during the term of this Agreement become the agent of Lessor, and Lessor shall not be responsible for the acts or omissions of Lessee or its agents.

14. REMEDIES CUMULATIVE. The rights and remedies with respect to any of the terms and conditions of this Agreement shall be cumulative and not exclusive and shall be in addition to all other rights and remedies.

15. INTEGRATION. This Agreement constitutes the entire agreement between the parties, and as of its effective date supersedes all prior independent agreements between the parties covering the space. Any change or modification hereof must be in writing signed by both parties.

16. NOTICES. Any notice given by one party to the other in connection with this agreement shall be in writing and shall be sent by certified or registered mail, return receipt requested, or personally delivered. Notices shall be deemed to have been received on the date of mailing, or on the date of personal service.

All notices required to be given to Lessor hereunder shall be in writing and sent by certified mail or personally delivered to: Director of Public Works, Town of Erie, 645 Holbrook, P.O. Box 750, Erie, Colorado 80516. All notices required to be given to Lessee hereunder shall be in writing and sent by certified mail or personally delivered to Lessee. Lessee's address is set forth at the end of this Agreement.

17. WAIVER. The waiver by either party of any covenant or condition of this Agreement shall not thereafter preclude such party from demanding performance in accordance with the terms hereof.

18. SUCCESSORS BOUND. This Agreement shall be binding on and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

19. ATTORNEY'S FEES; INTEREST. In any action brought to enforce the provision(s) of this Agreement, the prevailing party shall be entitled to an award of all reasonable attorney's fees and costs, including expert witness' fees, expended or incurred, to be recovered as part of the costs therein. Any rents, fees and expenses not paid to

Lessor by Lessee when due shall earn interest at the rate of eighteen percent (18%) per annum.

20. HAZARDOUS MATERIALS. LESSEE shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, or used in or about the Space or T-Hangar by LESSEES, its agents, employees, contractors, or invitees, without the prior written consent of LESSOR (which LESSOR shall not unreasonably withhold as long as LESSEE demonstrates to LESSOR's reasonable satisfaction that such Hazardous Material is necessary to LESSEE's use of the aircraft and will be used, kept, stored and disposed of by LESSEE in a manner that complies with all laws regulating any such Hazardous Material so brought upon or used or kept in or about the Space or T-Hangar, and such storage will not create an undue risk to other LESSEES of the Spaces or Airport). If LESSEE breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Space or T-Hangar, or if contamination of the Space or T-Hangar, by Hazardous Material otherwise occurs for which LESSEE is legally liable to LESSOR for damage resulting therefrom, then LESSEE shall indemnify, defend and hold LESSOR harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Space or T-Hangar, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Space or T-Hangar, damages arising from any adverse impact on marketing of the Space or T-Hangar, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Lease Term as a result of such contamination. This indemnification of LESSOR by LESSEE includes, without limitation, the obligation to reimburse LESSOR for costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present in, on, or about the Space or T-Hangar or in the soil or ground water on or under the Space or T-Hangar. Without limiting the foregoing, if the presence of any Hazardous Material in, on or about the Space or T-Hangar caused or permitted by LESSEE results in any contamination of the Space or T-Hangar, LESSEE shall promptly take all actions at its sole expense as are necessary to return the Space or T-Hangar to the condition existing prior to the introduction of any such Hazardous Material thereto; provided that LESSOR's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Space or T-Hangar or exposes LESSOR to any liability therefore and such actions are undertaken in accordance with all applicable laws, rules and regulations and accepted industry practices.

The term "Hazardous Materials", when it appears in this Agreement, is used in the broadest sense and shall mean oil, any petroleum based product or derivative (and any fraction thereof), any petroleum additive, pesticides, paints, solvents, polychlorinated biphenyls, lead, cyanide, DDT, acids, bases, ammonium compounds, ethylene glycol, antifreeze, asbestos (in any form), chemicals, pollutants, contaminants, irritants, wastes or any substance or material defined or designated as hazardous, toxic, regulated, or other similar term, by any Hazardous Materials Laws.

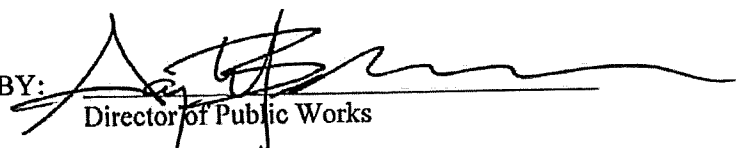
The term "Hazardous Materials Laws", when it appears in this Agreement, means any federal, state or local environmental statute, regulation, ordinance or policy presently

in effect or which may be promulgated in the future, as they may be amended from time to time, including but not limited to: the Act, 42 U.S.C. Sec. 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq.; the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. Sec. 1101 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1251 et seq.; the Oil Pollution Act, 33 U.S.C. Sec. 2701 et seq.; the Safe Drinking Water Act, 42 U.S.C. Sec. 300f-300j; the Clean Air Act, 42 U.S.C. Sec. 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 5101 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Sec. 136 et seq.; the Toxic Substances Control Act, 15 U.S.C. Sec. 2601 et seq.; the Colorado Hazardous Waste Act, C.R.S. Sec. 25-15-101 et seq.; Colorado's Hazardous Waste Sites law, C.R.S. Sec. 26-16-101 et seq.; the Colorado Hazardous Substances Act of 1973, C.R.S. Sec. 25-5-501 et seq.; the Colorado Water Quality Control Act, C.R.S. Sec. 25-8-101 et seq.; the Colorado Underground and Aboveground Storage Tank law, C.R.S. Sec. 8-20.5-101 et seq.; the Colorado Air Quality Control Act, C.R.S. Sec. 25-7-101 et seq.; Colorado's Hazardous Materials Transportation Act, C.R.S. Sec. 43-6-101 et seq.; and all regulations promulgated under or which implement the foregoing laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

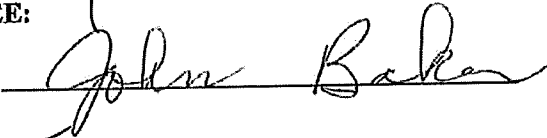
LESSOR:

TOWN OF ERIE, a Colorado municipal corporation

BY: 

Director of Public Works

LESSEE:

BY: 

JOHN BAKER

PRINTED NAME

9832 ALAMO DRIVE

STREET ADDRESS

DENVER, CO 80260

CITY/STATE/ZIP

MAILING ADDRESS (IF DIFFERENT)

303-452-9568

TELEPHONE

PIPER

TYPE A/C

8918D

N-NUMBER

EXHIBIT #2

T- HANGAR LEASE AGREEMENT

ERIE MUNICIPAL AIRPORT

THIS T-HANGAR LEASE AGREEMENT ("Agreement"), made and entered into this 17 day of APRIL, 2008, by and between the TOWN OF ERIE, a Colorado municipal corporation ("Lessor"), and Clinton Beyerle ("Lessee").

In consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties hereby agree follows:

1. **LEASE OF T-HANGAR LOCATION SPACE.** Lessor agrees to lease to Lessee ten (10) T- Hangar Location Space(s) ("Space") located at the Erie Municipal Airport, and as specifically designated on Exhibit A, attached hereto. The Space(s) shall be used and occupied by Lessee solely for the location of a T-Hangar, as approved by the Lessor, for storage of Aircraft described aircraft(s) see exhibit "B", N-Number(s) Exhibit "B" ("Aircraft"), or any other similar aircraft owned or leased by Lessee (the "Substitute Aircraft"), provided Lessee has obtained the written consent of Lessor to store the Substitute Aircraft in the space. In the event Lessee is permitted to store a Substitute Aircraft on the Space, all provisions of the Agreement applicable to the Aircraft shall also be applicable to the Substitute Aircraft. The Space may be used for the location of a T-Hangar only in conformance with the requirements of Paragraph 4, below.

2. **TERM.** This Agreement and the rentals due hereunder shall continue in effect on a month-to-month basis or until such time as one party gives the other written notice of termination, as herein provided. Either party may, upon written notice to the other, delivered at least fifteen (15) days before the end of the period, terminate this Agreement without cause at such effective date. Said notice shall be delivered either in person or by certified mail to the address of the party as set forth in Paragraph 16 or at the end of this Agreement.

3. **RENT.** For use of the Space, Lessee shall pay to Lessor, at the address specified in the paragraph entitled Notices, the amount of thirty-five (\$ 35.00) per space per month for a total of three hundred and fifty (\$350.00) per month. Such amount to be payable in advance, due on the first day of each month for which this Agreement is in effect. If the term of this Lease Agreement commences on a day other than the first day of a month, the first month's rent shall be prorated on a daily basis of \$ 11.70 per day. Such rent shall be due and payable without notice from Lessor on the first day of each and every month during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due. The amount of rent may be changed from time to time by Lessor upon fifteen (15) day's prior written notice to Lessee.

4. **LESSEE'S USE OF THE SPACE.** The Space shall be used only for the placement of a T-Hangar, as approved by the Lessor, and the storage of Aircraft. Written consent of Lessor shall be required prior to the placement of a T-Hangar on the Space, which consent may be denied in Lessor's sole discretion. No commercial activity of any kind shall be conducted by Lessee in, from or around the Space. No maintenance on the

Aircraft shall be performed in the Space without the prior approval of the Lessor except such minor maintenance as would normally be performed by an aircraft owner without the benefit of an aircraft mechanic. Lessee shall take such steps so as to ensure that the performance of such maintenance work shall not damage the Space. Lessee shall control the conduct and demeanor of its employees and invitees, and of those doing business with it, in and around the space and shall take all steps necessary to remove and prohibit persons whom Lessor may, for good and sufficient cause, deem objectionable. Lessee shall keep the Space clean and free of debris at all times. In utilizing the space, Lessee agrees to and shall comply with all applicable ordinances, resolutions, rules and regulations established by any federal, state and local government agency, by the Town of Erie, and by the Erie Municipal Airport. On the termination of this Agreement, by expiration or otherwise, Lessee shall immediately surrender possession of the Space and shall immediately remove the Aircraft, T-Hangar and all other property therefrom, leaving the Space in the same condition as when received, ordinary wear and tear excepted. Lessee shall take such steps so as to ensure that the installation and removal of the T-Hangar shall not damage the Space.

5. SERVICES PROVIDED BY LESSOR; UTILITIES PROHIBITED. Lessee shall have the sole and final responsibility for securing the Space, the T-Hangar and the Aircraft. No utilities of any type shall be provided by the Lessor. No utilities of any type or nature shall be allowed on or leading to the Space and/or T-Hangar, whether provided by Lessor or Lessee.

6. SUBLEASE OF ASSIGNMENT. Lessee shall have no right to sublease the Space or to assign this Agreement without the prior written consent of Lessor, which may be denied in Lessor's sole discretion. The parking of aircraft not owned by or leased by Lessee within the Space shall constitute a sublease.

7. INDEMNITY. Lessee agrees to indemnify and save harmless the Lessor, its officers, agents, representatives and employees from and against any and all liabilities, damages, business interruptions, delays, losses, claims, judgments, obligations of any kind whatsoever, including all costs, attorneys' fees, and expenses incidental thereto, which may be asserted against the Lessor arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, at Lessee's own expense using those attorneys that the Lessor deems appropriate. If, however, it becomes necessary for the Lessor to defend any action arising by reason of, or in connection with, any alleged act or omission of Lessee, its servants, employees, representatives, invitees, guests or agents or any person claiming under, by or through Lessee, Lessee shall pay all court costs, witness fees, expert witness fees, and attorney's fees, incurred by the Lessor in effecting such defense in addition to any other sums which the Lessor may be called upon to pay by reason of the entry of any judgment, assessment, bond, writ or levy against the Lessor in the litigation in which such claims are asserted.

8. CONDITION OF SPACE. Lessee shall accept the Space in its present condition without any liability or obligation on the part of Lessor to make any alterations, improvements or repairs of any kind within or to the space. At the termination of this

were disconnected on April 1, 2008. As I have previously stated, the costs will be paid by me with no costs to the city whatsoever. I am sincerely grateful for all the help you are providing.

Clinton Beyerle

On 12/12/08, **CLINTON BEYERLE** <clintonx99@gmail.com> wrote:

Hello Mr. Behlan,

This is just a follow-up reminder (e-mail sent Dec 8) regarding the request and approval for the installation of an electrical meter where it was disconnected on April 1, 2008. I'm sure you are very busy but I trust that you will contract me in the very near future so that we can get the approval initiated so that we can make some people at the Erie airport very happy for the Holiday season. I sincerely appreciate everything that you are doing regarding this matter.

Thank you very much.

Clinton Beyerle

12/23/2008

Agreement, Lessee shall return the Space to the Lessor in the same condition as found at the start of the Agreement.

9. DEFAULT. This Agreement shall be breached if:

- A. Lessee shall default in the payment of any rental payment hereunder. Said rental shall be due and payable without notice from Lessor on the first day of each and every period during the term hereof and Lessee shall be deemed to be in default if such rent has not been received by Lessor when due.
- B. Lessee shall default in the performance of any other covenant herein, and such default shall continue for three (3) days after receipt by Lessee of notice thereof from Lessor.
- C. Lessee shall cease to use the Space or sublease the Space without consent of the Lessor.
- D. A petition is filed by or against Lessee under the bankruptcy act of any amendment thereto (including a petition for reorganization or an arrangement).
- E. Lessee assigns his/her/its property for the benefit of creditors.

In the event of any breach of this Agreement by Lessee, Lessor shall, at its option, and without further notice, have the right to terminate this Agreement and to remove the T- Hangar and any other property of Lessee from the Space, using such force as may be necessary without being deemed guilty of trespass, breach of peace or forcible entry and detainer, and Lessee expressly waives the service of any notice. Exercise by Lessor of either or both of the rights specified above shall not prejudice Lessor's right to pursue any other remedy available to Lessor in law or equity.

10. TERMINATION. Either party to this Agreement shall have the right, with or without cause, to terminate this Agreement by giving fifteen (15) days prior written notice to the other party.

11. DISCLAIMER OF LIABILITY. Lessor hereby disclaims, and Lessee hereby releases Lessor from, any and all liability whether in contract or tort (including strict liability and negligence) for any loss, damage or injury of any nature whatsoever sustained by Lessee, its employees, agents, or invitees during the term of this Agreement, including but not limited to loss, damage or injury to the Aircraft or other property of Lessee that may be located within the Space, unless such loss, damage or injury is caused by Lessor's gross negligence. The parties hereby agree that under no circumstances shall Lessor be liable for indirect, consequential, special or exemplary damages, whether in contract or tort (including strict liability and negligence), such as but not limited to loss of revenue or anticipated profits or other damage related to the leasing of the Space under this Agreement. This Agreement and the obligations of the Lessee hereunder shall not be affected or impaired because the Lessor is unable to fulfill any of its obligations

hereunder or is delayed in doing so, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of the Lessor. Lessee shall be responsible for obtaining its own liability and casualty insurance on the Aircraft or the T-Hangar while using the Space.

12. SITUS, VENUE AND SEVERABILITY. The laws of the State of Colorado shall govern the interpretation, validity, performance and enforcement of this Agreement. For the resolution of any dispute arising hereunder, venue shall be in the Courts of the County of Weld, State of Colorado. If any provision of this Agreement shall be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

13. RELATIONSHIP OF PARTIES. The relationship between Lessor and Lessee shall always and only be that of Lessor and Lessee. Lessee shall never at any time during the term of this Agreement become the agent of Lessor, and Lessor shall not be responsible for the acts or omissions of Lessee or its agents.

14. REMEDIES CUMULATIVE. The rights and remedies with respect to any of the terms and conditions of this Agreement shall be cumulative and not exclusive and shall be in addition to all other rights and remedies.

15. INTEGRATION. This Agreement constitutes the entire agreement between the parties, and as of its effective date supersedes all prior independent agreements between the parties covering the space. Any change or modification hereof must be in writing signed by both parties.

16. NOTICES. Any notice given by one party to the other in connection with this agreement shall be in writing and shall be sent by certified or registered mail, return receipt requested, or personally delivered. Notices shall be deemed to have been received on the date of mailing, or on the date of personal service.

All notices required to be given to Lessor hereunder shall be in writing and sent by certified mail or personally delivered to: Director of Public Works, Town of Erie, 645 Holbrook, P.O. Box 750, Erie, Colorado 80516. All notices required to be given to Lessee hereunder shall be in writing and sent by certified mail or personally delivered to Lessee. Lessee's address is set forth at the end of this Agreement.

17. WAIVER. The waiver by either party of any covenant or condition of this Agreement shall not thereafter preclude such party from demanding performance in accordance with the terms hereof.

18. SUCCESSORS BOUND. This Agreement shall be binding on and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

19. ATTORNEY'S FEES; INTEREST. In any action brought to enforce the provision(s) of this Agreement, the prevailing party shall be entitled to an award of all reasonable attorney's fees and costs, including expert witness' fees, expended or incurred, to be recovered as part of the costs therein. Any rents, fees and expenses not paid to

Lessor by Lessee when due shall earn interest at the rate of eighteen percent (18%) per annum.

20. HAZARDOUS MATERIALS. LESSEE shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept, or used in or about the Space or T-Hangar by LESSEES, its agents, employees, contractors, or invitees, without the prior written consent of LESSOR (which LESSOR shall not unreasonably withhold as long as LESSEE demonstrates to LESSOR's reasonable satisfaction that such Hazardous Material is necessary to LESSEE's use of the aircraft and will be used, kept, stored and disposed of by LESSEE in a manner that complies with all laws regulating any such Hazardous Material so brought upon or used or kept in or about the Space or T-Hangar, and such storage will not create an undue risk to other LESSEES of the Spaces or Airport). If LESSEE breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Space or T-Hangar, or if contamination of the Space or T-Hangar, by Hazardous Material otherwise occurs for which LESSEE is legally liable to LESSOR for damage resulting therefrom, then LESSEE shall indemnify, defend and hold LESSOR harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Space or T-Hangar, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Space or T-Hangar, damages arising from any adverse impact on marketing of the Space or T-Hangar, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Lease Term as a result of such contamination. This indemnification of LESSOR by LESSEE includes, without limitation, the obligation to reimburse LESSOR for costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present in, on, or about the Space or T-Hangar or in the soil or ground water on or under the Space or T-Hangar. Without limiting the foregoing, if the presence of any Hazardous Material in, on or about the Space or T-Hangar caused or permitted by LESSEE results in any contamination of the Space or T-Hangar, LESSEE shall promptly take all actions at its sole expense as are necessary to return the Space or T-Hangar to the condition existing prior to the introduction of any such Hazardous Material thereto; provided that LESSOR's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Space or T-Hangar or exposes LESSOR to any liability therefore and such actions are undertaken in accordance with all applicable laws, rules and regulations and accepted industry practices.

The term "Hazardous Materials", when it appears in this Agreement, is used in the broadest sense and shall mean oil, any petroleum based product or derivative (and any fraction thereof), any petroleum additive, pesticides, paints, solvents, polychlorinated biphenyls, lead, cyanide, DDT, acids, bases, ammonium compounds, ethylene glycol, antifreeze, asbestos (in any form), chemicals, pollutants, contaminants, irritants, wastes or any substance or material defined or designated as hazardous, toxic, regulated, or other similar term, by any Hazardous Materials Laws.

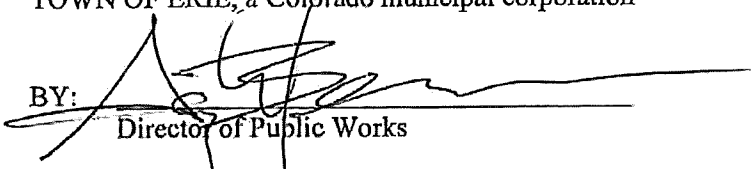
The term "Hazardous Materials Laws", when it appears in this Agreement, means any federal, state or local environmental statute, regulation, ordinance or policy presently

in effect or which may be promulgated in the future, as they may be amended from time to time, including but not limited to: the Act, 42 U.S.C. Sec. 9601 et seq.; the Solid Waste Disposal, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq.; the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. Sec. 1101 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Sec. 1251 et seq.; the Oil Pollution Act, 33 U.S.C. Sec. 2701 et seq.; the Safe Drinking Water Act, 42 U.S.C. Sec. 300f-300j; the Clean Air Act, 42 U.S.C. Sec. 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 5101 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Sec. 136 et seq.; the Toxic Substances Control Act, 15 U.S.C. Sec. 2601 et seq.; the Colorado Hazardous Waste Act, C.R.S. Sec. 25-15-101 et seq.; Colorado's Hazardous Waste Sites law, C.R.S. Sec. 26-16-101 et seq.; the Colorado Hazardous Substances Act of 1973, C.R.S. Sec. 25-5-501 et seq.; the Colorado Water Quality Control Act, C.R.S. Sec. 25-8-101 et seq.; the Colorado Underground and Aboveground Storage Tank law, C.R.S. Sec. 8-20.5-101 et seq.; the Colorado Air Quality Control Act, C.R.S. Sec. 25-7-101 et seq.; Colorado's Hazardous Materials Transportation Act, C.R.S. Sec. 43-6-101 et seq.; and all regulations promulgated under or which implement the foregoing laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

LESSOR:

TOWN OF ERIE, a Colorado municipal corporation

BY: 

Director of Public Works

LESSEE:

BY: 

CLINTON BEYERLE
PRINTED NAME

5410 BRIGGS AVE
STREET ADDRESS

LA PRESCENTA, PA 91214
CITY/STATE/ZIP

MAILING ADDRESS (IF DIFFERENT)

818-571-1233
TELEPHONE

TYPE A/C

N-NUMBER

EXHIBIT "C"
EXISTING AGREEMENTS

VAISALA

MAINTENANCE AGREEMENT AGREEMENT SUMMARY

Vaisala: Vaisala Inc. 194 South Taylor Ave. Louisville, CO 80027 Contact email: jerry.kirkpatrick@vaisala.com	Customer: Town of Erie 395 Airport Drive Erie, CO 80516 Contact email:
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Vaisala agrees to provide and Customer agrees to accept the indicated Services in accordance with this Maintenance Agreement which consists of this Summary and the Maintenance Agreement Terms and Conditions attached hereto.

The Effective Date of this Agreement is 01 October, 20 10.

The Initial Term of this Agreement is 1 year(s).

Services (check as applicable)	
☒	Preventive Maintenance and Scheduled Service
☒	Equipment Restoration
☐	Data Service

Equipment (check as applicable)	Manufacturer/Model
☐ VOR	
☐ DME	
☐ LOC	
☐ GS	
☒ AWOS	Vaisala
☐ RVR	
☐ RWIS	
☐ NDB	
☐ Control Tower	
☐ Markers	

Data Services (check as applicable)	
☐	AviMet Data Link
☐	NLDN Data - Service Size:
☐	GLD 360 - Service Size:

Fees		
Annual Fee	\$ 4,200.00	, billed \$1,050.00 per Quarter
Unplanned Outage Fee	\$ 1,500.00	per day (ex: lightning strike, bird strike)
Facility Visit Fee	\$ 1,500.00	per day (ex: Flight Checks)
Holiday Fee	\$ 500.00	per day additional
Cancellation/Delay Fee	\$ 500.00	per day

[illegible]

Additional Terms

Invoice Contact:

Name: **Town of Erie**

Address: 395 Airport Drive
Erie, CO 80516

Phone: 303 926 2870

Email:

Airport Contact:

Name: Jody Lambert

Address: 395 Airport Drive
Erie, CO 80516

Phone: 303 926 2882

Email: jodyl@eireco.gov

Vaisala Inc.

By: **Jerry Kirkpatrick**

Title: Sales Manager

Date:

Town of Erie

By:

Title: Director of Public Works

Date:

MAINTENANCE AGREEMENT TERMS AND CONDITIONS

1. **Term.** Unless earlier terminated as provided in this Agreement, this Agreement will commence on the Effective Date for the Initial Term. This Agreement shall thereafter be automatically renewed for successive one-year terms until either party delivers to the other written notice not less than one hundred eighty (180) days prior to the end of the then current term of such party's intent to terminate this Agreement as of the end of the then-current term. Customer agrees that Vaisala may increase each of the fees provided for in this Agreement by up to 3% upon each renewal of the term of this Agreement without additional notice to or the additional agreement of Customer.

2. Description of Equipment Services.

2.1. Preventive Maintenance consists of inspection, functional checks, adjustments, replacement of failed components and cleaning in accordance with the equipment manufacturer's published guidelines and requirements.

2.2. Scheduled Service consists of such periodic routine tests and adjustments as may be required by the equipment manufacturer and by the FAA for non-Federal facilities in accordance with 14 C.F.R. Part 171 and AC 150/5220-16C as they may be modified or superseded from time to time.

2.3. Equipment Restoration. In the event of an unplanned equipment failure or outage, Vaisala shall commence restoration work within one (1) business day after the outage is reported and complete restoration services in a reasonable prompt manner. Diagnosis may be performed remotely and render the system inoperable until which time replacement equipment/parts can arrive to Customer's site.

2.4. All services provided by Vaisala shall be performed by qualified field technicians and other personnel having all required certifications and licenses required by the FAA. Vaisala shall record test results in a station log and maintain the required 6000 series records, copies of which will be provided to the FAA as required.

3. Description of Data Services.

3.1. AviMet Data Link is an automated weather dissemination service for the distribution of Automated Weather Observation System ("AWOS") data to the FAA's Weather Message Switching Center Replacement ("WMSCR") System. Vaisala shall provide the AWOS observations to WMSCR in accordance with FAA specifications, every twenty (20) minutes twenty-four (24) hours per day, seven (7) days per week. Vaisala will activate service within one hundred twenty (120) days of receipt of the Effective Date.

3.2. NLDN Data Service- National Lightning Detection Network is a lightning detection service which provides flash and stroke lightning data measuring location, polarity, amplitude and multiplicity of cloud-to-ground lightning. Data service is provided (24) hours a day , (7) days per week, (365) days a year for the Service Size area shown on the Agreement Summary.

3.3. GLD360 Data Service is a service which provides real-time lightning data for accurate and early detection and tracking of severe weather. The data provided by GLD360 is generated by Vaisala owned and operated worldwide network. Data service is provided (24) hours a day , (7) days per week, (365) days a year for the Service Size area shown on the Agreement Summary.

4. Testing Equipment and Replacement Parts.

4.1. Customer shall at its own expense furnish, maintain and calibrate test equipment in accordance with FAA requirements.

4.2. Customer shall maintain at its own expense an inventory of replacement parts for the Equipment to be utilized by Vaisala when providing Services under this Agreement. In the event parts necessary for maintenance or restoration of the Equipment are not available in Customer's inventory, Vaisala will provide such part(s) and invoice Customer for the required part(s).

4.3. Vaisala and Customer agree that, as of the date of this Agreement, the lists of Customer Spare Parts and Customer Test Equipment is accurate and complete.

5. Customer Responsibilities.

5.1. Customer shall be responsible for monitoring the status of the systems following maintenance by Vaisala;

5.2. Customer shall be responsible for providing transportation and/or access for Vaisala personnel between the airport and the location of the Equipment;

5.3. Customer shall be responsible for providing security in and around the Equipment to be maintained under the Agreement;

5.4. Customer shall be responsible for any loss or damage to the Equipment for reasons other than the fault of Vaisala and for providing any insurance Customer may desire to cover any such loss or damage.;

5.5. Customer shall be responsible for the issuance of all NOTAMS (Notice to Airmen) relating to the status of the facilities to be maintained under this Agreement; and

5.6. Customer shall be responsible for maintaining the grounds and buildings associated with the NAVAIDS (Navigational Aids) and Equipment in good repair and in compliance with all FAA and all applicable laws.

6. Compensation. Customer shall pay Vaisala for providing the Services and for other work as follows:

6.1. Annual Fee. Except for the services provided below, Customer agrees to pay Vaisala the annual fee shown on the Agreement Summary for each year of the Initial Term and for each renewal term.

6.2. Restoration Services for Unplanned Outages. If restoration, repairs or other maintenance are required for an unplanned equipment failure or outage, Customer shall pay Vaisala the Unplanned Outage Fee shown on the Agreement Summary. The Unplanned Outage Fee is billed in half-day increments, portal to portal, plus travel costs and expenses.

6.3. Holidays. The following holidays are recognized by Vaisala staff: New Year's Eve, New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day, the day after Thanksgiving Day, Christmas Eve and Christmas Day. If an equipment failure or outage occurs on any holiday, Customer shall pay Vaisala the Holiday Fee shown on the Agreement Summary in addition to the Unplanned Outage Fee and any other charges due to Vaisala. The Unplanned Outage Fee is billed for each day or part thereof that services are required.

6.4. **Facility Visits.** At Customer's written request, Vaisala will attend facility visits as required by the FAA provided that these occur at a mutually agreeable time. Customer agrees to compensate Vaisala for facility visits at the Facility Visit Fee shown on the Agreement Summary. The Facility Visit Fee is billed in half-day increments portal to portal, plus travel costs and expenses.

6.5. **Cancellations or Delays.** If cancellations or excessive delays occur during the facility visits of Vaisala for the provision of the Services that are caused by Customer, Customer shall pay Vaisala the Cancellation/Delay Fee shown on the Agreement Summary. The Cancellation/Delay Fee is billed in half-day increments, portal to portal, plus travel costs and expenses.

7. Invoices and Past Due Accounts.

7.1. **Invoices.** Invoices will be sent via email to the Customer's Contact Email as shown on page 1 of this Agreement unless Vaisala is otherwise instructed in writing:

7.2. **Past Due Amounts.** Any sum due Vaisala under this Agreement which is not paid when due shall thereafter bear interest until paid at a rate of eighteen percent (18%) per annum, but in no event at a rate greater than that permitted under applicable law.

8. **Insurance.** Vaisala shall maintain aviation products and completion liability and general liability insurance during any terms of this Agreement. Vaisala shall also maintain workers compensation and unemployment insurance as required by law.

9. **Termination.** If either party should materially breach a material provision of this Agreement, the other party may terminate this Agreement upon thirty (30) calendar days' notice unless the breach is cured within such thirty (30) day notice period. In the event of the termination of this Agreement for any reason other than a material breach by Vaisala, Customer shall immediately pay Vaisala for all services provided by Vaisala up to the effective date of termination. Either party shall be entitled to terminate this Agreement immediately by notice in writing to the other party in the event that either party files for bankruptcy, has a petition for bankruptcy filed against it, becomes insolvent, or ceases to carry on business.

10. Indemnification.

10.1. **By Vaisala.** Unless resulting from the negligent, willful or intentional acts or omissions of Customer or its agents, Vaisala agrees to indemnify and defend hold Customer, its officers, directors, employees and agents (collectively, the "Customer Parties") and hold each of them harmless from and against any claims, actions, damages, losses, liabilities, costs and expenses, including but not limited to, attorneys' fees and litigation costs (collectively, the "Losses"), to which any Customer Party becomes subject to the extent that such Losses arise out of or are based upon any breach by Vaisala of any of its obligations, representations, warranties, or covenants under this Agreement. Vaisala's obligations to indemnify, defend and hold harmless will survive the termination of this Agreement for a period of one (1) year from the date of termination. Customer agrees to notify Vaisala within five (5) business days after it has received written notification of such Loss.

10.2. **By Customer.** Unless resulting from the negligent, willful or intentional of Vaisala or its agents, Customer agrees to indemnify and defend hold Vaisala, its officers, directors, employees and agents (collectively, the "Vaisala Parties") and hold each of them harmless form and against any Losses to which any Vaisala Party becomes subject to the extent

that such Losses arise out of or are based upon any breach by Vaisala of any of its obligations, representations, warranties, or covenants under this Agreement. Customer's obligations to indemnify, defend and hold harmless will survive the termination of this Agreement for a period of one (1) year from the date of termination. Vaisala agrees to notify Customer within five (5) business days after it has received written notification of such Loss.

11. **Disclaimer of Warranties.** THIS IS A SERVICE AGREEMENT. EXCEPT AS EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, VAISALA'S SERVICES UNDER THIS AGREEMENT ARE PROVIDED "AS IS." TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, VAISALA MAKES NO WARRANTIES AND EXPLICITLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

12. **Limitation of Liability.** TO THE MAXIMUM EXTENT PERMITTED BY LAW, NEITHER VAISALA NOR ANY OF ITS EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS OR AGENTS SHALL BE LIABLE IN CONTRACT, WARRANTY, TORT OR OTHERWISE, FOR ANY LOSS OF GOODWILL, FOR PUNITIVE DAMAGES, OR FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSS OR EXPENSE, WHETHER FORSEEABLE OR UNFORSEEABLE. IN NO EVENT SHALL VAISALA'S LIABILITY EXCEED THE AMOUNTS ACTUALLY PAID BY CUSTOMER TO VAISALA FOR THE SERVICES OUT OF WHICH THE LIABILITY ARISES.

13. **Force Majeure; Other Acts.** Vaisala shall not be responsible for damages or delay in performance caused by acts of God, power outages, lightening, flood, windstorm, rain, snow, strikes, lockouts, accidents and other events beyond the control of Vaisala (each a "Force Majeure Event") provided that Vaisala is without fault in causing or failing to prevent such occurrence. In addition, Vaisala is not responsible for damage due to vandalism or tampering by unauthorized individuals or for any design, engineering, installation or manufacturing defects.

14. **Notices.** The parties must submit any notice, demand, consent or other communication required or provided under this Agreement in writing and address or delivered to the address identified on page 1 of this Agreement unless a party notifies the other party in writing of a change of such address. Notice will be deemed received: (i) upon delivery, when personally delivered; (ii) upon receipt, when sent via registered or certified mail; (iii) the next business day, when sent via overnight courier, and (iv) upon sender's receipt of an electronic receipt or acknowledgment, when sent via email.

15. **Miscellaneous.**

15.1. **Compliance with Laws.** Vaisala, its employees and agents shall comply with all applicable rules and regulations applicable to the airport at which Vaisala is providing the Services.

15.2. **Relationship of the Parties.** Vaisala is acting as an independent contractor providing services to Customer. Nothing contained in this Agreement will be interpreted or construed to characterize the relationship between Vaisala and Customer as a joint venture or partnership for any purpose. Nothing contained in this Agreement shall create a fiduciary duty between the parties.

15.3. Enforceability. A party's failure to insist upon strict performance of any term of this Agreement or to exercise any right under this Agreement will not be construed as a waiver or relinquishment of that right or of the party's right to assert or rely upon the terms and conditions of this Agreement.

15.4. Assignment. Neither party shall have any right or ability to assign or transfer any obligations or benefit under this Agreement without the written consent of the other party, which consent shall not be unreasonably withheld or delayed, except that a party may assign or transfer any rights to receive payments hereunder without the consent of the other party.

15.5. Amendment; Waiver. An amendment or waiver of any term of this Agreement will not be effective unless agreed in writing and properly signed by both parties.

15.6. Severability. If any terms of this Agreement are determined to be invalid or inoperative, this Agreement will be construed as though the invalid or inoperative provisions were deleted. The parties' rights and obligations will be construed and enforced to reflect the parties' original intent to the extent possible.

15.7. Complete Agreement. This Agreement, including the exhibits and attachments, constitutes the complete agreement between the parties and supersedes all prior or contemporaneous agreements or understandings with respect to the subject matter. This Agreement will take precedence with respect to any inconsistency or conflict between this Agreement and an exhibit, attachment or purchase order. No course of dealing, usage of trade or course of performance will be construed to supplement, amend or construe any term, condition or instruction of this Agreement.

15.8. Counterparts. This Agreement may be executed in counterparts each of which will be considered an original, but all of which will constitute one and the same agreement. The signature of any party to a counterpart will be deemed a signature to the Agreement and may be appended to any other counterpart. Facsimile transmission of an executed signature page will be sufficient to bind the executing party.

15.9. Headings. Headings of the sections and paragraphs are inserted for convenience and will not affect the interpretation or construction of this Agreement.

15.10. Choice of Law. This Agreement is governed by the laws of the state of Colorado without regard to its conflicts of law provisions. COMPANY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY LITIGATION ARISING FROM OR RELATED TO THIS AGREEMENT.

15.11. Prevailing Party. The prevailing party in any dispute and/or legal action brought hereunder shall be entitled to recover all out-of-pocket costs and expenses (including, but not limited to, court costs and reasonable attorneys' fees) incurred as a result thereof.

15.12. Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto. This Agreement is not intended to and shall not be construed to give any person or entity, other than the parties hereto, any interest, rights or remedies (including, without limitation, any third party beneficiary rights) in connection with this Agreement.

ORDINANCE NO. 34- 2010

Series of 2010

AN ORDINANCE OF THE TOWN OF ERIE, COLORADO, AMENDING TITLE 2, "REVENUE AND FINANCE," CHAPTER 10, "FEE SCHEDULE," SECTION 4, "PUBLIC WORKS FEES" OF THE ERIE MUNICIPAL CODE; AMENDING T-HANGAR SPACE RENTAL FEES AND THROUGH-THE-FENCE FEES; AND, SETTING FORTH DETAILS IN RELATION THERETO.

WHEREAS, the Board of Trustees of the Town of Erie, Colorado, wishes to amend Title 2, "Revenue and Finance," Chapter 10, "Fee Schedule," Section 4, "Public Works Fees," of the Erie Municipal Code to amend and increase the T-Hangar space rental fee and the Commercial and Residential Through-the-Fence fees; and,

WHEREAS, the Board of Trustees of the Town of Erie, Colorado has found and determined and does hereby find and determine that it is in the best interest of the Town of Erie to amend Title 2, "Revenue and Finance," Chapter 10, "Fee Schedule," Section 4, "Public Works Fees," of the Erie Municipal Code to amend and increase the T-Hangar space rental fee and the Commercial and Residential Through-the-Fence fees, that the increase in such fees is necessary for the on-going viability of the Airport, and that such a fee increase is necessary to the immediate preservation of the public property, health, safety, and welfare of the Town and for the financial well being of the Town.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF ERIE, COLORADO, AS FOLLOWS:

Section 1. That Title 2, "Revenue and Finance," Chapter 10 "Fee Schedule," Section 4, "Public Works Fees," of the Erie Municipal Code shall be and hereby is amended to increase the T-Hangar space rental fee and the Commercial and Residential Through-the-Fence fees, to read as follows:

2-10-4: PUBLIC WORKS FEES:

T-hangar space rental	50.00 monthly
Airport through-the-fence fee	
Residential	600.00 yearly
Commercial	0.25 per square foot yearly (minimum \$600.00 yearly)

Section 2. Severance Clause. If any part, section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining sections of the ordinance. The Town Board hereby declares that it would have passed the ordinance including each part, section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more parts, sections,

subsections, sentence, clauses or phrases be declared invalid..

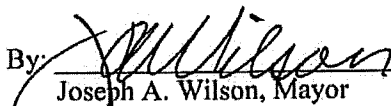
Section 3. Repeal. All ordinances or resolutions, or parts thereof, in conflict with this ordinance are hereby repealed, provided that such repeal shall not repeal the repeal clauses of such ordinance nor revive any ordinance thereby.

Section 4. Effective Date. This ordinance shall take effect thirty (30) days after publication following final passage.

INTRODUCED, PASSED, ADOPTED AND ORDER PUBLISHED IN FULL BY THE BOARD OF TRUSTEES OF THE TOWN OF ERIE THIS 14TH DAY OF DECEMBER, 2010.

PUBLISHED IN FULL on the 22nd day of December, 2010.

TOWN OF ERIE, COLORADO,
a Colorado municipal corporation

By: 
Joseph A. Wilson, Mayor

ATTEST:

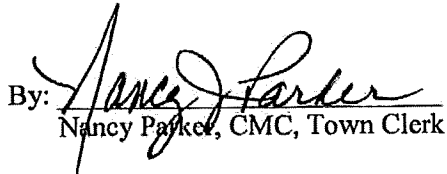
By: 
Nancy Parker, CMC, Town Clerk



EXHIBIT "D"
EXISTING EQUIPMENT AND ROLLING STOCK

One (1) 1995 Dodge Pickup, having a Vehicle Identification Number of 1B7MF3658SS288331, with attached front end snowplow.

EXHIBIT "E"
OPERATOR AUTHORITY AND OBLIGATIONS

MAINTENANCE

1. Runway, taxiway, intersection and threshold, sign repair, bulb replacement.
2. Weed control, documents and reports to department of agriculture.
3. Mow and edge all grass areas.
4. Maintain all landscaping.
5. Maintain all irrigation systems.
6. Fence repairs.
7. Maintenance and repair of vehicle entrances.
8. Maintenance and repair of gates.
9. Maintain all signage.
10. Keep all areas clean of debris and litter.
11. Enforce all airport rules and regulations, and propose new Airport rules and regulations which Operator believes would promote safety or efficiency.
12. Maintain all concrete and asphalt surfaces.
13. Take care of all aspects of storm water monitoring.
14. File reports and documents for spraying weeds and applying pesticides.
15. Keep daily records of aircraft on field for filing, billing, and security reasons.
16. Runway Inspection - daily reporting, as required.
17. Maintenance for runway and taxi system regulators, relays, transmitters for pilot-controlled lighting.

GENERAL

1. Develop annual operating budgets for Town approval.
2. Account for all income and expenses associated with the Airport.
3. Hire, oversee and manage all vendors for the Airport.
4. Purchase all materials and equipment for use at the Airport.

5. Hire, oversee and manage all technical service providers for the Airport (architect, engineers, contractors, etc).
6. Manage Airport personnel.
7. Market the Airport to potential tenants. Provide detailed marketing plan for the Airport.
8. Manage the leasing program for all facilities at the Airport.
9. Undertake property management and payment of maintenance, insurance, taxes and utilities associated with the Airport.
10. Provide NOTAMS and monitor Airport radio.
11. Keep daily safety reports and periodic inspections.
12. Mow grass and control weeds on the Airport property.
13. Control wildlife.
14. Plow and clear snow from runways, taxiways, gate entrance area, parking areas and around the FBO building.
15. Sell fuel, maintain and inspect the fuel system.
16. Comply with all FAA grant assurances.
17. Manage ramps and manage, operate, maintain, repair & replace worn or broken aircraft tie-down areas, cables and fasteners.
18. Repair and replace signage and light bulbs on the runway and maintain and repair the lighting system.
19. Provide inspection and maintenance of PAPI and AWOS system.
20. Calibrate PAPI and AWOS. AWOS – Inspection Maintenance and Repairs for the automated weather system
21. Maintain a wind sock.
22. Coordinate with utilities (i.e., Xcel, Comcast, and Town of Erie Water and Sewer).
23. Prepare yearly storm water permit and required inspections.
24. Track base aircraft.

25. Maintain landscaping, irrigation systems, fencing and parking lots.
26. Maintain and repair automatic gate and card-key system for vehicle entrances, as well as push-button and walk-in gates.
27. Coordinate and enforce all agreements including subleases and through-the-fence agreements.
28. Enforce all EIK rules, regulations and minimum standards.
29. Maintain FAA certification to the extent FAA airport certification rules apply to the Airport at any time.
30. Develop emergency plans that shall include the coordination of Police and Fire as well as other off-Airport resources that may be required in the event of an emergency on the Airport.
31. Bill for and collect all Through the Fence Fees.
32. Perform 6 year CIP Planning (coordinating with the CDOT Dept of Aeronautics and presenting to Town board of Trustees)
33. Grant Applications and Planning (CDOT Dept of Aeronautics and FAA)
34. Consultant Management
35. Process Grants
36. Create Board of Trustees Memos and Presentations to Board of Trustees regarding the Airport
37. Attend Monthly FBO meetings
38. Attend AWG Meetings
39. Correspondence with FAA and CDOT Dept of Aeronautics
40. AWOS Contracts/Evaluating AWOS Maintenance Proposals
41. Development Review
42. Coordinating Vector Control
43. Miscellaneous Questions/Task as directed by the Town Board of Trustees and Airport Users

44. Administrator CDOT Dept of Aeronautics Yearly Inspections
45. Order parts and equipment necessary such as light bulbs, etc.
46. Coordinating repairs to such items as the PAPIs, the REILs, etc.
47. Project Management (includes meetings with airport users, board memos and presentations, processing design contracts, FAA Independent Fee Analysis, Fee Reviews, consultant management, Design Meeting, Plan Review, Pre Bid Meeting and preparation, Bid Opening, Construction Contract processing, Preconstruction Meeting, Construction Meetings, processing pay estimates and change orders, participating in final walk through and developing punch list items, and project closeout with the FAA and CDOT Dept of Aeronautics)
48. Check fuel tanks at Airport - Pull Large lids (3) & Small lids (3) to see if any water is present.
49. Underground fuel tank inspection- state requirement. Monthly inspections and yearly inspections. Yearend report
50. Storm water inspections for Water Quality, State requirement Monthly inspection and yearend report
51. Sweeping - Airport and surrounding area
52. Terminal Building, Building Maintenance - Water, Plumbing and other repairs as needed
53. Annual walk through at airport site with insurance provider.
54. Meet with Town Staff at regularly scheduled meetings.
55. Comply with TSA regulations and requirements.
56. Create, host and maintain an independent website for the Airport.
57. Periodic testing and certification of the Fuel Tanks and Fuel Farm which may be required by any governmental agency or as a condition to insurance

EXHIBIT "F"
FAA GRANT ASSURANCES

ASSURANCES
Airport Sponsors

A. General.

1. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
2. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
3. Upon acceptance of this grant offer by the sponsor, these assurances are incorporated in and become part of this grant agreement.

B. Duration and Applicability.

1. **Airport Development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.** The terms, conditions and assurances of the grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with Federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.
2. **Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.** The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.
3. **Airport Planning Undertaken by a Sponsor.** Unless otherwise specified in the grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 30, 32, 33, and 34 in section C apply to planning projects. The terms, conditions, and assurances of the grant agreement shall remain in full force and effect during the life of the project.

- C. Sponsor Certification.** The sponsor hereby assures and certifies, with respect to this grant that:

RESOLUTION NO. 11-144
Series of 2011

A RESOLUTION AUTHORIZING THE TOWN OF ERIE, COLORADO, TO ENTER INTO THE FIRST AMENDMENT OF THE AIRPORT MANAGEMENT AND OPERATING AGREEMENT WITH VECTOR AIRCRAFT SERVICES, LLC; AUTHORIZING AND DIRECTING THE APPROPRIATE TOWN OFFICERS TO SIGN SAID FIRST AMENDMENT; AND, SETTING FORTH DETAILS IN RELATION THERETO.

WHEREAS, the Town of Erie, Colorado and Vector Aircraft Services, LLC ("Vector") entered into a Management and Operating Agreement for the Erie Municipal Airport effective July 1, 2011 (the "Original Agreement"); and,

WHEREAS, the Town and Vector now desire to amend the Original Agreement by entering into a First Amendment of the Management and Operating Agreement ("First Amendment"); and,

WHEREAS, the Board of Trustees of the Town of Erie believes it is in the best interest of the Town to enter into such a First Amendment.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF ERIE, COLORADO, AS FOLLOWS:

Section 1. That the First Amendment between the Town of Erie and Vector, a copy of which is attached hereto and incorporated herein by reference, is found to be a reasonable and acceptable amendment to the Original Agreement for the management and operation of the Erie Municipal Airport.

Section 2. That the Town of Erie be and is hereby authorized and directed to enter into the First Amendment between the Town of Erie and Vector, and the appropriate Town officers are hereby authorized and directed to sign and bind the Town of Erie to said First Amendment.

Section 3. That entering into the First Amendment between the Town of Erie and Vector is found to be in the best interest of the Town of Erie, and necessary for the preservation of the public health and safety.

ADOPTED AND APPROVED THIS 13TH DAY OF DECEMBER, 2011, BY THE BOARD OF TRUSTEES OF THE TOWN OF ERIE, COLORADO.

TOWN OF ERIE,
a Colorado municipal corporation

By: _____

Joseph A. Wilson, Mayor

ATTEST:

By: _____

Nancy J. Parker, CMC, Town Clerk



**FIRST AMENDMENT
TO
MANAGEMENT AND OPERATING AGREEMENT**

THIS FIRST AMENDMENT TO MANAGEMENT AND OPERATING AGREEMENT, hereinafter referred to as the "First Amendment," is made and entered into this 13th day of December, 2011, (the "Effective Date"), by and between the **TOWN OF ERIE, COLORADO, a Colorado municipal corporation**, ("Town"), whose address is P.O. Box 750, Erie, Colorado 80516, and **VECTOR AIR MANAGEMENT, LLC, a Colorado limited liability company**, ("Operator"), whose address is 395 Airport Drive, Erie, Colorado 80516.

WHEREAS, Town and Operator entered into a Management and Operating Agreement, effective July 1, 2011, hereinafter referred to as the "Original Agreement;"

WHEREAS, Town and Operator desire to amend certain provisions of the Original Agreement addressing the 9/27 Runway and the regular meetings between the Town and Operator; and,

WHEREAS, Town and Operator desire to enter into this First Amendment in order to set forth herein below the terms of the amendment to the Original Agreement.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter contained, and those contained within the Original Agreement, the parties hereto agree as follows:

1. Terms and words used herein shall have the same definition and meaning as those terms and words set forth and defined in the Original Agreement unless specifically stated otherwise herein.

2. Section 8, "Town and Operator Responsibilities," of the Original Agreement shall be amended to delete Sub-paragraph 8.2.12, "Meet with Town Staff," in its entirety, and to replace it with a new Sub-paragraph 8.2.12 to read as follows:

8.2.12 Meet with Town Staff. Operator and Town Staff shall establish a regular meeting schedule, which meetings shall be held no less frequently than once a month. Among other business, at such meetings Operator shall present for review and discussion a written list with a short narrative explanation of maintenance, repair, construction, and/or demolition work which Operator anticipates being conducted at the Airport in the following thirty (30) days.

3. A new Section 27.0, "Runway 9/27," shall be added to the Original Agreement to read as follows:

27.0 RUNWAY 9/27

Operator shall not perform or authorize any Capital Improvement, maintenance, repair, construction, demolition, upkeep, snow removal or work of any kind on Runway 9/27 without first obtaining the approval of the Town's Board of Trustees authorizing such work or action. The only exceptions to this requirement shall be that Operator may eradicate weeds and mow grass on Runway 9/27, and may remove snow and FOD from the portions of Runway 9/27 used as taxi-way without first obtaining such approval and authorization.

4. In the event of any conflict, inconsistency or incongruity between the provisions of this First Amendment and any of the provisions of the Original Agreement, the provisions of this First Amendment shall in all respects govern and control.

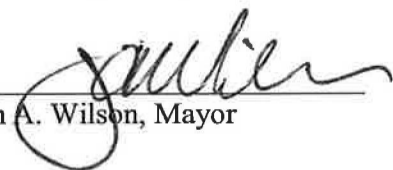
5. Except as specifically amended herein, all other terms and conditions of the Original Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment on the day and year first above written.

TOWN:

TOWN OF ERIE, COLORADO,

a Colorado municipal corporation

By: 
Joseph A. Wilson, Mayor

ATTEST:

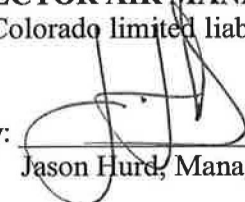
By: 
Nancy Parker, Town Clerk



OPERATOR:

VECTOR AIR MANAGEMENT, LLC,

a Colorado limited liability company

By: 
Jason Hurd, Manager and Member

**SECOND AMENDMENT
TO
MANAGEMENT AND OPERATING AGREEMENT**

THIS SECOND AMENDMENT TO MANAGEMENT AND OPERATING AGREEMENT, hereinafter referred to as the “Second Amendment,” is made and entered into this ____ day of _____, 2016, (the “Effective Date”), by and between the **TOWN OF ERIE, COLORADO, a Colorado municipal corporation**, (“Town”), whose address is P.O. Box 750, Erie, Colorado 80516, and **VECTOR AIR MANAGEMENT, LLC, a Colorado limited liability company**, (“Operator”), whose address is 395 Airport Drive, Erie, Colorado 80516.

WHEREAS, Town and Operator entered into a Management and Operating Agreement, effective July 1, 2011, hereinafter referred to as the “Original Agreement;”

WHEREAS, Town and Operator entered into a First Amendment to Management and Operating Agreement, effective December 13, 2011, hereinafter referred to as the “First Amendment.” The Original Agreement and the First Amendment are herein together referred to as the “Amended Agreement;”

WHEREAS, Town and Operator desire to amend certain provisions of the Amended Agreement by extending the Term for one (1) additional year, increasing the Operator Payments and terminating the Option to Renew; and,

WHEREAS, Town and Operator desire to enter into this Second Amendment in order to set forth herein below the terms of the amendment to the Amended Agreement.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter contained, and those contained within the Amended Agreement, the parties hereto agree as follows:

1. Terms and words used herein shall have the same definition and meaning as those terms and words set forth and defined in the Amended Agreement unless specifically stated otherwise herein.

2. Section 2, “Term,” of the Amended Agreement shall be deleted in its entirety, and replaced with a new Section 2 to read as follows:

2.0 TERM

2.1 Term. The term of this Operating Agreement (“Term”) shall be for a period of one (1) year. The Term shall commence on January 1, 2017 (“Agreement Commencement Date”). The Operating Agreement shall expire on December 31, 2017 (“Agreement Expiration Date”), unless sooner terminated pursuant to the terms of this Operating Agreement.

- 2.2 Holdover. Upon expiration or sooner termination of this Operating Agreement, Operator shall surrender the Airport Movement Areas and Airfield Improvements to Town in as good, safe, and clean condition as practicable, reasonable wear and tear and acts of God excepted. The Operating Agreement shall terminate without further notice at the expiration of the Term. Any holding over by Operator after expiration shall not constitute a renewal or extension, or give Operator any rights in or to the Airport Movement Areas, except as expressly provided in this Operating Agreement.

3. Paragraphs 4.2.1, “Fuel Flowage Fee,” and 4.2.2, “Monthly Fee,” of the Amended Agreement shall be deleted in their entirety, and replaced with new Paragraphs 4.2.1 and 4.2.2 to read as follows:

- 4.2.1 Fuel Flowage Fee. Operator shall pay monthly to Town a fuel flowage fee per gallon of fuel for all gallons sold by Operator at the Airport. The Fuel Flowage Fee for the Term shall be seven cents (\$0.07) per sold gallon of fuel.
- 4.2.2 Monthly Fee. Operator shall pay to Town a monthly fee of three thousand three hundred and 33/100s dollars (\$3,333.33) during the Term of the Operating Agreement (“Monthly Fee”). Said Monthly Fee shall be paid on the first day of each and every month during the Term of the Operating Agreement, and shall be payable to Town at the address as set forth in the Notice provision in Paragraph 18.1.1.

4. Section 22, “Option to Renew,” of the Amended Agreement shall be deleted in its entirety. There shall be no Option to Renew.

5. In the event of any conflict, inconsistency or incongruity between the provisions of this Second Amendment and any of the provisions of the Amended Agreement, the provisions of this Second Amendment shall in all respects govern and control.

6. Except as specifically amended herein, all other terms and conditions of the Amended Agreement shall remain in full force and effect.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment on the day and year first above written.

TOWN:
TOWN OF ERIE, COLORADO,
a Colorado municipal corporation

By: _____
Tina Harris, Mayor

ATTEST:

By: _____
Nancy Parker, Town Clerk

OPERATOR:
VECTOR AIR MANAGEMENT, LLC,
a Colorado limited liability company

By: _____
Jason Hurd, Manager and Member

10/27/16

**THIRD AMENDMENT
TO
MANAGEMENT AND OPERATING AGREEMENT**

THIS THIRD AMENDMENT TO MANAGEMENT AND OPERATING AGREEMENT, hereinafter referred to as the "Third Amendment," is made and entered into this 24th day of October, 2017, (the "Effective Date"), by and between the **TOWN OF ERIE, COLORADO, a Colorado municipal corporation**, ("Town"), whose address is P.O. Box 750, Erie, Colorado 80516, and **VECTOR AIR MANAGEMENT, LLC, a Colorado limited liability company**, ("Operator"), whose address is 395 Airport Drive, Erie, Colorado 80516.

WHEREAS, Town and Operator entered into a Management and Operating Agreement, effective July 1, 2011, hereinafter referred to as the "Original Agreement;"

WHEREAS, Town and Operator entered into a First Amendment to Management and Operating Agreement, effective December 13, 2011, hereinafter referred to as the "First Amendment." The Original Agreement and the First Amendment are herein together referred to as the "Amended Agreement;"

WHEREAS, Town and Operator entered into a Second Amendment to Management and Operating Agreement, effective December 1, 2016, hereinafter referred to as the "Second Amendment." The Original Agreement, the First Amendment and the Second Amendment are herein after together referred to as the "Amended Agreement;"

WHEREAS, Town and Operator desire to amend certain provisions of the Amended Agreement; and,

WHEREAS, Town and Operator desire to enter into this Third Amendment in order to set forth herein below the terms of the amendment to the Amended Agreement.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter contained, and those contained within the Amended Agreement, the parties hereto agree as follows:

1. Terms and words used herein shall have the same definition and meaning as those terms and words set forth and defined in the Amended Agreement unless specifically stated otherwise herein.
2. Section 2, "Term," of the Amended Agreement shall be deleted in its entirety, and replaced with a new Section 2 to read as follows:

2.0 TERM

2.1 Term. The term of this Operating Agreement ("Term") shall be for a period of five (5) years. The Term shall commence on January 1, 2018 ("Agreement Commencement Date"). The Operating Agreement shall expire on December 31, 2022 ("Agreement Expiration Date"), unless sooner terminated pursuant to the terms of this Operating Agreement.

2.2 Holdover. Upon expiration or sooner termination of this Operating Agreement, Operator shall surrender the Airport Movement Areas and Airfield Improvements to Town in as good, safe, and clean condition as practicable, reasonable wear and tear and acts of God excepted. The Operating Agreement shall terminate without further notice at the expiration of the Term. Any holding over by Operator after expiration shall not constitute a renewal or extension, or give Operator any rights in or to the Airport Movement Areas, except as expressly provided in this Operating Agreement.

3. Paragraph 4.2.2, "Monthly Fee," of the Amended Agreement shall be deleted in its entirety, and replaced with a new Paragraph 4.2.2 to read as follows:

4.2.2 Monthly Fee. Operator shall pay to Town a monthly fee of three thousand three hundred thirty-five and no/100s dollars (\$3,335.00) during the Term of the Operating Agreement ("Monthly Fee"). Said Monthly Fee shall be paid on the first day of each and every month during the Term of the Operating Agreement, and shall be payable to Town at the address as set forth in the Notice provision in Paragraph 18.1.1.

4. Paragraph 4.4, "Airport Operating Expenses," of the Amended Agreement shall be deleted in its entirety, and replaced with a new Paragraph 4.4 to read as follows:

4.4 Airport Operating Expenses. The Parties hereto acknowledge that it is their intent that all routine costs associated with the operation, management and/or maintenance of the Airport and the Airport Movement Areas and/or Airfield Improvements, including but not limited to taxes, insurance, and maintenance costs, are entirely the Operator's obligation, whether directly or as delegated to a third party.

As used in this Operating Agreement, the term "Operating Expenses" shall mean all reasonable and necessary operating and other costs incurred or expended by Operator in connection with or in any manner relating to the operation of the Airport, as well as all reasonable and necessary expenses incurred in connection with the operation, management and maintenance of the Airport Movement Areas, including (without limitation) the use, operation, repair and maintenance thereof. Operating Expenses shall specifically exclude the payments due hereunder as required by Paragraphs 4.2.1, 4.2.2, 4.2.3, and 4.2.5.

Without limiting the foregoing, "Operating Expenses" shall be reasonable and as required and customary for airports in the metropolitan Denver area of similar size and usage, and shall be deemed to generally include the following expenses, which shall be calculated in accordance with Generally Accepted Accounting Principles ("GAAP"): (i) the cost of all operating equipment, operating supplies, inventories, wages, salaries and employee fringe benefits, advertising and promotional expenses, the cost of personnel training programs, utility and energy costs, operating licenses and permits, security costs, and grounds and landscaping maintenance costs; (ii) all expenditures made for maintenance and repairs to keep the Airport and the Airport Movement Areas in good condition and repair; (iii) premiums and charges on all insurance coverages specified in Section 9.0 of this Operating Agreement; (iv) all impositions and other property taxes and assessments levied on or attributable to the Airport and the Airport Movement Areas; (v) audit, legal and other professional or special fees reasonably and necessarily incurred in the management and operation of the Airport and the Airport Movement Areas; and, (vi) rentals payable under equipment leases of any fixtures, furnishings and equipment. Operating Expenses shall not include payments of services made to affiliates of Operator that are not commercially reasonable, or Debt Service or Capital Expenditures as such terms are defined in GAAP. Operating Expenses exclude any expenses currently incurred by the Operator for its existing business activities at the Airport which pre-date this Operating Agreement.

For purposes of this paragraph, the failure of equipment or airport assets which cannot be repaired or replaced for less than a combined total for all repairs within a calendar year of \$5,000 will be deemed to be an extraordinary cost for which the Operator shall not be responsible, except for any failure that was the result of Operator's failure to perform its duties under this Operating Agreement. Airport equipment and assets include but are not limited to Runway and Airport lighting components and regulators, Aviation 100LL and Jet A fuel tanks and pumping systems, town owned snow removal and mowing equipment, Airport Automated Weather Observation System (AWOS), runway and taxiway markings, airport fencing, gates and signage, Airport Terminal FBO building, and airport surfaces, including runways, ramps, and taxiways.

Routine maintenance to airport equipment or airport assets are the responsibility of the operator. Examples of routine maintenance include but are not limited to Runway and Airport lighting system bulbs, globes and frangible base replacements, Aviation 100LL and Jet A fuel system filters and hoses, town owned snow removal and mowing equipment oil, filter and fluid changes, required tri-annual inspections of the Airport Automated Weather Observation System (AWOS) and replacement of backup power source batteries, minor repairs to airport fencing, gates and signage, Airport Terminal FBO building lighting, replacement of windsock and windsock lighting.

5. Paragraph 8.1.2, "Existing Equipment and Rolling Stock," of the Amended Agreement shall be deleted in its entirety, and replaced with a new Paragraph 8.1.2 to read as follows:

8.1.2 Equipment and Rolling Stock. Town shall provide Operator with the equipment and rolling stock, if any, to be furnished by Town as described in Exhibit "D" (Equipment and Rolling Stock), which is attached and incorporated by this reference.

6. Exhibit "D," "Existing Equipment and Rolling Stock," of the Amended Agreement shall be deleted in its entirety and replaced with a new Exhibit "D," "Equipment and Rolling Stock," as set forth in Attachment 1, attached hereto and incorporated herein by this reference.

7. Exhibit "E," "Operator Authority and Obligations," of the Amended Agreement shall be deleted in its entirety and replaced with a new Exhibit "E," "Operator Authority and Obligations," as set forth in Attachment 2, attached hereto and incorporated herein by this reference.

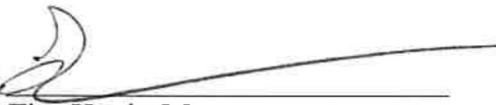
8. In the event of any conflict, inconsistency or incongruity between the provisions of this Third Amendment and any of the provisions of the Amended Agreement, the provisions of this Third Amendment shall in all respects govern and control.

9. Except as specifically amended herein, all other terms and conditions of the Amended Agreement shall remain in full force and effect.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment on the day and year first above written.

TOWN:
TOWN OF ERIE, COLORADO,
a Colorado municipal corporation

By: 
Tina Harris, Mayor



ATTEST:

By: 
Nancy Parker, Town Clerk

OPERATOR:
VECTOR AIR MANAGEMENT, LLC,
a Colorado limited liability company

By: 
Jason Hurd, Manager and Member

10/13/17

ATTACHMENT 1

EXHIBIT "D"

EQUIPMENT AND ROLLING STOCK

One (1) Volvo L90H Wheel Loader, having a Vehicle Identification Number of VCE0L90HL0S623472 with the following attachments:

- 1ea. Bucket attachment
- 1ea. Gjerstad 20 foot snow plow attachment
- 1ea. Forklift attachment

One (1) Kubota L6060HSTC Tractor s/n 42463 with the following attachments:

- 1ea. Kubota L4477 Sweeper attachment
- 1ea. Kubota L2184 Snow Plow Blade
- 1ea. Land Pride RC2515 Mower Deck
- 1ea. Land Pride RC2596 Mower Deck

ATTACHMENT 2

EXHIBIT "E"

OPERATOR AUTHORITY AND OBLIGATIONS

MAINTENANCE

1. Runway, taxiway, intersection and threshold, sign repair, bulb replacement.
2. Mow and edge all grass areas and control weeds on Airport property.
3. Maintenance and repair of vehicle entrances.
4. Maintenance and repair of gates.
5. Maintain all signage.
6. Keep all areas clean of debris and litter.
7. Enforce all airport rules and regulations, and propose new Airport rules and regulations which Operator believes would promote safety or efficiency.
8. Coordinate with the Town regarding maintenance of all concrete and asphalt surfaces.
9. Take care of all aspects of storm water monitoring for Water Quality, including yearly permitting, State required monthly inspections and yearly reporting.
10. File reports and documents for spraying weeds and applying pesticides.
11. Runway Inspection - daily reporting, as required.
12. Maintenance for runway and taxi system regulators, relays, transmitters for pilot-controlled lighting.

GENERAL

1. Assist the Town in developing annual Airport operating budgets for Town approval.
2. Account for all income and expenses associated with the Airport.
3. Hire, oversee and manage all vendors for the Airport.
4. Coordinate with the Town to purchase all materials and equipment for use at the Airport.
5. Hire, oversee and manage all technical service providers for the Airport (architect, engineers, contractors, etc).
6. Manage Airport personnel.

7. Market new and future hangar development and Airport improvements to potential tenants.
8. Manage the leasing program for all facilities at the Airport.
9. Undertake property management and payment of maintenance, insurance, taxes and utilities associated with the Airport.
10. Provide NOTAMS and monitor Airport radio.
11. Keep daily safety reports and periodic inspections.
12. Oversee wildlife management at the Airport.
13. Plow and clear snow from runways, taxiways, gate entrance area, parking areas and around the FBO building.
14. Sell fuel, maintain and inspect the fuel system.
15. Comply with all FAA grant assurances.
16. Manage ramps and manage, operate, maintain, repair & replace worn or broken aircraft tie-down areas, cables and fasteners.
17. Repair and replace signage and light bulbs on the runway and maintain and repair the lighting system.
18. Provide inspection, maintenance, repair, and calibration of the PAPI, AWOS and REIL systems.
19. Develop emergency plans that shall include coordination with the Town Police Department and the Mountain View Fire Protection District, and other off-Airport resources, as may be required to address any incident or emergency at the Airport.
20. Maintain a wind sock.
21. Coordinate with utilities (i.e., Xcel, Comcast, and Town of Erie Water and Sewer).
22. To the extent possible in compliance with FAA database requirements, keep records of aircraft on field for filing, billing and security reasons on a regular basis
23. Maintain landscaping, irrigation systems, fencing and parking lots.

24. Coordinate and enforce all agreements including subleases and through-the-fence agreements.
25. Enforce all EIK rules, regulations and minimum standards.
26. Maintain FAA certification to the extent FAA airport certification rules apply to the Airport at any time.
27. Bill for and collect all Through the Fence Fees.
28. Perform 6 year CIP Planning (coordinating with the CDOT Dept of Aeronautics and presenting to Town board of Trustees)
29. Grant Applications and Planning (CDOT Dept of Aeronautics and FAA)
30. Consultant Management
31. Coordinate with the Town to process Grants
32. Create Board of Trustees Memos and Presentations to Board of Trustees regarding the Airport
33. Attend Monthly meetings with Town staff as required by Paragraph 8.2.12 of the Amended Agreement
34. Correspondence with FAA and CDOT Dept of Aeronautics
35. AWOS Contracts/Evaluating AWOS Maintenance Proposals
36. Development Review
37. Coordinating Vector Control
38. Address miscellaneous Questions/Task as directed by the Town Board of Trustees and Airport Users
39. Coordinate CDOT Dept of Aeronautics Yearly Inspections
40. Order parts and equipment necessary.
41. Project Management (includes meetings with airport users, board memos and presentations, processing design contracts, FAA Independent Fee Analysis, Fee Reviews, consultant management, Design Meeting, Plan Review, Pre Bid Meeting and preparation,

Bid Opening, Construction Contract processing, Preconstruction Meeting, Construction Meetings, processing pay estimates and change orders, participating in final walk through and developing punch list items, and project closeout with the FAA and CDOT Dept of Aeronautics)

42. Sweeping - Airport and surrounding area
43. Terminal Building, Building Maintenance – Perform basic Water, Plumbing and other repairs as needed
44. Annual walk through at airport site with insurance provider.
45. Comply with TSA regulations and requirements.
46. Coordinate with the Town website administrator to provide Airport information, services and events on the Town website.
47. Periodic testing and certification of the Fuel Tanks and Fuel Farm which may be required by any governmental agency or as a condition to insurance
48. Work with town staff with the goal of securing a long term lease on the FBO building at a rate that allows for a significant renovation of the terminal building and hangar.