

ACTION SHEET
CITY COUNCIL COMMITTEE MEETING OF 09/10/14
ITEM FROM FINANCE COMMITTEE MEETING OF 09/02/14

ISSUE:

11. Request for Approval of Consent to Transaction for Santa Fe Municipal Airport – Existing Ross Aviation Facility Rebranded to Landmark Aviation; LM U.S. Corporation Acquisition, Inc. d/b/a Landmark Aviation. (Francey Jesson)

FINANCE COMMITTEE ACTION: APPROVED AS CONSENT ITEM

Requested approval of consent to transaction for Santa Fe Municipal Airport for existing Ross Aviation Facility rebranded to Landmark Aviation with LM U.S. Corporation Acquisition, Inc. d/b/a Landmark Aviation.

FUNDING SOURCE:

SPECIAL CONDITIONS OR AMENDMENTS

STAFF FOLLOW-UP:

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR TRUJILLO	X		
COUNCILOR RIVERA	X		
COUNCILOR LINDELL	Excused		
COUNCILOR MAESTAS	X		
CHAIRPERSON DOMINGUEZ			

3-17-14

**ACTION SHEET
ITEM FROM THE
PUBLIC WORKS/CIP AND LAND USE COMMITTEE MEETING
OF
MONDAY, AUGUST 25, 2014**

ITEM 13

REQUEST FOR APPROVAL OF CONSENT TO TRANSACTION BETWEEN THE CITY OF SANTA FE AND LM U.S. CORP ACQUISITION INC. D/B/A LANDMARK AVIATION (FRANCEY JESSON)

PUBLIC WORKS COMMITTEE ACTION: APPROVED ON CONSENT

FUNDING SOURCE:

SPECIAL CONDITIONS / AMENDMENTS / STAFF FOLLOW UP:

VOTE	FOR	AGAINST	ABSTAIN
CHAIRPERSON TRUJILLO			
COUNCILOR BUSHEE	Not present		
COUNCILOR DIMAS	X		
COUNCILOR DOMINGUEZ	X		
COUNCILOR RIVERA	X		

City of Santa Fe, New Mexico

memo

DATE: August 7, 2014

TO: Public Works Committee

FROM: Francey Jesson, Airport Manager 

VIA: Jon Bulthuis, Transportation Director 

ITEM & ISSUE:

- Request for approval of Consent To Transaction between the City of Santa Fe and LM U.S. Corp Acquisition, Inc.

BACKGROUND & SUMMARY:

On May 2, 2014, the airport was officially notified that LM U.S. Corp Acquisition, Inc., d/b/a Landmark Aviation, had signed a definitive agreement to purchase the parent holding company of all the Ross Aviation entities in the nation, including those at Santa Fe Municipal Airport. See attached letter dated May 2, 2014.

Ross Aviation, d/b/a Santa Fe AirCenter, has been the sole fixed base operator (FBO) at the airport since 2006, and has held six leases of various parcels on the airport. As the FBO, Santa Fe AirCenter provides a variety of aviation services including, but not limited to, fuel sales, aircraft storage, handling, maintenance and deicing. Santa Fe AirCenter also, through lease agreement, collects on behalf of the airport certain fees set by City Resolution. These services not only provide support to the general aviation community and our airline partners, but provide revenue to the airport enterprise fund through land rents, collection of ramp and fuel flowage fees, and revenue sharing.

The Consent To Transaction does not change the relationship and responsibilities between the airport and the FBO. The Santa Fe AirCenter will be rebranded as Landmark Aviation. Landmark Aviation, headquartered in Houston, TX, is one of the largest FBO operators in the U.S., and has several locations in Canada, the UK and France. With the acquisition of Ross Aviation, Landmark increased the size of its network from 57 to 75 locations globally.

ACTION REQUESTED:

- Request for approval of Consent To Transaction between the City of Santa Fe and LM U.S. Corp Acquisition, Inc.



May 2, 2014

Via E-mail to fmjesson@santafenm.gov

Francey Jesson
Santa Fe Municipal Airport
P.O. Box 909
Sante Fe, NM 87504-0909

Re: Landmark Aviation Acquisition of Ross Aviation, LLC

Dear Francey:

It was a pleasure speaking with you recently. To confirm our discussion, LM U.S. Corp Acquisition, Inc. d/b/a/ Landmark Aviation has signed a definitive agreement to purchase the parent holding company of all the Ross Aviation entities. Therefore, the legal entity of the FBO operator at KSAF will not change. It is our understanding that the transaction does not require any formal consent or action by the airport authority. However, we wanted to be sure that you are aware and that you have no concerns or objections about the transaction. The existing Ross facility will be rebranded to "Landmark Aviation" in all respects.

We expect to close the transaction within the next 90 days and we are very much looking forward to working with you. Please feel free to contact me at 713-300-0742 with any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dan Bucaro".

Dan Bucaro
Chief Executive Officer

DTB/scg

CONSENT TO TRANSACTION

This CONSENT TO TRANSACTION (the "Consent") is made as of _____, 2014, by the City of Santa Fe ("City") and LM U.S. Corp Acquisition, Inc. d/b/a Landmark Aviation ("Landmark Aviation")

WITNESSETH:

WHEREAS, City previously granted Santa Fe Air Center LLC, a Delaware limited liability company formerly known as Ross Santa Fe LLC the leasehold listed as items 1-4 on Exhibit A attached hereto (the "Center Leases") together with the Zia Lease as defined in Exhibit A attached hereto collectively the Ground Lease to make use of certain facilities and the premises leased pursuant thereto together with the Facilities and Premises leased pursuant to the Zia Lease (the "Premises") at the City's Municipal Airport (the Airport).

WHEREAS, on November 14, 2006 the City and Ross Santa Fe LLC entered into a Restated Consent and Estoppel Agreement, City Item # 07-0039 that consented to Ross Santa Fe LLC obtaining its leasehold interest in the Zia Lease pursuant to a Purchase Agreement dated July 13, 2006 which Zia sold and transferred substantially all of the assets of Zia to Ross Santa Fe LLC.

WHEREAS, Santa Fe Air Center, LLC d/b/a Ross Aviation (by direct agreement, assignment, transfer or merger) ("Tenant") and the City are the parties to the leases and operating agreements set forth on Exhibit A (collectively, the "Center Leases"); and

WHEREAS, the owners of the ultimate parent company of Santa Fe Air Center, LLC f/k/a Ross Santa Fe LLC have agreed to sell 100% of the ownership of the membership interests of Ross Santa Fe's ultimate parent company to Landmark Aviation, which is an indirect change in control of the Tenant ownership ("Transaction"); and

WHEREAS, pursuant to the Amended and Restated Lease Agreement between the City and Zia, dated September 11, 2002, Paragraph 15, Transfer of Interest, the City is consenting to the Transaction, including but not limited to the Center Leases, and consenting to Landmark Aviation's intent to re-brand Tenant's facilities under the Leases to "Landmark Aviation" for all purposes (Re-Branding").

NOW, THEREFORE:

1. The City consents to the Transaction and the Re-Branding.
2. The City confirms:
 - (i) The City and Tenant are all of the parties to each of the Center Leases;
 - (ii) The Leases are in full force and effect in accordance with their terms, which terms have not been further modified;

(iii) Tenant has paid to City all amounts due and payable under the Leases prior to the date hereof and has performed all non-monetary obligations under the Leases arising prior to the date hereof; and

(iv) To the City's knowledge, no defaults have occurred and are continuing under the Leases, nor have any events occurred which with the giving of notice, the passage of time or both would constitute defaults under the Leases.

3. Landmark Aviation confirms that it will cause Tenant to continue to comply with the Leases in all respects.

4. Landmark Aviation further assures the City that the Tenant will cooperate with the City for compliance with all applicable FAA Grant Assurances and regulatory requirements to which the City may be subject and to take all reasonable steps not to cause the City to violate the following Grant Assurances, including modifications to Leases as may be required. **Chapter 6. Rights and Powers and Good Title b. Grant Assurance 5, Preserving Rights and Powers.**¹ **Chapter 8. Exclusive Rights.**² **Chapter 9. Unjust Discrimination between Aeronautical Users.**³

5. This Consent may be executed in any number of counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute one agreement with the same effect as if the parties had signed the same signature page.

[Signature Page Follows]

¹ "A sponsor cannot take any action that may deprive it of its rights and powers to direct and control airport development and comply with the grant assurances."

² "8.1. 23, *Exclusive Rights*, which prohibits an airport sponsor from granting an exclusive right for the use of the airport, including granting an exclusive right to any person or entity providing or intending to provide aeronautical services to the public. In particular, the sponsor may not grant a special privilege or a monopoly to anyone providing aeronautical services on the airport or engaging in an aeronautical use. The intent of this restriction is to promote aeronautical activity and protect fair competition at federally obligate airports. It is the responsibility of the FAA airports district offices (ADOs) and regional airports divisions to ensure that the sponsor has not extended any exclusive right to any airport operator or user. 8.2. *Definition of an Exclusive Right*. An exclusive right is defined as a power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege or right. An exclusive right may be conferred either by express agreement, by imposition of unreasonable standards or requirements or by another means. Such a right conferred on one or more parties, but excluding others from enjoying or exercising a similar right or right, would be an exclusive right. 16 sponsor to make its aeronautical facilities available to the public and its tenants on terms that are reasonable and without unjust discrimination. This federal obligation involves several distinct requirements."

³ "First, the sponsor must make the airport and its facilities available for public use. Next, the sponsor must ensure that the terms imposed on aeronautical users of the airport, including rates and charges, are reasonable for the facilities and services provided. Finally the terms must be applied without unjust discrimination. The prohibition on unjust discrimination extends to types, kinds and classes of aeronautical activities, as well as individual members of a class of operator. This is true whether these terms are imposed by the sponsor or by a licensee or tenant offering services or commodities normally required at the airport. The tenant's commercial status does not relieve the sponsor of its obligation to ensure the terms for services offered to aeronautical users are fair and reasonable and without unjust discrimination."

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

City of Santa Fe

By: _____

Name: _____

Title: _____

ATTEST:

Date: _____,

Yolanda Y. Vigil, City Clerk

APPROVED:

Kelley A. Brennan
Kelley Brennan, City Attorney

APPROVED:

Josette Gera 8/13/14
FINANCE DIRECTOR

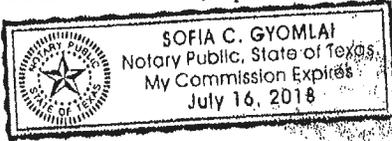
LM U.S. Corp Acquisition, Inc. d/b/a
Landmark Aviation

By: [Signature]
Name: Daniel Bucaro
Title: President

ACKNOWLEDGEMENT

STATE OF NEW MEXICO)
COUNTY OF SANTA FE)

The foregoing was acknowledged before me this 1st day
of August, 2014, by Dan Bucaro, Chief Executive officer of
Landmark Aviation, a portfolio company of the Carlyle Group, on behalf of Landmark Aviation.



Sofia C. Gyomlai
Notary Public

My Commission expires:
7/16/2018

EXHIBIT A

1. Lease between the City of Santa Fe, New Mexico, as Lessor, and Santa Fe Aviation, as Lessee, dated August 15, 1981 as amended by Amendment # 1 to Lease Agreement dated June 3, 1981, and further amended by Amendment # 2 to Lease Agreement dated May 25, 1989, as assigned to Santa Fe Aviation Services Ltd. Co., by Santa Fe Aviation by Absolute Assignment of Leases dated October 4, 1996 and extended by Renewal of Leases Agreement effective May 31, 2001, further amended by Amendment No. 3 to the City of Santa Fe Lease Agreement between City of Santa Fe and Santa Fe Aviation Service, Ltd. Co, as successor in interest to Santa Fe Aviation, dated August 30, 2005, as assigned by to Ross Santa Fe LLC by Assignment and Assumption of Ground Lease by Santa Fe Aviation Services, Ltd. Co., recorded November 1, 2005, and as further amended by Amendment No. 4 to Lease Agreement between the City of Santa Fe and Santa Fe Air Center LLC, f/k/a Ross Santa Fe LLC, dated August 15, 2011.

2. Lease Agreement between the City of Santa Fe, as Lessor, and Santa Fe Fliers, Inc. as Lessee dated May 25, 1989, as assigned to Ross Santa Fe LLC through Assignment and Assumption of Ground Leases by Santa Fe Fliers, Inc., recorded November 1, 2005, and amended by Amended and Restated Lease Agreement between the City of Santa Fe, New Mexico as Lessor, and Santa Fe Air Center LLC, f/k/a Ross Santa Fe LLC, as Lessee, dated May 27, 2009.

3. Lease Agreement between the City of Santa Fe, New Mexico, as Lessor, and Santa Fe Air Center LLC, as Lessee, dated June 24, 2009.

4. Indenture and Agreement between City of Santa Fe, New Mexico, as Lessor, and Post Aviation Service Company, as Lessee, dated September 12, 1979 as amended by Amendment No. 1 dated July 11, 1990 and by Amendment No. 2 to the Post Aviation Service Company Lease Agreement dated January 15, 2005 (all between the same parties), as assigned to Ross Santa Fe LLC through Assignment and Assumption of Ground Leases, recorded November 1, 2005.

5. Lease and Agreement between the City of Santa Fe, New Mexico, as Lessor, and Capital Aviation of Santa Fe, Inc., dated May 26, 1988, assigned to Bennett Capital Acquisition Corp. through Assignment and Assumption of Lease and Rents, by Capital Aviation of Santa Fe Inc., dated November 15, 1994, further assigned to Ross Santa Fe LLC through Assignment and Assumption of Ground Leases by Santa Fe Jet, recorded November 1, 2005, as amended by Amendment No. 1 to Lease Agreement between the City of Santa Fe and Santa Fe Air Center LLC, f/k/a Ross Santa Fe LLC, dated June 4, 2009.

6. Amended and Restated Lease Agreement between the City of Santa Fe, New Mexico, as Lessor, and Zia Aviation, Inc. as Lessee, dated September 11, 2002.

ITEM # 00-0349

FIRST JUDICIAL DISTRICT COURT
COUNTY OF SANTA FE
STATE OF NEW MEXICO

Cause No. SF 98-323 (C)

SANTA FE JET CENTER, INC.
Plaintiff,

vs.

CITY OF SANTA FE and
BORREGO CONSTRUCTION CO., INC.
Defendants.

SETTLEMENT AGREEMENT AND RELEASE

The parties to this Settlement Agreement are Santa Fe Jet Center, Inc. (Santa Fe Jet Center), City of Santa Fe, (City), and Borrego Construction Co. Inc., (Borrego). The parties desire to resolve and settle the dispute and all issues between them which have arisen in the context of the above referenced litigation and agree as follows:

1. For and in consideration of the representations, warranties, and covenants contained herein made by Santa Fe Jet Center, Borrego Construction Co., and the City of Santa Fe, these parties agree that an amended, restated lease and assignment of lease of the property at the Santa Fe Municipal Airport, the subject of this litigation, will be executed between the City as lessor and Advanced Aviation, LLC, a New Mexico Limited Liability Company, (Advanced Aviation) as lessee, under the terms and conditions set forth in Exhibit 1 attached hereto, made a part hereof, and incorporated by reference (the Lease).

2. Upon final approval of the amended Lease (Exhibit 1) by the City Council of the City of Santa Fe, (City Council), and upon its final adoption or ratification by

ordinance and referendum, if required, as provided under the Laws of the State of New Mexico, and upon the payment thereafter to the City by Advanced Aviation of the sum of \$12,000.00 this lease shall become effective. There are no other sums due the City from any of the parties to this agreement, except those reflected in (Exhibit 1). Upon its final approval, as provided above, Santa Fe Jet Center shall dismiss its complaint herein with prejudice and Borrego shall dismiss its crossclaim against the City. The parties agree to bear their own costs, attorneys fees, and expenses.

3. The terms and provisions of the Lease (Exhibit 1) entered into between the City of Santa Fe and Advanced Aviation shall, however, survive the dismissal of this action and its terms and provisions shall become operative and effective as provided therein.

4. Subject only to the approval of the Amended Lease (Exhibit 1) by the City Council, its ratification by ordinance and absence of successful referendum, the parties further release one another from any and all claims, causes of action, or demands arising out of the factual allegations and circumstances set forth in Santa Fe Jet's Complaint and from any of the claims or defenses raised or maintained by the parties, regardless of whether or not contained in the pleadings filed by any party hereto. This release shall not be construed as an admission of liability or wrong doing by any party, and may not be considered as evidence of such in any proceeding whatsoever. The parties acknowledge that this settlement agreement and the mutual release contained herein is intended by each party to constitute a full release and discharge of any party's potential liability, whether the same be known or unknown, for any claim or cause of action

arising to date from the facts and circumstances referenced by the pleadings in the above referenced case. The parties have each had the advice of counsel and this agreement has been executed on behalf of the parties hereto by those persons duly authorized to do so.

5. This Settlement Agreement and Mutual Release shall be governed in accordance with the Laws of the State of New Mexico.

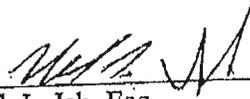
6. This Settlement Agreement and Release, including the Lease (Exhibit 1), is specifically contingent upon approval by the City Council in accordance with all applicable laws and ordinances. This Agreement will be presented to the City Council for approval of its terms, including the terms of the Lease (Exhibit 1), within thirty (30) days of the date upon which this Agreement is executed by all parties. In the event that the City Council shall fail to approve this Settlement Agreement within thirty (30) days of the date of this Agreement, the parties shall be fully restored to the legal positions which they occupied prior to execution of this Agreement. The execution of this Agreement by the parties shall not operate as a waiver of their legal rights or claims, nor shall it constitute an estoppel with respect to any fact, all rights of the parties being preserved herein and being unaffected in the event of the failure of the City Council to approve its terms, or in the event the lease shall not be ratified by passage of an appropriate ordinance, or should the ordinance be nullified by referendum, as provided under the laws of the State of New Mexico.

7. Other than as set forth herein, and as contained in the Lease (Exhibit 1), there are no other agreements between the parties. All negotiations between the parties, and all prior agreements, if any, have been merged herein.

SANTA FE JET CENTER, INC.

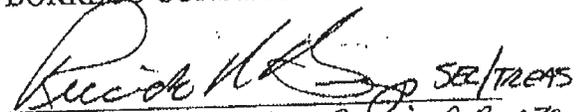
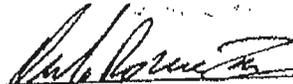


Herb Marchman, President



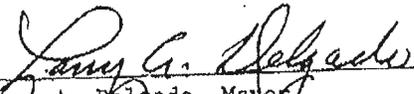
Mark L. Ish, Esq.
Felker, Ish, Ritchie & Geer, P.A.
911 Old Pecos Trail
Santa Fe, NM 87501
(505) 988-4483
Attorneys for Santa Fe Jet Center, Inc.

BORREGO CONSTRUCTION CO. INC.

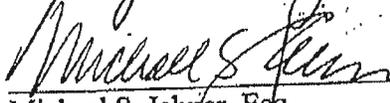

James Borrego, President *SECRET*
Richard R. Borrego

Owen C. Rouse, III
Rubin, Katz, Salazar, Alley & Rouse
P.O. Box 250
Santa Fe, New Mexico 87504
Attorneys for Borrego Construction Co., Inc.

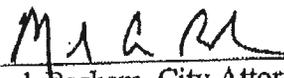
CITY OF SANTA FE



Larry A. Delgado, Mayor



Michael S. Jahner, Esq.
Butkus & Reimer
500 Marquette NW #720
Albuquerque, NM 87102

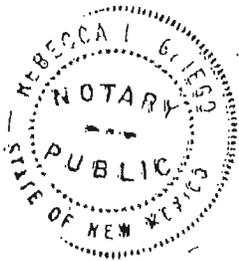


Mark Basham, City Attorney
Santa Fe City Attorney
P.O. Box 909
Santa Fe, New Mexico 87504
Attorneys for City of Santa Fe

ACKNOWLEDGMENT

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

This instrument was acknowledged before me this 30 day of August, 1999,
by Herbert Marchman, President, Santa Fe Jet Center.



Rebecca G. Giles
Notary Public
My commission expires: 6-14-2003

ACKNOWLEDGMENT

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

This instrument was acknowledged before me this 7th day of Sept., 1999,
Ricardo B. Secretary/Treasurer
by James Borrego, President, Borrego Construction Co. Inc.



Jennifer Cordova Padilla
Notary Public
My commission expires: 3/16/02

ACKNOWLEDGMENT

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

This instrument was acknowledged before me this 26th day of October, 1999,
by Larry A. Delgado, Mayor, City of Santa Fe.

Yolanda G. Delgado
Notary Public
My commission expires:

psettlementagreement

EXHIBIT "1"

AMENDED AND RESTATED LEASE AGREEMENT

THIS AMENDED AND RESTATED LEASE AGREEMENT is made and entered into on this 23rd day of February, 1999, by and between the CITY OF SANTA FE, NEW MEXICO, a municipality and political subdivision of the State of New Mexico, hereinafter "Lessor" and ADVANCED AVIATION, LLC, hereinafter "Lessee."

WHEREAS, the Lessor owns and operates an airport known as the Santa Fe Municipal Airport ("Airport") and is desirous of leasing to the Lessee certain premises and facilities at the said Airport; and

WHEREAS, the Lessee is authorized by proper governmental agencies to engage in the business of fixed based operations; and

WHEREAS, both the Lessor and Lessee have the right and power to enter into this Lease Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained the parties agree as follows:

1. PREMISES. Lessor does hereby lease unto the Lessee the exclusive rights to the described premises, and facilities at the airport more particularly containing 200,000 square feet (approximately 4.59 acres more or less) as reflected on the attached Exhibit "A."

2. USE OF THE PREMISES AND RIGHT TO CONSTRUCT.

A. The Lessee shall have the right to erect, maintain and alter buildings or structures upon said premises providing such buildings or structures are consistent with the Airport Minimum Standards Ordinance (as amended, or may be amended in the future), the Building Code requirements of the New Mexico Construction Industries Division, and any applicable City of Santa Fe or Santa Fe County Ordinance now or hereafter in effect. Title to such construction, installations and equipment, shall remain the property of the Lessee during the term of this lease but shall pass to the Lessor upon expiration of this Amended and Restated Lease Agreement..

B. Lessor intends to construct an apron parking area, totaling 6.19 acres, in the area specified in Exhibit B. The apron parking area shall remain the property of the Lessor and the use of such property shall be for the common use of all aircraft at the Airport. Lessor shall provide reasonable easements for egress, ingress and utilities to serve the Premises.

C. In the future, Lessee must receive prior written approval from Lessor and the Federal Aviation Administration for any and all buildings, structures and improvements to be placed on the Premises. Lessee shall provide a schedule for completion dates of all improvements at the

time plans for construction or alteration are presented to the Lessor for review and approval, which approval will not be unreasonably withheld. Prior to commencing construction of any structures on the Premises, Lessee must demonstrate its financial capability to complete and pay for such construction by way of an irrevocable letter of credit, irrevocable financing commitment, performance bond or other means satisfactory to Lessor.

D. Upon receiving consent from Lessor, whose consent shall not be unreasonably withheld, Lessee shall have the right to remodel, remove, demolish or destroy any future structures or improvements constructed by Lessee on the Premises without compensation to Lessor, so long as the Premises are left in a safe and sightly condition.

3. TERM OF LEASE.

A. Term. This Amended and Restated Lease Agreement shall be for a 20 year term beginning on April 1, 1999 and terminating 12:00 a.m. Mountain Standard Time April 1, 2019. Such twenty year period, as the same may be sooner terminated or extended both as specifically provided in this Amended and Restated Lease Agreement is referred to herein as the "Term." Upon expiration of the Term or upon cancellation of this Amended and Restated Lease Agreement, Lessee shall peacefully surrender and vacate the Premises.

B. Option to Renew. The Lessor hereby grants to Lessee the option to renew this Amended and Restated Lease Agreement for two additional 10 year terms. The terms and conditions of such renewal shall be the same terms and conditions as are set forth in this Amended and Restated Lease Agreement except for ground space rent and the percent of adjusted gross revenue which shall increase from the rate in effect at the end of the previous lease term pursuant to 5A(1) and 5A(2) of this Amended and Restated Lease Agreement, fuel flowage fees and percent adjusted gross revenue which shall be modified to equal those fuel flowage fees and percent of adjusted gross revenue imposed by Lessor upon the other fixed base operator(s) and seller(s) of fuel at the Airport. Provided, however, that at such time as the option is exercised this Amended and Restated Lease Agreement will be amended to conform to all federal and state regulations and grant requirements related to the Airport development and operation. Lessee shall notify Lessor in writing of its intention to exercise the renewal option not less than three (3) months before the expiration of the initial term or renewal term; otherwise, the option shall be deemed to have been waived.

4. HOLDOVER. In the absence of a new lease agreement entered into before the expiration of the initial 20 year Term under this Amended and Restated Lease Agreement, Lessee shall be allowed to hold over for a period not to exceed 60 days from the expiration date of the initial 20 year Term under this Amended and Restated Lease Agreement or the expiration of any option period. Holding over by the Lessee after the expiration of the initial 20 year Term or any option period under this Amended and Restated Lease Agreement, whether with or without the consent of the Lessor, shall not operate to extend or renew this Amended and Restated Lease Agreement. Any such holding over shall be construed as a tenancy from month to month at the rents reserved

in this Amended and Restated Lease Agreement.

5. **RENTS AND FEES.** The Lessee agrees to pay to the Lessor, at the office of the Airport Manager, at the Santa Fe Municipal Airport or at such place as the Lessor may designate from time to time, for use of the Premises the following rents and fees.

A. Ground Space Rent. Lessee shall pay to Lessor an annual rental fee of two and one-half cents per square foot for the Premises. When Lessor has completed paving of 50% of the ramp area as specified in Paragraph 2B, Lessee shall adjust the annual rental payment to five cents per square foot, commencing with the following quarter's payment. Once the entire ramp/apron has been paved, the annual rental fee shall be adjusted to ten cents per square foot and paid in accordance with the provisions of Paragraph 5B, also commencing with the payment due for the quarter following completion of the paving.

B. Schedule of Payments for Ground Space Rent. The fixed rentals as provided in Paragraph 5A shall be payable to the Lessor, on a quarterly basis. If such payment is not made within twenty five (25) days of its due date, the Lessee shall pay a finance charge of one and one-half percent per month (eighteen percent annually) on such past due payment for each month or partial month thereafter that any payment due is not paid. After completion of all ramp improvements by Lessor, as described in Paragraph 2B, the annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to the average annual percentage rate increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, for the three years immediately preceding the adjustment. The first adjustment under this paragraph shall take place on the third anniversary following completion of the paving improvements by Lessor, and then on the anniversary date every third year thereafter.

C. Percentage and Fuel Flowage Fees. Lessee shall pay to Lessor the following:

1. A sum of \$.03 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business. Provided, however, that from time to time, fuel flowage fees shall be adjusted pursuant to the rate set forth in any appraisal of fuel flowage fees done for the airport.

2. A sum equal to 2% of the adjusted gross receipts from all business conducted and carried on by Lessee upon the Premises. The term "adjusted gross receipts" as used in this Amended and Restated Lease Agreement shall mean the aggregate amount of all sales made, and services performed, including charter operations conducted by the Lessee to or from the Santa Fe Municipal Airport, for cash, on credit or otherwise, of every kind, name and nature. Adjusted gross receipts shall also include the aggregate value of all goods, wares and merchandise received for property services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from adjusted gross receipts (a) all fuel sales; (b) all sales of new and used aircraft; (c) transient tie down fees; (d) federal, state and municipal sales taxes, excise taxes, gross receipts taxes

and all other similar taxes separately stated and/or collected from customers; and (e) bad debts and uncollectible accounts.

D. Transient Tie Downs. Lessee agrees to remit to Lessor seventy-five percent (75%) of all transient tie down fees collected by Lessee on aircraft tied down at the Santa Fe Municipal Airport, not herein leased, and as designated by the Lessor from time to time for the Lessee's use. The Lessor reserves the right to adjust such fees as necessary.

E. Late Payment Penalty. If the specified payments in subparagraphs C and D herein are not received by the twenty-fifth (25th) day of each month following the month of sale, the Lessee shall pay a finance charge of 1-1/2% per month (18% annually) on such past due payment for each month or partial month thereafter that any payment due is not made.

F. Monthly Statement. The Lessee shall submit a detailed statement to the Lessor to accompany the payment, on a form satisfactory to the Lessor, which shows the gross revenues of the Lessee upon which compensation to the Lessor is payable under this Amended and Restated Lease for the preceding calendar month, which statement shall be subscribed and sworn to as correct by one of the Lessee's officers or certified by a licensed accountant. The statement shall show such reasonable detail and breakdown by the Lessee's payment for percentage fees and fuel flowage fees due. Such statement shall contain, at a minimum, all monthly activities and shall be subscribed and sworn to as correct by the Lessee, one of the Lessee's officers, its local manager or certified by a licensed accountant.

6. RECORDS AND AUDIT.

A. All records, accounts, books, delivery receipts and data on business activities performed under this Amended and Restated Lease Agreement and maintained by the Lessee shall be subject to inspection and audit by the Lessor at Lessor's expense at all reasonable times. However, if an audit reveals a discrepancy of more than five (5%) percent of the gross receipts reported and the gross receipts as determined by the audit for any 12 month period, and if Lessor requires an additional audit, the full cost of such additional audit shall be borne by the Lessee. Records shall be maintained for a period of not less than three complete lease years.

B. The records and statements of business done by the Lessee along with any other information obtained or inspected pursuant to this provision shall be considered as absolutely confidential and not subject to use or disclosure by the Lessor for any purpose other than the ascertainment of rents, fees and charges under this Amended and Restated Lease Agreement. Lessor may use information and data provided by the Lessee to compile gross receipts reports for airport activities reports provided the identity of the Lessee is not disclosed.

7. INSURANCE.

A. Insurance Required. Upon execution of this Amended and Restated Lease Agreement,

Lessee shall, at its own cost and expense, procure and maintain in full force and effect premises liability and property insurance as required in paragraphs 7(A)(2) and 7(A)(4) herein. At such time as Lessee commences construction or commercial operations or other business on the Premises, the Lessee shall, at its own cost and expense, procure and maintain in full force and effect during the Term of the Amended and Restated Lease Agreement, the following insurances:

1. Workmen's Compensation and Employer's Liability. The Lessee shall comply with the provisions of the New Mexico Workers' Compensation Act, the Subsequent Injury Act, and the Occupational Disease Disablement Law. Such insurance shall include coverage permitted under N.M. Stat. Ann. 52-1-10, NMSA 1978, for safety devices. The Lessee shall procure and maintain complete Worker's and Employer's Liability Insurance in accordance with New Mexico laws and regulations. If the Lessee elects to be self-insured, the Lessee shall comply with the applicable requirements of law. The Lessee shall require any subcontractor or sublessee similarly to provide such coverage, or qualify as a self-insured, for all the latter's employees. The Lessor, its officers or employees shall not be responsible for any claims or actions occasioned by the Lessee's failure to comply with the provisions of this subparagraph. It is expressly understood that employees of the Lessee are not Lessor's employees for any purpose.

2. Comprehensive General Liability. The Lessee shall procure and maintain a comprehensive general liability insurance policy, including automobile liability coverage for all vehicles used on the Premises, for bodily injury, including death, and property damage in such amounts that are not less than the maximum liability of public agencies as set forth in the New Mexico Tort Claims Act, N.M. Stat. Ann. § 41-4-1, et.seq. (1978) now constituted or hereafter amended. Said policies of insurance must include coverage for Premises, operations and the Lessee's liability to the Lessor hereunder.

3. Hangar-Keeper Liability Coverage. The Lessee shall procure and maintain hangar-keeper insurance with liability limits to cover losses to reasonably be expected.

4. Property Coverage. The Lessor shall be named an additional insured on the general liability and property coverage insurance policies. The policies shall be written by companies authorized to write such insurance in New Mexico, and properly filed with and approved by the Superintendent of Insurance of the State of New Mexico. They shall be in a form satisfactory to the Lessor.

B. Binders. A binder for all insurance policies, required by this Amended and Restated Lease Agreement shall be provided to Lessor at the time of the execution of this Amended and Restated Lease Agreement. Complete copies of all insurance policies required under the Amended and Restated Lease Agreement shall be provided to the Lessor within 30 days of the date of this Amended and Restated Lease Agreement. Certificates of Insurance and copies of insurance policies shall be delivered to the Airport Manager. The policies provided herein shall not be subject to cancellation without providing Lessor thirty (30) days written notice thereof. Lessee shall promptly replace and policies terminated or canceled and shall insure no gaps in

coverage.

8. **HOLD HARMLESS.** Lessee agrees to defend, indemnify and hold harmless Lessor from loss from each and every claim and demand of whatever nature, made on behalf of or by any person or persons, for any wrongful, careless or negligent act or omission of Lessee or Lessee's employees, members and guests, and from all losses and damages by reason of such acts or omissions.

9. **CANCELLATION BY LESSOR.** Lessor may cancel this Amended and Restated Lease Agreement by giving Lessee written notice of any alleged default under or breach of the Amended and Restated Lease Agreement and thirty days within which to cure any default or breach upon or after the happening of any of the following events:

A. Cancellation for Non-Payment. If the Lessee shall default in any payment obligations contained herein, and the default shall continue for thirty (30) days after the effective date of written notice thereof to the Lessee, given by the Lessor in accordance with the provisions of this Amended and Restated Lease Agreement, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Leased Premises, whether with or without process of law. In the event of cancellation for non-payment, Lessor may, at its option, attach a landlord's lien to any improvement on the Premises, and said improvements may not be removed from the Premises without Lessor's prior approval.

B. Cancellation for Default other than Payment.

1. If the Lessee shall default in the performance of any terms, covenants, agreements or conditions of this Amended and Restated Lease other than in the performance of payment obligations, as set forth above, and the default shall continue for thirty (30) days after written notice thereof to the Lessee, given by the Lessor in accordance with the provisions of this Amended and Restated Lease Agreement, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Premises, whether with or without process of law. However, if any default or breach may not reasonably and capably be cured within thirty (30) days after written notice thereof, and if Lessee diligently attempts to cure the default, Lessee shall pay Lessor for all costs incurred by Lessor as a result of Lessee's default; and such payment shall be made promptly upon Lessee's receipt of written demand from Lessor.

2. No waiver of default by the Lessor of any of the terms, covenants, agreements or conditions hereof to be performed, kept and observed by the Lessee shall be construed to be an act of waiver of any subsequent default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee. The acceptance of rental by the Lessor for any period or periods after a default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee,

shall not be deemed a waiver of any right on the part of the Lessor to cancel this Amended and Restated Lease Agreement for failure by the Lessee to so perform, keep or observe any of the terms, covenants, agreements or conditions of this Amended and Restated Lease Agreement.

C. Other Cancellation. The Lessor may cancel this Amended and Restated Lease Agreement only by giving the Lessee 30 days written notice and opportunity to cure, with or without process of Law, upon or after the happening of any one of the following events:

1. If Lessee fails to provide said service as guaranteed, Lessor may declare this Amended and Restated Lease to be terminated and to re-enter the Premises or any part thereof, with or without the process of law, to expel, remove and put out Lessee or any other persons occupying the Premises, using such force as may be reasonably necessary in doing so. Lessee shall pay all costs, including reasonable attorneys fees and expenses and court costs that may arise in enforcing the covenants, conditions and terms of this Amended and Restated Lease Agreement.

2. The filing by the Lessee of a voluntary petition in bankruptcy, or the institution of proceedings in bankruptcy against the Lessee and the adjudication of the Lessee as a bankrupt pursuant to such proceedings.

3. The taking of a court of jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act;

4. The appointment of a receiver of the Lessee's assets.

5. The cancellation or other termination of any insurance policy issued in compliance with this Amended and Restated Lease Agreement shall automatically terminate this Amended and Restated Lease Agreement, unless another policy has been filed and approved pursuant to the provisions of this Amended and Restated Lease Agreement.

6. If the Lessee should breach any of the nondiscrimination covenants, Lessor shall have the right to terminate this Amended and Restated Lease Agreement and to reënter and repossess said Leased Premises and hold the same as if said Amended and Restated Lease Agreement had never been made or issued.

10. **CANCELLATION BY THE LESSEE.** The Lessee may cancel this Amended and Restated Lease Agreement and terminate all or any of its obligations hereunder at any time that the Lessee is not in default in the payment of any rents, or fees to the Lessor pursuant to this Amended and Restated Lease Agreement by giving the Lessor 30 days advance written notice of its intentions to discontinue its business activities at the Airport.

11. **RIGHTS OF LESSOR.** Lessor reserves the right to:

A. Operate the Airport in the best interest of the public and the right, without

interference or hindrance to maintain, improve, or further develop the landing area or public use facilities of the Airport as it sees fit, regardless of any protest of the Lessee and to lease additional space to other concessions at the Airport terminal regardless of any objection of the Lessee. The Lessor may relocate the Lessee if the physical development of the airport or the terminal requires relocation of the Lessee provided Lessor provides 60 days written notice to Lessee.

B. Enter upon the Premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this Amended and Restated Lease Agreement and any federal, state, county or city laws, ordinances, regulations, rules and codes now or hereafter in effect.

12. RIGHTS OF LESSEE.

A. Lessee shall have the right, but shall not be required:

1. In common with others so authorized, to use common areas of the airport, including runways, taxiways, aprons, roadways, floodlights, landing lights, signals and other conveniences for the take-off, flying and landing of aircraft.

2. To the non-exclusive use, in common with others, of the airport, appurtenances and improvements thereon, but this shall not restrict the right of the Lessor to charge visitors a fee for the use of such areas.

3. To install, operate, maintain, repair and store subject to approval of Lessor in the interests of safety and convenience of all concerned, all equipment necessary for the conduct of Lessee's business.

4. Of access to and from the Premises, limited to taxiways, streets, driveways and sidewalks designated for such purposes by the Lessor, and which right shall extend to Lessee's employees, passengers, guests and patrons.

B. Lessee is authorized, but not required, to provide the following services and to engage in the following activities:

1. Ramp service at other common areas of the Airport and at other leased areas with such Lessee's permission, including into-plane delivery of aircraft fuel, lubricants and other related aviation products; loading and unloading of passengers, baggage, mail and freight; and providing of ramp equipment, aircraft cleaning and other services for air carriers and other persons or firms;

2. Special flight services, including aerial advertising and aerial photographs;

3. The sale of new and used aircraft, aircraft parts, navigation equipment, and new

and used radio and electronic equipment;

4. The demonstration of aircraft for sale;

5. Flight training, including ground school;

6. Aircraft rental;

7. Aircraft charter operations conducted by Lessee or a subcontractor of Lessee;

8. To operate a full service fixed base aviation facility, together with all other normal, reasonable and related activities except as may be excluded herein and to be consistent with the Santa Fe Municipal Airport Minimum Standards Ordinance, as may be amended in the future.

9. Car rental services provided Lessee pays Lessor the same rates and fees as may be uniformly imposed by Lessor on other car rental agencies at the airport;

10. Any other general aviation services not specifically provided for herein which are approved in advance by Lessor. Lessor's approval of such services shall not be unreasonably withheld.

C. So long as Lessee conducts its business in a fair, reasonable and workmanlike manner, to peaceably have and enjoy the Premises, and all the rights and privileges herein granted.

13. **MAINTENANCE OF STRUCTURES.** Lessee shall maintain the structures on the Premises, keep the Premises in good order, make such repairs as are customary, remove abandoned equipment from the Premises and shall not deposit the same on any portion of the airport except on such areas as shall be reasonably designated by Lessor. The Lessee shall be responsible for providing all customary and necessary janitorial and custodial services on the Premises.

14. **TRANSFER OF INTEREST.** Except as otherwise provided herein, Lessee may not without the written consent of Lessor, which shall not be unreasonably withheld, at any time during the Term of this Amended and Restated Lease Agreement, sell, lease, assign, transfer or permit to be acquired this Amended and Restated Lease Agreement or any interest herein. Lessee may sublease any portion of the leasehold interest to parties who will provide aviation related services permitted hereunder, and who accept the terms of this Amended and Restated Lease Agreement pursuant to any sublease agreement. A single sublease of more than 60% of the square footage of the leasehold shall require approval of the Lessor, which approval shall not be unreasonably withheld. The Lessee shall, however, be permitted to enter into a leasehold mortgage, collateral assignment or security interest in the form approved by the Lessor, for construction and/or business operation financing purposes provided, however, the amount

secured by such financing shall not exceed eighty percent (80%) of the value of the leasehold improvements on the Premises. Leasing and subleasing of hangar tie down space on the Premises, to individual aircraft owners, shall be allowed without Lessor's consent.

15. **OBSERVATION OF LAWS, RULES AND REGULATIONS.** Lessee and Lessor agree to observe and obey during the Term of this Amended and Restated Lease Agreement, all laws, ordinances, minimum standards, rules and regulations promulgated and enforced by Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the Airport, including the federal government, the state, the county and the city now or hereafter in effect.

16. **UTILITIES, REFUSE AND SEWER.** Lessee is responsible for providing all installation and service cost for all utility needs at Lessee's sole expense. It is understood that at the present time Lessee provides its own septic system. Lessee agrees that if in the future Lessor decides to provide sewer or refuse service, then Lessee will pay a reasonable and fair charge for such service(s). Until such time, Lessee shall be responsible for its own garbage disposal.

17. **ALTERATIONS AND IMPROVEMENTS.**

A. Lessee shall not make or suffer or permit to be made any alterations, additions or improvements whatsoever in or about the Premises without first obtaining the written consent of Lessor. If Lessor gives such consent, all alterations or improvements shall be done solely at Lessee's expense and in accordance and in compliance with all applicable municipal, state and federal ordinances, laws, rules and regulations. Alterations or improvements shall be compatible with the general decor of the Airport terminal building.

B. Lessee shall allow no liens of mechanics, materialmen, laborers, architects, artisans, contractors or subcontractors to be created against or imposed upon the said Premises. Lessee shall, as required by law, provide a labor and materialman's bond to cover all work and materials and labor arising out of such alterations, additions or improvements. No default shall occur if Lessee contests the amount or validity of any such lien, and actively litigates such claim to conclusion. Lessee may bond against such lien, as may be allowed by law, without constituting a default hereunder.

C. Any and all alterations, additions and improvements, except shelving and movable furniture, made at Lessee's sole expense after first having obtained the written consent of Lessor, in accordance with the provisions contained in this section, whether attached to the walls, floors, Premises or not, shall immediately merge and become a permanent part of the Lessor's realty and any and all interests of Lessee therein shall immediately vest in Lessor and all such alterations, additions and improvements shall remain on the Premises and shall not be removed by Lessee at the termination of this Amended and Restated Lease Agreement. The shelving and movable furniture, or both, which Lessee is privileged to remove, must be removed by Lessee at Lessee's sole expense on or before the termination of this Amended and Restated Lease Agreement.

18. **DESTRUCTION OF PREMISES.** If at any time during the Term of this Amended and Restated Lease Agreement the Premises shall be totally or partially destroyed by fire, earthquake, flood, other calamity, then Lessor shall have the option to rebuild or repair the same, provided such rebuilding or repairing shall be commenced within a period of 30 days after receipt of notice in writing to Lessor by Lessee that such calamity has occurred. In such case a just and proportionate part of the rental payment per month shall be abated until such demised property shall have been rebuilt and repaired. In case, however, Lessor within 30 days following receipt of notice in writing by Lessee of such damage or destruction elects not to rebuild or repair said property, Lessor shall so notify Lessee and thereupon this Amended and Restated Lease Agreement shall terminate and become null and void.

19. **FAIR AND NONDISCRIMINATORY SERVICES.** Lessee, in the conduct of its authorized business activities shall furnish good, prompt and efficient service in compliance with all applicable laws, rules and regulations adequate to meet the demand for its services at the airport, and shall furnish such service on a fair, equal and not unjustly discriminatory basis to all users thereof, and agrees to furnish said services at fair, equal and not unjustly discriminatory prices for each unit of sale or service; provided, however, that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchases. Lessee agrees to operate the business in an ethical and professional manner and shall keep the Premises in a safe, clean, orderly and inviting condition at all times, satisfactory to the Lessor. Lessee shall not permit its employees or agents to solicit customers on public property.

20. **TITLE VII. CIVIL RIGHTS ASSURANCES.**

A. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration under this Amended and Restated Lease Agreement, does hereby covenant and agree as a covenant running with the land that:

1. No person on the grounds of race, color, sex, disability or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

2. In the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, sex, disability or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination.

3. The Lessee shall use the premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

B. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, disability or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the service or benefits of any program or activity covered by this subject. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by CFR Part 152, Subpart E, to the same effect.

21. ENVIRONMENTAL PROTECTION.

A. Lessee shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of the Airport or surrounding property. Lessee shall provide, as necessary, a separate drainage, collection, and/or separation system to ensure that no untreated liquid waste from any type of operation, including vehicle cleaning, and oil change operations, will enter the Airport storm drainage or sanitary system.

B. Lessee shall, at all times, comply with all applicable laws, rules and regulations of the federal, state and local governmental agencies. Lessee shall not permit any activity which directly or indirectly produces objectionable or unlawful amounts or levels of air pollution, noise, glare, heat emission, electronic or radio interference with navigational and communications facilities for the operation of the Airport and for Airport use by aircraft, trash or refuse accumulation, vibration, prop-wash, or jet blast, or which is hazardous or dangerous by reason or risk of explosion, fire or harmful emission. Any waste oil storage tanks shall be in approved containers and in accordance with all environmental and fire protection regulations.

C. Hazardous substances are any substance, material, or waste (including any petroleum products, solvents, thinners, herbicides and soil sterilants and aircraft deicing fluids) which is or become designated, classified or regulated as being "toxic," "hazardous," a "pollutant," or is or in the future is given a similar designation under any federal, state or local law, regulation or ordinance.

D. Lessee agrees to defend, indemnify and hold Lessor harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses (including sums paid in settlement of claims and all consultant, expert and legal fees and expenses of Lessor's counsel) or loss directly or indirectly arising out of or resulting from the presence of any hazardous substance as a result of Lessee's or any subtenant's activities on the Premises, subsequent to the execution of this Amended and Restated Lease Agreement but before, during or after construction, in or around any part of the property or the soil, groundwater or soil vapor on or under the property, including those incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work, or any resulting damages or

injuries to the person or property of any parties or to any natural resources. Upon demand by Lessor, Lessee shall defend any investigation, action or proceeding alleging the presence of any hazardous substance as a result of Lessee's or its subtenant's occupancy of the leased property, in any such location which affects the property or which is brought against Lessor, whether alone or together with Lessee or any other person, all at Lessee's own cost and by counsel approved by Lessor in the exercise of its reasonable judgment. Should Lessee fail to defend such action, then Lessor may elect to conduct its own defense at the expense of the Lessee. Lessee shall comply and cause all occupants of the property to comply with all law, regulations, and ordinances governing or applicable to hazardous substances. Lessee acknowledges that hazardous substances may permanently and materially impair the value and use of real property. Lessee shall promptly notify Lessor if it knows, suspects or believes there may be any hazardous substance in or around the property or in the soil, groundwater, or on or under the leased property, or that Lessee or the property may be subject to any threatened or pending investigation by any governmental agency under any law, regulation, or ordinance pertaining to any hazardous substance. Lessee shall have no obligation to defend, indemnify, or hold harmless Lessor from any claims, causes of action, or damages which arise on account of Lessor's own conduct, the conduct of third parties other than Lessee's subtenants, or which is attributable to pre-existing conditions or events over which Lessee exercised no control, even though the leased Premises may be impacted thereby.

22. NONEXCLUSIVE RIGHTS.

A. Lessee shall have the exclusive right and privilege of engaging in and conducting a business on the Premises of the Airport under the terms and conditions as set forth herein, provided, however, that this Amended and Restated Lease Agreement shall not be construed in any manner to grant Lessee or those claiming under Lessee in this Amended and Restated Lease Agreement the exclusive right to the use of the common areas and facilities of said airport other than the specifically described Premises.

B. Lessor shall have the right to lease other portions of the Airport or Airport terminal to other Lessees, including other ground, air and transportation services. Lessor shall not in the future lease any other Airport premises to any other lessees at rental rates or terms more favorable or less restrictive to the lessees than set forth in this Amended and Restated Lease Agreement. Lessee understands and agrees that nothing in this Amended and Restated Lease Agreement shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

23. TAXES AND LICENSES.

A. The Lessee shall promptly pay any and all taxes, personal property tax, leasehold tax, gross receipts tax, transaction privilege tax or other excision assessed or assessable and pay all license fees and permit fees applicable to the Lessee's operation, and acquire and keep current all licenses, municipal, state or federal as the result of the Lessee's operations at the Airport pursuant to this Amended and Restated Lease Agreement, and shall not allow any of said taxes, excises or

licenses to become delinquent.

B. The Lessee shall not permit any mechanics' or materialman's or any other lien to be placed or foreclosed upon the Leased Premises or improvements thereto. The Lessee shall have the ability to contest payment demand by a contractor. Should the Lessee withhold payments to a contractor, the Lessee shall be required, at the Lessor's option, to deposit with the Lessor or a court of competent jurisdiction, an amount equal to the amount in dispute.

24. **SUBORDINATE PROVISIONS.** This Amended and Restated Lease Agreement shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States or the State of New Mexico relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of the Airport.

25. **OBSTRUCTIONS.** Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the Airport which, in the opinion of the Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft. Lessee shall, upon approval by Lessor and prior to any construction of any nature within the boundaries of the Airport, prepare and submit to the Airport Manager and the Federal Aviation Administration, Albuquerque District Office, Airport Division, 1601 Randolph SE, Suite 201N, Albuquerque, NM, 87106, one executed set (four copies) of FAA form 7460-1 "Notice of Proposed Construction or Alterations," as required by Federal Aviation Regulation Part 77. This notice must be submitted at least thirty days prior to the date of the proposed construction/alteration or the date that an application for a construction permit is filed, whichever is earlier.

Should a Federal Aviation Administration Obstruction Evaluation determine that obstruction lights are needed or required on new construction, or should Federal Aviation Administration rules and regulations change to require obstruction lights on existing structures which previously did not require obstruction lights; Lessee agrees to install, maintain and operate such obstruction lights on the top of buildings or structures to be placed on the leased premises. If Lessee fails to install, maintain and operate such obstruction lights then the Lessor shall have the right to install, maintain and operate the same at Lessee's expense.

26. **AMENDMENT IN WRITING.** No amendment between the Lessor and Lessee relative to the leasehold interest herein shall be valid and enforceable unless in writing and executed by both the Lessor and Lessee.

27. **ATTORNEYS FEES AND COSTS.** If suit is brought by either the Lessor or the Lessee to enforce any provision of this Amended and Restated Lease Agreement, the prevailing party shall be entitled to recover from the non-prevailing party in such lawsuit all costs of preparation for and conduct of such lawsuit, including reasonable attorneys' fees.

28. **CHOICE OF LAW.** In the event of contest or legal dispute regarding this Amended and Restated Lease Agreement, this Agreement shall be construed according to the laws of the State of New Mexico and any applicable City Ordinances.

29. **APPROVALS, CONSENTS AND NOTICES.** Notices required to be given to the Lessor shall be hand-delivered, sent via overnight courier service, or sent by certified mail, postage prepaid, and addressed to:

Airport Manager
Santa Fe Municipal Airport
P.O. Box 909
Santa Fe, New Mexico 87504-0909

Any approvals, consents and/or notices to be given to the Lessee shall be hand-delivered, sent via overnight courier service or sent by certified mail, postage prepaid, and addressed to:

Advanced Aviation, LLC
445 Airport Road
Santa Fe, New Mexico 87501

or to such other respective addresses as shown by the date of the notice if delivered by hand or by the date of receipt as shown by the U.S. Postal Service Certified Mail Return Receipt, if mailed.

30. **PARAGRAPH HEADINGS.** The paragraph and subparagraph headings contained in this Amended and Restated Lease Agreement are inserted for reference and convenience and are not intended to define or limit the scope of any provision of this Amended and Restated Lease Agreement.

31. **INVALID PROVISIONS.** In the event any covenant, condition or provision contained in this Amended and Restated Lease Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision contained in this Amended and Restated Lease Agreement shall not affect the enforceability of the balance of this Amended and Restated Lease Agreement; provided that the invalidity of such covenant, condition or provision does not materially prejudice either the Lessor or the Lessee in its respective rights and obligations contained in this Amended and Restated Lease Agreement.

In Witness Whereof, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

CITY OF SANTA FE

Larry Delgado
Larry Delgado, Mayor

ATTEST:

Yolanda Vigil
Yolanda Vigil, City Clerk

APPROVED AS TO FORM:

Mark A. Basham
Mark A. Basham, City Attorney

ADVANCED AVIATION, LLC

Herbert Marchman
President, Santa Fe Jet Center, Inc.
Managing Member

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

SUBSCRIBED AND ACKNOWLEDGED before me this _____ day of _____, 1999 by _____

Notary Public

My commission expires: _____

CITY OF SANTA FE

Larry Delgado, Mayor

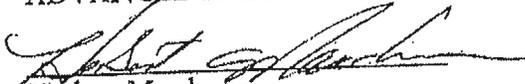
ATTEST:

Yolanda Vigil, City Clerk

APPROVED AS TO FORM:

Mark A. Basham, City Attorney

ADVANCED AVIATION, LLC


Herbert Marchman
President, Santa Fe Jet Center, Inc.
Managing Member

STATE OF NEW MEXICO)

COUNTY OF SANTA FE)

)
)ss.
)

SUBSCRIBED AND ACKNOWLEDGED before me this 17th day of

March, ¹⁹⁹⁹₂₀₀₀ by Herbert Marchman, President
Santa Fe Jet Center Inc.



Notary Public
NOTARY PUBLIC
My commission expires: 6-14-2003

Ricardo R. Borrego
Secretary/Treasurer
Borrego Construction Co., Inc.

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

SUBSCRIBED AND ACKNOWLEDGED before me this _____ day of
_____, 1999 by _____.

Notary Public

My commission expires: _____

SPORTSMAN'S AVIATION

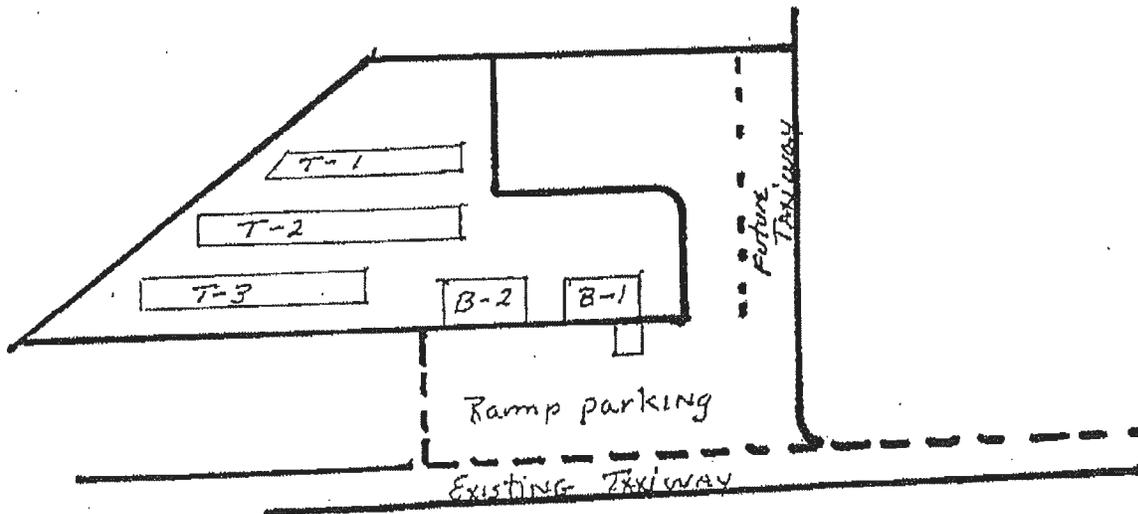
COMPLETE PACKAGE SPORTS TRIPS
11 WESTERN STATES AND CANADA

TERRY VAN DIEN
Owner

B-1 Main Hangar office + Lobby
100' x 214" phase I

B-2 100' x 200' hangar for Interior design + Mfg.
PHASE II

T-1 } T stacked hangars phase II
T-2 }
T-3 } Approx. 35 spaces.



3357 Cerrillos Rd., Suite 119 • Santa Fe, New Mexico 87505 • 505-424-3492

SPORTSMAN'S AVIATION
EXHIBIT A
IMPROVEMENTS SCHEDULE

PHASE I: 100' x 214' Main hangar, office and lobby to be completed within 120 days of the date of the Lease Agreement.

PHASE II: 100' x 200' Hangar for Interior Design and Manufacturing and 35 T-Hangar spaces to be completed within 240 days of the date of the Lease Agreement.

EXHIBIT B

EXHIBIT SHOWING
SPORTSMAN'S AVIATION LEASE PARCEL
SANTA FE MUNICIPAL AIRPORT
SANTA FE COUNTY, NEW MEXICO

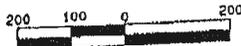
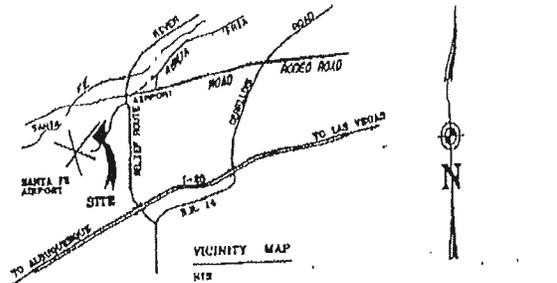
LEGAL DESCRIPTION

A CERTAIN PARCEL OF LAND LYING WITHIN SECTIONS 10 & 15 TOWNSHIP 18 NORTH, RANGE 8 EAST, N.M.P.M., COUNTY OF SANTA FE NEW MEXICO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT A CONTROL MONUMENT "SANTAFÉ" BEING AN IRON ROD WITH ACCESS COVER MARKED "SANTAFÉ 1907" THENCE N15°58'56"E A DISTANCE OF 430.86 FEET TO A POINT BEING THE NORTHEAST CORNER OF THIS PARCEL AND THE POINT AND PLACE OF BEGINNING.

THENCE FROM SAID POINT OF BEGINNING S00°22'17"W A DISTANCE OF 500.22 FEET TO A POINT BEING THE SOUTHWEST CORNER OF THIS PARCEL; THENCE S89°51'28"W A DISTANCE OF 540.37 FEET TO A POINT BEING THE SOUTHWEST CORNER OF THIS PARCEL; THENCE N64°58'11"W A DISTANCE OF 430.50 FEET TO A POINT BEING THE NORTHWEST CORNER OF THIS PARCEL; THENCE N25°03'11"E A DISTANCE OF 1492.28 FEET TO THE NORTHEAST CORNER AND THE POINT AND PLACE OF BEGINNING.

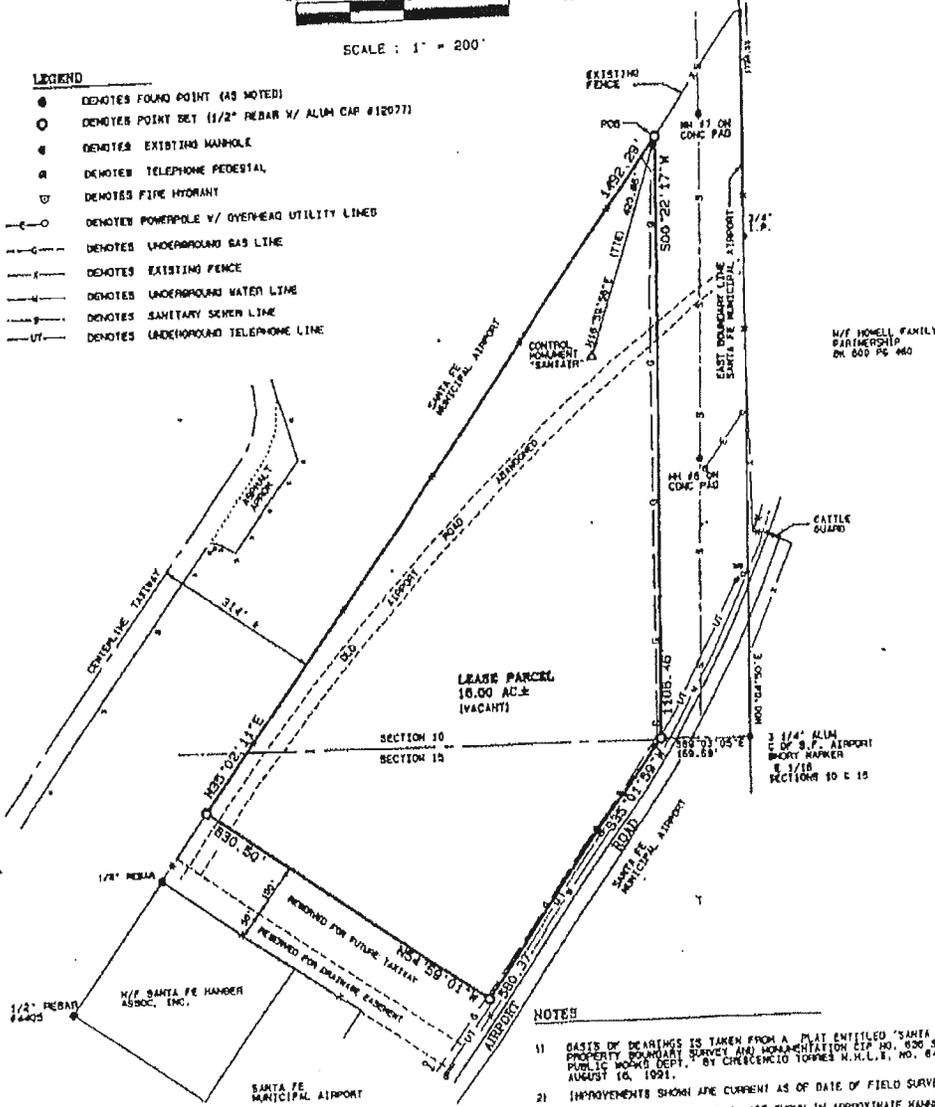
CONTAINING 10.000 ACRES, MORE OR LESS.



SCALE: 1" = 200'

LEGEND

- DENOTES FOUND POINT (AS NOTED)
- DENOTES POINT SET (1/2" REBAR W/ ALUM CAP #12077)
- ⊙ DENOTES EXISTING MANHOLE
- ⊕ DENOTES TELEPHONE PEDESTAL
- ⊖ DENOTES FIRE HYDRANT
- DENOTES POWERPOLE V/ OVERHEAD UTILITY LINES
- DENOTES UNDERGROUND GAS LINE
- DENOTES EXISTING FENCE
- DENOTES UNDERGROUND WATER LINE
- DENOTES SANITARY SEWER LINE
- DENOTES UNDERGROUND TELEPHONE LINE



NOTES

- 1) BASIS OF BEARINGS IS TAKEN FROM A PLAT ENTITLED "SANTA FE AIRPORT PROPERTY BOUNDARY SURVEY AND MONUMENTATION SIP NO. 636 SANTA FE PUBLIC WORKS DEPT." BY CLEVELAND TORRES N.M.L.S. NO. 6481, DATED AUGUST 16, 1991.
- 2) IMPROVEMENTS SHOWN ARE CURRENT AS OF DATE OF FIELD SURVEY, 02/13/97.
- 3) UNDERGROUND UTILITY LINES ARE SHOWN IN APPROXIMATE MANNER AND UTILITIES MAY EXIST WHERE NONE ARE SHOWN.

SURVEYORS CERTIFICATE

I HEREBY CERTIFY THAT THIS EXHIBIT AND THE NOTES SHOWN HEREON WERE PREPARED UNDER MY DIRECTION FROM A SURVEY PERFORMED IN THE FIELD FOR THE PURPOSE OF DEFINING THE BOUNDARY OF THE LEASE PARCEL TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF THIS PLAT MEETS OR EXCEEDS THE REQUIREMENTS OF THE "MINIMUM STANDARDS FOR LAND SURVEYING IN NEW MEXICO"

Richard A. Morris
DATE: MARCH 10 1997
RICHARD A. MORRIS REG. PROF. SURVEYOR NEW MEXICO No. 10277



Red Mountain Engineers, Inc.
3216 PARKWAY DRIVE, SUITE A
P.O. BOX 18110, SANTA FE, NM 87508-8110
PHONE: (505) 472-7373 PROJECT No. 95537-112

ITEM # 09-0417

CITY OF SANTA FE
AMENDMENT No. 1 TO LEASE AGREEMENT
SANTA FE AIR CENTER LLC
(CAPITAL AVIATION LEASE)

THIS AMENDMENT No. 1 to LEASE AGREEMENT (the "Amendment"), is between the City of Santa Fe (the "Lessor") and SANTA FE AIR CENTER LLC, a Delaware limited liability company, as successor in interest to CAPITAL AVIATION OF SANTA FE INC. (the "Lessee"). The date of this Amendment shall be the date when it is executed by the Lessor.

RECITALS

WHEREAS, Lessor and Lessee's predecessor-in-interest entered into that certain Lease Agreement, dated May 26, 1988 (the "Original Lease Agreement") for the use of certain Premises (as more specifically described therein) located at the Santa Fe Municipal Airport ("Airport").

WHEREAS, the Lessor and Lessee desire to amend the Original Lease Agreement as set forth herein. As amended herein, the Original Lease Agreement and this Amendment shall collectively be referred to as the "Lease Agreement."

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the Lessor and the Lessee agree to amend the Lease Agreement as follows:

1. Article 3 of the Original Lease Agreement is amended to extend the term of the Lease Agreement by ten years with an effective date of May 26, 2008. Notwithstanding

anything to the contrary in the Original Lease Agreement, for all purposes the Original Lease Agreement shall be deemed to have continued in full force and effect through and until the effectiveness of this Amendment. Accordingly Article 3 of the Lease Agreement reads in its entirety as follows:

3. TERM OF LEASE.

The term of this Lease Agreement shall be for a period of 10 years commencing on May 26, 2008, subject however to the option hereby granted by Lessor to Lessee to renew this Lease Agreement for an additional term of ten years upon the same terms and conditions as are set forth in this Lease Agreement except for ground space rent which shall increase from the rate in effect at the end of the previous lease term pursuant to Article 4B of this amended Lease Agreement and except for fuel flowage fees which shall be modified pursuant to Article 4C1 of this Lease Agreement. Provided however that at such time as the option is exercised the Lease Agreement shall be amended to conform to all federal and state regulations and grant requirements related to the airport development and operation. Lessee shall notify Lessor in writing of its intention to exercise the renewal option not less than three (3) months before the expiration of the current term otherwise the option shall be deemed to have been waived.

Holding over by the Lessee after the expiration of this Lease Agreement, whether with or without the consent of the Lessor, shall not operate to extend or renew this Lease Agreement. Any such holding over shall be construed as a tenancy from month to month at the rates, fees and charges reserved in this Lease Agreement under the terms of this article and Article 4.

2. Article 4 of the Lease Agreement is amended to increase rents, fees and charges so that Article 4 reads in its entirety as follows:

4. RENTS, FEES, CHARGES AND RECORDS.

The Lessee agrees to pay to the Lessor, at the office of the Airport Manager, at the Santa Fe Municipal Airport, or at such place as the Lessor may designate from time to time, for the use of the Premises the following rents and fees:

A. Ground Space Rent. Lessee shall pay to Lessor an annual rental fee of fourteen cents per square foot for the Premises. 1960

B. Schedule of Payments for Ground Space Rent. The fixed rental fee as provided in Article 4, Paragraph A shall be payable to the Lessor on an annual basis and is due on the first day of January each year. If such payment is not made within twenty-five (25) days of its due date, the Lessee shall pay a finance charge of 1-1/2% per month (18% percent annually) on such past due payment for each month or partial month thereafter that any payment due is not paid. The annual basic rent as computed above shall be adjusted by either of the following two methods, at Lessor's option:

(1) The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to the average annual percentage rate increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, for the three years immediately preceding the adjustment. The first such adjustment under this paragraph shall take place on the third anniversary of the date of this Lease Agreement, and then on the anniversary date every third year thereafter; or

(2) At the Lessor's option, the annual basic rent shall be adjusted upward by the use of an appraisal. The appraised value per square foot shall become the basis for the Ground Space Rent. Said appraisal shall be paid for by the Lessor and shall not be conducted more than once every five years. The year that the appraised value takes effect

shall become the base year for calculating adjustments of the annual rent.

C. Percentage and Fuel Flowage Fees. Lessee shall pay to Lessor the following:

(1) A sum of \$.07 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business. Provided, however, that from time to time, fuel flowage fees shall be adjusted pursuant to the rate set forth in any appraisal of fuel flowage fees done for the airport, or at such time as any other similar but higher fixed base operator lease fuel flowage fee is implemented. This fuel flowage fee shall be increased to be equal to the higher fixed base operator lease fee amount.

(2) A sum equal to 2.0% of the adjusted gross receipts from all business conducted and carried on by Lessee upon the Premises. The term "adjusted gross receipts" as used in this Lease Agreement shall mean the aggregate amount of all sales made, and services performed, including charter operations conducted by the Lessee to or from the Santa Fe Municipal Airport, for cash, on credit or otherwise, of every kind, name and nature. Adjusted gross receipts shall also include the aggregate value of all goods, wares and merchandise received for property services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from adjusted gross receipts: (a) all fuel sales; (b) all sales of new and used aircraft; (c) transient tie down fees; (d) ramp parking fees; (e) landing fees; (f) federal, state and municipal sales taxes, excise taxes, gross receipts taxes and all other similar taxes separately stated and/or collected from customers; and (g) and bad debts and uncollectible accounts. This adjusted gross receipts fee shall be increased at such time as any other similar but higher fixed base operator lease fee is implemented. This adjusted gross receipts fee shall be increased to be equal to the higher fixed base operator lease fee amount.

D. Transient Tie Down and Parking Fees. Lessee agrees to remit to Lessor

seventy-five percent (75%) of all transient tie down and ramp parking fees collected by Lessee on aircraft tied down or parked at the Santa Fe Municipal Airport, not herein leased, and as designated by the Lessor from time to time for the Lessee's use. The Lessor reserves the right to adjust such fees as necessary.

E. **Transient Landing Fees.** Lessee agrees to remit to Lessor eighty percent (80%) of all transient landing fees collected by Lessee on transient aircraft serviced by Lessee at the Santa Fe Municipal Airport. The Lessor reserves the right to adjust or modify such fees as necessary.

F. **Security and Fire Protection Fees.** Lessor reserves the right to impose fair and equitable fees for Security and Fire Protection should such services be provided by Lessor.

G. **Late Payment Penalty.** If the specified payments in Article 3, Paragraphs C, D, E, and F herein, are not received by the twenty-fifth (25th) day of each month following the month of sale, the Lessee shall pay a finance charge of 1-1/2% per month (18% annually) on such past due payment for each month or partial month thereafter that any payment due is not made.

H. **Monthly Statement.** The Lessee shall submit a detailed statement to the Lessor to accompany the payment, on a form satisfactory to the Lessor, that shows the gross revenues of the Lessee upon which compensation to the Lessor is payable under this Lease for the preceding calendar month, which statement shall be subscribed and sworn to as correct by one of the Lessee's officers or certified by a licensed accountant. The statement shall show such reasonable detail and breakdown by the Lessee's payment for percentage fees and fuel flowage fees due. The Lessee shall include with the breakdown of all rents, fees and charges due the Lessor for the preceding calendar month's business. Such statement shall contain, at

a minimum, all monthly activities and shall be subscribed and sworn to as correct by the Lessee, one of the Lessee's officers, its local manager or certified by a licensed accountant.

I. Records and Audit

(1). All records, accounts, books, delivery receipts and data on business activities performed under this Lease Agreement and maintained by the Lessee shall be subject to inspection and audit by the Lessor at Lessor's expense at all reasonable times. However, if an audit reveals a discrepancy of more than five (5%) percent of the gross receipts reported and the gross receipts as determined by the audit for any 12 month period, and if Lessor requires an additional audit, the full cost of such additional audit shall be borne by the Lessee. Records shall be maintained for a period of not less than three complete lease years.

(2). The records and statements of business done by the Lessee along with any other information obtained or inspected pursuant to this provision shall be considered as absolutely confidential and not subject to use or disclosure by the Lessor for any purpose other than the ascertainment of rents, fees and charges under this Agreement. Lessor may use information and data provided by the Lessee to compile gross receipts reports for airport activity reports provided the identity of the Lessee is not disclosed.

3. The second sentence of Article 15 of the Lease Agreement is amended to read in its entirety as follows:

15. OBSTRUCTIONS

Lessee shall, upon approval by Lessor and prior to any construction of any nature within the boundaries of the airport, prepare and submit to the Airport Manager and the Federal Aviation Administration, Airports District Office, 2601 Meacham Blvd, Ft Worth TX, 76137, one executed set (four copies) of FAA form 7460-1 "Notice of Proposed Construction or Alterations", as required by Federal Aviation Regulation Part 77.

4. The third sentence of Article 18 of the Lease Agreement is amended to read in its entirety as follows:

18. NONEXCLUSIVE RIGHTS

Lessor shall not in the future lease any other Airport premises to any other lessees providing the same or similar services and activities authorized in Paragraph 8B of this Lease Agreement at rental rates or terms more favorable or less restrictive to the lessees than set forth in this Lease Agreement without Lessee approval in writing which will not be unreasonably withheld.

5. AGREEMENT IN FULL FORCE.

Except as specifically provided in this Amendment, the Original Lease Agreement remains and shall remain in full force and effect, in accordance with its terms. All capitalized terms not defined herein shall have the meanings ascribed to such terms in the Original Lease Agreement. In the event of any conflict between the Original Lease Agreement and this Amendment, the terms and conditions of this Amendment shall control.

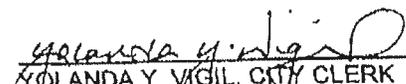
IN WITNESS WHEREOF, the parties have executed this Amendment as of the dates set forth below.

CITY OF SANTA FE:



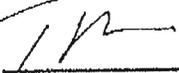
DAVID COSS, MAYOR
Date: 6/2/09

ATTEST:

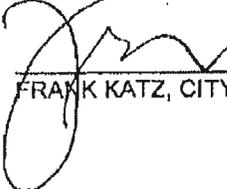


YOLANDA Y. VIGIL, CITY CLERK
cmtyg 6/2/09

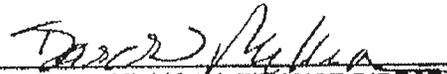
LESSEE:
SANTA FE AIR CENTER LLC

By: 
AR-3 Jeffrey W. Ross, President
Date: 6-4-2009

APPROVED AS TO FORM:


FRANK KATZ, CITY ATTORNEY

APPROVED:


DAVID N. MILLICAN, FINANCE DIRECTOR

LEASE AGREEMENT

THIS LEASE AND AGREEMENT is made and entered into on this 26th day of May, 1988, by and between the City of Santa Fe, State of New Mexico (a municipal corporation), hereinafter called Lessor, and Capital Aviation of Santa Fe, Inc., hereinafter called Lessee.

WHEREAS, the Lessor owns and operates an airport known as the Santa Fe Municipal Airport (the "airport") and is desirous of leasing to the Lessee certain premises and facilities at the said airport; and

WHEREAS, the Lessee is authorized by proper governmental agencies to engage in the business of general aviation fixed based operations; and

WHEREAS, both the Lessor and Lessee have the right and power to enter into this Lease and Agreement; and

WHEREAS, at the time of execution of this lease, Lessee intends to make the improvements consistent with the schedule as detailed in Exhibit "A" attached hereto;

THEREFORE, in consideration of the promises and mutual obligations contained in this Lease and Agreement, the Lessor and the Lessee agree as follows:

1. DEMISE OF PREMISES. Lessor for and in consideration of the rental charges, covenants, and agreements herein contained, does hereby grant, demise and lease unto the Lessee the exclusive rights to the described premises, and facilities at the airport more particularly described on Exhibit "B", attached hereto, containing 14,000 square feet more or less, together with right of access-egress thereto.

2. RIGHT TO ERECT STRUCTURES. The Lessee shall have the right to erect, maintain and alter buildings or structures upon said premises providing such buildings or structures are located consistent with the approved Airport Master Plan, as amended or may be amended by ordinance, and Minimum Standards attached hereto as Exhibit "C" (as amended or may be amended in the future) and conform to the Building Code requirements of the New Mexico Construction Industries Division and any City of Santa Fe or Santa Fe county ordinance now or hereafter in effect. Title to such construction, installations, and equipment, shall remain the property of the Lessee during the term of this lease but shall pass to the Lessor upon the expiration of this lease as provided herein.

Lessee must substantially complete construction erection of the permitted leasehold improvements in accordance with the schedule detailed on Exhibit "A" hereto within the time period detailed on Exhibit "A," provided, however, that the time to obtain completion shall be extended by any unanticipated delays suffered by Lessee, including any litigation which may challenge the validity of this lease.

Lessee must receive prior written approval from Lessor for any and all buildings, structures and improvements to be placed in the future on this lease site. Lessee shall provide a schedule for completion dates of all improvements at the time plans for construction or alteration are presented to the Lessor for review and approval, which approval will not be unreasonably withheld. Prior to commencing construction of any structures on the lease site, Lessee must demonstrate its financial capability to complete and pay for such construction by way of an irrevocable letter of credit, irrevocable financing commitment performance bond or other means satisfactory to Lessor.

Upon receiving consent of Lessor, whose permission shall not be unreasonably within, Lessee shall have the right to remodel, remove, demolish or destroy any future structures or improvements constructed by Lessee on the premises without compensation to Lessor, so long as the premises are left in a safe and sightly condition.

3. TERM OF LEASE. The term of this lease shall be for a period of 20 years commencing on the date first mentioned above, subject however, to the option hereby granted by Lessor to Lessee to renew this Agreement for an additional two terms of ten years each upon the same terms and conditions as are set forth in this Lease except for ground space rent which shall increase from the rate in effect at the end of the previous lease term pursuant to 4A(1) of this lease and except for fuel flowage fees which shall be modified to equal those fuel flowage fees imposed by Lessor upon the other fixed base operator(s) and seller(s) of fuel on the airport. Provided however that at such time as the option is exercised this lease will be amended to conform to all federal and state regulations and grant requirements related to the airport development and operation. Lessee shall notify Lessor in writing of its intention to exercise the renewal option not less than three (3) months before the expiration of the initial term of renewal terms otherwise the option shall be deemed to have been waived.

Holding over by the Lessee after the expiration of this Lease and Agreement, whether with or without the consent of the Lessor, shall not operate to extend or renew this Lease

and Agreement. Any such holding over shall be construed as a tenancy from month to month at the rents, fees and charges reserved in this Lease and Agreement under the terms of this Section and Section 4.

4. RENTS, FEES, CHARGES AND RECORDS.

A. PAYMENTS

The Lessee agrees to pay to the Lessor, at the office of the Airport Manager or at such place as the Lessor may designate from time to time, for the use of the premises, rights and easements herein described, the following rents, fees and charges:

(1) Ground Space Rent

For which is set forth on Exhibit "B" an annual rental of \$3,000.00 per acre, based upon 5% of the value which is presently assigned by Lessor to the property; such fixed rental totaling \$964.19.

The fixed rentals totaling \$964.19 annually shall be payable to the Lessor in advance on or before the 1st day of January each year. Lease payments shall commence and begin to accrue when Lessee commences business activities on the premises or six months from the date this lease Agreement is executed by Lessor, whichever first occurs. If such payment is not made within twenty-five (25) days of its due date, the Lessee shall pay an interest charge of 1-1/2% per month (18% annually) on such past due payment for each month or partial month thereafter that any payment due is not paid.

Any adjustment of rental rates for land leased in the commercial area will be based on 5% of the appraised value of the property, minus any structures or improvements erected by Lessee, which may be reappraised at the end of each three year increment. If Lessor desires to seek adjustments of rental rates for land, Lessor reserves the right to adjust ground space rent at the end of each three year period following the date first mentioned above. In such event, Lessor shall procure at its cost, a professional appraisal of the property. If Lessee objects to said valuation Lessee shall procure its cost a professional appraisal of the property. The valuation will be determined by arbitration proceedings before a single arbitrator according to the rules then in effect of the American Arbitration Association.

In the event that the commencement or termination of the term with respect to the leased premises and the rights

provided in this Lease falls on any date other than the first or last day of a calendar month, the ground space rents, fees and charges for that month shall be paid for said month pro rata according to the number of days in that month during which Leased Premises and rights were enjoyed.

(2) Percentage and Fuel Flowage Fees

(a) A sum of \$.03 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business.

Provided, however, that as of January 1, 1994, and each six years thereafter, fuel flowage fees shall be adjusted pursuant to the change in the consumer price index (all items -- U.S. average) if: (1) Lessor imposes a like increase upon all other fixed base operators and parties supplying fuel at the airport; and (2) the fuel flowage fees imposed on Lessee are reasonable in light of fuel flowage fees charges fixed base operators at comparable (in size and volume) airports in New Mexico, Arizona, Colorado and Oklahoma.

(b) A sum equal to 1-1/2% of the adjusted gross receipts from all business conducted and carried on by Lessee upon the land which is set forth on Exhibit "B". The term "adjusted gross receipts" as used in this Lease shall mean the aggregate amount of all sales made, and service performed, for cash, on credit or otherwise, of every kind, name and nature. Adjusted gross receipts shall also include the aggregate value of all goods, wares and merchandise received for property of services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from adjusted gross receipts (i) all fuel sales; (ii) all sales of new and used aircraft; (iii) transient tie down fees; (iv) federal, state and municipal sales taxes, excise taxes, gross receipts taxes and all other similar taxes separately stated and/or collected from customers; and (v) bad debts and uncollectable accounts.

(3) Transient tie-downs

Lessee agrees to remit to Lessor seventy-five percent (75%) of all transient tie-down fees collected by Lessee on aircraft tied down on those portions of the Santa Fe Municipal Airport not herein leased and as designated by the Lessor from time to time for Lessee's use. The Lessor reserves the right to adjust those fees as necessary.

(4) Late Payment Penalty

If the specified payments in subparagraphs 4A(2) and (3) above are not received by the twenty-fifth (25th) day of each month following the month of sale, the Lessee shall pay an interest charge of 1-1/2% per month (18% annually) on such past due payment for each month or partial month thereafter that any payment due is not paid.

B. Records and Audit.

The Lessee shall on or before each payment date during the term of this Lease and Agreement, submit a statement to the Lessor, on a form acceptable to the Lessor, which shows the gross revenues of the Lessee upon which compensation to the Lessor is payable under this Lease for the preceding calendar month, which statement shall be subscribed and sworn to as correct by one of the Lessee's officers or certified by a licensed accountant. The statement shall show such reasonable detail and breakdown, as may be required by the Lessor, and shall be accompanied by the Lessee's payment for percentage fees and fuel flowage fees due hereunder. The Lessee shall include with the statement a summary of all fuel delivered into aircraft.

All records, accounts, books, delivery receipts and data maintained by the Lessee shall be subject to inspection and audit by the Lessor at Lessor's expense at all reasonable times. Records shall be maintained for a period of not less than three (3) complete lease years.

The records and statements of business done by the Lessee along with any other information obtained or inspected pursuant to this provision shall be considered as absolutely confidential and not subject to use or disclosure by the Lessor for any purpose other than the ascertainment of rental under this Agreement.

5. INSURANCE. The Lessee shall, at its own cost and expense, procure and maintain in full force and effect during the term of this Lease Agreement, the following:

(1) Workmen' Compensation and Employer's Liability. It is expressly understood that employees of the Lessee are not Lessor's employees for any purpose. The Lessee shall comply with the provisions of the New Mexico Workmen's Compensation Act, the Subsequent Injury Act, and the Occupational Disease Disablement Law. Such insurance shall include coverage permitted under Section 52-1-10, NMSA 1978, for safety devices. The Lessee shall procure and maintain complete Workmen's and Employer's Liability Insurance in accordance with New Mexico laws and regulations. With respect to Workmen's Compensation Insurance, if the Lessee elects to be

self-insured, the Lessee shall comply with the applicable requirements of law. The Lessee shall require any subcontractor, sublessee or assignee similarly to provide such coverage; or qualify as a self-insured, for all the latter's employees. The Lessor, its officers or employees shall not be responsible for any claims or actions occasioned by the Lessee's failure to comply with the provisions of this subparagraph.

(2) Comprehensive General Liability. The Lessee shall procure and maintain a comprehensive general liability insurance policy, including automobile liability coverage for all vehicles used on the premises in its operation, for bodily injury, including death, and property damage. Said policies of insurance must include coverage for premises, operations and the Lessee's liability to the Lessor hereunder. Contractual liability coverage shall specifically insure with liability limits not less than those required by law. A binder for this policy shall be provided to Lessor at the time of the execution of this lease. A certificate evidencing such policy shall be provided to Lessor within thirty (30) days of execution of this lease.

(3) Hangar-Keeper Liability Coverage. The Lessee shall procure and maintain hangar-keeper insurance with liability limits to cover losses to reasonably be expected.

(4) Property Coverage. The Lessee shall procure and maintain fire and "all-risks" property coverage in limits reasonably related to the value of improvements to the Leased Premises. In the event of major damage to or destruction of a building or structure the Lessee shall repair, or replace or remove of the damaged building or structure as provided in section 9 of this lease.

The Lessor shall be named an additional insured on the general liability and property coverage policies of insurance. The policies shall be written by companies authorized to write such insurance in New Mexico, and they shall be in a form satisfactory to the Lessor and properly filed with and approved by the Superintendent of Insurance of the State of New Mexico. Policies shall provide that thirty (30) days written notice be given to the Airport Manager before a policy is cancelled, materially changed or not renewed. Certificates of Insurance and copies of policies of insurance shall be delivered to the Airport Manager.

A binder for this policy shall be provided to Lessor before Lessee commences construction of any leasehold improvements, and a certificate evidencing such policy shall be

provided to Lessor within a reasonable time, not to exceed 30 days after the commencement of construction of leasehold improvements.

The cancellation or other termination of any insurance policy issued in compliance with this section shall automatically terminate the lease, unless another policy has been filed and approved pursuant to this section and shall be in effect within 45 days of the date of written notice to Lessee of such default.

6. CANCELLATION BY LESSOR.

A. Lessor may cancel this lease by giving Lessee thirty (30) days advance written notice and opportunity to cure, upon or after the happening of any of the following events:

(1) Cancellation for Non-Payment. If the Lessee shall default in the payment obligations of above, and the default shall continue for thirty (30) days after the effective date of written notice thereof to the Lessee, given by the Lessor in accordance with the notice provisions of Section "Notices" below, then the Lessor shall have the option to declare the lease term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Leased Premises, whether with or without process of law.

(2) Cancellation for Default other than Payment. If the Lessee shall default in the performance of any terms, covenants, agreements or conditions of this Lease other than in the performance or payment obligations discussed above and the default shall continue for thirty (30) days after written notice thereof to the Lessee, given by the Lessor in accordance with the notice provisions of Section "Notices" below, then the Lessor shall have the option to declare the lease term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Leased Premises, whether with or without process of law. However, if any default or breach may not reasonably and capably be cured within thirty (30) days after written notice thereof, and if Lessee diligently attempts to cure the default or breach, Lessee may petition Lessor for additional time to cure the default, which petition will not be unreasonably denied.

No waiver of default by the Lessor of any of the terms, covenants, agreements or conditions hereof to be performed, kept and observed by the Lessee shall be construed to be an act of waiver of any subsequent default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee. The acceptance of rental by the Lessor for any period or periods after a default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee, shall not be deemed a waiver of any right on the part of the Lessor to cancel this Lease and Agreement for failure by the Lessee to so perform, keep or observe any of the terms, covenants, agreements or conditions of this Lease and Agreement.

(3) Other Cancellation. The Lessor may cancel this Lease Agreement only by giving the Lessee thirty (30) days advance written notice and opportunity to cure, whether with or without process of Law, upon or after the happening of any one of the following events:

(a) The filing by the Lessee of a voluntary petition in bankruptcy, or the institution of proceedings in bankruptcy against the Lessee and the adjudication of the Lessee as a bankrupt pursuant to such proceedings.

(b) The taking of a court of jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act;

(c) The appointment of a receiver of the Lessee's assets.

(d) The abandonment by the Lessee of its conduct of business on the Leased Premises for a period of thirty (30) days.

(e) The occurrence of damage or destruction to the buildings and structures on the Leased Premises by fire, or any other casualty and the failure of the Lessee to repair, replace or remove the damaged building or structure as required by Section 9 of this Lease.

(4) Cancellation Due to Airport Development. Lessor reserves the right to further expand or improve the Airport as it sees fit, regardless of the view of the Lessee, and without interference or hinderance. If the physical development of the Airport requires the leased premises, described in Exhibit "B", then the Lessor shall

compensate the Lessee for the leased premises in one of the two following methods, at the Lessor's expense:

Method A. If Lessor determines it has vacant land available at the Airport which is generally comparable in location to that being taken for development, then the Lessee shall relocate the Lessee owned facilities to the new location in substantially similar form to that then existing. The Lessor shall reimburse Lessee within sixty (60) days for Lessee's actual expenses of relocation of its facilities subject to Lessor's prior approval of the reasonableness of such expenses.

Method B. If Lessor determines that Lessee cannot be relocated as described in Method A above, then Lessor shall purchase from Lessee the Lessee owned facilities, to which title shall then pass in fee simple to Lessor. The amount to be paid by Lessor to Lessee shall be the fair market value of the improvements taken.

B. Cancellation by the Lessee. The Lessee may cancel this Lease and terminate all or any of its obligations hereunder at any time that the Lessee is not in default in the payment of any rents, fees or charges to the Lessor pursuant to this Lease and Agreement by giving the Lessor thirty (30) days advance written notice to be served as hereinafter provided upon or after the happening of any one of the following events:

(1) The failure or refusal of the Federal Aviation Administration or its successors at any time during the term of this Lease and Agreement, to permit the Lessee to operate into or from the Airport with any type of aircraft licensed to operate into or from other airports of like size and character; provided, however, that such failure or refusal is not due to any fault of the Lessee.

(2) The issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport or any part thereof so as to substantially affect the Lessee's use of the Airport in its conduct of commercial aeronautical business at the Airport, and the remaining in force as such injunction for a period of at least ninety (90) days;

(3) The termination or substantial modification, for a period of excess of ninety (90) days, or the involuntary revocation of the operating authority of the Lessee to serve the City of Santa Fe through the Airport by final or temporary order of the FAA or other governmental agency, federal or state, having jurisdiction over the Lessee:

(4) The default by the Lessor in the performance of any of the obligations required to be performed by the Lessor pursuant to this Lease and Agreement and the failure of the Lessor to take steps to cure such default for a period of thirty (30) days after receipt by the Lessor of written notice to cure the same;

(5) The lawful assumption by the United States Government or any authorized agency thereof of the operation, control or use of the Airport or any substantial part thereof, in such manner as to substantially restrict the Lessee rights to operate pursuant to this Lease for a period of at least ninety (90) days;

(6) The inability of the Lessor and its customers to use, for a period in excess of forty-five (45) days, the Airport to conduct its commercial aeronautical business because of fire, explosion, the elements, or other casualty provided that same is not caused by the negligence or willful acts or failure to act on the part of the Lessee.

No waiver of default by Lessee of any of the terms, covenants or conditions hereof to be performed, kept and observed by Lessor shall be construed to be or act as a waiver by Lessee of any subsequent default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by Lessor.

8. RIGHTS OF LESSEE.

A. Lessee shall have the right, but shall not be required:

1. In common with others so authorized, to use common areas of the airport, including runways, taxiways, aprons, roadways, floodlights, landing lights, signals and other conveniences for the take-off, flying and landing of aircraft.

2. To the non-exclusive use, in common with others, of the airport, appurtenances and improvements thereon, but this shall not restrict the right of the Lessor to charge visitors a fee for the use of such areas.

3. To install, operate, maintain, repair and store subject to approval of Lessor in the interests of safety and convenience of all concerned, all equipment necessary for the conduct of Lessee's business.

4. Of access to and from the leased premises, limited to taxiways, streets, driveways and sidewalks designated for such purposes by the Lessor, and which right shall extend to Lessee's employees, passengers, guests and patrons.

B. Lessee is authorized, but not required, to provide the following services and to engage in the following activities:

1. Ramp service at other common areas of the Airport and at other leased areas with such Lessee's permission, including into-plane delivery of aircraft fuel, lubricants and other related aviation products; loading and unloading of passengers, baggage, mail and freight; and providing of ramp equipment, aircraft cleaning and other services for air carriers and other persons or firms;

2. Special flight services, including aerial advertising and aerial photography;

3. The sale of new and used aircraft, aircraft parts, navigation equipment, and new and used radio and electronic equipment;

4. The demonstration of aircraft for sale;

5. Flight training, including ground school;

6. Aircraft rental;

7. Aircraft charter operations conducted by Lessee or a subcontractor of Lessee;

8. To operate a full service fixed base aviation facility, together with all other normal, reasonable and related activities except as may be excluded herein and to be consistent with minimum standards set forth on Exhibit "C" attached hereto, as may be amended in the future.

9. Car rental services provided Lessee pays Lessor the same rates and fees as may be uniformly imposed by Lessor on other car rental agencies at the airport;

10. Any other general aviation services not specifically provided for herein which are approved in advance by Lessor. Lessor's approval of such services shall not be unreasonably withheld.

C. So long as Lessee conducts its business in a fair, reasonable and workmanlike manner, to peaceably have and enjoy the lease premises, and all the rights and privileges herein granted.

9. MAINTENANCE OF STRUCTURES. Lessee will maintain the structures on the leased premises and the leased premises in good order and make such repairs as are customary and necessary. The Lessee shall remove snow, sand, debris, rubbish and abandoned equipment from the leased premises and shall not deposit the same on or any portion of the airport except on such areas as shall be reasonably designated by Lessor. The Lessee shall be responsible for providing all customary and necessary janitorial and custodial services on the leased premises.

In the event of fire or any other casualty, the Lessee may either repair or replace the building or remove the damaged building and restore the leased area to its original condition; such action must be accomplished within 120 days of the date the damage occurred. Upon petition by the Lessee, the Lessor may grant an extension of time if it appears such extension is warranted, which will not be unreasonably withheld.

10. RIGHT OF ENTRY. Lessor reserves the right to enter upon the premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this Agreement.

11. TRANSFER OF INTEREST. Lessee may not, at any time during the term of this lease, sell, lease, assign, transfer or permit to be acquired, this Agreement or any interest herein, nor shall Lessee sublease any portion of its' leasehold interest without the written consent of the Lessor's Governing Body, which consent will not be unreasonably withheld. The Lessee shall, however, be permitted to enter a leasehold mortgage, collateral assignment or security interest in a form approved by the Lessor, for construction and/or business operation financing purposes provided however, the amount secured by such financing shall not exceed 80% of the volume of leasehold improvements on the leased premises. Leasing and subleasing of hangar or tie down space on Lessee's leased premises, to individual aircraft owners shall be allowed without Lessor's consent. It is expressly understood that the transient tie-downs mentioned herein are the sole property of the Lessor.

12. OBSERVATION OF LAWS, RULES AND REGULATIONS.

Lessee agrees to observe and obey during the term of this lease, all laws, ordinances, minimum standards (Appendix C), rules and regulations promulgated and enforced by Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the airport.

13. HOLD HARMLESS. Lessee agrees to hold Lessor

free and harmless from loss from each and every claim and demand of whatever nature, made on behalf of or by any person or persons, for any wrongful, careless or negligent act or omission on the part of the Lessee, its' agents, servants and employees, and from all loss and damages by reason of such acts or omissions.

Lessor agrees to hold Lessee free and harmless from loss from each and every claim and demand of whatever nature, made on behalf of or by any person or persons, for any wrongful, careless or negligent act or omission on the part of the Lessor, its' agents, servants and employees, and from all loss and damages by reason of such acts or omissions.

14. SIGNS. During the term of this Lease, Lessee

shall have the right, at its expense, to place in or on the premises a sign or signs identifying Lessee and products sold by Lessee. All such signs shall remain the property of Lessee but if removed by Lessee, the Lessee shall restore the premises to its original condition. All signs erected by Lessee shall be of a size, shape and design approved by Lessor and in conformance with any overall directional graphics or sign program established by Lessor and shall conform to all laws, ordinances and regulations of governmental authorities having jurisdiction. Lessor's approval shall not be unreasonably withheld.

15. OBSTRUCTIONS. Lessor reserves the right to take

any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the airport which, in the opinion of the Lessor, would limit the usefulness of the airport or constitute a hazard to aircraft. Lessee shall, upon approval by Lessor and prior to any construction of any nature within the boundaries of the airport, prepare and submit to the Airport Manager and the Federal Aviation Administration, Albuquerque Airport District Office, Attention ABQ 600, 2930 Yale, S.E., Room 109A, Albuquerque, NM, 87106, one executed set (four copies) of FAA form 7460-1 "Notice of Proposed Construction or Alterations", as required by Federal Aviation Regulation Part 77. This notice must be submitted at least

thirty days prior to the date of the proposed construction/alteration or the date that an application for a construction permit is filed, whichever is earlier.

Should a Federal Aviation Administration Obstruction Evaluation determine that obstruction lights are needed or required on new construction, Lessee agrees to install, maintain and operate such obstruction lights on the top of buildings or structures to be placed on the leased premises. If Lessee fails to install, maintain and operate such obstruction lights then the Lessor shall have the right to install, maintain and operate the same at Lessee's expense.

Should Federal Aviation Administration rules and regulations change to require obstruction lights on existing structures which previously did not require obstruction lights, Lessor agrees to install, maintain and operate such newly required obstruction lights. If Lessor fails to install, maintain and operate such obstruction lights then Lessee shall have the right to install, maintain and operate the same at Lessor's expense.

16. FAIR AND NONDISCRIMINATORY SERVICES. Lessee in the conduct of its authorized aeronautical business activities shall furnish good, prompt and efficient service adequate to meet the demand for its services at the airport, and shall furnish such service on a fair, equal and not unjustly discriminatory prices for each unit of sale or service; provided, however, that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchases.

17. TITLE VI. CIVIL RIGHTS ASSURANCES. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, sex, or national origin shall be excluded from participation in, denied the benefits or, be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, sex or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination, (3) that the Lessee shall use the premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the

Civil Rights Act of 1964, and as said Regulations may be amended. In the event of Lessee's breach of any of the above nondiscrimination covenants, the Lessor shall have the right to terminate this Agreement and to re-enter and repossess said land and the facilities thereon, and hold same as if said Agreement has never been made or issued.

18. NONEXCLUSIVE RIGHTS. Lessee shall have the exclusive right and privilege of engaging in and conducting a business on the leased premises of said airport under the terms and conditions as set forth hereinafter, provided, however, that this Agreement shall not be construed in any manner to grant Lessee or those claiming under it the exclusive right to the use of the common areas and facilities of said airport other than the specifically described premises leased exclusively to Lessee hereunder. Lessor shall have the right to lease other portions of the airport premises to other Lessees, including other fixed base operators. Lessor shall not in the future lease any other airport premises to any other lessee(s) at rental rates or terms more favorable or less restrictive to the lessee(s) than set forth in this lease Agreement. Lessee shall have the primary right and duty to park, fuel, service and provide passenger embarkation services to aircraft located on the ramp areas which are adjacent to property leased to Lessee. Other fixed base operators will be allowed to provide fueling services upon ramp areas adjacent to Lessee's leased areas upon the express request of parties requesting fueling services. However, no other fixed base operator will be allowed to solicit services or park aircraft on ramp areas allotted to Lessee. Lessor shall not grant any party exclusive or preferential rights to solicit or provide fuel or other services on ramp areas adjacent to public facilities. If Lessor divides or assigns rights to fixed base operators to solicit, operate or provide fuel or services to areas adjacent to public facilities, a fair, equal and equitable distribution of space and/or rights shall be allocated to Lessee.

19. AIRCRAFT SERVICE BY OWNER OR OPERATOR OF AIRCRAFT. It is clearly understood by the Lessee that no right or privilege has been granted which would operate to prevent any person, firm or corporation operating aircraft on the airport from performing any services on its own aircraft with its own regular employees (including, but not limited to, maintenance and repair) that it may choose to perform on areas other than these leased premises as long as such services are not contrary to any law, rule or regulation.

20. SERVICES BY LESSOR. Lessor agrees to extend to Lessee the same fire and police protection extended to the other tenants and facilities on the airport.

21. UTILITIES, REFUSE AND SEWER. Lessee is responsible for providing all installation and service cost for all utility needs at Lessee's sole expense. It is understood however, that at the present time Lessee receives water service from Lessor at no cost to Lessee. Lessee agrees that if in the future Lessor decides to impose a service charge for this water service that Lessee will pay a reasonable and fair cost for such. It is understood that at the present time Lessee receives sewer service at no cost to Lessee. Lessee agrees that if in the future Lessor decides to abandon the present septic system or impose a service charge for this sewer service, then Lessee will either provide for its' own sewer needs or else pay a reasonable and fair charge for such service.

Lessee shall be responsible for its' own garbage disposal.

22. LIABILITY FOR TAXES.

The Lessee shall promptly pay any and all taxes, personal property tax, leasehold tax, gross receipts tax, transaction privilege tax or other exaction assessed or assessable and pay all license fees and permit fees applicable to the Lessee's operation, and acquire and keep current all, licenses, municipal, state or federal as the result of the Lessee's operations at the Airport pursuant to this Lease and Agreement, and shall not allow any of said taxes, excises or license to become delinquent.

The Lessee shall not permit any mechanics or materialmen's or any other lien to be foreclosed upon the Leased Premises or improvements thereto. The Lessee shall have the ability to contest payment demand by a contractor. Should the Lessee withhold payments to a contractor, the Lessee shall be required, at the Lessor's option, to deposit with the Lessor or a court of competent jurisdiction, an amount equal to the amount in dispute.

23. LESSOR'S RIGHTS. Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of Lessee in this regard.

24. EVIDENCE OF CAPABILITY. From time to time, upon Lessor's request, Lessee shall furnish such evidence as may be reasonably required by the Lessor to show the Lessee is professionally and financially capable of providing the services and facilities set forth in the lease.

25. TERMINATION. Notwithstanding the other provisions of this Agreement, this Agreement may be terminated prior to its term as stated in Paragraph 3 by mutual written consent of the Lessor and Lessee.

26. SUBORDINATION PROVISION. This lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States or the State of New Mexico relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of the airport. Furthermore, this lease may be amended to include provisions required by these agreements with the United States or the State of new Mexico. In the event Lessee's rights under this agreement are diminished due to subordination, Lessee shall have all rights and remedies then available under then applicable laws, regulations and/or causes of action, including by way of example and not limitation the right to bring actions for inverse condemnation.

27. AMENDMENT IN WRITING. No amendment between the Lessor and Lessee relative to the leasehold interest herein shall be valid and enforceable unless in writing and executed by both the Lessor and Lessee.

28. ATTORNEYS FEES AND COSTS. If, notwithstanding any provision herein appearing to the contrary, suit is brought by either the Lessor or the Lessee to enforce any provision of this lease, or to recover damages for the breach of any provision in this lease, the prevailing party shall be entitled to recover from the non-prevailing party in such lawsuit all costs of preparation for and conduct of such lawsuit, including reasonable attorneys' fees.

29. CHOICE OF LAW. In the event of contest or legal dispute regarding this Lease Agreement, this Agreement shall be construed according to the laws of the State of New Mexico and any applicable City ordinances.

30. APPROVALS, CONSENTS AND NOTICES. Notices required to be given to the Lessor shall be given personally or sent by certified mail, postage prepaid, addressed to the Airport Manager, P. O. Box 909, Santa Fe, New Mexico,

87504-0909. Any approvals, consents and/or notices to be given to the Lessee shall be given personally or sent by certified mail to: Orville Johnson, RR6, Box 180D, Santa Fe, New Mexico, 87501, or to such other respective addresses as the parties may later designate to each other in writing. The effective date of such notice shall be the date of receipt as shown by the date of the notice if personally delivered or by the date of receipt as shown by the U.S. Postal Service Return Receipt, if mailed.

31. LESSOR'S NON-COMPETITION. For so long as Lessee is not in default of this lease and is adequately providing fixed based services to general aviation customers, Lessor shall not engage in competing business activities set forth in Paragraph 8B of this Agreement. However, if any person or firm requests services to be provided at the airport which Lessee is authorized to provide pursuant to paragraph 8B of this agreement and if Lessee does not adequately provide such service(s), Lessor may, in its discretion, provide such services.

32. PARAGRAPH HEADINGS. The paragraph and subparagraph headings contained in this Lease are inserted for reference and convenience and are not intended to define or limit the scope of any provision of this Lease.

33. INVALID PROVISIONS. In the event any covenant, condition or provision contained in this Lease is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, conditions or provisions contained in this Lease shall not affect the enforceability of the balance of this Lease; provided that the invalidity of such covenant, condition or provision does not materially prejudice either the Lessor or the Lessee in its respective rights and obligations contained in the valid covenants, conditions or provision of this Lease.

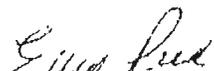
In Witness Whereof, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

LESSOR:

CITY OF SANTA FE

LESSEE:

CAPITAL AVIATION OF SANTA FE,
INC.


Sam Pick, Mayor


Orville Johnson, President

	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	Jan 1989
1988								
PERMITS (PREP. & ISSUANCE)	██████████							
DESIGN REVIEW	██████████							
DESIGN APPROVAL		██████████						
TRANSPORTATION DIV. PERMIT		██████████						
BUILDING PERMIT			██████████					
CONSTRUCTION AREA FIRE STATION			██████████					
INSTALLATION OF OIL STORAGE			██████████					
FOUNDATION & CONCRETE			██████████	██████████	██████████	██████████	██████████	██████████
ROUGH CARPENTRY			██████████	██████████	██████████	██████████	██████████	██████████
PLUMBING			██████████	██████████	██████████	██████████	██████████	██████████
ELECTRICAL			██████████	██████████	██████████	██████████	██████████	██████████
HVAC			██████████	██████████	██████████	██████████	██████████	██████████
EXTERIOR FINISHES				██████████	██████████	██████████	██████████	██████████
INTERIOR FINISHES				██████████	██████████	██████████	██████████	██████████
LANDSCAPING				██████████	██████████	██████████	██████████	██████████
FINAL INSPECTIONS				██████████	██████████	██████████	██████████	██████████
COPY LISTS				██████████	██████████	██████████	██████████	██████████
OWNER MEETINGS				██████████	██████████	██████████	██████████	██████████

EXHIBIT A

LEGAL DESCRIPTION
CAPITAL AVIATION LEASE

A certain tract or parcel of land lying and being situate within Section 15, T16N, R8E, N.M.P.M., County of Santa Fe, State of New Mexico and being more particularly described as follows:

BEGINNING at the southeast corner of the tract herein described from whence Santa Fe West Base Azimuth Marker bears N62°37'01"E, a distance of 364.27 feet; thence from said point of beginning along the southerly line S72°40'44"W, 125.00 feet to the southwest corner of said tract; thence along the westerly line N17°19'17"W, 112.00 feet to the northwest corner of said tract; thence along the northerly line N72°40'44"E, 125.00 feet to the northeast corner of said tract; thence along the easterly line S17°19'17"E, a distance of 112.00 feet to the southeast corner being also the point and place of beginning of the tract herein described.

Containing 14,000 square feet more or less.

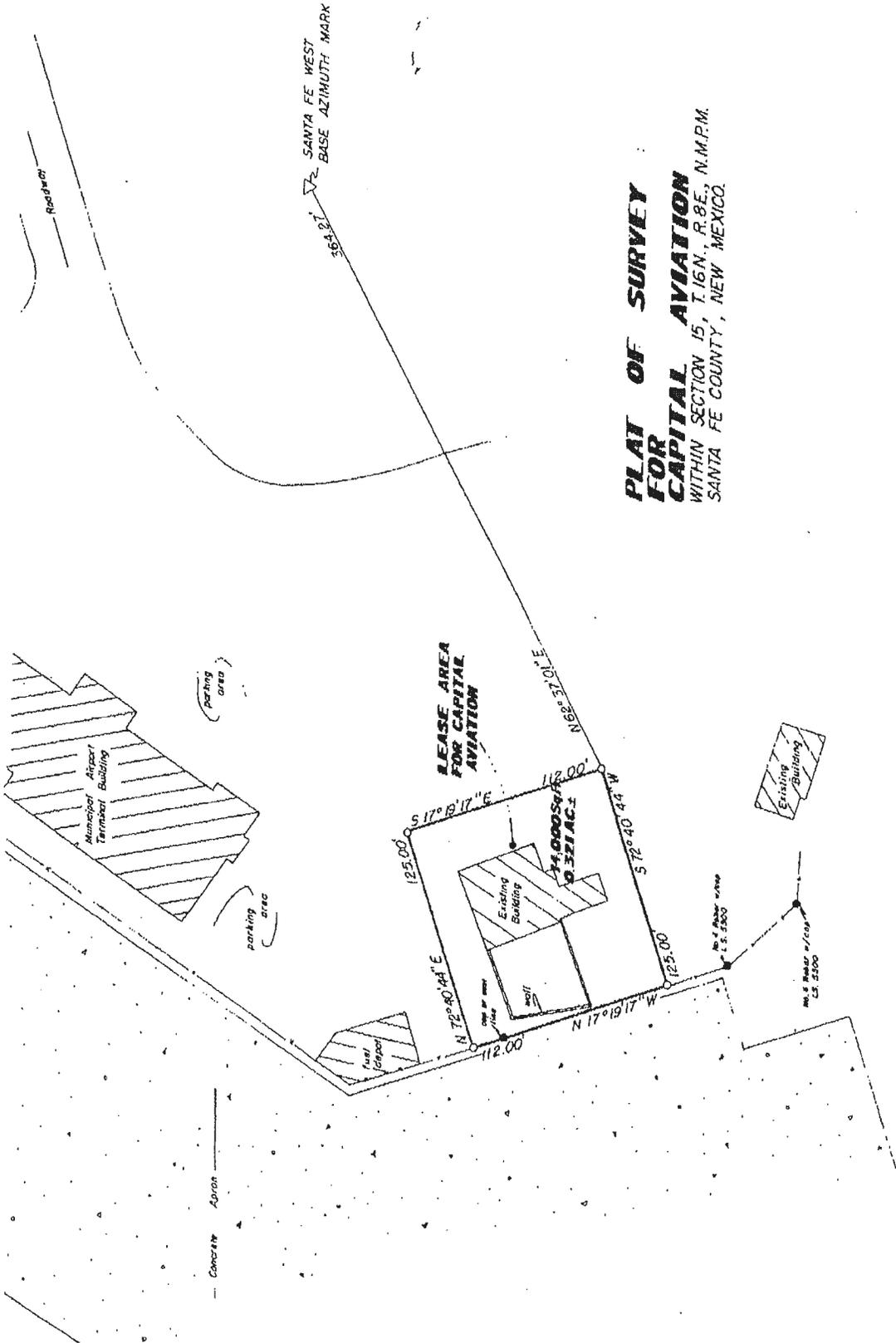
PROFESSIONAL LAND SURVEYING
3011 Cielo Court Suite A
Santa Fe, New Mexico 87505
ph: (505) 471-7800


Robert L. Benavides, N.M.L.S. No. 5824

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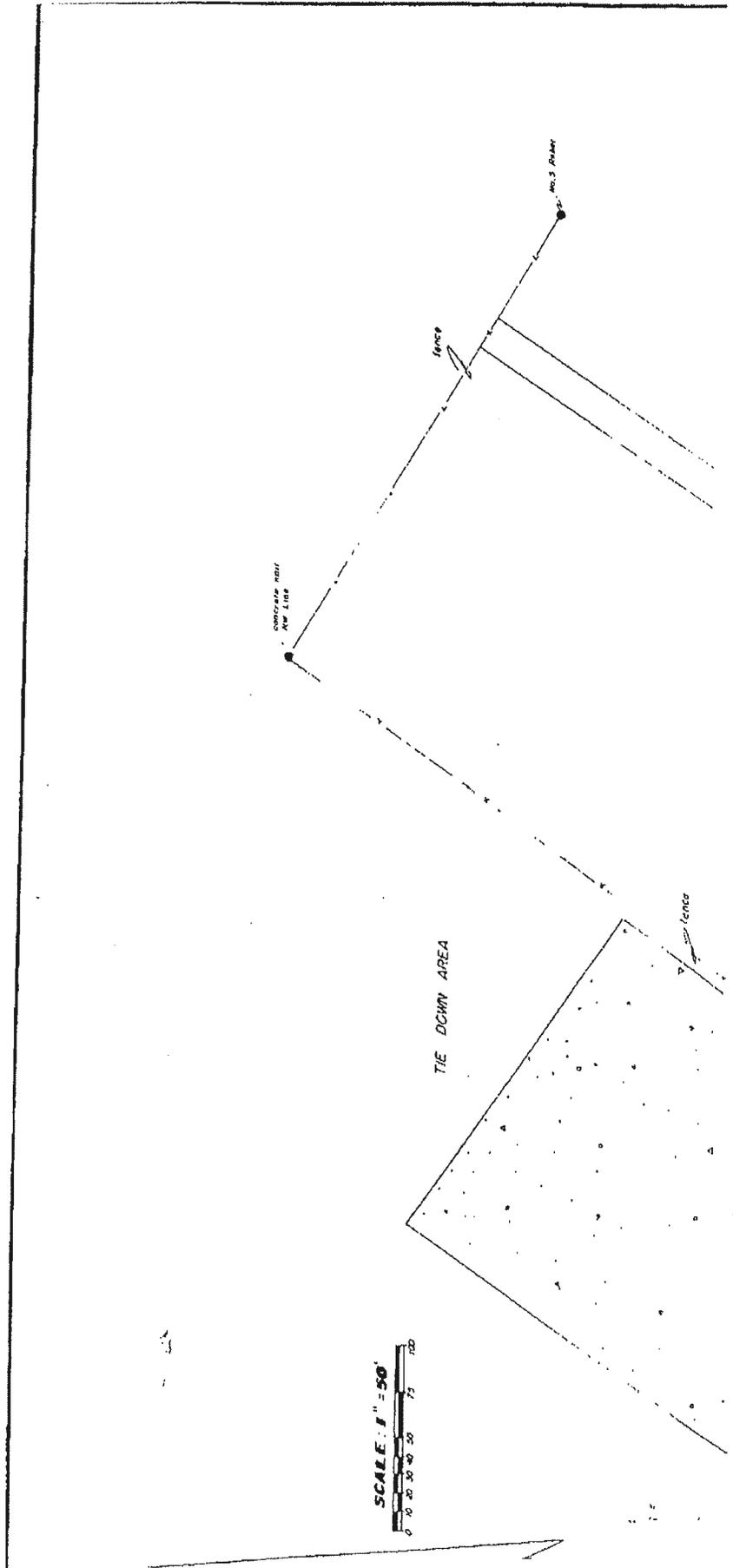
Exhibit B

Original lease plan



**PLAT OF SURVEY
FOR
CAPITAL AVIATION**
WITHIN SECTION 15, T. 16 N., R. 8 E., N.M.P.M.
SANTA FE COUNTY, NEW MEXICO.





City of Santa Fe, New Mexico

BILL NO. 50 1980

INTRODUCED BY

AN ORDINANCE

ADOPTING MINIMUM STANDARDS AND REQUIREMENTS ON THE CONDUCT OF COMMERCIAL AERONAUTICAL SERVICES AT THE SANTA FE MUNICIPAL AIRPORT AND REPEALING RESOLUTION NO. 1986-5.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

Section 1. SHORT TITLE.--Sections 1 thru 3 shall be known as the "Santa Fe Municipal Airport Minimum Standards Ordinance".

Section 2. PURPOSE.--The Santa Fe Municipal Airport Minimum Standards Ordinance is to adopt by reference: The Santa Fe Municipal Airport "Minimum Standards and Requirements on the Conduct of Commercial Aeronautical Services" by reference and incorporated herein as fully as if set out herein.

Section 3. MINIMUM STANDARDS AND REQUIREMENTS FOR COMMERCIAL AERONAUTICAL OPERATIONS.--

A. The purpose of minimum standards and requirements shall

underscored material = new
[bracketed material] = deletion

Exhibit C

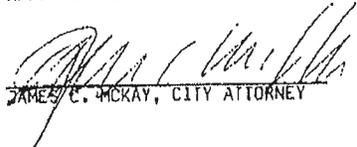
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apply for a person or persons, firm or corporation based upon and
engaging in one or more commercial aeronautical operations at the
Santa Fe airport.

B. A copy of the minimum standards shall be kept on file in the
office of the airport manager and city clerk's office and shall be at all
reasonable times available and subject to inspection.

Section 4. REPEAL.-- Resolution No. 1986-5 is repealed.

APPROVED AS TO FORM:


JAMES C. MCKAY, CITY ATTORNEY

CITY OF SANTA FE
PROPOSED AMENDMENT

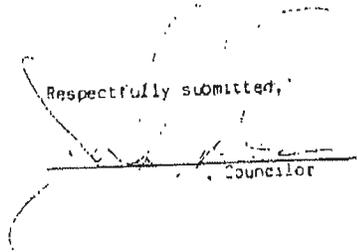
PROPOSED BILL NO. 50-198 6

Mr. Chairman and Members of the City Council:

I propose the following amendment to Bill No. 50-198 6:

Page 1 line 21, delete the words "by reference" and insert
"amended on 9-10-86".

Respectfully submitted,



Councilor

ADOPTED: _____

NOT APPROVED: _____

DATE: _____

Frances C. Romero
City Clerk

*Form approved 1/29/81 Regular City Council Meeting
Oldest Capital City in the United States

APPENDIX I

APPENDIX A

MINIMUM STANDARDS AND REQUIREMENTS ON THE
CONDUCT OF COMMERCIAL AERONAUTICAL SERVICES

MINIMUM STANDARDS AND REQUIREMENTS
ON THE CONDUCT OF
COMMERCIAL AERONAUTICAL SERVICES AND ACTIVITIES
AT
The Santa Fe Municipal Airport

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INTRODUCTORY

The City Council and the Airport Advisory Board of the City of Santa Fe (hereinafter referred to as the "City"), being in a position of responsibility for the administration of the Santa Fe Municipal Airport and, in order to foster, encourage, and insure the economic health and orderly development of General Aviation and its related aeronautical activities at said airport by insuring adequate commercial aeronautical services and facilities to the users of the Airport, has established certain policies, standards and requirements for Commercial Aeronautical Operators (hereinafter referred to as the "Operator") at the City's Airport as herein provided.

The following schedules set forth the minimum standards and requirements for a person or persons, firm, or corporation based upon and engaging in one or more commercial aeronautical operations at the Santa Fe Airport. These minimum standards and requirements are not intended to be all-inclusive at the operator of a commercial venture who is based on the Airport will be subject additionally to applicable federal, state, and local laws, codes, ordinances, and other similar regulatory measures, including airport rules and regulations pertaining to all such activities.

A written agreement, properly executed by the City and the Operator, is a prerequisite to tenancy on the Airport and the commencement of any operations thereon. The contract provisions, however, will be compatible with the minimum standards herein contained and will not change or modify the standards and requirements themselves. These minimum standards and requirements may be included as part of all leases between the City and any person or persons, firm, or corporation desiring to be based on the Airport and who engage in any commercial aeronautical services and activities. Information relative to rentals, fees, and charges applicable to the aeronautical services included herein will be made available to the prospective commercial operator by the City Manager or his delegated representative at the time of application or during the contract negotiations.

SECTION I
GENERAL INFORMATION
ON
MINIMUM STANDARDS AND REQUIREMENTS
ON THE CONDUCT OF
COMMERCIAL AERONAUTICAL SERVICES AND ACTIVITIES
AT
SANTA FE MUNICIPAL AIRPORT

A. General Statement of Policy

A fair and reasonable opportunity, without discrimination, shall be accorded to all operators to qualify, or otherwise compete, for available airport facilities and the furnishing of selected aeronautical services subject, however, to the minimum standards and requirements as established by the City and set forth in Section II, entitled "Schedule of Minimum Standards and Requirements for Commercial Aeronautical Services and Activities" at the Santa Fe Municipal Airport.

In all cases where the words "standards" or "requirements" appear in the above-mentioned "schedule", it shall be understood that they are modified by the word "Minimum". All operators will be encouraged to exceed the "minimums"; none will be allowed to operate under conditions below the "minimums".

Contingent upon his qualifications, his meeting the established minimum standards, the execution of a written agreement with the City, and the payment of the prescribed rentals, fees, and charges, the operator shall have the right and privilege of engaging in and conducting the activity or activities selected by him on the City's Airport as specified by the written contract. The granting of such right and privilege, however, shall not be construed in any manner as affording the operator any exclusive right of use of the premises and facilities of the airport, other than those premises which may be leased exclusively to him, and then only to the extent provided in a written agreement. The City reserves and retains the right for the use of the Airport by others who may desire to use the same, pursuant to applicable federal, state, and local laws, ordinances, codes, minimum standards, and other regulatory measures pertaining to such use. The City reserves the further right to designate the specific Airport areas in which the individual, or a combination of, aeronautical services may be conducted. Such designation shall give consideration to the nature and extent of the operation and the lands available for such purpose, consistent with the orderly and safe operation of the Airport involved.

B. Definition of a Commercial Aviation Operator

A commercial aviation operator is defined as a person or persons, firm, or corporation engaging in an activity which involves, makes possible, or is required for the operation of aircraft, or which contributes to, or is required for the safety of such aircraft operations, the purpose of such activity being to secure earnings, income, compensation, or profit, whether or not such objective or objectives are accomplished. Authorized activities shall include but not limited to any one, or a combination, of the following aeronautical services performed in full compliance with the specific activity standards hereinafter set forth.

Aircraft Sales (New and/or Used)
Airframe and Power Plant Repair Facilities
Aircraft Rental
Flight Training
Line Services (Aircraft Fuels and Oil Dispensing)
Specialized Aircraft Repair Services (Radios, Propellers,
Instruments and Accessories)
Aircraft Charter and Air Taxi
Specialized Commercial Flying Services
Multiple Services
Commercial Aviation Operators Subleasing from another
Commercial Operator on the Airport.
Profit Flying Clubs

*Non-Profit flying clubs and similar non-profit corporations even though they may provide flight instruction, rental aircraft, and other services for their members only, are not considered a commercial aviation operator for purpose of these standards.

The City will require formal substantiation of the Non-Profit stature as defined by applicable rules of the Internal Revenue Service, the New Mexico Corporation Commission and such other Local, State and Federal agencies as is appropriate.

*Flying clubs desiring to base their aircraft on the airport and be exempt from the minimum standards, must comply with the following:

Each club must be a non-profit corporation or partnership. Each member must be a bonafide owner of the aircraft or a stockholder in the corporation. The club may not derive greater revenue from the use of its aircraft than the amount necessary for the actual use of operation, maintenance, and replacement of its aircraft. The club will file and keep current with the airport owner a complete list of the club's membership and investment share held by each member.

The club's aircraft will not be used by other than bonafide members for rental and by no one for commercial operations. Student instruction can be given in club aircraft to club members.

tions, and shall also indicate his ability to provide working capital to carry on the contemplated operations, once initiated.

3. Experience

The prospective Operator shall furnish the City with a statement of his past experience in the specified aviation services selected by him and to be supplied by him on the City's Airport.

D. General Requirements

1. Requirement of a Written Agreement

Prior to the commencement of operations, the prospective Operator will be required to enter into a written agreement with the City, which agreement will recite the terms and conditions under which he will operate his business on the Airport, including, but not limited to, the term of agreement; the rentals, fees, and charges; the rights, privileges and obligations of the respective parties; and other relevant covenants. It should be understood, therefore, that neither the conditions herein contained nor those set forth in the Schedule of Minimum Standards and Requirements represent a complete recitation of the provisions to be included in the written agreement. Such contract provisions, however, will not change or modify the minimum standards and requirements, or be inconsistent therewith.

2. Site Development Standards

a. Physical Facilities

(1) The Operator shall provide necessary and satisfactory space, building, attached buildings, parking lot, and other facilities to furnish the specified aviation services selected by him and to be supplied by him on the City's Airport.

(2) A set of plans and specifications shall be provided to the City whenever any facilities are to be constructed or modified in the leased area. Approval of plans and specifications with a building permit must be issued prior to any construction.

b. Personnel

The Operator shall have in his employ, and on duty during operating hours, trained personnel in such numbers as are required to meet the requirements set forth in an efficient

manner for each aeronautical service being performed.

All personnel hereinafter required to hold Federal Aviation Administration certificates and ratings shall maintain such certificates and ratings and be current.

3. Insurance

The Operator shall procure and maintain, during the term of his agreement, insurance of the types and in the minimum limits set forth in the schedule of minimum standards for the respective categories of aeronautical services. The insurance company, or companies, writing the required policy, or policies, shall be licensed to do business in the State of New Mexico.

When more than one aeronautical service is proposed, the minimum limits will vary (dependent upon the nature of individual services in such combination) but will not necessarily be cumulative in all instances. For example, if three (3) activities are chosen, it would not be necessary for the operator to carry insurance policies providing the aggregate or combined total of the minimum limits for each type of operation; however, if one of the selected activities required passenger liability coverage or hangar keeper's liability not required in either of the other two (2) categories, the Operator would be required to provide insurance on the applicable exposures. As a further example, the minimum limit for property damage on a combination of activities would be the highest minimum limit stated in the grouping chosen. Because of these variables, the applicable minimum insurance coverage on combinations of services will be discussed with the prospective Operator at the time of his application or otherwise during lease negotiations.

All insurance, which the Operator is required by the City to carry and keep in force shall include the City of Santa Fe, the City Council and the Airport Advisory Board, the City Manager of the City of Santa Fe and the officers, agents, and employees of the City of Santa Fe as additional-named insured. The Operator shall furnish evidence of his compliance with this requirement to the City Manager or his designated representative and will furnish additional certification as evidence of changes in insurance not less than ten (10) days prior to any such change, if the change results in a reduction in coverages, and not more than five (5) days after such change if the change results in an increase in coverages.

The applicable insurance coverages shall be in force during the period of construction of the Operator's facilities and/or prior to his entry upon the airport for the conduct of his business.

The Operator shall also furnish evidence of his compliance with the New Mexico Statutes with respect to Workmen's Compensation and Unemployment Insurance (where applicable).

4. General Lease Clauses

These lease clauses shall be contained as a minimum in all leases between the City and Operator engaged in any aeronautical service on the Airport.

(a) Non-Discrimination-Premises to be operated for use and benefit of Public.

The Operator agrees to operate the premises leased for the use and benefit of the public:

1. To furnish good, prompt, and efficient service, adequate to meet all demands for its service at the Airport.
2. To furnish said service on a fair, equal, and non-discriminatory basis to all users thereof.
3. To charge non-discriminatory prices for each unit of sale or service, provided that the Operator may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

The Operator, his agents, and employees will not discriminate against any person or class of persons by reason of race, color, creed, or national origin in providing any services or in the use of its facilities provided for the public in any manner prohibited by Part 21 Assurances of the Regulations of the Office of the Secretary of Transportation. The Operator further agrees to comply with such enforcement procedures as the United States might demand that the City take in order to comply with the Sponsor's Assurances.

(b) Aircraft Service by Owner or Operator of Aircraft

No right or privilege granted herein shall operate to prevent any person or persons, firm, or corporation operating aircraft on the Airport from performing any services on its own aircraft with its own regular employees (including, but not limited to, maintenance and repair) that it may choose to perform.

(c) Non-Exclusive Rights

Nothing herein contained shall be construed to grant or otherwise authorize the granting of an exclusive right.

(d) Airport Development

The City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the views of the Operator, and without interference or hindrance. If the physical development of the Airport requires the relocation of Operator-owned facilities, the City agrees to provide a comparable location, and agrees to relocate all Operator-owned buildings or provide similar facilities for the Operator at no cost to the Operator.

(e) City's Rights

The City reserves the right (but shall not be obligated to the Operator) to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport together with the right to direct and control all activities of the Operator in this regard.

(f) War or National Emergency

During the time of war or national emergency, the City shall have the right to lease the landing area or any part thereof to the United States Government for military or naval use and, if such lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the leases to the Government, shall be suspended or modified in whatever manner is appropriate to the situation.

(g) Airport Obstructions

The City reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the Operator from erecting, or permitting to be erected, any building or other structure on the Airport which, in the opinion of the City, would limit the usefulness of the Airport or constitute a hazard to aircraft.

(h) Subordination

This lease shall be subordinate to the provisions of any existing or future agreement between the City and the United States, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the Airport.

(i) Compliance with Laws, etc

The Operator shall at all times comply with the Airport Rules and Regulations, federal, state and municipal laws, ordinances, codes, and other regulatory measures now in existence or, as may be hereafter modified or amended, applicable to the specific type of operation contemplated by him. The Operator shall procure and maintain during the term of the agreement all licenses, permits, and other similar authorizations required for the conduct of his business operations.

(j) Indemnity

The Operator shall hold the City of Santa Fe the City Council, the Airport Advisory Board, the City Manager, and the officers, agents and employees of the City of Santa Fe harmless from and against all suits, claims, demands, actions, and/or causes of action of any kind or nature in any way arising out of, or resulting from, his tenancy and activities, and shall pay all expenses in defending any claims against the City by reason of his tenancy and activities.

(k) ~~Warranty~~ Misrepresentation

All terms and conditions with respect to this lease are expressly contained herein, and the Operator agrees that no representative or agent of the City has made any representation or promise with respect to this lease not expressly contained herein.

5. Miscellaneous

The prospective Operator may select one, or a combination of the aeronautical services covered by the City's minimum standards and requirements. Where more than one activity is proposed, the minimum requirements will vary (dependent upon the nature of individual services in such combination) but will not necessarily be cumulative in all instances. Because of these variables, the applicable minimum standards on combinations of services will be discussed with the prospective Operator at the time of his application or, otherwise, during lease negotiations.

The pertinent minimum standards and requirements for any Commercial Aviation Operator will be predicated upon the nature of his initial business venture. If at a later date the business is expanded to encompass new and additional types of services, then (in such event) the negotiated minimum standards established for these additional services shall immediately apply.

SECTION II
SCHEDULE
OF
MINIMUM STANDARDS AND REQUIREMENTS
FOR
COMMERCIAL AERONAUTICAL SERVICES AND ACTIVITIES
AT
SANTA FE MUNICIPAL AIRPORT

A. Aircraft Sales (New and/or Used)

1. Statement of Concept

An aircraft sales operator is a person or person, firm, or corporation engaged in the sale of new and/or used aircraft through franchises, or licensed dealership or distributorship (either on a retail or wholesale basis) of an aircraft manufacturer or otherwise; and provides such repair, services, and parts as necessary to meet any guarantee or warranty on new and/or used aircraft sold by him.

2. Minimum Standards

- (a) The Operator shall lease from the City, adequate space to provide necessary and satisfactory building, attached buildings, parking lot and other facilities to furnish the specified aviation services selected by him and to be provided by him on the City's Airport.

The lease space will be located in an area consistent with the Airport Master Plan and subject to approval of the City Manager or his authorized representative.

- (b) The Operator shall provide necessary and satisfactory arrangements for the repair and servicing of aircraft, but only for the duration of any sales guarantee or warranty period. Servicing facilities may be provided through written agreement with a repair shop operator. The Operator shall meet requirements set forth by the franchisor for parts inventory and shall have the minimum number of aircraft as set forth by franchisor.

(c) The Operator performing the services under this category will be required to carry the following types of insurance in the limits specified:

(1) Aircraft Liability:

<u>Bodily Injury (Each Accident)</u>		
each person	300,000	1 million
for more than 1 person		

<u>Passenger Liability</u>		
each passenger, each accident	100,000	

<u>Property Damage</u>		
each accident	200,000	

(2) Comprehensive Public Liability and Comprehensive Property Damage:

<u>Bodily Injury (Each Accident)</u>		
each person	100,000	300,000
for more than one person		

<u>Property Damage</u>		
each accident	200,000	

(3) Hangar Keepers Liability
(if applicable)

each accident	300,000	
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(d) The Operator shall have his services available five (5) days a week.

(e) The Operator shall have in his employ (and on duty) trained personnel in such numbers as are required to perform in an efficient manner, but never less than one (1) person possessing the minimum requirements of the FAA to perform the duties required in this activity.

B. Repair Station Facilities (Airframe, Power Plant)

1. Statement of Concept

An aircraft engine and airframe maintenance and repair operator is a person or persons, firm or corporation providing one (or a combination of) airframe and power plant overhaul and repair services, with at least one (1) person currently certified by the Federal Aviation Administration with ratings appropriate to the work being performed. This category of aeronautical services shall also include the sale of aircraft parts and accessories, but such is not an exclusive right.

2. Minimum Standards

- (a) The Operator shall lease from the City, adequate space to provide necessary and satisfactory buildings, attached buildings, parking lot and other facilities to furnish the specified aviation services selected by him and to be provided by him on the City's Airport.

The lease space will be located in an area consistent with the Airport Master Plan and subject to approval of the City Manager or his authorized representative.

- (b) The Operator shall provide sufficient equipment, supplies and availability of parts to perform maintenance in accordance with manufacturers' recommendations or equivalent for the types of aircraft upon which he performs maintenance.

- (c) The Operator performing the services under this category will be required to carry the following types of insurance in the limits specified:

(1) Aircraft Liability:

<u>Bodily Injury (Each Accident)</u> each person	300,000	1 million
for more than one person		
<u>Property Damage</u> each accident	200,000	

(2) Comprehensive Public Liability and Comprehensive Property Damage:

<u>Bodily Injury (Each Accident)</u> each person	100,000	300,000
for more than one person		
<u>Property Damage</u> each accident	200,000	

(3) Hangar Keepers Liability
each accident 300,000

- (d) The Operator shall have his services available five (5) days a week.

- (e) The Operator shall have in his employ (and on duty) trained personnel in such numbers as are required to perform in an efficient manner, but never less than one (1) person currently certified by the Federal Aviation Administration with rating appropriate to the work being performed and with access to an AI.

C. Aircraft Rental

1. Statement of Concept

An aircraft rental operator is a person or persons, firm, or corporation engaged in the rental of aircraft to the public.

2. Minimum Standards

- (a) The Operator shall lease from the City, adequate space to provide necessary and satisfactory building, attached buildings, parking lot and other facilities to furnish the specified aviation services selected by him and to be provided by him on the City's Airport.

The lease space will be located in an area consistent with the Airport Master Plan and subject to approval of the City Manager or his authorized representative.

- (b) The Operator shall have available for rental, either owned or under written lease to Operator, a sufficient number of aircraft properly certificated to handle the proposed scope of his operation.

- (c) The Operator performing the services under this category will be required to carry the following types of insurance in the limits specified.

(1) Aircraft Liability

<u>Bodily Injury (Each Accident)</u>		
each person	300,000	
for more than one person		1 million

<u>Passenger Liability</u>		
each passenger, each accident	100,000	

<u>Property Damage</u>		
each accident	200,000	

(2) Comprehensive Public Liability and Comprehensive Property Damage:

<u>Bodily Injury (Each Accident)</u>		
each person	100,000	
for more than one person		300,000

<u>Property Damage</u>		
each accident	200,000	

- (d) The Operator shall have his services available seven (7) days a week.

(e) The Operator shall have in his employ (and available) trained personnel in such numbers as are required to perform in an efficient manner.

D. Flight Training

1. Statement of Concept

A flight training operator is a person or persons, firm, or corporation engaged in instructing pilots in dual and solo flight training, in fixed and/or rotary wing aircraft, and provides such related ground school instruction as is necessary preparatory to taking a written examination and flight check ride for the category or categories of pilots' licenses and ratings involved.

2. Minimum Standards

(a) The Operator shall lease from the City, adequate space to provide necessary and satisfactory building, attached buildings, parking lot and other facilities to furnish the specified aviation services selected by him and to be provided by him on the City's Airport.

The lease space will be located in an area consistent with the Airport Master Plan and subject to approval of the City Manager or his authorized representative.

(b) The Operator shall have available for use in flight training, either owned or under written lease to Operator, a sufficient number of aircraft properly certificated to handle the proposed scope of his student operation.

(c) The Operator performing the services under this category will be required to carry the following types of insurance in the limits specified:

(1) Aircraft Liability:

<u>Bodily Injury (Each Accident)</u>		
each person	300,000	
for more than one person		1 million
<u>Property Damage</u>		
each accident	200,000	

(2) Comprehensive Public Liability and Comprehensive Property Damage:

<u>Bodily Injury (Each Accident)</u>		
each person	100,000	
for more than one person		300,000

<u>Property Damage</u> each accident	200,000
(3) <u>Hangar Keepers Liability:</u> each accident	300,000

(d) The Operator shall have his services available seven (7) days a week.

(e) The Operator shall have available at least one (1) flight instructor who has been currently certificated by the Federal Aviation Administration to provide the type of flight training offered which shall include at least private, commercial, and instrument ratings.

E. Line Services (Aircraft Fuels and Oil Dispensing)

1. Statement of Concept

Line services shall include the sale and into-plane delivery of recognized brands of aviation fuels, lubricants, and other related petroleum products. The Operator shall provide servicing of aircraft, including ramp assistance and the parking, storage, and tie-down of aircraft.

2. Minimum Standards

The Operator shall lease from the City, adequate space to provide necessary and satisfactory building, attached buildings, parking lot and other facilities to furnish the specified aviation services selected by him and to be provided by him on the City's Airport.

The lease space will be located in an area consistent with the Airport Master Plan and subject to approval of the City Manager or his authorized representative.

3. Fuel Storage

Facilities and equipment adequate for dispensing aviation fuel must be provided by the Operator in a fuel storage area to be designated by the City Manager, or his authorized representative. The charges for the use of Airport property for storage facilities will be negotiated prior to contract establishment. Above-ground storage will be permitted in a City designated fuel farm. Underground storage will be permitted in the designated fuel farm and shall be in full compliance with City and the New Mexico Environmental Improvement Division requirements.

4. Refueling Equipment

If a mobile dispenser is provided, it shall have metered fuel dispensers for the number of grades of fuel sold by the operator, separate dispensing pumps and meters for each grade of fuel. The mobile dispenser shall meet all applicable safety requirements and shall have a reliable metering device subject to independent inspection.

5. Product Quality Control and Safety

- (a) Must identify delivery of fuel as to proper grade.
 - (1) Be sure all compartments and valves are sealed. Record seal numbers.
 - (2) Color and military specifications.
 - (3) Check truck tank sump for contamination, by use of industry accepted methods.
- (b) Check storage tanks for water and contamination. Neither will exceed industry accepted standards.
- (c) All turbine fuels must be filtered before entering storage tanks.
- (d) Daily checks for water and contamination must be made, by use of industry accepted methods.
- (e) Fuel may only be removed through an industry approved filtration system.
- (f) Filters must be of multiple cartridge type provided with visual filter container contamination equipment. The filters must also be equipped with differential pressure measuring equipment.
- (g) All equipment, mobile and otherwise, must be color-coded, placarded, and identifiable in accordance with industry accepted standards.
- (h) For turbine fuels, under-tank loading will be required.
- (i) At the beginning of each day, unless the trucks are refilled during the working day from underground storage, a visual sump check of both the tank and filter will be made to determine contamination.
- (j) For turbine fuel, in addition, a mechanical or chemical check will also be made.

(k) In addition to the above preventative measures, the vendor will also be required to make weekly, monthly, semi-annual and annual filtration equipment inspections to determine that they meet industry accepted standards, and vendor will replace same as required.

(l) At all places in the foregoing, where inspections are required, the vendor will be responsible for keeping duplicate written records in an acceptable form, at the end of each month will, upon request, provide the City Manager or his designated representative with the duplicate copy.

(m) The vendor will be required to provide safety facilities to meet the requirements established by the owner.

6. Minor Repair Services

The Operator shall provide such minor repair service not requiring a certificated mechanical rating, and cabin services, to general aviation aircraft as can be performed efficiently on the ramp or other apron parking area, but only within the premises leased to the Operator or upon such other areas as the City Manager or his designated representative may authorize.

7. Equipment Needed

The Operator shall procure and maintain tools, jacks, towing equipment, tire repairing equipment, energizers and starters, air compressor, and fire extinguishers, as appropriate and necessary for the servicing of general aviation aircraft using the airport. All equipment shall be maintained and operated in accordance with local, state, and federal industrial codes.

8. Insurance Requirements

The Operator performing the services under this category will be required to carry the following types of insurance in the limits specified:

- (a) Comprehensive Public Liability and
Comprehensive Property Damage:

<u>Bodily Injury (Each Accident)</u>		
each person	300,000	
for more than one person		1 million
<u>Property Damage</u>		
each accident	200,000	

- (b) Hangar Keepers Liability*
each accident 300,000

c. Motor Vehicle Liability:		
<u>Bodily Injury (Each Accident)</u>		
each person	100,000	
for more than one person		300,000
<u>Property Damage</u>		
each accident	200,000	
*Where applicable		

The Operator shall have services available 5 1/2 days per week, but subject to call twenty-four hours per day, seven days a week.

9. Employee Requirements

The Operator shall have in his employ, and on duty during operating hours, trained personnel in such numbers as are required to meet the minimum standards and requirements set forth in an efficient manner.

F. Specialized Aircraft Repair Services (Radios, Propellers, Instruments and Accessories)

1. Statement of Concept

A specialized aircraft repair services operator is a person or persons, firm, or corporation engaged in a business capable of providing a shop, or a combination of Federal Aviation Administration certificated shops for the repair of aircraft radios, propellers, instruments, and accessories for general aviation aircraft. This category shall include the sale of new and/or used aircraft radios, propellers, instruments, and accessories, but such is not an exclusive right.

2. Minimum Standards

(a) The Operator shall lease from the City, adequate space to provide necessary and satisfactory building, attached buildings, parking lot and other facilities to furnish the specified aviation services selected by him and to be provided by him on the City's Airport.

The lease space will be located in an area consistent with the Airport Master Plan and subject to approval of the City Manager or his representative.

(b) The Operator shall obtain and maintain, as a minimum, the repair station certificates as required by the Federal Aviation Administration, which are applicable to the operation of operations contemplated. The Operator may furnish one, or if desired, any combination of the services mentioned above.

(c) The Operator performing the services under this category will be required to carry the following types of insurance in the limits specified:

- (1) Comprehensive Public Liability and Comprehensive Property Damage:
 - Bodily Injury (Each Accident)
 - each person 300,000
 - for more than one person 1 million
 - Property Damage
 - each accident 200,000
- (2) Hangar Keepers Liability
 - each accident 300,000

(d) The Operator shall have his services available five (5) days each week.

(e) The Operator shall have in his employ (and available) trained personnel in such numbers as are required to meet the minimum standards set forth in this category in an efficient manner, at least one who is currently certificated as Federal Aviation Administration-rated radio, instrument or propeller repairman.

G. Aircraft Charter and Air Taxi

1. Statement of Concept

An aircraft charter (Commercial Operator) or an air taxi operator is a person or persons, firm, or corporation engaged in the business of providing air transportation (persons or property) to the general public for hire, either on a charter basis (Commercial Operation) or as an air taxi operator, as defined in the Federal Aviation Act of 1958, or as said Act may be supplemented or amended from time to time.

2. Minimum Standards

(a) The Operator shall lease from the City, adequate space to provide necessary and satisfactory building, attached buildings, parking lot and other facilities to furnish the specified aviation services selected by him and to be provided by him on the City's Airport.

The lease space will be located in an area consistent with the Airport Master Plan and subject to approval of the City Manager or his authorized representative.

(b) The Operator shall provide aircraft necessary to meet FAR Part 135, Section 135.31, which is quoted below.

- (1) Each certificate holder must have the exclusive use of at least one aircraft that meets the requirements for at least one kind of operation authorized in his operations specification. In addition, for each kind of operation for which he does not have the exclusive use of an aircraft, he must have available for use under a written agreement (including arrangements for performing required maintenance) at least one aircraft that meets the requirements for that kind of operation. However, this paragraph does not prohibit the operator from using the aircraft for other than air taxi or commercial operations, or require him to have exclusive use of each aircraft that he uses.
- (2) For the purposes of paragraph (1) of this selection, a person has exclusive use of an aircraft if he has the sole possession, control, and use of it for flight, as owner, or has a written agreement (including arrangements for the performance of required maintenance) giving him that possession, control, and use for at least six (6) consecutive months.
- (c) The Operator performing the services under this category will be required to carry the following types of insurance in the limits specified:
- (1) Aircraft Liability:
- | | | | |
|--------------------------------------|---------|---------|-----------|
| <u>Bodily Injury (Each Accident)</u> | | | |
| each person | 300,000 | | |
| for more than one person | | | 1 million |
| <u>Passenger Liability</u> | | | |
| each passenger, each accident | | 100,000 | |
| <u>Property Damage</u> | | | |
| each accident | 200,000 | | |
- (2) Comprehensive Public Liability and Comprehensive Property Damage:
- | | | | |
|--------------------------------------|---------|--|---------|
| <u>Bodily Injury (Each Accident)</u> | | | |
| each person | 100,000 | | |
| for more than one person | | | 300,000 |
| <u>Property Damage</u> | | | |
| each accident | 200,000 | | |
- (3) Hanger Keepers Liability
- | | | | |
|---------------|---------|--|--|
| each accident | 300,000 | | |
|---------------|---------|--|--|
- (d) The Operator shall have his services available seven (7) day per week.

(e) The Operator shall have in his employ and on duty during operating hours, trained personnel in such number as are required to meet the minimum standards set forth in this category in an efficient manner, but never less than one (1) Federal Aviation Administration currently certificated commercial pilot and otherwise appropriately rated to permit the flight activity offered by Operator. The Operator shall have available sufficient qualified operating crews and satisfactory number of personnel for checking in passengers, handling of luggage and ticketing. The prospective Operator shall provide reasonable assurance of a continued availability of qualified operating crews and approved aircraft within a reasonable or specified maximum notice period.

3. Air Taxi Companies Not Based on Santa Fe Airport

Air Taxi Companies, not based on Santa Fe Airport, but who are providing scheduled service to and from the Airport, are exempted from these minimum standards and requirements.

H. Specialized Commercial Flying Services

1. Statement of Concept

A specialized commercial flying services operator is a person or persons, firm, or corporation engaged in air transportation for hire for the purpose of providing the use of aircraft for the activities listed below:

- (a) Non-stop sightseeing flights that begin and end at the same airport within a 25-mile radius of the airport.
- (b) Crop-dusting, seeding, spraying, and bird chasing.
- (c) Banner towing and aerial advertising.
- (d) Fire fighting.
- (e) Power line or pipeline patrol.
- (f) Any other operations specifically excluded from Part 135 of the Federal Aviation Regulations.

2. Minimum Standards

- (a) The Operator shall lease from the City, adequate space to provide necessary and satisfactory building, attached buildings, parking lot and other facilities to furnish the specified aviation services selected by him and to be provided by him on the City's Airport.

The lease space will be located in an area consistent with the Airport Master Plan and subject to approval of the City Manager or his authorized representative.

- (b) The Operator shall provide and have based on his leasehold, either owned or under written lease to Operator, not less than one (1) airworthy aircraft, suitably equipped for, and meeting all the requirements of the Federal Aviation Administration and applicable regulations of the State of New Mexico with respect to the type of operations to be performed.

In the case of crop-dusting or aerial application the Operator shall provide adequate ground equipment for the safe handling and safe loading of dusting materials.

- (c) The Operator performing the services under this category will be required to carry the following types of insurance in the limits specified:

(1) <u>Aircraft Liability:</u>			
<u>Bodily Injury (Each Accident)</u>			
each person	300,000		
for more than one person			1 million
<u>Passenger Liability*</u>			
each passenger, each accident		100,000	
<u>Property Damage</u>			
each accident	200,000		
(2) Comprehensive Public Liability and Comprehensive Property Damage:			
<u>Bodily Injury (Each Accident)</u>			
each person	100,000		
for more than one person			300,000
<u>Property Damage</u>			
each accident	200,000		
(3) <u>Hangar Keepers Liability*</u>			
each accident	300,000		

*Where applicable

- (d) The Operator shall have in his employ, and on duty during operating hours, trained personnel in such numbers as may be required to meet the minimum standards herein set forth in an efficient manner, but never less than one (1) person holding a current Federal Aviation Administration commercial certificate, properly rated for the aircraft to be used and the type of operation to be performed.

1. Multiple Services

1. Statement of Concept

A multiple services operator is a person or persons, firm, or corporation engaged in any two (2) or more of the aeronautical services for which minimum standards have been herein before provided.

2. Minimum Standards

- (a) The Operator shall lease from the City, an adequate space to provide necessary and satisfactory building, attached buildings, parking lot and other facilities to furnish the specified aviation services selected by him and to be provided by him on the City's Airport.

The lease space will be located in an area consistent with the Airport Master Plan and subject to approval of the City Manager or his authorized representative.

If Flight Training is one of the multiple services offered, the Operator shall provide classroom and briefing room facilities in the aforementioned building.

If crop-dusting, aerial application, or other commercial use of chemicals are part of the multiple services offered, the Operator shall provide a centrally-drained, paved area for aircraft loading, washing, and servicing. Operator shall also provide for the safe loading and unloading, storage, and containment of noxious chemical matters. Such facilities will be in a location on the Santa Fe Municipal Airport which will provide the greatest safeguard to the public.

The building for aircraft storage will not be required if none of the individual services provided requires such a building under these standards.

- (b) The Operator shall comply with the aircraft requirements, including the equipment thereon, for each aeronautical service to be performed except as hereinafter provided.

Multiple uses can be made of all aircraft except aircraft used for crop-dusting, aerial application, or other commercial use of chemicals.

- (c) The Operator shall procure and maintain, during the term of his agreement, as a minimum, insurance coverage which is equal to the highest of the minimum limits set for the respective categories of aeronautical services being performed by the Operator.

(d) The Operator shall have in his employ, and on duty during operating hours, trained personnel in such numbers as are required to meet the minimum standards and requirements set forth, in an efficient manner, for each aeronautical services being performed by the Operator. Multiple responsibilities may be assigned to meet the personnel requirements for each aeronautical service being performed by the Operator.

J. Tenant Subleases on Airport - (Commercial Aviation Operators Subleasing from Another Commercial Operator on the Airport)

1. Standards for Sublease Operations

Such Operation shall meet all of the minimum standards established by the City for the category, or categories of services, to be furnished by the Operator, except for the lease of land and construction of facilities.

K. Profit Flying Clubs

1. Statement of Concept

A profit flying club is a person or persons or corporation engaged in flight instruction, rental aircraft, and other services for their members only, in which each member is not a bona fide owner of the aircraft or a stockholder in the corporation. The club may derive greater revenue from the use of its aircraft than the amount necessary for the actual use of operation, maintenance, and replacement of its aircraft.

2. Minimum Standards

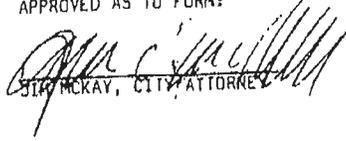
- (a) A written agreement, properly executed by the City and the Operator is a prerequisite to the commencement of operations on the Airport.
- (b) The Operator shall have available for rental, either owned or under written lease to Operator, a sufficient number of aircraft properly certified to handle the proposed scope of his operation.
- (c) The Operator performing the services under this category will be required to carry the following types of insurance in the limits specified.

(1) Aircraft Liability

<u>Bodily Injury (Each Accident)</u>	
each person	300,000
for more than one person	1 million

	<u>Passenger Liability</u>		
	each passenger, each accident		100,000
	<u>Property Damage</u>		
	each accident	200,000	
(2)	Comprehensive Public Liability and Comprehensive Property Damage:		
	<u>Bodily Injury (Each Accident)</u>		
	each person	100,000	
	for more than one person		300,000
	<u>Property Damage</u>		
	each accident		200,000

APPROVED AS TO FORM:


~~JIM MCKAY, CITY ATTORNEY~~

SANTA FE MUNICIPAL AIRPORT
AMENDED AND RESTATED LEASE AGREEMENT
SANTA FE AIR CENTER LLC
(FLIERS LEASE)

THIS AMENDED AND RESTATED LEASE AGREEMENT ("Lease Agreement"), is made and entered into on this 27th day of May, 2009 by and between the CITY OF SANTA FE, NEW MEXICO, a municipality and political subdivision of the State of New Mexico, hereinafter "Lessor", and SANTA FE AIR CENTER LLC, a Delaware limited liability company, hereinafter "Lessee".

WHEREAS, the Lessor owns and operates an airport known as the Santa Fe Municipal Airport ("Airport") and is desirous of leasing to the Lessee certain premises at the said Airport; and

WHEREAS, the Lessee is authorized by proper governmental agencies to engage in the business of fixed base operations; and

WHEREAS, both the Lessor and Lessee have the right and power to enter into this Lease Agreement; and

WHEREAS, Lessor desires ownership of Building 3002 at the Santa Fe Municipal Airport in order to support commercial airline operations; and

WHEREAS, Lessee is willing to sell Lessor Building 3002 at the Santa Fe Municipal Airport in return for rental rate and other considerations; and

WHEREAS, as partial consideration for the entry into this Lease Agreement, Lessor and Lessee have agreed to enter into a certain Lease Agreement dated the date hereof for certain other premises at the Airport identified therein (the "1.57 Acre Lease");

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained the parties agree as follows:

1. **AMENDMENT AND RESTATEMENT OF LEASE.** Upon the effectiveness of this Lease Agreement and the 1.57 Acre Lease, the Lease Agreement for the described premises between the Lessor and Santa Fe Fliers, Inc. dated May 25, 1989 (the "Original Lease"), as assigned to Santa Fe Services pursuant to an Absolute Assignment of Leases between Santa Fe Aviation, Santa Fe Fliers, Inc. and Santa Fe Services, and as further assigned to Lessee pursuant to a Assignment and Assumption of Ground Leases dated as of October 31, 2005 by and among Santa Fe Jet Center, Inc. Santa Fe Aviation Services, Ltd. Co. and Ross Santa Fe LLC (n/k/a Santa Fe Air Center LLC), is hereby amended and restated on the terms and conditions provided herein. Notwithstanding anything to the contrary in the Original Lease, for all purposes the Original Lease shall be deemed to have continued in full force and effect through and until the effectiveness of this Lease Agreement.

2. **PREMISES.** Lessor does hereby lease unto the Lessee the exclusive rights to the described premises at the airport more particularly described on Exhibit "A" attached hereto,

containing approximately 14,000 square feet more or less, together with right of access, and ingress-egress thereto (collectively, the "Premises"). Building 3002 which is owned by Lessee is located on the Premises. Building 3002 will be sold to Lessor as described in Article 6 of this Lease Agreement. Lessee retains ownership, maintenance responsibility and control of Building 3002 until sale to Lessor is complete unless otherwise agreed to by Lessee and the Airport Manager in writing. Lessee acknowledges this Lease Agreement may be terminated as provided in paragraph 10A of this Lease Agreement when Building 3002 is completely paid for by Lessor. Lessee agrees to maintain Building 3002 in accordance with the terms and conditions of this Lease Agreement.

3. USE OF THE PREMISES AND RIGHT TO CONSTRUCT.

A. The Lessee shall have the right to erect, maintain and alter buildings or structures upon said Premises providing such buildings or structures are consistent with the Airport Minimum Standards Ordinance (as amended, or may be amended in the future), the Building Code requirements of the New Mexico Construction Industries Division, and any City of Santa Fe or Santa Fe County ordinance now or hereafter in effect. Title to such construction, installations, and equipment, shall remain the property of the Lessee during the term of this Lease Agreement but shall pass to the Lessor upon expiration of this Lease Agreement.

B. Lessor shall provide reasonable easements for egress, ingress and utilities to serve the Premises.

C. Lessee must receive prior written approval from Lessor and the Federal Aviation Administration for any and all buildings, structures and improvements to be placed on the Premises. Lessee shall provide a schedule for completion dates of all improvements at the time plans for construction or alteration are presented to the Lessor for review and approval, which approval will not be unreasonably withheld. Prior to commencing construction of any structures on the Premises, Lessee must demonstrate its financial capability to complete and pay for such construction by way of an irrevocable letter of credit, irrevocable financing commitment, performance bond or other means satisfactory to Lessor.

D. Upon receiving consent from Lessor, whose consent shall not be unreasonably withheld, Lessee shall have the right to remodel, remove, demolish or destroy any future structures or improvements constructed by Lessee on the Premises without compensation to Lessor, so long as the Premises are left in a safe and sightly condition.

4. TERM OF LEASE.

A. Term. This Lease Agreement shall be for a 10 year term beginning on May 27th, 2009 and terminating on May 27th, 2019. Such ten year period, as the same may be sooner terminated or extended both as specifically provided in this Lease Agreement is referred to in this Lease Agreement as the "Term." Upon expiration of the Term or upon cancellation of this Lease Agreement, Lessee shall peacefully surrender and vacate the Premises.

B. Option to Renew. The Lessor hereby grants to Lessee the option to renew this Lease Agreement for one additional 10 year term. The terms and conditions of such renewal shall be the same terms and conditions as are set forth in this Lease Agreement except for ground space rent which shall increase from the rate in effect at the end of the previous

lease term pursuant to Article 6B of this Lease Agreement, and except for fuel flowage fees and percent adjusted gross revenue fees which shall be modified to equal those fuel flowage fees and percent of gross revenue fees imposed by Lessor upon the other fixed base operator(s) and seller(s) of fuel at the Airport. Provided, however, that at such time as the option is exercised this Lease Agreement will be amended to conform to all federal and state regulations and grant requirements related to the Airport development and operation. Lessee shall notify Lessor in writing of its intention to exercise the renewal option not less than three (3) months before the expiration of the initial term; otherwise, the option shall be deemed to have been waived. At expiration of this Lease Agreement, Lessee shall, at Lessor's sole discretion, be afforded the opportunity to negotiate and enter a new Lease Agreement with Lessor for use of the Premises.

C. Termination. The Lessee may terminate this Lease Agreement at any time, by giving 30 days written notice to the Lessor, or otherwise in accordance with paragraph 11 of this Lease Agreement. Lessor may terminate this Lease Agreement in accordance with paragraph 10 of this Lease Agreement. Upon termination of this Lease Agreement by either party, the Lessee's rights to use the Premises shall cease and the Lessee shall peacefully vacate the Premises, removing its property at its own expense within 24 hours of written notification of termination by Lessor. Termination by the Lessor shall not relieve the Lessee of liability for any damages sustained by the Lessor caused by Lessee's breach of this Lease Agreement.

5. **HOLDOVER.** In the absence of a new lease agreement entered into before the expiration of the initial 10 year Term under this Lease Agreement, Lessee shall be allowed to hold over for a period not to exceed 60 days from the expiration date of the initial 10 year Term under this Lease Agreement or the expiration of any option period. Holding over by the Lessee after the expiration of the initial 10 year Term or any option period under this Lease Agreement, whether with or without the consent of the Lessor, shall not operate to extend or renew this Lease Agreement. Any such holding over shall be construed as a tenancy from month to month at the rents reserved in this Lease Agreement under the terms herein.

6. **RENT AND FEES.** The Lessee agrees to pay to the Lessor, at the office of the Airport Manager, at the Santa Fe Municipal Airport, or at such place as the Lessor may designate from time to time, for the use of the Premises the following rents and fees:

A. Ground Space Rent. Lessee shall pay to Lessor an annual rental fee of fourteen (\$0.14) cents per square foot for the Premises.

B. Schedule of Payments for Ground Space Rent. The fixed rentals as provided in Paragraph 6A shall be payable to the Lessor, on a monthly basis. If such payment is not made within twenty-five (25) days of its due date, the Lessee shall pay a finance charge of 1-1/2% per month (18% percent annually) on such past due payment for each month or partial month thereafter that any payment due is not paid. The annual basic rent as computed above shall be adjusted by either of the following two methods, at Lessor's option: (1) The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to the average annual percentage rate increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, for the three years immediately preceding the adjustment. The first such adjustment under this paragraph shall take place on the third anniversary of the date of this Lease Agreement, and then on the anniversary date every third year thereafter; or (2) the annual basic rent shall be

adjusted upward by the use of an appraisal. The appraised value per square foot shall become the basis for the ground space rent. Said appraisal shall be paid for by the Lessor and shall not be conducted more than once every five years. The year that the appraised value takes effect shall become the base year for calculating adjustments of the annual rent under this paragraph.

C. Percentage and Fuel Flowage Fees. Lessee shall pay to Lessor the following:

(1) A sum of \$.07 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business. Provided, however, that from time to time, fuel flowage fees shall be adjusted pursuant to the rate set forth in any appraisal of fuel flowage fees done for the airport.

(2) A sum equal to 2.0% of the adjusted gross receipts from all business conducted and carried on by Lessee upon the Premises. The term "adjusted gross receipts" as used in this Lease Agreement shall mean the aggregate amount of all sales made, and services performed, including charter operations conducted by the Lessee to or from the Santa Fe Municipal Airport, for cash, on credit or otherwise, of every kind, name and nature. Adjusted gross receipts shall also include the aggregate value of all goods, wares and merchandise received for property services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from adjusted gross receipts: (a) all fuel sales; (b) all sales of new and used aircraft; (c) transient tie down fees; (d) ramp parking fees; (e) landing fees; (f) federal, state and municipal sales taxes, excise taxes, gross receipts taxes and all other similar taxes separately stated and/or collected from customers; and (g) bad debts and uncollectible accounts. This adjusted gross receipts fee shall be increased at such time as any other similar but higher fixed base operator lease fee is implemented. This adjusted gross receipts fee shall be increased to be equal to the higher fixed base operator lease fee amount.

D. Transient Tie Down and Parking Fees. Lessee agrees to remit to Lessor seventy-five percent (75%) of all transient tie down and ramp parking fees collected by Lessee on aircraft tied down or parked at the Santa Fe Municipal Airport, not herein leased, and as designated by the Lessor from time to time for the Lessee's use. The Lessor reserves the right to adjust such fees as necessary.

E. Transient Landing Fees. Lessee agrees to remit to Lessor eighty percent (80%) of all transient landing fees collected by Lessee on transient aircraft serviced by Lessee at the Santa Fe Municipal Airport. The Lessor reserves the right to adjust or modify such fees as necessary.

F. Security and Fire Protection Fees. Lessor reserves the right to impose fair and equitable fees for Security and Fire Protection should such services be provided by Lessor.

G. Late Payment Penalty. If the specified payments in Article 6 subparagraphs C, D, E, and F herein, are not received by the twenty-fifth (25th) day of each month following the month of sale, the Lessee shall pay a finance charge of 1-1/2% per month (18% annually) on such past due payment for each month or partial month thereafter that any payment due is not made.

H. Monthly Statement. The Lessee shall submit a detailed statement to the Lessor to accompany the payment, on a form satisfactory to the Lessor, that shows the gross revenues of the Lessee upon which compensation to the Lessor is payable under this Lease for the preceding calendar month, which statement shall be subscribed and sworn to as correct by one of the Lessee's officers or certified by a licensed accountant. The statement shall show such reasonable detail and breakdown by the Lessee's payment for percentage fees and fuel flowage fees due. The Lessee shall include with the breakdown of all rents, fees and charges due the Lessor for the preceding calendar month's business. Such statement shall contain, at a minimum, all monthly activities and shall be subscribed and sworn to as correct by the Lessee, one of the Lessee's officers, its local manager or certified by a licensed accountant.

I. Credit Toward Purchase of Building 3002. All rent and fees required by this Article 6, and, if so directed by the Airport Manager, by Article 6 of the 1.57 Acre Lease, shall be a credit against and offset against and applied toward Lessor's balance remaining for Lessor's purchase from Lessee of Building 3002. Purchase price is \$100,000 (the "Purchase Price"). Lessee shall maintain records of all credits applied by Lessee toward the Purchase Price, and provide a statement of such records to Lessor at least annually. Lessor may also use its own funds, and at its sole discretion, pay the entire balance of the Purchase Price remaining at any time. In the event that this Lease Agreement is terminated by Lessee pursuant to paragraph 4C or 11 of this Lease Agreement, or by Lessor pursuant to paragraph 10B or 10C of this Lease Agreement, prior to accumulation of rent and fee credits in the full amount of the Purchase Price, (i) Lessee shall be required to pay Lessor cash for any credits toward the Purchase Price accumulated through the date of such termination, and (ii) Lessor shall not be required to pay Lessee the remaining balance of the Purchase Price as of the date of such termination.

7. RECORDS AND AUDIT.

A. All records, accounts, books, delivery receipts and data on business activities performed under this Lease Agreement and maintained by the Lessee shall be subject to inspection and audit by the Lessor at Lessor's expense at all reasonable times. However, if an audit reveals a discrepancy of more than five (5%) percent of the gross receipts reported and the gross receipts as determined by the audit for any 12 month period, and if Lessor requires an additional audit, the full cost of such additional audit shall be borne by the Lessee. Records shall be maintained for a period of not less than three complete lease years.

B. The records and statements of business done by the Lessee along with any other information obtained or inspected pursuant to this provision shall be considered as absolutely confidential and not subject to use or disclosure by the Lessor for any purpose other than the ascertainment of rents, fees and charges under this Lease Agreement. Lessor may use information and data provided by the Lessee to compile gross receipts reports for airport activity reports provided the identity of the Lessee is not disclosed.

8. INSURANCE.

A. Insurance Required. Lessee shall, at its own cost and expense, procure and maintain in full force and effect during the Term of this Lease Agreement, the following insurances:

- (1) Worker's Compensation and Employer's Liability. The Lessee

shall comply with the provisions of the New Mexico Worker's Compensation Act, the Subsequent Injury Act, and the Occupational Disease Disablement Law. Such insurance shall include coverage permitted under N.M. Stat. Ann. 52-1-10 NMSA1978, for safety devices. The Lessee shall procure and maintain complete Worker's and Employer's Liability Insurance in accordance with New Mexico laws and regulations. If the Lessee elects to be self-insured, the Lessee shall comply with the applicable requirements of law. The Lessee shall require any subcontractor or sublessee similarly to provide such coverage, or qualify as a self-insured, for all the latter's employees. The Lessor, its officers or employees shall not be responsible for any claims or actions occasioned by the Lessee's failure to comply with the provisions of this subparagraph. It is expressly understood that employees of the Lessee are not Lessor's employees for any purpose.

(2) Comprehensive General Liability. The Lessee shall procure and maintain a comprehensive general liability insurance policy, including automobile liability coverage for all vehicles used on the Premises, for bodily injury, including death, and property damage in such amounts that are not less than the maximum liability of public agencies as set forth in the New Mexico Tort Claims Act, N.M. Stat. Ann. §41-4-1, et seq. (1978) now constituted or hereafter amended. Said policies of insurance must include coverage for the Premises, operations and the Lessee's liability to the Lessor hereunder.

(3) Hangar-Keeper Liability Coverage. The Lessee shall procure and maintain hangar-keeper insurance with liability limits to cover losses to reasonably be expected.

(4) Property Insurance. The Lessor shall be named as an additional insured on the general liability and property coverage insurance policies. The policies shall be written by companies authorized to write such insurance in New Mexico, and properly filed with and approved by the Superintendent of Insurance of the State of New Mexico. They shall be in a form satisfactory to the Lessor.

B. Binders. A binder for all insurance policies required by this Lease Agreement shall be provided to Lessor at the time of the execution of this Lease Agreement. Complete copies of all insurance policies required under this Lease Agreement shall be provided to the Lessor within 30 days of the date of this Lease Agreement. Certificates of Insurance and copies of insurance policies shall be delivered to the Airport Manager. The policies provided herein shall not be subject to cancellation without providing Lessor thirty (30) days written notice thereof. Lessee shall promptly replace any policies terminated or canceled and shall ensure no gaps in coverage.

9. **HOLD HARMLESS.** Lessee agrees to defend, indemnify and hold harmless Lessor from loss from each and every claim and demand of whatever nature, made on behalf of or by any person or persons, for any wrongful, careless or negligent act or omission of Lessee or Lessee's employees, members and guests, and from all losses and damages by reason of such acts or omissions.

10. **CANCELLATION BY LESSOR.**

A. Lessor may cancel this Lease Agreement at any time by giving Lessee sixty (60) days written notice provided Lessor has paid the full amount of the Purchase Price as described in Article 6 of this Lease Agreement.

B. Lessor may cancel this Lease Agreement by giving Lessee written notice of any alleged default under or breach of this Lease Agreement and thirty days within which to cure any default or breach upon or after the happening of any of the following events:

1. Cancellation for Non-Payment. If the Lessee shall default in any payment obligations contained herein, and the default shall continue for 30 days after the effective date of written notice thereof to the Lessee, given by the Lessor in accordance with the provisions of this Lease Agreement, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Premises, whether with or without process of law. In the event of cancellation for non-payment, Lessor may, at its option, attach a landlord's lien to any improvements on the Premises, and said improvements may not be removed from the Premises without Lessor's prior approval.

2. Cancellation for Default other than Payment.

(A) If the Lessee shall default in the performance of any terms, covenants, agreements or conditions of this Lease Agreement other than in the performance of payment obligations, as set forth above, and the default shall continue for thirty (30) days after written notice thereof to the Lessee, given by the Lessor in accordance with the provisions of this Lease Agreement, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Premises, whether with or without process of law. However, if any default or breach may not reasonably and capably be cured within thirty (30) days after written notice thereof, and if Lessee diligently attempts to cure the default or breach, Lessee shall pay Lessor for all costs incurred by Lessor as a result of Lessee's default; and such payment shall be made promptly upon Lessee's receipt of written demand from Lessor.

(B) No waiver of default by the Lessor of any of the terms, covenants, agreements or conditions hereof to be performed, kept and observed by the Lessee shall be construed to be an act of waiver of any subsequent default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee. The acceptance of rental by the Lessor for any period or periods after a default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee, shall not be deemed a waiver of any right on the part of the Lessor to cancel this Lease Agreement for failure by the Lessee to so perform, keep or observe any of the terms, covenants, agreements or conditions of this Lease Agreement.

C. Other Cancellation. The Lessor may cancel this Lease Agreement only by giving the Lessee 30 days written notice and opportunity to cure, with or without process of Law, upon or after the happening of any one of the following events:

(1) If Lessee fails to cure any default set forth in Paragraph 10B(2)(A) of this Lease Agreement within the periods set forth therein, Lessor may declare this Lease Agreement to be terminated and to re-enter the Premises or any part thereof, with or without the process of law, to expel, remove and put out Lessee or any other persons occupying the Premises, using such force as may be reasonably necessary in doing so. Lessee shall pay all costs, including reasonable attorney's fees and expenses and court costs that may arise in enforcing the covenants, conditions and terms of this Lease Agreement.

(2) The filing by the Lessee of a voluntary petition in bankruptcy, or the institution of proceedings in bankruptcy against the Lessee and the adjudication of the Lessee as a bankrupt pursuant to such proceedings.

(3) The taking of a court of jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act.

(4) The appointment of a receiver of the Lessee's assets.

(5) The cancellation or other termination of any insurance policy issued in compliance with this Lease Agreement shall automatically terminate this Lease Agreement, unless another policy has been filed and approved pursuant to this Lease Agreement.

(6) If the Lessee should breach any of the nondiscrimination covenants, Lessor shall have the right to terminate this Lease Agreement and to reenter and repossess said Premises and hold the same as if said Lease Agreement had never been made or issued.

11. CANCELLATION BY THE LESSEE. The Lessee may cancel this Lease Agreement and terminate all or any of its obligations hereunder at any time that the Lessee is not in default in the payment of any rents or fees to the Lessor pursuant to this Lease Agreement by giving the Lessor 30 days advance written notice of its intentions to discontinue its business activities at the Airport.

12. RIGHTS OF LESSOR. Lessor reserves the right to:

A. Operate the Airport in the best interest of the public and the right, without interference or hindrance to maintain, improve, or further develop the landing area or public use facilities of the Airport as it sees fit, regardless of any protest of the Lessee and to lease additional space to other concessions at the Airport regardless of any objection of the Lessee. The Lessor may relocate the Lessee if the physical development of the airport or the terminal requires relocation of the Lessee provided Lessor provides 60 days written notice to Lessee.

B. Enter upon the Premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this Lease Agreement and any federal, state, county or city laws, ordinances, regulations, rules and codes now or hereafter in effect.

13. RIGHTS OF LESSEE.

A. Lessee shall have the right, but shall not be required:

1. In common with others so authorized, to use common areas of the airport, including runways, taxiways, aprons, roadways, floodlights, landing lights, signals and other conveniences for the take-off, flying and landing of aircraft.

2. To the non-exclusive use, in common with others, of the airport, appurtenances and improvements thereon, but this shall not restrict the right of the Lessor to charge visitors a fee for the use of such areas.

3. To install, operate, maintain, repair and store subject to approval of Lessor in the interests of safety and convenience of all concerned, all equipment necessary for the conduct of Lessee's business.

4. Of access to and from the Premises, limited to taxiways, streets, driveways and sidewalks designated for such purposes by the Lessor, and which right shall extend to Lessee's employees, passengers, guests and patrons.

B. Lessee is authorized, but not required, to provide the following services and to engage in the following activities:

1. Ramp service at other common areas of the Airport and at other leased areas with such Lessee's permission, including into-plane delivery of aircraft fuel, lubricants and other related aviation products; loading and unloading of passengers, baggage, mail and freight; and providing of ramp equipment, aircraft cleaning and other services for air carriers and other persons or firms;

2. Special flight services, including aerial advertising and aerial photographs;

3. The sale of new and used aircraft, aircraft parts, navigation equipment, and new and used radio and electronic equipment;

4. The demonstration of aircraft for sale;

5. Flight training, including ground school;

6. Aircraft rental;

7. Aircraft charter operations conducted by Lessee or a subcontractor of Lessee;

8. To operate a full service fixed base aviation facility, together with all other normal, reasonable and related activities except as may be excluded herein and to be consistent with the Santa Fe Municipal Airport Minimum Standards Ordinance, as may be amended in the future.

9. Car rental services provided Lessee pays Lessor the same rates and fees as may be uniformly imposed by Lessor on other car rental agencies at the airport;

10. Any other general aviation services not specifically provided for herein which are approved in advance by Lessor. Lessor's approval of such services shall not be unreasonably withheld.

C. So long as Lessee conducts its business in a fair, reasonable and workmanlike manner, to peaceably have and enjoy the Premises, and all the rights and privileges herein granted.

14. MAINTENANCE OF STRUCTURES. Lessee shall maintain the structures on the Premises, keep the Premises in good order, make such repairs as are customary, remove abandoned equipment from the Premises and shall not deposit the same on or any portion of the Airport except on such areas as shall be reasonably designated by Lessor. The Lessee shall be responsible for providing all customary and necessary janitorial and custodial services on the leased premises.

15. TRANSFER OF INTEREST. Except as otherwise provided herein, Lessee may not, without the written consent of Lessor, which shall not be unreasonably withheld, at any time during the term of this Lease Agreement, sell, lease, assign, transfer or permit to be acquired, this Lease Agreement or any interest herein. Lessee may sublease any portion of the leasehold interest to parties who will provide aviation related services permitted hereunder, and who accept the terms of this Lease Agreement pursuant to any sublease agreement. A single sublease of more than 60% of the square footage of the leasehold shall require approval of the Lessor, which approval shall not be unreasonably withheld. The Lessee shall, however, be permitted to enter into a leasehold mortgage, collateral assignment or security interest in the form approved by the Lessor, for construction and/or business operation financing purposes, however, the amount secured by such financing shall not exceed eighty percent (80%) of the value of the leasehold improvements on the Premises and the value of any other leasehold improvements owned by Lessee pursuant to leases (other than this Lease Agreement) between Lessor and Lessee. Leasing and subleasing of hangar and tie down space on the Premises, to individual aircraft owners, shall be allowed without Lessor's consent.

16. OBSERVATION OF LAWS, RULES AND REGULATIONS. Lessee and Lessor agree to observe and obey during the Term of this Lease Agreement, all laws, ordinances, minimum standards, rules and regulations promulgated and enforced by Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the airport, including the federal government, the state, the county and the city now or hereafter in effect.

17. UTILITIES, REFUSE AND SEWER. Lessee is responsible for providing all installation and service cost for all utility needs at Lessee's sole expense. Lessee agrees that if in the future Lessor decides to provide sewer or refuse service, then Lessee will pay a reasonable and fair charge for such service(s). Until such time, Lessee shall be responsible for its own sewer service and garbage disposal.

18. ALTERATIONS AND IMPROVEMENTS.

A. Lessee shall not make or suffer or permit to be made any alterations, additions or improvements whatsoever in or about the Premises without first obtaining the written consent of Lessor. If Lessor gives such consent, all alterations or improvements shall be done solely at Lessee's expense and in accordance and in compliance with all applicable municipal, state and federal ordinances, laws, rules and regulations. Alterations or improvements shall be compatible with the general decor of the Airport terminal building.

B. Lessee shall allow no liens of mechanics, materialmen, laborers, architects, artisans, contractors or subcontractors to be created against or imposed upon the said Premises. Lessee shall, as required by law, provide a labor and materialman's bond to cover all work and materials and labor arising out of such alterations, additions or improvements. No default shall occur if Lessee contests the amount or validity of any such lien, and actively litigates such claim to conclusion. Lessee may bond against such lien, as may be

allowed by law, without constituting a default hereunder.

C. Any and all alterations, additions and improvements, except shelving, trade fixtures and movable furniture, made at Lessee's sole expense after having first obtained the written consent of Lessor, in accordance with the provisions contained in this section, whether attached to the walls, floors, Premises or not, shall immediately merge and become a permanent part of the Lessor's realty and any and all interests of Lessee therein shall immediately vest in Lessor and all such alterations, additions and improvements shall remain on the Premises and shall not be removed by Lessee at the termination of this Lease Agreement. The shelving, trade fixtures and movable furniture, or both, which Lessee is privileged to remove, must be removed by Lessee at Lessee's sole expense on or before the termination of this Lease Agreement.

19. DESTRUCTION OF PREMISES. If at any time during the Term of this Lease Agreement, the Premises shall be totally or partially destroyed by fire, earthquake, flood, or other calamity, then Lessor shall have the option to rebuild or repair the same, providing such rebuilding or repairing shall be commenced within a period of 30 days after receipt of notice in writing to Lessor by Lessee that such calamity has occurred. In such case a just and proportionate part of the rental payment per month shall be abated until such demised property shall have been rebuilt and repaired. In case, however, Lessor within 30 days following receipt of notice in writing by Lessee of such damage or destruction elects not to rebuild or repair said property, Lessor shall so notify Lessee and thereupon this Lease Agreement shall terminate and become null and void.

20. FAIR AND NONDISCRIMINATORY SERVICES. Lessee, in the conduct of its authorized business activities shall furnish good, prompt and efficient service in compliance with all applicable laws, rules and regulations adequate to meet the demand for its services at the airport, and shall furnish such service on a fair, equal and not unjustly discriminatory basis to all users thereof, and agrees to furnish such services at fair, equal and not unjustly discriminatory prices for each unit of sale or service; provided, however, that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchases. Lessee agrees to operate the business in an ethical and professional manner and shall keep the Premises in a safe, clean, orderly and inviting condition at all times, satisfactory to the Lessor. Lessee shall not permit its employees or agents to solicit customers on public property.

21. TITLE VI. CIVIL RIGHTS ASSURANCES.

A. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration under this Lease Agreement, does hereby covenant and agree as a covenant running with the land that:

(1) No person on the grounds of race, color, sex, disability or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises.

(2) In the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, sex, disability or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination.

(3) The Lessee shall use the premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

B. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, disability or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the service or benefits of any program or activity covered by this subject. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by CFR Part 152 Subpart E, to the same effect.

22. ENVIRONMENTAL PROTECTION.

A. Lessee shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of the Airport or surrounding property. Lessee shall provide, as necessary, a separate drainage, collection, and/or separation system to ensure that no untreated liquid waste from any type of operation, including vehicle cleaning, and oil change operations, will enter the Airport storm drainage or sanitary system.

B. Lessee shall, at all times, comply with all applicable laws, rules and regulations of the federal, state and local governmental agencies. Lessee shall not permit any activity which directly or indirectly produces objectionable or unlawful amounts or levels of air pollution, noise, glare, heat emission, electronic or radio interference with navigational and communications facilities for the operation of the Airport and for Airport use by aircraft, trash or refuse accumulation, vibration, prop-wash, or jet blast, or which is hazardous or dangerous by reason or risk of explosion, fire or harmful emission. Any waste oil storage tanks shall be in approved containers and in accordance with all environmental and fire protection regulations.

C. Hazardous substances are any substance, material, or waste, (including any petroleum products, solvents, thinners, herbicides and soil sterilants and aircraft deicing fluids) which is or become designated, classified or regulated as being "toxic," "hazardous," a "pollutant," or is in the future given a similar designation under any federal state or local law, regulation or ordinance.

D. Lessee agrees to defend, indemnify and hold Lessor harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses (including sums paid in settlement of claims and all consultant, expert and legal fees and expenses of Lessor's counsel) or loss directly or indirectly arising out of or resulting from the presence of any hazardous substance as a result of Lessee's or any sub-tenant's activities on the Premises, subsequent to the execution of this Lease Agreement but before, during or after construction, in or around any part of the property or the soil, groundwater or soil vapor on or under the property, including those incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work, or

any resulting damages or injuries to the person or property of any parties or to any natural resources. Upon demand by Lessor, Lessee shall defend any investigation, action or proceeding alleging the presence of any hazardous substance as a result of Lessee's or its subtenant's occupancy of the leased property, in any such location which affects the property or which is brought against the Lessor, whether alone or together with Lessee or any other person, all at Lessee's own cost and by counsel to be approved by Lessor in the exercise of its reasonable judgment. Should Lessee fail to defend such action, then Lessor may elect to conduct its own defense at the expense of the Lessee. Lessee shall comply and cause all occupants of the property to comply with all laws, regulations, and ordinances governing or applicable to hazardous substances. Lessee acknowledges that hazardous substances may permanently and materially impair the value and use of real property. Lessee shall promptly notify Lessor if it knows, suspects or believes, there may be any hazardous substance in or around the property or in the soil, groundwater, or on or under the leased property, or that Lessee or the property may be subject to any threatened or pending investigation by any governmental agency under any law, regulation, or ordinance pertaining to any hazardous substance. Lessee shall have no obligation to defend, indemnify, or hold harmless Lessor from any claims, causes of action, or damages which arise on account of Lessor's own conduct, the conduct of third parties other than Lessee's subtenants, or which is attributable to pre-existing conditions or events over which Lessee exercises no control, even though the leased Premises may be impacted thereby.

23. NONEXCLUSIVE RIGHTS.

A. Lessee shall have the exclusive right and privilege of engaging in and conducting a business on the Premises of the Airport under the terms and conditions set forth herein, provided, however, that this Lease Agreement shall not be construed in any manner to grant Lessee or those claiming under Lessee in this Lease Agreement the exclusive right to the use of the common areas and facilities of said airport other than the specifically described Premises.

B. Lessor shall have the right to lease other portions of the Airport or Airport terminal to other lessees, including other ground, air and transportation services. Lessor shall not in the future lease any other Airport premises to any other lessees providing the same or similar services and activities authorized in Paragraph 13B of this Lease Agreement at rental rates or terms more favorable or less restrictive to the lessees than set forth in this Lease Agreement without Lessee approval in writing which will not be unreasonably withheld. Lessee understands and agrees that nothing in this Lease Agreement shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

24. TAXES AND LICENSES.

A. The Lessee shall promptly pay any and all taxes, personal property tax, leasehold tax, gross receipts tax, transaction privilege tax or other exaction assessed or assessable and pay all license fees and permit fees applicable to the Lessee's operation, and acquire and keep current, all licenses, municipal, state or federal as the result of the Lessee's operations at the Airport pursuant to this Lease Agreement, and shall not allow any of said taxes, excises or licenses to become delinquent.

B. The Lessee shall not permit any mechanics' or materialman's or any

other lien to be placed or foreclosed upon the Premises or improvements thereto. The Lessee shall have the ability to contest payment demand by a contractor. Should the Lessee withhold payments to a contractor, the Lessee shall be required, at the Lessor's option, to deposit with the Lessor or a court of competent jurisdiction, an amount equal to the amount in dispute.

25. SUBORDINATE PROVISIONS. This Lease Agreement shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States or the State of New Mexico relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of the Airport.

26. OBSTRUCTIONS. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the airport which, in the opinion of the Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft. Lessee shall, upon approval by Lessor and prior to any construction of any nature within the boundaries of the Airport, prepare and submit to the Airport Manager and the Federal Aviation Administration, Airports District Office, 2601 Meacham Blvd, Ft Worth TX, 76137 one executed set (four copies) of FAA form 7480-1 "Notice of Proposed Construction or Alterations", as required by Federal Aviation Regulation Part 77. This notice must be submitted at least thirty days prior to the date of the proposed construction/alteration or the date that an application for a construction permit is filed, whichever is earlier.

Should a Federal Aviation Administration Obstruction Evaluation determine that obstruction lights are needed or required on new construction, or should Federal Aviation Administration rules and regulations change to require obstruction lights on existing structures which previously did not require obstruction lights, Lessee agrees to install, maintain and operate such obstruction lights on the top of buildings or structures to be placed on the leased premises. If Lessee fails to install, maintain and operate such obstruction lights then the Lessor shall have the right to install, maintain and operate the same at Lessee's expense.

27. AMENDMENT IN WRITING. No amendment between the Lessor and Lessee relative to the leasehold interest herein shall be valid and enforceable unless in writing and executed by both the Lessor and Lessee.

28. ATTORNEYS FEES AND COSTS. If suit is brought by either the Lessor or the Lessee to enforce any provision of this Lease Agreement, the prevailing party shall be entitled to recover from the non-prevailing party in such lawsuit all costs of preparation for and conduct of such lawsuit, including reasonable attorneys' fees.

29. CHOICE OF LAW. In the event of contest or legal dispute regarding this Lease Agreement, this Agreement shall be construed according to the laws of the State of New Mexico and any applicable City Ordinances.

30. APPROVALS, CONSENTS AND NOTICES. Notices required to be given to the Lessor shall be hand-delivered, sent via overnight courier service, or sent by certified mail, postage prepaid, addressed to:

Airport Manager
Santa Fe Municipal Airport
P.O. Box 909
Santa Fe New Mexico, 87504-0909

Any approvals, consents and/or notices to be given to the Lessee shall be hand-delivered, sent via overnight courier service or sent by certified mail to:

Santa Fe Air Center LLC
c/o Ross Aviation, LLC
11705 Airport Way
Broomfield, Colorado 80021
Attn: Jeffrey W. Ross

or to such other respective addresses as shown by the date of the notice if delivered by hand or by the date of receipt as shown by the U.S. Postal Service Certified Mail Return Receipt, if mailed.

31. PARAGRAPH HEADINGS. The paragraph and subparagraph headings contained in this Lease Agreement are inserted for reference and convenience and are not intended to define or limit the scope of any provision of this Lease Agreement.

32. INVALID PROVISIONS. In the event any covenant, condition or provision contained in this Lease Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, conditions or provisions contained in this Lease Agreement shall not affect the enforceability of the balance of this Lease Agreement; provided that the invalidity of such covenant, condition or provision does not materially prejudice either the Lessor or the Lessee in its respective rights and obligations contained in this Lease Agreement.

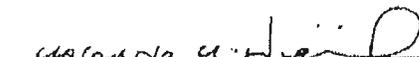
In Witness Whereof, the parties hereto have caused this Lease Agreement to be executed as of the day and year first above written.

CITY OF SANTA FE:



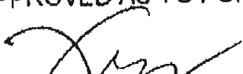
David Coss, Mayor

ATTEST:



Yolanda Y. Vigil, City Clerk
certified 5/27/09

APPROVED AS TO FORM:



Frank Katz, City Attorney

APPROVED:

David N. Millican

David N. Millican, Finance Director

SANTA FE AIR-CENTER LLC

By: *JW Ross*
For Name: Jeffrey W. Ross
Title: President

ACKNOWLEDGMENT

STATE OF New Mexico)
COUNTY OF Santa Fe) ss.

Subscribed Acknowledged before me this 30th day of June, 2009 by Troy Padda for by Jeffrey W. Ross, as President of Santa Fe Air Center LLC, on behalf of such limited liability company.

Ernestina Y. Dominguez
Notary Public

My Commission Expires:

January 14, 2012.



OFFICIAL SEAL
Ernestina Y. Dominguez
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires 01-14-2012

DESCRIPTION

LEASE AREA

ALL THAT PART OF THE SANTA FE MUNICIPAL AIRPORT WITHIN SECTION 15, T16N, R8E, NMPM WHICH SAID PART MAY BE MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF THE HEREIN DESCRIBED PART, WHICH CORNER LIES $N36^{\circ}19'24''W$ 279.83' FROM A USGLO BRASS CAP MARKED "AZIMUTH MARK SANTA FE WEST BASE"

THENCE FROM THE SAID POINT OF COMMENCEMENT $N55^{\circ}04'W$ 125'.0.

THENCE $N34^{\circ}56'32''E$ 112.00'.

THENCE $S55^{\circ}04'E$ 125.0'.

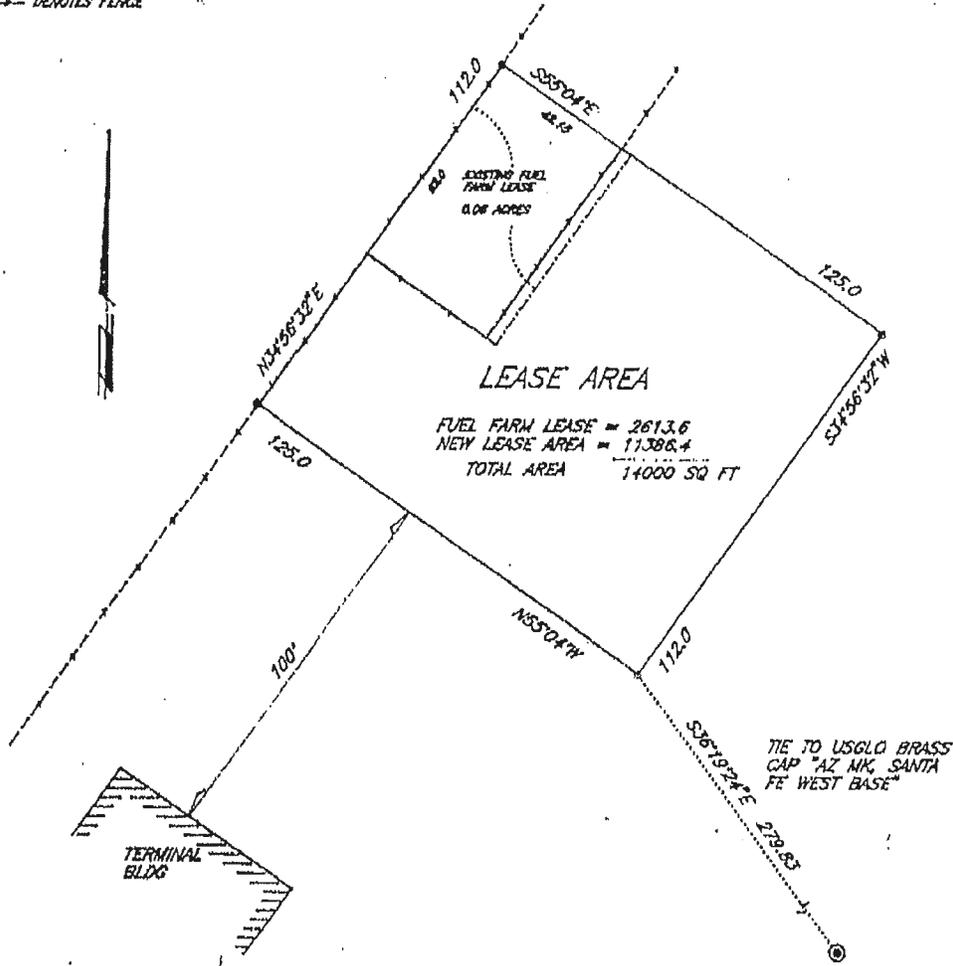
THENCE $S34^{\circ}56'32''W$ 112.0' TO THE POINT OF COMMENCEMENT AND CONTAINING 14,000 SQ. FEET MORE OR LESS.

THE ABOVE DESCRIBED PART INCLUDES AN EXISTING FUEL FARM LEASE OF 0.06 ACRES MORE OR LESS.

ALL AS SHOWN ON LEASE PLAT PREPARED BY GARY E. DAWSON, NMPLS #7014 DATED 5-22-89.

LEGEND
 BEARINGS ARE DERIVED FROM SURVEY PLAT OF TRACTS B-1, & B-2
 PREPARED BY M. APDOGA, NMPLS 8300

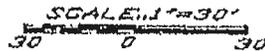
- DENOTES POINT FOUND AS SHOWN
- DENOTES REBAR SET
- DENOTES CALCULATED POINT, NOT SET
- DENOTES FENCE



SURVEYORS CERTIFICATE
 I HEREBY CERTIFY THAT THIS IS A TRUE REPRESENTATION OF
 A SURVEY COMPLETED UNDER MY PERSONAL SUPERVISION ON THE 22nd
 DAY OF MAY 1988, TO THE BEST OF MY KNOWLEDGE AND BELIEF, THE
 SURVEY AND PLAT ARE CORRECT, TRUE AND MEET THE MINIMUM
 STANDARDS FOR LAND SURVEYS IN NEW MEXICO

G. Dawson
 GARY E. DAWSON, NMPLS 7014

SURVEY PLAT PREPARED FOR
SANTA FE AVIATION
 SHOWING LEASE AREA WITHIN
 SECTION 15, T16N, R8E, NMPM
 SANTA FE COUNTY, N.M.



G. DAWSON & ASSOCIATES
 PROFESSIONAL LAND SURVEYORS
 1510 ST FRANCIS DR
 SANTA FE, NM
 FILE 1710

Exhibit
 "B"

ABSOLUTE ASSIGNMENT OF LEASES

THIS Absolute Assignment is made between SANTA FE AVIATION a New Mexico Limited Partnership and SANTA FE FLIERS, INC. a New Mexico corporation (hereafter collectively referred to as "Debtors") and SANTA FE AVIATION SERVICES LTD. CO., a New Mexico limited liability corporation (hereafter "Aviation Services" or "Assignee").

WHEREAS, a Lease Agreement was entered into as of August 15, 1981 between the City of Santa Fe, as Lessor, and Santa Fe Aviation as Lessee, ("the 2.9 Acre Lease") by the terms of which approximately 2.9 acres, more or less, located at the Santa Fe Municipal Airport and more particularly described in the Lease Agreement were leased to Santa Fe Aviation as Lessee for a term of ten (10) years, commencing on June 1, 1981 and ending on May 30, 1991, with the right and option to renew the lease for two (2) consecutive ten (10) year terms;

WHEREAS the 2.9 acre lease was amended by written amendments executed by the City of Santa Fe and Santa Fe Aviation; and

WHEREAS, another Lease Agreement was entered into as of May 25, 1989 between the City of Santa Fe, as Lessor, and Santa Fe Fliers, Inc., as Lessee, (hereafter "the Terminal Lease") by the terms of which approximately 14,000 square feet, more or less, located at the Santa Fe Municipal Airport and more particularly described in the Lease Agreement was leased to Santa Fe Fliers, Inc. as Lessee for a term to expire on May 26, 2008, with the right and option to renew the lease for two (2) consecutive ten (10) year terms; and

WHEREAS Santa Fe Aviation and Santa Fe Fliers, Inc. filed Chapter 11 bankruptcy in June, 1995, Consolidated Case No. 11-95-11659 in the District of New Mexico ("the Bankruptcy Case"); and

WHEREAS a Plan proposed in the Bankruptcy Case by Ralph Tingle and Aviation Services providing for acquisition by Aviation Services of Debtors' assets free and clear of liens, claims and encumbrances was confirmed on May 30, 1996 (hereafter "the Confirmed Plan"); and

WHEREAS, pursuant to the Order Confirming the Plan, Debtors are required to assign the above-described leases with any amendments thereto to Aviation Services to effectuate the sale;

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in compliance with the June 5, 1996 Order Confirming Plan of Reorganization and Establishing Deadlines entered in the Bankruptcy Case, Santa Fe Aviation and Santa Fe Fliers, Inc. hereby absolutely assign to Santa Fe Aviation Services, Ltd. Co. all right, title, and interest in and to the 2.9 Acre Lease and the Terminal Lease described above free and clear of all liens, claims and encumbrances, including transferee and successor liability. Aviation Services accepts the assignment and expressly assumes and agrees to perform and fulfill the terms, covenants, conditions, and obligations as the lessee under those leases, subject to the limitations and conditions set forth in the Confirmed Plan.

This Assignment is subject to the first priority lien in favor of Note Sol Investments, Inc. as successor in interest to the interest of United New Mexico Bank at Santa Fe and Norwest Bank New Mexico, N.A.

MEMORANDUM OF UNDERSTANDING

The City of Santa Fe ("City") owns and operates the Santa Fe Municipal Airport ("Airport") and leases certain premises and facilities at the Airport to Ross Santa Fe, LLC ("Ross") for the purpose of operating a fixed base operation.

Ross has contracted to acquire the assets and leases at the Airport comprising the fixed base operation owned and operated by Zia Aviation, Inc. and known as "Million Air Santa Fe".

1. **Purpose:**

To address any concerns over fuel pricing, Ross agrees to comply with the following:

"Ross Santa Fe, the proposed acquirer of Zia Aviation (Million Air Santa Fe) is committed to offer attractive and competitive avgas fuel pricing on the Santa Fe Airport. We observe that pilots have a choice on fuel purchases. To be competitive with other airports, we will conduct a weekly price survey with three or more airports in New Mexico of a similar size, and use their average posted price to set our avgas self-serve price at a comparable or lower level. We will provide the Airport Manager with the results of our research and our calculation of the average avgas fuel price. This Agreement would be in effect until a competing FBO facility opened on the Santa Fe Municipal Airport."

2. **Term.** This Memorandum of Understanding shall remain in effect until terminated by either party, pursuant to Article 3, below.

3. **Termination.** This Memorandum of Understanding may be terminated by either of the parties hereto upon written notice delivered to the other party at least 30 days prior to the intended date of termination. By such termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination. "

4. **Liability.** Each party shall be solely responsible for fiscal or other sanctions occasioned as a result of its own violation of requirements applicable to the performance of the Agreement. Each party shall be liable for its actions in accordance with this Agreement.

5. **New Mexico Tort Claims Act.** Any liability incurred by the City of Santa Fe in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, et. seq. NMSA 1978, as amended. The City and its "public employees" as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

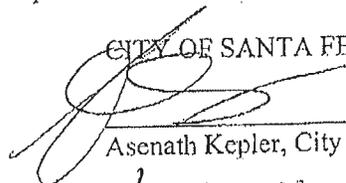
6. **Third Party Beneficiaries.** By entering into this Agreement, the parties do not intend to create any right, title or interest in or for the benefit of any person other than the City and the Contractor. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third party beneficiary of this Agreement.

7. **Amendment.** This Memorandum of Understanding shall not be altered, changed, or amended except by instrument in writing.

8. **Agreements in Full Force.**

Except as specifically provided in this Memorandum of Understanding, the Agreements pertaining to the City of Santa Fe and Ross Santa Fe, LLC remains and shall remain in full force and effect, in accordance with its terms.

IN WITNESS WHEREOF, the parties set their hands.

CITY OF SANTA FE


Asenath Kepler, City Manager
11-6-04

Date

ATTEST:

Yolanda Y. Vigil
Yolanda Y. Vigil, City Clerk

ROSS SANTA FE, LLC

J. W. Ross
Jeffrey W. Ross, Member

10/25/06
Date

APPROVED AS TO FORM:

Frank D. Katz
Frank D. Katz, City Attorney

APPROVED:

Kathryn L. Raveling
KATHRYN L. RAVELING, DIRECTOR
FINANCE DEPARTMENT

Revised 10/00

AMENDMENT No. 3 TO
THE CITY OF SANTA FE LEASE AGREEMENT

AMENDMENT No. 3 (the "Amendment") to the CITY OF SANTA FE LEASE AGREEMENT, dated August 15, 1981 (as amended, the "Lease"), between the City of Santa Fe (the "Lessor") and Santa Fe Aviation Services, Ltd. Co. (the "Lessee"), as successor in interest to Santa Fe Aviation, a limited partnership. The date of this Amendment shall be the date when it is executed by the City.

RECITALS

For good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the Lessor and the Lessee agree to amend the Lease Agreement as follows:

- A. Under the Lease, Lessee leased from the City, approximately 2.9 acres of real property as more fully described in the Lease. The Lease began on June 1, 1981 and terminates on May 30, 2011, as renewal options were exercised.
- B. Amendment #1 amended the Lease to bring it into compliance with specific legal requirements.
- C. Amendment #2 dated May 25, 1989 amended language in paragraphs 3 and 8 and added paragraph 18.
- D. The Renewal of Lease Agreement dated September 24, 2001 provides for increased rents.
- E. Lessee has indicated a desire to extend the term of the Lease beyond 2011 and the City desires to increase the fee charge on the sale of aviation fuel.

1. TERM.

Article 2 of the Lease is amended to grant an additional two (2) ten (10) year extension options so that the Lease at the option of the Lessee may be extended from 2011 to 2031 so that Article 2 reads in its entirety as follows:

The initial term of this Lease shall be the period commencing June 1, 1981 and ending at midnight on May 30, 1991, for a term of ten (10) years, subject however, to the option hereby granted by Lessor to Lessee to renew this agreement for an additional four (4) terms of ten (10) years each. Lessee shall notify Lessor in writing of its intentions to exercise the renewal option not less than three (3) months before the expiration of the initial term or renewal terms.

2. RENT.

Article 3 of the Lease is amended to change the charge for sales of aviation fuel, so that Article 3 reads in its entirety as follows:

Beginning August 1, 2001, the annual basic rent for the term shall be based upon the following rates per square foot for the 2.9 acres comprising the leasehold:

From August 1, 2001 to July 31, 2002	-	3 cents per square foot
From August 1, 2002 to July 31, 2003	-	5 cents per square foot
From August 1, 2003 to July 31, 2004	-	7 cents per square foot
From August 1, 2004 to May 30, 2011	-	10 cents per square foot

Said rent shall be paid in equal monthly installments. For the period from May 31, 2001 to July 31, 2001, the rent shall be the amount set forth in Amendment No. 2 to the City Lease. The rate of basic rent payable on and after August 1, 2004 shall be presumptively on parity with other Fixed

Base Operators (FBOs); provided, however, that such rate may be subject to adjustment by the Lessor to achieve parity with other FBO's.

In addition to the annual basic rent, if Lessee sells aviation fuel at the Leasehold Premises [undefined term], Lessee agrees to pay to Lessor a sum of \$.05 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business. The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to any percentage increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, over the base month of July, 1996. The first adjustment under this paragraph shall take place on July 1, 2007 and then on July 1 of every third year thereafter.

3. AGREEMENT IN FULL FORCE.

Except as specifically provided in this Amendment, the Lease remains and shall remain in full force and effect, in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 3 to the City of Santa Fe Lease Agreement as of the dates set forth below.

CITY OF SANTA FE:

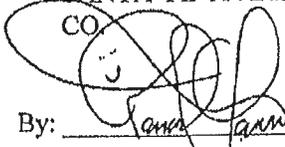
By: Larry A. Delgado
LARRY A. DELGADO, MAYOR
Date: 8.30.05

ATTEST:

Tina Y. Dominguez
TINA DOMINGUEZ, ASSISTANT CITY CLERK
cmtdg 8/29/05

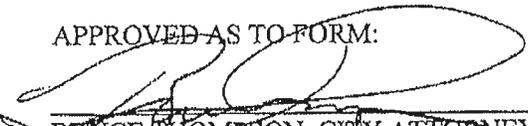
CONTRACTOR:
SANTA FE AVIATION SERVICES, LTD.

CO

By:  _____

Date: Sept 16, 2005

APPROVED AS TO FORM:



BRUCE THOMPSON, CITY ATTORNEY

Irene/Agreement/Amendment #3 SF Aviation - Final

ITEM # 11-0863

CITY OF SANTA FE
AMENDMENT No. 4 TO LEASE AGREEMENT
SANTA FE AIR CENTER LLC
(SANTA FE AVIATION SERVICES LTD. CO. LEASE)

AMENDMENT No. 4 (the "Amendment") to the CITY OF SANTA FE LEASE AGREEMENT, dated August 15, 1981 as amended (the "Lease Agreement"), between the City of Santa Fe (the "Lessor") and SANTA FE AIR CENTER LLC, a Delaware limited liability company, as successor in interest to SANTA FE AVIATION SERVICES Ltd. Co. (the "Lessee"). The date of this Amendment shall be the date when it is executed by the Lessor.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the Lessor and the Lessee agree to amend the Lease Agreement as follows:

1. Article 2 of the Lease Agreement is amended to extend the term of the Lease Agreement by an additional ten years with an effective date of May 31, 2011 so that Article 2 reads in its entirety as follows:

2. TERM.

The term of this amended Lease Agreement shall be for a period of 10 years commencing on May 31, 2011, subject however to the option hereby granted by Lessor to Lessee to renew this amended Lease Agreement for an additional term of ten years upon the same terms and conditions as are set forth in this amended Lease Agreement except for ground space rent which shall increase from the rate in effect at the end of the previous lease term pursuant to Article 3 of this amended Lease Agreement and except for fuel flowage fees

which shall be modified pursuant to Article 3 of this amended Lease Agreement. Provided however that at such time as the option is exercised the Lease Agreement shall be amended to conform to all federal and state regulations and grant requirements related to the airport development and operation. Lessee shall notify Lessor in writing of its intention to exercise the renewal option not less than three (3) months before the expiration of the current term otherwise the option shall be deemed to have been waived.

Holding over by the Lessee after the expiration of this amended Lease Agreement, whether with or without the consent of the Lessor, shall not operate to extend or renew this amended Lease Agreement. Any such holding over shall be construed as a tenancy from month to month at the rates, fees and charges reserved in this amended Lease Agreement under the terms of this article and Article 3.

2. Article 3 of the Lease Agreement is amended to increase rents, fees and charges so that Article 3 reads in its entirety as follows:

3. **RENT**

The Lessee agrees to pay to the Lessor, at the office of the Airport Manager, at the Santa Fe Municipal Airport, or at such place as the Lessor may designate from time to time, for the use of the Premises the following rents and fees:

A. Ground Space Rent. Lessee shall pay to Lessor an annual rental fee of 13.67 (thirteen point six seven) cents per square foot for the Premises.

B. Schedule of Payments for Ground Space Rent. The fixed rental fee as provided in Article 3, Paragraph A shall be payable to the Lessor in equal monthly installments and is due on the first day of each month. If such payment is not made within twenty-five (25) days of its due date, the Lessee shall pay a finance charge of 1-1/2% per month (18% percent annually) on such past due payment for each month or partial month thereafter that any

Handwritten calculation:
 $1,867 \times 2.7 = 43560 =$
 $\$ 1728.44 \text{ mo}$
 1439.04 mo

payment due is not paid. The annual basic rent as computed above shall be adjusted by the following method:

(1) The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to the average annual percentage rate increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, for the three years immediately preceding the adjustment. The first such adjustment under this paragraph shall take place on the third anniversary of the date of this Lease Agreement, and then on the anniversary date every third year thereafter.

C. Percentage and Fuel Flowage Fees. Lessee shall pay to Lessor the following:

(1) A sum of \$.07 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business. Provided, however, that from time to time, fuel flowage fees shall be adjusted pursuant to the rate set forth in any appraisal of fuel flowage fees done for the airport, or at such time as any other similar but higher fixed base operator lease fuel flowage fee is implemented. This fuel flowage fee shall be increased to be equal to the higher fixed base operator lease fee amount.

(2) A sum equal to 2.0% of the adjusted gross receipts from all business conducted and carried on by Lessee upon the Premises. The term "adjusted gross receipts" as used in this Lease Agreement shall mean the aggregate amount of all sales made, and services performed, including charter operations conducted by the Lessee to or from the Santa Fe Municipal Airport, for cash, on credit or otherwise, of every kind, name and nature. Adjusted gross receipts shall also include the aggregate value of all goods, wares and merchandise received for property services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from adjusted gross receipts: (a) all fuel sales; (b)

all sales of new and used aircraft; (c) transient tie down fees; (d) ramp parking fees; (e) landing fees; (f) federal, state and municipal sales taxes, excise taxes, gross receipts taxes and all other similar taxes separately stated and/or collected from customers; and (g) and bad debts and uncollectible accounts. This adjusted gross receipts fee shall be increased at such time as any other similar but higher fixed base operator lease fee is implemented. This adjusted gross receipts fee shall be increased to be equal to the higher fixed base operator lease fee amount.

D. Transient Tie Down and Parking Fees. Lessee agrees to remit to Lessor seventy-five percent (75%) of all transient tie down and ramp parking fees collected by Lessee on aircraft tied down or parked at the Santa Fe Municipal Airport, not herein leased, and as designated by the Lessor from time to time for the Lessee's use. The Lessor reserves the right to adjust such fees as necessary.

E. Transient Landing Fees. Lessee agrees to remit to Lessor eighty percent (80%) of all transient landing fees collected by Lessee on transient aircraft serviced by Lessee at the Santa Fe Municipal Airport. The Lessor reserves the right to adjust or modify such fees as necessary.

F. Security and Fire Protection Fees. Lessor reserves the right to impose fair and equitable fees for Security and Fire Protection should such services be provided by Lessor.

G. Late Payment Penalty. If the specified payments in Article 3, Paragraphs C, D, E, and F herein, are not received by the twenty-fifth (25th) day of each month following the month of sale, the Lessee shall pay a finance charge of 1-1/2% per month (18% annually) on such past due payment for each month or partial month thereafter that any payment due is not made.

H. Monthly Statement. The Lessee shall submit a detailed statement to the

Lessor to accompany the payment, on a form satisfactory to the Lessor, that shows the gross revenues of the Lessee upon which compensation to the Lessor is payable under this Lease for the preceding calendar month, which statement shall be subscribed and sworn to as correct by one of the Lessee's officers or certified by a licensed accountant. The statement shall show such reasonable detail and breakdown by the Lessee's payment for percentage fees and fuel flowage fees due. The Lessee shall include with the breakdown of all rents, fees and charges due the Lessor for the preceding calendar month's business. Such statement shall contain, at a minimum, all monthly activities and shall be subscribed and sworn to as correct by the Lessee, one of the Lessee's officers, its local manager or certified by a licensed accountant.

I. Records and Audit

(1). All records, accounts, books, delivery receipts and data on business activities performed under this Lease Agreement and maintained by the Lessee shall be subject to inspection and audit by the Lessor at Lessor's expense at all reasonable times. However, if an audit reveals a discrepancy of more than five (5%) percent of the gross receipts reported and the gross receipts as determined by the audit for any 12 month period, and if Lessor requires an additional audit, the full cost of such additional audit shall be borne by the Lessee. Records shall be maintained for a period of not less than three complete lease years.

(2). The records and statements of business done by the Lessee along with any other information obtained or inspected pursuant to this provision shall be considered as absolutely confidential and not subject to use or disclosure by the Lessor for any purpose other than the ascertainment of rents, fees and charges under this Agreement. Lessor may use information and data provided by the Lessee to compile gross receipts reports for airport activity reports provided the Lessee is not disclosed.

3. Article 15 of the Lease Agreement is amended to add a new Paragraph 15C which reads as follows:

C. Lessee shall, upon approval by Lessor and prior to any construction of any nature within the boundaries of the airport, prepare and submit to the Airport Manager and the Federal Aviation Administration, Airports District Office, 2601 Meacham Blvd, Ft Worth TX, 76137, one executed set (four copies) of FAA form 7460-1 "Notice of Proposed Construction or Alterations", as required by Federal Aviation Regulation Part 77.

4. AGREEMENT IN FULL FORCE.

Except as specifically provided in this Amendment, the amended Lease Agreement remains and shall remain in full force and effect, in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the dates set forth below.

CITY OF SANTA FE:

David Coss
DAVID COSS, MAYOR

Date: 8-15-11

ATTEST:

Yolanda Y. Vigil
YOLANDA Y. VIGIL, CITY CLERK
com 8/10/11

LESSEE:
SANTA FE AIR CENTER LLC

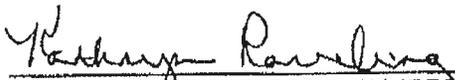
By: Jeffrey W. Ross
Jeffrey W. Ross, President
Date: 8/16/11

APPROVED AS TO FORM:



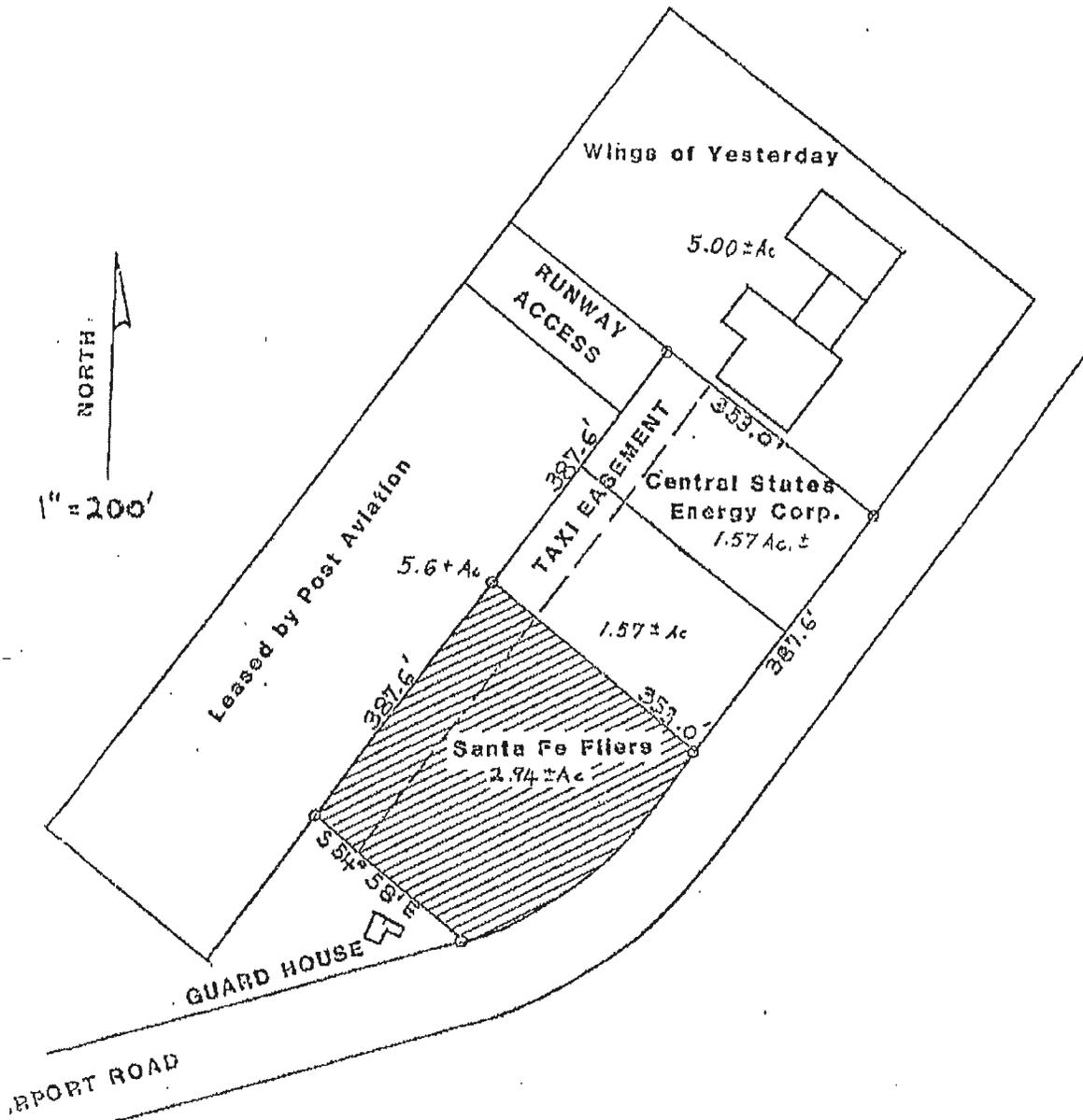
GENO ZAMORA, CITY ATTORNEY 7/29/11

APPROVED:



KATHRYN RAVELING, FINANCE DIRECTOR

EXHIBIT "A"



RENEWAL OF LEASE AGREEMENT

This Agreement is entered into by and between The City of Santa Fe, New Mexico, a municipal corporation, hereinafter "City" or "Lessor", and Santa Fe Aviation Services, a limited partnership, hereinafter "Lessee". The date of this Renewal shall be the date when executed by the City.

A. Under a certain lease agreement dated August 15, 1981 ("City Lease"), Lessee leased from the City, as lessor, approximately 2.9 acres of real property as more fully described in the City Lease, a copy of which is attached hereto and made a part hereof as Exhibit "A".

B. Lessee has indicated its intention to exercise a second option to renew the City Lease. The parties acknowledge that the City Lease is extended for the rental as hereafter provided.

Now therefore, the parties agree:

1. **Extension of Term.** The Term of the City Lease shall be extended for an additional ten year period beginning on May 31, 2001 and ending on May 30, 2011 (hereinafter, the "Renewal Term"). This is the second and last renewal period provided under section 2 of the City Lease.

2. **Rent.** Beginning on August 1, 2001, the annual basic rent for the Renewal Term shall be based upon the following rates per square foot for the 2.9 acres comprising the leasehold:

From August 1, 2001 to July 31, 2002	3 cents per square foot
From August 1, 2002 to July 31, 2003	5 cents per square foot
From August 1, 2003 to July 31, 2004	7 cents per square foot
From August 1, 2004 to May 30, 2011	10 cents per square foot

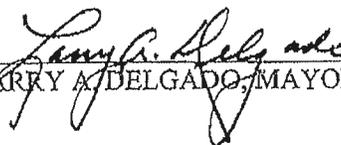
Said rent shall be paid in equal monthly installments. For the period from May 31, 2001 to July 31, 2001, the rent shall be the amount set forth in Amendment No. 2 to the City

Lease. The rate of basic rent payable on and after August 1, 2004 shall be presumptively on parity with other Fixed Base Operators (FBOs); provided, however, that such rate may be subject to adjustment by the Lessor to achieve parity with other FBOs.

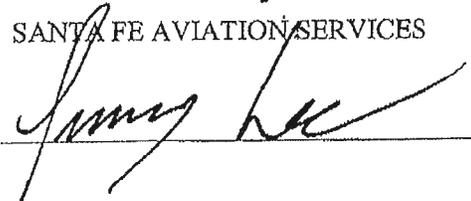
In addition to the annual basic rent, if Lessee sells aviation fuel at the Leasehold Premises, Lessee agrees to pay to Lessor a sum of \$.03 per gallon on all aviation fuel so sold by Lessee, excepting fuel used by Lessee in the operation of its business. The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to any percentage increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, over the base month of July, 1996. The first adjustment under this paragraph shall take place on July 1, 2007 and then on July 1 of every third year thereafter.

3. **Recordation.** This Renewal of Lease Agreement shall not be recorded in the land records of Santa Fe County, New Mexico.

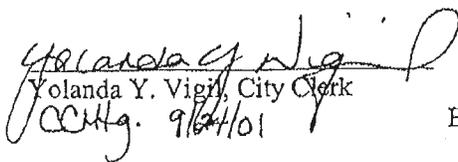
CITY OF SANTA FE

By: 
LARRY A. DELGADO, MAYOR

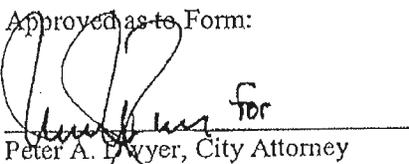
SANTA FE AVIATION SERVICES

By: 

Attest:


Yolanda Y. Vigil, City Clerk
CCMg. 9/24/01

Approved as to Form:

 For
Peter A. Dwyer, City Attorney

M:/SantaFeAviationRenewalLease

AMENDMENT #2
to
2.9 ACRE LEASE AGREEMENT BETWEEN
THE CITY OF SANTA FE AND SANTA FE AVIATION

1. Paragraph 3 (Rent) of the lease agreement is hereby amended as follows:

"Lessee agrees to pay Lessor for the use of the premises, facilities, rights, services and privileges granted hereunder an annual rental for the lease of 2.9 acres of land as follows:

(a.) Beginning when this amendment is fully executed, four-tenths (4/10ths) of one (1) percent, of Lessee's total gross volume of business, derived from its airport operations at the Municipal Airport, Santa Fe, New Mexico, said rents to be payable on or before the 25th day of each month during the term of this Lease or any extension thereof, covering the previous calendar month's operations.

(b.) From and after August 31, 1989, until August 31, 2004, five-tenths (5/10ths) of one (1) percent, of Lessee's total gross receipts of business, derived from its airport operations at the Municipal Airport, Santa Fe, New Mexico, said rents to be payable on or before the 25th day of each month during the term of this Lease or any extension thereof, covering the previous calendar month's operations.

(c.) It is agreed that the minimum annual rental hereunder shall be \$37.18, payable in advance upon the execution of this Lease, and annually thereafter on or before 31 August of each year during the term of this Lease, or any extension thereof, Lessee to receive credit in that amount as against its liability for and on account of the percentage rents set out herein; it being understood that said minimum annual rental is not in addition to, but included in, the said percentage.

(d.) Rental fees under this Lease after August 31, 2004, shall be renegotiated at a fair and reasonable amount at that time.

2. Paragraph 8 (Improvements Remain Property of Lessor) is hereby amended as follows:

Any additions or improvements attached to or placed upon the leased premises by the Lessee shall be considered as personal property, and shall remain the property of the Lessee who shall have to right to remove the same from the premises on the expiration of this Lease. All trade furnishings, fixtures and equipment in the leased premises which are supplied and installed at the sole expense of Lessee shall remain Lessee's property. Lessee may remove these items, along with the improvements, within 60 days after termination or cancellation of this Lease, provided: (a) Lessee is not in default hereunder at the time of termination, and (b) once removal is accomplished, the land is substantially restored to the condition it was in at the time this Lease was executed. Any building, structure or other item not removed as provided shall become Lessor's property.

3. Add new paragraph Number 18 to the Lease follows:

18. Removal of Fuel Tanks

It is understood that Lessee presently operates a fuel farm that is not within the leased premises described herein. Lessee may utilize such fuel farm until November 12, 1989, at which time Lessee shall remove said tanks to the satisfaction of the Lessee.

CITY OF SANTA FE, NEW MEXICO

BY: [Signature]

Sam Pick, Mayor,
City of Santa Fe
(Lessor)

Attest:

[Signature]
Yolanda Y. Vigil
Assistant City Clerk



SANTA FE AVIATION

BY: [Signature]

James H. Hayes
(Lessee)

CC75

ASSIGNMENT OF MEMBERSHIP INTERESTS

This Assignment of Membership Interests (the "Assignment") is executed and delivered as of 04-31, 2005, by and between Santa Fe Jet Center, Inc., a New Mexico corporation ("Assignor"), and Ross Advanced Holdings LLC, a Delaware limited liability company ("Assignee").

RECITALS

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement dated as of August 15, 2005 (the "Asset Purchase Agreement");

WHEREAS, Assignor owns 50% of the membership interest (together with Assignor's right, title and interest as a member, manager or otherwise) in Advanced Aviation LLC, a New Mexico limited liability company (the "Company"), together with all of Assignor's rights and interests to the Company and to the operating agreement (the "Operating Agreement") of the Company (collectively, the "Interests");

WHEREAS, the Company is a party to that certain Amended and Restated Lease Agreement dated January 23, 2000 by and between the City of Santa Fe, New Mexico and the Company, which lease is attached hereto as Exhibit A; and

WHEREAS, pursuant to the Asset Purchase Agreement, Assignors have agreed to assign the Interests to Assignee, and Assignee has agreed to assume all of Assignor's right, title and interest in and to, and certain obligations under, the Interests, all on the terms and subject to the conditions more particularly set forth in the Asset Purchase Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and the considerations provided in the Asset Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns, transfers and conveys to Assignee the Interests and Assignee hereby agrees to assume and accept the Interests and all of the duties and responsibilities related thereto first arising and accruing from and after the date hereof.

2. This Assignment is given pursuant to the Asset Purchase Agreement and is subject to the terms thereof, and shall not be construed to limit, alter, impair, enlarge or enhance the rights thereunder of the parties thereto, and is given solely for the purpose of separately evidencing the transactions contemplated thereby.

2005 OCT 11 11:00 AM

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4)

STATE OF New Mexico
COUNTY OF Santa Fe

This instrument was acknowledged before me on 10 31, 2005 by Herbert L. Marchman, as President of SANTA FE JET CENTER, INC., a New Mexico corporation, on behalf of said corporation.

Witness my hand and official seal.

My commission expires: _____

[Signature]

Notary Public



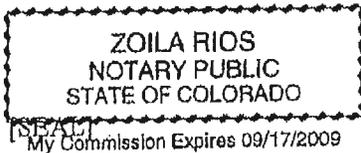
STATE OF Colorado)
COUNTY OF Denver) ss.

This instrument was acknowledged before me on October 31, 2005 by Jeffrey W. Ross, as President of ROSS ADVANCED HOLDINGS LLC, a Delaware limited liability company, on behalf of said company.

Witness my hand and official seal.

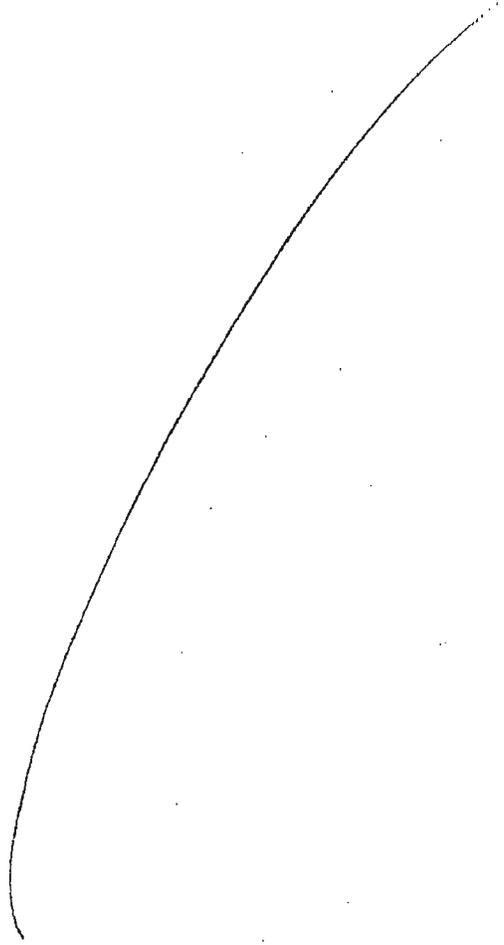
My commission expires: 9/17/2009

Zoila Rios
Notary Public



2005/10/31 PHOTO COPY

Exhibit A
(Lease Agreement)



FORM/TA/LE 418270 0/10

WAIVER AND CONSENT AGREEMENT

This Waiver and Consent Agreement (the "Waiver and Consent") is executed and delivered as of October 31, 2005, by Sun City Venture, a New Mexico general partnership ("Existing Member"), for the benefit of Santa Fe Jet Center, Inc., a New Mexico corporation ("Assignor"), and Ross Advanced Holdings LLC, a Delaware limited liability company ("Assignee").

RECITALS

WHEREAS, Existing Member owns 50% of the membership interest (together with Existing Member's right, title and interest as a member, manager or otherwise) in Advanced Aviation LLC, a New Mexico limited liability company (the "Company"), together with all of Existing Member's rights and interests to the Company and to the operating agreement (the "Operating Agreement") of the Company (collectively, the "Interests");

WHEREAS, Assignor owns the remaining 50% of the Interests in the Company;

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement dated as of August 15, 2005 (the "Asset Purchase Agreement");

WHEREAS, pursuant to the Asset Purchase Agreement, Assignor has agreed to assign the Interests to Assignee, and Assignee has agreed to assume, all of Assignor's right, title and interest in and to, and certain obligations under, the Interests, pursuant to the foregoing Assignment of Membership Interests (the "Assignment Agreement"); and

WHEREAS, Existing Member desires to consent to the assignment and assumption of the Interests pursuant to the Assignment Agreement and waive its right of first refusal pursuant to the Operating Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Existing Member agrees as follows:

1. This Waiver and Consent is attached to and made a part of the Assignment Agreement.
2. Pursuant to Article X of the Operating Agreement, Existing Member hereby waives its right of first refusal to purchase the Interests and consents to the transfer of the Interests to Assignee pursuant to the Assignment Agreement and the admission of Assignee as a Substitute Member (as defined in the Operating Agreement).
3. Pursuant to Section 4.5 of the Operating Agreement, Existing Member hereby votes in favor of the appointment of Assignee as Manager of the Company to fill the vacancy created by Assignor's resignation pursuant to the Assignment Agreement.

CONFIDENTIAL

IN WITNESS WHEREOF, the undersigned has executed this Agreement to be effective as of the date first set forth above.

EXISTING MEMBER:

Sun City Venture, a New Mexico general partnership

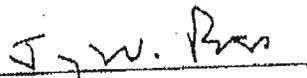
By: _____
Name: _____
Its: _____

Acknowledged and accepted as of the date first set forth above:

Santa Fe Jet Center, Inc., a New Mexico corporation

By: 
Name: Herb Marchman
Its: President

Ross Advanced Holdings LLC, a Delaware limited liability company

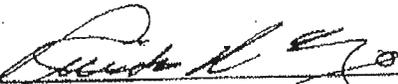
By: 
Name: Jeffrey W. Ross
Its: President

0100 0100 17 001 00000

IN WITNESS WHEREOF, the undersigned has executed this Agreement to be effective as of the date first set forth above.

EXISTING MEMBER:

Sun City Venture, a New Mexico general partnership

By: 
Name: RICARDO B. GONZALEZ
Its: GENERAL PARTNER

Acknowledged and accepted as of the date first set forth above:

Santa Fe Jet Center, Inc., a New Mexico corporation

Ross Advanced Holdings LLC, a Delaware limited liability company

By: _____
Name: Herb Marchman
Its: President

By: _____
Name: Jeffrey W. Ross
Its: President

2008/10/11 11:20:00 AM

**AMENDMENT #1 TO
LEASE AGREEMENT**

This Amendment #1 (the "Amendment") to the SANTA FE MUNICIPAL AIRPORT LEASE AGREEMENT, dated February 12, 1997 (the "Lease"), between the City of Santa Fe (the "Lessor") and Sportsman's Aviation (the "Lessee").

Pursuant to Paragraph 26 of the Lease, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the Lessor and the Lessee agree as follows:

1. **PREMISES**

Paragraph 1 of the Lease is amended to increase the square footage of the premises from 435,600 square feet to 15 acres. Paragraph 1 shall read in its entirety as follows:

1. **PREMISES.** Lessor does hereby lease unto the Lessee the exclusive rights to the described premises, and facilities at the Airport more particularly described on Exhibit "B" attached hereto, containing 15 acres, together with right of access, ingress-egress thereto. (hereinafter "Premises").

2. **USE OF THE PREMISES AND RIGHT TO CONSTRUCT.**

Paragraph 2(B) of the Lease is amended to allow for the additional construction of a taxiway. Paragraph 2(B) shall read in its entirety as follows:

B. Lessee shall construct an apron parking area, totaling 6.19 acres; and a taxiway measuring 75 feet by 530 feet, in the area specified in Exhibit B. The apron parking area and the taxiway shall remain the property of the Lessor and the use of such property shall be for the common use of all aircraft at the Airport.

3. RENT AND FEES.

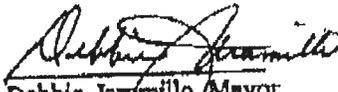
Paragraphs 5(A) and 5(B) of the Lease are amended to increase the annual rent for the increased square footage and the amount that the Lessee shall be allowed to recover for construction cost for the apron parking area and the taxiway. Paragraphs 5(A) and 5(B) shall read in their entirety as follows:

A. Ground Space Rent. Lessee shall pay to Lessor an annual rental fee of \$65,340.00 for the Premises. In consideration of the Lessee constructing the apron parking area and taxiway specified in paragraph 2(B) above and further specified in Exhibit B, the Lessee shall retain 50% of the annual rent until Lessee recovers the construction costs of the specified apron parking area and taxiway. Such construction cost shall not exceed \$233,000.00.

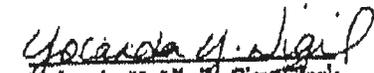
B. Schedule of Payments for Ground Space Rent. The fixed rentals totaling \$65,340.00 annually shall be payable to the Lessor, on a quarterly basis, in advance on or before the first day of January, April, July and October of each year. Lease payments shall commence and begin to accrue from the date first mentioned above. If such a payment is not made within twenty-five (25) days of its due date, the Lessee shall pay an interest charge of 1-1/2% per month (18% percent annually) on such past due payment for each month or partial month thereafter that any payment due is not paid. The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to any percentage increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, over the base year 1996.

IN WITNESS WHEREOF, the parties have executed this Amendment #1 to the City of Santa Fe Lease Agreement effective this 14th day of May 1997.

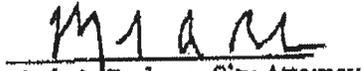
CITY OF SANTA FE


Debbie Jaramillo, Mayor

ATTEST:


Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:


Mark A. Basham, City Attorney

SPORTSMAN'S AVIATION JET CENTER


Terry Van Dein, President

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

SUBSCRIBED AND ACKNOWLEDGED before me this 19 day of May, 1997 by _____


Notary Public

My commission expires: Feb 25, 2001

The first adjustment under this paragraph shall take place on January 1, 2000 and then on January 1 every third year thereafter.

In the event that the commencement or termination of the term with respect to the Leased Premises and the rights provided in this Lease falls on any date other than the first or last day of the calendar month, the ground space rent for that month shall be paid for said month pro rata according to the number of days in that month during which the Leased Premises and rights were enjoyed.

5. AGREEMENT IN FULL FORCE

Except as specifically provided in this Amendment, the Agreement remains and shall remain in full force and effect, in accordance with its terms.

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M. M. M.

**SANTA FE MUNICIPAL AIRPORT
LEASE AGREEMENT**

THIS LEASE AGREEMENT, is made and entered into on this, 12th day of February, 1997 by and between the CITY OF SANTA FE, NEW MEXICO, a municipality and political subdivision of the State of New Mexico, hereinafter "Lessor", and SPORTSMAN'S AVIATION, hereinafter "Lessee".

WHEREAS, the Lessor owns and operates an airport known as the Santa Fe Municipal Airport ("Airport") and is desirous of leasing to the Lessee certain premises and facilities at the said Airport; and

WHEREAS, the Lessee is authorized by proper governmental agencies to engage in the business of fixed base operations; and

WHEREAS, both the Lessor and Lessee have the right and power to enter into this Lease Agreement; and

WHEREAS, at the time of execution of this Lease, Lessee intends to make the improvements consistent with the schedule as detailed in Exhibit "A", attached hereto.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained the parties agree as follows:

1. **PREMISES.** Lessor does hereby lease unto the Lessee the exclusive rights to the described premises, and facilities at the airport more particularly described on Exhibit "B" attached hereto, containing 435,600 square feet more or less, together with right of access, ingress-egress thereto. (hereinafter "Premises").

2. **USE OF THE PREMISES AND RIGHT TO CONSTRUCT.**

A. The Lessee shall have the right to erect, maintain and alter buildings or structures upon said premises providing such buildings or structures are consistent with the Airport Minimum Standards Ordinance (as amended, or may be amended in the future), the Building Code requirements of the New Mexico Construction Industries Division, and any City of Santa Fe or Santa Fe County ordinance now or hereafter in effect. Title to such construction, installations, and equipment, shall remain the property of the Lessee during the term of this lease but shall pass to the Lessor upon expiration of this lease. As provided herein, Lessee must substantially complete construction of the permitted leasehold improvements in accordance with the schedule detailed on Exhibit "A," attached hereto, within the time period detailed in Exhibit "A," provided, however that the time to obtain completion shall be extended by any unanticipated delays suffered by Lessee, including any litigation which may challenge the validity of this Lease.

B. Lessee shall construct an apron parking area, totaling 6.19 acres, in the area specified in Exhibit B. The apron parking area shall remain the property of the Lessor and the use of such property shall be for the common use of all aircraft at the airport.

C. In the future, Lessee must receive prior written approval from Lessor and the Federal Aviation Administration for any and all buildings, structures and improvements to be placed on the Premises. Lessee shall provide a schedule for completion dates of all improvements at the time plans for construction or alteration are presented to the Lessor for review and approval, which approval will not be unreasonably withheld. Prior to commencing construction of any structures on the Premises, Lessee must demonstrate its financial capability to complete and pay for such construction by way of an irrevocable letter of credit, irrevocable financing commitment, performance bond or other means satisfactory to Lessor.

D. Upon receiving consent from Lessor, whose consent shall not be unreasonably withheld, Lessee shall have the right to remodel, remove, demolish or destroy any future structures or improvements constructed by Lessee on the Premises without compensation to Lessor, so long as the Premises are left in a safe and slightly condition.

3. TERM OF LEASE.

A. Term. This Lease Agreement shall be for a 20 year term beginning on February 12, 1997 and terminating on February, 2017. Such twenty year period, as the same may be sooner terminated or extended both as specifically provided in this Lease Agreement is referred to in this Lease Agreement as the "Term." Upon expiration of the Term or upon cancellation of this Lease Agreement, Lessee shall peacefully surrender and vacate the Premises.

B. Termination. Either party may terminate this Lease at any time, by giving 60 days written notice to the other party. Upon termination of this Lease by either party, the Lessee's rights to use the Premises shall cease and the Lessee shall peacefully vacate the Premises, removing its property at its own expense. Termination by the Lessor shall not relieve the Lessee of liability for any damages sustained by the Lessor caused by Lessee's breach of this Lease Agreement.

C. Option to Renew. The Lessor hereby grants to Lessee the option to renew this Agreement for an additional 10 year term. The terms and conditions of such renewal shall be the same terms and conditions as are set forth in this Lease except for ground space rent and the percent of adjusted gross revenue which shall increase from the rate in effect at the end of the previous lease term pursuant to 5A(1) and 5A(2) of this lease, fuel flowage fees and percent of adjusted gross revenue which shall be modified to equal those fuel flowage fees and percent of adjusted gross revenue imposed by Lessor upon the other fixed base operator(s) and seller(s) of fuel at the Airport. Provided however that at such time as the option is exercised this lease will be amended to conform to all federal and state regulations and grant requirements related to the Airport development and operation. Lessee shall notify Lessor in writing of its intention to exercise the renewal option not less than three (3) months before the expiration of the initial term of renewal terms otherwise the option shall be deemed to have been waived.

4. HOLDOVER. In the absence of a new Lease Agreement entered into before the expiration of the initial 20 year Term under this Lease Agreement, Lessee shall be allowed to hold over for a period not to exceed 60 days from the expiration date of the initial 20 year Term under this Lease Agreement. Holding over by the Lessee after the expiration of the initial 20 year Term under this Lease Agreement, whether with or without the consent of the Lessor, shall not operate to extend or renew this Lease Agreement. Any such holding over shall be construed as a tenancy from month to month at the rents reserved in this Lease Agreement under the terms herein.

5. **RENT AND FEES.** The Lessee agrees to pay to the Lessor, at the office of the Airport Manager, at the Santa Fe Municipal Airport, or at such place as the Lessor may designate from time to time, for the use of the Premises the following rents and fees:

A. **Ground Space Rent.** Lessee shall pay to Lessor an annual rental fee of \$43,560 for the Premises. In consideration of the Lessee constructing the apron parking area specified in paragraph 2(B) above and further specified in Exhibit B, the Lessee shall retain 50% of the annual rent until Lessee recovers the construction costs of the specified apron parking area. Such construction cost shall not exceed \$150,000.

B. **Schedule of Payments for Ground Space Rent.** The fixed rentals totaling \$43,560.00 annually shall be payable to the Lessor, on a quarterly basis, in advance on or before the first day of January, April, July and October of each year. Lease payments shall commence and begin to accrue from the date first mentioned above. If such a payment is not made within twenty-five (25) days of its due date, the Lessee shall pay a finance charge of 1-1/2% per month (18% percent annually) on such past due payment for each month or partial month thereafter that any payment due is not paid. The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to any percentage increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, over the base year 1996. The first adjustment under this paragraph shall take place on January 1, 2000 and then on January 1 every third year thereafter.

In the event that the commencement or termination of the term with respect to the Leased Premises and the rights provided in this Lease falls on any date other than the first or last day of the calendar month, the ground space rent for that month shall be paid for said month pro rata according to the number of days in that month during which the Leased Premises and rights were enjoyed.

C. **Percentage and Fuel Flowage Fees.** Lessee shall pay to Lessor the following:

(1) A sum of \$.03 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business. Provided, however, that from time to time, fuel flowage fees shall be adjusted pursuant to the rate set forth in any appraisal of fuel flowage fees done for the airport.

(2) A sum equal to 2% of the adjusted gross receipts from all business conducted and carried on by Lessee upon the Premises. The term "adjusted gross receipts" as used in this lease shall mean the aggregate amount of all sales made, and services performed, including charter operations conducted by the Lessee to or from the Santa Fe Municipal Airport, for cash, on credit or otherwise, of every kind, name and nature. Adjusted gross receipts shall also include the aggregate value of all goods, wares and merchandise received for property services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from adjusted gross receipts: (a) all fuel sales; (b) all sales of new and used aircraft; (c) transient tie down fees; (d) federal, state and municipal sales taxes, excise taxes, gross receipts taxes and all other similar taxes separately stated and/or collected from customers; and (e) bad debts and uncollectible accounts.

D. **Transient Tie Downs.** Lessee agrees to remit to Lessor seventy-five percent (75%) of all transient tie down fees collected by Lessee on aircraft tied down at the Santa Fe

Municipal Airport, not herein leased, and as designated by the Lessor from time to time for the Lessee's use. The Lessor reserves the right to adjust such fees as necessary.

E. Late Payment Penalty. If the specified payments in Paragraphs C and D, herein, are not received by the twenty-fifth (25th) day of each month following the month of sale, the Lessee shall pay a finance charge of 1-1/2% per month (18% annually) on such past due payment for each month or partial month thereafter that any payment due is not made.

F. Monthly Statement. The Lessee shall submit a detailed statement to the Lessor to accompany the payment, on a form satisfactory to the Lessor, that shows the gross revenues of the Lessee upon which compensation to the Lessor is payable under this Lease for the preceding calendar month, which statement shall be subscribed and sworn to as correct by one of the Lessee's officers or certified by a licensed accountant. The statement shall show such reasonable detail and breakdown by the Lessee's payment for percentage fees and fuel flowage fees due. The Lessee shall include with the breakdown of all rents, fees and charges due the Lessor for the preceding calendar month's business. Such statement shall contain, at a minimum, all monthly activities and shall be subscribed and sworn to as correct by the Lessee, one of the Lessee's officers, its local manager or certified by a licensed accountant.

6. RECORDS AND AUDIT.

A. All records, accounts, books, delivery receipts and data on business activities performed under this Lease Agreement and maintained by the Lessee shall be subject to inspection and audit by the Lessor at Lessor's expense at all reasonable times. However, if an audit reveals a discrepancy of more than five (5%) percent of the gross receipts reported and the gross receipts as determined by the audit for any 12 month period, and if Lessor requires an additional audit, the full cost of such additional audit shall be borne by the Lessee. Records shall be maintained for a period of not less than three complete lease years.

B. The records and statements of business done by the Lessee along with any other information obtained or inspected pursuant to this provision shall be considered as absolutely confidential and not subject to use or disclosure by the Lessor for any purpose other than the ascertainment of rents, fees and charges under this Agreement. Lessor may use information and data provided by the Lessee to compile gross receipts reports for airport activity reports provided the identity of the Lessee is not disclosed.

7. INSURANCE.

A. Insurance Required. The Lessee shall, at its own cost and expense, procure and maintain in full force and effect during the Term of this Lease Agreement, the following insurances:

(1) Worker's Compensation and Employer's Liability. The Lessee shall comply with the provisions of the New Mexico Worker's Compensation Act, the Subsequent Injury Act, and the Occupational Disease Disablement Law. Such insurance shall include coverage permitted under N.M. Stat. Ann. §52-1-10 (1978), for safety devices. The Lessee shall procure and maintain complete Worker's and Employer's Liability Insurance in accordance with New Mexico laws and regulations. If the Lessee elects to be self-insured, the Lessee shall comply with the

applicable requirements of law. The Lessee shall require any subcontractor or sublessee similarly to provide such coverage, or qualify as a self-insured, for all the latter's employees. The Lessor, its officers or employees shall not be responsible for any claims or actions occasioned by the Lessee's failure to comply with the provisions of this subparagraph. It is expressly understood that employees of the Lessee are not Lessor's employees for any purpose.

(2) Comprehensive General Liability. The Lessee shall procure and maintain a comprehensive general liability insurance policy, including automobile liability coverage for all vehicles used on the Premises for bodily injury, including death, and property damage in such amounts that are not less than the maximum liability of public agencies as set forth in the New Mexico Tort Claims Act, N.M. Stat. Ann. §41-4-1, et seq. (1978) now constituted or hereafter amended. Said policies of insurance must include coverage for Premises, operations and the Lessee's liability to the Lessor hereunder.

(3) Hangar-Keeper Liability Coverage. The Lessee shall procure and maintain hangar-keeper insurance with liability limits to cover losses to reasonably be expected.

(4) Property Insurance. The Lessor shall be named as an additional insured on the general liability and property coverage insurance policies. The policies shall be written by companies authorized to write such insurance in New Mexico, and properly filed with and approved by the Superintendent of Insurance of the State of New Mexico. They shall be in a form satisfactory to the Lessor.

B. Binders. A binder for all insurance policies required by this Lease Agreement shall be provided to Lessor at the time of the execution of this Lease Agreement. Complete copies of all insurance policies required under this Lease Agreement shall be provided to the Lessor within 30 days of the date of this Lease Agreement. Certificates of Insurance and copies of insurance policies shall be delivered to the Airport Manager. Lessee shall not cancel or alter in any way any insurance policy required under this Lease Agreement without the prior written consent of Lessor.

C. Policy Cancellations. Policies shall provide that 30 days written notice shall be given to the Airport Manager before a policy is canceled, materially changed or not renewed. A certificate or policy which states that failure to give such notice imposes no obligation on the insurance company is unacceptable to this Lease Agreement. Cancellation or other termination of any insurance policy issued in compliance with this section shall automatically terminate this Lease Agreement, unless another policy has been filed and approved pursuant to this section and shall be in effect within 45 days of the date of written notice to Lessee of such default.

D. Increase in Coverage. Lessor may require an increase in coverage in the event the maximum amounts in the New Mexico Torts Claim Act are raised by the New Mexico State Legislature or by judicial mandate.

8. **HOLD HARMLESS.** Lessee agrees to defend, indemnify and hold harmless Lessor from loss from each and every claim and demand of whatever nature, made on behalf of or by any person or persons, for any wrongful, careless or negligent act or omission of Lessee or Lessee's employees, members and guests, and from all losses and damages by reason of such acts or omissions.

9. **CANCELLATION BY LESSOR.** Lessor may cancel this Lease by giving Lessee written notice and opportunity to cure, within 30 days of the occurrence of the default, upon or after the happening of any of the following events:

A. Cancellation for Non-Payment. If the Lessee shall default in any payment obligations contained herein, and the default shall continue for 30 days after the effective date of written notice thereof to the Lessee, given by the Lessor in accordance with the notice provisions, *infra*, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Leased Premises, whether with or without process of law. In the event of cancellation for non-payment, Lessor may, at its option, attach a landlord's lien to any improvements on the Premises, and said improvements may not be removed from the Premises without Lessor's prior approval.

B. Cancellation for Default other than Payment.

(1) If the Lessee shall default in the performance of any terms, covenants, agreements or conditions of this Lease other than in the performance or payment obligations, as set forth above, and the default shall continue for 30 days after written notice thereof to the Lessee, given by the Lessor, in accordance with the notice provisions, *infra*, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Leased Premises, whether with or without process of law. However, if any default or breach may not reasonably and capably be cured within 30 days after written notice thereof, and if Lessee diligently attempts to cure the default or breach, Lessee may petition Lessor for additional time to cure the default. Lessee shall pay Lessor for all costs incurred by Lessor as a result of Lessor's default; and such payment shall be made promptly upon Lessee's receipt of written demand from Lessor.

(2) No waiver of default by the Lessor of any of the terms, covenants, agreements or conditions hereof to be performed, kept and observed by the Lessee shall be construed to be an act of waiver of any subsequent default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee. The acceptance of rental by the Lessor for any period or periods after a default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee, shall not be deemed a waiver of any right on the part of the Lessor to cancel this Lease Agreement for failure by the Lessee to so perform, keep or observe any of the terms, covenants, agreements or conditions of this Lease Agreement.

C. Other Cancellation. The Lessor may cancel this Lease Agreement only by giving the Lessee 30 days written notice and opportunity to cure, with or without process of Law, upon or after the happening of any one of the following events:

(1) If Lessee fails to provide said service as guaranteed, Lessor may declare this Lease to be terminated and to re-enter the premises or any part thereof, with or without the process of law, to expel, remove and put out Lessee or any other persons occupying the property, using such force as may be reasonably necessary in doing so. Lessee shall pay all costs, including reasonable attorney's fees and expenses and court costs that may arise in enforcing the covenants, conditions and terms of this Lease Agreement.

(2) The filing by the Lessee of a voluntary petition in bankruptcy, or the institution of proceedings in bankruptcy against the Lessee and the adjudication of the Lessee as a bankrupt pursuant to such proceedings.

(3) The taking of a court of jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act.

(4) The appointment of a receiver of the Lessee's assets.

(5) The occurrence of damage or destruction to the airport terminal by fire, or any other casualty and the failure of the Lessor to repair the damage.

(6) The cancellation or other termination of any insurance policy issued in compliance with this Lease Agreement shall automatically terminate this Lease Agreement, unless another policy has been filed and approved pursuant to this section and shall be in effect within 45 days of the date of written notice to Lessee of such default.

(7) The breach of any of the nondiscrimination covenants, Lessor shall have the right to terminate this Lease Agreement and to reenter and repossess said leased premises thereon, and hold the same as if said Lease Agreement had never been made or issued.

10. CANCELLATION BY THE LESSEE. The Lessee may cancel this Lease and terminate all or any of its obligations hereunder at any time that the Lessee is not in default in the payment of rents or fees to the Lessor pursuant to this Lease Agreement by giving the Lessor 30 days advance written notice of its intentions to discontinue its business activities at the Airport.

11. RIGHTS OF LESSOR. Lessor reserves the right to:

A. Operate the Airport in the best interest of the public and the right, without interference or hindrance to maintain, improve, or further develop the landing area or public use facilities of the Airport as it sees fit, regardless of any protest of the Lessee and to lease additional space to other concessions at the Airport terminal regardless of any objection of the Lessee. The Lessor may relocate the Lessee if the physical development of the airport or the terminal requires relocation of the Lessee provided Lessor provides 60 days written notice to Lessee.

B. Enter upon the Premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this Lease Agreement and any federal, state, county or city laws, ordinances, regulations, rules and codes now or hereafter in effect.

12. RIGHTS OF LESSEE.

A. Lessee shall have the right, but shall not be required:

(1) In common with others so authorized, to use common areas of the airport, including runways taxiways, aprons, roadways, floodlights, landing lights, signals and other conveniences for the take-off, flying and landing of aircraft.

(2) To the non-exclusive use, in common with others, of the airport, appurtenances and improvements thereon, but this shall not restrict the right of the Lessor to charge visitors a fee for the use of such areas.

(3) To install, operate, maintain, repair and store subject to approval of Lessor in the interests of safety and convenience of all concerned, all equipment necessary for the conduct of Lessee's business.

(4) Of access to and from the leased premises, limited to taxiways, streets, driveways and sidewalks designated for such purposes by the Lessor, and which right shall extend to Lessee's employees, passengers, guests and patrons.

B. Lessee is authorized, but not required, to provide the following services and to engage in the following activities:

(1) Ramp service at other common areas of the Airport and at other leased areas with such Lessee's permission, including into-plane delivery of aircraft fuel, lubricants and other related aviation products; loading and unloading of passengers, baggage, mail and freight; and providing of ramp equipment, aircraft cleaning and other services for air carriers and other persons or firms;

(2) Special flight services, including aerial advertising and aerial photographs;

(3) The sale of new and used aircraft, aircraft parts, navigation equipment, and new and used radio and electronic equipment;

(4) The demonstration of aircraft for sale;

(5) Flight training, including ground school;

(6) Aircraft rental;

(7) Aircraft charter operations conducted by Lessee or a subcontractor of Lessee;

(8) To operate a full service fixed base aviation facility, together with all other normal, reasonable and related activities except as may be excluded herein and to be consistent with the Santa Fe Municipal Airport Minimum Standards Ordinance, as may be amended in the future.

(9) Car rental services provided Lessee pays Lessor the same rates and fees as may be uniformly imposed by Lessor on other car rental agencies at the airport;

(10) Any other general aviation services not specifically provided for herein which are approved in advance by Lessor. Lessor's approval of such services shall not be unreasonably withheld.

C. So long as Lessee conducts its business in a fair, reasonable and workmanlike manner, to peaceably have and enjoy the lease premises, and all the rights and privileges herein granted.

13. MAINTENANCE OF STRUCTURES. Lessee shall maintain the structures on the Premises, keep the Premises in good order, make such repairs as are customary, remove abandoned equipment from the Premises and shall not deposit the same on or any portion of the Airport except on such areas as shall be reasonably designated by Lessor. The Lessee shall be responsible for providing all customary and necessary janitorial and custodial services on the leased premises.

14. TRANSFER OF INTEREST. Lessee may not, at any time during the term of this Lease, sell, lease, assign, transfer or permit to be acquired, this Agreement or any interest herein, nor shall Lessee sublease any portion of its leasehold interest without the written consent of the Lessor's Governing Body, which consent will not be unreasonably withheld.

15. OBSERVATION OF LAWS, RULES AND REGULATIONS. Lessee agrees to observe and obey during the Term of this lease, all laws, ordinances, minimum standards, rules and regulations promulgated and enforced by Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the airport, including the federal government, the state, the county and the city now or hereafter in effect.

16. UTILITIES, REFUSE AND SEWER. Lessee is responsible for providing all installation and service cost for all utility needs at Lessee's sole expense. It is understood that at the present time Lessee provides its own septic system. Lessee agrees that if in the future Lessor decides to provide a sewer service, then Lessee will pay a reasonable and fair charge for such service. Lessee shall be responsible for its own garbage disposal. Lessee shall be responsible for its own garbage disposal.

17. ALTERATIONS AND IMPROVEMENTS.

A. Lessee shall not make or suffer or permit to be made any alterations, additions or improvements whatsoever in or about the Premises without first obtaining the written consent of Lessor. If Lessor gives such consent, all alterations or improvements shall be done solely at Lessee's expense and in accordance and in compliance with all applicable municipal, state and federal ordinances, laws, rules and regulations. Alterations or improvements shall be compatible with the general decor of the Airport terminal building.

B. Lessee shall allow no liens of mechanics, materialman, laborers, architects, artisans, contractors, subcontractors, or any other lien of any kind whatsoever to be created against or imposed upon the said Premises. Lessee shall, if required by Lessor, provide a labor and materialman's bond to cover all work and materials and labor arising out of such alterations, additions or improvements.

C. Any and all alterations, additions and improvements, except shelving and movable furniture, made at Lessee's sole expense after having first obtained the written consent of Lessor, in accordance with the provisions contained in this section, whether attached to the walls, floors, premises or not, shall immediately merge and become a permanent part of the Lessor's realty and any and all interests of Lessee therein shall immediately vest in Lessor and all such alterations, additions and improvements shall remain on the Premises and shall not be removed by Lessee at the termination of this Lease Agreement. The shelving and movable furniture, or both, which

Lessee is privileged to remove, must be removed by Lessee at Lessee's sole expense on or before the termination of this Lease Agreement.

18. DESTRUCTION OF PREMISES. If at any time during the Term of this Lease Agreement, the Premises shall be totally or partially destroyed by fire, earthquake, flood, or other calamity, then Lessor shall have the option to rebuild or repair the same, providing such rebuilding or repairing shall be commenced within a period of 30 days after receipt of notice in writing to Lessor by Lessee that such calamity has occurred. In such case a just and proportionate part of the rental payment per month shall be abated until such demised property shall have been rebuilt and repaired. In case, however, Lessor within 30 days following receipt of notice in writing to Lessor of such damage or destruction elects not to rebuild or repair said property, Lessor shall so notify Lessee and thereupon this Lease Agreement shall terminate and become null and void.

19. FAIR AND NONDISCRIMINATORY SERVICES. Lessee, in the conduct of its authorized business activities agrees to furnish good, prompt and efficient service in compliance with all applicable laws, rules and regulations adequate to meet the demand of its customers at the airport, agrees to furnish said services on a fair, equal and not unjustly discriminatory basis to all users thereof, and agrees to furnish such service at fair, equal and not unjustly discriminatory prices for each unit of sale or service; provided, however, that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchases. Lessee agrees to operate the business in an ethical and professional manner and shall keep the premises in a safe, clean, orderly and inviting condition at all times, satisfactory to the Lessor. Lessee shall not permit its employees or agents to solicit customers on public property.

20. TITLE VI. CIVIL RIGHTS ASSURANCES.

A. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration under this Lease Agreement, does hereby covenant and agree as a covenant running with the land that:

(1) No person on the grounds of race, color, sex, disability or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

(2) In the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, sex or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination.

(3) The Lessee shall use the premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation and as said regulation may be amended.

B. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, disability or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the service or benefits of any program

or activity covered by this subject. The Lessee assures that it will require that its covered sub-organizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by CFR Part 152 Subpart E, to the same effect.

21. ENVIRONMENTAL PROTECTION.

A. Lessee shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of the Airport or surrounding property. Lessee shall provide, as necessary, a separate drainage, collection, and/or separation system to ensure that no untreated liquid waste from any type of operation, including vehicle cleaning, and oil change operations, will enter the Airport storm drainage or sanitary system.

B. Lessee shall, at all times, comply with all applicable laws, rules and regulations of the federal, state and local governmental agencies. Lessee shall not permit any activity which directly or indirectly produces objectionable or unlawful amounts or levels of air pollution, noise, glare, heat emission, electronic or radio interference with navigational and communications facilities for the operation of the Airport and for Airport use by aircraft, trash, or refuse accumulation, vibration, prop-wash, or jet blast, or which is hazardous or dangerous by reason or risk of explosion, fire or harmful emission. Any waste oil storage tanks shall be in approved containers and in accordance with all environmental and fire protection regulations.

C. Hazardous substances are any substance, material, or waste, (including any petroleum products, solvents, thinners, herbicides and soil sterilants and aircraft deicing fluids) which is or become designated, classified or regulated as being "toxic," "hazardous," a "pollutant," or similar designation under any federal state or local law, regulation or ordinance.

D. Lessee agrees to defend, indemnify and hold Lessor harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses (including sums paid in settlement of claims and all consultant, expert and legal fees and expenses of Lessor's counsel) or loss directly or indirectly arising out of or resulting from the presence of any hazardous substance as a result of Lessee's or any sub-tenant's activities, whether before, during or after construction, in or around any part of the property or the soil, groundwater or soil vapor on or under the property, including those incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work, or any resulting damages or injuries to the person or property of any parties or to any natural resources. Upon demand by Lessor, Lessee shall defend any investigation, action or proceeding alleging the presence of any hazardous substance in any such location which affects the property or which is brought against the Lessor, whether alone or together with Lessee or any other person, all at Lessee's own cost and by counsel to be approved by Lessor in the exercise of its reasonable judgment. In the alternative, Lessor may elect to conduct its own defense at the expense of the Lessee. Lessee shall comply and cause all occupants of the property to comply with all laws, regulations, and ordinances governing or applicable to hazardous substances as well as the recommendations of any qualified environmental engineer or other expert which apply or pertain to the premises. Lessee acknowledges that hazardous substances may permanently and materially impair the value and use of real property. Lessee shall promptly notify Lessor if it knows, suspects or believes, there may be any hazardous substance in or around the property or in the soil, groundwater, or on or under the leased property, or that Lessee or the property may be subject to

any threatened or pending investigation by any governmental agency under any law, regulation, or ordinance pertaining to any hazardous substance.

22. NONEXCLUSIVE RIGHTS.

A. Lessee shall have the exclusive right and privilege of engaging in and conducting a business on the Premises of the Airport under the terms and conditions set forth herein, provided, however, that this Lease Agreement shall not be construed in any manner to grant Lessee or those claiming under Lessee in this Lease Agreement the exclusive right to the use of the common areas and facilities of said airport other than the specifically described Premises.

B. Lessor shall have the right to lease other portions of the Airport or Airport terminal to other lessees, including other ground, air and transportation services. Lessor shall not in the future lease any other Airport premises to any other lessees at rental rates or terms more favorable or less restrictive to the Lessee's than set forth in this Lease Agreement. Lessee understands and agrees that nothing in this Lease Agreement shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

23. TAXES AND LICENSES.

A. The Lessee shall promptly pay any and all taxes, personal property tax, leasehold tax, gross receipts tax, transaction privilege tax or other exaction assessed or assessable and pay all license fees and permit fees applicable to the Lessee's operation, and acquire and keep current, all licenses, municipal, state or federal as the result of the Lessee's operations at the Airport pursuant to this Lease Agreement, and shall not allow any of said taxes, excises or licenses to become delinquent.

B. The Lessee shall not permit any mechanics' or materialman's or any other lien to be placed or foreclosed upon the Leased Premises or improvements thereto. The Lessee shall have the ability to contest payment demand by a contractor. Should the Lessee withhold payments to a contractor, the Lessee shall be required, at the Lessor's option, to deposit with the Lessor or a court of competent jurisdiction, an amount equal to the amount in dispute.

24. **SUBORDINATE PROVISIONS.** This Lease Agreement shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States or the State of New Mexico relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of the airport.

25. **OBSTRUCTIONS.** Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the airport which, in the opinion of the Lessor, would limit the usefulness of the airport or constitute a hazard to aircraft. Lessee shall, upon approval by Lessor and prior to any construction of any nature within the boundaries of the airport, prepare and submit to the Airport Manager and the Federal Aviation Administration, Albuquerque District Office, Airport Division, 1601 Randolph SE, Suite 201N, Albuquerque, NM, 87106, one executed set (four copies) of FAA form 7460-1 "Notice of Proposed Construction or Alterations", as required by Federal Aviation Regulation Part 77. This notice must be

submitted at least thirty days prior to the date of the proposed construction/alteration or the date that an application for a construction permit is filed, whichever is earlier.

Should a Federal Aviation Administration Obstruction Evaluation determine that obstruction lights are needed or required on new construction, or should Federal Aviation Administration rules and regulations change to require obstruction lights on existing structures which previously did not require obstruction lights, Lessee agrees to install, maintain and operate such obstruction lights on the top of buildings or structures to be placed on the leased premises. If Lessee fails to install, maintain and operate such obstruction lights then the Lessor shall have the right to install, maintain and operate the same at Lessee's expense.

26. AMENDMENT IN WRITING. No amendment between the Lessor and Lessee relative to the leasehold interest herein shall be valid and enforceable unless in writing and executed by both the Lessor and Lessee.

27. ATTORNEYS FEES AND COSTS. If suit is brought by either the Lessor or the Lessee to enforce any provision of this Lease Agreement, the prevailing party shall be entitled to recover from the non-prevailing party in such lawsuit all costs of preparation for and conduct of such lawsuit, including reasonable attorneys' fees.

28. CHOICE OF LAW. In the event of contest or legal dispute regarding this Lease Agreement, this Agreement shall be construed according to the laws of the State of New Mexico and any applicable City ordinances.

29. APPROVALS, CONSENTS AND NOTICES. Notices required to be given to the Lessor shall be hand-delivered, sent via overnight courier service, or sent by certified mail, postage prepaid, addressed to:

Airport Manager
Santa Fe Municipal Airport
P.O. Box 909
Santa Fe New Mexico, 87504-0909

Any approvals, consents and/or notices to be given to the Lessee shall be hand-delivered, sent via overnight courier service or sent by certified mail to:

Sportsman's Aviation Jet Center
3357 Cerrillos Rd., Suite 119
Santa Fe, NM 87505

or to such other respective addresses as shown by the date of the notice if delivered by hand or by the date of receipt as shown by the U.S. Postal Service Certified Mail Return Receipt, if mailed.

30. PARAGRAPH HEADINGS. The paragraph and subparagraph headings contained in this Lease are inserted for reference and convenience and are not intended to define or limit the scope of any provision of this Lease.

31. INVALID PROVISIONS. In the event any covenant, condition or provision contained in this Lease Agreement is held to be invalid by any court of competent jurisdiction, the

invalidity of any such covenant, conditions or provisions contained in this Lease Agreement shall not affect the enforceability of the balance of this Lease Agreement; provided that the invalidity of such covenant, condition or provision does not materially prejudice either the Lessor or the Lessee in its respective rights and obligations contained in the valid covenants, conditions or provisions of this Lease.

In Witness Whereof, the parties hereto have caused this Lease Agreement to be executed as of the day and year first above written.

CITY OF SANTA FE:

Debbie Jaramillo
Debbie Jaramillo, Mayor

ATTEST:

Yolanda Y. Vigil
Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:

Mark A. Basham
Mark A. Basham, City Attorney

SPORTSMAN'S AVIATION JET CENTER:

Terry Van Dein
Terry Van Dein, President

ACKNOWLEDGMENT

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

Subscribed and Sworn to before me this 12th day of February, 1997 by
Terry Van Dein

Laura Vigil
Notary Public

My Commission Expires:

March 28, 1999

ASSIGNMENT OF MEMBERSHIP INTERESTS

This Assignment of Membership Interests (the "Agreement") is executed and delivered as of August 30, 2007, by and between Sun City Venture, a New Mexico general partnership ("Assignor"), and Ross Advanced Holdings LLC, a Delaware limited liability company ("Assignee").

RECITALS

WHEREAS, Assignor owns 50% of the membership interests (together with Assignor's right, title and interest as a member, manager or otherwise) in Advanced Aviation LLC, a New Mexico limited liability company (the "Company"), together with all of Assignor's rights and interests to the Company and to the operating agreement (the "Operating Agreement") of the Company (collectively, the "Interests"); and

WHEREAS, in exchange for \$325,000, payable in part by cash consideration and in part by promissory note (the "Purchase Price"), Assignor has agreed to sell and transfer the Interests to Assignee, and Assignee has agreed to purchase and accept all of Assignor's right, title and interest in and to the Interests, all on the terms and subject to the conditions more particularly set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1. Assignor does hereby sell and transfer to Assignee, and Assignee does hereby purchase and accept from Assignor, all of Assignor's right, title and interest in and to the Interests, free and clear of all liens and encumbrances in exchange for the Purchase Price.

2. Assignor hereby irrevocably appoints Assignee as its true and lawful attorney in fact and agent on behalf of and in the name of Assignor with respect to the transfer of title of the Interests. Assignee's authority hereunder shall include, without limitation, the authority to execute and receive any certificate of ownership or other document to transfer title to the Interests, and to take any other actions necessary or incident to the powers granted to Assignee in this Agreement.

3. This Agreement will be binding upon the parties hereto, their successors and/or assigns and all others acting by, through, with or under their direction, and all those in privity therewith.

4. Assignor represents and warrants as follows:

(i) Assignor has full partnership authority to execute, deliver and perform its obligations under this Agreement, and the other documents and instruments contemplated by this Agreement and to carry out the transactions contemplated hereby and thereby.

(ii) This Agreement constitutes a legal, valid and binding agreement of Assignor, enforceable against Assignor in accordance with its terms.

(iii) There are no subscriptions, options, warrants, calls, rights, contracts, commitments, understandings, restrictions or arrangements relating to the issuance, sale, transfer or voting of any ownership interests of the Interests.

(iv) Upon the consummation of the transactions contemplated hereby, Assignee will acquire good title to the Interests, free and clear of all liens and encumbrances.

5. From and after the consummation of the transactions contemplated hereby, Assignor shall indemnify, defend and hold harmless the Assignee from and against any and all costs, expenses, losses, damages and liabilities (including attorneys' fees and expenses, but excluding consequential damages) suffered by Assignee to the extent resulting from, arising out of, or incurred with respect to, any breach of or inaccuracy in any representation or warranty as of the date hereof of Assignor contained in this Agreement.

6. Assignor agrees that it will not at any time within the five-year period immediately following the consummation of the transactions contemplated hereby, directly or indirectly, engage in, or have any interest in, any person, firm, corporation, or business (whether as an employee, officer, director, agent, consultant, or otherwise) that engages in any activity within 100 miles of the perimeter of the Santa Fe Municipal Airport which activity is the same as, similar to, or competitive with any activity engaged in by the Company or Assignee. Assignor agrees not to divulge, communicate, use to the detriment of the Company or Assignee or for the benefit of any other person or person, or misuse in any way, any confidential information or trade secrets of the Company, including personnel information, customer lists, or other confidential technical data. During such period, Assignor agrees that it shall not, directly or indirectly, (a) induce or attempt to induce any employee or independent contractor of the Company to leave the employ of the Company, or (b) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company to withdraw, curtail or cease doing business with the Company. In the event of any actual or threatened breach of any part of this provision by Assignor, Assignee shall be entitled to injunctive relief and to such other relief as may be proper.

7. This Agreement shall be construed under and governed by the laws of the State of Colorado, its rules of conflict of laws notwithstanding.

8. The parties hereto agree to cooperate at all times from and after the date hereof with respect to all of the matters described herein, and to execute such further assignments, releases, assumptions, notifications and other documents as may be reasonably requested for the purpose of giving effect to, or evidencing or giving notice of, the transactions contemplated by this Agreement.

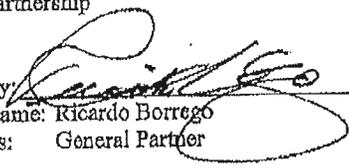
9. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

* * * * *

IN WITNESS WHEREOF, the undersigned have executed this Assignment to be effective as of the date first set forth above.

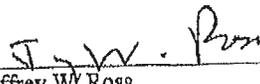
ASSIGNOR:

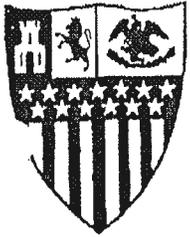
Sun City Venture, a New Mexico general partnership

By: 
Name: Ricardo Borrego
Its: General Partner

ASSIGNEE:

Ross Advanced Holdings LLC, a Delaware limited liability company

By: 
Name: Jeffrey W. Ross
Its: President



City of Santa Fe, New Mexico

200 Lincoln Avenue, P.O. Box 909, Santa Fe, N.M. 87504-0909
www.santafenm.gov

David Coss, *Mayor*

January 30, 2013

Santa Fe Air Center
121 Aviation Drive
Santa Fe, New Mexico 87507

Councilors:

Rebecca Wurzburger, Mayor Pro Tem, Dist. 2
Patti J. Bushee, Dist. 1
Chris Calvert, Dist. 1
Peter N. Ives, Dist. 2
Carmichael A. Dominguez, Dist. 3
Christopher M. Rivera, Dist. 3
Bill Dimas, Dist. 4
Ronald S. Trujillo, Dist. 4

Dear Mr. Troy Padilla:

The leases between the City of Santa Fe and Advanced Aviation, Santa Fe Air Center (SF Fliers), Santa Fe Air Center (Post), Santa Fe Air Center (Capital), Santa Fe Air Center (SF Aviation Services), Santa Fe Air Center Zia, and SF Air Center LLC (1.57 acres) state that the Lessor has the right to adjust the annual basic rent. The annual basic rent shall be adjusted upward at the end of each three (3) year period by an amount equal to the average annual percentage rate increase in the cost of living index published by the United States Bureau of Labor Statistics for the three (3) years immediately preceding the adjustment. Based upon the average of the annual Consumer Price Index rate increases for past three years, the average increase for 2009, 2010, and 2011 is 2.4%.

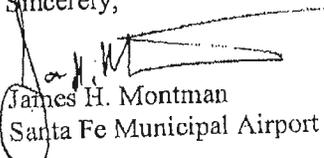
Attached is a spreadsheet reflecting the effective date of each lease along with the new rent amount:

- Advance Aviation's rent was \$5,000.00 annually; it is now \$5,120.00 due quarterly at \$1,280.00.
- SF Air Center SF Fliers rent was \$1,960.00 annually; it is now \$2,007.04.
- SF Air Center SF Aviation Services rent is \$17,268.49 annually and will not increase at this time.
- SF Air Center (Post) rent was \$46,075.00 annually; it is now \$47,180.80 due monthly at \$3,931.73.
- SF Air Center (Capital) rent was \$1,960.00 annually; it is now \$2007.04.
- SF Air Center Zia rent was \$21,780.00 annually; it is now \$22,302.72 due monthly at \$1,858.56.
- SF Air Center LLC rent was \$9,547.48 annually; it is now \$9,804.27.

The new rent amount is effective immediately. If you have paid the annual 2013 fees, please remit the difference between what you have paid and the new amount prorated for eleven (11) months. If you pay monthly, the new monthly payments are effective on February 1, 2013.

If you have any questions, please feel free to contact me at 505-955-2901.

Sincerely,


James H. Montman
Santa Fe Municipal Airport Manager

MEMORANDUM OF UNDERSTANDING

The City of Santa Fe ("City") owns and operates the Santa Fe Municipal Airport ("Airport") and leases certain premises and facilities at the Airport to Ross Santa Fe, LLC ("Ross") for the purpose of operating a fixed base operation.

Ross has contracted to acquire the assets and leases at the Airport comprising the fixed base operation owned and operated by Zia Aviation, Inc. and known as "Million Air Santa Fe".

1. **Purpose:**

To address any concerns over fuel pricing, Ross agrees to comply with the following:

"Ross Santa Fe, the proposed acquirer of Zia Aviation (Million Air Santa Fe) is committed to offer attractive and competitive avgas fuel pricing on the Santa Fe Airport. We observe that pilots have a choice on fuel purchases. To be competitive with other airports, we will conduct a weekly price survey with three or more airports in New Mexico of a similar size, and use their average posted price to set our avgas self-serve price at a comparable or lower level. We will provide the Airport Manager with the results of our research and our calculation of the average avgas fuel price. This Agreement would be in effect until a competing FBO facility opened on the Santa Fe Municipal Airport."

2. **Term.** This Memorandum of Understanding shall remain in effect until terminated by either party, pursuant to Article 3, below.

3. **Termination.** This Memorandum of Understanding may be terminated by either of the parties hereto upon written notice delivered to the other party at least 30 days prior to the intended date of termination. By such termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination.

4. **Liability.** Each party shall be solely responsible for fiscal or other sanctions occasioned as a result of its own violation of requirements applicable to the performance of the Agreement. Each party shall be liable for its actions in accordance with this Agreement.

5. **New Mexico Tort Claims Act.** Any liability incurred by the City of Santa Fe in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, et. seq. NMSA 1978, as amended. The City and its "public employees" as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

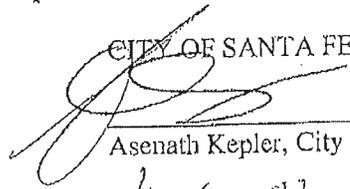
6. **Third Party Beneficiaries.** By entering into this Agreement, the parties do not intend to create any right, title or interest in or for the benefit of any person other than the City and the Contractor. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third party beneficiary of this Agreement.

7. **Amendment.** This Memorandum of Understanding shall not be altered, changed, or amended except by instrument in writing.

8. **Agreements in Full Force.**

Except as specifically provided in this Memorandum of Understanding, the Agreements pertaining to the City of Santa Fe and Ross Santa Fe, LLC remains and shall remain in full force and effect, in accordance with its terms.

IN WITNESS WHEREOF, the parties set their hands.

CITY OF SANTA FE

Asenath Kepler, City Manager
11-6-04
Date

ATTEST:

Yolanda Y. Vigil
Yolanda Y. Vigil, City Clerk

ROSS SANTA FE, LLC

J. W. Ross
Jeffrey W. Ross, Member

10/25/06
Date

APPROVED AS TO FORM:

Frank D. Katz
Frank D. Katz, City Attorney

APPROVED:

Kathryn L. Raveling
KATHRYN L. RAVELING, DIRECTOR
FINANCE DEPARTMENT

ASSIGNMENT OF MEMBERSHIP INTERESTS

This Assignment of Membership Interests (the "Agreement") is executed and delivered as of August 30, 2007, by and between Sun City Venture, a New Mexico general partnership ("Assignor"), and Ross Advanced Holdings LLC, a Delaware limited liability company ("Assignee").

RECITALS

WHEREAS, Assignor owns 50% of the membership interests (together with Assignor's right, title and interest as a member, manager or otherwise) in Advanced Aviation LLC, a New Mexico limited liability company (the "Company"), together with all of Assignor's rights and interests to the Company and to the operating agreement (the "Operating Agreement") of the Company (collectively, the "Interests"); and

WHEREAS, in exchange for \$325,000, payable in part by cash consideration and in part by promissory note (the "Purchase Price"), Assignor has agreed to sell and transfer the Interests to Assignee, and Assignee has agreed to purchase and accept all of Assignor's right, title and interest in and to the Interests, all on the terms and subject to the conditions more particularly set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1. Assignor does hereby sell and transfer to Assignee, and Assignee does hereby purchase and accept from Assignor, all of Assignor's right, title and interest in and to the Interests, free and clear of all liens and encumbrances in exchange for the Purchase Price.

2. Assignor hereby irrevocably appoints Assignee as its true and lawful attorney in fact and agent on behalf of and in the name of Assignor with respect to the transfer of title of the Interests. Assignee's authority hereunder shall include, without limitation, the authority to execute and receive any certificate of ownership or other document to transfer title to the Interests, and to take any other actions necessary or incident to the powers granted to Assignee in this Agreement.

3. This Agreement will be binding upon the parties hereto, their successors and/or assigns and all others acting by, through, with or under their direction, and all those in privity therewith.

4. Assignor represents and warrants as follows:

(i) Assignor has full partnership authority to execute, deliver and perform its obligations under this Agreement, and the other documents and instruments contemplated by this Agreement and to carry out the transactions contemplated hereby and thereby.

(ii) This Agreement constitutes a legal, valid and binding agreement of Assignor, enforceable against Assignor in accordance with its terms.

(iii) There are no subscriptions, options, warrants, calls, rights, contracts, commitments, understandings, restrictions or arrangements relating to the issuance, sale, transfer or voting of any ownership interests of the Interests.

(iv) Upon the consummation of the transactions contemplated hereby, Assignee will acquire good title to the Interests, free and clear of all liens and encumbrances.

5. From and after the consummation of the transactions contemplated hereby, Assignor shall indemnify, defend and hold harmless the Assignee from and against any and all costs, expenses, losses, damages and liabilities (including attorneys' fees and expenses, but excluding consequential damages) suffered by Assignee to the extent resulting from, arising out of, or incurred with respect to, any breach of or inaccuracy in any representation or warranty as of the date hereof of Assignor contained in this Agreement.

6. Assignor agrees that it will not at any time within the five-year period immediately following the consummation of the transactions contemplated hereby, directly or indirectly, engage in, or have any interest in, any person, firm, corporation, or business (whether as an employee, officer, director, agent, consultant, or otherwise) that engages in any activity within 100 miles of the perimeter of the Santa Fe Municipal Airport which activity is the same as, similar to, or competitive with any activity engaged in by the Company or Assignee. Assignor agrees not to divulge, communicate, use to the detriment of the Company or Assignee or for the benefit of any other person or person, or misuse in any way, any confidential information or trade secrets of the Company, including personnel information, customer lists, or other confidential technical data. During such period, Assignor agrees that it shall not, directly or indirectly, (a) induce or attempt to induce any employee or independent contractor of the Company to leave the employ of the Company, or (b) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company to withdraw, curtail or cease doing business with the Company. In the event of any actual or threatened breach of any part of this provision by Assignor, Assignee shall be entitled to injunctive relief and to such other relief as may be proper.

7. This Agreement shall be construed under and governed by the laws of the State of Colorado, its rules of conflict of laws notwithstanding.

8. The parties hereto agree to cooperate at all times from and after the date hereof with respect to all of the matters described herein, and to execute such further assignments, releases, assumptions, notifications and other documents as may be reasonably requested for the purpose of giving effect to, or evidencing or giving notice of, the transactions contemplated by this Agreement.

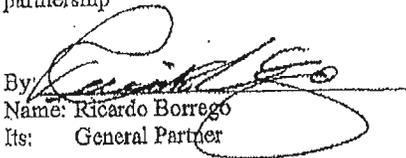
9. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

* * * * *

IN WITNESS WHEREOF, the undersigned have executed this Assignment to be effective as of the date first set forth above.

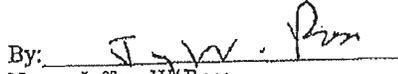
ASSIGNOR:

Sun City Venture, a New Mexico general partnership

By: 
Name: Ricardo Borrego
Its: General Partner

ASSIGNEE:

Ross Advanced Holdings LLC, a Delaware limited liability company

By: 
Name: Jeffrey W. Ross
Its: President

CCM

ASSIGNMENT OF MEMBERSHIP INTERESTS

This Assignment of Membership Interests (the "Assignment") is executed and delivered as of 0431, 2005, by and between Santa Fe Jet Center, Inc., a New Mexico corporation ("Assignor"), and Ross Advanced Holdings LLC, a Delaware limited liability company ("Assignee").

RECITALS

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement dated as of August 15, 2005 (the "Asset Purchase Agreement");

WHEREAS, Assignor owns 50% of the membership interest (together with Assignor's right, title and interest as a member, manager or otherwise) in Advanced Aviation LLC, a New Mexico limited liability company (the "Company"), together with all of Assignor's rights and interests to the Company and to the operating agreement (the "Operating Agreement") of the Company (collectively, the "Interests");

WHEREAS, the Company is a party to that certain Amended and Restated Lease Agreement dated January 23, 2000 by and between the City of Santa Fe, New Mexico and the Company, which lease is attached hereto as Exhibit A; and

WHEREAS, pursuant to the Asset Purchase Agreement, Assignors have agreed to assign the Interests to Assignee, and Assignee has agreed to assume all of Assignor's right, title and interest in and to, and certain obligations under, the Interests, all on the terms and subject to the conditions more particularly set forth in the Asset Purchase Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and the considerations provided in the Asset Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns, transfers and conveys to Assignee the Interests and Assignee hereby agrees to assume and accept the Interests and all of the duties and responsibilities related thereto first arising and accruing from and after the date hereof.
2. This Assignment is given pursuant to the Asset Purchase Agreement and is subject to the terms thereof, and shall not be construed to limit, alter, impair, enlarge or enhance the rights thereunder of the parties thereto, and is given solely for the purpose of separately evidencing the transactions contemplated thereby.

REC'D
CLERK
11/03/05
11/03/05

25

4)

3. The Consent and Waiver Agreement attached hereto is hereby incorporated herein in its entirety.

4. Assignor hereby resigns as Manager of the Company upon the effectiveness of this Assignment. Upon the effectiveness of such resignation, pursuant to Section 4.5 of the operating agreement, Assignee hereby votes in favor of the appointment of Assignee as Manager of the Company to fill the vacancy created by such resignation.

5. The parties hereto agree to cause the Company to take all actions necessary under the limited liability company laws of the State of New Mexico and the Operating Agreement to evidence the admission of Assignee to the Company as a member.

6. The parties hereto agree to cooperate at all times from and after the date hereof with respect to all of the matters described herein, and to execute such further assignments, releases, assumptions, notifications and other documents as may be reasonably requested for the purpose of giving effect to, or evidencing or giving notice of, the transactions contemplated by this Assignment.

7. This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Assignment to be effective as of the date first set forth above.

ASSIGNOR:

Santa Fe Jet Center, Inc., a New Mexico corporation

By: [Signature]
Name: Herb Marchman
Its: President

ASSIGNEE:

Ross Advanced Holdings LLC, a Delaware limited liability company

By: [Signature]
Name: Jeffrey W. Ross
Its: President



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss
ASSIGNMENT
PAGES: 25
I Hereby Certify That This Instrument Was Filed for
Record On The 1ST Day Of November, A.D., 2005 at 15:09
And Was Duly Recorded as Instrument # 1405805
Of The Records Of Santa Fe County

Witness My Hand And Seal Of Office
Valerie Espinoza
Deputy [Signature] County Clerk, Santa Fe, NM

STATE OF New Mexico
COUNTY OF Santa Fe

This instrument was acknowledged before me on 10 31, 2005 by Herbert L. Marchman, as President of SANTA FE JET CENTER, INC., a New Mexico corporation, on behalf of said corporation.

Witness my hand and official seal.

My commission expires: _____



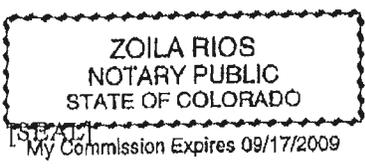
[Signature]
Notary Public

STATE OF Colorado)
COUNTY OF Denver) ss.

This instrument was acknowledged before me on October 31, 2005 by Jeffrey W. Ross, as President of ROSS ADVANCED HOLDINGS LLC, a Delaware limited liability company, on behalf of said company.

Witness my hand and official seal.

My commission expires: 9/17/2009



Zoila Rios
Notary Public

FILED 11/01/2005

Exhibit A
(Lease Agreement)

9000/10/11 11:00:00 AM

**SANTA FE MUNICIPAL AIRPORT
AMENDED AND RESTATED LEASE AGREEMENT
ZIA AVIATION, INC.**

ITEM # 02-0648

THIS AMENDED AND RESTATED LEASE AGREEMENT, is made and entered into on this, 11th day of September, 2002 by and between the City of Santa Fe, New Mexico, a municipality and political subdivision of the State of New Mexico, hereinafter "Lessor", and Zia Aviation, Inc., hereinafter "Lessee".

WHEREAS, the Lessor owns and operates an airport known as the Santa Fe Municipal Airport ("Airport") and is desirous of leasing to the Lessee certain premises and facilities at the said Airport; and

WHEREAS, the Lessee is authorized by proper governmental agencies to engage in the business of fixed base operations; and

WHEREAS, both the Lessor and Lessee have the right and power to enter into this Lease Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained the parties agree as follows:

1. AMENDMENT AND RESTATEMENT OF LEASE.

The lease agreement between the Lessor and Wings of Yesterday, Inc. dated December 19, 1979; and partially assigned to Zia Aviation, Inc. on September 21, 1992; renewed on September 1, 1996; partially reassigned to Zia on February 25, 1998; and the remainder reassigned to Zia on April 14, 1999, is hereby amended and restated.

2. PREMISES.

Lessor does hereby lease unto the Lessee the exclusive rights to the described premises, and facilities at the airport more particularly described on Exhibit "A" attached hereto, containing approximately 5.0 acres (217,800 square feet) more or less, together with right of access, ingress-egress thereto.

3. USE OF THE PREMISES AND RIGHT TO CONSTRUCT.

A. The Lessee shall have the right to erect, maintain and alter buildings or structures upon said premises providing such buildings or structures are consistent with the Airport Minimum Standards Ordinance (as amended, or may be amended in the future), the Building Code requirements of the New Mexico Construction Industries Division, and any City of Santa Fe or Santa Fe County ordinance now or hereafter in effect. Title to such construction, installations, and equipment, shall remain the property of the Lessee during the term of this lease but shall pass to the Lessor upon expiration of this Amended and Restated Lease Agreement.

B. Lessor shall provide reasonable easements for egress, ingress and utilities to serve the Premises. Lessee acknowledges existence of a 75 foot wide, non-exclusive use taxiway and road easement provided by Lessor for access to the Santa Fe

Hangar Association leasehold and other city owned property as shown on Exhibit B.

C. In the future, Lessee must receive prior written approval from Lessor and the Federal Aviation Administration for any and all buildings, structures and improvements to be placed on the Premises. Lessee shall provide a schedule for completion dates of all improvements at the time plans for construction or alteration are presented to the Lessor for review and approval, which approval will not be unreasonably withheld. Prior to commencing construction of any structures on the Premises, Lessee must demonstrate its financial capability to complete and pay for such construction by way of an irrevocable letter of credit, irrevocable financing commitment, performance bond or other means satisfactory to Lessor.

D. Upon receiving consent from Lessor, whose consent shall not be unreasonably withheld, Lessee shall have the right to remodel, remove, demolish or destroy any future structures or improvements constructed by Lessee on the Premises without compensation to Lessor, so long as the Premises are left in a safe and sight condition.

4. TERM OF LEASE.

A. Term. This Amended and Restated Lease Agreement shall be for a 28 year term beginning on Sept 11, 2002 and terminating on Sept 10, 2030. Such twenty-eight year period, as the same may be sooner terminated or extended both as specifically provided in this Amended and Restated Lease Agreement is referred to in this Lease Agreement as the "Term." Upon expiration of the Term or upon cancellation of this Amended and Restated Lease Agreement, Lessee shall peacefully surrender and vacate the Premises.

B. Option to Renew. The Lessor hereby grants to Lessee the option to renew this Amended and Restated Lease Agreement for one additional 10 year term. The terms and conditions of such renewal shall be the same terms and conditions as are set forth in this Amended and Restated Lease Agreement except for ground space rent which shall increase from the rate in effect at the end of the previous lease term pursuant to 6A of this Amended and Restated Lease Agreement, fuel flowage fees and percent adjusted gross revenue which shall be modified to equal those fuel flowage fees and percent of gross revenue imposed by Lessor upon the other fixed base operator(s) and seller(s) of fuel at the Airport. Provided, however, that at such time as the option is exercised this Amended and Restated Lease Agreement will be amended to conform to all federal and regulations and grant requirements related to the Airport development and operation. Lessee shall notify Lessor in writing of its intention to exercise the renewal option not less than three (3) months before the expiration of the initial term; otherwise, the option shall be deemed to have been waived. At expiration of this Amended and Restated Lease Agreement, Lessee shall, at Lessors sole discretion, be afforded the opportunity to negotiate and enter a new Lease Agreement with the City of Santa Fe for use of the Premises.

C. Termination. The Lessee may terminate this Lease at any time, by giving 60 days written notice to the Lessor. Lessor may terminate this Lease in accordance with paragraph 10 of this Lease. Upon termination of this Lease by either party, the Lessee's rights to use the Premises shall cease and the Lessee shall peacefully vacate the Premises, removing its property at its own expense within 24 hours of written notification of termination by Lessor. Termination by the Lessor shall not relieve the Lessee of liability for any damages sustained by the Lessor caused by Lessee's breach of this Lease Agreement.

5. **HOLDOVER.**

In the absence of a new lease agreement entered into before the expiration of the initial 28 year Term under this Lease Agreement, Lessee shall be allowed to hold over for a period not to exceed 60 days from the expiration date of the initial 28 year Term under this Amended and Restated Lease Agreement or the expiration of any option period. Holding over by the Lessee after the expiration of the initial 28 year Term or any option period under this Amended and Restated Lease Agreement, whether with or without the consent of the Lessor, shall not operate to extend or renew this Amended and Restated Lease Agreement. Any such holding over shall be construed as a tenancy from month to month at the rents reserved in this Amended and Restated Lease Agreement under the terms herein.

6. **RENT AND FEES.**

The Lessee agrees to pay to the Lessor, at the office of the Airport Manager, at the Santa Fe Municipal Airport, or at such place as the Lessor may designate from time to time, for the use of the Premises the following rents and fees:

A. Ground Space Rent. Lessee shall pay to Lessor an annual rental fee of ten cents per square foot for the Premises.

B. Schedule of Payments for Ground Space Rent. The fixed rentals as provided in Paragraph 6A shall be payable to the Lessor, on a monthly basis. If such payment is not made within twenty-five (25) days of its due date, the Lessee shall pay a finance charge of 1-1/2% per month (18% percent annually) on such past due payment for each month or partial month thereafter that any payment due is not paid. The annual basic rent as computed above shall be adjusted by either of the following two methods, at Lessor's option: (1) The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to the average annual percentage rate increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, for the three years immediately preceding the adjustment. The first such adjustment under this paragraph shall take place on the third anniversary of the date of this Amended and Restated Lease Agreement, and then on the anniversary date every third year thereafter; or (2) the annual basic rent shall be adjusted upward by the use of an appraisal. The appraised value per square foot shall become the basis for the Ground Space Rent. Said appraisal shall be paid for by the Lessor and shall not be conducted more than once every five years. The year that the appraised value takes effect shall become the base year for calculating adjustments of the annual rent under this paragraph.

C. Percentage and Fuel Flowage Fees. Lessee shall pay to Lessor the following:

(1) A sum of \$.03 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business. Provided, however, that from time to time, fuel flowage fees shall be adjusted pursuant to the rate set forth in any appraisal of fuel flowage fees done for the airport.

(2) A sum equal to 1.5% of the adjusted gross receipts from all business conducted and carried on by Lessee upon the Premises. The term "adjusted gross receipts" as used in this Amended and Restated Lease Agreement shall mean the aggregate amount of all sales made, and services performed, including charter operations conducted by

the Lessee to or from the Santa Fe Municipal Airport, for cash, on credit or otherwise, of every kind, name and nature. Adjusted gross receipts shall also include the aggregate value of all goods, wares and merchandise received for property services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from adjusted gross receipts: (a) all fuel sales; (b) all sales of new and used aircraft; (c) transient tie down fees; (d) ramp parking fees, (e) landing fees (d) federal, state and municipal sales taxes, excise taxes, gross receipts taxes and all other similar taxes separately stated and/or collected from customers; and (e) bad debts and uncollectable accounts. This adjusted gross receipts fee shall be increased at such time as any other similar but higher fixed base operator lease fee is implemented. This adjusted gross receipts fee shall be increased to be equal to the higher fixed base operator lease fee amount.

D. Transient Tie Down and Parking Fees. Lessee agrees to remit to Lessor seventy-five percent (75%) of all transient tie down and ramp parking fees collected by Lessee on aircraft tied down or parked at the Santa Fe Municipal Airport, not herein leased, and as designated by the Lessor from time to time for the Lessee's use. The Lessor reserves the right to adjust such fees as necessary.

E. Transient Landing Fees. Lessee agrees to remit to Lessor eighty percent (80%) of all transient landing fees collected by Lessee on transient aircraft serviced by Lessee at the Santa Fe Municipal Airport. The Lessor reserves the right to adjust or modify such fees as necessary.

F. Security and Fire Protection Fees. Lessor reserves the right to impose fair and equitable fees for Security and Fire Protection should such services be provided by Lessor.

G. Late Payment Penalty. If the specified payments in Paragraph 5 subparagraphs C, D, and E, herein, are not received by the twenty-fifth (25th) day of each month following the month of sale, the Lessee shall pay a finance charge of 1-1/2% per month (18% annually) on such past due payment for each month or partial month thereafter that any payment due is not made.

H. Monthly Statement. The Lessee shall submit a detailed statement to the Lessor to accompany the payment, on a form satisfactory to the Lessor, that shows the gross revenues of the Lessee upon which compensation to the Lessor is payable under this Lease for the preceding calendar month, which statement shall be subscribed and sworn to as correct by one of the Lessee's officers or certified by a licensed accountant. The statement shall show such reasonable detail and breakdown by the Lessee's payment for percentage fees and fuel flowage fees due. The Lessee shall include with the breakdown of all rents, fees and charges due the Lessor for the preceding calendar month's business. Such statement shall contain, at a minimum, all monthly activities and shall be subscribed and sworn to as correct by the Lessee, one of the Lessee's officers, its local manager or certified by a licensed accountant.

7. RECORDS AND AUDIT.

A. All records, accounts, books, delivery receipts and data on business activities performed under this Amended and Restated Lease Agreement and maintained by the Lessee shall be subject to inspection and audit by the Lessor at Lessor's expense at all reasonable times. However, if an audit reveals a discrepancy of more than five (5%) percent of the gross receipts reported and the gross receipts as determined by the audit for any 12 month

period, and if Lessor requires an additional audit, the full cost of such additional audit shall be borne by the Lessee. Records shall be maintained for a period of not less than three complete lease years.

B. The records and statements of business done by the Lessee along with any other information obtained or inspected pursuant to this provision shall be considered as absolutely confidential and not subject to use or disclosure by the Lessor for any purpose other than the ascertainment of rents, fees and charges under this Amended and Restated Lease Agreement. Lessor may use information and data provided by the Lessee to compile gross receipts reports for airport activity reports provided the identity of the Lessee is not disclosed.

8. INSURANCE.

A. Insurance Required. Lessee shall, at its own cost and expense, procure and maintain in full force and effect during the Term of this Amended and Restated Lease Agreement, the following insurance's:

(1) Worker's Compensation and Employer's Liability. The Lessee shall comply with the provisions of the New Mexico Worker's Compensation Act, the Subsequent Injury Act, and the Occupational Disease Disablement Law. Such insurance shall include coverage permitted under N.M. Stat. Ann. 52-1-10 NMSA (1978), for safety devices. The Lessee shall procure and maintain complete Worker's and Employer's Liability Insurance in accordance with New Mexico laws and regulations. If the Lessee elects to be self-insured, the Lessee shall comply with the applicable requirements of law. The Lessee shall require any subcontractor or sublessee similarly to provide such coverage, or qualify as a self-insured, for all the latter's employees. The Lessor, its officers or employees shall not be responsible for any claims or actions occasioned by the Lessee's failure to comply with the provisions of this subparagraph. It is expressly understood that employees of the Lessee are not Lessor's employees for any purpose.

(2) Comprehensive General Liability. The Lessee shall procure and maintain a comprehensive general liability insurance policy, including automobile liability coverage for all vehicles used on the Premises, for bodily injury, including death, and property damage in such amounts that are not less than the maximum liability of public agencies as set forth in the New Mexico Tort Claims Act, N.M. Stat. Ann. §41-4-1, et seq. (1978) now constituted or hereafter amended. Said policies of insurance must include coverage for Premises, operations and the Lessee's liability to the Lessor hereunder. The Lessor shall be named as an additional insured under Lessor's general liability policy.

(3) Hangar-Keeper Liability Coverage. The Lessee shall procure and maintain hangar-keeper insurance with liability limits to cover losses to reasonably be expected.

(4) Property Insurance. The Lessor shall be named as an additional insured on the general liability and property coverage insurance policies. The policies shall be written by companies authorized to write such insurance in New Mexico, and properly filed with and approved by the Superintendent of Insurance of the State of New Mexico. They shall be in a form satisfactory to the Lessor.

B. Binders. A binder for all insurance policies required by this Amended and Restated Lease Agreement shall be provided to Lessor at the time of the execution of this Amended and Restated Lease Agreement. Complete copies of all insurance policies required

under this Amended and Restated Lease Agreement shall be provided to the Lessor within 30 days of the date of this Amended and Restated Lease Agreement. Certificates of Insurance and copies of insurance policies shall be delivered to the Airport Manager. The policies provided herein shall not be subject to cancellation without providing Lessor thirty (30) days written notice thereof. Lessee shall promptly replace any policies terminated or canceled and shall insure no gaps in coverage.

9. HOLD HARMLESS.

Lessee agrees to defend, indemnify and hold harmless Lessor from loss from each and every claim and demand of whatever nature, made on behalf of or by any person or persons, for any wrongful, careless or negligent act or omission of Lessee or Lessee's employees, members and guests, and from all losses and damages by reason of such acts or omissions.

10. CANCELLATION BY LESSOR.

Lessor may cancel this Amended and Restated Lease Agreement by giving Lessee written notice of any alleged default under or breach of the Amended and Restated Lease Agreement and thirty days within which to cure any default or breach upon or after the happening of any of the following events:

A. Cancellation for Non-Payment. If the Lessee shall default in any payment obligations contained herein, and the default shall continue for 30 days after the effective date of written notice thereof to the Lessee, given by the Lessor in accordance with the provisions of this Amended and Restated Lease Agreement, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Leased Premises, whether with or without process of law. In the event of cancellation for non-payment, Lessor may, at its option, attach a landlord's lien to any improvements on the Premises, and said improvements may not be removed from the Premises without Lessor's prior approval.

B. Cancellation for Default other than Payment.

(1) If the Lessee shall default in the performance of any terms, covenants, agreements or conditions of this Amended and Restated Lease Agreement other than in the performance or payment obligations, as set forth above, and the default shall continue for thirty (30) days after written notice thereof to the Lessee, given by the Lessor in accordance with the provisions of this Amended and Restated Lease Agreement, then the Lessor shall have the option to declare the Term ended, without forfeiture, waiver or release of the Lessor's rights to any sum of money due, and to recover and enjoy possession of the Leased Premises, whether with or without process of law. However, if any default or breach may not reasonably and capably be cured within thirty (30) days after written notice thereof, and if Lessee diligently attempts to cure the default or breach, Lessee shall pay Lessor for all costs incurred by Lessor as a result of Lessor's default; and such payment shall be made promptly upon Lessee's receipt of written demand from Lessor.

(2) No waiver of default by the Lessor of any of the terms, covenants, agreements or conditions hereof to be performed, kept and observed by the Lessee shall be construed to be an act of waiver of any subsequent default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the

Lessee. The acceptance of rental by the Lessor for any period or periods after a default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee, shall not be deemed a waiver of any right on the part of the Lessor to cancel this Amended and Restated Lease Agreement for failure by the Lessee to so perform, keep or observe any of the terms, covenants, agreements or conditions of this Amended and Restated Lease Agreement.

C. Other Cancellation. The Lessor may cancel this Amended and Restated Lease Agreement only by giving the Lessee 30 days written notice and opportunity to cure, with or without process of Law, upon or after the happening of any one of the following events:

(1) If Lessee fails to provide said service as guaranteed, Lessor may declare this Amended and Restated Lease Agreement to be terminated and to re-enter the Premises or any part thereof, with or without the process of law, to expel, remove and put out Lessee or any other persons occupying the Premises, using such force as may be reasonably necessary in doing so. Lessee shall pay all costs, including reasonable attorney's fees and expenses and court costs that may arise in enforcing the covenants, conditions and terms of this Amended and Restated Lease Agreement.

(2) The filing by the Lessee of a voluntary petition in bankruptcy, or the institution of proceedings in bankruptcy against the Lessee and the adjudication of the Lessee as a bankrupt pursuant to such proceedings.

(3) The taking of a court of jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act.

(4) The appointment of a receiver of the Lessee's assets.

(5) The cancellation or other termination of any insurance policy issued in compliance with this Amended and Restated Lease Agreement shall automatically terminate this Amended and Restated Lease Agreement, unless another policy has been filed and approved pursuant to this Amended and Restated Lease Agreement.

(6) If the Lessee should breach any of the nondiscrimination covenants, Lessor shall have the right to terminate this Amended and Restated Lease Agreement and to reenter and repossess said Leased Premises and hold the same as if said Amended and Restated Lease Agreement had never been made or issued.

11. CANCELLATION BY THE LESSEE.

The Lessee may cancel this Amended and Restated Lease Agreement and terminate all or any of its obligations hereunder at any time that the Lessee is not in default in the payment of any rents or fees to the Lessor pursuant to this Amended and restated Lease Agreement by giving the Lessor 30 days advance written notice of its intentions to discontinue its business activities at the Airport.

12. RIGHTS OF LESSOR.

Lessor reserves the right to:

A. Operate the Airport in the best interest of the public and the right, without

interference or hindrance to maintain, improve, or further develop the landing area or public use facilities of the Airport as it sees fit, regardless of any protest of the Lessee and to lease additional space to other concessions at the Airport regardless of any objection of the Lessee. The Lessor may relocate the Lessee if the physical development of the airport or the terminal requires relocation of the Lessee provided Lessor provides 60 days written notice to Lessee.

B. Enter upon the Premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this Amended and Restated Lease Agreement and any federal, state, county or city laws, ordinances, regulations, rules and codes now or hereafter in effect.

13. RIGHTS OF LESSEE.

A. Lessee shall have the right, but shall not be required:

1. In common with others so authorized, to use common areas of the airport, including runways, taxiways, aprons, roadways, floodlights, landing lights, signals and other conveniences for the take-off, flying and landing of aircraft.

2. To the non-exclusive use, in common with others, of the airport, appurtenances and improvements thereon, but this shall not restrict the right of the Lessor to charge visitors a fee for the use of such areas.

3. To install, operate, maintain, repair and store subject to approval of Lessor in the interests of safety and convenience of all concerned, all equipment necessary for the conduct of Lessee's business.

4. Of access to and from the Premises, limited to taxiways, streets, driveways and sidewalks designated for such purposes by the Lessor, and which right shall extend to Lessee's employees, passengers, guests and patrons.

B. Lessee is authorized, but not required, to provide the following services and to engage in the following activities:

1. Ramp service at other common areas of the Airport and at other leased areas with such Lessee's permission, including into-plane delivery of aircraft fuel, lubricants and other related aviation products; loading and unloading of passengers, baggage, mail and freight; and providing of ramp equipment, aircraft cleaning and other services for air carriers and other persons or firms;

2. Special flight services, including aerial advertising and aerial photographs;

3. The sale of new and used aircraft, aircraft parts, navigation equipment, and new and used radio and electronic equipment;

4. The demonstration of aircraft for sale;

5. Flight training, including ground school;

6. Aircraft rental;

7. Aircraft charter operations conducted by Lessee or a subcontractor of Lessee;

8. To operate a full service fixed base aviation facility, together with all other normal, reasonable and related activities except as may be excluded herein and to be consistent with the Santa Fe Municipal Airport Minimum Standards Ordinance, as may be amended in the future.

9. Car rental services provided Lessee pays Lessor the same rates and fees as may be uniformly imposed by Lessor on other car rental agencies at the airport;

10. Any other general aviation services not specifically provided for herein which are approved in advance by Lessor. Lessor's approval of such services shall not be unreasonably withheld.

C. So long as Lessee conducts its business in a fair, reasonable and workmanlike manner, to peaceably have and enjoy the Premises, and all the rights and privileges herein granted.

14. MAINTENANCE OF STRUCTURES.

Lessee shall maintain the structures on the Premises, keep the Premises in good order; make such repairs as are customary, remove abandoned equipment from the Premises and shall not deposit the same on or any portion of the Airport except on such areas as shall be reasonably designated by Lessor. The Lessee shall be responsible for providing all customary and necessary janitorial and custodial services on the leased premises.

15. TRANSFER OF INTEREST.

Except as otherwise provided herein, Lessee may not, without the written consent of Lessor, which shall not be unreasonably withheld, at any time during the term of this Amended and Restated Lease Agreement, sell, lease, assign, transfer or permit to be acquired, this Amended and Restated Lease Agreement or any interest herein. Lessee may sublease any portion of the leasehold interest to parties who will provide aviation related services permitted hereunder, and who accept the terms of this Amended and Restated Lease Agreement pursuant to any sublease agreement. A single sublease of more than 60% of the square footage of the leasehold shall require approval of the Lessor, which approval shall not be unreasonably withheld. The Lessee shall, however, be permitted to enter into a leasehold mortgage, collateral assignment or security interest in the form approved by the Lessor, for construction and/or business operation financing purposes, however, the amount secured by such financing shall not exceed eighty percent (80%) of the value of the leasehold improvements on the Premises. Leasing and subleasing of hangar and tie down space on the Premises, to individual aircraft owners, shall be allowed without Lessor's consent.

16. OBSERVATION OF LAWS, RULES AND REGULATIONS.

Lessee and Lessor agree to observe and obey during the Term of this Amended and Restated Lease Agreement, all laws, ordinances, minimum standards, rules and regulations promulgated and enforced by Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the airport, including the federal government, the

state, the county and the city now or hereafter in effect.

17. UTILITIES, REFUSE AND SEWER.

Lessee is responsible for providing all installation and service cost for all utility needs at Lessee's sole expense. It is understood that at the present time Lessee provides its own septic system. Lessee agrees that if in the future Lessor decides to provide sewer or refuse service, then Lessee will pay a reasonable and fair charge for such service(s). Until such time, Lessee shall be responsible for its own garbage disposal.

18. ALTERATIONS AND IMPROVEMENTS.

A. Lessee shall not make or suffer or permit to be made any alterations, additions or improvements whatsoever in or about the Premises without first obtaining the written consent of Lessor. If Lessor gives such consent, all alterations or improvements shall be done solely at Lessee's expense and in accordance and in compliance with all applicable municipal, state and federal ordinances, laws, rules and regulations. Alterations or improvements shall be compatible with the general decor of the Airport terminal building.

B. Lessee shall allow no liens of mechanics, materialmen, laborers, architects, artisans, contractors or subcontractors to be created against or imposed upon the said Premises. Lessee shall, as required by law, provide a labor and materialman's bond to cover all work and materials and labor arising out of such alterations, additions or improvements. No default shall occur if Lessee contests the amount or validity of any such lien, and actively litigates such claim to conclusion. Lessee may bond against such lien, as may be allowed by law, without constituting a default hereunder.

C. Any and all alterations, additions and improvements, except shelving and movable furniture, made at Lessee's sole expense after having first obtained the written consent of Lessor, in accordance with the provisions contained in this section, whether attached to the walls, floors, Premises or not, shall immediately merge and become a permanent part of the Lessor's realty and any and all interests of Lessee therein shall immediately vest in Lessor and all such alterations, additions and improvements shall remain on the Premises and shall not be removed by Lessee at the termination of this Amended and Restated Lease Agreement. The shelving and movable furniture, or both, which Lessee is privileged to remove, must be removed by Lessee at Lessee's sole expense on or before the termination of this Amended and Restated Lease Agreement.

19. DESTRUCTION OF PREMISES.

If at any time during the Term of this Amended and Restate Lease Agreement, the Premises shall be totally or partially destroyed by fire, earthquake, flood, or other calamity, then Lessor shall have the option to rebuild or repair the same, providing such rebuilding or repairing shall be commenced within a period of 30 days after receipt of notice in writing to Lessor by Lessee that such calamity has occurred. In such case a just and proportionate part of the rental payment per month shall be abated until such demised property shall have been rebuilt and repaired. In case, however, Lessor within 30 days following receipt of notice in writing by Lessee of such damage or destruction elects not to rebuild or repair said property, Lessor shall so notify Lessee and thereupon this Amended and Restated Lease Agreement shall terminate and become null and void.

20. FAIR AND NONDISCRIMINATORY SERVICES.

Lessee, in the conduct of its authorized business activities shall furnish good, prompt and efficient service in compliance with all applicable laws, rules and regulations adequate to meet the demand for its services at the airport, and shall furnish such service on a fair, equal and not unjustly discriminatory basis to all users thereof, and agrees to furnish such services at fair, equal and not unjustly discriminatory prices for each unit of sale or service; provided, however, that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchases. Lessee agrees to operate the business in an ethical and professional manner and shall keep the Premises in a safe, clean, orderly and inviting condition at all times, satisfactory to the Lessor. Lessee shall not permit its employees or agents to solicit customers on public property.

21. TITLE VI. CIVIL RIGHTS ASSURANCES.

A. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration under this Amended and Restated Lease Agreement, does hereby covenant and agree as a covenant running with the land that:

(1) No person on the grounds of race, color, sex, disability or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

(2) In the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, sex, disability or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination.

(3) The Lessee shall use the premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

B. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, disability or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the service or benefits of any program or activity covered by this subject. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by CFR Part 152 Subpart E, to the same effect.

22. ENVIRONMENTAL PROTECTION.

A. Lessee shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of the Airport or surrounding property. Lessee shall provide, as necessary, a separate drainage, collection, and/or separation system to ensure that no untreated liquid waste from any type of operation, including vehicle cleaning, and oil change operations, will enter the Airport storm

drainage or sanitary system.

B. Lessee shall, at all times, comply with all applicable laws, rules and regulations of the federal, state and local governmental agencies. Lessee shall not permit any activity which directly or indirectly produces objectionable or unlawful amounts or levels of air pollution, noise, glare, heat emission, electronic or radio interference with navigational and communications facilities for the operation of the Airport and for Airport use by aircraft, trash or refuse accumulation, vibration, prop-wash, or jet blast, or which is hazardous or dangerous by reason or risk of explosion, fire or harmful emission. Any waste oil storage tanks shall be in approved containers and in accordance with all environmental and fire protection regulations.

C. Hazardous substances are any substance, material, or waste, (including any petroleum products, solvents, thinners, herbicides and soil sterilants and aircraft deicing fluids) which is or become designated, classified or regulated as being "toxic," "hazardous," a "pollutant," or is in the future given a similar designation under any federal state or local law, regulation or ordinance.

D. Lessee agrees to defend, indemnify and hold Lessor harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses (including sums paid in settlement of claims and all consultant, expert and legal fees and expenses of Lessor's counsel) or loss directly or indirectly arising out of or resulting from the presence of any hazardous substance as a result of Lessee's or any sub-tenant's activities on the Premises, subsequent to the execution of this Amended and Restated Lease Agreement but before, during or after construction, in or around any part of the property or the soil, groundwater or soil vapor on or under the property, including those incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work, or any resulting damages or injuries to the person or property of any parties or to any natural resources. Upon demand by Lessor, Lessee shall defend any investigation, action or proceeding alleging the presence of any hazardous substance as a result of Lessee's or its subtenant's occupancy of the leased property, in any such location which affects the property or which is brought against the Lessor, whether alone or together with Lessee or any other person, all at Lessee's own cost and by counsel to be approved by Lessor in the exercise of its reasonable judgment. Should Lessee fail to defend such action, then Lessor may elect to conduct its own defense at the expense of the Lessee. Lessee shall comply and cause all occupants of the property to comply with all laws, regulations, and ordinances governing or applicable to hazardous substances. Lessee acknowledges that hazardous substances may permanently and materially impair the value and use of real property. Lessee shall promptly notify Lessor if it knows, suspects or believes, there may be any hazardous substance in or around the property or in the soil, groundwater, or on or under the leased property, or that Lessee or the property may be subject to any threatened or pending investigation by any governmental agency under any law, regulation, or ordinance pertaining to any hazardous substance. Lessee shall have no obligation to defend, indemnify, or hold harmless Lessor from any claims, causes of action, or damages which arise on account of Lessor's own conduct, the conduct of third parties other than Lessee's subtenants, or which is attributable to pre-existing conditions or events over which Lessee exercise no control, even though the leased Premises may be impacted thereby.

23. NONEXCLUSIVE RIGHTS.

A. Lessee shall have the exclusive right and privilege of engaging in and conducting a business on the Premises of the Airport under the terms and conditions set forth herein, provided, however, that this Amended and Restated Lease Agreement shall not be construed in any manner to grant Lessee or those claiming under Lessee in this Amended and Restated Lease Agreement the exclusive right to the use of the common areas and facilities of said airport other than the specifically described Premises.

B. Lessor shall have the right to lease other portions of the Airport or Airport terminal to other lessees, including other ground, air and transportation services. Lessor shall not in the future lease any other Airport premises to any other lessees at rental rates or terms more favorable or less restrictive to the lessees than set forth in this Amended and Restated Lease Agreement. Lessee understands and agrees that nothing in this Amended and Restated Lease Agreement shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

24. TAXES AND LICENSES.

A. The Lessee shall promptly pay any and all taxes, personal property tax, leasehold tax, gross receipts tax, transaction privilege tax or other exaction assessed or assessable and pay all license fees and permit fees applicable to the Lessee's operation, and acquire and keep current, all licenses, municipal, state or federal as the result of the Lessee's operations at the Airport pursuant to this Amended and Restated Lease Agreement, and shall not allow any of said taxes, excises or licenses to become delinquent.

B. The Lessee shall not permit any mechanics' or materialman's or any other lien to be placed or foreclosed upon the Leased Premises or improvements thereto. The Lessee shall have the ability to contest payment demand by a contractor. Should the Lessee withhold payments to a contractor, the Lessee shall be required, at the Lessor's option, to deposit with the Lessor or a court of competent jurisdiction, an amount equal to the amount in dispute.

25. SUBORDINATE PROVISIONS.

This Amended and Restated Lease Agreement shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States or the State of New Mexico relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of the Airport.

26. OBSTRUCTIONS.

Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the airport which, in the opinion of the Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft. Lessee shall, upon approval by Lessor and prior to any construction of any nature within the boundaries of the Airport, prepare and submit to the Airport Manager and the Federal Aviation Administration, Albuquerque District Office, Airport Division, 1601 Randolph SE, Suite 201N, Albuquerque, NM, 87106, one executed set (four copies) of FAA form 7460-1 "Notice of

Proposed Construction or Alterations", as required by Federal Aviation Regulation Part 77. This notice must be submitted at least thirty days prior to the date of the proposed construction/alteration or the date that an application for a construction permit is filed, whichever is earlier.

Should a Federal Aviation Administration Obstruction Evaluation determine that obstruction lights are needed or required on new construction, or should Federal Aviation Administration rules and regulations change to require obstruction lights on existing structures which previously did not require obstruction lights, Lessee agrees to install, maintain and operate such obstruction lights on the top of buildings or structures to be placed on the leased premises. If Lessee fails to install, maintain and operate such obstruction lights then the Lessor shall have the right to install, maintain and operate the same at Lessee's expense.

27. AMENDMENT IN WRITING.

No amendment between the Lessor and Lessee relative to the leasehold interest herein shall be valid and enforceable unless in writing and executed by both the Lessor and Lessee.

28. ATTORNEYS FEES AND COSTS.

If suit is brought by either the Lessor or the Lessee to enforce any provision of this Amended and Restated Lease Agreement, the prevailing party shall be entitled to recover from the non-prevailing party in such lawsuit all costs of preparation for and conduct of such lawsuit, including reasonable attorneys' fees.

29. CHOICE OF LAW.

In the event of contest or legal dispute regarding this Amended and Restated Lease Agreement, this Agreement shall be construed according to the laws of the State of New Mexico and any applicable City Ordinances.

30. APPROVALS, CONSENTS AND NOTICES.

Notices required to be given to the Lessor shall be hand-delivered, sent via overnight courier service, or sent by certified mail, postage prepaid, addressed to:

Airport Manager
Santa Fe Municipal Airport
P.O. Box 909
Santa Fe New Mexico, 87504-0909

Any approvals, consents and/or notices to be given to the Lessee shall be hand-delivered, sent via overnight courier service or sent by certified mail to:

Zia Aviation, Inc.
Santa Fe Municipal Aviation
405A Airport Road
Santa Fe, New Mexico 87505

or to such other respective addresses as shown by the date of the notice if delivered by hand or

by the date of receipt as shown by the U.S. Postal Service Certified Mail Return Receipt, if mailed.

31. PARAGRAPH HEADINGS.

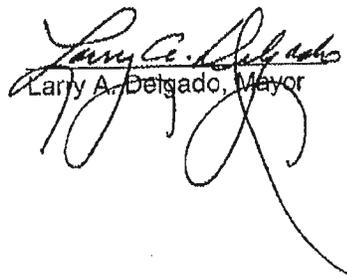
The paragraph and subparagraph headings contained in this Amended and Restated Lease Agreement are inserted for reference and convenience and are not intended to define or limit the scope of any provision of this Amended and Restated Lease Agreement.

32. INVALID PROVISIONS.

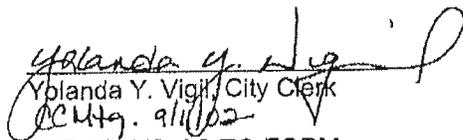
In the event any covenant, condition or provision contained in this Amended and Restated Lease Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, conditions or provisions contained in this Amended and Restated Lease Agreement shall not affect the enforceability of the balance of this Amended and Restated Lease Agreement; provided that the invalidity of such covenant, condition or provision does not materially prejudice either the Lessor or the Lessee in its respective rights and obligations contained in this Amended and Restated Lease Agreement.

In Witness Whereof, the parties hereto have caused this Lease Agreement to be executed as of the day and year first above written.

CITY OF SANTA FE:


Larry A. Delgado, Mayor

ATTEST:


Yolanda Y. Vigil, City Clerk
CC: 4/9/02

APPROVED AS TO FORM:


Bruce Thompson, City Attorney

CONTRACTOR:
ZIA AVIATION, INC.

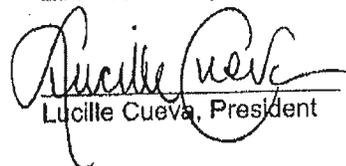
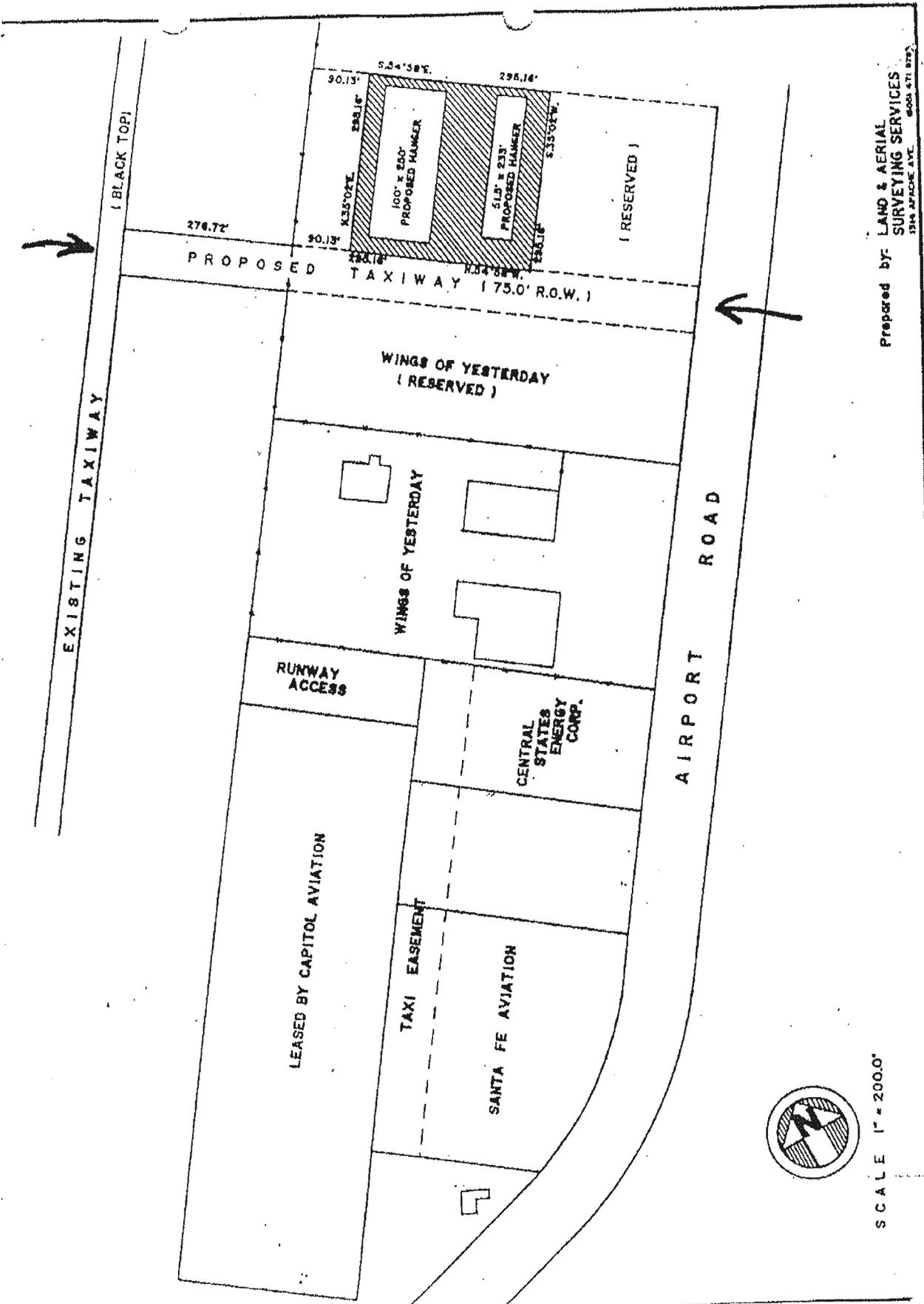

Lucille Cueva, President

EXHIBIT B



Prepared by: LAND & AERIAL SURVEYING SERVICES
1344 JEFFERSON AVE. MOORE AVIATION



SCALE 1" = 200.0'

SANTA FE MUNICIPAL AIRPORT
AMENDED AND RESTATED LEASE AGREEMENT
ZIA AVIATION, INC.

ITEM # 02-0648

THIS AMENDED AND RESTATED LEASE AGREEMENT, is made and entered into on this, 11th day of September, 2002 by and between the City of Santa Fe, New Mexico, a municipality and political subdivision of the State of New Mexico, hereinafter "Lessor", and Zia Aviation, Inc., hereinafter "Lessee".

WHEREAS, the Lessor owns and operates an airport known as the Santa Fe Municipal Airport ("Airport") and is desirous of leasing to the Lessee certain premises and facilities at the said Airport; and

WHEREAS, the Lessee is authorized by proper governmental agencies to engage in the business of fixed base operations; and

WHEREAS, both the Lessor and Lessee have the right and power to enter into this Lease Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained the parties agree as follows:

1. AMENDMENT AND RESTATEMENT OF LEASE.

The lease agreement between the Lessor and Wings of Yesterday, Inc. dated December 19, 1979; and partially assigned to Zia Aviation, Inc. on September 21, 1992; renewed on September 1, 1996; partially reassigned to Zia on February 25, 1998; and the remainder reassigned to Zia on April 14, 1999, is hereby amended and restated.

2. PREMISES.

Lessor does hereby lease unto the Lessee the exclusive rights to the described premises, and facilities at the airport more particularly described on Exhibit "A" attached hereto, containing approximately 5.0 acres (217,800 square feet) more or less, together with right of access, ingress-egress thereto.

3. USE OF THE PREMISES AND RIGHT TO CONSTRUCT.

A. The Lessee shall have the right to erect, maintain and alter buildings or structures upon said premises providing such buildings or structures are consistent with the Airport Minimum Standards Ordinance (as amended, or may be amended in the future), the Building Code requirements of the New Mexico Construction Industries Division, and any City of Santa Fe or Santa Fe County ordinance now or hereafter in effect. Title to such construction, installations, and equipment, shall remain the property of the Lessee during the term of this lease but shall pass to the Lessor upon expiration of this Amended and Restated Lease Agreement.

B. Lessor shall provide reasonable easements for egress, ingress and utilities to serve the Premises. Lessee acknowledges existence of a 75 foot wide, non-exclusive use taxiway and road easement provided by Lessor for access to the Santa Fe

5. **HOLDOVER.**

In the absence of a new lease agreement entered into before the expiration of the initial 28 year Term under this Lease Agreement, Lessee shall be allowed to hold over for a period not to exceed 60 days from the expiration date of the initial 28 year Term under this Amended and Restated Lease Agreement or the expiration of any option period. Holding over by the Lessee after the expiration of the initial 28 year Term or any option period under this Amended and Restated Lease Agreement, whether with or without the consent of the Lessor, shall not operate to extend or renew this Amended and Restated Lease Agreement. Any such holding over shall be construed as a tenancy from month to month at the rents reserved in this Amended and Restated Lease Agreement under the terms herein.

6. **RENT AND FEES.**

The Lessee agrees to pay to the Lessor, at the office of the Airport Manager, at the Santa Fe Municipal Airport, or at such place as the Lessor may designate from time to time, for the use of the Premises the following rents and fees:

A. Ground Space Rent. Lessee shall pay to Lessor an annual rental fee of ten cents per square foot for the Premises.

B. Schedule of Payments for Ground Space Rent. The fixed rentals as provided in Paragraph 6A shall be payable to the Lessor, on a monthly basis. If such payment is not made within twenty-five (25) days of its due date, the Lessee shall pay a finance charge of 1-1/2% per month (18% percent annually) on such past due payment for each month or partial month thereafter that any payment due is not paid. The annual basic rent as computed above shall be adjusted by either of the following two methods, at Lessor's option: (1) The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to the average annual percentage rate increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, for the three years immediately preceding the adjustment. The first such adjustment under this paragraph shall take place on the third anniversary of the date of this Amended and Restated Lease Agreement, and then on the anniversary date every third year thereafter; or (2) the annual basic rent shall be adjusted upward by the use of an appraisal. The appraised value per square foot shall become the basis for the Ground Space Rent. Said appraisal shall be paid for by the Lessor and shall not be conducted more than once every five years. The year that the appraised value takes effect shall become the base year for calculating adjustments of the annual rent under this paragraph.

C. Percentage and Fuel Flowage Fees. Lessee shall pay to Lessor the following:

(1) A sum of \$.03 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business. Provided, however, that from time to time, fuel flowage fees shall be adjusted pursuant to the rate set forth in any appraisal of fuel flowage fees done for the airport.

(2) A sum equal to 1.5% of the adjusted gross receipts from all business conducted and carried on by Lessee upon the Premises. The term "adjusted gross receipts" as used in this Amended and Restated Lease Agreement shall mean the aggregate amount of all sales made, and services performed, including charter operations conducted by

period, and if Lessor requires an additional audit, the full cost of such additional audit shall be borne by the Lessee. Records shall be maintained for a period of not less than three complete lease years.

B. The records and statements of business done by the Lessee along with any other information obtained or inspected pursuant to this provision shall be considered as absolutely confidential and not subject to use or disclosure by the Lessor for any purpose other than the ascertainment of rents, fees and charges under this Amended and Restated Lease Agreement. Lessor may use information and data provided by the Lessee to compile gross receipts reports for airport activity reports provided the identity of the Lessee is not disclosed.

8. INSURANCE.

A. Insurance Required. Lessee shall, at its own cost and expense, procure and maintain in full force and effect during the Term of this Amended and Restated Lease Agreement, the following insurance's:

(1) Worker's Compensation and Employer's Liability. The Lessee shall comply with the provisions of the New Mexico Worker's Compensation Act, the Subsequent Injury Act, and the Occupational Disease Disablement Law. Such insurance shall include coverage permitted under N.M. Stat. Ann. 52-1-10 NMSA (1978), for safety devices. The Lessee shall procure and maintain complete Worker's and Employer's Liability Insurance in accordance with New Mexico laws and regulations. If the Lessee elects to be self-insured, the Lessee shall comply with the applicable requirements of law. The Lessee shall require any subcontractor or sublessee similarly to provide such coverage, or qualify as a self-insured, for all the latter's employees. The Lessor, its officers or employees shall not be responsible for any claims or actions occasioned by the Lessee's failure to comply with the provisions of this subparagraph. It is expressly understood that employees of the Lessee are not Lessor's employees for any purpose.

(2) Comprehensive General Liability. The Lessee shall procure and maintain a comprehensive general liability insurance policy, including automobile liability coverage for all vehicles used on the Premises, for bodily injury, including death, and property damage in such amounts that are not less than the maximum liability of public agencies as set forth in the New Mexico Tort Claims Act, N.M. Stat. Ann. §41-4-1, et seq. (1978) now constituted or hereafter amended. Said policies of insurance must include coverage for Premises, operations and the Lessee's liability to the Lessor hereunder. The Lessor shall be named as an additional insured under Lessor's general liability policy.

(3) Hangar-Keeper Liability Coverage. The Lessee shall procure and maintain hangar-keeper insurance with liability limits to cover losses to reasonably be expected.

(4) Property Insurance. The Lessor shall be named as an additional insured on the general liability and property coverage insurance policies. The policies shall be written by companies authorized to write such insurance in New Mexico, and properly filed with and approved by the Superintendent of Insurance of the State of New Mexico. They shall be in a form satisfactory to the Lessor.

B. Binders. A binder for all insurance policies required by this Amended and Restated Lease Agreement shall be provided to Lessor at the time of the execution of this Amended and Restated Lease Agreement. Complete copies of all insurance policies required

Lessee. The acceptance of rental by the Lessor for any period or periods after a default of any of the terms, covenants, agreements and conditions herein contained to be performed, kept and observed by the Lessee, shall not be deemed a waiver of any right on the part of the Lessor to cancel this Amended and Restated Lease Agreement for failure by the Lessee to so perform, keep or observe any of the terms, covenants, agreements or conditions of this Amended and Restated Lease Agreement.

C. Other Cancellation. The Lessor may cancel this Amended and Restated Lease Agreement only by giving the Lessee 30 days written notice and opportunity to cure, with or without process of Law, upon or after the happening of any one of the following events:

(1) If Lessee fails to provide said service as guaranteed, Lessor may declare this Amended and Restated Lease Agreement to be terminated and to re-enter the Premises or any part thereof, with or without the process of law, to expel, remove and put out Lessee or any other persons occupying the Premises, using such force as may be reasonably necessary in doing so. Lessee shall pay all costs, including reasonable attorney's fees and expenses and court costs that may arise in enforcing the covenants, conditions and terms of this Amended and Restated Lease Agreement.

(2) The filing by the Lessee of a voluntary petition in bankruptcy, or the institution of proceedings in bankruptcy against the Lessee and the adjudication of the Lessee as a bankrupt pursuant to such proceedings.

(3) The taking of a court of jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act.

(4) The appointment of a receiver of the Lessee's assets.

(5) The cancellation or other termination of any insurance policy issued in compliance with this Amended and Restated Lease Agreement shall automatically terminate this Amended and Restated Lease Agreement, unless another policy has been filed and approved pursuant to this Amended and Restated Lease Agreement.

(6) If the Lessee should breach any of the nondiscrimination covenants, Lessor shall have the right to terminate this Amended and Restated Lease Agreement and to reenter and repossess said Leased Premises and hold the same as if said Amended and Restated Lease Agreement had never been made or issued.

11. CANCELLATION BY THE LESSEE.

The Lessee may cancel this Amended and Restated Lease Agreement and terminate all or any of its obligations hereunder at any time that the Lessee is not in default in the payment of any rents or fees to the Lessor pursuant to this Amended and restated Lease Agreement by giving the Lessor 30 days advance written notice of its intentions to discontinue its business activities at the Airport.

12. RIGHTS OF LESSOR.

Lessor reserves the right to:

A. Operate the Airport in the best interest of the public and the right, without

7. Aircraft charter operations conducted by Lessee or a subcontractor of Lessee;

8. To operate a full service fixed base aviation facility, together with all other normal, reasonable and related activities except as may be excluded herein and to be consistent with the Santa Fe Municipal Airport Minimum Standards Ordinance, as may be amended in the future.

9. Car rental services provided Lessee pays Lessor the same rates and fees as may be uniformly imposed by Lessor on other car rental agencies at the airport;

10. Any other general aviation services not specifically provided for herein which are approved in advance by Lessor. Lessor's approval of such services shall not be unreasonably withheld.

C. So long as Lessee conducts its business in a fair, reasonable and workmanlike manner, to peaceably have and enjoy the Premises, and all the rights and privileges herein granted.

14. MAINTENANCE OF STRUCTURES.

Lessee shall maintain the structures on the Premises, keep the Premises in good order; make such repairs as are customary, remove abandoned equipment from the Premises and shall not deposit the same on or any portion of the Airport except on such areas as shall be reasonably designated by Lessor. The Lessee shall be responsible for providing all customary and necessary janitorial and custodial services on the leased premises.

15. TRANSFER OF INTEREST.

Except as otherwise provided herein, Lessee may not, without the written consent of Lessor, which shall not be unreasonably withheld, at any time during the term of this Amended and Restated Lease Agreement, sell, lease, assign, transfer or permit to be acquired, this Amended and Restated Lease Agreement or any interest herein. Lessee may sublease any portion of the leasehold interest to parties who will provide aviation related services permitted hereunder, and who accept the terms of this Amended and Restated Lease Agreement pursuant to any sublease agreement. A single sublease of more than 60% of the square footage of the leasehold shall require approval of the Lessor, which approval shall not be unreasonably withheld. The Lessee shall, however, be permitted to enter into a leasehold mortgage, collateral assignment or security interest in the form approved by the Lessor, for construction and/or business operation financing purposes, however, the amount secured by such financing shall not exceed eighty percent (80%) of the value of the leasehold improvements on the Premises. Leasing and subleasing of hangar and tie down space on the Premises, to individual aircraft owners, shall be allowed without Lessor's consent.

16. OBSERVATION OF LAWS, RULES AND REGULATIONS.

Lessee and Lessor agree to observe and obey during the Term of this Amended and Restated Lease Agreement, all laws, ordinances, minimum standards, rules and regulations promulgated and enforced by Lessor, and by any other proper authority having jurisdiction over the conduct of operations at the airport, including the federal government, the

20. FAIR AND NONDISCRIMINATORY SERVICES.

Lessee, in the conduct of its authorized business activities shall furnish good, prompt and efficient service in compliance with all applicable laws, rules and regulations adequate to meet the demand for its services at the airport, and shall furnish such service on a fair, equal and not unjustly discriminatory basis to all users thereof, and agrees to furnish such services at fair, equal and not unjustly discriminatory prices for each unit of sale or service; provided, however, that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchases. Lessee agrees to operate the business in an ethical and professional manner and shall keep the Premises in a safe, clean, orderly and inviting condition at all times, satisfactory to the Lessor. Lessee shall not permit its employees or agents to solicit customers on public property.

21. TITLE VI. CIVIL RIGHTS ASSURANCES.

A. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration under this Amended and Restated Lease Agreement, does hereby covenant and agree as a covenant running with the land that:

(1) No person on the grounds of race, color, sex, disability or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

(2) In the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, sex, disability or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination.

(3) The Lessee shall use the premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

B. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, disability or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the service or benefits of any program or activity covered by this subject. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by CFR Part 152 Subpart E, to the same effect.

22. ENVIRONMENTAL PROTECTION.

A. Lessee shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of the Airport or surrounding property. Lessee shall provide, as necessary, a separate drainage, collection, and/or separation system to ensure that no untreated liquid waste from any type of operation, including vehicle cleaning, and oil change operations, will enter the Airport storm

23. NONEXCLUSIVE RIGHTS.

A. Lessee shall have the exclusive right and privilege of engaging in and conducting a business on the Premises of the Airport under the terms and conditions set forth herein, provided, however, that this Amended and Restated Lease Agreement shall not be construed in any manner to grant Lessee or those claiming under Lessee in this Amended and Restated Lease Agreement the exclusive right to the use of the common areas and facilities of said airport other than the specifically described Premises.

B. Lessor shall have the right to lease other portions of the Airport or Airport terminal to other lessees, including other ground, air and transportation services. Lessor shall not in the future lease any other Airport premises to any other lessees at rental rates or terms more favorable or less restrictive to the lessees than set forth in this Amended and Restated Lease Agreement. Lessee understands and agrees that nothing in this Amended and Restated Lease Agreement shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.

24. TAXES AND LICENSES.

A. The Lessee shall promptly pay any and all taxes, personal property tax, leasehold tax, gross receipts tax, transaction privilege tax or other exaction assessed or assessable and pay all license fees and permit fees applicable to the Lessee's operation, and acquire and keep current, all licenses, municipal, state or federal as the result of the Lessee's operations at the Airport pursuant to this Amended and Restated Lease Agreement, and shall not allow any of said taxes, excises or licenses to become delinquent.

B. The Lessee shall not permit any mechanics' or materialman's or any other lien to be placed or foreclosed upon the Leased Premises or improvements thereto. The Lessee shall have the ability to contest payment demand by a contractor. Should the Lessee withhold payments to a contractor, the Lessee shall be required, at the Lessor's option, to deposit with the Lessor or a court of competent jurisdiction, an amount equal to the amount in dispute.

25. SUBORDINATE PROVISIONS.

This Amended and Restated Lease Agreement shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States of the State of New Mexico relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of the Airport.

26. OBSTRUCTIONS.

Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the airport which, in the opinion of the Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft. Lessee shall, upon approval by Lessor and prior to any construction of any nature within the boundaries of the Airport, prepare and submit to the Airport Manager and the Federal Aviation Administration, Albuquerque District Office, Airport Division, 1601 Randolph SE, Suite 201N, Albuquerque, NM, 87106, one executed set (four copies) of FAA form 7460-1 "Notice of

by the date of receipt as shown by the U.S. Postal Service Certified Mail Return Receipt, if mailed.

31. PARAGRAPH HEADINGS.

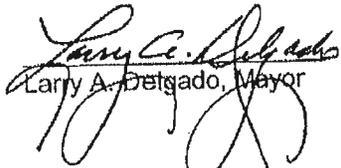
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32. INVALID PROVISIONS.

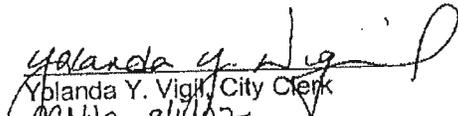
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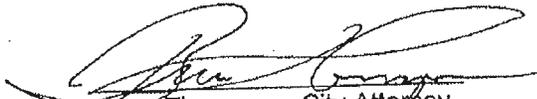
In Witness Whereof, the parties hereto have caused this Lease Agreement to be executed as of the day and year first above written.

CITY OF SANTA FE:

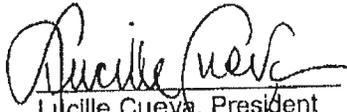

Larry A. Detgado, Mayor

ATTEST:


Yolanda Y. Vigil, City Clerk
COUNTY. 9/11/02
APPROVED AS TO FORM:


Bruce Thompson, City Attorney

CONTRACTOR:
ZIA AVIATION, INC.


Lucille Cueva, President

Lease Agreement/Jose/Zia Aviation/JMontman/04/17/02

City of Santa Fe, New Mexico

memo

DATE: FEBRUARY 26, 2002
TO: PUBLIC WORKS COMMITTEE
FROM: JIM MONTMAN, AIRPORT MANAGER
VIA: ROBERT ROMERO, PUBLIC WORKS DEPARTMENT DIRECTOR

3/2/02
For City Attorney
Adding "Exhibit A" Frank Ross:
existing file is to be
acceptable. Copy provided
to Robert Romero today.
Copy provided to
Ross Av (Troy).
J

ITEM & ISSUE:

Request for approval of Exhibit A to the September 11, 2002 Amended and Restated Lease Agreement between the City of Santa Fe and Zia Aviation Inc.

BACKGROUND & SUMMARY:

In 2002, Zia Aviation Inc., a Fixed Base Operator on the airport at the time, requested a 20-year extension to their lease agreement with the city, and an option to renew for 10 additional years. The Amended and Restated Lease Agreement between the City of Santa Fe and Zia Aviation Inc was approved and executed on September 11, 2002. See attached lease agreement.

Zia Aviation (also known as Million Air Santa Fe) was recently acquired by Ross Aviation as approved by the City of Santa Fe. During that process it was determined that Exhibit A to the Lease Agreement (description of the leasehold) was inadvertently left out of the packet that went to all committees and City Council.

The attached Exhibit A is what should have been in the packet and if approved will be added to the Lease Agreement file.

ACTION REQUESTED:

Approve the attached Exhibit A to the Amended and Restated Lease Agreement between Zia Aviation Inc. and the City of Santa Fe.

EXHIBIT A

SANTA FE MUNICIPAL AIRPORT:
ASSIGNMENT OF LEASE AGREEMENT

City of Santa Fe, New Mexico
Natalie D. Halley

This ASSIGNMENT (the "Assignment") of the LEASE AGREEMENT dated December 19, 1979 (the "Lease Agreement") is entered into this 14th day of April, 1999, by and between Wings of Yesterday, Inc., hereinafter "Wings", Zia Aviation, Inc., hereinafter "Zia" and the City of Santa Fe, New Mexico, hereinafter the "City".

WITNESSETH:

WHEREAS, on December 19, 1979 the City and Wings entered into a Lease Agreement whereby the City leased a tract of land at the Santa Fe Municipal Airport, hereinafter "Airport" consisting of 5 acres to Wings; and

WHEREAS, on April 16, 1992, the City consented to a partial assignment of the Lease Agreement whereby Wings assigned 108,900 sq. ft. of leased land to Henry Oliver, III, hereinafter "Oliver"; and

WHEREAS, on September 21, 1992, the City consented to a partial assignment of the Lease Agreement whereby Wings assigned 1.018 acres of leased land to Zia; and

WHEREAS, on September 1, 1996, the City consented to the renewal of the Lease Agreement with Wings, Oliver and Zia, to expire on December 31, 2010; and

WHEREAS, on February 25, 1998, the City consented to a re-assignment of partial assignment of the Lease Agreement whereby the leased land consisting of 108,900 sq. ft. assigned to Oliver on April 16, 1992 was reassigned to Zia; and

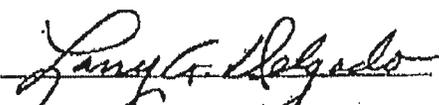
WHEREAS, Wings desires to assign the remainder of the land leased by Wings consisting of 1.482 acres to Zia.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual agreements and undertakings herein described and contained, the parties agree as follows:

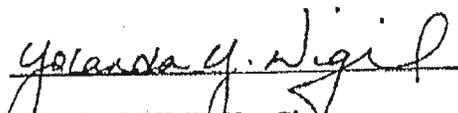
1. That area shown as Wings of Yesterday Lease Area and Hangar B on Attachment 1, consisting of approximately 1.482 acres is hereby assigned to Zia.
2. Except as specifically provided in this Assignment, the Lease Agreement remains and shall remain in full force and effect, in accordance with its terms.
3. This Assignment shall be interpreted and construed in accordance with the laws of the State of New Mexico.
4. This Assignment incorporates the Lease Agreement and all the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements and understandings have been merged into this written agreement. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Assignment.

IN WITNESS WHEREOF, Wings, Zia and the City have executed and delivered this Assignment of Lease Agreement as of the day and year first above written.

CITY OF SANTA FE


Larry A. Delgado, Mayor

ATTEST:


Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:

Mark A. Basham

Mark A. Basham, City Attorney

WINGS OF YESTERDAY, INC.

Dave Allyn

Dave Allyn, President

ZIA AVIATION, INC.

Gerhard Seeburger

Gerhard Seeburger, President

ACKNOWLEDGEMENT

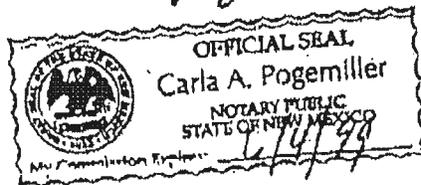
STATE OF NEW MEXICO)

ss.

COUNTY OF SANTA FE)

SUBSCRIBED AND ACKNOWLEDGED before me this 27 day of

April, 1999 by Dave Allyn, Pres. Wings of Yesterday, Inc., a Florida Corporation on behalf of said Corporation



Carla A. Pogemiller
Notary Public

My commission expires: _____

ACKNOWLEDGEMENT

STATE OF NEW MEXICO)

ss.

COUNTY OF SANTA FE)

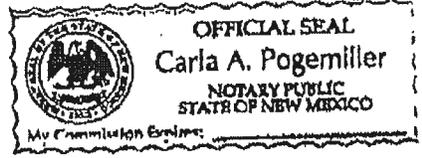
SUBSCRIBED AND ACKNOWLEDGED before me this 27 day of

April, 1999 by Debra Tubman, Pres. Zia Aviation, Inc., corporation, on behalf of said corporation.

[Handwritten Signature]

Notary Public

My commission expires: 6/4/09



Partly/Lease Partial Assignment Wings

SANTA FE MUNICIPAL AIRPORT
RE-ASSIGNMENT OF PARTIAL ASSIGNMENT OF LEASE AGREEMENT

This Re-assignment of a partial assignment of a Lease Agreement is made and entered into as of this 25th day of February, 1998, by and between Wings of Yesterday, Inc., ("Wings"); Zia Aviation Inc., ("Zia"); Henry Oliver III, ("Oliver"); and the City of Santa Fe, New Mexico, hereafter "City".

WITNESSETH:

WHEREAS, on December 19, 1979 the City executed a Lease Agreement with Wings, for the lease of land at the Santa Fe Municipal Airport, hereafter "Airport"; and

WHEREAS, on April 16, 1992 a partial assignment of that lease was made between Wings and Oliver and consented to by the City, consisting of 108,900 square feet, shown as Exhibit A and D on Attachment 1; and

WHEREAS, on September 21, 1992 a partial assignment of that lease was made between Wings and Zia and consented to by the City, consisting of 1.018 acres, shown as Zia Aviation Lease Area on Attachment 1; and

WHEREAS, on September 1, 1996 the Lease Agreement with Wings and the partial assignments with Oliver and Zia were renewed until December 31, 2010 by the City; and

WHEREAS, Oliver desires to have his partial assignment re-assigned to Zia; and

WHEREAS, the Santa Fe Municipal Airport desires to the return of that area shown as Exhibit D on Attachment 1 for common use at the airport; and

WHEREAS, Zia desires to have that area shown as Exhibit A on Attachment 1 assigned to Zia and is agreeable to the return of Exhibit D to the City in exchange for the 1.021 acres shown as Exhibit E on Attachment 1.

NOW, THEREFORE, in consideration of the forgoing recitals and the mutual agreements and undertakings herein described and contained, the parties agree as follows:

1. The partial assignment to Oliver by Wings dated April 16, 1992 is hereby re-assigned to Zia.

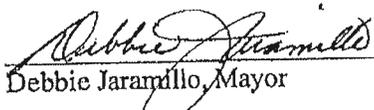
2. The lease of that area shown as Exhibit D on Attachment 1, and further assigned to Oliver and then to Zia, is cancelled. In consideration of this cancellation, Zia is leased 1.021 acres in that area shown as Exhibit E on Attachment 1, said lease to run concurrent with the renewal of the lease agreement with Wings. The annual rent shall remain the same as specified in the renewal of lease agreement.

3. This Re-assignment of the Partial Assignment of Lease Agreement shall be interpreted and construed in accordance with the laws of the State of New Mexico.

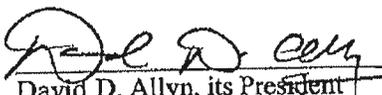
4. This Re-assignment of the Partial Assignment incorporates the Lease Agreement and all the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements and understandings have been merged into this written agreement. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this agreement.

IN WITNESS WHEREOF, Wings, Oliver, Zia and the City of Santa Fe have executed and delivered this Re-assignment of the Partial Assignment of Lease Agreement as of the day and year first above written.

CITY OF SANTA FE:


Debbie Jaramillo, Mayor

WINGS OF YESTERDAY, INC.


David D. Allyn, its President

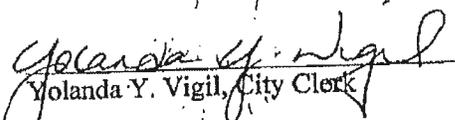
HENRY OLIVER, III


Henry Oliver, III

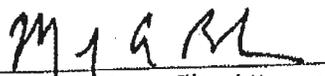
ZIA AVIATION, INC.
A New Mexico Corporation

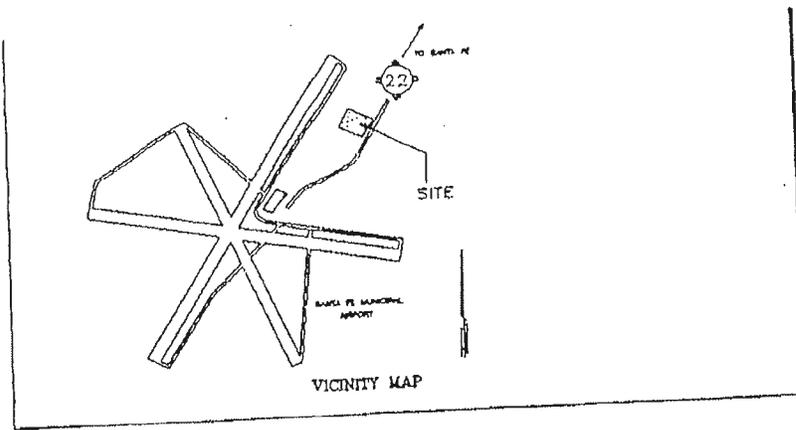

Gerhard Seeburger, its President

ATTEST:


Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:


Mark A. Basham, City Attorney



DESCRIPTION EXHIBIT A

ALL THAT PART OF SECTION 15, T16N, R8E, NMPM, SANTA FE COUNTY, N.M. WHICH SAID PART MAY BE MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF SAID PART, WHICH CORNER LIES N45°14'00"E, 1312.59 FEET MORE OR LESS, FROM BRASS CAP SANTA FE WEST BASE ADJUTANT:

- THENCE N50°08'53"W, 352.15 FEET;
- THENCE N54°47'00"W, 17.75 FEET;
- THENCE N55°01'25"E, 178.66 FEET;
- THENCE N54°38'00"W, 349.34 FEET;
- THENCE S35°04'17"W, 174.86 FEET TO THE POINT OF COMMENCEMENT, CONTAINING 1.485 ACRES MORE OR LESS.

DESCRIPTION EXHIBIT B

ALL THAT PART OF SECTION 15, T16N, R8E, NMPM, SANTA FE COUNTY, N.M. WHICH SAID PART MAY BE MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF SAID PART, WHICH CORNER LIES N45°14'00"E, 1312.59 FEET, THENCE N50°08'53"W, 352.15 FEET;

- THENCE N54°47'00"W, 17.75 FEET;
- THENCE N55°01'25"E, 174.86 FEET;
- THENCE S35°04'17"W, 174.86 FEET TO THE POINT OF COMMENCEMENT, CONTAINING 1.627 ACRES MORE OR LESS.

LEGEND

BOUNDARIES ARE DERIVED FROM MUSEUM LEASE SURVEY FOR CITY OF SANTA FE PREPARED BY JACK MORSE, P.E. 3488, DATED AUG 73

- DENOTES REBAR, OR AS SHOWN EXHIBIT
- DENOTES REBAR, OR AS SHOWN SET
- DENOTES CALCULATED POINT NOT SET
- DENOTES BRASS CAP FOUND
- DENOTES UTILITY POLE
- DENOTES OVERHEAD UTILITY LINE
- DENOTES FENCE
- DENOTES PAVEMENT
- DENOTES CONCRETE

BOUNDARY DATA IN PARENTHESES IS FROM PRIOR PLATS OR DOCUMENTS

THIS PLAT SUBJECT TO ANY RESTRICTIONS, COVENANTS AND EASEMENTS OF RECORD.

SURVEYORS CERTIFICATE

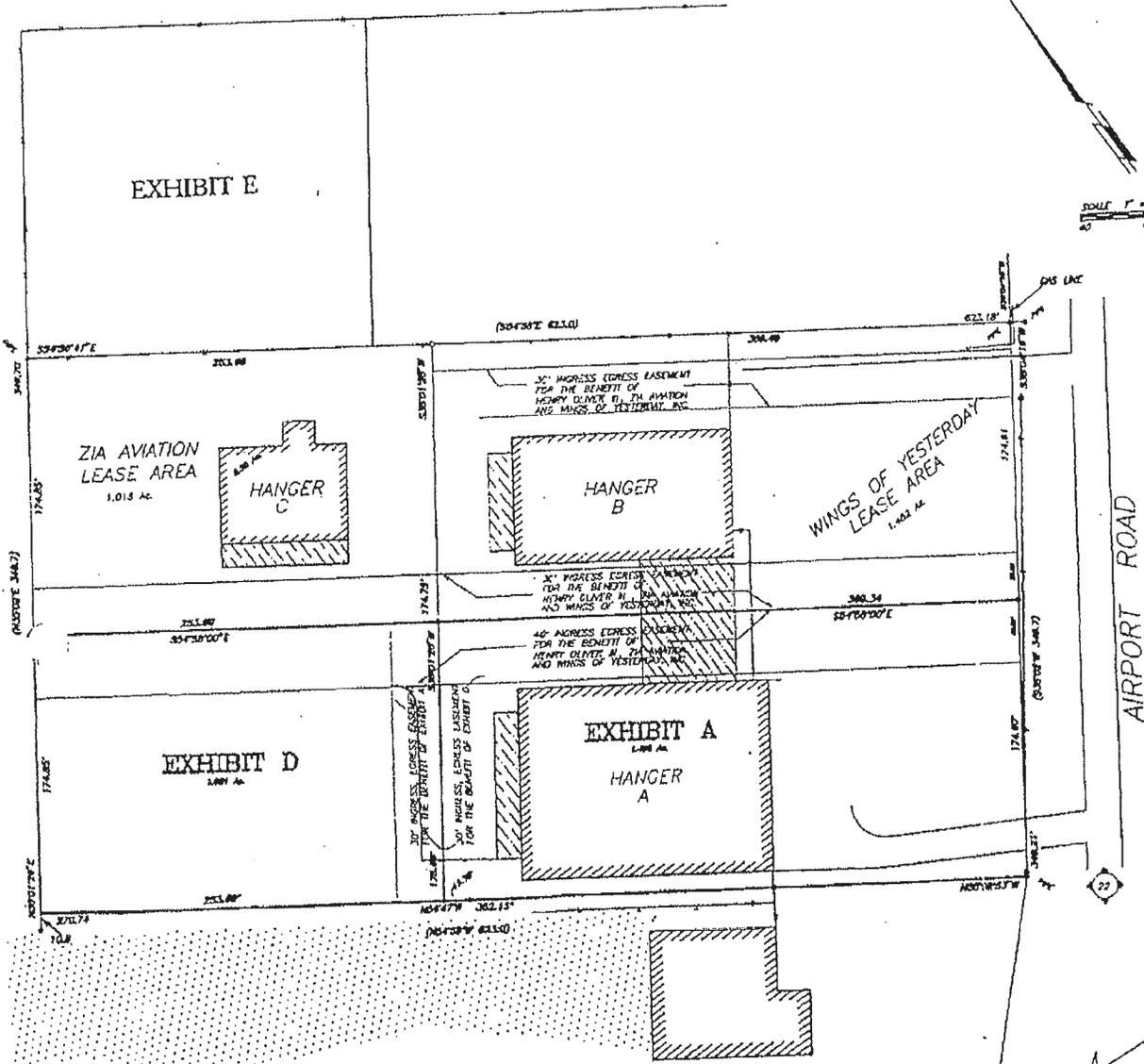
I HEREBY CERTIFY THAT THIS PLAT IS A TRUE REPRESENTATION OF A SURVEY COMPLETED UNDER MY PERSONAL SUPERVISION ON THE 2nd DAY OF JULY 1977. THE SURVEY AND PLAT ARE CORRECT, TRUE AND MEET THE MINIMUM STANDARDS FOR LAND SURVEYS IN NEW MEXICO.

[Signature]
GARY L. DAWSON, R.L.S., P.L.S. 2014



LEASE PLAN PREPARED FOR
ZIA AVIATION
AND
HARRY OLIVER III
WITHIN SEC 15, T16N, R8E, NMPM
SANTA FE MUNICIPAL AIRPORT
SANTA FE COUNTY, N.M.

G. DAWSON & ASSOCIATES
PROFESSIONAL LAND SURVEYORS
2500 CAMINO ENTRADA
SANTA FE, N.M.
FILE# 2044 DATE: 7-2-97



SCALE 1" = 40 FEET

BRASS DWP
 URBAN AZIMUTH MARKER
 "WEST BASE"

SANTA FE MUNICIPAL AIRPORT: *Natalie A. Gallegos*

ASSIGNMENT OF LEASE AGREEMENT

This ASSIGNMENT (the "Assignment") of the LEASE AGREEMENT dated December 19, 1979 (the "Lease Agreement") is entered into this 14th day of April, 1999, by and between Wings of Yesterday, Inc., hereinafter "Wings", Zia Aviation, Inc., hereinafter "Zia" and the City of Santa Fe, New Mexico, hereinafter the "City".

WITNESSETH:

WHEREAS, on December 19, 1979 the City and Wings entered into a Lease Agreement whereby the City leased a tract of land at the Santa Fe Municipal Airport, hereinafter "Airport" consisting of 5 acres to Wings; and

WHEREAS, on April 16, 1992, the City consented to a partial assignment of the Lease Agreement whereby Wings assigned 108,900 sq. ft. of leased land to Henry Oliver, III, hereinafter "Oliver"; and

WHEREAS, on September 21, 1992, the City consented to a partial assignment of the Lease Agreement whereby Wings assigned 1.018 acres of leased land to Zia; and

WHEREAS, on September 1, 1996, the City consented to the renewal of the Lease Agreement with Wings, Oliver and Zia, to expire on December 31, 2010; and

WHEREAS, on February 25, 1998, the City consented to a re-assignment of partial assignment of the Lease Agreement whereby the leased land consisting of 108,900 sq. ft. assigned to Oliver on April 16, 1992 was reassigned to Zia; and

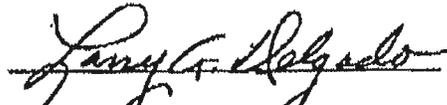
WHEREAS, Wings desires to assign the remainder of the land leased by Wings consisting of 1.482 acres to Zia.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual agreements and undertakings herein described and contained, the parties agree as follows:

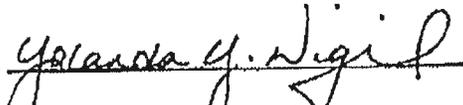
1. That area shown as Wings of Yesterday Lease Area and Hangar B on Attachment 1, consisting of approximately 1.482 acres is hereby assigned to Zia.
2. Except as specifically provided in this Assignment, the Lease Agreement remains and shall remain in full force and effect, in accordance with its terms.
3. This Assignment shall be interpreted and construed in accordance with the laws of the State of New Mexico.
4. This Assignment incorporates the Lease Agreement and all the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements and understandings have been merged into this written agreement. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Assignment.

IN WITNESS WHEREOF, Wings, Zia and the City have executed and delivered this Assignment of Lease Agreement as of the day and year first above written.

CITY OF SANTA FE


Larry A. Delgado, Mayor

ATTEST:


Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:

Mark A. Basham

Mark A. Basham, City Attorney

WINGS OF YESTERDAY, INC.

Dave Allyn
Dave Allyn, President

ZIA AVIATION, INC.

Gerhard Seeburger
Gerhard Seeburger, President

ACKNOWLEDGEMENT

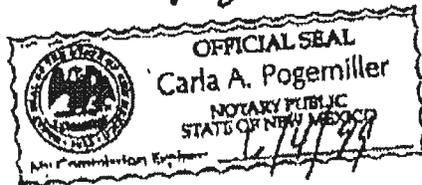
STATE OF NEW MEXICO)

ss.

COUNTY OF SANTA FE)

SUBSCRIBED AND ACKNOWLEDGED before me this 27 day of

April, 1999 by Dave Allyn, Pres., Wings of Yesterday, Inc., a Florida Corporation on behalf of said Corporation



Carla A. Pogemiller
Notary Public

My commission expires: _____

ACKNOWLEDGEMENT

STATE OF NEW MEXICO)

ss.

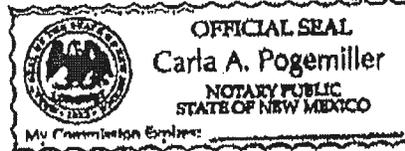
COUNTY OF SANTA FE)

SUBSCRIBED AND ACKNOWLEDGED before me this 27 day of

April, 1999 by Robert Suburg, Pres. Zia Aviation, Inc., an Arizona
corporation, on behalf of said corporation.

Carla A. Pogemiller
Notary Public

My commission expires: 6/4/99



Patty Lease Partial Assignment Wings

**SANTA FE MUNICIPAL AIRPORT
RE-ASSIGNMENT OF PARTIAL ASSIGNMENT OF LEASE AGREEMENT**

This Re-assignment of a partial assignment of a Lease Agreement is made and entered into as of this 25th day of February, 1998, by and between Wings of Yesterday, Inc., ("Wings"); Zia Aviation Inc., ("Zia"); Henry Oliver III, ("Oliver"); and the City of Santa Fe, New Mexico, hereafter "City".

WITNESSETH:

WHEREAS, on December 19, 1979 the City executed a Lease Agreement with Wings, for the lease of land at the Santa Fe Municipal Airport, hereafter "Airport"; and

WHEREAS, on April 16, 1992 a partial assignment of that lease was made between Wings and Oliver and consented to by the City, consisting of 108,900 square feet, shown as Exhibit A and D on Attachment 1; and

WHEREAS, on September 21, 1992 a partial assignment of that lease was made between Wings and Zia and consented to by the City, consisting of 1.018 acres, shown as Zia Aviation Lease Area on Attachment 1; and

WHEREAS, on September 1, 1996 the Lease Agreement with Wings and the partial assignments with Oliver and Zia were renewed until December 31, 2010 by the City; and

WHEREAS, Oliver desires to have his partial assignment re-assigned to Zia; and

WHEREAS, the Santa Fe Municipal Airport desires to the return of that area shown as Exhibit D on Attachment 1 for common use at the airport; and

WHEREAS, Zia desires to have that area shown as Exhibit A on Attachment 1 assigned to Zia and is agreeable to the return of Exhibit D to the City in exchange for the 1.021 acres shown as Exhibit E on Attachment 1.

NOW, THEREFORE, in consideration of the forgoing recitals and the mutual agreements and undertakings herein described and contained, the parties agree as follows:

1. The partial assignment to Oliver by Wings dated April 16, 1992 is hereby re-assigned to Zia.

2. The lease of that area shown as Exhibit D on Attachment 1, and further assigned to Oliver and then to Zia, is cancelled. In consideration of this cancellation, Zia is leased 1.021 acres in that area shown as Exhibit E on Attachment 1, said lease to run concurrent with the renewal of the lease agreement with Wings. The annual rent shall remain the same as specified in the renewal of lease agreement.

3. This Re-assignment of the Partial Assignment of Lease Agreement shall be interpreted and construed in accordance with the laws of the State of New Mexico.

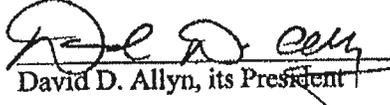
4. This Re-assignment of the Partial Assignment incorporates the Lease Agreement and all the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements and understandings have been merged into this written agreement. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this agreement.

IN WITNESS WHEREOF, Wings, Oliver, Zia and the City of Santa Fe have executed and delivered this Re-assignment of the Partial Assignment of Lease Agreement as of the day and year first above written.

CITY OF SANTA FE:


Debbie Jaramillo, Mayor

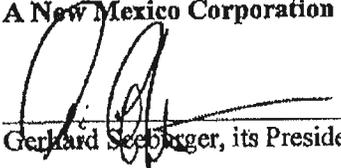
WINGS OF YESTERDAY, INC.


David D. Allyn, its President

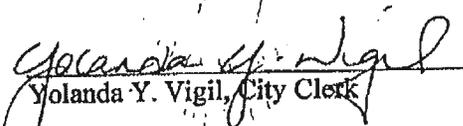
HENRY OLIVER, III


Henry Oliver, III

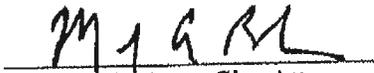
**ZIA AVIATION, INC.
A New Mexico Corporation**


Gerhard Seeburger, its President

ATTEST:


Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:


Mark A. Basham, City Attorney

Renewal of Lease Agreement

This Agreement is entered into by and between **The City of Santa Fe, New Mexico**, a municipal corporation ("City"), and **Wings of Yesterday, Inc.** a Florida corporation ("Wings"), **Henry Oliver, III**, a married man dealing in his sole and separate property ("Oliver") and **Zia Aviation, Inc.** a New Mexico corporation.

- A. Under a certain lease agreement dated December 19, 1979 ("City Lease"), Wings leased from the City, as lessor, approximately five (5) acres of real property as more fully described in the City Lease, a copy of which is attached hereto and made a part hereof as Exhibit "A".
- B. Wings also timely exercised the right and option to lease an additional tract of land consisting of three (3) acres as permitted under paragraph D of the City Lease.
- C. Under the City Lease, Wings has the right to assign the City Lease in whole or in part with the consent of the City of Santa Fe. Under the terms of the City Lease, Wings also has the right to renew the City Lease for an additional term of fifteen (15) years.
- D. By that certain Partial Assignment of Lease ("Oliver Partial Assignment") executed by Wings, Wings assigned to Oliver that Portion of the City Lease applicable to the real property described on Exhibit "b", all with the consent of the City of Santa Fe, for the entire unexpired term of the City Lease and the option to renew for the Renewal Term when exercised. The Oliver Partial Assignment, together with the written consent of the City of Santa Fe to the assignment, was filed for record on April 17, 1992 in Document Number 770,306 in Book 808 at pages 754-775 records of Santa Fe County, New Mexico.
- E. By that certain Partial Assignment of Lease ("Zia Partial Assignment") executed by Wings, Wings assigned to Zia that portion of the City Lease applicable to the real property described on Exhibit "C", all with the consent of the City of Santa Fe, for the entire unexpired term of the City Lease and the option to renew for the Renewal Term when exercised. The Zia Partial Assignment, together with the written consent of the City of Santa Fe to the assignment, was filed for record on September 22, 1992 as Document Number 787,167 in Book 852 at pages 224-245 records of Santa Fe County, New Mexico.
- F. Wings, Oliver and Zia have each exercised the option to renew the City Lease. The parties acknowledge that the City Lease is extended for the rental as hereafter provided

Now therefore, the parties agree:

1. **Extension of Term.** The Term of the City Lease shall be extended for a period of ending on December 31, 2010.
2. **Use of Airport.** The lease of three (3) acres described in Paragraph B above is canceled.

10^a 5¹ fr.

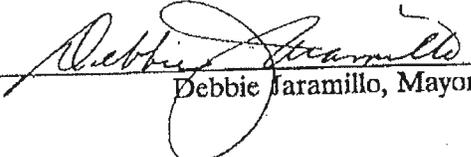
3. **Rent.** The annual rental for the five (5) acres shall be \$21,780.00. Zia agrees to pay to the City an annual rental of \$4,434.40, payable at a rate of two percent (2%) of gross revenue per month, with the remaining rent due on December 31st. Oliver agrees to pay to the City an annual rental of \$10,890.00, payable at a rate of two percent (2%) of gross revenue per month, with the remaining rent due on December 31st. Wings agrees to pay to the City an annual rental of \$6,455.60, payable at a rate of two percent (2%) of gross revenue per month, with the remaining rent due on December 31st. In addition to amounts to be paid under the foregoing, Lessee agrees to pay the Lessor a sum of \$.03 per gallon on all aviation fuel sold by Lessee, excepting fuel used by Lessee in the operation of its business. The annual basic rent as computed above shall be adjusted upward at the end of each three (3) year period by an amount equal to any percentage increase in the cost of living index published by the United States Bureau of Labor Statistics, or any successor agency, over the base month of July, 1996. The first adjustment under this paragraph shall take place on July 1, 1999 and then on July 1 every third year thereafter.

4. **Recordation.** This Renewal of Lease Agreement shall not be recorded in the land records of Santa Fe County, New Mexico; the parties agree to execute this Renewal of Lease Agreement as of the dates set forth below.

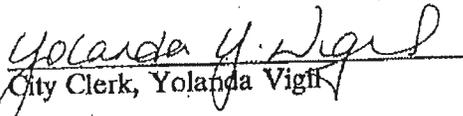
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The City of Santa Fe, New Mexico,
a municipal corporation

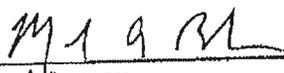
Date: 9/1/96

By: 
Debbie Jaramillo, Mayor

Attest:

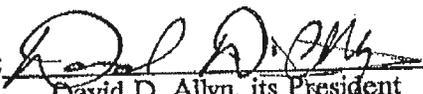

City Clerk, Yolanda Vigil

Approved as to Form:

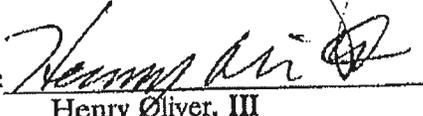

City Attorney

Wings of Yesterday, Inc.
a Florida Corporation

Date: 9/1/96

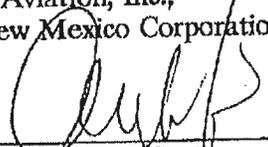
By: 
David D. Allyn, its President

Date: 9/1/96

By: 
Henry Oliver, III

Zia Aviation, Inc.,
a New Mexico Corporation

Date: 9/1/96

By: 
Gerhard Seeburger, its President

PARTIAL ASSIGNMENT OF LEASE

852224

This Partial Assignment of Lease made and entered into at Santa Fe, New Mexico, this 21 day of September, 1992, by and between Wings of Yesterday, Inc., a Florida corporation, ("Wings"), and Zia Aviation, Inc., a New Mexico corporation ("Zia");

A. Wings is the lessee under a certain Lease Agreement dated December 19, 1979, with the City of Santa Fe, New Mexico, a municipal corporation, as Lessor, a copy of which Lease Agreement is attached hereto and made a part hereof as Exhibit "A", (the "City Lease Agreement") for a portion of the Santa Fe Airport premises described on Exhibit "A" to the City Lease Agreement (the "Lease Premises"); and

B. Under the City Lease Agreement, Wings has the right to assign the City Lease Agreement in whole or in part with the reasonable consent of the City of Santa Fe; and

C. Wings and Zia desire to affect a partial assignment of the City Lease Agreement from Wings to Zia with the consent of the City of Santa Fe for the entire unexpired term of the City Lease Agreement and the incorporated option period of 15 years when exercised, with respect to a portion of the Leased Premises as hereinafter provided; and,

D. The City of Santa Fe has consented to this Partial Assignment by its Consent to Partial Assignment, dated September 16, 1992, a copy of which is attached hereto as Exhibit "B".

Now, Therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Wings and Zia agree as follows:

1. **Partial Assignment.** Wings hereby assigns, transfers, and sets over unto Zia all of its right, title, and interest in, to, and under the City Lease Agreement with respect to that part of the Leased Premises covered by the City Lease Agreement and described as "Zia Aviation, Inc. Lease Area" consisting of approximately 1.018 acres on the survey attached hereto and made a part hereof as Exhibit "C", with a non-exclusive easement for ingress, egress, and utilities and subject to a non-exclusive 30 foot wide easement for aircraft ingress and egress, and utilities shown on Exhibit "C" (the "Zia Premises") and otherwise keeping and reserving for Wings all of its right, title, and interest under the City Lease Agreement with respect to the rest and remainder of the Leased Premises and the appurtenant, non-exclusive access easement shown on Exhibit "C".

2. **Agreement to Pay Rent and to Surrender.** In consideration of this Partial Assignment and other good and valuable consideration, Zia covenants and agrees to and with the City of Santa Fe and to and with Wings that it will fully and promptly pay any and all rent as and when due under the City Lease Agreement directly to the City of Santa Fe for and with respect to the Zia Premises and otherwise will fully and timely perform any and all covenants and obligations of the Lessee under the City Lease Agreement for and with

respect to the Zia Premises, and upon expiration or earlier termination of the City Lease Agreement that it will surrender the land of the Zia Premises to the City of Santa Fe.

3. **Further Assignment.** Wings and Zia covenant and agree that neither party shall assign or sublet all or any part of their respective portions of the Leased Premises under the City Lease Agreement without first submitting its intention of assignment or sublease in writing to the City of Santa Fe not less than sixty (60) days prior to consummation of the proposed assignment or sublease for the City of Santa Fe to either approve or disapprove of the assignment or sublease within such sixty (60) day time period as stated in original City Lease Agreement, which consent will not be unreasonably withheld. Until Zia's Promissory Note of even date herewith is fully paid, Zia may not assign or sublet any part of the Zia Premises without Wings' prior express written consent.

4. **Privity.** It is understood and agreed that, upon the written consent by the City of Santa Fe to this Partial Assignment, Zia will be in both privity of estate and privity of contract under the City Lease Agreement with the City of Santa Fe as Lessor.

5. **Cooperation, Right to Cure and Extension.** The parties covenant and agree that, with respect to the City Lease Agreement and their respective occupancies thereunder, they will fully and reasonably cooperate one with the other. Each party shall promptly give and cause the other to be given copies of any and all notices, correspondence, and other instruments from or with the City of Santa Fe, concerning the Leased Premises, the City Lease Agreement, or the Santa Fe Municipal Airport, or any part thereof. Each party shall have a right to cure any and all defaults under the City Lease Agreement by the other party and shall have a lien on the other party's portion of the Leased Premises from the date of advancement of costs to cure the other party's default until reimbursement of the costs to cure, which reimbursement shall be promptly made. Neither party will agree to any cancellation or modification of the City Lease Agreement, or any rights thereunder with respect to their separate portions of the Leased Premises, with the City of Santa Fe without first obtaining the prior express written consent of the other to any such proposed modification or cancellation. The parties will fully and reasonably cooperate with each other to cause the term of the City Lease Agreement to be extended for an additional fifteen (15) years at a fair and reasonable rental fee in accordance with its terms.

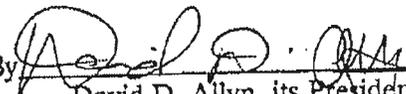
6. **Indemnification.** Wings covenants and agrees to indemnify, defend, and hold Zia harmless from and against any and all claims, demands, and actions taken against Zia by the City of Santa Fe under or with respect to the City Lease Agreement or Zia's property interest thereunder as a result of any default or claimed default under the City Lease Agreement by Wings. Zia covenants and agrees to indemnify, defend, and hold Wings harmless from and against any and all claims, demands, and actions taken against Wings by the City of Santa Fe under or with respect to the City Lease Agreement or Wings's property interest thereunder as a result of any default or claimed default under the City Lease Agreement by Zia.

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7. Notices. It is understood and agreed that each party hereto will be required to be sent a copy of any and all notices to either of them from the City of Santa Fe under the City Lease Agreement.

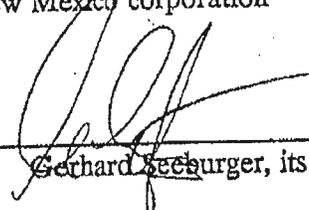
In witness whereof, Wings of Yesterday, Inc. has duly caused this instrument to be executed by its duly authorized officers.

WINGS OF YESTERDAY, INC.,
a Florida corporation (Assignor)

By 
David D. Allyn, its President

ACCEPTED AND AGREED:

ZIA AVIATION, INC.,
a New Mexico corporation

By 
Gerhard Seeburger, its President

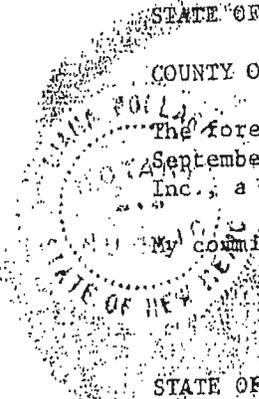
STATE OF NEW MEXICO)
) S.S.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 21 day of September, 1992 by David D. Allyn, President of Wings of Yesterday, Inc., a Florida corporation, on behalf of said corporation.

My commission expires: 4/29/94



Notary Public



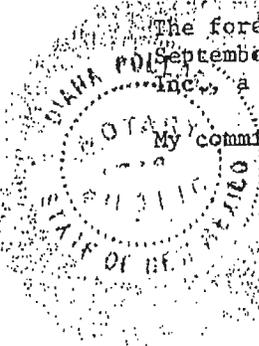
STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 21 day of September, 1992 by Gerhard Seeburger, President of Zia Aviation, Inc., a New Mexico corporation, on behalf of said corporation.

My commission expires: 4/29/94

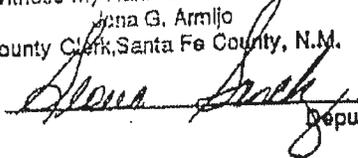


Notary Public



787,167
COUNTY OF SANTA FE) SS
STATE OF NEW MEXICO)
I hereby certify that this instrument was filed
for record on the 22 day of Sept A.D.
19 92, at 12:57 o'clock PM m.
and was duly recorded in book 852
page 234-245 of the records of
Santa Fe County.

Witness my Hand and Seal of Office
Jana G. Armijo
County Clerk, Santa Fe County, N.M.



Deputy



LEASE AGREEMENT

852228

1 THIS LEASE entered into at Santa Fe, New Mexico, this 19th day of
2 December, 1979, by and between THE CITY OF SANTA FE,
3 NEW MEXICO, a municipal corporation, hereinafter called "Lessor", and WINGS
4 OF YESTERDAY, INC., a Florida corporation authorized to do business in the
5 State of New Mexico, hereinafter called "Lessee", WITNESSETH:

6 WHEREAS, Lessor is now operating certain real property located in the
7 County of Santa Fe, State of New Mexico, known as Santa Fe Municipal Airport,
8 hereinafter called "Airport"; and

9 WHEREAS, Lessee is the owner of certain personal property consisting
10 of approximately 40,000 square feet of hangar and office buildings plus
11 fixtures known now as Wings of Yesterday Flying Air Museum located on land
12 belonging to the City of Santa Fe, and desires to sublease, assign, rent
13 and occupy certain portions of said buildings in order to conduct its
14 business operations. Sublessees, assignees or tenants shall be limited
15 to those engaging in appropriate businesses or activities. Appropriate
16 businesses or activities are those compatible with the interest of proper
17 airport development and operation.

18 NOW, THEREFORE, Lessor, for and in consideration of the promises,
19 covenants and agreements of the parties hereto as hereinafter set forth,
20 to be kept and performed by them respectively, the Lessor hereby leases to
21 the Lessee the tract of land described in Exhibit "A" attached hereto and
22 made a part hereof, consisting of five (5) acres, more or less.

23 1. Use of Airport and Option.

24 A. Lessor grants Lessee the exclusive use of that portion of the
25 airport premises described in Exhibit "A".

EXHIBIT "A"

852229

1 B. Lessee is granted the use, in common with other users, of
2 the airport, all common facilities, equipment, improvements and services
3 which have been or may hereafter be provided at or in connection with the
4 airport from time to time, including, but not limited to, the landing field
5 and any extensions thereof or additions thereto, roadways, runways, aprons,
6 taxiways, sewage and water facilities, flood lights, landing lights, beacons,
7 control tower, radio aids, and all other conveniences for flying, landing
8 and takeoffs.

9 C. Lessor also grants Lessee, its employees, customers, passengers,
10 guests and other invitees, in common with others, the use of all public space
11 in the terminal building of the airport as well as all additional public
12 space which may hereafter be made available therein and in any additions
13 thereto, and vehicular parking spaces located near the terminal building
14 in common with others.

15 D. Lessor grants to Lessee the right and option to lease an
16 additional three (3) acre tract of land on the airport immediately north
17 of and adjacent to the property described in Exhibit "A", which tract
18 shall be leased at the same rental rate per acre and subject to the same
19 terms and conditions as the land covered by this lease. The option shall
20 terminate two years from the date of this lease, and shall be exercised by
21 notice in writing given not less than sixty (60) days from the date the
22 option expires.

23 2. Term. The initial term of this lease shall be the period commencing
24 January 1, 1980, and ending at midnight on December 31, 1995, for a term of
25 fifteen (15) years, subject, however, to the option hereby granted by Lessor

1 to Lessee to renew this agreement for an additional term of fifteen (15)
2 years. The rental fee will be renegotiated at a fair and reasonable amount
3 at the time Lessee exercises the option to renew this lease. Lessee shall
4 notify Lessor in writing of its intention to exercise the renewal option not
5 less than three (3) months before the expiration of the initial term hereof.

6 3. Rent.

7 A. Lessee agrees to pay Lessor for the use of the premises,
8 facilities, rights, services and privileges granted hereunder an annual
9 rental equal to eight percent (8%) of the current market value of the land
10 to be leased, which rent shall be payable annually in advance on the first
11 day of January. It is agreed between the parties that the appraised value
12 as of January 1, 1980, is Thirty Thousand Dollars (\$30,000.00). It is also
13 agreed that this agreed-to appraised value shall not be used or construed
14 as precedent in future appraisals of the premises described in Exhibit "A"
15 or any other City owned land.

16 B. The annual basic rent as computed in subparagraph A above shall
17 be adjusted upward at the end of each five (5) year period of the lease by
18 an amount equal to any percentage increase in the cost of living index
19 published by the United States Bureau of Labor Statistics, or any successor
20 agency, over the base year 1980. In no event shall the annual basic rent be
21 less than the amount provided for in subparagraph A. At the time the Lessee
22 exercises any option to renew the lease, the Lessee shall provide an appraisal
23 of the leased property, at its expense, by a qualified real estate appraiser
24 acceptable to the Lessor.

25 C. As rent and consideration, and in addition to amount to be paid

1 under the foregoing, the Lessee agrees to pay the Lessor in a manner
 2 provided for hereinafter an amount equal to the percentage of the gross
 3 receipts from the Lessee's business at the Santa Fe Municipal Airport under
 4 the schedule hereinafter set forth:

5	January 1, 1980 - January 1, 1981	.5%
6	January 1, 1981 - January 1, 1982	1%
7	January 1, 1982 - January 1, 1983	1.5%
8	January 1, 1983 until termination	2%

9 Gross receipts shall include all revenues collected from the Lessee's
 10 business operation exclusive of all revenues derived from admission fee to
 11 the air museum or any aerial demonstration or air show conducted by the
 12 Lessee in conjunction with its air museum operation or sale of capital
 13 equipment or assets.

14 D. In addition to amounts to be paid under the foregoing, Lessee
 15 agrees to pay the Lessor an amount equal to one percent (1%) of the retail
 16 charge of all aviation gas and jet fuel pumped from fuel tanks owned by the
 17 Lessee, exclusive of any aviation fuel purchased from another Lessee at the
 18 Santa Fe Municipal Airport where a fuel flow fee has been paid to the Lessor.

19 E. The Lessee shall submit payments to the Lessor, as specified
 20 in Section 3, Paragraphs C and D, one (1) month and five (5) days after
 21 the normal collection of the gross receipts by the Lessee.

22 4. Lessee shall submit to the Lessor a statement of gross receipts
 23 of the Lessee for its most recent fiscal year beginning January 1, 1981.
 24 The Lessor agrees that said financial statement shall be confidential, and
 25 the Lessor agrees that it will not, nor will its employees, agents or servants,

1 disclose information contained therein to any other person or entity.

2 5. The Lessor may inspect at the Lessee's principal place of business
3 in Santa Fe, New Mexico, during normal business hours of 8:00 a.m. to 5:00
4 p.m., the records of the Lessee pertaining to the gross receipts of the Lessee
5 generated at Santa Fe Municipal Airport as defined above. It is agreed that
6 the Lessor shall give the Lessee reasonable notice of said inspection so
7 that the Lessee may assemble said records. Any information Lessor receives
8 from examination of said records shall be confidential, and the Lessor will
9 use said information solely for its own use, and the Lessor, its employees,
10 agents or servants, will not disclose said information to any other person
11 or entity.

12 6. No additional charge for the lease of the premises described in
13 Exhibit "A" shall be made against the Lessee or its tenants.

14 7. Museum Operation. Lessee, at its option, shall be entitled to
15 charge a reasonable admission fee for visitors to the flying air museum
16 or for those desiring to watch any aerial demonstration or air show conducted
17 by the Lessee in conjunction with its operations. Income from these sources
18 shall be the property of the Lessee.

19 8. Building by Lessee. Lessee, at its own expense, may construct,
20 install, alter, modify, repair and maintain in or on any space which is or
21 may be exclusively leased by Lessee hereunder, any buildings, structures or
22 improvements on the surface or underground including a well, providing water
23 rights are obtained by the Lessee, that it shall determine to be necessary
24 for use in connection with its business. No restrictions shall be placed
25 upon Lessee as to the architects, contractors or materialmen who may be

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1 employed by it in connection therewith, all of whom shall have free ingress
2 to and egress from the premises. Lessor, at its expense, shall bring or
3 cause to be brought all public utility services up to the property line of
4 all premises leased hereunder on which buildings, structures and improvements
5 have been, or may from time to time be, constructed or installed by Lessee,
6 and Lessee shall have the right to make connection therewith. Should Lessee
7 acquire or secure use of water rights under this paragraph, the Lessee agrees
8 to deed or quitclaim these rights to the City for use at the leased premises.

9 9. Improvements Remain Property of Lessee. Any additions or improve-
10 ments attached to or placed upon the leased premises by the Lessee shall be
11 considered as personal property, and shall remain the property of the Lessee
12 who shall have the right to remove the same from the premises on the expiration
13 of this lease. All trade furnishings, fixtures and equipment in the leased
14 premises which are supplied and installed at the sole expense of Lessee
15 shall remain Lessee's property. Lessee may remove these items, along with
16 the improvements, within sixty (60) days after termination or cancellation
17 of this lease, provided: (a) Lessee is not in default hereunder at the time
18 of termination, and (b) once removal is accomplished, the land is substantially
19 restored to the condition it was in at the time this lease was executed. Any
20 building, structure or other item not removed as provided shall become Lessor's
21 property.

22 10. Liability. Lessee agrees to save and keep Lessor harmless from
23 any and all liability, injury or damage due to negligence of Lessee or any
24 of its employees or representatives resulting from the use and occupancy of
25 said premises by said Lessee except that Lessee shall not be liable for loss

1 or damage to Lessor's property covered by Lessor's fire insurance or extended
2 coverage endorsement, including vandalism or malicious mischief. Lessee
3 agrees to obtain and keep in force throughout the term of this lease liability
4 insurance with limits not less than those required by the Tort Claims Act,
5 Sections 41-4-1 through 41-4-25, N.M.S.A., 1978, as amended, or as may be
6 amended. Lessee shall furnish current certificates of insurance in duplicate
7 to Lessor and Lessor shall furnish current certificates of insurance to
8 Lessee as regards fire or extended coverage endorsements, including vandalism
9 or malicious mischief.

10 11. Cancellation by Lessor. Lessor may cancel this lease by giving
11 Lessee thirty (30) days advance written notice, upon or after the happening
12 of any of the following events:

13 The filing by Lessee of a voluntary petition in bankruptcy; the adjudication
14 of Lessee as a bankrupt pursuant to such proceedings; the appointment of a
15 receiver of Lessee's assets; the divestiture of Lessee's estate herein by other
16 operations of law; the default by Lessee in the performance of any covenant or
17 agreement herein required to be performed by Lessee and the failure of Lessee
18 to remedy such default for a period of thirty (30) days after receipt from
19 Lessor of written notice to remedy the same; provided, however, that no
20 notice of cancellation, as above provided, shall be of any force or effect
21 if Lessee shall have remedied the default prior to receipt of Lessor's notice
22 of cancellation.

23 No waiver of default by Lessor of any of the terms or conditions hereof to
24 be performed, kept and observed by Lessee, shall be construed to be or act as a
25 waiver of any subsequent default of any of the terms and conditions herein

1 contained to be performed, kept and observed by Lessee.

2 12. Cancellation by Lessee. Lessee may cancel this agreement and
3 terminate any or all of its obligations hereunder at any time, by thirty (30)
4 days written notice, upon or after the happening of any one of the following
5 events:

6 The failure or refusal of the Federal Aviation Administration to grant
7 Lessee the right to operate into and from the airport; the breach by Lessor
8 of any of the covenants or agreements herein contained and the failure of
9 Lessor to remedy such breach for a period of thirty (30) days after receipt
10 of written notice of the existence of such breach; the inability of Lessee
11 to use the premises and facilities continuing for a longer period than thirty
12 (30) days due to any law or any order, rule or regulation of any appropriate
13 governmental authority having jurisdiction over the operations of Lessee; or
14 due to war, earthquake or other casualty; the assumption by the United States
15 government or any authorized agency thereof of the maintenance and operation
16 of the airport and facilities or any substantial part or parts thereof, so as
17 to impair the operations of Lessee's issuance by any court of competent
18 jurisdiction of an injunction in any way preventing or restraining the use of
19 the airport or any part thereof for airport purposes; any action of the Federal
20 Aviation Administration refusing to permit Lessee to operate into, from or
21 through the airport such aircraft as Lessee may reasonably desire to operate
22 thereon; the closing of the airport or any substantial part or parts thereof
23 which would impair the operations of Lessee.

24 No waiver of default by Lessee of any of the terms, covenants or
25 conditions hereof to be performed, kept and observed by Lessor shall be

1 construed to be or act as a waiver by Lessee of any subsequent default of any
2 of the terms, covenants and conditions herein contained to be performed, kept
3 and observed by Lessor.

4 13. Non-discrimination in Employment. In connection with the performance
5 of work under this lease, the Lessee agrees not to discriminate against any
6 employee or applicant for employment because of race, religion, sex, color
7 or national origin. The aforesaid provision shall include, but not be limited
8 to, the following:

9 Employment, upgrading, demotion or transfer; recruitment advertising;
10 layoff or termination; rates of pay or other forms of compensation; and
11 selection for training, including apprenticeship. The Lessee agrees to post
12 hereafter in conspicuous places, available for employees and applicants for
13 employment, notices to be provided by the contracting officer setting forth
14 the provisions of the non-discrimination clause.

15 14. Assignment and Sublease. Lessee may assign this agreement or any
16 part thereof, or sublease any premises herein, provided the Lessee submits
17 its intention of assignment or sublease, in writing to the Lessor not less
18 than sixty (60) days prior to the consummation of the sublease or assignment.
19 The Lessor shall either approve or disapprove of the sublease or assignment
20 within the sixty (60) day time period. The Lessor shall not unreasonably
21 withhold its consent to assignment or sublease.

22 15. Quiet Enjoyment. Lessor represents that it has the right to lease
23 the airport, together with the facilities, rights, licenses and privileges
24 herein granted, and has full power and authority to enter into this agreement
25 in respect thereof. Lessor agrees that, on payment of the rent and performance

1 of the covenants and agreements hereunder by Lessee, Lessee shall peaceably
2 have and enjoy the leased premises and all rights and privileges of the
3 airport, its appurtenances and facilities.

4 16. Surrender of Possession. Lessee agrees to yield and deliver to
5 Lessor possession of the premises leased herein at the termination of this
6 agreement by expiration or otherwise in good condition, except for reasonable
7 wear and tear, fire and other casualty, and Lessee shall have the right at any
8 time during this agreement and for sixty (60) days after the termination hereof
9 as provided above, to remove all fixtures and equipment and other property
10 installed or placed by it at its expense in, on or about the premises herein
11 leased, subject, however, to any valid lien which Lessor may have thereon for
12 unpaid rentals and fees.

13 17. Compliance with Laws and Regulations.

14 A. Lessee shall comply with all applicable municipal, state and
15 federal ordinances, laws, rules and regulations in using the premises.

16 B. Lessee agrees to observe and obey all reasonable regulations
17 imposed by Lessor during the term hereof, provided the same is consistent
18 with safety and does not conflict with the regulations and procedures
19 prescribed by the Federal Aviation Administration for operations of Lessee's
20 aircraft at the airport.

21 18. Relocation of Airport.

22 A. Lessor agrees that in the event the present airport and the
23 facilities in connection therewith are moved to another location, then and
24 in that event, this lease agreement shall cover the land and facilities at
25 the new location with substantially the same rights and obligations on the part

1 of both parties. Should Lessor relocate the runways and taxiways at the
 2 existing airport at any time during the period of this lease or any renewal
 3 thereof, the Lessee shall be given the same rights, privileges and access to
 4 the relocated facilities as are granted under the terms of this lease.

5 B. In order to provide a continuous parking apron to the southeast
 6 of Runway 20, the Lessor shall have the right to exclude from this lease portions
 7 of the leased land adjacent to the parking apron. In exchange for any such
 8 property reverted to Lessor, Lessor shall provide an equivalent amount of land
 9 along the southwest boundary of the property leased to the Lessee.

10 19. Notices. Notices to Lessor provided for herein shall be sufficient
 11 if sent by certified mail addressed to the City Manager, City of Santa Fe, Post
 12 Office Box 909, Santa Fe, New Mexico, 87501, and notices to Lessee, if sent by
 13 certified mail, addressed to Wings of Yesterday, Inc., c/o David D. Allyn,
 14 President, Rt. 6, Box 180 F, Santa Fe, New Mexico, 87501, or to such other
 15 respective addresses as the parties may designate to each other in writing
 16 from time to time.

17 IN WITNESS WHEREOF, the parties have caused this lease agreement to be
 18 executed the day and year first above written.

CITY OF SANTA FE, NEW MEXICO

19
 20 BY Arthur E. Trujillo
 21 ARTHUR E. TRUJILLO
 22 Mayor, City of Santa Fe
 (Lessor)

23 ATTEST:

24 Helen Trujillo
 25 HELEN TRUJILLO
 City Clerk

(S E A L)

852239

WINGS OF YESTERDAY, INC.

By David D. Allyn
DAVID D. ALLYN, President
(Lessee)

David D. Allyn
My Commission Expires 8/1, 1971

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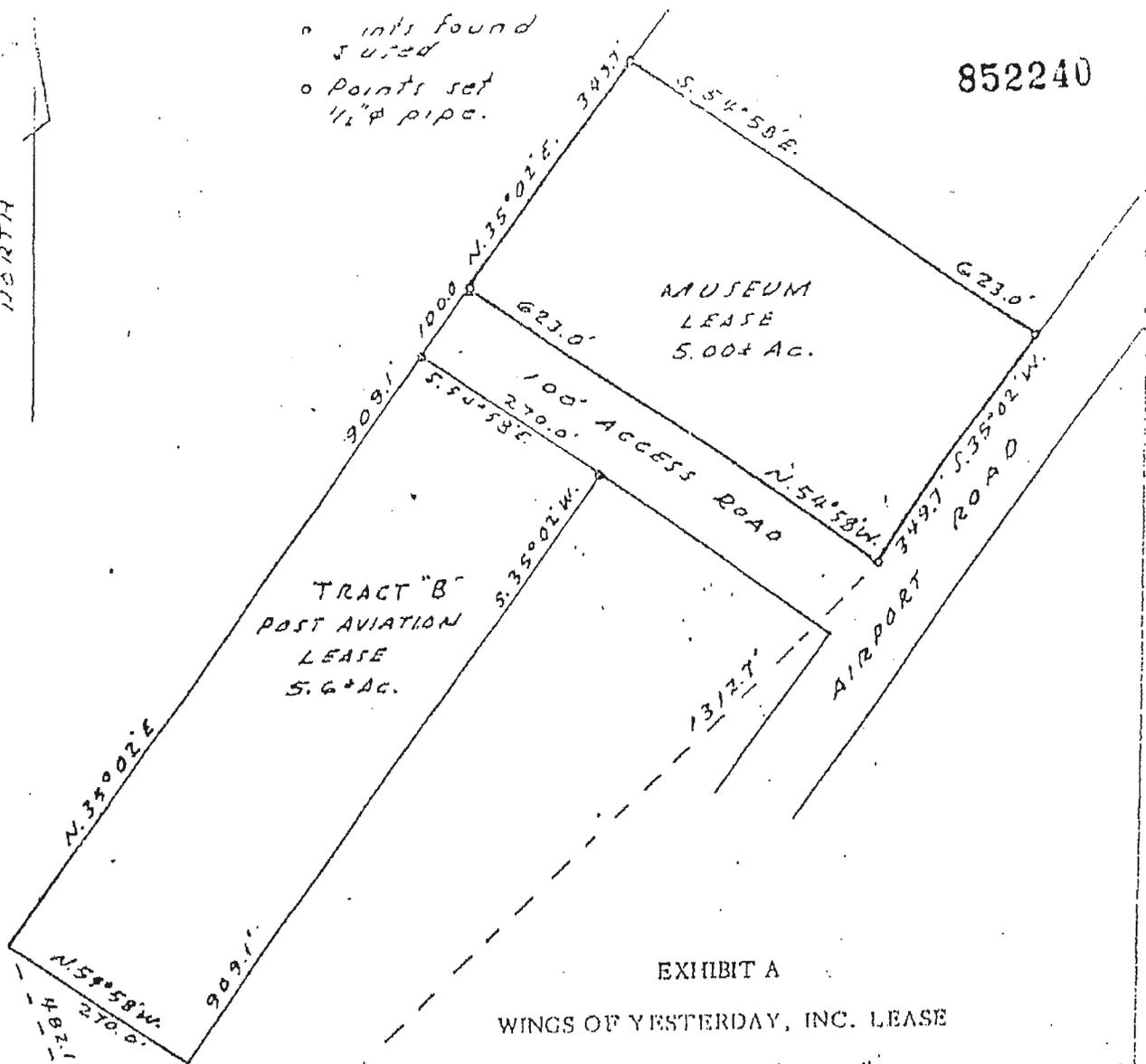


EXHIBIT A

WINGS OF YESTERDAY, INC. LEASE

I certify that the "MUSEUM LEASE" was surveyed by me and it is true and correct to the best of my knowledge and belief. E.A. Gonzales survey of 31 Oct, 1962 was used as basis for this survey.

Jack G. Horne
 REELS #BB9



Santa Fe Azimuth Marker, Brass disc set in concrete

2073	MUSEUM LEASE SURVEY FOR CITY OF SANTA FE
11-2-74	AT SANTA FE MUNICIPAL AIRPORT, SANTA FE CO. N.M.
3375	HORNE ENGINEERING CO., 210 CADIZ RD., SANTA FE, N.

CONSENT TO PARTIAL ASSIGNMENT

852241

A. The City of Santa Fe ("the City") and Wings of Yesterday, Inc. ("Wings") entered into that certain lease agreement dated December 19, 1979 (the "Lease Agreement"), for a portion of the Santa Fe Airport premises described on Exhibit "A" (the "Leased Premises").

B. Pursuant to terms of the Lease Agreement, Wings has the right to assign the Lease Agreement in whole or in part. Wings has requested the consent of City to the partial assignment of the Lease Agreement by Wings to Zia Aviation, Inc., a New Mexico corporation ("Zia") with respect to a portion of the Leased Premises described on Exhibit "B" and identified as the "Zia Aviation Lease Area" consisting of approximately 1.018 acres, with a non-exclusive easement for ingress, egress, and utilities (the "Zia Aviation Premises") subject to a non-exclusive 30 foot wide easement for ingress, egress, and utilities in favor of Wings and Henry Oliver, III and Wings' right, title, and interest under the Lease Agreement with respect to the rest and remainder of the Leased Premises and the appurtenant, non-exclusive access easement shown on Exhibit "B".

C. The City hereby consents to the partial assignment by Wings to Zia with respect to that portion of the Leased Premises identified as the Zia Aviation Premises. The City's consent herein is made upon the conditions (a) that such consent shall not be deemed a waiver for the future of subletting or of further assignments in whole or in part by Wings or Zia Aviation; and (b) that Zia Aviation's use of the Zia Aviation Premises shall be consistent with the uses permitted under the terms of the Lease Agreement.

D. City further agrees that all notices under the Lease Agreement shall be sent to the following addresses:

Wings of Yesterday, Inc.
c/o David D. Allyn
Route 20, Box 180F
Santa Fe Municipal Airport
Santa Fe, New Mexico 87501

Henry Oliver, III
Route 4, Box 51-B
Santa Fe, New Mexico 87501

Zia Aviation, Inc.
c/o Gerhard Seeburger
500 N. Guadalupe Street
Suite G-7
Santa Fe, New Mexico 87501

The City of Santa Fe, New Mexico,
a municipal corporation

Dated: 9/16/92

By Sam Pick
Sam Pick, Mayor

Attest: [Signature]
City of Santa Fe Clerk

Approved as to Form: [Signature]
City Attorney (Assistant)

EXHIBIT "B"
Page 1 of 3

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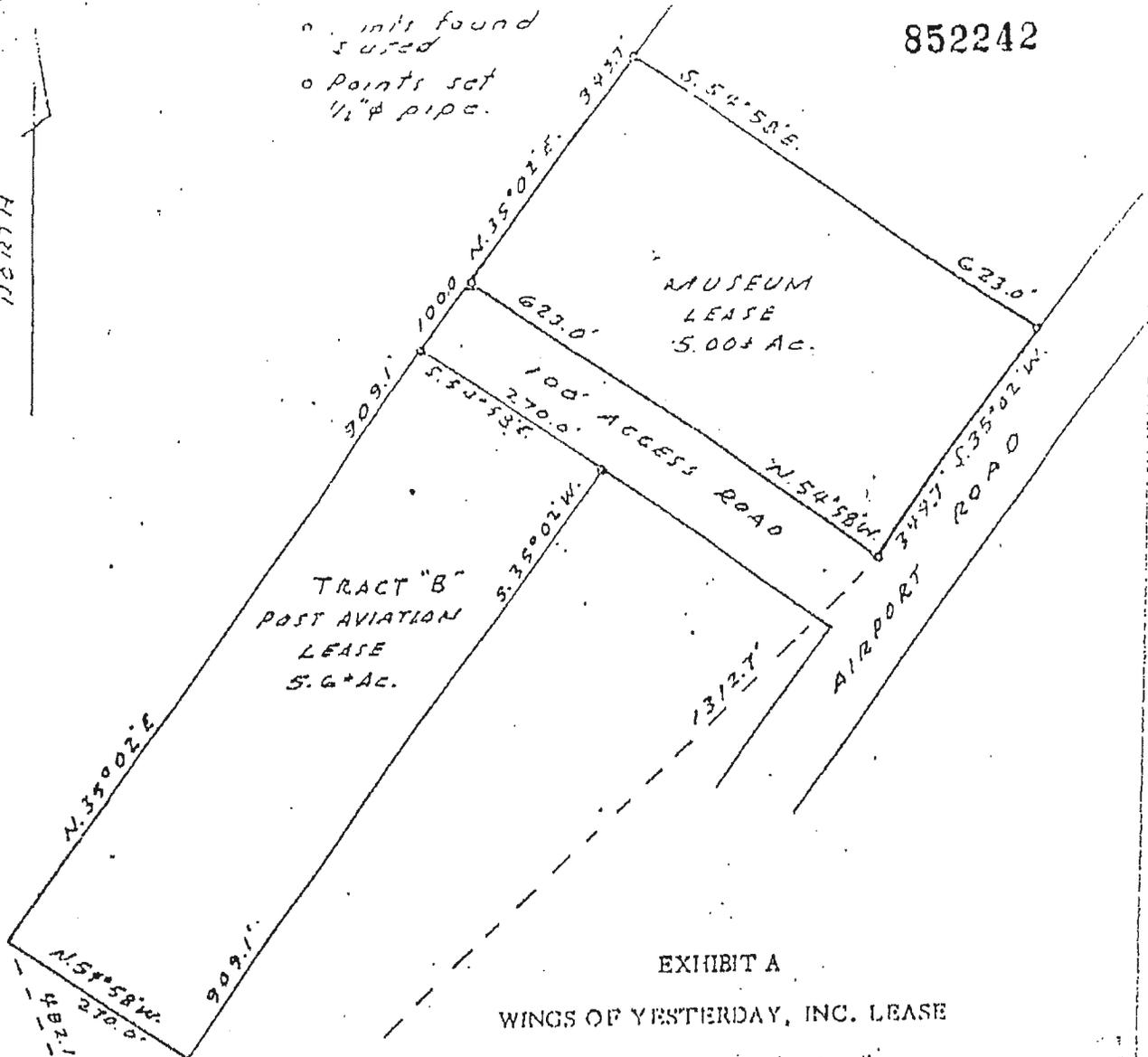


EXHIBIT A

WINGS OF YESTERDAY, INC. LEASE

I certify that the "MUSEUM LEASE" was surveyed by me and it is true and correct to the best of my knowledge and belief. E.A. Gonzales survey of 31 Oct. 1962 was used as basis for this survey.

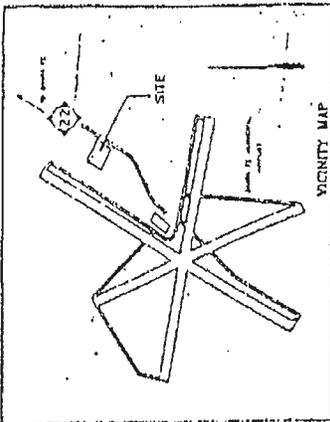
Jack G. Horne
REELS "BB9"

Santa Fe
Azimuth Marker,
Brass disc set
in concrete



EXHIBIT "B"
Page 2 of 3

10-73	MUSEUM LEASE SURVEY FOR CITY OF SANTA FE
11-2-64	AT SANTA FE MUNICIPAL AIRPORT, SANTA FE CO., N.M.
11-73	HORNE ENGINEERING CO. 310 S. 10TH ST. SANTA FE, N.M.



LEASE PLAN PREPARED FOR
ZIA AVIATION
AND
WINGS OF YESTERDAY, INC.
W-140N SEC 15, T16N, R3E, N40PM
SANTA FE MUNICIPAL AIRPORT
SANTA FE COUNTY, N.M.

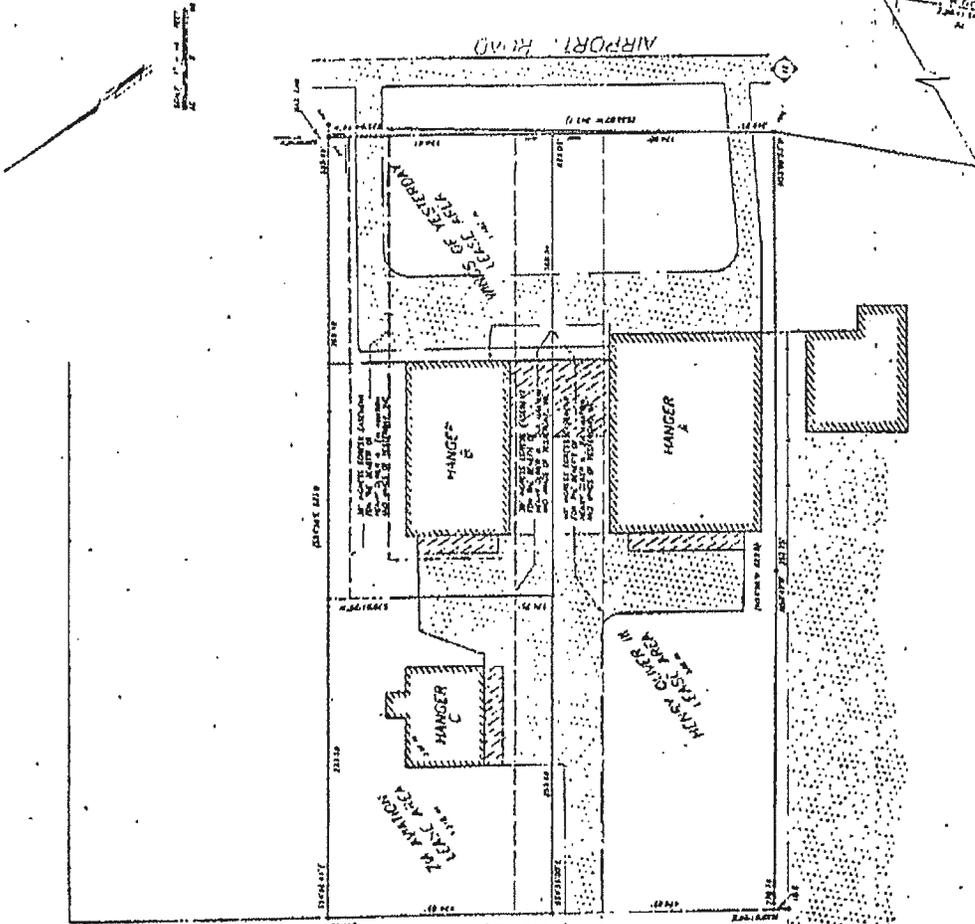


EXHIBIT "C"
Page 1 of 2

All that part of Section 15, T.16N., R.8E., NMPM, Santa Fe County, N.M. which said part may be more particularly described as follows:

Commencing at the most southerly corner of said part, which corner lies N. 45° 14' 00" E., 1312.59 feet; thence N. 35° 04' 19" E., 174.60 feet; thence N. 54° 58' 00" W., 369.34 feet more or less, from Brass Cap Santa Fe West Base
AZIMUTH;

Thence N. 54° 58' 00" W., 253.69 feet;
Thence N. 35° 01' 26" E., 174.85 feet;
Thence S. 54° 56' 41" E., 253.69 feet;
Thence S. 35° 01' 25" W., 174.75 feet to the point of commencement.
Containing 1.018 acres more or less.

All as shown and delineated on Plat of Survey entitled "Lease Plan prepared for Zia Aviation and Wings of Yesterday, Inc. within Sec. 15, T.16N., R.8E., N.M.P.M., Santa Fe Municipal Airport, Santa Fe County, N.M.", prepared by Gary E. Dawson, N.M.P.L.S. 7014 and dated July 15, 1992 ("Lease Plan").

Together with a nonexclusive easement for ingress, egress and utilities as shown on the above referenced Plat of Survey of the lease plan and attached hereto as Exhibit A, Page 2 of 2; and

Subject to reservation by Wings of Yesterday, Inc. of a nonexclusive thirty foot (30') wide easement for aircraft ingress, and egress and utilities over and under the area of land described as "Zia Aviation Lease Area" on attached Lease Plan.

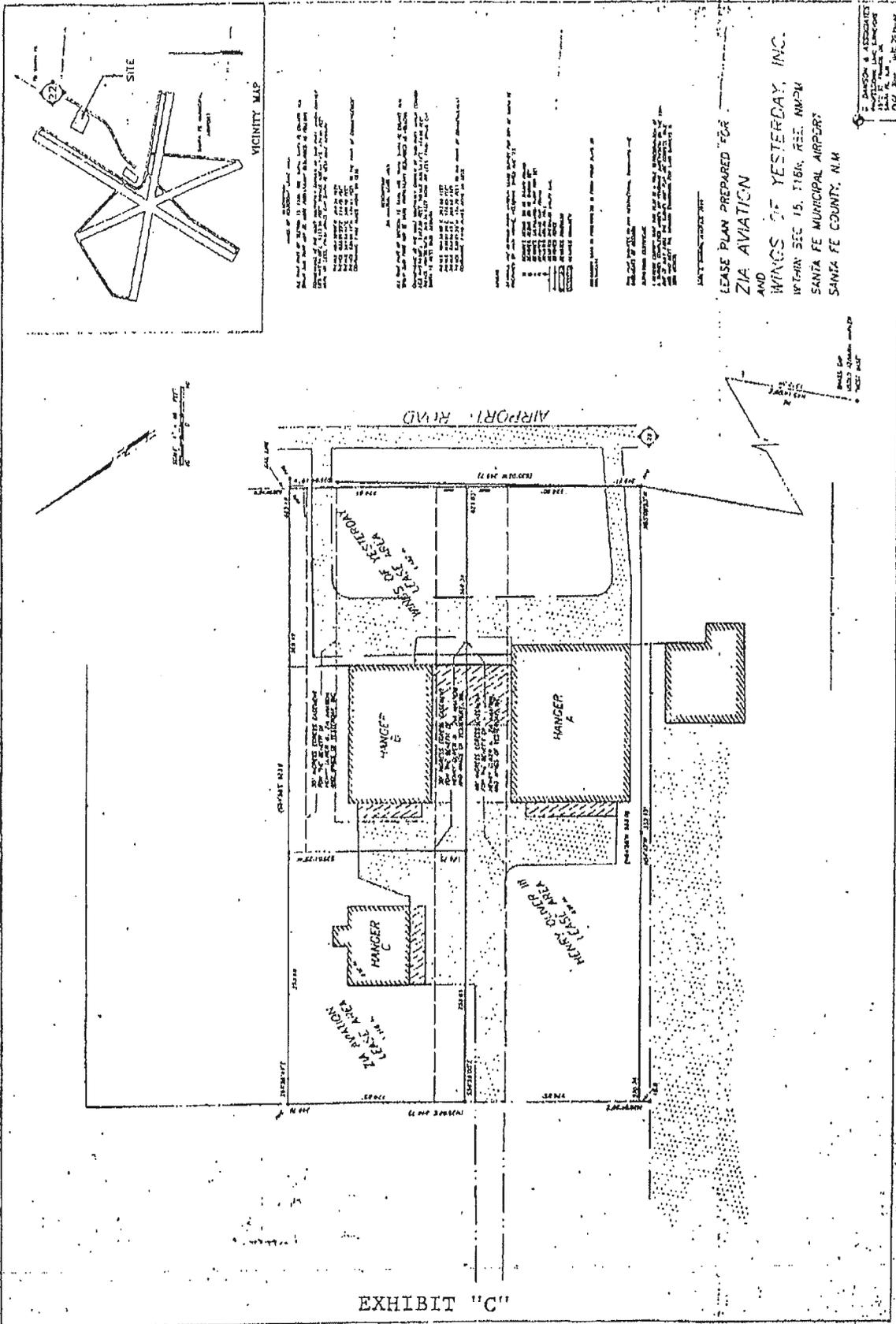


EXHIBIT "C"
Page 2 of 2

ACKNOWLEDGEMENT AND ESTOPPEL

This Acknowledgement and Estoppel (the "Acknowledgement") is made by and between THE CITY OF SANTA FE, New Mexico, a municipal corporation ("The City") and the LOS ALAMOS NATIONAL BANK, a national banking association ("Bank").

RECITALS

- A. The City is the owner of the real property described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"), and the holder of the lessor's interest under that certain Lease dated December 19, 1979, by and between The City of Santa Fe, New Mexico, a municipal corporation, as "Lessor", and Wings of Yesterday, Inc., ("Wings") as "Lessee" for a portion of the Santa Fe Airport premises described on Exhibit "A" (the Leased Premises). By that certain Renewal of Lease Agreement, the term of the Lease Agreement has been extended to December 31, 2010 as evidenced by Exhibit A-1.
- B. The City consented to the assignment by Wings to Zia Aviation, Inc. (Zia), of their interest in the Leased Premises being that portion of the Leased Premises identified in Exhibit A above. The City's consent herein is made upon the conditions (a) that such consent shall not be deemed a waiver for the future of subletting or of further assignments in whole or in part by Zia; and (b) that Zia's use of the Leased Premises shall be consistent with the uses permitted under the terms of the Lease Agreement.
- C. Bank is the mortgagee under, and holder of, that certain Leasehold Mortgage ("Mortgage") recorded on April 27, 1999, in Book 1633, Pages 480 - 483, Document No. 1071872, of the real property records of Santa Fe County, New Mexico, from Zia Aviation, Inc. as mortgagors, covering Zia's interest in and under the Lease, and the improvements on the Property, to secure that certain Promissory Note from Zia Aviation, Inc. to the Bank in the amount of \$121,600.00 (the "Note");
- D. Bank has required, as a condition to the making of the loan to Zia Aviation, Inc., that The City acknowledges this document as having full force and effect as between the Bank and Zia. The City further certifies that it will not interfere with the lawful execution of the provisions contained herein;

NOW, THEREFORE, in consideration of the above recitals, and the making of the loan by the Bank to Zia Aviation, Inc., the parties do covenant and agree as follows:

1. Acknowledgement to Leasehold Mortgage. The City acknowledges the Leasehold Mortgage from Zia to Bank. The Acknowledgement poses no liability to the city.
2. Notice of Certain Occurrences. The City shall simultaneously deliver to Bank a copy of any notice that the City sends, or causes to be sent, to Zia relating to any default, breach, or event, act or omission that with the giving of notice or passage of time could become a breach or default by Zia under the terms of the Lease.

3. Opportunity to Cure. Bank, and any other holder of the Leasehold Mortgage, shall have the right, but not the obligation, to (i) cure any event, act or omission complained of, within the same times provided in the Lease for the curing of same by Zia, and (ii) assume Zia's rights and duties under the Lease and enjoy and perform the same according to the terms of the Lease.

4. Estoppel.

a. The City hereby certifies that

(1) The Lease is presently in full force and effect and is unmodified;

(2) The term of the Lease, commenced effective December 19, 1979;

(3) No default or breach exists under the Lease and no act, omission or event exists or has occurred that with the passage of time or notice could become a default or breach under the Lease;

b. From time to time when reasonably requested by Bank, the City shall supply to Bank a statement containing the certification set forth in the preceding subparagraph (a) and otherwise setting forth the status of the Lease and compliance with the Lease by the Zia.

5. Notices. All notices, demands, or other writings required or permitted by this Consent to be given, made or delivered by either party shall be deemed to have been fully given, made and delivered if and when made in writing and either hand delivered or deposited with the United States Postal Service, certified mail, postage prepaid, return receipt requested, properly addressed to the City or Bank at their respective addresses set forth below. The address to which any notice, demand, or other writing may be given, made or delivered as above provided may be changed by written notice delivered by such party in the manner prescribed by this paragraph.

The City: CITY OF SANTA FE
P. O. Box 909
Santa Fe, NM 87504-0909

Bank: LOS ALAMOS NATIONAL BANK
Attn: Mark C. Pierce
P.O. Box 60
Los Alamos, NM 87544

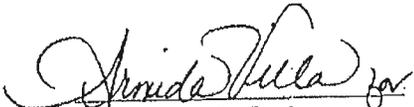
6. Captions. The captions appearing in this Consent are for convenience and reference only and are not a part of this Consent and do not in any way limit or amplify the terms and conditions of this Consent.

7. Full Agreement. This Consent constitutes the full and complete agreement between the parties, and there are no representations, promises, terms, conditions, covenants or agreements other than set forth herein. No amendment or modification of the Consent or any term, condition, covenant or agreement herein contained shall be valid unless reduced to writing and signed by the parties.

8. Governing Law. This Consent shall be governed by and interpreted under the laws of the State of New Mexico.

DATED _____

ATTEST:


City of Santa Fe Clerk

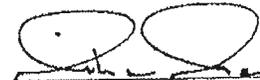
APPROVED AS TO FORM:


City Attorney


City Finance

THE CITY:

CITY OF SANTA FE, NEW MEXICO

By: 

DR. MIKE MIERZ
(Printed Name)

Title: CITY MANAGER

BANK:

LOS ALAMOS NATIONAL BANK

By: _____
Mark C. Pierce, Loan Officer

ACKNOWLEDGEMENTS

State of New Mexico)

County of Santa Fe)

This instrument was acknowledged before me on _____, 1999 by
_____, _____ on behalf of the City of Santa Fe.

Notary Public

My Commission Expires: _____

State of New Mexico)

County of Santa Fe)

This instrument was acknowledged before me on _____, 1999 by Mark
C. Pierce, Loan Officer of Los Alamos National Bank, on behalf of such bank.

Notary Public

My Commission Expires: _____

