

Agenda

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DATE 2/21/13 TIME 11:03am

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**AIRPORT ADVISORY BOARD
MEETING
SANTA FE MUNICIPAL AIRPORT
TERMINAL BUILDING
121 AVIATION DRIVE
THURSDAY, MARCH 7, 2013
4:00 PM**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF FEBRUARY 7, 2013 MINUTES
5. INTRODUCTION OF TRANSPORTATION DEPARTMENT DIRECTOR
6. REQUEST FOR APPROVAL OF LEASE AGREEMENT WITH TRI-STATE CARE FLIGHT
7. REQUEST APPROVAL OF STATE GRANT APPLICATION FOR RUNWAY 2/20 MIRL
8. REQUEST FOR APPROVAL OF LEASE AGREEMENT WITH UNITED AIRLINES.
9. AIRPORT REVIEW AND ASSOCIATED REPORTS:
 - AIRPORT ACTIVITY REVIEW
 - ATC TRAFFIC OPERATIONS/COUNTS REPORT
 - AIRPORT NOISE COMPLAINTS REPORT
 - AIRLINE ENPLANEMENT/DEPLANEMENT REPORT
 - MONTHLY AIRPORT REVENUE REPORT
10. ITEMS FROM THE FLOOR
11. ITEMS FROM THE BOARD
12. ITEMS TO BE DISCUSSED AT THE MARCH 7, 2013 AIRPORT ADVISORY BOARD MEETING
13. ADJOURN

***REMINDER: ALL PRESENTATION ITEMS BE LIMITED TO 5 MINUTES**

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520, five (5) working days prior to meeting date.

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AIRPORT ADVISORY BOARD

March 7, 2013

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MINUTES OF THE
CITY OF SANTA FE
AIRPORT ADVISORY BOARD MEETING

March 7, 2013

CALL TO ORDER

A regular meeting of the City of Santa Fe Airport Advisory Board was called to order by Carolyn Cook, Chair at 4:00 p.m. on this date at the Santa Fe Municipal Airport Terminal Building, 121 Aviation Drive, Santa Fe, New Mexico.

ROLL CALL

Roll call indicated the presence of a quorum for conducting official business as follows:

MEMBERS PRESENT:

Carolyn Cook, Chair
Richard Allison, Vice Chair
Elizabeth Hunke
Mark Miller
Bob Talarczyk

MEMBERS ABSENT:

Bill Sauter, excused
William Schmitt, resigned

OTHERS PRESENT:

Lois Amadar, Administrative Assistant
Bill Aneshensel, Aviation Association
Jim Montman, Aviation Division Director
Eli Suazo, Great Lakes SAF Station Manager
Bob Wood, Air Traffic Manager (Tower Control)
Jo Ann G. Valdez, Stenographer

Copies of the current roster were distributed in the Board Members' packets. Mr. Montman noted that the terms of the Board Members have been extended and William Schmitt has resigned from the Board; therefore there is one vacancy. The Board Members were asked to think of prospective candidates to fill the vacancy.

APPROVAL OF FEBRUARY 7, 2013 MINUTES:

The following changes were made to the Minutes of the February 7, 2013 meeting:

Page 4, first and second paragraphs, the word: "PSA" was changed to read: ***"Professional Services Agreement"***

Page 4, 2nd to last paragraph, Ms Hunke asked that the words: "United Regional Jet" be changed to read: "United ***Express***".

Page 6, top paragraph, last sentence was changed to read: ***"House Bill 29 is a bill that supports the reduction in taxes for aircraft repair stations."***

Upon a motion by Mr. Sauter, second by Mr. Allison members voted unanimously to approve the Minutes of February 7, 2013 as amended.

INTRODUCTION OF TRANSPORTATION DEPARTMENT DIRECTOR

Mr. Jon Bulthius was introduced to the Board. Mr. Bulthius is the Transportation Department Director.

Mr. Bulthius provided a brief history of his background noting that he has been employed by the City of Santa Fe for about 20 years. He said he has an educational background in transportation planning and engineering.

Mr. Bulthius noted that the City Manager has given him a recent assignment to assist both the Aviation and Parking Divisions with staff issues and with the transition of hiring a new Aviation Division Director and a new Administrative Assistant.

Mr. Bulthius said they are in the recruitment process for an Aviation Division Director and hopefully they will have someone to introduce at the next Board meeting. He said there are three excellent candidates that are coming in for interviews next week. The top three candidates were chosen by the Selection Committee.

Mr. Allison asked if anyone from this Board was on the Selection Committee.

Chair Cook said yes, she attended the interviews. She noted that all of the candidates have Part 139 experience.

REQUEST FOR APPROVAL OF LEASE AGREEMENT WITH TRI-STATE CARE FLIGHT

[Copies of the Memo to the Public Works Committee from Jim Montman dated February 22, 2013 were distributed in the Members' packets. A copy is hereby incorporated to these Minutes as Exhibit "A". Copies of the Lease Agreement and their proposal were attached.]

Staff requested approval of a Lease Agreement between the City of Santa Fe and Tri-State Care Flight LLC for the purpose of constructing a hangar, fuel storage tanks and related office space for private and business use at the Santa Fe Municipal Airport.

(Please see Exhibit "A" for the specifics of this presentation.)

Tri-State Care Flight is a corporation already operating on the airport which desires to build new facilities for their current and future aircraft.

Mr. Freier noted that the Lease Agreement is on the agenda for the Public Works Committee on Monday night.

Mr. Freier mentioned that this is a standard Lease Agreement and it has been signed by Tri-State Care Flight. He said the issue with the gas line has been resolved. The gas line will be sub-metered and Tri-State Care Flight will pay for any repairs that have to be done.

Mr. Talarczyk moved to recommend approval of the Lease Agreement with Tri-State Care Flight. Mr. Allison seconded the motion. The motion passed unanimously by voice vote.

REQUEST APPROVAL OF STATE GRANT APPLICATION FOR RUNWAY 2/20 MRL

This item was removed from the agenda because this was discussed and approved at the prior Board Meeting.

REQUEST FOR APPROVAL OF LEASE AGREEMENT WITH UNITED AIRLINES

[Copies of the Lease Agreement between the City of Santa Fe and United Airlines, Inc. were distributed in the Board Members' packets. A copy is hereby incorporated to these Minutes as Exhibit "B".]

United Airlines, Inc. would like to lease a certain area of the Airline Terminal Building, containing 70 square feet more or less. The premises include approximately 20 square feet more or less of floor space for installation and operation of an automated check-

in kiosk.

Mr. Freier mentioned that United Airlines, Inc. would like to have the counter space directly by American Eagle.

Mr. Sauter moved to recommend approval of Lease Agreement between the City of Santa Fe and United Airlines, Inc. Ms. Hunke seconded the motion. The motion passed unanimously by voice vote.

AIRPORT REVIEW AND ASSOCIATED REPORTS:

AIRPORT ACTIVITY REVIEW

ATC TRAFFIC OPERATIONS/COUNTS REPORT

AIRPORT NOISE COMPLAINTS REPORT

AIRLINE ENPLANEMENT/DEPLANEMENT REPORT

MONTHLY AIRPORT REVENUE REPORT

Ms. Hunke moved to suspend the Airport Activity Review reports so that the Board could discuss the federal sequestration [budget] cuts; and the FAA's proposal to eliminate Air Traffic Control services at the Santa Fe Airport. Mr. Allison seconded the motion. The motion carried unanimously by voice vote.

SEQUESTRATION CUTS

Copies of the following handouts regarding the sequestration cuts were distributed. These are incorporated herewith these Minutes as Exhibit "C":

- 1) *Letter from FAA (Federal Aviation Administration) dated March 5, 2013*
- 2) *Letter to the Honorable Ray LaHood, Secretary, US Department of Transportation dated March 7, 2013*
- 3) *AOPA – "Association urges better Cooperation with Aviation Industry" dated March 7, 2013*
- 4) *Handout regarding the "unintended consequences associated with reducing or eliminating Air Traffic Control services at airports; and airports served by Federal Aviation Administration Contract Towers are no exception."*

Mr. Wood said the letter from the FAA talks about the fact that the Santa Fe Municipal Airport is on the list of control towers to be closed.

A portion of the letter states:

"Thank you for your participation in the FAA Control Tower (FCT) Program. We regret to inform you that in order to implement the budget sequestration that went into effect on March 1, 2013, the FAA must make some critical decisions about funding the FCT Program.

We have identified and, on February 22, 2013, published a list of towers that had fewer than 150,000 total operations AND fewer than 10,000 commercial operations. We

anticipate that we will cease to fund on-site air traffic control services at the vast majority of these facilities.

Your airport falls below the above stated criteria based on Fiscal Year 2012 traffic count, and therefore the tower is on the list of those for which we may cease providing funding. Between now and March 13, 2013, the FAA is reviewing its list of locations where it plans to discontinue air traffic control services to identify any locations where the national interest is the only criterion the FAA will use for deciding to continue services to an airport that falls below the activity threshold. The FAA is unable to consider local community impact that does not affect the national interest."

Mr. Wood prepared and reviewed the handout regarding the "unintended consequences associated with reducing or eliminating Air Traffic Control services at airports; and airports served by Federal Aviation Administration Contract Towers are no exception".

Mr. Wood said without controllers in the tower, no one will be performing important functions-resulting in a significant impact on safety at these airports. Additionally, the tower provides more than separation services and safety alerts to pilots; there is a whole host of additional services they provide which contribute greatly to the safety and efficiency of the entire system. Please see his handout regarding the impacts that should be considered when contemplating reducing or eliminating Air Traffic Control services at airports served by FAA Contract Towers.

There was lengthy discussion regarding safety concerns of not having air traffic control tower services at the Santa Fe Municipal Airport. There was also discussion about the fact that this is important to Santa Fe's economy, particularly the tourism industry.

Mr. Wood said they are exploring the possibility of paying for air traffic control services, rather than FAA funding them.

Mr. Freier said if the Airport decides to do this, they would not qualify for federal funding.

Mr. Freier and Mr. Wood strongly encouraged the Board Members to write to their Congressional Delegation regarding the consequences of closing the Santa Fe Municipal Airport Control Tower.

Mr. Allison announced that there would be a meeting with Congressman Heinrich on Tuesday. He said they also hope to schedule a meeting with the Governor on Monday or Tuesday of next week.

Chair Cook offered to try and contact Senator Jeff Bingaman's and Senator Domenici's office.

ITEMS FROM THE FLOOR

Mr. Aneshensel noted that the Aviation Association of Santa Fe has published its first newsletter (*KSAF Airport News*) and will do so every 60 days.

[Copies of the March/April 2013 edition were distributed. A copy is hereby incorporated to these Minutes as Exhibit "D".]

Mr. Aneshensel said the next Aviation Association meeting is scheduled for this coming Saturday at 10:00 a.m. The New Mexico State Police aircraft division will make a presentation about search-and-rescue operations. Everyone is invited to attend.

Mr. Aneshensel announced that there will be a fly-out from KSAF to Raton, NM on April 6th. This includes an FAA WINGS Program educational presentation on "Aviation Weather & Briefings: What they didn't teach you in ground school."

Mr. Freier noted that the Airport opened Runway 10-28 yesterday and the FAA has to do a flight check. The lights will probably be turned on next week.

ITEMS FROM THE BOARD

Chair Cook announced that there would be a party for Jim Montman on May 3rd at 4:00 p.m. All are invited to attend. She noted that invitations were sent to the City Manager and to Mayor Coss.

Ms. Hunke reminded the Board Members that the County Zoning Code will be on the agenda for next month's meeting. She noted that she distributed copies of the Code at the prior Board meeting. She requested that the Board discuss this and provided feedback at the next meeting.

ITEMS TO BE DISCUSSED AT THE APRIL 4, 2013 AIRPORT ADVISORY BOARD MEETING


County Zoning Code for the Airport: *(8.11.6-Airport Noise Overlay Zone (O-AN))*

ADJOURNMENT

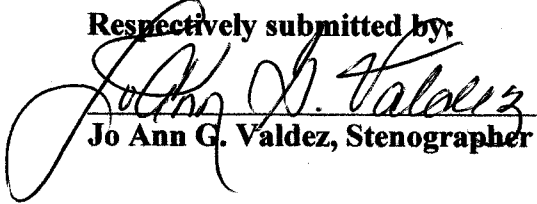
The next meeting of the Board will be held on April 4, 2013.

There being no further business to come before the Board, Ms. Hunke made a motion to adjourn the meeting, second by Mr. Sauter, the meeting was adjourned at 5:50 p.m.

Approved by:


Carolyn Cook, Chair

Respectively submitted by:


Jo Ann G. Valdez, Stenographer

City of Santa Fe, New Mexico

memo

DATE: FEBRUARY 22, 2013

TO: PUBLIC WORKS COMMITTEE

FROM: JIM MONTMAN, AIRPORT MANAGER

VIA: JON BULTHIUS, TRANSPORTATION DEPARTMENT
DIRECTOR

ITEM & ISSUE:

Request for approval of a Lease Agreement between the City of Santa Fe and Tristate CareFlight LLC for the purpose of constructing a hangar, fuel storage tanks and related office space for private and business use at the Santa Fe Municipal Airport.

BACKGROUND & SUMMARY:

Tristate CareFlight LLC is requesting to lease .382 acres more or less of Airport property consisting of one parcel, for the purpose of constructing an aircraft hangar, fuel storage tanks and related office space for private and business use. Tristate CareFlight is a corporation already operating on the airport which desires to build new facilities for their current and future aircraft. They wish to build one executive style hangar unit on the property along with supporting office space. A copy of their proposal and the proposed lease agreement are attached.

The term of the proposed Lease Agreement is twenty years with two ten-year renewal options at a rental rate of fourteen cents per square foot, a rate similar to other recent airport lease agreements and validated by appraisal. Approving this Lease Agreement will result in revenues for the airport of \$2,324 per year plus 2% of Gross Receipts initially. The agreement has standard provisions for adjusting the rental rate upwards every three years.

The proposed lease agreement commits one 16,600 square foot newly-designed parcel for Tristate CareFlight LLC use. The area of the proposed leasehold is within an area previously leased to the Civil Air Patrol for a similar use. The area is master planned only for "pavement removal" in the future. However when we update the Master Plan in

the next year or two, this designation will be changed and this property will be integrated into the plan with no impact on other currently envisioned plans for the area. Vehicular access to the vicinity of the lot can be accommodated via existing gates and paved roads, however final access to the lot is not paved at this time. Paving of a desired access route is the responsibility of the Lessee and the Lease Agreement has plans and terms addressing this issue.

All utilities are the responsibility of the Lessee. Natural gas access is complicated by the fact that the nearest utility-owned line is over 2000 feet from the property. However, the City owns a line very near the property that serves the Airport Maintenance Facility and the Airport Fire Station. We have included terms in the agreement allowing the Lessee to hook up to the City line at no cost to the City, in exchange for sub-metering their use for billing purposes, and agreeing to pay for a fair share of any maintenance required on this line. This line has already been shared and was sub-metered to the Civil Air Patrol many years ago so it is not a unique situation. The difference here being we are requiring the Lessee in the proposed agreement to participate in costs associated with operating the line, something that was not done in the distant past.

There is a taxiway serving the property at this time, and the Lessee is required to build an access to that taxiway on City property, such access to become the responsibility of the Airport on completion.

The property has been appraised at a value of \$23,000. According to Section 3-54-1 NMSA 1978, any lease of municipal property having an appraised value in excess of \$25,000 must be ratified by ordinance. Therefore an ordinance ratifying this Lease Agreement is not required.

The Airport Advisory Board will have reviewed the Tristate CareFlight LLC proposal on March 7, 2013.

ACTION REQUESTED:

Request approval of a Lease Agreement between the City of Santa Fe and Tristate CareFlight LLC, for the purpose of constructing a hangar, fuel storage tanks and related office space for private and business use at the Santa Fe Municipal Airport.

LENGYEL
&
ARCHITECTS
PLANNING

January 14, 2013

Mr. Jim Montman
Aviation Division Director/Airport Manager
121 Aviation Dr.
Santa Fe, NM 87507

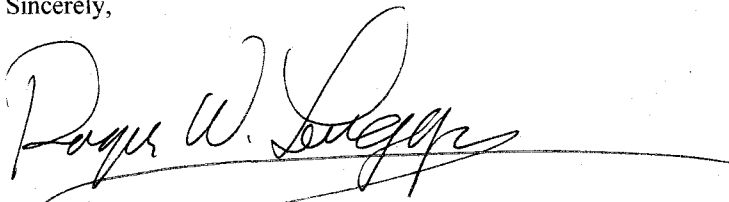
Re: Ground Lease for a New Hangar Facility for TriState CareFlight

Dear Mr. Montman,

This letter is to request a Ground Lease for TriState CareFlight, LLC. The attached documents are for your review and comment. TriState CareFlight is planning to construct a hangar to house their helicopter, offices and living quarters for their crew. The site is located just southwest of the CAP Hangar and comprises a lot covering 16,660 sq. ft. Dawson Surveys have completed the legal description of the site, and we are including the Appraisal by Jeff Hanus. Use of the property will be "revenue generating".

Thanks you for your consideration. Call with any questions at 505-471-3443 or E-mail us at rogerlengyel@aol.com

Sincerely,



Roger W. Lengyel
Lengyel and Associates
Architecture and Planning

Attachments: Description of TriState CareFlight, LLC lease parcel created by Dawson Surveys (Exhibits A & B),
Proposed Site Plan prepared by Lengyel and Associates (Exhibit C)
Appraisal prepared by Jeffery Hanus (Exhibit D)

**SANTA FE MUNICIPAL AIRPORT
LEASE AGREEMENT
TriState CareFlight, LLC**

THIS LEASE AGREEMENT, is made and entered into by and between the CITY OF SANTA FE, NEW MEXICO, a municipality and political subdivision of the State of New Mexico, hereinafter (the "Lessor"), and TriState CareFlight, LLC, hereinafter (the "Lessee"). The date of this Lease Agreement shall be the date when it is executed by the Lessor.

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 a corporation desirous of constructing a hangar and related office space for the purpose of conducting a business and storing private and business owned aircraft; 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. **PREMISES** Lessor does hereby lease unto the Lessee the exclusive rights to the described premises and facilities at the airport, the lot (Exhibit "B") prepared by Dawson Surveys, dated 10/26/2012, more particularly described on Exhibit "A" attached hereto, containing approximately .382 acres (16,660 square feet) more or less, together with right of access, ingress-egress thereto.

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

A. Lessee shall use the Premises solely for the purpose of constructing an aircraft hangar, above-ground fuel storage tanks, and related office space for its own private or business use. Private use means storage of privately owned aircraft and fuel. Business use means operation of Lessee's aircraft of any type for hire. Fuel stored on the Premises is for the exclusive use of Lessee and shall not be sold, bartered or otherwise conveyed to others for any reason or purpose. No vehicles of any type shall be parked on the Premises or inside the hangar except for those used for transportation to and from the Premises. No long-term parking or storage of any other vehicle shall be permitted unless specifically approved in writing as an exception by the Airport Manager, and unless the hangar's primary use remains as aircraft storage. Lessor reserves the right to revise vehicle parking provisions of this Article 2A at any time Lessor may deem necessary.

B. The Lessee shall have the right to erect and maintain one building consisting of one aircraft hangar and related office space upon said premises as depicted on Exhibit "B" attached hereto, provided such building is consistent with the Airport Master Plan (as

amended), Airport Minimum Standards Ordinance (as amended), the Building Code requirements of the New Mexico Construction Industries Division, the Building Code requirements of the City of Santa Fe, and any City of Santa Fe or Santa Fe County ordinance now in effect. Title to such construction shall remain the property of the Lessee during the term of the lease and the Lessee shall have the right to remove the buildings and improvements at any time during the term of the lease. Upon expiration of this Lease Agreement, or as it may be amended in the future, the title to such construction, as remains, shall pass to the Lessor.

C. Lessee shall have the right to construct and install above-ground fuel storage tanks subject to the provisions of Article 2A of this Lease Agreement. Lessee shall be required to use and maintain such fuel storage tanks in compliance with all applicable state and federal regulations.

D. Lessee shall, at its own expense, prepare plans and specifications for the total project which shall be submitted to and approved by the Airport Manager prior to any construction commencing. Lessor assumes no liability or responsibility for any defect in any structure constructed from such plans or specifications.

E. Lessee must start construction of the hangar within 6 (six) months of the date of this Lease Agreement, and complete construction within 12 (twelve) months after the start of such construction or this Lease Agreement will be null and void, provided, however, that the start and completion times may be extended on a day for day basis for delays caused by adverse weather or other unforeseen circumstances as determined by the Airport Manager.

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

G. Portions of the Premises are served by a taxilane the centerline of which is located no farther than 125' feet from the Premise. Lessee shall have the right to construct an apron or other pavement to provide access from said Premises to said taxilane, and at no cost to Lessor, providing such apron or similar pavement construction is consistent with: the Airport Minimum Standards Ordinance (as amended) the Building Code requirements of the New Mexico Construction Industries Division; the building code requirements of the City of Santa Fe; any City of Santa Fe or Santa Fe County ordinance now or hereafter in effect; existing lease agreement easements; and applicable FAA apron or pavement construction requirements and standards, if any. Title to such apron or pavement construction shall become the property of the Lessor upon completion of construction. Lessor will assume all responsibility for said pavement upon completion of construction.

H. The Premises is not directly served by any access road. Lessee shall have the right to construct an access road or other pavement to provide access to said Premises as shown on Exhibit "C" attached hereto, and at no cost to Lessor, providing such access road or pavement construction is consistent with: the Airport Minimum Standards Ordinance (as amended) the Building Code requirements of the New Mexico Construction Industries Division; the building code requirements of the City of Santa Fe; any City of Santa Fe or Santa Fe County ordinance now or hereafter in effect; and existing lease agreement easements; if any. Title to such access road or pavement shall become the property of the Lessor upon completion of construction. Lessee will assume all responsibility for maintenance and repair of said access road or pavement upon completion of construction.

I. The Premises is not directly served by any sewer line. Lessee shall

construct a new septic tank and field constructed to New Mexico Environment Department standards and approved by City of Santa Fe Wastewater Division.

J. 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, and for apron or other pavement construction described in Article 2, Paragraph G of this Lease Agreement. Lessee must receive prior written approval from Lessor for access road, gate and sewer construction described in Article 2, Paragraphs H, I and L of this Lease Agreement. 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.

K. 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.

L. Lessee shall control automobile and other access to any leasehold or airport ramp, apron, taxilane or similar property where aircraft operation of any type could reasonably be expected to occur by installing chain link fencing or modifying existing chain link fencing and by installing a minimum of one powered and code activated vehicle access gate of Lessee's choice subject to approval by the Airport Manager. This gate shall be secured by Lessee at all times. If automobile operations are not required, then said gate shall not be required at the sole discretion of the Airport Manager. At the sole discretion of the Airport Manager, alternative access control measures may be proposed by Lessee and approved by the Airport Manager. Access control as described in this Article 2L shall be approved in writing by the Airport Manager prior to commencing any construction on the Premises.

M. All individuals involved with the construction project are required to obtain training covering Airport Rules and Regulations before they will be allowed to enter Airport property behind the Airport Security Fence. Contact the Airport Manager's Office at 505-955-2900. Failure to obtain the required training shall be considered a violation of the Lease Agreement.

N. Should any individual(s) involved with the construction project on behalf of the Lessee fail to comply with all Airport Rules and Regulations after being given one notice of such violations, in writing, work shall cease on the construction project and all individuals involved with the construction project shall be banned from entering Airport property inside the Airport Security Fence for the purpose of continuing work until the issues at hand are resolved to the satisfaction of the Airport Manager. Continued failure to comply with Airport rules and regulations shall be considered a violation of the Lease Agreement and at the sole discretion of the Airport Manager, the Contractor shall be permanently banned from Airport property located behind the Airport Security Fence.

O. Earth Fill Material; Earth fill material may be purchased for \$5.00 per cubic yard from the Airport.

P. Lessee shall have the right to connect to the nearest natural gas line

owned and operated by the City of Santa Fe for the sole purpose of providing natural gas service to the Premises. Such connection and related natural gas service shall be at no cost to the City of Santa Fe. Lessee shall enter into an agreement with the natural gas provider for construction, sub-metering and billing related to this natural gas service at no cost to the City of Santa Fe. In return for Lessee's use of the City of Santa Fe's natural gas line, Lessee agrees to pay for any and all maintenance required on the City owned natural gas line, prorated by an amount equal to Lessee's natural gas consumption via said line compared to total natural gas consumption via said line.

3. TERM OF LEASE

A. Term. This Lease Agreement shall be for a twenty (20) year term beginning when executed by the Lessor, and terminating on _____. 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. Option to Renew. The Lessor hereby grants to Lessee the option to renew this Lease Agreement for two additional ten (10) year terms. 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 5, Paragraph A and Paragraph B of this Lease Agreement. Provided, however, that at such time as either option is exercised this Lease Agreement will be amended to conform to all federal and other 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 the City of Santa Fe for use of the Premises.

C. Termination. 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 30 days 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.

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 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 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 set forth 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 fourteen cents per square foot (\$0.14 X 16600) for the Premises which equates to \$2,324 (two thousand three hundred twenty four dollars) per year.

B. Schedule of Payments for Ground Space Rent. The fixed rentals as provided in Article 5, Paragraph A shall be payable to the Lessor on an annual basis on the first day of the first month of the year. 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. 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.

D. Late Payment Penalty. If the fixed rental payment as provided in Article 5 Paragraph A 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.

E. Percentage of Gross Receipts Fees. Lessee shall pay to Lessor the following: A sum equal to 2.0% of the adjusted gross receipts from all business conducted and carried on by Lessee. This fee applies to adjusted gross receipts associated with but not limited to transporting patients and/or other passengers associated with Lessee's operations pursuant to Federal Aviation Regulations Part 135. This adjusted gross receipts fee does not apply to business conducted and carried on by Lessee from other business locations owned and/or operated by Lessee. The term "adjusted gross receipts" as used in this Lease Agreement shall mean the aggregate amount of all sales made, and services 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 services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from adjusted gross receipts: (a) federal, state and municipal sales taxes, excise taxes, gross receipts taxes and all other similar taxes separately stated and/or collected from customers; (b) bad debts and uncollectible accounts. This adjusted gross receipts fee shall be increased or decreased at such time as any other similar Santa Fe Municipal Airport lease fee

is adjusted or implemented. This percentage of gross receipts fee is due and payable within 30 days of the end of each calendar year.

6. 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 require any corporation member, subcontractor or sub-lessee conducting business on the Premises to 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 require any corporation member, subcontractor or sub-lessee conducting business on the Premises to procure and maintain complete Worker's and Employer's Liability Insurance in accordance with New Mexico laws and regulations. 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's members 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. Certificates of Insurance for all insurance policies required under this Lease Agreement shall be provided to the Lessor within 30 days of the date of this Lease Agreement and 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.

7. 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.

8. CANCELLATION BY LESSOR

Lessor may cancel this Lease Agreement by giving Lessee written notice of any alleged default under or breach of the 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 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 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 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 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 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 use the Premises for the purposes set forth in

Article 2 Paragraph A, 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 Leased Premises and hold the same as if said Lease Agreement had never been made or issued.

9. CANCELLATION BY 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 activities at the Airport.

10. 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 individuals or corporations at the Airport regardless of any objection of the Lessee. The Lessor may relocate the Lessee at Lessor's expense if the physical development of the airport or the terminal requires relocation of the Lessee provided Lessor provides 60 days written notice to Lessee and the Lessor provides a location substantially similar in form and access. Lessor will compensate Lessee for any actual expenses of relocation incurred by Lessee, subject to Lessor's prior approval of such expenses.

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.

11. 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 activities.

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 members and guests.

B. Lessee or its members are authorized, but not required, to provide the following services and to engage in the following activities:

1. Private aircraft storage.

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.

12. 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. The Lessee shall be responsible for snow, rubbish, and trash removal and weed control along with any other work that detracts from the appearance of the Airport.

13. 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 private

parties who accept the terms of this Lease Agreement pursuant to any sublease agreement. A single sublease of more than sixty percent (60%) of the square footage of the leasehold for 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 operational requirements.

14. 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.

15. UTILITIES, REFUSE AND SEWER

Lessee is responsible for providing all installation and service costs for all utility needs including but not limited to electric, phone, refuse, water and sewer service at Lessee's sole expense. Lessee agrees that if in the future Lessor decides to provide refuse service, then Lessee will pay a reasonable and fair charge for such service. Until such time, Lessee shall be responsible for its own refuse disposal. Lessee is required to utilize Lessor's water and sewer services. Construction of any water well and/or septic system is specifically prohibited.

16. 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 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.

17. 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, 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 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 14 CFR Part 152 Subpart E, to the same effect.

18. AIRCRAFT SERVICE BY OWNER OR OPERATOR OF AIRCRAFT

No right or privilege has been granted which would prevent Lessee or sub-lessees from performing any maintenance, repair or self-fueling on its own aircraft as long as such work or services are not contrary to any Federal State or Local law, rule, regulation, now or hereafter in effect.

19. 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 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, 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. Lessee shall participate in the Santa Fe Municipal Airport Voluntary Noise Abatement Program.

D. 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.

E. 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 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.

20. 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. 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.

21. 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.

22. 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.

23. OBSTRUCTIONS

A. 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 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.

B. 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.

24. SIGNS

Lessee shall not erect or mount any signs on the Premises without approval of the Airport Manager.

25. 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.

26. 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.

27. APPROVALS, CONSENTS AND NOTICES

Any approvals, consents and/or 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:

TriState CareFlight,
2000 Hwy 95, Suite 210
Bullhead City, AZ 86442

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.

28. ARTICLE 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.

29. 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.

THIS SECTION IS INTENTIONALLY LEFT BLANK

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

LESSOR:
CITY OF SANTA FE:

David Coss, Mayor

Date: _____

ATTEST:

Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:

Judith Amer for

Geno Zamora, City Attorney

2/25/13

APPROVED:

Dr Melville L. Morgan, Finance Director

LESSEE:
TriState CareFlight, LLC
2000 Hwy 95, Suite 210
Bullhead City, AZ 86442

By: _____
(Name and Title)

Date: _____

ACKNOWLEDGMENT

STATE OF ARIZONA)

COUNTY OF _____) ss.
)

Subscribed and Acknowledged before me this _____ day of _____,
2013 by _____.

Notary Public

My Commission Expires:

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

LESSOR:
CITY OF SANTA FE:

David Coss, Mayor

Date: _____

ATTEST:

Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:

Geno Zamora, City Attorney

APPROVED:

Dr Melville L. Morgan, Finance Director

LESSEE:
TriState CareFlight, LLC
2000 Hwy 95, Suite 210
Bullhead City, AZ 86442

By: [Signature] Managing member
(Name and Title)

Date: 02-22-2013

ACKNOWLEDGMENT

STATE OF ARIZONA)

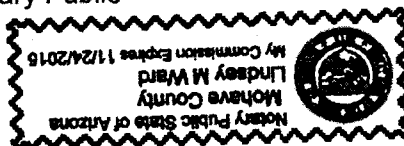
COUNTY OF Mohave)ss.

Subscribed and Acknowledged before me this 22 day of February
2013 by Dr. Blake Stamper

[Signature]
Notary Public

My Commission Expires:

11/24/2015



DESCRIPTION OF TRISTATE CAREFLIGHT LEASE PARCEL

ALL THAT PORTION OF THE SANTA FE MUNICIPAL AIRPORT PROPERTY
WITHIN SECTION 15, TOWNSHIP 16 NORTH, RANGE 8 EAST, N.M.P.M., SANTA
FE COUNTY, NEW MEXICO

WHICH PORTION MAY BE MORE PARTICULARLY DESCRIBED
AS FOLLOWS:

BEGINNING AT A 1/2" REBAR WITH CAP L.S. 13986, BEING THE NORTHWEST
CORNER OF SAID LEASE PARCEL, HAVING NAD 83 NEW MEXICO STATE PLANE
CENTRAL ZONE COORDINATES OF GRID N:1678523.088 GRID E:1689523.574,
LAT.:35°36'47.607"N LONG.:106°05'05.206"W WHICH LIES S24°47'56"W
5,180.78 FEET FROM NGS CONTROL STATION SANTAIR,

THENCE S57°07'36"E, 132.71 FEET;
THENCE S10°03'31"W, 110.46 FEET;
THENCE N79°56'29"W, 122.33 FEET;
THENCE N10°03'31"E, 161.92 FEET;

MORE OR LESS TO THE POINT OF BEGINNING, CONTAINING 16,660 SQ. FT OR
0.382 ACRES, MORE OR LESS, AS SHOWN ON EXHIBIT B ATTACHED HERETO.

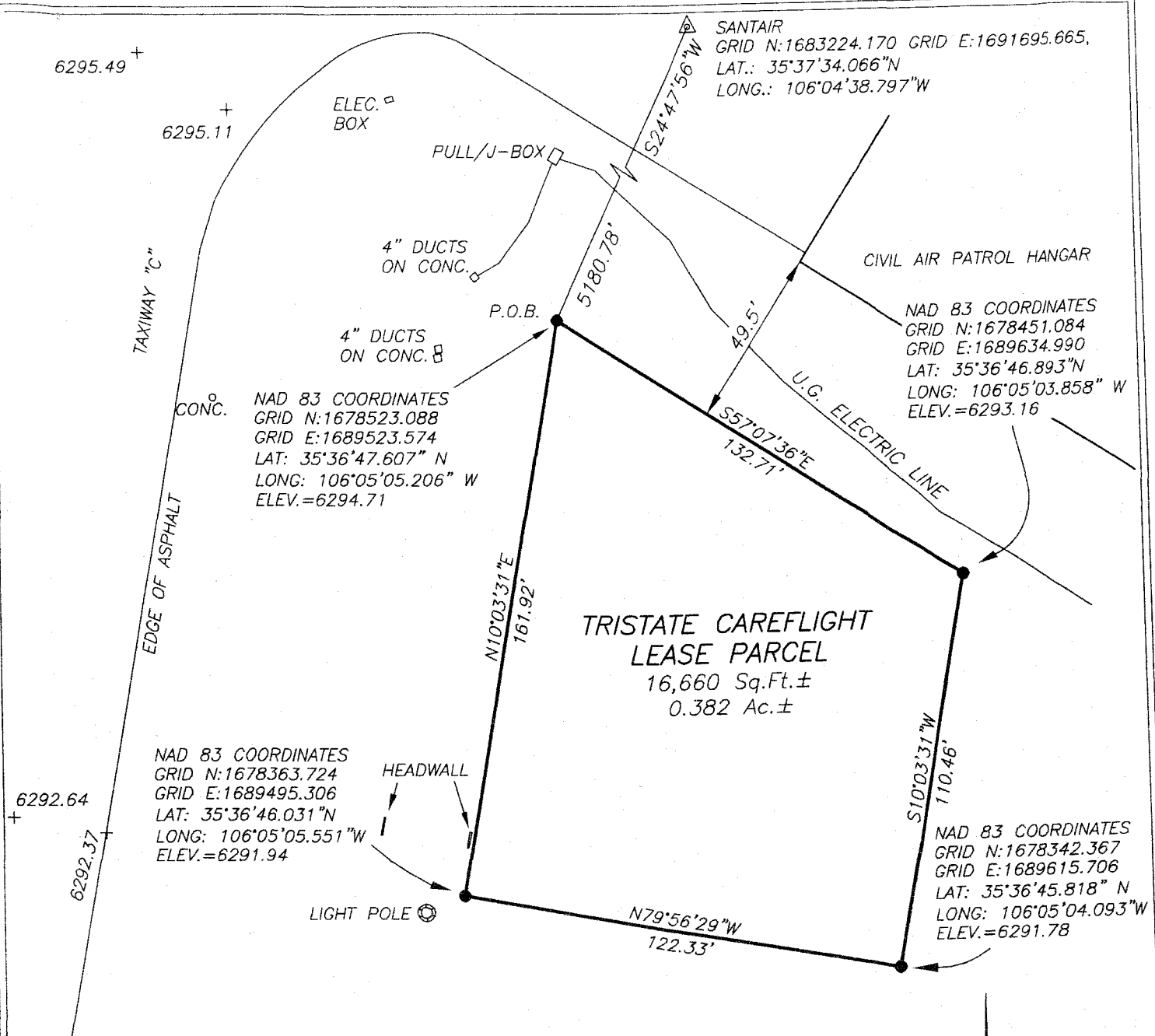
Diego J. Sisneros
DIEGO J. SISNEROS

10/26/2012

N.M.P.L.S. #13986



EXHIBIT A



LEGEND AND CONTROL REFERENCE

BEARINGS ARE GRID, REFERRED TO THE NEW MEXICO STATE PLANE COORDINATE SYSTEM NAD83(1992), CENTRAL ZONE. DISTANCES ARE REFERRED TO 6800' AMSL. TO CONVERT DISTANCES TO NMSPC, MULTIPLY BY 0.999583883.

ALL REFERENCE TO NAD83(1992) AND NAVD88(1992) DERIVED FROM "DAWSON" GPS BASE STATION N=1,687,626.870 E=1,708,833.475 ELE=6572.376', ESTABLISHED FROM SANTA FE COUNTY CONTROL STATIONS USING DATA FROM THE 1992 BLUEBOOK REPORT FOR NGS AND S.F. CO..

● DENOTES 1/2" REBAR WITH CAP L.S.13986

EXHIBIT

SHOWING TRISTATE CAREFLIGHT LEASE PARCEL
WITHIN THE SANTA FE MUNICIPAL AIRPORT PROPERTY
WITHIN SECTION 15, T.16N., R.8E., N.M.P.M.,
SANTA FE COUNTY, NEW MEXICO

EXHIBIT B

DAWSON SURVEYS INC.
PROFESSIONAL LAND SURVEYORS
2502 CAMINO ENTRADA
S.F., N.M. PH: 505-471-6660
FILE# 9137 DATE: 10/26/2012

Client#: 68137

8TRISCAR

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

02/23/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Willis of Colorado, Inc. 2000 South Colorado Boulevard Tower II, Suite 900 Denver, CO 80222	CONTACT NAME:		FAX (A/C, No): 303-722-8862	
	PHONE (A/C, No, Ext): 303 722-7776			
INSURED Tristate Careflight LLC 2000 Hwy 95 ste 210 Bullhead City, AZ 86442	E-MAIL ADDRESS:			NAIC #
	INSURER(S) AFFORDING COVERAGE			
	INSURER A: Hanover Insurance Company			22292
	INSURER B:			
	INSURER C:			
	INSURER D:			
INSURER E:				
INSURER F:				

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY						EACH OCCURRENCE \$
	<input type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$
	<input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR						MED EXP (Any one person) \$
							PERSONAL & ADV INJURY \$
							GENERAL AGGREGATE \$
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG \$
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						\$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS						PROPERTY DAMAGE (Per accident) \$
							\$
	UMBRELLA LIAB						EACH OCCURRENCE \$
	EXCESS LIAB						AGGREGATE \$
	<input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/>
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$
A	Property(Blanket) Special Form RCC			RH4907872801	09/10/2012	09/10/2013	\$2,358,180 Ded \$1,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Leased Hangar - Santa Fe New Mexico Airport 121 Aviation Drive Santa Fe NM

The City of Santa Fe New Mexico and Political Subdivision of the state of new Mexico are additional insured as respects Property coverage.

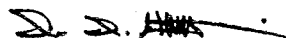
CERTIFICATE HOLDER

CANCELLATION

City of Santa Fe New Mexico
Political Subdivision of the
state of New Mexico
121 Aviation Drive
Santa Fe, NM 87507

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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Jeffry S. Hanus
Real Estate Appraiser · Residential, Commercial & Industrial

December 12, 2012

Mr. Jim Montman, Airport Manager
Santa Fe Municipal Airport
121 Aviation Drive, Suite 1
Santa Fe, New Mexico 87507

RE: Restricted Use Appraisal of Unnamed 16,662 Square Foot Lot, Located Directly South of Old Civil Air Patrol Hangar, Within the Santa Fe Municipal Airport Property, Santa Fe, New Mexico 87507 (Owner: City of Santa Fe; Legal Description: See Attached Site Plan)

Dear Mr. Montman:

At the request of Mr. Roger Lengyel, architect for TriState/CareFlight, I have physically inspected and analyzed the above referenced lot, relative to the approximate market value of its *leased fee estate* and *fee simple estate*, "as is". The definition of market value used in this appraisal assignment was taken from the FIRREA regulations under the OCC's final rules, known as 12CFR Part 34. I understand this appraisal will be used in determining the *leased fee* and *fee simple* interests in the subject property, subject to a potential long-term ground lease. It is also my understanding, the subject lot has not sold during the past five years, and that it is not currently listed for sale. Following are definitions of the three types of property ownership; *Leased Fee Estate*, *Leasehold Estate* and *Fee Simple Estate*, from The Dictionary of Real Estate Appraisal:

- | | |
|---------------------------------|--|
| <i>Leased Fee Estate</i> | An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; usually consists of the right to receive rent and the right of repossession at the termination of the lease. |
| <i>Leasehold Estate</i> | The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease. |
| <i>Fee Simple Estate</i> | Absolute ownership unencumbered by any other interest or estate; Subject only to the limitations of eminent domain, escheat, police power, and taxation |

Please note here that the *Leased Fee Estate* (Landlord's Interest) plus the *Leasehold Estate* (Tenant's Interest) equals the *Fee Simple Estate* (Unencumbered Interest). If a property is leased at "market" rents, the *leased fee estate equals* the *fee simple estate*, with the *leasehold estate* having no value. If, however, a property is leased at below "market" rents, then the *leased fee estate* is worth less than the *fee simple estate*, since there would be a positive *leasehold value*. Since the subject lot will be leased long-term, the City of Santa Fe's interest is, therefore, the *Leased Fee Estate*. This interest can be calculated by applying an appropriate overall market rate of return to the potential subject income stream (ground rent).

The subject property consists of a basically level, irregular rectangular lot, located on the south side of the Santa Fe Municipal Airport. According to the FEMA Flood Insurance Rate Map, the subject lot is not located within a 100 year flood plain. The physical street address for the subject lot is unknown, but is located off the south access road. According to the site plan, the northern boundary of the subject lot is 132' 9", the southern boundary is 122' 4", the eastern boundary is 110' 5" and the western boundary is 161' 11", for a total of approximately 16,662 square feet, or 0.3825 acre. The lot reportedly has city water, electric and natural gas available to it. The site will be served by a septic system, since city sewer is not yet available to the site. The subject site is located approximately 63' east of the south taxiway and just south of the old Civil Air Patrol Hangar, within the southern portion of the Santa Fe Municipal Airport. The subject site is currently vacant and available for its highest and best use, and is to be improved with a proposed, metal hangar building, containing approximately 3,450 square feet, a 12,000 gallon jet fuel storage tank, a 1,200 gallon septic tank with 1,500 gallon septic leach field, asphalt paving and seven on-site parking spaces. Off-site improvements include a new asphalt-paved apron connecting the subject site to the taxiway and a new culvert, based on information provided to the appraiser. The value of the subject improvements is not included in this appraisal. It has been assumed by observation, that soil conditions are stable and no contaminants are on site. The existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. No adverse site factors were noted to affect subject's marketability or value.

The estimated Highest and Best Use for the subject lot is as a continuation of its proposed use as a hanger site. This estimate is based in part on the subject I-1, Light Industrial Use zoning and the City of Santa Fe's Master Plan for the lot, which allows aviation-related uses, as well as the subject's location adjacent to a taxiway and other surrounding aviation-related and hanger uses within the immediate area.

Based on my analysis, and data contained in my office files, which includes sales and rentals confirmed directly by me, it is my opinion the subject site has an approximate "as is" *leased fee and fee simple* market value, as of November 28, 2012, of **\$23,000**, or approximately \$60,000 per acre, rounded.

This value conclusion is based on the value presented in the attached Income Capitalization Approach Summary. Since the subject lot is an income-producing property, the Income Capitalization Approach was utilized in arriving at a value conclusion. The Sales Comparison Approach is not considered applicable, due to the lack of *fee simple* land sales at the Santa Fe Municipal Airport, as well as the subject being encumbered by a long-term ground lease. The Cost Approach was not utilized since the subject of the appraisal is land value only.

Since the subject is tenant-occupied, "contract" rents will be analyzed to determine the subject's *leased fee estate* and "market" rents will be estimated to determine the subject's *fee simple estate*. Based on information provided to the appraiser, it appears virtually all of the ground leases at the Santa Fe Municipal Airport range from approximately \$.12 to \$.16 per square foot per year, depending on location, size and when the ground leases were executed. Since all of the ground leases at the airport fall within this narrow rental range, it appears that these "contract" rents are also "market" rents, and that the *leased fee estate* is therefore equal the *fee simple estate*.


Based on the relatively small size of the subject lot, as well as its somewhat inferior location within the southern portion of the Santa Fe Municipal Airport, it is the appraiser's opinion the middle of the rental range, or approximately \$.14 per square foot per year is the "market" rate for the subject. This estimate is further supported by analyzing the recently executed ground lease of two combined (larger), superior located lots, Lots L8 & L9A @ 20,250 SF @ \$.16/Square Foot/Year, in 2011.

Typical rates of return for other commercial ground leases written in Santa Fe range from about 8% up to 12%, with the majority in the 10% range. Based on typical rates of return for comparable properties in Santa Fe, it is the appraiser's opinion that a 10% rate of return is applicable for the subject ground lease. Please see the attached Income Capitalization Approach Summary for the above value conclusion calculations.

This Restricted Use Appraisal Report is limited in scope and as such, is intended only for your use as the client, and is not intended or authorized for anyone else's use. In addition, it is not to be construed as a Self-Contained appraisal, which would require more time, research, analysis and expense. It would also provide all the descriptions, data and analyses necessary for the reader to understand and arrive at a value conclusion. The appraiser has retained all supporting data in file, which is available for your inspection. I have completed several other similar appraisal assignments, valuing vacant sites at the Santa Fe Municipal Airport and along County Road 56 and am qualified to appraise the subject property.

I hope this Restricted Appraisal Report format will be adequate for your needs. Attached please find Income Capitalization Approach Summary, photographs of the subject property, Zoning, Location & Flood Map, Bing aerial photos and site plan, as well as my certification and qualifications. If you have any questions, please feel free to contact me.

Sincerely,


Jeffrey S. Hanus
New Mexico Certified General Appraiser

/jh
LTOV0812.jh

INCOME CAPITALIZATION APPROACH SUMMARY

Potential Income

Subject Lot @ 16,662 SF x \$.14/Square Foot/Year = \$2,333

Capitalization of Net Income

Net Income Divided by Overall Rate = Value

\$2,333 divided by .1000 = \$23,333

Rounded **\$23,000**

View of Subject Site Looking West



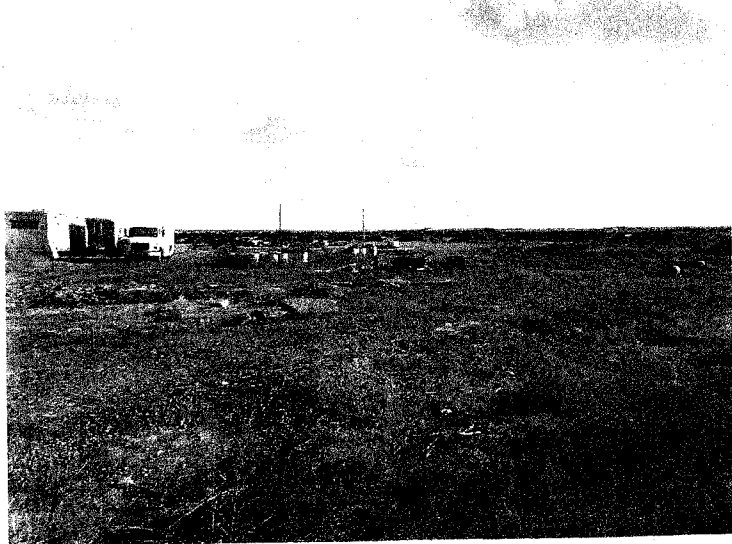
View of Subject Site Looking East



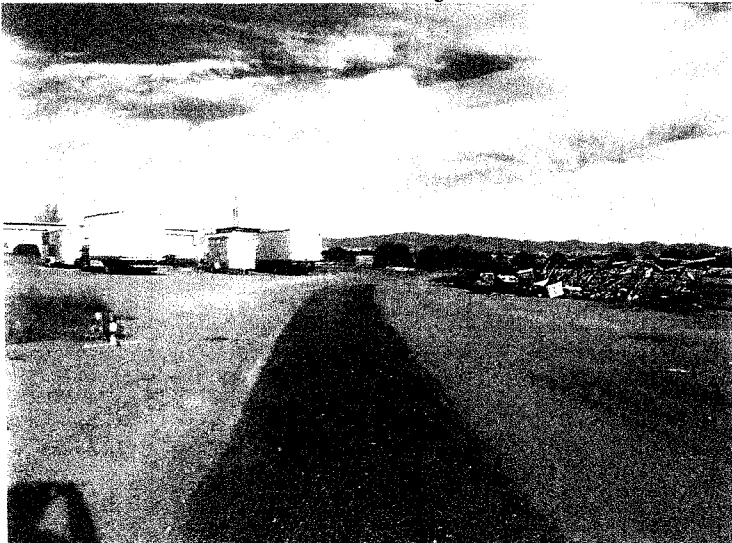
View of Adjacent Taxiway Looking North



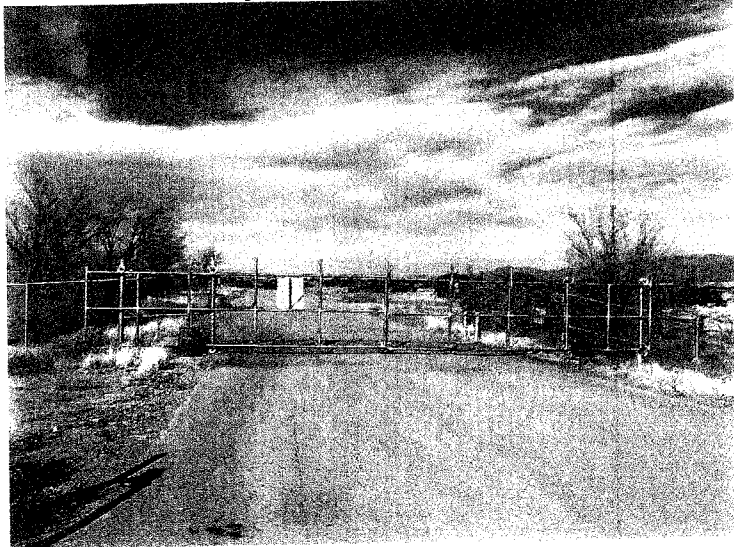
View of Subject Site From Taxiway



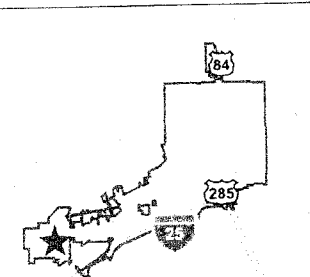
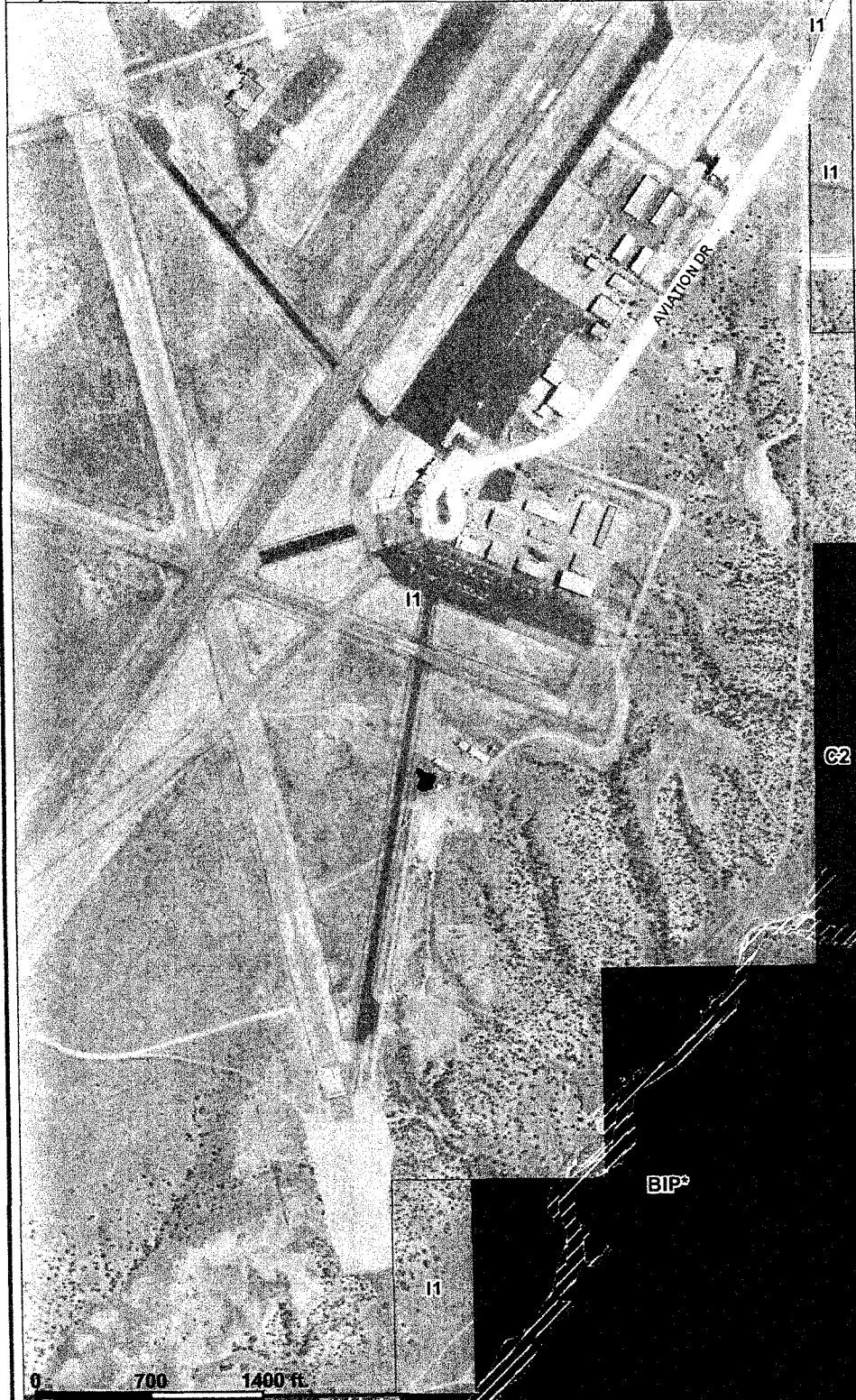
View of Access Road to Subject Site



View of Security Gate on Access Road



Zoning, Location & Flood Map



Legend

- City Limits
- Parcels
- Building Footprint
- Santa Fe River
- FEMA Preliminary Floodplain
February 18, 2011 (100 yr)
- Zoning**
 - RR Rural Residential
 - R1, (PUD) Single - Family 1du/ac.
 - R2, (DT), (PUD), (AC) Single - Family 2du/ac
 - R3, (PUD) Single - Family 3du/ac
 - R4 Single - Family 4du/ac
 - R5, (DT), (PUD), (AC), R6 Single - Family 5-6du/ac
 - R7, (I), (PUD), R8 Single - Family 7-8du/ac
 - RC5, RC5AC Compound 5du/ac
 - RC8, RC8AC Compound 8du/ac
 - R10, (PUD) Multiple - Family 10du/ac
 - R12, (PUD) Multiple - Family 12du/ac
 - R21, (PUD) Multiple - Family 21du/ac
 - R29, (PUD),(AC) Multiple - Family 29du/ac
 - RAC Residential Arts & Crafts
 - MHP Mobile Home Park
 - C1, (PUD) Office and Related Commercial
 - C2, (PUD) General Commercial
 - C4 Limited Office and Retail
 - HZ Hospital Zone
 - BCD Business Capital District
 - I1, (PUD) Light Industrial
 - I2 General Industrial
 - BIP Business Industrial Park

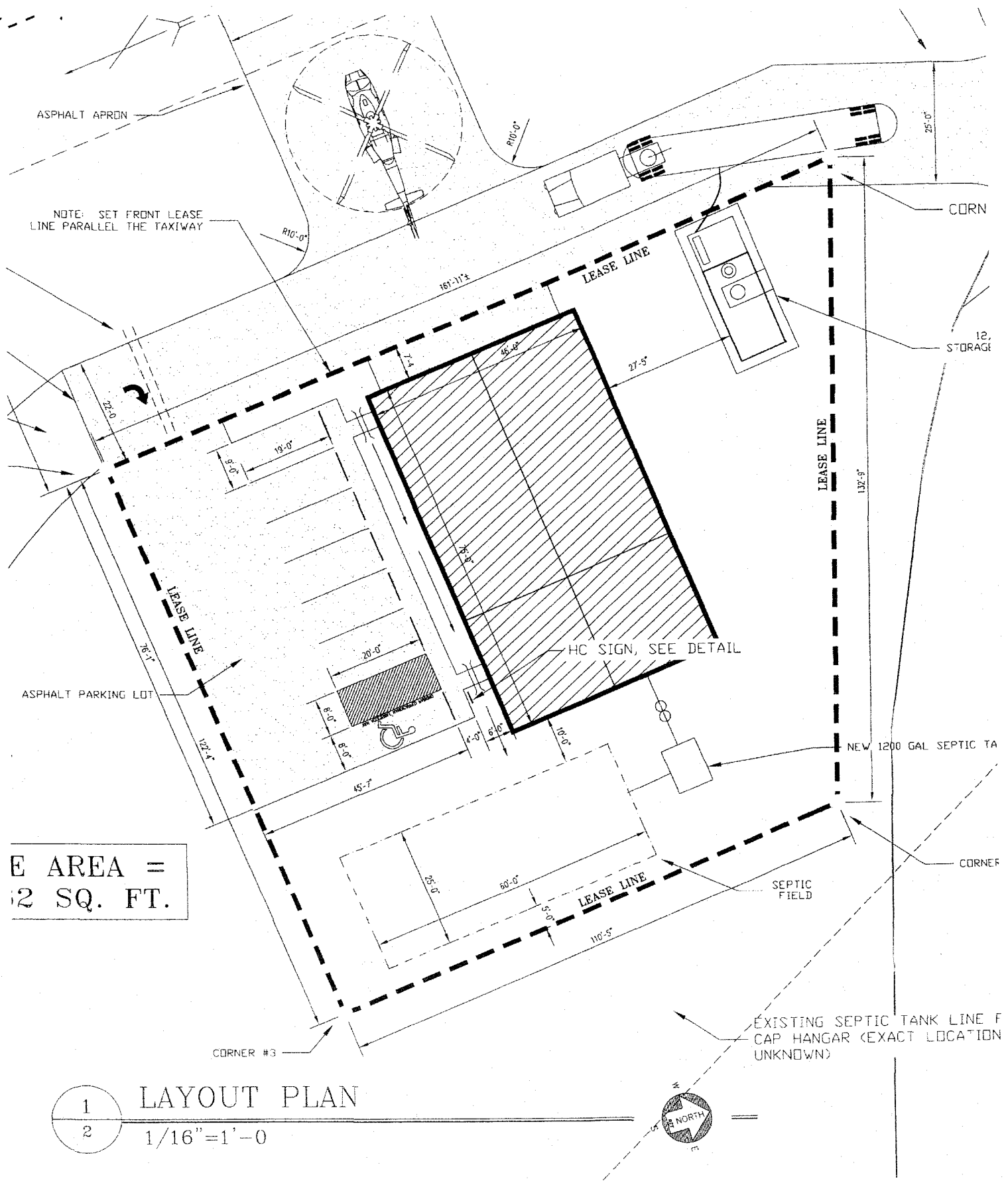


Scale: 1:11,760

This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.







E AREA =
62 SQ. FT.

1
2

LAYOUT PLAN

1/16"=1'-0



Qualifications of the Appraiser

Jeffry S. Hanus

Education

Bachelor of Science w/Honors - Psychology
Western Illinois University, 1974

Real Estate Appraisal Principles - A.I.R.E.A., 1984

Residential Valuation - A.I.R.E.A., 1984

Standards of Professional Practice - A.I.R.E.A., 1985

Depreciation Analysis - S.R.E.A., 1985

FNMA Underwriter's Guidelines Seminar, 1986

Capitalization Theory and Techniques, Part A - A.I.R.E.A., 1987

Capitalization Theory and Techniques, Part B - A.I.R.E.A., 1987

FNMA Appraisal Underwriting Seminar, 1988

Standards of Professional Practice - S.R.E.A., 1989

FIRREA's Appraisal Requirements Seminar - Robert Morris Associates, 1991

New Mexico State General Appraisal Certification Seminar - The Appraisal Institute, 1991

Real Estate Appraisal - N.M.R.E.I., 1992

Standards of Professional Practice - Appraisal Institute, 1993

Evaluations and Other Limited Scope Assignments - 1994

Appraising Income Properties III - S.F.C.C., 1995

Appraisal Standards and Ethics - Stanley Mathis (NAR), 1997

Uniform Standards of Professional Appraisal Practice - S.F.C.C., 2000

Appraising Income Properties II - S.F.C.C., 2000

Appraising the Single Family Residence - S.F.C.C., 2003

Uniform Standards of Professional Appraisal Practice - S.F.C.C., 2003

Appraising the Single Family Residence - S.F.C.C., 2006

Uniform Standards of Professional Appraisal Practice - Norris School, 2006

Review Appraisal Update - The Columbia Institute, 2006

Mortgage Fraud - Protect Yourself - McKissock School, 2008

National USPAP Update - McKissock School, 2008

Income Capitalization - McKissock School, 2008

Appraisal Trends - McKissock School, 2008

National USPAP Update - McKissock School, 2010

Risky Business: Ways to Minimize Liability - McKissock School, 2010

Land and Site Valuation - McKissock School, 2010

The Cost Approach - McKissock School, 2010

Protecting the Public - When Fraud Creeps In - Kaplan RE, 2012

Easements and Access for the Non-Lawyer - Kaplan RE, 2012

National USPAP Update - McKissock School, 2012

Appraising & Analyzing Office Buildings - McKissock School, 2012

Appraising & Analyzing Industrial & Flex Buildings - McKissock School, 2012

New Mexico Real Estate Appraiser General Certificate #00227-G

Class of Properties Appraised

Residential - Vacant Land, Small Income Properties

Commercial - Offices, Retail, Industrial, Hotels/Motels, Subdivisions, Apartments, Ranches,
Vacant Land

Appraisal Experience

December, 1984 - June, 1991: Commercial Appraiser, Hippauf & Associates, Santa Fe

June, 1991 - Present: Jeffry Hanus Appraisals

Qualified as Expert Witness - U. S. Federal District Court, State District & State Magistrate
Courts

Recent Appraisal Clients

NM Educators Federal Credit Union

First National Bank of Santa Fe

Los Alamos National Bank

Century Bank

US Bank

Sommer, Udall, Hardwick & Hyatt, PA

Santa Fe County

Fox Law Firm

State Employees Credit Union

First National Bank of Albuquerque

New Mexico Bank & Trust

Community Bank

Valley National Bank

Sommer, Karnes & Associates, LLP

Greer Enterprises

Christian Brothers Conference

CERTIFICATION

I hereby certify that, to the best of my knowledge and belief:

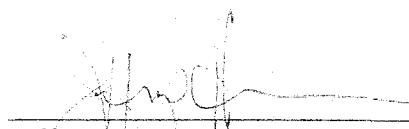
1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan. Employment of the appraiser was not conditioned upon the appraisal producing a specific value or a value within a given range.
4. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
5. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
6. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
7. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
8. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
9. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with, the *Uniform Standards of Professional Appraisal Practice (USPAP)* promulgated by the Appraisal Standards Board of the Appraisal Foundation, as mandated by Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).
10. Jeffry S. Hanus has made a personal inspection of the property that is the subject of this report.
11. No one provided significant real property professional assistance to the person signing this certification.

12. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.
13. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

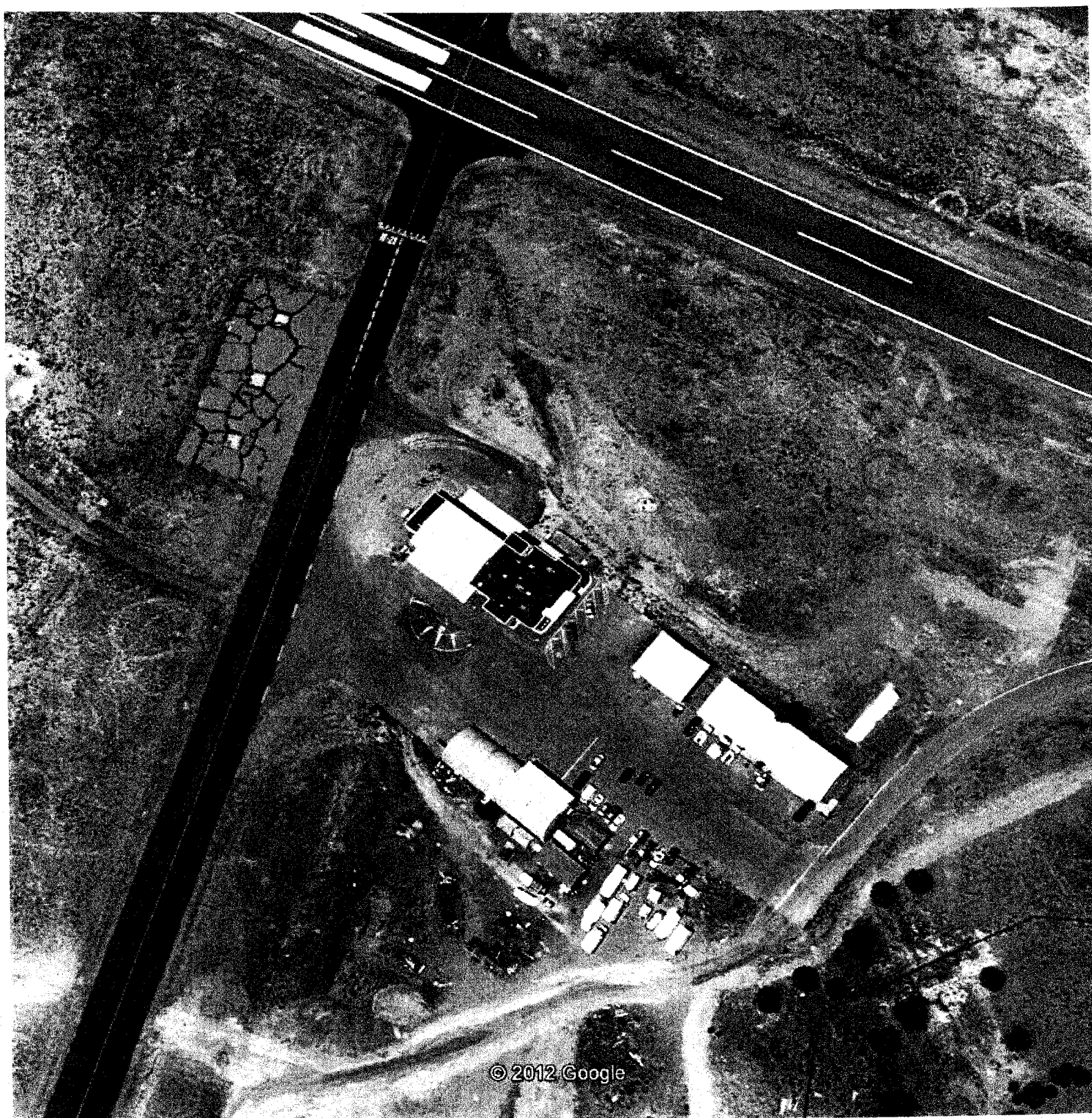
Restriction upon Disclosure and Use

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Foundation.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.



Jeffrey S. Hanus
New Mexico Certified General Appraiser





City of Santa Fe
Summary of Contracts, Agreements, & Amendments

Section to be completed by department for each contract or contract amendment

1 **FOR:** ORIGINAL CONTRACT ☒ or CONTRACT AMENDMENT ☐

2 Name of Contractor TRI STATE CASE FIGHT LLC

3 Complete information requested

☐ Plus GRT

☐ Inclusive of GRT

Original Contract Amount: \$1,232,400 per year

Termination Date: 20 years from inception

☒ Approved by Council Date: 7/3/11

☐ or by City Manager Date: _____

Contract is for: Lease Agreement - SANTA FE MUNICIPAL Airport

Amendment # _____ to the Original Contract# _____

Increase/(Decrease) Amount \$ _____

Extend Termination Date to: _____

☐ Approved by Council Date: _____

☐ or by City Manager Date: _____

Amendment is for: _____

4 **History of Contract & Amendments:** (option: attach spreadsheet if multiple amendments) ☐ Plus GRT

New Contract

☐ Inclusive of GRT

Amount \$ _____ of original Contract# _____ Termination Date: _____

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Total of Original Contract plus all amendments: \$ _____



City of Santa Fe
Summary of Contracts, Agreements, & Amendments

5 Procurement Method of Original Contract: (complete one of the lines)

RFP# _____ Date: _____

RFQ ☐ _____ Date: _____

Sole Source ☐ _____ Date: _____

Other REQUEST for Lease Agreement

6 Procurement History: 1st year of 20 yr Lease Agreement
example: (First year of 4 year contract)

7 Funding Source: Revenue BU/Line Item: _____

8 Any out-of-the ordinary or unusual issues or concerns:
None
(Memo may be attached to explain detail.)

9 Staff Contact who completed this form: Jim Montman
Phone # 955-2901

10 Certificate of Insurance attached. (if original Contract) ☐

Submit to City Attorney for review/signature

Forward to Finance Director for review/signature

Return to originating Department for Committee(s) review or forward to City Manager for review and approval (depending on dollar level).

To be recorded by City Clerk:

Contract # _____

Date of contract Executed (i.e., signed by all parties): _____

Note: If further information needs to be included, attach a separate memo.

Comments:



CERTIFICATE OF INSURANCE

Issued on behalf of Insurers by

Willis of New York, Inc. - Global Aviation

200 Liberty Street, New York, NY 10281

Telephone: (213) 607-6292 / Facsimile: (213) 607-6301

Date of Issue: February 25, 2013

This is to Certify To: City of Santa Fe
Santa Fe Municipal Airport
P.O. Box 909
Santa Fe, New Mexico 87504-0909

(Sometimes referred to herein as the Certificate Holder(s))

That the insurers listed below, each for their own part and not one for the other, are providing the following insurance outlined below:

Named Insured: TriState CareFlight, LLC.

Named Insured's Address: 2000 Highway 95, Suite 210
Bullhead City, Arizona 86442

Insurance Coverage: Aviation Commercial General Liability Insurance

Policy Period: September 10, 2012 to September 10, 2013 on both dates at 12:01 A.M. Local Standard Time at the address of the Named Insured.

Geographical Limits: United States, its territories and possessions, Canada, Mexico, the Bahamas and the islands of the West Indies.

Limits of Liability: Premises Liability: \$5,000,000 Single Limit Bodily Injury and Property Damage each occurrence
Products and Completed Operations: \$5,000,000 Single Limit Bodily Injury and Property Damage in the aggregate
On-Premises Automobile Coverage: \$5,000,000 each occurrence
Personal Injury & Advertising Liability: \$5,000,000 each occurrence and in the aggregate
Hangarkeepers Liability: \$1,000,000 each aircraft, \$2,000,000 each occurrence

Location: Lease of Lot located within the confines of Santa Fe Municipal Airport, NM

Security: Schedule of Participating Insurers, as attached.

Subject always to the scope of the policies noted above and the policies' declarations, insuring agreements, definitions, terms, conditions, limitations, exclusions, deductibles warranties and endorsements remaining paramount: Solely as respects: (i) the Coverage(s) noted above; (ii) the Contract(s) (and then only to the extent of the Named Insured's obligation to provide insurance under the terms of the Contract(s)); and (iii) the operations of the Named Insured; the following provision(s) apply(ies):

The use of the terms "Additional Insured" / "Additional Insureds", when used in the context of coverages other than Liability Coverage(s), are solely for the purpose of identifying parties and does not, by virtue of the use of these terms convey any benefits or rights not provided for under the policies.

Solely as respects Liability Coverage(s): The City of Santa Fe is included as an Additional Insureds (collectively, "the Additional Insureds", individually, "an Additional Insured") as their respective interests may appear, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land lease to you and shown in the above location

As respects All Coverage(s): The insurers agree that in the event of cancellation of the policy(ies), they will endeavor to give the party to whom this certificate is issued 30 days (10 days for non payment of premium) advance notice of such cancellation but the undersigned shall not be liable in any way for failure to give such notice.

As respects each Certificate Holder(s) respective interests, this Certificate of Insurance shall automatically terminate upon the earlier of: (i) Policy expiration; (ii) Cancellation of the policies prior to policy expiration, as notified to the Certificate Holder(s) as required herein; (iii) agreed termination of the Contract(s); and/or in the case of physical damage insurance relating to those Certificate Holder(s) who have an insurable interest in the Equipment as of the date of issuance of this Certificate of Insurance: agreed termination of the Named Insured's and/or the Certificate Holder(s) insurable interest in the Equipment

This Certificate of Insurance is issued as a summary of the insurances under the policies noted above and confers no rights upon the Certificate Holder(s) as regards those insurances other than those provided by the policies. The undersigned has been authorized by the above insurers to issue this certificate on their behalf and is not an insurer and has no liability of any sort under the above policies as an insurer as a result of this certification.

AUTHORIZED REPRESENTATIVE:
Willis Global Aviation





Tristate Careflight LLC

Aviation Commercial General Liability Insurance

Policy Period: September 10, 2012 to September 10, 2013

both dates at 12:01 A.M. Local Standard Time at the address of the Named Insured.

Schedule of Insurers

<u>Subscribing Insurers</u>	<u>Share %</u>	<u>Policy Number</u>
United States Aviation Insurance Group	30%	SIHL1-248T
Starr Indemnity & Liability Company through Starr Aviation	20%	SASICOM6001912-03
Catlin Insurance Company through W. Brown & Associates	20%	NQC4019736
Allianz Global Risks US Insurance Company through Allianz Aviation Managers	15%	A2GA000606812AM
Star Insurance Company through Meadowbrook Insurance Group	15%	ACQ 0696975-01

Several Liability Notice

The subscribing Insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing Insurers are not responsible for the subscription of any co-insuring Insurer who for any reason does not satisfy all or part of its obligation.

MONTMAN, JAMES H.

From: MONTMAN, JAMES H.
Sent: Monday, February 18, 2013 12:45 PM
To: 'DiSantis, Debra'
Cc: Vlek, Joost; Chisum, Leslie; Wetzel, Eric
Subject: RE: SAF Lease
Attachments: Lease United Airlines 2-18-2013 dft1.doc; UAL lease exhibits.pdf

Debbie,

Attached is a draft lease agreement that meets your stated requirements, along with the required exhibits. I have highlighted the areas of the agreement that clearly need input from United such as start date of the agreement and specific contact information. There may be other areas that need to be modified to ensure corporate identification is correct.

I would like to start this through our local coordination process as soon as possible, however I doubt there will be any changes from this end as this agreement has been in use for some time here and has survived a number of reviews. Please let me know when to proceed, given that our process takes about a month under normal Committee and City Council review.

If you have any questions, please let me know.

On another note, do you want to start advertising your start-up any time soon in the terminal building? We encourage the use of banners to announce the new service if you would like to go that way.

Jim

From: DiSantis, Debra [<mailto:Debra.Disantis@united.com>]
Sent: Monday, February 18, 2013 10:51 AM
To: MONTMAN, JAMES H.
Cc: Vlek, Joost; Chisum, Leslie; Wetzel, Eric
Subject: SAF Lease

Jim,

Per our conversation this morning United would like to have the counter space directly by American Eagle. We will be using a kiosk. Would you please send a Lease agreement in a word document with the square footage, counter and Kiosk information. We will update it with the United Airlines specific language. We understand the constraints of the Federal Grant Assurances on the leases for SAF.

Please let me know if you have any questions.

Debbie

Debbie DiSantis
Manager Airport Transformation

United | 233 S. Wacker Drive, 17th Floor WHQVP | Chicago, IL
Tel. 872 825 6904 | Mobile 773 766 8117 | debra.disantis@united.com

MONTMAN, JAMES H.

From: DiSantis, Debra <Debra.Disantis@united.com>
Sent: Monday, February 18, 2013 10:51 AM
To: MONTMAN, JAMES H.
Cc: Vlek, Joost; Chisum, Leslie; Wetzel, Eric
Subject: SAF Lease

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Page 1

SANTA FE MUNICIPAL AIRPORT
AIRLINE TERMINAL LEASE AGREEMENT

THIS LEASE AGREEMENT, is made and entered into on this _____ day of _____, 2013, by and between the CITY OF SANTA FE, a municipal corporation, hereinafter "Lessor", and, UNITED AIRLINES, INC. hereinafter "Lessee" or "United".

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, 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 hereto agree as follows:

1. PREMISES.

A. Lessor does hereby lease to Lessee a certain area of the Airline Terminal Building, containing 70 square feet more or less, more particularly described on Exhibit "A", attached hereto (hereinafter "Premises").

(1) Premises includes approximately 50 square feet more or less of ticket counter and related space containing one cubicle and two operating positions. Lessor may reassign ticket counter space at its sole discretion. Reassignment of ticket counter space if required shall be made in writing by the Airport Manager, in consultation with United. Should reassignment of ticket counter space become necessary Lessee shall be assigned comparable ticket counter space located in such a manner as to not disrupt Lessee's operations as determined by the Airport Manager. All reasonable costs of relocation as determined by Lessor due to reassignment of ticket counter space by Lessor shall be borne by Lessor. Lessee requested relocation if approved will be at Lessee's expense.

(2) Premises includes approximately 20 square feet more or less of floor space for installation and operation of an automated check-in kiosk. Lessor may reassign automated check-in kiosk space at its sole discretion. Reassignment of automated check-in kiosk space if required shall be made in writing by the Airport Manager in consultation with United. Should reassignment of automated check-in kiosk space become necessary Lessee shall be assigned comparable automated check-in kiosk space located in such a manner as to not disrupt Lessee's operations as determined by the Airport Manager. All reasonable costs of relocation as determined by Lessor due to reassignment of automated check-in kiosk space by Lessor shall be borne by Lessor. Lessee requested relocation if approved will be at Lessee's expense.

B. Lessee hereby accepts the Premises in its present state and agrees that it is in good condition, without any representation or warranty by Lessor as to the condition of the

Premises or as to the use which may be made thereof.

2. USE OF THE PREMISES.

The Premises shall be used by Lessee for the purpose of providing scheduled passenger service and non-scheduled charter service. In addition Lessee shall have access to the following at no additional charge except where stated:

A. Air Carrier Operating Area (ACOA). Lessee may use non-exclusively, the ACOA designated by the Lessor, which is illustrated by Exhibit "B" attached hereto and further defined in the Transportation Security Administration approved Airport Security Plan. Lessor may re-designate, alter, or move the ACOA to suit airport operations at its sole discretion except that such re-designation, alteration, or move shall take into consideration the needs of commercial air carriers including United and shall not limit the ability of United to maintain its operation. Lessee shall be responsible for escorting passengers to and from the ACOA. All ACOA access doors and gates shall be closed and locked when not in use.

B. Secure Area and Gate. Lessee may use non-exclusively, the terminal building secure area and gate area. Lessee is encouraged to deconflict its flight schedule with the Airport Manager and/or other airlines prior to publication to ensure efficient use of this limited space area. United shall work with other scheduled air carriers to insure efficient use of available space in this area. Should the individual airlines not be able to resolve schedule conflicts in a manner satisfactory to each of them, the Airport Manager shall act as arbitrator in resolving the dispute and his decision shall be final.

C. Aircraft Parking. Lessee's aircraft are to be parked in those areas of the ACOA as designated by the Airport Manager for passenger loading and unloading. Aircraft parking for other than passenger loading and unloading shall be in the ACOA or other areas of the airport as designated by the Airport Manager. Lessee may at its sole discretion use hangar space provided by other businesses if desired.

D. Ground Support Equipment

(1) Lessor agrees to provide limited Lessor-owned non-exclusive use Ground Support Equipment (GSE) during the Term of this Lease agreement to support Lessee's operation as mutually agreed. Lessor shall charge Lessee a mutually agreed fee for use of each unit of GSE provided. Specific GSE provided and related use fees will be in accordance with Paragraph 5H of this Lease Agreement.

(2) Lessee shall pay for all necessary fuel for GSE operation. Should another air carrier be allowed to use the equipment such fuel purchases shall be pro-rated based on number of flights the equipment is used for by each carrier. All necessary maintenance shall be provided by the Lessor who shall retain liability for the use of such equipment except that United agrees to hold harmless the Lessor from damages arising from the gross negligence of United. Equipment maintenance required due to gross negligence of United as determined by the Airport

Manager shall be the responsibility of United.

(3) If another commercial scheduled air carrier occasionally requires simultaneous use of Lessor-provided ground support equipment, the Airport Manager shall determine the priority of use. Lessee is encouraged to deconflict its flight schedule with the Airport Manager and/or other airlines prior to publication to ensure efficient use of ground support equipment. United shall work with other scheduled air carriers to insure efficient use of available ground support equipment. Should the individual airlines not be able to resolve schedule conflicts in a manner satisfactory to each of them, the Airport Manager shall act as arbitrator in resolving the dispute and his decision shall be final. Lessee is otherwise responsible for providing and maintaining all ground support equipment necessary for its operations.

(4) Lessee may provide its own exclusive-use ground support equipment at any time, at no cost to Lessor if desired.

E. Office, Ticket Counter and Other Equipment. Lessee is responsible for providing all office furniture, equipment and supplies necessary for conducting its business unless provided by Lessor at its sole discretion. Any such equipment provided by Lessor remains the property of Lessor and will be returned to Lessor at termination of this Lease Agreement unless otherwise agreed to in a separate purchase agreement between Lessor and Lessee.

F. Baggage Scales. Lessee may use non-exclusively the Lessor-provided baggage scale situated within or adjacent to assigned ticket counter space. Lessee shall provide for required calibration and maintenance of said baggage scale. If more than one airline uses the baggage scale adjacent to ticket counter space assigned to Lessee, Lessee agrees to pay for a prorated share of the calibration and maintenance costs based solely on number of airlines using the scale.

G. Signage. Signs such as company logo, schedule boards and other similar signs may be installed with the written approval of the Airport Manager. Velcro fastening system shall be used for wall signs unless specifically waived in writing by the Airport Manager. Signs shall be no larger than five feet in width unless otherwise approved in writing by the Airport Manager.

3. TERM AND TERMINATION.

A. Term. This Lease Agreement shall be for a three-year term beginning on _____ and terminating on _____. Such 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 Agreement at any time, without regard to payment periods, by giving thirty (30) days written notice to the other party.

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. 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.

4. HOLDOVER.

In the absence of a new Lease Agreement entered into before the expiration of the initial Term under this Lease Agreement, Lessee shall be allowed to hold over for a period not to exceed 90 days from the expiration date of the initial Term under this Lease Agreement at the sole discretion of the Airport Manager. Lessee may request permission to hold over 90 days prior to expiration of the Term and Airport Manager shall advise Lessee in writing whether Lessee shall be permitted to hold over within 10 calendar days of receipt of such request from Lessee. If the Airport Manager chooses not to permit a holdover, Lessee shall vacate the premises upon expiration of the initial Term. If the Lessee fails to timely vacate the premises, Lessee agrees to pay liquidated damages in the amount of \$500 per day of hold over. Holding over by the Lessee after the expiration of the initial Term under this Lease Agreement 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. Failure to negotiate a new Lease Agreement within 90 days of the expiration of the initial term under this Lease Agreement shall be construed as a decision by the Lessee not to renew. Notwithstanding, so long as the parties are negotiating a renewal agreement in good faith Lessee may request that the Airport Manager grant Lessee the right to hold over for additional hold over periods, which permission shall be at the sole discretion of the Airport Manager.

5. RENT AND FEES.

The Lessee shall 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. Rent. Lessee shall pay to Lessor, at the office of the Airport Manager, one hundred sixty-two dollars and sixty-nine cents (\$162.69) per month as rent for the Premises, on or before the first day of each calendar month. Rental payments received after the fifth day of the month shall be subject to and include an additional late charge of \$10.00. Any extension of time for the payment of any installment of rent shall not be a waiver of Lessor's right to insist on having all other payments of rent made in the manner and at the time herein specified.

B. Gate Fee. Lessee shall pay fifty cents (\$0.50) for each passenger enplaned for the cost of maintenance for the gate area. Lessee shall pay sixty cents (\$0.60) for each passenger who passes through the security screening equipment at the boarding gate while it is operated by the Lessor's personnel.

C. Landing Fee. Lessee shall pay three dollars (\$3.00) per one thousand (1,000) pounds gross landing weight for use of the Airport.

D. Fire Protection Fee. Lessor shall pay one dollar (\$1.00) per one thousand (1,000) pounds gross landing weight for Federal Aviation Administration required fire protection services provided for Lessee's aircraft. This fee is subject to annual renegotiation if required by Lessor.

E. Ramp Fee. Lessee shall pay fifteen dollars (\$15.00) per day or one-hundred and five dollars (\$105.00) per month, which ever is less for each aircraft remaining overnight and parked on Lessor's aircraft parking ramp space.

F. Passenger Facility Charge. Lessee shall collect and pay a Passenger Facility Charge once Lessor receives authorization for implementing a Passenger Facility Charge from the Federal Aviation Administration.

G. Security Fee. This fee is based on the minimum security posture required to support airline operations as defined by the Transportation Security Administration and the actual cost of contract security services provided. The Airport shall pay 33% of the cost of contract security services provided at the screening checkpoint, plus any additional costs attributable to unforeseen delays such as weather, mechanical failure and other similar causes. The Airline shall pay 67% of the cost of contract security services provided at the screening checkpoint if the Airline is the only Airline using the screening checkpoint. Lessee shall therefore pay a Security Fee of eighteen dollars and ninety one cents (\$18.91) per actual flight departing with screened passengers onboard to cover security requirement costs directly attributable to Airline operations and not otherwise funded by the Federal Government. In the event that another airline requiring use of the screening checkpoint begins operations at the Airport, this Security Fee will be fairly distributed by the Airport Manager among all airlines utilizing the airport and requiring screening check point security. In this case, notification of fee adjustment will be by a letter from the Airport Manager and will not require further amendment to this Lease. The Airport Manager may also adjust the amount of this fee based on future contract amendment with the security service provider, but in no case will the fee be raised in increments of more than 10%. Notification of fee adjustment due to contract amendment with the security service provider will be by a letter from the Airport Manager and will not require further amendment to this Lease.

H. Ground Support Equipment (GSE) use fees and conditions. Lessor will provide the GSE in accordance with Paragraph 2 of this Lease. Fees and conditions for use of this equipment are as follows:

(1) TLD ACE 500-1119 Airstart Unit or similar: \$75 per use as accounted for by Lessee. Lessee operates unit.

(2) Premier HC29050 Deicer or similar: \$1,400 per month, applying only to the months of November through March. There will also be a one time annual fee of \$700 to account for any use that may occur in months other than November through March. This annual fee is due and payable in April of each year. American Airlines operates, and provides all fuel and deicing fluid. Because American Airlines operates and provides all fuel and deicing fluid, should

United elect to serve SAF and make use of the Premier HC29050 noted in this agreement, United shall contract with American Airlines to provide such deicing services. This clause shall not prevent United from contracting for the use of a different deicing unit or providing their own equipment and operators.

(3) Keith Consolidated DXR Valet Cart or similar: \$50 per month.

(4) Phoenix Metals PNXLC-60/40 Lavatory Service cart or similar: \$200 per month. Lessee provides all required fluids and is responsible for all operations and dumping of contents when required. Lessee is responsible to ensure lavatory cart use and storage in such a manner as to preclude equipment failure due to freezing temperatures.

(5) Wasp, Inc. A203056D baggage carts or similar (quantity of four): \$125 per month each, or \$400 per month for use of all four.

(6) KCI Turboway 3025 Pax Ramp or similar: \$15 per use for aircraft departure as accounted for by Lessee.

(7) Columbia Medical 9010 Tracer 4 wheel chair (2 available): No charge.

(8) Columbia Medical 8010 Aisle Master Xfer Chair (1 available): No charge.

(9) Nothing contained within this amendment shall preclude United Airlines from providing alternate equipment of their choice and at their cost and operating it. Should United Airlines elect to provide specific pieces of equipment covered by the rates and charges above, such rates and charges for the specific piece of equipment shall cease at the beginning of the month following the month United equipment is placed into service.

I. Adjustment of Fees. Lessor reserves the right to adjust the fees and charges specified herein in the event the Airport Manager determines that extraordinary circumstances necessitates taking such action. Lessee shall not be required to pay rent during any time the airport is unusable for operation by Lessee for a period in excess of 15 days.

J. Schedule of Payments. The fees specified in B through H above are due and payable to the Airport Manager by the twenty-fifth (25th) day of each month following the month of activity. Lessee agrees to provide timely enplanement, gross landing weight and other similar data to the Airport Manager as requested for the purpose of computing monthly bills and reporting to the Airport Advisory Board.

K. Late Payment Charge. Lessee shall pay a late payment fee of 1.5% per month on the entire balance due for each month or partial month thereafter for any fee payment due.

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, beginning on or after June 1, 2010, 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 of any 12 months period, and if Lessor thereafter requires an additional audit and such audit reveals a discrepancy of more than 5% of the gross receipts reported since the time of the last audit, then 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 (3) 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. 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 insurance:

(1) Worker's Compensation and Employer's Liability. The Lessee shall comply with and provide insurance commensurate 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 Section 52-1-10, NMSA 1978, for safety devices. The Lessee shall require any subcontractor 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 caused 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, 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 on the general liability and property coverage insurance policies. The parties acknowledge that the certificate of insurance for General Liability coverage will be in the amount of Ten Million Dollars (US \$10,000,000).

B. Binders. A binder or certificate of insurance for all insurance policies

required by this Lease Agreement shall be provided to Lessor at the time of the execution of this Lease Agreement. Certificates of insurance shall be delivered to the Airport Manager. Lessee shall not cancel or alter in any detrimental 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, except, however, Lessor acknowledges that notification of cancellation of Lessee's Workers' Compensation/Employer Liability coverage may only be given 7 days in advance. 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 amount in the New Mexico Torts Claim Act are raised by the New Mexico State Legislature or by judicial mandate.

8. INDEMNIFICATION.

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 guest, and from all losses and damages by reason of such acts or omissions.

9. CANCELLATION BY LESSOR.

Lessor may cancel this Lease Agreement 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 the payment obligations of above, 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 or 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 discussed 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 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, which petition will not be unreasonably denied. 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 of 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 and 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 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:

(1) If Lessee ceases or fails to provide said service, Lessor may declare this Lease to be terminated and 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 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.

11. RIGHTS OF LESSOR.

Lessor reserves the right to:

A. Operate the airport in the best interest of the public and 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 in 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 written notice to Lessee and Lessor bears such the costs associated with such relocation.

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

12. RIGHTS OF LESSEE.

The Lessee shall have the right to use the Airport Terminal Building for the following specific purposes:

A. Operation of a scheduled airline service, under the name of United Airlines, however, that the privilege herein granted shall not be construed in any way as an exclusive right.

B. Installation and operation of identifying signs, logos, and advertising on the leased premises may be done only with the express written consent of Lessor or its authorized agent, such consent not to be unreasonably withheld. Such signs, logos, and advertising, if installed on carpeted walls must use a Velcro fastening system consistent with the carpet's design and capacity.

C. Access, ingress and egress with respect to the premises marked Exhibit "A" for Lessee, its employees, customers, vehicles and equipment used in the operation of a commercial airline business.

D. Use of a minimum of one terminal ticket counter cubicle having two work stations as allocated by the Airport Manager, whose determination is final. Lessee is responsible for installation, operation, and maintenance of its own work station equipment and supplies, and for maintenance of allocated work stations. At the Airport Manager's discretion, additional work stations may be allocated if available.

E. Non-exclusive use of ticket counter scales provided by Lessor and adjacent to Lessee's counter at no charge, provided that Lessee is responsible for all scale maintenance and calibration costs. If there is more than one user of the scale normally used by Lessee, then calibration and maintenance costs will be shared equally.

13. SECURITY.

The airport is required to comply with 49 CFR Part 1542 Security Requirements. Lessee shall be required to implement, maintain and comply with the following procedures as a minimum and any other procedures required to satisfy Part 1542 Security Requirements. The Lessee shall be responsible for the control of persons, equipment and vehicles entering the ACOA or designated ramp space via terminal building doors and ramp gates that Lessee uses whenever the ACOA is active. The ACOA is active whenever screened baggage, screened personnel or secure aircraft are present within the ACOA. The Lessee agrees to implement and maintain, as a minimum, the following security measures concerning access control to and from the ACOA or designated ramp space:

A. During all hours, access points to the ACOA whether active or not and access points to designated ramp space used by Lessee for its operations shall be secured and locked.

B. Lessee's personnel shall immediately notify Lessor of trespass by any persons on the ACOA or designated ramp space and immediately require such trespasser to leave the ACOA or designated ramp space.

C. Lessee shall escort its customers, passengers and charges at all times while on the ACOA or designated ramp space.

D. The Lessee is responsible for training its personnel with respect to the security procedures described in this Lease Agreement and with respect to all other security procedures developed by the Lessor.

E. The Lessee shall participate in the Airport's security program and comply with applicable security procedures found in the Transportation Security Administration approved

Airport Security Program (ASP).

F. The Lessee shall immediately notify the airport manager of any suspicious activities observed in or about the ACOA or designated ramp space.

G. Any unresolved questions concerning airport security shall be directed to the Airport Manager's Office.

H. The Lessee agrees to reimburse the Lessor for any penalties or fines levied against the Lessor by the Transportation Security Administration due to the Lessee's failure to abide by any security measures described herein.

I. Any of Lessee's personnel who use motorized baggage carts and tugs or other motorized vehicles in or about the ACOA or designated ramp space must possess a valid driver's license, comply with New Mexico state driving regulations, and attend a regularly scheduled ramp driving class conducted by Lessor prior to operating same on the ACOA or designated ramp space.

J. The Lessor reserves the right to revise the security procedures set forth herein. Failure by the Lessee to fully comply with the procedures set forth herein, or as revised, shall be sufficient grounds for the Lessor to immediately take necessary corrective measures until security acceptable to the Lessor is restored.

14. MAINTENANCE/CUSTODIAL SERVICES.

Lessor shall provide floor vacuuming and shampooing, painting, window washing and trash removal services for the Premises to the Lessee at the level provided to all other tenants in the Airport terminal. Lessee, at its sole cost and expense, shall maintain its personal property and improvements.

15. 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 Lease 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 shall not be unreasonably withheld. This provision is not intended to prevent, or subject to approval by the Lessor's Governing Body, any corporate transaction (including any merger or other divestiture) Lessee may undertake, provided that the surviving entity following such transaction maintains a contractual arrangement to provide air services to United Airlines, Inc. for a duration at least equal to the remaining balance of the Term of this Agreement.

16. 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.

17. UTILITIES.

Lessee is responsible for its own telephone service. All other utilities, with respect to the Premises, shall be provided by the Lessor so long as the amounts of any utility are not excessive as determined by Lessor. Supplemental electric heating is not permitted unless approved in writing by the Airport Manager.

18. ALTERATIONS AND IMPROVEMENTS.

A. Lessee shall not make or suffer or permit to be made any alteration, addition or improvements whatsoever in or about the Premises or the Airport 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, laborer, architects, artisans, contractors, subcontractors, or any other lien of any kind whatsoever to be created against or imposed upon the said Premises, the Airport or any part thereof. Lessee shall, if required by Lessor, provide a labor and materialman's bond to cover all work and material and labor arising out of such alterations, additions or improvements.

C. Any and all alterations, additions or 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.

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 the event, 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.

20. FAIR AND NONDISCRIMINATORY SERVICES.

Lessee, in the conduct of its authorized business activities agrees to furnish service in compliance with all applicable laws, rules and regulations with respect to the Agreement, the performance of its obligations hereunder, and the services to be provided hereunder. Lessee shall, at its expense, obtain and maintain the governmental authorizations, licenses, approvals, registrations and filings that may be required of it under applicable law, rules and regulations to perform this Agreement.. 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, 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 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 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, 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 any subcontractor provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their subcontractor, 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 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. Lessee shall comply and cause all of its employees 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.

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 building 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 12 of this Lease Agreement at rental rates or terms more favorable or less restrictive to the Lessee's than set forth in this Lease Agreement without Lessee approval in writing. Except however Lessor may provide incentives and other considerations to any other commercial airline carrier who provides direct service to locations not served with substantially the same direct service by Lessee. However, Lessor will offer the same or similar incentives to Lessee should Lessee elect to provide substantially the same direct service as any other commercial airline carrier receiving incentives and other considerations from Lessor, but only during the effective period of incentives provided to the other commercial airline carrier. 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. UNIFORM RATES.

All Lessees or Fixed Base Operators at the Airport are subject to the same rates, fees, rentals and other charges as are uniformly applicable to all other Lessees or Fixed Base Operators making the same or similar use of the Airport, subject to reasonable classifications such as those found in 14 CFR Part 139, tenant or non-tenant status, or other similar classifications.

25. 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.

26. 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.

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. CHOICE OF LAW.

Lessee shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the Lessor. In any action, suit or legal dispute arising from this Agreement, the Lessee agrees that the laws of the State of New Mexico shall govern. The parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or said commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

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:

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:

By: _____
David Coss, Mayor

ATTEST:

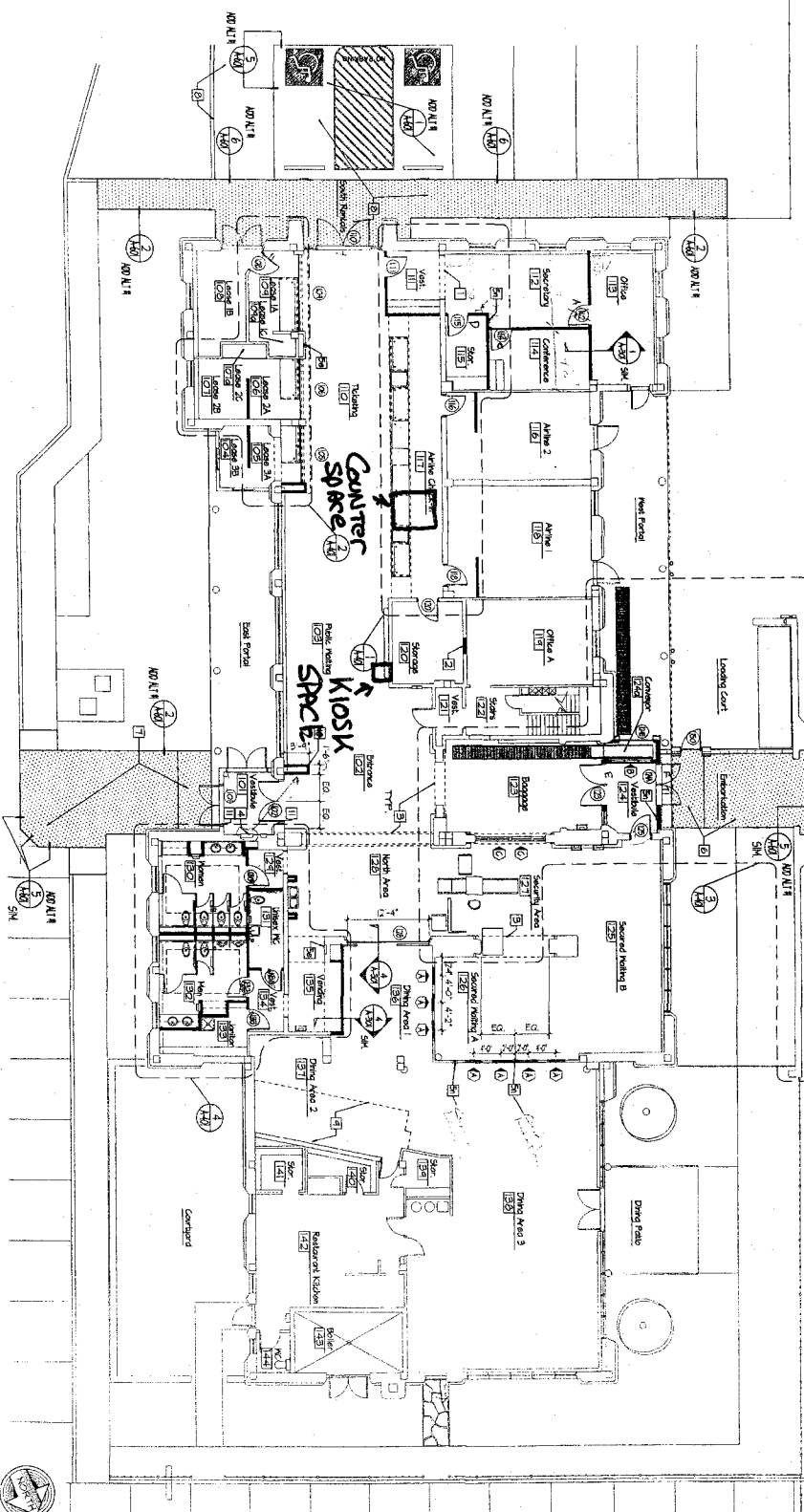
Yolanda Y. Vigil, City Clerk

APPROVED AS TO FORM:

Geno Zamora, City Attorney

COUNTER AND KIOSK SPACES

EXHIBIT A



GENERAL NOTES

- [illegible]

KEYED NOTES

- [illegible]

WALL LEGEND

- 1** NEN 24 FRANKING HNL @ 16" O.C. WITH 5/8" ØVP DB AT ALL EXPOSED WALL AREAS (NEN 246 FRANKING AT PLUMBING TRYS)
- 2** NEN 24 FRANKING HNL @ 16" O.C. WITH 5/8" ØVP DB AT ALL EXPOSED INTERIOR WALL AREAS AND STICCO OVER SHEETING AT ALL EXPOSED EXTERIOR WALL AREAS.
- 3** NEN 6" CMU WALL WITH STICCO FINISH AT ALL EXISTING 6-INCH WALLS IN THIS AREA. WALL ALSO RECEIVE NEW STICCO
- EXISTING WALLS TO REMAIN**

SCALE: 1/8" = 1'-0"

1

A-101

FLOOR PLAN

Santa Fe Municipal Airport Terminal Renovations
CIP Project No. 611
Santa Fe, New Mexico

REV NO.	REV DATE	DESCRIPTION

PROJECT NUMBER: ASFA11-11.BIG

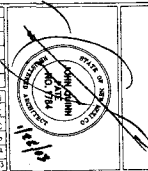
DESIGNED BY: CDS

DRAWN BY: EDR

CHECKED BY:

PROJ ARCHITECT: J PATE, RA, RL

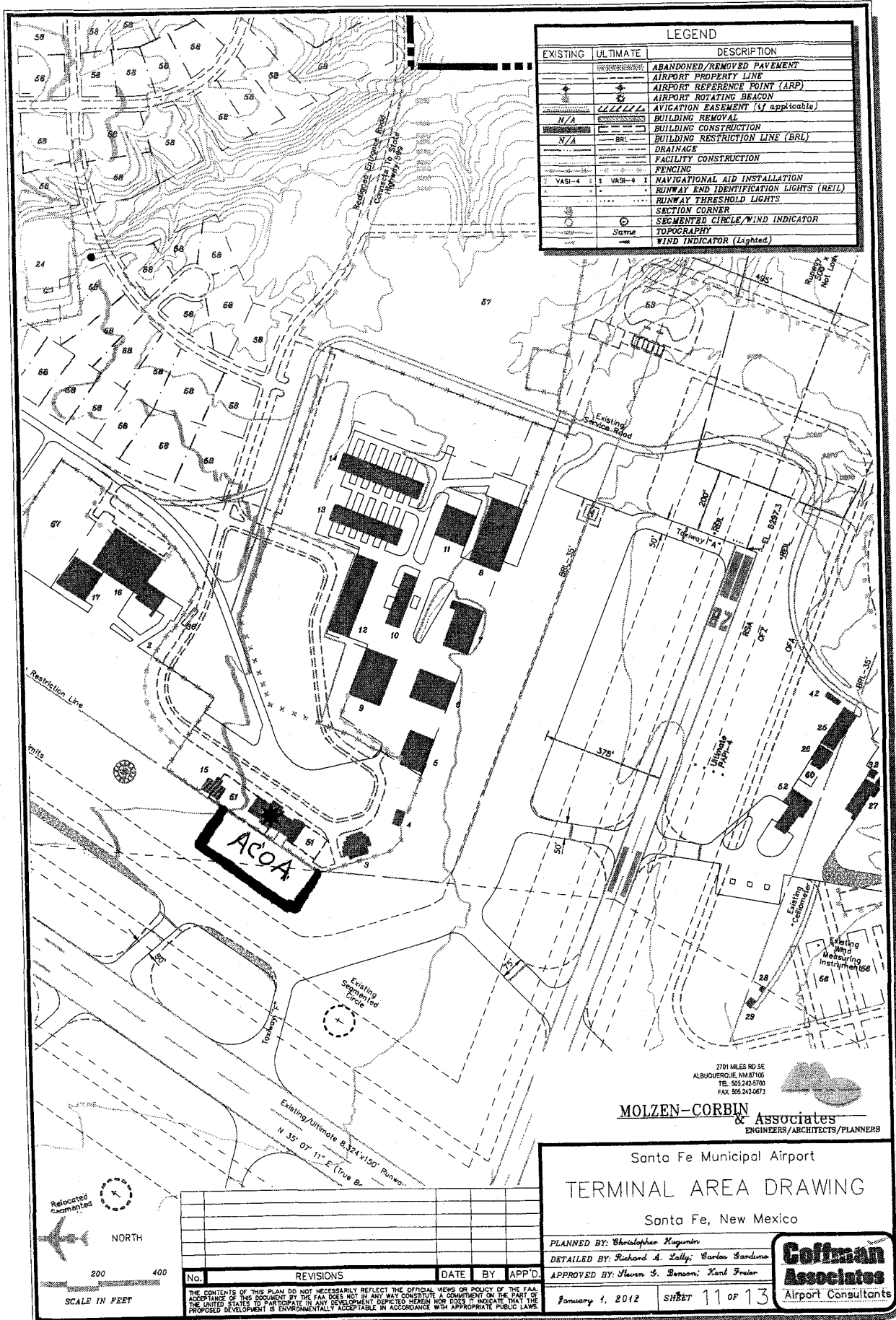
PROJ DATE: FEBRUARY 2001



Molzen-Corbin & Associates
2701 Miles Road SE
Albuquerque, New Mexico 87110
phone (505) 242-8710
fax (505) 242-0873

EXHIBIT B

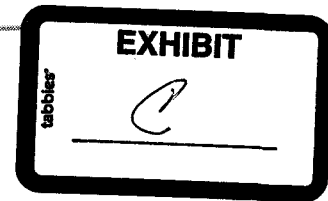
AIRCRAFT OPERATING AREA (ACOA)





U.S. Department
of Transportation
**Federal Aviation
Administration**

800 Independence Ave., SW.
Washington, DC 20591



March 5, 2013

CITY OF SANTA FE
PO BOX 909
SANTA FE, NM 87504-0909

Dear Airport Sponsor:

Thank you for your participation in the FAA Contract Tower (FCT) Program. We regret to inform you that in order to implement the budget sequestration that went into effect on March 1, 2013, the FAA must make some critical decisions about funding for the FCT Program.

The FAA's guiding principles in implementing the budget sequestration are to maintain our high safety standards, and to minimize the impact to the greatest numbers of passengers. Therefore, the FAA's initial plans unfortunately affect smaller airports with fewer operations and lower passenger counts more significantly than locations serving larger blocks of passengers. We have identified and, on February 22, 2013, published a list of towers that had fewer than 150,000 total operations AND fewer than 10,000 commercial operations. We anticipate that we will cease to fund on-site air traffic control services at the vast majority of these facilities.

Your airport falls below the above stated criteria based on Fiscal Year 2012 traffic count, and therefore the tower is on the list of those for which we may cease providing funding. Between now and March 13, 2013, the FAA is reviewing its list of locations where it plans to discontinue air traffic control services to identify any locations where the national interest would be adversely affected by tower closure. Negative impact on the national interest is the only criterion the FAA will use for deciding to continue services to an airport that falls below the activity threshold. The FAA is unable to consider local community impact that does not affect the national interest.

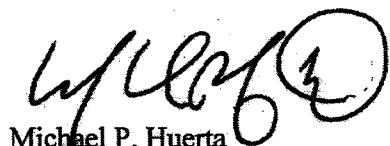
The FAA will consider information concerning how closure of particular tower operations will adversely affect the national interest in submissions it receives on or before March 13, 2013. Submissions may be sent to ATO-Terminal Services at ClosureComments@faa.gov or fax to ATO-Terminal Services at (202) 493-4565. The FAA plans to finalize the list of facility closures by March 18, 2013.

While the timing of this action is driven by sequestration, continuing annual budgetary pressure may necessitate future reductions such as these. For communities where the continuation of air traffic control services is important to their airport, but the impact of closure is local and does not affect the national interest, the non-federal contract tower program continues to be an available option to maintain air traffic control services at the airport's expense. Additional information regarding the non-federal contract tower program is contained in Advisory Circular Number AC 90-93A (Operating Procedures for Airport Traffic Control

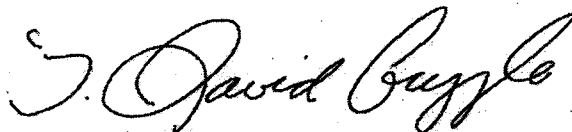
Towers (ATCT) that are not operated by, or under contract with, the United States (Non-Federal)).

If you have additional questions or need further information, please contact your FAA point of contact in the Service Center, or Tony Mello, Director of Terminal Operations at FAA Headquarters, at (202) 385-8533.

Sincerely,

A handwritten signature in dark ink, appearing to read 'M. Huerta' with a stylized flourish at the end.

Michael P. Huerta
Administrator

A handwritten signature in dark ink, appearing to read 'J. David Grizzle' in a cursive style.

J. David Grizzle
Chief Operating Officer
Air Traffic Organization

Congress of the United States

Washington, DC 20515

March 7, 2013

The Honorable Ray LaHood
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, DC 20590

Dear Secretary LaHood:

It is our understanding that FAA employees were notified Tuesday of an intended "Save Money" furlough for up to eleven (11) work days, beginning on or about April 7. We are disappointed that this is the route that the FAA and the Administration has chosen to take, rather than sharpening their pencils and finding cost savings in other areas.

On February 25, 2013, we formally requested information regarding FAA's plan for sequestration. That letter went unanswered similar to previous requests. In hearings of both the Aviation Subcommittee of the House Committee on Transportation and Infrastructure on February 27, and the Committee on Oversight and Government Reform Tuesday of this week, we heard a lot of rhetoric on the sequester, but no real answers. The Budget Control Act detailing this particular budget sequestration was signed into law by President Obama on August 2, 2011. Your agencies should have been planning for the possibility of a budget sequestration once the super committee process failed at the end of 2011. However, little to no planning seems to have taken place since that time. Since August of 2012, Congress has been asking for detailed budget sequestration plans from DOT and FAA. However, those requests have only resulted in limited and incomplete information about how sequester will impact the FAA and other federal agencies and departments, which is unacceptable.

A review of FAA spending over the past several years has exposed several areas ripe for belt-tightening at the FAA. These areas include, but are not limited to: a yearly travel budget for FAA employees of \$179 million; a fleet of 46 aircraft that costs \$143 million a year to maintain; a 41 percent, or \$3 billion budget increase since 2002, even though domestic flights are down 27 percent from 2000 traffic levels; and clear mismanagement and waste on Air Traffic Control modernization contracts.

Because DOT and FAA have continuously rebuffed our efforts to gain detailed information about your plans for sequester, we are left with more questions than answers. We know that FAA spends millions of taxpayer dollars to send employees to conferences. Has all conference spending been eliminated under the sequester? We know that FAA plans to shut down a significant number of contract towers, even though the contract tower program has continuously proven to be cost effective. How was this choice made? Were all other service contracts

examined for waste and cost overruns before choosing to make cuts to an economically sound program?

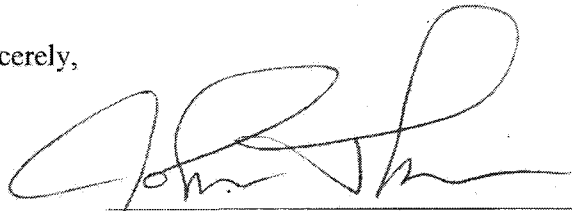
The flying public paid over \$12 billion in excise taxes and user fees in 2012, yet these are the people the FAA has chosen to inconvenience because of its lack of planning and inability to produce credible and specific data on budget cuts and constraints. Since our previous requests for information have gone unanswered, we cannot assume, nor do we believe, that all savings options were explored before the choice was made to furlough employees, close towers, and inconvenience the flying public you are supposed to serve.

While we continue to await your answers to our questions, the FAA has the authority and the flexibility in its budget to use the savings found in these and other areas to pay for air traffic controllers and other personnel and to avoid resorting to furloughs. In fact, the FAA has \$2.7 billion in non-personnel Operations costs that should have been examined for savings before furloughs were considered. Thoroughly examining real areas of potential savings, and not resorting to scare tactics and the punishment of employees and the public for political purposes, is the only way to productively move forward and ensure that the FAA upholds its stated commitment to the flying public.

Sincerely,



Bill Shuster
Chairman
House Committee on Transportation
and Infrastructure



John Thune
Ranking Member
Senate Committee on Commerce,
Science and Transportation



U.S. Department
of Transportation
**Federal Aviation
Administration**

800 Independence Ave., SW.
Washington, DC 20591

March 5, 2013

CITY OF SANTA FE
PO BOX 909
SANTA FE, NM 87504-0909

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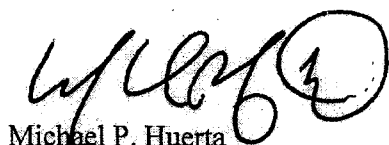
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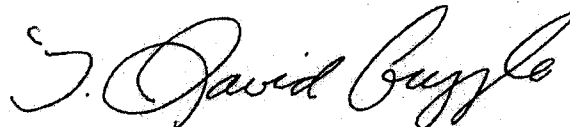
Towers (ATCT) that are not operated by, or under contract with, the United States (Non-Federal)).

If you have additional questions or need further information, please contact your FAA point of contact in the Service Center, or Tony Mello, Director of Terminal Operations at FAA Headquarters, at (202) 385-8533.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Huerta', with a circled number '4' to the right.

Michael P. Huerta
Administrator

A handwritten signature in black ink, appearing to read 'J. David Grizzle'.

J. David Grizzle
Chief Operating Officer
Air Traffic Organization

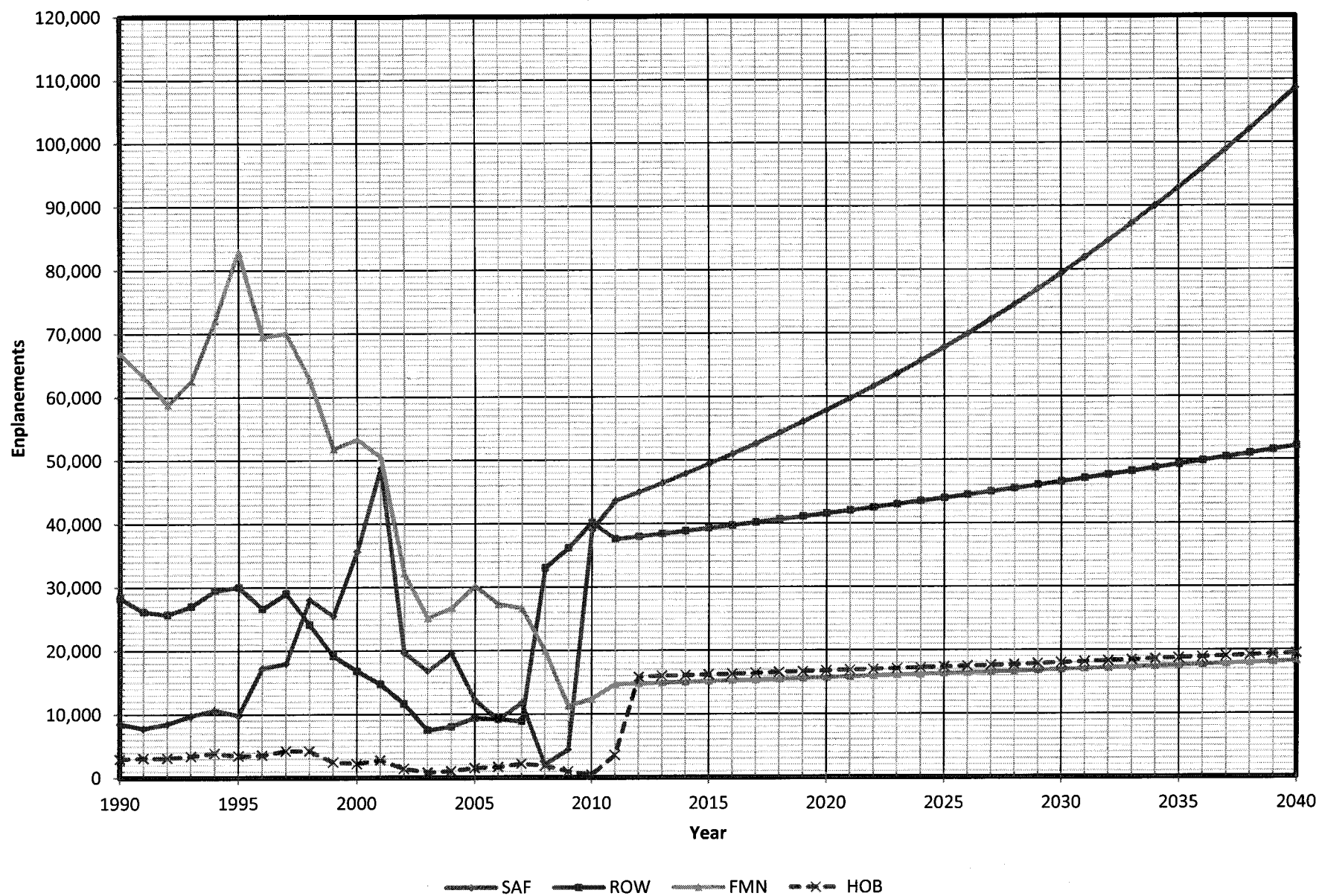
There are unintended consequences associated with reducing or eliminating Air Traffic Control (ATC) services at airports; and airports served by Federal Aviation Administration (FAA) Contract Towers (FCTs) are no exception. Some of these consequences go beyond the local airport – affecting the National Airspace System (NAS). The Duty Priority for Air Traffic Control Specialists (ATCS) as specified in FAA JO 7110.65U, paragraph 2-1-2.a., requires them to give first priority to separating aircraft and issuing safety alerts. Without controllers in the tower, no one will be performing these functions– resulting in a significant impact on safety at these airports. Additionally, Tower ATCS provide more than separation services and safety alerts to pilots; there is a whole host of additional services they provide which contribute greatly to the safety and efficiency of the entire system. The following impacts must be considered when contemplating reducing or eliminating ATC services at airports served by FCTs:

- ATCS are the first line of defense for pilots and passengers in the event of an aircraft accident/incident – on and off the airport. Tower ATCS are likely to be the first to know of an aircraft in distress, and they become the focal point for the emergency response – activating a Crash Phone to notify first responders and then authorizing their access onto the airport and directing them to the crash site. Tower ATCS also significantly contribute to the safety of emergency services personnel by keeping other air traffic away from them. Closing FCTs would remove this layer of protection for those who fly.
- The Operation Specifications for many commercial aircraft operators prohibit them from using an airport without ATC services. Closing FCTs could result in cessation of commercial air services at effected airports. Additionally, student pilots must conduct portions of their training at airports with an ATCT. Closing FCTs will force these students to fly into larger/busier airports which still have an ATCT. Introducing slow-flying student piloted aircraft into the busy, rapid paced environment of larger commercial airports will decrease the efficiency of these operations and negatively impact safety.
- Closing FCTs would reduce the number of ATCS in the NAS to handle traffic – significantly adding to the workload of the remaining ATCS and placing a strain on the system. Without an ATCT at an airport, many of the ATCT's responsibilities would fall to the overlying radar facilities (TRACONs and ARTCCs). Radar controllers (sometimes located as far away from an airport as an adjacent state) would have to issue instrument clearances normally issued by the ATCT, issue weather and airport conditions normally obtained from a recorded broadcast created by the ATCT, provide additional separation services to aircraft in the vicinity of airports (often without radar coverage), etc. Many of these responsibilities are most efficiently performed by ATCT controllers; not radar controllers. The extra workload would have a negative impact on the safety and efficiency of the NAS.
- Operations within the NAS are often inter-dependent and removing part of this system from the whole can have dramatic consequences.
- With the exception of a handful of airports served by FCTs, contract ATCS are the official weather observers at their respective airports. When automated weather reporting systems were introduced in the 1990's, the intent was to replace human observers with machines. The automated systems have proven to have significant limitations – requiring a human observer to augment the automated observations. Closing FCTs would also eliminate human weather observers from these

airports, significantly reducing the accuracy of weather observations and having a direct impact on the safety and efficiency at each effected airport.

- Any consideration of reducing or eliminating ATC services at airports will most definitely have an impact on the NAS. As such it should be routed through the Safety Risk Management process in accordance with the FAA Air Traffic Organization's Safety Management System.

SAF-ROW-FMN-HOB Enplanements



AOPA

Fuller: FAA sequestration cuts not safe or sensible Association urges better cooperation with aviation industry

By AOPA Communications staff

AOPA President Craig Fuller on March 6 leveled sharp criticism at the sequestration cuts planned by the Obama administration and the FAA, suggesting that the decision to close control towers and scale back aviation services constitutes a risk to aviation safety.

“The White House budget office has forced troubling, and possibly dangerous, cuts on the FAA,” Fuller said. “It doesn’t have to be that way. Rational savings can be found, and we are ready to work with the FAA and the Department of Transportation to build workable solutions. But closing more than 200 air traffic control towers, derailing certification, and allowing our navigational aid system to deteriorate just doesn’t make sense.

“These are vital FAA commitments and abandoning them is unsafe, unwise, and unacceptable to AOPA members.”

During an appearance at the Helicopter Association International’s Heli-Expo 2013 in Las Vegas, Fuller urged the FAA to step back from its planned cuts and work with aviation industry groups on alternative spending reductions that would have little impact on air safety and the operations of general aviation.

“I fear that administration officials are driving a process that will have dire consequences for air safety and general aviation,” Fuller said. “General aviation is under assault from people who either don’t understand the dangerous consequences of their actions, or worse, simply do not care.

“We are calling on the Obama administration to grant FAA the necessary flexibility to find more rational savings.”

Fuller spoke March 6 at a town hall meeting featuring the CEOs of the general aviation alphabet groups—Fuller, Matt Zuccaro of Helicopter Association International, Pete Bunce of the General Aviation Manufacturers Association, Henry Ogrodzinski of the National Association of State Aviation Officials, Tom Hendricks of the National Air Transportation Association, and Ed Bolen of the National Business Aviation Association. Other association heads shared his concern that the Obama administration is waging an “assault on general aviation” with policies that harm pilots, aircraft owners, and the manufacturing industry.

The administration's advancement of proposals such as a \$100 per flight user fee for turbine aircraft are part of a bigger issue related to the administration's treatment of general aviation, Fuller said. Zuccaro cited the administration's effort to stop accelerated depreciation schedules for aircraft—which Bolen said stimulates jobs and growth—as further evidence. “Promote the industry, don't disparage it,” Bolen urged.

On March 1 the administration and Congress failed to halt legislation that imposes automatic, across-the-board federal spending cuts of \$85 billion. The FAA told aviation industry representatives that its share of cuts would total \$600 million—the largest portion of the cuts sustained by the Department of Transportation.

To reach those savings, FAA officials have decided to close nearly 200 control towers at airports around the country, reduce repairs to most of the nation's navigational aids, and give most of the FAA's 47,000 employees a one-day-per pay period furlough.

The FAA's plan has caused confusion in a number of communities with airports that rely on control towers. The FAA has identified 77 essential operating areas. But general aviation aircraft—everything from two-seat, single-engine piston airplanes to helicopters to business jets—often operate at smaller airports that are closer to destinations and business sites outside of major metropolitan areas.

Those communities could experience a drastic reduction in aviation services, revenue, and jobs if the cuts go forward in April as planned.

Fuller said that AOPA already has recommended a number of streamlining initiatives and spending cuts that the FAA could adopt without any impact on the strong record of general aviation air safety. These suggestions include expanding the use of the driver's license medical by adopting the AOPA-EAA medical proposal.

Fuller, as head of the world's largest civil aviation organization, suggested the FAA revisit its planned cuts and work with AOPA and other aviation groups to find better ways to achieve them.

“Voters did not ask for fewer towers!” Fuller said, referring to the November presidential election. “They did not ask for fewer controllers! They will not tolerate safety reductions! And neither will we.”

March 6, 2013

2012 SANTA FE MUNICIPAL AIRPORT OPERATIONS

	ITINERANT				LOCAL			OPERATIONS	LAST YR	
MONTH	Air Taxi	Gen. Avia	Military	Total Itinerant	Civil	Military	Total Local	TOTAL	DIFFERENCE	MONTH
Jan -12	389	465	85	939	3893	400	4293	5232	-566	Jan -12
Feb -12	371	389	111	871	3259	252	3511	4382	-157	Feb -12
Mar -12	414	427	92	933	3882	292	4174	5107	-933	Mar -12
Apr -12	426	387	58	871	3371	187	3558	4429	-136	Apr -12
May -12	503	469	66	1038	4222	252	4474	5512	-211	May -12
Jun -12	489	507	54	1050	4527	323	4850	5900	-557	Jun -12
Jul -12	692	653	65	1410	4328	337	4665	6075	-1075	Jul -12
Aug -12	627	751	56	1434	4660	482	5142	6576	16	Aug -12
Sept -12	548	563	65	1176	4015	365	4380	5556	49	Sept -12
Oct -12	461	626	69	1156	4248	426	4674	5830	-226	Oct -12
Nov -12	435	455	67	957	4243	512	4755	5712	612	Nov -12
Dec -12	616	412	42	1070	3771	306	4077	5147	1630	Dec -12
TOTALS	5971	6104	830	12905	48419	4134	52553	65458		
TOTAL OPERATIONS DIFFERENCE FROM LAST YEAR, TO DATE								-1554		

2013 SANTA FE MUNICIPAL AIRPORT OPERATIONS

	ITINERANT				LOCAL			OPERATIONS	LAST YR	
MONTH	Air Taxi	Gen. Avia	Military	Total Itinerant	Civil	Military	Total Local	TOTAL	DIFFERENCE	MONTH
Jan -13	545	374	91	1010	3606	670	4276	5286	54	Jan -13
Feb -13	537	360	56	953	3608	433	4041	4994	612	Feb -13
Mar -13	0	0	0	0	0	0	0	0	0	Mar -13
Apr -13	0	0	0	0	0	0	0	0	0	Apr -13
May -13	0	0	0	0	0	0	0	0	0	May -13
Jun -13	0	0	0	0	0	0	0	0	0	Jun -13
Jul -13	0	0	0	0	0	0	0	0	0	Jul -13
Aug -13	0	0	0	0	0	0	0	0	0	Aug -13
Sept -13	0	0	0	0	0	0	0	0	0	Sept -13
Oct -13	0	0	0	0	0	0	0	0	0	Oct -13
Nov -13	0	0	0	0	0	0	0	0	0	Nov -13
Dec -13	0	0	0	0	0	0	0	0	0	Dec -13
TOTALS	1082	734	147	1963	7214	1103	8317	10280		
TOTAL OPERATIONS DIFFERENCE FROM LAST YEAR, TO DATE								666		

599		Geri Channel	07/07/11	PM	noise	4554	Camino Placitas	07/11/2011	Thursday
600	Agua Fria	Gregory Alyassin	07/10/11	PM	noise	1101	Willow Way	07/11/2011	Sunday
601	las campanas	Lou Lopilato	07/10/11	PM	noise	39	Holly hock cir	07/11/2001	Sunday
602	south sf	Marie Harding	07/12/11	AM	noise	26	synargia ranch rd	07/11/2011	Sunday
603	las campanas	Lou Lopilato	07/13/11	PM	noise	39	Holly hock cir	07/14/2011	Wednesday
604	mutt nelson	Darrin Johanson	07/22/11	AM	noise	3	Camino de Viento	07/25/2001	Monday
605	Alameda	David Morton	08/01/11	AM	noise	3957	Camino Vista Verde	08/01/2011	Monday
606	CR 62	Carla Armijo	08/22/11	AM	noise	33	Vereda Corta	08/22/2011	Monday
607	eldorado	Victoria Seale	08/27/11	noon	noise/low	53	Mago	08/29/2011	Saturday
608	la cienega	Robert Romero	09/01/11	AM	noise	28	La mesita del rey	09/01/2011	Thursday
609	la cienega	David Watson	09/30/11	PM	noise	2	caminito vigil	09/30/2011	Friday
610	NONE OCT 2011								
611	Tierra Contenta	Susan Nalder	11/18/11	PM	noise	-	Jaguar Dr	11/28/2011	Friday
612	NONE DEC-2011								
613	NONE JAN-FEB	2012							
614	El Dorado	Dave Macio	03/03/12	PM	noise	-	ElDorado	03/03/2012	Saturday
615	Tierra Contenta	Kate	05/11/12	AM	noise		Camino Rojo	05/14/2012	Friday
616	Bellamah	Don Eaton	05/23/12	AM	noise	1487	Clark Rd	05/23/2012	Wednesday
617	El Dorado	David Murray	05/28/12	AM	noise	62	Herrada Rd	05/29/2012	Monday
618	Cienega	David Forrest	06/27/12	AM	noise	13	calle corto	07/02/2012	Wednesday
619	Agua Fria village	Richard Gonzales	06/27/12	PM	noise		Agua Fria Village	07/02/2012	Wednesday
620	la cienega	Susan Simons	07/06/12	AM	noise	286	los pinos	07/06/2012	Friday
621	pacheco st	John Fitingier	07/07/12	AM	noise	1345	1345 pacheco	07/09/2012	Saturday
622	la cienega	David Watson	07/09/12	AM	noise	?	?	07/09/2012	Monday
623	la cienega	Robert Romero	07/30/12	AM	noise	28	la mesita de rey	07/30/2012	Monday
624	downtown	Ms. Viorikki	08/07/12	AM	noise			8/07/2012	Tuesday
625	la cienega	Ms. Downey	08/19/12	AM	noise		calle debra	8/20/2012	Sunday
626	cerrillos rd	Linda Smith	08/21/12	PM	noise	198	Quapaw	8/21/2012	Tuesday
627	NONE SEPT 2012								
628	la cienega	Marylou Martinez	10/15/12	PM	noise and low flying		Camino Rojo and Valent	10/16/2012	Tuesday
629	la cienega	Cynthia Rodriguez	11/07/12	PM	Osprey plane making too much noise	6505	Winding Ridge Loop	11/07/2012	Wednesday
630	NONE DEC- 2012								
631	Chupadero area	Barbara Seeley	01/22/13	10-12 PM	military flying low, slow, noisy	47-A	Don Felimeno Road	01/22/2013	week nights

2011

MONTH	<u>ENPLANE</u>	<u>DEPLANE</u>	<u>TOTAL</u>
JAN	2608	2399	5007
FEB	2528	2392	4920
MARCH	3107	3096	6203
APRIL	3428	3533	6961
MAY	4028	3957	7985
JUNE	4468	4764	9232
JULY	5527	5962	11489
AUGUST	5080	5146	10226
SEPT	3112	3200	6312
OCT	3844	3544	7388
NOV	2970	2859	5829
DEC	<u>2456</u>	<u>2758</u>	5214
TOTALS	43156	43610	86766

2012

<u>MONTH</u>	<u>ENPLANE</u>	<u>DEPLANE</u>	<u>TOTAL</u>
JAN	2704	2431	5135
FEB	2466	2372	4838
MARCH	2955	3033	5988
APRIL	3595	3716	7311
MAY	4530	4427	8957
JUNE	4726	5262	9988
JULY	5404	5946	11350
AUGUST	5303	5419	10722
SEPT	4413	4374	8787
OCT	4814	4745	9559
NOV	2958	2844	5802
DEC	<u>2799</u>	<u>3007</u>	<u>5806</u>
TOTALS	46667	47576	94243

GREAT LAKES

<u>ENPLANE</u>	<u>DEPLANE</u>	<u>TOTAL</u>
362	349	711

AMERICAN EAGLE
ENPLANEMENTS/DEPLANEMENTS
2013

<u>MONTH</u>	<u>ENPLANE</u>	<u>DEPLANE</u>	<u>TOTAL</u>
JAN	2858	2657	5515
FEB	2694	2630	5324
MARCH	0	0	0
APRIL	0	0	0
MAY	0	0	0
JUNE	0	0	0
JULY	0	0	0
AUGUST	0	0	0
SEPT	0	0	0
OCT	0	0	0
NOV	0	0	0
DEC	0	0	0
TOTALS	5552	5287	10839

**GREAT LAKES
ENPLANEMENTS/DEPLANEMENTS
2013**

<u>ENPLANE</u>	<u>DEPLANE</u>	<u>TOTAL</u>
483	465	948
447	538	985
		0
		0
		0
		0
		0
		0
		0
		0
0	0	0
930	1003	1933

SANTA FE MUNICIPAL AIRPORT										
MONTHLY FINANCE REPORT										
REVENUE ACCOUNT	JAN-12	FEB-12	MAR-12	APR-12	MAY-12	JUN-12	JUL-12	AUG-12	SEPT-12	
Airport Land Rent	\$ 95,518.42	\$ 6,721.76	\$ 6,721.76	\$ 6,721.76	\$ 6,721.76	\$ 6,721.76	\$ 11,041.76	\$ 6,721.76	\$ 6,721.76	
Airport Tiedown Fees	\$ 4,364.50	\$ 2,034.75	\$ 3,329.50	\$ 2,668.25	\$ 3,356.25	\$ 3,461.00	\$ 3,470.50	\$ 6,772.50	\$ 4,879.00	
Airport Landing Fee	\$ -	\$ -	\$ -	\$ 20,770.61	\$ 45,892.98	\$ 15,924.03	\$ 39,385.61	\$ 19,522.59	\$ 18,163.46	
Airport Parking Fees	\$ 4,540.00	\$ 2,967.00	\$ 4,032.00	\$ 4,587.00	\$ 5,671.00	\$ 6,523.00	\$ 4,461.00	\$ 4,516.00	\$ 4,711.00	
Airport Fuel Flowage Fees	\$ 19,097.92	\$ 10,140.02	\$ 8,389.68	\$ 10,475.17	\$ 10,772.55	\$ 11,263.20	\$ 13,016.25	\$ 16,530.74	\$ 16,978.64	
Airport GRT Sales	\$ 10,593.54	\$ 2,541.82	\$ 2,658.03	\$ 6,402.60	\$ 12,065.09	\$ 3,533.28	\$ 2,724.52	\$ 4,256.14	\$ 5,946.63	
Airport Car Rental Fees	\$ 20,483.82	\$ 5,742.01	\$ 13,419.77	\$ 21,928.93	\$ 7,152.04	\$ 8,592.91	\$ 31,250.87	\$ 31,213.85	\$ 26,407.13	
Airport Misc. Revenue		\$ -	\$ 5.00	\$ 50.00	\$ 5.00		\$ -	\$ 60.00		
Airport Gate Fees	\$ -	\$ -	\$ -	\$ 1,328.80	\$ -	\$ 3,376.50	\$ 8,127.60	\$ 2,802.00	\$ 2,252.00	
Airport Terminal Rent (Airline)	\$ 4,581.15	\$ 4,513.34	\$ 1,013.34	\$ -	\$ 2,026.68	\$ 1,013.34	\$ 2,972.46	\$ 1,013.34	\$ 1,013.34	
Airport Terminal Rent (Concession)	\$ 9,655.97	\$ 3,657.10	\$ 2,618.51	\$ 1,597.80	\$ 10,255.44	\$ 157.10	\$ 1,961.34	\$ 7,041.51	\$ 9,862.79	
Fire Protection Fee	\$ -	\$ -	\$ -	\$ 6,923.54	\$ -	\$ 8,535.98	\$ 18,436.55	\$ 6,507.53	\$ 5,087.33	
Airline Security Fee	\$ -	\$ -	\$ -	\$ 3,063.42	\$ -	\$ 3,800.91	\$ 7,701.41	\$ 2,212.47	\$ 2,212.47	
Airline Equipment Fee	\$ -	\$ -	\$ -	\$ 6,905.00	\$ -	\$ 5,700.00	\$ -	\$ 3,185.00	\$ 2,450.00	
Sales of Fixed Assets										
Interest										
MONTHLY TOTAL:	\$ 168,835.32	\$ 38,317.80	\$ 42,187.59	\$ 93,422.88	\$ 103,918.79	\$ 78,603.01	\$ 144,549.87	\$ 112,355.43	\$ 106,685.55	
REVENUE ACCOUNT	OCT-12	NOV-12	DEC-12	JAN-13	FEB-13	MAR-13	APRIL-13	MAY-13		
Airport Land Rent	\$ 7,016.06	\$ 6,721.76	\$ -	\$ 66,989.28	\$ 31,948.43	\$ -	\$ -	\$ -		
Airport Tiedown Fees	\$ 5,856.75	\$ 5,096.75	\$ 4,145.00	\$ 5,809.25	\$ 1,567.25	\$ -	\$ -	\$ -	\$ -	
Airport Landing Fee	\$ 29,210.45	\$ 15,794.40	\$ 10,832.73	\$ 10,701.78	\$ 11,819.33	\$ -	\$ -	\$ -		
Airport Parking Fees	\$ 9,269.08	\$ 7,664.86	\$ 6,348.75	\$ 5,984.91	\$ 16,807.67	\$ -	\$ -	\$ -	\$ -	
Airport Fuel Flowage Fees	\$ 13,527.05	\$ 12,656.50	\$ -	\$ 22,358.77	\$ 1,557.83	\$ -	\$ -	\$ -		
Airport GRT Sales	\$ 6,217.26	\$ 2,776.36	\$ -	\$ 6,691.45	\$ 2,927.51	\$ -	\$ -	\$ -	\$ -	
Airport Car Rental Fees	\$ 30,834.96	\$ 10,710.48	\$ 5,828.31	\$ 6,215.46	\$ 7,096.57	\$ -	\$ -	\$ -	\$ -	
Airport Misc. Revenue	\$ 46.00	\$ 20.00	\$ 10.00	\$ 15.00	\$ -		\$ -	\$ -		
Airport Gate Fees	\$ 2,454.00	\$ 1,522.50	\$ 2,454.50	\$ 1,522.50	\$ 1,882.00	\$ -	\$ -	\$ -		
Airport Terminal Rent (Airline)	\$ 1,013.34	\$ 1,013.34	\$ 1,013.34	\$ 11,725.24	\$ 2,561.24	\$ -	\$ -	\$ -		
Airport Terminal Rent (Concession)	\$ 16,897.53	\$ 15,897.75	\$ 1,281.27	\$ 9,164.00	\$ 16,912.57	\$ -	\$ -	\$ -	\$ -	
Fire Protection Fee	\$ 5,264.80	\$ 3,610.91	\$ 5,264.80	\$ 3,610.91	\$ 7,507.04	\$ -	\$ -	\$ -		
Airline Security Fee	\$ 2,344.84	\$ 2,212.47	\$ 2,344.84	\$ 2,212.47	\$ 3,838.73	\$ -	\$ -	\$ -		
Airline Equipment Fee	\$ 3,910.00	\$ 3,340.00	\$ 3,910.00	\$ 3,340.00	\$ 3,325.00	\$ -	\$ -	\$ -		
Sales of Fixed Assets										
Interest										
MONTHLY TOTAL:	\$ 133,862.12	\$ 89,038.08	\$ 43,433.54	\$ 156,341.02	\$ 109,751.17	\$ -	\$ -	\$ -	\$ -	

AS OF 03/04/2012

INSPECTIONS, REPORTS, MAINTENANCE, MEETINGS, TRAINING REOTS 2013

REQUIRED BY	TASK	REQ	STATUS	REMARKS	MONTH DUE											
					JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PART 139	MMMT AND SE AREA ACCESS TNG	INITIAL	OK	OFFER	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR
PART 139	MMMT AND SE AREA ACCESS TNG	12 MONTH RECURRENCY	OK	OFFER, OTHERS AR												X
PART 139	ARFF PERSONNEL TNG	INITIAL	OK	FD		CMPLY						CMPLY				
PART 139	ARFF PERSONNEL TNG	12 MONTH RECURRENCY	OK	FD		CMPLY						CMPLY				
PART 139	ARFF LIVE-FIRE DRILL TNG	INITIAL	OK	FD		CMPLY						CMPLY				
PART 139	ARFF LIVE-FIRE DRILL TNG	12 MONTH RECURRENCY	OK	FD		CMPLY						CMPLY				
PART 139	INSPECT FUELING AGENTS	3 MONTH FIRE MARSHAL	OK	90 DAYS MAX			X			X			X			X
PART 139 ACM	FIRE MARSHAL INSP	PERIODIC (12 MONTHS?)	OK						X			X				
PART 139	CERTIFICATION INSPECTION	NO NOTICE - 12 MONTHS	Mar 19-21 2013													
PART 139	FUEL AGENT SUPERVISOR TNG MA	90 DAYS INITIAL, 24 MONTH RECUR	OK	DONE BY FBO		CMPLY				CMPLY						CMPLY
PART 139	FUEL AGENT SUPERVISOR TNG AC	90 DAYS INITIAL, 24 MONTH RECUR	OK	DONE BY FBO		CMPLY				CMPLY						CMPLY
PART 139	FUEL AGENT EMPLOYEE TNG MA	OUT AND 24 MONTH RECUR	OK	DONE BY FBO						CMPLY						CMPLY
PART 139	FUEL AGENT EMPLOYEE TNG AC	OUT AND 24 MONTH RECUR	OK	DONE BY FBO						CMPLY						CMPLY
PART 139	FUEL AGENT TNG CERT MA	12 MONTHS	NEW	SUBMITTED BY FBO	X											
PART 139	FUEL AGENT TNG CERT AC	12 MONTHS	NEW	SUBMITTED BY FBO	X											
PART 139	REVIEW EMERG RESP PLAN	12 MONTHS	LAST JUN 12	REVIEW BY ALL PARTIES						X						
PART 139	FULL SCALE EMERG PLAN EX	36 MONTHS	last May 2011	CLASS 1 ONLY, COORD WITH MARTIN VIGIL												
PART 139	SELF INSPECTION	DAILY AND AIR BY CONDITIONS	OK		X	X	X	X	X	X	X	X	X	X	X	X
PART 139	SELF INSPECTION PERS TNG	INITIAL	OK		AR	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR
PART 139	SELF INSPECTION PERS TNG	12 MONTH RECURRENT	OK													
PART 139	PED AND VEHICLE TNG	INITIAL ONLY	OK													X
PART 139	WILDLIFE ASSESSMENT	ON OCCUR	DRAFTED	SEE PART 139												
PART 139	WILDLIFE HAZ MGT PLAN REV	12 MONTHS, OR ON OCCUR ABOVE	DO					X								
PART 139	WILDLIFE HAZ MGT TNG		???	SEE ACM												X
PART 139 ACM	WILDLIFE HAZ REPORT TO NM	QTR	???	SEE ACM	X		X				X			X		
RESOLUTION 2000-6	AIRPORT COMMUNITY ASSOC MTG	ANNUAL	NR	*ACA MEETING					X							
RESOLUTION 2000-6	EDUCATIONAL NOISE MTG	ANNUAL	NR	DONE IN CONJUNCTION WITH ACA					X							
???? 14CFR142	AIRPORT SECURITY MTG	QTR	????			X			X			X				X

REQUIRED BY	TASK	FREQ	STATUS	REMARKS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CITY	STAFF MEETING	AR	OK													
CITY	EMPLOYEE SAFETY MTG	????	OK	AI STAFF MTG			X			X			X			X
CLEAN WATER ACT	SWPPP ANNUAL	ANNUAL	OK	CAN BE COMBINED WITH ONE QTRLY												X
CLEAN WATER ACT	SWPPP QTRLY / MONTHLY	QTR / Monthly	OK	MONTHLY NOV - MAR	X	X	X			X			X		X	X
CLEAN WATER ACT	SWPPP MONITORING	QTR W/ OR W/O RAIN OR SNOW	OK				X			X			X			X
USAF MUSEUM	F11F CERT	ANNUAL	OK	NOTIFIED BY LETTER AT 1ST OF YEAR	X											
14CFR1542	TABLE TOP SECURITY EX	ANNUAL	last Mar 2013	EMER RESPONSE EX QUALIFIES			X									
14CFR 1542	SECURITY REPORT ON ARRESTS	ANNUAL	OK	see Security Company log and PD Records	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR
14 CFR 1542	INCIDENT REPORT	AR	OK	see Security co log	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR
FAA GRANT ASSUR	FAA REVENUE REPORT	ANNUAL / OCT	OK	FINANCE DOES (HALLOWA)								X				
FAA GRANT ASSUR	DBE ACCOMPLISHMENTS	ANNUAL / AUG	OK	CONTRACT MOLZEN-CORBIN DEBBIE												
FAA GRANT ASSUR	DBE COALS	ANNUAL / JAN	OK	CONTRACT MOLZEN-CORBIN DEBBIE	X											
FAA GRANT ASSUR	DBE CONCESSIONARE REPORT	ANNUAL / JAN	OK	CONTRACT MOLZEN-CORBIN DEBBIE	X											
CITY	PADPS	ANNUAL / DEC	OK	AIRPORT MANAGER												X
CITY	CPR TNG	2 YRS????	OK	1-3 YRS SCHED BY Admin Asst AR		REV										
CITY	1ST RESPONDER	2 YRS????	OK	1-3 YRS SCHED BY Admin Asst AR		REV										
FIRE CODE	FIRE EXTINGUISHER	ANNUAL	OK	VEHICLES TOO						REV						
FIRE CODE	FIRE EXTINGUISHER	MONTHLY	III		X	X	X	X	X	X	X	X	X	X	X	X
FAA	FAA BADGES	ANNUAL, ON EXPIRATION	NR													
ASP	RAMP BADGES	ON EXPIRATION	NR													
ASP	REVIEW	ANNUAL OR AR	OK			X										
SECURITY CTRCT	ANNUAL RENEWAL / RFP 4 YRS	ANNUAL	OK	DUE IN MARCH, EXP IN 17		X										
CONSULTANT CTR	ANNUAL RENEWAL / RFP 4 YRS	ANNUAL	DUE	annual DUE IN JULY, EXP IN 2014				X	X	X	X	X	X	X	X	X
LEORA	REIMBURSEMENT REQUEST	MONTHLY	NR		X	X	X	X	X	X	X	X	X	X	X	X
SWPPP	SWPPP TEAM EMPLOYEE TNG	??	???													
TSA SD	NO FLY / SELECTEE LIST REVIEW	DAILY	NR		X	X	X	X	X	X	X	X	X	X	X	X
LEASE REVIEW	LEASE REVIEW	6 MONTH OR AR	Completed 2/2013	CPI INCREASES AR SEE LEASE SPD SHT			X	X	X	X	X	X	X	X	X	X
BUDGET DRILL	BUDGET	JAN - MAY	OK		X	X	X	X	X	X	X	X	X	X	X	X
FED AND STATE	GRANT APPLICATIONS	ANNUAL MAY	OK								X					
FED AND STATE	GRANT REIMBURSEMENT COUNT	ANNUAL IN AUGUST	OK								X					

[illegible]

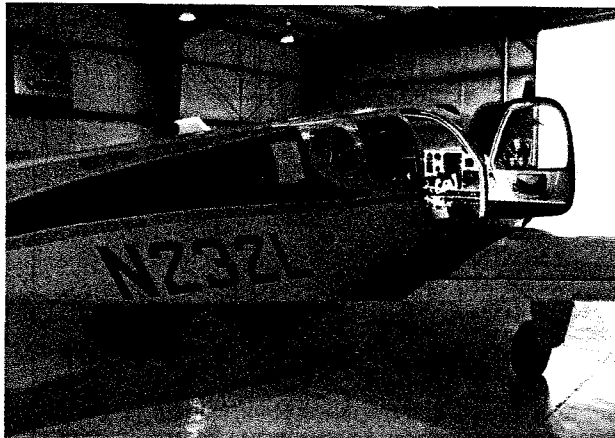


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EXHIBIT

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AOPA Turns to Santa Fe Aero Services for Panel Installation on Sweepstakes Plane

All-Glass Avionics Add Modern Flair to Classic Debonair

by Rob Finrock

A New Mexico business was recently awarded a prestigious assignment from the Aircraft Owners and Pilots Association (AOPA.) Santa Fe Aero Services, a Part 145 repair station based at Santa Fe Municipal Airport (KSAF) since 2007, was selected from a nationwide list of vendors to install a full glass panel avionics system in AOPA's 75th Anniversary Sweepstakes airplane, a 1963 Beechcraft B33 Debonair.

Company vice-president Pat Horgan said it was a significant honor to be chosen for the AOPA project, a distinction he feels places Santa Fe Aero Services among the "top 5-10 percent" of repair facilities in the country. "We are becoming well-known throughout the industry as a true, turn-key maintenance and avionics installation facility," he added. "It was extremely important to AOPA to work with an established company with a proven track record for quality, on-time completion, as well as a solid business plan that ensures we'll be around to provide service to the sweepstakes winner for years to come."

(Story continued on next page)

"Wings of Freedom" to Return to KSAF with WWII-era German Jet

The Collings Foundation has announced its 2013 "Wings of Freedom" Tour will stop at KSAF from April 10-12.

For the first time in Santa Fe, the Foundation's World War II-era Boeing B-17G Flying Fortress, Consolidated B-24J Liberator, and North American TP-51C (shown below) will be joined by the group's recently-completed Messerschmitt Me 262, a nearly-exact replica of the world's first operational jet fighter.

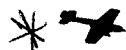
Ground tours of all four aircraft, as well as flight experiences, will reportedly be available. For more information, visit www.collingsfoundation.org.



Image courtesy of Rob Finrock

Association Events

MARCH 9: AASF Quarterly Meeting, 10:00 am at the Airport Grille. Following the meeting will be an FAA Safety Team presentation about search-and-rescue (SAR) operations by the New Mexico State Police aircraft division. Everyone is invited!



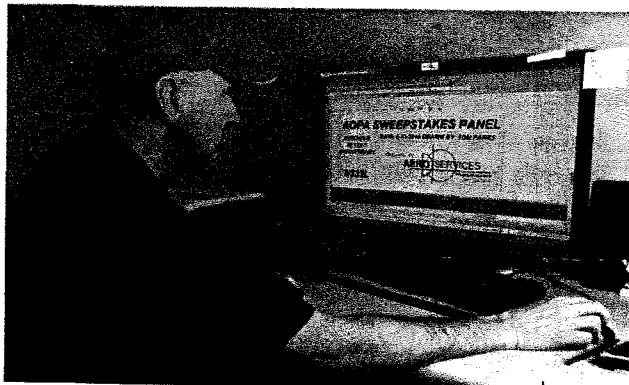
It's Time to Fly!

APRIL 6: Fly-Out from KSAF to Raton, NM (RTN.) Includes an FAA WINGS program educational presentation, "Aviation Weather & Briefings: What they didn't teach you in ground school." If you have a plane to fly – or would like to ride along – email info@santafecaviation.org for more information!

EVERY SATURDAY: Join our Weekly 'SkyChat' Breakfast, 9-11:30 am at the Airport Grille!

(Story continued from previous page)

The project began with the complete removal of the Beech single's original "steam gauge" instrumentation and instrument panel. Those antiquated systems have been replaced with a new, custom-fabricated assembly featuring a three-screen Aspen Avionics Evolution 2500 electronic flight display; Garmin GTN 750 and GTN 650 navigators; an Alpha Systems angle of attack indicator; R.C. Allen backup attitude indicator; and a PS Engineering PMA8000BT audio panel, among other new indicators and systems. All electrical needs for those systems are met with a larger, 70-amp alternator provided by National AirParts and installed by Santa Fe Aero Services.



Perhaps the most significant technological feature is Aspen's proprietary Connected Panel system, which creates a managed wireless link between the Aspen avionics and a portable tablet computer -- such as the Apple iPad Mini that will also come with the Debonair, mounted to the new panel -- allowing the pilot to create and file their flight plan using an approved app such as ForeFlight, Garmin Pilot, or WingX, then load it wirelessly to the Aspen 2500 EFD.

Those avionics are mounted to an entirely new, custom instrument panel, fabricated by Santa Fe Aero Services on its in-house production line utilizing a computer-aided CNC milling machine. The custom panel also features laser-etched labels and safety placards, and is powder-coated for a sleek, "better than factory" appearance.

The new panel will be unveiled in April at the Sun 'n Fun Fly-in in Lakeland, Florida. Rechristened N75YR in honor of AOPA's upcoming 75th anniversary, the Debonair will then fly off for additional improvements, including a new, ergonomically-correct interior, exterior livery, and engine modifications.

The thoroughly refurbished aircraft will then fly in support of various AOPA activities and promotions

before being raffled off to a lucky association member at the 2014 AOPA Aviation Summit in Palm Springs, California.

A Cirrus Factory Authorized Service Center, Santa Fe Aero Services also provides maintenance support for a variety of general aviation, corporate and commercial aircraft that frequent Santa Fe Municipal Airport. The company also operates an avionics installation center at the Albuquerque International Sunport (KABQ) 43 nm southwest of Santa Fe. For more information, visit www.santafecacro.com or call (505) 795-7900.

Images courtesy of Robert Talarczyk, Darkhorse Design, LLC, Santa Fe, NM

SAF Airport Manager to Retire

Santa Fe Airport Manager Jim Montman has announced his retirement, effective May 3, 2013 after guiding operations at the airport for 12 years. The City is currently in the process of selecting his replacement, with a final decision expected no later than April 15. Montman was twice-named New Mexico Airport Manager of the Year, most recently in 2012.

"FIFI" Coming to KABQ!

The Commemorative Air Force's B-29 Superfortress "FIFI" will be available for ground tours and rides April 1-3 at the Albuquerque International Sunport (ABQ.) FIFI is the world's only flying example of this incredibly capable and complex aircraft, that played an important role in the final days of World War II. For more information, visit www.airpowersquadron.com

Add'l Airline Service to Santa Fe 5/1

Additional scheduled airline service between Santa Fe and Denver, CO will begin May 1st with ExpressJet Airlines offering United Express-branded service onboard its 50-seat Embraer 145 regional jets. Visit www.united.com or www.expressjet.com for more information on this new service. ExpressJet joins American Eagle and Great Lakes Airlines on the ramp in Santa Fe, providing commercial service between Santa Fe and Dallas, TX; Los Angeles, CA; Clovis, NM; and Denver.

Quote to Fly By

"The airport runway is the most important main street in any town." — *Norm Crabtree, former aviation director for the state of Ohio*

"KSAF Airport News" is a free bi-monthly publication by the Aviation Association of Santa Fe, a non-profit organization dedicated to promoting, encouraging and supporting aviation in Santa Fe, New Mexico. Our organization serves as an informal liaison between local pilots, the non-flying public, and airport management. For more information, visit www.santafeaviation.org or email us at info@santafeaviation.org.