

**HANGAR LEASE
522 SKYWAY STREET
COMMERCIAL OPERATOR**

THIS LEASE AGREEMENT (“Lease”) is made and entered into as of **May 16, 2022** (“Effective Date”), between the City of Pueblo, a Municipal Corporation, “Lessor,” and Southern Colorado Flight Professionals, LLC, a Colorado limited liability company, “Lessee.”

WHEREAS, the Lessor is the owner and operator of the Pueblo Memorial Airport (“Airport”), together with the land on which said Airport is situated; and

WHEREAS, Lessee is desirous of utilizing hangar space of the Lessor, the property generally known as **522 Skyway Street, Pueblo, Colorado 81001**;

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the parties agree as follows:

1. Leased Premises:

- A. The Lessor hereby leases unto the Lessee and Lessee hereby leases from Lessor for the term and upon the requirements and conditions hereinafter stated, 1,128 square feet of office space (“Office”), approximately 3,055 square feet of hangar space (“Hangar”), and certain parking spaces with landside access (“Parking”) (all three together the “Leased Premises”), all with the street address of 522 Skyway Street, depicted in Exhibit “A” attached hereto and incorporated herein, situated in the County of Pueblo, State of Colorado, subject to existing easements.
- B. The Hangar will be used for flight training and the storage of aircraft, for which Less will provide tail numbers to Lessor, which shall be continually registered with the Federal Aviation Administration (“FAA”) throughout the life of this Lease. Lessee agrees to report any changes in this aircraft tail number within fourteen (14) days in order for Lessor to comply with FAA reporting requirements.
- C. Lessee shall have exclusive use of the Leased Premises subject to the terms of this Lease.
- D. This Lease and Lessee’s use of the Leased Premises are subject to the easements, rights of way, covenants, conditions, restrictions, reservations, and limitations appearing of record, and all applicable zoning and land use laws, ordinances, codes, and regulations, including but not limited to all conditions, regulations, restrictions, and requirements imposed by the FAA, governing and regulating the Leased Premises and its use.

2. **Term:**

- A. This Lease is made on a month-to-month basis and commences on May 16, 2022 (“Commencement Date”), and shall automatically renew for successive one-month terms unless earlier terminated by a party as provided herein.
- B. All conditions and covenants contained herein shall remain in full force and effect during any and all extension periods.
- C. Either party may terminate this Lease at any time and for any reason upon thirty (30) days prior written notice to the other party.

3. **Rental Rate, Other Fees, and Commercial Charge:**

- A. In consideration of the rights and privileges contained herein, Lessee agrees to pay a monthly fee, payable in advance without notice or offset by the first day of each month, of **\$800.00** for use of the Leased Premises. No utilities shall be provided by Lessor at the Leased Premises. Rent not paid by the tenth (10th) of the month shall accrue a late fee of eight percent (8%) per month.
- B. The rent shall be increased biennially based upon the consumer price index for all urban consumers, CPI-U (all items 1982-1984=100) or comparable index if the Department of Labor changes or modifies the CPI-U or no longer publishes the CPI-U. The rent shall be increased by a percentage equal to the percentage increase in the CPI-U during each preceding two-year period over the comparable CPI-U for the first month of each 2-year period. If there is no percentage increase in the CPI-U for any preceding 2-year period, the rent will remain the same as the preceding 2-year period. In no event, shall the percentage increase for the rent be greater than five percent (5%) for any 2-year period.
- C. The Lessee hereby agrees to pay when due all rent, fees, and charges imposed by the Lessor for the use and operation of the Airport. The fees and charges include, but are not limited to, fuel flowage fees, landing fees, permit fees, self-fueling fees, security charges, and administrative or service fees.
- D. In consideration for this Lease and commercial use of the Airport, Lessee shall pay to Lessor two percent (2%) of Lessee’s gross revenues derived from all activities conducted at Pueblo Memorial Airport. Lessee shall file with Pueblo Memorial Airport monthly activity reports on or before the tenth (10th) day of each calendar month throughout the effective term indicating gross revenues and commissions derived from activity on any part of the Airport.

4. **Deposit:**

- A. Lessee agrees to pay a security deposit to the airport equal to one month’s rent of **\$800.00**. The security deposit and first month’s rent shall be paid immediately upon execution of this agreement. Deposit shall be refunded following termination of

this agreement, less any rent due or damages to the Leased Premises.

- B. In the event that Lessee fails, neglects or refuses to pay any rent, fee, or other sum due, or fails to perform any obligation under this Lease, then Lessor may, in its sole and absolute discretion, draw from the security deposit to remedy Lessee's default. Nothing contained in this Lease shall require Lessor to remedy Lessee's default in this manner, and Lessor may instead, in its sole and absolute discretion, refuse to remedy Lessee's default by drawing on the security deposit, and instead pursue the remedies for default provided in this Lease or by law.
- C. In the event that Lessor draws from this security deposit to remedy Lessee's default, Lessor shall notify Lessee in writing and require Lessee to replenish the deposit to its original level. Failure of Lessee to comply with this section shall constitute a material breach of this Lease.

5. Use of Leased Premises:

- A. Lessee shall make no alterations or adjustments to the Leased Premises, without the prior written approval of the Director of Aviation.
- B. The Hangar shall be utilized for flight training and the storage of the aircraft named in Section 1.B. above, and minor incidental materials and aeronautical purposes only. All aircraft stored in Lessor owned buildings must be reported to Airport administration. Lessee may perform maintenance and repairs in the Hangar but only on Lessee's aircraft, including routine maintenance, preventative maintenance, and regular maintenance required prior to flight. The Leased Premises shall not be used for the storage of non-aeronautical personal property, living accommodations, or in any other way inconsistent with this Lease. Failure to abide by this provision shall constitute a material breach of this Lease.
- C. Lessee may wash its aircraft within the Leased Premises but shall at all times protect the Lessor's stormwater system and abide by any requirements Lessor places on Lessee with regards to the cleaning of aircraft, including for the disposal of used water and other products.
- D. The Office shall be used for Lessee's business, flight preparation, and other incidental office work. Lessee shall have no right to utilize the Leased Premises, or any improvement thereon, other than as specifically allowed under this Lease, and it is specifically understood that the Leased Premises shall not be used for an aviation fixed base operation or for the sale of aviation fuel. Lessee shall not perform services for incoming flights, including but not limited to mechanical repair or maintenance services. Lessee shall not assist with the enplanement or deplanement of passengers other than for its flight training services.
- E. Lessor retains and Lessee grants to the Lessor the right to enter the Leased Premises to do what is necessary for the purposes of repairing, replacing, and/or maintaining any and all utility lines under the Leased Premises which serve other uses at the Pueblo Memorial Airport, it being understood that the Lessor will repair, in a good

and workmanlike fashion, any and all damage done to the Leased Premises as the result of work done hereunder.

- G. Lessee shall maintain the Leased Premises in accordance with the requirements and regulations of the Lessor and Lessor's fire code. The Lessee shall be responsible for all costs, fees, charges, and penalties associated with the discharge or release of any hazardous material (including petroleum products) or mitigating the containment or removal of any contamination or hazardous material (including petroleum products) on, over or under the leased premises which is caused by the Lessee, its officers, agents, or employees. The storage and accumulation of aviation fuel, flammables, explosive liquids, or solids, waste, debris, or other hazardous materials within or on the Leased Premises shall be in an environmentally sound manner and comply with all federal, state, and local laws and regulations. Lessee agrees that no flammable liquids or hazardous materials shall be used or stored on the premises, excepting the fuel in the aircraft fuel tanks or in the tank of a stored automobile, properly parked. Lessee agrees to provide drip pans of a non-flammable material under the aircraft to prevent damage to the floor, should said aircraft leak any fluids.
- H. Lessee will not modify, alter, paint, or improve the Leased Premises except to the extent required to maintain its original state. Any additional modification, painting, or improvements to the Leased Premises must receive prior written approval from the Director of Aviation and will be at Lessee's sole cost and expense.
- I. Lessee shall not park or leave or allow to be parked or left aircraft on the taxiways or on pavement adjacent to the Leased Premises in a manner which interferes with or obstructs access to adjacent hangars or public ramp area. Parking of automobiles will be permitted only designated spaces outside of the airport fence. No person or automobile shall go beyond the immediate vicinity of the Leased Premises without the express written consent of the Director of Aviation. Automobiles must be parked in designated parking spaces or within the Hangar, except that the Hangar cannot be used solely for storage of automobiles.
- J. Lessee, its employees, and invitees shall have the right of ingress and egress between designated Airport access points and the Leased Premises over, upon, and through such streets and not others as from time to time shall be designated by the Director of Aviation. Driveways from existing streets into the Leased Premises shall be located as designated by the Lessor through the Director of Aviation.
- K. Lessee shall, at its own expense, keep the premises neat, clean, safe, and orderly at all times, free of waste, rubbish and debris, and shall provide a complete and proper arrangement for the sanitary handling and disposal of all trash, garbage and other refuse resulting from Lessee's activities at the Airport. No outside storage of parts, materials, equipment, inventory, or other material shall be permitted.
- L. Exterior locks shall be provided by the Lessor and shall be the only locks placed on the hangar. Exterior locks shall be removed and replaced solely by the Lessor. Lessee shall have no right to alter, change, or replace the Lessor's locks.

- M. Hangar doors shall remain closed and locked except during periods when the Hangar is attended by Lessee. This is to prevent damage from sudden storms and the creation of foreign object debris.
- N. On the Effective Date and annually thereafter, Lessee shall provide Lessor with a list of the Airport areas and any Airport tenants it intends to access when providing services. Lessee shall keep this list current and report any change to the Lessor upon such change being made.
- O. If applicable, Lessee must obtain approval from the Director of Aviation at least forty-eight (48) hours prior to any use of Lessor's property and equipment. The Director of Aviation may deny use of any of Lessor's property or equipment in his or her sole discretion. Lessee shall not have exclusive use of any area of the Airport or of any Lessor equipment, unless Lessee contracts with Lessor for such use, and all such uses shall be as determined by the Director of Aviation in his or her sole discretion. All areas of the Airport and all Airport equipment will be inspected by airport staff prior to use by Lessee, and Lessee shall be required to sign-off on Airport staff's inspection prior to said use.

6. Ramp Use:

- A. Lessee's use of the ramp, taxiways, and runways is non-exclusive and same may be used by the Airport, other tenants, users, and occupants of the Airport ("Airport Users"). Use of the ramp shall be limited to the movement of aircraft, fueling of aircraft, movement and parking of aircraft service vehicles, temporary parking of aircraft, servicing and tie-down of aircraft.
- B. Lessee and Airport users shall use the ramp in compliance with Lessor's ground traffic and aircraft parking plans and regulations, which will reasonably accommodate Lessee's current and future use for the purposes set forth in Subsection A above.
- C. Lessee acknowledges that portions of the ramp, taxiways, and runways are currently in need of repairs and resurfacing and accepts in whole the ramp, taxiways, and runways in their present condition "AS IS" and "WITH ALL ITS FAULTS," without warranty or representation, express or implied, including, without limitation, any warranties of merchantability or fitness for a particular purpose or condition or usability in their present condition. Lessee agrees that Lessor shall have no obligation to upgrade, repair, resurface, or maintain the taxiways, runways, and ramp. Lessor maintains the right to close any portion of the Airport not limiting Lessee's access to airport runways.

7. Maintenance Obligations:

- A. Lessee shall, at its own expense, keep the premises neat, clean, safe and orderly at all times, free of waste, rubbish, and debris, and shall provide a complete and proper arrangement for the sanitary handling and disposal of all trash, garbage and other

refuse resulting from Lessee's activities at the Airport. No outside storage of parts, materials, equipment, inventory, or other material shall be permitted.

- B. Lessee, at its sole cost and discretion, shall maintain all walkways, sidewalks, and apron access on the Leased Premises, including to the public taxiway or ramp area. This includes pavement maintenance, pest control, and other such activities necessary to access said areas. At no time shall snow, dirt, or other debris be piled or stored on these areas. It is the Lessee's responsibility to keep these areas free and clear of all snow, dirt, and other debris. Lessee understands that snow removal within six (6) feet of the Leased Premises is always the responsibility of Lessee.

8. Utility Costs:

- A. Lessee shall be responsible for all utilities supplied to the Leased Premises, including but not limited to natural gas, electricity, and water. Agreements for service with utility providers are the responsibility of Lessee.
- B. Additions, deletions, or adjustments to utilities extended to the Leased Premises shall not be made without prior written approval from the Director of Aviation.

9. Signs:

Lessee shall not erect, paint, or maintain any signs whatsoever upon the Leased Premises without first securing the written consent of the Lessor. Any such signs shall comply with all ordinances and regulations of the Lessor and standards which might be developed by the Department of Aviation.

10. Right of Inspection:

The Lessor reserves and retains for its officers, employees, and authorized representatives the right to enter the Leased Premises during reasonable business hours, and after prior notice, for the purpose of inspecting and protecting the Leased Premises and for doing any and all things which the Lessor may deem necessary for the proper general conduct and operation of the Pueblo Memorial Airport and in the exercise of the Lessor's police power.

11. Taxes, Licenses, and Liens:

- A. Lessee covenants and agrees to pay promptly when due all taxes, fees, licenses, and other governmental charges of whatever nature assessed against or applicable to the Leased Premises. Possessory interest tax is assessed by the County of Pueblo and is the responsibility of the Lessee. The Lessor is a tax-exempt entity and shall not be liable for any tax of the Lessee. Lessee should be aware that there are multiple taxes and costs associated with owning and operating an aircraft, including the leasing of hangar space. All applicable taxes and costs shall be paid by Lessee, even if Lessee was unaware of such taxes and costs.
- B. At all times during the term of this Lease, and of any renewal or extension hereof, Lessee shall, at its own cost and expense, provide and keep in good standing

business licenses with the City of Pueblo and the State of Colorado. Lessee shall obtain and maintain any other licenses or certifications required by law, including those required by the FAA. Upon request, Lessee will provide Lessor with certificates of good standing evidencing that all licenses or certifications are current and not subject to discipline.

- C. Lessee also covenants and agrees not to permit any mechanic's or material man's lien to be filed against the Leased Premises or any part or parcel thereof by reason of any work or labor performed or materials furnished by any contractor, subcontractor, mechanic, or material man. Lessee further covenants and agrees to pay promptly when due all bills, debts and obligations incurred by it in connection with its operations on the Leased Premises, and not to permit the same to become delinquent and to suffer no lien, mortgage, judgment, or execution to be filed against the Leased Premises.
- D. Lessees performing services using Airport Operations Areas ("AOA") must annually undergo American Association of Airport Executives ("AAAE") Airport News Training Network ("ANTN") Digicast Signatory Training and hold a current signatory certificate that must be filed yearly with Airport Administration. Such Lessees shall keep a record of all documentation related to AOA badging and produce it upon request.

12. Indemnification:

Lessee assumes the risk of loss or damage to the Leased Premises and property thereon and therein, including but not limited to aircraft and personal property, whether from windstorm, fire, earthquake, snow, water run-off, or any other causes whatsoever. Lessee covenants and agrees to indemnify, defend, and save the Lessor, its agents, officer, representatives, and employees, harmless from and against any and all penalties, liability, or loss, including costs and attorney fees and all expenses incurred by Lessor in investigating or resisting the same, resulting from claims or court action, whether civil, criminal, or in equity, and arising directly or indirectly out of: (i) acts of the Lessee, its agents, employees, or representatives; (ii) occurring in on or about the Leased Premises; (iii) arising out of or resulting from the Leased Premises, or any condition thereon, or from Lessee's use and occupancy of the Leased Premises, or any equipment thereon or appurtenances thereto, or any activity conducted therein; or (iv) through any injury or damage that may be caused or occasioned. Lessee shall not hold or attempt to hold Lessor liable for any injury, including loss of life, to any person, or for damage to any property while on the Leased Premises or the Airport, irrespective of how such injury or damage may be caused or occasioned. The provisions of this Paragraph 11 shall survive the termination of this Lease Agreement.

13. Insurance and Damage:

- A. Lessee assumes all risk of loss, damage, injury and liability for the same that may occur to Lessee, Lessee's guests, Lessee's aircraft and Lessee's improvements and property in or upon the Leased Premises and Lessor shall not be liable or responsible for any such loss, damage or injury, regardless of the cause thereof,

including, without limitation, the negligence of Lessor, its officers, agents or employees.

- B. Lessee, at its sole cost and expense, shall, during the life of this agreement, procure, pay for and keep in full force and affect a comprehensive policy of commercial general liability insurance. The policy shall have limits in an amount of not less than One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate. Such coverage shall include, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Leased Premises (including acts or omissions of the Lessee). At all times during the term of this Lease, and of any renewal or extension hereof, Lessee shall, at its own cost and expense, provide and keep in force commercial automobile liability insurance with a combined single limit for all owned, hired and non-owned autos of not less than one million dollars (\$1,000,000). These policies shall name the City of Pueblo as additional insured and loss payee for the policy and waive subrogation. The policies shall contain a provision that the policy cannot be canceled or materially altered either by the insured or the insurance company unless thirty (30) days prior written notice thereof is given to the Lessee and Lessor. Upon issuance or renewal of any such insurance policy, the Lessee shall furnish to the Lessor a certificate of insurance evidencing coverage required under this contract.
- C. Lessee shall obtain statutory workers' compensation insurance which shall contain an endorsement waiving subrogation against the City of Pueblo. Such insurance shall cover all employees and agents of Lessee performing work at the Leased Premises or Airport irrespective of whether such employees may be shareholders, managers, partners, or owners of Lessee or exempt employees under the Act. Any independent contractors of Lessee shall be covered under Lessee's workers' compensation insurance and/or participant accident insurance policy, or show evidence that said independent contractor is covered under its own workers' compensation insurance policy. Lessee shall have full and sole responsibility for ensuring compliance with this Section, including without limitation indemnification required under this Lease. All insurance policies required hereunder shall provide that such policies not be cancelled or reduced without thirty (30) days' advance written notice to the Lessor.
- D. If the Hangar or other improvements (the "Improvements") are damaged or destroyed by fire or other casualty, Lessee shall within one hundred twenty (120) days from the occurrence of such casualty either (1) repair and restore the damaged or destroyed Improvements, (2) demolish the damaged or destroyed Improvements, restore the Leased Premises to their original condition, and terminate this Lease, in which event the net proceeds of the property damage insurance required to be provided by Lessee pursuant to Section 13.A. shall be retained by Lessee, or (3) demolish the damaged or destroyed Improvements and commence construction of replacement Improvements, and thereafter complete such construction within nine (9) months from the occurrence of such casualty. All repairs to or restoration of Improvements and/or construction of replacement Improvements shall be in compliance with applicable laws and codes, and in accordance with plans and

specifications therefor approved by Lessor, which approval will not be unreasonably withheld. Except in the event of (2) above, the net proceeds of property damage insurance provided by Lessee pursuant to Section 13.B. shall be released by Lessor and paid to Lessee for the purpose of Lessee repairing, restoring, or replacing improvements damaged or destroyed by such insured fire or other casualty.

- E. Lessee shall not violate the terms or prohibitions of any insurance policy herein required to be furnished by Lessee. Coverage and limits enumerated in this insurance section represent only the minimum insurance required by the Lessor, and Lessee should rely on its expertise to obtain any additional insurance coverage needed for the Lessor and Lessee in its performance under this Lease. Failure of Lessee to comply with the provisions of this section shall constitute a material breach of this Lease by Lessee.

14. Waivers:

No provision of this Lease may be waived except by an agreement signed by the waiving party. A waiver of any term or provision shall not be construed as a waiver of any other term or provision. Should Lessee holdover the use of or continue to occupy the Leased Premises after the termination or cancellation of this Lease, such holding over shall be deemed merely a tenancy for successive monthly terms upon the same conditions as provided in this Lease subject to termination upon fourteen (14) days prior written notice.

15. Inconvenience During Construction:

Lessee recognizes that from time to time it will be necessary for the Lessor to initiate and carry forward programs of construction, reconstruction, expansion, relocation, maintenance, and repair at and to the Pueblo Memorial Airport in order that the Pueblo Memorial Airport and its facilities may be suitable for the volume and character of air traffic and flight activity which will require accommodation, and that such construction, reconstruction, expansion, relocation, maintenance, and repair may inconvenience or interrupt Lessee's operations at the Pueblo Memorial Airport. Lessee agrees that no liability shall attach to Lessor, its officers, agents, employees, contractors, subcontractors and representatives by reason of such inconvenience or interruption, and for and in further consideration of the premises, Lessee waives any right to claim damages or other consideration therefore, provided, however, that this waiver shall not extend to, or be construed to be a waiver of, any claim for physical damage to property resulting from negligence or willful misconduct of the Lessor, its officers, agents, employees, contractors, subcontractors, and representatives. The Lessee shall be obligated to be pay all rent and fulfill all obligations of this Lease at all times, including, but not limited to, when access to the Airport is temporarily restricted due to routine construction, reconstruction, expansion, or other potential alteration of the airfield.

16. Place and Manner of Payments:

In all cases where Lessee is required by this Lease to pay any rentals, rates, fees or other charges or to make other payments to Lessor, such payments shall be made at the office of

the Director of Aviation at the Pueblo Memorial Airport, or at such other place as Lessor may hereafter designate by notice in writing to Lessee and shall be made in legal tender of the United States and any check shall be received by Lessor subject to collection. Lessee agrees to pay any bank charges made for the collection of any such checks. All payments of rent shall be made on the first of each month.

17. Assignments and Subletting:

Lessee shall not assign this Lease or any interest therein nor sublet the Leased Premises or any portion thereof. Any assignment may be conditioned upon the payment of an assignment fee and/or an increase in rent to be determined by the Lessor in its sole and absolute discretion. Any assignment or subletting without the prior written consent of Lessor shall be void. No subletting of this Lease or the Leased Premises shall release or discharge Lessee from its obligations under this Lease.

18. Agreements with United States:

This Lease is subject and subordinate to the terms, reservations, restrictions, provisions, and conditions of the deed of conveyance from the United States Government to the Lessor and of any other existing or future agreement between the Lessor and the United States, relative to the use, operation, or maintenance of the Pueblo Memorial Airport and its appurtenant facilities, the execution of which has been or may be required as a condition precedent to the participation by any Federal Agency in the extension, expansions, or development of said Airport and its facilities.

19. Lessee's Default:

A. Any one of the following shall constitute an event of default by Lessee hereunder:

- (1) Failure of Lessee to pay in full all installments of rent due by the first day of each month or immediately after written notice and demand therefor are given by Lessor to Lessee.
- (2) Failure of Lessee to perform or comply with any obligation, covenant, or agreement of Lessee hereunder other than payment of money for a period of fourteen (14) days after written notice specifying such failure is given by Lessor to Lessee, except that if such obligation, covenant, or agreement is not capable of being performed within said fourteen (14) day period, Lessee shall not be in default if Lessee shall commence such performance within said fourteen (14) day period and thereafter prosecute the same with diligence and continuity to completion.

B. In the case of a continuing event of default by Lessee, Lessor shall have the following remedy in addition to all other rights and remedies provided by law or in equity, including without limitation, damages and specific performance:

- (1) Terminate this Lease by fourteen (14) days prior written notice given to Lessee specifying the date of termination, and Lessee shall within said

fourteen (14) day period vacate the Leased Premises and surrender possession thereof to Lessor.

- E. If the Lessee shall be declared insolvent or bankrupt, or if any assignment of the Lessee's property shall be made for the benefit of creditors or otherwise, or if Lessee's leasehold interest herein shall be levied upon under execution, or seized by virtue of any writ of any Court of Law, or a Trustee in Bankruptcy or a Receiver appointed for the property of the Lessee, whether under the operation of the State or the Federal statutes, then and in any such case, the Lessor may, at his option, immediately with or without notice, notice being expressly waived, terminate this Lease and immediately retake possession of the Leased Premises without the same working any forfeiture of any accrued obligations of the Lessee hereunder.
- F. After the expiration of this Lease or any violation of any term or provision as herein provided for, if Lessee shall refuse to surrender and deliver possession of the Leased Premises after notice of termination, then in that event Lessor may, without further notice or demand, enter into and upon said premises, or any part thereof, and take possession thereof and repossess them, and expel, remove and put out of possession the Lessee, using such help, assistance and force in so doing as may be needful and proper, without prejudice to any remedy allowed by law, available in such cases.
- G. That in case the Leased Premises are left vacant and any part of the rent herein reserved be due and unpaid, then the Lessor may, without in anyway being obligated to do so, and without terminating this Lease, retake possession of said premises and rent the same for such rent, and upon such conditions as the Lessor may think best, making such changes and repairs as may be required, giving credit for the amount of rent so received less all expenses of such changes and repairs, and said Lessee shall be liable for the balance of the rent herein reserved until the expiration of this Lease.
- H. Lessee agrees to pay the Lessor all costs, including reasonable attorney fees, incurred by Lessor in recovering any rent or other money due and unpaid under the terms of this Lease or to recover possession of the Leased Premises after termination of this Lease.

20. Notices:

All notices, required to be given to Lessor hereunder, shall be in writing and be sent by certified mail to Pueblo Memorial Airport, Administration Office, 31201 Bryan Circle, Pueblo, Colorado 81001. All notices required to be given to Lessee hereunder shall be in writing and sent by certified mail, addressed to Southern Colorado Flight Professionals, LLC, Attn: Grant von Ahlefeldt, 125 N. Greenwood Street, Pueblo, Colorado 81003, provided that the parties, or either of them, may designate in writing from time to time subsequent or supplementary persons or address in connection with said notices. The effective date or service of any such notice shall be the date such notice is mailed by Lessee or Lessor.

21. Environmental Provisions:

- A. For the purpose of this Lease, “Hazardous Materials” means any hazardous or toxic substance, material or waste which is or becomes regulated by any local government authority, the State of Colorado, or the United States government and shall include, but not be limited to: (i) substances defined as “hazardous waste,” “restricted hazardous waste,” “hazardous substance” or “hazardous material” under any applicable federal, state, or local law or regulation (Environmental Regulations); (ii) asbestos-containing materials; (iii) PCBs; (iv) petroleum or petroleum based products; and (v) lead.
- B. Lessee will comply with Environmental Regulations that are applicable to Lessee and its use of the Leased Premises. No activity shall be undertaken by Lessee, its guests, employees, agents, contractors, or subcontractors, on all or any portion of the Leased Premises which would cause or permit: (i) the presence, use, generation, release, discharge, storage or disposal of any Hazardous Material in, on, under, about, or from the Leased Premises or any part thereof in violation of any Environmental Regulations; (ii) any portion of the Leased Premises to become a hazardous waste treatment, storage or disposal facility without receiving proper governmental authorization, and in compliance with all Environmental Regulations; or (iii) the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions without receiving proper governmental authorization, and in compliance with all Environmental Regulations, including, without limitation, the Federal Water Pollution Control Act, U.S.C. Section 1251 et seq. and the Clean Air Act, 42 U.S.C. Section 7401 et seq.
- C. Lessee agrees to defend, indemnify, and forever hold harmless Lessor, and its officers, employees, agents, successors, and assigns, from all claims, losses, damages, penalties, expenses and costs, including, but not limited to, attorneys’ fees, characterization, remediation and cleanup costs, incurred by reason of the use, storage, generation, release, discharge, maintenance, disposal, or removal of Hazardous Materials in, on, under, about, or from the Leased Premises, or any part thereof, by Lessee, its employees, agents, guests, contractors and subcontractors.

22. Law, Rules and Regulations:

- A. Lessee, its officers, agents, and employees shall faithfully observe and comply with all applicable federal, state, and local laws, regulations, and ordinances now existing or hereafter adopted relating to the use and occupancy of the Airport or Leased Premises including without limitation Chapter 1 of Title III of the Pueblo Municipal Code and rules affecting the operation of motor vehicles upon, to, and from the Airport. The Lessee, and all officers, agents, and employees of Lessee, hereby agree to be bound by and subject to all police ordinances of the City of Pueblo at all times while on the Airport, whether acting in the course of Lessee’s business or otherwise.

- B. Lessee, its officers, agents, and employees shall faithfully observe and comply with all minimum standards and rules regulating operations and activities from and upon the Airport adopted from time to time by Lessor. Such minimum standards and rules shall not be applied arbitrarily, discriminatorily, or unreasonably. Except with respect to matters of public health and safety, if any provision of this Lease shall conflict with any provision of the minimum standards and rules adopted or amended by Lessor after commencement date, the conflicting provision of this Lease shall control.
- C. It is expressly understood by Lessee that security within the air operations area of the Airport is vital. The drive through gate entering the air operations area shall be kept closed and locked at all times except for ingress and egress. Only automobiles belonging to owners of aircraft hangered therein will be permitted on the air operations area. Any automobile brought by Lessee shall be the sole responsibility of the Lessee. Violation of airport security rules as now, or in the future may, exist shall be grounds for immediate termination of this Lease.

23. F.A.A. Lease Requirements:

- A. The Lessor reserves the right, without any obligation on its part to do so, to develop, modify, change, improve, or abandon the Pueblo Memorial Airport or any part thereof, as it may determine in its sole discretion, at any time, regardless of the desires or view of Lessee, and without interference or hindrance from Lessee or liability to Lessee.
- B. The Lessor reserves the right, without any obligation on its part to do so, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.
- C. Lessor shall have full and unrestricted right to enter upon those portions of the Airport occupied and leased herein by the Lessee, and Lessor, its agents, or representatives shall be permitted to inspect same during any regular business hours or upon twenty-four (24) hours' notice to Lessee.
- D. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the Lessor and the United States, relative to the use, development, operation, and maintenance of the Airport.
- E. Lessee shall comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations with respect to the construction of any structure or building on the Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure on the Leased Premises.
- F. All rights not herein granted to the Lessee are reserved to Lessor and nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958 as amended.

- G. Lessor reserves for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft now known or hereafter used for navigation or flight in said airspace, and for use of said airspace for landing on, taking off from, or operations on or over the Pueblo Memorial Airport.
- H. By accepting this Lease, Lessee expressly agrees for itself, its successors, and assigns that it will not erect nor permit the erection of any structure, building, or object nor permit the growth of any tree on the Leased Premises to a height not to exceed twenty-five (25) feet above ground level. In the event the aforesaid covenant is breached, the Lessor reserves the right to enter upon the Leased Premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Lessee.
- I. Lessee shall not make use of the Leased Premises in any manner which might interfere with the landing and taking off of aircraft at Pueblo Memorial Airport or otherwise constitute a hazard to aviation. In the event the aforesaid covenant is breached, the Lessor reserves the right to enter upon the Leased Premises and cause the abatement of such interference at the expense of the Lessee.
- J. If during the term of this Lease, all or part of the Leased Premises should be taken or threatened to be taken for any public or quasi-public use under any governmental law or by right of eminent domain or sold to the condemning authority under threat of condemnation, this Lease shall terminate and the proceeds, if any, from such taking or sale shall be allocated between Lessor and Lessee in accordance with applicable condemnation law.
- K. Lessor reserves the right to grant and to take easements or rights of way in, under, over, and across the Leased Premises, in which event, Lessor shall only be entitled to compensation for damages to improvements of the Lessee destroyed or damaged thereby, but not to damages for loss of use of the Leased Premises.

24. Nondiscrimination Assurances

- A. The Lessee, for itself, its successors, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises or ramp, for a purpose for which Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lease shall maintain and operate such facilities and services in compliance with all requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as the regulations may be amended.
- B. The Lessee, for itself, its successors, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

(i) no person on the grounds of race, color, religion, sex, sexual orientation, disability, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises or ramp; (ii) that in construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, religion, sex, sexual orientation, disability, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (iii) that the Lessee shall use the Leased Premises and ramp in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, and as the regulations may be amended.

- C. 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, religion, disability, national origin, sex, or sexual orientation be excluded from participating in any contracting, leasing, or employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded, on these grounds, from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.
- D. Lessee agrees to operate the Leased Premises for the use and benefit of the public and to furnish good, prompt and efficient services adequate to meet all the demands for its services at the Airport, to furnish service on a fair, equal, and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable, and not unjustly discriminatory prices for each unit of service, provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

25. Miscellaneous:

- A. This Lease and all of its covenants and provisions shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, subtenants, and approved assigns.
- B. This Lease and any amendments hereto are subject to prior approval of the Federal Aviation Administration.
- C. Lessee is leasing the Leased Premises “AS IS, WHERE IS, WITH ALL FAULTS” in its present condition. Lessor makes no representation or warranties of any kind or character, express or implied, with respect to the Leased Premises, including but not limited to, any warranty or representation as to suitability or fitness for a particular purpose, title, zoning, physical or environment conditions, utilities, governmental approvals, the compliance of the Leased Premises with governmental and environment laws and regulations, the truth, accuracy or completeness of any

document or other information provided to Lessee by Lessor or any other person, or any other matter or thing regarding the Leased Premises.. Lessor shall be under no obligation to maintain the Leased Premises or the Pueblo Memorial Airport or any part thereof in a particular location or condition. If the Pueblo Memorial Airport shall permanently close or relocate, the use restrictions stated in section 5 shall not apply, and the Lessee may use the Leased Premises for any lawful use or purpose allowed by the then existing Pueblo Municipal Code, or in the alternative, Lessee may terminate this Lease upon thirty (30) days prior written notice given to Lessor.

- D. The Lessee represents that it has inspected the Airport, Leased Premises, and facilities and accepts the conditions of same and fully assumes the risk incident to the use thereof. The Lessor shall not be liable to the Lessee for any damages or injuries to the property or personnel of the Lessee which result from hidden, latent, or other dangerous conditions on the Airport or Leased Premises. Lessee's taking of possession of the Leased Premises shall be conclusive evidence that Lessee accepts the Leased Premises in its present condition and that the Leased Premises is in good and satisfactory condition at the time such possession was taken.
- E. The acts and omissions of Lessee's employees, agents, contractors, and guests shall be imputed to Lessee for purposes of this Lease.
- F. This Lease is expressly made subject to the limitations of the Colorado Constitution. Nothing herein shall constitute, nor be deemed to constitute, the creation of a debt or multi-year fiscal obligation or an obligation of future appropriations by the City Council of Pueblo, contrary to Article X, §20 of the Colorado Constitution or any other constitutional, statutory, or charter debt limitation. Notwithstanding any other provision of this Lease, with respect to any financial obligation of Lessor which may arise under this Lease in any fiscal year, in the event the budget or other means of appropriations for any such year fails to provide funds in sufficient amounts to discharge such obligation, such failure shall not constitute a default by or breach of this Lease, including any sub-agreement, attachment, schedule or exhibit thereto, by the Lessor.
- G. Nothing in this Lease is intended, nor should it be construed, to create or extend any rights, claims or benefits or assume any liability for or on behalf of any third party, or to waive any immunities or limitations otherwise conferred upon the Lessor under or by virtue of federal or state law, including but not limited to the Colorado Governmental Immunity Act, C.R.S. §24-10-101, et seq.
- H. This Lease contains the entire and exclusive agreement between the parties relating to the Leased Premises and may not be amended except by written instrument signed by the parties. Neither party shall be, or hold itself out as, agent of the other or as joint venturers or partners under this Lease.
- I. This Lease shall be governed by the laws of the State of Colorado. Venue for any action arising under this Lease or for the enforcement of this Lease shall be in a state court with jurisdiction located in Pueblo County, Colorado.

J. Each person signing this Lease on behalf of a party represents and warrants that he or she has the requisite power and authority to enter into, execute, and deliver this Lease on behalf of such party and that this Lease is a valid and legally binding obligation of such party enforceable against it in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

LESSOR:

CITY OF PUEBLO,
a Municipal Corporation

By _____
Nicholas A. Gradisar

Title: Mayor

LESSEE:

Southern Colorado Flight Professionals, LLC
a Colorado limited liability company

By _____
Grant von Ahlefeldt

Title: _____

Attest:

City Clerk

Approved as to form:

City Attorney

Exhibit A