

## ASSIGNMENT OF HANGAR GROUND LEASE

THIS ASSIGNMENT AGREEMENT (“Agreement”) is entered into as of this 8th day of August, 2022 (“Effective Date”) by and between the City of Pueblo, a Municipal Corporation, with an address of One City Hall Place, Pueblo, Colorado 81003 (“Lessor”), and Sam C. Brown with an address of 4425 Porta Fina Drive, Pueblo, Colorado 81001 (“Assignor”), and TravelAire Services, Inc., a Colorado corporation, with an address of 439 Skyway Street, Pueblo, Colorado 81001 (“Assignee”).

WHEREAS, Lessor entered into a certain Hangar Ground Lease dated September 8, 2003 (“Lease”) with Assignor and Assignee; and

WHEREAS, Assignor now wishes to assign its interest in the Lease to Assignee, and for Assignor to be removed from the Lease; and

WHEREAS, Lessor consents to said assignment and Assignee’s assumption of the Lease in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the terms, conditions and mutual promises set forth in this agreement, the parties agree as follows:

1. **Assignment.** Assignor hereby transfers, sells, and assigns to Assignee, Assignor’s right, title, and interest in and to the amended Lease.
2. **Assumption.** Assignee accepts the assignment of the amended Lease and hereby assumes and agrees to observe, perform, and otherwise discharge when due all obligations of the amended Lease, a copy of which is attached hereto as Exhibit “A” and incorporated herein by reference. This shall include, but is not limited to, the making of all payments and the performance of all covenants and duties.
3. **Consent.** Lessor hereby consents to the foregoing assignment and assumption of the amended Lease in consideration for the terms of this Agreement, and Lessor agrees to afford Assignee the same rights under the amended Lease as previously enjoyed by Assignor. No further assignment of the Lease, or any part thereof, shall be made without the prior written consent of Lessor. Any assignment or transfer without Lessor’s prior written consent shall be void.
4. **Disclaim.** Assignor hereby disclaims any further interest in the Lease and Assignor’s name shall be removed from the Lease, such that Assignee will be the sole Lessee under the Lease.
5. **Use of Hangar.** Assignee acknowledges and agrees that the leased premises shall only be used for the storage of aircraft and minor incidental materials. The leased premises shall not be used for the storage of non-aeronautical personal property, living accommodations, or in any other way inconsistent with the Lease. Failure to abide by this provision shall constitute a material breach of the Lease and subject it to immediate termination.

6. **Indemnification.** Assignor and Assignee shall indemnify, defend, and hold harmless the Lessor, its officers, directors, employees, representatives, agents, and attorneys from any claims, causes of action, or liability of any nature relating in any way to this Agreement or the Lease.
7. **Effective Date.** This Agreement shall become effective on the Effective Date set forth above.

IN WITNESS WHEREOF, the parties have executed this assignment as of the Effective Date.

SAM C. BROWN

CITY OF PUEBLO,  
A MUNICIPAL CORPORATION

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
By: Nicholas A. Gradisar  
Title: Mayor

TRAVELAIRE SERVICES, INC.

ATTEST: \_\_\_\_\_  
City Clerk

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

## HANGAR GROUND LEASE

THIS LEASE made and entered into as of September 8, 2003 A.D. between the City of Pueblo, a municipal corporation, "Lessor", and Sam Brown and Traveleaire Services, Inc., "Lessee".

WITNESSETH:

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 leasing a tract of ground on said Airport property for the purpose of constructing and occupying a new hangar and aviation fuel farm of approximately 41,075 square feet,

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

1. **Land Parcel:**

The Lessor hereby leases unto the Lessee and Lessee hereby leases from Lessor for the term and upon the rental and conditions hereinafter stated, the real property shown on Exhibits "A" and "B" for hangar and aviation fuel storage facilities purposes, both attached hereto and made a part hereof, situated in the County of Pueblo, State of Colorado subject to existing easements. The attached Exhibit "C" consists of a plot plan and diagram of the Hangar and fuel farm. The term "leased premises" means and includes the real property, Hangar, fuel farm and other improvements located on the real property described in attached Exhibits "A" and "B".

2. **Term:**

- A. The initial term on this Lease is for a period of twenty (20) years commencing September 1, 2003 ("commencement date") and ending August 31, 2023 unless sooner terminated or extended as herein provided.
- B. Lessor grants unto Lessee the right and option to extend the lease term for two consecutive ten (10) year periods immediately following the original twenty (20) year lease term. Such options may be exercised at any time at the discretion of Lessee; however, such option to extend shall be exercised no later than one hundred eighty days before the end of the original term or the first extended term, as the case may be. Exercise of such options to extend shall be in writing but in no event shall Lessee be entitled to exercise this option, even though such notice be timely given, unless Lessee shall have timely performed all of its obligations hereunder and not be in default hereunder.
- C. All conditions and covenants contained herein shall remain in full force and effect during any and all extension periods.

3. **Rental Rate and Other Fees:**

- A. Lessee shall pay rent to the Lessor for the ground lease herein granted a sum per month equal to one-twelfth (1/12) of the initial annual rent during the original term, payable in

advance without notice, offset or deduction, and shall be due quarterly on the first day of each quarter at the Director of Aviation's Office. The commencement date of this lease, as set forth in paragraph 2, Term, shall be the date upon which rent begins. The initial annual rent shall be calculated by multiplying the gross leased land area by \$.10 per square foot. The amount of rent the Lessee pays will be adjusted based upon the consumer price index for all urban consumers, CPI-U (all items 1982-1984 = 100). The rent shall be adjusted on the 5th, 10th, 15th, and 20th anniversary of the commencement date of this lease and each five (5) year increment of any extended term. The rent will be increased or decreased by a percentage equal to the percentage increase or decrease in the CPI-U for the preceding 5-year period over the comparable CPI-U for the first month of said 5-year period. Any rent overdue for more than thirty- (30) days will have an additional fee added to cover extra administrative costs. The additional fee will equal ten percent (10%) of the gross amount of all overdue rents. In the event the Lessor initiates any proceedings to collect any unpaid rent from Lessee or to enforce any other provision of this Lease, Lessee shall pay all of the Lessor's expenses in connection therewith, including reasonable attorney's fees. Venue for any such proceeding shall be in Pueblo County, Colorado.

- B. Lessee, as additional rent, shall pay to Lessor a monthly fuel flowage fee equal to 5.5 cents per gallon for the first 40,000 gallons of aviation fuel delivered each month to Lessee's fuel storage facilities ("fuel farm") or to Lessor's fuel farm if Lessee uses the Lessor's fuel farm for storage of aviation fuel pursuant to written contract therefor between Lessor and Lessee and 6.5 cents per gallon for each additional gallon. On February 1, 2007, the fuel flowage fee shall be increased to 7 cents per gallon for each gallon of fuel delivered each month to the fuel farm. The amount of the fuel flowage fee will be adjusted based upon the consumer price index for all urban consumers, CPI-U (all items 1982-1984=100) on the 1<sup>st</sup> day of February 2012 and each five (5) years thereafter in the same manner as ground lease rent is adjusted as set forth in Section 3.A. Said additional rent shall be paid without notice, offset or deduction on or before the 10<sup>th</sup> day of each month for all fuel delivered to the fuel farm during the prior calendar month. Lessee shall submit with each payment of fuel flowage fee a report of all fuel delivered to the fuel farm and calculation of the fuel flowage fee on forms to be approved by the Director of Aviation. The fuel flowage report and payment shall be delivered to the office of the Director of Aviation. If the fuel flowage fee is not timely paid and/or the report not timely filed, Lessee shall pay a late fee equal to ten (10) percent of the unpaid fuel flowage fee. If the CPI-U is modified or no longer published, either the modified CPI-U or another comparable index, whichever is applicable, shall be used to adjust both the fuel flowage fee and ground lease rent.
- C. Lessee shall pay combined service fee for services and facilities now furnished by the Lessor at the Pueblo Memorial Airport, namely: public street maintenance, fire protection and Street lighting based upon the amount established by Lessor which is currently \$295.00 per acre per year. The Lessor may, from time to time, reduce, alter, or eliminate any or all of the services or facilities presently being furnished and may modify, increase, or decrease the annual combined service fee therefore and the manner by which it is calculated, including making separate charges, therefore, provided (1) such services and fee shall be nondiscriminatory among other tenants and owners of land at Pueblo Memorial Airport receiving such services and facilities then being furnished and (2) such fee shall be reasonable in relation to the Lessor's actual cost and expense of furnishing

the services and facilities then being furnished. The Lessor's cost may include the cost of capital improvements amortized over the useful life of the improvements. Only domestic wastewater shall be discharged from the leased premises to Lessor's sanitary sewer system. Lessee shall be subject to the same restrictions, conditions, fees and charges as other users of Lessor's sanitary sewer system.

- D. For services and activities authorized to be performed within the Hangar on the leased premises including aircraft charters pursuant to Section 4.I., Lessee shall pay as additional rent one percent (1%) of the monthly gross revenues derived from all sales, operations and services made, furnished or conducted on or from the leased premises except revenues from Hangar rentals. Such additional rent shall be paid monthly without notice, offset or deduction on or before the tenth (10<sup>th</sup>) of the following month at the Director of Aviation's office and shall be accompanied with such reporting forms as the Director of Aviation shall determine. Lessor shall have the right to examine and audit Lessee's and its subtenant's books and records to determine the accuracy of the additional rent. Additionally, only revenue from aircraft charters that load passengers at the Pueblo Memorial Airport will be considered as revenues derived under the terms of this paragraph. Lessee operates sales office and leases hangars outside of the Pueblo Memorial Airport, therefore, revenues derived from sales, operations and services conducted on those locations will not be included as revenue under the terms of this paragraph.
- E. All unpaid rent and other charges shall accrue interest at the rate of ten (10) percent per annum.

4. **Improvements and Use:**

- A. Lessee, at its sole cost and expense, shall cause to be constructed and installed upon the leased premises the Hangar and other improvements in accordance with plans and specifications approved by Lessor including architectural approval, which consent will not be unreasonably withheld or arbitrarily delayed. The Hangar and other improvements shall be constructed in a good and workmanlike manner in accordance with the applicable laws, ordinances and building and environmental codes and pursuant to a building permit issued by the Regional Building Department. Lessee shall diligently take all action reasonably required and appropriate to (1) commence construction and installation of the Hangar and other improvements within six (6) months from commencement date, and (2) complete such construction and installation within nine (9) months from commencement date. The fuel farm may be constructed at a later date mutually agreed upon by Lessor and Lessee. If by reason of delays in obtaining construction permits or approvals from the Federal Aviation Administration or other governmental authorities after Lessee's diligent and good faith efforts to obtain such permits or approvals, Lessee is prevented from commencement or completion of construction within the time limits herein specified, such time limits shall be extended by a period equal to such delays, but in no event longer than ninety (90) days.
- B. In addition to constructing the Hangar and improvements, Lessee shall cause all utilities to be used by Lessee to be extended underground to the leased premises within easements and locations to be designated by Lessor and the Lessee shall be responsible for constructing and maintaining a concrete ramp area in front of the Hangar in

accordance with plans and specifications approved by Lessor. This concrete ramp area must be designed for a minimum weight bearing capacity of 12,500 pounds for single wheel aircraft and must be built to the width of the Hangar door opening, less the area required for the Hangar. Should development take place adjacent to the leased premises, the Director of Aviation at his sole discretion may require Lessee to pave sections of the leased premises to the full width of the leased premises. This concrete area must be built so as to connect onto any adjacent ramp, taxiway, or other paved areas in order that a continuous and safe pavement section results. It is the responsibility of the Lessee to maintain the entire ramp area in a manner, which is safe and clean of debris so as not to cause danger or unsafe conditions for taxiing aircraft and airport users.

- C. The leased premises shall be used and occupied by Lessee or its subtenants as a Hangar facility for the storage of aircraft, aircraft charters, and for such incidental purposes directly related to such use including storage of aircraft equipment and office space. Lessee shall have no right to utilize the leased premises, or any improvement thereon, other than as specifically allowed under this subsection, and it is specifically understood that the leased premises shall not be used for an aviation fixed base operation or for the sale or dispensing of aviation fuel for aircraft other than aircraft owned or leased by Lessee or its subtenants.
- D. No aircraft service or maintenance shall be performed on the leased premises on any aircraft not owned or leased by the Lessee or Sub-tenant of the Lessee, provided, however, in no event shall Lessee or any Sub-tenant of Lessee conduct or operate an aircraft service or maintenance business on the leased premises.
- E. 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.
- F. 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. It is understood that the Lessee is not responsible for any conditions, which may be determined to have existed prior to the commencement date of this lease. 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.
- G. Lessee will not modify, alter, paint or improve the completed Hangar except to the extent required to maintain its original state. Any additional modification, painting or improvements to the Hangar, fuel farm or leased premises must receive prior written approval from the Lessor, which approval shall not be unreasonably or arbitrarily denied or withheld.

H. Lessee shall not park or leave or allow to be parked or left aircraft on the taxiways or on pavement adjacent to the Hangar in a manner which interferes with or obstructs access to adjacent hangars or public ramp area. Parking of automobiles will be permitted only in paved designated parking areas or within the Hangar.

I. Notwithstanding the limitations set forth in subsections C and D above, with the prior written approval of Lessor's Director of Aviation, the following activities may be conducted within the Hangars located on the leased premises, provided that no such activity will unreasonably interfere as determined by the Director of Aviation with the use of taxiways and aprons or the activities of other tenants of land within the Airport: aircraft sales and office, aircraft engine and overhaul shop, flight training, aircraft parts sales, aircraft charter services, air photography, aircraft interior repair shop, aircraft inspection, and aircraft general maintenance. Subject to the foregoing, the approval of the Director of Aviation will not be arbitrarily or unreasonably withheld, delayed, or denied.

5. **Maintenance Obligations:**

Lessee, at its expense, shall keep the leased premises and utilities extended to the leased premises in good repair and condition, and in a safe, sanitary, orderly, and sightly condition.

6. **Title to Improvements:**

The Hangars and fuel farm to be constructed or erected on the leased premises by Lessee shall be deemed to be removable trade fixtures and title to same shall remain in the Lessee while this lease is in effect. Upon termination of this lease, Lessee shall remove the Hangar and fuel farm and restore the leased premises to their original condition.

7. **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 or standards that might be developed by the Department of Aviation. Only one identification sign, logo, or name may be permitted on the exterior of the Hangar.

8. **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 of 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.

9. **Taxes and Licenses:**

Lessee covenants and agrees to pay promptly all valid taxes and other government charges of whatever nature assessed against or applicable to the leased premises or Lessee or Lessee's property or operations on the leased premises. 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.

10. **Indemnification:**

Lessee assumes the risk of loss or damage to the leased premises and property thereon, whether from windstorm, fire, earthquake, snow, water run-off, or any other causes whatsoever. Lessee covenants and agrees that it will indemnify and save harmless Lessor, its officers, agents and employees from all demands, claims, costs, causes of action or judgments, and from all expenses incurred by Lessor, in investigating or resisting the same, including reasonable attorney fees, arising from or growing out of the negligent acts or omissions of Lessee, its contractors, agents, members, stockholders, employees, invitees, servants, subtenants, successors or assigns in connection with its use or occupancy or their use or occupancy of any portion of the Pueblo Memorial Airport, including the leased premises. The provisions of this Paragraph 10 and Paragraph 4(F) shall survive the termination of this Lease Agreement.

11. **Insurance and Damage:**

- A. At all times during the term of this Lease Agreement, and of any renewal or extension hereof, Lessee agrees that it will, at its own cost and expense, provide and keep in force commercial liability insurance which includes personal injury, property damage and products liability with a combined single limit not less than \$1,000,000. Lessee shall insure the Hangar, fuel farm and other improvements in an amount equal to their full insurable value naming the Lessor as a loss payee. Lessee shall provide Lessor with copies showing proof of such insurance and subsequent renewals or changes as might occur during the term of this lease. With respect to any insured loss to the leased premises and property thereon, including aircraft, Lessee releases Lessor, its officers, agents, and employees from any claim or liability Lessee may have on account of such loss and waives any right of subrogation which might otherwise exist in or occur to any person on account thereof.
- B. Such policies shall provide that they may not be materially changed, altered, or canceled by the insurer during its terms without first giving ten (10) days written notice by certified or registered United States mail to the Lessor.
- C. Lessee shall not violate the terms or prohibitions of any insurance policy herein required to be furnished by Lessee.
- D. If the Hangar, fuel farm 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 11.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 11.A. shall be released by City and paid to Lessee for the purpose of Lessee repairing, restoring or replacing improvements damaged or destroyed by such insured fire or other casualty.

12. **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 hold over the use of or continue to occupy the leased premises after the termination or cancellation of this Lease Agreement, such holding over shall be deemed merely a tenancy for successive monthly terms upon the same conditions as provided in this Lease Agreement subject to termination upon thirty (30) days prior written notice.

13. **Inconveniences 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 therefor, 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.

14. **Place and Manner of Payments:**

In all cases where Lessee is required by this Lease Agreement 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.

15. **Assignments and Subletting:**

A. Lessee shall not assign or transfer this Lease in whole or in part without the prior written consent of Lessor, which consent shall not be unreasonably or arbitrarily withheld, delayed, or denied. Any assignment or transfer without the prior written consent of

Lessor shall be void. No assignment, subletting or transfer of this Lease or the leased premises shall release or discharge Lessee from its obligations under this Lease.

B. Lessee may sublet space in the Hangar to a Subtenant pursuant to a written sublease, which shall contain among other provisions the following:

- (1) The sublease shall be subject to and governed by the basic covenants and provisions of this Hangar Ground Lease. Subtenant shall abide by all of the other terms and conditions thereof applicable to the leased premises and use thereof. The sublease may be for a lesser term than specified in Section 2 and for a rental greater than that specified in Section 3.
- (2) The Subtenant shall maintain and keep in force commercial liability insurance with a combined single limit not less than \$1,000,000. Such insurance requirement may be complied with by Subtenant's coverage under Lessee's Master liability insurance policy.
- (3) An indemnification provision, substantially the same as set forth in paragraph 10 hereto.
- (4) The sublease shall not become effective until an executed copy thereof is delivered to the Lessor's Department of Aviation.

C. Lessor consents to Lessee assigning its leasehold estate created hereby (the "Leasehold Estate") to a financial institution (the "Lender") as collateral security for the repayment of a construction and/or permanent loan from Lender to Lessee for the sole and only purpose of financing the original acquisition, construction and installation of the Hangar, fuel farm and other improvements (the "Improvements") (the "Loan"). For purposes of such Loan, Lessor further consents to Lessee mortgaging or otherwise encumbering its right, title and interest in the Improvements as security for the Loan (the "Mortgage"), provided, however, that at no time shall Lessor's interest and title in and to the leased premises and Improvements, if any, be or become subordinate or subject to such Loan and Mortgage. If Lessee so assigns its Leasehold Estate and mortgages or otherwise encumbers its interest in the Improvements, the Lender or any subsequent holder of the Loan may cause the Mortgage to be foreclosed in any lawful manner, or by instrument of conveyance in lieu of foreclosure, acquire Lessee's title and interest in and to the Leasehold Estate and Improvements subject to the terms, covenants and provisions of this Lease.

Lessor hereby further agrees to recognize the leasehold mortgagee or any purchaser of the mortgaged leasehold at foreclosure in the same manner as an "assignee" under this Lease.

Such assignee shall be bound by the terms of this lease, including, but not limited to, the curing of any known defaults. Notwithstanding the foregoing, no mortgagee or trustee or anyone that claims by, through or under a leasehold mortgage shall, by virtue thereof, acquire any greater right in the leased premises and in any building or improvement thereon than Lessee then had under this Lease, and provided further that any leasehold mortgage and the indebtedness secured thereby shall at all time be and remain inferior and subordinate to all of the conditions, covenants and obligations of this Lease and to all of the rights of the Lessor hereunder. In no event shall Lessee, its heirs, successors,

mortgagee or assignees have the right to encumber, subordinate or render inferior in any manner Lessor's fee simple title in and to the leased premises.

Any such Leasehold Mortgagee or assignee, at its option, at any time before the rights of Lessee shall have been terminated, may pay any of the rents due hereunder or may do any other act or thing or make any other payment required of the Lessee by the terms of this Lease, or may do any act or thing which may be necessary and proper to be done in the observance of the covenants and conditions of this Lease to prevent the termination of this Lease so as to prevent a forfeiture of the rights of the Lessee hereunder as the same would have been if done and performed by the Lessee instead of by such leasehold mortgagee or assignee.

Provided Lessor has received written notice of a leasehold mortgage and copy of all leasehold mortgage documents, during such time as Lessee's leasehold estate is subject to a leasehold mortgage, this Lease may not be modified or voluntarily surrendered without the prior written consent of the leasehold mortgagee; provided however, that this Lease may be terminated without the consent of the leasehold mortgagee if a default or other cause for termination under this lease occurs and is not corrected or satisfied in accordance with the terms and conditions of the Lease.

**16. Agreements with United States:**

This Lease Agreement 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 facilities.

**17. 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 delinquent installments of rent and/or combined service fees for a period of thirty (30) days 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 for a period of thirty (30) days after written notice specifying such failure is given by Lessee to Lessor, except that if such obligation, covenant or agreement is not capable of being performed within said thirty (30) day period, Lessee shall not be in default if Lessee shall commence such performance within said thirty (30) 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 sixty (60) days prior written notice given to Lessee specifying the date of termination and Lessee shall within said 60-day period vacate the leased premises and surrender possession thereof to Lessor.

**18. 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 Sam Brown, 27350 E. Hwy. 96, Pueblo, CO 81001, 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.

**19. 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.
- 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.

**20. 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. This Lease Agreement 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, or maintenance of the Airport.
- D. 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.

- E. It is understood and agreed that nothing contained in this Lease Agreement shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act.
- F. 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.
- G. Lessee by accepting this Lease Agreement 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 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.
- H. 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.
- I. 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.
- J. 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 Hangar and other improvements of the Lessee destroyed or damaged thereby, but not to damages for loss of use of the leased premises.
- K. All services to the public shall be furnished by Lessee on a fair, equal, and not unjustly discriminatory basis to all users thereof; and Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit of services, provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

21. **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. No waiver by the Lessor of any failure by Lessee to comply with any term or condition of this Lease shall be or shall be construed to be a waiver by the Lessor of any other failure by Lessee to comply with any term or condition of this Lease Agreement.
- C. This Lease and any amendments hereto are subject to prior approval of the Federal Aviation Administration.
- D. Lessee is leasing the leased premises AAS IS@ in its present condition. Lessor makes no representation or warranties with respect to the present or future condition, or suitability for a particular use of the leased premises or the Pueblo Memorial Airport. Lessor shall be under no obligation to maintain 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 paragraph 4.C. 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.
- E. The Hangar Ground Lease dated March 24, 2003 between Lessor and Lessee is hereby terminated and cancelled and Lessor and Lessee are released and discharged from all obligations thereunder.

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 \_\_\_\_\_

Bill Sovia

Title: President of City Council

Attest:

  
\_\_\_\_\_

City Clerk

Approved as to form:

  
\_\_\_\_\_

City Attorney

**LESSEE:**

  
\_\_\_\_\_

Sam Brown

TRAVELAIRE SERVICES, INC.

By  \_\_\_\_\_

Rocky DeVency, President

EXHIBIT "A"  
LEASE PARCEL  
AUGUST 7, 2003

A parcel of land located within the Section 25, Township 20 South, Range 64 West of the 6<sup>th</sup> Principal Meridian, County of Pueblo, State of Colorado, being more particularly described as follows.

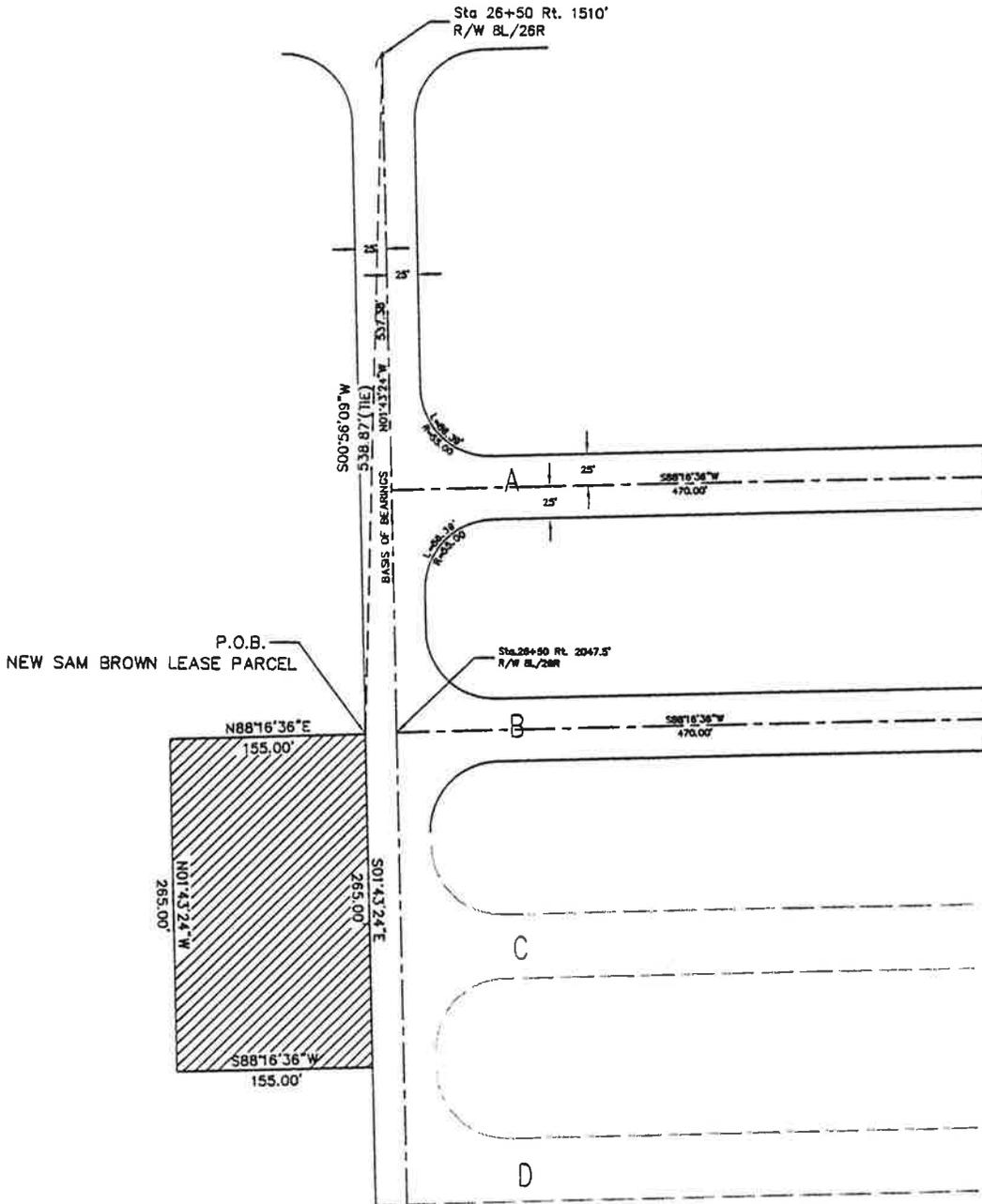
Beginning at a point within said Section 25, from which a point known as Station 26+50, Right 1510' of Runway 8L/26R, Pueblo Memorial Airport, bears N 00° 56' 09" E, a distance of 538.87 feet, said point being on the Westerly edge of Taxiway A1; thence, S 01° 43' 24" E, along said Taxiway A1, a distance of 265.00 feet; thence, S 88° 16' 36" W, departing said Taxiway A1, a distance of 155.00 feet; thence, N 01° 43' 24" W, a distance of 265.00 feet; thence, N 88° 16' 36" E, a distance of 155.00 feet, to the Point of Beginning of this description.

Said Parcel contains 41,075.00 square feet, 0.94 acres, more or less.

Bearings are based upon the centerline of Taxiway A1, Pueblo Memorial Airport, which is assumed to bear N 01° 43' 24" W.

# EXHIBIT B

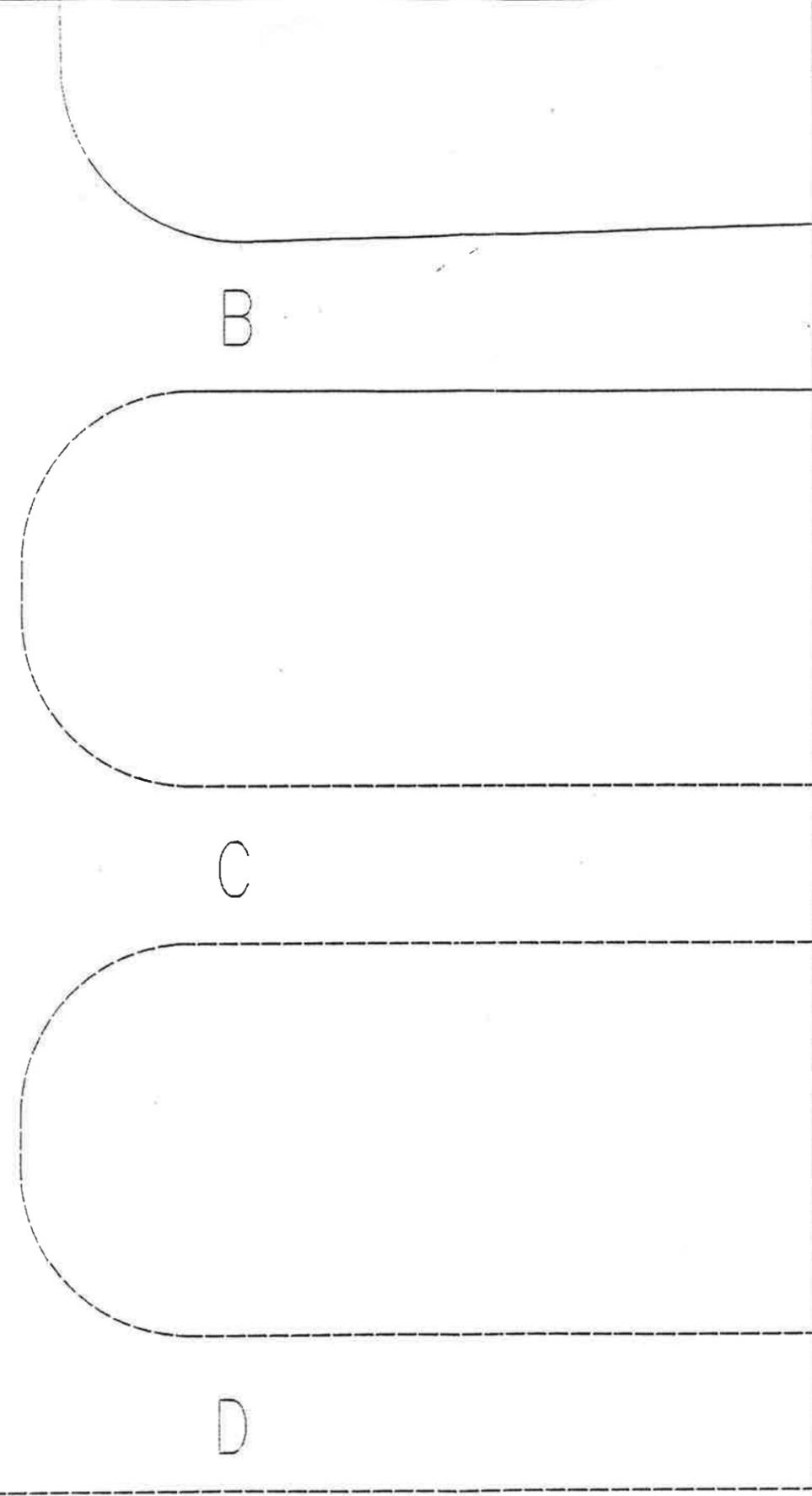
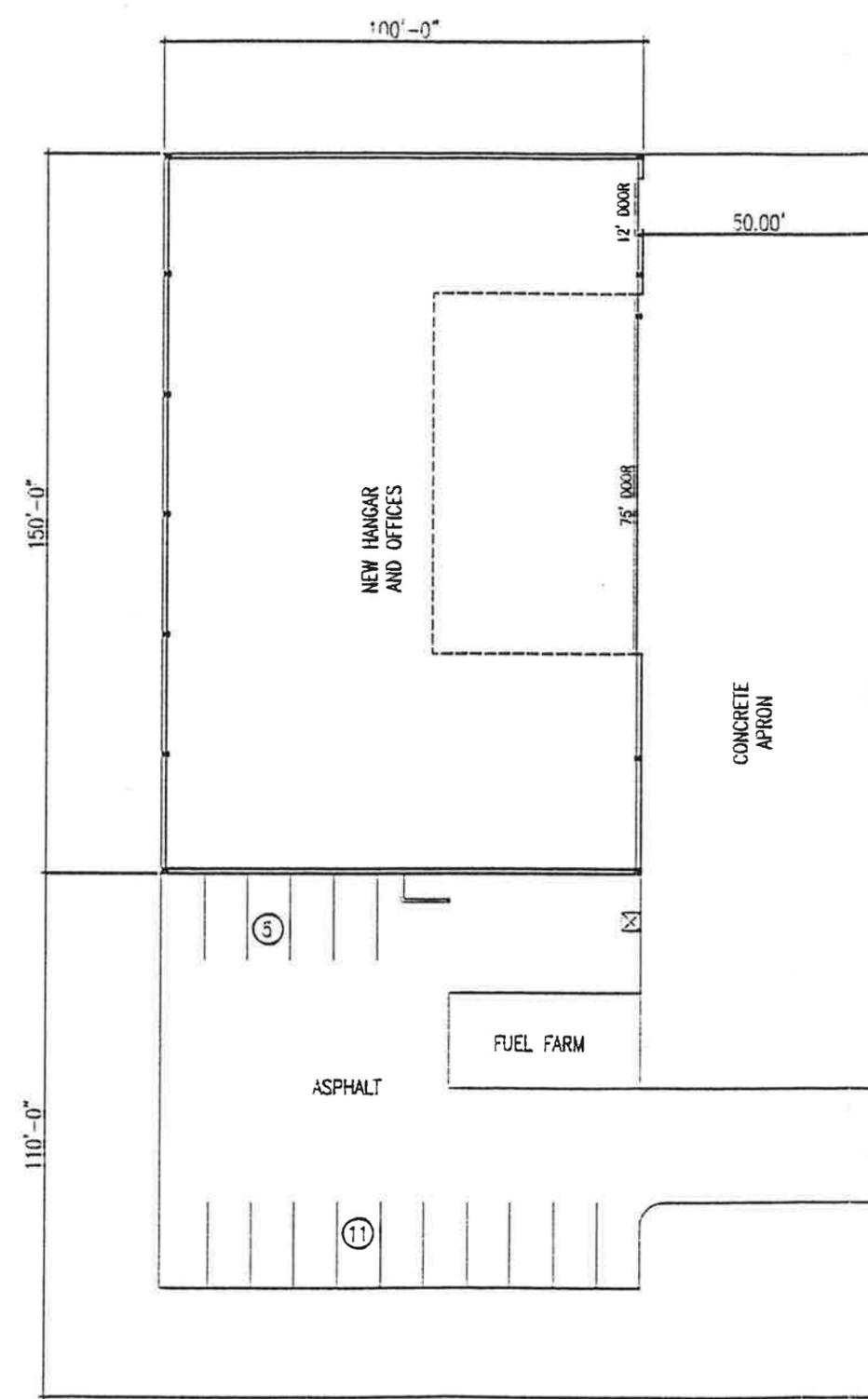
SECTION 25, T.20 S., R.64 W., 6TH P.M.  
PUEBLO COUNTY, COLORADO



LOCATION: <i>PUEBLO COUNTY, COLO.</i>	DRAWN BY: <i>LML</i>	CHECKED BY: <i>RM</i>
	SCALE: <i>NONE</i>	
	DATE: <i>8-06-'03</i>	
DESCRIPTION: <i>NEW SAM BROWN LEASE PARCEL</i>	JOB NUMBER	SHEET <i>2</i>
	<i>ABEL ENGINEERING PROFESSIONALS, INC.</i> <i>102 S. ONEIDA ST. PUEBLO, CO. 81003</i> <i>PH. (719) 546-2235</i> <i>2002593</i>	







**1 SITE LAYOUT PLAN**  
1:20

**MSSM**  
P.O. BOX 857 PUEBLO CO. 81002

**HANGAR**  
525 Skyway St.

CONCEPT PLAN  
THIS PLAN IS A PRELIMINARY DESIGN AND IS NOT TO BE USED FOR CONSTRUCTION. ANY CHANGES TO THIS PLAN SHALL BE MADE BY A REVISION SHEET. THE CLIENT IS RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL, STATE, AND FEDERAL AUTHORITIES. THE ENGINEER'S LIABILITY IS LIMITED TO THE PROFESSIONAL SERVICES PROVIDED.

STAMP:

ISSUE RECORD:  
CONCEPT PLAN 23 APRIL 2003


2002-530  
J. MARTINEZ  
J. CHRISMAN