

UNIMPROVED LAND LEASE

This lease is made effective this 1st day of January 2003 by and between the Front Range Airport Authority, a political subdivision of the State of Colorado, located at 5200 Front Range Parkway, Watkins, Colorado 80137, ("Landlord") and Jeffrey E. Schetgen, located at 5927 Saddle Creek Trail, Parker, CO, ("Tenant").

For and in consideration of the mutual covenants hereinafter contained, the parties agree as follows:

1. Lease and Description. Upon the terms and conditions hereinafter set forth, the Landlord hereby leases to the Tenant, and the Tenant hereby leases from the Landlord, those certain premises, excluding any improvements located thereon situated at the Front Range Airport, Adams County, Colorado, known as 37451 Cessna Way, Unit 3, Watkins, Colorado 80137 ("Premises"), the configuration of which is set forth on the Site Plan attached hereto as Exhibit "A" and incorporated herein by this reference. The Tenant shall have the non-exclusive use of taxiways, runways and other areas of the Airport, which are not within the exclusive use of other tenants and the Landlord.

2. Business Purpose. The Premises shall be used for the operation of a commercial aircraft hangar building under the terms and conditions of this Lease which shall not be construed as creating or vesting in the Tenant or any subtenant or assignee a fee interest in the Premises.

The aircraft hangar building and the leasehold interest created hereby are to be used for aeronautical-related purposes, including but not limited to parking, storing and maintaining aircraft and other activities associated with aircraft ownership. Aircraft stored in the hangar must meet the Taxilane Object Free Area Width as defined in FAA AC150/5300-13 Airport Design\Chapter 4., Taxiway and Taxilane Design, calculated as $1.2 \times \text{wing span} + 20'$. The tenancy created hereby is subject to the terms of this Lease, the Minimum Standards of Front Range Airport, all applicable federal, state and local laws and ordinances. The Minimum Standards shall be provided by the Landlord to the Tenant in writing upon the approval of this Lease and thereafter from time to time as they are amended.

3. Term. The initial term of this Lease is 13 years, commencing 12:01 a.m., January 1, 2003, and ending at midnight on December 31, 2015. So long as the Tenant is in full compliance with the terms of the Lease and the Minimum Standards of Front Range Airport, and the Landlord has determined that the building is in good repair, the Landlord shall extend the term of this Lease for a five (5) year period effective July 31, 2015. Thereafter, additional five (5) year renewal terms may be offered so long as the requirements of this paragraph have been met. The Tenant may terminate this Lease without penalty at the end of the original or any extended lease term by giving the Landlord written notice of its intent to terminate at least ninety (90) days prior to the end of the applicable lease term.

4. Rent. The rent for said leasehold space for 2003, the first year of this lease commencing upon execution hereof, shall be One Thousand Two Hundred Fifty-One & 66/100 Dollars (\$1,251.66), computed at the pro-rated, annual rate of twenty-three cents (\$0.23) per square foot, times the building footprint of Sixty feet (60') by Sixty feet, and Six Tenths (60.6) plus fifteen (15) feet on all the North and South sides or Five Thousand Four Hundred Forty-Two square feet (5,442) as shown on Exhibit "A". The total square footage for which Tenant is responsible for purposes of maintenance and repairs as per paragraph 10 of this Lease and otherwise, is Sixty (60) feet by One Hundred Forty-Five and Eight Tenths (145.8) feet, or 8,748 square feet.

Rent payment shall be made at 5200 Front Range Parkway, Watkins, Colorado 80137, or at such other address as the Landlord notifies the Tenant in writing during the original or any extended term of the Lease. The Tenant shall also pay for any calendar year or fraction thereof for which rent is due but not paid within ten (10) calendar days of the due date a late charge equal to five percent (5%) of the rent due and any accrued late charges.

a. Future Rental Periods. Commencing on January 1, 2004, the annual rent shall be \$1,251.66, computed at the annual rate of twenty-three cents (\$0.23) per square foot, with the leasehold space consisting of 5,442 square feet. Commencing January 1, 2009, and every five years thereafter, the annual rental sum shall be adjusted based upon the prevailing land rental rate for the Front Range Airport and shall be calculated using 5,442 square feet as shown on Exhibit "A", footprint of the leasehold space.

5. Assignment of Lease. The Tenant may sublease or sell hangar space for the purpose described in paragraph 2, above, for a term and under such terms and under conditions as the Tenant may determine in its sole discretion, provided: (1) the Tenant receives the Landlord's approval of the rental or sale, which shall not be unreasonably withheld; (2) the Tenant provides the Landlord and maintains a current list of the names, addresses and telephone numbers of subtenants or purchasers and their aircraft registration numbers; and (3) subtenants or purchasers agree in writing to abide by all the terms and conditions of this Lease.

6. Utilities. Tenant hereby covenants and agrees to pay water and sewer fees as amended from time to time and pay all monthly or other regular charges for heat, light, and water, and for all other public utilities which shall be used in or charged against the Premises during the full terms of this Lease. .

7. Taxes. The Tenant shall pay all property and other taxes that are assessed against the Premises.

8. Repair and Maintenance.

a. At its sole expense, the Tenant shall keep the Premises and all improvements thereon in good repair and in a safe, sanitary, orderly and usable condition. The Premises shall at all times be maintained in accordance with any applicable Building Code, Zoning Regulation, or Ordinance of Adams County.

b. Good Condition: Tenant shall keep Premises in good order and working condition and will do all necessary and appropriate maintenance and repair work at its sole expense. If Tenant fails to maintain the Premises, Landlord may perform such maintenance and invoice Tenant for all costs incurred. Prior to commencing work, Landlord will provide Tenant with thirty (30) days written notice and right to cure, and the applicable provisions of paragraph 26 below shall apply.

c. Waste: The Tenant shall place and regularly empty suitable trash containers on the Premises. It shall not permit rubbish, debris, waste material, anything noxious or detrimental to safety or health, anything likely to create objectionable odors or a fire hazard or anything subject to deterioration to accumulate on the Premises or to be improperly disposed of. The Tenant shall not allow any waste, liquids or other materials that could cause malfunction of the Landlord's sewage plant or impede the normal chemical or biological workings of the plant to become part of the plant's influence.

e. Care of Petroleum products and Other Material by Tenant: Tenant shall handle, use, store and dispose of fuel petroleum products, and all other materials (including but not limited to hazardous materials) owned or used by it on the Airport in accordance with all applicable federal, state, local and Airport statutes,

regulations, rules and ordinances. No waste or disposable materials shall be released on the ground or in the storm sewer. Should such materials be spilled or escape from storage or in any way contaminate the Airport or property adjacent to the Airport through activities of the Tenant, the Tenant shall be responsible for the clean up, containment and otherwise abatement of such contamination at Tenant's sole cost and expense. Further, Tenant shall notify the Landlord and appropriate governmental agency of such occurrence immediately. Should the Tenant fail to do so, the Landlord may take any reasonable and appropriate action in the Tenant's stead. The cost of such remedial action by the Landlord shall be paid by the Tenant.

f. Snow: At its sole expense, the Tenant shall remove snow and ice from all paved areas of the Premises.

g. Pavement: At its sole expense, the Tenant shall repair and maintain all paved areas of the Premises and their subsurfaces in a safe and structurally sound condition.

9. Use. The Tenant shall conduct on the Premises only the business for which it has a Front Range Airport Business License and shall not use the Premises for any illegal purpose.

10. Liens and Insolvency. The Tenant shall keep the Premises free from any liens arising from work performed thereon or materials furnished thereto. If the Tenant becomes insolvent or voluntarily or involuntarily bankrupt, or if a receiver, trustee or other liquidator is appointed for the Tenant, the Landlord may cancel this Lease by appropriate legal means.

11. Rent After Default. If any or all of the Premises is sublet, sold or otherwise occupied by anyone other than the Tenant, after any default in the payment of rent by the Tenant, the Landlord may collect rent or other periodic payments from subtenants, purchasers or other occupants, but such collection and/or the Landlord's agreement to a third person's use or occupancy of the Premises shall not be deemed a waiver of any term or condition of this Lease.

12. Access. The Tenant shall allow the Landlord and/or its agents access to the Premises during business hours upon 24 hours' notice for the purpose of inspection. In case of emergency the Landlord may have access at any time. Nothing herein shall be construed to limit the authority of Adams County building inspectors under existing law.

13. Liability Insurance. The Tenant shall maintain liability insurance by a company or companies acceptable to the Landlord insuring the Tenant against claims based on personal injury or death and damage or destruction of property that arise from the intentional or negligent acts of the Tenant, its agents, employees or servants or by means of any form of transportation, including owned, non-owned and hired automobiles, to the extent required by Exhibit "B" attached hereto and incorporated herein by this reference. Minimum insurance requirements are subject to change during the term of this Lease at Landlord's sole discretion. Tenant shall be notified of any increases to minimum insurance requirements in writing, and Tenant shall have sixty (60) days from the date of notification to provide proof of compliance with the increased insurance requirements to Landlord. The Landlord shall be included on all such policies as a named insured, and a true copy of those policies shall be furnished to the Landlord. Every such policy shall provide that it cannot be canceled without at least thirty (30) days prior written notice to the Landlord.

14. Accidents - Indemnity. The Tenant shall bear the risk of damage or destruction of all personal property on the Premises. The Landlord shall not be liable for any damage to persons or property on the Premises sustained by the Tenant or others, whether caused by defects now on the Premises or due to conditions hereafter arising in any building or other improvement or appurtenance thereon, including but not limited to lack of repair, fire, bursting or leaking water, gas, sewer or steam pipes, or the acts or omissions of the Tenant, any subtenant, purchaser or other occupant of the Premises or any invitee on the Premises, or the happening of any accident from any cause in or about any improvement on the Premises.

15. Fire Insurance. At its sole expense, at all times after commencement of construction on the Premises, the Tenant shall carry fire and extended coverage hazard insurance (including vandalism and malicious mischief protection) on all buildings commenced on the Premises, the policy or policies of which shall name the Landlord as an additional insured to the extent of the Landlord's interest in such buildings. A true copy of all such policies shall be furnished to the Landlord. Every such policy shall provide that it cannot be canceled without at least thirty (30) days prior written notice to the Landlord, no such policy shall contain a deductible clause greater than \$1,000 per claim. In the event of loss, the Tenant shall pay such deductible amount.

16. Casualty Loss – Application of Proceeds. In the event of any casualty loss to any improvement covered by insurance, the proceeds of such insurance shall be used to repair or replace such improvement and return the Premises to its original condition. The proceeds shall be first applied to the cost of clean-up, to the extent required by the Landlord. Upon the sublease or sale of any part of the Premises, the Tenant shall require the subtenant or purchaser to obtain hazard insurance at the subtenant's or purchaser's sole expense containing the same provisions as those set forth in paragraph 17, above, and including the Landlord and the Tenant as additional named insured, as their interests may appear.

17. Condemnation. The Landlord may condemn the Premises if it desires to use the Premises for other airport purposes. If it does so, it shall compensate the Tenant for the value of the remaining original lease term, if the condemnation occurs during that term, and for the value of the remaining then-current lease term extension, if the condemnation occurs during a lease term extension. Landlord shall compensate the Tenant for the remaining life of all improvements the Tenant has constructed on the Premises based on a 30-year life for each such improvement. If the Landlord and Tenant disagree as to the value of the remaining life of the Lease or an extension thereof or any improvement Tenant has constructed on the Premises, each shall retain an appraiser to value those items. If those appraisers are unable to agree on such valuations, they shall appoint a third appraiser, and that appraiser's valuations shall be conclusive and binding on both parties. If the Tenant has already given written notice of lease termination as provided in paragraph 3 above, at the time it receives the Landlord's notice of condemnation, the Premises shall be surrendered to the Landlord at the end of the then-current lease term without regard to the provisions of this paragraph.

18. Tenant's Right of Cancellation. In addition to any other remedies available to the Tenant, this Lease shall be subject to cancellation by the Tenant if any one or more of the following events occur:

a. Abandonment: If the Airport is permanently abandoned as an operating airport by the Landlord, the Tenant shall be entitled to cancel this Lease, remove all improvements it constructed on the Premises and have returned to it all prepaid rents.

b. Supervening Event: If any act of God prevents the Tenant from using the Premises for the purpose provided in paragraph 2 above, for six consecutive months, it may cancel this Lease. However, neither party shall have any liability to the other for the results of any such act.

c. Landlord's Breach of Lease: Tenant may cancel this Lease if the Landlord breaches any of its obligations under this Lease and fails to remedy such breach within sixty (60) calendar days after the Tenant's delivery of written notice of the breach to the Landlord.

19. Removal of Improvements. Upon termination of this Lease, at its sole cost, the Tenant shall remove any improvements (except pavement) it has made to the Premises, and it shall return the Premises to the Landlord in the same condition as it existed at the inception of this Lease (except for any pavement that may exist on the Premises at the time of termination).

20. Notices. All notices and consents required or permitted hereunder shall be deemed delivered when personally delivered, or when delivered by courier or facsimile or other electronic means, or three business days after being deposited in the United States mail, sealed and postage prepaid, certified and return receipt requested, addressed, as appropriate, to:

LANDLORD

Director of Aviation
Front Range Airport
5200 Front Range Parkway
Watkins, Colorado 80137

TENANT

Jeffrey E. Schetgen
5927 Saddle Creek Trail
Parker, CO 80134

or to such other addresses as the parties may designate to each other in writing.

21. Governmental Fees. All fees due under applicable law to any city, county or state on account of any inspection made of the Premises shall be paid by the Tenant.

22. Signs. Any sign or symbol placed anywhere on the Premises shall first be approved by the Landlord. Any sign or symbol not so approved shall be immediately removed upon notice by the Landlord at the Tenant's sole expense. The Tenant's failure to promptly remove such sign or symbol shall entitle the Landlord to remove it at the Tenant's sole expense. Any sign or symbol approved by the Landlord for display on the Premises shall be removed at Tenant's expense at the termination of the Lease. In addition to being authorized by the Landlord, all signs displayed on the Premises shall conform to all applicable laws and regulations, and the Tenant shall pay all fees associated therewith. Tenant will mount a sign on each end of the hangar containing the hangar number, street address and language similar to a "no parking" sign.

23. Mailboxes. Mailboxes as approved by the United States Postal Service shall be installed at Tenant's expense. The location of mailboxes shall be approved in writing by the Landlord prior to placement on airport property.

24. Default and Re-Entry. Unless resulting from events described in paragraphs 18 or 19, above, the Tenant's failure to pay rent when due or its violation of any other of its obligations hereunder shall entitle the Landlord to terminate this Lease upon thirty (30) days prior written notice. If the default or violation is cured within the said thirty (30)-day period, or if the violation is not capable of complete cure within the said period but cure is commenced within the period, the Landlord shall have no right of termination. However, if the default or violation is not cured, or cure of the violation is not begun, within the thirty (30)-day period, the Lease shall be deemed terminated at the end of that period without further action by the Landlord. Upon termination the Tenant shall be entitled to recover any prepaid rent and other fees, and the Landlord shall be entitled to possession of the Premises. If the Tenant fails to vacate the Premises, the Landlord shall have the right to evict the Tenant pursuant to Colorado law.

25. Nonwaiver of Breach. The failure of either party to insist on strict compliance with any term or condition of this Lease shall not be deemed a waiver or relinquishment of the right to require strict compliance with such term or condition, or any other term or condition of this Lease in the future.

26. Holding Over. If the Tenant holds over after the end of the original term of this Lease or any extended term hereof, the Tenant shall pay the Landlord rent in an amount equal to 150 % of the Lease rate then in effect. Such holding over shall not constitute renewal of this Lease but shall be a month-to-month tenancy only, with all other terms and conditions of this Lease applicable.

27. Landlord's Warranties. The Landlord warrants that it is the owner of the Premises free and clear of all liens and encumbrances, that it has the authority to enter into this Lease and that the Premises is free from contamination by hazardous substances.

28. Hazardous Substances. The Tenant shall not permit hazardous substances upon the Premises except those that are normally associated with aeronautical-like purposes.

29. Motor Vehicle Parking. Motor vehicles shall be parked only in designated parking areas or within the hangar. All vehicles must be operational and licensed. Outside storage including but not limited to storage containers, sheds, material piles, and metal drums is prohibited, absent written authorization by Landlord.

30. Aircraft Parking. Aircraft shall not be parked on taxiways, aprons or other pavement on the Premises in a manner that unduly obstructs access to adjacent hangars. Only airworthy aircraft shall be parked on the Premises outside the hangar.

31. Jurisdictions and Venue. The parties acknowledge that this Lease is entered into in the State of Colorado, and they agree that the courts of Adams County, Colorado, shall have jurisdiction and be the sole venue to resolve all disputes between the parties arising from this Lease or concerning the Premises.

32. Indemnification. The Tenant shall bear the entire loss or damage to all improvements to the Premises, whether by windstorm, fire, earthquake, snow, water run-off or any other cause whatsoever. The

Tenant hereby indemnifies the Landlord against and holds it harmless from all demands, claims, costs, causes of action and judgments, as well as from all costs of investigating and defending the same, arising from or growing out of the acts or omissions of the Tenant, its contractors, agents, members, stockholders, employees, invitees, servants, subtenants, successors or assigns in connection with their occupancy of any portion of Front Range Airport, including the Premises.

IN WITNESS WHEREOF the parties have executed this Lease this 22nd day of January 2003.

LANDLORD
FRONT RANGE AIRPORT AUTHORITY

Attest:

By:

DENNIS R. HEAP, Clerk

By:

Perry Miller

PERRY MILLER, Chair

BOARD OF COMMISSIONERS
OF ADAMS COUNTY

Approved as to form

John A. Puli

By:

Elaine T. Valente 1/29/03

ELAINE T. VALENTE, Chair

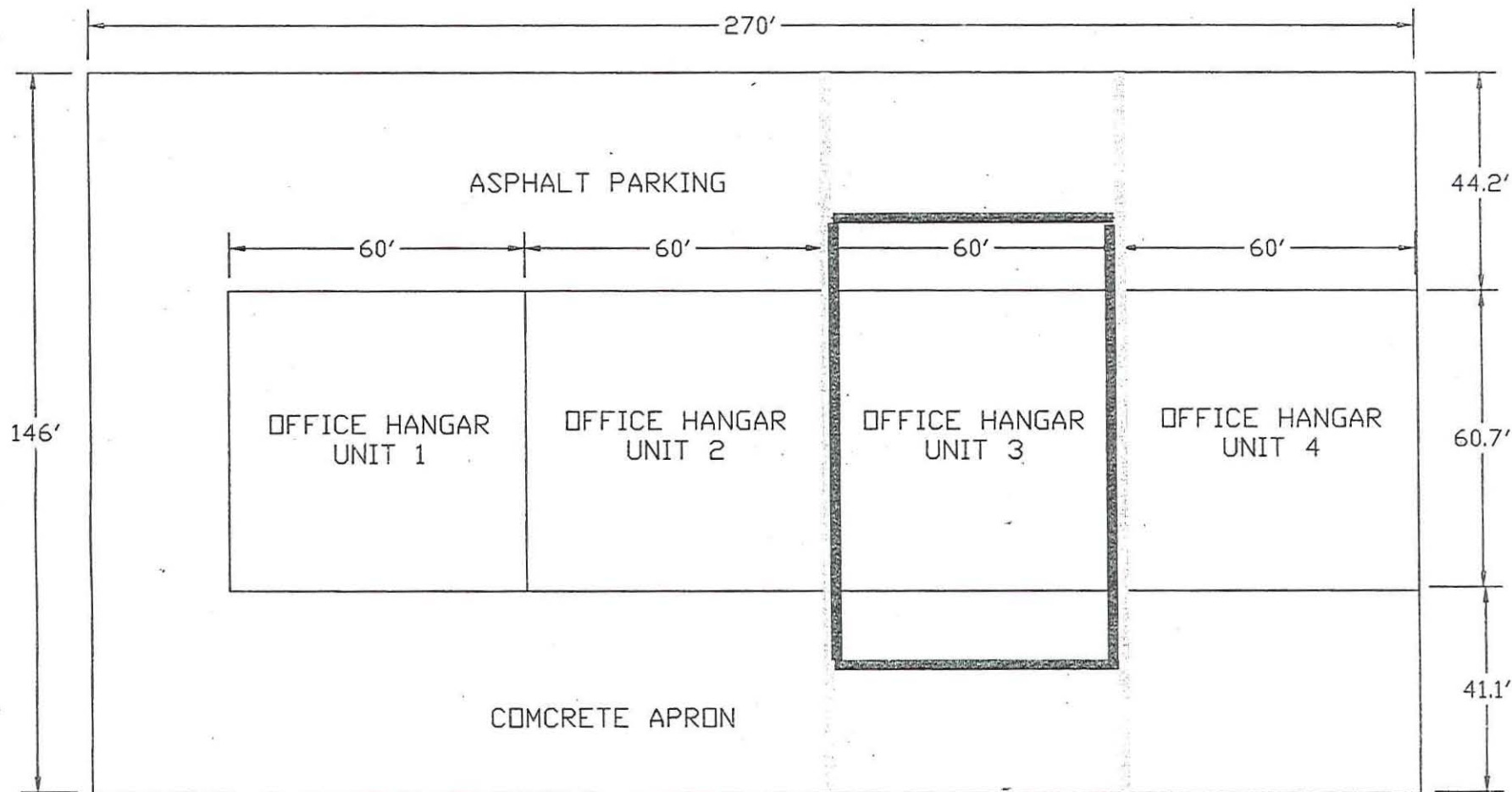
TENANT
JEFFREY E. SCHETGEN

By:


Jeffrey E. Schetgen

JEFFREY E. SCHETGEN

EXHIBIT A



 PREMISES

 LEASE CALCULATION-HANGAR SIZE PLUS 15 FEET NORTH, SOUTH. TOTAL=5,442 SQ. FT.


| | | | |
|---|------------------------|-------------|------|
|  | JEFFREY E. SCHETGEN | | DES. |
| | REVISION | | DR. |
| | C:\BOB\CONDO HANGARS 2 | | APP. |
| | DATE 5-21-99 | DESCRIPTION | |

EXHIBIT "B"

Page 1 of 2

INSURANCE

The Tenant will be required to procure and maintain, at its own expense and without cost to the Landlord, the kinds and minimum amounts of insurance as follows:

I. Comprehensive General Liability

In the amount of not less than one million dollars combined single limit.
Coverage to include:

- A. Premises
- B. Products/Completed Operations
- C. Broad Form Comprehensive, General Liability
- D. Front Range Airport Authority and Adams County as Additional Insured

II. Comprehensive Automobile Liability

In the amount of not less than \$500,000 combined single limit for bodily injury and property damage.

III. Employers Liability, Worker's Compensation and Unemployment Insurance

The Tenant shall secure and maintain employer's liability, Workman's Compensation Insurance and Unemployment Insurance that will protect it against any and all claims resulting from injuries to and death of workmen engaged in work under this contract.

Minimum insurance requirements are subject to change during the term of this Lease at Landlord's sole discretion. Tenant shall be notified of any increases to minimum insurance requirements in writing, and Tenant shall have sixty (60) days from the date of notification to provide proof of compliance with the increased insurance requirements to Landlord.

Certificate of Insurance

The Tenant shall not commence work under this contract until it has submitted to the landlord, and received approval thereof, certificates of insurance showing that it has complied with the foregoing insurance.

All referenced insurance policies and/or certificates of insurance shall be issued to include the Front Range Airport Authority as an "additional insured". The name of the bid or project must appear on the certificate of insurance.

EXHIBIT "B"

Page 2 of 2

1. Underwriters shall have no right of recovery or subrogation against the Front Range Airport Authority; it being the intent of the parties that the insurance policies so effected shall protect both parties and be primary coverage for any and all losses covered by the described insurance.
2. The clause entitled "Other Insurance Provisions" contained in any policy including Front Range Airport Authority as an additional named insured shall not apply to Front Range Airport Authority.
3. The insurance companies issuing the policy or policies shall have no recourse against Front Range Airport Authority for payment of any premiums due or for any assessments under any form or any policy.
4. Any and all deductibles contained in any insurance policy shall be assumed by and at the sole risk of the Tenant.

If any of the said policies shall be or at any time become unsatisfactory to the Landlord as to form or substance, or if a company issuing any such policy shall be or at any time become unsatisfactory to the Landlord, the Tenant shall promptly obtain a new policy, submit the same to the Landlord for approval and thereafter submit a certificate of insurance as herein above provided. Upon failure of the Tenant to furnish, deliver and maintain such insurance as provided herein, this contract, at the election of the Landlord, may be immediately declared suspended, discontinued or terminated after 60 days written notice to the Tenant. Failure of the Tenant in obtaining and/or maintaining any required insurance shall not relieve the Tenant from any liability under the contract, nor shall the insurance requirements be construed to conflict with the obligations of the Tenant concerning indemnification.