

LEASE AGREEMENT

THIS LEASE AGREEMENT execute this 27 day of NOV., 2008 and made effective the 1st day of December, 2008, by and between the City of Burlington, a municipal corporation in the State of Vermont (hereinafter called "Lessor" or "City"), and Aviatron, Inc. (U.S.), a Vermont corporation authorized to do business in the State of Vermont (hereinafter called "Lessee").

W I T N E S S E T H :

WHEREAS, Lessor owns and operates an airport known as the Burlington International Airport located in South Burlington, Vermont, which airport and any additions or improvements thereto or changes therein which the City hereafter makes or authorizes are hereinafter collectively called the "Airport"; and

WHEREAS, Lessor wishes to enter into a lease for a certain portion of the Airport premises in the interest of furthering and carrying on its purpose in the operation of the Airport and in the promotion of aviation in the interest of the public; and

WHEREAS, Lessee desires to obtain a lease for certain premises on the Airport as hereinafter described, together with certain rights and privileges in connection therewith;

NOW THEREFORE, for and in consideration of the premises and of the mutual covenants and promises herein contained, the parties hereby covenant and agree as follows:

1. PREMISES. - Lessor hereby leases to Lessee for its exclusive use, and Lessee hereby hires and takes from Lessor, a portion of the so-called Aviatron Building consisting of Eleven Thousand Seven Hundred (11,700) square feet, as shown on the plan or sketch attached hereto and marked Exhibit "A" and hereby specifically made a part hereof, together with a parcel of land consisting of Thirty Three Thousand One Hundred Ten (33,110) square feet located adjacent to the Aviatron Building, as shown on the plan or sketch attached hereto and marked Exhibit "B" and

hereby specifically made a part hereof, to have and to hold the said premises (collectively referred to hereinafter as the "Leased Premises") with the appurtenances thereto belonging, together with all improvements, if any, therein upon the terms and conditions hereinafter provided.

2. TERM - The term of this Agreement shall be five (5) years and shall be deemed to have commenced on December 1, 2008 and shall end on November 2013. This Agreement shall be subject to termination by either Lessor or Lessee, at either party's sole discretion, on not less than Three Hundred Sixty Five (365) days advance written notice.

3. RENTAL - For and during the term hereof, Lessee shall pay Lessor the following annual rentals for the use and occupancy of the Leased Premises, in equal monthly installments in advance, on or before the fifth business day of each calendar month of the term, at the office of the Director of Aviation, Burlington International Airport, 1200 Airport Drive # 1, South Burlington, Vermont 05403.

a. \$8.74 per square foot for that portion of the Leased Premises comprising the space within the Aviatron Building consisting of Eleven Thousand Seven Hundred (11,700) square feet, equating to One Hundred Two Thousand Two Hundred Fifty Eight Dollars (\$102,258.00); and

b. \$.33 per square foot comprising the parcel of land adjacent to the Aviatron Building consisting of Thirty Three Thousand One Hundred Ten (33,110) square feet, equating to Ten Thousand Nine Hundred Twenty-Six Dollars and Thirty Cents (\$10,926.30) per annum.

Said rental amounts shall be adjusted annually to reflect increases in the cost of living as reflected in the Consumer Price Index for all Cities, all Urban Consumers, published by the Bureau

of Labor Statistics of the United States Department of Labor or equivalent replacement index. In no event shall the Rental be less than the immediately preceding rate. As a time lapse occurs in the issuing of the Consumer Price Index, the adjustment shall be retroactive to the beginning of the term of this Agreement.

If the term of this Lease shall begin or end on any day of the month other than the first (1st) day, the rent for the month in which this Lease shall commence or terminate shall be pro-rated on a per diem basis.

Any rental amount payable which shall not have been paid when due shall bear interest at the rate of one and a half percent (1 1/2%) per month, which interest shall be paid by Lessee in addition to such amount.

4. OTHER FEES

a. Lessee agrees to pay aircraft landing fees to Lessor on or before the last day of each month based upon the number of Aircraft Landings properly attributable to Lessee during the preceding month. No later than the 10th day of each month Lessee shall provide the Director of Aviation with a listing of its Aircraft Landings during the preceding month. Such payments shall be paid at the office of the Director of Aviation without billing. If said fees are not received by the Office of the Director of Aviation on or before their due date, they shall be considered past due:

i. For each "Aircraft Landing", as defined herein as aircraft being utilized by or on behalf of Lessee in carrying out the business which is authorized by this Lease Agreement (including but not limited to aircraft owned or leased by Lessee, aircraft providing service to Lessee pursuant to contract whether oral or written, and aircraft

being parked in the hangar space), Lessee shall pay Lessor landing fees in the amount established by City's Board of Airport Commissioners as the same may be amended from time to time. Lessor shall provide Lessee the current landing fee information upon the execution hereof and shall provide written notice to Lessee promptly following any amendment thereof.

ii. Any aircraft landing fee amount payable which shall not have been paid when due shall bear interest at the rate of one and one-half percent (1 1/2%) per month, which interest shall be paid by Lessee in addition to such amount.

Lessee shall keep and maintain a complete and accurate set of records of all the Aircraft Landings, for the use of the Lessor and payment of fees required under this Agreement, for three (3) years, and shall make such records available for inspection and copying by Lessor at any and all reasonable hours and times. Lessor shall have the right, at its expense and on reasonable notice, from time to time, to audit the records and other data of the Lessee relating to the provisions and requirements hereof, provided such inspection is made during regular business hours. In the event that a discrepancy of five percent or more is found in such records then Lessee shall pay the full cost of the audit.

b. Lessee agree to act as agent for Lessor in charging and collecting transient aircraft landing, tie down, parking and seat charges associated with the Leased Premises. Lessee shall charge and collect fees according to the schedule therefore as established and amended from time to time by Lessor; Lessee shall remit 50% to Lessor and retain 50% of all fees so collected except that it will remit 100% of seat charges so collected.

Notwithstanding the foregoing, Lessor expressly retains the exclusive right to execute a

separate agreement with service operators for the collection of such fees.

5. USE OF PREMISES

The Leased Premises shall be used and occupied as an aircraft electrical component overhaul and repair shop, an aircraft repair shop for Allison 250 helicopter engines (which helicopters will be landing at Burlington International Airport and be towed to the Leased Premises), and access to the Air Carrier Terminal ramp to make repairs to air carrier electrical aircraft components. Without limiting the foregoing, but merely by way of example, Lessee shall not use any portion of the Leased Premises to conduct a fixed based operation; for the sale or lease of petroleum products, aircraft, engines, to conduct a flight school; to operate scheduled passenger service or scheduled airline operation; or to park or otherwise store any aircraft other than those described above.

6. AGREEMENT SUBORDINATE - This Agreement shall be subject and subordinate to the following:

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

b. This Agreement shall be subordinate to the provisions of any existing or any future agreement between Lessor and the State of Vermont and/or the United States of America relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal or State

Funds for the development of the Airport.

c. Lessor's right, during time of war or national emergency to lease the landing facilities or any part thereof, or to otherwise permit the use thereof on an exclusive basis, by the United States of America or the State of Vermont for military use; the provisions of this Agreement, to the extent that they are inconsistent with these superior rights, shall be suspended during any such period.

7. LESSEE OBLIGATIONS - Lessee covenants and agrees at its own expense:

a. To pay the rent and other charges herein reserved at such times and places as the same are payable;

b. To furnish to the Leased Premises and to pay all charges for telephone service, sewage service, stormwater, trash and/or hazardous waste removal, snow removal and janitorial service, water, electric power, heat, gas, air conditioning and other public utilities of every kind;

c. To keep and maintain all parts of the Leased Premises, including related and associated appurtenances, in good condition, order and repair during the term of this Agreement, including but not limited to painting, lighting, removal of snow and garbage, landscaping, replacement of broken glass with glass the same size and quality of that broken, installed and operating equipment, and utility services. Lessee shall cooperate with other occupants of the building in which the Leased Premises is located so that any common facilities shall at all times be kept and maintained in a clean, orderly and sanitary manner. Lessee shall share in an equitable manner with the other occupants the expenses of maintaining said common facilities. If the common facilities are not kept and maintained in

g. The sectional or paragraph headings throughout this Lease Agreement are for the convenience of Lessor and Lessee and are not intended nor shall they be used to construe the intent of this Lease Agreement or any part hereof, or to modify, amplify, or aid in the interpretation or construction of any of the provisions hereof.

h. The language in all parts of this Lease Agreement shall in all cases be construed simply according to its fair meaning and not strictly construed against Lessor, it being stipulated and agreed that Lessee participated in the drafting hereof. This Lease Agreement shall be construed and performance thereof shall be determined in accordance with the laws of the State of Vermont.

IN WITNESS WHEREOF, the parties have caused these presents to be executed by their respective officer or representative thereunto duly authorized, the day and year first above written.

CITY OF BURLINGTON

Witness BY: _____
Mayor

Witness AVIATRON, INC.


Witness BY: 
President

Witness

STATE OF VERMONT
COUNTY OF CHITTENDEN, SS.

Dated at Burlington, Vermont, this ___ day of _____, 2008, personally appeared Bob Kiss, Mayor, City of Burlington, and acknowledged the foregoing instrument by him signed and sealed to be his free act and deed and the free act and deed of the City of Burlington.

Before me, _____

Notary Public
My Commission Expires: 2/10/11

STATE OF _____
COUNTY OF _____, SS.

Dated at _____, this ___ day of _____, 2008, personally
appeared _____, and acknowledged the foregoing instrument by him/her
signed and sealed to be his/her free act and deed and the free act and deed of Aviatron, Inc.

Before me, _____
Notary Public
My Commission Expires: _____

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