

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement is made and entered this 14th day of February, 2019, between Longmont WinAir Co., a Delaware Corporation ("Tenant") and the City of Longmont, Colorado, a municipal corporation ("City" or "Landlord") for the purpose of amending that certain Lease Agreement dated March 1, 2004, (the "Lease"), by and between Tenant and City's predecessor in interest, Boston Partnership ("Previous Landlord"), relating to the leasing of a portion of the building located at 1140 Boston Avenue, Unit B, Longmont, Colorado, 80501 and appurtenances thereto (the "Premises").

WHEREAS, Tenant has continuously occupied the Premises pursuant to the Lease attached hereto as Exhibit A, with an original term running to February 28, 2009, and pursuant to the two Extensions of Lease also attached and made part of Exhibit A, the most recent of which is set to expire on February 28, 2019; and

WHEREAS, City purchased the Premises from the Previous Landlord in connection with the Resilient St. Vrain Project in or about November 30, 2016, and the Lease and Extensions were assigned to and assumed by the City in connection with the sale; and

WHEREAS, Tenant desires to extend its tenancy and City has determined such extension to be in its best interest; and

WHEREAS, the amendments herein are needed to accomplish the extension and make such adjustments to portions of the Lease as are necessary to replace references to Previous Landlord as well as other changes to comport with legal requirements for City agreements,

NOW, THEREFORE, City and Tenant, in consideration of the mutual promises contained herein, agree to amend the Lease as follows:

1. Order of Precedence. The provisions of the Lease shall govern the relationship of Tenant and Landlord. In the event of conflicts or inconsistencies between the Lease and this First Amendment such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of priority:

- a. The provisions of this First Amendment to Lease,
- b. The provisions of the main body of the Lease.

2. Except as modified by the provisions of this First Amendment to Lease, all other terms and conditions in the Lease are hereby ratified and confirmed and remain in full force and effect.

3. Notwithstanding the provisions of paragraph 3 of the Lease, the Term of this First Amendment to Lease shall be March 1, 2019 to February 28, 2020.

4. Notwithstanding the provisions of paragraph 5 of the Lease, the annual rent shall be \$103,865.40, payable in installments of \$8,655.45 per month commencing March 1, 2019, and

continuing until February 28, 2020, due in advance on the first day of each month. All other provisions of paragraph 5 remain unchanged.

5. Notwithstanding the provisions of paragraph 13.2 of the Lease (“Indemnification of Tenant”), City shall not indemnify Tenant and this paragraph shall not bind the City in any manner.

6. Notwithstanding the provisions of paragraph 20 of the Lease (“Security”), the sum of the security deposit being held by City is \$4,385.00. All other provisions of paragraph 20 remain unchanged.

7. The provisions of paragraph 23 of the lease (“Notices”) are amended only insofar as notice to Landlord shall be directed as follows:

City of Longmont, Public Works and Natural Resources Department
Business Services Division
1100 S. Sherman Street
Longmont, CO 80501
Attn: Karen Chandler

8. All of City’s financial obligations under this First Amendment to Lease are contingent upon appropriation, budgeting, and availability of specific funds to discharge those obligations. Nothing in this First Amendment to Lease constitutes a debt, a direct or indirect multiple fiscal year financial obligation, a pledge of the City’s credit, or a payment guarantee by the City to the Tenant.

9. All references in the lease to Tenant or to “WinAir” shall be deemed to refer to Longmont WinAir Co., a Delaware Corporation. All references in the Lease to Landlord or to Boston Partnership shall be deemed to refer to the City of Longmont.

10. All other provisions of the Lease shall remain in full force and effect.

APPROVED AND AGREED TO BY THE CITY OF LONGMONT, COLORADO



MAYOR
CITY OF LONGMONT, COLORADO

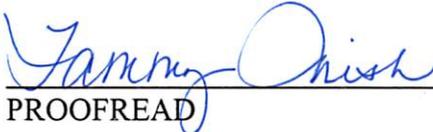
APPROVED AS TO FORM:



ASSISTANT CITY ATTORNEY

12/20/2018

DATE



PROOFREAD

12/20/2018

DATE

APPROVED AS TO FORM AND SUBSTANCE:



ORIGINATING DEPARTMENT

1/8/2019

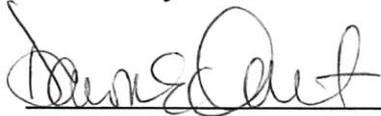
DATE

CA File: 18-000081

STATE OF COLORADO)
) ss.
COUNTY OF BOULDER)

I attest that the foregoing instrument was acknowledged before me this 14th day of February, 2019 by Brian J. Bagley, as the Mayor of the City of Longmont.

Witness my hand and official seal.



CITY CLERK, Notary Public

DAWN E QUINTANA
Notary Public
State of Colorado
Notary ID # 19974002371
My Commission Expires 01-05-2021

My commission expires: Jan. 5, 2021

TENANT'S ACCEPTANCE AND AGREEMENT

Tenant, Longmont WinAir Co., accepts the above First Amendment to Lease Agreement and agrees to be bound by its terms as of this 4th day of JANUARY, 2019.

By: [Signature]

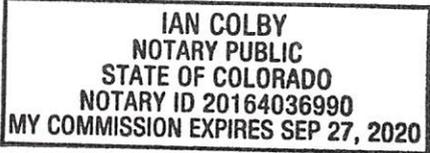
Its: PRESIDENT Longmont WinAir Co.

STATE OF COLORADO)
) ss.
COUNTY OF BOULDER)

I attest that the foregoing First Amendment to Lease Agreement was acknowledged before me this 4th day of JANUARY, 2019 by Gerald Nelson as President of Longmont WinAir Co.

Witness my hand and official seal.

[Signature]
Notary Public



My commission expires 27 Sept 2020

EXHIBIT A

EXTENSION OF LEASE

THIS EXTENSION OF LEASE is made this 15 day of January, ~~XX 2014~~ between Boston Partnership, Lessor, and Longmont WinAir, Lessee.

For good and valuable consideration the Lessor and Lessee agree that the Lease dated March 1, ~~XX 2004~~, which was to expire on February 28, ~~XX 2014~~, shall be extended to the 28th day of February, ~~XX 2019~~.

The rental for the term of this extension shall be \$ 489,942.96, payable in monthly installments of \$7,690.25, as set forth in the said Lease.

Initial'

All other terms and conditions of the said Lease shall remain in full force and effect for the duration of this extension.

Any default in the terms and conditions of the said Lease prior to the commencement of the extended term shall, at the option of the Lessor, render this Extension Agreement null and void.

ADDITIONAL PROVISIONS .

Annual lease escalations shall be 3% annually from this point forward.

DATED: 2-25-2014

[Signature]
LESSOR (Boston Partnership)

[Signature]
LESSEE (Longmont WinAir)

EXTENSION OF LEASE

THIS EXTENSION OF LEASE is made this 30th day of January, 2009, between Boston Partnership, Lessor, and Longmont WinAir, Lessee.

For Lease Premises known as 1140 Boston, **Unit B**
For good and valuable consideration the Lessor and Lessee agree that the Lease dated March 1, ~~XX 2004~~, which was to expire on February 28th, ~~XX 2009~~, shall be extended to the 28th day of February, ~~XX 2014~~.

The rental for the term of this extension shall be \$ 115,018.24, payable in monthly installments of \$ 1,805.35, as set forth in the said Lease.

All other terms and conditions of the said Lease shall remain in full force and effect for the duration of this extension.

Any default in the terms and conditions of the said Lease prior to the commencement of the extended term shall, at the option of the Lessor, render this Extension Agreement null and void.

ADDITIONAL PROVISIONS

Annual lease escalations shall be 3% annually from this point forward.

DATED: 2-4-09

[Signature]
LESSOR (Boston Partnership)

[Signature]
LESSEE (Longmont WinAir)

Karen Wood
[Signature]

This lease has not been approved by the Colorado Real Estate Commission.

LEASE AGREEMENT

THIS LEASE AGREEMENT, made this 1 day of MARCH, 2004, by and between Edwin S. Kanemoto, Dale A. Kanemoto, Karen K. Wood, D/B/A: Boston Partnership, as Landlord, and Longmont WinAir as Tenant.

WITNESSETH, THAT, in consideration of the covenants herein, it is agreed:

1. Lease of Premises.

The Landlord hereby leases to the Tenant, and the Tenant hereby leases from the Landlord, the land and building located at 1140 Boston Avenue, Unit B, Longmont, Colorado. 80501, together with all appurtenances thereto, and all fixtures attached thereto, in present condition, the "Leased Premises."

2. Condition of Property.

Tenant has examined, and accepts the building, improvements, and any fixtures, in present condition. No representation, statement, or warranty, express or implied, has been made by or on behalf of Landlord as to such condition, or as to the use that may be made of such property. In no event shall the Landlord be liable for any defect in such property or for any limitation on its use. Except as otherwise provided in this lease, Tenant shall return the property to Landlord upon expiration or termination of this lease, in present condition, ordinary wear and tear excepted.

3. Term.

The term of this lease shall be 60 months, commencing at noon on March 1st, 2004, and ending at noon on February 28th, 2009, unless sooner terminated in accordance of the provisions hereof.

3.1. HOLDING OVER. In the event that Tenant shall continue to occupy the Demised Premises after the expiration of the Primary or Option Term of this Lease, said tenancy shall be construed to be a tenancy from month to month for the rental herein specified and upon all of the other terms and conditions herein contained except any renewal options and except the minimum monthly rent which shall be one and one-half (1 ½) times the Minimum Rent for the last month prior to the holding over.

4. Delivery of Possession.

The Tenant shall be entitled to possession of the leased premises at noon on the date of commencement of the lease term.

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5. Rental.

Tenant shall pay to the Landlord, at such place as the Landlord may designate in writing the following rent:

5.1. Base Rental. Base rental of \$104,355.30 for the initial term of this lease, payable in installments of \$1,739.26 per month commencing March 1st, 2004, and continuing until February 28th, 2009, due in advance on the first day of each month. If the lease term includes only a part of any month, rental for such part of a month shall be prorated accordingly and added to the next monthly rent and paid in advance.

5.2. Late Charge. Tenant will pay a late charge equal to five percent of any monthly rental payment not paid within five days of when due.

5.3. Increase in Base Rental. On November 1, 2004, and annually thereafter, the base rental payable by Tenant shall be increased to an amount determined by multiplying the monthly rent specified in the last previous year, by a fraction, the numerator of which shall be the most recent Denver-Boulder-Greeley, Colorado Consumer Price Index figure, as hereinafter defined, published prior to and as of the Commencement date. The denominator of which shall be the Consumer Price Index figure published 1 year prior to that Index date; provided, however, that in no event shall the rent for any month be less than the rent for the immediately preceding month. As used herein, the term "Consumer Price Index" shall mean the United States Department of Labor's Bureau of Labor Statistics Consumer Price Index, all items, Denver, Colorado (1967 = 100) or the successor of that Index. Should the Landlord lack sufficient data to make the property determination on the date of any adjustment, the Tenant shall continue to pay the monthly rent payable immediately prior to the adjustment date. As soon as the Landlord obtains the necessary data, the Landlord shall determine the rent payable from and after such adjustment date and shall notify the Tenant of the adjustment in writing. Should the monthly rent for the period following the adjustment date exceed the amount previously paid by the Tenant for that period, the Tenant shall forthwith pay the difference to the Landlord. The maximum annual CPI increase shall not exceed 4.0%.

6. Use.

The Tenant may use and occupy the leased property for purposes of distribution of HVAC products and Tenant shall not use or occupy nor permit the leased property or any part thereof to be used or occupied for any unlawful business, use or purpose, nor for any business, use, or purpose deemed extra hazardous, nor for any purpose or in any manner which is in violation of any present or future governmental laws or regulations. It shall be Tenant's sole and exclusive responsibility to meet all fire and safety regulations of any governmental entity having jurisdiction over the leased premises, at Tenant's sole expense. Tenant shall not allow any odors, fumes, or vibrations on the leased premises, or any noise thereon which would cause disruption of normal activities on adjacent premises. The Tenant shall indemnify the Landlord against all costs, expenses, liabilities, losses, damages,

injunctions, suits, fines, penalties, claims, and demands, including reasonable attorney's fees, arising out of any violation of or default in this covenant by Tenant.

6.1 Laws and Regulations – Tenant Responsibility. The Tenant shall, at its sole cost and expense, comply with all laws and regulations of any governmental entity, board, commission or agency having jurisdiction over the Leased Premises relating to Tenant's use of the Leased Premises. Tenant agrees not to install any electrical equipment that overloads any electrical paneling, circuitry or wiring and further agrees to comply with the requirements of the insurance underwriter or any governmental authorities having jurisdiction thereof relating to Tenant's use of the Leased Premises.

6.2 Landlord's Rules and Regulations. Landlord reserves the right to adopt and promulgate rules and regulations applicable to the Leased Premises and from time to time amend or supplement said rules or regulations. Notice of such rules and regulations and amendments and supplements thereto shall be given to Tenant, and Tenant agrees to comply with and observe such rules and regulations and amendments and supplements thereto provided that the same apply uniformly to all Tenants of the Landlord in the Area.

6.3 Control of Common Areas. – Exclusive control of the Landlord. All Common Areas shall at all times be subject to the exclusive control and a management of Landlord, notwithstanding that Tenant and/or tenant's employees and/or customers may have a nonexclusive right to the use thereof. Landlord shall have the right from time to time to establish, modify and enforce rules and regulations with respect to the use of said facilities and Common Areas.

7. Possession and Quiet Enjoyment.

The Tenant, upon the payment of the rent herein reserved and upon the performance of all the terms of this lease, shall at all times during the lease term and during any extension or renewal term, peaceably and quietly possess and enjoy the leased property without any disturbance from the Landlord or from any other person claiming through the Landlord.

8. Maintenance and Repairs.

The Landlord shall be responsible for maintenance and repairs required to maintain the structural portions and the roof of the building on the leased property, the exterior finish of such building; all to be maintained in present condition at the sole cost and expense of the Landlord. All other maintenance and repairs shall be performed by Tenant, at its own expense, including all necessary repairs and replacements to pipes, heating/air-conditioning systems, plumbing systems, electrical systems, window glass, doors, fixtures, interior decorations, and all other appliances and appurtenances belonging thereto, however that all replacement or major repairs to the plumbing, heating, or electrical systems on the leased property. Such repairs and replacements, interior and exterior, ordinary as well as extraordinary, shall be made promptly, as and when necessary. All such repairs and replacements shall be in quality and class at least equal to the original work. On default of the Tenant in making such repairs or replacements, the Landlord may, but shall not be

required to, make such repairs and replacements for the Tenant's account, and the expense thereof shall constitute and be collectable as additional rent, together with interest thereon at the rate of eighteen percent per annum until paid. Tenant shall not allow or permit any waste of the leased premises, and shall keep the leased grounds free from accumulations of trash or debris. Tenant shall be responsible for snow removal, watering and maintaining the landscaped area associated with the Leased Premises.

9. Condition Upon Surrender.

The Tenant shall vacate the leased property in the same condition and repair in which the property now is, ordinary wear and tear excepted and shall remove all of the Tenant's property therefrom so that the Landlord can repossess the leased property not later than noon on the day upon which this lease or any extension thereof ends, whether upon notice or by holdover or otherwise. The Landlord shall have the same rights to enforce this covenant by ejectment and for damages or otherwise as for the breach of any other condition or covenant of this lease. Except as otherwise provided herein, the Tenant may at any time prior to or upon the termination of this lease or any renewal or extension thereof, remove from the leased premises all materials, equipment, and property of every other sort of nature, installed by the Tenant thereon, provided that such property is removed without substantial injury to the leased property. No injury shall be considered substantial if it is promptly corrected by restoration to the condition prior to the installation of such property. Any such property not timely removed prior to the termination of the lease term shall become the property of the Landlord.

10. Alterations.

The Tenant shall have the right, from time to time, to make all such non-structural alterations and improvements to the leased property as may be reasonably necessary or appropriate, for the conduct of the Tenant's business, provided that prior to commencement of any such work, the Landlord shall in each case have approved in writing the plans and specifications for such work. If within fourteen days after such plans and specifications are submitted by the Tenant to the Landlord for such approval, the Landlord shall have not given the Tenant notice of disapproval, such plans and specifications shall be considered approved by the Landlord. All work done by Tenant shall conform to all applicable governmental regulations and requirements with all required permits to be paid for by Tenant. If any such work done by Tenant causes damage to the structural portions or roof of any building on the leased premises, then the costs of all maintenance and repairs to such damaged parts or roof of any such building shall thereafter be the responsibility of Tenant. Notwithstanding the fact that alterations may be made by the Tenant, during the lease term or any renewal or extension of such term, the Tenant shall have the duty to return the leased premises, upon termination or expiration of the lease, to the Landlord in the same condition as when received by the Tenant, ordinary wear and tear excepted; provided, however, that Landlord shall have the option to require Tenant to leave all such alterations, improvements and fixtures in place, in which case the same shall be and remain the property of Landlord. Further, in connection with any improvements and alterations to the leased premises, Tenant shall indemnify the Landlord from any lien arising out of any such work

performed or materials furnished, and shall indemnify and hold harmless the Landlord from any liability or loss, of any type or nature, including reasonable attorney's fees, arising out of any lien or claim based on work performed or materials furnished. Landlord shall have the right to require Tenant to furnish adequate bond or other security acceptable to Landlord for payment of any such work performed by Tenant, and shall have the right to require adequate lien waivers on any such work performed by Tenant. Landlord shall also have the right to post notice of non-liability for any such work, at appropriate places in the leased premises.

11. Taxes and Assessments.

11.1. Real Property Taxes. Landlord shall be liable for and agrees to pay all of the real property taxes and assessments levied or assessed against the leased premises and improvements thereon during the term of this Lease or any extension thereof. Any partial years will be prorated accordingly. This paragraph is intended to include all real estate taxes and assessments of every kind and nature whatsoever, which may be levied, imposed or assessed by any level of government including municipal and county government, or by any special district.

11.2. Personal Property Taxes. The Tenant shall be liable for and agrees to pay all of the personal property taxes and assessments levied or assessed against personal property and fixtures placed in or upon the leased premises by the Tenant. This paragraph is intended to include all the personal property taxes and assessments of every kind and nature whatsoever, which may be levied, imposed or assessed by any level of government including municipal and county government, or by any special district.

12. Utilities.

The Tenant shall pay all charges for the 3,038 sq. ft. prior to delinquency, for gas, water, sewer, electricity, trash and telephone or other communication services or other utilities used, rendered, or supplied, upon or in connection with the liability or damages on any such account and shall place all such utility services in Tenant's name immediately upon commencement of the lease term. Water and Sewer charges will be paid by Landlord and billed to Tenant quarterly.

13. Tenant's Liability Insurance.

Tenant shall, during the entire Primary and Option Terms hereof, keep in full force and effect a policy of public liability and property damage insurance with respect to the Demised Premises, and the business prorated by Tenant and any sublessees of Tenant in the Demised Premises, in which the limits of public liability shall not be less than \$1,000,000 per occurrence and in which the property damage liability shall not be less than \$500,000 per occurrence. The policy shall name the Landlord and Tenant as an insured, and shall contain a clause that the insured will not cancel or decrease the value limits of the insurance without first giving the Landlord thirty (30) days prior written notice. The insurance shall be in an insurance company approved to do business in the

State of Colorado. Tenant shall deliver and keep a current certificate of insurance with the Landlord.

13.1 Indemnification of Landlord. Tenant will indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the Demised Premises, or the occupancy or use by Tenant of the Demised Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, employees, contractors, sublessees, concessionaires, licensees, guests or invitees. This indemnity shall apply in connection with claims, causes of actions or judgments arising out of the use of the common facilities, in the event of carelessness and neglect of the Tenant, its agents, employees, contractors, sublessees, concessionaires or licensees, and shall also apply to Tenant's occupancy of the Demised Premises at all times and during construction and during the installation of its fixtures and equipment even though such occupancy may be prior to the commencement of the Lease term.

13.2 Indemnification of Tenant. The Landlord likewise agrees to indemnify the Tenant and save the Tenant harmless from any and all demands, claims, causes of action or judgments and all reasonable expenses incurred in investigating or necessitating the same for the injury to person, loss of life or damage to property occurring on the Common facilities, except if caused by the act or neglect of Tenant, its agents, employees, contractors, sublessees, concessionaires or licensees.

13.3 Insurance Coverage By Landlord. Landlord shall keep the building in which the Demised Premise is located insured against loss or damage by fire, with the usual extended coverage endorsements, in amounts not less than eighty percent (80%) of the full insurable value thereof above foundation. such insurance may not include, at Landlord's sole discretion, improvements made to the Demised Premises by the Tenant, and shall not include any coverage of Tenant's trade fixtures and inventory. The cost of such insurance shall be passed on to the Tenant as a cost under this lease. Tenant shall reimburse Landlord for expenses on a pro rata basis as provided for under Section 5C of this Lease.

13.4 Insurance Coverage by Tenant. Landlord shall keep the improvements to the Demised Premises, along with the nonstructural elements of the Demised Premises, whether provided by the Landlord or Tenant, including but not limited to the walls, ceilings, and partitions thereof insured against loss or damage by fire and other casualty usually insured under a standard extended coverage endorsement, in amounts not less than eighty percent (80%) of the full insurable value thereof. It is understood and agreed that Tenant assumes all risk of loss and damage or otherwise to its own trade fixtures, improvement and merchandise regardless of cause of damage. It is understood these losses to its own property may be insured against by the Tenant at Tenant's sole option and expense.

14. Right of Entry.

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The Landlord or its representative may enter the leased property at any reasonable time for the purpose of inspecting the leased property, performing any work which the Landlord elects to undertake made necessary by reason of Tenant's default under the terms of this lease, exhibiting the leased property for sale, lease, or mortgage financing, or posting notices of non-responsibility under any mechanic's lien law.

15. Casualty Damage.

15.1. Building Damage. If the premises or the building are damaged by fire or other insured casualty, Landlord will give Tenant written notice of the time that Landlord has determined in its reasonable discretion will be needed to repair the damage, and the election (if any) that Landlord has made according to this section. The notice will be given before the tenth day (the "notice day") after the fire or other insured casualty if reasonably possible.

15.2. Building Repair. If the premises or the building are damaged by fire or other insured casualty to the extent that it can be repaired within (60) sixty days after the notice date, Landlord will promptly begin to repair the damage after the notice date and will diligently pursue the completion of such repair. In that event, this lease will continue in full force and effect except that monthly rent will be abated on a pro rata basis from the date of the damage until the date of the completion of such repairs (the "repair period") based on the proportion of the rentable area of the premises that Tenant is unable to use during the repair period.

15.3. Building Repair. If the premises or the building are damaged by fire or other insured casualty to an extent Landlord has determined in its sole discretion can not be repaired within sixty (60) days after the notice date, then (1.) Landlord may cancel this lease as of the date of the damage by written notice given to Tenant on or before the notice date or (2.) Tenant may cancel this lease as of the date of the damage by written notice given to Landlord if repairs cannot be completed within one hundred twenty (120) days. If neither Landlord nor Tenant so elects to cancel this lease, Landlord will diligently proceed to repair the building and premises and monthly rent will be abated on a pro rata basis during the repair period based on the proportion of rentable are of the premises that Tenant is unable to use during the repair period.

15.4. Other Building Damage. If the premises or the building are damaged by uninsured casualty, or if the proceeds of insurance are insufficient to pay for the repair of any damage to the premises or the building, Landlord will have the option either to elect to repair the damage or to cancel this lease as of the date of the casualty by written notice to Tenant on or before the notice date.

15.5. Tenant Negligence. Notwithstanding the foregoing, if any damage by fire or other casualty is the result of the willful conduct or negligence or failure to act of Tenant, its agents, contractors, employees or invitees, monthly rent will not be abated. Tenant will have no right to terminate this lease on account of any damage to the premises, the building, or the project, except as set forth in this lease.

16. Condemnation.

If the whole of the leased premises or such portion thereof which will make the leased premises unsuitable for the purposes herein leased, is condemned for any public use or purpose by any legally constituted authority, then in either of such events this lease shall cease from the time when possession is taken by such public authority, and rental shall be accounted for between the Landlord and the Tenant as of the date of the surrender of possession. Such termination shall be without prejudice to the rights of either the Landlord or the Tenant to recover compensation from the condemning authority for any loss or damage caused by such condemnation. Neither the Landlord nor the Tenant shall have any rights in or to any award made to the other by the condemning authority.

17. Assignment and Subletting.

Tenant may not assign this Lease and/or sublet the Demised Premises or any part thereof, without in each instance obtaining the written permission of Landlord which permission may be withheld for reasons considered sufficient by the Landlord, provided that Landlord's consent shall not be withheld upon a bona fide sale of Tenant's business in which Tenant retains no ownership interest if and only if all of the following conditions are met:

- (a) The assignment or sublease does not occur during the first two (2) years of this Lease Agreement.
- (b) The assignee or sublessee shall not change the use of the Demised Premises pursuant to Section 6 of this Lease.
- (c) Tenant shall pay any and all reasonable attorney's fees incurred by the Landlord with respect to the assignment of this Lease.
- (d) Tenant and its guarantors personally guarantee the assignee's performance of this Lease for one (1) year or such time as the assignee owes Tenant, its guarantors or assignees any moneys for the purchase of the Tenant's business at the Demised Premises, whichever period is longer.
- (e) Assignee accepts the Lease and the Demised Premises, and provides Landlord with personal guarantees as Landlord deems appropriate and acceptable to it.

The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. This prohibition against assigning or subletting shall be construed to include a prohibition against any assignment or subletting by operation of law. If this Lease is assigned, or if the Demised Premises or any part thereof be sublet or occupied by anybody other than Tenant, Landlord may collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, subletting,

occupancy or collection shall be deemed a waiver of this covenant or the acceptance of the assignee, subtenant or occupant as Tenant, or a release of Tenant from the further performance by Tenant of covenants or sublease, Tenant shall remain fully liable on this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

Landlord shall not unreasonably withhold consent to the sublease of the demised premises.

18. Subordination to Mortgage.

This lease shall be subject and subordinate at all times to the lien of any existing mortgages and trust deeds and mortgages and trust deeds which hereafter may be made a lien on the leased property. Although no instrument or act on the part of the Tenant shall be necessary to effectuate such subordination the Tenant will, nevertheless, execute and deliver such further instruments subordinating this lease to the lien of any such mortgages or trust deeds as may be desired by the mortgagee or holder of such trust deeds. The Tenant hereby appoints the Landlord as his attorney in fact, irrevocably, to execute and deliver any such instrument for the Tenant. Tenant further agrees at any time and from time to time upon not less than ten days prior written request by Landlord, to execute, acknowledge, and deliver to Landlord a statement in writing certifying that this lease agreement is unmodified and is in full force and effect (or if there have been modifications, that the lease is in force and effect as modified, and stating the modifications); that there have been no defaults thereunder by Landlord or Tenant (or if there have been defaults, setting forth the nature thereof), and the date to which the rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this requirement may be relied upon by any prospective lender or by any prospective purchaser of all or any portion of Landlord's interest therein, or by the holder of any existing mortgage or deed of trust encumbering the leased premises. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (1) that this lease is in full force and effect, without modification except as may be represented by Landlord; (2) that there are no uncured defaults in Landlord's performance; and (3) that not more than one month's rent has been paid in advance. Further, upon request, Tenant shall supply to Landlord a corporate resolution certifying that the party signing this statement on behalf of Tenant is properly authorized to do so, if Tenant is a corporation.

19. Indemnity.

The Tenant shall indemnify and hold harmless the Landlord from and against all liabilities, penalties, damages, judgments, and expenses, including reasonable attorney's fees incurred by Landlord in defending or satisfying any claim of any type or nature, including personal injury claims or property damage claims, arising out of the use, occupancy, or control of the leased property or any of its appurtenances by Tenant.

20. Security.

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The Tenant has deposited with the Landlord the sum of \$1,000.00 as security for the full and faithful performance by the Tenant of all the terms of this lease required to be performed by the Tenant. Such sum shall be returned to the Tenant within 60 days after the expiration of this lease, provided the Tenant has fully and faithfully carried out all of its terms. Otherwise, the Landlord may use, apply, or retain the whole or any part of such amount to the extent required for the payment of any rent or other obligation as to which the Tenant is in default under the terms of this lease. In such event Tenant shall upon written demand from Landlord, forthwith remit to Landlord a sufficient amount in cash to restore such deposit to its original amount. Landlord shall have the right to transfer such security to the purchaser to be held under the terms of this lease, and the Landlord shall thereupon be released from all liability for the return of such security to the Tenant, and the Tenant shall look solely to the new Landlord for the return of such security. The Tenant shall not assign nor encumber the money deposited as security, and neither the Landlord nor its successors or assigns shall be bound by any such assignment or encumbrance.

21. Default.

The occurrence of any of the following shall constitute an event of default: (1) Delinquency in the due and punctual payment of any rent or additional rent payable under this lease when such rent shall become payable, for a period of three days after the due date. (2) Delinquency by the Tenant in the performance of or compliance with any of the conditions contained in this lease other than those referred to in the foregoing subparagraph (1), for a period of ten (10) days after written notice thereof from the Landlord to the Tenant, except for any default not susceptible of being cured within such ten (10) day period, in which event the time permitted to the Tenant to cure such default shall be extended for as long as shall be reasonably necessary to cure such default, and provided further that such period of time shall not be so extended as to jeopardize the interest of the Landlord in this lease or so as to subject the Landlord or the Tenant to any civil or criminal liabilities. (3) Filing by the Tenant in any court pursuant to any statute, either of the United States or any state, of a petition in bankruptcy or insolvency, or for reorganization, or for the appointment of a receiver or trustee of all or a portion of the Tenant's property, or an assignment by the Tenant for the benefit of creditors. (4) Filing against the Tenant in any court pursuant to any statute, either of the United States or of any state, of a petition in bankruptcy or insolvency, or for reorganization, or for appointment of a receiver or trustee of all or a portion of the Tenant's property, if within ninety days after the commencement of any such proceeding against the Tenant such petition shall not have been dismissed.

A. Upon the occurrence of an event of default, the Landlord at any time thereafter may give written notice to the Tenant specifying such event of default and stating that this lease shall expire on the date specified in such notice, which shall be at least three days after the giving of such notice, and upon the date specified in such notice this lease and all rights of the Tenant shall terminate. Upon the expiration of this lease pursuant to this article, the Tenant shall peacefully surrender the leased property to the Landlord, and the Landlord, upon or at any time after any such expiration, may without further notice re-enter the leased property and repossess it by force, and remove the Tenant and all other persons and property

from the leased property and may have, hold, and enjoy the leased property and the right to receive all rental income therefrom.

B. At any time after any such expiration, the Landlord may relet the leased property or any part thereof, in the name of the Landlord or otherwise, for such term (which may be greater or less than the period which would otherwise have constituted the balance of the term of this lease) and on such conditions (which may include concessions or free rent) as the Landlord, in its reasonable discretion, may determine, and may collect and receive the rent therefor. The Landlord shall in no way be responsible or liable for any failure to relet the leased property or any part thereof, or for any failure to collect any rent due upon any such reletting.

C. Notwithstanding anything to the contrary no such expiration or termination of this lease shall relieve the Tenant of its liability and obligations under this lease, and such liability and obligations shall survive any such expiration or termination. In the event of any such expiration or termination, whether or not the leased premises or any part thereof shall have been relet, the Tenant shall pay to the Landlord the rent and additional rent required to be paid by the Tenant up to the time of such expiration or termination, and thereafter the Tenant, until the end of which would have been the term of this lease in the absence of such expiration, shall be liable to the Landlord for, and shall pay to the Landlord, as and for liquidated and agreed current damages for the Tenant's default: (1) The equivalent of the amount of the rent and additional rent which would be payable under this lease by the Tenant if this lease were still in effect, less (2) The net proceeds of any reletting effected pursuant to the provisions of Paragraph B of this article, after deducting all the Landlord's expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, legal expenses, reasonable attorney's fees, alteration costs, and expenses of preparation of such reletting.

D. The Tenant shall pay such current damages, herein called deficiency, to the Landlord monthly on the days on which the rent and additional rent would have been payable under this lease if this lease were still in effect. In the alternative at Landlord's election the Landlord shall be entitled to recover from the Tenant, and the Tenant shall pay to the Landlord, on demand, as and for liquidated and agreed final damages for the Tenant's default. All such amounts determined under Paragraph C. In the computation of such damages the difference between any installment of rent becoming due hereunder after the date of termination and the fair and reasonable rental value of the leased property for the period for which such installment was payable shall be discounted to the date of termination at the rate of eight percent per annum. If the leased property or any part thereof is relet by the Landlord for the unexpired term of this lease, or any part thereof, before presentation of proof of such liquidated damages to any court, commission, or tribunal, the amount of rent reserved upon such reletting shall be deemed prima facie to be the fair and reasonable rental value for the part or the whole of the leased property so relet during the term of the reletting. Nothing herein contained shall limit or prejudice the right of the Landlord to prove for and obtain as liquidated damages by reason of such termination an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and

governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount of the difference referred to above.

E. The Tenant hereby expressly waives, so far as permitted by law, the service of any notice of intention to reenter provided for in any statute, or of the institution of legal proceedings to that end. The Tenant, for and on behalf of itself and all persons claiming through or under the Tenant, also waives any right of redemption or reentry or repossession or to restore the operation of this lease in case the Tenant shall be dispossessed by a judgment or by warrant of any court or judge or in case of reentry or repossession by the Landlord. In case of any litigation under this lease, the Landlord and the Tenant, so far as permitted by law, waive trial by jury in any action, proceeding, or counterclaim brought by either of the parties hereto against the other on any matter arising out of or in any way connected with this lease, the relationship of Landlord and Tenant, the Tenant's use of occupancy of the leased property, or any claim of injury or damage; and further agree that the party not in default shall be entitled to recover, from the party in default, all costs and reasonable attorney's fees incurred by the nondefaulting party in enforcing its rights under this lease agreement.

F. The terms "enter", "reenter", "entry", or "reentry", as used in this lease are not restricted to their technical legal meaning.

G. Any amounts not paid by Tenant to Landlord when due shall draw interest at the rate of eighteen percent per annum from due date until paid. Payment of such interest shall not excuse or cure any default by Tenant under this lease.

H. No assent express or implied, to any breach of one or more of the covenants or terms of this lease shall be deemed or construed to be a waiver of any succeeding or other breach.

I. Notwithstanding anything to the contrary contained herein, Landlord's liability under this lease agreement shall be limited to Landlord's interest in the leased premises.

22. HAZARDOUS MATERIALS INDEMNIFICATION

A. Tenant covenants and agrees that Tenant and its agents, employees, contractors and invitees shall comply with all Hazardous Materials Laws (as hereinafter defined) while on the premises. Without limiting the foregoing, Tenant covenants and agrees that it will not use, generate, store or dispose of, nor permit by Tenant's employees, agents, contractors or invitees the use, generation, storage or disposal of Hazardous Materials (as hereinafter defined) on, under or about the Leased Premises, nor will it transport or permit the transportation of Hazardous Materials to or from the Leased Premises, except in full compliance with any applicable Hazardous Materials Laws. Any Hazardous Materials located on the Leased Premises shall be handled in an appropriately controlled environment which shall include the use of such equipment (at Tenant's expense) as is necessary to meet or exceed standards imposed by any Hazardous Materials Laws and in such a way as not to interfere with any other tenant's use of its premises. Upon breach of

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any covenant contained herein, Tenant shall, at Tenant's sole expense, cure such breach by taking all action prescribed by any applicable Hazardous Materials Laws or by any governmental authority with jurisdiction over such matters.

B. Tenant shall inform Landlord at any time of (i) any Hazardous Materials it intends to use, generate, handle, store or dispose of, on or about or transport from, the Leased Premises and (ii) of Tenant's discovery of any event or condition which constitutes a violation of any applicable Hazardous Materials Laws occurring on the Leased Premises. Tenant shall provide to Landlord copies of all communications to or from any governmental authority or any other party relating to Hazardous Materials affecting the Leased Premises.

C. Tenant shall indemnify and hold Landlord harmless from any and all claims, judgements, damage, penalties, fines, costs, liabilities, expenses or losses (including, without limitation, diminution on value of the Leased Premises, damage for loss or restriction on use of all or part of the Leased Premises, sums paid in settlement of claims, investigation of site conditions, or any cleanup, removal or restoration work required by any federal, state or local governmental agency, attorney's fees, consultant fees, and expert fees) which arise as a result of or in connection with any breach of the foregoing covenants or any other violation of any Hazardous Materials laws by Tenant. The indemnification contained herein shall also accrue to the benefit of the employees, agents, officers, directors and/or partners of Landlord.

D. Upon termination of this Lease and/or vacation of the Leased Premises, Tenant shall properly remove all Hazardous Materials in compliance with Hazardous Materials Laws.

E. "Hazardous Materials" shall mean, except for customary quantities and types of materials contained in office supplies, janitorial products and maintenance and repair materials, (a) any chemical, material, substance or pollutant which poses a hazard to the Leased Premises or to persons on or about the Leased Premises or would cause a violation of or is regulated by any Hazardous Materials Laws, and (b) any chemical, material or substance defined as or included in the definitions of "hazardous substance", "hazardous wastes", "extremely hazardous waste", "restricted hazardous waste", "toxic substance", "regulated substance", or words of similar import under any applicable federal, state or local law or under the regulations adopted or publications promulgated pursuant thereto, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9601, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Sec. 1801, et seq.; the Resource Conservation and Recovery Act as amended, 42 U.S.C. Sec 6901, et seq.; the Solid Waste Disposal Act, 42 U.S.C. Sec. 6991 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Sec 1251, et seq.; and Sections 25-15-101, et seq., 25-16-101, et seq., 25-7-101, et seq., and 25-8-101, et seq., of the Colorado Revised Statutes. "Hazardous Materials Laws" shall mean any federal state or local laws, ordinances, rules, regulations, or policies (including, but not limited to, those laws specified above) relating to the environment, health and safety or the use, handling, transportation, production, disposal, discharge or storage of Hazardous Materials, or to industrial hygiene or the environmental

conditions on, under or about the Leased Premises. Said term shall be deemed to include all such laws as are now in effect or as hereafter amended and all other such laws as may hereafter be enacted or adopted during the term of this Lease.

F. All obligations of Tenant hereunder shall survive and continue after the expiration of this Lease or its earlier termination for any reason.

G. Should any local governmental entity having jurisdiction over the Leased Premises require any type of environmental audit or report prior to or during the occupancy of the Leased Premises by the Tenant, such Prorata cost of the audit or report shall be the sole responsibility of the Landlord unless said audit or report is necessitated by Tenant's actions.

23. Notices.

Any notice from one party to another, required by the terms of this lease agreement, may be delivered in person to such party (delivery to one of two or more persons named as a party shall be effective notice to all), or shall be delivered by first class mail, postage prepaid, and shall be deemed given one day after the date mailed, addressed to the respective parties as follows:

LANDLORD:	Edwin S. Kanemoto, Dale A. Kanemoto and Karen K. Wood D/B/A: Boston Partnership 726 Hays Circle Longmont, CO. 80501
TENANT:	Longmont WinAir 1140 Boston Ave., Unit C Longmont, CO. 80501

24. Integration and Amendment.

The parties agree that this writing represents the entire agreement between them and that there are no oral or collateral agreements or understandings of any kind or character except those contained herein. Neither this agreement nor any term or provision hereof may be changed, waived, discharged or terminated orally, or in any manner other than by instrument in writing signed by the parties or their duly authorized agent. In the event that any provision of this lease shall be affected by such holding, and all of the remaining provisions of this lease shall continue in full force and effect pursuant to the terms hereof.

25. Brokers

Tenant warrants that it has had no dealings with any real estate broker or agents in connection with the negotiation of this Lease and Option to Purchase except as listed below, and that it knows of no real estate broker or agent who is or might be entitled to a commission in connection with this Lease and Option to Purchase, and Tenant agrees to

indemnify and hold Landlord harmless from the against any and all claims for any such commission, except as follows: Ed Kanemoto, CCIM and Keith Kanemoto of Prudential LTM, Realtors.

26. Signage

Except for signs which are located inside of the Leased Premises and which are not attached to any part of the Leased Premises, the Landlord must approve in writing any sign to be placed in or on the interior or exterior of the Leased Premises, regardless of size or value. Specifically, signs attached to windows of the Leased Premises must be so approved by the Landlord. Tenant shall, during the entire Lease Term, maintain Tenant's signs in good condition and repair at Tenant's sole cost and expense. Tenant shall, remove all signs at the termination of this Lease, at Tenant's sole risk and expense and shall in a workmanlike manner properly repair any damage and close any holes caused by the installation and/or removal of Tenant's signs. Tenant shall give Landlord prior notice of such removal so that a representatives of Landlord shall have the opportunity of being present when the signage is removed, or shall pre-approve the manner and materials used to repair damage and close the holes caused by removal.

27. Corporate Authority.

If Tenant is a corporation, limited liability company, limited partnership, limited liability partnership or limited liability limited partnership, each individual executing this Lease on behalf of said organization represents and warrants that such individual is duly authorized to execute and deliver this Lease on behalf of said organization, and that this Lease is binding upon said organization in accordance with its terms.

28. Facsimile Signatures.

The parties hereby agree that facsimile signatures shall be acceptable and bind the parties to the term of the Lease Agreement. Separate facsimile counterparts of this Lease Agreement or any amendment may be separately executed, and when taken together, shall constitute one instrument. All parties to this transaction shall then affix their original signatures to this Lease Agreement and amendments prior to the date of closing and all parties shall be provided copies of the Lease Agreement and any amendments.

29. Security Disclaimer

Landlord does not provide security for the demised premises.

30. Miscellaneous Provisions.

The paragraph captions contained in this lease agreement are for convenience only and shall not in any way limit or be deemed to construe or interpret the terms or provisions hereof.

Time is of the essence of this lease agreement and of all provisions herein.

This lease agreement shall be construed and enforced in accordance with the laws of the State of Colorado.

If any provisions of this lease agreement shall be declared invalid or unenforceable, the remainder of the lease agreement shall continue in full force and effect.

This lease agreement contains the entire agreement between the parties, and any executory agreement hereafter made shall be ineffective to change, modify, or discharge it in whole or in part, unless such executory agreement is in writing and signed by the party against whom the enforcement of the change, modification or discharge is sought.

The PRUDENTIAL, LTM Realtors is not responsible for this lease form, its contents, its additions, or any deletions. The PRUDENTIAL, LTM Realtors recommends that this Lease Agreement only be used after consulting with competent legal counsel and tax advisor.

31. Acknowledgement.

All parties acknowledge that Edwin S. Kanemoto is a principal in the property at 1140 Boston Avenue, Longmont, Colorado and a licensed Real Estate Broker in the State of Colorado.

32. Binding Effect.

This agreement shall bind and extend to the heirs, representatives, successors, and assigns of the parties hereto, if executed in duplicate by each party on or before March 15, 2007.

IN WITNESS WHEREOF, the parties have executed this lease agreement on the date set forth opposite their respective signatures.

LANDLORD [Signature]
TENANT Serald A Nelson
Longmont WinAir
Dale Kanemoto
Karen K. Wood

