



HANGAR/TIEDOWN AGREEMENT

THIS AGREEMENT, is made and entered into between TAC AIR, an operating division of Truman Arnold Companies, a Texas corporation, with offices at the Blue Grass Airport, Lexington, Kentucky, hereinafter referred to as "TAC Air" and Lexington Police Department, whose address is 1795 Old Frankfort PK, Lexington, KY 40504, hereinafter referred to as "Customer".

WITNESSETH THAT:

WHEREAS, TAC Air is fixed base operator at the Blue Grass Airport, Lexington, Kentucky, and thereon maintains and operates a general aviation service, said Airport being hereinafter referred to as the "Airport", and has available for the use of certain of its customers a number of hangar/tiedown spaces, and

WHEREAS, Customer owns, possesses and/or operates the aircraft hereinafter described and desires to lease space for that aircraft from TAC Air and TAC Air is willing to provide same, under the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the rents, terms, conditions and agreements hereinafter set forth, the parties hereto agree as follows:

1. SUBJECT. The subject of this Agreement is storage for the following aircraft: N911LP/Bell 206, hereinafter called the "Aircraft". Provided however, upon prior notice to TAC Air of the make, model and registration number thereof, and written consent from TAC Air, Customer may substitute another aircraft for the one above identified which will then become the Aircraft subject to the terms and conditions of this Agreement. For purpose of this Agreement, storage is defined as the storage of the Aircraft in the space assigned by TAC Air whenever the Aircraft is present at the Airport during the term of this Agreement.

2. SERVICES PROVIDED. During the term hereof and while the Aircraft is present at the Airport, TAC Air shall:

a. Make available a hangar/tiedown space for storing the Aircraft and make every effort to keep the Aircraft in the same space; however, TAC Air may move the Aircraft to a different space whenever, in the opinion of TAC Air or by direction of the Airport Authority, the need for such a move arises. Should TAC Air move the Aircraft to a different space, TAC Air shall inform the Customer of the change in the Aircraft's location.

b. Provide aircraft towing services to remove and/or return the Aircraft to the designated hangar/tiedown space.

c. It is understood and agreed that TAC Air shall not be a guarantor or insurer of the Aircraft, its components, or any other property of the Customer left on or about the Airport.

3. TERMS & FEES.

a. Subject to the other terms and conditions of this Agreement, this Agreement shall continue for the period set forth in the subparagraph below which is initialed by the Customer:

1. Twelve months from the effective date of this Agreement and thereafter shall continue for additional periods of one month each at the monthly rate shown below until terminated up thirty days prior written notice given by either party to the other party. The monthly fees shall be due and payable in advance on or before the first day of each month during the term hereof. The monthly fee is \$650.00 from October 01, 2005 through October 01, 2006 and monthly thereafter subject to paragraph 4 below.

b. The "effective date" of this Agreement shall be the first day of the calendar month next following the date upon which this Agreement is executed by the Customer and TAC Air. Provided however, should storage under this Agreement be implemented prior to the effective date of this Agreement, then Customer shall pay to TAC Air a pro-rata fee for such partial month. Upon the execution of this Agreement, Customer shall pay to TAC Air the fee for any partial month prior to the effective date of this Agreement.

c. Upon termination of this Agreement for any reason or upon the expiration of the term hereof, Customer shall, on or before the date of termination or expiration, remove the Aircraft and all of Customer's associated equipment and supplies from the space where they are stored.

4. FEE ADJUSTMENT. TAC Air reserves the right to adjust the monthly fee upon thirty days prior written notice to the Customer, however, when a term greater than one month is elected by the Customer, said adjustment shall not become effective until the end of said term.

5. UTILITIES. In addition to the above fees, Customer shall pay a portion of the utilities to the designated space, including but not limited to gas, electric and water service. Utility charges shall be paid monthly at a flat rate of \$0.00 or at 0 percent of the applicable metered charges.

6. CUSTOMER'S PERMITTED USE AND ACTIVITIES. The assigned space in which the Aircraft is stored under this Agreement shall be used solely for the storage of said Aircraft, associated equipment and supplies, and for the Customer's performance of routine maintenance on the Aircraft, as provided for under relevant sections of the Federal Aviation Regulations.

7. PROHIBITED ACTIVITIES. The following activities by the Customer at the Airport and within the space are prohibited without the prior written consent of TAC Air:

- a. Storage of flammable materials or anything other than the Aircraft or associated equipment and supplies;
- b. Maintenance except as permitted under Paragraph 6 above;
- c. Parking of automobiles in other than designated parking areas;
- d. Subletting to any other individual, partnership, corporation or other association without the written consent of TAC Air.

8. AIRPORT REGULATIONS. Customer agrees to comply with applicable relations as are from time to time promulgated by TAC Air or the Blue Grass Airport Authority (the "Airport Authority") in addition to the following:

- a. No aircraft engine shall be operated in any hangar space;
- b. Smoking is not permitted in any area where the Aircraft, service equipment, or supplies are located including, but not limited to hangar areas, flight line, ramps and tie downs;

- c. No electrically operated devices shall be left unattended at any time;
- d. Any damage to the Aircraft or Airport property of which the Customer has knowledge shall be immediately reported to TAC Air.

9. GOVERNMENT REGULATIONS. Customer agrees to operate its Aircraft and conduct itself at the Airport in accordance with all laws and regulations promulgated by Federal, State and Local governments and agrees to indemnify, defend and hold TAC Air harmless from any and all claims, fines, costs and expenses including reasonable attorney's fees which TAC Air may incur as a result of Customer's failure to so comply.

10. HOLD HARMLESS AND INDEMNIFICATION.

a. Customer shall indemnify, defend and hold TAC Air harmless from any claims including costs and expenses and reasonable attorney's fees made against TAC Air as a consequence of Customer's activities at the Airport. Further, Customer shall indemnify TAC Air and assume responsibility for any damage to the property of TAC Air, the Airport, the City of Lexington or others resulting from Customer's activities on the Airport. ***Likewise, TACAir shall indemnify, defend and hold Customer harmless, as above, for any damages to the property of Customer or others resulting from TACAir's activities on the Airport.**

b. Customer shall notify TAC Air in writing of any occurrence or accident or of any damage or loss sustained by it within two (2) days following Customer's knowledge of such occurrence or accident as a condition of any right of action or remedy which it may have against TAC Air under the terms of this Agreement or otherwise.

c. Customer hereby releases TAC Air from any liability for loss or damage to the Aircraft, its components or any other property of the Customer, unless such loss or damage is due to the negligence or willful act of TAC Air, its agents or employees. ***Likewise, TACAir hereby releases Customer from any liability for loss of damage to the Customer's property, unless such loss or damage is due to the negligence or willful act of Customer, its agents or employees.**

11. INSURANCE.

a. During the term of this Agreement, Customer shall maintain policies of liability insurance covering its ownership, maintenance and operation of the Aircraft with minimum limits of \$1,000,000 Combined Single Limit for Bodily Injury and Property Damage including a minimum of \$100,000 for Bodily Injury for each passenger seat. Within thirty (30) days of the date of this Agreement, Customer shall provide to TAC Air Certificates of Insurance naming TAC Air as an additional insured and certifying that such insurance is in full force and effect and that TAC Air will be notified in writing at least thirty (30) days before any such insurance is canceled or materially changed. **TAC shall likewise maintain and provide a policy of insurance for their property and the operation of their business providing Customer with Certificates naming the Lexington Fayette Urban County Government as an additional insured.**

12. DEFAULT. Default shall consist of:

- a. Customer's failure to pay fees within ten (10) days of the due date;
- b. Customer's failure to comply with any of the terms of this Agreement or any rule or regulations promulgated by TAC Air or the Airport Authority within then (10) days after notice to Customer of such failure;
- c. Customer's failure to comply with any law or regulation of any governmental authority within ten (10) days after notice of such failure;

Any forbearance by TAC Air in exercising any right or remedy hereunder or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

13. REMEDIES ON DEFAULT.

a. On default, TAC Air, in addition to any other remedy at law or equity, shall have the right to remove the Aircraft and any equipment or supplies from the space and store it at TAC Air's sole option at any other place, either indoors or outdoors, and hold Customer responsible for storage charges.

b. On default, any sums of money then due and owing to TAC Air and any sums which shall accrue thereafter shall constitute a lien on any property of Customer located at the Airport, and TAC Air shall take any action necessary and provided for by law, including public sale of said property, in order to enforce said lien.

14. ASSIGNABILITY. This Agreement may not be assigned in whole or in part by Customer without the prior written consent of TAC Air.

15. MISCELLANEOUS PROVISIONS.

a. This Agreement shall be deemed to have been executed and performed in the State of Kentucky and shall be interpreted in accordance with the laws of the State.

b. Should any provision of the Agreement be determined void or unenforceable, all other terms unaffected shall remain intact unless the intent of the Agreement can no longer be achieved.

c. This Agreement constitutes the entire Agreement between the parties and may not be modified except by a fully executed writing.

d. This Agreement shall bind the parties hereto, their heirs, executors, administrators, successors, and assigns.

e. Customer warrants that it has authority to enter into this Agreement.

16. NOTICES. All notices required under the terms of this Agreement shall be sent Certified Mail, Return Receipt Requested, and if delivery is unobtainable, then to the last known address, if not the same as set forth below, by regular mail.

TO TAC AIR:

TAC Air
4029 Airport Rd
Ste#100
Lexington, Ky 40510

TO CUSTOMER:

DIV OF POLICE-MAJ S. STANLEY
1795 OLD FRANKFORT PK
LEXINGTON, KY 40504

IN WITNESSETH WHEREOF, the parties have duly executed this Agreement, all as of the day of , 2006.

TAC AIR

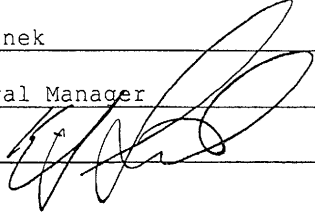
CUSTOMER: LEXINGTON POLICE DEPT.

BY: Kip Simanek

TITLE: C/O OFFICER DON EVANS

TITLE: General Manager

SIGNATURE: _____

SIGNATURE:  _____

BUSINESS PHONE: 859-258-3320

HOME PHONE: _____

Customer, by its execution, acknowledges receipt of a copy of this Agreement.

HANGAR SPACE ASSIGNED: _____