

Lease terms for AmeriGas, L.P. (DBA Northern Energy)
Bulk Storage Facility
2 acre site

AmeriGas Propane, L.P., a Delaware LP
AmeriGas Propane, Inc., a PA Company, General Partner
DBA Northern Energy
460 N. Gulph Road
King of Prussia, PA 19406

Effective date of lease – November 1, 2013

Term 5 years plus 2-5 year options to renew at both parties discretion

Rental Rate of \$0.125 per sq. ft. annually or \$10,890.00 per year (\$907.50 per month)
plus 3% annual adjustments every June 1st

1 Million Dollar liability insurance endorsing the Authority and City of Kingman as
additional insured

Notices go to Mary P. Banks, Senior Paralegal

*AmeriGas did not
agree to the
rental rate - no new
signed agreement*

Robert Riley

From: Robert Riley
Sent: 5/6/2013 4:45 PM
To: Larry Bates
Subject: Proposed new Amerigas Lease

I am pleased to hear that Amerigas is considering a new lease for the existing storage facilities at the Kingman Airport Industrial Park. The current operation is on two acres of land and the lease has expired but operations are allowed month to month. I understand that you would like a five year lease with two, five year renewal clauses. The current appraised rental rate for that area is \$0.125 per square foot annually which computes to a base rental rate of \$907.50 per month. Annual rates are adjusted by 3% each year on July 1st.

The Application fee will be \$450 if the rental rate is acceptable. This fee covers the legal costs to prepare the lease document. If you wish to contest the appraised rate then the application fee will be \$1000.00 to cover the costs of a new appraisal and the lease preparation fee. However I might advise that since the adjoining property is currently leasing at \$0.125 per sq. ft., I doubt a new appraisal value will be lower. I have attached an application form for your consideration.

If you have any questions or if I can forward additional information, please contact me.

Robert Riley
Kingman Airport Authority, Inc.
7000 Flightline Drive
Kingman, AZ 86401
928 757-2134
928 757-9871 (F)
www.kingmanairportauthority.com

APPLICATION to PURCHASE or LEASE LAND
at the
KINGMAN AIRPORT INDUSTRIAL PARK
Kingman, Arizona

(Please include a recent Balance Sheet and Income Statement)

Company Name AmeriGas Propane, L.P. successor-by-merger to Heritage
operating, L.P., DBA Northern Energy
Address 460 N. Gulph Road City King Of Prussia State PA Zip 19406
Telephone (610) 337-7000 Ext. 3607 FAX (610) 992-3258
Contact Person Mary P. Banks, Senior Paralegal
Parent Company AmeriGas Propane, Inc., its general partner (PA - 1994)
Address 460 N. Gulph Road City King of Prussia State PA Zip 19406
How long has company been in business? Delaware LP - formed 12/23/1994
Description of operation proposed at Kingman Industrial Park _____
Same as current lease agreement with Northern Energy

Proposed date to begin operation in Kingman? Upon Execution of new lease
What is the initial Kingman employment? _____ Ultimate? _____ How many acres? _____
Describe anticipated expansion plans. NONE

Size of initial building? None Additional buildings? None Is any buffer zone
needed in the proposed operation? _____ If "YES", describe _____

List all hazardous or toxic materials that will be used.

Substance	Maximum quantity on site
<u>PROPANE STORAGE FACILITY</u>	<u>45,000 GALLONS</u>

How will substance be stored? PROPANE STORAGE TANK

How will waste be disposed of? NO WASTE

Does the operation require incinerators, smoke stacks or flare stacks? NO

What permits are required prior to operation? EXISTING STORAGE FACILITY

To what geographic areas will your finished products be shipped? KINGMAN ARIZ

What mode of transportation will be used to receive raw materials? TRUCK

Ship finished products? TRUCK

What is the anticipated daily use of municipal sewer? NONE

Will any chemicals be discharged into the sewer system? Identify chemical and daily amount. NONE

Does the operation require pretreating sewage disposal? N/A
Include company name if different. SEE FIRST PAGE

What has been the relationship between your company and the community(ies) where it has been located? EXCELLENT

What violations or citations has the company been issued by local, state or federal agencies? N/A

The above information is true and correct to the best of my knowledge. All information contained herein is X Is not ___ confidential. I understand that the name of all anticipated bidders for land at the Kingman Industrial Park must be disclosed prior to bid opening and hereby authorize the company name listed above to be so disclosed. I further certify that I have read the Restrictive Covenants and agree to abide by the provisions thereof.

Michael W. Kinney
Signature

MICHAEL W. KINNEY
Printed Name of Official

9/12/13
Date

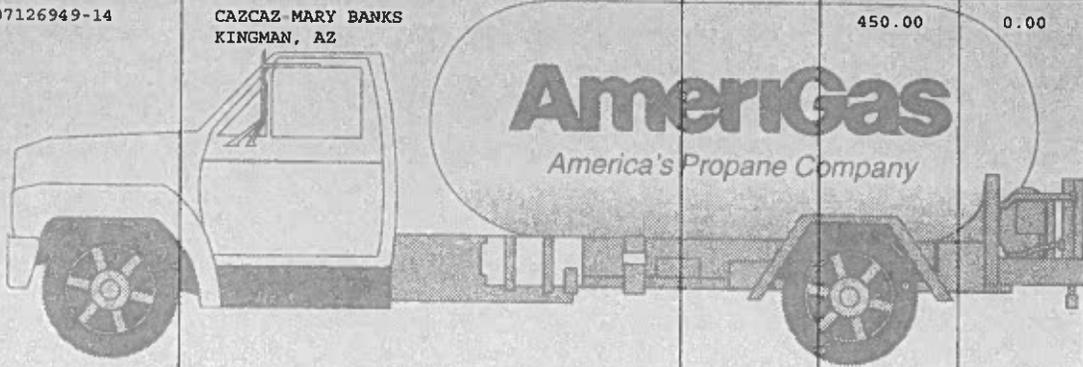
Witness

Accounts Payable (610)768-7655

Remit Vendor #: 0001216202

Date 09/16/2013

Check Number: 33143860

INV. Date	INV. Number	Description	Mic#	Gross	Discount	Net
09/16/2013	07126949-14	CAZCAZ MARY BANKS KINGMAN, AZ		450.00	0.00	450.00
						
<p>Fueling comfortable, more productive lives</p>						
				450.00		450.00

Drew & Rogers, Inc. 1-800-610-6210 x 12

T 4412 DT69 CPI

QB12FB44-SHRTFR1

SECURE FEATURES INCLUDE WATERMARK • INVISIBLE FIBERS • MICROPRINTING • VOID FEATURE PANTOGRAPH • ENDORSEMENT BACKER



AmeriGas Propane, LP
PO Box 965
Valley Forge PA 19482

The Bank of New York Mellon
Pittsburgh, PA

Check #: 33143860

60-160/433

Date: 09/16/2013

Amount: *\$450.00

PAY TO THE ORDER OF **450.00**
FOUR HUNDRED FIFTY DOLLARS AND ZERO CENTS *****

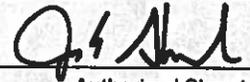
Pay: ■ FOUR HUNDRED FIFTY DOLLARS AND ZERO CENTS *****

To The KINGMAN AIRPORT AUTHORITY INC
7000 FLIGHTLINE DR
KINGMAN, AZ 86401

VOID IF NOT CASHED WITHIN 120 DAYS

Order Of:

Void Over \$450.00


Authorized Signature

⑈0033143860⑈ ⑆043301601⑆ 094⑈0772⑈

331189

See Reverse Side For Easy Opening Instructions



P.O. Box 965
Valley Forge, PA 19482

KINGMAN AIRPORT AUTHORITY INC
7000 FLIGHTLINE DR
KINGMAN, AZ 86401

MEMORANDUM

*"To promote the airfield and industrial park with
fiscally responsible management and provide a
diverse economic base for the Greater Kingman Area"*

TO: KINGMAN AIRPORT AUTHORITY INDUSTRIAL PARK COMMITTEE

FROM: Mike Blair, Chair

DATE: September 30, 2013

SUBJECT: INDUSTRIAL PARK COMMITTEE MEETING – October 9, 2013

A regular meeting of the Kingman Airport Authority, Inc. Industrial Park Committee will be held on Wednesday, October 9, 2013 at 4:00 P.M. in the Kingman Airport Authority Conference Room, 7000 Flightline Drive, Kingman, Arizona. Notice is hereby given that at this meeting a quorum of the Kingman Airport Authority, Inc. Board of Directors may be present; however, no official action of the Board of Directors will be taken during this meeting. The meeting is for the purpose of discussion and recommendation only by the Industrial Park Committee members to the Board of Directors for the following items:

AGENDA

1. Call to Order
2. Roll Call
3. Public Input
4. The Committee may go into executive session in accordance with A.R.S. §38-431.03(A)(3); (A)(4) or (A)(7) to discuss any agenda item. The following items may be discussed, considered and recommendations made relating thereto:
5. Approval of Minutes: August 14, 2013 Industrial Park Committee Meeting
6. Discussion and Recommendation: Request from AmeriGas Propane, L.P. (DBA, Northern Energy) for a new lease for property located 2504 Railroad Street in the south part of the airport industrial park.
7. Staff Reports
 - A. Prospect Report
8. Adjourn

MEMORANDUM

*"To promote the airfield and industrial park with
fiscally responsible management and provide a
diverse economic base for the Greater Kingman Area"*

TO: KINGMAN AIRPORT AUTHORITY INDUSTRIAL PARK COMMITTEE

FROM: Bob Riley, Director, Economic Development

DATE: September 30, 2013

SUBJECT: BACKGROUND INFORMATION – October 9, 2013 INDUSTRIAL PARK MEETING

1. Call to Order
2. Roll Call
3. Public Input
4. The Chair may entertain a motion to go into executive session in accordance with A.R.S. §38-431.03(A)(3); (A) (4) or (A)(7) to discuss any item on the agenda. The following items may be discussed, considered and recommendations made relating thereto:
5. The Chair will entertain a motion to approve the Minutes of the August 14, 2013, Industrial Park Committee meeting as presented or with requested changes.
6. Discussion and Recommendation: Request from AmeriGas Propane, L.P. (DBA, Northern Energy) for a new lease for Property located at 2504 Railroad Street in the south part of the airport industrial park.

There has been a propane storage facility on the two acres at 2504 Railroad Street since the authority incorporated. The current owner of the business is AmeriGas Propane, L.P. doing business as Northern Energy. The current lease has expired and AmeriGas is requesting consideration of a new lease.

Amerigas is requesting a five year term with two five year renewal clauses. The current appraised rental value for the land is \$0.125 per sq. ft. per year which computes to a base rental rate of \$907.50 per month. This is consistent with the propane storage facility next door. Annual rental rates are adjusted by 3% each year on July 1st. They are currently meeting insurance requirements.

Recommendation: Recommend the Board of Directors enter into a new lease agreement with AmeriGas Propane, L.P. (DBA Northern Energy) to lease two acres of land at 2504 Railroad Street for a five year term with two five year renewals at a rate of \$0.125 per sq. ft. per month adjusted annually by 3% each year on July 1st.

7. Staff Reports

A. Prospect Report

Staff will present the prospect activity at the meeting.

8. Adjourn

MINUTES OF THE MEETING
OF
KINGMAN AIRPORT AUTHORITY, INC.
INDUSTRIAL PARK COMMITTEE
August 14, 2013

A regular meeting of the Kingman Airport Authority, Inc. Industrial Park Committee was held on August 14, 2013 commencing at 4:00 P.M. in the Kingman Airport Authority Conference Room, 7000 Flightline Drive, Kingman, Arizona, pursuant to duly mailed and posted notice.

MEMBERS PRESENT WERE: Mike Blair; Mike Dom; Jean Liss; Mike Taylor; Stephen Pebley; Chuck Stuart

MEMBERS ABSENT WERE: Tom Bridges; Bruce Mitchell; Toby Orr; Pat Otto;

STAFF PRESENT WERE: Bob Riley

The Chairperson, Jean Liss called the meeting to order.

On **motion** by Chuck Stuart, **seconded** by Stephen Pebley; the Industrial Park Committee approved the minutes of the July 10, 2013 meeting as written.

DISCUSSION AND RECOMMENDATION: Ratify Release of Deed Conditions for Property at 4805 Finance Way

Bob Riley stated that the McCatlin Property at 4805 Finance Way has been sold, but in order to complete the transaction a Release of Deed Conditions needed to be recorded. He added the original conditions of purchase had been met and the timing is such that the City Council will be approving the document prior to the authority board. He further stated that in this regard the action requested is the ratification of the document.

On **motion** by Mike Blair, **seconded** by Mike Taylor the Industrial Park Committee recommended that the Board of Directors ratify the Release of Deed Conditions for property at 4805 Finance Way.

Bob Riley presented the proposed plans prepared by TR Orr for the 8 acre parcel at Shipping and Bonanza and stated that the site is being submitted to the Arizona Commerce Authority as a "shovel ready" site in the Certified Sites Program and will be taken to the County Planning and Zoning Department for site review. He added that the conceptual building proposed is the maximum size allowed on the site and may be reduced or reconfigured by a client when available, but that the review process will be reduced with the site review of the proposed plans.

There being no further business or discussion, the meeting was adjourned at 4:15 PM.

Signed: /s/ Jean Liss, Chairperson

Attest: /s/ Mike Taylor

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Describe anticipated expansion plans. NONE

Size of initial building? NONE Additional buildings? NONE Is any buffer zone needed in the proposed operation? If "YES", describe

List all hazardous or toxic materials that will be used.

Substance	Maximum quantity on site
<u>PROPANE STORAGE FACILITY</u>	<u>45,000 gallons</u>

How will substance be stored? PROPANE STORAGE TANK

How will waste be disposed of? NO WASTE

Does the operation require incinerators, smoke stacks or flare stacks? NO

What permits are required prior to operation? EXISTING STORAGE FACILITY

To what geographic areas will your finished products be shipped? KINGMAN ARLC

What mode of transportation will be used to receive raw materials? TRUCK

Ship finished products? TRUCK

What is the anticipated daily use of municipal sewer? NONE

Will any chemicals be discharged into the sewer system? Identify chemical and daily amount. NONE

Does the operation require pretreating sewage disposal? N/A
Include company name if different. SEE FIRST PAGE

What has been the relationship between your company and the community(ies) where it has been located? EXCELLENT

What violations or citations has the company been issued by local, state or federal agencies? N/A

The above information is true and correct to the best of my knowledge. All information contained herein is Is not ___ confidential. I understand that the name of all anticipated bidders for land at the Kingman Industrial Park must be disclosed prior to bid opening and hereby authorize the company name listed above to be so disclosed. I further certify that I have read the Restrictive Covenants and agree to abide by the provisions thereof.

Michael W. Kinney
Signature

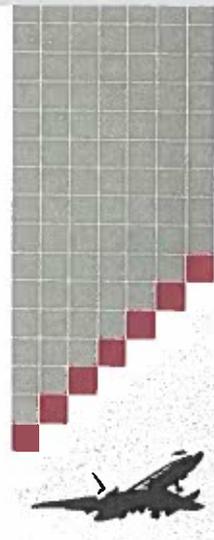
MICHAEL W. KINNEY
Printed Name of Official

9/12/13
Date

Witness

April 5, 1994

Mr. Gil W. Lane, Vice President
Northern Energy, Inc.
2650 North 35th Avenue
Phoenix, AZ 85009



Re: AMENDMENT TO LEASE BETWEEN KINGMAN AIRPORT AUTHORITY, INC. AND NORTHERN ENERGY, INC.

Dear Mr. Lane:

In accordance with the conversation between yourself and Jim Wilkinson, this letter, when executed by representatives of both Kingman Airport Authority, Inc. and Northern Energy, Inc., will amend Section 4. Rent, Item A. of the lease dated May 1st, 1994 as follows:

- A. The sum of Two Hundred Fifty Dollars (\$250.00) per month, payable on or before, the first day of each month beginning May 1, 1994 and each month thereafter during the Initial Term of the Lease, and any renewal or extension thereof. During the Initial Term of this Lease, and any renewal thereof, the rent amount shall be adjusted annually, on the first day of May of each year, beginning, 1995, to reflect any changes in the National Consumer Price Index as published by the Bureau of Labor Statistics, Consumer Price Index, Washington, D.C., according to the formula described in Paragraph 6 of the original executed lease.

If you are in agreement with the above amendment, please sign on the designated line below and return with the original lease document to our office for execution.

Sincerely,

Brenda Chastain
Director, Corporate Administration

jp

KINGMAN AIRPORT AUTHORITY, INC.

Glenn R. Thoroughman, President

Date: 5/19/94

NORTHERN ENERGY, INC.

Gil W. Lane, Vice President

Date: 5-11-94

L E A S E

This Lease is made this 1st day of May, 1994, by and between the KINGMAN AIRPORT AUTHORITY, INC., an Arizona corporation ("Lessor") and NORTHERN ENERGY, INC., a Montana corporation authorized to do business in the State of Arizona ("Lessee").

Recitals

A. Lessor has authority to enter into agreements concerning the use of the premises hereunder, pursuant to the Third Amendment and Restatement of Lease Agreement entered into between the City of Kingman, as Lessor, and the Mohave County Airport Authority, Inc., as Lessee, dated January 20, 1992, and the Assignment Agreement entered into between Mohave County Airport Authority, Inc. and Kingman Airport Authority, Inc. dated June 18, 1992; and

B. Lessee desires to lease space from the Lessor;

Agreement

In consideration of the conditions and covenants hereafter set forth and for the rents reserved herein, it is mutually agreed as follows:

1. Leased Premises. Lessor hereby leases to Lessee, and Lessee agrees to take and let from Lessor, real property consisting of approximately 2.01 acres and located at Kingman Airport, Mohave County, Arizona, said real property being more fully described by Exhibit "A" attached hereto and by reference made a part hereof (the "Leased Premises").

2. Term. The term of this Lease shall be for five (5) years, commencing on the 1st day of May, 1994, and expiring on the 30th day of April, 1999 (the "Initial Term"), subject to the right of renewal hereinafter set forth.

3. Renewal. At the expiration of the Initial Term, this Lease shall be renewed for an additional five (5) year term, beginning on the 1st day of May, 1999, and expiring on the 30th day of April, 2004, if neither Lessor nor Lessee gives notice of intent that the Lease not be renewed on or before the 1st day of January, 1999. In the event either Lessor or Lessee gives written notice of intent not to renew this Lease, then, and in that event, this right

to renew shall be null and void, and the Lease shall expire on the 30th day of April, 1999.

4. Rent. Lessee agrees to pay to Lessor as rent for the Leased Premises the following amounts:

A. The sum of Three Thousand Dollars (\$3,000.00) per year, payable in advance on the 1st day of May of each and every year during the Initial Term of this Lease, and any renewal or extension thereof, commencing on the 1st day of May, 1994. During the Initial Term of this Lease, and any renewal thereof, the rent amount shall be adjusted annually, on the 1st day of May of each year, beginning 1995, to reflect any changes in the National Consumer Price Index as published by the Bureau of Labor Statistics, Consumer Price Index, Washington, D.C., according to the formula described in Paragraph 6 hereinbelow.

B. All taxes levied or assessed upon Lessee's fixtures, furnishings, equipment or other personal property located in or upon the Leased Premises, including improvements thereto, and all taxes arising out of the use of the Leased Premises, and/or arising out of the operation of this Lease. Such taxes shall include, but not be limited to, personal property taxes, possessory interest taxes, sales taxes and/or any like tax levied, assessed or imposed by the United States, the State of Arizona, Mohave County, or any political subdivision.

C. Lessee hereby acknowledges that late payment by Lessee to Lessor of the rents due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any annual payment of rents or any other sum due from Lessee hereunder shall not be received by Lessor or Lessor's designee on or before the time set forth herein for the payment thereof, then said amount shall be deemed past due, and Lessee shall pay to Lessor a late charge equal to Twenty-five Dollars (\$25.00) per day for each day the rent is late. Lessor and Lessee hereby agree that such late charge represents a fair and reasonable estimate of the cost that Lessor will incur by reason of any such late payment of Lessee. Acceptance of any such late charge by Lessor shall in no event constitute a waiver of Lessor's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

5. Consumer Price Index Rental Adjustment. The Consumer Price Index rental adjustment will be computed as follows:

On May 1 of each and every year during the Initial Term of this Lease and any renewal term, beginning May 1, 1995, the fixed annual rental of Three Thousand Dollars (\$3,000.00) as set forth in this Lease, shall be adjusted upward in accordance with the

formula set forth below. In applying the formula, the following definitions shall prevail:

A. "Bureau" means the Federal Bureau of Labor Statistics or any successor agency that shall issue the indices or data referred to in Subparagraph B. below.

B. "Price Index" means the consumer price index issued from time to time by the Bureau with reference to the geographical area including Mohave County, Arizona, or any other measure hereafter employed by the Bureau in lieu of such price index that measures the cost of living in the designated area.

C. "Average Price Index" is the average of the price indices issued by the Bureau for the three-month period of January through March immediately prior to each anniversary date of the Lease.

D. "Base Index" is the average of the price indices issued by the Bureau for the three-month period of January through March of 1994.

SAMPLE FORMULA

For the purposes of this sample formula only, the base rent, as described by Paragraph 4 hereinabove, shall be assumed to be the sum of Three Thousand Dollars (\$3,000.00) per year. If the Average Price Index for the January - March quarter of the year 1995 is greater than the Base Index, then the annual rental for the ensuing year shall be the sum of Three Thousand Dollars (\$3,000.00), multiplied by a fraction of which the numerator shall be the Average Price Index for the quarter immediately preceding the applicable adjustment date, and the denominator shall be the Base Index for the period of 1994. If at any time during the term of this Lease or any extension hereof the Price Index shall no longer be compiled, then another Index generally recognized as authoritative shall be substituted by agreement, but if the parties do not agree, the substitute Index shall be selected by the majority determination of three (3) arbitrators appointed for the purpose, one being appointed by Lessor, one by Lessee and a third by the two (2) arbitrators appointed by Lessor and Lessee.

EXAMPLE: (Figures are arbitrary)

For January, 1994	179.6	For January, 1995	189.6
February, 1994	180.6	February, 1995	190.6
March, 1994	<u>181.8</u>	March, 1995	<u>191.8</u>
	<u>542.0</u>		<u>572.0</u>
Average:	$\frac{542.0}{3} = 180.66$	Average:	$\frac{572.0}{3} = 190.66$
Numerator		$\frac{190.66}{180.66} = 1.0553$	
Denominator			

EXAMPLE: (continued)

Fixed Annual Rental \$3,000.00 X 1.0553 = \$3,165.90

New Annual Rental = \$3,165.90

The sales or franchise privilege tax provision set forth above shall then apply to the new annual rental.

The parties understand that at the present time the Consumer Price Index as published by the Bureau of Labor Statistics for the area which encompasses Mohave County is designated as the United States Consumer Price Index (for all urban consumers) and may be obtained from the Consumer Price Index Agency located at Arizona State University, Tempe, Arizona, telephone 602-965-3961.

6. **Use of Leased Premises.** The Leased Premises are leased to Lessee for use as a propane tank storage facility, including other activities necessarily incidental thereto. Any other uses not directly incidental to the uses permitted hereunder are hereby prohibited without the express written consent of Lessor. In no event shall Lessee allow any person to reside on the Leased Premises.

7. **Improvements.** Any and all improvements placed upon the Leased Premises by Lessee shall be made at the sole expense of Lessee. At the expiration of the Initial Term, or at the termination of the Lease, for any reason, all permanent improvements to the Leased Premises shall become the property of the City of Kingman. Permanent improvements and/or alterations to the Leased Premises will hereby be prohibited without the express written consent of Lessor, which consent shall not be unreasonably withheld. In no event shall Lessee cause a temporary building to be located on the Leased Premises without the expressed written consent of Lessor.

8. **Insurance.** Lessee shall acquire and keep in effect adequate bodily injury liability and property damage insurance and all other insurance needed or required for the operations of Lessee as contemplated by this Lease, covering all of Lessee's employees and equipment, and shall indemnify and hold Lessor harmless from any causes of action arising from Lessee's operations hereunder. In all the above policies, Lessor and The City of Kingman shall be named as additional insureds with the Lessee. For the Initial Term of this Lease, and any renewal or extension thereof, such policies shall not be for less than the amount of One Million Dollars (\$1,000,000.00) combined single limit for bodily injury and property damage. All such policies shall be placed with a reputable company approved by the Lessor. Copies of all such policies or certificates of insurance shall be delivered to the Lessor within ten (10) days after the execution of this Lease and shall be held for the benefit of the parties as their respective interests may appear. The amount

of said insurance shall not be deemed as a limitation of Lessee's agreement to save and hold the Lessor harmless, and if Lessor or Lessee becomes liable for an amount in excess of the insurance, Lessee will save and hold Lessor harmless for the whole thereof. Copies of policies or certificates of insurance of all such policies entered into after the commencement of this Lease shall be delivered to the Lessor within ten (10) days of the commencement of each such policy. In addition to the above-named policies, and under the same obligations to deliver copies of said policies or certificates of insurance to Lessor, Lessee shall obtain fire insurance and other property loss insurance on all improvements placed upon the Leased Premises, in an amount equal to the value of said improvements.

9. Utilities. Lessee shall pay promptly and prior to any delinquency any and all charges which may be incurred for water, gas, electrical power, telephone and any other utilities delivered to or used upon the Leased Premises during the Initial Term, and any renewal or extension thereof, and shall hold Lessor harmless therefrom.

10. Assignment and Sublease. Lessee shall not transfer, assign or sublet this Lease or any privileges granted hereunder without prior written approval of Lessor. Upon any assignment or sublease, this Lease is voidable at the option of the Lessor, which option may be exercised within a reasonable period subsequent to the Lessor obtaining actual knowledge of any assignment or sublease. In the event of a transfer, assignment or sublease of this Lease, Lessee shall pay to Lessor an amount equal to Lessor's attorneys' fees and costs arising out of such transfer, assignment or sublease; said attorneys' fees and costs shall be no less than the sum of Two Hundred Fifty Dollars (\$250.00). Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

11. Waste and Nuisance Prohibited. During the Initial Term of this Lease, and any renewals or extensions thereof, Lessee shall comply with all applicable laws affecting the Leased Premises. Lessee shall not commit, or permit, any waste or nuisance on the Leased Premises.

12. Environmental Laws. Without limiting the foregoing, Lessee shall comply with all present and future federal, state and local laws, ordinances, orders, rules and regulations relating to environmental matters (collectively, "Environmental Law"), and shall

defend, indemnify and hold harmless Lessor and Lessor's present and future officers, directors, employees and agents from and against all claims, demands, liabilities, fines, penalties, losses, costs and expenses, including but not limited to costs of compliance, remedial costs, clean-up costs and reasonable attorneys' fees, arising from or related to the manufacture, processing, distributions, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant or hazardous or toxic material, substance or matter (as those terms are defined under any Environmental Law) from, on or at the Leased Premises as a result of any act or omission on the part of Lessee. Lessee's indemnification obligations shall survive the expiration or termination of this Lease.

13. Care of Leased Premises. At Lessee's own expense, Lessee shall keep and maintain the Leased Premises and the immediate surrounding areas clean, neat, safe and orderly at all times. Furthermore, Lessee hereby assumes all responsibilities for maintenance, upkeep and repairs of all walls, roofs, plumbing, heating and cooling, appliances and/or fixtures in connection with said Leased Premises during the term of this Lease, or any extensions thereof. Upon the expiration of this Lease, or at the termination of this Lease for any reason, Lessee shall redeliver the Leased Premises in good order and condition, reasonable wear and tear excepted. Lessee hereby acknowledges that Lessee has examined the Leased Premises and accepts the same in its condition as of the commencement date of this Lease.

14. Inspection of Leased Premises. To the extent necessary to protect the rights and interests of Lessor, Lessor and its agents shall at any reasonable time, by appointment, have the right to inspect the Leased Premises during the life of this Lease.

15. Waiver of Performance. The waiver by Lessor of, or the failure by Lessor to take action with respect to any breach of any term, covenant or condition herein contained shall not be deemed a waiver of such term, covenant or condition or subsequent breach of same, nor shall the acceptance of rent by Lessor be deemed a waiver of any preceding breach under this Lease.

16. Disputes - Attorneys' Fees. In the event that either party hereto shall institute and prevail in any action or suit for the enforcement of any of its rights hereunder, the prevailing party in said action or suit shall be awarded its reasonable attorneys' fees and costs arising therefrom.

17. Notices. Any notice desired or required to be served by either party upon the other or any notice provided for in

this Lease shall be in writing and shall be deemed given upon hand-delivery or three (3) business days after being deposited in the United States mail, certified, return receipt requested, to the party to whom addressed, as set forth hereinbelow:

Lessor: KINGMAN AIRPORT AUTHORITY, INC.
7000 Flightline Drive
Kingman, AZ 86401

With a copy to:

BRUNO, BROOKS & GOLDBERG, P.C.
730 East Beale Street
Kingman, AZ 86401

Lessee: Gil Lane, Vice President
NORTHERN ENERGY, INC.
2650 North 35th Avenue
Phoenix, AZ 85009

Any party may change the address to which notice shall be delivered or mailed by notice duly given.

18. **Breach.**

A. (1) If at any time the rental or any money payments hereunder, or any part thereof, shall remain unpaid for a period of five [5] days after the same become due; or (2) if Lessee is adjudged bankrupt; or (3) if Lessee abandons and/or discontinues operations at the Leased Premises; or (4) if Lessee shall fail to fulfill or perform or is in default of any of the other agreements or provisions hereunder [except for the non-payment of rent, which shall be controlled by Subparagraph A.(1) hereinabove] and if Lessee does not cure and completely remedy any said default within ten (10) days after written notice is given, then Lessor may exercise the rights and remedies pursuant to Subparagraphs B. and C. herein.

B. Upon the happening of any of the events mentioned in Subparagraphs A.(1), (2), (3) and/or (4) above, Lessee shall be deemed in default hereunder, and upon such default and at any time thereafter, Lessor may collect by suit or otherwise each installment of rent, together with other sums as they may become due hereunder, or enforce by suit or otherwise any other condition or provisions hereof on the part of the Lessee required to be kept or performed. Further, Lessor shall have and is hereby granted the right to re-enter the Leased Premises, remove all persons therefrom, take possession of all equipment, fixtures and personal property thereon or therein belonging to Lessee. Lessor is further granted the right, without terminating or forfeiting this Lease but without prejudice to its rights to terminate or forfeit the same thereafter and without in any way affecting any right or remedy of Lessor or

any duties or obligations of Lessee hereunder, to relet the Leased Premises as agent and for the account of Lessee upon such terms and conditions as Lessor may deem advisable either with or without any equipment or fixtures that may be situated thereon or therein, and to make any renovations or repairs in the property which Lessor may deem to be required therefor. The rents received on any such reletting shall be applied first to the expense of reletting and collecting, including necessary renovations and repairs of the Leased Premises, and a reasonable attorney fee, any real estate commission actually paid, and thereafter toward the payment of all sums due or to become due to Lessor hereunder, including but not limited to rent, taxes, insurance and other items. If a sufficient sum shall not be thus realized to pay such rent and other charges, Lessee shall pay to Lessor monthly any deficiency and such monthly deficiencies shall be paid punctually when due as herein provided. At any time prior to the expiration of the Initial Term, or any renewal or extension hereof, and even though Lessor has exercised rights as hereinabove stated, Lessor may terminate this Lease at Lessor's election, in which event Lessee agrees to surrender possession of the Leased Premises immediately, if the Leased Premises have not theretofore been surrendered, and to pay to Lessor at the time of such termination the net worth of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the balance of the stated term of this Lease over the then-reasonable value of the Leased Premises for the same period. Upon any such termination, any unused prepaid annual rent shall be forfeited by Lessee. In addition to the above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor an amount equal to all expenses, if any, including reasonable attorneys' fees incurred by Lessor in recovering possession of the Leased Premises, and all reasonable costs and charges for the care of the Leased Premises, together with all rent, taxes, insurance and other similar items becoming due from time to time, which rent, damages and other items shall be due and payable by Lessee to Lessor at such time or times as such items are due or such expenses are incurred by Lessor.

C. Each and every term, covenant and condition contained in this Paragraph shall be deemed separate and independent, and all remedies hereinabove stated shall be deemed cumulative to any and all remedies Lessor might have under this Lease or in accordance with law.

19. Correction of Breach. Lessor may correct any breach or default by the Lessee of which the Lessee has received written notice by certified mail and failed or neglected to remedy within fifteen (15) days, and the Lessee agrees upon demand to reimburse the Lessor for all expenses incurred by the Lessor in correcting said breach or default.

20. Holdover. In the event Lessee holds over beyond the expiration of the Initial Term herein or beyond the date of any

such termination, such holding over shall be from month-to-month only, subject to all of the terms and conditions of this Lease, but shall not be a renewal hereof nor a waiver of any breach of conditions or covenant, and the rent to be paid therefor shall be at the rate then prevailing under the terms of this Lease.

21. **Fire Prevention Regulations.** Lessee shall at all times comply with all applicable laws and ordinances pertaining to fire regulations, and shall furnish and keep, at Lessee's sole expense, adequate fire extinguishers in sufficient numbers and in convenient and accessible places upon said Lease Premises, charged and ready for immediate use, as required by said fire regulations and applicable laws or ordinances.

22. **Conduct of Business.** Lessee agrees to conduct its operations using modern and practical techniques and equipment available in order to reduce to a minimum the emanation of fumes, odors and noises.

23. **Security.** Lessee shall be responsible for the security of the Leased Premises and all improvements and personal property located thereon. Lessor shall have no responsibility to Lessee or any of Lessee's customers, guests and/or invitees for security of any persons and/or property located on the Leased Premises.

24. **Signs.** Lessee agrees not to erect or display, or permit to be erected or displayed, any exterior sign or advertising matter of any kind on the Leased Premises without first obtaining the written consent of Lessor.

25. **Permits, Rules and Regulations.** Lessee agrees to obtain at Lessee's expense all necessary licenses and permits for the construction and operation of the Leased Premises. Further, with respect to the use of the Leased Premises and/or the public areas of the Kingman Airport, Lessee agrees to observe, obey and abide by all applicable laws, field rules and other regulations which are now or may hereafter be imposed or promulgated by Lessor, the Federal Aviation Administration, or any other government agency having jurisdiction over the subject matter, and which relate to the common and joint use of Airport facilities and the maintenance and conduct of all its operations.

26. **Application Fee.** Lessor and Lessee acknowledge that Lessee has paid to Lessor a non-refundable Lease Application Fee in the amount of Two Hundred Fifty Dollars (\$250.00). Said Lease Application Fee is in addition to any rent and/or expenses owed by Lessee under the terms of this Lease. The Lease Application Fee is

intended by the Lessor and Lessee as reimbursement to Lessor for its reasonable costs and expenses incurred prior to the execution date of this Lease.

27. Continuity. This Lease and each and all of the covenants, obligations and conditions hereof shall inure to the benefit of and bind the Lessor and Lessee respectively, their heirs, personal representatives, executors, administrators, successors and assigns.

28. Paragraph Headings. The paragraph headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Lease.

29. Applicable Law. This Lease shall be interpreted and enforced according to the laws of the State of Arizona. Any civil actions relating to this Lease shall be brought and maintained in the Superior Court of Mohave County, Arizona.

30. F.A.A. Provisions.

A. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained or otherwise operated on the Leased Premises for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

B. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over or under such land and the furnishings of services thereon, no person on the grounds of race, color or national origin shall be excluded from participating in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A,

Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

C. That in the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate the Lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.

D. Lessee shall furnish accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service, PROVIDED THAT the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

E. Noncompliance with Provision D. above shall constitute a material breach thereof and, in the event of such noncompliance, the Lessor shall have the right to terminate this Lease and the estate hereby created without liability therefor or, at the election of the Lessor or the United States, either or both said governments shall have the right to judicially enforce these Provisions.

F. Lessee agrees to insert the above five provisions in any Lease by which said Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Leased Premises.

G. Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.

H. Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Lessee, and without interference or hindrance.

I. Lessor reserves the right, but shall not be obligated to the Lessee, to maintain and keep in repair the landing

area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the Lessee in this regard.

J. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the Lessor and the United States, relative to the development, operation or maintenance of the Airport.

K. There is hereby reserved to the Lessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation of the Kingman Airport.

L. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

M. The Lessee, by accepting this Lease, expressly agrees for itself, its successors and assigns, not to erect nor permit the erection of any structure or object, nor permit the growth of any tree on the land leased hereunder above a mean sea level elevation of 3,520 feet. In the event the aforesaid covenants are breached, the Lessor reserves the right to enter upon the Leased Premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee.

N. The Lessee, by accepting this Lease, agrees for itself, its successors and assigns, not to make use of the Leased Premises in any manner which might interfere with the landing and taking off of aircraft from the Kingman Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the Lessor reserves the right to enter upon the Leased Premises and cause the abatement of such interference at the expense of Lessee.

O. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349).

P. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

31. Eminent Domain.

A. If at any time during the term of this Lease the whole of the Leased Premises, or so much thereof as to render the balance unusable for the intended use of Lessee as said use is defined herein, shall be taken for any public or quasi-public use, under any statute, or by right of eminent domain or by conveyance in lieu thereof, then, in such event, when title shall have been taken thereunder of the Leased Premises by the condemning authority, the term hereby granted, and all right of the Lessee hereunder, shall immediately cease and terminate and the rent shall be apportioned and paid to the time of such termination. Lessor reserves to itself, and Lessee assigns to Lessor all rights to awards or damages accruing on account of any such taking or condemnation or by conveyance in lieu thereof, or by reason of any act of any public or quasi-public authority for which awards or damages are payable, except as to such awards or damages as are set forth under Subparagraph B hereinbelow, provided that they are specifically defined by the condemning or awarding authority.

B. Lessee hereby assigns to Lessor any and all claims which Lessee might otherwise prosecute in its own name and on its behalf, under applicable laws or regulations at the time thereof, for loss or damage sustained by Lessee for the value of leasehold improvements installed by Lessee at Lessee's cost, Lessee's fixtures and equipment, and any removal or relocation expenses resulting from such taking.

C. Lessee agrees to execute such instruments of assignment as may be required by Lessor, to join with Lessor in any petition for the recovery of awards or damages, if so requested by Lessor, and to turn over to Lessor any such awards or damages that may be recovered in any such proceeding.

32. Restrictive Covenants. The parties acknowledge that certain restrictive covenants limiting the use of the Leased Premises have been placed upon the Leased Premises by Lessor, Mohave County and/or the City of Kingman. Said restrictive covenants were filed in the Mohave County Recorder's Office on July 22, 1980, in Book 646, Pages 767-781; the First Amended Restrictive Covenants were recorded on November 28, 1989, in Book 1632, Pages 443-462; and the Second Amended Restrictive Covenants were recorded on November 15, 1990, in Book 1819, beginning at Page 961. Lessee hereby acknowledges the legitimacy of said restrictive covenants and agrees to adhere to all terms thereof.

IN WITNESS WHEREOF, the respective parties hereto have

. . .
. . .

executed this Lease as of the day and year first above written.

Lessor:

KINGMAN AIRPORT AUTHORITY, INC.,
an Arizona corporation

By Glenn R. Thoroughman
GLENN R. THOROUGHMAN, President

Lessee:

NORTHERN ENERGY, INC., a Montana
corporation

By Gil Lane VP
GIL LANE, Vice President

STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 19th day of May, 1994, by GLENN R. THOROUGHMAN, President of KINGMAN AIRPORT AUTHORITY, INC., on behalf thereof.

Janice C Platt
Notary Public

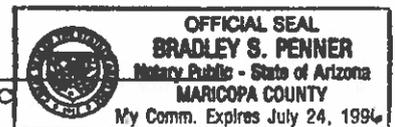
My Commission Expires:

My Commission Expires Sept. 13, 1994

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 9th day of May, 1994, by GIL LANE, Vice President of NORTHERN ENERGY, INC., a Montana corporation, on behalf thereof.

Bradley S. Penner
Notary Public



My Commission Expires: July 24, 1996

EXHIBIT "A"

Beginning at a point that is the Southeast corner of Section 33, Township 22 North, Range 16 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona thence commencing West along the South boundary of Section 33 a distance of 2650 feet to a point; thence proceeding North 38 degrees 25 minutes 18 seconds East a distance of 2157.65 feet to a point; thence proceeding South 51 degrees 34 minutes 42 seconds East a distance of 205 feet to a point; thence proceeding North 38 degrees 25 minutes 18 seconds East a distance of 175 feet to a point; said point being the True Point of Beginning. Thence proceeding North 38 degrees 25 minutes 18 seconds East a distance of 175 feet to a point; thence proceeding South 51 degrees 34 minutes 42 seconds East a distance of 500 feet to a point; thence proceeding South 38 degrees 25 minutes 18 seconds West a distance of 175 feet to a point; thence proceeding North 51 degrees 34 minutes 42 seconds West a distance of 500 feet to the True Point of Beginning.



Serving America With Pride

April 19, 2007

Mr. Robert Riley
Director Economic Development
Kingman Airport Authority, Inc.
7000 Flightline Drive
Kingman, AZ. 86401

RE: Northern Energy, Location 412
Kingman, AZ.

Dear Robert:

This will confirm our recent telephone conversation concerning the storage site occupied at the Kingman Airport Industrial Park.

This will also express our interest in extending the current lease under the same terms and conditions. We understand the new rate will be \$351.31 per month for the period of 5/1/07 to 4/30/08.

We will also be forwarding you a payment of \$1,353.24 for the adjustments from 2002 as mentioned in your letter dated April 3, 2007.

Our desire is to work out a long term lease (5 years) at the \$450.00 per month rate we discussed.

Please let me know if you will be forwarding a new lease for this, or if you would like us to send one from here.

Respectfully,

Gary Dennis
Director of Real Estate Services
(918) 794-4576 (direct)
gdennis@heritagepropane.com



May 23, 2008

Mr. Robert Riley
Director, Economic Development
Kingman Airport Authority, Inc.
7000 Flightline Drive
Kingman, AZ 86401

RE: Northern Energy, Location 412
2625 Airway Ave, Kingman, AZ

Mr. Riley:

I am writing to follow up on your conversation back in March with Gary Dennis. Mr. Dennis is leaving the company and I notice in the file that a definite lease agreement was not completed on this lease.

In Gary's notes he mentions that you discussed a year to year arrangement to avoid a large lease payment increase.

I would propose that you send me a monthly rent figure that would be agreeable to both of us and I draw up a simple letter agreement to be signed by both of us to cover the period of 7/1/08 to 6/30/09, with options to extend. At this time we are continuing to pay the previous monthly rent payment.

I have included my contact information. Please let me know your thoughts on this and we can then come up with a plan agreeable to both of us.

Thank you

Patricia Green
Real Estate Administrator

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