

Item # 4-1

**City of Carson City
Agenda Report**

Date Submitted: 11/2/2007

Agenda Date Requested: 11/15/2007

Time Requested: consent

To: Board of Supervisors

From: Carson City Airport Authority

Subject Title: Action to approve a Lease Agreement between the Carson City Airport Authority and the Nevada Museum of Military History, a Nevada non-profit corporation.

Staff Summary: This Lease is for an aviation and military museum on airport property that is restricted for use as recreational and public purposes.

Type of Action Requested: (check one)
 Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: (I move that we) approve the Lease between the Carson City Airport Authority and the Nevada Museum of Military History.

Explanation for Recommended Board Action:

This item is in response to the request of the Nevada Museum of Military History, a Nevada non-profit corporation, for an area on the airport to construct a hangar and viewing area to be open to the general public showing the collection of aircraft and military equipment held by the Museum. The Museum owns or has access to two B-25 Mitchell Bombers, a Beechcraft T-34 Trainer, a Russian Mig 25, various other aircraft and vehicles that children can sit in, as well as a library of print media regarding military events (Outline of Museum operations attached).

The Museum holds an IRS 501c3 non-profit status (copy attached). Pursuant to NRS 244.284, it is considered a corporation for public benefit, thus exempting it from the NRS 244.283 requirement to obtain appraisals and to put the lease out to bid. In addition, the area to be leased is part of a parcel that the Carson City Airport obtained from the BLM which is restricted to use as "recreational and public purpose" and thus is not available for revenue generation as are other lease parcels on the Airport.

The terms of the Lease follow the standard lease terms previously approved by the City with additional terms (record of survey and timing) recently requested by several City departments to streamline assignment of APNs, address identification and building permit prerequisites. The Lease requires a \$2million liability policy naming the Airport Authority and the City as additional insureds. The Lease is for a 5 year term, reviewed every 5 years and renewable for up to 50 years. The Lease requires progress on a construction schedule that was agreed to by the Tenant. The Lease requires payment of \$1 per year plus 200 service hours on the Airport. Lastly, the Lease reserves an area for relocation of the Airport's automated weather observation

station (AWOS) in the event that its relocation is required. (Lease attached.)

The Airport Authority considered the request and approved it on September 19, 2007 and again on October 17, 2007 to approve the actual lease. Both were conducted at properly noticed public meetings of the Airport Authority. Pursuant to Statutes of Nevada, Chapter 844, all leases on the Airport must be approved by the Board of Supervisors. Thus its approval by the Board of Supervisors is hereby requested.

Applicable Statute, Code, Policy, Rule or Regulation: Statutes of Nevada, Chapter 844.

Fiscal Impact: Not Applicable.

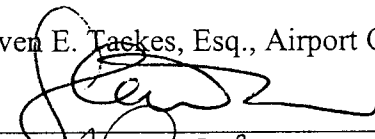
Explanation of Impact: Not Applicable.

Funding Source: Not Applicable.

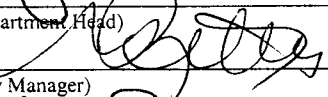
Alternatives: Not Applicable

Supporting Material: Lease Assignment

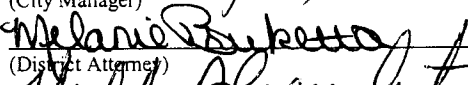
Prepared By: Steven E. Taekes, Esq., Airport Counsel

Reviewed By:  _____
(Department Head)

Date: 11-2-07

 _____
(City Manager)

Date: 11-6-07

 _____
(District Attorney)

Date: 11-6-07

 _____
(Finance Director)

Date: 11-6-07

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

Internal Revenue Service**Date:** March 11, 2005NEVADA MUSEUM OF MILITARY HISTORY
% ROBERT LUMBARD
PO BOX 186
WELLINGTON NV 89444**Department of the Treasury**
P. O. Box 2508
Cincinnati, OH 45201**Person to Contact:**
Mrs. Krebs 31-07986
Customer Service Specialist
Toll Free Telephone Number:
8:30 a.m. to 5:30 p.m. ET
877-829-5500**Fax Number:**
513-263-3756**Federal Identification Number:**
23-7381852

Dear Sir or Madam:

This is in response to the amendment to your organization's Articles of Incorporation filed with the state on October 12, 2004. We have updated our records to reflect the name change as indicated above.

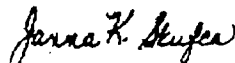
In June 1977 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Janna K. Skufca, Director, TE/GE
Customer Account Services

Interactive Museum

1. Honor the veterans and current military
2. Field trips to the museum for school children
3. Hands on in so far as possible
4. Planes fly, vehicles run, display engines run and comintaries at each display site

Adjunct Items

1. Fund raising
2. Entry donation or parking fee
3. Seek docents
4. Items for display
5. Develop a web site

Venues

1. Every weekend
 - a. Not in competition with established venues
 - b. Work in concert with established venues whenever possible
2. Provide space inside and/or outside for veterans groups, educational organizations, etc., to hold meetings and display artifacts.

Education

1. Docents explain to tour groups such as, school children on field trips, special tour groups and general tours of the museum, information relating to various displays and artifacts.
2. Lesson plans and/or general information for teachers to prepare students for a field trip to the museum.

Archives

1. Develop an archives relating to military matters and everything of interest in Nevada for those who have a propriety interest in researching historical data.
2. Provide information for the restoration of military equipment

Tourism

1. Help make Northern Nevada a destination point for tourists.
 - a. Nevada Museum of Military History
 - b. V & T Railroad
 - c. Conventions
 - d. Local citizens
 - e. Gaming
 - f. Work in concert with other museums and organizations to promote Northern Nevada

Gift Shop

1. Provide a sales point for gifts and souvenirs
2. Additional source of revenue

CARSON CITY AIRPORT LEASE AGREEMENT

This lease, made and entered into this 19th day of October, 2007, between the CARSON CITY AIRPORT AUTHORITY (Landlord), whose address is 2600 E. Graves Lane #6 Carson City, Nevada 89706, and the NEVADA MUSEUM OF MILITARY HISTORY, a Nevada non-profit corporation (Tenant), whose address is P.O. Box 186, Wellington, NV 89444-0186.

WITNESSETH:

WHEREAS, the Tenant and Landlord desire to enter into a lease as regards certain ground space for construction of a hangar/ multipurpose building/ meeting room/ museum facility, aircraft viewing area and related facilities on Airport property pursuant to the provisions of Title 19 of the Carson City Municipal Code; and

WHEREAS, Tenant is a non-profit corporation and otherwise meets the requirements under the public purposes limitations on use of the premises to be leased; and

WHEREAS, the parties desire to establish such lease in a manner consistent with the Airport Master Plan and Carson City Municipal Code, so as to lease Tenant ground space consistent with uses desired by Landlord and to provide social, economic activity and support to the Carson City Airport; and

THEREFORE, Landlord and Tenant agree as follows:

1. PREMISES. Landlord leases to Tenant and Tenant leases from Landlord the real property located at the Carson City Airport identified as a portion of Lot 204, and as fully described on Exhibit A ("Legal Description") to this lease (premises), and the appurtenant rights included in Paragraph 8. In the event that the siting of the Automated Weather Observation Station (AWOS) places limitations upon the size or orientation of the area leased, Tenant agrees that the area may be modified by Landlord such that the AWOS is given priority over Tenant as to use of the area. In all such cases, the Landlord will attempt, but not guarantee, to provide Tenant with sufficient and suitable area in Lot 204, or adjacent thereto, so as to provide a leased area to Tenant.

2. TERM. The term shall be five (5) years from the date of execution hereunder, renewable for up to a total of fifty (50) years. At every 5 year interval, the Landlord and Tenant shall review the terms of the lease, the appearance of the leasehold and any other concerns raised by either party. At such five (5) year intervals, the terms of the Lease or the area leased may be changed by Landlord. So long as Landlord is satisfied with Tenant's performance under the Lease, Tenant may

renew the Lease for a succeeding five (5) year period up to a total of fifty (50) years from date of execution.

3. RENT. Tenant shall pay to Landlord \$1 per year plus 200 hours of labor service per year on or to the Airport property at the request and approval of the Landlord.

4. CPI ADJUSTMENT. Not applicable.

5. IMPROVEMENTS. Tenant will comply with all standards and requirements of the Carson City Municipal Code. Tenant shall commence construction on the schedule set forth herein and the project construction shall be completed within 3 years. No buildings shall exceed 25 feet in height within a 500 foot radius of the AWOS, or that would in any way interfere with the operation of the AWOS. If it is determined that the AWOS will not be constructed at the location near this lease area, then Landlord will consider, in its discretion, a request by Tenant to enlarge the leased area.

Phasing of project shall be as follows:

Phase 1 shall be completed with 1 year of execution of this Lease. In that time period, Tenant shall accomplish the following:

1. Coordinate with Authority to conduct a record of survey to enable issuance by the Carson City Assessor of an APN (parcel number) which is a prerequisite for City permits (building, etc.). Such record of survey shall be at Tenant's expense.
2. Apply for and obtain any necessary permits or approvals needed for the first phase of the project.
3. Obtain authorization for access to the property from Graves Lane/ College Parkway, or through the adjacent NDOT property.
4. Level and generally prepare the site for future improvements. This stage may include utilities such as water, electricity and sewer, but only installed on an as-needed basis.
5. Install appropriate fencing of the property which will include providing the necessary entrance to the property from Graves Lane/ College Parkway. A sign shall be placed on the property designating it as the Nevada Museum of Military History future home.

Phase 2 shall be completed within 2 years of execution of this Lease.

1. Pave for aircraft access and vehicle parking consistent with the future development of the completed project.
2. Install utilities such as sewer, water and electricity as needed.
3. Complete final site grading for construction of hangar/multipurpose building.
4. Obtain approval of a Special Use Permit from the Carson City Planning Commission, if one is required.

Phase 3 shall be completed within 3 years of execution of this Lease.

1. Complete final design and construction of the hangar/ multipurpose building.
2. Complete all utility hookups and final paving.
3. Install fencing on-premises with necessary security gates separating access to airport secure areas including taxiways and runways.

6. DEFAULT. The occurrence of any of the following shall constitute a default by

Tenant:

A. Failure to complete any of the Phases on schedule will constitute a breach of contract and the property shall be surrendered to the Landlord upon notice from the Landlord of such failure and forfeiture. Failure to pay rent when due shall constitute a default under the Lease, if the failure continues for ten (10) days after notice has been given to Tenant.

B. Abandonment and vacation of the premises (failure to occupy and operate the premises for thirty (30) consecutive days shall be deemed an abandonment and vacation).

C. Failure to perform any other provision of this lease including the construction requirements, if the failure to perform is not cured within thirty (30) days after notice has been given to Tenant. If Tenant can demonstrate to the satisfaction of Landlord the default cannot reasonably be cured within thirty (30) days, Tenant shall not be in default of this lease if Tenant commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

D. Filing a petition of voluntary or involuntary bankruptcy.

E. The making by the tenant of any general assignment for the benefit of creditors.

F. Violation of any of these standards, rules, and regulations, or failure to maintain current licenses required for the permitted operation.

Notices given under this paragraph must specify the alleged default and the applicable lease provisions, and must demand that Tenant perform the provisions of this lease or pay the rent that is in arrears, within the applicable period of time, or quit the premises. No such notice will be deemed a forfeiture or a termination of this lease unless Landlord so elects in the notice.

7. REMEDIES. Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative to any remedies now or later allowed by law.

A. Tenant's right to possession not terminated. Landlord can continue this lease in full force and effect, and the lease will continue in effect as long as Landlord does not terminate tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period Tenant is in default, Landlord can enter the premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the premises. Reletting can be for a period shorter or longer than the remaining term of this lease. Tenant shall pay to Landlord the rent due under this lease on the dates the rent is due, less the rent Landlord receives from any reletting.

If Landlord elects to relet the premises as provided in this paragraph, rent that Landlord receives from reletting shall be applied to the payment of:

First, any indebtedness from Tenant to Landlord other than rent due from Tenant;

Second, all costs, including maintenance, incurred by Landlord in reletting;

Third, rent due and unpaid under this lease, after deducting the payments referred to in this paragraph, any sum remaining from the rent Landlord received from reletting shall be held by Landlord and applied in payment of future rent as rent becomes due under this lease. In no event shall Tenant be entitled to any excess rent received by Landlord. If, on the date rent is due under this lease, the rent received from reletting is less than the rent due on the date, Tenant shall pay to Landlord, in addition to the remaining rent due, all costs including for maintenance Landlord incurred in reletting that remain

after applying the rent received from the reletting as provided in this paragraph.

B. Termination of Tenant's right to possession. Landlord can terminate Tenant's right to possession of the premises at any time after default. No act by Landlord other than giving notice to Tenant shall terminate this lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this lease shall not constitute a termination of Tenant's right to possession. On termination, Landlord has the right to recover from Tenant the unpaid rent that had been earned at the time of termination of this lease, and any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.

8. APPURTENANT RIGHTS AND RESTRICTIONS.

A. Tenant may use the premises primarily for the storage of aircraft; machinery, parts and tools associated with the stored aircraft; office, classroom and meeting space associated with Tenant's non-profit charter. Tenant is expressly prohibited from conducting any activity at the Carson City Airport other than that provided by this Agreement or as may be approved by Landlord. Tenant is not, by this lease, an authorized FBO for the storage of aircraft, but shall otherwise comply with the provisions of Title 19 applicable to the public provision of aircraft storage for aircraft hangars as regards Tenant's airplanes and those of its members. Tenant shall not perform any salvage, rehabilitation, maintenance, construction or reconstruction, commercial, or industrial operations for any aeronautical uses, vehicles, and equipment except upon Tenant's own aircraft or as authorized by Landlord. Except as specified in this Lease, Tenant is prohibited from any fixed base operations which are revenue producing in or on or from Tenant's facility. Tenant may conduct such non-aviation business upon the premises as are otherwise permitted by law and do not otherwise interfere with the aviation uses permitted under this Lease and other leases on this airport, so long as the other uses are non-profit consistent with the "recreational and public purposes" limitation under which Landlord acquired the property. Landlord's decision shall be final as to claims of conflict over interfering uses.

AIRCRAFT- All aircraft stored on the leased area must be registered as personal property in Carson City, Nevada, unless such aircraft are transient and are not on the leased area for more than 21 days. Tenant shall supply Landlord with evidence of the registration and taxation information on the one year anniversaries of this lease, or upon such shorter period as may be requested by the Airport Manager.

B. Ingress and Egress. Tenant shall have full and unimpaired access to the premises at all times and a nonexclusive right to use the taxiway area between premises and runway. Tenant shall be responsible for, and control the access to, the premises from areas outside of the Airport. Access between the leasehold and Airport shall comply with the Landlord's rules, regulations, or access plans. To the extent that the Airport utilizes a key card or other gate control system, and charges Airport users for such system, Tenant shall be entitled to use the system upon the same terms, conditions and charges as other Airport users.

C. Right of Entry. Landlord, or its designated Airport Manager or agent, reserves the right to enter upon the premises at any reasonable time for the purpose of making any inspection deemed expedient or desirable for the proper enforcement of any terms, conditions, provisions, and covenants of this Agreement.

D. Air Space and Subsurface Rights. This lease confers no rights to the subsurface of the land more than five (5) feet below the ground level of the premises or to airspace more than ten (10) feet above the top of the roof of the building or buildings that is a part of the premises. All exemptions or applications must have the prior approval of Landlord.

E. Federal Requirements.

1. The Tenant for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration, does covenant and agree as a covenant running with the land that Tenant shall comply with all Federal Aviation Regulations (FARs) applicable to Tenant's operations on the premises. The Tenant acknowledges that the Airport is the recipient of FAA Airport Improvement Program funds and other federal funds. The Tenant shall take no action which violates or causes others to violate the Assurances

granted to the FAA in conjunction with such federal funding. Such assurances include, but are not limited to compliance with:

- a. Title 49, USC, subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act - 5 U.S.C. 1501, et seq. (if applicable)
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.
- h. Native Americans Grave Repatriation Act -25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.1
- l. Title 49 ,U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Civil Rights Act of 1964 - Title VI - 42 U.S.C. 2000d through d-4.
- o. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- p. American Indian Religious Freedom Act, P.L. 95-341, as amended
- q Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.
- r. Power plant and Industrial Fuel Use Act of 1978 -Section 403- 2 U.S.C. 8373.
- s. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.
- t. Copeland Anti kickback Act - 18 U.S.C. 874.1
- u. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.
- v. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- w. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq. (if applicable)
- x. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.
- y. Such Executive Orders as may be applicable to FAA AIP funding.
- z. Such Federal Regulations as may be applicable to FAA AIP funding, and such other OMB Circulars as may apply and are listed at http://www.faa.gov/airports_airtraffic/airports/aip/grant_assurances/media/airport_sponsor_assurances.pdf

2. The Tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration covenants and agrees 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 subject to discrimination in the use of the

facilities; 2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination.

3. Tenant shall use the premises in compliance with all other requirements imposed by or 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 the Regulation may be amended.

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

5. Noncompliance with Provision 4 above shall constitute a material breach of this Agreement and in the event of such noncompliance, the Landlord shall have the right to terminate this lease Agreement without liability or at the election of the Landlord or the United States; either or both governments shall have the right to judicially enforce these provisions.

6. Tenant agrees that it shall insert the above five provisions in any lease agreement by which the Tenant grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the leased premises.

7. If the conduct of business is permitted on the premises, the Tenant 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. The Tenant 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.

8. The Landlord reserves the right to further develop or improve the landing area of the Carson City Airport as it sees fit, regardless of the desires or view of the Tenant and without interference or hindrance.

9. The Landlord reserves the right, but shall not be obligated to the Tenant, 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 Tenant in this regard.

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

11. The Landlord, its successors and assigns, for the use and benefit of the public, does reserve a right of flight for the passage of aircraft in the airspace above the surface of the lease premises. This public right of flight shall include the right to cause in the airspace any noise inherent in the operation of any aircraft used for navigation or flight through the airspace or landing at, taking off from, or operation of the Carson City Airport.

12. Tenant 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.

13. The Tenant by accepting this expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the leased premises to a height more than ten (10) feet above the highest part of Tenant's building.

In the event this covenant is breached, the Landlord reserves the right to enter upon the premises to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Tenant.

14. The Tenant, by accepting this lease, agrees for itself, its successors and assigns, that it will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft from Carson City Airport or otherwise constitutes a hazard. In the event this covenant is breached, the Landlord reserves the right to enter upon the premises and to abate the interference at the expense of the Tenant.

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

F. Tenant assures complete compliance with Title 19 of the Carson City Municipal Code, as well as the Carson City Airport Rules and Regulations, upon leased premises.

9. ASSIGNMENT AND SUBLEASING. No assignment of this lease by Tenant is permitted.

The Landlord reserves the right to assign, pledge, or hypothecate this Agreement upon notice to the Tenant.

10. INSURANCE AND BONDING.

A. Coverage. As a condition precedent to this lease, Tenant shall provide, at his own cost, insurance coverage in the amount of TWO MILLION DOLLARS (\$2,000,000.00), the category to be under-written by a responsible insurance carrier, authorized by the State of Nevada to provide such coverage. The following coverage shall be included:

1. Third-party comprehensive general liability coverage for bodily injury and property damage including owned and non-owned aircraft, for any claim or liability for any injury or damage to any person or property occurring on the leased premises or arising out of or resulting from Tenant's operations or omissions at the Carson City Airport.

2. Products liability coverage in addition to the foregoing comprehensive general liability insurance where the licensee operates a food service or offers goods or merchandise for sale.

3. Statutory workers' compensation and employer's liability coverage to the extent required by law.

4. Fire and extended coverage and vandalism and malicious mischief insurance, as provided by the lease Agreements, for damage or destruction of real property or leasehold improvements, where the Landlord has, or will have, an interest in such property by virtue of an existing lease.

B. Insured Includes. Landlord and Carson City must be named as an additional insured and requires that the insurance carrier underwriting such coverage give the Landlord thirty (30) days written notice prior to cancellation of or material alteration to the policy.

Landlord requires that Tenant provide Landlord with a Certificate of Insurance evidencing the coverage in effect, including limits and expiration date. Such policy or policies shall be maintained in full force and effect during the term of the lease, and renewals or extensions of same.

C. Review of Insurance coverage. Landlord and Carson City reserve the right, every five years, to review and adjust the amount of insurance coverage required.

11. HOLD HARMLESS. The Tenant, in consideration of the Landlord's agreement to lease certain real property to Tenant pursuant to this Agreement, agrees that at all times during the term of this Agreement, Tenant shall indemnify and defend, saving harmless Landlord, Carson City, their officers, boards, commissions, agents, and employees from any and all claims directly related to or connected with the use of occupation of the leasehold property by any person whatsoever on account of property damage, injury, or death of a person or persons acting on behalf of, or upon the request of, the Tenant during the term of this Agreement.

The Tenant further agrees to indemnify Landlord and Carson City from environmental liability for contamination or damage to the premises and any adjacent area to the premises related or connected with the occupation or use of the leasehold property.

Landlord, Carson City, their officers' boards, commissions, agents, and employees shall be held harmless in all respect for any cost, expense, or liability of any nature which may be incurred by the Tenant during the term of this Agreement.

12. ENVIRONMENTAL. The Tenant will conduct its business and operation in the Premises in compliance with all federal, state and local government Environmental Laws and Permits

("Environmental Laws"). The Tenant will forthwith notify the Landlord of the occurrence of any of the following and will provide the Landlord with copies of all relevant documentation in connection therewith:

- (a) a release of a Hazardous Substance in or about the Premises and/or Lands except in strict compliance with Environmental Laws and any applicable Permits;
- (b) the receipt by the Tenant of an Environmental Notice; or
- (c) the receipt by the Tenant of information which indicates that Hazardous Substances are being used, dissipated, stored, disposed of or introduced into the environment by anyone in or about the Premises and/or Lands in a manner other than that authorized under Environmental Laws.

Tenant will not permit the storage, use, treatment, disposal or introduction into the environment of Hazardous Substances in or about the Premises and/or Lands, except in compliance with applicable Environmental Laws. If the Landlord receives information that Hazardous Substances are being dissipated, used, stored, disposed of or introduced into the environment by anyone in or about the Premises and/or Lands in a manner other than that authorized under Environmental Laws, the Tenant will conduct such investigations, searches, testing, drilling and sampling ("Investigations") as are reasonably requested from time to time by the Landlord to determine the existence of Hazardous Substances in or about the Premises and/or Lands. If the Tenant does not complete the Investigations to the satisfaction of the Landlord, the Landlord may enter on the property of the Tenant and take any actions necessary to complete the Investigations, the cost of which actions will be borne by the Tenant as additional rent. If remedial work is required due to the presence of Hazardous Substances on or in the Premises and/or the Lands, the Tenant will take all necessary action, at the cost of the Tenant, to restore the Premises and/or Lands to a level acceptable to the Landlord and to all governmental authorities having jurisdiction. Upon the request of the Landlord, from time to time, the Tenant will provide to the Landlord satisfactory documentary evidence that all environmental permits are valid and in good standing.

Environmental Indemnity. The Tenant will indemnify and save harmless the Landlord, Carson City, their officers, directors, employees, agents and shareholders, from and against any and all losses, claims, costs, expenses, damages and liabilities, including all costs of defending or denying the same, and all costs of investigation, monitoring, remedial response, removal, restoration or permit acquisition and including all solicitor's fees (on a solicitor and own client basis) and disbursements in connection

therewith which at any time may be paid or incurred by or claimed against the Landlord, Carson City, their officers, directors, employees, agents and shareholders, arising, directly or indirectly, out of:

- (a) a breach by the Tenant of any of the covenants contained in this Section;
- (b) the presence of or release of any Hazardous Substance on or off-site of the Premises and/or the Lands;
- (c) any action taken by the Landlord with respect to the existence of any Hazardous Substance on or off-site of the Premises and/or the Lands; or
- (d) any action taken by the Landlord in compliance with any Environmental Notice with respect to the existence of any Hazardous Substance on or off-site of the Premises and/or the Lands;

and such indemnity will survive the expiration or any termination of this lease notwithstanding anything in this lease to the contrary.

13. MAINTENANCE. Landlord is not required to provide any maintenance, repairs, removal, and construction of gross area leased or of buildings or facilities erected by Tenant.

Tenant shall provide and pay for all light, gas, electric, water, janitorial, and sewer charges used or incurred in or about the lease premises.

Tenant shall maintain all leased areas, salvage and rehabilitation areas, displays, storage areas, landscaping, pavement, facilities, and structures in a state of repair and good appearance acceptable to the Landlord. Tenant shall create a professional appearance and will not allow that premises to appear as a salvage yard or other unsightly appearance which is not consistent with the public purpose. Landlord shall have sole discretion in interpreting and enforcing all Federal, State, and local rules, regulations, codes, standards and ordinances in determining what is, or is not, acceptable.

Landlord may require Tenant to perform all necessary maintenance, repairs, removal, construction or cleaning/clearing of unsightly areas upon the leased premises. In the event such maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas is not undertaken as required, Landlord may perform such maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas on behalf of Tenant and at Tenant's expense, plus ten percent (10%) for administration.

14. TAX OBLIGATION. Tenant shall pay all taxes and assessment against any buildings or other structures and improvements used by Tenant in its operations, and if imposed at any future

date, any and all real property taxes assessed against the land leased from Landlord, including any possessory interest taxes.

15. REMOVAL OF BUILDINGS AND IMPROVEMENTS. Tenant shall construct improvements in accordance with Exhibit B and shall remove at his cost all buildings and improvements upon termination of the Agreement and restore the premises to its original condition. Title in building and improvements shall at all times during the lease term remain in the Tenant. The Landlord shall have the option on expiration of lease period to take title of the buildings and improvements, at no cost or obligation to Landlord, in lieu of Tenant's obligation to restore the premises to its original condition.

16. REPORTING. Anything that affects the safe and efficient operation of the Carson City Airport shall be immediately reported to Landlord or the designated Airport Manager.

17. AMENDMENTS. Any amendments to this lease require approval by the Landlord, Carson City and Tenant. All proposed amendments must be submitted in writing to Landlord for review at least 15 days prior to a regularly scheduled meeting of the Carson City Airport Authority for consideration.

18. GENERAL. It is understood and agreed that each and all the terms of this Lease are subject to the regulations and provisions of law applicable to the operation of the Carson City Airport as a Federal Aid Airport Project. If any provision of this Lease is invalid, the other provisions of the Lease which are valid shall remain in effect, and the Lease will be re-negotiated to comply with the requirements of the applicable laws and regulations. In the event that negotiation attempts are unsuccessful, either party may petition the First Judicial District Court, which shall then be entitled to establish such replacement provisions or issue such rulings as are just, for the purpose of satisfying the intent of the Lease provisions.

The Tenant agrees to observe and obey during the terms of this Lease all laws, rules, and regulations promulgated and enforced by the State of Nevada, Carson City, and by any other proper authority having jurisdiction over the conduct of operations at the Carson Airport.

Landlord and the Carson City Sheriff's Office shall have complete dominion over the premises herein during the term of this Lease for the purpose of, and to the extent necessary, to maintain law, order, and safety, and has the authority and the right to deny access to the Carson Airport by any person who fails to obey all relevant laws, rules, and regulations.

19. NOTICES. It is agreed that any notice to be given or served upon either party shall be sufficient if sent by certified mail, postage prepaid, addressed to the address of the party listed at the beginning of this Lease, or to such other address as may be designated in writing by such party.

20. ADDITIONAL CONDITIONS. Unless otherwise provided, Tenant shall comply with the Development/Construction Standards set forth in Appendix A. Unless otherwise provided, all construction materials, appearance, and building size shall be completed as represented in the bid submissions.

CARSON CITY

Approved by the Board of Supervisors this ____ day of _____, 2007.

MARV TEIXIERA, Mayor

ATTEST:

CITY'S LEGAL COUNSEL
Approved as to form.

ALAN GLOVER, Clerk/Recorder

DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL
Approved as to form



STEVEN E. TACKES, ESQ.

EXHIBIT A

Metes and Bounds Description for Lease Parcel 204 As Shown On The Carson City Airport Lease Parcel Map Leased to EAA

All that portion of land as shown on the exhibit for the Carson City Airport, more particularly described as follows:

Commencing at the Southwest corner of the northwest Quarter of the Southwest Quarter of Section 3, Township 15 North, Range 20 East MDBM; thence on a Nevada State Coordinate System bearing along the West line of a said section 3, North $0^{\circ}55'35''$ East a distance of 411.15-feet, more or less, to the Southwest corner of the parcel of land described in the deed to Ormsby County, Nevada recorded November 27, 1968, in book 81, page 280, Ormsby County, Nevada Records; thence along the Southerly line thereof South $72^{\circ}41'25''$ East 312.68-feet thence Bearing South $15^{\circ}41'55''$ East a distance of 1,048.50-feet from the Northwest Corner of the southerly line of said deed South $72^{\circ}41'25''$ East a distance of 498.43-feet to the Point of Beginning.

From the Point of Beginning, thence South $72^{\circ}41'25''$ East a distance of 679.08-feet to the southeast corner of the parcel, thence North $88^{\circ}42'21''$ West a distance of 651.52-feet to the southwest corner, thence North $00^{\circ}55'35''$ East a distance of 187.36-feet to the northwest corner of the parcel and the point of beginning. The said parcel containing 1.40 acres more or less.

EXHIBIT B
CONSTRUCTION EXHIBITS

If required by any Federal, State, or local agency, the Tenant shall prepare and submit an environmental Phase I audit. All structures erected, and paved areas on the Airport, shall comply with all applicable County and State building, health, and safety regulations, including, if applicable, any other building, fire, sign, electrical, heating, zoning, and plumbing codes. Architectural design of all structures and paving shall be reviewed and approved by the Carson City Airport Authority.

Tenant shall be required to furnish to the Carson City Airport Authority a copy of a contract between Tenant and a licensed contractor. The contract shall be protected by a performance bond to guarantee that the improvements will be completed according to the existing codes and the improvements will be free from any liens.

Tenant is obligated to secure all permits that are necessary and required to construct or develop any building, improvements, and additions upon lease parcel.

1. **CONSTRUCTION ON PREMISES.** Tenant shall comply with all Federal, State, and local laws, ordinances, orders, judgments, decrees, regulations, directives, and requirements now, or which may be, applicable to the construction of improvements on the operations and uses of the premises.

A. Construction Phasing

1. All plans completed and submitted to Landlord and governmental offices for approval within the time period set forth in the lease.
2. All permits obtained for construction within 120 days next following.
3. All construction completed within the time period set forth in the lease.

B. Failure to Use Property. Failure by Tenant to satisfy the requirements as set forth above may result in default of this Agreement and Landlord may, at its discretion, disallow the use of any, or all, of the premises.

C. Certificate of Completion. Upon completion of the improvements, Tenant shall submit to the Landlord a copy of its acceptance letter certifying completion and a certified copy of any certificate or permit which may be required by any Federal, State, County, or other local government or agency in connection with the completion or occupancy by Tenant. Tenant shall furnish to Landlord a set of reproducible, final "as built" drawings of any and all improvements not later than ninety (90) days following the completion, occupancy, or initial use of such improvements, whichever comes first.

2. TITLE TO IMPROVEMENTS AND FIXTURES. During the term of this lease, all improvements (other than trade fixtures) erected, installed, or constructed by Tenant on the premises shall become part of the land upon which they are erected, or part of the building to which they are affixed, and title to such improvements, facilities, or alterations shall remain with Tenant. "Trade fixtures" shall remain the property of Tenant and that term shall include, but shall not be limited to, personal property, signs used to identify the Tenant's facilities in and about the premises, and all machinery and equipment installed in, placed on, or used in connection with Tenant's operation.

**APPENDIX A
CARSON CITY AIRPORT AUTHORITY**

DEVELOPMENT/CONSTRUCTION STANDARDS

CODE REQUIREMENTS - ALL CONSTRUCTION SHALL MEET ALL CARSON CODES AND REQUIREMENTS INCLUDING THE CARSON CITY AIRPORT AUTHORITY (C.C.A.A.)

OUTSIDE STORAGE AREA - T-HANGERS, SHOP-HANGERS/OFFICE BUILDINGS ETC. SHALL NOT HAVE OUTSIDE STORAGE OF ANY KIND.

WATER - WATER SERVICE SHALL BE BROUGHT TO THE PROPERTY BY THE LEASE HOLDER.

FIRE HYDRANTS - FIRE HYDRANTS MAY BE REQUIRED PURSUANT TO FIRE DEPARTMENT REGULATIONS AND ARE THE LEASEHOLDERS RESPONSIBILITY.

POWER - ELECTRIC POWER SHALL BE REQUIRED TO EACH BUILDING.

FLOORS - GROUND LEVEL CONCRETE FLOORS SHALL BE REQUIRED IN EACH BUILDING.

COLORS - EXTERIOR BUILDING COLORS SHALL BE LIMITED TO BLUE AND TAN MATCHING EXISTING STRUCTURES.

DOOR HEIGHT - T-HANGARS MUST HAVE A MINIMUM DOOR HEIGHT CLEAR SPAN OF 12 FT. LARGER OR MULTIPLE AIRCRAFT HANGERS MUST HAVE A MINIMUM DOOR HEIGHT CLEAR SPAN OF 19 FT. UNLESS APPROVED OTHERWISE BY THE AIRPORT AUTHORITY.

NEW CONSTRUCTION - ALL BUILDINGS SHALL BE OF NEW CONSTRUCTION.

LIGHTING - SECURITY LIGHTING SHALL BE AT THE DISCRETION OF THE AIRPORT AUTHORITY.

PARKING - PARKING SPACES SHALL NOT BE REQUIRED FOR HANGARS LOCATED ON THE INTERIOR OF THE AIRPORT. FOR HANGERS THAT ARE LOCATED WITH EXTERIOR ACCESS OR FRONTAGE, ENOUGH SPACES DEEMED PROPER FOR THE SIZE OF THAT BUILDING WILL BE REQUIRED AND WILL BE IN COMPLIANCE WITH THE APPLICABLE CITY CODES. NO PARKING OR STORAGE WILL BE PERMITTED ON AIRPORT PROPERTIES. AUTOMOBILE PARKING WILL BE RESTRICTED TO THE INDIVIDUAL'S LEASEHOLD BUT WILL NOT ALLOW FOR THE EXTERIOR STORAGE OF BOATS, CONTAINERS, RV'S, TRAILERS, WRECKED AIRCRAFT ETC.

FENCING - IF APPROPRIATE, PROPERTIES, WITH EXTERIOR BOUNDARIES SHALL PROVIDE SECURITY FENCING. SAID SECURITY FENCING SHALL BE REQUIRED WITH CONSTRUCTION OF THE STRUCTURE. ALL FENCING SHALL BE 6 FT. HIGH, CHAIN LINK FENCE OR BETTER.

TRASH - ALL PROPERTY, FENCE AND BUILDING LINES SHALL BE KEPT CLEAR OF WEEDS, TRASH, AND LITTER. LANDSCAPING SHALL BE AT THE DISCRETION OF THE AIRPORT AUTHORITY.