

Item # 3-1

**City of Carson City  
Agenda Report**

**Date Submitted:** 8/25/2008

**Agenda Date Requested:** 9/4/2008

**Time Requested:** consent

**To:** Board of Supervisors

**From:** Carson City Airport Authority

**Subject Title:** Action to approve:

1. An amendment to the Carson City Airport Lease with Mountain West Aviation, LLC.
2. A new lease agreement for a portion of the Carson City Airport Lease Agreement with Mountain West Aviation, LLC.
3. An assignment of the new lease agreement from Mountain West Aviation, LLC., to KCXP Investments, LLC.

**Staff Summary:** This lease amendment, new lease on a portion of the leasehold and assignment reflects the relocation of the existing fuel island lease held by Mountain West Aviation, LLC., to accommodate the Master Plan improvements.

**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:

1. The amendment to the Carson City Airport Lease with Mountain West Aviation, LLC.
2. The new lease agreement for a portion of the Carson City Airport Lease Agreement with Mountain West Aviation, LLC., and,
3. The assignment of the new lease agreement from Mountain West Aviation, LLC., to KCXP Investments, LLC.

**Explanation for Recommended Board Action:**

This item comes as a result of the Airport Master Plan construction at the Airport. That plan includes a slight re-alignment of the runway so as to better fit in the Airport footprint and direct aircraft farther from homes. That re-alignment will change the building restriction area such that the current self serve fuel operation will need to be moved. Although FAA funding for the runway re-alignment is still 2 years away, the Airport Authority has negotiated a relocation of the fuel island and associated hangar parcels so as to accommodate the funding without delay. Although there is a theoretical possibility that funding might not be provided, all indications, including the current hill removal grant, indicate that the FAA funding will occur in 2010. In fact, the Airport Authority had been negotiating with the fuel island tenant for several years to try to solve this problem.

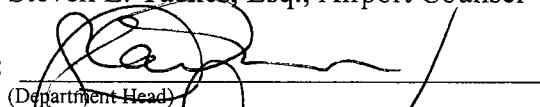
As resolved, and approved at the Airport Authority meeting of August 20, 2008, the fuel lease held by Mountain West Aviation, LLC., is amended to reduce it in size from 2.39 acres to .89 acres, and it will be relocated across Taxiway B upon FAA relocation funding. The lease was also extended by 4 years to compensate for some of the relocation expenses. The Authority will pave the new area and install utilities as part of its relocation duties using FAA funds. The remaining 1.5 acres, on which hangar construction was permitted under the original lease, will be moved to a new location, farther north and adjacent to Taxiway C. The Airport Authority approved the use of the Authority's standard 50 year hangar construction lease for the 1.5 acre relocated hangar parcel. (This lease includes all modifications requested by the Board of Supervisors to date on Airport leases. Eg. Insurance requirements, environmental, etc.) At the same Airport Authority meeting, the Airport Authority approved assignment of this hangar lease from Mountain West Aviation, LLC., to KCXP Investments, LLC. KCXP Investments (Tom Gonzales) currently holds a hangar lease and has been building some of the finest hangars that the Carson City Airport has ever seen. KCXP Investments is well qualified to operate the hangar leasehold, and has equipment and personnel on site which will allow construction to proceed on a timely basis.

As indicated earlier, the Airport Authority considered these requests and approved them on August 20, 2008, at a properly noticed meeting 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 the amendment, new lease and assignment are also subject to Board of Supervisor approval which is hereby requested.

**Applicable Statue, Code, Policy, Rule or Regulation:** Statutes of Nevada, Chapter 844.  
**Fiscal Impact:** Not Applicable. (Increased lease revenue to the Airport. No impact on City.)  
**Explanation of Impact:** Not Applicable.  
**Funding Source:** Not Applicable.  
**Alternatives:** Not Applicable  
**Supporting Material:** Lease Amendment, new Lease Agreement, Lease Assignment

**Prepared By:** Steven E. Tackes, Esq., Airport Counsel

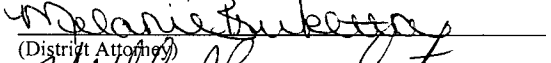
**Reviewed By:** \_\_\_\_\_

  
 (Department Head)

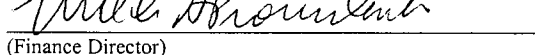
Date: 8-26-2008

\_\_\_\_\_  
 (City Manager)

Date: 8/26/08

  
 (District Attorney)

Date: 8-26-08

  
 (Finance Director)

Date: 8-26-08

**Board Action Taken:**

Motion: \_\_\_\_\_

- |          |         |
|----------|---------|
| 1) _____ | Aye/Nay |
| 2) _____ | _____   |
|          | _____   |
|          | _____   |
|          | _____   |

\_\_\_\_\_  
 (Vote Recorded By)

**AMENDMENT TO  
CARSON CITY AIRPORT LEASE AGREEMENT**

This Amendment to lease, made and entered into this 20<sup>th</sup> day of August, 2008, between the CARSON CITY AIRPORT AUTHORITY (Landlord), whose address is 2600 E. Graves Lane #6 Carson City, Nevada 89706, and MOUNTAIN WEST AVIATION, LLC.(Tenant), whose address is PO Box 1695, Crystal Bay, Nevada 89402.

WITNESSETH:

WHEREAS, the Tenant and Landlord desire to bifurcate Tenant's existing lease (on LP 44 and LP 45, recorded as Document Nos. 191541 and 368759, Carson City Records) into a reduced size fuel lease and a separate lease as regards certain ground space for construction of one or more hangars pursuant to the provisions of Title 19 of the Carson City Municipal Code; and

WHEREAS, the parties desire to amend the fuel lease to reduce its size to .89 acres and provide for its relocation across Taxiway B upon FAA funding under the Master Plan project.

THEREFORE, Landlord and Tenant agree as follows:

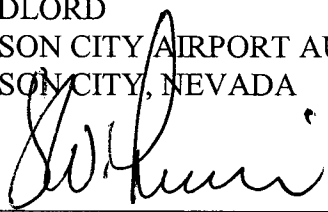
1. The area leased is reduced to its current paved footprint of .89 acres (38,768.40 sq feet), and the rental payments are correspondingly reduced to reflect the smaller lease area.
2. Upon receipt of FAA funding for relocation, the lease area shall be relocated directly across Taxiway B to LP 211 (adjusted to .89 acre) as set forth by Exhibit "A" attached. The entire cost of relocation, including but not limited to, design, engineering, permits and construction shall be borne by the Landlord. In the event that any portion of the improvements cannot be relocated, the Landlord shall provide for the replacement of such improvements to the relocated area.
3. The term of the lease is hereby extended by 4 years, thus it has a term of 42 years beginning upon approval of this Amendment by the Carson City Board of Supervisors.
4. All of the other terms and conditions of the original lease are unchanged.

TENANT  
MOUNTAIN WEST AVIATION, LLC,  
By: Mountain West Equities, Incorporated  
Its: Managing Agent



Michael Golden

LANDLORD  
CARSON CITY AIRPORT AUTHORITY  
CARSON CITY, NEVADA



Steve Lewis, CHAIRMAN



CARSON CITY

Approved by the Board of Supervisors this \_\_\_\_ day of September, 2008.

\_\_\_\_\_  
MARV TELXEIRA, 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  
Legal description and map

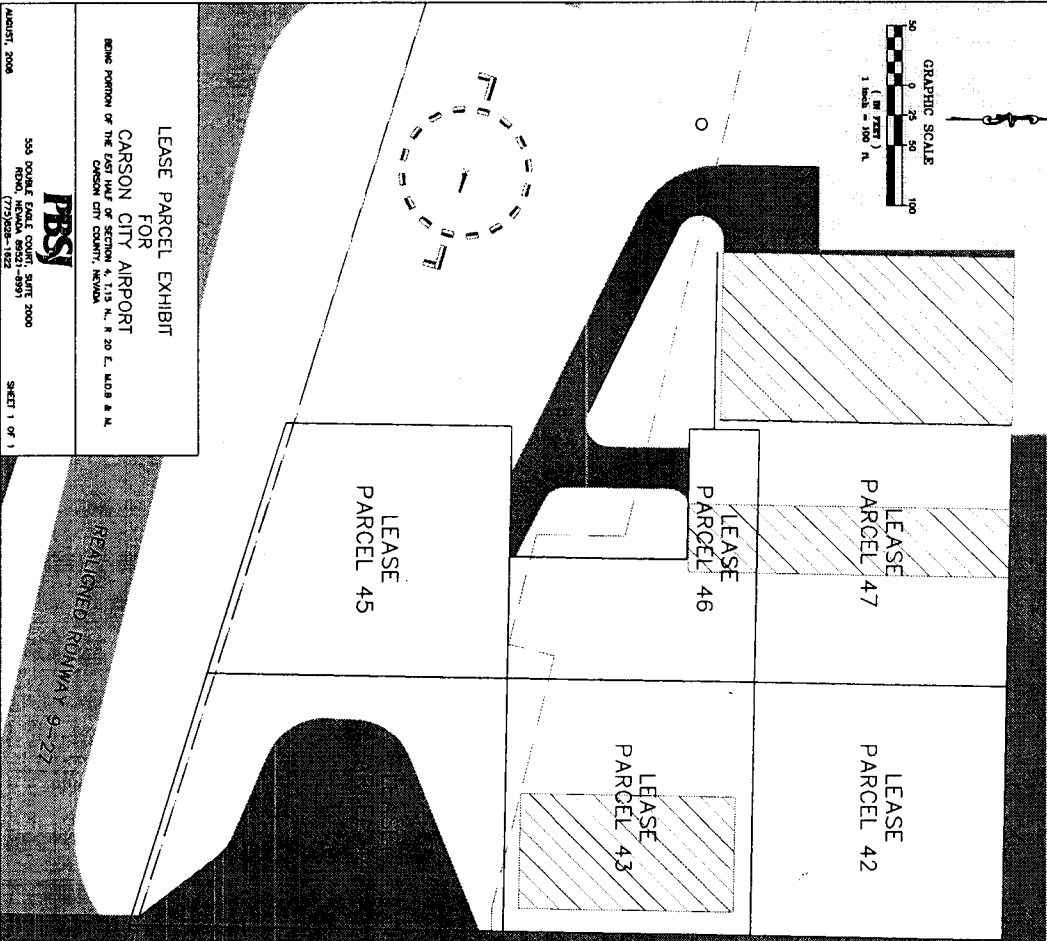
**BASIS OF BEARING**  
 THE BASIS OF BEARING FOR THIS SURVEY IS THE NEVADA STATE PLANE COORDINATE SYSTEM, UNADJUSTED, AND SHOWN ON THE REFERENCE SURVEY OF 1983, DOC. NO. 13888.

**SURVEYOR'S NOTE**  
 ALL INTERSECTION BEARINGS AND DISTANCES ARE PER RECORD OF SURVEY NO. 2100, FILED IN THE CARSON CITY RECORDS OFFICE AS DOC # 198734.



**GOLDEN LEASE PARCEL DESCRIPTION**

**FOR CARSON CITY AIRPORT**  
 BEING A PORTION OF THE EAST HALF OF SECTION 4, TOWNSHIP 15 NORTH, RANGE 20 EAST M.D.B. & M. WITHIN CARSON CITY COUNTY, NEVADA



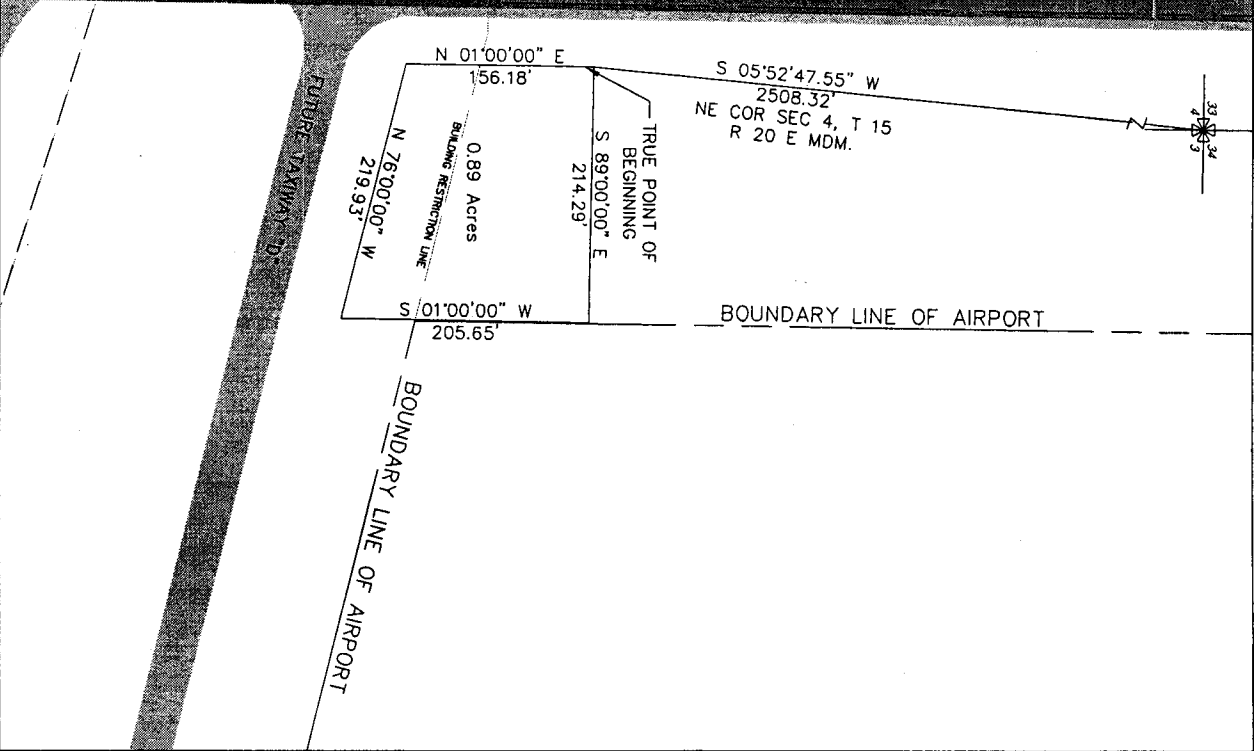
LEASE PARCEL EXHIBIT  
 FOR  
**CARSON CITY AIRPORT**  
 BEING A PORTION OF THE EAST HALF OF SECTION 4, T15 N., R 20 E., M.D.B. & M.  
 CARSON CITY COUNTY, NEVADA

**PBSJ**

555 DOUGLAS EARLE COURT, SUITE 2000  
 RENO, NEVADA 89521-8991  
 (775) 785-1122

AUGUST, 2008

SHEET 1 OF 1





August 25, 2008  
MB/BF

### Golden Lease Parcel 211 Description

All that portion of Section 4, Township 15 North, Range 20 East, M.D.M., in Carson City, Nevada, described as follows:

Commencing at the northeast corner of said Section 4, thence, South  $05^{\circ}52'47.55''$  West 2508.32 feet to the TRUE POINT OF BEGINNING of this description; thence, South  $89^{\circ}00'00''$  East 214.29 feet; thence South  $01^{\circ}00'00''$  West 205.65 feet; thence, North  $76^{\circ}00'00''$  West 219.93 feet; thence, North  $01^{\circ}00'00''$  East 156.18 feet, to the point of beginning.

Containing 0.89 acres, more or less.

The basis of bearings for this description is Nevada State Plane, West Zone.



## CARSON CITY AIRPORT LEASE AGREEMENT

This lease, made and entered into this 20th day of August, 2008, between Carson City (property owner), Carson City Airport Authority (Landlord), whose address is 2600 E. College Parkway #6 Carson City, Nevada 89706, and MOUNTAIN WEST AVIATION, LLC., (Tenant), whose address is PO Box 1695, Crystal Bay, Nevada 89402.

### WITNESSETH:

WHEREAS, the Tenant and Landlord desire to bifurcate Tenant's existing lease (on LP 44 and LP 45, recorded as Document Nos. 191541 and 368759, Carson City Records) into a reduced size fuel lease and this lease as regards certain ground space for construction of one or more hangars pursuant to the provisions of Title 19 of the Carson City Municipal Code; 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 economic activity and monetary 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 1.5 acres (two .75 acre areas) west of the Airport Structures lease and adjacent to Taxiway C, as set forth on the Record of Survey Map recorded February 29, 1996, and as fully described on Exhibit A ("Legal Description") to this lease (premises), and the appurtenant rights included in Paragraph 8.

2. TERM. The term shall be fifty (50) years from the date of approval by the Carson City Board of Supervisors hereunder.

3. RENT. Tenant shall pay to Landlord:

A. \$6,364.12 per year (\$530.34 per month); calculated as \$0.0974 per square foot per year for the entire leased area (65,340 sq. ft.) Rent shall be payable monthly with the first year's payment due in advance and with payments thereafter due on the first day of each month. Tenant shall be responsible for the paving of ramp and taxilane area within the leasehold boundaries.

B. Tenant shall pay \$12,000, per acre leased, in utilities infrastructure fees to utilize the utility plant previously installed on the Airport at the expense of the Airport Authority, separate and apart from any hookup fees assessed by the Carson City Utility Department.

C. Tenant shall install, at Tenant's cost, utilities infrastructure and paving in conformance with the engineering design approved by the Authority for this area.

4. CPI ADJUSTMENT. An adjustment of the rental and fees above described shall occur on two year anniversary intervals from January 1, 2008, during the term of this Lease. Such adjustment of rental shall be based upon the percentage change reflected by the Consumer Price Index (hereinafter called the Price Index) for the preceding two year period. The Price Index shall mean the average for "all items" shown on the "U.S. City Average for All Urban Consumers" as promulgated by Bureau of Legal Statistics of the U.S. Department of Labor, as amended or replaced by the agency. Landlord shall measure each two year adjustment using the most recently available report, recognizing that it may be necessary to use a 2 year period with a final quarter ending prior to each December 31 adjustment date. In no event, however, shall any decrease in the Consumer Price Index result in a decrease of the rental below the base rate. For example, if the CPI for December 2007 is 155.0 (1982-1984=100) and for December 2005 is 150.0, then the rent would be adjusted by the difference(155.0-150.0) divided by 150.0 which equals a 3.3% increase.

5. IMPROVEMENTS. Tenant shall commence construction of the subject improvement as set forth in Exhibit B to this lease with construction completed within 2 years of execution of this Lease. Tenant shall, within 180 days of execution of this Lease, conduct a record of survey in coordination with Landlord 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.

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

A. Failure to pay rent when due, 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. Violation of Tenant or its contractors, and/or subcontractors of the terms and conditions of this Agreement, as determined by Landlord at its sole discretion. If such default is not cured, within ten (10) days after written notice thereof form

Landlord to Tenant, Landlord may, at its sole discretion, suspend or terminate this Agreement.

D. Failure of Tenant to abide by all applicable laws, ordinances, rules and regulations of the United States, State of Nevada, or Carson City.

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.

G. Failure to provide the required certificates of insurance if such failure continues after 10 days written notice.

H. Failure to complete construction of the facilities as required by this Lease and any exhibits or amendments thereto, or extensions granted by action of the Airport Authority at a publicly noticed meeting. Landlord may terminate this Lease under this subsection H at its sole discretion, with thirty (30) days written notice of its intention to terminate this Lease.

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. Such rights and remedies may be exercised and enforced concurrently and whenever and as often as deemed advisable. Any amount paid or expense or liability incurred by the Landlord for the account of Tenant may be deemed to be additional charges and the same may, at the option of Landlord, be added to any amounts then due or thereafter falling due.

A. Penalties. Landlord or City may assess any penalties permitted under Carson City Municipal Code Title 19, or any penalties otherwise provided by law if the default constitutes a violation of law.

B. 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.

C. 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 space associated with the stored aircraft, and 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, by this lease, an authorized FBO for the inside storage of aircraft, and shall comply with the provisions of Title 19 applicable to the public provision of aircraft storage for multiple aircraft hangars. Tenant shall not perform any salvage, rehabilitation, maintenance, construction or reconstruction, commercial, or industrial operations for any aeronautical uses, vehicles, and equipment except for aircraft owned by Tenant unless 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. Landlord's decision shall be final as to claims of conflict over interfering uses. No person may live in, or otherwise inhabit, any hangars constructed on the property leased. 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 taxiways between premises and runway. Tenant shall be responsible for, and control the access to, the premises. Access between the leasehold and Airport shall comply with the Landlord's rules, regulations, or access plans and any rules or security regulations which may have been established or shall be established in the future by the FAA, the Transportation Security Administration (TSA) or the State of Nevada. 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. Exported material must be approved by the Landlord as to placement or sale. Tenant acknowledges that Landlord is the owner of the dirt material in place at the time of lease. 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](http://www.faa.gov/airports_airtraffic/airports/aip/grant_assurances/media/airport_sponsor_assurances.pdf) or such updated listing at the official website maintained by the FAA.

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 the Carson City Airport Rules and Regulations upon leased premises.

9. ASSIGNMENT AND SUBLEASING. Tenant shall be permitted to assign this lease, or a portion thereof, to a hangar owners association to allow individual ownership of hangars, but Tenant shall remain the single entity responsible to Landlord. The parties anticipate that individual owners of hangars will be members of said association, and to the extent consistent with that assignment, Tenant or Association may sublease portions of the leasehold to said individual owners, without further approval required of Landlord, where such subleases are necessary or appropriate to the sale of interest in individual hangars. Tenant and Association may assign or delegate lease obligations as between each other with respect to operation or maintenance of the leasehold, recognizing the Tenant is ultimately responsible to Landlord. Tenant shall have no other right to assign or sublet its interest in this lease except upon Landlord's prior consent. Any assignment or sublease will be binding to assignees/sublessees on all terms and conditions in this lease.

Tenant shall have the right to assign, pledge, or hypothecate this lease for the purpose of securing additional financing, upon the prior approval of Landlord. Upon request of Tenant, Landlord agrees to execute an estoppel certificate for the benefit of Tenant, or the benefit of individual hangar owners association members if in relation to individual financing, representing that the lease is in full force and effect, and Tenant is not in default under the lease and such other items as Tenant may reasonably request.

The parties agree that a transfer of corporate interests in excess of twenty-five percent (25%) shall be deemed an assignment of this lease.

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 ONE MILLION DOLLARS (\$1,000,000.00), 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.

D. Insurance to remain in effect. Tenant agrees to keep all insurance policies in effect, as required by this Lease, until the time Tenant surrenders the premises.

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 Carson City, Landlord, its 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 Carson City and Landlord 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..

Carson City, Landlord, its 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 Environmental Laws and Permits. 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 environmental 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 Carson City, Landlord, its 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, its 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. Landlord shall have sole discretion in interpreting and enforcing all Federal, State, and local rules, regulations, codes, 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, or upon termination of this lease, 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 and placement before 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.

TENANT  
MOUNTAIN WEST AVIATION, LLC,

Michael Golden  
Michael Golden, LLC Manager

LANDLORD  
CARSON CITY AIRPORT AUTHORITY  
CARSON CITY, NEVADA

Steve Lewis  
Steve Lewis, CHAIRMAN

ATTEST:

Collie Hutter  
Collie Hutter, TREASURER

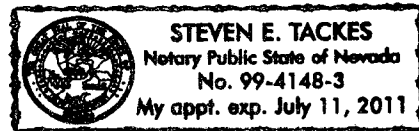
STATE OF NEVADA )

COUNTY OF Carson City )<sup>SS</sup>

On this 25<sup>th</sup> day of August, 2008, before me, the undersigned, a Notary Public, personally appeared Michael Golden, President of, or Managing Member of MOUNTAIN WEST AVIATION, LLC, known to me to be the person described herein, who executed the foregoing instrument, and he acknowledged to me, that he has the requisite authority and executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

Steven E. Tackes  
NOTARY PUBLIC (SEAL)





CARSON CITY

Approved by the Board of Supervisors this \_\_\_\_ day of September, 2008.

\_\_\_\_\_  
MARV TEIXEIRA, 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.

**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.

Exhibit A  
Legal description and map

**GOLDEN LEASE PARCEL  
DESCRIPTION  
FOR**

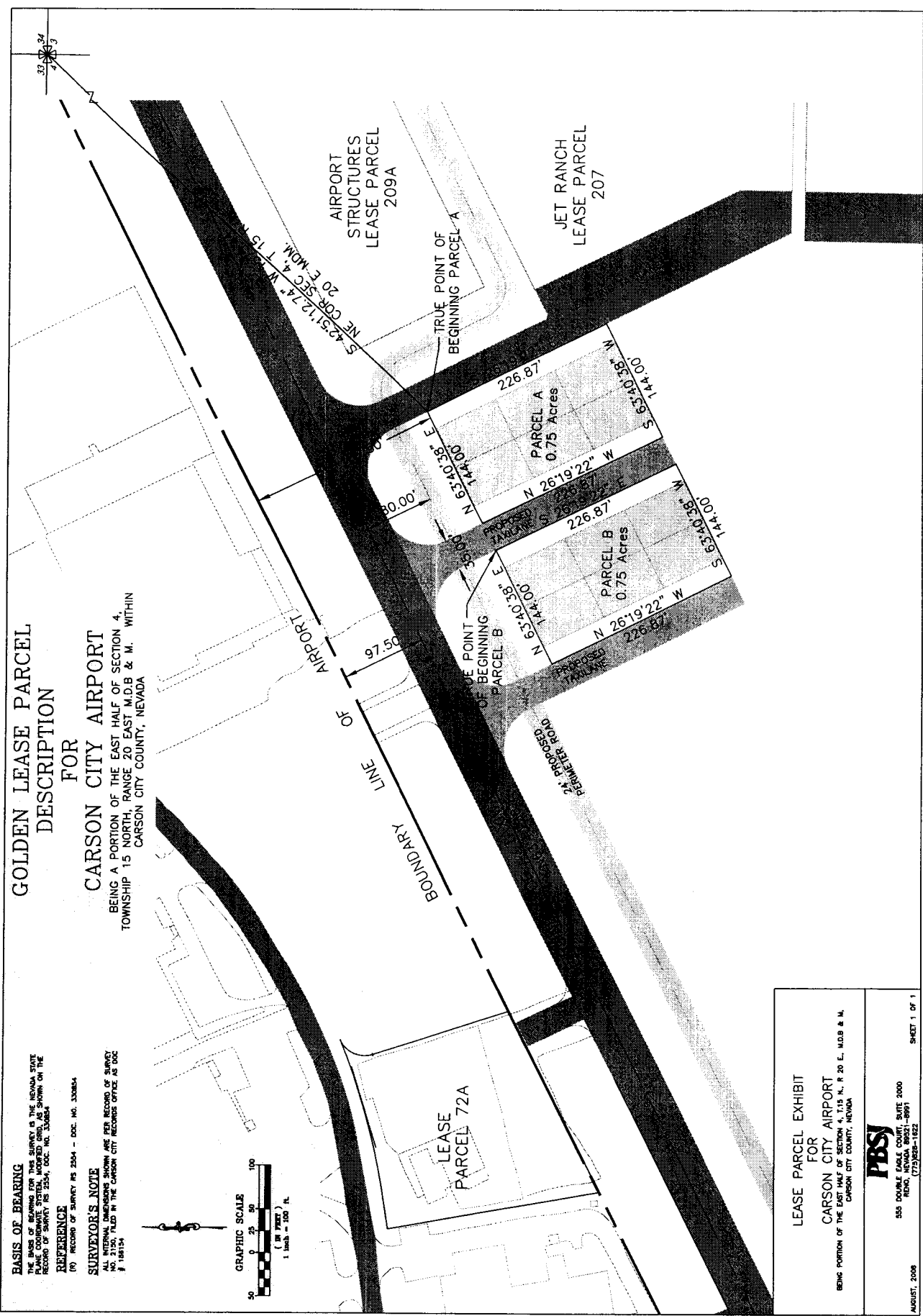
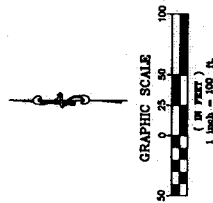
**CARSON CITY AIRPORT**  
BEING A PORTION OF THE EAST HALF OF SECTION 4,  
TOWNSHIP 15 NORTH, RANGE 20 EAST M.D.B & M. WITHIN  
CARSON CITY COUNTY, NEVADA

**BASIS OF BEARING**  
THE BASIS OF BEARING FOR THIS SURVEY IS THE NEVADA STATE  
MERCATOR PROJECTION COORDINATE SYSTEM SHOWN ON THE  
RECORD OF SURVEY #S 2534, DOC. NO. 334284

**REFERENCE**  
CITY RECORD OF SURVEY #S 2534 - DOC. NO. 334284

**SURVEYOR'S NOTE**

ALL INTERNAL DIMENSIONS SHOWN ARE PER RECORD OF SURVEY  
NO. 2150, FILED IN THE CARSON CITY RECORDS OFFICE AS DOC  
# 1818154



LEASE PARCEL EXHIBIT  
FOR  
CARSON CITY AIRPORT  
BEING PORTION OF THE EAST HALF OF SECTION 4, T15 N., R 20 E., M.D.B & M.  
CARSON CITY COUNTY, NEVADA

**PBSJ**

555 DOUBLE EAGLE COURT, SUITE 2000  
RENO, NEVADA 89521-8981  
(775)882-1022

AUGUST, 2008

SHEET 1 OF 1



August 14, 2008  
MB/BF

### Golden Lease Parcel Description

All that portion of Section 4, Township 15 North, Range 20 East, M.D.M., in Carson City, Nevada, described as follows:

Commencing at the northeast corner of said Section 4, thence, South  $42^{\circ}51'12.74''$  West 1575.44 feet to the TRUE POINT OF BEGINNING of this description; thence, South  $26^{\circ}19'22''$  East 226.87 feet; thence South  $63^{\circ}40'38''$  West 144.00 feet; thence North  $26^{\circ}19'22''$  West 226.87 feet; thence, North  $63^{\circ}40'38''$  East 144.00 feet, to the point of beginning.

Together with the following described parcel:

Commencing at the northeast corner of said Section 4, thence, South  $42^{\circ}51'12.74''$  West 1575.44 feet; thence South  $63^{\circ}40'38''$  West 179.00 feet to the TRUE POINT OF BEGINNING of this description; thence, South  $26^{\circ}19'22''$  East 226.87 feet; thence South  $63^{\circ}40'38''$  West 144.00 feet; thence North  $26^{\circ}19'22''$  West 226.87 feet; thence, North  $63^{\circ}40'38''$  East 144.00 feet, to the point of beginning.

Containing 1.50 acres, more or less.

The basis of bearings for this description is Nevada State Plane, West Zone.

**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 shall cause any contract with any contractor, designer or other person providing work, labor or materials to the Premises to include the following clause:

**“Contractor agrees on behalf of itself, its subcontractors, suppliers and consultants and their employees, that there is no legal right to file a lien upon City-owned property (Airport), and will not file a mechanic's lien or otherwise assert any claim against City's real estate on account of any work done, labor performed or materials furnished under this contract. Contractor agrees to indemnify, defend and hold the Airport Authority and City harmless from any liens filed upon City's property and shall promptly take all necessary legal action to ensure the removal of any such lien at Contractor's sole cost.”**

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 1 year of the effective date of the lease.

2. All permits obtained for construction within 120 days next following.
3. All construction completed within two years of the effective date of 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.

**ASSIGNMENT OF GROUND LEASE**

APN: \_\_\_\_\_

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

KCXP INVESTMENTS, LLC  
134 Lakes Boulevard  
Dayton, Nevada 89043  
Attention: George Reinhardt

ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND LANDLORD'S CONSENT

THIS ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND LANDLORD'S CONSENT ("**Assignment**"), is executed as of July 23, 2008, and effective as of the Effective Date (as defined below), by and among MOUNTAIN WEST AVIATION, LLC, LLC, a Nevada limited liability company ("**Assignor**"), KCXP INVESTMENTS, LLC, a Delaware limited liability company ("**Assignee**"), and CARSON CITY AIRPORT AUTHORITY ("**Landlord**").

- A. Assignor and Landlord entered into that certain Carson City Airport Lease Agreement effective as of the Effective Date (as amended, the "**Ground Lease**") between Carson City Airport Authority ("**Landlord**") attached hereto as Exhibit "A", pursuant to which Landlord agreed to lease to Assignor and Assignor agreed to lease from Landlord those certain real property and appurtenant rights identified therein (the "**Leased Premises**").
- B. Pursuant to numbered section 9 of the Ground Lease, Landlord's prior written consent is required for any assignment of Assignor's interest the Ground Lease.
- C. Pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions (as amended the "**Purchase Agreement**"), dated as of August 21, 2008 by and among Assignor as "Seller" and Assignee, as "Purchaser," at the Closing (as defined in the Purchase Agreement), Assignor shall assign and transfer to Assignee all of Assignor's right, title and interest, in and to the Leased Premises and the Ground Lease. The Closing Date as used herein shall have its meaning as set forth in the Purchase Agreement.
- D. Landlord has agreed to the assignment of the Ground Lease from Assignor to Assignee, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the parties hereby agree as follows:

1. **Assignment**. Assignor hereby assigns to Assignee all of Assignor's right, title and interest, as tenant, in, to and under the Ground Lease, to be effective from and after the Closing.
2. **Assumption**. Assignee hereby assumes all of Assignor's obligations in, to and under the Ground Lease first accruing after the Closing, to be effective upon the Closing.



3. Indemnification. Assignee hereby agrees to indemnify, defend and hold Assignor harmless with respect to any loss or liability resulting from any breach by Assignee of its obligations as tenant under the Ground Lease occurring after the date of the Closing. Assignor hereby agrees to indemnify, defend and hold Assignee harmless with respect to any loss or liability resulting from any breach by Assignor of its obligations as tenant under the Ground Lease occurring up to and including the date of the Closing.

4. Miscellaneous. This Assignment may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall be one instrument. This Assignment shall be binding upon the parties and their respective successors and assigns. This Assignment shall be governed by and interpreted in accordance with the laws of the State of Nevada. If any action or proceeding is commenced by either party with respect to this Assignment, the prevailing party in such action or proceeding shall be entitled to recover its costs and expenses incurred in such action or proceeding, including attorney's fees and costs. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one agreement.

5. Effective Date of Assignment. This Assignment shall be effective as of the date the Carson City Airport Authority executes this Assignment and records this Assignment at the Carson City Records Office ("**Effective Date**"). In the event the Closing does not occur for any reason whatsoever, this Assignment shall be null and void and no longer effective.

(Remainder of Page Left Intentionally Blank)

IN WITNESS WHEREOF, this Assignment is made and entered into as of the date first set forth above.

ASSIGNOR:

MOUNTAIN WEST AVIATION, LLC,  
a Nevada limited liability company

By: *Michael Golden*  
Name: Michael Golden  
Title: Managing Agent

ASSIGNEE:

KCXP INVESTMENTS, LLC,  
a Delaware limited liability company

By: *Tom Gonzales*  
Name: Tom Gonzales  
Title: Member

CONSENTED TO BY:

CARSON CITY AIRPORT AUTHORITY

By: *S.W. Lewis*  
Name: S.W. Lewis  
Title: Chairman

STATE OF NEVADA FLORIDA

COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on Aug 20th, 2008, by TOM GONZALES as MEMBER of KCXP Investments LLC

[Signature]

Notary Public

My commission expires: 4/29/12

NOTARY PUBLIC-STATE OF FLORIDA  
Brandon Shawn Norris  
Commission # DD801473  
Expires: JUNE 29, 2012  
Atlantic Bonding Co. Inc.

STATE OF NEVADA

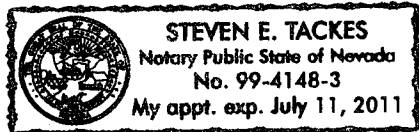
COUNTY OF CARSON CITY

This instrument was acknowledged before me on Aug 25, 2008, by Michael Golden as Managing Agent of Mountain West Aviation, LLC

[Signature]

Notary Public

My commission expires: July 11, 2011



STATE OF NEVADA

COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_, 2008, by \_\_\_\_\_ as \_\_\_\_\_ of \_\_\_\_\_.

Notary Public

My commission expires: \_\_\_\_\_

CARSON CITY

Approved by the Board of Supervisors this \_\_\_\_ day of September, 2008.

\_\_\_\_\_  
MARV TEIXEIRA, 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

Carson City Airport Lease Agreement

(See Attached)