

City of Carson City Agenda Report

Date Submitted: 07/21/11

Agenda Date Requested: 08/04/11

Time Requested: consent

To: Board of Supervisors

From: Carson City Airport Authority

Subject Title: Action to approve the assignment of the Airport lease, recorded as Document No. 239343, on lease lot 35-B (2963 Arrowhead Drive) currently held by Wayne Brooks to Tri-Motor, LLC (John Seibold, Member/Manager).

Staff Summary: At a regular meeting of the Carson City Airport Authority on July 20, 2011, publicly noticed for that purpose, the Authority approved an assignment of the airport lease on Airport lease lot 35B from Wayne Brooks to Tri-Motor, LLC.

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 assignment of the Airport lease, recorded as Document No. 239343, on lease parcel 35-B (2963 Arrowhead Drive) currently held by Wayne Brooks to Tri-Motor, LLC (John Seibold, Member/Manager)..

Explanation for Recommended Board Action:

Under Nevada Chapter 844, which created the Carson City Airport Authority, lease agreements at the Airport must be approved by the Carson City Board of Supervisors. The Airport Authority has approved the lease assignment and requests Board of Supervisors approval.

The short version is that we have a tenant who is purchasing the hangar and associated lease from a prior tenant. The lease expressly permits assignment so long as approved by the Airport Authority and the City. The assignment provides that the new tenant, John Seibold, will take the lease under his LLC (Tri-Motor, LLC, a Nevada limited liability company) and do so under the precise terms of the existing lease. The new tenant, John Seibold, has an excellent reputation in the State of Nevada and within the aviation community.

The history of the lease is as follows. The underlying lease was issued in 1997 with a 50 year term (measured from 1994), and thus terminates on October 23, 2044. A copy of the lease is attached to the Assignment. The terms of the lease permit the tenant to use the premises for "storage of aircraft, machinery, parts and tools associated with the stored aircraft; office space associated with the stored aircraft", and expressly prohibits FBO activities other than aircraft storage.

The form of the Assignment follows the format of assignments previously used by the Airport Authority and Carson City to transfer hangar/lease ownership. The agreement of the

parties is to close escrow on or before August 22, 2011. However, we were notified that the parties intend to close escrow on the assignment as soon as the City approves the assignment..

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

Fiscal Impact: No City impact.

Explanation of Impact: Not Applicable.

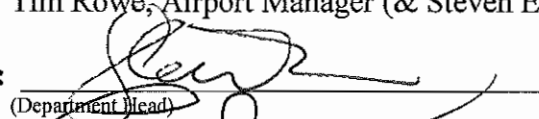
Funding Source: Not Applicable.

Alternatives: Not Applicable

Supporting Material: Assignment

Prepared By: Tim Rowe, Airport Manager (& Steven E. Tackes, Esq., Airport Counsel)

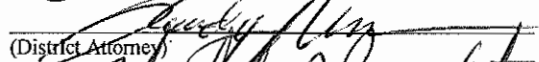
Reviewed By:


(Department Head)

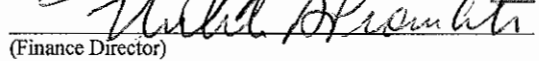
Date: 7.21.2011


(City Manager)

Date: 7/26/11


(District Attorney)

Date: 7/26/11


(Finance Director)

Date: 7/26/11

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

APN: 005-011-75

Recording Requested By:

When recorded return to:

Tri-Motor, LLC
P.O. BOX 570337
LAS VEGAS, NV 89157

ASSIGNMENT OF GROUND LEASE

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 14, 2011, and effective as of the Effective Date (as defined below), by and among WAYNE BROOKS ("Assignor"), TRI-MOTOR, LLC, a Nevada 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 June 22, 2011 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.

NO, 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 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.

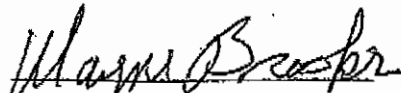
5. Effective Date of Assignment. This Assignment shall be effective as of the date the Carson City Airport Authority executes this Assignment and records this Assignment at the Carson City Records Office ("Effective Date"). In the event the Closing does not occur for any reason whatsoever, this Assignment 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:

ASSIGNEE:

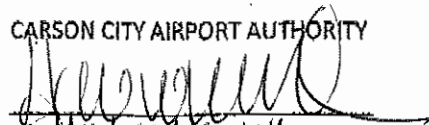

Wayne Brooks

TRI-MOTOR, LLC
a Nevada limited liability company

By: John Seibold
Title: _____

CONSENTED TO BY:

CARSON CITY AIRPORT AUTHORITY


By: Harlow Norvell
Title: CHAIRMAN

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

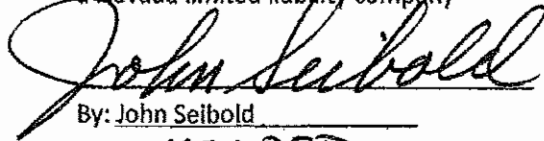
ASSIGNOR:

ASSIGNEE:

TRI-MOTOR, LLC

a Nevada limited liability company

Wayne Brooks


By: John Seibold

Title: MEMBER

CONSENTED TO BY:

CARSON CITY AIRPORT AUTHORITY

BY: _____

Title: _____

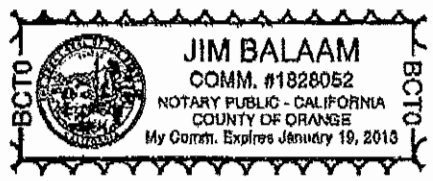
STATE OF California)
) ss.

COUNTY OF ORANGE)

On this 15th day of July, 2011, personally appeared before me a Notary Public in and for ORANGE County, State of California, WAYNE BROOKS known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

[Signature]
NOTARY PUBLIC



STATE OF _____)
) ss.

COUNTY OF _____)

On this _____ day of _____, 2011, personally appeared before me a Notary Public in and for _____ County, State of _____, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF _____)
) ss.

COUNTY OF _____)

On this _____ day of _____, 2011, personally appeared before me a Notary Public in and for _____ County, State of _____, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

NOTARY PUBLIC

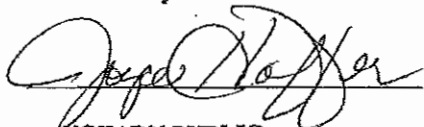
STATE OF NEVADA)

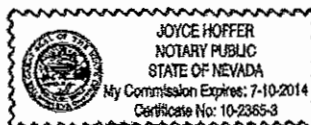
) ss.

COUNTY OF Carson City

On this 14 day of July, 2011, personally appeared before me a Notary Public in and for Carson City County, State of NEVADA John Rudolph Serbold known to me to be the person is described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.


NOTARY PUBLIC



STATE OF _____)

) ss.

COUNTY OF _____)

On this _____ day of _____, 2011, personally appeared before me a Notary Public in and for _____ County, State of _____, _____ known to me to be the person _____ described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF _____)

) ss.

COUNTY OF _____)

On this _____ day of _____, 2011, personally appeared before me a Notary Public in and for _____ County, State of _____, _____ known to me to be the person _____ described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

NOTARY PUBLIC

CARSON CITY

Approved by the Board of Supervisors this ____ day of _____, 2011.

ATTEST:

CITY'S LEGAL COUNSEL
Approved as to form

By: _____

By: _____

AIRPORT AUTHORITY COUNSEL

Approved as to form


By: STEVEN R. TACKES
AIRPORT COUNSEL

EXHIBIT A
Carson City Airport Lease Agreement

CARSON CITY AIRPORT LEASE AGREEMENT

This lease, made and entered into this 30th day of March 1997, between the Carson City Airport Authority (Landlord), whose address is 2600 E. Graves Lane #6 Carson City, Nevada 89706, and Wayne Brooks (hereinafter referred to as Brooks or Tenant), whose address is 15312 Connector Road, Huntington Beach, CA92649.

WITNESSETH:

WHEREAS, the Brooks is the principal of J.E. Pistons and currently leases from Landlord certain ground space for Brooks's hangar and ramp area pursuant to a lease recorded October 21, 1994, as Document No. 000168289, which lease also includes ground space for a hangar and ramp area held by Corrao Incorporated of Reno whose principal is Lud Corrao; and

WHEREAS, Brooks and Corrao desire to split the ground lease into two to coincide with their respective hangars with joint use of common ramp areas, and to have the leases reflect the ownership by the principals; and

WHEREAS, the terms of this lease (except for the split of tenants and area) are a restatement of, and will be a replacement for, the earlier lease.

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 in Exhibit A (premises), and the appurtenant rights included in Paragraph 8. Corrao and Brooks shall also have joint use of the ramp areas common to their respective leaseholds.

2. TERM. The term is fifty (50) years commencing October 24, 1994.

3. RENT. Tenant shall pay to Landlord:

A. \$3,564.88 dollars per year: calculated as base rates of \$0.102 per square foot per year for area 35B and \$0.04 for the clear area or \$0.075 per square foot per year for the entire leased area (45,084 sq. ft.), and increased by 5.9% CPI as of January 1 1997. 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.

B. Fuel flowage fees pursuant to Paragraph 8 of this Lease, such fees to be paid at the time of each delivery of fuel to Tenant's fuel storage facility.

4. CPI ADJUSTMENT. An adjustment of the rental and fees above described shall occur on two year anniversary intervals from January 1, 1995, 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. LESSOR 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 1996 is 155.0 (1982-1984=100) and for December 1994 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 has completed the construction schedule.

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. 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 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. 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. Landlord agrees that Tenant will be the sole Tenant and occupant of the leasehold under the terms of this lease Agreement. Tenant may construct, upon Landlord approval and other applicable governmental approvals, a fuel storage facility for Tenant's own use only. For all fuel so stored, Tenant shall pay Landlord a fuel flowage fee designated in Title 19 of the Carson City Municipal Code applicable to all owners of fuel storage facilities, except those which are limited by leases or contracts entered into by Carson City prior to the creation of the Carson City Airport Authority (July 5, 1989).

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. Access between the leasehold and Airport shall comply with the Landlord's rules, regulations, or access plans.

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.

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. 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. The Tenant assures that it will require that its covered suborganization provide assurance to the Tenant that they similarly will require assurance from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.

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 306a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

F. Tenant assures complete compliance with the Carson City Airport Rules and Regulations upon leased premises.

9. ASSIGNMENT AND SUBLEASING. Tenant shall have no right to assign or sublet its interest in this lease except upon Landlord's prior consent. Any such 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.

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 additional

insureds and requires that the insurance carrier underwriting such coverage give the Landlord and Carson City 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.

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 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.

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. 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.

13. TAX OBLIGATION. Tenant shall pay all taxes and assessments 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.

14. 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 termination 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.

15. 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.

16. 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 regularly scheduled meetings of the Carson City Airport Authority and Carson City Board of Supervisors for consideration.

17. 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.

18. 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.

19. ADDITIONAL CONDITIONS: Tenant shall be responsible for any utility charges assessed by the utility companies. Unless otherwise provided, Tenant shall comply with the Development/Construction Standards set forth in Appendix A.

TENANT


WAYNE BROOKS

LANDLORD
CARSON CITY AIRPORT AUTHORITY
CARSON CITY, NEVADA

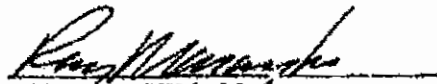

RON KITCHEN, CHAIRMAN

ATTEST:

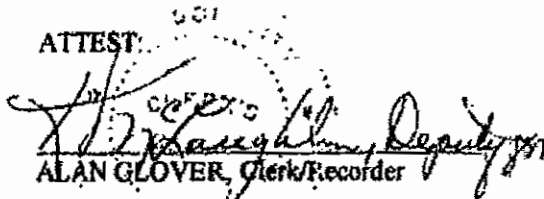

TIM HOMAN, SECRETARY C.C.A.A.
STEVE HELSHOFER, ~~VICE~~ CHAIRMAN

CARSON CITY

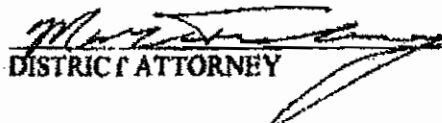
Approved by the Board of Supervisors this 19th day of Aug, 1999


RAY MASAYKO, Mayor

ATTEST:


ALAN GLOVER, Clerk/Recorder

CITY'S LEGAL COUNSEL
Approved as to form.


DISTRICT ATTORNEY

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

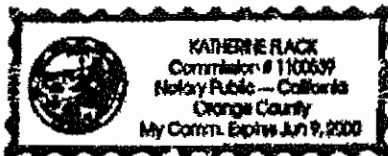
State of CALIFORNIA

County of ORANGE

On 11/20/98 before me, KATHERINE FLACK, Notary Public

personally appeared WAYNE BROOKS

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Katherine Flack
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer
Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

Exhibit A

LEGAL DESCRIPTION

LEASE PARCEL 35-B

All that certain parcel of land situate in the SE 1/4 of Section 33, T. 16 N., R. 20 E., M.D.M., Carson City, Nevada. Said parcel being more particularly described as follows:

COMMENCING at the SW corner of said Section 33;

THENCE, N 74°23'49" W, a distance of 260.45 feet to the **TRUE POINT OF BEGINNING**;

THENCE N 89°26'31" W, a distance of 217.52 feet;

THENCE N 0°44'54" E, a distance of 197.72 feet to the beginning of a non-tangent curve to the right;

THENCE along a curve having a radius of 425.00 feet, arc length of 95.28 feet, delta angle of 12°50'44", a chord bearing of N 84°08'07" E, and a chord length of 95.08 feet;

THENCE S 89°26'31" E, a distance of 123.99 feet;

THENCE S 1°0'0" W, a distance of 208.37 feet; to the **TRUE POINT OF BEGINNING**.

CONTAINING 45,085 square feet, 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. Phase 1 - All plans completed and submitted to LESSOR and governmental offices for approval.

2. Phase II - All permits obtained for construction.

3. Phase III - All construction completed.

B. Failure to Use Property. Failure by Tenant to satisfy the requirements as set forth in Phases I, II, and III above may result in default of this Agreement and Landlord may, at its discretion, disallow the use of any, or all, property within the parcel as identified in Exhibit

A.

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 on 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.

FILED FOR RECORD
ON THE REQUEST OF
CARSON CITY CLERK TO
THE BOARD
99 AUG 26 AM 1:35

FILE NO. 239343
ALAN SILVER
CARSON CITY RECORDER
CLERK N/C *[Signature]*

E. 239343