

**City of Carson City
Agenda Report**

Date Submitted:02/29/12

Agenda Date Requested:03/15/12
Time Requested: consent

To: Board of Supervisors
From: Carson City Airport Authority

Subject Title: Action to approve an Airport replacement lease to consolidate original lease and 10 addendums into one updated lease document for the lease between El Aero Services and the Carson City Airport Authority for Parcels 20 and 21 on the maps recorded as Document No. 404188 (formerly Miser Portahangar lease)

Staff Summary: At a regular meeting of the Carson City Airport Authority on February 15, 2012, publicly noticed for that purpose, the Authority approved a replacement lease to the series of documents executed from 1981 (original lease) through 2010 via 10 addendums. All significant terms remain the same but are reflected in one document.

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 Airport replacement lease to consolidate the original lease and 10 addendums into one updated lease document for the lease between El Aero Services and the Carson City Airport Authority for Parcels 20 and 21 on the maps recorded as Document No. 404188 (formerly Miser Portahangar lease)

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 a replacement lease and requests Board of Supervisors approval.

In 1981, Carson City leased a parcel on the Airport to Earl Miser dba Porta-Hangar for placement of hangars for aircraft storage. Throughout the last 30 years, that lease was assigned and amended via 10 Addendums addressing changes in the use, the area, CPI adjustments and a variety of other terms. (The first page of the new lease recounts each and identifies the key issue addressed.) Each such document was approved by the Board of Supervisors sitting at the time. However, trying to manage the property via a large collection of documents has proved difficult and at times has resulted in confusion.

The replacement lease consolidates all of the lease provisions and places them into the model lease format used by the Authority. This format is current on laws and FAA requirements applicable to the Airport and is more easily managed by the Authority and El Aero. In working with El Aero, we made sure that all of El Aero's lease rights were preserved. As such, the

replacement lease makes no changes to the current rent, leased area or any other significant term of the lease, however all terms are now consistent with current law and sound airport practices.

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

Fiscal Impact: No City impact.

Explanation of Impact: Not Applicable.

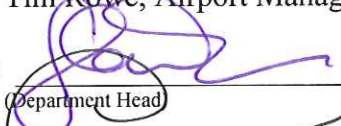
Funding Source: Not Applicable.

Alternatives: Not Applicable

Supporting Material: Assignment

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

Reviewed By:



(Department Head)

Date: 3-5-2012



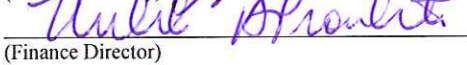
(City Manager)

Date: 3/6/12



(District Attorney)

Date: 3/6/12



(Finance Director)

Date: 3/6/12

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

CARSON CITY AIRPORT LEASE AGREEMENT

This lease (hereinafter, the "Lease" or "Agreement") is made and entered into this 15th day of February, 2012, between CARSON CITY AIRPORT AUTHORITY, successor to CARSON CITY, a consolidated municipality of the State of Nevada (collectively, "LESSOR"), whose address is 2600 College Parkway #6, Carson City, Nevada 89706, and EL AERO SERVICES, INC., a Nevada corporation ("LESSEE"), whose address is 2101 Arrowhead Drive, Carson City, NV 89706.

WITNESSETH:

WHEREAS, the LESSEE and LESSOR are the successor parties to a lease dated December 4, 1981 permitting hangar construction and rental as well as use of ramp areas for tie-downs.

WHEREAS said lease has been amended numerous times, specifically by addendums to said lease, including:

First Addendum dated 12-4-1981, added tie-down rentals;

Second Addendum dated 1-21-1982, required hangars meet snow and wind load requirements.

Third Addendum dated 5-5-1984, allows construction of permanent hangars on 50% of area and installation of utilities at LESSEE's expense.

Fourth Addendum dated 8-2-1984, changed term of lease to expire on Dec. 4, 2011.

Fifth Addendum dated 12-07-1989, boundary change.

Sixth Addendum dated 11-30-1992, CPI clause to 2 yr standard.

Seventh Addendum dated 7-11-1996, boundary change.

Eighth Addendum dated 7-9-1998, set tie-down rental at \$7.14 per tiedown per month.

Lease term Addendum dated 1-1-2003, changed rental rate on parcel and changed lease to expire on Dec 4, 2031; and

Ninth Addendum dated 4-15-2010, changed lease area due to runway project, moved some tie-downs to other El Aero lease, clarified rights to tie-downs without pavement maintenance obligation.

WHEREAS, the parties desire to consolidate the lease provisions into one manageable document to be administered by LESSOR and LESSEE.

THEREFORE, LESSOR and LESSEE agree as follows:

1. PREMISES. LESSOR leases to LESSEE and LESSEE leases from LESSOR the following at the Carson City Airport (collectively, the "Premises"):

a. *Hangars.* LESSEE leases the hangar area identified as "New Lease Parcel 20" as depicted in Exhibit A hereto and with the legal description contained in Exhibit C hereto. New Lease Parcel 20 is for the construction and lease of portable or permanent hangars with the condition that the area occupied by permanent hangars may not exceed 50% of the hangar area. Utilities may be extended at LESSEE's expense to said hangars. All hangars must be constructed to meet the snow load and wind load requirements of Carson City. All hangars may only be used for storage of aircraft and related equipment.

b. *Tiedowns.* LESSEE is given the right to utilize and/or re-lease the 14 tie-downs located on the area depicted in Exhibit B, with the option to allow for future expansion of LESSEE's tie-downs or helicopter parking spaces, subject to the approval of LESSOR. Such right recognizes that LESSEE has leased such tie-downs without the obligation to maintain the pavement depicted in Exhibit B. LESSOR shall continue to maintain possession, ownership and control of the taxi-lanes, apron and ramp areas, as well as the rights of maintenance of the pavement thereon. LESSEE shall maintain the tie-down mechanisms (ropes and chains) installed by LESSOR. Subject to legal requirements and rates established consistent with legal requirements, in the event that a change of use is approved for the area containing these tie-downs, LESSEE shall have the right to lease the area (subject to applicable legal requirements on leasing) in lieu of its limited right to tie-downs.

2. TERM. The term of the Lease expires on December 4, 2031.

3. RENT. LESSEE shall pay to LESSOR:

A. \$9,789.35 per year \$815.78 per month calculated as \$0.0878 per square foot per year for the leased hangar area (111,496 sq. ft.) Rent shall be payable monthly on the 10th day of each month and with payments thereafter due on the 10th day of each successive month.

B. \$99.96 per month for tiedown use (calculated as \$7.14 times 14 tie-downs). The location is shown upon Exhibit B.

4. CPI ADJUSTMENT. An adjustment of the Rent in Section 3 above shall occur on two year anniversary intervals from January 1, 2010, during the term of this Lease. Such adjustment of Rent shall be based upon the percentage change reflected by the Consumer Price Index (hereinafter called the "CPI") for the preceding two year period. The CPI 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 CPI result in a decrease of the rental below the base rate. For example, if the CPI for December 2011 is 186.9 (1982-1984=100) and for December 2009 is 180.9, then the rent would be adjusted by the difference(186.9-180.9) divided by 180.9 which equals a 3.3% increase.

5. IMPROVEMENTS. LESSEE has met the construction obligations set forth in the Lease. In the event that LESSEE constructs additional hangars on the leasehold, LESSEE shall comply with Carson City codes and requirements, including but not limited to the provisions of Carson City Municipal Code Title 19 ("Title 19").

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

A. Failure to pay rent when due, if the failure continues for ten (10) days after written notice has been given to LESSEE.

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 LESSEE or its contractors, and/or subcontractors of the terms and conditions of this Agreement, as determined by LESSOR. If such default is not cured, within thirty (30) days after written notice thereof from LESSOR to LESSEE, LESSOR may suspend or terminate this Agreement.

D. Failure of LESSEE 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 LESSEE of any general assignment for the benefit of creditors.

F. Violation of any of these standards, rules, and regulations set forth in this Lease, or failure to maintain current licenses required for this 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. LESSOR 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 Section 6 must specify the alleged default and the applicable lease provisions, and must demand that LESSEE 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 LESSOR so elects in the notice.

7. DEFAULT BY LESSOR. The occurrence of any of the following shall constitute a default by LESSOR:

A. Violation of LESSOR of the terms and conditions of this Agreement, as determined by LESSEE, shall constitute a default by LESSOR. If such default is not cured, within sixty (60) days after written notice thereof from LESSEE to LESSOR, LESSEE may suspend or terminate this Agreement.

B. If LESSOR commits any act that prevents LESSEE from doing any business authorized herein for a period of sixty (60) days.

C. If the airport is closed by lawful authority, if normal business is interrupted by fire, earthquake, flood, enemy action, civil strife, strikes, picketing or other coercive activity by labor groups, action by a public agency or public officials, enactment, enforcement of public laws or any other intervening cause beyond LESSEE's control, and which said closure cannot be repaired or remedied within sixty (60) days.

Notices given under this Section 7 must specify the alleged default and the applicable lease provisions, and must demand that LESSOR perform the provisions of this lease or cure any other event of default, within the applicable period of time, or LESSEE shall have the option to quit the premises. No such notice will be deemed a forfeiture or a termination of this lease unless LESSEE so elects in the notice.

8. LESSOR REMEDIES. LESSOR shall have the following remedies if LESSEE 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 LESSOR for the account of LESSEE may be deemed to be additional charges and the same may, at the option of LESSOR, be added to any amounts then due or thereafter falling due.

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

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

First, any indebtedness from LESSEE to LESSOR other than rent due from LESSEE;

Second, all costs, including maintenance, incurred by LESSOR 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 LESSOR received from reletting shall be held by LESSOR and applied in payment of future rent as rent becomes due under this lease. In no event shall LESSEE be entitled to any excess rent received by LESSOR. If, on the date rent is due under this lease, the rent received from reletting is less than the rent due on the date, LESSEE shall pay to LESSOR, in addition to the remaining rent due, all costs including for maintenance LESSOR incurred in reletting that

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

C. Termination of LESSEE's right to possession. LESSOR can terminate LESSEE's right to possession of the premises at any time after default. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on LESSOR's initiative to protect LESSOR's interest under this lease shall not constitute a termination of LESSEE's right to possession. On termination, LESSOR has the right to recover from LESSEE 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 LESSOR for all detriment proximately caused by LESSEE's default.

9. LESSEE REMEDIES. LESSEE shall have the following remedies if LESSOR 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.

A. LESSEE may assess any penalties against LESSOR permitted by law if the default constitutes a violation of law, including but not limited to

B. LESSEE may quit the premises upon uncured default by LESSOR, and LESSEE shall have no further obligations to LESSOR for the premises, including but not limited to payment of rent or maintenance of the premises.

10. LESSEE RIGHTS AND RESTRICTIONS.

A. LESSEE may use the premises solely for the storage of aircraft and related equipment. There shall be no fuel storage nor source of combustion. Hangars must be maintained sound, neat and clean, and any damage must be repaired within 60 days. LESSEE shall enforce these provisions against its sub-lessees and purchasers of hangars. Patching or repair to pavement necessitated by removal of hangars shall be the responsibility of LESSEE. No person may live in, or otherwise inhabit, any hangars constructed on the property leased. 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. LESSEE shall supply LESSOR with evidence of the aircraft registration and taxation information on the

one year anniversary of this lease, or upon such shorter period as may be requested by the Airport Manager.

B. Ingress and Egress. LESSEE shall have full and unimpaired access to the premises at all times and a nonexclusive right to use the taxiways between premises and runway. LESSEE shall be responsible for, and control the access to, the premises. Access between the leasehold and Airport shall comply with the LESSOR'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, LESSEE shall be entitled to use the system upon the same terms, conditions and charges as other Airport users.

C. Right of Entry. LESSOR, 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 dirt, rock or aggregate material must be approved by the LESSOR as to placement or sale. LESSEE acknowledges that LESSOR is the owner of the dirt material in place at the time of lease.

E. Federal Requirements.

1. The LESSEE 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 LESSEE shall comply with all Federal Aviation Regulations ("FARs") applicable to LESSEE's operations on the premises. The LESSEE acknowledges that the Airport is the recipient of FAA Airport Improvement Program funds and other federal funds. The LESSEE 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/medi a/airport_sponsor_assurances.pdf or such updated listing at the official website maintained by the FAA.

2. The LESSEE 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. LESSEE 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 Regulations may be amended.

4. LESSEE 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 LESSEE 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 LESSOR shall have the right to terminate this lease Agreement without liability or at the election of the LESSOR or the United States; either or both governments shall have the right to judicially enforce these provisions.

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

7. If the conduct of business is permitted on the premises, the LESSEE assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in

any employment activities covered in 14 CFR Part 152, Subpart E. The LESSEE assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart.

8. The LESSOR 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 LESSEE and without interference or hindrance.

9. The LESSOR reserves the right, but shall not be obligated to the LESSEE, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the LESSEE in this regard.

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

11. The LESSOR, 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. LESSEE agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased premises.

13. The LESSEE 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 LESSEE's building. In the event this covenant is breached, the LESSOR 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 LESSEE.

14. The LESSEE, 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 LESSOR reserves the right to enter upon the premises and to abate the interference at the expense of the LESSEE.

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

11. ASSIGNMENT AND SUBLEASING. LESSEE shall be permitted to assign this lease upon LESSOR's prior consent. Any such assignment or sublease will be binding to assignees/sublessees on all terms and conditions in this lease.

LESSEE shall have the right to assign, pledge, or hypothecate this lease for the purpose of securing additional financing, upon the prior approval of LESSOR.

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 term "corporate interests" shall include corporate ownership, or the ownership of any partnership, trust, limited liability company and other entity for ownership by more than one person permitted by Nevada law.

The LESSOR reserves the right to assign, pledge, or hypothecate this Agreement upon notice to the LESSEE.

12. INSURANCE AND BONDING.

A. Coverage. As a condition precedent to this lease, LESSEE 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 LESSEE'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 LESSOR has, or will have, an interest in such property by virtue of an existing lease.

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

LESSOR requires that LESSEE provide LESSOR 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. LESSOR (Carson City Airport Authority 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. LESSEE agrees to keep all insurance policies in effect, as required by this Lease, until the time LESSEE surrenders the premises.

13. HOLD HARMLESS. The LESSEE, in consideration of the LESSOR's agreement to lease certain real property to LESSEE pursuant to this Agreement, agrees that at all times during the term of this Agreement, LESSEE shall indemnify and defend, saving harmless Carson City, LESSOR, 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 LESSEE during the term of this Agreement.

The LESSEE further agrees to indemnify LESSOR (Carson City Airport Authority and Carson City) from environmental liability for contamination or damage to the Premises and any adjacent area to the Premises related or connected with the occupation or use of the leasehold property by LESSEE.

LESSOR (Carson City Airport Authority and Carson City), 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 LESSEE during the term of this Agreement.

14. ENVIRONMENTAL. From the date of this Lease forward, the LESSEE will conduct its business and operation on the Premises in compliance with all federal, state or local laws or ordinances, rules, decrees, orders, regulations or court decisions, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C., § 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C., § 1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C., § 6901 et seq.) and the California Environmental Quality Act of 1970, relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, soil and ground water conditions or other similar substances or conditions (collectively, "Environmental Laws"). The LESSEE will forthwith notify the LESSOR of the occurrence of any of the following and will provide the LESSOR with copies of all relevant documentation in connection therewith:

- (a) a release of a Hazardous Substance (defined as any chemical, compound, material, substance or other matter that is a flammable, explosive, asbestos, hazardous waste, toxic or other potentially injurious material, or which is controlled by Environmental Laws, gives rise to any reporting, notice or publication requirements under Environmental Laws or otherwise gives rise to liability under any Environmental Laws) in or about the Premises except in strict compliance with Environmental Laws;
- (b) the receipt by the LESSEE of a Notice pursuant to any Environmental Laws; or
- (c) the receipt by the LESSEE of information which indicates that Hazardous Substances are being used, dissipated, stored, disposed of or introduced into the environment by

anyone in or about the Premises in a manner other than that authorized under Environmental Laws.

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

Environmental Indemnity. The LESSEE will indemnify and save harmless Carson City, LESSOR, 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 attorney’s fees and disbursements in connection therewith which at any time may be paid or incurred by or claimed against the LESSOR, its officers, directors, employees, agents and shareholders, arising, directly or indirectly, out of:

- (a) a breach by the LESSEE 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 caused by LESSEE;
- (c) any action taken by the LESSOR with respect to the existence of any Hazardous Substance on or off-site of the Premises caused by LESSEE; or

(d) any action taken by the LESSOR 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 caused or created by LESSEE;

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

15. MAINTENANCE. LESSOR is not required to provide any maintenance, repairs, removal, and construction of gross area leased or of buildings or facilities erected by LESSEE.

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

LESSEE 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 LESSOR.

LESSOR may require LESSEE 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, LESSOR may perform such maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas on behalf of LESSEE and at LESSEE's expense, plus ten percent (10%) for administration.

16. TAX OBLIGATION. LESSEE shall pay all taxes and assessments against any buildings or other structures and improvements used by LESSEE in its operations, and if imposed at any future date, any and all real property taxes assessed against the Premises, including any possessory interest taxes.

17. REMOVAL OF BUILDINGS AND IMPROVEMENTS. LESSEE shall construct improvements in accordance with Title 19 and shall remove at its 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 LESSEE. LESSEE or its sublessees shall retain the right and obligation to remove portable hangars, unless said hangars are abandoned at the termination of the lease and LESSOR accepts ownership of said portable hangars. The LESSOR 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 LESSOR, in lieu of LESSEE's obligation to restore the premises to its original condition.

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

19. AMENDMENTS. Any amendments to this lease require approval by the LESSOR (Carson City Airport Authority and Carson City) and LESSEE. All proposed amendments must be submitted in writing to LESSOR for review and placement before a regularly scheduled meeting of the Carson City Airport Authority for consideration, and subsequently before the Carson City Board of Supervisors as required by NRS Chapter 844.

20. QUIET ENJOYMENT. LESSEE is granted the right to ingress, egress and free access to the Premises and to peaceful possession and quiet enjoyment.

21. SNOW, ICE AND WEED REMOVAL.

LESSOR agrees to promptly remove all ice, snow and weeds from all common areas of the airport in accordance with its snow removal plan; LESSOR agrees to engage private equipment to maintain the airport when LESSOR equipment is not available for a period of more than thirty six (36) hours from the time such conditions prevail.

LESSEE agrees to remove snow, ice and weeds from the Premises. LESSOR may, at the request of LESSEE, assist LESSEE in snow, ice and weed removal. In the event of LESSOR assistance, LESSEE agrees to hold LESSOR harmless from all liability for damage caused by such assistance on the Premises.

22. SUBCONTRACTING RIGHTS. LESSEE shall have the right to subcontract portions of activities under the term of this Agreement, provided such subcontract agreements meet the requirements of this Agreement and have advance written approval by LESSOR. LESSEE shall notify LESSOR in writing of any proposed subcontract or such subcontract shall be null and void.

23. 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.

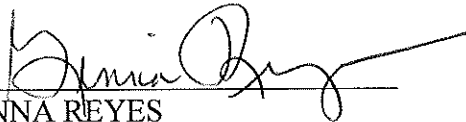
The LESSEE agrees to observe and obey during the terms of this Lease all laws, rules, and regulations promulgated and enforced by the State of Nevada, Carson City, and by any other proper authority having jurisdiction over the conduct of operations at the Carson Airport.

LESSOR 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.

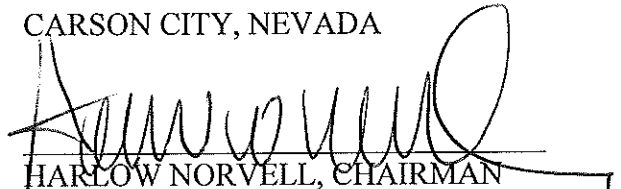
24. NOTICES. It is agreed that any notice to be given or served upon either party shall be sufficient if sent by certified mail, postage prepaid, addressed to the address of the party listed at the beginning of this Lease, or to such other address as may be designated in writing by such party.

(signature page follows)

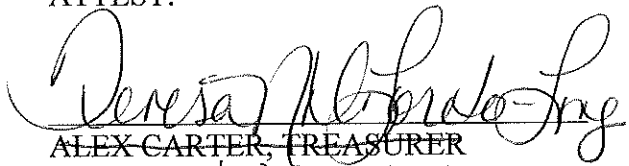
LESSEE
EL AERO


GINNA REYES

LESSOR
CARSON CITY AIRPORT AUTHORITY
CARSON CITY, NEVADA


HARLOW NORVELL, CHAIRMAN

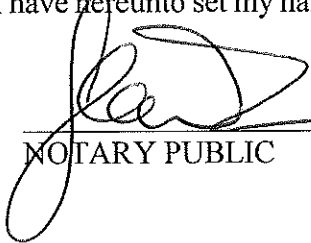
ATTEST:


ALEX CARTER, TREASURER
Teresa N. Di Loreto-Long

STATE OF NEVADA)
)
COUNTY OF CARSON CITY : SS

On this 15 day of February, 2012, before me, the undersigned, a Notary Public, personally appeared GINNA REYES, Manager of EL AERO SERVICES, INC., a Nevada corporation, known to me or proved to me to be the person described herein, who executed the foregoing instrument, and she acknowledged to me, that she 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.


NOTARY PUBLIC (SEAL)

CARSON CITY

Approved by the Board of Supervisors this ____ day of _____, 2012.

ROBERT L. CROWELL, Mayor

ATTEST:

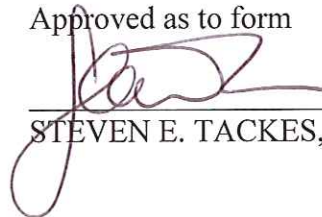
ALAN GLOVER, Clerk/Recorder

CITY'S LEGAL COUNSEL
Approved as to form.



DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL
Approved as to form



STEVEN E. TACKES, ESQ.

April 27, 2010
JC

EXHIBIT ~~A~~/B
NEW LEASE PARCEL 21
CARSON CITY AIRPORT
LEGAL DESCRIPTION

A of portion of El Aero Services, Inc. lease parcel as recorded in the Fifth Addendum to Airport Lease, File No. 000 93912 of the Carson City Recorder's Office and located within a portion of the North one-half of the Southeast one-quarter of Section 4, Township 15 North, Range 20 East, M.D.M., in Carson City, Nevada, described as follows:

Commencing at the South one-sixteenth corner of said Section 4; thence North $71^{\circ}05'32''$ West 2036.03 feet; thence South $72^{\circ}41'25''$ East, 75.00 feet to the southwest corner of said lease parcel; thence along the westerly line of said lease parcel, North $17^{\circ}18'35''$ East, 30.00 feet to the TRUE POINT OF BEGINNING of this description;

thence continuing along said westerly line the following three courses;

- 1) North $17^{\circ}18'35''$ East, 242.23 feet;
- 2) North $72^{\circ}41'25''$ West, 60.00 feet;
- 3) North $17^{\circ}18'35''$ East, 25.71 feet leaving said westerly line;

thence South $76^{\circ}00'00''$ East, 288.48 feet to a point on the easterly line of said lease parcel; thence along said easterly line the following three courses;

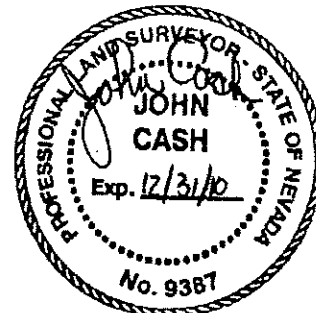
- 1) South $17^{\circ}18'35''$ West, 42.37 feet;
- 2) North $72^{\circ}41'25''$ West, 114.00 feet;
- 3) South $17^{\circ}18'35''$ West, 242.23 feet leaving said easterly line;

thence North $72^{\circ}41'25''$ West, 114.00 feet to the point of beginning.

Containing 37,417 square feet or 0.86 acres, more or less.

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

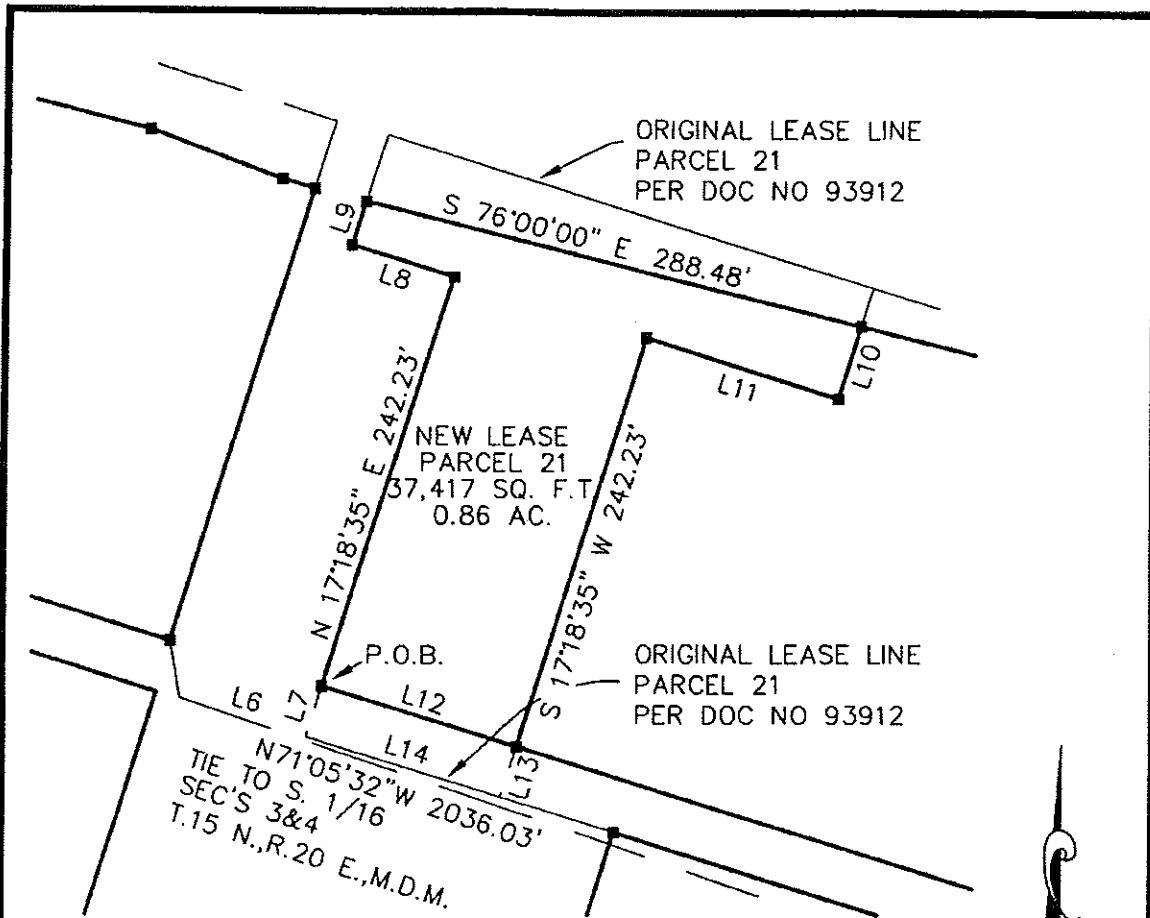
As shown on Exhibit B, attached hereto and made a part hereof.



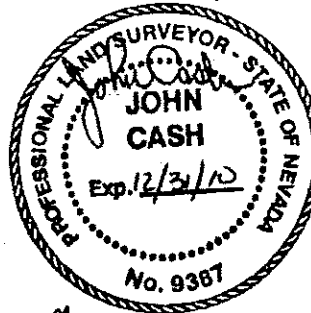
May 21, 2010

555 Double Eagle Court, Suite 2000 Reno, Nevada 89521 Telephone: 775/828-1622 Fax: 775/828-1826

404188

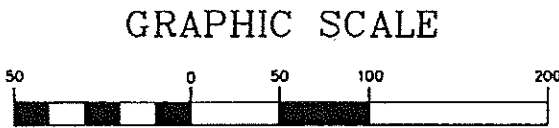


LINE TABLE		
LINE	LENGTH	BEARING
L6	75.00	S72°41'25\"E
L7	30.00	N17°18'35\"E
L8	60.00	N72°41'25\"W
L9	25.71	N17°18'35\"E
L10	42.37	S17°18'35\"W
L11	114.00	N72°41'25\"W
L12	114.00	N72°41'25\"W
L13	30.00	S17°18'35\"W
L14	114.00	N72°41'25\"W



May 21, 2010

EL AERO
 NEW LEASE PARCEL 21
 EXHIBIT B
 SHEET: 1 OF 1
 SCALE: 1" = 100'
 APPROVED: MEB
 DATE: 05/21/10



(IN FEET)
 1 inch = 100 ft.

EXHIBIT TO ACCOMPANY
 LEGAL DESCRIPTION

PBSJ
 555 Double Eagle Court
 Suite 2000
 Reno, Nevada 89521
 Telephone: 775/828-1622
 Fax: 775/828-1626
 ENGINEERING PLANNING SURVEYING CONSTRUCTION SERVICES

April 27, 2010
JC

EXHIBIT C
NEW LEASE PARCEL 20
CARSON CITY AIRPORT
LEGAL DESCRIPTION

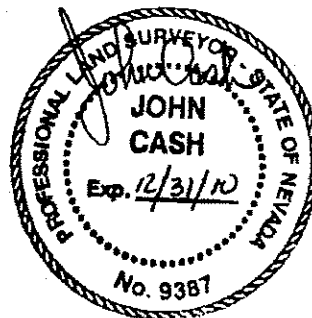
A of portion of El Aero Services, Inc. lease parcel 20 recorded in the Seventh Addendum to Lease, File No. 191539 of the Carson City Recorder's Office and located within a portion of the North one-half of the Southeast one-quarter of Section 4, Township 15 North, Range 20 East, M.D.M., in Carson City, Nevada, described as follows:

Commencing at the South one-sixteenth corner of said Section 4; thence North 71°05'32" West 2036.03 feet; thence North 10°06'51" West, 32.38 feet to the TRUE POINT OF BEGINNING of this description;
thence North 72°41'25" West, 313.70 feet; thence North 69°45'47" West, 113.31 feet; thence North 17°25'21" East, 212.04 feet; thence North 58°48'55" East, 48.56 feet; thence South 76°00'00" East, 295.81 feet; thence South 69°36'56" East, 79.96 feet; thence South 74°15'55" East, 19.11 feet; thence South 17°18'35" West, 267.50 feet to the point of beginning.

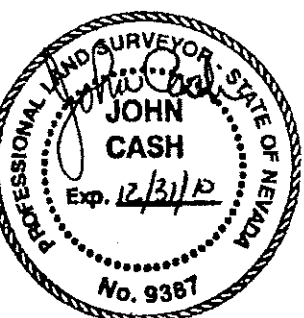
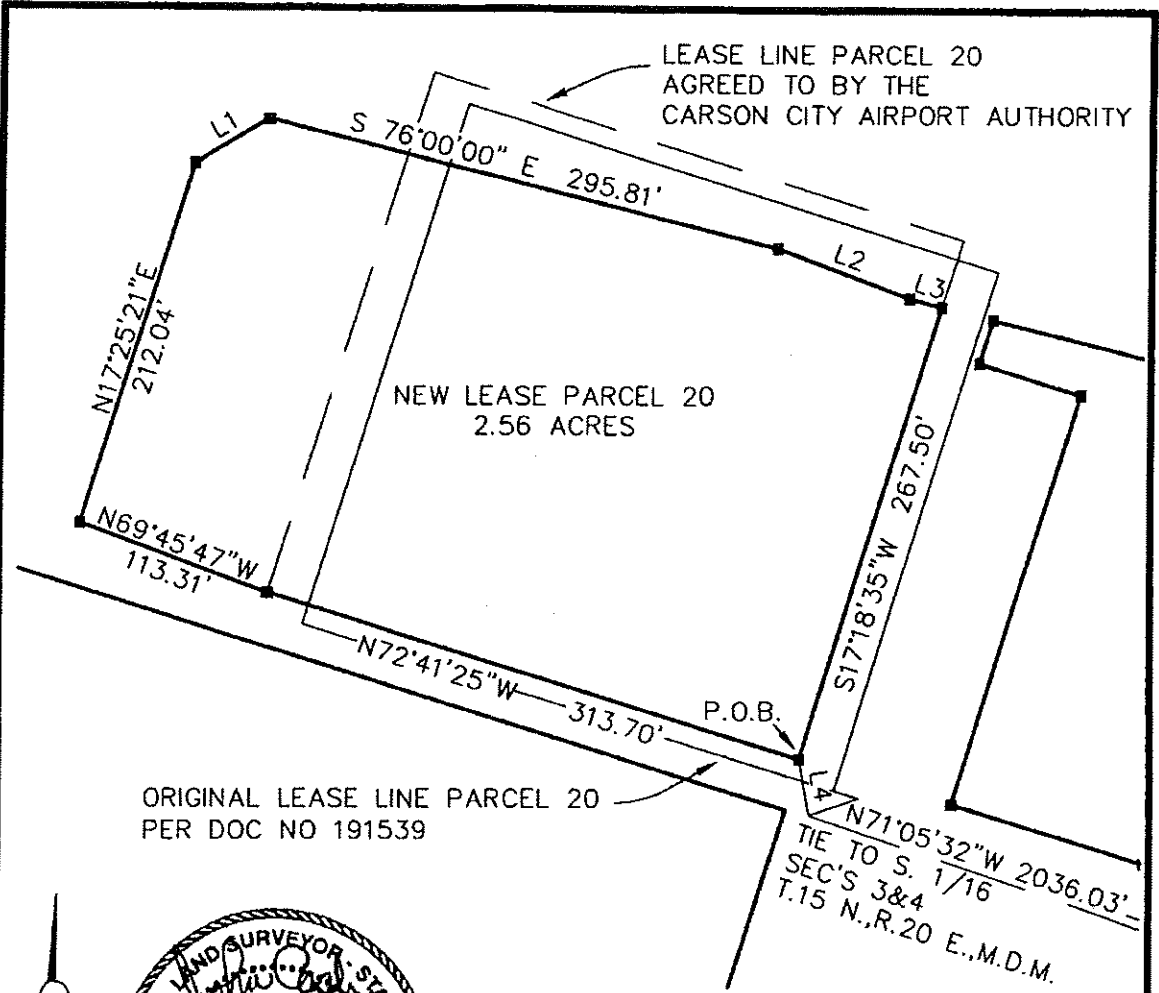
Containing 111,496 square feet or 2.56 acres, more or less.

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

As shown on Exhibit C, attached hereto and made a part hereof.



May 21, 2010

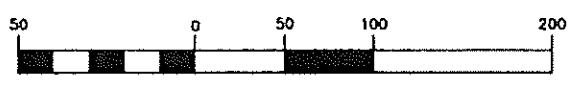


May 21, 2010

LINE TABLE		
LINE	LENGTH	BEARING
L1	48.56	N58°48'55"E
L2	79.96	S69°36'56"E
L3	19.11	S74°15'55"E
L4	32.38	N10°06'51"W



GRAPHIC SCALE



(IN FEET)
1 inch = 100 ft.

EXHIBIT TO ACCOMPANY
LEGAL DESCRIPTION

EL AERO
NEW LEASE PARCEL 20
EXHIBIT C
SHEET: 1 OF 1
SCALE: 1" = 100'
APPROVED: MEB
DATE: 05/21/10

PBSJ
ENGINEERING PLANNING SURVEYING CONSTRUCTION SERVICES
555 Double Eagle Court
Suite 2000
Reno, Nevada 89521
Telephone: 775/828-1622
Fax: 775/828-1826