



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: June 1, 2017

Staff Contact: Steven E. Tackes, Esq

Agenda Title: FOR POSSIBLE ACTION: APPROVAL OF THE ASSIGNMENT OF AN AIRPORT LEASE FROM CUBIX CORPORATION TO GONI AVIATION, LLC.

Staff Summary: At a regular meeting of the Carson City Airport Authority on May 17, 2017, publicly noticed for that purpose, the Authority approved an assignment of an airport lease from the Cubix Corporation to Goni Aviation, LLC. The underlying lease is recorded as Document Nos. 360015. All obligations and rights under the lease are unchanged and assumed by Goni Aviation, LLC.

Agenda Action: Formal Action/Motion

Time Requested: 10min

Proposed Motion

I MOVE TO APPROVE THE ASSIGNMENT OF THE AIRPORT LEASE FROM CUBIX CORPORATION TO GONI AVIATION, LLC.

Board's Strategic Goal

N/A

Previous Action

N/A

Background/Issues & Analysis

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 relevant history of the lease is as follows. In 1988, Carson City approved a transfer of a vacant area on the Airport from Aerohead Aviation to Cubix Corporation to construct a corporate hangar along with full Fixed Base Operation (FBO) rights. Cubix constructed a hangar and used it for aircraft storage. In 2006, the Carson City Airport Authority and Carson City renegotiated the terms of the lease resulting in an extension of term, increased rental fees and a prepayment of the first 15 years of the lease term. Recorded Oct 19, 2006 as document no. 360015. The lease contains a provision permitting assignment of the lease with the consent of the Carson City Airport Authority.

Cubix has leased space in the hangar to the members of Goni Aviation, LLC for storage of aircraft. Cubix no longer desires to own and operate the hangar lease. The members of Goni Aviation, LLC (Steve Lewis, William Hartman and George Clary) formed Goni Aviation LLC to purchase the hangar operation and thus have requested assignment of the lease. No change in operation is expected as the new owners were the existing tenants. All terms and obligations of the lease are being assumed by Goni Aviation, LLC.

The Airport Authority has approved the assignment. Consistent with NRS 844, the Airport Authority requests approval from the Board of Supervisors. Assignment document is attached and includes a copy of the underlying lease.

NOTE to Clerk Recorder: Upon approval and City signatures, the original should be returned to William Hartman so that it can be deposited in Escrow. Recordation will occur via escrow.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 844 Airport Authority Act

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number:

Is it currently budgeted? Yes No

Explanation of Fiscal Impact:

Alternatives

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

APN 005-011-99

When Recorded, Return To:

Tim Rowe, Airport Manager
Carson City Airport
2600 College Parkway #6
Carson City, NV 89706

ASSIGNMENT AND ASSUMPTION OF AIRPORT LEASE

THIS ASSIGNMENT AND ASSUMPTION OF AIRPORT LEASE (“**Assignment**”) is made effective as of the date of recordation (“**Effective Date**”) by and between **CUBIX CORPORATION**, a Delaware corporation (“**Assignor**”) and **GONI AVIATION, LLC.**, a Nevada limited liability company (“**Assignee**”).

RECITALS:

WHEREAS, Assignor is the tenant under that certain Carson City Airport Lease Agreement (the “**Airport Lease**”) between Assignor and the Carson City Airport Authority (“**Airport**”) as landlord, dated August 16, 2006, and recorded in the Official Records of Carson City, Nevada, as Document No. 360015, on October 19, 2006;

WHEREAS, Assignor desires to assign the Airport Lease to Assignee as permitted with Landlord’s consent under Section 9 of the Airport Lease and Assignee desires to assume the same.

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee covenant and agree as follows:

1. **Airport Lease Assignment and Assumption.**

(a) Assignor hereby assigns, conveys and transfers to Assignee all of Assignor’s right, title and interest under the Airport Lease for Parcel W1-C, as more particularly described on **Exhibit A** hereto.

(b) Assignee hereby accepts the foregoing assignment and agrees to assume, perform and discharge, as and when due, all of the covenants and obligations of the Assignor under the Airport Lease which arise after the Effective Date of this Assignment, and agrees to be bound by all of the terms and conditions thereof from and after the Effective Date.

2. **Indemnification**

Assignee shall defend, indemnify, hold harmless and release Assignor, its successors and assigns, from and against any and all damage, loss, liability, claim, cost, expense, action and

cause of action (including, without limitation, attorneys' fees and the reasonable costs of investigation) (collectively, "Claims") incurred by or asserted against Assignor, its successors and assigns, arising under the Airport Lease and accruing subsequent to the Effective Date of this Assignment.

Assignor shall defend, indemnify, hold harmless and release Assignee, its successors and assigns, from and against any and all Claims incurred by or asserted against Assignee, its successors and assigns, arising under the Airport Lease and accruing prior to the Effective Date of this Assignment.

3. Miscellaneous.

(a) Successors. This Assignment shall be binding upon the heirs, successors, assigns and personal representatives of the parties hereto.

(b) Headings. The captions to the paragraphs are intended for convenient reference only and shall not be used and are not intended to modify, aid, describe or otherwise affect the meaning of the paragraph from that which is indicated by the text of the paragraph alone.

(c) Construction. This Assignment is the product of negotiation and the parties agree that it shall not be construed against the drafter. If any part of this Assignment shall be found to be invalid or unenforceable, the remainder of the Assignment shall be enforceable in accordance with its terms, deleting such unenforceable or invalid provisions.

(d) Entire Agreement. This Assignment constitutes the entire agreement between the parties with regard to the Airport Lease and any prior negotiations, agreements or other writings pertaining to the subject matter of this Assignment are merged herein and extinguished.

(e) Governing Law. This Assignment shall be construed under the laws of Nevada.

(f) Attorney Fees. In the event of any action or proceeding brought by either party against the other pertaining to or arising out of this Assignment, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorney fees.

(g) Counterparts. This Assignment may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(h) Effective date. This Assignment & Assumption of Lease shall be effective upon recording.

SIGNATURES CONTINUED ON FOLLOWING PAGE

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

ASSIGNEE:

CUBIX CORPORATION,
A Nevada Corporation

GONI AVIATION, LLC,
A Nevada Limited Liability Company

By: *Al Fieghen*
Al Fieghen
Its: President

By: *George R. Clary* *William Hartman*
George R. Clary William Hartman
Its: Managers/Members

Date: 5/15/17

Date: 5/16/2017

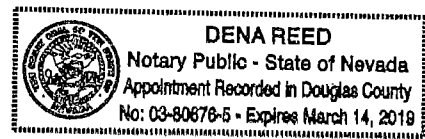
STATE OF NEVADA)
 : ss
CARSON CITY)

On this 15th day of May, 2017, before me, the undersigned, a Notary Public, personally appeared AL FIEGEHEN, president of CUBIX CORPORATION, known to me to be the person described herein, who executed the foregoing instrument, and he acknowledged to me, that he has the requisite authority and executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

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

Dena Reed
NOTARY PUBLIC
(Signature of Notarial Officer)

(SEAL)



STATE OF NEVADA)
 : ss
CARSON CITY)

On this 16th day of May, 2017, before me, the undersigned, a Notary Public, personally appeared GEORGE R. CLARY and WILLIAM HARTMAN, Manger/Members of GONI AVIATION, LLC., known to me to be the persons described herein, who executed the foregoing instrument, and they acknowledged to me, that they have 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.

Dena Reed
NOTARY PUBLIC
(Signature of Notarial Officer)

(SEAL)

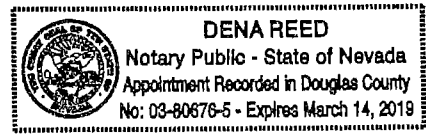


EXHIBIT A

Parcel W1-C

A certain parcel of land situate in the NE ¼ of the NW ¼ of Section 4, T.15N., R.20E., M.D.B.M., Carson City, Nevada, particularly described as follows, to wit:

Commencing at the NW corner of Lot 41 of the Ormsby County Industrial Airpark subdivision of Carson City as shown and located on Map No. 318, File No. 41674 of the Official Records of Carson City; thence on a Nevada State plane coordinate (modified grid) bearing of N89°12'35"W 460.00 ft. to the true point of beginning. Thence S0°43'58"W 290.00 ft., thence N89°12'35"W 150.00 ft., thence N19°14'37"W 58.54 ft., thence N0°43'58"E 135.00 ft., thence N89°12'35"W 20.00 ft., thence N0°43'58"E 100.00 ft., thence S89°12'35"E 190.00 ft. to the true point of beginning.

Said parcel containing 50,749 sq. ft.

TOGETHER WITH its appurtenances and hereditaments, including but not limited to the right of full access thereto and uses thereon, and the further right, in common with others, to use public roads, driveways, runways, taxiways, and ramps.

Note: the above legal description previously appeared in Lease of Carson City Airport Property, recorded May 9, 1988, as Document No. 70745, Official Records of Carson City, Nevada, and in the Lease of Carson City Airport Property, recorded October 19, 2006, as Document No. 360015, Official Records of Carson City, Nevada.

CONSENT TO ASSIGNMENT- Airport Authority

Approved this 17th day of May, 2017, pursuant to Notice, meeting and vote.

CARSON CITY AIRPORT AUTHORITY

By: 
LINDA CHANDLER LAW, Chairperson

ATTEST:

By: 
LARRY HARVEY, Secretary/Treasurer

CONSENT TO ASSIGNMENT- Carson City

CARSON CITY

Approved by the Board of Supervisors this ____ day of _____, 2017.

ROBERT L. CROWELL, Mayor

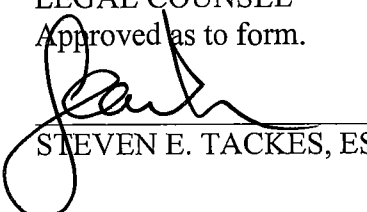
ATTEST:

CITY'S LEGAL COUNSEL
Approved as to form.

SUSAN MERRIWETHER, Clerk/Recorder

DISTRICT ATTORNEY

AIRPORT AUTHORITY
LEGAL COUNSEL
Approved as to form.


STEVEN E. TACKES, ESQ.

APN W1-C

APN _____

APN _____

RECORDED AT THE
REQUEST OF
CARSON CITY CLERK TO
THE BOARD

2006 OCT 19 PM 3:17

FILE NO. 360015

ALAN GLOVER
CARSON CITY RECORDER

FEE \$ MC DEP RD

FOR RECORDER'S USE ONLY

TITLE OF DOCUMENT:

*Carson City Airport Lease Amendment
and Restatement*

WHEN RECORDED MAIL TO:

... 360015

CARSON CITY AIRPORT LEASE AMENDMENT AND RESTATEMENT

This amendment and restatement of airport lease (Lease), made and entered into this 16th day of August, 2006, between the CARSON CITY AIRPORT AUTHORITY (Landlord), whose address is 2600 E. College Parkway #6 Carson City, Nevada 89706, and CUBIX CORPORATION. (Tenant), whose address is 2800 Lockheed Way, Carson City, NV 89706-0719.

WITNESSETH:

WHEREAS, the Tenant holds a lease dated May 5, 1988, recorded April 29, 1988, as Document No. 70745, on Parcel #W1-C on the Carson City Airport, said lease for a term of 36 years, which will by its terms expire on August 20, 2017; and

WHEREAS, Landlord and Tenant desire to extend and restate the Lease consistent with the presently effective rates and with the terms of the standard lease utilized by Landlord; and

THEREFORE, Landlord and Tenant agree as follows:

1. PREMISES. Landlord leases to Tenant and Tenant leases from Landlord the real property located at the Carson City Airport in Exhibit A (premises), and the appurtenant rights included in Paragraph 8. The parties acknowledge that this Lease supercedes and replaces the lease as between Landlord and Tenant contained in the Lease Agreement recorded April 29, 1988, as Document No. 70745.

2. TERM. The Lease shall be extended 30 years beyond its existing termination date and thus will end on August 20, 2047, and shall be effective upon approval of the Carson City Airport Authority and Carson City as set forth by the latter date of signature hereunder.

3. RENT. Tenant shall pay to Landlord:

- A. \$100,679.00 at time of lease approval to cover the first fifteen years (up to the year 2021) This is calculated as the first five years at the current lease rate,

360015

with appropriate CPI increases, for a sum total of \$8,330; The second five years at 16¢ per sf, for a sum total of \$40,600; The third five years at 20¢ per sf, for a sum total of \$50,749. This takes the lease up to the year 2021.

B. Beginning in the year 2022, the rate will be set at the then-current market rate for the remainder of the lease term, and shall be adjusted by a reasonable CPI adjustment. Payments shall be made monthly, with payments due on the first day of each month.

C. To the extent that Tenant elects to sell fuel pursuant to Paragraph 8 of this Lease, Landlord and Tenant will negotiate a fuel flowage fee per gallon as and for the right to sell fuel on the premise, in such location as mutually agreed upon between Landlord and Tenant, 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, 2022, during the term of this Lease. Such adjustment of rental shall be based upon the percentage change reflected by the Consumer Price Index (hereinafter called the Price Index) for the preceding two year period. The Price Index shall mean the average for "all items" shown on the "U.S. City Average for All Urban Consumers" as promulgated by Bureau of Legal Statistics of the U.S. Department of Labor, as amended or replaced by the agency. Landlord shall measure each two year adjustment using the most recently available report, recognizing that it may be necessary to use a 2 year period with a final quarter ending prior to each December 31 adjustment date. In no event, however, shall any decrease in the Consumer Price Index result in a decrease of the rental below the base rate. For example, if the CPI for December

360015

2020 is 200.0 (1982-1984=100) and for December 2022 is 208.0, then the rent would be adjusted by the difference (208.0-200.0) divided by 200.0 which equals a 4.0% increase.

5. IMPROVEMENTS. For all new construction upon the premises, Tenant shall meet the construction requirements and standards adopted by Landlord pursuant to Title 19 of the Carson City Municipal Code.

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, except during the period of initial remodeling which is expected to last approximately 150 days).

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.

360015

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;

360015

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 aircraft storage, as well as, any Fixed Base Operator activities at the Carson City Airport as listed below, to the extent permitted in Carson City Municipal Code Title 19, and as may be approved by

360015

Landlord. NOTE: All aircraft stored on the premises must be registered for tax purposes in Carson City, Nevada, unless Tenant provides evidence acceptable to Landlord and Carson City that this facility is not the primary storage location for the particular aircraft. For all ramp areas on the premises, the parties acknowledge that these areas are under the dominion and control of Landlord, and that Landlord maintains all rights appropriate to use of FAA funds on said areas.

Tenant is, by this lease, an authorized FBO, and shall comply with the provisions of Title 19 applicable to the public provision of FBO services. Tenant is specifically permitted but not required to offer the following services:

1. Sales of new and used aircraft, including demonstrations of aircraft for sale.
2. Sales of aircraft parts, retail and wholesale, radio and electronic equipment, navigation and airman supplies and accessories.
3. Flight operations, rental and charter (with or without pilot), air taxi and air ambulance.
4. Flight training (primary and/or advanced).
5. Maintenance, repair and overhaul of all types of aircraft, engines, instruments, radio and electronic gear.
6. Line service, including fueling, lubrication and other servicing of any aircraft; towing disabled aircraft; a right to load and unload passengers and cargo and to transport passengers from transient aircraft parking areas to the terminal and other areas of the airport.
7. Aircraft storage.

360015

Activities other than those specifically stated in subparagraphs 1 through 7, inclusive, herein, will not be conducted by the Tenant without written advance approval from Landlord.

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.

Tenant may construct, upon Landlord approval and other applicable governmental approvals, a fuel storage facility for Tenant's own use and sale to the public. For all fuel so stored, Tenant shall pay Landlord a fuel flowage fee to be negotiated. If Tenant supplies fuel, Tenant shall provide appropriate signage upon said fuel storage facility so as to notify pilots, during day and night, of its location and the availability of self service fuel.

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, together with an easement of reasonable width and location between the premises and the taxiway. Tenant shall be responsible for all improvements upon such easement. 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.

360015

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,

360015

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

360015

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

360015

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 lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the leased premises to a height more than ten (10) feet above the highest part of Tenant's building. In the event this covenant is breached, the Landlord reserves the right to enter upon the premises to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Tenant.

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

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

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

360015

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.

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

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

10. INSURANCE AND BONDING.

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

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

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

360015

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 hereby require that the insurance carrier underwriting such coverage give the Landlord thirty (30) days written notice prior to cancellation of or material alteration to the policy.

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

Carson City and the Carson City Airport Authority reserve the right, every five years, to review and adjust the amount of insurance coverage required.

11. HOLD HARMLESS. The Tenant, in consideration of the Landlord's agreement to lease certain real property to Tenant pursuant to this Agreement, agrees that at all times during the term of this Agreement, Tenant shall indemnify and defend, saving harmless Landlord, Carson City, their officers, boards, commissions, agents, and employees from any and all claims 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.

360015

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

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

12. ENVIRONMENTAL. The Tenant will conduct its business and operation in the Premises in compliance with all Environmental Laws and Permits. The Tenant will forthwith notify the Landlord of the occurrence of any of the following and will provide the Landlord with copies of all relevant documentation in connection therewith:

(a) a release of a Hazardous Substance in or about the Premises and/or Lands except in strict compliance with Environmental Laws and any applicable Permits;

(b) the receipt by the Tenant of an Environmental Notice; or

(c) the receipt by the Tenant of information which indicates that Hazardous Substances are being used, dissipated, stored, disposed of or introduced into the environment by anyone in or about the Premises and/or Lands in a manner other than that authorized under Environmental Laws.

Tenant will not permit the storage, use, treatment, disposal or introduction into the environment of Hazardous Substances in or about the Premises and/or Lands, except in compliance with applicable Environmental Laws. If the Landlord receives information that Hazardous Substances are being dissipated, used, stored, disposed of or introduced into the environment by anyone in or about the Premises and/or Lands in a manner other than that authorized under Environmental Laws, the Tenant will conduct such investigations, searches, testing, drilling and sampling ("Investigations") as are reasonably requested from time to time by the Landlord to

360015

determine the existence of Hazardous Substances in or about the Premises and/or Lands. If the Tenant does not complete the Investigations to the satisfaction of the Landlord, the Landlord may enter on the property of the Tenant and take any actions necessary to complete the Investigations, the cost of which actions will be borne by the Tenant as additional rent. If remedial work is required due to the presence of Hazardous Substances on or in the Premises and/or the Lands, the Tenant will take all necessary action, at the cost of the Tenant, to restore the Premises and/or Lands to a level acceptable to the Landlord and to all governmental authorities having jurisdiction. Upon the request of the Landlord, from time to time, the Tenant will provide to the Landlord satisfactory documentary evidence that all environmental permits are valid and in good standing.

Environmental Indemnity. The Tenant will indemnify and save harmless the Landlord, Carson City, their officers, directors, employees, agents and shareholders, from and against any and all losses, claims, costs, expenses, damages and liabilities, including all costs of defending or denying the same, and all costs of investigation, monitoring, remedial response, removal, restoration or permit acquisition and including all solicitor's fees (on a solicitor and own client basis) and disbursements in connection therewith which at any time may be paid or incurred by or claimed against the Landlord, its officers, directors, employees, agents and shareholders, and Carson City arising, directly or indirectly, out of:

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

360015

(d) any action taken by the Landlord in compliance with any Environmental Notice with respect to the existence of any Hazardous Substance on or off-site of the Premises and/or the Lands; and such indemnity will survive the expiration or any termination of this lease notwithstanding anything in this lease to the contrary.

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

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

Tenant shall maintain all leased areas, salvage and rehabilitation areas, displays, storage areas, landscaping, pavement, facilities, and structures in a state of repair and good appearance acceptable to the Landlord. Landlord shall have sole discretion in interpreting and enforcing all Federal, State, and local rules, regulations, codes, and ordinances in determining what is, or is not, acceptable.

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

14. TAX OBLIGATION. Tenant shall pay all taxes and assessment against any buildings or other structures and improvements used by Tenant in its operations, and if imposed at any future date, any and all real property taxes assessed against the land leased from Landlord, including any possessory interest taxes.

360015

15. REMOVAL OF BUILDINGS AND IMPROVEMENTS. Tenant 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.

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

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

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

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

360015

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

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

Approved this 10 day of August, 2006.

TENANT


CUBIX CORPORATION
By Al Fiegehen, President.

LANDLORD
CARSON CITY AIRPORT AUTHORITY
CARSON CITY, NEVADA


NEIL WEAVER, CHAIRMAN

ATTEST:


COLLIE HUTTER, TREASURER, CCAA

360015

CARSON CITY

Approved by the Board of Supervisors this 19th day of Oct, 2006.

Marv Ferreira
MARV FERREIRA, Mayor

ATTEST:
CLERK'S
OFFICE
Alan Glover
ALAN GLOVER, City Recorder

CITY'S LEGAL COUNSEL
Approved as to form.

Michael T. Singh
DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL
Approved as to form.

Steven E. Tackes
STEVEN E. TACKES, ESQ.

360015

EXHIBIT A

Carson City Airport Area Leased /legal description for CUBIX Lease

Parcel W1-C

A certain parcel of land situate in the NE ¼ of the NW ¼ of Section 4, T.15N., R.20E, M.D.B.M., Carson City, Nevada, particularly described as follows, to-wit:

Commencing at the NW corner of Lot 41 of the Ormsby County Industrial Airpark subdivision of Carson City as shown and located on Map No. 318, File No. 41674 of the Official Records of Carson City; thence on a Nevada State plane coordinate (modified grid) bearing of N 89° 12'35" W 460.00 ft. to the true point of beginning. Thence S 0°43'58" W 290.00 ft., thence N 89°12'35" W 150.00 ft., thence N 19°14'37" W 58.54 ft., thence N 0° 43'58" E 135.00 ft., thence N 89°12'35" W 20.00 ft., thence N 0° 43'58" E 100.00 ft., thence S 89°12'35" E 190.00 ft. to the true point of beginning.

Said parcel containing 50,749.00 sq. ft.

TOGETHER WITH its appurtenances and hereditaments, including but not limited to the right of full access thereto and uses thereon, and the further right, in common with others, to use public roads, driveways, runways, taxiways, and ramps.

360015