



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** May 7, 2020

Staff Contact: Stephanie Hicks, Deputy City Manager

Agenda Title: For Possible Action: Discussion and possible action regarding authorization of a proposed lease amendment between the Carson City Airport Authority (CCAA) and Sierra Mountain Airpark North, LLC (Sierra Mountain) (APN 005-011-76, Lease Parcel 37) to reduce the existing Sierra Mountain leasehold at the Carson City Airport by 580 square feet (sf) and thereby also reducing the corresponding rent by \$72.50 per year, the equivalent of \$6.04 per month. (Kenneth Moen, kmoen@flycarsoncity.com)

Staff Summary: Sierra Mountain currently occupies, as part of its lease agreement with the CCAA, an area that includes 580 sf which another different party to a separate lease agreement with the CCAA - Trimotor, LLC - has identified as land that it wishes to lease so that it may expand an aircraft apron as an additional aircraft staging area. Sierra Mountain has expressed its agreeability in reducing its existing leasehold by 580 sf so that the CCAA and Trimotor, LLC may be able to enter into a separate lease amendment for Trimotor, LLC to assume that 580 sf, and that proposed lease amendment for leasehold expansion by Trimotor, LLC is under a separate agenda item for the Board of Supervisors' consideration at this meeting.

Agenda Action: Formal Action / Motion **Time Requested:** Consent

Proposed Motion

I move to authorize the lease amendment as presented.

Board's Strategic Goal

Efficient Government

Previous Action

N/A

Background/Issues & Analysis

Sierra Mountain currently occupies an existing leasehold under a lease agreement with the CCAA. A portion of that existing leasehold area, comprising 580 sf, has been identified by Trimotor, LLC as real property that Trimotor, LLC would like to assume as additional leasehold space under a separate lease agreement between the CCAA and Trimotor, LLC. Sierra Mountain has expressed its agreeability to reducing its leasehold area by 580 sf so that Trimotor, LLC may execute a separate lease amendment between the CCAA and Trimotor, LLC to increase Trimotor, LLC's leasehold so that Trimotor, LLC may expand an aircraft apron. If this reduction in leasehold area is approved, Sierra Mountain's annual rent will be correspondingly reduced by \$72.50 per year, the equivalent of \$6.04 per month.

A copy of the existing lease agreement between the CCAA and Seirra Mountain with legal desription and exhibit is included as supporting material.

Applicable Statute, Code, Policy, Rule or Regulation

The Airport Authority Act for Carson City, Chapter 844 Statutes of Nevada 1989

Financial Information

Is there a fiscal impact? No

If yes, account name/number:

Is it currently budgeted?

Explanation of Fiscal Impact:

Alternatives

Do not authorize the lease amendment.

Attachments:

[Sierra Mountain Airpark North Lease Amendment.pdf](#)

[2017 01 26 recorded CC Airport-Sierra Air Park North lease extension doc 471849.pdf](#)

[1999 08 25 recorded CC Airport-Sierra Air Park North lease doc 239314.pdf](#)

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

AIRPORT LEASE AMENDMENT

This AIRPORT LEASE AMENDMENT (“AMENDMENT”), effective May 7, 2020, is hereby entered into by and between the CARSON CITY AIRPORT AUTHORITY (“LANDLORD”), whose address is 2600 College Parkway #6, Carson City, Nevada 89706, and SIERRA MOUNTAIN AIRPARK NORTH, LLC, a Nevada limited liability company (“TENANT”), whose address is 2985 Arrowhead Drive, Hangar 38 Carson City, Nevada 89706.

WITNESSETH:

WHEREAS, SIERRA MOUNTAIN AIRPARK NORTH, LLC is the tenant under a lease agreement between LANDLORD AND TENANT, recorded as Document No. 239314 on August 25, 1999 (“LEASE”), with TENANT having acquired the leasehold (Lot 37) via a series of assignments from John C. Serpa and the Lud Corrao Family Revocable Living Trust; and

WHEREAS, TENANT was contacted by TRI-MOTOR LLC regarding a proposed aircraft apron expansion by TRI-MOTOR LLC, and that such expansion would overlap a portion of TENANT’s adjacent leasehold (Lot 37); and

WHEREAS, TENANT has agreed to reduce its leasehold by approximately 580 square feet (sf) as described in the legal description attached hereto as “Exhibit A”, to accommodate the proposed TRI-MOTOR LLC expansion;

THEREFORE, to help facilitate the proposed aircraft apron expansion, LANDLORD and TENANT hereby agree as follows:

1. **TERM.** The term of the LEASE shall be unchanged by this AMENDMENT, ending on December 31, 2066;
2. **RENT.** The area leased by TENANT under the LEASE shall be reduced by 580 sf, and the corresponding rent reduced by \$72.50 per year, or equivalently by \$6.04 per month, in order to reflect the reduced leasehold footprint.
3. All other LEASE terms remain unchanged by this AMENDMENT.

TENANT
SIERRA MOUNTAIN AIRPARK
NORTH, LLC
A NEVADA LIMITED LIABILITY COMPANY

LANDLORD
CARSON CITY AIRPORT
AUTHORITY
CARSON CITY, NEVADA

MICHAEL GOLDEN, CHAIRMAN

ATTEST:

JON ROGERS, TREASURER

STATE OF NEVADA)

: ss

COUNTY OF _____)

On this ____ day of _____, 2020, before me, the undersigned, a Notary Public, personally appeared _____, Manager of Sierra Mountain Airpark North, LLC , known to me (or proved 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.

NOTARY PUBLIC (SEAL)

CARSON CITY

The Board of Supervisors of Carson City, Nevada, as underlying owner of the Airport, and thus the Lease Parcel, hereby approves and acknowledges the AMENDMENT, and the right and authority of the Authority to enter into the AMENDMENT with TENANT.

Approved by the Board of Supervisors this ____ day of _____, 2020.

ROBERT L. CROWELL, Mayor

ATTEST:

CITY'S LEGAL COUNSEL
Approved as to form.

AUBREY ROWLATT, Clerk/Recorder

DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL
Approved as to form

STEVEN E. TACKES, ESQ.

EXHIBIT A

EXHIBIT "A"
LEGAL DESCRIPTION
NEW LEASE PARCEL 37
PORTION OF APN 005-011-76

A portion of Lease Parcel 37 described in Carson City Airport Lease Agreement File No. 239314, recorded August 25, 1999, Carson City Records, located within a portion of the Northeast Quarter of Section 4, Township 15 North, Range 20 East, MDM, and the Southeast Quarter of Section 33, Township 16 North, Range 20 East, MDM, being more particularly described as follows:

Beginning at the Southeast corner of said Lease Parcel 37 from which the Southeast corner of said Section 33 bears North 48°51'40" East a distance of 422.10 feet;

thence along the South boundary line of said Lease Parcel 37 North 89°26'31" West a distance of 145.00 feet to the Southwest corner of said Lease Parcel 37;

thence departing said South boundary line and along the West boundary line of said Lease Parcel 37 North 00°44'54" East a distance of 309.50 feet;

thence departing said West boundary line South 89°26'31" East a distance of 145.00 feet to a point on the East boundary line of said Lease Parcel 37;

thence along said East boundary line South 00°44'54" West a distance of 309.50 feet to the Point of Beginning.

Said parcel contains an area of approximately 44,877 square feet.

BASIS OF BEARINGS: Amended Official Plat of Carson City Industrial Airpark, Map Number 363, recorded December 14, 1971 as File Number 98759, in the official records of Ormsby County, Nevada.

Description Prepared By:
Ryan G. Cook, PLS 15224
Summit Engineering Corporation
5405 Mae Anne Ave.
Reno, NV 89523
775-747-8550



11-22-2019

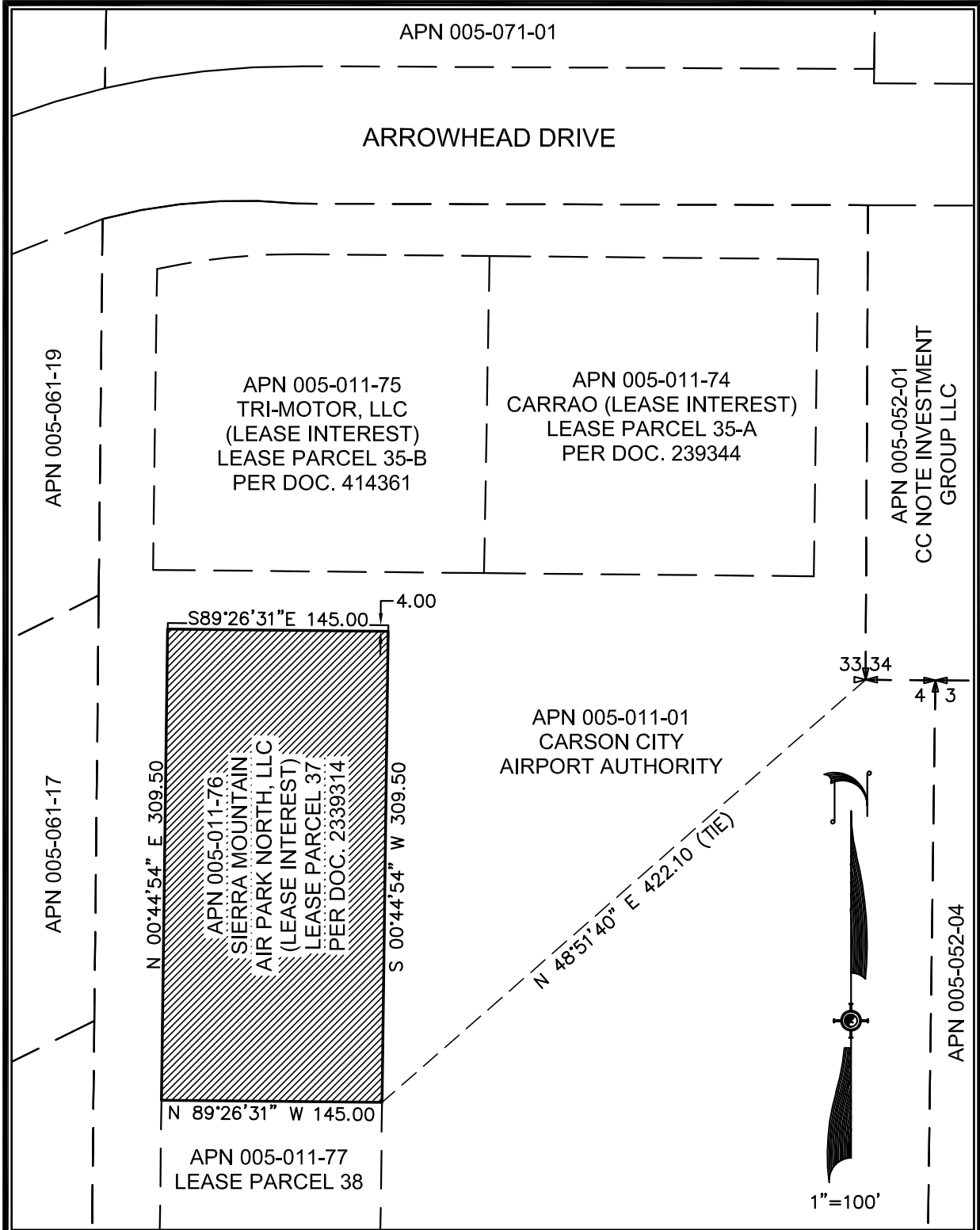
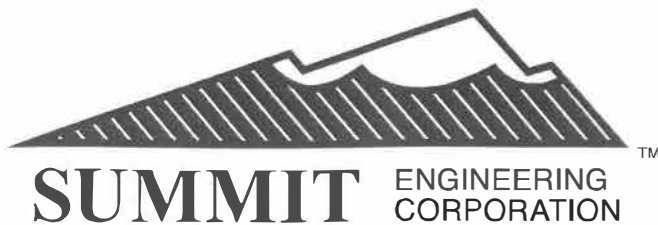


EXHIBIT "B"
DISPLAY TO ACCOMPANY
LEGAL DESCRIPTION

1" = 100'
 NEW LEASE PARCEL 37
 POR APN 005-011-76



SHEET
 1
 OF
 1



February 27, 2020

To: Carson City Airport
Attn: Kenneth G. Moen, Airport Manager
2600 College Parkway #6
Carson City, NV 89706
(775) 841-2255
kmoen@flycarsoncity.com

Re: Areas of Lease parcels APN 005-011-75 & 005-011-76

Mr. Moen,

Summit Engineering has previously prepared and provided the November 22, 2019 dated legal descriptions and graphical displays for New Lease 35-B and New Lease 37-B. The following is a summary of the original verse's new areas of these two lease parcels:

APN 005-011-75; Tri-Motor LLC

Original Area of Lease Parcel 35 per Document No. 414361 = 45,085 square feet
New Area of New Lease Parcel 35-B per 11/22/2019 Legal Description = 54,372 square feet
Increase of an Area of 9,287 square feet

APN 005-011-76; Sierra Mnt Air Part North et al

Original Area of Lease Parcel 37 per Document No. 239314 = 45,457 square feet
New Area of New Lease Parcel 37-B per 11/22/2019 Legal Description = 44,877 square feet
Decrease of an Area of 580 square feet

If I can be of further assistance, please call me at (775) 787-4316 or ryan@summitnv.com.

Sincerely,

Ryan Cook, PLS, WRS, CFedS
Vice President & Surveying Department Manager
SUMMIT ENGINEERING CORPORATION



2-27-2020

APN 005-011-76

APN _____

APN _____

RECORDED AT THE
REQUEST OF

CARSON CITY CLERK TO
THE BOARD

2017 JAN 26 AM 8:45

FILE NO. 471849

SUSAN MERRIWETHER
CARSON CITY RECORDER

FEES N/C R

FOR RECORDER'S USE ONLY

Amendment to Carson City Airport Lease Agreement
TITLE OF DOCUMENT (Sierra Mtn. Air Park North)

I, the undersigned, hereby affirm that the attached document, including any exhibits, hereby submitted for recording does not contain personal information of any person or persons. (NRS 239B.030)

I, the undersigned, hereby affirm that the attached document, including any exhibits, hereby submitted for recording does contain personal information of a person or persons as required by law. State specific law: _____

Kathleen King
Signature

Print Name & Title

WHEN RECORDED MAIL TO:

cc clerk

885 E. Mussier St., Ste. 1032

cc, NV 89701

471849

**AMENDMENT TO
CARSON CITY AIRPORT LEASE AGREEMENT
(SIERRA MOUNTAIN AIR PARK NORTH, LLC)**

This lease amendment is made this 21 day of December, 2016, between Carson City, the Carson City Airport Authority (Landlord), whose address is 2600 College Parkway #6 Carson City, Nevada 89706, and Sierra Mountain Air Park North, LLC, a Nevada limited liability company (hereinafter referred to as Tenant), whose address is 9400 Gateway Drive, Reno, Nevada 89511.

WITNESSETH:

WHEREAS, the Tenant and Landlord desire to extend the term of the lease recorded with the Carson City Recorder as Document No 168290, assigned to Tenant in Document No 239314, pursuant to NRS 496.080, which permits leasing and renewals of aircraft storage leases based upon an appraisal conducted within the last 6 months; and

WHEREAS, the MAI appraisal within the last 6 months determined the lease value to be \$0.12/sqft/yr, and Tenant has agreed to increase its rent to that level; and

WHEREAS, Tenant has made (or is making) a one time donation of funds toward the Terminal Building restoration project in the amount of \$19,653.32, released immediately upon payment to the Airport Authority and not as payment of rent;

THEREFORE, Landlord and Tenant agree as follows:

1. TERM. The lease shall be renewed for a 50 year term, commencing on January 1, 2017, and ending on December 31, 2066.

2. RENT. Tenant shall pay to Landlord a new base rental amount of \$0.12/sqft/yr commencing on January 1, 2017 and subject to the CPI increases set forth in the lease occurring on 2 year anniversaries of the new lease term.

A. At the option of the Landlord, the rent rate may be adjusted to the appraised rate on January 1 of each 10 year anniversary of the new lease term. If the Landlord chooses to exercise the option, Landlord shall, at its expense, use an MAI certified appraiser, selected by the Landlord and Tenant from the Carson City Board of Supervisors' approved list of appraisers.

B. Tenant has invested funds for improvement and maintenance expenditures over term of the lease. Tenant shall continue to maintain and improve the property at a similar or greater rate, approximated as \$0.03/sqft/yr, averaged over a 10 year period.

(45,457 sqft x .03 x 10= \$13,637). Upon each 10 year anniversary of January 1, 2017, the Tenant shall report on its improvements to, and maintenance on, the leasehold made during the 10 year period. Upon request, Tenant shall provide supporting documentation of such Tenant expenditures to ensure that the facility is being maintained in the same fashion, i.e. same good condition as currently held, normal wear and tear excepted.

C. In the event that the leasehold use is modified to allow for FBO use beyond aircraft storage, then the lease rate shall convert to the ~~most recently~~ ^{new} appraised lease rate for full FBO lots.

D. All other lease terms remain unchanged.

TENANT
SIERRA MOUNTAIN AIR PARK NORTH,
LLC, A Nevada limited liability company


DAVID CORRAO, Manager

LANDLORD
CARSON CITY AIRPORT AUTHORITY
CARSON CITY, NEVADA


LINDA CHANDER-LAW, CHAIRMAN

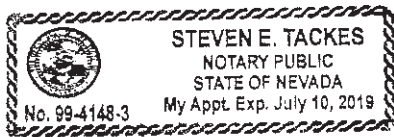
ATTEST:



MAURICE WHITE, TREASURER

STATE OF NEVADA)
) : ss
COUNTY OF CARSON CITY)

On this 21 day of Dec, 2016, before me, the undersigned, a Notary Public, personally appeared DAVID CORRAO, Manager of SIERRA MOUNTAIN AIR PARK NORTH, LLC, known to me to be the person described herein, who executed the foregoing instrument, and he acknowledged to me, that he has the requisite authority and executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

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




NOTARY PUBLIC (SEAL)

471849

CARSON CITY

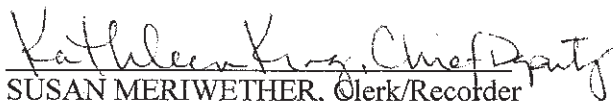
The Board of Supervisors of Carson City, Nevada, pursuant to NRS 844, hereby approves and acknowledges the Lease amendment, and the right and authority of the Authority to enter into the lease amendment with Tenant.

Approved by the Board of Supervisors this 5th day of January, 2016. 17


ROBERT L. CROWELL, Mayor

ATTEST:

CITY'S LEGAL COUNSEL
Approved as to form.

for: 
Kathleen King, Chief Deputy
SUSAN MERIWETHER, Clerk/Recorder


DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL
Approved as to form


STEVEN E. TACKES, ESQ.

CARSON CITY AIRPORT LEASE AGREEMENT

This lease, made and entered into this 24 day of April, 1999, between the Carson City Airport Authority (Landlord), whose address is 2600 East Graves Lane #6, Carson City, Nevada 89706, and Sierra Mountain Air Park North, LLC, a Nevada limited liability company, (Tenant), whose address is 9400 Gateway Drive, Reno, Nevada 89511.

WITNESSETH:

WHEREAS, Landlord, as "Landlord", and John C. Serpa as "Tenant" entered into that certain Carson City Airport Lease Agreement dated October 20, 1994, and recorded on October 21, 1994, as Document No. 168290, Official Records of Carson City, Nevada, which Lease was assigned by John C. Serpa to The Lud Corrao Family Revocable Living Trust dated November 13, 1998, pursuant to the Assignment of Lease recorded on May 29, 1998, as Document No. 218112, Official Records, Carson City, Nevada (as assigned, the "Original Lease");

WHEREAS, Landlord and Sierra Mountain Air Park South, LLC, a Nevada limited liability company ("South") are concurrently herewith entering into that certain Carson City Airport Lease Agreement with respect to a portion of the property leased pursuant to the Original Lease (the "South Lease");

WHEREAS, the Tenant desires to lease from Landlord certain ground space for construction of hangars pursuant to the provisions of Title 19 of the Carson City Municipal Code;

WHEREAS, Landlord desires to lease Tenant ground space consistent with uses desired by Landlord and to provide monetary support to the Carson City Airport; and

WHEREAS, the Landlord and Tenant desire that this Lease, together with the South Lease, shall replace and terminate the Original Lease, and create separate leasehold estates pursuant to this Lease and the South Lease.

THEREFORE, Landlord and Tenant agree as follows:

1. PREMISES. Landlord leases to Tenant and Tenant leases from Landlord the real property located at the Carson City Airport in Exhibit "A" (premises), and the appurtenant rights included in Paragraph 8.

2. TERM. The term shall extend until the 20th day of October, 2044 and shall commence upon approval of the Carson City Board of Supervisors as set forth by the date of signature.

3. RENT. Tenant shall pay to Landlord:

A. Four Thousand Eight Hundred Thirty-Six and 62/100ths Dollars (\$4,836.62) per year; calculated as \$.1064 per square foot per year for the entire leased area (45,457 sq. ft.) Rent shall be payable monthly with the first year's payment due in advance and with payments thereafter due on the first day of each month. Paving of ramp area per bid condition.

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

4. CPI ADJUSTMENT. An adjustment of the rental and fees above described shall occur on two (2) year anniversary intervals from January 1, 2000, 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 (2) year period. The Price Index shall mean the average for "all items" shown on the "U.S. City Average for All Urban Consumers"

as promulgated by Bureau of Legal Statistics of the U.S. Department of Labor, as amended or replaced by the agency. LESSOR shall measure each two (2) year adjustment using the most recently available report, recognizing that it may be necessary to use a two (2) year period with a final quarter ending prior to each December 31 adjustment date. In no event, however, shall any decrease in the Consumer Price Index result in a decrease of the rental below the base rate. For example, if the CPI for December 1996 is 155.0 (1982-1984=100) and for December 1994 is 150.0, then the rent would be adjusted by the difference (155.0-150.0) divided by 150.0 which equals a 3.3% increase.

5. IMPROVEMENTS. Tenant shall meet the construction schedule set forth on Exhibit "B" which shall, at a minimum, be completed prior to December 25, 1999.

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

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

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

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

- D. Filing a petition of voluntary or involuntary bankruptcy.
- E. The making by the tenant of any general assignment for the benefit of creditors.
- F. Violation of any of these standards, rules, and regulations, or failure to maintain current licenses required for the permitted operation.

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

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

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

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

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

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

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

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

8. APPURTENANT RIGHTS AND RESTRICTIONS.

A. Tenant may use the premises primarily for the storage of aircraft; machinery, parts and tools associated with the stored aircraft; office space associated with the stored aircraft, and is expressly prohibited from conducting any activity at the Carson City Airport other than that

provided by this Agreement or as may be approved by Landlord. Tenant is, by this lease, an authorized FBO for the inside storage of aircraft, and shall comply with the provisions of Title 19 applicable to the public provision of aircraft storage for multiple aircraft hangars. Tenant shall not perform any salvage, rehabilitation, maintenance, construction or reconstruction, commercial, or industrial operations for any aeronautical uses, vehicles, and equipment except for aircraft owned by Tenant. Except as specified in this Lease, LESSEE is prohibited from any fixed base operations which are revenue producing in or on or from Tenant's facility. Tenant may conduct such non-aviation business upon the premises as are otherwise permitted by law and do not otherwise interfere with the aviation uses permitted under this Lease and other leases on this airport. Landlord's decision shall be final as to claims of conflict over interfering uses. Except as provided in Paragraph 9 below, Landlord agrees that Tenant will be the sole Tenant and occupant of the leasehold under the terms of this lease Agreement. Tenant may construct, upon Landlord approval and other applicable governmental approvals, a fuel storage facility for Tenant's own use only. For all fuel so stored, Tenant shall pay Landlord a fuel flowage fee designated in Title 19 of the Carson City Municipal Code applicable to all owners of fuel storage facilities, except those which are limited by leases or contracts entered into by Carson City prior to the creation of the Carson City Airport Authority (July 5, 1989).

B. Ingress and Egress. Tenant, and its members, guests and invitees shall have full and unimpaired access to the premises at all times and a nonexclusive right to use the taxiway area between premises and runway. Tenant shall be responsible for, and control the access to, the premises. Access between the leasehold and Airport shall comply with the Landlord's rules, regulations, or access plans.

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

D. Air Space and Subsurface Rights. This lease confers no right 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 itself, its members, guests, invitees, 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 itself, its members, guests, invitees, heirs, personal representatives, successors in interest, and assigns, as a part of the consideration covenants and agrees as a covenant running with the land that: 1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination in the use of the facilities; 2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination.

3. Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as the Regulation may be amended.

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

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

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

7. The Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered

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

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

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

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

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

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

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

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

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

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

9. ASSIGNMENT AND SUBLEASING. Except as provided below, 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 membership interests of Tenant shall not be deemed an assignment of this lease. Moreover, Tenant shall be permitted, without the consent of Landlord, to grant to its members exclusive rights to use and occupy individual hangars and nonexclusive rights to use and occupy the premises and other improvements located thereon.

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

10. INSURANCE AND BONDING.

A. Coverage. As a condition precedent to this lease, Tenant shall provide, at his own cost, insurance coverage in the amount of ONE MILLION DOLLARS (\$1,000,000.00), the category to be under-written by a responsible insurance carrier, authorized by the State of Nevada to provide such coverage. The following coverage shall be included:

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

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

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

4. Fire and extended coverage and vandalism and malicious mischief insurance, as provided by the lease Agreements, for damage or destruction of real property or

leasehold improvements, where the Landlord has, or will have, an interest in such property by virtue of an existing lease.

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

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

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, its 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.

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

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

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

Tenant shall maintain all leased areas, salvage and rehabilitation areas, displays, storage areas, landscaping, pavement, facilities, and structures in a state of repair and good appearance acceptable to the Landlord. Landlord shall have sole discretion in interpreting and enforcing all Federal, State, and local rules, regulations, codes, and ordinances in determining what is, or is not, acceptable. Landlord may require Tenant to perform all necessary maintenance, repairs, removal, construction or cleaning/clearing of unsightly areas upon the leased premises. In the event such maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas is not undertaken as required, Landlord may perform such maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas on behalf of Tenant and at Tenant's expense, plus ten percent (10%) for administration.

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

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

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

16. AMENDMENTS. Any amendments to this lease require approval by the Landlord 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.

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

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

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

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

DATED this 7th day of July, 1999.

TENANT:

SIERRA MOUNTAIN AIR PARK
NORTH, LLC

By: [Signature]

LUDWIG CORRAO
Its: MANAGER

LANDLORD:

CARSON CITY AIRPORT AUTHORITY
CARSON CITY, NEVADA

By: [Signature]

Its: Chairman

ATTEST:

[Signature]
BOARD MEMBER, TREASURER

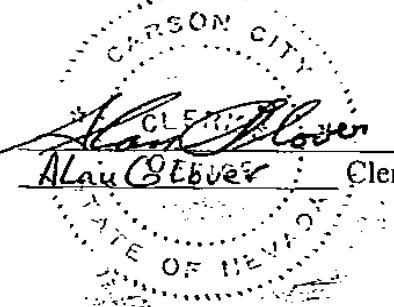
CARSON CITY:

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

[Signature]
Ray Masayko, MAYOR

ATTEST:

[Signature]
Alau Gebver Clerk/Recorder

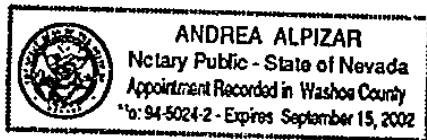


CITY'S LEGAL COUNSEL
Approved as to form.

[Signature]
DISTRICT ATTORNEY

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on July 8, 1999, by Lud Corrao,
as Manager of Sierra Mountain Air Park North, LLC, Tenant.



Andrea Alpizar
Notary Public
My Commission Expires: 9-15-2002

EXHIBIT "A"
NORTH LEASE PARCEL
LEGAL DESCRIPTION

A parcel of land located within a portion of the Northeast Quarter of Section 4, Township 15 North, Range 20 East, MDM, and the Southeast Quarter of Section 33, Township 16 North, Range 20 East, MDM, being more particularly described as follows:

Commencing at the Southeast Corner of said Section 33;
thence along the South line of said Section 33, North 89°26'31" West a distance of 360.08 feet to the POINT OF BEGINNING;
thence departing said South line South 00°44'54" West a distance of 280.78 feet;
thence North 89°26'31" West a distance of 145.00 feet;
thence North 00°44'54" East a distance of 313.50 feet;
thence South 89°26'31" East a distance of 145.00 feet;
thence South 00°44'54" West a distance of 32.72 feet to the POINT OF BEGINNING.

Said parcel contains an area of approximately 45457 square feet (1.044 acres).

BASIS OF BEARINGS: Amended Official Plat of Carson City Industrial Airpark, Map Number 363, recorded on December 14, 1971 as File Number 98759, in the official records of Ormsby County, Nevada.

EXHIBIT "B"
CONSTRUCTION EXHIBITS

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

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

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

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

A. Construction Phasing for each Phase.

1. All plans completed and submitted to LESSOR and governmental offices for approval within sixty (60) days of building phase.

2. All permits obtained for construction within one hundred twenty (120) days next following.

3. All construction completed within the applicable construction year set forth in lease.

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

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

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

FILED FOR RECORD
AT THE REQUEST OF
CARSON CITY CLERK TO
THE BOARD
'99 AUG 25 P2:32

FILE NO. 239314
ALAN GLOVER
CARSON CITY RECORDER
FEES DEP.