

22100253

ptm of APRM 1320-08-002-004

**MUSTANG BUSINESS CENTER**

**LEASEHOLD ESTATE SUBLEASE AGREEMENT**

WHEREAS, MONOLITH ENTERPRISES, INC., has entered into a long-term Master Ground Lease ("Master Lease") with Douglas County, State of Nevada, regarding the real property that is the subject matter of this Leasehold Estate Sublease Agreement; and

WHEREAS, MONOLITH ENTERPRISES, INC., has developed and implemented a Commercial Leasehold Common-Interest Development with respect to the improvements that are or will be constructed on the real property that is the subject matter of this Leasehold Estate Sublease Agreement. All capitalized terms set forth herein will have the meanings set forth herein or in the Declaration.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Parties.** This Agreement is made on the 16th day of April, 2001, by and between MONOLITH ENTERPRISES, INC., a Nevada corporation, referred to in this instrument as Sublessor, and SKYLINE HANGARS MINDEN, LLC, a Nevada referred to in this instrument as Owner. Limited Liability Company

101, 102, 103  
201, 202, 203  
2. **Demise/Description of Unit.** Sublessor leases to Owner, Suite/Unit No: Building A, that was created under the First Amended Declaration of Covenants, Conditions and Restrictions for Mustang Business Center, a Commercial Leasehold Common-Interest Development, herein called the Declaration, executed on February 5, 2001, in Book 0201, at page 3285, in the Office of the Recording Officer of Douglas County, Nevada. The Unit is also designated on the site plans referenced in said Declaration and set forth on the Record of Survey recorded January 8, 2001, in Book 0101, at Page 1432, as Document No. 506507 of Official Records of Douglas County, Nevada, as Suites consisting of a hanger and adjoining office.

3. **Use.** Use of the Unit is restricted, and must comply with the Airport minimum standards for development for fixed based operators and airport tenants, the Airport Rules & Regulations, the Douglas County Code regarding airport usage, the Master Lease, and the Declaration. Subject to use restrictions set forth herein, Owner agrees on his/her own behalf, and as a member of the Association, to keep his/her Unit and all common areas in a strictly safe and sanitary condition, to observe all municipal, state and federal laws, ordinances, rules and regulations, and to abide by the Declaration, Master Lease, Bylaws, and Rules & Regulations of the Association, and any agreements or decisions made pursuant to such rules and regulations by the Association.

4. Term. The term of this Agreement will commence on \_\_\_\_\_ and will continue for the full unexpired term of the Master Lease entered into on December 4, 1998, by and between Douglas County, a political subdivision of the State of Nevada, and Sublessor, recorded on December 8, 1998, in Book 1298, Page 2177, in the Office of the Recording Officer of Douglas County, Nevada. The term of the Master Lease is fifty (50) years, commencing January 1, 1999, and ending December 31, 2049. A copy of the Master Lease is referenced in the Declaration prepared by Sublessor in connection with the Commercial Leasehold Common-Interest Development Project.

5. Rent and Assignments.

A. During the term of this Agreement, Owner will be liable for both rent and assessments, such assessments to be determined by the governing board of the Association, as set forth in the Declaration, Articles and Bylaws of the Association.

B. Rent for the Unit is \$27.93 (TWENTY-SEVEN DOLLARS AND NINETY-THREE CENTS) per month, due and payable in advance to Sublessor on the 20th day of each month, which sum is one-fourteenth (1/14th) of the total monthly rent due under the Master Lease. The sum of \$27.93 (TWENTY-SEVEN DOLLARS AND NINETY-THREE CENTS), representing the amount due for the first month (or part of it) of occupancy, is payable by check to the order of Sublessor on execution of this Agreement. Increases in the amount of rent due under the terms of this Agreement will be made in accordance with the provisions of the Master Lease, as follows: monthly rental commencing January 1, 2001, will be in the sum of \$102.41 (ONE HUNDRED AND TWO DOLLARS AND FORTY-ONE CENTS). Every five (5) years thereafter, the monthly rent is subject to a CPI adjustment as provided for in the Master Lease.

C. Owner agrees that it will pay the rent called for by the above paragraph directly to Douglas County, should Douglas County elect to collect the rent directly from Owner pursuant to the provisions of paragraph 21(C) of the Master Lease.

D. Assessments will be made against the Unit on the basis of the undivided interest in the common areas of the Project allocated to the Unit as set forth in the Declaration. The interest of the Unit, expressed as a fraction of the overall annual budget of common expenses for each year, is one-fourteenth (1/14th). Assessments will be made by the Association on this basis.

6. Rights Appurtenant to Unit. Owner will be deemed owner of the Unit for all purposes provided in the Declaration, Bylaws, and Rules & Regulations of the Association, and will have all the rights, privileges and duties appurtenant to such ownership including, without limitation, the right to exclusively occupy, sell or encumber the Unit, membership and the right to vote in the Association.

7. Owner's Covenants.

A. Payment of Rent. Owner agrees to pay the rent as set forth herein without any deduction, and without notice or demand.

B. Taxes and Assessments. Owner agrees to pay promptly when due, all real property or personal property taxes and assessments payable with respect to the Unit.

C. Assessment and Common Expenses. Owner agrees to pay promptly when due, all assessments (regular and special), whether for common expenses or otherwise, as may be levied against the Unit pursuant to the Declaration, Bylaws, and Rules & Regulations of the Association, or pursuant to law.

D. Liens. Owner will not do any act which results in the Unit or the common areas of the project becoming subject to a lien or encumbrance other than the liens or encumbrances herein authorized. Owner agrees to indemnify Douglas County and Sublessor from and against any and all liability, loss, cost and expense, including reasonable attorney's fees Douglas County or Sublessor may sustain or incur by reason of any lien or encumbrance created or permitted by Owner.

E. Repair and Maintenance. Owner agrees, at his/her own expense, to maintain his/her Unit and keep it in good repair, and pay his/her proportionate share of Association assessments in order to maintain the common areas and keep them in good repair. If an agreement is not reached between the Owner and Sublessor or Douglas County for completing the work within thirty (30) days after written notice, or the maintenance is not completed within ninety (90) days, then Sublessor or Douglas County has the right to enter the premises to perform the necessary maintenance at Owner's sole expense. If Douglas County performs maintenance on Owner's behalf, Owner must reimburse Douglas County, within thirty (30) days of notice of the amount for the work, plus ten percent (10%) for administration.

F. Inspection of Premises. Owner agrees to permit Douglas County, Sublessor, and their agents to enter his/her Unit or any of the common areas appurtenant thereto for inspection purposes at all reasonable times. Owner further agrees at his/her own expense with respect to his/her Unit, to repair and remedy all defects within thirty (30) days after having received notice of the same from Douglas County or Sublessor or their agents.

G. Indemnification. Owner agrees at his/her own expense with respect to his/her Unit, and at his/her proportionate share of the expense with respect to the common areas, to indemnify Douglas County and Sublessor from and against any and all claims, demands, costs, including reasonable attorney's fees, or judgments arising out of or in any way connected with the use or occupancy of the Unit or use of the common areas, or any furniture, fixtures, equipment, machinery, or other property located in or compromising the Unit or the common areas, except to the extent any such claims, demands, costs or judgments arise out of the negligence or willful misconduct of Sublessor, or willful misconduct of Douglas County.

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H. Improvements. No construction of any improvement on the Property or the alteration of any building or improvement on the Property (excluding interior remodeling of any Unit) may be undertaken without the prior written approval of Sublessor and the Association.

I. Costs and Expenses of Sublessor or Douglas County. Owner agrees to indemnify Sublessor and Douglas County against all costs and expenses incurred or expended by Douglas County or Sublessor in enforcing this Sublease or any provision of the same, except that in the event of any legal action brought to enforce this Sublease, Owner shall indemnify Sublessor and Douglas County against such costs and expenses, only if Sublessor or Douglas County is the prevailing party in such action.

J. Non-Discrimination. The Owner agrees that the following federal requirements apply to the Owner's use of the Premises.

(i) The Owner, for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as part of the consideration, does covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the property described in the lease for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, the Owner must maintain and operate the facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Non-discrimination 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.

(ii) The Owner, for himself/herself, his/her personal representatives, successors in interest, and assigns, as part of the consideration, covenants and agrees as a covenant running with the land that: (a) 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; (b) 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; and (c) that the Owner 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, Non-discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as Regulation may be amended.

(iii) That in the event of breach of any of the above non-discrimination covenants, Sublessor or Douglas County shall have the right to terminate this Sublease and to re-enter and repossess the premises and hold the premises as if this Sublease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.

(iv) Owner shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users (and it must charge fair, equal and no 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 Owner may be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

(v) Non-compliance with provision (iv) above shall constitute a material breach of this Agreement, and in the event of such non-compliance, the Sublessor or Douglas County shall have the right to terminate this Lease Agreement without liability or, at the election of the Sublessor or Douglas County, or for the United States, either or both governments shall have the right to judicially enforce these provisions.

K. Insurance. Owner agrees to maintain insurance coverage for Owner's Unit in the amounts not less than that set forth in paragraph 18 of the Master Lease Agreement. If Association elects to reconstruct/repair pursuant to paragraph 7.05(A) of the Declaration, then Owner must reconstruct/repair Owner's Unit and use the proceeds of any insurance required by this paragraph to do so.

8. Covenant of Sublessor. Sublessor agrees to pay when due all sums, including rent, owing under the Master Lease to Douglas County, and further agrees to comply with all of the terms and conditions of the Master Lease.

9. Mutual Covenants.

A. Eminent Domain; Condemnation. In the event the Unit or any part of it or any common element appurtenant to it is taken or condemned in fee simple for public or quasi-public use, this Sublease will terminate as to the property taken as of the date of taking. That portion of any award representing the value of the land or any improvements on it other than the buildings and improvements that have been erected by Sublessor after the date of the Master Lease, will be payable to Sublessor under the Master Lease. That portion of an award representing the value of the leased Unit or any appurtenant common interest in buildings and improvements erected by Sublessor after the date of the Master Lease will be payable to the Association as Trustee for Owner and all other Unit Owners, and will be used by the Association for the prompt restoration or reconstruction of the Units, buildings and improvements. However, if only a portion of the property is taken, and if the percentage of the land leased under the Master Lease remaining after the taking is less than twenty-five percent (25%) of the total land area, and the remaining land is, in Sublessor's reasonable business judgment, unsuitable for commercial purposes, then Sublessor may, at its option, cancel this Sublease, in which event that portion of any award representing the value of Owner's Unit and its appurtenant common interests will be payable to Owner. Additionally, if all or any portion of the leased Unit is taken or condemned so as to render any remaining portion of the Unit unsuitable for commercial purposes, Owner may, at his/her option, surrender this Lease, being thereupon relieved of any further obligation under it, in which event any award representing the value of the Unit and its appurtenant common

interests, after making provision for the removal of all remains of the Unit and its appurtenant common interests, will be payable to Owner. It is expressly understood that Owner will not be entitled to any claim against Sublessor or others for compensation for the leasehold interest, but nothing contained in this Agreement will prevent Owner from asserting claims against the condemning authorities for any damage to Owner's business on the premises, and for any cost or loss Owner may incur in the removal of any improvements erected or fixtures installed by him/her on the demised premises.

B. Eminent Domain; Condemnation of Leasehold. In the event Owner's leasehold interest is taken or condemned for any public or quasi-public use, then this Sublease shall terminate. The award for the taking of a leasehold interest will belong to Owner.

C. Destruction. If the Unit is damaged or destroyed as a result of any uninsurable cause or risk at the time of destruction, or any cause or risk for which insurance coverage is not available at commercially reasonable rates and terms in the amount of at least twenty-five percent (25%) of the replacement cost of construction, Owner has the option to either terminate this Lease, or to replace and rebuild the Unit in substantially the same condition as it was in immediately before damage or destruction. Owner must give written notice of the election to Sublessor and Douglas County within forty-five (45) days of the date of the loss or destruction of the improvements and structures. If Owner elects to terminate this Sublease under this section, this Sublease terminates. If Owner elects to rebuild, rent will be abated in an amount proportional to the damage for a period not to exceed three (3) months from the date of the written notice. If damage is less than twenty-five percent (25%) of the replacement cost of construction, Owner shall rebuild the improvements, and no rent abatement shall apply.

D. Assignments. Owner may, at any time and without the consent of Sublessor, assign this Sublease Agreement, provided that any assignee will expressly assume and agree to be bound by all the covenants, terms and conditions hereof of Owner in this Agreement and the Declaration, and provided further that a copy of any such assignment will be delivered to Sublessor promptly on the execution of it. Notwithstanding the above, any such assignment needs the prior approval of Douglas County to be effective.

E. Encumbrance. Owner may, at any time and without the consent of Sublessor, encumber this Lease and/or the Unit No. ~~201, 202, 203 BLD-B~~ <sup>101, 102, 103 BLD-A</sup> by way of a Deed of Trust or otherwise, and agrees promptly on the execution of any such encumbrance to provide a copy of it to Sublessor. During the term of the encumbrance, Sublessor agrees not to terminate this Lease because of a default on the part of Owner without giving thirty (30) days' written notice to the Lender of his/her intention to do so. If, within the thirty-day period, the Lender cures the default, if the same is subject to cure within the period, or if the default is not subject to cure within the period, if the Lender commences promptly to cure the default and thereafter exercises its best efforts to do so, Owner will desist from terminating this Sublease until the encumbrance is foreclosed. Any lender as Trustee may enforce its Deed of Trust and acquire title to the leasehold in any lawful manner, and may thereafter assign this Agreement as it may



deem desirable; provided, that any assignee of the Lender will expressly assume and agree to be bound by all the covenants of this Sublease Agreement and the Declaration, and provided further that Douglas County is given notice of any encumbrance and the address to send any notices required to be given.

F. Sublessor's Rights on Default. This Sublease is subject to Owner's performance of the covenants and conditions set forth in paragraph 7. If Owner defaults in performance of any of these covenants or conditions, and the breach continues for more than ten (10) days for non-payment of rent, or for more than thirty (30) days for any other breach, after Owner receives written notice of it, becomes insolvent, or makes any assignment for the benefit of creditors, or suffers this Agreement or any interest in it to be taken on writ of execution, or abandons the premises, then Sublessor may, at its option:

(i) Pursue any legal remedy available (including unlawful detainer) because of the breach.

G. Non-Waiver of Breach. Sublessor's waiver of Owner's breach of any covenant or condition contained herein will not be construed as a waiver of the covenant or condition itself, of any subsequent breach, or of any other covenant or condition contained in this Agreement. Sublessor's subsequent acceptance of rent under the terms of this Agreement will not be construed as a waiver of any preceding breach by Owner of any covenant or condition contained herein, other than of Owner's failure to pay, when due, the rent accepted.

H. Notices. All notices given under this Agreement may be served by enclosing the notice in a sealed envelope addressed to the party, and deposited with the United States' Post Office as Certified Mail, with postage prepaid. The notice is effective three (3) days from the date of mailing. Unless otherwise provided in writing, the address of any party that is to receive notice hereunder is as follows:

DOUGLAS COUNTY:

Operational Services Director, Minden/Tahoe Airport  
P.O. Box 218  
Minden, Nevada 89423

SUBLESSOR:

Monolith Enterprises, Inc.

2321 P-51 Court  
Suite 16  
Minden, NV 89423

OWNER:

Skyline Hangars Minden, LLC  
901 E. Marine View Dr. #101  
Everett, Washington 98201

I. Termination of Master Lease. In the event the Master Lease is declared forfeited by Douglas County, or is otherwise terminated, except by reason of condemnation or taking in eminent domain, Owner will have the right upon ten (10) days' written notice to Douglas County, as provided in the Master Lease, to become Douglas County's tenant. In such event, Owner will hold as tenant of Douglas County, the estate granted in this Agreement, subject to the terms and conditions of this Agreement.

J. Attorney's Fees. In the event any party hereto is required to retain an attorney to enforce any of the provisions hereof, then the prevailing party shall be entitled to an award of reasonable attorney's fees and Court costs.

K. Governing Law. This Agreement shall be construed in accordance with Nevada law.

L. Time. Time is made the essence of all of the terms and provisions hereof.

EXECUTED AT Marquis Title & Escrow

this 16<sup>th</sup> day of July 2002

SUBLESSOR:

MONOLITH ENTERPRISES, INC.

By Scott Lether  
SCOTT LETHER, President

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OWNER:

SKYLINE HANGARS MINDEN, LLC

BY: Carl Westman  
CARL R. WESTMAN, Managing Member

By Donald Wright  
DONALD WRIGHT, Managing Member

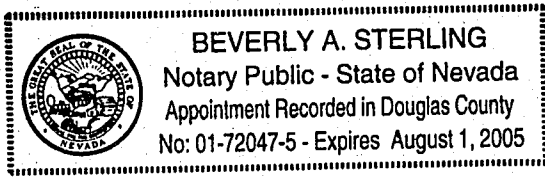
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STATE OF NEVADA  
COUNTY OF Douglas

On July 16, 02, personally appeared before me, a notary public, Scott Lether,  
Carl R. Westman and Donald Wright  
Who acknowledged that they  
executed the above instrument.

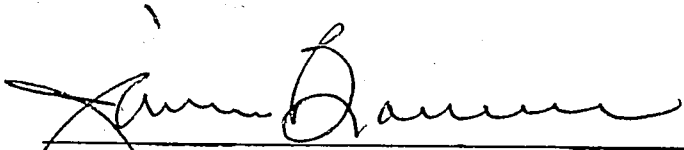
Beverly A. Sterling  
Notary Public



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APPROVAL:


Douglas County, a Political Subdivision  
of The State of Nevada

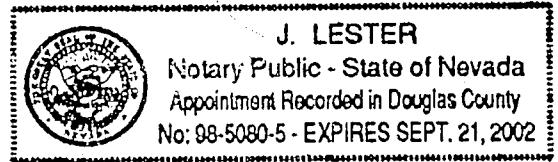
  
by Jim Braswell, Operational Services Director

STATE OF NEVADA  
COUNTY OF Douglas

On July 18, 2002, personally appeared before me, a notary public, \_\_\_\_\_  
Jim Braswell

Who acknowledged the he executed the above instrument.

  
Notary Public



# EXHIBIT 'A'

Leasehold estate as created by that certain lease made by and between Douglas County, a political subdivision of the State of Nevada, as lessor, and Monolith Enterprises, Inc., as Lessee, for the term and upon the terms and conditions contained in said lease, thereof recorded December 8, 1998, Book 1298, Page 2177, Document No. 456093 and amended by documents recorded May 27, 1999, December 20, 1999 and May 10, 2000, Document No's. 469041, 483035 and 491730, Official Records of Douglas County, Nevada, in and to the following:

Building A, consisting of Suites 101, 102, and 103, and Building B, consisting of Suites 201, 202, and 203, as set forth on Record of Survey for MUSTANG BUSINESS CENTER by MONOLITH ENTERPRISES, INC., filed for record in the Office of the Douglas County Recorder on January 8, 2001, in Book 0101, at Page 1432, as Document No. 506507, Official Records of Douglas County, Nevada, and being further defined, identified and set forth in those certain CC&Rs for Mustang Business Center recorded May 4, 2000, in Book 0500, at Page 4099, as Document No. 492245, Official Records of Douglas County, Nevada and as amended by documents recorded February 16, 2001, in Book 0201, at Page 3285, as Document No. 508892, and March 16, 2001, in Book 0301, at Page 4071, as Document No. 510544, Official Records of Douglas County, Nevada.

A Portion of Assessor's Parcel No. 1320-08-002-004

REQUESTED BY  
**MARQUIS TITLE & ESCROW**  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

2002 JUL 18 PM 4: 09

LINDA SLATER  
RECORDER

\$24<sup>00</sup> PAID K2 DEPUTY

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