

Assessor's Parcel Number: _____

Date: July 27, 2016

Recording Requested By:

Name: Bobbie Thompson, Airport Manager

Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ _____



KAREN ELLISON, RECORDER

HANGAR LAND LEASE LL 122

(Title of Document)

FILED

NO. 2016-181

MINDEN-TAHOE AIRPORT

2016 JUL 27 PM 2:21

HANGAR LAND LEASE LL122

DOUGLAS COUNTY

CLERK

J. Fenny

This Hangar Development Lease is entered into by the Minden-Tahoe Airport (ADDP), with its principal office at Minden-Tahoe Airport, 1146 Airport Road, Minden, Nevada 89423, and owned by Douglas County, Nevada (County) with offices located at 1594 Esmeralda Avenue, Minden, Nevada 89423 and Carl Jefferson Kennedy, Jr./Susan Jane DeHoff Kennedy Revocable Inter Vivos Family Trust, (hereinafter Lessee) with an address at 1512 Lou Court, Gardnerville, Nevada 89460

RECITALS:

WHEREAS, the County owns and operates Minden-Tahoe Airport located in Douglas County, Nevada, as a general aviation and reliever facility, and is authorized to contract for the use of Airport premises and facilities and the provision of products and services thereon;

WHEREAS, Lessee wants to purchase a Noncommercial Hangar and requires a Lease Agreement for the Hangar(s) for Aircraft Storage;

WHEREAS, Lessee wishes to lease a parcel at Airport, for a hangar;

WHEREAS, Lessee has demonstrated to County Lessee's willingness and ability properly to fund, design, construct and maintain such a hangar; and

WHEREAS, County deems it advantageous to lease to Lessee the Premises and grant to it the rights described herein:

NOW, THEREFORE, in consideration of the terms herein, County and Lessee agree:

ARTICLE 1
DEFINITIONS

For all purposes hereunder, the words and phrases defined in this Article shall have the following meanings:

Section 1.01 - "Airport" – means Minden-Tahoe Airport, owned and operated by County as a general aviation and reliever facility in Douglas County, Nevada and as it might be expanded or developed.

Section 1.02 - "Airport Master Plan Update Final Report" or "Master Plan" – means County's plan for the development and/or improvement of Airport, approved in July 2011, and as that Plan might be revised.

Section 1.03 - "Airport Plans" – means County's plans for the development and/or improvement of Airport including, but not limited to, the Master Plan and Terminal Area Development Plan, any similar plan, and as they might be revised.

Section 1.04 - "County" – means the County of Douglas, State of Nevada

Section 1.04 - “Best Management Practices” or “BMP” – means those practices and procedures employed to prevent or reduce source water pollution including, but not limited to, the construction of runoff or retention basins and the replanting of eroding surfaces, to effectuate the purposes of storm water laws.

Section 1.05 - “Board of County Commissioners” or “Board” – means the Douglas County Board of Commissioners, and any successor body.

Section 1.06 - “Business Day” – means any calendar day of the week, excluding Saturdays, Sundays and legal holidays of the United States of America and/or the State of Nevada.

Section 1.07 - “Certificate of Occupancy” – means a document, issued by an agency having jurisdiction, stating that a building or other structure is complete and ready for occupancy and/or use compliant with applicable law.

Section 1.08 - “Date of Beneficial Occupancy” or “DBO” – means the date upon which an improvement or installation by Lessee is complete.

Section 1.09 - “Federal Aviation Administration” or “FAA” – means the United States of America, Department of Transportation, Federal Aviation Administration, or any successor agency.

Section 1.10 - “First-Class” – means:

- A. As to improvements, improvements designed, made, built, constructed, installed, finished, decorated and maintained consistent with the highest contemporary standards, of the local custom and usage in the relevant trade or business, for improvements similar to them in size and use, such similar improvements fewer than five (5) calendar years old, and reasonably equivalent to improvements classified as "Class A" or a similar classification by relevant professionals for similar improvements with regard to their size and use; and
- B. As to products and services, those of the most superior, excellent or best kind of their general class, belonging to the head or chief of several classes into which that general type of goods or services is divided.

Section 1.11 - “Fund” – means the Fund for Cleaning Up Discharges of Petroleum, as defined by NRS 590.750, administered by the State of Nevada, Division of Environmental Protection, Bureau of Corrective Action, pursuant to NRS 590.700 through 590.920, inclusive, Cleanup of Discharged Petroleum.

Section 1.12 - “Lease” – means this Hangar Lease, together with all Exhibits hereto, any written amendment hereof duly approved and signed by the parties and/or any other document incorporated herein by reference. To the extent any term of any incorporated document conflicts or is inconsistent with any term of this Lease or any duly approved and signed amendment hereto, the terms of this Lease or the amendment, as applicable, shall govern.

Section 1.13 - “Leased Premises” or “Premises” – means the real property demised to Lessee, as further described and depicted herein and on Exhibit A, attached hereto and

incorporated herein, and as it might be modified, together with all rights in relation thereto or in conjunction therewith.

Section 1.14 - "Lease Year" – means any one (1) of the forty (40) calendar years of the Term and, as applicable, any holdover.

Section 1.15 - "Notice of Completion" – means a document, issued by County, notifying an Airport tenant or user that County deems an improvement or other project by such tenant or user, through County's Community Development Permit process, to be complete and to have achieved DBO.

Section 1.16 - "Notice of Nonresponsibility" – means a document, compliant with Chapter 108 of NRS, reciting that County is not and will not be responsible for any materials furnished or labor performed on the Premises or Airport by or on behalf of Lessee.

Section 1.17 - "Notice to Proceed" – means a letter or other document, issued by County, authorizing Lessee to proceed with an improvement or installation.

Section 1.18 - "Chairman" – means the Chairman of the Douglas County Board of County Commissioners

Section 1.19 - "Rent" – means the rent owed by Lessee to County for the right to occupy the Premises.

Section 1.20 - "Significant Materials" – means materials or substances as defined in and/or subject to pertinent storm water laws, including, but not limited to: raw materials; materials such as fuels, solvents, detergents and plastic pellets; finished materials such as metallic products; raw materials used in food processing or production; hazardous substances as defined under Section 101(14) of the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA); any chemical subject to reporting under Section 313 of Title III of the federal Superfund Amendment Reauthorization Act (SARA); fertilizers; pesticides; and waste products such as ashes, slag, sludge and the like, which might be released with storm water discharges, as provided in 40 C.F.R. Part 122.26(b)(12).

Section 1.21 - "Sublessee" – means any subtenant, sublessee, subcontractor, partner, joint venturer or any other person possessing or using any part of the Premises under authority of this Lease and/or any contract, oral or written, express or implied, between Lessee and any such third person, regardless whether County consented to such contract and/or contracted with such third person consistent with Section 5.07 or Article 13.

Section 1.22 - "Tenant Improvement Permit" – means a written permit, issued on a form provided by County and as that form might be revised, authorizing Lessee to commence an improvement or installation to, on or at the Premises in compliance with all terms thereof.

Section 1.23 - "Term" – means the forty (40) calendar years term of this Lease, as further described herein.

Section 1.24 - "Trade Fixture" – means any machine, device, equipment or the like, owned or rented by Lessee or any Sublessee, placed on the Premises consistent with Article 10 but not affixed to them, for the conduct and support of Lessee's or such Sublessee's operations.

Section 1.25 - "Transportation Security Administration" or "TSA" – means the United States of America, Department of Homeland Security, Transportation Security Administration, created on November 19, 2001, or any successor agency.

ARTICLE 2 **TERM**

Section 2.01 - Term. This Lease shall be binding on Lessee and County, respectively, upon signature by duly authorized representatives thereof. The Term shall be forty (40) calendar years, commencing July 22, 2016, and expiring on July 21, 2056, unless sooner terminated in accordance with other terms of this Lease. Two (2) five-year option periods may be requested at the end of the initial Term of this Lease.

Section 2.02 - Surrender. Notwithstanding any other term hereof, no notice of expiration of the Term shall be necessary. Upon such expiration, or at any earlier termination hereof, Lessee shall peaceably surrender use of the Premises in good condition, reasonable wear and tear, acts of God and other casualties excepted, subject to Sections 10.11 and 12.05 hereof, and County may effect that surrender with or without legal process.

Section 2.03 - Holdover. If Lessee remains in possession of the Premises after the expiration of this Lease, with County's written consent, such holding over shall not be deemed a renewal or extension of this Lease, but shall create only a month-to-month holdover tenancy under the same terms herein, except as to Rent, fees and charges, which shall be established and charged by County at its discretion. Holdover shall be subject to County's termination of this Lease and repossession of the Premises at any time. Lessee shall be liable to County for all loss or damage on account of any holding over against County's will after the expiration or termination of this Lease, whether such loss or damage may be contemplated at this time or not. No receipt or acceptance of money by County from Lessee after the expiration or termination of this Lease, after the service of any notice, after the commencement of any suit, or after final judgment for possession of the Premises, shall reinstate, continue or extend the Term, affect any such notice, demand or suit, imply consent for any action for which County's consent is required, or operate as a waiver of any right of County to repossess the Premises.

ARTICLE 3 **LEASED PREMISES**

Section 3.01 - Leased Premises. The Leased Premises consist of the unimproved parcel of real property as further described and depicted on Exhibit A, attached hereto and incorporated herein, consisting of approximately 1,720 square feet (SF), more or less, for the storage of aircraft.

Section 3.02 - Condition of Leased Premises. Lessee has inspected, or had opportunity to inspect, the Premises, including pursuant to a Right of Entry and Hold Harmless between Lessee and County, and accepts them in the condition existing as of the signing of this Lease, with all defects, latent and patent, and without expense to County will develop and maintain the Premises

and improvements and installations thereto at its sole cost in accordance with the terms of this Lease, except as otherwise expressly provided in Section 10.03(E) regarding water rights and utility connections. The Premises are accepted in "as is" condition with no assurance, warranty or guarantee of any kind including, without limitation, any representation or warranty as to the condition of the soil, water or other material condition as might occasion unexpected costs for site preparation, development or operations and County, except as otherwise expressly provided herein, makes no representation as to the drainage or storm water runoff through the Premises and/or to the condition or quality of the Premises or Airport at the time of the signing of this Lease or thereafter. Lessee shall be solely responsible to survey, measure and be aware of any change of elevation or grade and the resulting flows of water, and to make provisions to protect the Premises and any structures or improvements placed thereon. Lessee shall not permit any act of omission or commission or any condition to exist on the Premises or Airport, relating to Lessee's activities, which would in any way create a hazard to persons or property, would serve to jeopardize or invalidate any policies of insurance or increase the premium rate(s) charged for any insurance carried on the Premises or Airport, or which would be in violation of federal, state or local laws, rules and regulations thereby subjecting the County or others to sanctions, fines or penalties impeding the operation of Airport.

Section 3.03 - Ingress and Egress; Parking.

- A. So long as Lessee complies with all terms hereof, it shall have a reasonable, nonexclusive right of ingress to and egress from the Premises over and across common areas and public roadways serving the Premises and Airport, for itself and its agents, invitees and licensees, subject to the rights of all other lawful users thereof.
- B. If and to the extent applicable, Lessee, its agents, invitees and licensees, including, but not limited to, any Sublessee, shall have the right to use, as available and in common with other users, the parking lots and areas at Airport designated by County for such use, subject to County's right to impose a fee or charge therefor and to rules and regulations for such use.

Section 3.04 - Use of Airport. If and to the extent applicable, Lessee shall have the right, in common with others so authorized, to use the landing area and appurtenances of Airport, together with all facilities, improvements and services, including approach areas, runways, taxiways, aprons, aircraft parking areas, navigational and avigational aids, lighting facilities, and other conveniences for flying, landing and takeoff of aircraft operated by Lessee, that have been or might be provided for common use at or in connection with the landing area.

Section 3.05 - Reservations. County expressly reserves from the lease of the Premises and rights conveyed hereunder:

- A. All gas, oil, water, geothermal and mineral rights in and under the soil;
- B. A public right of flight through the air space above the ground;
- C. The right to grant utility rights-of-way and easements to others over, under, through, across or on the Premises, provided that: (1) such rights-of-way and easements are at least five (5) feet from any building owned by Lessee; (2) such use will not unreasonably or materially interfere with Lessee's use of the Premises; and (3) such reservation or grant shall not result in any cost to Lessee; and

- D. The right to regulate and control the use of all Airport and airfield facilities including, but not limited to, the airfield, aprons, ramps and taxiways as now exist and as might be constructed adjacent to the Premises; Lessee's use of Airport and airfield facilities shall be as directed and regulated by County.

Section 3.06 - Offset; Attornment; Subordination; Mortgages.

- A. Within ten (10) calendar days after request therefor by County, or upon any sale, assignment or hypothecation of the Premises and/or the land thereunder by County, Lessee shall deliver, in recordable form, a certificate to any proposed mortgagee or purchaser, or to County, certifying that this Lease is in full force and effect and that there are no defenses or offsets thereto, or stating those claimed by Lessee. Lessee's failure to sign this offset statement shall be considered a material breach hereof.
- B. Lessee shall, if any proceeding is brought for the foreclosure of, or upon exercise of the power of sale under, any mortgage made by County covering the Premises, attorn to the mortgagee or purchaser upon any such foreclosure or sale and recognize such mortgagee or purchaser as the lessor under this Lease, provided that any mortgagee or purchaser recognizes this Lease as remaining in full force and effect so long as Lessee is not in default hereunder.
- C. Upon request of County, Lessee will subordinate its rights hereunder to the lien of any mortgage, or to the lien resulting from any other method of financing or refinancing, now or hereafter in force against the land and buildings of which the Premises are a part, or upon any building hereafter placed upon the land of which the Premises are a part, and to all advances made or hereafter to be made upon the security thereof. This Paragraph shall be self-operative and no further instrument of subordination shall be required unless requested by the mortgagee. Lessee shall sign additional subordination instruments or contracts to such effect thereafter upon County's request without compensation therefor. However, if County so elects, this Lease shall be deemed prior in lien to any mortgage, deed of trust or other encumbrance upon or including the Premises, regardless of date of recording, and Lessee shall sign a statement in writing to such effect at County's request.
- D. Lessee shall give any mortgagee and/or trust deed holder, by registered mail, a copy of any notice of default served upon County, provided that prior to such notice Lessee has been notified in writing, by way of notice of assignment of lease or otherwise, of the addresses of such mortgagee and/or trust deed holder. Lessee, if County shall have failed to cure such default within the time, if any, provided for in this Lease, shall grant the mortgagee and/or trust deed holder an additional thirty (30) calendar days to cure such default or, if such default cannot be cured within that time, then such additional time as might be necessary if within such thirty (30) calendar days any mortgagee and/or trust deed holder has commenced and is diligently pursuing the remedies necessary to cure such default, including, but not limited to, commencement of foreclosure proceedings if necessary to effect such cure, in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

Section 3.07 - Quiet Enjoyment; Airport Events.

- A. Subject to the rights of County expressly reserved herein, Lessee shall be entitled to the peaceful possession and quiet enjoyment of the Premises during the Term, including any holdover with County's written consent.

- B. During aviation related or special events, conducted by the County or other tenants or users of Airport conducted at Airport Lessee may be required to relinquish operational use of any common area of Airport during closure of Airport for such event. Lessee shall not be entitled to any abatement or reduction of Rent or any other compensation, recourse or remedy as a result of Lessee's inability to use or inconvenience associated with the use of the Premises or Airport during while event is being conducted. Lessee shall cooperate with the County and/or any other such tenant or user to establish special aircraft ingress and egress, to allow reasonable access to the Premises and/or Airport by Lessee and any Sublessee during event. The terms of this Paragraph B shall also apply to any limitation and/or restriction of Lessee's and/or any Sublessee's activities caused by, resulting from, arising out of, relating to or in connection or conjunction with any firefighting activities of the United States of America, Department of Interior, Bureau of Land Management ("BLM"), any similar agency, its agents or employees, to, from, in, on, at, around or about Airport.

ARTICLE 4 **RENT, FEES AND CHARGES**

Section 4.01 - Security Deposit. Upon signing this Lease, Lessee shall pay Airport a Security Deposit equal to three months' advance initial Rent in the amount of \$107.50. The Deposit may be applied by County to discharge any obligations of Lessee under this Lease and, if Lessee is not then in default, the Deposit shall be applied to the Rent due for the last month of the Term. If any portion of the Deposit is applied by County prior to the expiration or earlier termination of this Lease, Lessee shall, within ten (10) calendar days of written demand from County, restore the amount of the Deposit to be held by County for the remainder of the Term, including any holdover consistent with Section 2.03.

Section 4.02 - Rent. As of the commencement of the Term, Lessee shall pay County Rent, computed at the following initial rate, subject to Section 4.03, Rent Adjustment. Lessee shall pay County, without abatement, deduction, or offset, rent in the amount of \$35.83 per month based on an initial rate of \$0.25 per square foot per year. Rent shall be payable in advance monthly, subject to Section 4.03, Rent Adjustment, commencing July 22, 2016, unless other arrangements are agreed in writing by County and Lessee, and provided that Lessee shall not be entitled to any discount, abatement, diminution or other reduction in Rent based on any such advance annual payment.

Section 4.03 - Rent Adjustment.

- A. At the commencement of each Lease Year or holdover, beginning with the second Lease Year commencing July 22, 2017, and subject to Paragraph B, Rent shall be increased in accordance with the Consumer Price Index for All Urban Consumers, United States City Average, All Urban, All Items ("CPI-U") published by the United States Department of Labor's Bureau of Labor Statistics. The annual CPI-U published immediately before each commencement date shall be used to determine the Rent increase to be effective on that date, provided that in no event shall Rent for any Lease Year be less than that for the preceding Year. County shall give Lessee written notice of the amount of any Rent increase, including the calculation of the increase in accordance with this Section and the CPI-U data used for that calculation. If the CPI-U is discontinued or revised, then any such other federal index or computation, with which it is replaced, shall be applied in order to obtain substantially the same result as if the CPI-U had been applied.

B. At the commencement of the fifteenth (15th) Lease Year, meaning effective July 22, 2031, Rent may be adjusted to fair market rental value of the Premises, meaning the 1,720sf of ground recited in Section 3.01 and excluding Lessee's improvements thereto, but not less than the Rent in effect at that time. Before using the appraisal procedure specified below, the parties may, in good faith, negotiate the rental rate to be applied to that Lease Year. The parties may continue to negotiate in good faith notwithstanding their obligations as described in this Paragraph. If the parties agree on the adjustment, then such rate shall be used as the fair market rental value. If they cannot agree, then the fair market rental value shall be determined as follows:

1. At least sixty (60) calendar days before the commencement of the fifteenth (15th) Lease Year, County and Lessee shall each appoint an appraiser to appraise the fair market rental value of the Premises, using methods recognized in the real estate appraisal profession as appropriate for such appraisals. The parties shall exchange completed appraisal reports within sixty (60) calendar days following appointment of the appraisers. Each party shall bear all costs and expenses of the appraiser appointed by it. The appraisers shall be MAI members of the American Institute of Real Estate Appraisers, or have similar designation, certification or qualification by, in or of any successor organization, should the American Institute cease to exist.
2. If the reports contain fair market rental value determinations which are within ten percent (10%) of each other, the fair market rental value shall be the arithmetic average of the values in the two appraisals, provided that that average is not less than the Rent in effect at that time.
3. If the appraised amounts differ by more than ten percent (10%), the parties shall, within ten (10) Business Days following the exchange of appraisals, appoint an arbitrator who may be an appraiser, retired judge, or other person having experience in real estate evaluation or resolution of disputes. If the parties cannot agree upon an arbitrator, they shall, within five (5) Business Days, select a retired judge from the panel maintained by the Nevada Supreme Court. The arbitrator, once appointed, shall, within thirty (30) calendar days following appointment, review the two appraisals and select the one which, in the opinion of the arbitrator, most closely represents the fair market rental value of the Premises. The value set forth in the appraisal shall be used to establish the new Rent, provided that that value is not less than the Rent in effect at that time. The arbitrator shall not hold a hearing nor receive testimony or evidence, but shall receive the two (2) appraisal reports. Notwithstanding, either party may, within those thirty (30) calendar days of the arbitrator's appointment, submit written comments to the arbitrator, with a copy thereof concurrently provided to the other party. No adverse presumption nor inference, nor any prejudice, shall be made, imposed, raised nor otherwise attach to or result against a party if it does not submit such comments. The sole issue for determination by the arbitrator shall be the fair market rental value of the Premises. The locale for the arbitration shall be the County of Douglas, State of Nevada. The

materials to be submitted to the arbitrator shall be limited to the data exchanged between the parties prior to submission to arbitration. No motions or discovery shall be permitted as part of the arbitration process. The decision of the arbitrator shall be in writing, and shall determine only the arbitrator's opinion of the fair market rental value of the Premises. The arbitrator may not impose any other award except a sanction for failure to comply with an order made by the arbitrator. Consistent with the terms of Subsection 1 regarding costs and expenses of each party's appraiser, each party shall bear its own costs of the arbitration and one-half of the arbitrator's fee, subject to assessment by the arbitrator. The decision of the arbitrator shall be final and binding and enforceable in any court as if it were a final judgment, provided that that decision will not result in a rental rate less than the Rent in effect at that time.

- C. Notwithstanding the terms of Paragraphs A and B, Rent shall be adjusted periodically as might be required by law.
- D. Any adjustment of Rent shall be effective, including retroactively, as of or to the first calendar day of the applicable Lease Year or holdover, regardless of the date of County's notice to Lessee or of Lessee's receipt thereof. If the Rent adjustment process is not completed prior to the beginning of a new Lease Year, Lessee shall continue to pay at the rate in effect at the beginning of the adjustment period until the adjusted Rent is determined. Upon determination of the adjusted Rent, Lessee shall pay the adjusted Rent for all subsequent months, and shall pay to County the difference between the amount paid between the beginning of the new Lease Year and the amount of the Rent as adjusted for that period, provided that no charge under Section 4.06 shall apply to any such difference timely paid following determination of the adjusted Rent.

Section 4.04 - Additional Fees and Charges. Subject to all terms hereof, Lessee shall pay additional fees and charges if County:

- A. Has paid any sum or incurred any obligation or expense for which Lessee has agreed to pay or reimburse County;
- B. Must pay any sum or incur any obligation or expense because of the failure, neglect or refusal of Lessee, after appropriate notice and time for cure as further set forth herein, to perform any term of this Lease; or
- C. Is fined or otherwise penalized as a result of the activities, operations or other conduct of Lessee or anyone acting by or for Lessee, its officers, directors, managers, members, shareholders, agents, invitees or licensees.

Upon an event described in Paragraph B, County shall give prompt written notice to Lessee of the circumstance giving rise to the potential sum, obligation or expense, and Lessee shall have thirty (30) calendar days from the date of that written notice to cure the circumstance or, if its nature is such that it cannot be so cured, to begin and diligently pursue best efforts to cure. However, Lessee shall reimburse County any sum, obligation or expense paid or incurred by County from the time of the event until its cure by Lessee, and County shall give Lessee written notice of any such sum or the like together with supporting documentation thereof.

Such payments shall include, but not be limited to, all interest, costs, damages, penalties and administrative fees in conjunction with such sum or the like, and County may add them to any installment of the Rent, fees and charges due hereunder. County shall provide Lessee with documentation supporting its demand for any such payment. Each and every part of such payment shall be recoverable by County in the same manner and with like remedies as if it were originally a part of the Rent, fees and charges set forth herein.

Section 4.05 - Time and Manner of Payments. Any payment due or reimbursable to County by Lessee hereunder, other than Rent as set forth in Section 4.02, shall be paid when incurred or immediately upon receipt of the County's invoice therefor, and shall be deemed delinquent if not paid within ten (10) calendar days of the date due. Payments shall be made at the offices of County at the address set forth in Section 16.06, or at such other place as County might hereafter notify Lessee, and shall be made in legal tender of the United States. Lessee shall pay any sum it deems to be in error; however, such payment shall not be considered a waiver, acknowledgment or compromise of Lessee's position regarding the disputed amount.

Section 4.06 - Unpaid Rent, Fees or Charges. If any installment of Rent is not paid within five (5) calendar days of the due date thereof, a late payment charge in the amount of \$100.00 shall become due and payable to County to compensate County for additional administrative costs resulting from Lessee's failure timely to pay Rent. In the event that any installment of Rent or any other sum payable by Lessee to County under this Lease is not paid within 20 days of the due date thereof, Lessee shall pay County interest thereon, from the date such rent or other charges become payable, to the date of payment in full to County, at the maximum interest rate then provided by applicable law; provided, however, that if no maximum interest rate has been provided by applicable law, the interest rate shall be 18% per annum. For purposes of this Section 4.06, a charge or payment payable by Lessee to County other than rent and late payment charges shall be considered due on the date specified in the written demand for payment sent by County to Lessee. Interest shall not accrue with respect to disputed items being contested in good faith by Lessee. Lessee shall pay and discharge all costs and expenses incurred or expended by County in collection of delinquent amounts due hereunder including, but not limited to, service charges, professional collection fees and attorney fees. If Lessee is late on two consecutive months of rent or other charges, the County may take appropriate steps to restrict Lessee's use of the premises and is grounds for termination of this Lease pursuant to Article 12 of this agreement.

Section 4.07 - Payment of Taxes and Fees; Utilities.

- A. Except as otherwise expressly provided herein, this Lease shall be "triple net," regarding taxes, utilities and maintenance costs, such that Lessee shall pay promptly all general and excise taxes, special assessments, license and permit fees and utility charges, of whatever nature, applicable to its possession or use of or operations on the Premises or elsewhere at or about Airport, and obtain and keep current any and all municipal, state and federal licenses as might be required for the conduct of its business on the Premises or elsewhere at or about Airport, in addition to maintenance and repair costs as set forth in Article 6. Lessee shall not permit any tax, assessment, fee or charge owed by it to become delinquent.
- B. Lessee shall separately meter and directly pay for, to the provider thereof, utilities and related or similar services not provided to Lessee by County. County and Lessee shall reasonably cooperate in connection with any access, permitting, documentation or other activity relating to the provision of utilities to the Premises; however, consistent with

Paragraph A, and except as otherwise expressly provided in Section 10.03(E), County shall not be obligated to make any capital improvement to or benefiting the Premises or any other area of Airport, nor incur any other cost, to accommodate any utility request of Lessee. If utilities and/or related or similar services are not separately metered and paid for by Lessee, then County may charge Lessee for any and all utilities paid by County for or on behalf of Lessee, and shall provide Lessee with supporting documentation therefor; at its discretion, County may also charge Lessee an administrative fee for handling such payment to the utility provider or providers.

- C. Nothing in this Section shall prevent Lessee from withholding payment while protesting, through legal process, any tax or other charge levied upon it by any entity other than County, consistent with Section 4.05.

ARTICLE 5

OPERATIONS; USE CONDITIONS AND RESTRICTIONS

Section 5.01 - Permitted Uses. In addition to rights granted elsewhere in this Lease, Lessee may occupy, use, develop, improve, maintain and operate the Premises for the sole purpose of developing a general aviation hangar for the dry storage of aircraft owned or leased by Lessee and any Sublessee approved pursuant to Article 13, and conducting related activities as specified herein, including the provision of facilities and amenities consistent with general aviation custom and usage, and for no other purpose whatsoever. In particular, but without limitation, Lessee shall not develop or use, nor permit the development or use by any Sublessee, of any hangar or other facility on the Premises for residential use. Lessee's occupancy, use, improvement, maintenance and operation of the Premises shall be at Lessee's sole cost and expense, except as otherwise expressly provided herein. The Premises are not to be used to store non-aviation items such as cars, boats, etc.

Section 5.02 - Conditions, Limitations and Use Restrictions. Lessee's use of the Premises and Airport shall be subject to the following conditions, limitations and restrictions and in accordance with all other applicable terms herein:

- A. Lessee shall at all times comply with all applicable laws, rules and regulations including, but not limited to, laws of the State of Nevada, local ordinances, and federal regulations governing the transportation and storage of hazardous materials, substances and waste, as might now or hereafter be defined by such laws, rules and regulations.
- B. Lessee shall not make use of the Premises or Airport in any manner which might interfere with or permit interference with the use, operation or maintenance of Airport including, but not limited to, the effectiveness of or accessibility to the drainage, sewerage, water, communications, fire protection, utility, electrical or other systems installed or located at Airport, or the landing and taking off of aircraft from Airport, or otherwise constitute a hazard. If this term is breached, County reserves the right to cause the abatement of such interference at the expense of Lessee and to place such restrictions on the operations of Lessee as County deems necessary in the public interest.
- C. Lessee's operations hereunder and those of its agents, invitees, licensees and Sublessees are expressly limited to the Premises. If and to the extent applicable,

Lessee may use the airfield and other areas of Airport only as specifically authorized by County and as might be directed by County.

- D. As soon as possible after release by proper authorities, Lessee shall remove, or shall ensure that any Sublessee removes, any disabled aircraft from the airfield, landing area and ramp, place or ensure any Sublessee places such disabled aircraft in an area as County might designate, and store or ensure any Sublessee stores such disabled aircraft only upon such terms as established by County. If Lessee fails to remove or ensure the removal of a disabled aircraft as expeditiously as possible, County may, but shall not be obligated to, cause the removal of the aircraft at Lessee's expense, and Lessee shall indemnify and hold County harmless from any claim or damages which might result from such removal. Lessee shall pay County, upon receipt of its invoice, all costs incurred for such removal. Such payment shall be consistent with Section 6.03.
- E. Lessee shall not do or permit to be done anything, either by act or failure to act, that shall cause the suspension, cancellation or violation of the provisions or any part thereof, of any policy of insurance for Airport, or that shall cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Lease. If such act or failure to act shall result in cancellation of any policy, then Lessee shall, immediately upon notice by County, do whatever shall be necessary to cause reinstatement of that policy. Furthermore, if Lessee shall do or permit to be done any act not authorized hereunder or fail to do any act required under this Lease, regardless of whether or not such act constitutes a breach of this Lease, which causes an increase in premiums for any Airport insurance policy, Lessee shall immediately remedy such action and pay the increase in premiums, upon notice from County to do so; and, in any event, Lessee holds County harmless from and against any expense and damages resulting from any action as set forth herein.
- F. Lessee shall not install, nor permit any third person to install, any sign, banner or similar item without County's prior written approval, which shall not be unreasonably withheld. Any sign installed without such approval shall be removed at Lessee's cost.
- G. Lessee is limited to the uses and operations as approved herein. As such, Lessee is expressly prohibited from expanding or altering its scope of uses and operations beyond the scope of this Lease or to engage in commercial or business enterprise at Airport which is reserved to premises, use provisions, operating conditions and restrictions not intended or covered hereunder. Notwithstanding the foregoing, County may, at its discretion, approve additional uses and operations by Lessee by written amendment to this Lease.

Section 5.03 - Responsibility for Use. Lessee is and will remain responsible to all parties for its acts and omissions, and County will in no way be responsible therefor. Lessee shall retain sole responsibility for safeguarding persons and property and for the conduct of its activities on Airport, including the Premises, at its sole cost, expense and liability. Lessee shall at all times conduct its operations in a safe, prudent, professional and lawful manner. Lessee's use hereunder shall not interfere with or impede the operations of County, other tenants and authorized users of Airport, or the general public.

Section 5.04 - Rules and Regulations. Lessee's use of the Premises and activities on Airport shall be in accordance with all applicable federal, state and local laws, rules and regulations which now exist or might hereafter become effective, and in compliance with such directives as might be issued in connection therewith. Lessee shall comply fully with all rules and regulations of the Airport and County, specifically including, but not limited to, storm water, hazardous materials storage, fire safety and security program regulations currently in effect and as might be amended and promulgated, and all directives issued by County in connection therewith.

Section 5.05 - Licenses, Permits and Certifications. Lessee shall: (A) obtain and maintain in effect at all times, at its sole cost, any and all licenses, certificates and permits required for its development, improvement, occupancy, use, maintenance and operation of the Premises; and (B) obtain and pay for any licenses, permits and other operating, use or safety certifications required by federal, state and local regulatory agencies for its use, operations and activities and associated operations on Airport property, specifically including the Premises. Lessee shall provide County with copies of any and all such licenses, permits and other documentation evidencing compliance herewith.

Section 5.06 - Operating Standards. Lessee shall operate, and shall require its Sublessees, agents, invitees and licensees to operate, in a safe, lawful, prudent and professional manner, in accordance with all applicable regulations currently in effect and as they might be amended, and pursuant to directives issued by County in connection therewith. As applicable, Lessee shall make available to its Sublessees, agents, invitees and licensees copies of County's Airport Operations Manual, Airside Driving Rules and Regulations, Airport Rules and Regulations and other applicable regulatory and procedural information.

Section 5.07 - Purchase of Supplies and Services. If and to the extent applicable, should Lessee contract with a third person to provide products and/or services which are not provided by Lessee hereunder, County shall deem such person to be conducting a business on the Premises or at Airport and, prior to engaging therein, Lessee shall ensure that such person has a contract with County therefor. County may impose fees and charges upon such person including, but not limited to, fees and charges for facilities used or for services provided, except for vendors, suppliers, and contractors providing products and/or services in support of the normal course and scope of Lessee's operations and activities on the Premises permitted hereunder.

Section 5.08 - Safety Procedures and Fire Protection System. Lessee shall comply with all fire safety rules, regulations and procedures in effect at Airport, including the installation of such extinguishing devices or fixtures on and in the Premises, including improvements thereto, as might be required by East Fork Fire District and combustible and flammable liquid storage will meet Uniform Fire Code requirements. Lessee shall, at its cost, maintain in good working order on the Premises a quality fire protection system, which Lessee shall cause to be certified as meeting all applicable fire and safety standards, at least annually, by a qualified fire protection system inspector, with a copy of each such certification provided to County.

Section 5.09 - Leased Premises Security. Lessee shall comply with all rules and regulations of County as to Airport and airfield security. Lessee shall be responsible for providing its own security for the Premises including, but not limited to, improvements thereto, for any equipment, vehicles, materials and other personal property brought onto the Premises and/or Airport by or for Lessee, and for any services provided or activities conducted by Lessee or by anyone for Lessee

under this Lease. Lessee's responsibilities expressly include, but shall not be limited to, implementing security plans and installing and operating security systems to meet any and all requirements of the TSA. If and to the extent applicable, Lessee shall be responsible for the protection of the integrity of the security of the Airport perimeter as represented by the Premises boundaries, and shall to undertake measures necessary for the prevention of unauthorized access onto any restricted area of Airport by way of the Premises. Lessee's responsibility shall include, without limitation, compliance with any and all federal, state and local laws, rules and regulations governing airport and airfield security, as the same exist and as might hereafter be enacted, promulgated, augmented and amended.

ARTICLE 6 **MAINTENANCE AND REPAIR**

Section 6.01 - Facilities and Services Provided by County.

- A. Subject to its annual budget, personnel complement and federal funding as applicable, County shall maintain: (1) the runways, taxilanes and other airfield areas as part of its standard, regular airside pavement maintenance program; and (2) the common roadway system at Airport, to the extent owned by County, except for repairs necessitated by the conduct of Lessee, its Sublessees, agents, invitees or licensees. County shall not be responsible for maintenance or repairs to the Premises or to any improvements thereto or Trade Fixtures thereon constructed or installed by or on behalf of Lessee or any Sublessee.
- B. Consistent with Section 3.02, and except as otherwise expressly provided herein, County makes no representation, assurance, warranty or guarantee relating to the suitability of the Premises or any other area of Airport for any use, shall have no obligation to repair, maintain, renovate or otherwise incur any cost or expense with respect to the Premises, any other area of Airport, or any improvement or Trade Fixture now or hereafter installed or used as a part of the Premises or elsewhere on, at or about Airport, and shall have no liability to Lessee arising out of any defect, latent or patent, in the Premises or elsewhere at Airport.

Section 6.02 - Facilities and Services Provided by Lessee.

- A. Except as otherwise expressly provided herein, Lessee shall be responsible, at its cost, for the complete installation, maintenance, repair and operation of the Premises, and County shall not be responsible therefor. Lessee shall maintain the Premises in a good, safe, clean and attractive condition and in compliance with federal, state and local laws including, but not limited to, environmental laws. County will use generally accepted construction and repair standards to judge the quality of maintenance and repair, and Lessee shall promptly comply with any directive issued by County in connection therewith.
- B. Lessee shall remove all trash and debris generated at the Premises for disposal away from the Premises and Airport, and shall be responsible for waste management at the Premises. The accumulation of trash, dust and debris, the piling of boxes and other unsightly or unsafe materials, on or about the Premises or Airport, is strictly prohibited.
- C. Lessee shall maintain any landscaped area of the Premises in a healthy and attractive condition, and shall provide, if and to the extent applicable, for mowing, weeding, weed abatement, pruning, trimming, edging and watering on a regular basis, and for replanting

and replacing any landscaping fixture whenever and wherever necessary. Any new or replacement irrigation fixture or landscaping installation is subject to approval by County. Lessee shall provide for regular grounds maintenance, sweeping and dust control. Pavement maintenance, and seasonal snow and ice removal and other safety measures for the Premises during inclement weather conditions, shall be included in Lessee's maintenance obligations, provided that Lessee's snow removal shall be in coordination with County's snow removal plan.

Section 6.03 - County's Right to Enter, Inspect and Make Repairs.

A. County, its officers, agents, employees, invitees and/or licensees may, at any time enter the Premises for the following purposes:

1. To inspect the Premises to determine Lessee's compliance with the terms of this Lease and with County's directives issued in connection herewith;
2. To conduct inspections relevant to Airport operations, or to install, remove, adjust, repair, inspect or otherwise handle any FAA, TSA or County equipment, facilities or other such items on, in, at, under, around or about the Premises;
3. At its discretion, or upon directive from the FAA or TSA, to install or permit the installation on, in, at, under, around or about the Premises of additional equipment, devices or other items necessary or proper for the safe, secure, efficient operation of Airport, and Lessee shall not obstruct, hinder nor object to such installation, nor hold nor attempt to hold County liable for any claim relating thereto, connected therewith or arising therefrom; and/or
4. To perform maintenance and make repairs in any case where Lessee is obligated, but has failed, to do so, and has failed to comply with County's notice of noncompliance, in which case Lessee shall reimburse County for the cost thereof, plus fifteen percent (15%) administrative charge, promptly upon demand. If County determines that Lessee should perform maintenance or repair, it shall give Lessee written notice thereof, specifying the maintenance or repair required and the location thereof. If Lessee cures or commences duly diligent efforts to cure within ten (10) calendar days of County's notice, then Lessee shall be deemed to have complied with its obligation hereunder and this Subparagraph shall not apply.

In particular, but without limitation, regarding Lessee's duty under Section 5.08 to comply with fire safety requirements, Lessee shall cooperate, and shall ensure that its agents, invitees and licensees including, but not limited to, any Sublessee, cooperate, with County, its agents, employees, invitees and licensees in the performance of any inspection of the Premises or any part thereof to verify such compliance and/or promptly to correct any noncompliance. If Lessee is not present when the County enters the premises, the County shall notify Lessee by phone that they have entered the Premises.

B. Notwithstanding Paragraph A, if County notifies Lessee of a maintenance or repair need which constitutes an actual or apparent violation of any federal, state or local health or safety law including, but not limited to, any health or safety requirement of County, then Lessee shall have twenty-four (24) hours, from receipt of that notice, which notice shall specify such health or safety violation, to perform or to begin duly diligent efforts to

perform the necessary maintenance or repair. If Lessee fails so to perform or to begin duly diligent efforts to perform, then County may enter the Premises to perform the required maintenance or repair, and Lessee shall reimburse County the full cost thereof, together with an administrative charge of fifteen percent (15%).

- C. Nothing in this Section shall limit any other right of County hereunder, nor obligate County to undertake any inspection, installation, removal, adjustment, repair, handling or other activity on, in, at, under, around or about the Premises or any other area of Airport except as otherwise expressly provided herein. The provision for reasonableness herein shall not apply in the event of an actual, threatened or perceived emergency, the determination of which shall be at County's discretion.

ARTICLE 7 **INSURANCE**

Section 7.01 - Insurance. Lessee shall, at its sole cost and expense, procure and maintain in effect insurance coverage with limits not less than those set forth herein, with insurers and under forms of policies satisfactory to the County, acceptance of which shall not unreasonably be withheld. The County reserves the right to require complete copies of such insurance policies for the purpose of determining acceptability. Lessee shall furnish the Airport with copies of policies or certificates from insurance carrier(s) showing all insurance required hereunder to be in full force and effect as required herein. Certificates shall show by separate endorsement, and policies shall contain the provision, that written notice of cancellation or of any material change in coverage under the policies shall be delivered to the Airport thirty (30) calendar days in advance of the effective date thereof; provided, however, Lessee shall be responsible for such notification to Airport whether or not the insurer complies. Lessee shall maintain all insurance hereunder with insurance underwriters authorized to do business in the State of Nevada with an A.M. Best rating of A+, satisfactory to the County. Lessee is required to provide and maintain the following insurance:

- A. Aircraft Liability policy, including Bodily Injury and Property Damage, with a total limit of at least \$1,000,000.00 per occurrence, including bodily injury and property damage, with sublimit of \$100,000 per passenger, which shall include, but not be limited to the following extensions:
1. Aircraft Physical Damage, provided that such coverage shall be for the full insurable value of the aircraft;
 2. Ground Hangarkeeper's Liability;
 3. Premises;
 4. Contractual, including coverage for assumption of liability set forth in this Lease;
 5. Liability while operating mobile equipment on Airport property, if and to the extent applicable and necessary; and
 6. Personal Injury, in the amount of \$75,000.

Regarding the coverages set forth in Subparagraphs 1 and 2, for any aircraft owned or leased by any third party and to be kept on the Premises pursuant to a sublease between Lessee and the aircraft's owner or lessee, whether such sublease is oral or written and whether or not such sublease is consented to by County pursuant to Section 13.01, Lessee shall, before the aircraft is placed on the Premises: (a) procure such coverages in the full insurable value of the aircraft; and

(b) have all owners and/or lessees of the aircraft sign a hold harmless and waiver of subrogation, waiving all claims against County and releasing County from all claims relating to loss of or damage to the aircraft.

- B. Fire and extended risks insurance covering any and all Leased Premises improvements, furnishings, fixtures and equipment. Such insurance shall be in an amount equal to 100% of the full insurable replacement value of such improvements. County shall not be liable for any damage to Leased Premises improvements or for damage to any personal property brought onto the Leased Premises.
- C. Automobile Liability policy, (including bodily injury and property damage), covering owned, non-owned and hired automobiles, if any, for use under this Lease, with minimum limit of \$1,000,000.00 combined single limit per occurrence.
- D. Workers' Compensation Insurance and Employer's Liability coverage shall be in accordance with the laws of the State of Nevada applicable to all employees, if any.

All policies (primary and excess) and Certificates of Insurance shall be provided by the Lessee as named insured to the Airport evidencing proper limits of coverage as set forth herein. All policies shall be primary coverage for all claims and losses arising from the use, occupancy and operation of the Leased Premises and the Airport. All policies shall name, and Certificates shall show by separate endorsement that policies name, the County, its officers, agents and employees as Additional Insureds and shall, consistent with Paragraph A, waive all rights of subrogation against the County, its officers, agents, and employees for the hangarkeeper's liability coverage; provided, however, any other insurance available to County shall be excess and shall not contribute with this insurance. County has and hereby reserves for all purposes of this Lease the right to revise the insurance requirements set forth herein as to amounts, limitations and types of coverage, and Lessee hereby agrees to comply with such revised requirements upon notice from County. County shall have the right to determine its own legal counsel in all matters under this Lease. Lessee must provide the Airport with annual insurance coverage documentation.

Section 7.02 - Conditions of Default. If, at any time, Lessee shall fail to obtain the insurance as required herein, Lessee will be deemed in default and, at its sole option, the County may terminate this Lease in accordance with the provisions of Article 12 of this Lease.

Section 7.03 - Notice of Claim. Lessee shall give County prompt, timely written notice of any claim or demand, which in any way affects or might affect County, and may compromise such claim or a defense against such claim or demand to the extent of its interest therein.

ARTICLE 8 **INDEMNIFICATION**

Section 8.01 - Indemnification. Lessee is and will remain responsible for its actions and omissions, and County will in no way be responsible therefor. Lessee shall keep, save, release, protect, defend at the election of County, indemnify and hold harmless County, its officers, agents and employees, from and against any and all claims, fines, demands, suits, causes of action, liability and damages including, but not limited to, costs of court and administrative proceedings

and fees of attorneys and other professionals incurred by County, unless caused solely by the tortious or other wrongful conduct of County, arising out of or relating to this Lease or in any way resulting from: (A) Lessee's operations conducted on the Premises and Airport; (B) Lessee's development, improvement, use, occupancy, maintenance, management and operation of the Premises and the condition of the Premises and improvements thereto and of Airport; (C) defects in aircraft, vehicles, equipment, fixtures and other products owned, used, operated, installed or stored on Premises or any other Airport location; (D) any substance, material or waste now or hereafter defined or classified as hazardous or toxic under applicable federal, state or local law including petroleum products, which is brought, deposited, stored on or removed from the Premises or Airport by Lessee or Lessee's agents, invitees or licensees; or (E) contamination of the Premises, neighboring property, or any other Airport property resulting from any of the foregoing. This indemnification of County by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal, reclamation or restoration work required by any federal, state or local governmental agency or political subdivision because of the presence of hazardous material in the soil or ground water, upon or under the Premises or neighboring property, if originating from the Premises. Without limiting the foregoing, if the presence of any hazardous material results in contamination, Lessee shall promptly take all actions at its sole expense as necessary to restore the Premises and other affected Airport property to the condition existing prior to the introduction of any such hazardous material. County will not hold Lessee responsible for contamination which, upon investigation by the governmental agency having authority in such matters, is found to be the result of operations of prior owners, tenants or users of the Premises or Airport and not relating to Lessee's possession of the Premises and/or use of Airport hereunder. Lessee's obligation to indemnify County as provided herein shall survive the expiration or early termination of this Lease.

Section 8.02 - Notice of Action. Lessee shall immediately notify Airport in writing of: (A) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened pursuant to environmental laws governing hazardous material or related concerns; (B) any claim made or threatened by any person against Lessee or Lessee's activities or the condition of the Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from the presence of hazardous material; and (C) reports to any environmental agency or governmental authority arising out of or in connection with the delivery to, storage on or removal from the Premises of hazardous material, including any complaints, notices, warnings or asserted violations in connection therewith. Lessee shall provide Airport with copies of all documentation related to the foregoing.

Section 8.03 - Exculpation. County shall not be liable to Lessee for any injury or damage whatsoever that might result to any person or property by or from any cause whatsoever, except as might be caused by the gross negligence or willful misconduct of Airport, its officer, agents or employees. Under no circumstance shall County ever be responsible for incidental or consequential damages to Lessee, regardless of how such damages arise or are incurred by Lessee.

Section 8.04 - Third-Party Noncompliance. County shall not be liable to Lessee, its directors, shareholders, managers, members, agents, invitees or licensees for any actual or alleged violation of or noncompliance with any statute, regulation, ordinance, order, judgment and/or decree by any Airport tenant, user or any other third party, except as otherwise expressly provided herein.

In particular, but without limitation, County has no duty to Lessee or any Sublessee to ensure, assure, warrant, guarantee or take any action relating to or in connection or conjunction with the compliance or performance, as applicable, of any other Airport tenant or user with or of any statute or the like or any term of such tenant's or user's contract with County, nor any other duty relating to or in connection or conjunction with the actual or alleged violation, breach, nonperformance or other noncompliance by such tenant or user of or with any statute or the like or any term of such contract, and shall have no liability to Lessee or any Sublessee therefor.

Lessee and any Sublessee shall not be third-party beneficiaries of such contract, nor shall County have any duty to Lessee or any Sublessee to enforce such contract.

Section 8.05 - Notice of Claim. Lessee shall give County prompt, timely written notice of any claim, demand or the like which in any way affects or might affect County, and may compromise and/or defend against that claim, demand or the like to the extent of its interest therein.

ARTICLE 9 **STORM WATER; HAZARDOUS MATERIALS**

Section 9.01 – County Permit.

- A. County is subject to federal storm water regulations, 40 C.F.R. Part 122, and, as applicable, state storm water regulations provided by the Nevada Water Pollution Control Law set forth in NRS Sections 445.131 through 445.354, inclusive. Lessee shall become familiar with these storm water laws, and is aware that there are significant penalties for submitting false information in connection therewith, including fines and imprisonment for knowing violations.
- B. County has taken steps necessary to apply for or obtain a storm water discharge permit as required by the regulations for Airport, which might include or affect the Premises. The storm water discharge permit issued to County might name Lessee as a co-permittee.
- C. Cooperation is necessary to ensure compliance with permit terms, and safety, and to minimize costs. Lessee shall undertake all reasonably necessary actions to minimize the exposure of storm water and snow melt to Significant Materials, if any, generated, stored, handled or otherwise used by Lessee, by adhering to County's requirements and to Best Management Practices.

Section 9.02 - Permit Compliance.

- A. County will provide Lessee with written notice of those storm water discharge permit requirements, if any, that Lessee must perform including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water pollution prevention or similar plans; implementation of good housekeeping measures and BMP; and maintenance of necessary records. Such written notice shall include applicable deadlines. Within fifteen (15) calendar days of Lessee's receipt of such written notice, it shall notify County in writing of its dispute of any permit requirement it has been directed to undertake and the basis for such dispute. Lessee's failure to provide such timely notice shall be its assent to undertake the required performance. If Lessee provides County with timely written notice of its dispute and justification therefor, County and Lessee shall negotiate a prompt resolution of their

differences. Lessee will not object to written notice from County for purposes of delay or of avoiding compliance. Lessee shall undertake, at its cost, those permit requirements, if any, directly related to its operations, of which it received written notice from County. Lessee shall meet any and all deadlines imposed on or agreed to by County and Lessee. Time is of the essence in complying with the terms hereof.

- B. County shall provide Lessee, upon request, with any non-privileged information collected and submitted to any governmental entity pursuant to applicable storm water regulations. The terms of County's storm water discharge permit might change, and County shall be Lessee's agent solely to represent its interests concerning permit modifications by the pertinent regulatory agencies, provided that County shall first fully communicate the issues and consult with Lessee. County will give Lessee written notice of any breach by Lessee of County's storm water discharge permit or of the terms hereof, and Lessee shall undertake immediately and pursue diligently the cure thereof. If Lessee fails to cure any breach, or if such breach is material and of a continuing nature, County may seek any and all remedies provided herein or by law to terminate this Lease.

Section 9.03 - Environmental Laws; Hazardous Materials Handling.

- A. Lessee shall comply with all applicable laws including, but not limited to, the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and Resource Conservation and Recovery Act (RCRA), the laws of the State of Nevada and local ordinances governing environmental matters including, but not limited to, the transportation and storage of hazardous materials, substances and waste, as might now or hereafter be defined by such laws. In particular, but without limitation, Lessee shall, if and to the extent applicable, participate in, procure all available coverage and/or other protection and/or benefits under, and pay any and all fees and the like for participation by Lessee in the Fund, and shall submit to County, without demand or request, true, complete, correct copies of any and all documentation relating or pertaining thereto.
- B. Lessee shall not improperly use, store or dispose of on the Premises or elsewhere at Airport any petroleum product, or any material or substance now or hereafter classified as hazardous or toxic under any federal, state or local law. Notwithstanding, the presence of certain materials, which might be necessary to support Lessee's operations, located within the proper receptacles of any motor vehicle or in other proper containers correctly stored on the Premises or elsewhere at Airport, shall not be a violation of this Section, nor shall the proper installation, use, operation, maintenance and/or repair of any underground storage tank ("UST") or above-ground tank for the storage, provision or collection of fuel, oil or any other petroleum product, provided that any such installation shall be subject to the terms of Article 10 hereof.
- C. Only persons who meet County's requirements and comply with applicable laws will be allowed to conduct business on the Premises or elsewhere at Airport to receive hazardous articles or materials for shipping, storage or disposal. Lessee, its agents, invitees and licensees including, but not limited to, any Sublessee, shall handle such articles or materials compliant with 14 C.F.R. Part 121.433a, any successor regulations, parts and materials handling directives, company manuals or a combination of these, as applicable, and as they might be amended.

- D. To the extent required by law, Lessee shall maintain written procedures for handling and disposing of petroleum products and hazardous and toxic materials and wastes. Lessee shall make such written procedures, if any are so required, available for County's review upon request.

Section 9.04 - Sanitary and Industrial Waste Disposal. As required by law, Lessee shall operate and maintain, in good working condition and at its cost, appropriate, adequate facilities for separating, neutralizing and treating any sanitary and/or industrial waste, foreign materials and hazardous waste, and for the proper disposal thereof, as required by federal, state and/or local law.

Section 9.05 - Hazardous Materials Indemnification. Consistent with Section 8.01, Lessee shall keep, save, release, protect, defend at the election of County, indemnify and hold harmless County, its officers, agents and employees, from and against any and all claims, damages, suits, costs, expenses, liability, actions or proceedings of any kind or nature whatsoever including, but not limited to, costs and attorney fees, incurred by County in connection with the defense or any claim, demand or cause of action arising out of or resulting from any hazardous, toxic or petroleum substance, material or waste which is brought on, deposited or stored on or removed from the Premises or elsewhere at Airport, by or on behalf of Lessee, or arising out of any contamination of the Premises, neighboring property or any other County property resulting from and/or by any such hazardous, toxic or petroleum substance, material or waste now or hereafter defined or classified as hazardous or toxic by federal, state or local law, including, but not limited to, claims and the like caused by, resulting from, arising out of, relating to or in connection or conjunction with any tanks, dispensers, pipes, lines, cables, conduits and/or other facilities or equipment on or about the Premises for the delivery, storage and/or dispensing of fuel and/or other petroleum products by or on behalf of Lessee, unless caused solely by the tortious or other wrongful conduct of County. Upon receiving notice of any such claim or the like, Lessee shall, at its cost, immediately investigate and, if necessary, cure or commence to cure by taking all action prescribed by applicable federal, state and local laws including, but not limited to, the proper removal, disposal and cleanup thereof. This indemnity obligation of Lessee shall survive the expiration or termination of this Lease.

Section 9.06 - Notice of Action. Lessee shall immediately notify County and Airport in writing of: (A) any environmental enforcement, clean-up, removal or other action proposed, instituted or completed pursuant to any federal, state or local law; (B) any claim made by any person against Lessee for damages, contribution or cost recovery resulting from or claimed to result from the presence of a hazardous material; (C) any occurrence which might give rise to or result in such a claim; and/or (D) reports to any regulatory agency arising out of or in connection with the delivery to, storage on or removal from the Premises of any hazardous material including, but not limited to, any complaint, notice, warning or alleged violation in connection therewith. Lessee shall provide County and Airport with copies of all non-privileged documentation relating to the foregoing.

ARTICLE 10

Section 10.02 - Additional Improvements. Lessee shall, at its cost, except as otherwise expressly provided herein, hereafter improve and maintain the Premises, improvements,

fixtures, Trade Fixtures and any other facilities and/or equipment, whether located on the Premises or within the "lease line" or elsewhere at Airport, as might be required by law, or may elect to make additional improvements to the Premises, provided that Lessee's responsibility for improvements and the like outside the "lease line" shall be limited to those which might be required of Lessee by law or which would not be required but for Lessee's improvements on the Premises. All such additional improvements shall be performed in accordance with plans and specifications approved by County and otherwise consistent with the terms of this Article.

Section 10.03 - Development and Improvement Process. Lessee shall use the following process for approval of any improvement project including, but not limited to, any project desired by any Sublessee:

- A. **Tenant Improvement Permit.** Lessee shall develop detailed drawings, plans and specifications, and submit them together with a Permit form. This submittal shall include, but not be limited to, graphics and design specifications, and, if County so requests at its discretion, copies or samples or any or all materials, finishes and the like to be installed. Such submittal shall also include, but not be limited to, Lessee's plan for securing each work area to minimize risk and inconvenience to other Airport tenants and users and the public. Routine minor repairs or normal custodial maintenance of the Premises, not otherwise affecting the structure, design or appearance of the Premises and not causing any material disruption of Airport operations and/or activities, shall not require a Permit, but Lessee shall cooperate with County in designing, scheduling and performing such work.
- B. **Additional Documents.** County may reasonably request Lessee to submit additional documents including, but not limited to:
1. Construction technical specifications;
 2. Critical Path Method (CPM) schedule of construction;
 3. Final equipment listing;
 4. Utility service requirements;
 5. MSDS documentation;
 6. County Permits;
 7. Written request for approval of general contractor;
 8. Written request for approval of subcontractors;
 9. Copies of contracts between Lessee and any general contractor, and between the general contractor and any subcontractor; and/or
 10. Final construction budget.
- C. **Review Process.** Lessee shall submit the Tenant Improvement Permit form and related documents to County. Lessee shall cooperate, and shall ensure that its agents, invitees and licensees including, but not limited to, any contractor and its subcontractors, cooperate with County in the review process.
- D. **Authority Information; Limited Responsibility.** County shall use reasonable efforts to provide Lessee with information relevant to improving the Premises including, but not limited to, existing environmental studies conducted with respect to the Premises, and to assist it in procuring all required approvals, permits and authorizations. However, County shall not be liable to Lessee or to

any other person for any error or omission in any such information, or for any failure or delay in procuring any such information, approval or the like. Except as otherwise expressly provided herein, and except for providing its review, approval or disapproval of plans and specifications in accordance herewith, County shall have no obligation nor responsibility for improvement of the Premises including, but not limited to, any credit, reimbursement, abatement and/or abeyance to Lessee of Rent, any other amount owed County by Lessee hereunder, or any cost, direct or indirect, consequential or incidental, "hard" or "soft," incurred by or on behalf of Lessee relating to improvement of the Premises.

- E. Project Approval. Upon completion of the review process including, but not limited to, Lessee's submittal of all required documentation and compliance with all requirements of this Article regarding insurance, bonds and the like, County may, at its discretion, schedule a preconstruction meeting, which shall include, but not be limited to, duly authorized representatives of Lessee, any Sublessee, their contractor and subcontractors. Following the preconstruction meeting, County shall issue the Permits and Notice to Proceed, and shall provide Lessee with the Notice of Nonresponsibility to be posted at the project site.

Section 10.04 - Project Insurance.

- A. Lessee shall maintain, and/or shall require any contractor to maintain, insurance therefor, protecting County and Lessee, in types and amounts acceptable to County at its discretion. This insurance shall include, without limitation and as applicable, comprehensive or commercial general liability, motor vehicle liability, "wrap-up," workman's compensation and builder's risk, the last equal to the maximum probable loss covering the design and construction and all materials and equipment to be used therefor.
- B. In addition to any other insurance coverage carried by or for Lessee hereunder, in any contract pertaining to improving the Premises, Lessee shall require any contractor to cause County, its officers, agents and employees to be insured against the risk of claims and/or demands by third persons against County, its officers, agents and employees. Such insurance shall be in a combined single limit of not less than one million dollars (\$1,000,000.00) for bodily injury and property damage. County may revise this requirement as to amounts, limitations and types of coverage, and Lessee shall comply, and shall ensure that its contractor complies, with such revision promptly upon receipt of written notice from County stating the revision and the reason therefore. Consistent with Section 7.01, all such insurance shall be in a form acceptable to County at its discretion. Plan approval under Section 10.07 shall not issue until Lessee complies with the terms of this Section.

Section 10.05 - Performance Security and Payment Bonds. Lessee shall, upon request of County, furnish to Airport performance security and payment bonds, approved as to form and surety by County at its discretion, such bonds with Lessee's contractor or contractors as principals, each bond in a sum not less than ten percent (10%) of the amount of the contract, for the completion of the work in accordance with the plans and specifications approved in

writing by County. The bonds shall also guarantee the payment of wages of employees and benefits, subcontracts, materials, supplies and equipment used in the performance of the work, and shall protect County from liability, losses or damages arising therefrom. Lessee shall ensure that County is an additional obligee under such bonds. Lessee shall also furnish to Airport a financial statement showing, to County's satisfaction at its discretion, Lessee's financial capacity or capability to pay all costs of a proposed improvement. Any such financial statement shall be treated as privileged and/or confidential to the extent required or allowed by law. As of the signing of this Lease, Lessee provided County with a proposed financial statement relating to Lessee's financing of the improvements required by Section 10.01.

Section 10.06 - Free From Liens.

- A. Lessee shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or might be secured by any mechanic's or materialman's lien against the Premises or any interest therein. Prior to commencing any improvement or other project, Lessee shall, at its cost, record a notice of posted security and otherwise comply with NRS 108.2403, and provide evidence to County, in a form satisfactory to County, that Lessee has so complied. Lessee shall likewise give County notice of Lessee's entering into a contract with a contractor for the construction or installation of any improvement within seventy-two (72) hours of entering such contract, to enable County properly to file a Notice of Nonresponsibility, should County elect to do so.
- B. If a mechanic's or materialman's lien attaches to the Premises as a result of any improvement project, and Lessee, in good faith, contests the validity of any such lien, or of any other claim or demand placed on the Premises, then Lessee shall, at its cost, defend and protect itself, County, the Premises and Airport against the same, and shall pay and satisfy any such judgment that might be rendered thereon before the enforcement thereof against County, the Premises or Airport. If County reasonably requires, and to the extent required by NRS, Lessee shall furnish to County a surety bond satisfactory to County in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying County against liability for the same, as required by law for the holding of the Premises free from the effect of such lien or claim. In addition, County may require Lessee to pay County's attorney fees and costs in participating in such action if County decides it is in its best interest to do so.
- C. **COMPLIANCE WITH NEVADA LAW.** PURSUANT TO NRS 108.234(2)(e), LESSEE IS REQUIRED TO COMPLY WITH THE PROVISIONS OF NRS CHAPTER 108 APPLICABLE TO A TENANT, WHICH PROVISIONS INCLUDE OBTAINING SECURITY FOR MECHANICS' AND MATERIALMEN'S LIENS AND RECORDING A NOTICE OF POSTED SECURITY BEFORE CAUSING A WORK OF IMPROVEMENT TO BE CONSTRUCTED, ALTERED OR REPAIRED UPON PROPERTY THE TENANT IS LEASING. ANY FAILURE OF LESSEE TO COMPLY SHALL BE A MATERIAL BREACH OF THIS LEASE.

Section 10.07 - Plan Approval. Consistent with Sections 10.04 and 10.05, Lessee shall not commence an improvement project until:

- A. It confirms to County, in writing, that any and all required federal, state and municipal approvals, permits and other authorizations have been procured and,

upon County's request, provides County with true, correct, complete copies thereof; and

- B. County has approved, in writing, Lessee's plan for the improvement, which approval shall not be unreasonably withheld, including, but not limited to, County's issuance of a Permit and Notice to Proceed.

Section 10.08 - Plan Performance and Compliance. Notwithstanding the issuance of a Permit and Notice to Proceed, Lessee shall cooperate, and shall ensure its agents including, but not limited to, its contractors and their subcontractors, cooperate, with County in the performance of any improvement project. Lessee shall ensure that all development and/or improvements comply with any and all applicable federal, state and municipal laws and with Lessee's plans as approved by County, and shall conduct a "punch list" review of the improvement project, to ensure any defect, error or omission is corrected, so that all improvements are made, and work performed, in a First-Class manner.

Section 10.09 - Notice of Date of Beneficial Occupancy. Lessee shall promptly notify County, in writing, of the date when any improvement achieved Date of Beneficial Occupancy or DBO. County may, at its discretion, independently verify that Date, in which event it shall give Lessee prompt written notice thereof, stating the reason therefor if County determines a different DBO. County may notify Lessee of County's determination of DBO by way of a Notice of Completion.

Section 10.10 - Certificates of Completion; Project Records.

- A. Upon the completion of any improvement, Lessee shall submit to County a copy of Lessee's acceptance letter or other similar document certifying completion, and a certified copy of any certificate or permit which might be required by any federal, state or municipal agency in connection with the completion thereof.
- B. Lessee shall, within thirty (30) calendar days of County's request at its discretion, submit to Airport an itemized statement of the total cost of any improvements, and copies of all invoices and other records in connection therewith. County may, at its discretion, request additional information from Lessee regarding costs, and Lessee shall provide that information within thirty (30) calendar days of County's request therefor. Cost documentation shall be subject to audit by County at its discretion. If requested by County at its discretion, Lessee shall furnish to County a complete, legible set of final, reproducible, "as built" drawings, and in digital format as specified by County Code of any and all improvements, together with any other information requested by County regarding the improvement, not later than thirty (30) calendar days following the completion, occupancy or initial use of such improvement, whichever comes first.

Section 10.11 - Ownership of Improvements; Amortization.

- A. All improvements and Trade Fixtures installed by or on behalf of Lessee hereunder shall remain the property of Lessee during the Term, except for Lessee's paving of the common area as set forth in Section 10.01(A)(3), which shall revert to County upon completion. The hangar and the paving to the Premises as set forth in Section 10.01(A)(1) and (2) shall automatically revert to County upon termination of this Lease or upon expiration of the Term, provided that County, at its discretion, may direct Lessee

to remove the hangar at Lessee's cost. Upon the expiration or termination of this Lease, Lessee shall promptly dismantle and remove from the Premises its Trade Fixtures, and the hangar if so directed by County, and restore the Premises to their condition before its use thereof began, any improvement and reasonable wear and tear excepted. In particular, but without limitation, and if and to the extent applicable, County may, at its discretion, direct Lessee to remove, at Lessee's cost, any and all USTs and/or above-ground tanks used for the handling of fuel, oil or other petroleum products, and to remediate the Premises and/or any other area of Airport which might require or warrant remediation relating to Lessee's possession and/or use thereof, consistent with applicable law. If Lessee fails so to remove the hangar and/or its Trade Fixtures, and/or to restore and/or remediate the Premises, then County may, at its discretion, perform or have performed that removal and restoration, and Lessee shall reimburse County the cost thereof, plus an administrative charge of fifteen percent (15%). County shall not be liable to Lessee for any loss of or damage to the hangar, any Trade Fixture as a result of its exercise of its rights hereunder.

- B. Upon the expiration or termination of this Lease, County shall not be liable to Lessee for purchase, repayment or reimbursement of any improvement or Trade Fixture hereunder or for payment of any alleged remaining unamortized value thereof and/or any other cost relating thereto. Upon that expiration or termination, County shall have no reimbursement, payment or other obligation to Lessee relating to the latter's improvements to and/or Trade Fixtures or other property on the Premises or elsewhere at Airport.

ARTICLE 11

DAMAGE TO OR DESTRUCTION OF PREMISES

Section 11.01 - Obligation to Rebuild. If the Premises and/or improvements thereto or any part thereof shall be damaged by any casualty, Lessee shall give prompt notice thereof to County and shall, at its cost and subject to the terms hereof, promptly restore, repair, replace and rebuild the same, at least to the same extent, value and as nearly as practical to the character and condition of improvements existing immediately prior to the occurrence of such damage or destruction. Lessee shall make all such restorations, repairs, replacements and rebuilding consistent with Article 10.

Section 11.02 - Obligation to File Insurance Claims. Upon damage to or destruction of the Premises and/or any improvement thereto or thereon, Lessee shall file a timely, complete claim for such loss with the appropriate insurer and pursue diligently the processing of such claim. If Lessee fails timely to file such a claim, then County may do so and pursue the processing thereof.

Section 11.03 - Insurance Proceeds. Upon receipt by Lessee and County of the proceeds of any applicable insurance policy, those proceeds shall be deposited into an escrow account, approved in writing by County at its discretion, so as to be available to pay for the cost of such restoration, repair, replacement and/or rebuilding. Such proceeds shall be disbursed during construction to pay the cost of such work. If the amount of such insurance proceeds is insufficient to pay the costs of the necessary restoration, repair, replacement or rebuilding of such damaged improvements, then Lessee shall pay any additional sums required into that account. If the amount of such insurance proceeds is in excess of the cost thereof, then the amount of such excess shall be remitted to Lessee.

ARTICLE 12
EXPIRATION AND TERMINATION

Section 12.01 - Expiration. This Lease shall expire at the end of the Term, and Lessee shall have no further right hereunder, except as otherwise expressly provided herein and subject to all terms hereof.

Section 12.02 - Termination by County. County may terminate this Lease by giving Lessee thirty (30) calendar days advance written notice of default as further described below, including a contemporaneous thirty (30) calendar days to cure or to begin and pursue duly diligent efforts to cure any default so noticed by County, unless the terms hereof specifically recite some other cure or relevant time period. County may exercise its rights under and subject to the terms of this Section upon the happening of any of the following:

- A. Any attachment or execution is levied, any receiver appointed, or any other process of any court of competent jurisdiction is served, which action is not vacated, dismissed or set aside within a period of sixty (60) calendar days and which does, or as a direct consequence of such process will, interfere with Lessee's use of the Premises or with its operations hereunder;
- B. Lessee avails itself of the benefit of any present or future insolvency law; makes assignment for the benefit of creditors; files a voluntary petition in bankruptcy; a petition or answer is filed seeking its reorganization or the readjustment of its indebtedness under federal or any state bankruptcy or insolvency law; or Lessee consents to the appointment of a receiver, trustee or liquidator of all or substantially all of its property or its property located on the Premises;
- C. A petition under any federal bankruptcy law, or an action under any present or future insolvency law, is filed against Lessee and not dismissed within sixty (60) calendar days;
- D. By or pursuant to, or under authority of, any legislative act, resolution or rule, order or decree of any court, governmental board, agency or officer having jurisdiction, a receiver, trustee or liquidator takes possession or control of all or substantially all of Lessee's property, and such possession or control continues for a period of sixty (60) calendar days;
- E. Any lien is filed against the Premises or Airport because of any act or omission of Lessee and not removed, enjoined or satisfied by the posting of an appropriate bond within sixty (60) calendar days;
- F. Lessee's interest hereunder is transferred, passes to or devolves upon, by operation of law or otherwise, any other person, except as otherwise expressly provided in Article 13;
- G. Lessee's estate herein is divested by operation of law;
- H. Lessee abandons the Premises for a period of ten (10) calendar days without County's prior written consent;

- I. Lessee conducts any operations or activities or performs any act not specifically authorized herein;
- J. Lessee merges or consolidates with or is acquired by another entity, except as otherwise expressly provided in Article 13;
- K. Lessee permits to continue, for a period of seven (7) calendar days after notice from County, the existence of an unsanitary condition at, on, in, around or about the Premises or Airport caused by, resulting from, arising out of, relating to or in connection or conjunction with the activities of Lessee; however, termination shall be suspended if the condition requires installation, repair or replacement of any equipment or facility and Lessee commences curative or remedial efforts within twenty-four (24) hours of County's notice and diligently pursues such efforts thereafter;
- L. Lessee defaults in the performance of any other term required of it hereunder; and/or
- M. Any other contract between County and Lessee is terminated.

If, in the County's judgment, the nature of any default under Paragraph A through L is such that it cannot be cured in such thirty (30) calendar days, and Lessee commences good faith and duly diligent efforts to cure such default immediately upon receipt of such notice, and such efforts are diligently pursued to completion to County's satisfaction, then the County has the discretion not to terminate the Lease. Termination shall be subject to written notice and to Lessee's opportunity to cure as described. Notwithstanding the terms hereof regarding cure, County may, at its discretion following Lessee's cure of a breach or default recited in a previous notice of termination, terminate this Lease, without opportunity for cure, upon any later breach or default, whether or not of the same nature or for the same reason as any prior breach or default, duly noticed to Lessee as provided herein.

Upon termination, Lessee shall thereupon have no further rights hereunder, except as otherwise expressly provided herein, and County may remove Lessee's Trade Fixtures and other personal property from the Premises, by self-help if necessary. This Section shall be consistent with Sections 10.11 and 12.05 regarding ownership of improvements and Trade Fixtures and Lessee's obligations to remove its Trade Fixtures and cooperate with County and with any successor lessee or other user to whom County leases or otherwise contracts for use of the Premises upon expiration or termination of this Lease.

Section 12.03 - County's Remedies. Upon a default by Lessee as described in Section 12.02, County shall have the following remedies, which shall not be exclusive of each other but shall be cumulative thereto and to any now or hereafter provided at law or in equity:

- A. Continue this Lease in full force and effect, in which event Airport may collect fees and other charges from Lessee when due, until County terminates Lessee's right to the Premises. During the period Lessee is in default, that is, following any notice of default and the expiration of any cure period provided herein, County may grant rights to possess or use all or any portion thereof to one or more third persons for Lessee's account. In so doing, County shall use

reasonable efforts to do so on terms no less favorable to County than those herein and otherwise to mitigate its damages resulting from Lessee's default. Lessee shall be responsible to County for any and all costs incurred by the latter in conjunction therewith including, but not limited to, advertising, communication, correspondence, personnel and any other costs caused by, resulting from, arising out of, relating to or in connection or conjunction with County's efforts. Any such grant of rights by County to a third person may be for a period shorter or longer than the remainder of the Term. Lessee shall pay County the fees and other charges due hereunder on the dates due as set forth herein, less any net revenues accruing to County as a result of any grant of rights to a third person. No act by County under this Paragraph shall terminate this Lease unless County so notifies Lessee, in writing, that County elects to terminate this Lease.

- B. Terminate Lessee's right to the Premises by any lawful means. No act by County, other than giving written notice of termination to Lessee, shall terminate this Lease. Acts of maintenance, efforts to procure a new lessee or other user for the Premises, or the appointment of a receiver or similar person on County's initiative to protect County's interests hereunder shall not constitute a termination of Lessee's rights hereunder. If County terminates this Lease, Lessee shall immediately surrender the Premises to County, which may recover the following amounts from Lessee:
1. Any unpaid fees or charges accrued through the date of termination;
 2. The excess of the amount of fees or charges, which accrued between the date of termination and the date of the grant of rights to possess or use the Premises or any portion thereof to a new lessee or other user, over the amount of the loss of fees or charges which Lessee establishes could reasonably have been avoided by County;
 3. The present value, on the date of the award or grant of rights to the Premises or any portion thereof to a new lessee or other user, of the excess amount of fees or charges which accrued between that date and the expiration of the full Term over the amount of the loss of fees or charges which Lessee establishes could reasonably have been avoided by County, with the present value computed by using the then applicable interest rate; and/or
 4. All other amounts, including court costs, attorney fees, other legal expenses and costs of taking possession of and granting rights to the Premises or any portion thereof to a new lessee or other user, necessary to compensate Airport for all losses and/or damages proximately caused by Lessee's default.
- C. Have a receiver appointed to collect fees and other charges payable to Lessee and/or to conduct Lessee's operations on the Premises. Neither the filing of a petition for the appointment of a receiver nor the appointment of a receiver shall constitute an election by County to terminate this Lease unless otherwise so specified by County in writing.
- D. Pursue any and all other remedies available to it now or hereafter at law or in equity.

Section 12.04 - Termination by Lessee. Lessee may terminate this Lease at any time that it is not in default of its payments to Airport hereunder, by giving County ninety (90) calendar days written notice to be served as hereinafter provided, upon or after the happening of any one of the following events:

- A. Issuance by any court of competent jurisdiction of an injunction in any way actually preventing or restraining the use of the Premises by Lessee, and the remaining in force of such injunction for a period of at least ninety (90) calendar days, including, but not limited to, any order or ruling by any federal or state agency with jurisdiction over Lessee, the Premises or Airport;
- B. The breach by County of any term herein required to be performed by it and the failure of County to cure or to commence duly diligent efforts to cure such default for a period of thirty (30) calendar days after receipt of Lessee's written notice to cure that breach; or
- C. The lawful assumption by the United States of America or any authorized agency thereof of the operation, control or use of the Premises, or any substantial part thereof, in such a manner as substantially to restrict Lessee, for a period of at least ninety (90) calendar days, from operating thereon.

Section 12.05 - Removal of Trade Fixtures; Transition of Possession.

- A. Consistent with Sections 10.11 and 12.02, Lessee shall, upon expiration or termination of this Lease, remove its Trade Fixtures from the Premises and Airport, provided that, if the Premises are damaged by reason of, or in the course of, the removal thereof, then Lessee, at its cost, shall promptly repair any and all such damage and restore the Premises to the same condition as prior to installation or to a condition approved in writing by the President/CEO. The failure to remove Trade Fixtures shall not constitute an extension or holdover of the Term, but all such property not removed within ten (10) calendar days after the expiration or termination of this Lease shall be deemed abandoned and thereupon immediately become County's property.
- B. Lessee shall not remove any Trade Fixture until it has received written consent from County, at the latter's discretion, for that removal. Upon the expiration or earlier termination of this Lease, Lessee shall cooperate with County and with any succeeding lessee or other user in the transition of possession of the Premises from Lessee to such successor. Such transition may, at County's discretion, be based upon a phased plan as directed by the Airport.

ARTICLE 13
ASSIGNMENT, TRANSFER AND SUBLEASING

Section 13.01 - Assignment, Transfer and Subleasing.

- A. Except as otherwise expressly provided herein, Lessee shall not, in any manner, assign, transfer, sublease or otherwise convey an interest in this Lease, nor sublease the Premises or any part thereof, without the prior written consent of County, and unless the contemplated assignee, transferee or sublessee is qualified by County to do business on the Premises including, but not limited to, a showing, satisfactory to County at its

discretion, that that person is financially and operationally capable of performing all terms under the assignment, transfer or sublease including, but not limited to, payment of all fees, charges and other amounts owed thereunder.

- B. Lessee shall submit a written request for consent by County at least ninety (90) calendar days before the proposed commencement of the assignment, transfer or sublease, unless waived in writing by County, including a detailed statement of the proposed assignee's, transferee's or sublessee's contemplated activity and a copy of the proposed assignment, transfer or sublease document. County may, at its discretion, request additional information from Lessee regarding the proposed assignment, transfer or sublease including, but not limited to, information demonstrating, to County's satisfaction, the financial strength of the proposed assignee, transferee or sublessee. County may deny consent if it determines, at its discretion, that: (1) the assignment, transfer or sublease is not in the best interest of County or Airport; (2) the proposed assignee, transferee or sublessee does not demonstrate sufficient financial strength; (3) Lessee has been declared in default of any term of this Lease; (4) the proposed assignment, transfer or sublease is not permitted under this Lease; (5) the proposed assignment, transfer or sublease would not be compliant with federal, state or local law; or (6) some other similar reason renders the proposed assignment, transfer or sublease undesirable. Subject to County's prior written consent, Lessee may assign, transfer or sublease the Premises or a portion thereof only for the same purpose permitted under this Lease. Any such assignment, transfer or sublease shall be subject to the same terms as set forth herein, and Lessee shall be responsible for the observance by its assignee, transferee or sublessee of the terms of this Lease. Upon County's informal approval of a proposed assignment, transfer or sublease, Lessee shall: (1) provide County with a copy of the assignment, transfer or sublease document signed by Lessee and the proposed assignee, transferee or sublessee; and (2) sign, and ensure that the proposed assignee, transferee or sublessee shall sign, County's document memorializing County's consent to such assignment, transfer or sublease and its conditions of that consent. Lessee shall pay County a fee of seven hundred and fifty dollars (\$750.00) for its consent to each assignment, transfer or sublease, provided that County may assess that fee for any assignment, transfer or sublease for which Lessee did not request or obtain County's consent in compliance with this Paragraph. Two percent of the sale price shall be paid to the Minden-Tahoe Airport at the time of sale.
- C. Consistent with the other terms of this Section, no prior written consent for an assignment to a parent, affiliate or surviving corporation after a merger, as defined by applicable corporate and/or securities law, shall be required; however, Lessee shall give County thirty (30) calendar days prior written notice of any such assignment, together with all information requested by County in relation thereto, comply with any additional request by County for information relating thereto, and promptly sign any document required by County to memorialize such assignment.

Section 13.02 - Corporate Transactions. Any transfer of at least fifty percent (50%) of Lessee's stock, membership interest, or that of any company directly or indirectly owning any stock or membership interest in Lessee, or similar change of ownership, shall be deemed an assignment and therefore subject to the terms of this Article, except for assignments to a parent, subsidiary, affiliate and/or survivor after a merger, as described in Section 13.01(C) and as defined by applicable corporate and/or securities law.

ARTICLE 14
TRUST DEED BENEFICIARIES

Section 14.01 - Permitted Encumbrances. Lessee may, with the prior written consent of County, give, assign, transfer, mortgage, hypothecate, grant control of or encumber Lessee's interest under this Lease, and the leasehold estate so created, to a bona fide lender, a state- or federally chartered lending institution, or a chartered insurance company or pension fund, on the security of the leasehold estate, and Lessee may sign any and all instruments in connection therewith necessary and proper to complete such loan and perfect the security therefor to be given to such lender. One (1) copy of any and all such security devices or instruments shall be filed with County no later than seven (7) Business Days after the effective date thereof, and Lessee shall give County written notice of any change or amendment thereto. Any such encumbrance holder shall have the right, at any time during the time of the loan and while this Lease is in full force and effect:

- A. To do any act or thing required of Lessee in order to prevent a forfeiture of Lessee's rights hereunder, and all such acts or things so done shall prevent a forfeiture of Lessee's rights hereunder as if done by Lessee; and/or
- B. To realize on the security of the leasehold estate, and to acquire and succeed to the interest of Lessee hereunder by sale under the power of sale, foreclosure, or by a deed or assignment in lieu of foreclosure, and thereafter to convey, assign, or sublease the leasehold estate to any other person; provided, however, that that person agrees to be bound by the terms of this Lease.

Section 14.02 - No Encumbrance of Fee Interest. County is not subjecting its fee interest to the lien of any leasehold financing obtained by Lessee hereunder. County's fee interest shall be superior and prior to Lessee's leasehold interest; provided, however, that on commencement of the Term, the Premises shall be free and clear of all encumbrances. Thereafter, any Deed of Trust placed on the Premises by County shall expressly provide that it is subject and subordinate to: (A) this Lease, and Lessee's and any Sublessee's rights hereunder or under any sublease, if such sublease was made compliant with Article 13; (B) any mortgage then in existence on the improvements and the leasehold estate as permitted by this Lease; and (C) Lessee's rights as permitted by this Lease to encumber the leasehold estate and the improvements thereto.

Section 14.03 - No Consent Upon Foreclosure. The written consent of County shall not be required in the case of:

- A. A transfer of this Lease as the result of a sale under the power of sale or at a judicial foreclosure or a deed or assignment to the encumbrance holder in lieu of foreclosure, provided the loan complies with the provisions specified above for a bona fide lender.
- B. A subsequent transfer by an encumbrance holder who is a purchaser at any such sale or foreclosure, or an assignee in lieu of foreclosure, if the transferee is an established bank, savings and loan association, insurance company or other institutional lender, if that encumbrance holder forthwith gives notice to County, in writing, of any such transfer,

the name and address of the transferee, the effective date of such transfer and the express agreement of the transferee assuming and agreeing to perform all obligations of Lessee under this Lease, together with a copy of the document by which such transfer was made. Any such transferee shall be liable to perform the obligations of Lessee under this Lease as long as it holds title to the leasehold estate. Such transferee shall be liable to pay County for any period of time prior to the time when such transferee takes possession of the Premises; provided that such obligations shall not be effective unless County shall have transmitted to the encumbrance holder notice of the original Lessee's default within sixty (60) calendar days after such default occurs. Any subsequent transfer of the leasehold estate shall not be made without the prior written consent of County, and shall be subject to conditions relating thereto, as set forth in Article 13.

- C. Any encumbrance holder shall not be obligated to cure any default or breach if it is unable to secure possession of the Premises and it must have possession in order to cure the default or breach. If a period of time is necessary in order for the encumbrance holder completely to cure a default or breach, then it shall not be in default so long as it exercises diligence and proceeds promptly in curing the default or breach. The encumbrance holder shall have all the rights to mortgage or other lending documents approved by County as herein for the appointment of a receiver, and to obtain possession of the Premises, under, and in accordance with, the terms of the Deed of Trust, mortgage or other lending instrument. If the lender does not prevent the occurrence of default, the leasehold estate will cease and all improvements on the Premises will become the property of County, which will have no obligation to any person under the loan agreement for which Lessee's interest was secured.

Section 14.04 - Memorandum of Lease. Without the prior written consent of County, this Lease shall not be recorded. However, upon signing hereof by both parties, the parties may sign and record a Memorandum of Lease in order to give notice of the Lease.

Section 14.05 - Estoppel Certificate. County shall, upon Lessee's written request, deliver to Lessee, or to any other person as requested by Lessee, an estoppel certificate specifying, as applicable, that:

- A. This Lease is not amended or, if amended, the date and nature of the amendment;
- B. Lessee has received no notice of default from County or, if it has, the date and substance of that notice, and the status thereof, including Lessee's efforts to cure;
- C. County has no claims against Lessee or, if it does, the nature and status of such claim; and

- D. The dates to which Rent and/or any other amounts owed Airport by Lessee hereunder have been paid.

ARTICLE 15
GOVERNMENTAL CONDITIONS

Section 15.01 - Airport Development; Public Relations Activities.

- A. Consistent with but not limited to Section 3.07(B) regarding the activities and events, County may, at its discretion or as required by law, further develop and/or improve Airport and/or any portion or area thereof including, but not limited to, the Premises, and take such action as it deems necessary or advisable at its discretion to develop the Airport market, regardless of the desires or view of Lessee or any Sublessee and without interference or hindrance from it, except as otherwise expressly provided herein. County's right to develop and/or improve Airport includes is not limited to, development, construction and/or installation. Except as otherwise expressly provided herein, County has no duty to Lessee or any Sublessee to develop and/or improve Airport.
- B. Also in particular, but without limitation, County may, at its discretion, conduct or host special activities or events near or about the Premises or elsewhere at or about Airport as Airport market or economic development activity or as a community relations or public relations activity. County shall not be liable to Lessee or any Sublessee for any actual or alleged cost or loss, including, but not limited to, any actual or alleged loss of revenue or good will, caused by, resulting from, arising out of, relating to or in connection or conjunction with County's exercise of its rights under this Section.

Section 15.02 - Right of Flight. County reserves unto itself, its successors in interest and assigns, for the use and benefit of the public, the right of flight for the passage of aircraft in the airspace above the surface of the Premises. This right of flight shall include the right to cause in that airspace such noise, vibrations, dust, fumes, heat, wind, air movement and similar phenomena as might be inherent in the operation of any aircraft now known or hereafter used for navigation or flight through that airspace for landing at, taking off from or operating on or at Airport.

Section 15.03 - No Exclusive Right. Nothing in this Lease shall be construed as granting or authorizing the granting of an exclusive right within the meaning of the Federal Aviation Act of 1958, as applicable.

Section 15.04 - Covenants. Lessee, for itself, its successors in interest and assigns, as a part of the consideration hereof, covenants:

- A. **Subordination of Lease.** This Lease shall be subordinate to the terms of any instrument or document under which County acquired the land or improvements thereto, of which the Premises are a part, and shall be given only such effect as will not conflict nor be inconsistent with such terms. This Lease shall be subordinate to the terms of any existing or future contract between County and the United States of America relating to the development, operation or maintenance of Airport, the entering of which has been or might be required as a condition precedent to the expenditure of federal funds for the development of Airport.

B. Nondiscrimination.

1. Lessee, for itself, its representatives, successors in interest, and assigns, as a part of the consideration hereof, agrees, as a covenant running with the land, that (a) no person, on the ground of race, color, or national origin, shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Premises; (b) in the construction of any improvements on, over or under the Premises and the furnishing of services thereon, no person, on the ground of race, color, or national origin, shall be excluded from participation in, denied the benefits of or otherwise subjected to discrimination; and (c) Lessee shall use the Premises in compliance with all other requirements of Title VI of the Civil Rights Act of 1964, 14 C.F.R. 152 and 49 C.F.R. Part 21, Subtitle A, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation, and as Title VI and those Parts might be amended.
2. 49 C.F.R. Part 23, Disadvantaged Business Enterprises (DBE), and as it might be amended, and other similar regulations which might be enacted, might apply to Lessee's activities hereunder, unless exempted by those regulations. Lessee shall comply with the applicable regulatory agencies in reference thereto. The requirements of these regulations include, but not be limited to, compliance with DBE participation goals, the keeping of certain records of good faith compliance efforts, which would be subject to review by the various agencies, the submission of various reports and, if so directed, the contracting of specified percentages of goods and services contracts to DBEs.
3. 49 C.F.R. Part 27, "Nondiscrimination on the basis of disability in programs or activities receiving Federal financial assistance," and as it might be amended, all applicable rules and regulations of the Department of Transportation and the Department of Justice for airport operators, all applicable Air Carrier Access Act rules (14 C.F.R. Part 382, "Nondiscrimination on the basis of disability in air travel") and such other similar regulations that might be enacted, might apply to Lessee's activities hereunder, unless exempted by those regulations. Lessee shall comply with the regulatory requirements relating thereto, which compliance might include, but not be limited to, designating a coordinator pursuant to Section 504 of the Americans With Disabilities Act, participating in complaint procedures, conducting self-inspections, receiving input from organizations of persons with disabilities and participating in efforts to improve program and structural accessibility. These efforts might be subject to review by the various responsible agencies, the submission of various reports and, if so directed, the offering of specified services to support the equitable access and use of Airport and air transportation by persons with disabilities.
4. If a breach of any of the above nondiscrimination covenants is not cured, County may terminate this Lease after such action as the United States of America might direct to enforce the covenant has been followed and completed, including exercise or expiration of appeal rights.

- C. Height Restriction. If applicable, Lessee shall not erect nor permit the erection of any structure or object, nor permit the growth of any tree, above the mean sea level elevation applicable to the most critical area of Airport, in accordance with 14 C.F.R. Part 77. If this Part is breached, County may enter the Premises and remove the structure or object or cut the tree, all of which shall be at Lessee's cost, consistent with Section 6.03.

Section 15.05 - Federal Review.

- A. This Lease is subject to any applicable review by the FAA, the TSA and/or any other federal agency having jurisdiction, to determine compliance with federal law, and shall be in full force and effect pending such review and approval by the FAA, the TSA or other agency, provided that, upon such review, the parties shall modify any term hereof which might be determined to be in violation of law.
- B. Agencies having jurisdiction over Airport, County, the Premises or Lessee might promulgate, enact or implement regulatory or other legal changes. Lessee shall be responsible for obtaining all Notices of Proposed Rule Making and/or similar documents directly from such agencies. County may, but shall not be obligated to, provide notice of proposed changes, but nothing contained herein shall render this provision unenforceable by virtue of Lessee's failure to receive notice of proposed changes.

Section 15.06 - Anti-Lobbying Certification. Lessee certifies, to the best of its knowledge and belief, that:

- A. No federally appropriated funds have been paid or will be paid, by or on behalf of Lessee, to any person for influencing or attempting to influence an officer or employee of any federal agency or a member, officer or employee of Congress, in connection with the award, making or entering of any federal contract and/or the extension, continuation, renewal, amendment or modification of any federal contract.
- B. If any funds other than federally appropriated funds have been or will be paid to any person for influencing or attempting to influence an officer or employee of any federal agency or a member, officer or employee of Congress, in connection with any federal contract relating to this Lease, then Lessee shall complete and submit Standard Form-LLL, Disclosure of Lobby Activities, or as it might be revised or supplanted.
- C. Lessee shall require the inclusion of this certification language in the award documents for all subawards at all tiers, and shall require all subrecipients to certify and disclose accordingly.

Section 15.07 - Citizenship Certification.

- A. Lessee certifies that it:
1. Is not owned nor controlled by one or more citizens or nationals of a foreign country included in the list, of countries that discriminate against United States

business entities, published by the Office of the United States Trade Representative or any successor thereto;

2. Has not knowingly entered into any contract or subcontract hereunder with a contractor that is a citizen or national of a foreign country on that list, or is owned or controlled directly or indirectly by one or more citizens or nationals of a foreign country on that list; and
 3. Has not procured any product or subcontracted for the supply of any product, for use hereunder, that is produced in a foreign country on that list.
- B. Unless the restrictions of this clause are waived by the Secretary of Transportation in accordance with 49 C.F.R. Part 30.17, no contract shall be awarded to any party hereunder that is unable to certify to the above. If Lessee knowingly procures or subcontracts for the supply of any product or service of a foreign country on that list for use hereunder, the FAA may direct, through County, cancellation of such contract, at no cost to the United States of America.
- C. Lessee shall ensure the incorporation by reference of this provision for certification, without modification, in each contract and in all subcontracts. Lessee may rely upon the certification of a prospective subcontractor unless it has knowledge that the certification is erroneous. Lessee shall provide immediate written notice to County if it learns that a prospective contractor's certification or that of a subcontractor was erroneous when submitted or has become erroneous by reason of changed circumstances, and shall require its contractors and their subcontractors to provide immediate written notice to County and Lessee if such contractor or subcontractor learns that its certification was erroneous or has become so by reason of changed circumstances.
- D. This certification is a material representation of fact upon which County relied when entering this Lease. If it is determined that Lessee or any contractor or subcontractor thereof knowingly rendered an erroneous certification, the FAA may direct, through County, termination of the contract or subcontract, at no cost to the United States of America.
- E. Nothing contained herein shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by this provision. The knowledge and information of Lessee is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- F. This certification concerns a matter within the jurisdiction of an agency of the United States of America and the making of a false, fictitious or fraudulent certification might render the maker subject to prosecution under 18 U.S.C. Section 1001.

Section 15.08 - Compliance with NRS 338.125. In connection with work performed hereunder, Lessee shall not discriminate against any employee or applicant for employment because of race, creed color, national origin, sex, sexual orientation or age. In addition, Lessee shall require the inclusion of these terms in all contracts for work on the Premises:

In connection with the performance of the work, the contractor shall not discriminate against any employee or applicant for employment because of race, creed, color,

national origin, sex, sexual orientation or age, including, without limitation, with regard to employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including, without limitation, apprenticeship.

ARTICLE 16 **GENERAL PROVISIONS**

Section 16.01 - Representations and Warranties.

- A. Except as otherwise expressly provided herein, no representation nor warranty, whether oral or written, express or implied, made before, upon or after the signing hereof, shall be incorporated herein or otherwise modify the terms hereof, and County, its officers, agents and employees shall not be liable for any direct, indirect, incidental or consequential damages arising out of this Lease or any other contract, transaction or dealing between the parties.
- B. Lessee represents and warrants that it:
1. Has the skill, experience, expertise and other resources necessary to possess, use and maintain the Premises, and otherwise perform its obligations hereunder, in a First-Class manner, acceptable to County at its discretion, throughout the Term and any holdover, compliant with all terms hereof;
 2. Has or can seasonably procure adequate financing, including insurance and bonds as required, to plan, design, install and maintain the improvements described herein, including the procurement of all necessary approvals, permits and other authorizations from any entity having jurisdiction over the Premises and the keeping of adequate reserves for their maintenance and repair as provided herein; and
 3. Has or can procure adequate financing to possess, use and maintain the Premises and pay Airport all amounts owed hereunder, until its operations at Airport become financially self-sufficient or when they are temporarily not self-sufficient, and to maintain appropriate reserves for the development, maintenance and repair of the Premises as set forth in Articles 6 and 10.
- C. County represents and warrants that it:
1. Owns the Premises in fee simple and is capable of demising them to Lessee; and
 2. Has no present knowledge, information nor belief that any lien, encumbrance, judgment or the like exists which would substantially interfere with Lessee's beneficial use and enjoyment of the Premises.

Section 16.02 - Airport Plans. Consistent with and subject to Section 15.01, as of the signing hereof, Lessee's possession and use of the Premises do not conflict with the Master Plan, and/or any other plan currently in effect for Airport, provided that any such plan is subject to amendment at any time. However, County, its officers, agents and employees shall not be liable for any effort or action toward implementation of the current or any future plan, and

Lessee waives any right to claim damages or other compensation arising from such effort or action.

Section 16.03 - Estoppel Certificate. Consistent with Section 3.06, Lessee shall, upon County's written request, deliver to County or to any other person a written statement, certifying:

- A. This Lease is not amended or, if amended, the date and nature of the amendment;
- B. Lessee has received no notice of default from County or, if it has, the date and substance of that notice, and the status thereof, including Lessee's efforts to cure;
- C. Lessee has no claims against County or, if it does, the nature and status of such claim; and
- D. The dates to which Rent and/or any other amounts owed Airport by Lessee hereunder have been paid.

Section 16.04 - Rights Cumulative. The rights and remedies of County and Lessee specified in this Lease are not intended to be and shall not be exclusive of one another or of any right of County or Lessee at law or in equity.

Section 16.05 - Amendment. This Lease may be amended only by a writing duly approved and signed by authorized representatives of the parties.

Section 16.06 - Notice. Except as otherwise expressly provided herein, all notices required to be given hereunder shall be in writing and shall be deemed given upon personal delivery, upon sending by overnight express mail, or five (5) Business Days after deposit in the United States Mail as certified mail, return receipt requested, postage prepaid, to the parties at the addresses set forth herein:

To Airport (County):

**Minden-Tahoe Airport
P. O. Box 218
1146 Airport Road
Minden, Nevada 89423**

To Lessee:

Carl Jefferson Kennedy, Jr./Susan Jane DeHoff Kennedy Inter
Vivos Family Trust

Name:

Carl and Susan Kennedy

Address:

1512 Lou Court

City, State Zip:

Gardnerville, Nevada 89460

E-mail address:

sjk99s@gmail.com

Phone number(s):

775-265-5226

Cell phone number:

775-781-2832

The parties, or either of them, may designate in writing any change in address or addresses, including electronic or "email" addresses, and/or in identity of substitute or supplementary

persons to be sent notices. Notwithstanding, the parties may send notices or other documents concerning day-to-day operations and use of the Premises by first-class mail, postage prepaid, to County or Lessee at the addresses given above, or by electronic mail.

Section 16.07 - No Conflict of Interest. To the best of the parties' knowledge, information and belief upon the signing hereof, no officer, agent or employee of County is directly or indirectly a party to, or otherwise a beneficiary of, this Lease. Ownership of stock in a publicly traded corporation, or use of Lessee's products and/or services as a patron or Sublessee, shall not be considered a breach of this Section.

Section 16.08 - Nonliability of Agents or Employees. No Trustee, officer, director, agent or employee of County or Lessee shall be charged personally or held contractually liable by or to the other party under the provisions of or in connection with this Lease, because of any breach hereof or because of its or their execution or attempted execution hereof.

Section 16.09 - Agent for Service of Process. Consistent with the Federal Rules of Civil Procedure and the Nevada Rules of Civil Procedure, if Lessee is not a resident of the State of Nevada, or is an association or partnership without a member or partner resident of this State, or is a foreign corporation, then it shall appoint an agent for service of process. Upon any failure of that agent to perform, Lessee shall designate the Secretary of State, State of Nevada, its agent for the purpose of service of process in any legal action between it and County arising out of or based upon this Lease, and the service shall be made as provided by the laws of the State of Nevada for service upon a non-resident. If service of such process is not possible or not effected, then Lessee may be personally served with such process out of this State, by the registered mailing of such complaint and process to Lessee at the address or addresses set forth herein or as they might be amended consistent with Section 16.06. Any such service out of this State shall constitute valid service upon Lessee as of the date of mailing.

Section 16.10 - National Emergency. This Lease shall be subject to whatever right the United States of America now has, or in the future might have, affecting the control, operation, regulation and taking over of Airport, or the exclusive or nonexclusive use of Airport, by the United States during time of war, whether declared by the United States Congress or not, other military action, national emergency or the like.

Section 16.11 - Legal Costs. If any civil action or other judicial, quasi-judicial or administrative action or proceeding is instituted to enforce any term of this Lease, to determine or declare the rights and duties of the parties hereto or to recover any amount due hereunder, then the losing party shall pay the prevailing party such sum as the court or other judicial or quasi-judicial tribunal might adjudge reasonable as attorney fees and/or legal or other costs, in addition to any sum awarded as damages or as a cost or disbursement permitted by statute or rule.

Section 16.12 - Required Approvals. Except as otherwise expressly provided herein, whenever the approval of County or Lessee is required, such approval shall not be unreasonably delayed. County may deny, withhold or delay approval for reasons including, but not limited to, Lessee's noncompliance with or breach or default of any term hereof, in particular, but without limitation, any term of Article 10.

Section 16.13 - Other Contracts. Except as otherwise expressly provided herein, the terms of this Lease shall not affect the terms of any other lease or other contract between County and Lessee.

Section 16.14 - Force Majeure.

- A. Neither party shall be liable to the other for any failure, delay or interruption in performance caused by circumstances beyond its control including, but not limited to, war, whether declared by the United States Congress or not, other military action, national emergency, terrorism, civil disobedience or unrest, natural disaster, Act of God, strike, boycott, picketing, slowdown, work stoppages or labor matters of any other type, whether affecting either party, its contractor or subcontractor, such circumstances also including, but not limited to, any laws or regulations of the United States of America and/or any request or directive of the Department of Homeland Security, the TSA, the FAA or any other federal agency relating to aviation security. Notwithstanding, nothing in this Section abates, postpones or diminishes Lessee's duty to make any payment owed hereunder including, but not limited to, Rent, fees and charges as set forth in Article 4, except as otherwise expressly provided herein. In particular, but without limitation, there are regulatory and other legal risks inherent in operating at an airport which is subject to federal law and to requirements of the airport's owner or operator, such as County, developed in accordance therewith. No abatement, reduction, diminution or forgiveness of Rent shall attach as a result of the enactment, promulgation and/or enforcement of any such law or the like including, but not limited to, any closure of the Airport, except as otherwise expressly provided herein.
- B. Neither party shall be obligated to supply any product or service when and insofar as supplying it or using any substance, material or component therefor is prohibited by law. If such law does not bind County, but it nonetheless, at its discretion, deems compliance therewith to be appropriate, then it shall not be obligated to supply the product or service.
- C. Except as otherwise expressly provided herein, no abatement, reduction nor diminution of Rent or any other amount owed Airport by Lessee shall be allowed for any inconvenience, interruption, cessation or loss of business or other loss to Lessee, caused by any present or future law of the United States of America, any state, county, municipality or other public entity, by priorities, rationing or curtailment of labor or materials, war, whether declared by the United States Congress or not, other military action, national emergency, terrorism, any matter or thing resulting therefrom, by any cause set forth in Paragraph A, or by any cause beyond County's control, nor shall this Lease be affected by such a cause.
- D. Except as otherwise expressly provided herein, County shall not be liable to Lessee, its officers, directors, managers, members, shareholders, agents, invitees and/or licensees including, but not limited to, any Sublessee, for any loss or damage caused by, resulting from, arising out of, relating to or in connection or conjunction with the interruption or cessation of Lessee's activities or operations hereunder.

Section 16.15 - Bailee Disclaimer. County in no way purports to be a bailee and is, therefore, not responsible in any way for any damage to the property of others, including, but not limited to, the property of Lessee, its agents, invitees and/or licensees including, but not limited to, any Sublessee.

Section 16.16 - No Waiver. No waiver of breach or default by either party of any term herein to be performed by the other shall be construed as, or operate as, a waiver of any prior,

contemporaneous or subsequent breach or default of any term herein to be performed by the other party.

Section 16.17 - Relationship of Parties. Nothing contained herein shall be deemed or construed by County or Lessee as creating the relationship of principal and agent, partners, joint venturers or any other similar such relationship between them. Neither the method of computation of fees and charges, any other provision contained herein nor any act of County or Lessee shall create a relationship other than that of lessor and lessee. In particular, but without limitation, and consistent with Section 8.04, County shall have no duty under this or any other lease to or contract with Lessee, except as otherwise expressly provided therein, to protect Lessee from acts or omissions of any third party, whether or not such third party has any contract with County allowing it to transact business and/or otherwise operate at, on, about or to and from Airport.

Section 16.18 - Representative of County. The Airport Manager, or their duly authorized designee, shall be the official representative of County in all matters pertaining to this Lease, and may act on County's behalf with respect to all action required of County hereunder.

Section 16.19 - Successors and Assignees Bound. This Lease shall be binding upon and inure to the benefit of the successors in interest and assignees of County and Lessee, where permitted hereunder.

Section 16.20 - No Third-Party Beneficiary. This Lease is intended solely for the benefit of County and Lessee. No right of any alleged third-party beneficiary, whether express or implied, is created hereby, nor shall any third party claim hereunder against County or Lessee.

Section 16.21 - No Brokerage. County and Lessee dealt with each other directly and entered this Lease in their own rights and capacities, not through any broker, agent or other similar representative. This Lease was not procured nor initiated by any such person, nor were the Premises offered or leased to Lessee by or through any such person. No broker's commission or fee, finder's fee, referral fee or other similar amount shall be paid, owed or accrued, directly or indirectly, in connection herewith, as a result hereof or in relation hereto.

Section 16.22 - No Encumbrance. Except as otherwise expressly provided herein, Lessee shall not pledge, oblige, encumber nor otherwise obligate this Lease, the Premises, Airport or its interest therein, by any security interest, pledge, note or any other instrument in the nature thereof.

Section 16.23 - Signature Authority. Each natural person signing this instrument, for or on behalf of a legal entity party hereto, represents, warrants, assures and guarantees to each other such natural person, and to each other such legal entity, that he or she is duly authorized and has legal power and/or authority so to sign.

Section 16.24 - Interpretation.

- A. The wording of this Lease shall be construed simply, according to its fair meaning, and not strictly for or against either party.
- B. References to Articles, Sections, Paragraphs or Exhibits are to articles, sections, paragraphs or exhibits hereof or hereto, unless otherwise specified.

- C. "Hereby," "herein," "hereof," "hereto," "hereunder" and similar words refer to this Lease.
- D. Words denoting persons include firms, partnerships, corporations, associations, trusts and other legal entities, as well as natural persons.
- E. Headings preceding the text of sections, any cover page, table of contents, index and/or marginal notes are solely for convenience of reference, and are not parts of this Lease nor affect its meaning.
- F. Words importing the singular include the plural and vice-versa, and words denoting the masculine gender include the feminine or neuter gender, where appropriate or where the context logically requires.
- G. Where general wording and specific wording appear to conflict, the specific shall take precedence over the general.
- H. References or citations to legislative acts, statutes, administrative regulations and the like are to such acts and the like in their form as of the commencement of the Term, and as they might be amended, recodified or supplanted.
- I. The various Articles, Sections, Paragraphs, Exhibits, clauses and terms shall be read and construed together, to avoid ambiguity or contradiction where logically possible.
- J. If any Article, Section, Paragraph, clause or term is deemed, by any court or other judicial or quasi-judicial tribunal having jurisdiction, to be illegal, invalid or unenforceable, it shall be severed from the remainder of this Lease, which shall remain in full force.
- K. This Lease was entered and shall be performed in the County of Douglas, State of Nevada, and the laws of the State of Nevada and Douglas County, Nevada shall govern the rights and duties of the parties and the interpretation of this Lease. Any action, claim or dispute or other legal issue regarding this Lease shall be resolved by binding arbitration, with an arbiter to be selected from a list maintained by the Nevada Supreme Court of senior judges. If the parties cannot agree to an arbiter, then the County will make the decision. Both parties agree to pay an equal share for the senior judge and any other related court fees. Each party is responsible for their own attorney fees. There shall be no presumption for or against the drafter in interpreting or enforcing this contract.

Section 16.25 - Merger and Integration. This Lease, together with any Exhibit attached hereto, any document incorporated herein by reference and any amendment document duly signed by the parties, constitutes the parties' complete, entire, final agreement on the subject matter hereof, and all other representations heretofore made, oral or written, are merged herein. No oral or written statement, representation nor warranty made, by any person, before, upon, or after the signing hereof, shall modify this Lease or bind County, other than by an amendment document duly signed by the parties.

WHEREOF, the parties have set their hands, on the date first written.

LESSEE:

By: Susan J. De Hoff Kennedy
Name: SUSAN J. DE HOFF KENNEDY
Title: TRUSTEES
Date: JULY 11, 2016

LESSOR:

Douglas County

By: Doug N. Johnson
Name: Doug N. Johnson
Title: Chair, Douglas County Board of County
Commissioners
Date: 7/21/16

Order No. 079264-WLD

EXHIBIT A
Legal Description

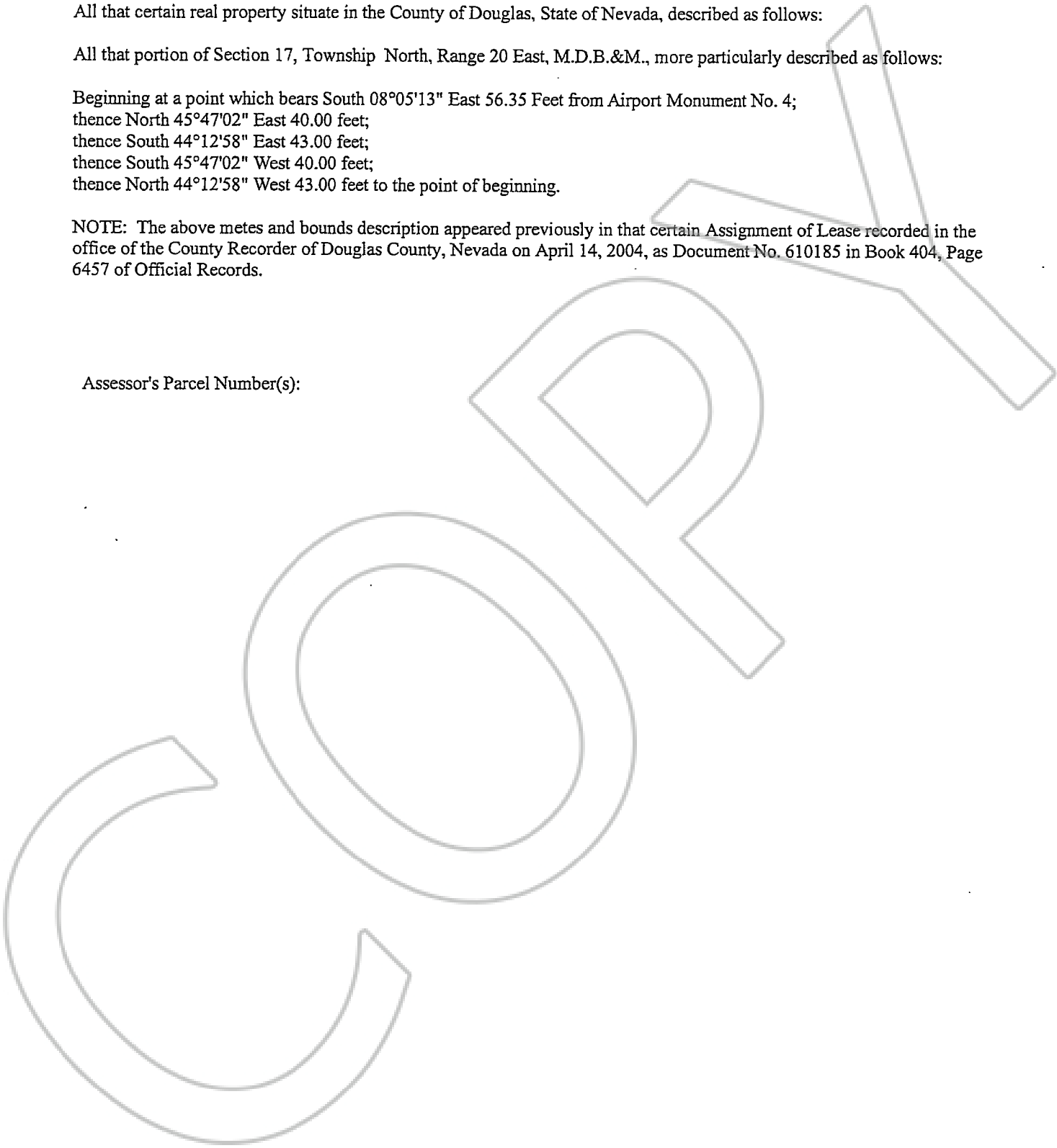
All that certain real property situate in the County of Douglas, State of Nevada, described as follows:

All that portion of Section 17, Township North, Range 20 East, M.D.B.&M., more particularly described as follows:

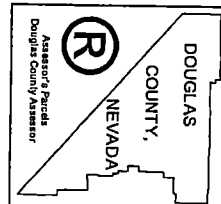
Beginning at a point which bears South 08°05'13" East 56.35 Feet from Airport Monument No. 4;
thence North 45°47'02" East 40.00 feet;
thence South 44°12'58" East 43.00 feet;
thence South 45°47'02" West 40.00 feet;
thence North 44°12'58" West 43.00 feet to the point of beginning.

NOTE: The above metes and bounds description appeared previously in that certain Assignment of Lease recorded in the office of the County Recorder of Douglas County, Nevada on April 14, 2004, as Document No. 610185 in Book 404, Page 6457 of Official Records.

Assessor's Parcel Number(s):

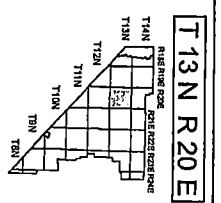


NOTE: This map is prepared for the use of the Douglas County Assessor, for assessment and illustrative purposes only. It does not represent survey of the premises. No liability is assumed as to the sufficiency or accuracy of the data delineated hereon.

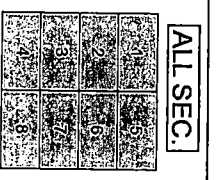


Map Legend

	Parcel Boundary	001	Parcel Number
	Subdivision Boundary	110	Parcel Sub/Seq Number
	Town Boundary	1.0 Ac	Parcel Acreage
	Township/Ranger/Section	B L K A	Parcel Block Number
	Open Space/Conservation Easements	1	Parcel Lot Number
		100	Parcel Address



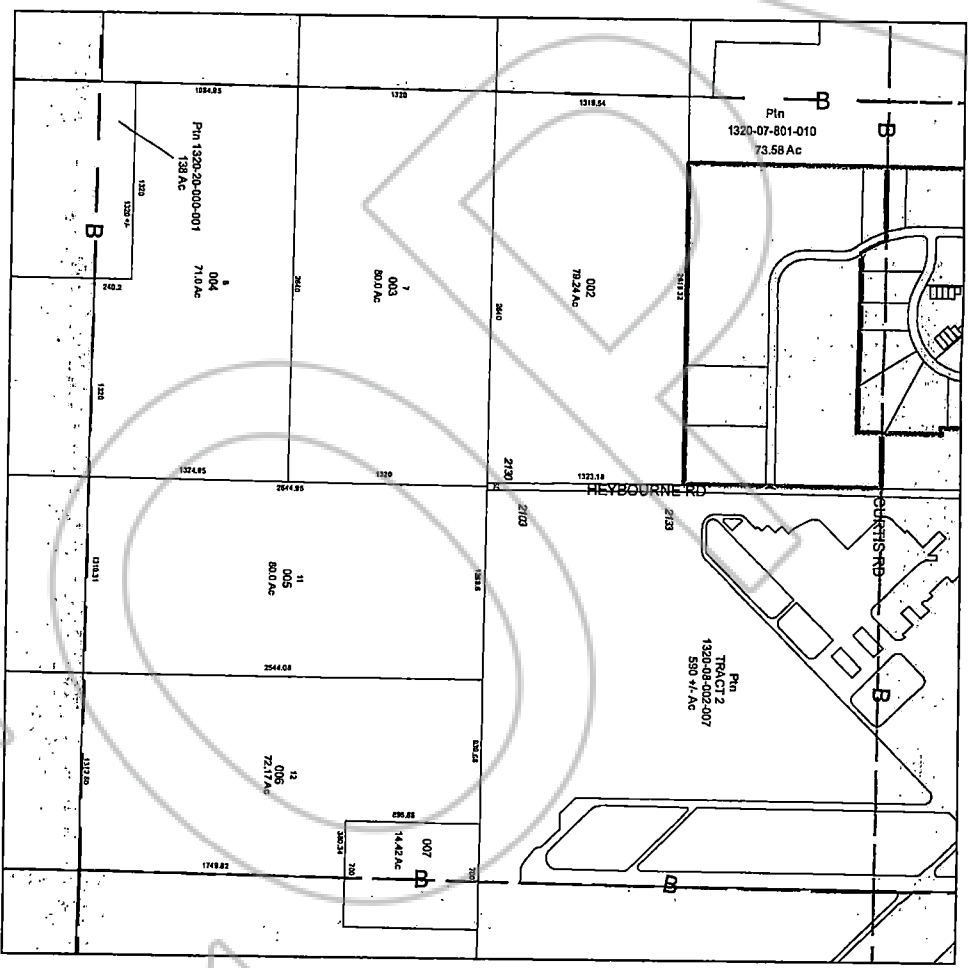
T13N R20E																																			
SECTION 17																																			
6	5	4	3	2	1	7	8	9	10	11	12	18	17	16	15	14	13	19	20	21	22	23	24	30	29	28	27	26	25	31	32	33	34	35	36



1320-17-000

SCALE: 1" = 800'

REVS/D: 12/24/2015



COPY

Douglas County

State of Nevada

CERTIFIED COPY

I certify that the document to which this certificate is attached is a full and correct copy of the original record on file in the Clerk-Treasurer's Office on this

27th day of July, 2016
By Penny Deputy