

Recorder's Office Cover Sheet

Recording Requested By:

Name: Heather MacDonnell

Department: Airport

Item ID/Agreement #: DC-787-2024



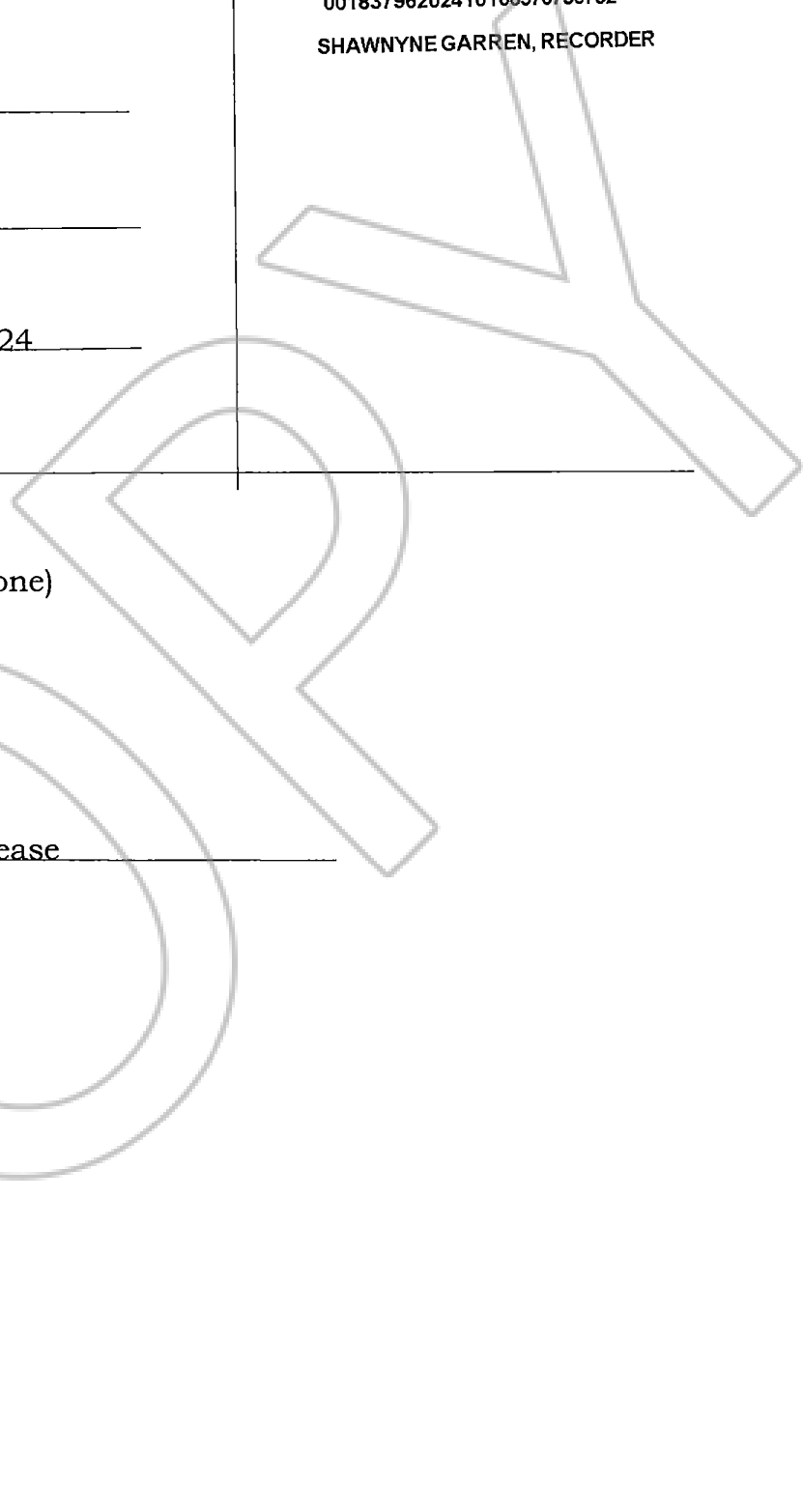
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SHAWNYNE GARREN, RECORDER

Type of Document: (please select one)

- Agreement
- Contract
- Grant
- Change Order
- Easement
- Other

specify: Land Lease



FILED

NO. DC-787-2024

07/10/2024
DATE

DOUGLAS COUNTY CLERK
MINDEN, NV

MINDEN-TAHOE AIRPORT

LAND LEASE LL 131

BY gjo DEPUTY

This Land Lease (Lease) is entered into by Douglas County, Nevada (County), a political subdivision of the State of Nevada, which owns and operates the Minden-Tahoe Airport (Airport), and 87 Enterprises LLC, a Nevada Limited Liability Company (Lessee). County and Lessee may at times be referred to herein as the "Parties," or individually as the "Party."

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; and

WHEREAS, Lessee desires to lease the Premises for the Term set forth herein, and to make additional investments and improvements thereon, which Lessee agrees will be fully amortized upon the expiration of the Initial Term; and

WHEREAS, Lessee has satisfactorily demonstrated to County that Lessee complies with the Minden-Tahoe Airport's Leasing Policy; and

WHEREAS, County deems it advantageous to lease to Lessee the Premises under the terms and conditions set forth herein:

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

ARTICLE 1: Preliminary Matters

1.1. **Definitions**

The words and phrases contained in this Lease shall have the meanings ascribed to them in Exhibit A, hereto, or if not defined in Exhibit A, then those meanings ascribed in the Minden-Tahoe Airport's Rules and Regulations (or any successor document thereto), as adopted and revised by Resolution of the Douglas County Board of Commissioners.

1.2. **Term**

The "Initial Term" of this lease shall be thirty (30) calendar years, commencing on the **June 20, 2024** ("**Effective Date**"), and expiring on **June 19, 2054**, unless sooner terminated in accordance with the terms of this Lease. Thereafter, so long as Lessee is not in Breach, Noncompliance, or Default under this Lease and has not on more than one prior occasion been in Breach, Noncompliance or Default (which has since been cured), Tenant shall have an option to extend the Initial Term for a period of ten (10) years ("**Option Term**").

- a. Thereafter, if Lessee remains in possession of the Premises with County's written consent, such holding over shall not be construed as a renewal or extension of this Lease, but shall create only a month-to-month holdover tenancy under the same terms herein. County may terminate any holdover and repossess the Premises at any time

by providing Lessee with thirty (30) days advance written notice. The Rent during any holdover shall automatically increase by 15%.

1.3. **Leased Premises**

The Leased Premises consists of the parcel of real property, approximately 46,657 square feet in size, which is described and depicted on Exhibit B, hereto. Subject to the terms of this Lease, Lessee shall be entitled to the peaceful possession and quiet enjoyment of the Premises during the Term.

1.4. **Condition of Premises**

Lessee has inspected the Premises and has had an adequate opportunity to enter the Premises and satisfy itself as to the condition of the Premises. Lessee accepts the Premises in the condition existing on the Effective Date of this Lease. Lessee accepts the Premises 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. County makes no representation as to the condition of the Premises, 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.

1.5. **Reservation of Rights**

County expressly reserves the following rights from the Lease for the Premises:

- 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 easements to others over, under, through, across or on the Premises, provided that: (1) such 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 taxiways and taxilanes as now exist and as might be constructed adjacent to the Premises.
- e. The right, during (and in preparation for) aviation related or special events conducted at the Airport, to require Lessee to relinquish operational use of any common area of Airport or unenclosed area of the Premises, provided that Airport shall not execute this right for more than 8 days in any 11 consecutive calendar months. 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 access the Premises or Airport during such an event.

ARTICLE 2: Rent, Fees, and Charges

2.1. **Security Deposit**

Upon signing this Lease, Lessee shall pay Airport a Security Deposit in the amount of **\$4,665.69**, which is equal to three months' initial Rent ("Deposit"). The Deposit may be applied by County to discharge any outstanding obligations of Lessee under this Lease. If the County so applies any portion of the Deposit during the Term or any permitted holdover, then Lessee shall, within ten (10) calendar days thereafter, deposit additional funds with the County to promptly restore the original deposit amount.

Upon Expiration or earlier Termination, the Deposit will first be applied to any of Lessee's obligations, and the amount remaining shall be returned to Lessee within ninety (90) calendar days thereafter.

2.2. **Rent**

Beginning on **June 20, 2024**, Lessee shall pay County annual Rent, in the amount of **\$0.40** per square foot of the Premises. For the purposes of the Rent calculation, the Premises shall be deemed as consisting of **46,657** square feet. Based upon the foregoing, the initial Rent obligation shall be rounded to equal \$18,662.76 per year, which equates to **\$1555.23** per month. The June 2024 rent will be prorated and equal \$1036.82.

2.3. **Rent Adjustments**

- a. Each year, the Rent may, in the County's discretion, be adjusted in accordance with the Consumer Price Index for All Urban Consumers, United States City Average, All Items ("CPI-U"), published by the United States Department of Labor's Bureau of Labor Statistics. 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; if no such index exists at the time of adjustment, then the Rent shall be increased by 2%.
 - i. If the County plans to adjust the Rent, then the County must provide Lessee with written notice at least 30 calendar days prior to the upcoming Anniversary Date, and the adjustment shall be effective as of the Anniversary Date. The adjustment shall continue thereafter until subsequently adjusted.
 - ii. The adjustment will be calculated as follows:
 1. The County will calculate an "Adjustment Rate," which shall be equal to: (A) the unadjusted index for all items for the calendar month, which is two months prior to the Anniversary Date on which the rent adjustment will take effect, divided by (2) the unadjusted index for the same calendar month preceding the most recent Rent Adjustment; or if no prior adjustment has been made then for the same calendar month preceding the Effective Date.
 2. The adjusted Rent shall be equal to the Rent in effect at the time of adjustment multiplied by the Adjustment Rate.
- b. The County may, in its discretion, make occasional Fair Market Value adjustments to the Rent (FMV Adjustment) as follows:
 - i. The purpose of a FMV Adjustment is to realign Lessee's Rent obligation to the then-existing fair market demand for airport tenancies.
 - ii. The County may make: one FMV Adjustment, which will take effect upon Lessee's election to exercise the option period. The Adjustment will be effective on the first day of the option period. The adjustment will be completed as follows: Rent will only adjust upwards, no downward adjustment will be approved. Rent will adjust to the then-in-effect land lease rate, established by Resolution of the Board of County Commissioners, for unimproved parcels on the west side of the Airport. No notice to Lessee shall be necessary (other than standard public notices for the adoption of the Resolution). It shall be Lessee's obligation to remain familiar with the then-in-effect rental rates and to pay the correct Rent amount upon commencing the option period.

- c. If so required by law, the Rent may be otherwise adjusted during the course of the Lease.

2.4. **Additional Fees and Charges**

- a. *Fees and Charges incurred by the County on Lessee's account:* Lessee shall promptly pay additional fees and charges, upon written notice of such fees by County, if County:
 - i. Has paid any sum or incurred any obligation or expense, which Lessee has agreed to pay or reimburse to County;
 - ii. Has paid or incurred any expense or obligation because of Lessee's failure, neglect or refusal to perform any obligation under this Lease when due; or
 - iii. Has incurred any fine or other penalty 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.
- b. *Triple Net Lease:* This Lease is triple net, meaning that, in addition to the charges specifically set forth herein, Lessee shall be responsible for the timely payment of all taxes, insurance, and maintenance obligations pertaining to the occupation or use of the Premises. Taxes may include state, local and federal taxes, including property tax, excise tax, and special assessments. Lessee shall not permit any tax, assessment, fee or charge to become delinquent.
- c. *Utilities:* Lessee is solely responsible for the acquisition and cost of utility services, including without limitation: water, sewer, electricity, telecommunication services, or gas. Lessee shall pay any fees associated with separately metering or accounting for the Premises for such utilities. Lessee shall pay all utility obligations when due, and shall not permit any utility fee or charge to become delinquent.
- d. *Other Fees and Charges:* Lessee shall promptly pay to County any obligation due under any other agreement between the Parties. Lessee shall not allow any fee or charge due under any other agreement between the Parties to become delinquent.

2.5. **Payment of Rent and Fees**

- a. *Legal Tender:* Payments due under this Lease shall be made in legal tender of the United States, and quantities reflect U.S. Dollars. Lessee shall make any payments by check or money order, made payable to and delivered to the County by the due date.
- b. *Due Date (Rent):* Rent is due on the 1st day of every month, and Lessee shall pay such Rent when due without adjustment, abatement, deduction or offset. Rent payments are made in advance for the use of the Premises.
- c. *Due Date (Other):* Unless otherwise specified herein, fees and charges are due as set forth on the invoice or notice from the County to Lessee, provided that such date shall never be sooner than the 10th calendar following delivery of the notice or invoice.
- d. *Late Payment Fee:* If any portion of Lessee's Rent or other payment obligation remains unpaid more than four (4) calendar days after it is due, then the County will assess a "Late Payment Fee" of One-Hundred Dollars (\$100), to compensate County for the additional administrative costs resulting from Lessee's failure to timely pay full and complete Rent. The Late Payment Fee is due upon the thirtieth day after it is assessed to Lessee's account.
- e. *Late Payment Interest:* If any outstanding Rent or other fee or charge obligation remains unpaid for more than 29 days, then the County shall assess interest on the

unpaid balance, dating back to the date on which the Rent, fee or charge, first came due. Interest will be charged at the highest of either 18% per annum, or the maximum amount allowed by law. Interest shall not accrue with respect to disputed items being contested in good faith by Lessee, provided Lessee has delivered written notice of its dispute to County by no later than the due date of the disputed charge.

- f. *Late Payment Expenses:* 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.
- g. *Application of Payment:* If at any time Lessee has an outstanding balance on Lessee's account, then Lessee's subsequent payments to County will be applied as follows: first to interest, then late payment fees, and finally the unpaid balance, with oldest charges being paid off first.
- h. *Advance Payment:* Lessee may deposit funds for Rent or other fees up to one year in advance, provided however that the County's acceptance of any advance funds shall not be deemed as the County's agreement as to the accuracy of the amount deposited or as agreement by the County that the Rent or other fees in effect at the time of payment will remain unchanged for any period of time.

ARTICLE 3: Lessee's Use of Airport and Premises

3.1. Access and Use

- a. *Ingress & Egress:* Lessee shall have the reasonable, nonexclusive right of ingress to and egress from the Premises over and across common areas and public roadways serving the Premises and Airport
- b. *Parking:* Lessee shall have the right to use, as available and in common with others, the parking areas at Airport, which County has designated for such use. Lessee agrees to pay any fee or charge, as may be imposed in the future by resolution of the Board, for such use.
- c. *Aeronautical Use:* Lessee's use of Airport and airfield facilities shall be as directed and regulated by County, and Lessee shall not use the Airport or airfield facilities except as directed by the County. 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, taxilanes, aprons, aircraft parking areas, navigational and avigational aids, lighting facilities, and other conveniences for flying, landing and takeoff of aircraft), to the extent that such facilities or services are made available for common use by the County. This right may be limited by the rights of other users of the airport, including uses relating to any firefighting activities.
- d. *General Aviation Use:* Lessee may occupy, use, develop, improve, maintain, and operate the Premises for the purpose of aircraft storage, 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. Aircraft maintenance and repair is not inconsistent with General Aviation Use, but must be performed and permitted in accordance with the Airport Rules and Regulations and any other applicable law, rule, or regulation. Depending on Lessee's improvement and use of the property, certain uses may be prohibited under

the Rules and Regulations, fire code, or other regulation, in which case the most restrictive document will govern.

- e. *No Residential Use*: Lessee shall not develop or use, nor permit the development or use of any hangar or other facility on the Premises for residential use.
- f. *Cost*: 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.
- g. *Licenses, Certifications, and Permits*: Lessee shall obtain and maintain in effect at all applicable times and at its sole cost:
 - i. Any licenses, certificates, and permits required for its development, improvement, occupancy, use, maintenance, and operation of the Premises; and
 - ii. 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

Upon request, Lessee shall provide County with copies of any and all such licenses, permits and other documentation evidencing compliance herewith.

- h. *Hazardous Activities*: Lessee shall make active efforts to ensure that no act or omission, relating to Lessee's activities, would in any way create a hazard to persons or property, or would otherwise 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. If such act or failure to act shall result in cancellation of any insurance 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.

3.2. **Conditions, Limitations and Use Restrictions**

Lessee's use of the Premises and Airport shall be subject to the following nonexclusive list of conditions, limitations, and restrictions:

- a. *Operational Safety*: Lessee shall at all times conduct its operations in a safe, prudent, professional, and lawful manner. Lessee's use hereunder shall not impede or unduly interfere with the operations of County, other tenants and authorized users of Airport, or the general public.
 - i. Any applicable laws, rules or regulations may from time-to-time after the effective date of this Lease be modified or amended and Lessee expressly agrees to comply with any such modifications or amendments as they become effective during the Term of this Lease.

- b. *Interference with Airport Operation:* 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 the Airport. 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 temporary restrictions on the operations of Lessee as County deems necessary in the public interest.
- c. *Limited Use:* Except as explicitly provided under this Lease, Lessee's operations hereunder and those of its agents, invitees, licensees, and Sublessees are expressly limited to the Premises. 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 any other agreements entered into between the County and Lessee 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 or authorized by way of separate agreement between County and Lessee.
- d. *Disabled Aircraft:* As soon as possible after release by proper authorities, Lessee shall remove, any of its disabled aircraft from the airfield, landing area and ramp, place such disabled aircraft in an area as County might designate, and store 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.
- e. *Interference with Insurance:* 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 or 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.
- f. *Improvements:* Lessee shall not install, nor permit the installation of any Improvement without County's prior written approval. Any Improvement installed without such approval shall, at County's election, be removed promptly at Lessee's cost.
- g. *Contracts with Third-Parties:* Lessee shall not contract for (or otherwise obtain) products or services, which are provided at or from the Premises by a third party, regardless of the nature of such products or services, unless the third party has a valid commercial operator agreement with the County to provide such products or services at the Airport. Lessee shall notify the County in advance of Lessee's intent to engage the third party.

ARTICLE 4: Condition and Maintenance of Premises

4.1. Fire Safety Procedures and Fire Protection System

Lessee shall comply with all fire safety rules, regulations and procedures, including the International Fire Code, in effect or applicable to the Airport. Lessee shall install such extinguishing devices or fixtures on and in the Premises, as might be required by East Fork Fire Protection District. Storage of combustible and flammable liquid shall meet all fire code requirements. Lessee shall 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.

4.2. Security

- a. *Airport Security (Generally)*: Lessee shall comply with all rules and regulations of County as to Airport and airfield security. Lessee shall further comply 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. Lessee's responsibilities expressly include, without limitation, implementing security plans and installing and operating security systems upon the Premises to meet any and all requirements of the TSA.
- b. *Perimeter Security*: NOT APPLICABLE.
- c. *Security of Premises*: 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 or Airport by or for Lessee, and for any services provided or activities conducted by Lessee or by anyone for Lessee under this Lease. County shall not be liable for any damages or theft of property from the Premises, and Lessee is solely responsible for safeguarding any property thereupon.
- d. *Bailee Disclaimer*: County in no way purports to be a bailee and is 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.

4.3. Condition & Maintenance of Improvements

- a. *Generally*: Lessee shall maintain the Premises, including all Improvements, Trade Fixtures and other facilities thereon, in a First-Class condition.
- b. *Cost*: Lessee shall be responsible, at its cost, for the complete installation, maintenance, repair and operation of all Improvements upon the Premises. County shall not be responsible for maintenance or repairs to the Premises or to any Improvements thereto or Trade Fixtures thereon constructed or installed
- c. *Condition*: Lessee shall maintain the Premises in a good, safe, clean and attractive condition and in compliance with federal, state and local laws, rules and regulations including, but not limited to, environmental laws. Lessee shall promptly make any repairs or otherwise address any deficiencies if the Premises fall out of compliance at any time.
- d. *Trash*: 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.
- e. *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. Lessee shall ensure that it provides

at all times, appropriate, sanitary and lawful means of disposing of waste, including human waste, from the Premises.

- f. *Landscaping*: 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. Lessee shall not permit the growth of Trees or noxious weeds upon the Premises.
- g. *Pavement*: Lessee shall maintain all paved surfaced upon the Premises. Pavement shall be maintained to the highest level required by either Douglas County Code or those standards established by the FAA for airport pavements. Failure to maintain the pavement at a Pavement Condition Index (PCI) of 70 or higher may be deemed a breach of this lease. If the PCI of the pavement is below 70 at the expiration of the initial term, the County may elect, at its sole discretion to use this breach, alone, as the basis to deny the option term.
- h. *Snow Removal*: Lessee shall be responsible for prompt seasonal snow and ice removal from any paved surfaces upon the premises; such snow and ice removal shall be in coordination with County's snow removal plan. The County will provide Lessee a copy of such plan upon request. Lessee shall not displace snow, ice or other debris from the Premises onto other Airport property.
- i. *Inclement Weather Conditions*: Lessee shall be responsible for securing all Improvements and personal property upon the Premises from inclement weather conditions.
- j. *Obligation to Rebuild*: If the Premises or Improvements thereupon are damaged by any casualty, then Lessee shall give prompt notice thereof to County. Lessee 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 the terms, requirements and limitations set forth in this Lease. Lessee's obligation under this section will not be relieved due to Lessee's failure or inability to complete repairs or reconstruction prior to the Expiration or Termination of this Lease. In such an event, County may elect, at its option, to complete the repairs or reconstruction at Lessee's expense.
- k. *Advance Notice*: Notwithstanding any other provision contained herein, Lessee shall not, in any event, enter into a contract for the construction, installation, repair or modification of any Improvement upon the Airport or Premises, unless Lessee has first given County seventy-two (72) hours of advance notice prior to entering such contract.

4.4. **Environmental Compliance**

- a. *Environmental Laws (generally)*: Lessee shall not fail to comply with all federal, state, and local laws and regulations controlling pollution of the environment. Lessee shall take necessary precautions to prevent pollution of streams, lakes, ponds, and reservoirs with fuels, oils, bitumen, chemicals, debris, or other harmful

materials and to prevent pollution of the atmosphere from particulate and gaseous matter.

- b. *Environmental Orders (generally)*: Lessee agrees to comply with all applicable standards, orders, and regulations issued pursuant to the Clean Air Act (42 USC § 740-7671q) and the Federal Water Pollution Control Act as amended (33 USC § 1251-1387), and any other law or act related to the protection of the environment or natural resources. In addition to any reporting requirements contained in the foregoing, Lessee agrees to report any violation(s) to the Airport immediately upon discovery.
- c. *Environmental Laws (hazardous materials)*: Lessee shall not fail to comply with all environmental laws and regulations pertaining to hazardous materials, 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.
 - i. *Use of Hazardous Materials*: 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 by any federal, state or local law.
 - ii. *Receipt of Hazardous Materials*: Lessee shall not (upon the Premises or elsewhere at the Airport) receive hazardous articles or materials for shipping, storage or disposal unless Lessee complies with all requirements established by local, state and federal laws or regulations, and Lessee handles 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.
 - iii. *Handling Hazardous Materials*: 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.

4.5. Stormwater Management

- a. *Stormwater discharge requirements*: Lessee warrants and represents that it is familiar with federal, state, and local storm water laws, which may affect the Premises. Such laws include, for example (40 C.F.R. Part 122) and state storm water regulations provided by the Nevada Water Pollution Control Law set forth in NRS Sections 445.131 - 445.354, inclusive. Lessee shall comply with any applicable stormwater law or regulation. Lessee shall not permit any unauthorized non-stormwater discharge from its Improvements, facilities or equipment. 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.

- b. *Stormwater Management Plan*: Lessee shall comply with the Airport's stormwater management plan and any revisions, updates, or amendments as may be adopted by the Board during the Term. Lessee shall develop, maintain, and adhere to an effective stormwater pollution prevention plan for the Premises. Lessee and County will coordinate to ensure that stormwater pollution prevention plans are compatible across the Airport and in compliance with the Airport's stormwater management plan.
- c. *Compliance with EPA directives*: Lessee shall timely comply with, subject to Lessee's right to appeal, if any, any stormwater-related directive or request issued by the U.S. Environmental Protection Agency (EPA), or other successor organization thereto. Lessee shall, as necessary, certify non-storm water discharges from or within the Premises; collect storm water samples; prepare storm water pollution prevention or similar plans; implement good housekeeping measures and best management practices; and maintain necessary records.
- d. *Stormwater Discharge Permit*: 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, and Lessee may be named as a co-permittee. Lessee shall comply with the terms of the County's Stormwater discharge permit, as it may be updated or amended during the term of this Lease. Lessee may view a copy of County's stormwater discharge permit by requesting the same from the Airport Manager. County will give Lessee written notice of any breach by Lessee of County's storm water discharge permit or of the terms hereof by Lessee, and Lessee shall undertake immediately and pursue diligently the cure thereof.

4.6. County's Right to Enter, Inspect, and Direct or Make Repairs

County, its officers, agents, employees, contractors, invitees, and/or licensees may enter the Premises for the purposes and in the manner set forth below. Lessee shall not obstruct nor hinder the County's efforts to enter Premises or perform work, nor shall Lessee make any claims against the County, provided that County acted in accordance with this Article. Nothing in this Section shall limit any other right of County hereunder, nor obligate County to undertake any inspection, installation, removal, adjustment, repair, or other activity on, in, at, under, around or above the Premises or any other area of Airport. County may enter the Premises:

- a. Upon at least forty-eight (48) hours advance notice:
 - i. To verify Lessee's compliance with the terms of this Lease, including the requirement for Lessee to promptly make repairs as necessary.
 - ii. To inspect, install, repair, remove, or otherwise alter any FAA, TSA, or County facility or equipment which is on, in, under or above the Premises.
 - iii. Upon directive from the TSA, FAA or other agency with authority over airport operations, to install equipment, facilities, devices or other items necessary or proper for the safe, secure, efficient operation of the Airport.
- b. To perform maintenance and make repairs upon the Premises as follows:
 - i. If the County has reasonable cause to believe that the maintenance or repair need constitutes an emergency or presents an imminent threat to the health or

safety of persons or property, then the County may enter the Premises to make necessary repairs, provided that the County subsequently provides Lessee with a Notice of Required Repairs within 2 business days.

- ii. If the maintenance or repair need constitutes an actual or apparent violation of any state, federal, local law (including without limitation health or safety regulations), then the County may enter the Premises if Lessee has not completed or diligently pursued completion of the necessary repairs within 24 hours after the county notifies Lessee by telephone. County will also send Lessee a Notice of Required Repairs citing the relevant Lease provisions and laws or regulations.
- iii. In all other cases, County must notify Lessee in advance and in writing by sending a Notice of Required Repairs to Lessee at least ten (10) calendar days in advance and provide Lessee with at least ten (10) calendar days within which to begin its diligent pursuit of the required repairs.

Any costs incurred by the County pursuant to this provision (including internal personnel costs billed at their regular rates) will be billed to Lessee with an additional administrative charge equal to 15% of the billed amount.

ARTICLE 5: Lessee Improvements

5.1. Generally

Lessee agrees that it will make certain Improvements, as follows:

- a. *Compliance*: Improvements shall be completed in accordance with Douglas County Code, this Lease, Airport Documents, and any other applicable State, federal or local law or regulation.
- b. *Airport Improvements*: Lessee may be required to complete, at its sole cost, improvements on the Airport and outside of the Premises, provided that Lessee's responsibility for such improvements 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.
- c. *Timing*: The Parties agree that, due to the lease arrangement with the prior Lessee, the Improvements required under this Lease have been constructed in advance of the Effective Date. The required, existing Improves are generally set forth in Exhibit C.
- d. *Additional Improvements*: Lessee may cause additional Improvements to be constructed upon the Premises, provided that such Improvements are constructed pursuant to the requirements set forth herein.

5.2. Design and Planning

- a. *Design Review*: Any Lessee Improvement upon the Airport or Premises shall be subject to Design Review under Title 20 of the Douglas County Code. Lessee shall properly submit any necessary documentation for the review and shall ensure that it satisfies all conditions of the review. Lessee shall concurrently submit a duplicate, courtesy copy of the application to the Airport.
- b. *Airport Review Notice*: Lessee shall ensure that its application for Design Review is accompanied by a single-page notice stating that the Airport Manager's endorsement is required prior to final decision on the application.
 - i. The Airport Manager shall promptly review the application upon receipt for the purpose of determining if the proposed improvements are consistent with

this Lease, other Airport Documents, the Airport Layout Plan, and the best interest of the airport.

- c. *Additional Documentation:* The County or Airport may request additional documentation from Lessee, including without limitation:
 - i. Construction technical specifications;
 - ii. Engineer's estimate of the total cost of proposed improvements;
 - iii. Critical Path Method (CPM) schedule of construction;
 - iv. Final equipment listing;
 - v. Will-serve letters from all utility service providers;
 - vi. Material Safety Data Sheets;
 - vii. Permits;
 - viii. Copies of contracts between Lessee and any general contractor, and between the general contractor and any subcontractor;
 - ix. Final construction budget.
- d. *Permits:* Lessee shall identify, obtain and maintain, at Lessee's cost, any necessary permits or permissions for any construction or development. Neither this Lease nor any Airport Document shall be construed as permitting any Improvement. Prior to the County's issuance of a Notice to Proceed, Lessee shall (1) confirm to County, in writing, that any and all required federal, state and municipal approvals, permits and other authorizations have been procured and (2) provide County with true, correct, complete copies thereof;
- e. *Preconstruction Meeting:* County may, at its discretion, schedule a preconstruction meeting to include Lessee, duly authorized representatives of Lessee, and any of Lessee's contractors and subcontractors. The purpose of the preconstruction meeting is to review permits, insurance, licenses and other documentation, and to coordinate any work in accordance with the Lease.
- f. *Notice to Proceed:* Once all of Lessee's submittals (including plans, bonds, permits, insurance, etc.) to County are approved by the County, the County will issue a Notice to Proceed.
- g. *Commencement of Work:* Lessee shall not commence any work or construction until (1) Lessee has posted County's Notice of Non-Responsibility at the project site, and (2) the County issues Lessee a Notice to Proceed.

5.3. Construction

- a. *Coordination:* Lessee shall cooperate, and shall ensure its agents including, but not limited to, its contractors and their subcontractors, cooperate with the County in scheduling or performing any work required by this section at the Airport or upon the Premises.
- b. *Notices to Airmen:* The Airport is the only entity which may initiate or cancel NOTAMs on airport conditions and it is the only entity that can close or open a runway. The Airport must coordinate the issuance, maintenance, and cancellation of NOTAMs about airport conditions resulting from construction activities and must provide information on closed or hazardous conditions on airport movement areas to the FAA Flight Service Station so that it can issue a NOTAM. Lessee must notify the Airport Manager when scheduling construction or projects that would require or necessitate the modification of NOTAMs.

- c. *Emergency Notification:* In the event of an emergency, Lessee shall notify the Manager immediately and, when necessary, call 911. Lessee must coordinate after hours contact procedures with the Airport prior to construction.
- d. *Notification to the FAA:* Any person proposing construction or alteration of objects that affect navigable airspace, as defined in Part 77, must notify the FAA. This includes construction equipment, stockpiles, and proposed parking areas for this equipment.
- e. *Impeding aircraft operations:* Lessee shall obtain approval from the Airport prior to beginning any work in all areas of the airport. No operating runway, taxiway, or air operations area shall be crossed, entered, or obstructed while it is operational. All equipment and material stockpiles shall be stored a minimum of 400 feet from the centerline of an active runway. No equipment will be allowed to park within the approach area of an active runway at any time. No equipment shall be within 200 feet of an active runway at any time. Lessee understands and agrees that it shall provide for the free and unobstructed movement of aircraft in the air operations areas of the airport with respect to Lessee's own operations or the operations of Lessee's subcontractors, or other agents. Lessee further understands and agrees that it will not interfere with or obstruct the operation of visual and electronic signals (including the power supplied thereto) used in the guidance of aircraft while operating to, from, or upon the airport.
- f. *Marking and Identification:* Lessee shall provide marking, lighting, and other acceptable means of identifying personnel, equipment, vehicles, storage areas, and any work area or condition that may be hazardous to the operation of aircraft, fire-rescue equipment, or maintenance vehicles at the airport.
- g. *Punch-Lists:* Lessee shall ensure that all Improvements comply with 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.
- h. *Completion:* Upon the completion of any improvement, and prior to Lessee's occupancy thereof, 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 or occupancy thereof.
- i. *Final Records:* Lessee shall, within thirty (30) calendar days of completion, submit to Airport an itemized statement of the total cost of any improvements, and copies of all invoices and other records in connection therewith. Lessee shall also 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. 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.

5.4. Financial Requirements

- a. *Financial Capacity:* Lessee shall furnish to Airport a financial statement showing, to County's satisfaction at its discretion, Lessee's financial capacity (including through the use of loans or credit) 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.

- b. *Performance Security and Payment Bonds*: At all times during the construction of Improvements, Lessee shall maintain performance security and payment bonds, covering the materials wages and benefits associated with the work involved in the Improvements. Such bonds must be acceptable as to form and surety by County, at its discretion and consistent with the requirements of DCC Title 20. The bonds shall protect County from liability, losses or damages arising from the work associated with the Improvements. Lessee shall ensure that County is listed as an additional obligee under such bonds. Lessee shall furnish copies of the bonds to the County upon request. The performance security shall cover an amount equal to no less than 100% of the cost to construct the improvements.
- c. *Notice of Posted Security*: 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; and that Lessee has in fact posted the security in accordance with NRS Chapter 108.
- d. *Prompt Payment*: Lessee shall pay when due all claims for labor or materials at or for use on the Premises.
- e. *Free from Liens*: Lessee shall not engage in any conduct which results in the attachment to the Premises of a mechanic or materialman's lien. 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 requires, and to the extent required by NRS, Lessee shall furnish to County a surety bond in an amount equal to 150% of the amount of such contested lien claim or demand, indemnifying County against liability for the same.

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.

5.5. Ownership of Improvements & Amortization

- a. All improvements and Trade Fixtures installed by or on behalf of Lessee hereunder, including those identified in Exhibit C, shall remain the property of Lessee until expiration or earlier termination of this Lease. Any Improvements constructed upon the Premises shall automatically revert or transfer to County upon the expiration of the Initial Term or earlier termination, provided that County may direct Lessee to remove the Improvements at Lessee's cost as set forth in this Lease.

- 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 on the Premises or Airport, or for payment of any alleged remaining unamortized value thereof and/or any other cost relating thereto.

ARTICLE 6: Insurance

6.1. General Insurance Requirements

- a. Lessee shall, at its sole cost and expense, procure and maintain in effect insurance coverage with limits not less than those set forth herein. Lessee shall obtain any insurance required by this Lease from insurance companies that are duly licensed or authorized in Nevada to issue insurance policies for the required limits and coverages. All companies that provide insurance policies required under this Lease shall have an A.M. Best rating of A-VII or better.
- b. Insurance certificates shall show that written notice of cancellation or of any material change in coverage shall be delivered to the Airport in advance of the effective date of the change.
- c. Upon the effective date of the Lease, Lessee shall deliver to County certificates of insurance establishing that Lessee has obtained and is maintaining the policies, coverages, and endorsements required by the Lease. During the month of January each year, Lessee must provide the Airport with annual insurance coverage documentation. The County may, from time to time, demand other or additional evidence of required insurance.
- d. The County does not represent that the insurance coverage and limits established in this Lease necessarily will be adequate to protect Lessee or Lessee's interests. Insurance limits required herein shall not be deemed as a limitation on Lessee's liability.
- e. All policies (primary and excess) and Certificates of Insurance shall include Lessee as a named insured. All policies shall be primary coverage for any and 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 waive all rights of subrogation against the County, its officers, agents, and employees for the coverage; any other insurance available to County shall be excess and shall not contribute with this insurance.
- f. At a minimum, Lessee is required to provide and maintain the following insurance:
Liability (including bodily injury & property damage)
Each occurrence: \$ 1,000,000
Each passenger: \$ 100,000
Required Extensions:
 1. Physical Damage Full insurable value of all 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.

Fire & Extended Risk

Each Occurrence:	\$1,000,000
Aggregate:	\$2,000,000

Automobile Liability Policy

Covering owned, non-owned and hired automobiles, if any, for use on the Premises or elsewhere on the Airport, with minimum limit of \$1,000,000.00 combined single limit per occurrence.

Workers' Compensation, and related coverages

Employer's Liability:

Bodily injury, each accident	\$ 1,000,000
Bodily injury by disease, each employee	\$ 1,000,000
Bodily injury/disease aggregate	\$ 1,000,000
Foreign voluntary worker compensation	Statutory
Other:	Statutory, as required ¹

- g. The Parties agree that the County maintains the right to revise—by Resolution adopted by the Board of County Commissioners—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.

6.2. Project Insurance Requirements

- a. Lessee shall maintain, or require any contractor to maintain, insurance protecting County and Lessee from exposure to claims during the construction of any Improvements. 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.

6.3 Insurance Claims

Upon damage to or destruction of the Premises or any improvement thereto or thereon, Lessee shall file a timely, complete claim for such loss with the appropriate insurer and

¹ Lessee shall be responsible for ensuring that all Workers' Compensation Insurance and Employer's Liability coverage has been acquired and maintained in accordance with the laws of the State of Nevada.

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. 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 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 7: Indemnification & Legal Action

7.1. Indemnification

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, in connection with:

- a. Lessee's operations or conduct on the Premises and other areas upon the Airport;
- b. Any act or omission by Lessee or Lessee's agents, which is related to the terms and provisions of this Lease;
- c. Lessee's development, improvement, use, occupancy, maintenance, management and operation of the Premises;
- d. Defects in aircraft, vehicles, equipment, fixtures and other products owned, used, operated, installed or stored by Lessee on any Airport location, including the Premises;
- e. Any hazardous or toxic substance, material or waste (as now or hereafter defined or classified under applicable federal, state or local law), including petroleum products, which is brought, deposited, stored on or removed from the Premises or Airport by (or on behalf of) Lessee; or contamination of the Premises, neighboring property, or any other Airport property resulting from any of the foregoing. The foregoing may include, without limitation, claims relating to any tanks, dispensers, pipes, lines, cables, conduits, or other facilities or equipment on or about the Premises, sued for the delivery, storage or dispensing of fuel or other petroleum products.

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, upon or under the Premises or neighboring property, if originating from the Premises. Lessee's obligation to indemnify County as provided herein shall survive the expiration or early termination of this Lease.

7.2. Pending Action or Claim

Upon receiving notice of any 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. Lessee shall immediately notify Airport in writing of:

- a. any environmental or other enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any federal, state or local law;
- b. any claim made or threatened by any person against Lessee for damages, contribution or cost recovery, compensation, loss or injury resulting from or claimed to result from the presence of hazardous material or the condition of the Premises;
- c. any occurrence which might reasonably give rise to or result in a claim as set forth, above; and
- d. any claim, demand or the like which in any way affects or might affect County;
- e. reports to any regulatory 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. Nothing herein shall be construed as limiting Lessee's right to compromise and/or defend against a claim, demand or the like to the extent of its interest therein.

7.3. Designation of In-State Agent

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 this Lease. Any such service out of this State shall constitute valid service upon Lessee as of the date of mailing.

Lessee designates as its in-state agent:

NOT APPLICABLE

With a Nevada address of:

7.4. Lease Determinations & Appeal Process

- a. *County Representatives:* The Board has designated the Airport Manager as the individual which shall have the authority to make determinations regarding Lessee's compliance with the terms of this Lease.
- b. *Determination of Breach:* If the Airport Manager determines that Lessee is noncompliant, in breach, or otherwise in Default under this Lease, then the Airport manager will make a written, final determination and provide a notice to the Lessee, as more specifically set forth other sections of this Lease. The written determination shall include a statement which unambiguously clarifies that it constitutes a "final determination."
- c. *Appeal of Manager's Decision:* Lessee may appeal the Airport Manager's final determination to the Douglas County Board of Commissioners. Lessee must file a notice of its intent to appeal with the Clerk of the Board by no later than the tenth (10) calendar day after the Manager's decision is delivered to Lessee.

- i. Lessee's notice of appeal shall contain a written statement of the reasons why the Manager's final determination is erroneous or contrary to law. The written statement shall be complete with supporting evidence, citations to Lease provisions or other authoritative documents.
 - ii. Lessee's notice of appeal shall be accompanied with the appeal fee, which is established by resolution of the Board.
 - d. *Review by BOCC*: the Board shall act as the appellate body for the Airport Manager's final determination. The appellate body, except as specifically stated herein, shall hear the appeal and render its decision within 60 calendar days after the filing of the notice of appeal and applicable fees.
 - i. The appellate body may affirm, reverse or modify only those items raised in the appeal.
 - e. *Modification of Appeal Process*: The Board may, by ordinance, establish or modify the process for appeals of final determinations made by the Airport Manager. If the Board adopts such an ordinance, then Lessee agrees to adhere to the established appeal process to the extent it differs from the foregoing.

7.5. 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.

7.6. Liability Limitation

- a. *NRS Chapter 41*: The County will not waive and intends to assert available NRS Chapter 41 Limitations in all cases.
- b. *Punitive Damages, Incidental, or Consequential Damages*: Contract liability of either party shall not be subject to punitive damages. Under no circumstances shall County ever be responsible for incidental or consequential damages to the other party, regardless of how such damages arise or are incurred.
- c. *Third Party Non-Compliance*: County shall not be liable to Lessee for any act or conduct, including unlawful conduct, by any Airport tenant, user, contractor, or other third party, unless otherwise expressly provided herein. Lessee shall not be a third-party beneficiary of any contract between the County and another; nor shall County have any duty to Lessee to enforce any such contract.
- d. *County Liability*: 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 officers, 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. Except as otherwise expressly provided herein, County shall not be liable to Lessee, its officers, directors, managers, members, shareholders, agents, invitees and/or licensees 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.

7.7. Interpretation

- a. The wording of this Lease shall be construed simply, according to its fair meaning, and not strictly for or against either party. There shall be no presumption for or against the drafter in interpreting or enforcing this contract.
- 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.
- 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.

7.8. Governing Law & Jurisdiction

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.

ARTICLE 8: End of Lease

8.1. Expiration, Termination & Surrender

- a. *Expiration:* This Lease shall expire at the end of the Term, which includes the Option Term if properly exercised. Upon Expiration, Lessee shall have no further right hereunder, except as otherwise expressly provided herein. No notice of expiration of the Term shall be necessary.
- b. *Termination:* Upon termination, Lessee shall immediately surrender the Premises to County, which may recover the following amounts from Lessee:
 - i. Any unpaid fees or charges accrued through the date of termination; and

- ii. Any costs incurred by County to enforce this Lease or incurred in retaking possession of the Premises, including court costs, attorney fees, other legal expenses.
- c. *Not Termination*: Acts by the County, such as 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 or obligations hereunder
- d. *Surrender*: Upon Expiration, or earlier termination, Lessee shall peaceably surrender use of the Premises in good condition, reasonable wear and tear, acts of God and other casualties excepted, and County may effect that surrender by any lawful means. Consistent with the other provisions within this section, upon Expiration or Termination:
 - i. Lessee shall thereupon have no further rights to access the Premises, except as otherwise expressly provided herein.
 - ii. County may remove any abandoned Trade Fixtures or other personal property from the Premises.
 - iii. County may remove any Improvements upon the Premises.
 - iv. County may otherwise direct the disposition of Improvements, Trade Fixtures or Personal Property upon the Premises.
 - v. Lessee shall remain liable to County for any 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.
- a. *Trade Fixtures & Improvements*: Consistent with the terms of this Lease, Lessee shall, prior to Expiration or Termination of this Lease, promptly dismantle and remove its Trade Fixtures and personal property 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 its condition prior to the commencement of Lessee's use thereof, any reasonable wear and tear excepted. In particular, but without limitation, County may, at its discretion, direct Lessee to remove, at Lessee's cost, any and all underground storage tanks 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.
 - vi. The failure to remove Trade Fixtures shall not constitute an extension or holdover of the Term. If Lessee fails so to remove its Trade Fixtures or Improvements (as directed) or to restore 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 Improvements or any Trade Fixture as a result of its exercise of its rights hereunder.
- b. *Abandonment*: Trade Fixtures or other property remaining on the Premises after termination shall be deemed abandoned, unless Lessee has notified County in writing that Lessee intends to remove the property within ten (10) calendar days

after termination, in which case the Trade Fixtures or other property remaining on the Premises shall not be deemed abandoned until the tenth (10th) calendar day after termination.

- c. *Cooperation*: 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.

8.2. Termination by Lessee

If Lessee is not in Default, then Lessee may terminate this Lease by delivering written notice to the County ninety (90) calendar days in advance of Lessee's intent to terminate, provided that:

- a. A court of competent jurisdiction, the FAA, or other federal agency has issued an order or injunction specifically applicable to Lessee or the Premises that prevents or restrains Lessee's otherwise lawful and permissible use of the Premises, and such injunction has remained in effect for a period of at least ninety (90) calendar days; or
- b. The County has failed to perform an obligation when due under this Lease, and the County fails 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 the breach; or
- c. The United States of America or any authorized agency thereof assumes 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.

8.3. Lessee Default

Upon Lessee's Default, County will provide Lessee with a written "Notice of Default," stating the basis of the Default and providing a method for Lessee to appeal the determination. Lessee shall be deemed to be in Default if:

- a. *Noncompliance (first or second offense)*: Lessee is Noncompliant, and (if it is Lessee's first or second instance of Noncompliance) Lessee fails to cure such noncompliance for a period of more than 30 days after receiving an Initial Notice of Noncompliance from the County. Lessee shall be deemed to be Noncompliant if:
 - i. Lessee fails to perform any duty, or to satisfy any obligation, as required by this Lease or the Airport Documents;
 - ii. Lessee causes or permits any or activity that is violative of this Lease or other Airport Documents, to occur on the Premises or at the Airport; or Lessee engages in any act or omission that is prohibited by the terms of this Lease or other Airport Documents.
 - iii. Lessee fails to perform any duty, or satisfy any obligation, as required by Douglas County Code; state, local, or federal law; or as required by any other rule or regulation imposed by any governmental entity with jurisdiction over the Leased Premises.
 - iv. Lessee is a business entity and fails to maintain active registration as a business entity with the Nevada Secretary of State.

- v. Lessee fails to provide the Airport Manager documentation or other evidence of Lessee's compliance with the terms of this lease after the Airport Manager has requested such evidence.
- b. *Noncompliance (after second offense)*: Lessee is Noncompliant and has been Noncompliant on at least two prior occasions.
- c. *Safety Violation*: Lessee creates or permits a Safety Violation, and Lessee fails to diligently pursue remedial efforts within 24-hours of County's Initial Notice of Safety Violation. A Safety Violation includes any of the following:
 - i. If Lessee permits to continue, for a period of more than six (6) calendar days, the existence of an unsanitary condition at, on, in, around or about the Premises or Airport, provided that such condition was caused by, resulted from, or arose out of or in connection or conjunction with, the activities of Lessee.
 - ii. If Lessee permits to continue, for a period of more than ten (10) calendar days, the existence of any condition that is violative of the International Fire Code, as adopted and incorporated into the Douglas County Code.
 - iii. If Lessee permits the Premises to be vacated for a period exceeding ten (10) calendar days without providing the County with advanced written notice.
 - iv. If Lessee fails to properly store or secure hazardous materials, including petroleum products.
- b. *Lease Transfer*: Lessee causes, or fails to prevent, the assignment, transfer, passing, or divestment of any of Lessee's rights or obligations under this Lease, unless the Board of County Commissioners has given prior written consent to such transaction. Default under this provision shall include:
 - i. Any assignment or transfer by court order or by a third party.
 - ii. The appointment of a receiver, trustee, liquidator, or similar figure (pertaining to Lessee's property upon the Premises or Lessee's interest in the Lease) in any legal proceeding.
- c. *Federal Direction*: The United State of America (through the FAA or any other agency with oversight of the Airport) takes administrative or legal action to enforce any nondiscrimination covenant of this Lease, or to enforce any other provision of this Lease, other Airport Documents, or federal law, and directs the County to terminate this lease pursuant to the final decision in that matter.
- d. *Unlawful Activities*: Lessee causes or permits any unlawful activity, to occur upon the Premises or elsewhere on Airport property; or Lessee engages in any unlawful activity upon the Premises or elsewhere on the Airport.
- e. *Untruthfulness*: Lessee makes any representation to the County regarding Lessee's compliance with this Lease, other Airport Documents, or applicable laws, and that representation is not true.

If Lessee is a business entity, then any act or omission by any of its officers, directors, managing members, or other individuals acting on its behalf, will be attributed to Lessee as though Lessee itself committed the act or omission.

8.4. County Remedies

Upon Default by Lessee as described in this Lease, County may exercise any Remedy (or combination of Remedies), set forth herein or which is provided at law or equity. Thirty (30) calendar days after County's written Notice of Default is delivered to Lessee:

- a. County may terminate this Lease for cause, by delivering a Notice of Termination; and such termination shall be effective immediately on the date that the Notice of Termination is delivered, unless a later date is specified in the notice.
 - i. Except as set forth herein, if Lessee cures the Default after the County delivers the Notice of Default, the County may, but is not required to, waive its right to proceed to Termination.
- b. If, in the County's sole discretion, the County determines that Lessee's Default can be cured in a reasonable amount of time and that Lessee's continued tenancy is in the best interest of the Airport, County may expressly permit Lessee to engage in remedial efforts for a period to be determined by County. If the Default is cured within the determined period, then the cured Default shall not be used as a basis to terminate this Lease; provided, however, that the cured Default may later be used as evidence of Lessee's Noncompliance on a prior occasion. If the Default is not cured within the determined period, then County may immediately terminate this Lease.
- c. If County Terminates this Lease, then Lessee's right to the Premises is automatically Terminated unless the Parties otherwise agree in writing and County may exclude Lessee from the Premises by any lawful means.
- d. County may grant rights to possess or use all or any portion of the Premises to one or more third-parties for Lessee's account. In so doing:
 - i. County shall use reasonable efforts to mitigate its damages, and
 - ii. Lessee shall be responsible to County for any and all costs incurred by the County in conjunction with County's efforts; and
 - iii. Lessee remain responsible to County for the payment of 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; and
 - iv. 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.
- e. The County may have a receiver appointed to collect fees and other charges payable to Lessee and/or to conduct Lessee's operations on the Premises. The County's act of filing a petition for the appointment of a receiver nor the consequent appointment of a receiver shall constitute an election by County to terminate this Lease unless otherwise specified by County in writing.

ARTICLE 9: Lease Transfers, Assignments and other Transactions

9.1. Assignment, Transfer and Subleasing

- a. *County Permission Required:* 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 (any such transactions will be referred to as a "Transfer"). Further, 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.

- i. If Lessee desires to Transfer an interest in this Lease, then Lessee shall submit to the County a written request for consent. The written request shall be completed in accordance with the Airport's Leasing Policy that is in effect at the time of the request.
 - i. The request shall be accompanied by a non-refundable administrative Lease Processing Fee. The Lease Processing Fee is set by the Board of County Commissioners by Resolution.
 - ii. The request shall also be accompanied by a digital, editable copy of Lessee's proposed assignment, transfer or sublease agreement.
 - iii. The County will evaluate the request in accordance with the Leasing Policy that is in effect at the time the completed request (including payment) is received by the County.
 - iv. The County may request additional information from Lessee regarding the proposed assignment, transfer or sublease.
 - v. The County may deny consent if it determines, in its sole discretion, that Lessee has not demonstrated that the proposed assignee, transferee or sublessee is qualified in accordance with the Leasing Policy.
 - vi. The County may require amendments to Lessee's proposed assignment, transfer or sublease agreement prior to consenting to the transaction.
- b. *Corporate Transactions*: If Lessee is a business entity, then any transfer of Lessee's stock, membership interest, or similar change of ownership shall be deemed an assignment and therefore subject to the terms of this Article, unless (1) there is no change in management personnel, and (2) Lessee's original owners retain at least 51% of the ownership interest
- c. *Bona Fide Lenders*: Lessee must obtain the County's prior written consent in order to 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. If the County's consent is given, then 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, 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.
- d. *Transaction Fee*: the Parties acknowledge that the County has invested substantially in the improvement and maintenance of the Airport, and that continued investment will have a positive financial impact on the value of Lessee's Improvements and leasehold. In recognition of such investment, in the event of a transaction under subparagraph (a), above, Lessee shall (at the time of transfer) cause to be paid to County a fee equal to 2% of the total sales price of the Premises and/or Improvements.

- e. *County's Fee Interest*: County will not subject 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 rights hereunder, (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.
- f. *Foreclosure*: Provided that Lessee complied with the requirements of Title 9 of this Lease, and provided that County had the first right of refusal to reacquire the Leased Premises, the County's written consent will not be required for:
- i. 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.
- g. *Creation of Condominiums*: Notwithstanding anything in this Lease to the contrary, County acknowledges that Lessee entered into this Lease with the intent of creating a condominium project. The condominium conversion shall be evidenced by the recordation of a Declaration of Condominium Covenants and Restrictions for the community association ("Declaration") and the assignment of this Lease to the condominium association, which must be approved by the County as set forth in Article 9. The County has reviewed the draft Declaration, attached hereto as Exhibit D, and agrees that a future application mirroring the draft Declaration will be acceptable as long as it otherwise complies with the paragraph. If Lessee intends to pursue this option, then the assignment application and final-draft Declaration shall be submitted to the Airport Manager by no later than 60 months after the Effective Date. Thereafter, the County may, without cause, elect to disapprove the request to create a condominium. The County agrees that it will not use minimum requirements pertaining to the size of the building or number of units as a basis to deny the request because these minimum requirements were established after the hangar upon the premises was constructed. Lessee understands that it will be subject to all other standard Rules and Regulations, laws, permitting requirements or other applicable provisions with respect to the operation of a Condominium association.

At all times, the Condo Association shall keep on file with the Airport a list of all current unit owners with each owner's telephone number, email address, mailing address, and Aircraft tail number.

The County acknowledges that sales, leases, subleases and assignments of individual condominiums ("Unit Transfer") by the owners thereof do not constitute sales, leases, subleases or assignments of Lessee's interest under this Lease and therefore do not require County's approval under this Section 9.1(a). However, a Unit Transfer will trigger an abbreviated review of the proposed buyer/lessee ("Unit Transferee") by the Airport Manager to ensure the Unit Transferee meets the

Airport's standards for airport users as set forth in the Airport Rules and Regulations, the Airport Minimum Standards, Douglas County Code, Federal Aviation Regulations, and any other rule or regulation applicable to operations or conduct at the Airport (collectively, the "Rules"). The Airport Manager may disapprove a Unit Transferee if the Airport Manager has a record of one or more violations of the Rules by the Unit Transferee at this airport, or obtains records of one or more violations of similar rules by the Unit Transferee at any airport, except for instances where there is also a record that the Unit Transferee subsequently complied with the Airport instructions to resolve such violation. If the Unit Transferee is a business entity, then the analysis will apply to all individuals with authority to act on behalf of the entity.

Lessee shall ensure that the County is provided 15 days written notice prior to the proposed effective date of any condominium sale or transfer. The notice shall include at a minimum the identity of the unit to be sold/transferred and identity of the buyer/transferee. The evaluation of the proposed buyer will be conducted by the Airport Manager. The Airport Manager's failure to respond within the 15-day period shall be deemed approval.

9.2. Lessee's Responsibility for Third-Parties

Lessee understands and agrees that it is responsible for the conduct, actions and omissions of itself, its agents, invitees, licensees, contractors, employees, representatives, and members (collectively "LTPs"). To the extent that Lessee is prohibited from engaging in any conduct or action under the terms of this Lease, such prohibition applies also to Lessee's LTPs. Lessee's failure to prevent its LTPs from engaging in prohibited conduct will be viewed as though Lessee, itself, engaged in such prohibited conduct. Lessee further understands that:

- a. Lessee shall be responsible and liable for any and all actions or omissions by any of its LTPs, and such responsibility and liability shall extend as if those actions or omissions were committed by the Lessee itself.
- b. Lessee is and will remain responsible to all parties for its acts and omissions and the acts and omissions of its LTPs, and County will in no way be responsible therefor. Lessee shall retain sole responsibility for safeguarding persons and property and its activities on Airport, including the Premises, at its sole cost, expense and liability.
- c. Lessee shall operate, and shall require LTPs 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 LTPs copies of County's Airport Operations Manual, Airside Driving Rules and Regulations, Airport Rules and Regulations, and other applicable regulatory and procedural information.

ARTICLE 10: Governmental Conditions

10.1. Airport Requirements

The Airport receives grant funding from the Federal Aviation Administration, and is therefore subject to requirements set forth in the FAA's "Airport Sponsor Assurances." In consideration of the foregoing and of the promotion of civil aviation in general, the Parties agree as follows:

- a. *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.
- b. *No Exclusive Rights*: 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.
- c. *Height Restriction*: 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.
- d. *Subordination of Lease*: The Parties agree that this Lease shall be subordinate to the terms of any instrument or document under which County acquired the Airport 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. Such contract documents are public records and may be requested by Lessee at any time in accordance with NRS Chapter 239.
- e. *Nondiscrimination*: 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, sex 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, sex, 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.
- f. *Nondiscrimination (NRS)*: In connection with work performed hereunder, Lessee shall comply with the provisions of NRS 338.125, and Lessee shall not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, sexual orientation, gender identity or expression, 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, gender identity or expression, 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.

- g. *Disadvantaged Business Enterprises:* 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, without limitation, 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.
- h. *Americans With Disabilities Act:* 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.
- i. *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 the 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.

10.2. Certifications

Lessee certifies, to the best of its knowledge and belief, that:

- a. *Anti-Lobbying:* 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.

- i. 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.
 - ii. 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.
- b. *Citizenship (Ownership)*: Lessee 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;
- c. *Citizenship (Contract)*: Lessee has not knowingly (after diligent investigation) 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 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.
- i. 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 or the County.
 - ii. 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.

These certifications are 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. 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.

Lessee acknowledges and agrees that these certifications 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.

10.3. Federal Review

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 any preexisting contractual requirements associated with the airport's eligibility for federal grant funding, and shall be in full force and effect pending such review and approval by the FAA, the TSA or other agency. Upon such review, the parties shall modify any term hereof which might be determined to be in violation of the foregoing requirements.

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.

ARTICLE 11: General Provisions

11.1. Representations and Warranties

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.

a. As to Lessee:

- i. Lessee represents and warrants that Lessee has the skill, experience, expertise and other resources necessary to possess, develop, 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;
- ii. Lessee represents and warrants that Lessee has or can seasonably procure adequate financing, including insurance and bonds as required, to plan, design, install, maintain, possess and use the Premises and any Improvements thereupon, 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
- iii. Lessee represents and warrants that Lessee has had a full and fair opportunity to review this Lease, all Airport Documents, and laws or regulations pertaining to its use or development of the Premises. Lessee's review included the opportunity to consult with an attorney of Lessee's own choosing. Lessee understands and agrees to abide by the foregoing.

- iv. Lessee represents and warrants that, as of the signing hereof, Lessee's possession and intended use of the Premises do not conflict with the Master Plan, and/or any other plan currently in effect for Airport. Lessee represents that it will not make any use of the Premises which would be in conflict with the Master Plan or any other Airport Document.
- b. As to County:
 - i. County represents and warrants that it owns the Premises in fee simple and is capable of demising them to Lessee; and
 - ii. County 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.
 - iii. 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.
 - iv. *Condition of Airport:* County makes no representations or warranties as to the present or future conditions of the Airport. Subject to its annual budget priorities, personnel, and federal funding availability, County will maintain the runways, taxilanes and other airfield areas as part of its standard, regular airside pavement maintenance program. This responsibility shall not be deemed as limiting the County's ability to recover damages from Lessee or other parties who have damaged or otherwise necessitated maintenance or repairs to the Airport facilities. County may, at its discretion or as required by law, further develop and/or improve Airport and/or any portion or area thereof, and take such action as it deems necessary or advisable at its discretion to develop the Airport, regardless of the desires or view of Lessee and without interference or hindrance from it, except as otherwise expressly provided herein. County's right to develop and improve Airport includes development, construction or installation of facilities, structures or other Improvements. County has no duty to Lessee or any Sublessee to develop or improve Airport.
 - v. *Special Events:* County may, at its discretion, conduct or host special activities or events near or about the Premises or elsewhere at or about Airport. 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 such special events.
 - vi. *Master Plan:* County, its officers, agents and employees shall not be liable for any effort or action toward implementation of the current or any future airport master plan, airport layout plan, or other similar plan; Lessee waives any right to claim damages or other compensation arising from such effort or action.

11.2. Notice

Except as otherwise expressly provided herein, all notices required to be given hereunder shall be in writing and shall be deemed given, provided, delivered, and received upon: (A) personal delivery by a registered process server; or (B) three (3) 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, regardless of whether the return receipt confirms delivery consistent herewith:

To Airport (County): **Douglas County**
Attn: Minden-Tahoe Airport Manager
P.O. Box 218
1146 Airport Road
Minden, Nevada 89423

To Lessee: 87 Enterprises LLC
Name: Attn: Steve Temple, Manager
Address: 366 Genoa Springs Dr.
City, State Zip: Genoa, NV 89411
E-mail address: stetemple@yahoo.com
Phone number(s):
Cell phone number:

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 foregoing, 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.

11.3. Miscellaneous

- a. *Amendments*: This Lease may be amended only by a writing duly approved and signed by authorized representatives of the parties.
- b. *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.
- c. *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, unless otherwise so stated.
- d. *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.
- e. *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.

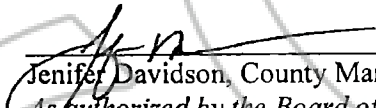
- f. *No Waiver*: No waiver of breach or default by either party of any term herein to be performed by the other shall be construed as, or operate as, a waiver of any prior, contemporaneous or subsequent breach, noncompliance, or default of any term herein to be performed by the other party.
- g. *Relationship 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.
- h. *Successors and Assigns*: 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.
- i. *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.
- j. *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.
- k. *Signature Authority*: Each natural person signing this instrument, for or on behalf of a legal entity party hereto, represents, warrants, assures and guarantees to the other such natural person, and to the other such legal entity, that he or she is duly authorized and has legal power and/or authority so to sign.
- l. *Force Majeure*: 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, government shutdown, 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.

- i. Lessee understands that 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. 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, or by any cause set forth under "Force Majeure," above.
- m. *Merger and Integration:* This Lease, together with Exhibits A, B, C, and D, attached hereto (collectively "Lease Documents"), 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. The Lease Documents are intended to be complimentary to one another and shall be so construed to the extent reasonably possible. To the extent that the documents are in conflict with one another, they shall have the following order of precedence: **This Lease, Exhibit A, Exhibit B, Exhibit C and finally Exhibit D.**

WHEREFORE, the parties have set their hands, on the date written below.

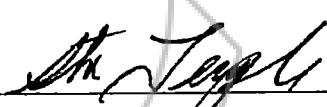
LESSOR:

Douglas County, Nevada


 Jenifer Davidson, County Manager
As authorized by the Board of County Commissioners on June 20, 2024

LESSEE:

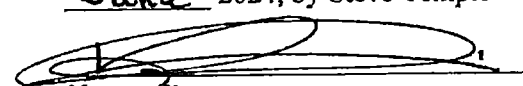
87 Enterprises LLC
 By: *Steve Temple, Manager*

Signature: 

Date: 28 JUN 24

STATE OF NEVADA)
 COUNTY OF DOUGLAS)

This instrument was acknowledged before me, a Notary Public, on the 28 day of June 2024, by Steve Temple


 Notary Signature

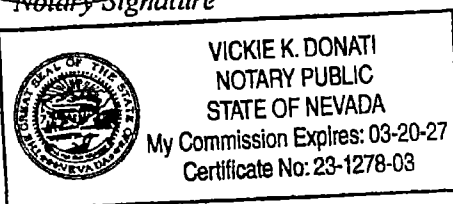


Exhibit A: Definitions

- A.1. **“Airport” defined.** “Airport” means the Minden-Tahoe Airport, owned and operated by Douglas County.
- A.2. **“Airport Documents” defined.** “Airport Documents” means the Minimum Standards, Rules and Regulations, Douglas County’s Airport Operations Manual, Douglas County’s Airside Driving Rules and Regulations, and the Douglas County Code, and any other document regulating or directing conduct upon the airport, which is adopted by Resolution or Ordinance by the Board.
- A.3. **“Airport Master Plan” or “Master Plan” defined.** “Airport Master Plan” or “Master Plan” means County’s plan for the development and/or improvement of Airport, and as that Plan might be revised.
- A.4. **“Anniversary Date” defined.** “Anniversary Date” means the day and month of the Effective Date of this Lease.
- A.5. **“Best Management Practices” or “BMP” defined.** “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 or as defined by the FAA, EPA or NDEP with regard to BMP.
- A.6. **“Chairman” defined.** “Chairman” means the Chairman of the Douglas County Board of County Commissioners.
- A.7. **“County” defined.** “County” means the County of Douglas, State of Nevada.
- A.8. **“Board of County Commissioners” or “Board” defined.** “Board of County Commissioners” or “Board” means the Douglas County Board of County Commissioners, and any successor body.
- A.9. **“Business Day” defined.** “Business Day” means any calendar day, excluding Saturdays, Sundays and nonjudicial days of the State of Nevada.
- A.10. **“Certificate of Occupancy” defined.** “Certificate of Occupancy” has the meaning ascribed to it in Title 20 of the Douglas County Code.
- A.11. **“Effective Date” defined.** “Effective Date” has the meaning ascribed to it in Article 2 of the Lease.
- A.12. **“Federal Aviation Administration” or “FAA” defined.** “Federal Aviation Administration” or “FAA” means the United States of America, Department of Transportation, Federal Aviation Administration, or any successor agency.
- A.13. **“First Class” defined.** “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 B" 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.

- A.14. **“Fund” defined.** “Fund” means the fund for cleaning up discharges of petroleum, as defined by NRS 590.750.
- A.15. **“Hazardous Material” defined.** “Hazardous Material” has the meaning ascribed to it in Title 49 of the Code of Federal Regulations, including any revisions thereof during the Term of the Lease. The term expressly includes petroleum products.
- A.16. **“Initial Term” defined.** “Initial Term” has the meaning ascribed to it in Article 2 of this Lease.
- A.17. **“Improvement” defined.** “Improvement” means any solid material or structure, which is placed or erected; any construction, reconstruction, demolition, or alteration of the size of any structure including any facility of any kind; any alteration to vegetation. For the purpose of this definition, “structure” includes but is not limited to any building, road, pavement, pipe, flume, conduit, siphon, aqueduct, telephone line, underground installation of any kind, and electrical power transmission and distribution lines.
- A.18. **“Lease” defined.** “Lease” means this Lease together with all Exhibits, Addenda and Appendices hereto. The term includes any amendments, provided such amendments have been duly approved and executed by both parties.
- A.19. **“Leased Premises” or “Premises” defined.** “Leased Premises” or “Premises” means real property demised to Lessee, as more particularly described and depicted herein and on Exhibit B, attached hereto.
- A.20. **“Lease Year” defined.** “Lease Year” means a period of twelve (12) consecutive full calendar months. The first Lease Year shall begin on the Effective Date of this Lease, and each succeeding Lease Year shall commence upon the anniversary date of Effective Date.
- A.21. **“Leasing Policy” defined.** “Leasing Policy” means the Minden-Tahoe Airport Leasing Policy, which is adopted by resolution of the Board. This term includes any amendments or revisions which may be adopted by the Board after the Effective Date of this Lease.
- A.22. **“Minimum Standards” defined.** “Minimum Standards” means the Minimum Standards for Commercial Aeronautical Activities at the Minden-Tahoe Airport as adopted by Resolution of the Board. This term includes any amendments or revisions which may be adopted by the Board after the Effective Date of this Lease.
- A.23. **“Notice of Completion” defined.** “Notice of Completion” has the meaning ascribed to it in Title 20 of the Douglas County Code.
- A.24. **“Notice to Proceed” defined.** “Notice to Proceed” means a letter or other document, issued by County, authorizing Lessee to proceed with an improvement or installation.
- A.25. **“Option Term” defined.** “Option Term” has the meaning ascribed to it in Article 2 of this Lease.
- A.26. **“Rent” defined.** “Rent” means the monthly payment obligation owed by Lessee to County for the right to occupy the premises.
- A.27. **“Rules and Regulations” defined.** “Rules and Regulations” means the Minden-Tahoe Airport’s Rules and Regulations, as adopted by the Board. This term includes any amendments or revisions which may be adopted by the Board after the Effective Date of this Lease.
- A.28. **“Significant Materials” defined.** “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).

- A.29. **“Sublessee” defined.** “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 or any contract, oral or written, express or implied, between Lessee and any such third person, regardless whether County consented to such contract or contracted with such third person consistent with the Lease.
- A.30. **“Tenant Improvement Permit” defined.** “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.
- A.31. **“Term” defined.** “Term” means the Initial Term plus the Option Term, if the Option Term was properly exercised. If the Option Term was not properly exercised, then “Term” means only the Initial Term.
- A.32. **“Trade Fixture” defined.** “Trade Fixture” means any machine, device, equipment or the like, owned or rented by Lessee, placed on the Premises but not affixed to thereto, for the conduct and support of Lessee’s operations.
- A.33. **“Transportation Security Administration” or “TSA” defined.** “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.
- A.34. **“Tree” defined.** “Tree” means any vegetative material with the potential for upward growth.

Exhibit B: Premises
[three attached pages]



EXHIBIT B

LEGAL DESCRIPTION FOR A LEASE AREA

A portion of land situated in the Northeast Quarter of Section 17, Township 13 North, Range 20 East, Mount Diablo Meridian, in Douglas County, Nevada, and being more particularly described as follows:

COMMENCING at the southwest corner of the Northeast Quarter of said Section 17 as shown on "Record of Survey No. 15 for Douglas County", filed on December 15, 1986, as Document No. 146699, Official Records of Douglas County, Nevada;

THENCE, North 08°15'17" East, a distance of 1178.92 feet to a point on the westerly boundary of an existing lease area as described in a lease agreement titled "Lease Between Douglas County and Empire Capital Holdings, LLC", filed on January 24, 2001, as Document No. 507296, Official Records of Douglas County, Nevada;

THENCE, North 01°29'47" East, a distance of 282.10 feet along said westerly boundary;

THENCE, South 88°30'13" East, a distance of 309.40 feet along said westerly boundary;

THENCE, North 45°32'57" East, a distance of 30.27 feet along said westerly boundary to the **POINT OF BEGINNING**;

THENCE, North 45°32'57" East, a distance of 207.14 feet along said westerly boundary;

THENCE, South 44°27'03" East, a distance of 204.93 feet;

THENCE, South 45°32'57" West, a distance of 192.45 feet;

THENCE, South 44°27'03" East, a distance of 32.59 feet;

THENCE, a distance of 31.44 feet along the arc of a tangent curve to the left, having a radius of 20.00 feet, through a central angle of 90°03'45";

THENCE, South 45°29'13" West, a distance of 80.98 feet;

THENCE, a distance of 31.39 feet along the arc of a non-tangent curve to the left, having a radius of 20.00 feet, through a central angle of 89°56'15", from a tangent to the beginning of said curve to the left bearing North 45°29'13" East;

THENCE, North 44°27'03" West, a distance of 74.08 feet;

THENCE, a distance of 39.27 feet along the arc of a tangent curve to the left, having a radius of 25.00 feet, through a central angle of 90°00'00";

THENCE, North 45°32'57" East, a distance of 51.29 feet;

THENCE, North 44°27'03" West, a distance of 138.53 feet to the **POINT OF BEGINNING**.

Containing 1.07 acres (46,657 square feet) of land, more or less.

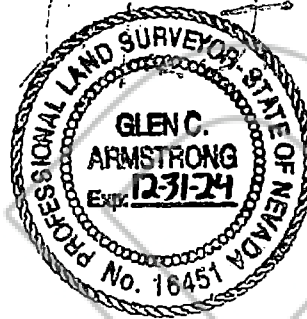
BASIS OF BEARING:

North was established with GPS observations using the Nevada State Plane Coordinate System (West Zone, NAD83).

See attached Exhibit B1 for a depiction of the above legal description.

Prepared by:

Glen C. Armstrong, PLS
Nevada Certificate No. 16451
US Geomatics
P.O. Box 3299
Reno, Nevada, 89505



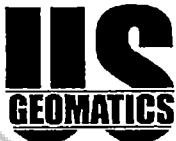
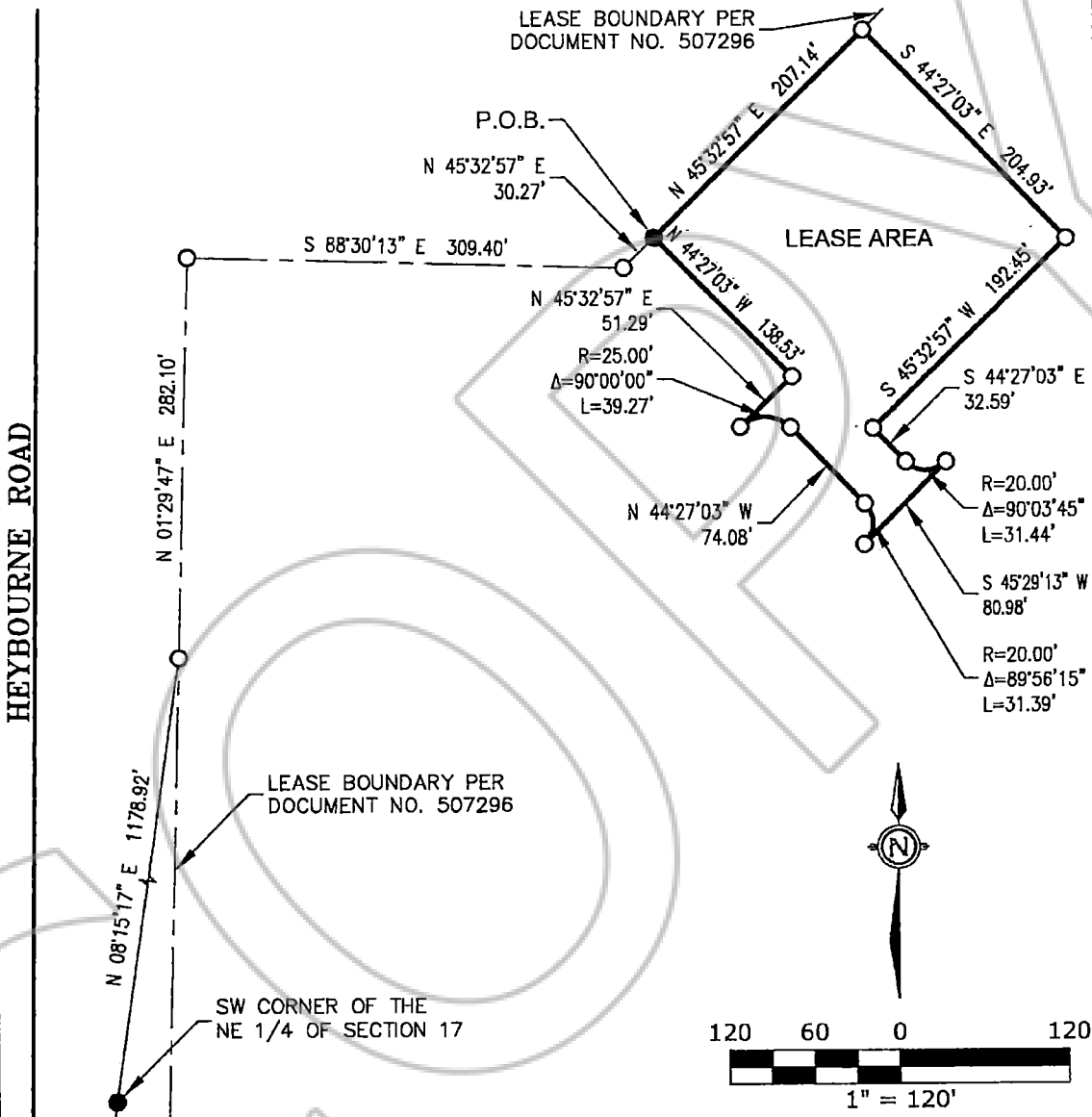
5-1-23

BASIS OF BEARING:

NORTH WAS ESTABLISHED WITH GPS OBSERVATIONS USING THE NEVADA STATE PLANE COORDINATE SYSTEM (WEST ZONE, NAD83).

TOTAL LEASE AREA:

46,657 SQUARE FEET ±
(1.07 ACRES ±)



P.O. Box 3299
Reno, NV 89505
P. 775.786.5111

www.usgeomatics.com
info@usgeomatics.com

**EXHIBIT B1
DOUGLAS COUNTY AIRPORT
LEASE AREA**

**A PORTION OF THE NE 1/4 OF
SECTION 17, T.13N., R.20E., M.D.M.**

DOUGLAS COUNTY

NEVADA

SHEET

1
OF
1

Exhibit C: Existing Improvements

1. Single story building approximately 8,085 square feet in size, subdivided into 8 spaces, which is subdivided into eight (8) Units, consisting of four (4) hangars, three (3) glider storage units, and one (1) general storage unit. The building is served by requisite utilities.
2. Approximately 38,585 square feet of pavement on the balance of the Premises.

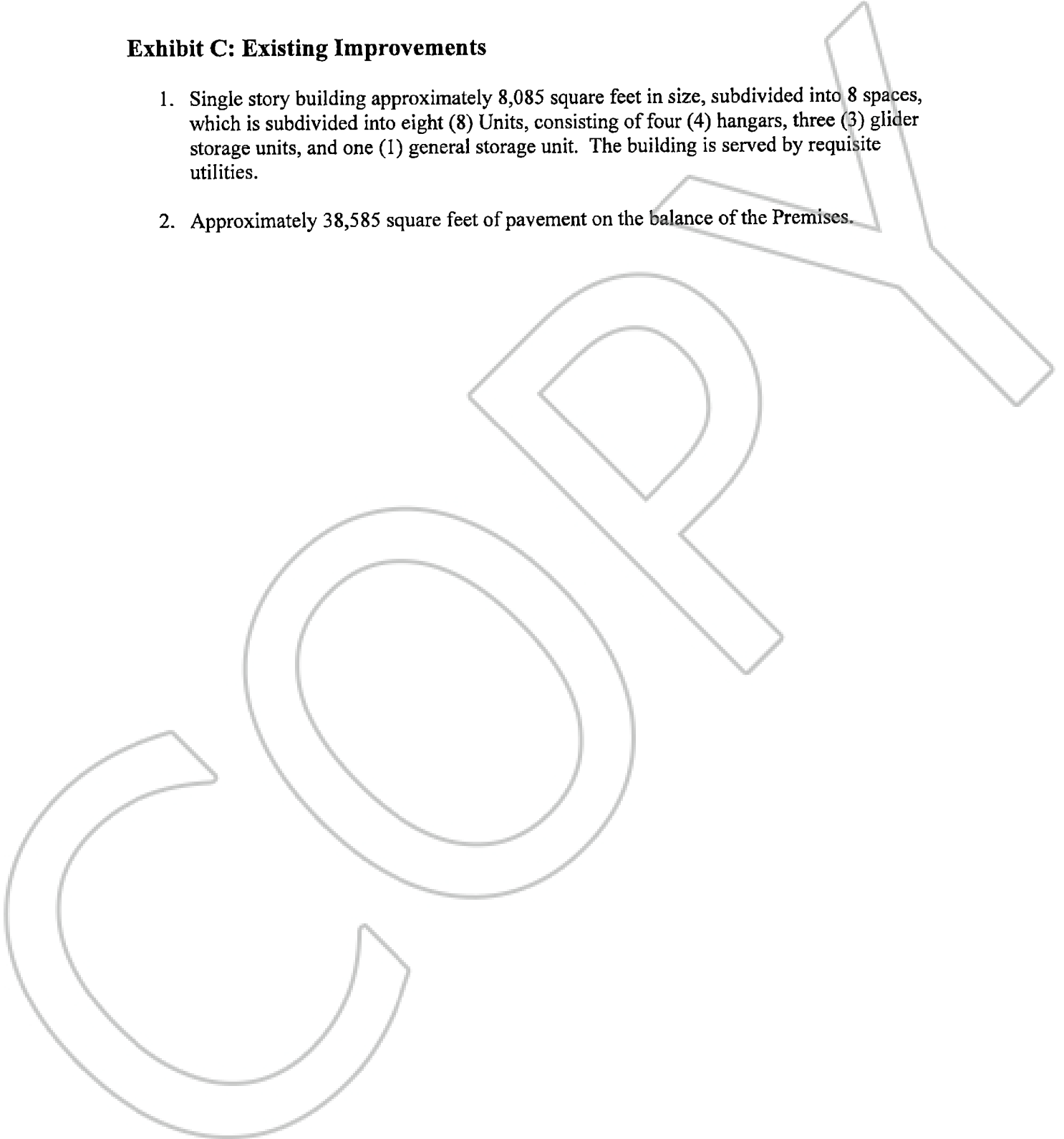


Exhibit D: Condominium Declaration (Draft)
(27 attached pages)

COPY

A portion of APN 1320-08-002-007

When Recorded Return to:

Rita L. Ricks
Hawley Troxell Ennis & Hawley
6490 S. McCarran Blvd., Suite 4
Reno, NV 89509

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

**CONDOMINIUM DECLARATION FOR
PINON AERO CONDOMINIUM #1
(A Commercial Leasehold Condominium Project)**

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EXHIBITS

Exhibit "A"	Legal Description of Property (Leasehold Estate)
Exhibit "B"	Condominium Map
Exhibit "C"	Allocated Interests

CONDOMINIUM DECLARATION FOR PINON AERO CONDOMINIUM #1

THIS CONDOMINIUM DECLARATION FOR PINON AERO CONDOMINIUM #1 ("**Declaration**") is made as of the ___ day of _____, 20, by 87 ENTERPRISES LLC, a Nevada limited liability company ("**Declarant**").

RECITALS:

A. Declarant holds a leasehold interest in that certain real property located in the Minden-Tahoe Airport, Douglas County, State of Nevada ("**Property**," more particularly described in **Exhibit "A"** attached hereto and made a part hereof). Furthermore, Declarant is the owner of the improvements on the Property, consisting primarily of a single story building approximately 8,085 square feet in size ("**Building**"), which is subdivided into eight (8) Units (as defined below), consisting of four (4) hangars, three (3) glider storage units, and one (1) general storage unit.

B. By this Declaration, Declarant intends to establish a leasehold commercial condominium project comprised of the Property, the Building and related improvements ("**Project**," as more particularly described below).

NOW, THEREFORE, Declarant hereby declares that the Project, together with all appurtenances thereunto, shall be held, conveyed, encumbered, leased, used, occupied and improved subject to the declarations, limitations, easements, covenants, conditions and restrictions set forth in this Declaration and the other Governing Documents (defined below), all of which are hereby declared to be in furtherance of a general plan for the development, improvement and sale of the Project, which includes a plan of condominium ownership, and are further declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the Project. All provisions hereof are intended to and do in fact "touch and concern" the Project and shall be deemed to run with the land as covenants running with the land or as equitable servitudes, as the case may be, and as liens, and shall constitute benefits and burdens to the Declarant and its successors and assigns and to all persons hereafter acquiring or owning any interest in the Project, however such interest may be obtained.

Declarant further declares that this Declaration establishes nonresidential condominiums, as defined in NRS 116.064, and pursuant to NRS 116.12075.1(c) Declarant hereby elects for the Common-Interest Ownership Act not to apply to the Project except for the provisions of NRS 116.3116 to 116.31168 (liens).

ARTICLE I DEFINITIONS

In addition to the terms in bold defined above, throughout this Declaration the following terms in bold shall have the meaning ascribed thereto:

(a) "**Airport**" means the Minden-Tahoe Airport in Douglas County, Nevada.

(b) "**Airport Rules and Regulations**" shall mean all the state and federal statutes, ordinances, standards, rules and regulations, policies and procedures governing the Airport, as the same may be promulgated and amended from time to time by the Douglas County

Commissioners and all other governing bodies with jurisdiction over the Airport and aviation in general.

(c) "**Allocated Interest(s)**" shall mean the undivided interest in the Common Elements, the liability for Common Expenses and votes in the Association. The Allocated Interest (or membership percentage) for each Unit, except for purposes of voting, shall be equal to the total square footage of the Unit divided by the total square footage of all the Units in the Project, expressed as a percentage, as set forth in **Exhibit "C"** attached hereto and made a part hereof. For voting purposes: (i) Units 1, 2, 3 and 8 shall each have one (1) vote per Unit, and (ii) Units 4, 5, 6 and 7 shall each have four (4) votes per Unit, provided that all 4 votes of a Unit are indivisible (i.e., all 4 votes must be cast either in favor or against the issue that is the subject matter of the vote).

(d) "**Articles of Incorporation**" shall mean the Articles of Incorporation of the Association, as the same may be amended.

(e) "**Assessments**" shall mean the assessments levied by the Association to pay the Common Expenses pursuant to Article V, Section 5.5. "**Regular Assessments**" shall mean those Assessments that occur in the ordinary course pursuant to the terms of this Declaration and are shared by all Members pursuant to their Allocated Interest. "**Special Assessments**" shall mean all other Assessments pursuant to the terms of this Declaration charged to one or more Members.

(f) "**Association**" shall mean the Pinon Aero Owners Association #1, a Nevada non-profit corporation, its successors and assigns, the association of the Unit Owners formed under this Declaration.

(g) "**Board**" or "**Board of Directors**" shall mean the board of directors of the Association.

(h) "**Bylaws**" shall mean the Bylaws adopted by the Association, as the same may be amended from time to time.

(i) "**Common Element(s)**" shall mean the entire Project, excluding all Units. The Common Elements include, without limitation, the exterior of the Building, bearing walls, load bearing columns, roofs, foundations, Common Utilities, electrical service/junction box/mechanical room (located separate and apart from the Building), and the improvements on the Property adjacent to the Building constructed for common use, including the apron and/or taxiway, driveways, parking areas, sidewalk, landscaping and sprinkler system, alarm system (if any), and as otherwise described in the Ground Lease. The Common Elements are owned by the Members according to their Allocated Interests.

(j) "**Common Expenses**" shall mean expenditures pursuant to Article V of this Declaration or the financial liabilities of the Association, together with allocations to reserves (if any). Common Expenses include the property taxes on the leasehold improvements, but do not include personal property taxes on the furnishings and equipment owned by Members or Separate Utilities, which are the responsibility of such Members.

(k) "**Condominium**" shall mean the Project, as described below.

(l) "**Condominium Map**" shall mean the Condominium Map for the Project attached hereto as **Exhibit "B"** and made a part hereof, depicting the Property, the location of the Building thereon, together with diagrammatic floor plans of the Units therein, the dimensions of all boundaries of the Units, the Unit number identifying the Units, the Common Elements and Limited Common Elements (if any), together with such other information as may be included therein in the discretion of the Declarant. Pursuant to NRS 278.461(5)(d) and NRS 116.12075(1)(c), Declarant is not required to record a plat or parcel map of the Project.

(m) "**County**" shall mean Douglas County, Nevada.

(n) "**Declarant**" shall mean _____, a Nevada limited liability company, its successors and assigns, including any person or entity acquiring all, but no less than all, of the interest of the Declarant in the Property (excluding the Association), whether by purchase, or pursuant to foreclosure proceedings or otherwise, or its duly appointed or designated successor(s) or assign(s).

(o) "**Governing Documents**" shall mean, collectively, this Declaration, the Articles and Bylaws, and any rules promulgated by the Association.

(p) "**Ground Lease**" shall mean that certain Land Lease 131 between Douglas County and 87 Enterprises LLC, a Nevada limited liability company, made effective June 20, 2024 and recorded in the Official Records of Douglas County, State of Nevada ("**Official Records**") as Document No. _____, and assigned to the Association pursuant to an Assignment and Assumption of Lease dated _____ and recorded in the Official Records as Document No. _____ (subject to Declarant's reservation to itself of all interests as Unit Owner of all the Units). The premises described in the Ground Lease constitutes the Property. The terms of the Ground Lease are incorporated herein by this reference as if set forth in full.

(q) "**Ground Rent**" shall mean the rent and other expenses due under the Ground Lease.

(r) "**Limited Common Element(s)**" shall mean those portions of the Common Elements attached to or appurtenant to any Unit and intended for the use of the Unit Owner to the exclusion, limitation or restriction of other Members. Limited Common Elements include Separate Utilities and Party Walls.

(s) "**Party Walls**" shall mean the common demising wall between two contiguous Units

(t) "**Project**" shall mean the Property, the Building and other improvements, collectively constituting a leasehold commercial condominium common-interest community in which the Units are designated for separate ownership and the undivided interests of the Common Elements are vested in the Members. The Project shall be known as the "**Pinon Aero Condominium #1.**"

(u) "**Member(s)**" shall be all the Unit Owners, who collectively comprise the membership of the Association. The terms "Members" and "Unit Owners" and "Owners" may be used interchangeably throughout this Declaration. If more than one person or entity owns an undivided interest in the same Unit, such persons or entities shall constitute one Member. Initially, the Declarant is the sole Member and the Unit Owner of all the Units created by this Declaration.

(v) "**Mortgage**" shall mean a mortgage, deed of trust or other security instrument encumbering a Unit or other portion of the Project.

(w) "**Mortgagee**" shall mean the mortgagee, trust beneficiary or creditor under any Mortgage.

(x) "**Owner**" or "**Unit Owner**" shall mean persons or entities holding a record fee title interest in any Unit, including the Declarant, and land installment contract purchasers under recorded contracts. If more than one person or entity owns an undivided interest in the same Unit, such persons or entities shall constitute one Owner. "Owner" shall not include persons or entities who hold an interest in a Unit only as security for the performance of an obligation. As this Project is a leasehold common-interest community, pursuant to NRS 116.095, a Unit Owner is a lessee whose lease expires simultaneously with the Ground Lease, but does not include a person having an interest in a Unit solely as security for an obligation or a tenant of a Unit Owner. The Declarant is the initial Unit Owner of each Unit created by this Declaration.

(y) "**Ownership**" or "**ownership interest**" shall mean all right, title and interest initially owned and conveyed by Declarant to a subsequent Owner, specifically subject to the terms and conditions of the Ground Lease. Since the Property is subject to the Ground Lease, Declarant's ownership in and to the Property is a leasehold interest. Therefore, any Unit sold by Declarant to a subsequent Owner will be a leasehold interest subject to the terms of the Ground Lease.

(z) "**Unit**" shall mean a physical portion of the Project designated for separate ownership or occupancy, the boundaries of which are the interior surfaces of the perimeter walls, floors, ceiling, doors and door frames, as shown and numbered on the Condominium Map, together with all fixtures, utilities (including any HVAC system exclusively serving the Unit) and improvements therein contained. All finished surfaces, including any cladding or drywall upon the interior walls, and the airspace so encompassed are part of the Unit. The Unit shall not include anything included in the definition of Common Elements. In interpreting deeds and the Condominium Map, the existing physical boundaries of the Unit shall be conclusively presumed to be its boundaries rather than any metes and bounds expressed in the deed or Condominium Map, regardless of settling or lateral movement of the building and regardless of minor variances between the boundaries shown on the deed or Condominium Map and those of the building.

(aa) "**Utilities**" shall mean those facilities and systems for transmission of utility services, if any, including, without limitation, water drainage and storage systems or structures; fire protection, irrigation and domestic water mains; water sprinkler systems; sewers; telephone lines, electrical conduits or systems; gas mains; communication lines; HVAC systems; and other public or private utilities. "**Common Utilities**" shall mean those Utilities which are installed to provide the applicable service to the Common Elements and more than one Unit. "**Separate Utilities**" shall mean those Utilities which are installed to provide the applicable service to only one Unit, or that portion of a Utility extending between a Common Utility and one Unit.

ARTICLE II PROPERTY RIGHTS

Section 2.1 Elements of Condominium. The legal description for each Unit shall be substantially as follows:

Condominium Unit ___ of the Pinon Aero Condominium #1 (a leasehold commercial condominium project) as shown on the Condominium Map attached to the Condominium Declaration for Pinon Aero Condominium #1 recorded as Document No. _____ of Official Records of Douglas County, Nevada, and as further defined and described in such declaration, as amended or supplemented from time to time.

Such description shall be construed to describe the Unit, together with the appurtenant undivided interest in the Common Elements, and to incorporate all the easements and other rights incident to ownership of a Unit, including membership in the Association, and all limitations on such ownership as described in this Declaration. A Unit cannot be severed from its membership in the Association or from its undivided interest in the Common Elements. Any conveyance of a Unit conveys the entire Unit, provided that the Owner of a Unit may create a co-tenancy or joint tenancy in the ownership of such Unit.

Section 2.2 Easements. The Project benefits from those easements set forth in the Ground Lease, including without limitation access to the balance of the Airport. Declarant, as grantor, hereby grants to the Association and the Members, their respective tenants, employees, agents, contractors, customers, licensees and invitees, successors and assigns, as grantees, for the benefit of the Common Elements and Units, respectively, reciprocal and non-exclusive easements upon the Common Elements for the following uses:

(a) Ingress and egress by aircraft and vehicular/pedestrian traffic, and parking upon the Common Elements in those areas of the Common Elements developed for such use, as the same may be modified from time to time;

(b) Maintenance, repair, replacement and operation of the Common Elements;

(c) Use and enjoyment of the Common Element facilities, as the same may be modified from time to time; and

(d) Support of structures and any incidental encroachment of a Unit onto the Common Elements.

The Association shall have the power to grant and convey to any third party easements in, on, over or under the Common Elements for the purpose of Utilities or other public or quasi-public improvements or facilities, and each Owner, in accepting a deed to a Unit, expressly consents to such easements, provided no such easement interferes with the use, occupancy or enjoyment of any Unit by the Owner thereof.

Section 2.3 Unit and Common Element Rights. Subject to the limitations contained in this Declaration, each Unit Owner shall have the nonexclusive right to use and enjoy the Common Elements, and the exclusive right to use and enjoy its Unit and the Limited Common Elements associated with or appurtenant to its Unit, subject to the rights of the Association set forth in Article V. Each Unit Owner has the exclusive right to paint and otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding such Unit. Each Unit Owner shall be solely responsible for the maintenance of its Unit and Limited Common Elements (including, without limitation, its Separate Utilities and any HVAC system). To the extent the metering system for any utility, such as electricity, involves a main meter to the Building (resulting in a single bill from the utility company to the Association) with sub-meters to

each Unit, the Association shall bill each Unit Owner for that portion of the Association's utility bill allocable to its Unit as determined by a reading of the sub-meter on such Unit; if there is a main meter without sub-meters, the Association shall bill each Unit Owner according to its Allocated Interest or other equitable means of allocation. The Unit Owner's share of such utility bill shall be treated as an Assessment owed by that Unit Owner. If a Unit Owner fails to maintain its Unit and/or Limited Common Elements, the Association, after notice and opportunity to cure, may enter the Unit and perform such maintenance and charge such Unit Owner for the cost of the same as a Special Assessment. If a Unit Owner acquires adjoining Units, such Unit Owner may remove the partition walls between such Units so long as such act does not impair the structural integrity or mechanical systems of the building; such removal shall not alter the boundaries of such Units. The Units may not be subdivided. As to Party Walls, the general rules of law regarding shared walls and liability for property damage thereto due to negligence or willful acts or omissions shall apply. The cost of reasonable repair and maintenance of Party Walls shall be shared equally by the contiguous Members using the Party Walls. If a Party Wall is destroyed or damaged by fire or other casualty, either contiguous Unit Owner may restore it and the other Unit Owner shall contribute its share of the cost of restoration.

Section 2.4 Effect of Ground Lease on Members' Rights. This is a leasehold common-interest community, subject and subordinate to the Ground Lease). Each Unit Owner is obligated to comply with the terms of the Ground Lease and in the event of a conflict between the Ground Lease and this Declaration, the Ground Lease shall control. By acceptance of a deed to a Unit, the Unit Owner acknowledges that:

(a) the term of the Ground Lease expires on _____, with one 10-year extension and no further right to renew thereafter;

(b) upon expiration or termination of the Ground Lease, all rights in the Property revert to the County and the Members have no right to redeem the reversion or renew the Ground Lease; and

(c) upon expiration or termination of the Ground Lease, the Building and the paving of the Common Elements automatically revert to the County, provided that under Section 8.1 of the Lease, the County, at its discretion, may direct the tenant to remove and dismantle the Building and trade fixtures at the tenant's cost, and restore the Property to its condition before its use thereof began, all as more specifically set forth in the Ground Lease.

(d) a default by the Association, any other Tenant on the underlying land lease, or any violation by any other Unit Owner may result in a finding of Default and may result in the termination of the Land Lease, automatically terminating the owner's interest in the Condominium Unit.

(e) Each Owner must obtain Airport Manager approval before selling, transferring or leasing its Unit to a new Owner/Lessee. The Airport Manager may reject a new Owner/Lessee and prohibit the transfer of a Unit, upon evidence that the new Owner/Lessee has a history of violating Airport rules (at any Airport), engaging in unsafe Aircraft operations, or interfering with the safe movement or operation of Aircraft on the ground or in flight.

(f) Owners shall comply with the terms of the Land Lease and will be jointly and severally liable with the Condo Association on any claim arising from a violation thereof.

Section 2.5 Airport Rules and Regulations. As part of the Airport, the Project is subject to all the Airport Rules and Regulations and each Unit Owner shall fully comply with the same. Furthermore, each Unit Owner is solely responsible for keeping informed as to any changes in the Airport Rules and Regulations from time to time. In the event of any conflict between the Airport Rules and Regulations and this Declaration, Airport Rules and Regulations shall control.

ARTICLE III USE RESTRICTIONS

Section 3.1 Use of Units and Common Elements. The Common Elements and Units shall be used only for the storage of aircraft and other aeronautical activity and general aviation, as such terms are defined and described in the Ground Lease, the Airport Rules and Regulations. All use restrictions set forth in the Ground Lease and Airport Rules and Regulations are incorporated herein and made a part hereof as if recited in full. Nothing in this Declaration shall prevent a Unit Owner from leasing its Unit, subject to the terms of this Declaration, the Ground Lease and the Airport Rules and Regulations; provided, however, prior to the transfer of a Unit, the County will perform a truncated approval process by which it will evaluate the prospective transferee to ensure that such transferee has not been banned or otherwise disqualified from tenancy or occupancy at the Airport.

Section 3.2 Adverse Effect on Adjoining Unit. No use of any Unit within the Project shall adversely affect the use, value, occupation and enjoyment of any adjoining Unit or the general area. Final determination within these bounds shall be left to the discretion of the Board.

Section 3.3 Unit Owner's Obligation of Maintenance and Repair. Each Unit Owner shall maintain its Unit and Limited Common Elements appurtenant thereto in a good, clean and orderly condition and in a good state of repair. No waste shall be committed on or in any Unit. In addition, and notwithstanding anything in this Declaration to the contrary, the Unit Owner of each of the Units shall be responsible, at its sole cost, for ordinary maintenance, repair and adjustment of the hangar door (or other door) to its Unit, including replacement, if necessary. In the event a hangar door (or other door) is replaced, it shall be replaced with a door substantially matching the doors of the other Units to maintain the uniformity of the appearance of the Units, unless otherwise approved by the Board. In the event the Owner of a Unit, its tenant, or the invitees, employees or contractors of either, through negligence or reckless action or omission, causes extraordinary damage to the hangar door(s) or other Common Elements covered by the Association's property insurance, such Owner shall be responsible for the cost of the deductible associated with such insurance claim.

Section 3.4 Hazardous Materials. No part of the Project shall be used for the storing, processing, disposal or discharge of any Hazardous Materials, except in strict compliance with the Airport Rules and Regulations and all federal, state and local laws. As used herein, "Hazardous Materials" shall mean and include any material or substance that is classified as hazardous or toxic under any federal, state or local law, statute, ordinance regulation, rule order or decrees now in force or hereafter adopted. Any Unit Owner or occupant of a Unit who violates this restriction regarding Hazardous Materials shall be liable to all other Unit Owners and occupants for all damages resulting to them from such violation and shall promptly undertake and complete all required cleanup and remediation.

ARTICLE IV INSURANCE

Section 4.1 Association's Insurance Obligations. The Association shall obtain and continuously maintain the following insurance (or such other insurance and higher amounts as may be required by the Ground Lease or Airport Rules and Regulations):

(a) commercial general liability insurance in an amount determined by the Board but no less than \$1,000,000 per occurrence and \$2,000,000 aggregate, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and all other obligations of the Association. Such liability insurance shall name (by endorsement) the County and Minden-Tahoe Airport, Declarant, all Members and all Mortgagees, as their interests may appear, as additional insureds;

(b) property insurance (fire and extended coverage) on all Common Elements (including, without limitation, the Building, but excluding the contents of the Units) insuring the maximum insurable replacement value of the Building, naming all Members and occupants of the Building as additional insureds. In the event of loss, all insurance proceeds shall be used to promptly repair or replace the damaged property;

(c) directors' and officers' insurance (at the discretion of the Board); and

(d) worker's compensation insurance to the extent (if any) necessary to comply with applicable law.

Section 4.2 Association Member's Insurance Obligations. Each Member and occupant of a Unit shall obtain and continuously maintain on its Unit the following insurance (or such other insurance and higher amount as may be required by the Ground Lease or Airport Rules and Regulations), and shall annually provide the Association a certificate evidencing the same:

(a) property insurance (fire and extended coverage) on the contents of the Unit and any Limited Common Elements associated with the Unit, and

(b) commercial general liability insurance in an amount determined by the Board, but no less than \$1,000,000 per occurrence and \$2,000,000 aggregate, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Member's Unit. Such insurance shall name (by endorsement) the County, Minden-Tahoe Airport, the Association, the Board, all other Members and all Mortgagees, as their interests may appear, as additional insureds.

Section 4.3 Insured Losses. The Board is appointed attorney-in-fact by each Member to negotiate and agree on the value and extent of any loss under any policy carried by the Association pursuant to this Article IV. The Board is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer. All insurance proceeds, subject to the rights of Mortgagees set forth herein, shall be paid to the Board, as trustee, to be held and expended for the benefit of the Members, Mortgagees and others, as their respective interests shall appear.

Section 4.4 Indemnification. The Association and each Member (“**Indemnifying Party**”) shall indemnify, defend and hold harmless the other Members and the Association (as the case may be), other occupants of the Project and the County (“**Indemnified Party**”) from any and all liabilities, claims, damages, expenses (including, without limitation, reasonable attorneys’ fees and reasonable attorneys’ fees on any appeal), judgments, proceedings and causes of action of any kind whatsoever for injury to or death of any person or damage to any property resulting from the willful misconduct or negligent act or omission of the Indemnifying Party.

Section 4.5 Board Approval. Notwithstanding anything to the contrary in this Article IV but subject to the minimum requirements set forth in the Ground Lease, the Board may make reasonable adjustments to the insurance requirements, either increasing or decreasing coverage, in accordance with common standards from time to time. Furthermore, any Member with sufficient net worth may satisfy its insurance requirements under a program of self-insurance with Board approval, not to be unreasonably withheld.

ARTICLE V PINON AERO OWNERS ASSOCIATION #1

In addition to the grant of easements and establishment of covenants, conditions and restrictions, this Declaration also provides for the formation of the Association and the management of the Common Elements.

Section 5.1 Preliminary Provisions. The Association shall be a non-profit Nevada corporation formed under Chapter 82 of the Nevada Revised Statutes. The Association is not authorized to have and shall not issue any capital stock. The Association’s Articles of Incorporation were filed with the Nevada Secretary of State on April 15, 2019. The Association shall be charged with the duties and invested with the powers set forth in the Association Articles, Bylaws and this Declaration.

Pursuant to NRS 116.12075.1(c) of the Common-Interest Ownership Act (“**Act**”), the terms and conditions of NRS 116.3116 to 116.31168 of the Act are adopted hereby and incorporated herein as if fully set forth for the sole purpose of incorporation of the lien enforcement provisions. If any of the provisions herein conflict with the Act, the conflicting provisions hereof shall govern and shall be deemed not to conflict with applicable provisions of the Act, unless as otherwise provided in the Act.

Section 5.2 Purpose of the Association. The purpose of the Association shall be to:

- (a) Manage, repair, replace and maintain the Common Elements;
- (b) Enforce and administer the provisions of this Declaration; and
- (c) Perform such other functions and duties as are allowed by law and authorized by the membership or the Board.

Section 5.3 Powers and Duties of the Association.

5.3.1 Powers. The Association shall have all the powers of a non-profit corporation organized under the laws of the State of Nevada and the powers conferred upon it pursuant to Chapters 82 of the Nevada Revised Statutes, subject only to such limitations on the

exercise of such powers as are set forth in the Articles, the Bylaws, and Article V of this Declaration. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles and the Bylaws, and to do and perform any act that may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including, without limitation, the following:

(a) Assessments. The Association shall have the power to establish, fix and levy Assessments as set forth in Article V, Section 5.5 hereof and to enforce payment of such Assessments in accordance with the provisions of Article V of this Declaration.

(b) Right of Enforcement. The Association, in its own name and on its own behalf or on behalf of the majority of the Members, shall have the power and authority to commence and maintain actions pertaining to the collection of Assessments, including the levy and enforcement of the liens created hereby, and enforcement of other provisions hereof. The court in any such action may award the successful party reasonable expenses in prosecuting such action, including reasonable attorneys' fees.

5.3.2 Delegation of Powers; Professional Management; Other Services.

The Association, acting by and through the Board, may delegate its powers, duties and responsibilities to committees of Members, employees, agents and independent contractors, including a professional managing agent. The Association may obtain and pay for legal, accounting, and other services necessary and desirable in connection with: (a) the repair and maintenance of the Common Elements, (b) the enforcement of Article V of this Declaration, and (c) the operation of the Association.

5.3.3 Rules and Regulations. The Board shall have the power to adopt rules and regulations to further the purposes as are expressly allowed by this Declaration. However, such rules and regulations shall not be inconsistent with or materially alter any provisions of this Declaration, the Articles, the Bylaws, the Ground Lease or the Airport Rules and Regulations. A copy of such rules and regulations, as adopted, amended or repealed, shall be mailed or otherwise delivered to each Member. In case of any conflict between any provision of the rules and regulations and any provisions of this Declaration, the Articles, Bylaws, Ground Lease or Airport Rules and Regulations, the conflicting provisions of the rules and regulations shall be superseded by the provisions of this Declaration, the Articles, Bylaws, Ground Lease and Airport Rules and Regulations.

5.3.4 Duties of the Association. In addition to the duties delegated to it by its Articles or the Bylaws, and without limiting their generality, the Association, acting by and through the Board, or persons or entities described in Section 5.3.2, has the obligation to conduct all business affairs of common interest to all Members and to perform each of the following duties:

(a) Professional Management. The Association may engage the services of a professional manager to manage the Common Elements consistent with this Declaration, the Articles, Bylaws, rules and regulations, and Board resolutions.

(b) Insurance. The Association shall obtain and maintain, from reputable insurance companies, the insurance described in Article IV, Section 4.1.

(c) Enforcement of Article III, IV and V of this Declaration. The Association shall perform such other acts, whether or not expressly authorized by this

Declaration, that may be reasonably necessary to enforce any of the provisions of Article III, IV and V of this Declaration, the Bylaws, rules and regulations, and Board resolutions.

(d) Operation and Maintenance of the Common Elements. The Association shall operate, repair, maintain, replace and otherwise manage or provide for the operation, repair, maintenance, replacement and management of the Common Elements. The foregoing shall be maintained in a good state of repair. In this connection, the Association may enter into contracts for services or materials benefiting the Project.

(e) Alterations and Improvements to the Common Elements. Subject to Board approval, the Association shall make or cause to be made such alterations and capital improvements to the Common Elements as may be deemed beneficial or necessary, provided that alterations or improvements costing more than \$5,000.00 must be approved by at least a sixty-five percent (65%) vote of the Members.

(f) Ground Rent. The Association shall cause the Ground Rent to be collected from the Members as part of the Common Expenses, to be paid to the lessor under the Ground Lease, and shall be responsible for enforcing compliance of the Ground Lease by all Members.

(g) Other. The Association shall carry out the other duties of the Association as set forth in Article III, IV and V of this Declaration and in the Articles and Bylaws.

5.3.5 Personal Liability. No member of the Board, or of any committee of the Association, or any officer of the Association, or any manager, shall be personally liable to any Member, or to any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of any such person or entity within the ordinary course of the Association's business if such person or entity has, on the basis of such information as may be possessed by him or it, acted in good faith without willful or intentional misconduct.

5.3.6 Meetings of Members. Meetings of Members shall be noticed and held as provided in the Articles and Bylaws.

Section 5.4 Association Members.

5.4.1 Effective Date of Membership. The Owner(s) of each Unit shall automatically become a Member of the Association when this Declaration is recorded.

5.4.2 Voting. Except as otherwise provided herein and in the Bylaws, each Member shall have the right to vote on all matters that are subject to membership vote. As set forth in the definition of Allocated Interests, the Owners of Units 1, 2, 3 and 8 have one (1) vote per Unit, and the Owners of Units 3, 4, 5 and 6 have four (4) indivisible votes per Unit.

5.4.3 Allocated Interests. Each Member has the Allocated Interest in the Project set forth in Exhibit "C" for purposes of Common Expenses.

Section 5.5 Assessments.

5.5.1 Agreement to Pay Assessments. Each Member hereby covenants and agrees to pay to the Association such Assessments (Regular and Special) as are made pursuant to this Declaration.

5.5.2 Assessments are Personal Obligations. Each Assessment, together with any interest, collection costs and reasonable attorneys' fees, shall be the personal obligation of the Owner of a Unit at the time such Assessment became due and payable.

5.5.3 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for (a) payment of Ground Rent, (b) the performance of the duties of the Association as set forth in Article V of this Declaration, and (c) the management, repair, maintenance and replacement of the Common Elements. In addition to general maintenance and upkeep of the Common Elements, maintenance and upkeep shall include, but is not limited to, insurance, leasehold improvement taxes, cost of Common Utilities related to use and maintenance of the Common Elements (including back-flow testing), trash collection, sewer service, snow removal, pavement cleaning and resurfacing, care of the landscaping, wages for Association contactors and employees, legal and accounting fees, any deficit remaining from a previous period, contingency reserves or sinking funds, and any other expenses and liabilities which may be incurred by the Association for the benefit of the Members under or by reason of this Declaration.

5.5.4 Amount of Assessments/Budget. It is the intent of the Declarant that Regular Assessments shall be assessed annually in order to cover expenses reasonably incurred pursuant to an annual budget approved by the Board, and (at the option of the Board) in order to accumulate sufficient reserves for the repair, maintenance and replacement of the Common Elements. The Board shall adopt a budget at least one month before the end of the fiscal year and deliver it to the Members for their review. A meeting of the Members shall be held fifteen to thirty days thereafter and unless the Members reject the budget by a vote of sixty-five percent (65%) or more, it shall be deemed ratified, whether or not a quorum is present. If the budget is rejected, the Board will operate under the former budget until a new budget is ratified. If at any time during a fiscal year the Board reasonably determines that the funds to be collected from the Members for such year will be inadequate to defray costs, or will be in excess of costs, then a majority of the Board may adjust the budget as necessary or appropriate and adjust the Regular Assessments for the balance of the year or assess a Special Assessment to pay the difference. Any monies assessed in excess of actual Common Expenses shall be credited to the Members on the books of the Association. Special Assessments shall be determined by the Board from time to time to pay extraordinary expenses or as otherwise provided in this Declaration. Special Assessments shall be due within thirty (30) days after receipt of notice of the same. The failure or neglect of the Board of Directors to timely approve a budget shall, without further notice or action, renew/extend the prior year's budget.

5.5.5 Assessment Period. The Regular Assessment period shall coincide with the fiscal year of the Association, which shall commence on January 1 of each year and shall terminate on December 31 of such year. Assessments shall be payable in full on a quarterly, monthly, or other periodic basis as determined by the Board, on or before the 15th day of the month, succeeding the assessment month. The Board may elect to require that each Member pay its proportionate share of the regular Assessments for the upcoming year, quarter or month (as the case may be) in full, in advance, based on the adopted budget for such year, to be paid on such date as the Board may specify. In such event, there shall be an annual accounting of each Member's contributions compared to the actual expenses for such year.

The Board may adopt a policy for determining exceptions to the payment schedule if it causes a hardship to a Member.

5.5.6 Notices of Assessments; Delinquencies. The Association shall give written notice no later than December 31 of each year (or within fifteen days after determination of the new budget, if later) of the amount of the Regular Assessment for the next fiscal year, which notice shall specify the date payment is due. All delinquent Assessments shall bear interest at the rate of twelve percent (12%) per annum from the date the Assessment becomes delinquent hereunder until paid.

5.5.7 Collection of Assessments. The right to collect and enforce Assessments is vested in the Board acting for and on behalf of the Association. The Board or its authorized representative can enforce the obligations of the Members provided for in this Declaration by commencement and maintenance of a suit at law or in equity; or the Board may enforce by judicial proceedings or, to the extent permitted by applicable law, through the exercise of the power of sale granted to the Board pursuant to applicable statutes and laws, and Section 5.5.9 below to enforce the lien rights created. Suit to recover a money judgment against a Member for unpaid Assessments, together with all other amounts due hereunder, shall be maintainable without first foreclosing against the parcel which is subject to the lien of such Assessment or waiving the lien rights granted hereby.

5.5.8 Lien for Assessments; Priority. All sums assessed to any Member pursuant to this Declaration, together with interest thereon as provided herein, shall be secured by a lien on the respective Unit in favor of the Association from the date the Assessment becomes due. Such lien shall be prior to all other liens and encumbrances on such Unit, except for: (a) valid tax and special assessment liens in favor of any governmental assessing authority; (b) liens and encumbrances recorded before the recordation of the Declaration; (c) a security interest on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent; and (d) the lien of any deed of trust for the benefit of the Small Business Administration, irrespective of the date of the recording of such deed of trust. The lien created by this Declaration for unpaid Assessments is also prior to a security interest on the Unit to the extent of the amount of such Assessment which would have become due in the absence of acceleration during the nine (9) month period immediately preceding institution of an action to enforce the lien, or such other period of time as established by the Act.

5.5.9 Enforcement of Lien.

(a) Notice of Delinquent Assessment and Notice of Default. The Association may foreclose its lien by sale pursuant to the Act (NRS 116.3116-116.3117) after:

(1) The Association has mailed by certified or registered mail, return receipt requested, to the Member or its successor in interest, at its address, if known, and at the address of the Unit, a notice of delinquent assessment ("**Notice of Delinquent Assessment**"), which states the amount of the Assessments which are due, together with all interest thereon in accordance with the provisions of this Declaration, a description of the Unit against which the lien is imposed, and the name of the record owner of the Unit; and

(2) Not less than thirty (30) days after mailing the Notice of Delinquent Assessment, the Association or other person conducting the sale has executed and caused to be recorded with the Douglas County Recorder a notice of default and election to sell the Unit to satisfy the lien ("**Notice of Default**"), which shall contain the same information as the

Notice of Delinquent Assessment, but which shall also describe the deficiency in payment and the name and address of the person authorized by the Association to enforce the lien by sale, along with a warning that failing to pay the amount specified could cause the Member to lose ownership of the Unit, even if the amount is in dispute; and

(3) The Member, or its successors in interest, have failed to pay the amount of the lien, including interest and costs, fees and expenses incident to its enforcement for a period of ninety (90) days which commences on the first day following the latter of: (i) the day on which the Notice of Default is recorded; and (ii) the day on which a copy of the Notice of Default is mailed by certified or registered mail, return receipt requested, to the Member, or its successors in interest, at their last known address, or otherwise to the address of the parcel.

(4) Notice of Sale. The Association or other person conducting the sale shall, at any time after the expiration of such ninety (90) day period and before selling the Unit, give notice of the time and place of the sale ("**Notice of Sale**") in the manner and for a time not less than that required by law for the sale of real property upon execution, except that a copy of the Notice of Sale must be mailed, on or before the date of the first publication or posting, by certified or registered mail, return receipt requested, to the Member or its successors in interest at their address, if known, and to the address of the Unit. Such sale shall be conducted in any manner permitted by law. Each Member liable for payment of the Assessment shall be required to pay the costs and expenses of such foreclosure proceeding including, but not limited to, the cost of preparation of all notices (whether or not such notice has been given to the Member at the time payment is made), reasonable attorneys' fees, and title insurance costs. All such costs and expenses of the foreclosure shall be secured by the lien being foreclosed. Each Member who is liable for payment of the Assessment shall be required to pay the Association any and all Assessments against such Member which shall become due during the period of foreclosure. Any encumbrancer holding a lien on any Unit may, but shall not be obligated to, pay any amounts secured by a lien for unpaid Assessments, and upon such payment, such encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including rights to priority.

(b) Notices. All notices hereunder to the Association or the Board shall be in writing and shall be given by facsimile, by personal service, by United States mail or by express delivery service, postage or delivery charge prepaid, return receipt requested, addressed to the Board at the following address:

Pinon Aero Owners Association #1
c/o _____

or at such other address as may be designated by the Board by a notice in writing given to all Members as provided herein. All notices given by the Association to any Member shall be sent by the same means to such Member's facsimile number, Unit address or to such other address as may be designated by such Member, in writing, to the Board. All notices shall be deemed to have been received upon delivery (as to facsimiles) or within seventy-two (72) hours after the mailing thereof, except notices of change of address which shall be deemed to have been given when actually received.

**ARTICLE VI
DAMAGE OR DESTRUCTION**

Section 6.1 Duty to Restore and Replace. If any of the Common Element improvements are destroyed or damaged, the Association shall restore and replace the improvements, using the insurance proceeds maintained pursuant to Article IV, subject to the provisions of this Article and the Ground Lease.

If the insurance proceeds for reconstruction or repair of the Common Element improvements are sufficient to cover at least eighty-five percent (85%) of the costs of repair and reconstruction, the Board shall use the insurance proceeds for that purpose, shall levy a Special Assessment to provide the necessary additional funds (if any), and shall have the improvements promptly rebuilt unless, within sixty (60) days from the date of destruction, the Members by the vote or written consent of not less than sixty-five percent (65%) of the total votes in the Project object to the restoration or repair work.

If the insurance proceeds for reconstruction or repair of the Common Element improvements are less than eighty-five percent (85%) of the costs of repair and reconstruction, any restoration and repair work must be authorized by the vote or written consent of Members representing at least sixty-five percent (65%) of the total votes in the Project and Mortgagees (if any) of at least sixty-five percent (65%) of the first Mortgages on Units. This authorization must be given within sixty (60) days of the damage or destruction and must authorize the Board to levy a Special Assessment to provide the necessary funds over and above the amount of any insurance proceeds available for the work.

Section 6.2 Rebuilding Procedures. If reconstruction or repair work is to take place pursuant to this Article, the Board shall obtain bids from at least two reputable contractors and shall award the repair and reconstruction work to the lowest or otherwise best qualified bidder. The Board shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the insurance proceeds shall be disbursed to the contractor according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

Section 6.3 Rebuilding Not Authorized. If the Members determine not to rebuild, then, subject to the rights of Mortgagees hereunder, any insurance proceeds then available for such rebuilding shall be distributed to the owner of each Unit in proportion to his respective percentage undivided interest in the Common Elements.

Section 6.4 Minor Repair and Reconstruction. The Board shall have the duty to repair and reconstruct improvements, without the consent of Members and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed Ten Thousand Dollars (\$10,000.00). The Board is expressly empowered to levy a Special Assessment for the cost of repairing and reconstructing improvements to the extent insurance proceeds are unavailable, such Assessment to be levied as described herein. Minor roof leak repairs may be accumulated and deferred until the Board determines that the cost/benefit of such repair justifies such a project.

Section 6.5 Rebuilding Obligations under the Ground Lease. Notwithstanding anything to the contrary in this Article VI, the Ground Lease requires the improvements on the Property to be restored after any casualty, which provision in the Ground Lease is controlling.

ARTICLE VII CONDEMNATION

Section 7.1 Sale by Unanimous Consent. If an action for condemnation of all or a portion of the Project is proposed or threatened by any governmental agency having the right of eminent domain, then, on unanimous written consent of all of the Members and the County and after written notice to all Mortgagees, such property may be sold by the Board acting as irrevocable attorney-in-fact of all of the Members for a price deemed fair and equitable by the Board, but in no event less than the aggregate unpaid balance of all Mortgages encumbering Units.

Section 7.2 Distribution of Proceeds of Sale. On a sale occurring hereunder, the net proceeds (after payment of any outstanding Ground Rent and other Common Expenses) shall be distributed to the Members and the Mortgagees of each Unit as their respective interests may appear in proportion to each Member's respective percentage undivided interest in the Common Elements, and as to their respective fair market values of Units, as determined by an independent appraiser.

Section 7.3 Distribution of Condemnation Award. If the Project, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall by its terms apportion the award among the Members and their respective Mortgagees.

Section 7.4 Partial Taking. If less than all of the Project is taken, the proceeds from any sale or taking shall be disbursed as follows: (a) to the payment of costs, (b) to the Unit Owners of Units that have been taken and their Mortgagees in the amount up to the fair market value of the Unit as determined by a court or independent appraiser; upon such payment, such Unit Owner's interest in the Project shall cease and the Board shall amend this Declaration accordingly, (c) to the payment of severance damage to Mortgagees of remaining Units affected by the partial taking, if such damages can be proven, and (d) to the repair, restoration and replacement of the Common Elements, to the extent feasible.

ARTICLE VIII RIGHTS OF MORTGAGEES

Section 8.1 Notice of Default. A Mortgagee, upon written request, will be entitled to written notification from the Association of any default in the performance by the mortgagor of any obligation under the Governing Documents that is not cured within sixty (60) days.

Section 8.2 Right to Examine Books and Records. Mortgagees can examine the books and records of the Association and can request copies of the financial data concerning the Association furnished to the Members.

Section 8.3 Notices to Mortgagees of Record. Upon any loss to any Unit covered by a Mortgage, if such loss exceeds Five Thousand Dollars (\$5,000.00) or on any loss to the Common Elements, if such loss exceeds Ten Thousand Dollars (\$10,000.00), or on any taking of the Common Elements, notice in writing of such loss or taking shall be given to each Mortgagee. If any Member is in default under any provision of these Governing Documents, which default is not cured within thirty (30) days after written notice to such Member, the Association shall give to the Mortgagee of such Member written notice of such default and of the fact that said thirty (30) day period has expired. The forgoing provisions govern so long as the Association has been given actual notice of such Mortgagee's interest.

Section 8.4 Voting Rights on Default. In case of default by any Member in any payment due under the terms of any first Mortgage encumbering such Member's Unit, the Mortgagee, on giving written notice to such defaulting Member, and placing of record a notice of default, is hereby granted a proxy and can exercise the voting rights of such defaulting Member attributable to such Unit at any regular or special meeting of the Members held during such time as such default may continue.

Section 8.5 Payments by Mortgagees. Mortgagees of Units may pay charges which are in default and which may become a charge against the Common Elements and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for Common Element improvements or other insured property of the Association and, upon making any such payments, such Mortgagees shall be owed immediate reimbursement therefor from the Association.

Section 8.6 Effect of Breach. No breach of any provision of these covenants, conditions and restrictions shall invalidate the lien of any Mortgage in good faith and for value, but all of the covenants, conditions and restrictions shall be binding on any Unit Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

Section 8.7 Appearance at Meetings. Because of its financial interest in a Unit, any Mortgagee may appear (but cannot vote except under the circumstances set forth above) at meetings of the Members and the Board to draw attention to violations of this Declaration that have not been corrected or made the subject of remedial proceedings or Assessments.

Section 8.8 Right to Furnish Information. Any Mortgagee can furnish information to the Board concerning the status of any Mortgage.

ARTICLE IX SPECIAL DECLARANT RIGHTS

Section 9.1 Reservation of Development Rights. Declarant reserves the following development rights: so long as Declarant owns one (1) or more Units in the Project, in the event any matter submitted to a vote of the Members results in a tied vote, Declarant shall be the tiebreaker entitled to cast an additional, deciding vote.

ARTICLE X GENERAL PROVISIONS

Section 10.1 Amendment. This Declaration may be amended in any respect upon obtaining the written consent of the collective Members of at least sixty-five percent (65%) of the total votes in the Project or seventy-five percent (75%) of the total votes cast in favor of or opposing a proposed amendment, whichever vote tally is less.

Section 10.2 Termination of Condominium Project. Except in the case of a taking of all of the Units by eminent domain or the termination of the Ground Lease, this Declaration and the condominium Project may be terminated only by agreement of the collective Members of at least eighty percent (80%) of the total votes in the Project, which revocation shall be recorded.

Section 10.3 Enforcement. Any Unit Owner, including the Declarant, shall have the right to enforce, by any proceedings at law or in equity, all covenants, conditions and restrictions herein contained or hereafter imposed by amendment to this Declaration. If suit is filed to

enforce any of the covenants, conditions and restrictions contained in this Declaration, including any amendments hereafter adopted, the parties succeeding in such suit shall be entitled to be awarded reasonable attorneys' fees in addition to other costs and disbursements allowed by law.

Section 10.4 Cumulative Remedies. Each remedy provided for in this Declaration shall be cumulative and not exclusive. Failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver thereof.

Section 10.5 Notification of Sale of Condominium. Concurrently with the consummation of the sale of any Unit under circumstances whereby the transferee becomes a Unit Owner, or within five (5) business days thereafter, the transferee shall notify the Board in writing of such sale. Such notification shall set forth the name of the transferee and his Mortgagee and transferor, the common address of the Unit purchased by the transferee, the transferee's and the Mortgagee's mailing address, and the date of sale. Prior to the receipt of such notification, any and all communications required or permitted to be given by the Association, the Board shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor. Mailing addresses may be changed at any time upon written notification to the Board.

Section 10.6 Severability. Invalidation of any one of the covenants, conditions, restrictions or easements contained in this Declaration by a Judgment or a Court Order shall not affect any other provisions contained herein, all of which shall remain in full force and effect.

Section 10.7 Non-Waiver. The failure of the Declarant or a Member in any one or more instances to insist upon the strict performance of any of the covenants, conditions or restrictions of this Declaration, or to exercise any right or option contained herein, or to serve any notice or to institute any action, shall not be construed as a waiver or relinquishment for the future of such covenant, condition or restriction, but such covenant, condition or restriction shall remain in full force and effect.

Section 10.8 Binding Effect. This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of the Members.

Section 10.9 Term. The provisions of this Declaration shall continue in effect so long as the Ground Lease is in effect, unless the Members decide to terminate it as set forth herein.

Section 10.10 Acceptance. Each grantee of a conveyance or purchaser under contract or agreement of sale of a Unit, by accepting a deed or a contract of sale or agreement of purchase of a Unit, accepts the same subject to all of the covenants, conditions and restrictions set forth in this Declaration and agrees to be bound by the same.

MADE AND ENTERED INTO the date first set forth above.

DECLARANT:

**87 Enterprises LLC,
a Nevada limited liability company**

By: *Steven L. Temple*
Steven L. Temple, Manager

Date: 28 JUN 24

COPY

County's Approval of Condominium Declaration

Pursuant to the provisions of Section 9.1(f) of the Ground Lease, the Airport Manger for Douglas County reviewed the Declaration and, on behalf of the County Board of Commissioners, as Lessor under the Ground Lease, hereby approves the same as being in compliance with NRS 116.2106 in that the Declaration states:

1. The Ground Lease is recorded in the office of the Douglas County Recorder as Document No. _____.
2. The Ground Lease is scheduled to expire on _____ with one 10-years option to renew.
3. The legal description of the leased premises is attached to the Declaration.
4. The Owner of Units have no right to redeem the reversion of the leasehold estate of the Ground Lease.
5. Under Section 8.1 of the Ground Lease, unless the County elects to take title to the improvements (at no cost or obligation to the County), the Owners of the Units are obligated to remove at their cost all improvements and restore the leased premises to its original condition upon termination of the Ground Lease.
6. The Owner of the Units have no right to renew the Ground Lease.

APPROVAL IS GRANTED this ____ day of _____.

LESSOR:

Douglas County

_____, Airport Manager

Date: _____

STATE OF NEVADA)
) ss.
County of Douglas)

This instrument was acknowledged before me on this ____ day of _____,
20____, by _____, Manager of 87 Enterprises LLC, a Nevada limited
liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the
day and year in this certificate first above written.

Notary Public for Nevada

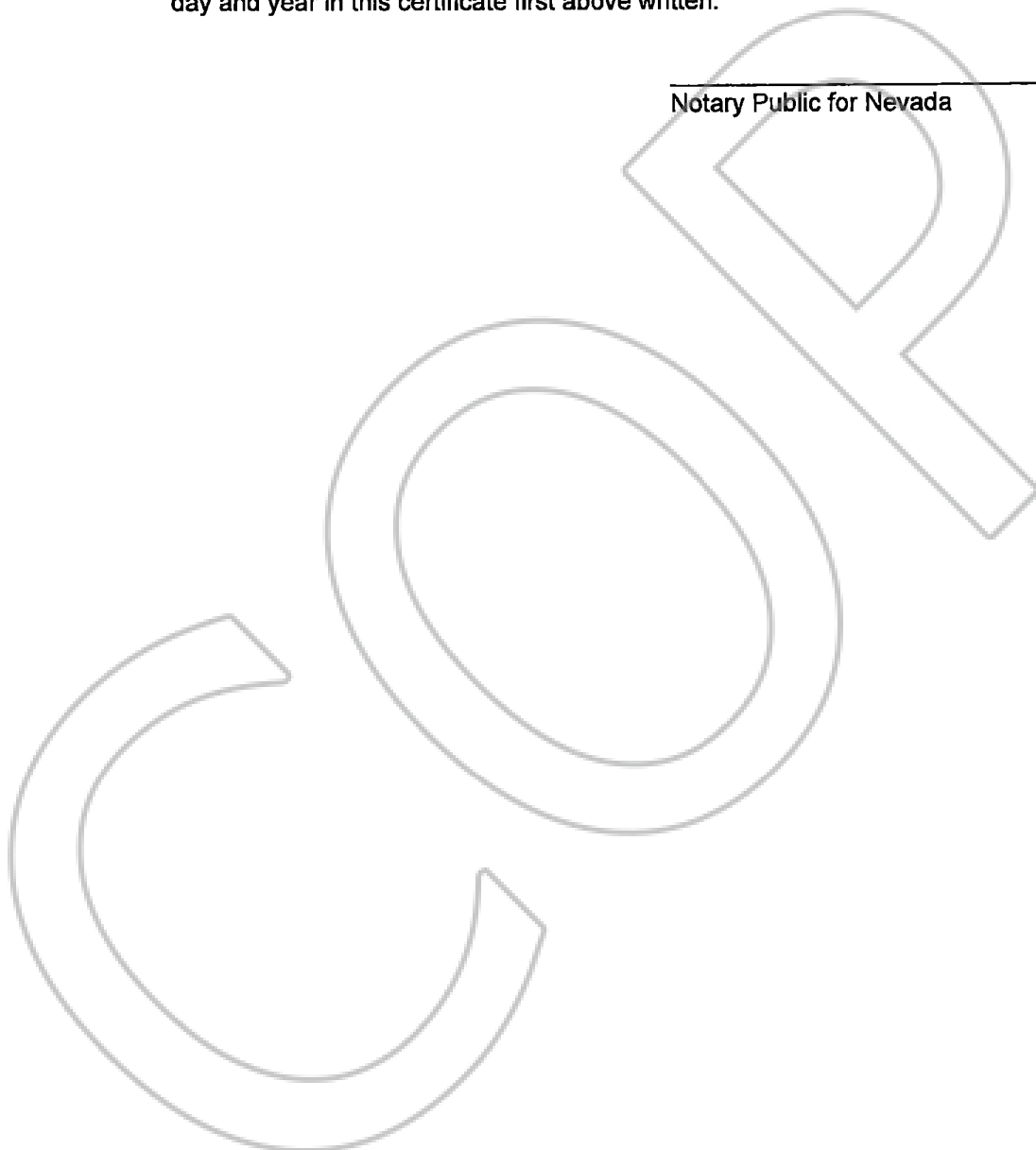


EXHIBIT "A"
Legal Description of Property
(Leasehold Estate)
(see attached)

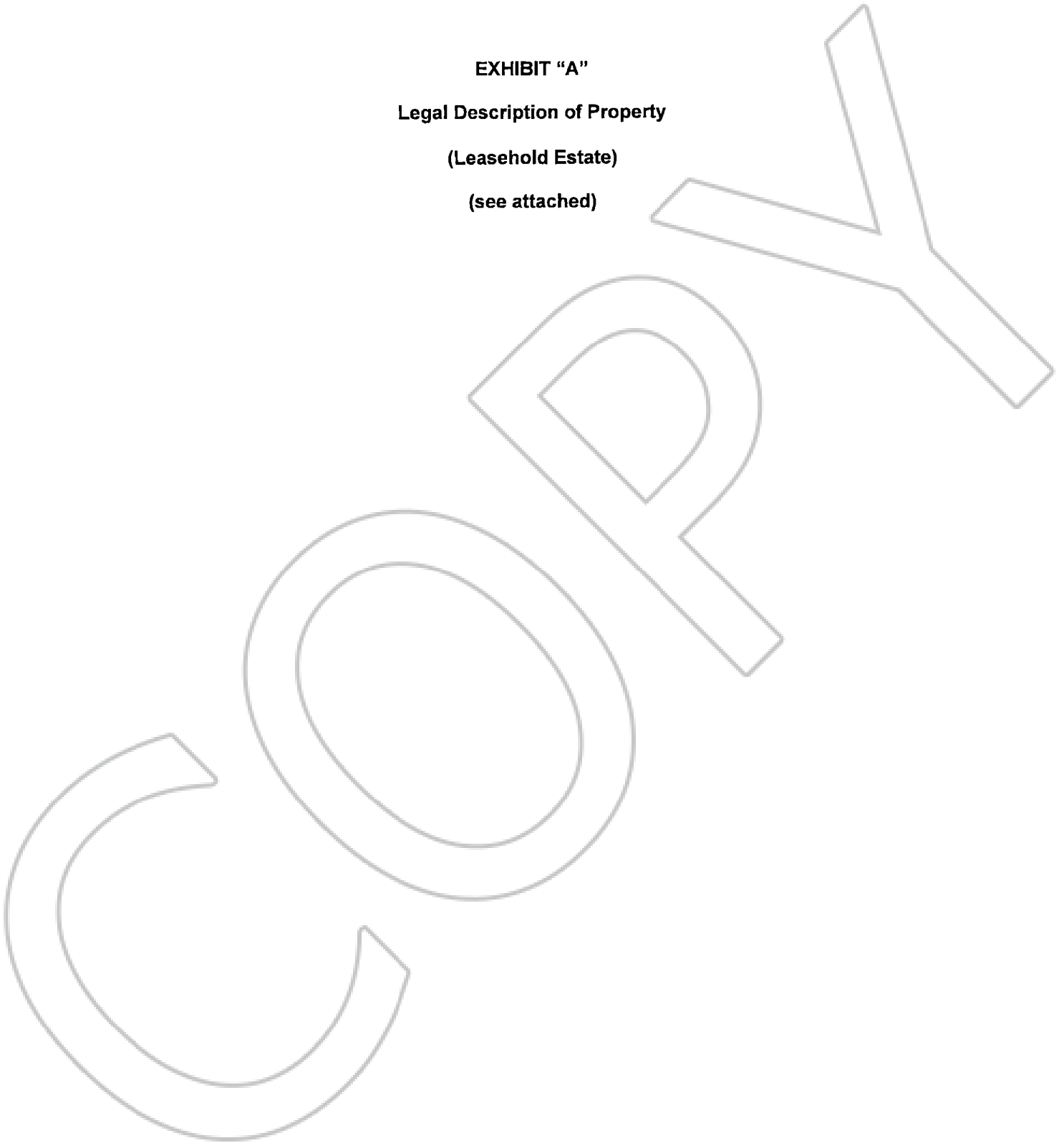


EXHIBIT "B"
Condominium Map
(see attached)



EXHIBIT "C"

Allocated Interests

<u>Unit:</u>	<u>Square Footage:</u>	<u>Share</u>
1	480	5.94%
2	240	2.97%
3	490	6.06%
4	1,475	18.25%
5	1,720	21.27%
6	1,720	21.27%
7	1,470	18.18%
8	<u>490</u>	<u>6.06%</u>
Total:	8,085	100.0%

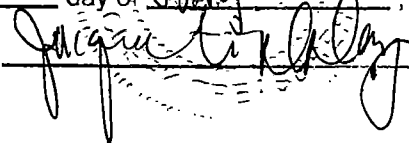
Douglas County

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

10th day of July, 2024

By  Deputy