



## CCAA BOARD MEMO

Agenda Item: H-2

BOARD MEMO 2023-26

Meeting Date: September 20, 2023

**Agenda Title:** FOR DISCUSSION AND POSSIBLE ACTION: APPROVE KCXP INVESTMENTS, LLC LEASE ASSIGNMENT TO CARSON TAHOE EXECUTIVE, LLC.

**Staff Summary:** KCXP Investments, LLC would like to complete a lease assignment of APN 005-021-06 to Carson Tahoe Executive, LLC.

**Agenda Action:** Formal Action/Motion

**Time Requested:** 10 Minutes

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### **Proposed Action**

I move to approve the KCXP Investments, LLC lease assignment to Carson Tahoe Executive, LLC and the assignment of the agreement to postpone or avoid lease termination.

### **CCAA'S Strategic Goal**

Support economic activity in the region.

### **Executive Summary**

When the Airport Authority moved the fuel island in 2008, it moved the hangar storage portion of that lease to an open area along Taxiway C. Per an agreement between the fuel tenant and Tom Gonzales, the Authority approved an assignment of that lease to KCXP Investments, LLC. The lease required that the construction of hangars be completed within 2 years. The real estate market had a steep downturn shortly after and Mr. Gonzales appeared before the Authority to request some leniency on the 2-year requirement, so the Authority told him he could have a few more years to construct. Over the years, requests have been made to Mr. Gonzales to follow through with hangar construction. In December of 2021, the

Airport Manager sent a letter notifying Mr. Gonzales that action would be taken to terminate the lease unless he moved ahead with hangar construction as required by the lease. In January of 2022, Mr. Robert Reid, a hangar manager for KCXP Investments, LLC, contacted the Airport Manager and told him they were working on a development plan with other parties. The airport authority decided to grant additional time for construction with conditions that include quarterly updates and a non-refundable deposit.

### **Previous Action**

September 4, 2008 (Item 3-1) – The Carson City Board of Supervisors approved the original lease and an assignment to KCXP Investments, LLC.

November 16, 2022 (Item H-1) – The Carson City Airport Authority approved a notice of default for KCXP Investments, LLC for failure to develop the land in accordance with the lease

February 15, 2023 (Item H-1) – The Carson City Airport Authority approved an agreement with KCXP Investments to avoid default.

### **Financial Information**

Is there a fiscal impact?

No    Yes

If yes, account name/number & amount:

General Fund/ Federal Share:

Is it currently budgeted?

### **Alternatives**

Do not approve the assignment.

Approve the assignment with proposed changes.

**Board Action Taken:**

Motion: \_\_\_\_\_ 1) \_\_\_\_\_  
2) \_\_\_\_\_

Aye/Nay

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

APN: \_\_\_\_\_

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

Carson Tahoe Executive, LLC  
3700 Barron Way, Suite 2  
Reno, NV 89511

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SPACE ABOVE THIS LINE FOR  
RECORDER'S USE

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**ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND LANDLORD'S CONSENT**

THIS ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND LANDLORD'S CONSENT ("Assignment") is executed as of \_\_\_\_\_, and effective as of the Effective Date (as defined below), by and among KCXP INVESTMENTS, LLC, a Delaware limited liability company ("Assignor"), CARSON TAHOE EXECUTIVE, LLC, a Nevada limited liability company ("Assignee") and CARSON CITY AIRPORT AUTHORITY ("Landlord").

- A. Mountain West Aviation, LLC ("Mountain West") and Landlord entered into that certain Carson City Airport Lease Agreement effective as of August 20, 2008 (as amended, the "**Ground Lease**") attached hereto as Exhibit A, pursuant to which Landlord agreed to lease to Mountain West and Mountain West agreed to lease from Landlord those certain real property and appurtenant rights identified therein (the "**Leased Premises**").
- B. Assignor assumed the Ground Lease from Mountain West pursuant to an Assignment and Assumption of Ground Lease and Landlord's Consent dated August 23, 2008, to which Landlord consented to such assignment and assumption of the Ground Lease.
- C. Pursuant to Section 9 of the Ground Lease, Landlord's prior written consent is required for any assignment of Assignor's interest the Ground Lease.
- D. Pursuant to that certain Purchase Agreement of Airport Lease (as amended, the "**Purchase Agreement**"), dated as of August 2, 2023 by and among Assignor and Assignee at the Closing (as defined in the Purchase Agreement), Assignor shall assign and transfer to Assignee all of Assignor's right, title and interest, in and to the Leased Premises and the Ground Lease. The Closing Date as used herein shall have its meaning as set forth in the Purchase Agreement.
- E. Landlord further agrees that it will honor with the Assignee the terms of the Agreement to Postpone or Avoid Lease Termination signed by Assignor dated February 15, 2023 and thus waive of default of the Leased Premises pursuant to the terms of that Agreement. Landlord consents to the assignment of the Ground Lease and Leased Premises to Assignee. Landlord

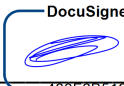
agrees that Assignee is assuming the Ground Lease and taking possession of the Leased Premises without any default and all obligations or duties of the Assignee under the Ground Lease shall commence anew as of the Effective Date of this Assignment, with the exception that the term is unchanged (i.e. 50 years beginning Sept 4, 2008) and is subject to the terms of the Agreement to Postpone or Avoid Lease Termination (i.e. quarterly good faith progress reports/ Feb 1, 2024 and 2025 tasks/ force majeure exceptions allowed).

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the parties hereby agree as follows:

1. Assignment. Assignor hereby assigns to Assignee all of Assignor's right, title and interest, as tenant in to and under the Ground Lease, to be effective from and after the Closing.
2. Assumption. Assignee hereby assumes all of Assignor's obligations in, to and under the Ground Lease first accruing after the Closing, to be effective upon the Closing.
3. Indemnification. Assignee hereby agrees to indemnify, defend and hold Assignor harmless with respect to any loss or liability, including attorney's fees, resulting from any breach by Assignee of its obligations as tenant under the Ground Lease occurring after the date of Closing. Assignor hereby agrees to indemnify, defend and hold Assignee harmless with respect to any loss or liability, including attorney's fees, resulting from any breach by Assignor of its obligations as tenant under the Ground Lease occurring prior to and up to and including the date of the Closing.
4. Miscellaneous. This Assignment may be executed in counterparts, each of which each of which shall be deemed an original and all of which, taken together, shall be one instrument. This Assignment shall be binding upon the parties and their respective successors and assigns. This Assignment shall be governed by and interpreted in accordance with the laws of the State of Nevada. If any action or proceeding is commenced by either party with respect to this Assignment, the prevailing party in such action or proceeding shall be entitled to recover its costs and expenses incurred in such action or proceeding, including attorney's fees and costs. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one agreement.
5. Effective Date of Assignment. This Assignment shall be effective as of the date the Carson City Airport Authority executes this Assignment and records this Assignment at the Carson City Records Office ("**Effective Date**"). In the event the Closing does not occur for any reason whatsoever, this Assignment shall be null and void and no longer effective.

*[Signature Page to Follow]*

IN WITNESS WHEREOF, this Assignment is made and entered into as of the date first set forth above.

<b>ASSIGNOR:</b>	<b>ASSIGNEE:</b>
KCXP INVESTMENTS, LLC, a Delaware limited liability company	CARSON TAHOE EXECUTIVE, LLC, a Nevada limited liability company
DocuSigned by:  By: _____ Name: Bradley J. Busbin Title: Manager	By: _____ Name: _____ Title: _____
By: _____ Name: Tom Gonzales	
CONSENTED TO AND AGREED BY:  CHAIRMAN OF THE CARSON CITY AIRPORT AUTHORITY  By: _____ Name: _____ Title: _____  AIRPORT MANAGER:  By: _____ Name: _____ Title: _____	

STATE OF NEVADA

COUNTY OF WASHOE

This instrument was acknowledged before me on \_\_\_\_\_, 2023, by  
\_\_\_\_\_ as Manager of KCXP Investments, LLC.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

STATE OF NEVADA

COUNTY OF WASHOE

This instrument was acknowledged before me on \_\_\_\_\_, 2023, by  
\_\_\_\_\_ as Manager of Carson Tahoe Executive, LLC.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

CARSON CITY

Approved by the Board of Supervisors this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

By: \_\_\_\_\_  
Mayor Lori Bagwell

ATTEST:

By: \_\_\_\_\_  
William Scott Hoen, Clerk Recorder

Approved to as to form.

By: \_\_\_\_\_  
Steven E. Tackes, Esq.  
Airport Authority Counsel

Approved to as to form.

By: \_\_\_\_\_  
DISTRICT ATTORNEY



## PURCHASE AGREEMENT OF AIRPORT LEASE

THIS PURCHASE AGREEMENT OF AIRPORT LEASE ("Agreement") is made and entered into this 2nd day of August, 2023, by and between KCXP INVESTMENTS, LLC, a Delaware limited liability company ("Assignor"), and CARSON TAHOE EXECUTIVE, LLC, a Nevada limited liability company ("Assignee").

WHEREAS, Assignor, as Tenant, and Carson City Airport Authority ("Landlord") entered into an Assignment titled Assignment and Assumption of Ground Lease and Landlord's Consent dated August 23, 2008 and recorded September 5, 2008 as Document No. 382385, pursuant to a Lease Agreement entitled Carson City Airport Lease Agreement dated August 20, 2008 originally between Mountain West Aviation, LLC and Landlord (the "Lease"); and pursuant to which Landlord agreed to lease that certain real property located at the Carson City Airport identified as 1.5 acres (two 0.75 parcels) as more fully described in the Lease and attached hereto as Exhibit A ("Premises"); and

WHEREAS, Landlord has not yet approved the assignment, but Assignor and Assignee have agreed to work cooperatively to obtain the consent of Landlord to this Assignment; and

WHEREAS, this Agreement is conditioned on the approval of Landlord of the assignment and Assignor and Assignee anticipate the approval of Landlord to the assignment and Assignee's approval and acceptance of any due diligence conducted by Assignee; and,

WHEREAS, Assignor desires to assign all its right, title and interest in the Lease to Assignee and Assignee desires to assume Assignor's obligations under the Lease.

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained herein and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereto agree as follows:


1. Assignment. Assignor hereby assigns to Assignee all of its right, title and interest in and to the Lease including any and all prepaids and other rights or entitlements of Assignor under the Lease, subject to all of the terms, covenants, conditions and provisions of the Lease.
2. Assumption. From and after the Closing Date (defined below) hereof, Assignee hereby assumes, covenants and agrees to keep and perform each and every obligation of Assignor under the Lease. Assignee agrees to be bound by each and every provision of the Leases as if it had executed the same.
3. Closing. The closing of this Agreement is conditioned upon the consent and approval of Landlord of the assignment of the Lease from Assignor to Assignee and Assignee's approval and completion of all due diligence conducted by Assignee. The Closing Date of this Agreement shall take place within 30 days after the satisfaction of all the conditions set forth herein. Assignee shall deliver the Purchase Price to Assignor on or before the Closing Date.
4. Conditions to Closing. The closing of this Agreement is conditioned upon the consent and approval of Landlord of the assignment of the Lease from Assignor and Assignee and Assignee's acceptance of all due diligence undertaken by Assignee. The Assignee shall also have received an

appropriate title insurance policy for the leased premises, satisfactory in form and substance to Assignee, evidencing that leased premises is subject to no liens, charges, encumbrances or survey exceptions prior to the Closing Date.

5. Due Diligence Period. Assignee shall have 30 days from the execution of this Agreement to perform all due diligence on the Premises ("Due Diligence Period"). Assignee and its permittees have the right to enter upon the Premises to conduct and perform any inspections, studies, feasibility studies, any and all record searches of the Premises required or deemed necessary or appropriate by Assignee for its use of the Premises. Assignor agrees to provide reasonable access to the Premises to Assignee and its agents or permittees as well as deliver to Assignee, without delay, all requested documents, including copies of any title insurance policies for the Premises and any other documents evidencing that the Premises is subject to no liens, charges, encumbrances or survey exceptions. Prior to the end of the Due Diligence Period, Assignee may terminate this Agreement for any reason or no reason by providing written notice (email accepted) to Assignor of Assignee's intent to terminate.
6. Price of Assignment. The price for this assignment and purchase of the Lease shall be [REDACTED] (the "Purchase Price"). Payment of the Purchase Price is conditioned on, and shall be made within 30 days of, the Closing of this Agreement and satisfaction of all conditions herein.
7. Assignor's Representations and Warranties. Assignor represents and warrants to Assignee that:
  - a. the Lease is in full force and effect, unmodified except as provided in this Agreement; Assignor's interest in the Lease is free and clear of any liens, encumbrances or adverse interests of third parties;
  - b. Assignor possesses the requisite legal authority to assign its interest in the Lease as provided herein; subject to obtaining the approval of Landlord.
  - c. There are no sums due and owing by Assignor under the Lease as of the effective date hereof, and there exists no condition of default thereunder not otherwise released or waived by Landlord upon its consent to the assignment.
  - d. Assignor has not conducted any business or operations on the leased premises and represents and warrants that there are no violations or conditions on the leased premises that are not in compliance with all Environmental Laws and Permits as set forth in the Lease.
  - e. Assignor has paid all taxes, assessments, costs, fines, fees or other obligations attributed to the leased premises incurred or imposed prior to the Closing Date.
8. Indemnification. Assignor agrees to indemnify, defend and hold harmless Assignee from any and all claims, demands, taxes, fees and debts due under the Lease prior to the Closing Date and Assignee agrees to indemnify, defend and hold harmless Assignor from any and all claims, demands and debts which may become due under the Lease on or after the Closing Date.

9. **Expenses.** The parties hereto will bear their separate expenses in connection with this Agreement and its performance.
10. **Entire Agreement.** This Agreement embodies the entire understanding of the parties hereto and there are no other agreements or understandings written or oral in effect between the parties relating to the subject matter hereof unless expressly referred to by reference herein. This Agreement may be amended or modified only by an instrument of equal formality signed by the parties or their duly authorized agents.
11. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada and each of the parties hereto submits to the non-exclusive jurisdiction of the courts of the State of Nevada in connection with any disputes arising out of this Agreement.
12. **Successors and Assigns.** This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.
13. **Attorneys' Fees.** In the event of a dispute arising under this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees.
14. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

ASSIGNOR:	ASSIGNEE:
KCXP INVESTMENTS, LLC, a Delaware limited liability company	CARSON TAHOE EXECUTIVE, LLC, a Nevada limited liability company
DocuSigned by:  By: _____ <small>480F6B6100A3443...</small> Name: Bradley J. Busbin Title: Manager	By: _____ Name: _____ Title: _____
By: _____ Name: Tom Gonzales	

APN: \_\_\_\_\_

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

Carson Tahoe Executive, LLC  
3700 Barron Way, Suite 2  
Reno, NV 89511

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SPACE ABOVE THIS LINE FOR  
RECORDER'S USE

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**ASSIGNMENT AND ASSUMPTION AGREEMENT TO POSTPONE OR AVOID LEASE TERMINATION**

THIS ASSIGNMENT AND ASSUMPTION OF AGREEMENT TO POSTPONE OR AVOID LEASE TERMINATION ("**Assignment to Avoid Lease Termination**") is executed as of \_\_\_\_\_, 2023, and effective as of the Effective Date (as defined below), by and among KCXP INVESTMENTS, LLC, a Delaware limited liability company ("**Assignor**"), CARSON TAHOE EXECUTIVE, LLC, a Nevada limited liability company ("**Assignee**") and CARSON CITY AIRPORT AUTHORITY ("**Landlord**").

- A. Assignor and Landlord entered into that certain Agreement to Postpone or Avoid Lease Termination dated February 15, 2023 ("**Postponement Agreement**"), wherein Assignor undertook certain obligations and commitments to perform under a certain lease agreement held under document No. 382385, recorded September 5, 2008 (the "**Lease**").
- B. Assignor having previously assigned the Lease to Assignee pursuant to that certain Purchase Agreement of Airport Lease (the "**Purchase Agreement**") and conditioned on approval from the Landlord by way of an Assignment and Assumption of Ground Lease and Landlord's Consent dated June 2, 2023 ("**Lease Assignment Agreement**")
- C. Upon consent from Landlord of the Lease Assignment Agreement and this Assignment to Avoid Lease Termination, Assignor shall assign and transfer to Assignee all of Assignor's rights, title, interests, obligations and commitments set forth tin the Postponement Agreement.
- D. Whereby, upon execution of this Assignment to Avoid Lease Termination and the Lease Assignment Agreement, Assignor shall be bound to the terms and obligations set forth in the Postponement Agreement and shall have the same commitments, obligations and rights as the Assignor in that Postponement Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the parties hereby agree as follows:

1. Assignment. Assignor hereby assigns to Assignee all of Assignor's rights, title, interest, obligations and commitments as set forth in the Postponement Agreement, to be effective from and after the Closing of the Purchase Agreement.

2. Assumption. Assignee hereby assumes all of Assignor's obligations and commitment in, to and under the Postponement Agreement after the Closing of the Purchase Agreement.

3. Representation and Warranty. Assignor represents and warrants that it has paid a non-refundable deposit of \$25,000 to Landlord as set forth in the Postponement Agreement, which amount shall be applied to offset lease rent obligations upon the completion of construction on the premises. Landlord hereby represents and warrants that it has received the \$25,000 non-refundable payment from Assignor and shall apply such amount to the lease rent obligations upon completion of construction on the premises as set forth in the Postponement Agreement, which shall be for the benefit of Assignee as the assumed tenant.

4. Miscellaneous. This Assignment to Avoid Lease Termination may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall be one instrument. This Assignment to Avoid Lease Termination shall be binding upon the parties and their respective successors and assigns. This Assignment to Avoid Lease Termination shall be governed by and interpreted in accordance with the laws of the State of Nevada. If any action or proceeding is commenced by either party with respect to this Assignment, the prevailing party in such action or proceeding shall be entitled to recover its costs and expenses incurred in such action or proceeding, including attorney's fees and costs. This Assignment to Avoid Lease Termination may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one agreement.

5. Effective Date of Assignment. This Assignment shall be effective as of the date the Carson City Airport Authority executes this Assignment and records this Assignment at the Carson City Recorders Office ("**Effective Date**"). In the event the Closing of the Purchase Agreement does not occur for any reason whatsoever, this Assignment shall be null and void and no longer effective.

IN WITNESS WHEREOF, this Assignment is made and entered into as of the date first set forth above.

ASSIGNOR:

ASSIGNEE:

KCXP INVESTMENTS, LLC,  
a Delaware limited liability company

CARSON TAHOE EXECUTIVE, LLC  
a Nevada limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CONSENTED TO AND AGREED BY:

CARSON CITY AIRPORT AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF NEVADA

COUNTY OF WASHOE

This instrument was acknowledged before me on \_\_\_\_\_, 2023, by  
\_\_\_\_\_ as Manager of KCXP Investments, LLC.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

STATE OF NEVADA

COUNTY OF WASHOE

This instrument was acknowledged before me on \_\_\_\_\_, 2023, by  
\_\_\_\_\_ as Manager of Carson Tahoe Executive, LLC.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

CARSON CITY

Approved by the Board of Supervisors this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

By: \_\_\_\_\_

ATTEST:

CITY'S LEGAL COUNSEL  
Approved to as to form.

\_\_\_\_\_  
\*\*\*\*\*, Clerk Recorder

\_\_\_\_\_  
DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL  
Approved to as to form.

\_\_\_\_\_  
Steven E. Tackes, Esq.



APN N/A

APN \_\_\_\_\_

APN \_\_\_\_\_

RECORDED AT THE  
REQUEST OF

**CARSON CITY CLERK TO**

**THE BOARD**

2008 SEP - 5 AM 9:51

FILE NO. 382385

ALAN GLOVER

CARSON CITY RECORDER

FEES NC DEP 52

FOR RECORDER'S USE ONLY

Assignment of Ground Lease  
TITLE OF DOCUMENT

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

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

Signature

Print Name & Title

WHEN RECORDED MAIL TO:

**CARSON CITY CLERK TO  
THE BOARD**

382385

ASSIGNMENT OF GROUND LEASE

APN: \_\_\_\_\_

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

KCXP INVESTMENTS, LLC  
134 Lakes Boulevard  
Dayton, Nevada 89043  
Attention: George Reinhardt

ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND LANDLORD'S CONSENT

THIS ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND LANDLORD'S CONSENT ("Assignment"), is executed as of Aug 23, 2008, and effective as of the Effective Date (as defined below), by and among MOUNTAIN WEST AVIATION, LLC, LLC, a Nevada limited liability company ("Assignor"), KCXP INVESTMENTS, LLC, a Delaware limited liability company ("Assignee"), and CARSON CITY AIRPORT AUTHORITY ("Landlord").

- A. Assignor and Landlord entered into that certain Carson City Airport Lease Agreement effective as of the Effective Date (as amended, the "Ground Lease") between Carson City Airport Authority ("Landlord") attached hereto as Exhibit "A", pursuant to which Landlord agreed to lease to Assignor and Assignor agreed to lease from Landlord those certain real property and appurtenant rights identified therein (the "Leased Premises").
- B. Pursuant to numbered section 9 of the Ground Lease, Landlord's prior written consent is required for any assignment of Assignor's interest the Ground Lease.
- C. Pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions (as amended the "Purchase Agreement"), dated as of August 21, 2008 by and among Assignor as "Seller" and Assignee, as "Purchaser," at the Closing (as defined in the Purchase Agreement), Assignor shall assign and transfer to Assignee all of Assignor's right, title and interest, in and to the Leased Premises and the Ground Lease. The Closing Date as used herein shall have its meaning as set forth in the Purchase Agreement.
- D. Landlord has agreed to the assignment of the Ground Lease from Assignor to Assignee, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the parties hereby agree as follows:

- 1. Assignment. Assignor hereby assigns to Assignee all of Assignor's right, title and interest, as tenant, in, to and under the Ground Lease, to be effective from and after the Closing.
- 2. Assumption. Assignee hereby assumes all of Assignor's obligations in, to and under the Ground Lease first accruing after the Closing, to be effective upon the Closing.

382385

3. Indemnification. Assignee hereby agrees to indemnify, defend and hold Assignor harmless with respect to any loss or liability resulting from any breach by Assignee of its obligations as tenant under the Ground Lease occurring after the date of the Closing. Assignor hereby agrees to indemnify, defend and hold Assignee harmless with respect to any loss or liability resulting from any breach by Assignor of its obligations as tenant under the Ground Lease occurring up to and including the date of the Closing.

4. Miscellaneous. This Assignment may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall be one instrument. This Assignment shall be binding upon the parties and their respective successors and assigns. This Assignment shall be governed by and interpreted in accordance with the laws of the State of Nevada. If any action or proceeding is commenced by either party with respect to this Assignment, the prevailing party in such action or proceeding shall be entitled to recover its costs and expenses incurred in such action or proceeding, including attorney's fees and costs. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one agreement.

5. Effective Date of Assignment. This Assignment shall be effective as of the date the Carson City Airport Authority executes this Assignment and records this Assignment at the Carson City Records Office ("**Effective Date**"). In the event the Closing does not occur for any reason whatsoever, this Assignment shall be null and void and no longer effective.

(Remainder of Page Left Intentionally Blank)

382385

IN WITNESS WHEREOF, this Assignment is made and entered into as of the date first set forth above.

ASSIGNOR:

MOUNTAIN WEST AVIATION, LLC,  
a Nevada limited liability company

By: [Signature]  
Name: Michael Gordon  
Title: Managing Agent

ASSIGNEE:

KCXP INVESTMENTS, LLC,  
a Delaware limited liability company

By: [Signature]  
Name: Tom Gonzales  
Title: Member

CONSENTED TO BY:

CARSON CITY AIRPORT AUTHORITY

By: [Signature]  
Name: S.W. Lewis  
Title: Chairman

382385

STATE OF ~~NEVADA~~ FLORIDA

COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on Aug 20th, 2008, by YOUNG & RUBICAM as MANAGER of KCXP Investments LLC

[Signature]

Notary Public

My commission expires: 4/29/12

NOTARY PUBLIC STATE OF FLORIDA  
Brandon Shawn Norris  
Commission # DD801473  
Expires: JUNE 29, 2012  
ATLANTIC BONDING CO., INC.

STATE OF NEVADA

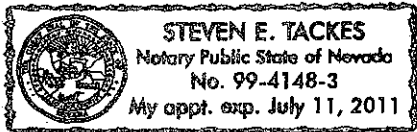
COUNTY OF CARSON CITY

This instrument was acknowledged before me on Aug 25, 2008, by Michael Golden as Managing Agent of Mountain West Aviation, LLC

[Signature]

Notary Public

My commission expires: July 11, 2011



STATE OF NEVADA

COUNTY OF \_\_\_\_\_

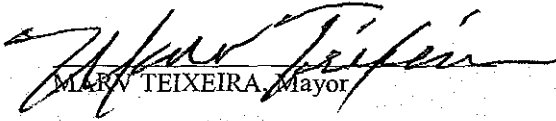
This instrument was acknowledged before me on \_\_\_\_\_, 2008, by \_\_\_\_\_ as \_\_\_\_\_ of \_\_\_\_\_.

Notary Public

My commission expires: \_\_\_\_\_

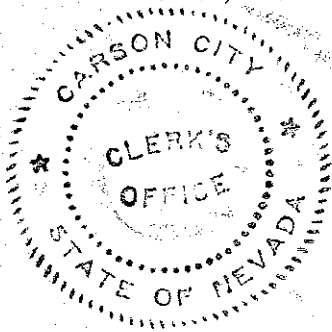
CARSON CITY

Approved by the Board of Supervisors this 4<sup>th</sup> day of September, 2008.

  
MERV TEIXEIRA, Mayor

ATTEST:

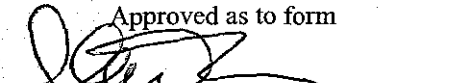
  
ALAN GLOVER, Clerk/Recorder



CITY'S LEGAL COUNSEL  
Approved as to form.

  
DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL  
Approved as to form

  
STEVEN E. TACKES, ESQ.

382385

**BASIS OF BEARING**

THE BASIS OF BEARING FOR THIS SURVEY IS THE NEVADA STATE PLANE COORDINATE SYSTEM, MODIFIED GRID, AS SHOWN ON THE RECORD OF SURVEY RS 2254, DOC. NO. 330854

**REFERENCE**

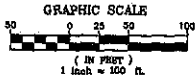
(N) RECORD OF SURVEY RS 2254 - DOC. NO. 330854

**SURVEYOR'S NOTE**

ALL INTERNAL DIMENSIONS SHOWN ARE PER RECORD OF SURVEY NO. 2150, FILED IN THE CARSON CITY RECORDS OFFICE AS DOC # 186154

**GOLDEN LEASE PARCEL DESCRIPTION FOR CARSON CITY AIRPORT**

BEING A PORTION OF THE EAST HALF OF SECTION 4, TOWNSHIP 15 NORTH, RANGE 20 EAST M.D.B & M. WITHIN CARSON CITY COUNTY, NEVADA



LEASE PARCEL 72A

BOUNDARY LINE OF AIRPORT

24' PROPOSED PERIMETER ROAD

TRUE POINT OF BEGINNING PARCEL B

TRUE POINT OF BEGINNING PARCEL A

AIRPORT STRUCTURES LEASE PARCEL 209A

JET RANCH LEASE PARCEL 207

PARCEL A 0.75 Acres

PARCEL B 0.75 Acres

97.50

30.00

35.00

N 63°40'38" E 144.00

N 63°40'38" E 144.00

N 26°19'22" W 226.87

N 26°19'22" W 226.87

S 63°40'38" W 144.00

S 63°40'38" W 144.00

N 26°19'22" W 226.87

S 63°40'38" W 144.00

S 43°51'12.74" N 131.52

NE COR SEC 4, T 15 N, R 20 E MDM.

382385

LEASE PARCEL EXHIBIT FOR CARSON CITY AIRPORT

BEING PORTION OF THE EAST HALF OF SECTION 4, T.15 N., R. 20 E., M.D.B & M. CARSON CITY COUNTY, NEVADA



555 DOUBLE EAGLE COURT, SUITE 2000 RENO, NEVADA 89521-8991 (775)828-1622

AUGUST, 2008

SHEET 1 OF 1

EXHIBIT A

Carson City Airport Lease Agreement

(See Attached)

382385



## CARSON CITY AIRPORT LEASE AGREEMENT

This lease, made and entered into this 20th day of August, 2008, between Carson City (property owner), Carson City Airport Authority (Landlord), whose address is 2600 E. College Parkway #6 Carson City, Nevada 89706, and MOUNTAIN WEST AVIATION, LLC., (Tenant), whose address is PO Box 1695, Crystal Bay, Nevada 89402.

### WITNESSETH:

WHEREAS, the Tenant and Landlord desire to bifurcate Tenant's existing lease (on LP 44 and LP 45, recorded as Document Nos. 191541 and 368759, Carson City Records) into a reduced size fuel lease and this lease as regards certain ground space for construction of one or more hangars pursuant to the provisions of Title 19 of the Carson City Municipal Code; and

WHEREAS, the parties desire to establish such lease in a manner consistent with the Airport Master Plan and Carson City Municipal Code, so as to lease Tenant ground space consistent with uses desired by Landlord and to provide economic activity and monetary support to the Carson City Airport; and

THEREFORE, Landlord and Tenant agree as follows:

1. PREMISES. Landlord leases to Tenant and Tenant leases from Landlord the real property located at the Carson City Airport identified as 1.5 acres (two .75 acre areas) west of the Airport Structures lease and adjacent to Taxiway C, as set forth on the Record of Survey Map recorded February 29, 1996, and as fully described on Exhibit A ("Legal Description") to this lease (premises), and the appurtenant rights included in Paragraph 8.

2. TERM. The term shall be fifty (50) years from the date of approval by the Carson City Board of Supervisors hereunder.

3. RENT. Tenant shall pay to Landlord:

A. \$6,364.12 per year (\$530.34 per month); calculated as \$0.0974 per square foot per year for the entire leased area (65,340 sq. ft.) Rent shall be payable monthly with the first year's payment due in advance and with payments thereafter due on the first day of each month. Tenant shall be responsible for the paving of ramp and taxilane area within the leasehold boundaries.

B. Tenant shall pay \$12,000, per acre leased, in utilities infrastructure fees to utilize the utility plant previously installed on the Airport at the expense of the Airport Authority, separate and apart from any hookup fees assessed by the Carson City Utility Department.

C. Tenant shall install, at Tenant's cost, utilities infrastructure and paving in conformance with the engineering design approved by the Authority for this area.

4. CPI ADJUSTMENT. An adjustment of the rental and fees above described shall occur on two year anniversary intervals from January 1, 2008, during the term of this Lease. Such adjustment of rental shall be based upon the percentage change reflected by the Consumer Price Index (hereinafter called the Price Index) for the preceding two year period. The Price Index shall mean the average for "all items" shown on the "U.S. City Average for All Urban Consumers" as promulgated by Bureau of Legal Statistics of the U.S. Department of Labor, as amended or replaced by the agency. Landlord shall measure each two year adjustment using the most recently available report, recognizing that it may be necessary to use a 2 year period with a final quarter ending prior to each December 31 adjustment date. In no event, however, shall any decrease in the Consumer Price Index result in a decrease of the rental below the base rate. For example, if the CPI for December 2007 is 155.0 (1982-1984=100) and for December 2005 is 150.0, then the rent would be adjusted by the difference(155.0-150.0) divided by 150.0 which equals a 3.3% increase.

5. IMPROVEMENTS. Tenant shall commence construction of the subject improvement as set forth in Exhibit B to this lease with construction completed within 2 years of execution of this Lease. Tenant shall, within 180 days of execution of this Lease, conduct a record of survey in coordination with Landlord to enable issuance by the Carson City Assessor of an APN (parcel number) which is a prerequisite for City permits (building, etc.). Such record of survey shall be at Tenant's expense.

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

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

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

C. Violation of Tenant or its contractors, and/or subcontractors of the terms and conditions of this Agreement, as determined by Landlord at its sole discretion. If such default is not cured, within ten (10) days after written notice thereof form

Landlord to Tenant, Landlord may, at its sole discretion, suspend or terminate this Agreement.

D. Failure of Tenant to abide by all applicable laws, ordinances, rules and regulations of the United States, State of Nevada, or Carson City.

D. Filing a petition of voluntary or involuntary bankruptcy.

E. The making by the tenant of any general assignment for the benefit of creditors.

F. Violation of any of these standards, rules, and regulations, or failure to maintain current licenses required for the permitted operation.

G. Failure to provide the required certificates of insurance if such failure continues after 10 days written notice.

H. Failure to complete construction of the facilities as required by this Lease and any exhibits or amendments thereto, or extensions granted by action of the Airport Authority at a publicly noticed meeting. Landlord may terminate this Lease under this subsection H at its sole discretion, with thirty (30) days written notice of its intention to terminate this Lease.

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

7. REMEDIES. Landlord shall have the following remedies if Tenant commits a default. These remedies are not exclusive; they are cumulative to any remedies now or later allowed by law. Such rights and remedies may be exercised and enforced concurrently and whenever and as often as deemed advisable. Any amount paid or expense or liability incurred by the Landlord for the account of Tenant may be deemed to be additional charges and the same may, at the option of Landlord, be added to any amounts then due or thereafter falling due.

A. Penalties. Landlord or City may assess any penalties permitted under Carson City Municipal Code Title 19, or any penalties otherwise provided by law if the default constitutes a violation of law.

B. Tenant's right to possession not terminated. Landlord can continue this lease in full force and effect, and the lease will continue in effect as long as Landlord does

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

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

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

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

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

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

and any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.

8. APPURTENANT RIGHTS AND RESTRICTIONS.

A. Tenant may use the premises primarily for the storage of aircraft; machinery, parts and tools associated with the stored aircraft; office space associated with the stored aircraft, and is expressly prohibited from conducting any activity at the Carson City Airport other than that provided by this Agreement or as may be approved by Landlord. Tenant is, by this lease, an authorized FBO for the inside storage of aircraft, and shall comply with the provisions of Title 19 applicable to the public provision of aircraft storage for multiple aircraft hangars. Tenant shall not perform any salvage, rehabilitation, maintenance, construction or reconstruction, commercial, or industrial operations for any aeronautical uses, vehicles, and equipment except for aircraft owned by Tenant unless authorized by Landlord. Except as specified in this Lease, Tenant is prohibited from any fixed base operations which are revenue producing in or on or from Tenant's facility. Tenant may conduct such non-aviation business upon the premises as are otherwise permitted by law and do not otherwise interfere with the aviation uses permitted under this Lease and other leases on this airport. Landlord's decision shall be final as to claims of conflict over interfering uses. No person may live in, or otherwise inhabit, any hangars constructed on the property leased. AIRCRAFT- All aircraft stored on the leased area must be registered as personal property in Carson City, Nevada, unless such aircraft are transient and are not on the leased area for more than 21 days. Tenant shall supply Landlord with evidence of the registration and taxation information on the one year anniversaries of this lease, or upon such shorter period as may be requested by the Airport Manager.

B. Ingress and Egress. Tenant shall have full and unimpaired access to the premises at all times and a nonexclusive right to use the taxiways between premises and runway. Tenant shall be responsible for, and control the access to, the premises. Access between the leasehold and Airport shall comply with the Landlord's rules, regulations, or access plans and any rules or security regulations which may have been established or shall be established in the future by the FAA, the Transportation Security Administration (TSA) or the State of Nevada. To the extent that the Airport

utilizes a key card or other gate control system, and charges Airport users for such system, Tenant shall be entitled to use the system upon the same terms, conditions and charges as other Airport users.

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

D. Air Space and Subsurface Rights. This lease confers no rights to the subsurface of the land more than five (5) feet below the ground level of the premises or to airspace more than ten (10) feet above the top of the roof of the building or buildings that is a part of the premises. Exported material must be approved by the Landlord as to placement or sale. Tenant acknowledges that Landlord is the owner of the dirt material in place at the time of lease. All exemptions or applications must have the prior approval of Landlord.

E. Federal Requirements.

1. The Tenant for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration, does covenant and agree as a covenant running with the land that Tenant shall comply with all Federal Aviation Regulations (FARs) applicable to Tenant's operations on the premises. The Tenant acknowledges that the Airport is the recipient of FAA Airport Improvement Program funds and other federal funds. The Tenant shall take no action which violates or causes others to violate the Assurances granted to the FAA in conjunction with such federal funding. Such assurances include, but are not limited to compliance with:

- a. Title 49, USC, subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act - 5 U.S.C. 1501, et seq. (if applicable)
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.

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- h. Native Americans Grave Repatriation Act -25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.1
- l. Title 49 ,U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Civil Rights Act of 1964 - Title VI - 42 U.S.C. 2000d through d-4.
- o. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- p. American Indian Religious Freedom Act, P.L. 95-341, as amended
- q. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.
- r. Power plant and Industrial Fuel Use Act of 1978 -Section 403- 2 U.S.C. 8373.
- s. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.
- t. Copeland Anti kickback Act - 18 U.S.C. 874.1
- u. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.
- v. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- w. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq. (if applicable)
- x. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.
- y. Such Executive Orders as may be applicable to FAA AIP funding.
- z. Such Federal Regulations as may be applicable to FAA AIP funding, and such other OMB Circulars as may apply and are listed at [http://www.faa.gov/airports\\_airtraffic/airports/aip/grant\\_assurances/medi a/airport\\_sponsor\\_assurances.pdf](http://www.faa.gov/airports_airtraffic/airports/aip/grant_assurances/medi a/airport_sponsor_assurances.pdf) or such updated listing at the official website maintained by the FAA.

2. The Tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration covenants and agrees as a covenant running with the land that: 1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination in the use of the facilities; 2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination.

3. Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21,

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Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as the Regulation may be amended.

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

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

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

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

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

9. The Landlord reserves the right, but shall not be obligated to the Tenant, to maintain and keep in repair the landing area of the Airport and all



publicly-owned facilities of the Airport, together with the right to direct and control all activities of the Tenant in this regard.

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

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

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

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

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

15. It is understood and agreed that nothing contained in this lease shall be construed to grant or authorize the granting of an exclusive right within

the meaning of Section 308 of the Federal Aviation Act of 1958 (49 U.S.C. 1349).

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

9. ASSIGNMENT AND SUBLEASING. Tenant shall be permitted to assign this lease, or a portion thereof, to a hangar owners association to allow individual ownership of hangars, but Tenant shall remain the single entity responsible to Landlord. The parties anticipate that individual owners of hangars will be members of said association, and to the extent consistent with that assignment, Tenant or Association may sublease portions of the leasehold to said individual owners, without further approval required of Landlord, where such subleases are necessary or appropriate to the sale of interest in individual hangars. Tenant and Association may assign or delegate lease obligations as between each other with respect to operation or maintenance of the leasehold, recognizing the Tenant is ultimately responsible to Landlord. Tenant shall have no other right to assign or sublet its interest in this lease except upon Landlord's prior consent. Any assignment or sublease will be binding to assignees/sublessees on all terms and conditions in this lease.

Tenant shall have the right to assign, pledge, or hypothecate this lease for the purpose of securing additional financing, upon the prior approval of Landlord. Upon request of Tenant, Landlord agrees to execute an estoppel certificate for the benefit of Tenant, or the benefit of individual hangar owners association members if in relation to individual financing, representing that the lease is in full force and effect, and Tenant is not in default under the lease and such other items as Tenant may reasonably request.

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

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

10. INSURANCE AND BONDING.

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

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

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

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

4. Fire and extended coverage and vandalism and malicious mischief insurance, as provided by the lease Agreements, for damage or destruction of real property or leasehold improvements, where the Landlord has, or will have, an interest in such property by virtue of an existing lease.

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

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

C. Review of Insurance coverage. Landlord and Carson City reserve the right, every five years, to review and adjust the amount of insurance coverage required.

D. Insurance to remain in effect. Tenant agrees to keep all insurance policies in effect, as required by this Lease, until the time Tenant surrenders the premises.

11. HOLD HARMLESS. The Tenant, in consideration of the Landlord's agreement to lease certain real property to Tenant pursuant to this Agreement, agrees that at all times during the term of this Agreement, Tenant shall indemnify and defend, saving harmless Carson City, Landlord, its officers, boards, commissions, agents, and employees from any and all claims directly related to or connected with the use of occupation of the leasehold property by any person whatsoever on account

of property damage, injury, or death of a person or persons acting on behalf of, or upon the request of, the Tenant during the term of this Agreement.

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

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

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

- (a) a release of a Hazardous Substance in or about the Premises and/or Lands except in strict compliance with Environmental Laws and any applicable Permits;
- (b) the receipt by the Tenant of an Environmental Notice; or
- (c) the receipt by the Tenant of information which indicates that Hazardous Substances are being used, dissipated, stored, disposed of or introduced into the environmental by anyone in or about the Premises and/or Lands in a manner other than that authorized under Environmental Laws.

Tenant will not permit the storage, use, treatment, disposal or introduction into the environment of Hazardous Substances in or about the Premises and/or Lands, except in compliance with applicable Environmental Laws. If the Landlord receives information that Hazardous Substances are being dissipated, used, stored, disposed of or introduced into the environment by anyone in or about the Premises and/or Lands in a manner other than that authorized under Environmental Laws, the Tenant will conduct such investigations, searches, testing, drilling and sampling ("Investigations") as are reasonably requested from time to time by the Landlord to determine the existence of Hazardous Substances in or about the Premises and/or Lands. If the Tenant does not complete the Investigations to the satisfaction of the Landlord, the Landlord may enter on the property of the Tenant and take any actions necessary to complete the Investigations, the cost of which actions will be borne by the Tenant as additional rent. If remedial work is required due to the presence of Hazardous Substances on or in the Premises and/or the Lands, the Tenant will take all necessary action, at the cost of the Tenant, to

restore the Premises and/or Lands to a level acceptable to the Landlord and to all governmental authorities having jurisdiction. Upon the request of the Landlord, from time to time, the Tenant will provide to the Landlord satisfactory documentary evidence that all environmental permits are valid and in good standing.

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

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

and such indemnity will survive the expiration or any termination of this lease notwithstanding anything in this lease to the contrary.

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

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

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

Landlord may require Tenant to perform all necessary maintenance, repairs, removal, construction or cleaning/clearing of unsightly areas upon the leased premises. In the event such

maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas is not undertaken as required, Landlord may perform such maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas on behalf of Tenant and at Tenant's expense, plus ten percent (10%) for administration.

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

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

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

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

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

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


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

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

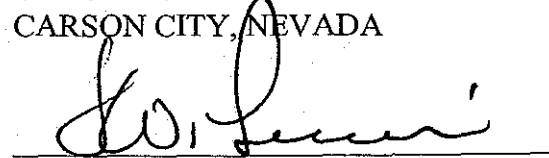
20. ADDITIONAL CONDITIONS. Unless otherwise provided, Tenant shall comply with the Development/Construction Standards set forth in Appendix A. Unless otherwise provided, all construction materials, appearance, and building size shall be completed as represented in the bid submissions.

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TENANT  
MOUNTAIN WEST AVIATION, LLC,

  
Michael Golden, LLC Manager

LANDLORD  
CARSON CITY AIRPORT AUTHORITY  
CARSON CITY, NEVADA

  
Steve Lewis, CHAIRMAN

ATTEST:

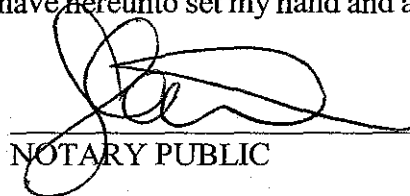
  
Collie Hutter, TREASURER

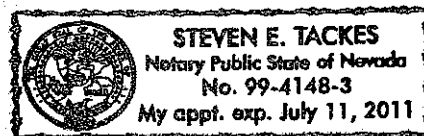
STATE OF NEVADA )

COUNTY OF Carson City SS

On this 25th day of August, 2008, before me, the undersigned, a Notary Public, personally appeared Michael Golden, President of, or Managing Member of MOUNTAIN WEST AVIATION, LLC, known to me to be the person described herein, who executed the foregoing instrument, and he acknowledged to me, that he has the requisite authority and executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

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

  
NOTARY PUBLIC (SEAL)

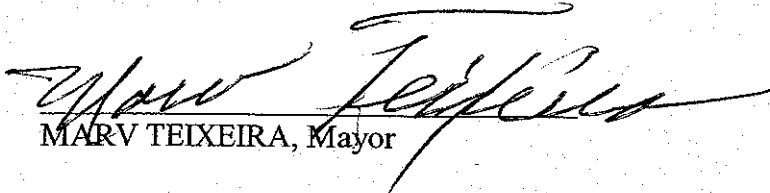


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CARSON CITY

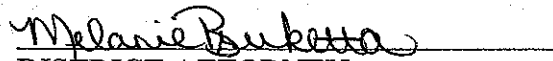
Approved by the Board of Supervisors this 4<sup>th</sup> day of September, 2008.

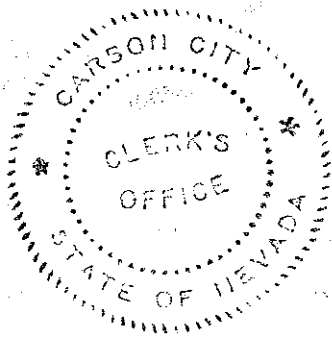
  
MARV TELXEIRA, Mayor

ATTEST:

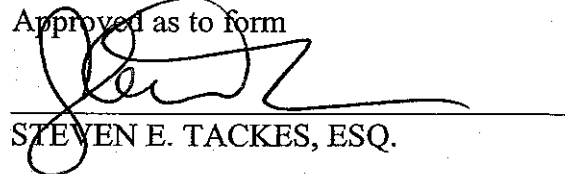
  
ALAN GLOVER, Clerk/Recorder

CITY'S LEGAL COUNSEL  
Approved as to form.

  
DISTRICT ATTORNEY



AIRPORT AUTHORITY COUNSEL  
Approved as to form

  
STEVEN E. TACKES, ESQ.

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**APPENDIX A  
CARSON CITY AIRPORT AUTHORITY**

**DEVELOPMENT/CONSTRUCTION STANDARDS**

**CODE REQUIREMENTS** - ALL CONSTRUCTION SHALL MEET ALL CARSON CODES AND REQUIREMENTS INCLUDING THE CARSON CITY AIRPORT AUTHORITY (C.C.A.A.)

**OUTSIDE STORAGE AREA** - T-HANGERS, SHOP-HANGERS/OFFICE BUILDINGS ETC. SHALL NOT HAVE OUTSIDE STORAGE OF ANY KIND.

**WATER** - WATER SERVICE SHALL BE BROUGHT TO THE PROPERTY BY THE LEASE HOLDER.

**FIRE HYDRANTS** - FIRE HYDRANTS MAY BE REQUIRED PURSUANT TO FIRE DEPARTMENT REGULATIONS AND ARE THE LEASEHOLDERS RESPONSIBILITY.

**POWER** - ELECTRIC POWER SHALL BE REQUIRED TO EACH BUILDING.

**FLOORS** - GROUND LEVEL CONCRETE FLOORS SHALL BE REQUIRED IN EACH BUILDING.

**COLORS** - EXTERIOR BUILDING COLORS SHALL BE LIMITED TO BLUE AND TAN MATCHING EXISTING STRUCTURES.

**DOOR HEIGHT** - T-HANGARS MUST HAVE A MINIMUM DOOR HEIGHT CLEAR SPAN OF 12 FT. LARGER OR MULTIPLE AIRCRAFT HANGERS MUST HAVE A MINIMUM DOOR HEIGHT CLEAR SPAN OF 19 FT. UNLESS APPROVED OTHERWISE BY THE AIRPORT AUTHORITY.

**NEW CONSTRUCTION** - ALL BUILDINGS SHALL BE OF NEW CONSTRUCTION.

**LIGHTING** - SECURITY LIGHTING SHALL BE AT THE DISCRETION OF THE AIRPORT AUTHORITY.

**PARKING** - PARKING SPACES SHALL NOT BE REQUIRED FOR HANGARS LOCATED ON THE INTERIOR OF THE AIRPORT. FOR HANGARS THAT ARE LOCATED WITH EXTERIOR ACCESS OR FRONTAGE, ENOUGH SPACES DEEMED PROPER FOR THE SIZE OF THAT BUILDING WILL BE REQUIRED AND WILL BE IN COMPLIANCE WITH THE APPLICABLE CITY CODES. NO PARKING OR STORAGE WILL BE PERMITTED ON AIRPORT PROPERTIES. AUTOMOBILE PARKING WILL BE RESTRICTED TO THE INDIVIDUAL'S LEASEHOLD BUT WILL NOT ALLOW FOR THE EXTERIOR STORAGE OF BOATS, CONTAINERS, RV'S, TRAILERS, WRECKED AIRCRAFT ETC.

**FENCING** - IF APPROPRIATE, PROPERTIES, WITH EXTERIOR BOUNDARIES SHALL PROVIDE SECURITY FENCING. SAID SECURITY FENCING SHALL BE REQUIRED WITH CONSTRUCTION OF THE STRUCTURE. ALL FENCING SHALL BE 6 FT. HIGH, CHAIN LINK FENCE OR BETTER.

**TRASH** - ALL PROPERTY, FENCE AND BUILDING LINES SHALL BE KEPT CLEAR OF WEEDS, TRASH, AND LITTER. LANDSCAPING SHALL BE AT THE DISCRETION OF THE AIRPORT AUTHORITY.

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**Exhibit A**  
**Legal description and map**

**BASIS OF BEARING**

THE BASIS OF BEARING FOR THIS SURVEY IS THE NEVADA STATE PLANE COORDINATE SYSTEM, MODIFIED GRID, AS SHOWN ON THE RECORD OF SURVEY RS 2254, DOC. NO. 330854

**REFERENCE**

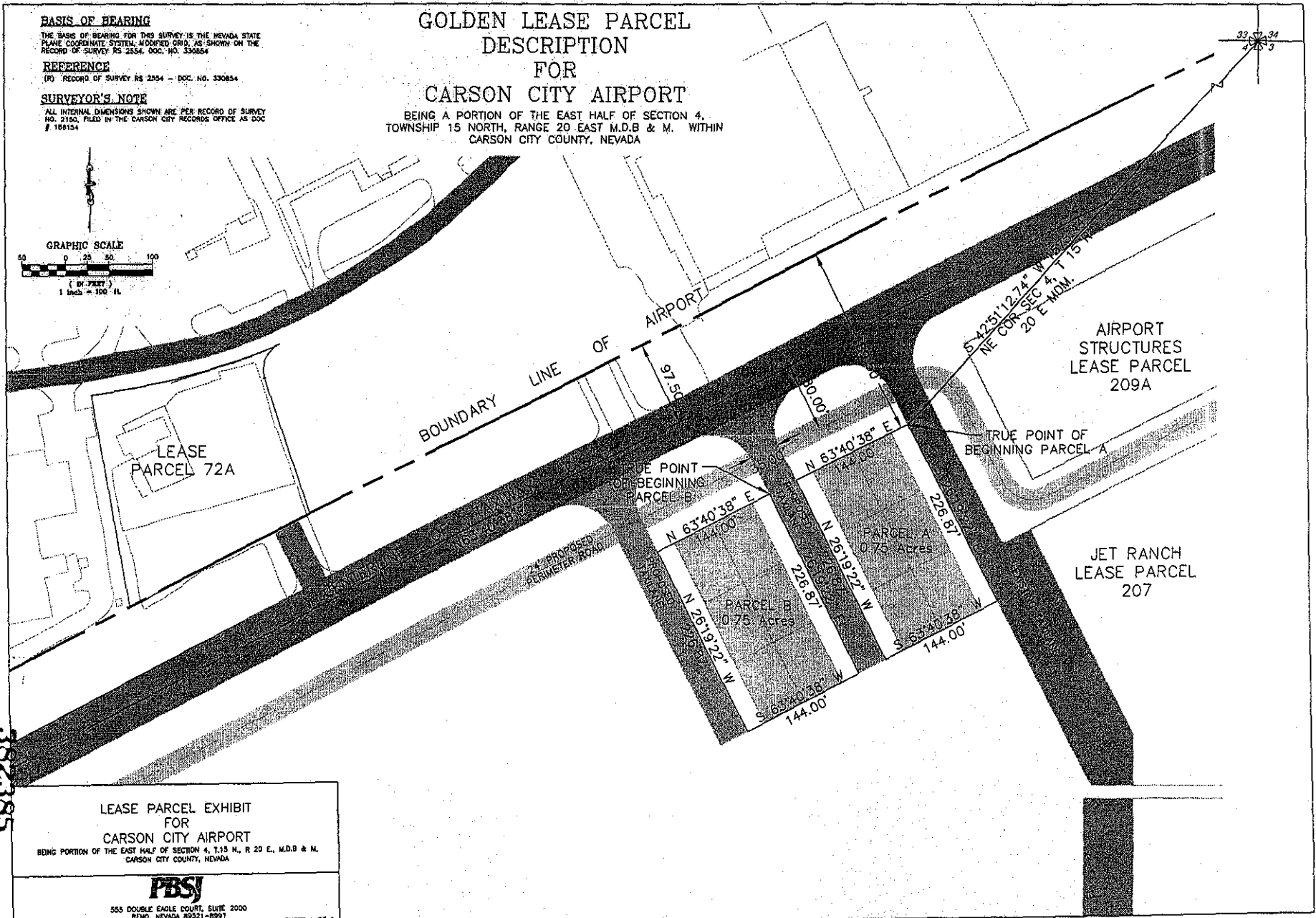
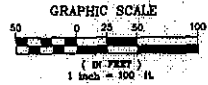
(R) RECORD OF SURVEY RS 2254 - DOC. NO. 330854

**SURVEYOR'S NOTE**

ALL INTERNAL DIMENSIONS SHOWN ARE PER RECORD OF SURVEY NO. 2150, FILED IN THE CARSON CITY RECORDS OFFICE AS DOC # 156124

**GOLDEN LEASE PARCEL DESCRIPTION FOR CARSON CITY AIRPORT**

BEING A PORTION OF THE EAST HALF OF SECTION 4, TOWNSHIP 15 NORTH, RANGE 20 EAST M.D.B & M. WITHIN CARSON CITY COUNTY, NEVADA



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**LEASE PARCEL EXHIBIT FOR CARSON CITY AIRPORT**

BEING PORTION OF THE EAST HALF OF SECTION 4, T.15 N., R. 20 E., M.D.B & M. CARSON CITY COUNTY, NEVADA



555 DOUBLE EAGLE COURT, SUITE 2000  
RENO, NEVADA 89521-8991  
(775)828-1822

AUGUST, 2008

SHEET 1 OF 1



August 14, 2008  
MB/BF

### Golden Lease Parcel Description

All that portion of Section 4, Township 15 North, Range 20 East, M.D.M., in Carson City, Nevada, described as follows:

Commencing at the northeast corner of said Section 4, thence, South  $42^{\circ}51'12.74''$  West 1575.44 feet to the TRUE POINT OF BEGINNING of this description; thence, South  $26^{\circ}19'22''$  East 226.87 feet; thence South  $63^{\circ}40'38''$  West 144.00 feet; thence North  $26^{\circ}19'22''$  West 226.87 feet; thence, North  $63^{\circ}40'38''$  East 144.00 feet, to the point of beginning.

Together with the following described parcel:

Commencing at the northeast corner of said Section 4, thence, South  $42^{\circ}51'12.74''$  West 1575.44 feet; thence South  $63^{\circ}40'38''$  West 179.00 feet to the TRUE POINT OF BEGINNING of this description; thence, South  $26^{\circ}19'22''$  East 226.87 feet; thence South  $63^{\circ}40'38''$  West 144.00 feet; thence North  $26^{\circ}19'22''$  West 226.87 feet; thence, North  $63^{\circ}40'38''$  East 144.00 feet, to the point of beginning.

Containing 1.50 acres, more or less.

The basis of bearings for this description is Nevada State Plane, West Zone.

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**EXHIBIT B**  
**CONSTRUCTION EXHIBITS**

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

Tenant shall be required to furnish to the Carson City Airport Authority a copy of a contract between Tenant and a licensed contractor. The contract shall be protected by a performance bond to guarantee that the improvements will be completed according to the existing codes and the improvements will be free from any liens. Tenant shall cause any contract with any contractor, designer or other person providing work, labor or materials to the Premises to include the following clause:

**“Contractor agrees on behalf of itself, its subcontractors, suppliers and consultants and their employees, that there is no legal right to file a lien upon City-owned property (Airport), and will not file a mechanic's lien or otherwise assert any claim against City's real estate on account of any work done, labor performed or materials furnished under this contract. Contractor agrees to indemnify, defend and hold the Airport Authority and City harmless from any liens filed upon City's property and shall promptly take all necessary legal action to ensure the removal of any such lien at Contractor's sole cost.”**

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

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

**A. Construction Phasing**

1. All plans completed and submitted to Landlord and governmental offices for approval within 1 year of the effective date of the lease.

2. All permits obtained for construction within 120 days next following.
3. All construction completed within two years of the effective date of the lease.

**B. Failure to Use Property.** Failure by Tenant to satisfy the requirements as set forth above may result in default of this Agreement and Landlord may, at its discretion, disallow the use of any, or all, of the premises.

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

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

**CERTIFIED COPY**

The document to which this certificate is attached is a full, true and correct copy of the original on file and of record in my office.

Date September 25, 2008

Alan Glover  
ALAN GLOVER, Clerk-Recorder  
Carson City, Nevada

By [Signature] Deputy

Per NRS 239 Sec.6 the SSN may be redacted, but in no way affects the legality of the document.

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