

Hanger No. _____

**RENO-TAHOE AIRPORT AUTHORITY
NON-COMMERCIAL T - HANGAR LEASE**

BASIC LEASE INFORMATION

Date of Lease: _____

Lessor: Reno-Tahoe Airport Authority, a quasi municipal corporation existing under and by virtue of the laws of the State of Nevada

Lessor's Address: 2001 East Plumb Lane
Reno, NV 89502
Attn: _____
Phone: (775) 328-6400
Fax: (775) 328-6414

Lessee: _____

Lessee's Address: _____

Attn: _____
Phone: (office) (____) ____ - _____
Phone (emergency/cellular): (____) ____ - _____
Fax: (____) ____ - _____
Email: _____

Leased Premises: T - Hangar # _____ located at **485 South Rock Boulevard, Reno, Nevada** containing approximately _____ square feet of building space for aircraft storage, together with existing improvements thereto, and aircraft apron and ramp access to the Air Operations Area for the uses authorized by and under conditions set forth in this Lease

Term of Lease: Two (2) years or until June 30, 2012; whichever shall occur first, commencing on the Commencement Date unless earlier terminated in accordance with the other provisions of the Lease.

Commencement Date: _____

Monthly Rent: _____

Security Deposit: _____

Lessee's Driver's License Number: _____

Lessee's Pilot's License Number: _____

Aircraft Make, Model and Registration Number: _____

Exhibits to Lease: EXHIBIT A – GENERAL LEASE TERMS
Schedule 1 – LEASED PREMISES DESCRIPTION
Schedule 2 – GOVERNMENTAL CONDITIONS
Schedule 3 – GENERAL PROVISIONS

All exhibits shall be incorporated in this Lease as if set forth in full.

This Non-Commercial T-Hangar Lease, is made this ____ day of _____, 20____, by and between the Reno-Tahoe Airport Authority, a quasi-municipal corporation existing under and by virtue of the laws of the State of Nevada, and _____ ("Lessee") and is subject to all of the terms and conditions set forth in the attached Exhibit A. Upon its execution, this Lease supersedes any prior Non-Commercial T-Hangar Lease for the Leased Premises and shall be effective on the day and year first above written.

IN WITNESS WHEREOF, the parties have executed this Lease on the date first set forth in the Basic Lease Information.

LESSEE:

By: _____

Name: _____
(Please Print)

Title: _____
(Please Print)

AUTHORITY:

RENO-TAHOE AIRPORT AUTHORITY

By: _____

Name: _____
Krys T. Bart

Title: _____
President/Chief Executive Officer

EXHIBIT A

GENERAL LEASE TERMS

RECITALS:

A. Authority owns, operates and maintains that certain airport known as Reno-Tahoe International Airport, located in Reno, Washoe County, Nevada ("Airport"); and is authorized to contract for use of Airport premises and facilities.

B. Authority is the owner in fee simple of that certain parcel of real property which has been operated as a Fixed Base Operation (FBO) since 1985 and will continue to be so operated through and including June 30, 2010; containing approximately 15.46 acres of land together with 146,278 square feet of improvements thereto including a pilot's lounge, administrative offices, and maintenance and aircraft storage hangars; apron and ramp located in the northeast quadrant of the Airport with access to the Air Operations Area; and

C. The former FBO leased certain real property (including the Leased Premises) from Authority and entered into a T-Hangar sublease agreement with Lessee for the Leases Premises to store Lessee's aircraft in a noncommercial aircraft storage hangar more particularly described herein.

D. On June 30, 2010, the current Fixed Base Operator's operation and its leasehold interest in the Leased Premises will cease and Lessee wishes to remain on the Airport and requests to enter into a Noncommercial T-Hangar Lease directly with Authority to lease the Leased Premises.

E. Authority deems it advantageous to itself and to its operation of the Airport to enter into this Lease (below defined) with Lessee on the terms and conditions hereinafter set forth.

F. Lessee has reviewed the terms and conditions of this Lease and agrees to be bound thereunder in consideration of Authority's grant of the right to use the Leased Premises for the uses and purposes described herein.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, Authority and Lessee do hereby agree to enter into this Lease upon the following terms, promises, covenants and conditions:

ARTICLE 1

LEASE OF PREMISES

Section 1.01 - Leased Premises. Authority hereby leases to Lessee and Lessee leases from Authority the Leased Premises. The Leased Premises are as shown on Schedule 1, attached hereto and by this reference made a part hereof, and as revised from time to time hereafter. Capitalized terms are as defined in Article 10 hereof.

Section 1.02 - Condition of Leased Premises; Occupancy and Use. Lessee has inspected and accepts the Leased Premises in the condition existing as of the commencement of this Lease, with all defects, latent and patent, and without expense to Authority. Lessee agrees that it will not permit any act of omission or commission or condition to exist on the Leased Premises or the Airport which would in any way create a hazard to persons or property, would serve to jeopardize or invalidate any policies of insurance or increase the premium rate(s) charged for any insurance carried on the Leased Premises or the Airport, or which would be in violation of federal, state or local laws, rules and regulations thereby subjecting the Authority or others to sanctions, fines or penalties impeding the operation of the Airport.

Section 1.03 - Ingress and Egress. Lessee is granted, for the term of this Lease the unlimited and nonexclusive lawful right of ingress to and egress from the Leased Premises for Lessee and Lessee's agents, employees, contractors, guests, patrons and invitees; provided, however, that no person is authorized to enter a restricted area of the Airport by virtue of such right of ingress and egress to and from the Leased Premises.

Section 1.04 - Use of the Airport. Subject to the terms and conditions of this Lease and all Airport Rules and Regulations, Lessee shall have the right, in common with others so authorized, to use the Landing Area and appurtenances of the Airport, together with all facilities, improvements and services, including approach

areas, runways, taxiways, aprons, aircraft parking areas, navigational and navigational aids, lighting facilities, control tower and other conveniences for flying, landing and takeoff of aircraft operated by Lessee, that have been or may hereafter be provided for common use at or in connection with the Landing Area of the Airport. Such use by Lessee shall be for the sole purpose of the landing, takeoff, flying, taxiing and towing of aircraft in connection with the operation of Lessee's noncommercial aircraft storage hangar and for no other purpose.

Section 1.05 - Use of Common Areas. Lessee, its employees, guests, patrons, and invitees shall have the right to nonexclusive use, in common with other authorized users, of the common areas of the Airport including those unrestricted, common-use portions of the Leased Premises and appurtenances thereto, together with all facilities, equipment, improvements and services that have been or may hereafter be provided at or in connection with the Airport for common use. Authority reserves the right to make changes in designations, locations and arrangement, and additions, modifications, deletions, alterations and improvements to public, common and joint use areas on the Airport, provided there shall be no unreasonable obstruction of Lessee's right of ingress to and egress from the Leased Premises, or interference with Lessee's ability to use the Leased Premises for the purposes intended hereunder, as provided in Article 5 and pursuant to applicable definitions set forth in Article I hereof.

Section 1.06 - Reservations. Authority expressly reserves from the Lease of the Leased Premises and rights conveyed hereunder:

- A. All gas, oil, water, geothermal and mineral rights in and under the soil;
- B. A public right of flight through the air space above the ground; and
- C. The right to grant utility rights-of-way and easements to others over, under, through, across or on the Leased Premises, provided that such rights-of-way and easements are located at least five (5) feet from any existing building; provided that such use will not unreasonably or materially interfere with Lessee's use of the Leased Premises, and provided further that such reservation or grant of rights shall not result in any cost or expense to Lessee; and
- D. The right to regulate and control the use of all Airport and airfield facilities, including but not limited to the AOA, aprons, ramps and taxiways as now exist and as may be constructed adjacent to the Leased Premises during the term of this Lease. Lessee hereby specifically acknowledges and agrees that Lessee's use of any such Airport and airfield facilities shall be as directed and regulated by the Authority.

Section 1.07 - Quiet Enjoyment. Upon Lessee's payment of all obligations due hereunder and performing all of the covenants, conditions and agreements set forth herein and provided by law, Lessee shall and may peaceably and quietly have, hold and enjoy the Leased Premises for the term provided herein.

Section 1.08 – Right of First Refusal. In the event Authority constructs new hangars for general aviation use at the Stead airfield (the "New Hangars") and so long as no event of default (as set forth in Section 9.02) has occurred and is then continuing, Lessee shall have a right of first refusal to lease one of the New Hangars. Upon completion of the New Hangars, Authority shall notify Lessee of the monthly rental rate and other material terms upon which the Authority is willing to lease such space (the "Offer Notice"). If Lessee desires to lease one of the New Hangars on the terms set forth in the Offer Notice, then within ten (10) business days following Lessee's receipt of the Offer Notice, Lessee shall deliver written notice to Authority that Lessee elects to lease such space on the terms set forth in the Offer Notice. If Lessee elects to lease such space, then Authority and Lessee shall execute a new lease on the terms set forth in the Offer Notice, as well as a termination agreement, terminating this Lease. If Lessee does not respond affirmatively in writing within ten (10) business days of Lessee's receipt of the Offer Notice, Lessee shall be deemed to have rejected Authority's Offer Notice, and Lessee's right of first refusal shall be of no further force or effect.

Section 1.09 – Relocation. At any time after Lessee's execution of this Lease, Authority shall have the right, upon thirty (30) days' prior written notice to Lessee, to provide Lessee with reasonably similar space elsewhere at the Airport of approximately the same size as the Leased Premises and to relocate Lessee to such space. In the event that Authority shall exercise such right subsequent to Lessee's occupancy of the Leased Premises, Authority shall pay all reasonable costs of moving Lessee to such new space. If Authority moves Lessee to such new space, then this Lease and each and all of the terms and covenants and conditions hereof shall remain in full force and effect and thereupon be deemed applicable to such new

space, except that the new space shall be substituted for the current space and a revised Schedule 1 identifying such new space shall become part of this Lease. Should Lessee refuse to permit Authority to move Lessee to such new space, Authority shall have the right to terminate this Lease by written notice to Lessee, which termination shall be effective sixty (60) days after the date of Authority's original notice of relocation. Nothing contained in this Section 1.09 shall require Authority to offer to Lessee to substitute any similar space that becomes available at the Airport for Lessee's existing space.

ARTICLE 2

TERM

Section 2.01 - Term. The term of this Lease shall be as set forth in the Basic Lease Information.

Section 2.02 - Surrender. Notwithstanding any other provision of this Lease to the contrary, no notice to quit possession at the expiration date of the term of this Lease shall be necessary. Lessee covenants and agrees that at the expiration of the term, or at any earlier termination hereof, Lessee will peaceably surrender possession of the Leased Premises and improvements thereto in good condition, reasonable wear and tear, acts of God, and other casualties excepted, and Authority shall have the right to take possession of the Leased Premises with or without due process of law.

Section 2.03 - Hold Over. In the event Lessee remains in possession of the Leased Premises after the expiration or termination of this Lease without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Lease but shall create only a month-to-month holdover tenancy under the same operating conditions contained herein, except as to rents and fees which shall be established and charged by Authority at its discretion. Said holdover tenancy shall be subject to Authority's termination and repossession of the Leased Premises at any time. Lessee shall be liable to Authority for all loss or damage on account of any holding over against Authority's will after the expiration or cancellation of this Lease, whether such loss or damage may be contemplated at this time or not. No receipt or acceptance of money by Authority from Lessee after the expiration, termination or cancellation of this Lease or after the service of any notice, after the commencement of any suit, or after final judgment for possession of the Leased Premises, shall reinstate, continue or extend the terms of this Lease, or affect any such notice, demand or suit or imply consent for any action for which Authority's consent is required or operate as a waiver of any right of the Authority to retake and resume possession of the Leased Premises.

ARTICLE 3

RENTS, FEES, CHARGES,

Section 3.01 - Rent. For the use and occupancy of the Leased Premises hereunder, Lessee shall pay to Authority monthly rent in the amount set forth in the Basic Lease Information. The rental rate shall be adjusted as provided for in Section 3.03 hereof.

Section 3.02 - Security Deposit. Lessee shall deliver to Authority a Security Deposit in the amount set forth in the Basic Lease Information in a form satisfactory to the Authority to be held and applied by the Authority to discharge any obligations of Lessee under this Lease to include cost to remove abandoned property as provided for in Section 9.05. The Security Deposit shall remain in full force and effect throughout the Lease term and for a period of forty-five (45) days following any termination of this Lease. If any portion of the deposit is applied by Authority prior to the expiration date or earlier termination of this Lease, Lessee shall, within ten days of written demand from Authority, restore the amount of the deposit to be held by Authority for the remainder of the term of this Lease.

Section 3.03 - Rent Adjustment. Should a holdover occur, rent payable hereunder shall be adjusted annually effective upon the first day of each yearly anniversary (the "Adjustment Date") during the term of this Lease, in an amount equal to the percentage of change in the CPI-U Index published for All Urban Consumers United States City Average, All Items, published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is published for the year immediately preceding the applicable Adjustment Date. If the aforesaid Index is discontinued or revised during the term of this Lease, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. Notwithstanding any other provision hereof to the contrary, in no event shall the adjusted rental rates be less than those rates established for the immediately preceding adjustment period.

Section 3.04 - Additional Fees, Charges and Rentals. Lessee shall pay additional fees and charges, as additional rent, under the following conditions:

- A. If Authority has paid any sum or sums or has incurred any obligation or expense for which Lessee has agreed to pay or reimburse Authority.
- B. If Authority is required to pay any sum or sums or incur any obligations or expense because of the failure, neglect or refusal of Lessee, after appropriate notice, to perform or fulfill any of the conditions of this Lease.
- C. If Authority is fined or otherwise penalized as a result of the activities, operations or negligence of Lessee or anyone acting by or for Lessee.

Upon an event described in Paragraph B of this Section 3.04, Authority shall give notice to Lessee of the circumstance giving rise to the sum, obligation or expense, and Lessee shall have thirty (30) calendar days from the date of such written notice within which to cure the circumstance or, if its extent is such that it cannot be so cured, to begin and diligently pursue best efforts to cure.

Such payments shall include but not be limited to all interest, costs, damages, penalties and administrative fees in conjunction with such sums so paid or expenses so incurred and may be added to any installment of the fees, charges and rentals due hereunder. Each and every part of such payment shall be recoverable by Authority in the same manner and with like remedies as if it were originally a part of the basic fees, charges and rental, as set forth herein.

Section 3.05- Time and Manner of Payments. All rent and adjusted rent payable by Lessee to Authority hereunder is due and owing, in advance, without notice or demand and without deduction or offset, on or before the first day of each and every calendar month in advance throughout the term of this Lease. Rent for any portion of a month shall be prorated on a daily basis. Any other payments due or reimbursable to Authority by Lessee hereunder shall be paid when incurred or immediately upon receipt of Authority's invoice therefore, and shall be deemed delinquent if not paid within fifteen (15) days of the date due. Payments shall be made at the offices of the President/CEO of the Authority at the Airport, or at such other place as Authority may hereafter notify Lessee, and shall be made in legal tender of the United States.

Section 3.06 - Unpaid Rent, Fees or Charges. Any rent, adjusted rent, fees or charges not paid by the 15th day of the month in which said amounts are due shall bear a service charge at the then highest rate established from time to time by Authority (currently set at 18% APR), from the date due until fully paid. Lessee agrees that it shall pay and discharge all costs and expenses incurred or expended by Authority in collection of delinquent amounts due hereunder, including service charges, professional collection fees and attorneys' fees. Continued failure by Lessee to pay any delinquent amount and accrued service or other charges within five (5) days of Authority's written notice of such breach will constitute a material default under this Lease and Authority may pursue all available remedies for the collection and cure of such default, including but not limited to those cited in Article 10 hereof and as provided by law.

Section 3.07 - Payment of Taxes and Fees; Utilities. Lessee covenants and agrees to promptly pay all lawful general taxes, special assessments, excises, license fees, and permit fees, of whatever nature, applicable to its permitted use at the Airport and to obtain and keep current any and all municipal, state and federal licenses as may be required for of its permitted use at and upon the Airport, and further covenants and agrees not to permit any of said taxes, assessments, fees and charges to become delinquent. Authority agrees that all existing utilities and related services shall be provided and paid for by Authority directly to the service provider. Authority shall not be obligated to make a capital improvement or otherwise incur any cost to accommodate a utility request of Lessee.

ARTICLE 4

OPERATIONS, USE CONDITIONS AND RESTRICTIONS

Section 4.01 – Hangar Summary. Lessee shall file with the Authority a summary of its proposed aircraft to be stored in the hangar, including Lessee's emergency telephone number and the name(s) of Lessee's personnel having responsibility for Lessee's aircraft at the Airport and attaching to said summary: (A) a copy of Lessee's charter and by-laws, partnership agreement and other documentation supporting its existence; to include a roster of officers and directors, if applicable (B) a schedule of all equipment and facilities placed or installed upon the Leased Premises; and (C) a list of all contractors and service providers

utilized by Lessee in connection with Lessee's aircraft. Lessee shall update and revise this summary as changes occur, and shall provide such revised summary to the Authority.

Section 4.02 – Minimum Requirements; Permitted Uses. In addition to rights granted elsewhere in this Lease, Lessee is hereby permitted to store its aircraft in the Leased Premises at Lessee's sole cost and expense. Subject to use restrictions, limitations and conditions set forth in this Lease and as provided by law, Lessee's approved operations shall include the following:

- A. The landing, taking off, flying over, taxiing, towing and conditioning of Lessee's aircraft at the Airport and, in areas designated by Authority including but not limited to those portions of the Leased Premises designed and approved for such purpose, the parking, servicing, deicing, loading or unloading and maintenance of Lessee's aircraft and support equipment, subject to regulations as established by Authority from time to time.
- B. Lessee's aircraft will not be used by other than bona fide owners or their employees for their personal use or incidental business use only. The aircraft will not be used for compensation, barter, charter, or air taxi. Flight instruction may be given in an aircraft on file with the Authority as long as the student is a shareholder/partner or an employee of a shareholder/partner. Otherwise, flight instruction must be given by an authorized Flight School Operator with a current agreement with the Authority. Lessee will not provide aircraft parking or storage for any aircraft other than is on file with the Authority.
- C. Lessee may conduct maintenance or repair on Lessee's aircraft as long it is done by a qualified mechanic employee of the aircraft owner or an authorized service provider with an agreement or permit from the Airport Authority in a designated area approved by Authority.
- D. Lessee is prohibited from subleasing or selling any goods or services whatsoever to any person or firm except that it can sell or exchange its aircraft and/or ground handling equipment. The authorized selling of Lessee's aircraft shall not be used as a subterfuge for conducting commercial aircraft sales.
- E. Lessee shall meet all city, county, state, and federal guidelines. All applicable state and local building codes shall be met.

Section 4.03 - Conditions, Limitations and Use Restrictions. Lessee's use of the Leased Premises and the Airport shall be subject to the following conditions, limitations and restrictions and in accordance with all other applicable terms, covenants and conditions contained herein:

- A. Lessee shall at all times comply with all applicable laws, rules and regulations; including, but not limited to, the laws of the State of Nevada, local ordinances, and federal regulations governing the transportation and storage of hazardous materials, substances and waste, as may now or hereafter be defined by such laws, rules and regulations.
- B. Lessee shall not make use of the Leased Premises or the Airport in any manner which might interfere with or permit interference with the use, operation or maintenance of the Airport, including but not limited to the effectiveness of or accessibility to the drainage, sewerage, water, communications, fire protection, utility, electrical or other systems installed or located from time to time at the Airport, or the taxiing, landing and taking off of aircraft from the Airport, or otherwise constitute a hazard. In the event this covenant is breached, Authority reserves the right to cause the abatement of such interference at the expense of Lessee and to place such restrictions on the operations of Lessee as Authority deems necessary in the public interest.
- C. Lessee's operations hereunder and those of its employees, agents, contractors are expressly limited to the Leased Premises. Lessee may use the Air Operations Area and other restricted areas of the Airport only as specifically authorized by the Authority hereunder and as may be directed by the Authority from time to time.
- D. The removal of Lessee's disabled aircraft from the runway/taxiway shall be the responsibility of the Lessee. As soon as possible after release by proper authorities,

Lessee shall remove any of its disabled aircraft from the AOA, Landing Area and Ramp, shall place such disabled aircraft in an area as may be designated by the Authority, and shall store such disabled aircraft only upon such terms and conditions as established by the Authority. In the event Lessee shall fail to remove disabled aircraft within sixty (60) minutes, Authority may but shall not be obligated to cause the removal of disabled aircraft at the expense of Lessee, and Lessee hereby indemnifies and holds Authority harmless from any claims or damages which may result from the disabled aircraft or its removal such removal. Lessee shall pay Authority, upon receipt of invoice, all costs incurred for such removal.

- E. Lessee shall not do or permit to be done anything, either by act or failure to act, that shall cause the suspension, cancellation or violation of the provisions or any part thereof, of any policy of insurance for the Airport, or that shall cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Lease. If such act or failure to act shall result in cancellation of any policy, then Lessee shall immediately upon notice by Authority, do whatever shall be necessary to cause reinstatement of said insurance. 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 actions and pay the increase in premiums, upon notice from Authority to do so and, in any event, Lessee shall hold Authority harmless from and against any expenses and damage resulting from any action as set forth herein.
- F. Lessee is limited to the uses approved herein. As such, Lessee is expressly prohibited from expanding or altering its permitted use beyond the scope of this Lease or to engage in other business enterprise on the Airport which is reserved to premises, use provisions, operating conditions and restrictions not intended or covered hereunder.

Section 4.04 - Parking and Equipment Storage. All of Lessee's vehicles and equipment used in the conduct of flying operations hereunder, including the vehicles and equipment will be parked and/or stored within Lessee's Leased Premises in areas approved for such parking and storage, unless specifically authorized in writing by the Authority to be temporarily parked or stored elsewhere. The Leased Premises will not be used for vehicle, watercraft, recreational equipment, or trailer storage. For any vehicle or equipment found outside the Leased Premises or other area authorized for use by Lessee, Lessee will be charged an unauthorized equipment storage fee of Two Hundred and No/100ths Dollars (\$200.00) per vehicle or article of equipment per day; and, if any such vehicle or equipment is found to be obstructing the operations of the Authority or another tenant of Authority or approved operator, and Lessee fails to immediately remove it upon Authority's request, such vehicle or equipment will be removed and stored at the expense of Lessee.

Section 4.05 - Responsibility for Use. Lessee is and will remain responsible to all parties for its respective acts and omissions and Authority will in no way be responsible therefor. Throughout the term of this Lease, Lessee shall retain sole responsibility for safeguarding persons and property and for the conduct of its activities on the Airport, including the Leased Premises, at its sole cost, expense and liability. Lessee shall at all times conduct its permitted use in a safe, prudent, professional and lawful manner. Lessee agrees that its use hereunder will not interfere with or impede the operations of Authority, other tenants and authorized users of the Airport, or the general public.

Section 4.06 - Rules and Regulations. Lessee acknowledges and agrees that its use of the Leased Premises and activities on the Airport shall be in accordance with all applicable federal, state and local laws, rules and regulations, which now exist or may hereafter become effective, and in compliance with such directives as may be issued in connection therewith from time to time. Lessee agrees that it will comply fully with all rules and regulations of the Authority, specifically including but not limited to airfield operations, storm water, hazardous materials storage, fire safety and security program regulations currently in effect and as may be amended and promulgated, and all directives issued by Authority in connection therewith.

Section 4.07 - Operating Standards. Lessee covenants and agrees that it will operate under this Lease and will require its employees, agents, contractors and licensees to operate in a safe, lawful, prudent and professional manner, in accordance with all applicable regulations currently in effect and as may be amended, and pursuant to directives issued by the Authority in connection therewith from time to time.

Section 4.08 - Purchase of Supplies and Services. Should Lessee contract with a third party to provide aviation services which might otherwise be performed by Lessee under this Lease, such third party shall be

deemed to be conducting a business at the Airport, and prior to engaging therein, Lessee will ensure that such third party has an operating agreement with Authority. Authority may impose charges, rentals and fees upon such third parties for facilities used or for services provided. Notwithstanding the foregoing, Lessee may select suppliers, purveyors and furnishers of materials, supplies, equipment and services of its own choosing. Nothing in this Section shall be construed as in any way limiting the general powers of Authority to fully exercise its governmental or proprietary functions or its obligations under any bond covenants or federal, state or local laws, rules or regulations.

Section 4.09 - Safety Procedures and Fire Protection System. Lessee will comply with all fire safety rules, regulations and procedures in effect at the Airport, including installation of such extinguishing devices or fixtures on and in the Leased Premises, including improvements thereto, as may be required by the Airport Fire Department, and combustible/flammable liquid storage will meet Uniform Fire Code requirements. Lessee shall, at its own costs and expense, maintain in good working order on the Leased Premises an extinguishing device 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 on the device.

Section 4.10 - Leased Premises Security. Lessee will comply with all rules and regulations of Authority as to Airport and airfield security. Lessee shall be responsible for providing its own security for the Leased Premises, including but not limited to improvements thereto, for any equipment, vehicles, materials and other personal property brought onto the Leased Premises and the Airport by or for Lessee, and for any services provided by anyone for Lessee under this Lease. Lessee's responsibility and agreement hereunder shall include, without limitation, compliance with any and all federal, state and local laws, rules and regulations governing airport and airfield security, as the same exist and as may hereafter be enacted, promulgated, augmented and amended.

ARTICLE 5 **MAINTENANCE AND REPAIR**

Section 5.01 - Obligations of Authority. Lessee acknowledges that Authority has made no representations or warranties relating to the suitability of the Leased Premises for any use and that Lessee shall accept all facilities on the Leased Premises in "AS-IS" condition. Lessee shall be responsible for the maintenance of the interior of the Leased Premises, and Authority shall be responsible for the structural repair of the Leased Premises, provided such structural repairs are not caused or necessitated, directly or indirectly, by the actions or omissions of Lessee. The Authority shall likewise be responsible for pavement maintenance and may undertake such other repairs as Authority deems necessary, at its sole discretion. Seasonal snow and ice removal, and other safety measures during inclement weather conditions will be a part of Authority's grounds maintenance program. Authority will provide and operate the access control system. Lessee will receive one (1) access card to provide access to the Leased Premises.

Section 5.02 - Compliance. Lessee shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of Authority, all federal, state, city, local and other governmental authorities now or hereafter applicable to the Leased Premises, the Airport, and to any adjoining public ways as to the manner of use and the condition of the Leased Premises, and the condition of the Airport or of any adjoining public ways attributable to Lessee's permitted use.

Section 5.03 - Maintenance and Repair. Lessee shall maintain the interior of Leased Premises in a good, safe, clean and attractive condition and in compliance with federal, state and local laws, rules, ordinances, codes and regulations which now exist or may hereafter become applicable, including but not limited to existing and future environmental laws as the same may be amended. The Authority will be the sole judge as to the quality of maintenance and Lessee shall promptly comply with any directives issued by the Authority in connection therewith.

Section 5.04 - Grounds Maintenance. Lessee shall provide pavement seasonal snow and ice removal within eighteen (18) inches of exterior hangar doors/walls and will remove all trash and debris for disposal away from the Leased Premises and the Airport. The accumulation of trash, dust and debris, the piling of boxes and other unsightly or unsafe materials, on or about the Leased Premises or the Airport, is strictly prohibited.

Section 5.05 - Authority's Right to Enter, Inspect and Make Repairs. Authority and its authorized officers, employees, agents, contractors, subcontractors and other representatives shall have the right (at such times

as may be reasonable under the circumstances and with as little interruption of Lessee's permitted use as is reasonably practicable) to enter upon and in the Leased Premises for the following purposes:

- A. To inspect the Leased Premises to determine Lessee's compliance with the terms and conditions of this Lease and with Authority's directives issued in connection herewith;
- B. To make repairs to the Leased Premises.
- C. To gain access to the mechanical, electrical, utility and structural systems of the Airport for the purpose of maintaining and repairing such systems;
- D. At the discretion of the Authority or upon a directive from the FAA or TSA, to install or permit installation on, in, at, under, around or about the Leased Premises of equipment, facilities and devices necessary for the safe, secure, efficient operation of the airfield and Airport;
- E. To conduct inspections relevant to Airport and airfield operations and/or to install, inspect, remove, replace, adjust, repair, maintain or otherwise service any FAA, TSA or Authority equipment, facilities or devices on, in, at, under, around or in the vicinity of the Leased Premises.

Lessee shall not obstruct or hinder any of the foregoing actions or installation(s) and shall hold Authority harmless from and against any liability or claim relating thereto, connected therewith or arising therefrom.

If Authority notifies Lessee of a maintenance requirement that constitutes an actual or apparent violation of any federal, state or local health or safety law including without limitation any health or safety requirement of Authority, Lessee shall have twenty-four (24) hours from receipt of Authority's notice within which to perform or to begin duly diligent efforts to perform the necessary maintenance.

Nothing in this Section 5.05 shall limit any other right of Authority hereunder or obligate Authority to undertake any inspection, installation, removal, adjustment, repair, handling or other activity except as otherwise expressly provided herein. The provision for reasonableness shall not apply in the event of an actual, threatened or perceived emergency, the determination of which shall be at Authority's discretion.

Section 5.06 - Liens.

- (A) Lessee shall pay when due all costs for work performed and materials supplied to the Leased Premises. Lessee shall keep Authority and the Leased Premises free from all liens, stop notices and violation notices relating to any alterations or any other work performed for, materials furnished to or obligations incurred by or for Lessee (collectively, "Alterations") and Lessee shall protect, indemnify, hold harmless and defend Authority and the Leased Premises of and from any and all loss, cost, damage, liability and expense, including attorneys' fees, arising out of or related to any such liens or notices. Further, Lessee shall give Authority not less than seven (7) business days prior to written notice before the earlier to occur of: (i) commencing any Alterations in or about the Leased Premises, or (ii) entering into a contract with a contractor for any Alteration. During the progress of any work, Lessee shall, upon Authority's request, furnish Authority with sworn contractors' statements and lien waivers covering all work theretofore performed. Lessee shall satisfy or otherwise discharge all liens, stop notices or other claims or encumbrances within ten (10) days after Authority notifies Lessee in writing that any such lien, stop notice, claim or encumbrance has been filed. If Lessee fails to pay and remove such lien, claim or encumbrance within such ten (10) days, Authority, at its election, may pay and satisfy the same and in such event the sums so paid by Authority, with interest from the date of payment at the rate set forth in Section 5.06 hereof for amounts owed Authority by Lessee shall be deemed to be additional rent due and payable by Lessee at once without notice or demand.

- (B) PURSUANT TO NRS 108.234(3), AUTHORITY HEREBY NOTIFIES LESSEE THAT LESSEE IS REQUIRED PRIOR TO COMMENCING ANY ALTERATIONS, AT LESSEE'S SOLE EXPENSE, TO COMPLY WITH ALL OF THE PROVISIONS OF NRS CHAPTER 108 APPLICABLE TO A LESSEE, WHICH PROVISIONS INCLUDE, BUT ARE NOT LIMITED TO, OBTAINING SECURITY FOR MECHANICS' AND MATERIALMEN'S LIENS AND RECORDING A NOTICE OF POSTED SECURITY OR ESTABLISHING A CONSTRUCTION**

ESCROW ACCOUNT BEFORE CAUSING A WORK OF IMPROVEMENT TO BE CONSTRUCTED, ALTERED OR REPAIRED UPON PROPERTY THE LESSEE IS LEASING. LESSEE ACKNOWLEDGES IT HAS READ AND UNDERSTANDS THIS SECTION 5.06.

**ARTICLE 6
INSURANCE**

Section 6.01 - Insurance. Lessee shall, at its sole cost and expense, procure and maintain in effect at all times during the term of this Lease insurance coverage with limits not less than those set forth herein with insurers and under forms of policies satisfactory to the President/CEO of Authority, acceptance of which shall not unreasonably be withheld. The President/CEO reserves the right to require complete copies of such insurance policies for the purpose of determining acceptability. Lessee shall furnish Authority with copies of policies or certificates from insurance carrier(s) showing all insurance required hereunder to be in full force and effect during the entire term of this Lease. Certificates shall show by separate endorsement and policies shall contain the provision that written notice of cancellation or of any material change in coverage under said policies shall be delivered to the President/CEO thirty (30) days in advance of the effective date thereof; provided, however, Lessee shall be responsible for such notification to Authority whether or not the insurer complies. Lessee shall maintain all insurance hereunder with insurance underwriters authorized to do business in the State of Nevada with an AM rating of A X or better, satisfactory to the President/CEO. Lessee is required to provide and maintain the following insurance:

- A. Aircraft Liability Insurance and/or Excess Coverage, Bodily Injury and Property Damage, with a minimum limit of \$1,000,000.00 single limit each occurrence and \$100,000 per passenger, which shall include but not be limited to the following extensions:
 1. Aircraft Physical Damage;
 2. Premises and operations;
 3. Contractual, including coverage for assumption of liability set forth in this Lease;
- B. If Lessee is a business enterprise and employees of Lessee are using the Leased Premises, Lessee shall provide Employer's Liability Insurance coverage provided in an amount of at least \$1,000,000.00; the foregoing coverage shall include Stop Gap Insurance.
- C. Lessee shall provide evidence of Automobile Bodily Injury and Property Damage Liability Insurance covering owned, non-owned and hired automobiles for use under this Lease.
- D. If Lessee engages and provides access to an independent contractor to provide services to Lessee's aircraft and/or to operate and use the Authority property or Leased Premises, Lessee shall notify Authority staff and ensure the contractor provides evidence of insurance coverage as reasonably required by the Authority

All policies (primary and excess) and Certificates of Insurance, with the exception of Automobile Insurance outlined in Paragraph C of Section 6.01, shall be provided by the named insured to the Authority evidencing proper limits of coverage as set forth herein. All policies shall be primary coverage for all claims and losses arising from the use, occupancy and operation of the Leased Premises and the Airport. All policies shall name, and Certificates shall show by separate endorsement that policies name, the Authority, its Trustees, agents and employees as Additional Insured; provided, however, any other insurance available to Authority shall be excess and shall not contribute with this insurance. Authority has and hereby reserves for all purposes of this Lease the right to revise the insurance requirements set forth herein as to amounts, limitations and types of coverage, and Lessee hereby agrees to comply with such revised requirements upon notice from Authority. Authority shall have the right to determine its own legal counsel in all matters under this Lease.

Section 6.02 - Conditions of Default. If, at any time, Lessee shall fail to obtain the insurance as required herein, Lessee will be deemed in default and, at its sole option, the Authority may terminate this Lease in accordance with the provisions of Article 10 of this Lease.

Section 6.03 – Notice of Claim. Lessee shall give Authority prompt, timely written notice of any claim or demand, which in any way affects or might affect Authority, and may compromise such claim or a defense against such claim or demand to the extent of its interest therein.

Section 6.04 - Damage to or Destruction of Improvements. Lessee shall promptly notify Authority of all damage to or destruction of all or any part of the Leased Premises and the improvements thereon, whether such damage or destruction results from a risk covered by insurance maintained by Lessee or from an uninsured risk. Lessee shall be responsible to restore the Premises to substantially the same condition as immediately prior to the damage or destruction. Damage to or destruction of the Leased Premises or the improvements thereon shall not terminate this Lease. The cost of such restoration shall be borne solely by Lessee.

In the event of damage or destruction to any of the Leased Premises' improvements, Lessee agrees to timely file a complete claim for such loss or losses with the appropriate insurance company and to diligently pursue the processing of such claim by the insurance company. If Lessee fails to timely file a claim with the insurance company, then the Authority may do so and pursue the processing of such claim.

Upon receipt by Lessee and Authority of the proceeds of insurance policy or policies, said proceeds shall be deposited to an escrow account approved by Authority so as to be available to pay for the cost of such repair, replacement and 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 repair, replacement or rebuilding of such damaged improvements, Lessee shall pay any additional sums required into said escrow account. If the amount of such insurance proceeds is in excess of the costs thereof, the amount of such excess shall be remitted to Lessee.

ARTICLE 7 **INDEMNIFICATION**

Section 7.01 - Indemnification. Lessee is and will remain responsible for its actions and omissions, and Authority will in no way be responsible therefor. Lessee hereby agrees to protect, defend at the option of Authority, indemnify and hold Authority harmless from 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 reasonable fees of attorneys and other professionals incurred by Authority, unless caused by the sole and gross negligence or willful misconduct of Authority, arising out of or incident to this Lease or in any way resulting from: (a) Lessee's operations conducted on the Leased Premises and the Airport; (b) Lessee's improvement, use, occupancy, maintenance, management and operation of the Leased Premises and the condition of the Leased Premises and improvements thereto and the Airport; (c) defects in aircraft, vehicles, equipment, fixtures and other products owned, used, operated, installed or stored on the Leased Premises or any other approved Airport location; (d) any substance, material or waste now or hereafter defined or classified as hazardous or toxic under applicable federal, state or local law including petroleum products, which is brought, deposited, stored on or removed from the Leased Premises or the Airport by Lessee or Lessee's employees, agents, contractors or invitees; or (e) contamination of the Leased Premises, neighboring property, or any other Airport property resulting from any of the foregoing. This indemnification of Authority by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal, reclamation or restoration work required by any federal, state or local governmental agency or political subdivision because of the presence of hazardous material in the soil or ground water, upon or under the Leased Premises or neighboring property (if originating from the Leased Premises). Without limiting the foregoing, if the presence of any hazardous material results in contamination as aforesaid, Lessee shall promptly take all actions at its sole expense as necessary to restore the Leased Premises and other affected Airport property to the condition existing prior to the introduction of any such hazardous material. Authority will not hold Lessee responsible for contamination which, upon investigation by the governmental agency having authority in such matters, is found conclusively to be the result of operations of prior owners or tenants of the Leased Premises. Lessee's obligation to indemnify Authority as provided herein shall survive the expiration or early termination of this Lease.

Section 7.02 – Third-Party Noncompliance. Authority shall not be liable to Lessee, its officers, directors, shareholders, investors, creditors, lenders, agents, employees, invitees or licensees for any actual or alleged violation of or noncompliance with any statute, regulation, ordinance, order, judgment, or decree by any Airport tenant, user or any other third party, except as otherwise expressly provided herein. In particular, but without limitation, Authority shall have no duty to Lessee or anyone acting by or for Lessee to ensure, assure, warrant, guarantee or take any action relating to or in connection or conjunction with the actual or alleged violation, breach, nonperformance or other noncompliance by such tenant or user of or with any statute or any term of such contract and shall have no liability to Lessee or anyone acting by or for Lessee therefor. Lessee and anyone acting in Lessee's behalf shall not be third party beneficiaries of such contract, nor shall Authority have any duty to Lessee or anyone acting for Lessee to enforce such contract.

Section 7.03 - Notice of Action. Lessee shall immediately notify Authority in writing of: (a) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened pursuant to environmental laws governing hazardous material or related concerns; (b) any claim made or threatened by any person against Lessee or Lessee's activities or the condition of the Leased Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from the presence of hazardous material; and (c) reports to any environmental agency or governmental authority arising out of or in connection with the delivery to, storage on or removal from the Leased Premises of hazardous material, including any complaints, notices, warnings or asserted violations in connection therewith. Lessee shall provide Authority with copies of all documentation related to the foregoing.

Section 7.04 – Exculpation. Authority shall not be liable to Lessee for any injury or damage whatsoever that may result to any person or property by or from any cause whatsoever, except as may be caused by the gross negligence or willful misconduct of Authority, its employees, agents or assigns; under no circumstance shall Authority ever be responsible for consequential damages to Lessee, regardless of how such damages arise or are incurred by Lessee.

ARTICLE 8 **STORM WATER; SANITARY AND HAZARDOUS MATERIALS**

Section 8.01 - Authority Permit.

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

Section 8.02 - Permit Compliance.

- A. Authority will provide Lessee with written notice of those storm water discharge permit requirements, if any, that Lessee must perform including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water pollution prevention or similar plans; implementation of good housekeeping measures and BMP; and maintenance of necessary records. Such written notice shall include applicable deadlines. Within fifteen (15) calendar days of Lessee's receipt of such written notice, it shall notify Authority in writing of its dispute of any permit requirement it has been directed to undertake and the basis for such dispute. Lessee's failure to provide such timely notice shall be its assent to undertake the required performance. If Lessee provides Authority with timely written notice of its dispute and justification therefore, Authority and Lessee shall negotiate a prompt resolution of their differences. Lessee will not object to written notice from Authority for purposes of delay or of avoiding compliance. Lessee shall undertake, at its cost, those permit requirements, if any, directly related to its operations, of which it received written notice from Authority. Lessee shall meet any and all deadlines imposed on or agreed to by Authority and Lessee. Time is of the essence in complying with the terms hereof.
- B. Authority shall provide Lessee, upon request, with any non-privileged information collected and submitted to any governmental entity pursuant to applicable storm water regulations. The terms of Authority's storm water discharge permit might change, and Authority shall be Lessee's agent solely to represent its interests concerning permit modifications by the pertinent regulatory agencies, provided that Authority shall first fully communicate the issues and consult with Lessee.

Authority will give Lessee written notice of any breach by Lessee of Authority's storm water discharge permit or of the terms hereof, and Lessee shall undertake immediately and pursue diligently the cure thereof. If Lessee fails to cure any breach, or if such breach is material and of a continuing nature, Authority may seek any and all remedies provided herein or by law to terminate this Lease.

Section 8.03 - Environmental Laws; Hazardous Materials Handling.

- A. Lessee shall comply with all applicable laws including, but not limited to, the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and Resource Conservation and Recovery Act (RCRA), the laws of the State of Nevada and local ordinances governing environmental matters including, but not limited to, the transportation and storage of hazardous materials, substances and waste, as might now or hereafter be defined by such laws. In particular, but without limitation, Lessee shall, if and to the extent applicable, participate in, procure all available coverage and/or other protection and/or benefits under, and pay any and all fees and the like for participation by Lessee in the Petroleum Fund, governed by the State of Nevada, Division of Environmental Protection, and shall submit to Authority, without demand or request, true, complete, correct copies of any and all documentation relating or pertaining thereto.
- B. Lessee shall not improperly use, store or dispose of on the Leased Premises or elsewhere at Airport any petroleum product, or any material or substance now or hereafter classified as hazardous or toxic under any federal, state or local law. Notwithstanding the above, the presence of certain materials, which might be necessary to support Lessee's operations, located within the proper receptacles of any motor vehicle or in other proper containers correctly stored on the Leased Premises or elsewhere at Airport, shall not be a violation of this Section.
- C. Only persons who meet Authority's requirements and comply with applicable laws will be allowed to conduct business on the Leased Premises or elsewhere at the Airport to receive hazardous articles or materials for shipping or storage. Lessee, its agents, employees, invitees and licensees shall handle such articles or materials compliant with 14 C.F.R. Part 121.433a, parts and materials handling directives, company manuals or a combination of the above, as applicable.
- D. To the extent required by law, Lessee shall maintain written procedures for handling and disposing of petroleum products and hazardous and toxic materials and wastes. Lessee shall make such written procedures, if any are so required, available for Authority's review upon request.

Section 8.04 - Hazardous Materials Indemnification. Consistent with Section 8.01, Lessee shall keep, save, protect, release, defend at the election of Authority, indemnify and hold harmless Authority, its Trustees, officers, agents and employees, from and against any and all claims, damages, suits, costs, expenses, liability, actions or proceedings of any kind or nature whatsoever including, but not limited to, reasonable costs and attorney fees, incurred by Authority in connection with the defense or any claim, demand or cause of action arising out of or resulting from any hazardous, toxic or petroleum substance, material or waste which is brought on, deposited or stored on or removed from the Leased Premises or elsewhere at Airport during Lessee's use thereof, or arising out of any contamination of the Leased Premises, neighboring property or any other Authority property resulting from and/or by any such hazardous, toxic or petroleum substance, material or waste now or hereafter defined or classified as hazardous or toxic by federal, state or local law, including, but not limited to, claims and the like caused by, resulting from, arising out of, relating to or in connection or conjunction with any tanks, dispensers, pipes, lines, cables, conduits and/or other facilities or equipment on or about the Leased Premises for the delivery, storage and/or dispensing of fuel and/or other petroleum products, unless caused solely by the act or omission of Authority. Upon receiving notice of any such claim, demand or cause of action, Lessee shall, at its cost, immediately investigate and, if necessary, cure or commence to cure by taking all action prescribed by applicable federal, state and local laws including, but not limited to, the proper removal, disposal and cleanup thereof. This indemnity obligation of Lessee shall survive the expiration or termination of this Lease.

Section 8.05 - Notice of Action. Lessee shall immediately notify Authority in writing of: (A) any environmental enforcement, clean-up, removal or other action proposed, instituted or completed pursuant to any federal, state or local law; (B) any claim made by any person against Lessee for damages, contribution or cost recovery resulting from or claimed to result from the presence of a hazardous material; (C) any occurrence which might give rise to or result in such a claim; and/or (D) reports to any regulatory agency arising out of or in connection with the delivery to, storage on or removal from the Leased Premises of any hazardous material including, but not limited to, any complaint, notice, warning or alleged violation in connection therewith. Lessee shall provide Authority with copies of all non-privileged documentation relating to the foregoing.

ARTICLE 9
EXPIRATION AND TERMINATION OF LEASE

Section 9.01 - Expiration. This Lease shall expire at the end of the full term hereof, as set forth in the Basic Lease Information and Lessee shall have no further right or interest hereunder except as otherwise expressly provided herein and subject to all terms hereof.

Section 9.02 - Termination by Authority. Authority may terminate this Lease by giving Lessee thirty (30) days advance written notice, to be served as hereinafter provided, upon the happening of any one of the following events of default:

- A. The filing by Lessee of a voluntary petition in bankruptcy or a petition or answer seeking an arrangement for its reorganization or the readjustment of its indebtedness under law, or making an assignment for the benefit of creditors, or consenting to the appointment of a receiver, trustee or liquidator of all or substantially all of its property or its property located within the Leased Premises, unless such proceeding is dismissed, assignment revoked or order vacated within the cure period as provided herein.
- B. The institution of proceedings in bankruptcy against Lessee and adjudication of Lessee as a bankrupt pursuant to said proceedings, unless such proceedings are dismissed within the cure period as provided herein.
- C. The taking by a court of competent jurisdiction of Lessee and its assets pursuant to proceedings brought under the provision of any federal reorganization act or other law, unless such order is vacated within the cure period as provided herein.
- D. The appointment of a receiver, trustee or liquidator of Lessee's assets or the execution of any other process of any court of competent jurisdiction unless vacated, dismissed or set aside within the cure period as provided herein.
- E. The divestiture of Lessee's estate herein by operation of law, unless vacated within the cure period as provided herein.
- F. The abandonment by Lessee of its occupancy of the Leased Premises, unless reinstated by Lessee within the cure period as provided herein.
- G. The conduct of any business or performance of any acts not specifically authorized herein, unless such unauthorized business or acts cease within the cure period as provided herein.
- H. Default in the performance of any of the covenants and conditions required herein (except rental payment) to be kept and performed by Lessee unless remedied to the satisfaction of Authority within the cure period as provided herein.

If any of the aforesaid events of default continues for a period of thirty (30) days from the date of written notice from Authority to cure said default (the "cure period"), the Authority may terminate this Lease as provided herein; provided, however, only in connection with the events of default set forth in subparagraphs F, G and H of this Section 9.02, that: (a) if, in the judgment of Authority, the nature of the default is such that it cannot be cured within thirty (30) days from the date of said default; and (b) Lessee shall commence good faith efforts to

cure such default immediately upon receipt of such notice; and (c) such efforts are diligently prosecuted to completion to Authority's satisfaction, then this Lease shall not be terminated on the grounds of such default.

In the event of three (3) or more events of default or material breaches during the term of this Lease, even though cured by Lessee in timely fashion, Lessee shall forfeit any further right to cure subsequent events of default, and Authority may terminate this Lease as provided herein.

In the event Authority terminates this Lease as provided herein, such termination shall be effective upon the date specified in Authority's written notice to Lessee, and, upon said date, Lessee shall be deemed to have no further rights hereunder and Authority may take immediate possession of the Leased Premises and remove Lessee's effects, by forcible eviction if necessary, without being deemed guilty of trespassing. Title to all improvements will thereupon vest in Authority pursuant to Section 9.05 hereof, and Authority shall be entitled to recover all unpaid rent, fees and other charges accrued through the date of termination and any other amount, including collection fees, court costs, reasonable attorneys' fees and costs of taking possession of and reletting the Leased Premises necessary to compensate Authority for all detriment proximately caused by Lessee's default. All remedies shall be deemed cumulative and, in addition to remedies set forth in this Lease; Authority may pursue any and all other remedies now or hereafter provided by law.

Section 9.03 - Cancellation for Default in Payment of Rentals and Fees. In the event Authority's efforts and notices pursuant to Section 3.06 hereof, have failed to secure Lessee's payment of the whole or any part of any delinquent rent, charges, fees or other amounts due and payable hereunder for a period of thirty (30) days after such payments become due; and if Lessee continues to fail to pay said amounts in full within fifteen (15) days from Authority's transmittal to Lessee of a final notice of such breach, Authority may, at its option, cancel this Lease for material default, by written notice thereof, and may enter upon the Leased Premises (or any part thereof) and repossess the same from Lessee and this Lease shall be considered terminated, whether or not such entry is actually made. In such event, Authority may pursue any and all remedies in the event of cancellation for default provided in this Lease and now or hereafter provided by law.

Section 9.04 - Cancellation by Lessee. Lessee may terminate this Lease at any time that Lessee is not in default of its obligations hereunder, by giving Authority thirty (30) days advance written notice.

Section 9.05 - Removal of Personal Property Lessee is granted the right, upon any termination of this Lease, to remove its personal property; provided, however, in the event that the Leased Premises are damaged by reason of, or in the course of, the removal of Lessee's personal property, Lessee, at its cost, shall promptly repair any and all such damage and restore the Leased Premises to the same condition as prior to installation or to a condition approved by the President/CEO. The failure to remove its personal property shall not constitute a holdover, but all such property not removed within ten (10) days after any termination of this Lease shall be deemed abandoned and thereupon shall become the property of Authority.

Section 9.06 - No Assignment; No Subletting Lessee shall not, in any manner, assign, transfer, mortgage, pledge, encumber or otherwise convey an interest in this Lease, nor sublet the Leased Premises or any part thereof. Any purported assignment, transfer or encumbrance of this Lease or Lessee's interest in the Lease shall be null and void and shall constitute a default under the terms of this Lease.

ARTICLE 10

DEFINITIONS

For all purposes hereunder, those certain words and phrases defined in this Article shall have the following meanings when used in this Lease:

Section 10.01 - Aircraft Aprons shall mean those parts of the Ramp Area, as defined herein, that are used for the parking of aircraft and support vehicles, and the loading and unloading of aircraft.

Section 10.02 - Airfield shall mean the aircraft movement areas of the Airport including, but not limited to the Landing Area and Ramp Area as herein defined and other facilities supporting commercial, military, and general aviation aircraft activity.

Section 10.03 - Airport shall mean the Reno-Tahoe International Airport owned and operated by the Authority, including all real property and easements, improvements and appurtenances thereto, structures,

buildings, fixtures, machinery and other tangible personal property or interest in any of the foregoing, now or hereafter owned or operated by Authority.

Section 10.04 - Air Operations Area or AOA means those portions of the Airport designed and constructed for the landing and takeoff, taxiing, handling, servicing, loading and unloading, and other operations of aircraft, as now exist or hereafter may be developed, extended or improved from time to time.

Section 10.05 – Authority shall mean the Reno-Tahoe Airport Authority, a quasi-municipal corporation organized under Chapter 474, Statutes of Nevada 1977, as amended.

Section 10.06 - 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, as further described in Article 8.

Section 10.07 - FAA means the United States Department of Transportation, Federal Aviation Administration, and its successor(s) in function, if any.

Section 10.08 – Fiscal Year means the twelve (12) month period commencing July 1, and ending June 30.

Section 10.09 - Fueling Operations means the dispensing of aviation fuel into aircraft, fuel storage tanks or fueling vehicles.

Section 10.10 - Fueling Operations Permit means a permit issued by the Authority to a person or entity that dispenses aviation fuel at the airport. To qualify for fueling operations, a vendor must be a Full Service Commercial Aeronautical Service Provider on the airport.

Section 10.11 – Full Service Commercial Aeronautical Service Provider or F-CASP means an operator that meets the qualifications and minimum requirements in the Authority's published Minimum Standards, and included by this reference and made a part hereof, for conducting a nonexclusive fixed base operation and that holds an nonexclusive lease with the Authority to provide facilities and services, on a commercial basis, to accommodate general aviation, military, air carrier, and certain other users of the Airport as authorized by the Authority.

Section 10.12 – General Aviation. means all personal and commercial aircraft operations, but excluding military operations and those federally regulated by 14 Code of Federal Regulations (CFR) Parts 121, 129, and 135.

Section 10.13– General Aviation Commercial Minimum Standards or Minimum Standards As used herein shall mean the Minimum Standards of Reno-Tahoe International Airport, as adopted by Authority and included by this reference and made a part hereof.

Section 10.14 - Landing Area shall mean those portions of the Airport provided for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, avigation or other easements, runways, taxiways, runway and taxiway lights, and other appurtenances in connection therewith.

Section 1015 Lease means all terms and conditions of this Lease together with all Exhibits and other attachments hereto and incorporated herein by reference. Any and all specifications, drawings, schematics or other documents required hereunder, together with any and all modifications hereto, made in writing, executed by both parties and filed of record with the Authority, shall be deemed to be incorporated by reference into this Lease.

Section 10.16 - Leased Premises shall mean that parcel of real property owned by Authority and more particularly described in Article 1 hereof.

Section 10.17– Operations Manual As used herein shall mean the Operations Manual of Reno-Tahoe International Airport, as adopted by Authority September 1981, as the same may be amended from time to time; attached hereto and by this reference made a part hereof.

Section 10.18- President/CEO shall mean the President and Chief Executive Officer (CEO) of the Authority, including such person or persons as may from time to time be authorized in writing by Authority, or by the President/CEO or applicable law, to act for the President/CEO with respect to any or all matters pertaining to this Lease.

Section 10.19 - Ramp Area shall mean the aircraft parking and maneuvering areas, and shall include within its boundaries all Aircraft Aprons.

Section 10.20 – T – Hangar shall mean an aircraft storage hangar which is owned by the Authority and used on the Leased Premises by Lessee in accordance with the provisions of this Lease.

Section 10.21 – TSA means the United States Department of Homeland Security, Transportation Security Administration, and its successor(s) in function, if any.

Section 10.22 - Trade Fixtures shall mean the machinery, equipment and other personal property installed or placed on the Leased Premises by Lessee, which may be removed without material damage to the Leased Premises.

ARTICLE 11 ATTACHMENTS TO LEASE

SCHEDULE 1 – LEASED PREMISES DESCRIPTION

SCHEDULE 2 – GOVERNMENTAL CONDITIONS

SCHEDULE 3 – GENERAL PROVISIONS

The above-listed Schedules attached hereto shall be deemed incorporated herein as if set forth in full.

SCHEDULE 1 – LEASED PREMISES DESCRIPTION

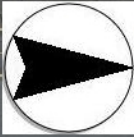
[To Be Attached]

SCHEDULE 2 – GOVERNMENTAL CONDITIONS

[To Be Attached]

SCHEDULE 3 – GENERAL PROVISIONS

[To Be Attached]



SCHEDULE 2 - GOVERNMENTAL CONDITIONS

Section 11.01 - Operation as a Public Airport. Authority covenants that it will operate and maintain the Airport as a public airport consistent with and pursuant to the Sponsor's Assurances given by Authority to the United States Government under the Airport and Airway Improvement Act of 1982, as the same may be amended from time to time.

Section 11.02 - Airport Landing Area Development or Improvement. Authority reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.

Section 11.03 - Maintenance of the Airport. Authority reserves the right but shall not be obligated to Lessee 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 Lessee in this regard.

Section 11.04 - Right of Flight. Authority reserves unto itself, its successors 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 Leased Premises. This right of flight shall include the right to cause in said airspace such noise as may be inherent in the operation of any aircraft now known or hereafter used for navigation or flight through the said airspace for landing at, taking off from or operating on the Airport.

Section 11.05 - No Exclusive Right. It is understood and agreed that nothing contained in this Lease shall be construed as granting or authorizing the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a), as the same may be amended from time to time.

Section 11.06 - Airport Security Plan and Facilities. Lessee hereby acknowledges that Authority is required by 49 CFR Part 1542, as may be amended and superseded from time to time, to adopt and put into use facilities and procedures designed to prevent and deter persons and vehicles from unauthorized access to Air Operations Areas. Authority has met said requirements by developing a master security plan for the Airport, and Lessee acknowledges receipt of the plan and covenants and agrees to be fully bound by and immediately responsive to the requirements of the plan in connection with Lessee's exercise of the privileges granted to Lessee hereunder. Lessee will reimburse Authority for any and all fines imposed upon Authority as a result of Lessee's negligence or failure to act in relation to 49 CFR Part 1542, as amended or superseded.

Section 11.07 - Agreements and Covenants. Lessee, for itself, its heirs, personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree to the following, as a

covenant running with the land:

- A. **Subordination of Agreement** - This Lease and all provisions set forth herein are and shall be subject and subordinate to the terms and conditions of any instruments and documents under which the Authority acquired the land or improvements thereto, of which the Leased Premises are a part, and shall be given only such effect as will not conflict with or be inconsistent with such terms and conditions. It is further understood and agreed by Lessee that this Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the Authority and the United States of America, or any of its agencies, relative to the development, operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.
- B. **Compliance With Title 49** - In the event facilities are constructed, maintained or otherwise operated on the Leased Premises for a purpose for which a United States Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, as said regulations may be amended (49 CFR Part 21).
- C. **Compliance With Title VI of Civil Rights Act of 1964**
 1. No person, on the grounds of race, color, creed, sex, age, national origin or handicap, shall be excluded from participation, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities;
 2. In the construction of any improvements on, over or under the land and the furnishing of

- services thereon, no person shall be excluded from participation in, denied the benefits of or otherwise be subject to discrimination on the grounds of race, color, creed, sex, age, national origin or handicap;
3. Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21.
- D. Breach of Nondiscrimination Covenants - In the event of breach of any of the above nondiscrimination covenants described in Paragraphs B and C above, Authority shall have the right to terminate this Lease and to re-enter and repossess said land and the facilities thereon and hold the same as if this Lease had never been made or issued; provided, however, that Lessee allegedly in breach shall have the right to contest said allegation of breach under applicable FAA procedures, and any sanctions under this Lease, including but not limited to termination, shall be withheld pending completion of such procedures.
- E. Nondiscriminatory Pricing - Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service, provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers. Noncompliance with this Paragraph and failure to substantially remedy such noncompliance within a reasonable period of time shall constitute a material breach hereof; and, in the event of such noncompliance, Authority shall have the right to terminate this Lease without liability therefor or, at the election of Authority or the United States Government, either or both shall have the right to judicially enforce this Paragraph E.
- F. Inclusion of Provisions in Lessee's Agreements - Lessee agrees that it shall insert the provisions of Paragraphs B through E of this Section 11.07, inclusive, in any agreement by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Leased Premises.
- G. Disadvantaged Business Enterprise Program - Lessee shall abide and be bound by the Disadvantaged Business Enterprise Program adopted and as amended from time to time by Authority pursuant to 49 CFR Part 23, Participation by Disadvantaged Business Enterprise in Department of Transportation Programs, as may be applicable to Lessee's activities hereunder.
- H. Affirmative Action Plan - Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, as may be amended from time to time, to ensure 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. Lessee 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 said Subpart. Lessee assures that it will require that its covered suborganizations provide assurances to Lessee and the Authority that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.
- I. Height Restriction - Lessee will neither erect nor permit the erection of any structure or object, nor permit the growth of any tree, on the Leased Premises above the mean sea level elevation applicable to the most critical area of the Airport in accordance with Part 77 of the Federal Aviation Regulations. In the event the aforesaid covenant is breached, the Authority reserves the right to enter upon the Leased Premises and to remove the offending structure or object or cut the offending tree, all of which shall be at the expense of the Lessee.
- Section 11.08 - Federal Review**. This Lease is subject to any applicable review by the FAA or any federal agency having regulatory authority, to determine satisfactory compliance with federal law and said Lease shall be in full force and effect and binding upon both parties pending such review and approval by the FAA or other federal regulatory agency, as applicable; provided, however, that upon such review, all parties hereto agree to modify any of the terms hereof which may be determined to be in violation of or contrary to existing laws, regulations or other requirements.

It is anticipated that changes will come from regulatory agencies having jurisdiction over the Airport or Authority in the form of regulatory changes. It is Lessee's responsibility to obtain all Notices of Proposed Rule Making directly from such agencies. Where possible, Authority may provide notice of proposed changes but nothing contained herein shall render this provision unenforceable by virtue of Lessee not receiving notice of proposed changes.

contracts under grants, loans and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Section 11.09 - Federal Right to Reclaim. In the event a United States governmental agency shall demand and take over the entire facilities of the Airport, or that portion of the Airport containing the Leased Premises, for public purposes, then and in that event the Authority shall be released and fully discharged from any and all liability hereunder; provided, however that the Lessee expressly reserves any and all legal rights, claims and causes of action which it may have against the United States Government or any agency thereof arising out of or resulting from the reclamation of the Leased Premises and the taking of any of Lessee's improvements, fixtures and property located thereon.

Section 11.10 - Anti-Lobbying Certifications. Lessee certifies, to the best of its knowledge and belief, that:

- A. No federally appropriated funds have been paid or will be paid by or on behalf of Lessee, to any person for influencing or attempting to influence an officer or employee of any federal agency, a member, officer or employee of Congress, or an employee or member of Congress in connection with the award of any federal contract, in making any federal grant or federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
- B. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any federal agency, a member, officer or employee of Congress, or an employee or member of Congress in connection with any contract, grant, loan or cooperative agreement relating to this Lease, Lessee shall complete and submit Standard Form-LLL, "Disclosure of Lobby Activities," in accordance with its instructions.
- C. Lessee shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants and

SCHEDULE 3 - GENERAL PROVISIONS

Section 12.01 - Rights Cumulative. It is understood and agreed that the rights and remedies of Authority and Lessee specified in this Lease are not intended to be and shall not be exclusive of one another or exclusive of any common law right of either of the parties hereto.

Section 12.02 - Notice. Except as herein otherwise expressly provided, all notices required to be given to Authority hereunder shall be in writing and shall be sent by express mail or certified mail, return receipt requested, addressed to:

**President/CEO
Reno-Tahoe Airport Authority
P. O. Box 12490
Reno, Nevada 89510-2490
PHONE: 775-328-6400 FAX: 775-328-6564**

All notices, demands and requests by Authority to Lessee shall be sent express mail or certified mail, return receipt requested, at the address provided on the Basic Lease Information page of the Lease.

Notices as provided in this Section shall be deemed received five (5) days after deposit in the mail. The parties, or either of them, may designate in writing from time to time any changes in address or addresses of substitute or supplementary persons in connection with said notices.

Section 12.03 - Nonliability of Agents or Employees. No Trustee, officer, employee or other agent of Authority 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 or because of any breach thereof or because of its or their execution or attempted execution.

Section 12.04 - Agent for Service of Process. It is expressly understood and agreed that if Lessee is not a resident of the State of Nevada, or is an association or partnership without a member or partner resident of said State, or is a foreign corporation, Lessee will appoint an agent for service of process in the City of Reno. Due to any failure on the part of said agent or the inability of said agent to perform, Lessee does designate the Secretary of State, State of Nevada, its agent for the purpose of service of process in any court action between it and the Authority 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. It is further expressly agreed, covenanted and stipulated that if for any reason service of such process is not possible, and as an alternative method of service of process, 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 set forth herein. Any such service

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

Section 12.05 - National Emergency. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or nonexclusive use of the Airport by the United States Government during time of war or national emergency.

Section 12.06 - Attorneys' Fees and Expenses. In the event suit, proceeding or action is instituted to enforce any of the terms, covenants or conditions of this Lease or litigation concerning the rights and duties of the parties to this Lease, or to recover any amounts due hereunder, the losing party shall pay to the prevailing party, in addition to the costs and disbursements allowed by statute, such sum as the court or proceeding officer may adjudge reasonable as attorney's fees in such suit or action, in both trial court and appellate court.

Section 12.07 - Withholding Required Approvals. Except as herein otherwise expressly provided, whenever the approval of Authority or its President/CEO, or of Lessee, is required herein, no such approval shall be unreasonably requested or withheld.

Section 12.08 - Compliance with NRS 338.125. In connection with work performed hereunder, Lessee shall not discriminate against any employee or applicant for employment because of race, creed, color, national origin, gender, sexual orientation or age. In addition, Lessee shall require the inclusion of these terms in all contracts for work on the Leased Premises.

Section 12.09 - Severability. In the event any covenant, condition or provision herein contained is held to be invalid by a court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained, provided the invalidity of any such covenant, condition or provision does not materially prejudice either Authority or Lessee in its respective rights and obligations contained in the valid covenants, conditions and provisions of this Lease.

Section 12.10 - Other Agreements. Except as specifically set out in this Lease, the terms and provisions of this Lease shall in no way affect or impair the terms, obligations or conditions of any other agreement between Lessee and Authority.

Section 12.11 - Force Majeure. Neither party to this Lease shall be deemed in violation of this Lease if it is prevented from performing any of the obligations hereunder by reason of strike, boycotts, labor disputes,

embargoes, shortage of material, acts of God, acts of the public enemy, act of superior governmental authority, weather conditions, riots, rebellion or sabotage, or any other circumstances for which it is not responsible or which is not within its control.

Section 12.12 - Governing Law. This Lease shall be deemed to have been made in and be construed in accordance with the laws of the State of Nevada. Venue shall be in Washoe County, Nevada.

Section 12.13 - Headings. The headings of the Articles and Sections of this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of any provisions of this Lease and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

Section 12.14 - Bailee Disclaimer. It is hereby understood and agreed that Authority in no way purports to be a bailee and is, therefore, not responsible in any way for any damage to the property of others, including, but not limited to, the property of Lessee, Lessee's contractors, agents, employees, subtenants, licensees and invitees.

Section 12.15 - Waivers. No waiver of default by either party of any of the terms, covenants and conditions hereto to be performed, kept and observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of any of the terms, covenants or conditions herein contained to be performed, kept and observed by the other party.

Section 12.16 - Joint and Several Obligations. The obligations of the parties identified herein as Lessee, or any of them, shall be joint and several for all purposes hereunder.

Section 12.17 - Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties hereto. The parties shall understand and agree that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties hereto creates a relationship other than the relationship of Authority and Lessee.

Section 12.18 - Representative of Authority. The President/CEO shall be designated as the official representative of the Authority in all matters pertaining to this Lease and shall have the right and authority to act on behalf of the Authority with respect to all action required of the Authority in this Lease.

Section 12.19 - Successors and Assigns Bound. This Lease shall be binding upon and inure to the benefit of the

successors and assigns of the parties hereto, where permitted hereunder.

Section 12.20 - Entire Agreement. This Lease, together with all Exhibits attached hereto and any document incorporated herein by reference, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and all other representations or statements heretofore made, verbal or written, are merged herein, and this Lease may be amended only in writing and executed by duly authorized representatives of the parties hereto, at a date subsequent to the date of this Lease.