



Reno-Stead Airport

**RENO-TAHOE AIRPORT AUTHORITY
RENO-STEAD AIRPORT**

NONCOMMERCIAL GROUND LEASE

WASHOE COUNTY

**RENO-TAHOE AIRPORT AUTHORITY
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**RENO-TAHOE AIRPORT AUTHORITY
RENO-STEAD AIRPORT**

NONCOMMERCIAL GROUND LEASE

WASHOE COUNTY SHERIFF'S OFFICE

THIS NONCOMMERCIAL GROUND LEASE ("Lease") is made and entered into as of June 1, 2025, by the RENO-TAHOE AIRPORT AUTHORITY ("Airport Authority"), a quasi-municipal corporation organized under Chapter 474, Statutes of Nevada 1977, as amended, with its principal office at Reno-Tahoe International Airport, 2001 East Plumb Lane, Reno, Nevada 89502, and Washoe County on behalf of the Washoe County Sheriff's Office ("Lessee").

RECITALS:

WHEREAS, the Airport Authority owns and operates the Reno-Stead Airport ("Airport" or "RTS"), located in the City of Reno, Washoe County, Nevada, as a general aviation and reliever facility, and is authorized to contract for the use of Airport premises and facilities and the provision of products and services thereon; and

WHEREAS, Lessee is the law enforcement agency under the supervision of Washoe County responsible for among other duties keeping and preserving peace and conducting searches and rescues in Washoe County, Nevada; and

WHEREAS, the Airport Authority owns that certain hangar at RTS located at 14501 Mt. Anderson Street, Reno, Nevada 89506, consisting of approximately 39,600 square feet of combined hangar and office space and known as Hangar 5 (the "Hangar"); and

WHEREAS, the Airport Authority and Lessee are parties to that certain Hangar Sale Agreement dates as of April 1, 2025, under which Lessee will purchase the Hangar from the Airport Authority; and

WHEREAS, Lessee has demonstrated a willingness to properly maintain, manage and operate in accordance with the Reno-Stead Airport Rules and Regulations, as amended, and other standards established by the Airport Authority; and

WHEREAS, the Airport Authority deems it advantageous to itself and to its operation of the Airport to enter into this Lease, together with such privileges, rights, uses and interests, as hereinafter set forth;

NOW, THEREFORE, for and in consideration of the promises, and of the mutual covenants and agreements herein contained, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Airport Authority and Lessee mutually agree as follows:

**ARTICLE 1
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 1.01 - "Air Operations Area" or "AOA" means those movement and non-movement areas of the Airport designed and constructed for the landing and takeoff, taxiing, parking, operating and other operations of aircraft as they now exist or hereafter may be developed, extended or improved from time-to-

time including areas designated for aircraft storage, and all restricted ground areas of the Airport including taxiways, runways, ramps, parking areas, and everything inside the perimeter fence.

Section 1.02 - “Aircraft” means a device that is used or intended to be used for flight in the air.

Section 1.03 - “Aircraft Apron” means a defined paved area on the Airport intended to accommodate aircraft for purposes of loading or unloading passengers or cargo, refueling, parking or maintenance.

Section 1.04 - Intentionally Omitted.

Section 1.05 - “Airfield” means the aircraft movement areas of the Airport including, but not limited to, the Landing Area and Aircraft Apron as herein defined and other facilities supporting commercial, military, corporate and general aviation aircraft activity.

Section 1.06 - “Airport” or “RTS” means the Reno-Stead Airport owned and operated by the Reno-Tahoe Airport Authority including all of the real property and easements, improvements and appurtenances, structures, buildings, fixtures, machinery and other tangible personal property or interest in any of the foregoing, now owned or hereafter leased or acquired by the Airport Authority and operated within the exterior boundaries as now exist on the Airport Layout Plan or Exhibits, or as it may hereinafter be extended, enlarged or modified.

Section 1.07 - Intentionally Omitted.

Section 1.08 - “Best Management Practices” or “BMP” means those practices and procedures employed to prevent or reduce source water pollution including, but not limited to, the construction of runoff or retention basins and the replanting of eroding surfaces, to effectuate the purposes of storm water laws.

Section 1.09 - Intentionally Omitted.

Section 1.10 - “Employee” means a person who performs services on behalf of an employer in exchange for regular remuneration and who receives an IRS W-2 Wage and Tax Statement.

Section 1.11 - “Federal Aviation Administration” or “FAA” means the federal agency charged with the administration and operation of the federal airport system pursuant to the Federal Aviation Act of 1958, as amended, and its successor(s) in function, if any.

Section 1.12 - “Federal Aviation Regulation” or “FAR” means the body of rules prescribed by the FAA governing all aviation activities in the United States (Title 14 Code of Federal Regulations concerning Aeronautics).

Section 1.13 - Intentionally Omitted.

Section 1.14 - Intentionally Omitted.

Section 1.15 - Intentionally Omitted.

Section 1.16 - Intentionally Omitted.

Section 1.17 - “General Aviation” or “GA” refers to all aircraft operations under Title 14 Code of Federal Regulations (CFR) Part 91 and non-scheduled Part 135, excluding commercial aircraft, military operations

and those federally regulated by Title 14 CFR Parts 121, 129, and scheduled Part 135. A General Aviation aircraft can range in size from a single engine propeller aircraft to a large business jet.

Section 1.18 - “Landing Area” means 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 1.19 – “Lease Year” means each 365 or 366, as applicable, day period from and after the Commencement Date during the Term, with the first Lease Year commencing on the Commencement Date and expiring at midnight on the day immediately preceding the first anniversary of the Commencement Date, and each Lease Year thereafter beginning on each successive anniversary of the Commencement Date and expiring at midnight on the day immediately preceding the next anniversary thereof.

Section 1.20 - “Nevada Revised Statutes” or “NRS” means the revised collection of compiled laws of the State of Nevada.

Section 1.21 - “President/Chief Executive Officer” or “CEO” means the person under the administrative direction of the Airport Authority’s Board of Trustees who is responsible for the safe, efficient, and profitable development and operation of the Reno-Tahoe International Airport and the Reno-Stead Airport.

Section 1.22 - Intentionally Omitted.

Section 1.23 - Intentionally Omitted.

Section 1.24 - “Reno-Stead Airport Rules and Regulations” means the body of rules prescribed by the Airport Authority governing all aviation activities on the Airport.

Section 1.25 – Intentionally Omitted.

Section 1.26 - “RTS Commercial Aeronautical Activity” means any activity conducted at the Airport which involves, makes possible or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations. These activities include, but are not limited to, air taxi and charter operations, pilot training, aircraft rental, sightseeing, crop dusting, aerial advertising, aerial surveying, air carrier operations, skydiving, ultra-light operations, aircraft sales and service, sale of aviation petroleum products, repair and maintenance of aircraft, sale of aircraft parts, and aircraft storage.

Section 1.27 - “RTS Commercial Aeronautical Operating Agreement” means a long-term (greater than 1-year in duration) agreement between the Airport Authority and a RTS Commercial Aeronautical Operator that allows the RTS Commercial Aeronautical Operator to conduct one or more RTS Commercial Aeronautical Activities on the Airport.

Section 1.28 - “RTS Commercial Aeronautical Operator” means any person or entity conducting RTS Commercial Aeronautical Activities on the Airport and includes, but is not limited to, employees, agents or invitees of Operator and/or its contractors, suppliers and material men.

Section 1.29 - “RTS GA Commercial Aeronautical Activity Permit” means a short term agreement between the Airport Authority and a RTS Commercial Aeronautical Operator that allows the RTS Commercial Aeronautical Operator to conduct one or more RTS Commercial Aeronautical Activities on the Airport on an intermittent basis not to exceed six (6) times per year.

Section 1.30 - “RTS General Aviation Commercial Minimum Standards” or “RTS GA Commercial Minimum Standards” means the minimum commercial standards of the Airport for General Aviation, as may be amended from time to time, which are established by the Airport Authority for all operations on the Airport.

Section 1.31 - “Significant Materials” means materials or substances as defined in and/or subject to pertinent storm water laws, including, but not limited to: raw materials; materials such as fuels, solvents, detergents and plastic pellets; finished materials such as metallic products; hazardous substances as defined under Section 101(14) of the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA); any chemical subject to reporting under Section 313 of Title III of the federal Superfund Amendment Reauthorization Act (SARA); fertilizers; pesticides; and waste products such as ashes, slag, sludge and the like, which might be released with storm water discharges, as provided in 40 C.F.R. Part 122.26(b)(12); and as any or all of these laws might be amended, recodified or supplanted.

Section 1.32 - “TSA” means the United States Department of Transportation, Transportation Security Administration, and its successor(s) in function, if any.

Section 1.33 - “Unmanned Aircraft System” or “UAS” means an aircraft (including aircraft called a drone) without a pilot on board. The UAS is controlled by an operator on the ground. Small UAS are regulated by FAA Order 14 CFR Part 107, Small Unmanned Aircraft Rule.

ARTICLE 2 **TERM**

Section 2.01 - Term. The Term of this Lease shall be for a period of fifty (50) years, commencing June 1, 2025 (“Commencement Date”) and expiring May 31, 2075, inclusive, unless earlier terminated in accordance with the other provisions of the Lease.

Section 2.02 – Intentionally Omitted.

Section 2.03 - 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 shall peaceably surrender possession of the Leased Premises and improvements thereto in good condition, reasonable wear and tear excepted, and the Airport Authority shall have the right to take possession of the Leased Premises.

Section 2.04 - Holdover. If Lessee remains in possession of the Leased Premises after the expiration or earlier termination of this Lease without any written extension 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 terms in this Lease, except as to rents, fees and charges which shall be established and charged by the Airport Authority at its discretion. Said holdover tenancy shall be subject to the Airport Authority’s termination of this lease and repossession of the Leased Premises at any time. Lessee shall indemnify the Airport Authority for all loss or damage on account of any holding over after the expiration or earlier termination of this Lease, whether such loss or damage may be contemplated at this time or not. No receipt or acceptance of money by the Airport Authority from Lessee after the expiration or termination 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 the Airport Authority’s consent is required or operate as a waiver of any right of the Airport Authority to retake and resume possession of the Leased Premises.

ARTICLE 3

LEASED PREMISES AND PRIVILEGES

Section 3.01 - Leased Premises. Subject to the terms and conditions of this Lease, the Airport Authority hereby leases to Lessee and Lessee leases from the Airport Authority, that certain parcel of land underneath the Hangar and adjacent parking and outdoor storage areas with an address of 14501 Mt. Anderson Street, Reno, Nevada 89506, consisting of approximately 83,160 square feet ("Leased Premises"), and more particularly described and depicted on Exhibit A, attached hereto and incorporated by reference herein. For all purposes under this lease, the parties agree that the square footage of the Leased Premises shall be as set forth in this Section 3.01.

Section 3.02 - Condition of Leased Premises. Lessee has inspected or has had ample opportunity to inspect the Leased Premises and other areas of the Airport material to Lessee's use, operation and occupancy of the Leased Premises. Lessee accepts the Leased Premises and other such areas of the Airport in their "as is" condition existing as of the Commencement Date, with all defects, latent and patent, and without expense to the Airport Authority, and with no assurances, warranties or guarantees of any kind.

Section 3.03 - Ingress and Egress. Lessee is granted, for the Term of this Lease, the reasonable, nonexclusive right of ingress to and egress from the Leased Premises over and across public roadways serving the Airport, for Lessee and Lessee's authorized agents, employees, contractors, guests, invitees and licensees, subject to the rights of all other authorized users thereof; 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 3.04 - Use of the Airport. Subject to the terms and conditions of this Lease and all Reno-Stead 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, Aircraft Aprons, aircraft parking areas, avigational 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 3.05 - Use of Common Areas. Lessee, its authorized agents, employees, contractors, 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 including the Leased Premises for public use. The Airport 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 unreasonable interference with Lessee's ability to use the Leased Premises for the permitted use as provided in Section 5.02.

Section 3.06 - Reservations. The Airport Authority expressly reserves from this Lease and from the rights granted to Lessee to the Leased Premises hereunder:

- A. All gas, oil, water, geothermal and mineral rights in and under the soil;
- B. A public right of flight through the air space above the ground;

- C. The right to grant utility rights-of-way and easements to others over, under, through, across or on the Leased Premises, provided that such rights-of-way and easements are located at least five (5) feet from any 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, Aircraft Aprons, ramps and taxiways as they now exist and as they might be constructed adjacent to or near 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 Airport Authority.

Section 3.07 - Quiet Enjoyment.

- A. 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 in accordance with and subject to the terms and conditions of this Lease for the term provided herein.
- B. Notwithstanding Paragraph A above, the United States of America, Department of Interior, Bureau of Land Management ("BLM"), operates at and out of the Airport to conduct firefighting activities, which activities might include, but not be limited to, firefighting activities and/or support by other agencies. Also, the FAA has designated the Airport as an Unmanned Aerial System ("UAS") testing range and various UAS tests, events, and other related activities are conducted at the Airport. The Airport Authority might also, at its discretion, approve additional special aviation or non-aviation events and/or activities at the Airport, by the BLM, UAS operators or another tenant or user or potential tenant or user of the Airport. Certain inconveniences, such as lack of parking and restricted access, might occur while such events and/or activities are being held, conducted and/or performed on, at, from or out of the Airport. Lessee shall relinquish operational use of any common area of the Airport during any closure of the Airport for any such event or activity or any other restriction on access to and/or use of the Airport. Lessee shall not be entitled to any compensation or reduction of Rent or any other fee, charge, or amount owed to the Airport Authority by Lessee as a result of Lessee's inability to use or inconvenience associated with the use of the Leased Premises or the Airport while any such event or activity is being held, conducted or performed. Lessee shall cooperate with the FAA, the Airport Authority, the BLM and/or any other tenant or user or potential tenant or user regarding ingress and egress to and from the Leased Premises and the Airport by Lessee during any such event or activity.

Section 3.08 – Damage and Destruction. If all or any part of the Leased Premises shall be destroyed or damaged in whole or in part by fire or other casualty (including any casualty for which insurance was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, Lessee shall give to Airport Authority notice thereof within three (3) days after such casualty occurs. In such an event Lessee may elect to restore the Leased Premises or to terminate this Lease upon ninety (90) days' advance written notice to the Airport Authority. Airport Authority in no event shall be obligated to Restore the Leased Premises or any portion thereof or to pay any of the costs or expenses thereof.

ARTICLE 4

RENTS, FEES, CHARGES

Section 4.01 - Security Deposit. To secure Lessee's payment of all rent, fees, and other charges due Airport Authority hereunder, and to ensure Lessee's performance of all terms and conditions of this Lease, Lessee

shall deliver to the Airport Authority, not later than the Commencement Date, a Security Deposit in a form and amount satisfactory to Airport Authority to be held and applied by Airport Authority in accordance with the provisions of this Section 4.01.

- A. The security shall be in the form of a surety bond or a letter of credit as approved by the Airport Authority and issued by an insurance company or financial institution acceptable to the Airport Authority, or a cash deposit by cashier's check, corporate check, or wire transfer. The initial bond, letter of credit, or cash deposit shall be in the aggregate amount of Seven Thousand Two Hundred Seventy-Five and 00/100 Dollars (\$7,275.00), shall be effective on or before the Commencement Date and/or any operations by Lessee hereunder, whichever occurs first. If the security is in the form of a bond or letter of credit, it shall be written for such duration and renewal as to ensure that the said security is available for payment of any of Lessee's defaults for not less than three (3) months after any expiration or earlier termination of this Lease. Accordingly, the security documents must provide that the bond or letter of credit shall remain in full force and effect throughout the Lease Term and for a period of ninety (90) days following any expiration or termination of this Lease. The amount of said security shall be subject to adjustment by the Airport Authority pursuant to Section 4.01, Paragraph B and, in addition to all other provisions set forth herein, the surety bond or letter of credit shall comply with the following minimum requirements:
1. All surety bonds shall be issued by a surety or bonding company authorized to do business within the State of Nevada. The issuer of the bond shall be required to pay Airport Authority the amount of Lessee's default upon presentation to the issuer of a statement signed by the President/CEO of the Airport Authority stating Lessee is in default of the provisions of this Agreement and setting forth the amount of the default.
 2. All letters of credit shall be issued by a federally chartered bank or savings and loan association acceptable to Airport Authority having offices within the County of Washoe, State of Nevada. All letters of credit must be irrevocable standby letters of credit and shall contain the following provisions:
 - a) Only Airport Authority, its successors and assigns shall be named as the beneficiaries.
 - b) Partial and multiple drawings shall be permitted.
 - c) The letter of credit shall be available to Airport Authority at sight drafts.
 - d) All monetary references shall be in United States currency.
 - e) Draws upon the letter of credit shall be allowed upon compliance with the following conditions: (1) the original of the letter of credit or, if agreed to by both parties, a facsimile shall be presented to the issuing institution; (2) the letter of credit shall be accompanied by a statement signed by the President/CEO of the Airport Authority stating that Lessee is in default of its obligations to pay rent under this Lease, such default has not been cured within any applicable cure period and setting forth the amount of the default; (3) the Airport Authority shall not be required to give Lessee prior notice of the Airport Authority's intention to make a draw upon the letter of credit.

Any other provisions of the letter of credit shall be subject to Airport Authority's approval, which approval shall not be unreasonably withheld.

- B. The amount of the security shall be subject to review and adjustment by the Airport Authority from time to time during the term of this Lease as set forth herein. Upon said review, the Airport Authority may elect to require Lessee to increase the amount of the security for any of the following reasons: if Lessee's financial obligation under this Lease has increased, whether by rent rate adjustments or increased activity; if Lessee has failed to pay any rents, fees, charges or assessments when due (unless said default in payment is the subject of a bona fide dispute), and the same has not been cured according to the provisions of Section 12.02 hereof; or if Lessee's financial condition has changed since the Commencement Date to such extent that the Airport Authority is reasonably concerned about Lessee's ability to perform its obligations hereunder. In no event will the security be reduced.
- C. If at any time during the term of this Lease Lessee fails to make any payment due hereunder of any rent, fee, charge or assessment (including, but not limited to, late payment charges and any and all costs of collection), and the same has not been cured according to the provisions of Section 12.04 hereof, then the Airport Authority may make a demand upon the issuer of the surety bond or the letter of credit, as the case may be, or draw upon the cash deposit, for payment of the amount of Lessee's unpaid obligation, without prior notice to Lessee. In such event, Lessee shall promptly ensure that the security again satisfies the requirements hereof, including replacement of the amount drawn, and the Airport Authority, at its option, may require Lessee to deliver supplemental security to the Airport Authority in an amount and in such form as the Airport Authority deems necessary to protect the Airport Authority against future defaults.
- D. Within ninety (90) days following the termination of this Lease, whether said termination be at the expiration of the term of this Lease or otherwise, the Airport Authority may make a demand upon the issuer of the surety bond(s) or letter(s) of credit, or use the cash deposit funds, as the case may be, for payment of any remaining unpaid obligation of Lessee, without notice to Lessee. Any such demand by the Airport Authority and payment by the issuing institution or draw upon the cash deposit shall not serve to relieve Lessee of its obligations hereunder or waive the Airport Authority's rights and remedies under this Lease. In the case of a cash deposit, any unused funds will be returned to Lessee following the expiration of ninety (90) days following the termination of this Lease.
- E. The proceeds of a surety bond or letter of credit shall constitute the Airport Authority's sole and separate property (and not Lessee's property or the property of Lessee's bankruptcy estate). The Airport Authority and Lessee (1) acknowledge and agree that in no event or circumstance shall the surety bond or letter of credit or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context ("Security Deposit Laws"), (2) acknowledge and agree that the surety bond or letter of credit (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (3) waive any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws. Lessee hereby waives any provisions of law, now or hereafter in effect, which (i) establish the time frame by which the Airport Authority must refund a security deposit under a lease, and/or (ii) provide that the Airport Authority may claim from the security deposit only those sums reasonably necessary to remedy defaults of Lessee, it being agreed that the terms of this Lease shall govern the application of the proceeds of the surety bond or letter of credit.

Section 4.02 - Base Rent and In-Kind Services. For the use and occupancy of the Leased Premises hereunder, Lessee shall pay to the Airport Authority rent ("Base Rent") at the rate of \$0.35 per square foot per year or \$2,424.00 per month or \$29,100.00 per year. Lessee and the Airport Authority agree that the

first Base Rent payment under this Lease shall be due and payable not later than the Commencement Date. Beginning on July 1, 2026, Base Rent shall be adjusted annually on July 1 as provided in Section 4.03.

Throughout the Term, Lessee may tender in-kind services to the Airport Authority in lieu of paying Base Rent, provided that the value of the in-kind services shall be of equal or greater value to the then-current Base Rent. By no later than February 15th of each year during the Term, Lessee shall provide the Airport Authority with a list of proposed in-kind services for the coming Lease Year (May 1 – April 30) and the associated value of those services. If the Airport Authority does not agree with the proposed services or the value of those services, the Airport Authority and Lessee shall negotiate in good-faith to resolve any differences. If the differences cannot be resolved by the start of the next Lease Year, Lessee shall pay the Airport Authority Base Rent in full until the differences can be resolved. Additionally, in the event any governmental agency, including but not limited to the FAA, determines the Airport Authority is in violation of any grant obligation or other legal requirement, Lessee shall pay the Airport Authority Base Rent in full.

As of the Commencement Date, the approved in-kind services and schedule of values are included as Exhibit B, attached hereto and incorporated by reference herein. Each Lease Year, if the Airport Authority and Lessee are able to agree to in-kind services for the coming Lease Year, Exhibit B shall be automatically amended upon the start of the Lease Year to incorporate the agreed upon list of in-kind services and schedule of values.

Lessee shall maintain true and accurate records of all in-kind services and, beginning on the Commencement Date, provide the Airport Authority a quarterly report of the services performed, including dates, times, and the value of each service.

Section 4.03 – Rent Adjustment.

- A. Annual Adjustment. On July 1 of each year during the term of this Lease (each such date, a “CPI Adjustment Date”), the Base Rent shall be adjusted as follows:
1. The base for computing the adjustment of Base Rent for each CPI Adjustment Date shall be the April Index (“Base Index”). In the case of the Base Rent adjustment to be made on July 1, 2026, the Base Index shall be the April 2025 Index. If the April Index published prior to the applicable CPI Adjustment Date (“Comparison Index”) has increased over the Base Index, the Base Rent shall be set by multiplying the Base Rent then in effect by a fraction, the numerator of which is the Comparison Index and the denominator of which is the Base Index. If adjustment of the Base Rent pursuant to this Paragraph would cause the Base Rent then in effect to decrease on any CPI Adjustment Date, then there shall be no adjustment in the Base Rent on such CPI Adjustment Date, and the Base Rent then in effect immediately prior to such CPI Adjustment Date shall continue in effect until the next CPI Adjustment Date upon which an increase in Base Rent occurs. On the adjustment of the Base Rent under this Paragraph A, the Authority shall provide Lessee written notice of the new annual Base Rent.
 2. If the Index has changed so that the base year differs from that used as of the month immediately preceding the month in which the first CPI Adjustment Date occurs, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, 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.

3. As used herein “Index” means the Consumer Price Index for All Urban Consumers, U.S. City Average, All Urban, All Items, 1982-84 = 100, published by the United States Department of Labor, Bureau of Labor Statistics, United States Department of Labor, Bureau of Labor Statistics.
- B. Fair Market Value Adjustment. Base Rent shall be adjusted on each tenth (10th) anniversary date of the Commencement Date (each such date, the “FMV Adjustment Date”), to the fair market rental value of the Leased Premises as of the FMV Adjustment Date. In determining the fair market rental value of the Leased Premises on the FMV Adjustment Date, such determination shall include the value of the Leased Premises, but shall exclude the value of the Hangar. The procedure specified below shall be used to determine the fair market rental value as of the FMV Adjustment Date.
1. The adjusted Base Rent shall be determined based on an appraisal to establish fair market rental value. The appraisal shall comply with the Uniform Standards of Professional Appraisal Practice and any applicable Law, and will be completed by an appraiser with MAI (Member, Appraisal Institute) credentials licensed in Nevada, with at least five (5) years of experience in the valuation of commercial properties located in the Reno-Sparks metropolitan area.
 2. The Airport Authority shall select the appraiser in its sole and absolute discretion, the cost of the appraisal shall be borne by the Airport Authority, and the current fair market rental value shall be established by that appraisal; provided, however, that in no event shall adjusted Base Rent be less than the Base Rent in effect as of the FMV Adjustment Date.

An adjustment of Base Rent under this Section 4.03.B shall be effective on and after the FMV Adjustment Date, regardless of the date upon which the fair market rental value for the Leased Premises is finally determined. If the Base Rent adjustment process is not completed before the applicable FMV Adjustment Date, Lessee shall continue to pay Base Rent at the rate then in effect immediately prior to the FMV Adjustment Date until the adjusted Base Rent is determined. Upon final determination of the adjusted Base Rent, Lessee shall pay promptly to the Airport Authority any difference between the amount paid between the first calendar day immediately following the FMV Adjustment Date, and the amount of the Base Rent as adjusted for that period; provided that no late charge or interest under Section 4.07 shall apply to any such difference timely paid following determination of the adjusted Base Rent. On the adjustment of the Base Rent under this Section and upon the request of either the Airport Authority or Lessee, the parties shall acknowledge in writing the new Base Rent; provided, however, that the failure of either party to make such request, or acknowledge the new Base Rent pursuant to such request, shall in no way or manner delay or impair the full applicability of such new Base Rent as above provided in this Section 4.03.B.

Section 4.04 - Additional Fees, Charges and Rentals. Lessee will continue to be responsible for any costs or obligations that come due in connection with its operation on the Leased Premises even after the end of the Term. Lessee shall pay additional fees and charges, under the following conditions:

- A. If the Airport Authority has paid any sum or sums or has incurred any obligation or expense for which Lessee has agreed to pay or reimburse the Airport Authority.
- B. If the Airport 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 the Airport Authority is fined or otherwise penalized as a result of the activities, operations or negligence of Lessee or anyone acting by or for Lessee.

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 the Airport 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. The word “Rent” as used in this Lease, shall include Base Rent, Airport fees, and all other additional fees and charges that this Lease requires Lessee to pay the Airport Authority or any third party, however designated.

Section 4.05 - Time and Manner of Payments. All Base Rent payable by Lessee to the Airport 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 or annually in advance throughout the Term of this Lease. Base Rent for any portion of a month shall be prorated on a daily basis in the proportion that the number of days this Lease is in effect during such month bears to the actual number of days in such month. Any other payments due or reimbursable to the Airport Authority by Lessee hereunder shall be paid when due or immediately upon receipt of the Airport Authority’s invoice for such payment. Payments shall be made at the offices of the President/CEO of the Airport Authority at the Airport, or at such other place as the Airport Authority may hereafter notify Lessee, and shall be made in legal tender of the United States.

Section 4.06 - Unpaid Fees or Charges. Any fees or charges not paid within fifteen (15) days of the date due shall bear a service charge at the then highest rate established from time to time by the Airport Authority (currently set at 18% per year), from the date due until fully paid. Lessee agrees that it shall pay and discharge all costs and expenses incurred or expended by the Airport Authority in collection of delinquent amounts due hereunder, including service charges, professional collection fees and attorneys’ fees.

Section 4.07 - Payment of Taxes and Fees; Utilities. Lessee shall promptly pay all general taxes, special assessments, excises, license fees, permit fees and utility charges and costs, of whatever nature, applicable to its use and occupancy of the Leased Premises and its operation at the Airport and to obtain and keep current any and all municipal, state and federal licenses as may be required for the conduct of its business at the Leased Premises or elsewhere at or about the Airport. Lessee shall not permit any of said taxes, assessments, fees and charges to become delinquent. Lessee is entitled to avail itself of the right, as may be provided by law, to contest the amount of taxes levied, without being deemed in default of this Lease pending a ruling by the governmental agency having jurisdiction in such cases. The Airport Authority shall not be obligated to make a capital improvement or otherwise incur any cost to accommodate a utility request of Lessee.

Section 4.08 – Reimbursement for Improvements Benefiting Leased Premises. Lessee acknowledges the Airport Authority is proceeding with capital improvements to demolish an existing fire suppression system that currently serves the Hangar and a neighboring hangar, and replace it with a new fire suppression system. Upon completion of the improvements and the Airport Authority providing reasonable documentation of the Airport Authority’s direct costs, Lessee covenants and agrees to pay the Airport Authority within fifteen (15) days, a lump sum equal to half of the total cost of demolishing the existing fire suppression system and the total cost of the fire suppression system for the Hangar.

ARTICLE 5

OPERATIONS, USE CONDITIONS AND RESTRICTIONS

Section 5.01 - Intentionally Omitted.

Section 5.02 - Minimum Requirements; Permitted Uses. Lessee is hereby permitted to occupy, use, improve, maintain and operate the Leased Premises for the purposes of: a) dry storage of aircraft, associated parts, equipment, materials, supplies, and other items required to maintain and operate such aircraft within

the Hangar; b) maintenance, repair, and overhaul of Lessee's aircraft; c) storage of equipment, materials, supplies and other items for operations related to the Washoe County Sheriff's Office; Search and Rescue, Special Weapons and Tactics (SWAT), RAVEN aviation unit, and other Special Operations Assets; and d) general office related activities, and for no other purpose. Lessee shall not occupy or use, and shall not permit the occupancy or use of the Leased Premises or the Hangar for residential use.

Section 5.03 – Disabled Aircraft Removal from the Airfield. The removal of Lessee's disabled aircraft or aircraft under the control of Lessee from the runway/taxiway shall be the responsibility of the Lessee. As soon as possible after release by proper authorities, Lessee shall remove such disabled aircraft from the AOA, Landing Area and Aircraft Apron. Lessee shall place such disabled aircraft in an area designated by the Airport Authority. Lessee shall store such disabled aircraft only upon such terms and conditions as established by the Airport Authority. The Airport Authority may, but shall not be obligated to, cause or assist in the removal of such disabled aircraft, at the expense of Lessee, in the event Lessee shall fail to remove disabled aircraft within sixty (60) minutes after release by proper authorities. Lessee shall pay the Airport Authority, upon receipt of invoice, all reasonable costs incurred for such removal or assistance. Lessee hereby indemnifies and holds the Airport Authority harmless from any claims or damages which may result from such removal or assistance.

Section 5.04 - Storage of Motor Vehicles and Equipment. All of Lessee's vehicles and equipment used in the conduct of operations hereunder, including the vehicles and equipment of Lessee's agents, employees, contractors, guests, patrons, clients, approved licensees and subtenants, if any, will be parked and/or stored within the Leased Premises in areas approved for such parking and storage, unless specifically authorized in writing by the Airport Authority to be temporarily parked or stored elsewhere. For any vehicle or equipment found outside the Leased Premises or other area authorized for use by Lessee, if any such vehicle or equipment is found to be obstructing the operations of the Airport Authority or another tenant of Airport Authority, and Lessee fails to immediately remove it upon the Airport Authority's request, such vehicle or equipment will be removed and stored at the expense of Lessee. Any vehicle out of useful service for more than sixty (60) days shall be removed from the Airport.

Section 5.05 - Responsibility for Use. Lessee is and shall remain responsible to all parties for its respective acts and omissions and Airport 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 operations in a safe, prudent, professional and lawful manner. Lessee agrees that its use hereunder will not interfere with or impede the operations of the Airport Authority, other tenants and authorized users of the Airport, or the general public.

Section 5.06 - Reno-Stead Airport Rules and Regulations. Lessee acknowledges and agrees that its use and occupancy 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 Airport, 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 the Airport Authority in connection therewith.

Section 5.07 - Licenses, Permits and Certifications. Lessee shall: (a) obtain and maintain in effect at all times, at its sole cost and expense, any and all licenses, certificates and permits required for its development, improvement, occupancy, use, maintenance and operation of the Leased Premises; and (b) obtain and pay for any licenses, permits and other operating, use or safety certifications required by federal, state and local regulatory agencies for its use, operations and activities and associated operations on Airport property,

specifically including the Leased Premises as provided under this Lease. Lessee shall provide the Airport Authority with copies of any and all such licenses, permits and other documentation evidencing compliance herewith, promptly upon request and as otherwise required under this Lease.

Section 5.08 - Operating Standards. Lessee covenants and agrees that it will operate under this Lease and will require its employees, agents, contractors, invitees 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 Airport Authority in connection therewith from time to time. Lessee acknowledges that it has received and agrees to make available to its employees, agents, contractors, invitees and licensees, copies of the Airport Authority's Reno-Stead Airport Rules and Regulations, Airside Traffic Regulations, Airport Authority Safety Bulletins, RTS GA Commercial Minimum Standards, and other applicable regulatory and procedural information.

Section 5.09 - 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 RTS Commercial Aeronautical Activity Permit or an RTS Commercial Aeronautical Operating Agreement, as applicable, with the Airport Authority. The Airport 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 5.09 shall be construed as in any way limiting the general powers of the Airport 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 5.10 - Safety Procedures and Fire Protection System. Lessee shall comply with all fire safety rules, regulations and procedures in effect at the Airport, including the installation of such extinguishing devices or fixtures on and in the Leased Premises, as may be required by the City of Reno Fire Department, and combustible/flammable liquid storage that meets current National Fire Protection Association ("NFPA") 407 requirements. Without limiting the foregoing, Lessee shall, at its own cost and expense, maintain in good working order in the Leased Premises a quality fire extinguisher system, which Lessee shall cause to be certified as meeting all applicable fire and safety standards, at least annually, by a qualified fire protection system inspector, with a copy of each such certification provided to the Airport Authority.

Section 5.11 - Leased Premises Security. Lessee will comply with all rules and regulations of the Airport 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 or activities conducted by Lessee or 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.

Section 5.12 - Other Conditions 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 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 landing and taking off of aircraft from the Airport, or otherwise

constitute a hazard. In the event this covenant is breached, the Airport 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 the Airport Authority deems necessary in the public interest.

- B. Lessee's operations hereunder and those of its employees, agents, and 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 Airport Authority hereunder and as may be directed by the Airport Authority from time to time.
- C. Lessee shall not wash aircraft, vehicles, mobile equipment or the like on the Leased Premises.
- D. 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 the Airport 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 the Airport Authority to do so; and, in any event, Lessee shall hold the Airport Authority harmless from and against any expenses and damage resulting from any action as set forth herein.
- E. Lessee is limited to the uses and operations as approved herein. As such, Lessee is expressly prohibited from expanding or altering its scope of operations beyond the scope of this Lease or to engage in other operations on the Airport not intended or covered hereunder.
- F. 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 Airport Authority or others to sanctions, fines or penalties impeding the operation of the Airport.

ARTICLE 6

MAINTENANCE AND REPAIR

Section 6.01 - Obligations of Airport Authority. Lessee acknowledges that the Airport Authority has made no representations or warranties relating to the suitability of the Leased Premises for any use and that, except as otherwise expressly provided in this Lease, the Airport Authority shall have no obligation whatsoever to develop, repair, maintain, renovate or otherwise incur any cost or expense with respect to the Leased Premises or any leasehold improvements, fixtures, furnishings or equipment now or hereafter constructed, installed or used as a part of the Leased Premises; and the Airport Authority shall have no liability to Lessee arising out of any defect or deficiency in the Leased Premises.

Section 6.02 - Compliance. Lessee shall comply fully with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of the Airport 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 operations.

Section 6.03 - Maintenance and Repair. Except as otherwise provided in this Lease, Lessee shall be responsible, at its sole cost and expense, for the complete maintenance, repair and operation of the Leased Premises, improvements and installations, including responsibility for pavement maintenance and repair, and the Airport Authority shall not be responsible therefor. Lessee shall maintain the Leased Premises improvements 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 Airport Authority will be the sole but reasonable judge as to the quality of maintenance and repair and Lessee shall promptly comply with any reasonable directives issued by the Airport Authority in connection therewith. Improvements to the Leased Premises by Lessee during the term of Lease, including but not limited to renovation of existing structures, shall be subject to approval by the Airport Authority, made in accordance with the terms and conditions set forth in Article 10 hereof.

Section 6.04 - Grounds Maintenance. Lessee, at its expense, will provide for regular grounds maintenance, sweeping and dust control on and within the Leased Premises, 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. Seasonal snow and ice removal and other safety measures during inclement weather conditions, will be a part of the Airport Authority's grounds maintenance program. Lessee acknowledges and agrees that it will hold the Authority harmless for any liability that may arise as a result of Lessee's inability to access the Leased Premises or use the Airport due to snow and/or ice obstruction and the Authority's failure or inability to remove the same.

Section 6.05 - Water and Sewer; Sanitary and Industrial Waste Disposal. During the Term of this Lease, Lessee shall operate and maintain in good working condition and at its sole cost and expense, storm water drainage facilities and City of Reno approved sanitary sewer facilities serving the Leased Premises, whether currently existing or installed as a part of any Lessee construction project.

Section 6.06 - Airport Authority's Right to Enter, Inspect and Make Repairs. The Airport 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 operations 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 the Airport Authority's directives issued in connection herewith, including but not limited to compliance with all fire safety rules and regulations.
- B. To perform maintenance and make repairs in any case where Lessee is obligated, but has failed to do so and has failed to comply with the Airport Authority's notice of noncompliance, in which case Lessee shall reimburse the Airport Authority for the cost thereof, plus fifteen percent (15%) administrative overhead, promptly upon demand. The Airport Authority's notice of noncompliance to Lessee shall be in writing, specifying the maintenance or repair required and the location thereof. If Lessee cures or commences duly diligent efforts to cure and performs to completion within ten (10) days of the Airport Authority's notice, Lessee shall be deemed to have complied with its obligations hereunder. Notwithstanding, if the Airport Authority notifies Lessee of a maintenance or repair 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 the Airport Authority, Lessee shall have twenty-four (24) hours from receipt of the Airport Authority's notice within which to perform or to begin duly diligent efforts to perform the necessary maintenance or repair.

- 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 Airport 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 the Airport and airfield operations and/or to install, inspect, remove, replace, adjust, repair, maintain or otherwise service any FAA, TSA or Airport 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).

Nothing in this Section 6.06 shall limit any other right of the Airport Authority hereunder or obligate the Airport 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 Airport Authority's discretion.

ARTICLE 7 **INSURANCE**

Section 7.01 - 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 the Airport 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 the Airport 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 of insurance shall be accompanied by a separate endorsement stating 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 the Airport 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. **All Risks Hull** in an amount not less than the fair market value of each aircraft, at the discretion of Washoe County.
- B. **Aircraft Liability** in an amount not less than \$5,000,000.00 each occurrence, bodily injury and property damage, including passenger liability, each occurrence.
- C. **Aviation Comprehensive General Liability Insurance** coverage in an amount not less than \$5,000,000 each occurrence bodily Injury and property damage each occurrence (aggregate where applicable), which shall include, but not be limited to the following extensions:
 - 1. Products/Completed Operations & Grounding Liability
 - 2. Personal Injury & Advertising Injury
 - 3. Contractual liability
 - 4. Independent Contractors Liability
 - 5. Fire Legal Liability in an amount not less than \$100,000 each occurrence

- D. **Causes of Loss – Special Form Property Insurance** upon property of every description and kind owned by Lessee and located in the Leased Premises, or for which Lessee is legally liable, or which constitute improvements installed by or on behalf of Lessee, including, without limitation, Lessee's furnishings, fixtures and equipment. Such insurance shall be in an amount equal to one hundred percent (100%) of the full insurable replacement value of such property. The proceeds of such insurance shall be used for the repair and replacement of the property insured. Airport Authority shall not be liable for any damage to Leased Premises improvements or for damage to any personal property brought onto the Leased Premises.
- E. **Business Automobile Liability** policy (including bodily injury and property damage), \$1,000,000.00 each occurrence if operating airside.
- F. **Insurance Requirements Are Not Limits.** The foregoing requirements and any approval or waiver of said insurance by the Airport Authority are not intended to and will not in any manner limit or qualify Lessee's liabilities, whether imposed by applicable law or assumed pursuant to the Lease including, but not limited to, the provisions concerning indemnification as herein described in Article 8. The Airport Authority in no way warrants that the minimum limits contained herein are sufficient to protect Lessee from liabilities that might arise out of the performance of the work under the Lease by Lessee or Lessee's agents, representatives, employees or subcontractors, and Lessee is free to purchase such additional insurance as may be determined necessary.
- G. The insurance requirements under this section may be satisfied through commercial primary insurance policies, umbrella/excess policies, self-insurance, or any combination thereof.

All policies (primary and excess) and Certificates of Insurance provided by Lessee to the Airport Authority shall evidence the proper limits of coverage as set forth herein. Each policy shall be and shall specifically provide that the insurance afforded by such policy is primary coverage for all claims and losses arising from the use, occupancy and operation of the Leased Premises and the Airport, and that any insurance carried by the Airport Authority, its Trustees, agents or employees shall be excess and non-contributing. All policies shall name, and certificates of insurance shall be accompanied by a separate endorsement naming the Airport Authority, its Trustees, officers, agents and employees as additional insureds using ISO Endorsement Form CG 2011 (Managers or Lessors of Premises) or similar document. Each policy shall contain an endorsement that the insurer waives its right to subrogation as described below. The Airport 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 the Airport Authority.

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

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

Section 7.04 - Waiver of Claims and Subrogation. Lessee hereby waives its rights against the Airport Authority, and its Trustees, agents and employees, with respect to any claims, damages or losses which are caused by or result from occurrences insured against under any policy carried by or required to be carried by Lessee pursuant to this Lease, and Lessee shall cause each policy required to be obtained by it hereunder to provide that the insurer waives all rights of recovery by way of subrogation against the Airport Authority, and its Trustees, agents and employees, in connection with any claims, losses and damages covered by such

policy. However, Lessee does not waive its rights for claims damages or losses caused by the negligence or willful intent of the Airport Authority, and its Trustees, agents and employees.

ARTICLE 8

INDEMNIFICATION

Section 8.01 - Indemnification. Lessee is and will remain responsible for its actions and omissions, and the Airport Authority will in no way be responsible therefor. Lessee hereby agrees to protect, defend at the option of the Airport Authority, indemnify and hold the Airport Authority, its Trustees, officers, employees, and authorized agents harmless from any and all claims, fines, demands, suits, causes of action, liability and damages incurred by the Airport Authority including, but not limited to, costs of court and administrative proceedings and reasonable fees of attorneys and other professionals, unless caused by the negligence or misconduct of the Airport Authority, arising out of or in connection with this Lease or in any way resulting from: (a) Lessee's operations conducted on the Leased Premises and/or the Airport; (b) Lessee's development, 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 by Lessee, its agents, employees or contractors; (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 the Airport 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. The Airport Authority will not hold Lessee responsible for contamination which, upon investigation by the governmental agency having authority in such matters, is found to conclusively be the result of operations of prior owners or tenants of the Leased Premises. Lessee's obligation to indemnify as provided herein shall survive the expiration or early termination of this Lease. Lessee does not waive, and intends to assert available NRS Chapter 41 liability limitations in all cases.

Section 8.02 - Third-Party Noncompliance. The Airport Authority shall not be liable to Lessee, its officers, directors, shareholders, investors, creditors, lenders, agents, employees, invitees, subtenants 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, the Airport 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 the Airport Authority have any duty to Lessee or anyone acting for Lessee to enforce such contract.

Section 8.03 - Notice of Action. Lessee shall immediately notify the Airport 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 the Airport Authority with copies of all documentation related to the foregoing.

Section 8.04 – Selection of Counsel. In connection with any claim under this Article 8, the Airport Authority shall have the right to consult with Lessee on the selection of counsel subject, however, to the Lessee's insurance carrier required selection thereof, which selection shall be deemed satisfactory. Even though Lessee shall defend the action, the Airport Authority may, at its option and its own expense, engage separate counsel to advise it regarding the claim and its defense. Such counsel may attend all proceedings and meetings. Lessee shall cause Lessee's counsel to actively consult with the Airport Authority's counsel, if any. Lessee and Lessee's counsel shall, however, fully control the defense.

Section 8.05 – Settlement. Lessee may, with the consent of the Airport Authority, which consent shall not be unreasonably withheld, settle any claim that is the subject of this Article 8. The Airport Authority's consent shall not be required for any settlement by which (i) Lessee procures (by payment, settlement, or otherwise) a release of the Airport Authority by which the Airport Authority is not required to make any payment whatsoever to the claimant, (ii) neither the Airport Authority nor Lessee on behalf of the Airport Authority makes any admission of liability, (iii) the continued effectiveness of this Lease is not jeopardized in any way, and (iv) the Airport Authority's interest in the Leased Premises is not jeopardized in any way.

Section 8.06 – Insurance Proceeds. Lessee's obligations under this Article 8 shall be reduced by net insurance proceeds actually collected by the Airport Authority on account of the matter giving rise to Lessee's indemnification hereunder.

Section 8.07 – Exculpation. The Airport 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 negligence or misconduct of the Airport Authority, its employees, agents or assigns; under no circumstance shall the Airport Authority ever be responsible for consequential damages to Lessee, regardless of how such damages arise or are incurred by Lessee.

ARTICLE 9

STORM WATER; SANITARY AND HAZARDOUS MATERIALS

Section 9.01 - Airport Authority Permit.

- A. The Airport 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 445A.300 – 445A.730, inclusive. Lessee acknowledges that it is familiar with and understands these storm water laws, and acknowledges that it is aware and understands that there are significant penalties for submitting false information in connection therewith, including fines and imprisonment for knowing violations.
- B. The Airport Authority has taken steps necessary to apply for or obtain a storm water discharge permit as required by the applicable regulations for the Airport, which might include or affect the Leased Premises. The storm water discharge permit issued to the Airport Authority might name Lessee as a co-permittee.

- C. Cooperation is necessary to ensure compliance with storm water discharge permit terms, and as well as to ensure safety, and to minimize costs and impacts to operations. 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 the Airport Authority's requirements and to Best Management Practices ("BMP").

Section 9.02 - Permit Compliance.

- A. The Airport 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) days of Lessee's receipt of such written notice, it shall notify the Airport Authority in writing of its dispute of any permit requirement it has been directed to undertake and the reasoning and justification as a basis for such dispute. Lessee's failure to provide such timely notice shall be its assent to undertake the required performance. If Lessee provides the Airport Authority with timely written notice of its dispute and justification therefor, the Airport Authority and Lessee shall negotiate a prompt resolution of their differences. Lessee will not object to written notice from the Airport Authority for purposes of delay or of avoiding compliance. Lessee shall undertake, at its sole cost, those permit requirements, if any, directly related to its operations, for which it received written notice from the Airport Authority. Lessee shall meet any and all deadlines imposed on or agreed to by the Airport Authority and Lessee. Time is of the essence in complying with the terms hereof.
- B. The Airport Authority shall provide Lessee, upon written request, with any non-privileged information collected and submitted to any governmental entity pursuant to applicable storm water regulations. The terms of the Airport Authority's storm water discharge permit might change from time to time, and the Airport Authority shall be Lessee's agent solely to represent its interests concerning permit modifications by the pertinent regulatory agencies, provided that the Airport Authority shall first fully communicate the issues and consult with Lessee. The Airport Authority will give Lessee written notice of any violation by Lessee of the Airport Authority's storm water discharge permit or of the terms of this Article 9, and Lessee shall undertake immediately and pursue diligently the cure thereof. If Lessee fails to cure any violation, or if such violation is material and of a continuing nature, the Airport Authority may seek any and all remedies provided herein or by law to terminate this Lease.

Section 9.03 - Environmental Laws; Hazardous Materials Handling.

- A. Lessee shall comply with all applicable laws including, but not limited to, the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and Resource Conservation and Recovery Act (RCRA), the laws of the State of Nevada and local ordinances governing environmental matters including, but not limited to, the transportation and storage of hazardous materials, substances and waste, as might now or hereafter be defined by such laws. In particular, but without limitation, Lessee shall, if and to the extent applicable, participate in, procure all available coverage and/or other protection and/or benefits under, and pay any and all fees and the like for participation by Lessee in the Petroleum Fund, governed by the State of Nevada, Division of Environmental Protection, and shall submit to Airport 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 the Airport any petroleum product, or any material or substance now or hereafter classified as hazardous or toxic under any federal, state or local law. Notwithstanding, the presence of certain materials, which might be necessary to support Lessee's operations, located within the proper receptacles of any motor vehicle or in other proper containers correctly stored on the Leased Premises or elsewhere at Airport, shall not be a violation of this Section.
- C. Only persons who meet the Airport 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 including, but not limited to, any sub-Lessee, shall handle such articles or materials compliant with 14 C.F.R. Part 260 - 279, 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 the Airport Authority's review upon request.
- E. Lessee shall develop and submit to the Airport Authority a Spill Prevention Control and Countermeasure program (SPCC) for the duration of the Term of this Lease.

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

Section 9.05 – Existing Contamination and Hazardous Materials Indemnification.

- A. Existing Contamination. Lessee acknowledges the existence of soil contamination within the Leased Premises as identified in the Phase I Environmental Site Assessment dated October 30, 2024, prepared by Broadbent & Associates, Inc. and the limited Phase II Environmental Site Assessment Report dated December 31, 2024, prepared by Broadbent & Associates, Inc. No remedial action is required for the existing contamination at this time. Without limitation to its other obligations under this Lease, Lessee covenants it will not do anything without the express written consent of the Airport Authority's President/CEO, including, but not limited to, disturbing the soil within the Leased Premises, that will trigger any enforcement action or other remediation obligation of the Airport Authority related to the existing contamination, and Lessee agrees that any breach of this covenant by Lessee or Lessee's contractors, agents, officers, or employees shall require Lessee to indemnify the Airport Authority in the same manner and to the same extent as set forth in Section 9.05(B).
- B. Consistent with Section 8.01, Lessee shall keep, save, protect, release, defend at the election of the Airport Authority, indemnify and hold harmless the Airport 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 the Airport Authority in connection with the defense of 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 the Airport during Lessee's use thereof, or arising out of any contamination of the Leased Premises, neighboring property or any other Airport 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 the Airport 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 9.06 - Notice of Action. Lessee shall immediately notify the Airport 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 the Airport Authority with copies of all non-privileged documentation relating to the foregoing.

Section 9.07 - Consent Decree. The Airport Authority is a party to a certain Consent Decree, incorporated herein, entered January 31, 2000, to settle an action filed in the United States District Court for the District of Nevada and captioned Nevada Division of Environmental Protection (NDEP) vs. United States of America, et al., No. CV-N-98-034-DWH (RAM), to which Airport Authority was a party. The Decree established terms for certain environmental remediation of premises at and/or about the Airport. The Leased Premises may be affected by the terms of the Decree. Lessee shall comply with directives issued in conjunction with the Decree, and shall have any and all protections afforded to it as a lessee or user of the Airport as might be expressly set forth in that Decree.

ARTICLE 10

CONSTRUCTION OF IMPROVEMENTS, ALTERATIONS AND ADDITIONS

Section 10.01 - Plans and Specifications. Lessee shall develop detailed drawings, plans and specifications for improving, modifying and equipping the Leased Premises, as required by any governmental agency with jurisdiction over Lessee, its operations, the Leased Premises and the Airport, or desired by Lessee in its operations hereunder. Lessee shall comply with the Airport Authority's policies and procedures for review, modification and approval of tenant projects, including without limitation submittal of the Airport Authority's Tenant Improvement Permit and other documentation as required, and as such policies, procedures and required form(s) shall be amended from time to time. Lessee's submittal to the Airport Authority shall include, but not be limited to; a completed Tenant Improvement Permit, drawings, plans and specifications for any improvements, modification or renovation of the Leased Premises, copies or samples of materials and finishes to be installed in the Leased Premises.

Section 10.02 - Plan Approval. Lessee shall not commence improvements to the Leased Premises, or any part thereof, until:

- A. Lessee confirms to the Airport Authority, in writing, that all requirements of the federal, state and local external governmental agencies having jurisdiction (such as the FAA, The City of Reno, Washoe County) have been fulfilled and approvals, licenses, permits and other authorizations have been procured and provides the Airport Authority with true, correct, complete copies thereof;

- B. The Airport Authority approves Lessee's project in writing, including, but not limited to, the Airport Authority's issuance of a Notice to Proceed, Tenant Improvement Permit signed by the Airport Authority, Notice of Nonresponsibility, and any other authorizing documentation; and
- C. Lessee has confirmed its compliance with NRS Chapter 108, as set forth in Section 10.07 below.

No approval by the Airport Authority shall relieve Lessee of any obligation at law or under this Lease, nor render the Airport Authority liable to Lessee or to any other person for any cause, reason, action or omission relating thereto or in connection therewith including, but not limited to, liability for work, labor, costs or materials.

Section 10.03 - Construction Payments. Lessee shall be solely responsible for payment to contractors, consultants, subcontractors and subconsultants for all elements of planning, design and construction including, but not limited to, payment of any fees relating to procuring any required approval, permit or authorization, and shall keep the Airport Authority, the Leased Premises and other Airport Authority property free and clear of any lien relating thereto including, but not limited to, claims relating to any construction or installation, the furnishing of labor or materials, and any improvements by or on behalf of Lessee. Lessee may nonetheless contest, with reason and in good faith, the accuracy or validity of any charge or claim, pursuant to applicable law.

Section 10.04 - Plan Compliance. Lessee shall ensure that all improvements, as constructed or installed, comply with its plans as approved by the Airport Authority, and that any defects, errors or omissions in construction are corrected, so that all improvements are constructed or installations made in a proper, workmanlike manner.

Section 10.05 - Construction and Contractor's Insurance. Lessee shall require and ensure that its contractors working on any tenant improvement project maintain all required insurance coverages as provided in the Tenant Improvement Permit Form, as it may be revised, attached hereto as Exhibit C and incorporated by reference herein.

Section 10.06 - Performance and Payment Bonds. Before commencing any construction on the Leased Premises, Lessee shall furnish to the Airport Authority performance and payment bonds, approved as to form and surety by the Airport Authority, with Lessee's contractor or contractors as principals, each bond in a sum not less than one hundred percent (100%) of the amount of the contract securing Lessee's completion of the work in accordance with the plans and specifications approved in writing by the Airport Authority. The bonds shall also guarantee the payment of wages of employees and benefits, subcontractor's contracts, materials, supplies and equipment used in the performance of the work, and shall protect the Airport Authority from liability, losses or damages arising therefrom. Lessee shall ensure that the Airport Authority is an additional obligee of its principal and surety under such bonds.

Section 10.07 - Notice of Nonresponsibility; Free From Liens.

- A. As applicable, and as permitted by law, before commencement of any approved work Lessee shall post at the work site, in a conspicuous location, with an appropriate, Notice of Nonresponsibility, setting forth that the Airport Authority is not and will not be responsible for any materials furnished or labor performed on the Leased Premises. Lessee shall file, post and maintain all such Notices of Nonresponsibility at all relevant times at the work site on the Leased Premises and wherever otherwise required by law.
- B. Lessee shall not permit any mechanic's, materialman's or any other lien to be attached to, imposed or foreclosed upon the Leased Premises, Airport or any part thereof, or the improvements thereto,

by reason of any work or labor performed or materials furnished by any mechanic or materialman or for any other reason.

- C. Lessee shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Leased Premises or elsewhere at the Airport, which claims are or may be secured by any mechanic's or materialmen's lien. Before commencing any alterations to the Leased Premises or elsewhere at the Airport, Lessee shall, at its sole expense: (1) obtain and record with the Washoe County Recorder's Office a surety bond that meets the requirements of NRS 108.2415, and notify each person who gives Lessee a notice of right to lien of the recording of the surety bond pursuant to the requirements of NRS 108.2403; (2) record a notice of posted security that meets the requirements of NRS 108.2403; (3) serve the notice of posted security upon persons in accordance the requirements of NRS 108.2403; and (4) provide evidence to the Airport Authority, in a form satisfactory to the Airport Authority at its discretion, that Lessee has complied with the foregoing requirements. Lessee shall likewise give the Airport Authority notice of Lessee's entering into a contract with a contractor for the construction or installation of any improvement within seventy-two (72) hours of entering such contract, to enable the Airport Authority properly to file a Notice of Nonresponsibility as aforesaid, should the Airport Authority elect to do so.
- D. If, despite the foregoing, a mechanic's or materialmen's lien attaches to the Leased Premises or any other part of the Airport as a result of any improvement, and Lessee, in good faith, contests the validity of any such mechanic's or materialmen's lien, claim or demand, then Lessee shall, at its cost, defend and protect itself, the Airport Authority, the Leased Premises and the Airport against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Airport Authority, the Leased Premises or the Airport. If the Airport Authority requires, Lessee shall furnish to the Airport Authority a surety bond satisfactory to the Airport Authority at its discretion, in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying the Airport Authority against liability for the same, as required by law for the holding of the Leased Premises free from the effect of such lien or claim. In addition, the Airport Authority may require Lessee to pay the Airport Authority's attorney fees and costs in participating in such action if the Airport Authority decides at its discretion that it is in its best interest to do so.
- E. If, despite the foregoing, at any time during the Term, any laws provide or allow for a mechanics or similar liens and/or claims to be filed against or attach to the Leased Premises or the Airport, then the following provision shall automatically become effective, such effectiveness to occur on the date such law first becomes effective:

IN ADDITION, AND NOTWITHSTANDING ANY TERM OR PROVISION OF THIS LEASE TO THE CONTRARY, TO THE EXTENT THE COST OF SAME WOULD EXCEED FIVE THOUSAND AND 00/100 DOLLARS (\$5,000.00), LESSEE SHALL NOT COMMENCE OR CONDUCT, OR ALLOW TO BE COMMENCED OR CONDUCTED, ANY CONSTRUCTION WORK OR MAJOR WORK OF REPAIR OR REPLACEMENT AT ITS REQUEST OR AUTHORIZATION, OR ALLOW THE DELIVERY OF ANY MATERIALS IN CONNECTION THEREWITH, UNLESS AND UNTIL LESSEE HAS COMPLIED WITH EACH AND EVERY TERM OF NEVADA REVISED STATUTES ("NRS") 108.2403, SUCH THAT THE AIRPORT AUTHORITY ACHIEVES THE STATUS OF A "DISINTERESTED OWNER" AS DEFINED AND DESCRIBED IN NRS 108.234.

Section 10.08 - Certificates of Completion; Construction Records.

- A. Upon completion of the improvements hereunder, Lessee shall submit to the President/CEO a copy of its acceptance letter certifying completion and a certified copy of any certificate or permit which may be required by any federal, state, city or other local government or agency in connection with the completion or occupancy of said improvements.
- B. Lessee shall keep on file with the Airport Authority an updated plot plan showing all improvements constructed on the Leased Premises. Lessee shall furnish to the President/CEO a set of final "AS BUILT" reproducible drawings, and in digital format AutoCAD2005 or later compatible format satisfactory to the Airport Authority in form and content, of any and all improvements not later than ninety (90) days following the completion, occupancy or initial use of such improvements, whichever comes first.

Section 10.09 - Signs. Upon Airport Authority approval of Lessee's signage plan, Lessee may place, paint, install or erect approved signs on the Leased Premises depicting its identity (name, logo), hours of operation, operations, available services or products. Notwithstanding, the Airport Authority may, at its discretion, direct Lessee to relocate or remove any sign or display, and Lessee shall complete such relocation or removal within ten (10) days of receipt of the Airport Authority's written notice. Signs erected shall conform in all respects to the rules and regulations of the City of Reno. Any approval given by the Airport Authority shall not constitute a representation or warranty as to such conformity to the rules and regulations of the City of Reno; responsibility for conformity shall at all times remain with Lessee.

Section 10.10 - Title to Improvements During Term. All structures, improvements, facilities or alterations erected, installed or constructed by or on behalf of Lessee on the Leased Premises, including the Hangar and On-Site Pavement, shall be and become a part of the land upon which they are erected or part of the improvements to which they are affixed (except to the extent the same constitute Trade Fixtures pursuant to Section 12.07). Title to all such structures, improvements, facilities or alterations, including the Hangar and On-Site Pavement, shall remain with Lessee during the term of this Lease.

ARTICLE 11 INTENTIONALLY OMITTED

ARTICLE 12 EXPIRATION AND TERMINATION OF LEASE

Section 12.01 - Expiration. This Lease shall expire at the end of the Term as set forth in Article 2 of this Lease, and Lessee shall have no further right or interest hereunder except as otherwise expressly provided herein and subject to all terms hereof.

Section 12.02 - Termination by Airport Authority. The Airport Authority may terminate this Lease by giving Lessee thirty (30) days prior written notice of an event of default as further described below:

- 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 cessation or abandonment by Lessee of its conduct of business or occupancy of the Leased Premises.
- G. The conduct of any business or performance of any acts not specifically authorized herein.
- H. Default in the performance of any of the other terms, covenants and conditions required herein to be kept and performed by Lessee.

If any of these events of default continue for the 30-day period following the date of the above-referenced prior written notice from the Airport Authority (the "cure period"), then the Airport Authority may terminate this Lease as provided herein; provided, however, only in connection with non-monetary events of default identified in subparagraphs F, G and H of this Section 12.02, that: (a) if, in the judgment of the Airport Authority, the nature of the default is such that it cannot be cured within the 30-day period following the date of the prior written notice from the Airport Authority; (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 within a time period reasonably determined by the Airport Authority and to the Airport Authority's satisfaction, then this Lease may not be terminated by the Airport Authority on the grounds of such default pursuant to this Section.

If three (3) or more events of default occur during the term of this Lease, even though cured by Lessee in timely fashion, any further right to cure subsequent events of default is thereby forfeited, and the Airport Authority may terminate this Lease immediately without providing the cure period as provided herein.

In the event Airport Authority terminates this Lease as provided herein, such termination shall be effective upon the date specified in the Airport Authority's written notice to Lessee, and, upon said date, Lessee shall be deemed to have no further rights hereunder and the Airport 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. The Airport Authority shall be entitled to recover all unpaid rent, fees and other charges accrued through the date of termination, and all other amounts, including collection fees, court costs, reasonable attorneys' fees and costs of taking possession of and reletting the Leased Premises necessary to compensate the Airport Authority for all detriment proximately caused by Lessee's default.

Section 12.03 - Airport Authority's Additional Remedies. If an event of default described in Section 12.02 is not cured within the cure period described in Section 12.02 following the 30 day prior written notice, then the Airport Authority may also exercise any of the additional remedies set forth below:

- A. The Airport Authority may re-enter and take possession of the Leased Premises with process of law, whether by summary proceedings or otherwise, and remove Lessee, with or without having terminated this Lease, and without thereby being liable for damages or guilty of trespass. This is intended to constitute an express right of re-entry on Airport Authority's part, and shall include granting rights to possess or use all or any portion of the Leased Premises to one or more third persons for Lessee's account. Lessee, for and on behalf of itself and all persons claiming by, through or under Lessee, expressly waives (i) any right to service of notice of intention to re-enter or re-possess the Leased Premises, (ii) any right of redemption with respect to the Leased Premises, and (iii) any right to restore the operation of this Lease in case Lessee is dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or repossession by the Airport Authority or in case of any expiration or termination of this Lease. No re-entry or repossession of the Leased Premises by the Airport Authority, whether had or taken under summary proceedings or otherwise, shall absolve or discharge Lessee from liability under this Lease. The terms "enter," "re-enter," "entry," and "re-entry," as used in this Agreement, are not restricted to their technical legal meaning.
- B. The Airport Authority may sue for damages or to recover rent from time to time at the Airport Authority's election.
- C. The Airport Authority may have a receiver appointed to collect rent, fees and other charges payable to Lessee or others, and/or to conduct Lessee's operations on the Leased Premises. Neither the filing of a petition for the appointment of a receiver nor the appointment of a receiver shall constitute an election by the Airport Authority to terminate this Lease unless otherwise so specified by the Airport Authority in writing.

Section 12.04 - Termination for Default in Payments. In the event the Airport Authority's efforts and notices pursuant to Section 4.05 hereof, have failed to secure Lessee's payment of the whole or any part of any delinquent fees, charges, 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 the Airport Authority's transmittal to Lessee of a final notice of such breach, the Airport 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, Airport Authority may pursue any and all remedies in the event of termination for default provided in this Lease and now or hereafter provided by law.

Section 12.05 - Termination by Lessee. Lessee may terminate this Lease at any time that Lessee is not in default of its obligations hereunder, by giving the Airport Authority thirty (30) days advance written notice to be served as hereinafter provided, upon or after the happening of any one of the following events:

- A. Issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport or any part thereof for airport purposes, and the remaining in force of such injunction for a period of at least ninety (90) days.
- B. The default by the Airport Authority in the performance of any covenant or agreement herein required to be performed by the Airport Authority and the failure of the Airport Authority to remedy such default for a period of sixty (60) days after receipt from Lessee of written notice to remedy same; provided, however, if the nature of the default is such that it cannot be cured within sixty (60) days, and provided that Lessee is still able to occupy and use eighty-five (85%) or more of the Leased Premises for the permitted use set forth in Section 5.01, and provided the Airport Authority commences the cure of default within said 60-day period and diligently pursues such efforts to

completion, then the Airport Authority shall not be deemed in default hereunder. Notwithstanding the foregoing to the contrary, no notice of termination, as provided herein, shall be of any force or effect if the Airport Authority shall have remedied the default prior to receipt of Lessee's notice of termination.

- C. The lawful assumption by the United States Government or any authorized agency thereof of the operation, control or use of the Airport and facilities, or any substantial part or parts thereof, in such a manner as to substantially and adversely restrict Lessee, for a period of at least ninety (90) days, from operating thereon.

In any of the aforesaid events, Lessee shall be entitled to an abatement of rental payments hereunder only for such period of time and to such extent as Lessee is actually and necessarily unable to use all or a part of the Leased Premises.

Section 12.06 - Title to Improvements at Expiration or Termination. Title to the Hangar shall automatically and irrevocably vest in the Airport Authority without any further act or notice on the part of Lessee or the Airport Authority, and the Airport Authority shall have no responsibility, liability or obligation to pay Lessee for the Hangar.

Section 12.07 - Removal of Trade Fixtures at Expiration or Termination. Lessee is granted the right, upon expiration or any earlier termination of this Lease, to remove its Trade Fixtures; provided, however, in the event that the Leased Premises are damaged by reason of, or in the course of, the removal of Lessee's Trade Fixtures, 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 Trade Fixtures shall not constitute a holdover, but all such property not removed within fifteen (15) days after any termination of this Lease shall be deemed abandoned and thereupon shall become the property of the Airport Authority. "Trade Fixtures" mean moveable personal property, signs used to identify Lessee's business in and about the Leased Premises, and all moveable machinery and equipment installed in or placed on or about the Leased Premises and used in connection with Lessee's operations which can be readily removed from the Leased Premises without material damage thereto and without adversely affecting: (a) the structural integrity of the Leased Premises; (b) any electrical, plumbing, mechanical or other system of the Leased Premises; (c) the present or future operation of any such system; or (d) the present or future provision of any utility service to the Leased Premises.

Section 12.08 - 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 without the prior written consent of the Airport Authority, such consent to be at the Airport Authority's sole and absolute discretion as provided herein. Any transfer or change of stock, limited partnership interests, membership in limited liability companies, etc., that causes a change of ownership of Lessee, shall be deemed an assignment and therefore subject to the terms of this Section 12.08, except for assignments to a parent affiliate and/or mergers, as defined by applicable corporate and/or securities law. Any purported assignment, transfer or encumbrance of this Lease or Lessee's interest without the Airport Authority's prior written consent shall be null and void and shall constitute a default. Any Airport Authority-approved subletting of the Leased Premises by Lessee shall be subject to the RTS GA Commercial Minimum Standards.

ARTICLE 13

FAA PROVISIONS AND AIRPORT REGULATIONS

Section 13.01 - Mandatory FAA Provisions. The following provisions are mandatory FAA provisions pursuant to "Required Contract Provisions for Airport Improvement Program and for Obligated Sponsors"

issued by the FAA January 29, 2016, and as amended. As such, neither the language nor their inclusion may be changed.

- A. General Civil Rights Provisions. In all its activities within the scope of its airport program, Lessee agrees to comply with pertinent statutes, Executive Orders and such rules as identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

If the Lessee transfers its obligation to another, the transferee is obligated in the same manner as the Lessee.

This provision obligates the Lessee for the period during which the property is owned, used or possessed by the Lessee and the airport remains obligated to the Federal Aviation Administration.

- B. Compliance with Nondiscrimination Requirements. During the performance of this Lease, the Lessee, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The Lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. Non-discrimination: The Lessee, with regard to the work performed by it during the Lease, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the Lease covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the Lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Lessee of the Lessee's obligations under this Lease and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.
4. Information and Reports: The Lessee will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of a Lessee is in the exclusive possession of another who fails or refuses to furnish the information, the Lessee will so certify to the Airport Authority or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of an Lessee's noncompliance with the Non-discrimination provisions of this contract, the Airport Authority will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
 - a. Withholding payments to the Lessee under the Lease until the Lessee complies; and/or
 - b. Cancelling, terminating, or suspending a Lease, in whole or in part.
 6. Incorporation of Provisions: The Lessee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The Lessee will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Lessee may request the Airport Authority to enter into any litigation to protect the interests of the Airport Authority. In addition, the Lessee may request the United States to enter into the litigation to protect the interests of the United States.
- C. Construction, Use, Access to Real Property Acquired Under the Activity, Facility or Program. The following clauses will be included in deeds, licenses, permits, or similar instruments/agreements entered into by Airport Authority pursuant to the provisions of the Airport Improvement Program grant assurances.
1. The Lessee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee will use the premises in compliance with all other requirements imposed by or pursuant to the Title VI List of Pertinent Nondiscrimination Acts and Authorities.
 2. With respect to the Lease, in the event of breach of any of the above nondiscrimination covenants, Airport Authority will have the right to terminate the Lease and to enter or re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued.
- D. Title VI List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this Lease, the Lessee, for itself, its assignees, and successors in interest (hereinafter referred to as the "Lessee") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:
1. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
 2. 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation-Effectuation of Title VI of The Civil Rights Act of 1964);

3. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
4. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
5. The Age Discrimination Act of 1975, as amended, (42 § 6101 et seq.), (prohibits discrimination on the basis of age);
6. Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
7. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
8. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 - 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
9. The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
10. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

Section 13.02 - FAA Discretionary Language Clauses. The following provisions must be included in this Lease but may use different language from that required by the FAA provided the intent of the required clauses is met.

- A. **Distracted Driving.** In accordance with Executive Order 13513, “Federal Leadership on Reducing Text Messaging While Driving” (10/1/2009) and DOT Order 3902.10 “Text Messaging While Driving” (12/30/2009), the FAA encourages recipients of Federal grant funds to adopt and enforce safety policies that decrease crashes by distracted drivers, including policies to ban text messaging while driving when performing work related to a grant or sub-grant.

In support of this initiative, the Airport Authority encourages the Lessee to promote policies and initiatives for its employees and other work personnel that decrease crashes by distracted drivers, including policies that ban text messaging while driving motor vehicles while performing work activities associated with the Lease. The Lessee must include the substance of this clause in all sub-tier contracts exceeding \$3,500 and involve driving a motor vehicle in performance of work activities associated with the Leased Premises.

- B. Energy Conservation Requirements. Lessee agrees to comply with mandatory standards and policies relating to energy efficiency as contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201 et seq.).

Section 13.03 - Airport Regulations.

- A. Operation as a Public Airport. Lessee acknowledges that Airport Authority is required to operate and maintain the Airport as a public airport consistent with and pursuant to the Sponsor's Assurances given by Airport 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.
- B. Airport Landing Area Development or Improvement. Airport Authority reserves the right to further develop or improve all areas of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.
- C. Maintenance of the Airport. Airport Authority reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair all areas 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.
- D. Right of Flight. Airport 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. This right of flight shall include the right to cause in said airspace such noise, vibrations, fumes, dust, air movement and other similar phenomena 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.
- E. 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.
- F. Lessee Leases 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 Leased Premises:

Subordination of Lease. 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 Airport 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 Lease between Airport 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. Notwithstanding anything above to the contrary, Lessee expressly reserves any and all legal rights, claims or causes of action which it may have arising out of any actions by any such superior interest holders which amounts to a condemnation or constructive eviction.

- G. 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 (14 C.F.R. Part 77). In the event the aforesaid covenant is breached, Airport 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 sole expense of the Lessee.

- H. Federal Review. It is anticipated that changes will come from regulatory agencies having jurisdiction over the Airport or Airport Authority in the form of regulatory changes. Airport Authority shall provide Lessee with copies of all Notices of Proposed Rule Making issued by such agencies that directly affect the Leased Premises; provided however, Airport Authority's failure to provide said copies shall not be an Airport Authority default under this Lease.
- I. Federal Right to Reclaim. In the event a United States agency shall demand and take over the entire facilities of the Airport, or any portion of the Airport containing any or all of the Leased Premises, for public purposes, then and in that event Airport Authority, to the extent Airport Authority has not, in the free exercise of Airport Authority's discretion, initiated or consented to such taking, shall be released and fully discharged from any and all liability hereunder; provided, however that Lessee expressly reserves any and all legal rights, claims and causes of action which it may have against the United States of America 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 and furniture, fixtures and equipment located thereon.

ARTICLE 14

GENERAL PROVISIONS

Section 14.01 - Good Faith and Fair Dealing. All provisions of this Lease are governed by the covenant of good faith and fair dealing.

Section 14.02 – Estoppel Certificates. From time to time, Airport Authority may, up to twice a year, require Lessee to execute, acknowledge and deliver to Airport Authority (or directly to a designated third party) up to four (4) original counterparts of an Estoppel Certificate. Lessee shall sign, acknowledge, and return such Estoppel Certificate within ten (10) days after request. Any third party to whom an Estoppel Certificate is directed may rely on such Estoppel Certificate.

Section 14.03 - Rights Cumulative. The rights and remedies of Airport Authority and Lessee specified in this Lease are not intended to be and shall not be exclusive of one another or exclusive of any rights or remedies as may be available at law or in equity to either of the parties hereto, and each party shall have the right to pursue any one or all of such rights and remedies.

Section 14.04 - Notice. Except as herein otherwise expressly provided, all notices required to be given to Airport Authority hereunder shall be in writing and shall be sent by personal delivery, express mail including Federal Express, United Parcel Service and/or other similar express delivery services, or by certified mail, return receipt requested, addressed to:

**President/CEO
Reno-Tahoe Airport Authority
P.O. Box 12490
Reno, NV 89510-2490**

All notices, demands and requests by the Airport Authority to Lessee shall be by personal delivery, express mail including Federal Express, United Parcel Service and/or other similar express delivery services, or by certified mail, return receipt requested, addressed to:

Darin Balaam, Sheriff
Washoe County Sheriff's Office 911 Parr Blvd.
Reno, Nevada 89512

Notices as provided in this Section 14.04 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 14.05 - Lessee Information. On or before the Commencement Date of this Lease, Lessee shall provide the Airport Authority a summary of its operations at the Airport, and provide the Airport Authority with the names, addresses and emergency telephone numbers of all parties having responsibility for Lessee's activities at the Airport and, if Lessee is an entity, the names, addresses and emergency telephone numbers of the managers and controlling members/shareholders of the entity. Lessee shall update and revise this summary as changes occur.

Section 14.06 - Nonliability of Agents or Employees. No Trustee, officer, employee or other agent of the Airport 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 14.07 - 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 Airport 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 14.08 - 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 14.09 - 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 (including in the context of a bankruptcy action) 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 14.10 - Intentionally Omitted.

Section 14.11 - Severability. If any covenant, condition or provision herein 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, provided the invalidity of any such covenant, condition or provision does not materially prejudice either the Airport Authority or Lessee in its respective rights and obligations contained in the valid covenants, conditions and provisions of this Lease.

Section 14.12 - 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 the Airport Authority.

Section 14.13 - Force Majeure. Each party's obligation to perform or observe any term, condition, covenant or agreement on such party's part to be performed or observed under this Lease (other than any obligation to pay money when due unless expressly set forth otherwise in this Lease) shall be suspended during such time as such performance or observance is prevented or delayed by reason of any "Force Majeure Event." A Force Majeure Event means an industry-wide strike, boycotts, labor disputes, embargoes, acts of the public enemy, act of superior governmental authority, riots, rebellion or sabotage, war, fire, earthquake, flood or other natural disaster or any other circumstances not within the reasonable control of the party required to perform, notwithstanding such party's reasonable diligent efforts to perform. A Force Majeure Event shall extend the time permitted for such performance only by the number of days by which such Force Majeure Event actually delayed performance.

Section 14.14 - Governing Law. This Lease, its interpretation and performance, the relationship between the parties, and any disputes arising from or relating to any of the foregoing, shall be governed, construed, interpreted, and regulated under the laws of Nevada, without regard to principles of conflict of laws.

Section 14.15 - Venue; Jurisdiction. The parties each hereby irrevocably agree that any legal action or other proceeding relating to this Lease which may be brought by one party against the other party in a court of law shall be commenced and prosecuted in the Second Judicial District in the State of Nevada in and for the County of Washoe, and each party further irrevocably consents to the jurisdiction of such courts, which shall be the exclusive and only proper forum for adjudicating such a claim.

Section 14.16 – Headings; Days. 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. All references in this Lease to "days" means calendar days unless specifically modified to be "business" days.

Section 14.17 - Bailee Disclaimer. It is hereby understood and agreed that the Airport 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, sublessees, licensees, guests and invitees.

Section 14.18 - Waivers. Failure of either party to complain of any act or omission on the part of the other party shall not be deemed a waiver by the noncomplaining party of any of its rights under this Lease. No waiver by either party at any time, express or implied, of any breach of any provisions of this Lease shall be a waiver of a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision.

Section 14.19 - 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 14.20 - 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 the Airport Authority and Lessee.

Section 14.21 - Representative of Airport Authority. The President/CEO shall be designated as the official representative of the Airport Authority in all matters pertaining to this Lease and shall have the right and authority to act on behalf of the Airport Authority with respect to all action required of the Airport Authority in this Lease.

Section 14.22 - Successors and Assigns Bound. This Lease shall be binding upon and inure to the benefit of the Airport Authority and Lessee, and their successors and assigns of the parties hereto, but this shall not limit or supersede any restrictions on assignment or transfer as described in Section 12.08 in this Lease.

Section 14.23 - Signature Authority. Each natural person signing this instrument, for or on behalf of a legal entity party hereto, represents, warrants, assures and guarantees to each other such natural person, and to each other such legal entity, that he or she is duly authorized and has legal power and/or authority so to sign.

Section 14.24 - Entire Lease. 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.

Section 14.25 – Amendment. 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.

Section 14.26 – Execution in Counterparts: Electronic Delivery. This Lease can be executed in counterparts, each of which shall be an original and upon the delivery to each party of one or more copies of the Lease signed by all parties, together will constitute a fully executed and binding contract. The exchange of executed signature pages by facsimile or email transmission shall constitute effective delivery of such signature pages and may be used in lieu of the original signature pages for all purposes. In the event this Lease is delivered by facsimile or email, the parties agree to exchange ink-signed counterparts promptly after the execution and delivery of this Lease at the request of either party.

[This space intentionally left blank. Signatures on next page.]

WHEREOF, the parties hereto have executed this Lease as of the date and year first above written.

LESSEE:

WASHOE COUNTY

By: _____

Name: _____
(Please Print)

Title: _____

ATTEST

Washoe County Clerk

Date

AIRPORT AUTHORITY:

RENO-TAHOE AIRPORT AUTHORITY

By: _____

Name: _____ Daren Griffin

Title: _____ President/CEO