

Amendment No. 07-1141A

AMENDMENT
(Boulder City Airport Properties)

This AMENDMENT (the "Agreement") is made by and between the CITY OF BOULDER CITY, a Nevada municipal corporation (the "City"), hereinafter called "Lessor", and Boulder City Airport Properties, a Nevada corporation ("Lessee").

WHEREAS, Lessor owns and operates BOULDER CITY MUNICIPAL AIRPORT (hereinafter called "Airport"), located in the City of Boulder City, in the County of Clark, State of Nevada; and

WHEREAS, Lessee entered into an agreement with Lessor to provide aviation services as a Fixed Based Operator; and

WHEREAS, Lessee deems it advantageous to itself and to its operation of the Airport to enter into an amendment with the Lessor for certain additional privileges, rights, uses and interests therein, as hereinafter set out; and

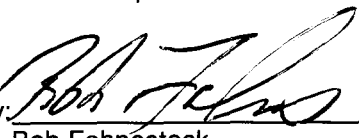
WHEREAS, the Agreement is hereby amended by this instrument to increase the capitalization costs associated with the improvements to the City Fuel Farm and to discount such costs against future rent owed for parcel 6 of leasehold, not to exceed \$550,000; and

WHEREAS, Lessor and Lessee now desire to execute this amendment for this commercial aviation purpose.

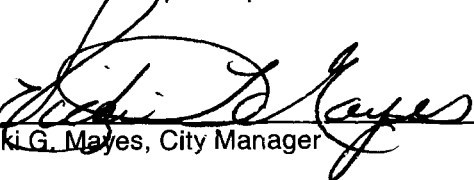
NOW, THEREFORE, in consideration of the mutual promises made herein, the City and Lessor agree Exhibit E be amended as shown on the attached exhibit

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first set forth herein above.

BOULDER CITY AIRPORT PROPERTIES
a Nevada corporation

By: 
Bob Fahnestock
Title:

CITY OF BOULDER CITY, NEVADA,
a Nevada municipal corporation

By: 
Vicki G. Mayes, City Manager

ATTEST:


Pamella A. Malmstrom
City Clerk

APPROVED AS TO FORM:

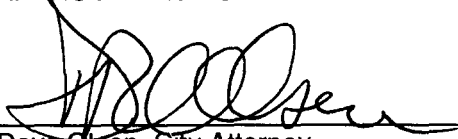
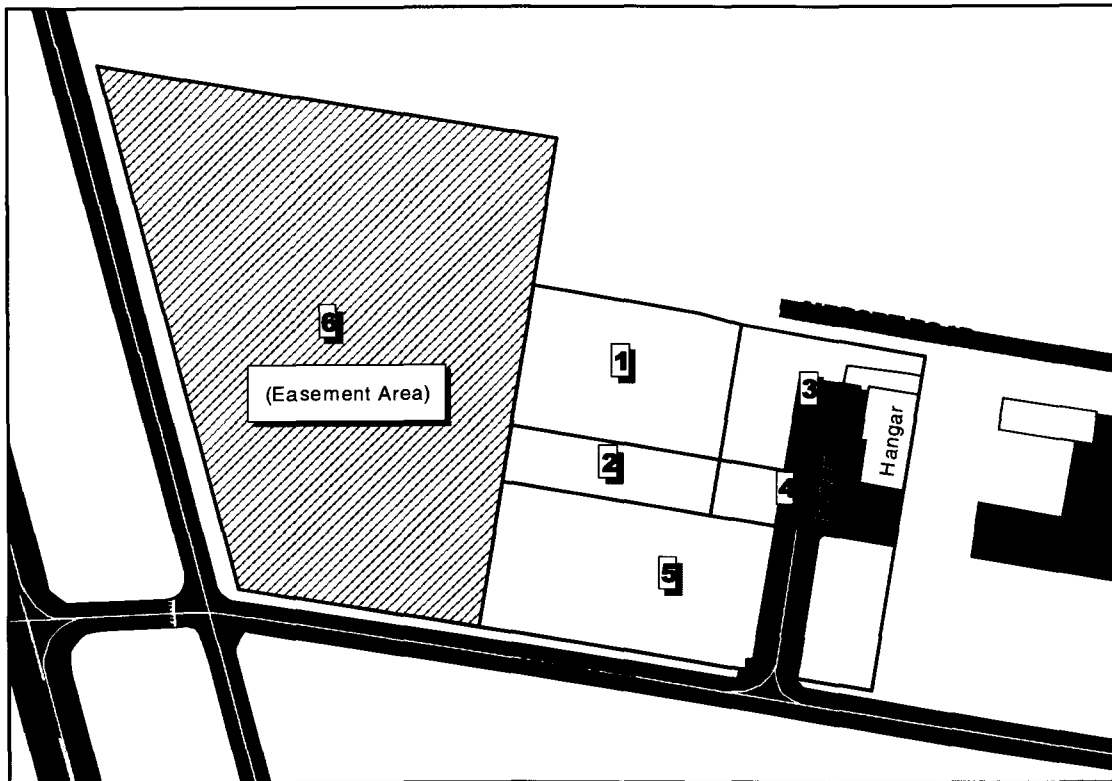

Dave Olsen, City Attorney

EXHIBIT "E" (from Agreement No. 07-1141)

Graphic: Lease Areas for Rent Schedule

Rent Schedule

Rent is priced in dollars per square foot.			
Lease Area	Rent "As Is"	Asphalt Improvements	Building Improvements
1	\$0.1176	\$0.1817	\$0.3207
2	\$0.1669	\$0.1817	\$0.3207
3	\$0.1634	Rate to increase January 1, 2029 to current rate assessed for land with Building Improvements if Option is exercised	
4	\$0.1817	\$0.1817	\$0.3207
5	\$0.1176	\$0.1817	\$0.3207
6	\$0.5000	\$0.5000	\$0.5000

Current rent charged at Commencement Date is "As Is". Upon further development of the property, the rent charged will be adjusted accordingly to reflect asphalt or other flat work improvements; or building or other structural improvements. Rent is adjustment will be on a

pro-rated monthly basis. Example: "As Is" rent at \$120 per year or \$10/mo. If developed, and new annual rent becomes \$240/year, then the new monthly rent becomes \$20/mo.

Rent rates for Areas 1 through 6 have been adjusted by 2.5% to reflect the cost of living increase for 2007 from the original Agreement No. 06-1057

Table: Current Rent Schedule for calendar year 2007

Lease Area	Square Feet	Annual Lease Amount**	If Paid Monthly*
1	67,225	\$7,905.66	\$658.81
2	18,750	\$3,129.38	\$260.78
3	45,625	\$7,455.13	\$621.26
4	18,750	\$3,406.88	\$283.91
5	99,220	\$11,668.27	\$972.36
6***	156,382	\$78,191.00	\$6,515.92
TOTAL	405,952 (9.319 acres)	\$111,756.32	\$9,313.03

** Note: Monthly pro-rated rate shown for demonstration purposes only assuming undeveloped land. Should development conditions change as outlined in the fee schedule (i.e., hangars are constructed or asphalt is laid), then the monthly rate would change accordingly on date of completion of improvement.*

*** Above rates reflect a 2.5% CPI Increase from the 2006 Lease rate.*

**** Payment for Lease Area 6 to be used as offset for off-site improvements made to City Fuel Farm. Amount to be subtracted from the overall site improvement costs until balance reaches zero. Original balance to be adjusted by Prime Rate Index "COFI" (11th District cost of funds index) reported as of date of amendment. The adjustment is a one-time event. Upon completion of the improvements at the City Farm (both the above ground Jet A 20,000 gallon fuel tank and the upgrading of the two 10,000 gallon underground tanks and associated improvements), this agreement will be amended with an amortization schedule showing the total amount accrued for the improvements and an anticipated schedule for rent reduction. Amortization amount not to exceed \$550,000. This does not affect the rent paid for lease areas 1 through 5 - rent will be paid as listed and annually adjusted throughout the life of the agreement.*

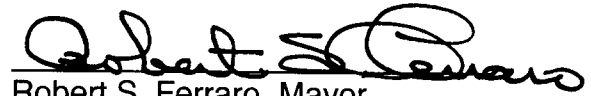
Introduced by: Burton

ORDINANCE NO. 1329

AN ORDINANCE OF THE CITY OF BOULDER CITY, REPEALING
AGREEMENT NO. 06-1057 AND ALL AMENDMENTS AND REPLACING IT
WITH AGREEMENT NO. 07-1141, A LAND AND DEVELOPMENT LEASE
AGREEMENT BETWEEN THE CITY OF BOULDER CITY AND BOULDER CITY
AIRPORT PROPERTIES FOR LAND AT THE BOULDER CITY MUNICIPAL
AIRPORT

The City Council of Boulder City do ordain:

- Section 1: Boulder City, Nevada does by this Ordinance repeal Agreement No. 06-1057 and Amendment No. 06-1057A and replace them with Agreement No. 07-1141 as shown on the attached as Exhibit "A".
- Section 2: Each section and each provision or requirement of any section of this Ordinance shall be considered severable, and the invalidity of any portion shall not affect the validity or enforceability of any other portion.
- Section 3: This Ordinance shall become effective the 29th day of May, 2007.
- Section 4: The City Clerk shall cause this Ordinance to be published in summary on Thursday, May 24th, 2007 in the Boulder City News, a weekly newspaper published in Boulder City, Nevada.


Robert S. Ferraro, Mayor

ATTEST:


Pamella A. Malmstrom, City Clerk

Bill No. 1503


The Foregoing Ordinance was first proposed and read by title to the City Council on the 8th day of May, 2007, which was a regular meeting; thereafter, on the 22nd day of May, 2007, a regular meeting was held and the proposed Ordinance was adopted by the following vote:

VOTING AYE: Anderson, Burton, Ferraro, Pacini, Tobler

VOTING NAY: None

ABSENT: None

APPROVED:


Robert S. Ferraro, Mayor

ATTEST:


Pamella A. Malmstrom, City Clerk

Agreement No. 07-1141

**FIXED BASED OPERATOR
DEVELOPMENT AND LEASE AGREEMENT
FOR
Boulder City Airport Properties, LLC**

Boulder City Municipal Airport
City of Boulder City
401 California Avenue
Boulder, NV 89005

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LEASE AGREEMENT

This Lease Agreement (the "**Lease**") is made and entered into by and between the CITY OF BOULDER CITY, a Nevada municipal corporation ("**Landlord**"), and BOULDER CITY AIRPORT PROPERTIES LLC, a Nevada State Limited Liability Corporation ("**Tenant**"), as of this 1st day of April, 2006 (hereinafter the "**Effective Date**").

WITNESSETH:

1. Premises and Term.

1.1. **Premises.** In consideration of the obligation of Tenant to pay rent as hereinafter provided and in consideration of the other terms, provisions and covenants hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby takes from Landlord, a leasehold interest in those certain tracts or parcels of land located in the City of Boulder City, State of Nevada, and more particularly described on Exhibit "A" attached hereto and made a part hereof (the "**Land**"), together with any buildings and other improvements to be erected thereon, and together with each Easement (defined below in Section 1.2) and all rights, privileges, easements and appurtenances belonging or in any way pertaining to the Land not otherwise inconsistent with the terms of this Lease (all of the foregoing hereinafter collectively referred to as the "**Leased Premises**").

1.2. **Easement.** Subject to the terms of this Section 1.2, Landlord shall grant to Tenant, its successors and assigns, at no additional cost, a blanket easement or easements for ingress, egress, regress and utilities over the property of Landlord adjacent to and surrounding the Land for the construction and maintenance of the Improvements (defined below in Section 2.1) on the Land, for the installation, construction and maintenance of underground gas, electricity, water, telephone, and other utility lines in connection with its use of the Land, and for access to the Land to and from a public road (each such easement, an "**Easement**"). The term of each Easement shall commence upon execution of this Lease and shall continue until the last to occur of (i) expiration of the Lease Term (as defined in Section 1.3 below), or (ii) removal by Tenant of all Tenant's Personal Property as defined in Section 2.10, after expiration of this Lease as required herein. The exact location, configuration and specific terms of each Easement shall be agreed upon by the parties as soon as reasonably practicable after the Effective Date. At Tenant's sole cost and expense, each Easement shall be set forth in a separate Easement Agreement which Landlord and Tenant agree to execute and which shall be recorded in the Official Records, Clark County, Nevada. Landlord and Tenant acknowledge and agree that Landlord may grant other easements not inconsistent with Tenant's rights hereunder for gas lines, telephone service and other utilities, directly to a natural gas company, telephone company, or other utility company, as appropriate for providing such service to the Leased Premises.

Landlord and Tenant acknowledge that each Easement may be subject to the rights of third parties. Landlord agrees to cooperate with Tenant in obtaining any necessary rights from third parties. Landlord agrees to reasonably cooperate with Tenant to obtain the consents, easement documents, joint use rights, crossing rights or licenses from such third parties deemed necessary by Tenant or a Leasehold Mortgagee (as defined in Section 22.4.1.2). Notwithstanding Landlord's obligation to cooperate with Tenant on obtaining any necessary third party rights, consents, easement documents, joint use rights, crossing rights, or licenses, it shall be the sole responsibility and obligation of Tenant to obtain all of these, if necessary.

1.2.1 Exclusive Use Easement. The parcel identified as parcel no. 6 in Exhibit "A" is reserved for the exclusive use of the leaseholder. Tenant shall be required, at their expense, to improve all or a portion of the property suitable for use as an aircraft parking ramp. Improvements include pavement, sub-pavement base material, proper compaction of base material and of asphalt material, proper drainage, and proper access points to Taxiway Bravo and Taxiway Delta for the safe passage of fixed-wing aircraft. In addition, Tenant shall be entitled to place up to three portable/temporary buildings or structures on the Exclusive Use Easement property for Tenant's exclusive use. The portable/temporary buildings shall be removed within ninety (90) days upon award of a permanent lease and development agreement for the Exclusive Use Easement should the Tenant not be the successful recipient of the parcel for future development activities. The painting of tie down spots and the installation of tie down pylons are at the discretion of the Tenant. Should the Tenant have available tie-downs not necessary for use by the Tenant Aircraft, they should be made available to the general airport aviation community for short-term tie-down use for either fixed-wing or rotary winged aircraft. Rents charged for such tie-down use shall not deviate from the adopted tie-down fee schedule adopted by the airport sponsor - meaning that Tenant shall not charge less nor more than the published rates. Rents collected may remain with the Tenant to off-set development costs of the site. This exclusive use easement runs for the period of this Lease Agreement unless both parties agree to terminate this provision. The Exclusive Use Easement may also expire upon the granting of regular development rights to either the Tenant or a third-party upon the award of development right after a request for proposal (RFP) process by Landlord, provided however, that Landlord shall not grant regular development rights to the Exclusive Use Easement prior to January 1, 2008, except upon Tenant's agreement. Should Tenant not be the recipient of the award, the new developer of this area shall pay to Tenant a pro-rated amount of the documented development costs of the new ramp area at this location, provided however, that if the Exclusive Use Easement property is awarded to a new developer within the first three (3) years of this Lease, then the new developer shall pay Tenant the full amount of the documented development costs. The pro-rating schedule shall be based upon the length of term of this agreement in one-year increments.

1.3. Term. The term of this Lease shall commence on March 1, 2006 ("Commencement Date"), and shall continue, unless sooner terminated pursuant to the provisions of this Lease for twenty-four (24) years (the "Lease Term"). To the extent the First Renewal Option is exercised by Tenant, the Lease Term shall also include the First Renewal Term. Tenant shall have the right to enter onto the Premises for all purposes reasonably related to the construction of Tenant's Improvements prior to the Lease Commencement Date.

1.4. Renewal Options.

1.4.1. Renewal Option. Provided an Event of Default, as defined in Section 24.1, does not exist as of the date of exercise of Tenant's Renewal Option (as defined below) under this Section 1.4 or as of the date on which the Renewal Term (as defined below) commences, Tenant shall have the option ("Renewal Option"), in its sole discretion, to extend and renew the Lease Term for a period of ten (10) years from and after the twenty-fourth (24th) anniversary of the Commencement Date (the "Renewal Term"). The Renewal Option must be exercised by a written notice to Landlord by Tenant given at least one hundred eighty (180) days prior to the twenty-fourth(24th) anniversary of the Commencement Date. If Tenant exercises the Renewal Option, the Base Rent, as defined in Section 3.1, payable by Tenant during the First

Renewal Term shall be adjusted in accordance with Section 3.2 of this Lease. Other than the rent recalculation, the Renewal Term will be on the same terms and conditions as this Lease.

1.5 No Representations. Landlord makes no representations or warranties concerning the Leased Premises or any matters with respect thereto, except as expressly stated herein. Except for such representations memorialized in this Lease, Tenant is entering into this Lease based on its own investigation and analysis of the Leased Premises and Tenant's experience in this type of development project.

1.6 Temporary License. Effective as of the Effective Date, Landlord hereby grants to Tenant an exclusive temporary license to enter in, upon, over, and across the lands more particular described in Exhibit "A" hereto (which license shall be subject only to those items set forth in Exhibit "C"), to be used by Tenant for the purposes described in Article 2 and 5 of this Lease, which license and the uses thereof (and the Improvements and Tenant's Personal Property constructed thereon) shall be subject to the other terms and conditions of this Lease as stated herein (the "**Temporary License**"). Landlord shall not be permitted to revoke the Temporary License granted herein, provided, however, that the Temporary License shall automatically terminate upon the earlier to occur of (i) the termination of this Lease; and (ii) the Commencement Date. From and after the Effective Date, Landlord shall neither grant nor otherwise consent to the grant of any other easement, license, lease, encumbrance or other interest, whether such interest is in an interest in real property or personal in nature (other than those items set forth in Exhibit "C"), on the lands more particularly described on Exhibit "A" hereto without the prior written consent of Tenant, which consent shall not be unreasonably withheld or delayed.

2. Construction.

2.1. Improvements; Approval of Plans. Landlord shall have the opportunity to review and approve plans for all building improvements, as shown in the tentative site renderings (Exhibit "B") and other related improvements, which Tenant intends to be constructed on the Land (collectively, the "**Improvements**"). Reductions of such Tenant's renderings are attached to this Lease as Exhibit "B" and incorporated herein by this reference.

Prior to commencement of construction of the Improvements, Tenant shall deliver to Landlord for Landlord's reasonable approval the following with respect to the proposed Improvements:

- (i) elevations;
- (ii) color charts;
- (iii) landscaping plans;
- (iv) site plans, including plans for grading, utilities, access, parking and fencing; and
- (v) construction plans.

(collectively, "**Tenant's Plans**"). Landlord shall use its best efforts to complete its review of Tenant's Plans on an expedited basis. Notwithstanding the foregoing provisions of this Section 2.1, if Landlord acts unreasonably or in bad faith in disapproving any of Tenant's Plans, then if Tenant elects to terminate this Lease as set forth in Section 24, 27, and 28.1 herein, upon termination by Tenant hereunder, Landlord shall refund to Tenant, within ninety (90) days, any Base Rent paid by Tenant pursuant to Section 3.1 prior to such termination. To the extent that

there are any modifications to the Tenant's Plans prior to the completion of such Improvements, Tenant shall submit such proposed modifications to Landlord for its approval, which approval shall not be unreasonably withheld or delayed. If Landlord disapproves a proposed modification of Tenant's Plans, and if Tenant claims that Landlord has acted unreasonably in doing so, Tenant may seek such remedies as may be available under Section 26 and/or Section 27 of this Lease.

Within one hundred eighty (180) days after completion of the Improvements, Tenant shall deliver a complete set of the as-built plans for the Improvements to Landlord.

2.2. Landlord's Improvement Work. Landlord shall have no obligation whatsoever to improve or alter the Land. Furthermore, Landlord shall not have any obligation to improve or alter an area that will be subject to an Easement Agreement or where the facility will ultimately connect to public roadways.

2.3. General Contractor. Selection of a general contractor(s) to construct the Improvements shall be made by Tenant. The general contractor(s) shall be licensed in Nevada. All engineering shall be performed by or under the supervision of professional engineers licensed in the State of Nevada.

2.4. Commencement of Tenant's Construction. Within one hundred eighty (180) days from the Effective Date, Tenant shall apply for all required preconstruction permits and commence the construction of the first phase of Improvements within one hundred twenty (120) days after receipt of all required preconstruction permits. Tenant shall proceed with such construction substantially in accordance with Tenant's Plans, and the schedule outlined therein, with all reasonable diligence and in a good and workmanlike manner.

2.5. Liability. Except for those utility improvements dedicated to the City of Boulder City, Tenant covenants and agrees that the Improvements shall be constructed, operated, repaired and maintained without cost or expense to Landlord and in accordance with the requirements of all laws, ordinances, codes, orders, rules and regulations of all governmental authorities having jurisdiction over the Leased Premises and Easements in a good and workmanlike manner. Tenant agrees to defend, indemnify and hold Landlord, its successors, assigns, agents, employees and attorneys harmless from and against any and all cost, liability, expense, damage or injury resulting from or arising in connection with the construction, operation, repair and maintenance of the Improvements during the Lease Term including any Renewal Terms.

2.6. Insurance. Within sixty (60) days after commencing any construction on the Leased Premises, Tenant shall obtain, or cause its contractors to obtain, on behalf of Tenant, its contractors and agents, without cost to Landlord, Builder's Risk Insurance covering such project and improvements to the full extent of the insurable value thereof, and Tenant shall cause its contractor(s) to obtain or cause to be obtained Workers' Compensation Insurance covering all persons employed in connection with such demolition or construction and with respect to whom death or bodily injury claims could be asserted against Landlord, Tenant or the Leased Premises. Tenant shall also obtain General Liability Insurance for the mutual benefit of Landlord, Tenant and the Leased Premises, and shall name Landlord an Additional Insured on such policy of insurance. All of the aforementioned policies shall be in the form and shall contain the liability limits specified in Article 9 hereof. Tenant and its contractors and subcontractors shall have the right, however, to self-insure with respect to their workers' compensation insurance obligations to the extent permitted by applicable law.

2.7. No Subordination of Landlord's Fee Title. Landlord shall not be required to subordinate Landlord's fee interest in the Leased Premises or its reversionary interest in the buildings and improvements to be constructed thereon to any lien securing Tenant's construction loan or other financing.

2.8. Notice of Non-Responsibility. Landlord may, at Landlord's sole discretion, record a Notice of Non-Responsibility to assure that Landlord's interest in the Leased Premises cannot be encumbered by mechanics' liens or materialmen's liens arising from Tenant's activity upon the Leased Premises.

2.9. Liens and Fees. Tenant shall at all times indemnify, save and hold harmless Landlord and Landlord's successors, assigns, agents, employees and representatives and the Leased Premises against all liens or claims which may ripen into liens, and against all attorneys' fees and other costs and expenses, growing out of or incurred by reason of or with respect to any construction done by or for Tenant on the Leased Premises. Should Tenant fail to fully discharge any such lien or claim, or in the alternative fail to post a bond sufficient to discharge such lien or claim within thirty (30) days after written request therefor by Landlord, then Landlord, at its option, may pay the same or any part thereof. Landlord shall be the sole judge of the legality of such lien or claim and the sufficiency of any bond. All amounts so paid by Landlord, together with interest in the per annum amount equal to two percent (2%) in excess of the Reference Rate of interest announced from time to time by Bank of America National Trust and Savings Association (or an equivalent rate announced by a comparable national bank selected by Landlord in the event Bank of America no longer announces a Reference Rate), but in no event in excess of the maximum interest rate permitted by law, from the time of payment until repayment, shall be repaid by Tenant as additional rent on the next rent payment date after written notice and evidence of payment by Landlord is delivered to Tenant.

2.10. Ownership of Improvements. During the Lease Term all movable fixtures and equipment, (collectively, "**Tenant's Personal Property**") shall remain and continue to be the property of Tenant and may be replaced with equivalent or better fixtures and equipment at any time and from time to time during the Lease Term. Tenant's Personal Property may be removed at the expiration or earlier termination of this Lease provided Tenant repairs any damage to the Improvements caused by such removal and the removal does not in any way weaken or otherwise adversely affect in any material respect the structural integrity of the Improvements. No such repair shall be required, and the structural integrity of the Improvements may be affected or weakened, if Landlord requires that the Improvements be removed from the Land, and if Tenant removes the Improvements as provided in this Section 2.10. Title to the Improvements constructed on the Leased Premises shall be vested in Tenant. Except to the extent removed by Tenant pursuant to the foregoing provisions of this Section 2.10, all such Improvements shall remain on the Leased Premises and automatically become the property of Landlord upon the expiration or earlier termination of this Lease unless Landlord gives written notice to Tenant that any or all such Improvements are to be removed, in which case Tenant shall, to the extent reasonable, remove the same and restore the Leased Premises to its condition at the commencement of this Lease, at Tenant's sole cost and expense, within one hundred eighty (180) days after (i) the expiration or earlier termination of this Lease or (ii) notice from Landlord given not later than one hundred eighty (180) days after the expiration or termination of this Lease, whichever is later, as to that portion of the Leased Premises upon which such improvement to be removed is situated. If Landlord requires Tenant to remove Improvements,

Landlord and Tenant agree that Tenant shall be required to remove all above grade structures; provided, however, that Tenant shall have no obligation to remove foundations, footings, and other similar below ground improvements so long as Tenant covers such improvements with soil. If Tenant fails to remove any Improvement, as required by this Section 2.10, then Landlord may undertake and complete such removal; and the cost of such removal, together with interest in the per annum amount equal to two percent (2%) in excess of the Reference Rate of interest announced from time to time by Bank of America National Trust and Savings Association (or an equivalent rate announced by a comparable national bank selected by Landlord in the event Bank of America no longer announces a Reference Rate), but in no event in excess of the maximum interest rate permitted by law, shall be payable on demand from Tenant to Landlord.

2.11. Land Use Matters. Landlord and Tenant acknowledge that Tenant intends to construct, among other things, an aviation passenger and commercial aviation terminal facility, inclusive of offices, meeting rooms, gift shop, aircraft maintenance hangars, aircraft storage hangars, aircraft tie-down, ramp improvements and similar facilities upon the Land with the intent to use the Land for the purposes and uses set forth in Exhibit C hereto. Landlord agrees to execute or join with Tenant as necessary in the execution of any reciprocal easement agreements or lot tie agreements and in applications to obtain such subdivisions, parcel maps, use permits or use or zoning changes or variances as may be reasonably necessary for Tenant's development and use of the Leased Premises all at Tenant's expense and without cost or expense to Landlord. Subject to the conditions set forth in the preceding sentence, Landlord shall cooperate with Tenant's efforts to obtain entitlements for the development of Tenant's Improvements provided that such cooperation is without additional cost or expense to Landlord.

3. Rent.

3.1. Base Rent. Commencing on the Commencement Date, the base rent shall be as specified in Exhibit "E", subject to increase for inflation pursuant to Section 3.2, below. Base Rent shall be paid to Landlord in monthly installments as set forth in this Section 3.1 on the first (1st) day of the applicable calendar month for such month, without any other reduction, deduction or setoff; provided that the Base Rent for the month in which the Commencement Date occurs, and for the last month of the Lease Term, shall be equitably prorated based on the number days in such month which constitutes a part of the Lease Term.

3.2. Increases in Base Rent. Beginning on the first day of the calendar month which is the first anniversary of the Commencement Date, and upon the same day of each year thereafter during the Lease Term, including any Renewal Term, (hereinafter, an "**Adjustment Date**"), the Base Rent shall be increased by an amount equal to the product of the Base Rent payable during the immediately preceding year multiplied by the Cost of Living Factor. The "**Cost of Living Factor**" for any Adjustment Date during the Lease Term, including any Renewal Terms, shall be a fraction whose numerator is the index figure stated as the Consumer Price Index for All Urban Consumers (CPI-U; U.S. City Average; All Items 1982-84= 100) published by the Bureau of Statistics of the United States Department of Labor (the "**Index**") for the month in which the Adjustment Date occurs (or the most recent available Index if the Index for the month in which the Adjustment Date occurs is not available) and whose denominator is the Index in effect on the Commencement Date, in the case of the first adjustment hereunder, or the Index used for the immediately preceding Adjustment Date, in the case of all adjustments after the first adjustment hereunder; provided that Cost of Living Factor for any year shall not exceed six (6) percent nor be less than two and one-half (2.5) percent. If the Index is discontinued, the Cost of Living Factor shall be based on comparable statistics on changes in the purchasing power of the

consumer dollar for the applicable periods, as published by a responsible financial periodical report of a recognized governmental or private authority then generally recognized for such purposes, all as selected by Landlord.

3.3. Place of Payment. All payments of Base Rent and other sums due from Tenant to Landlord pursuant to this Lease (sometimes collectively referred to herein as "**rent**") shall be made to Landlord as the same shall become due, in lawful money of the United States of America at the address specified in Section 23 of this Lease, or to such other party or at such other address as hereinafter may be designated by Landlord by written notice delivered to Tenant at least ten (10) days prior to the next ensuing monthly rental payment date.

3.4. Interest on Tenant's Obligations: Late Charges.

3.4.1. Interest. Any amount due from Tenant to Landlord which is not paid within ten (10) days after the date due shall bear interest in the per annum amount equal to two percent (2%) in excess of the Reference Rate of interest announced from time to time by Bank of America National Trust and Savings Association (or an equivalent rate announced by a comparable national bank selected by Landlord in the event Bank of America no longer announces a Reference Rate), but in no event in excess of the maximum interest rate permitted by law, from the date such payment is due until paid, but the payment of such interest shall not excuse or cure any default by Tenant under this Lease.

3.4.2. Late Charge. In the event Tenant is more than fifteen (15) days late in paying any installment of rent due under this Lease, Tenant shall pay Landlord a late charge equal to one-half of one percent ($\frac{1}{2}\%$) of the delinquent installment of rent. The parties agree that the amount of such late charge represents a reasonable estimate of the cost and expense that would be incurred by Landlord in processing each delinquent payment of rent by Tenant, but the payment of such late charge shall not excuse or cure any default by Tenant under this Lease. The parties further agree that the payment of late charges and the payment of interest provided for in this Section 3.4.2 are distinct and separate from one another in that the payment of interest is to compensate Landlord for the use of Landlord's money by Tenant, while the payment of a late charge is to compensate Landlord for the additional administrative expense incurred by Landlord in handling and processing delinquent payments.

4. Holding Over by Tenant. Should Tenant or any assignee, subTenant or licensee of Tenant fail to vacate the Leased Premises or any part thereof after the expiration or earlier termination of the Lease Term, unless otherwise agreed in writing, such failure to vacate shall constitute and be construed as a tenancy from month-to-month upon the same terms and conditions as set forth in this Lease at a monthly rental rate in an amount equal to one sixth ($\frac{1}{6}$) of the yearly Base Rent payable immediately preceding the expiration of the Lease Term. Nothing contained in this Article 4 shall be construed as a consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Leased Premises upon the expiration of the Lease Term or upon the earlier termination hereof and to assert any remedy in law or equity to evict Tenant and/or collect damages in connection with such holding over.

5. Uses.

5.1. Permitted Use. Tenant shall have the right to develop the Leased Premises for commercial and passenger aviation activities for fixed and rotary winged aircraft and related uses consistent with the terms and conditions of this Lease, including ramp spaces for parking and servicing of Tenant's aircraft as well as sale of products and services offered by Tenant and its affiliates and sublessees, including, but not limited to, the services and uses set forth in Exhibit C hereto. If any governmental license or permit is required for the lawful conduct of any business activity carried on by Tenant in the Leased Premises, and if the failure to obtain such license or permit would affect Landlord, Tenant shall procure and maintain such license or permit so long as the same is so required, make such license or permit available for inspection by Landlord and comply at all times with all terms and conditions thereof.

5.2. Prohibited Uses. Tenant covenants and agrees that it will not use or suffer or permit any person or persons to use the Leased Premises or any part thereof for any use or purpose in violation of the laws of the United States of America or the laws, ordinances, regulations or requirements of the State of Nevada, Clark County, City of Boulder City or other lawful authorities having jurisdiction. Nothing contained herein shall be deemed to prevent Tenant from making a use of the Leased Premises claimed by any governmental authority having jurisdiction to be within the scope of the preceding sentence provided that Tenant is contesting the application or interpretation of such laws or the determinations of any such lawful authority so long as (i) Landlord is given written notice thereof prior to the commencement of any such contest; (ii) such contest is prosecuted by Tenant with all reasonable diligence; and (iii) Tenant provides Landlord with such assurances or security as Landlord may reasonably require so that neither the Leased Premises nor Landlord's rights under this Lease may be adversely affected by such contest.

Tenant shall promptly, upon demand by Landlord, reimburse Landlord for any additional premium charged for any insurance policy held by Landlord by reason of Tenant's failure to comply with the provisions of this Article 5 and for any other costs reasonably incurred by Landlord in enforcing the provisions of this Section.

5.3. Project Standards. In constructing the Improvements, Tenant shall apply for and obtain all necessary permits and approvals from the Federal Aviation Administration ("FAA"), where applicable, and all City, County and State permits for the construction of a facility upon a federally funded airport. All facilities shall comply with the minimum standards for facilities constructed upon an airport as specified by FAA, where applicable. Ramp areas shall be constructed according to standards developed by Landlord and be sufficient to store aircraft with a weight rating of 12,500 pounds per single wheel.

6. Representations and Covenants of Landlord. As of the Effective Date of this Lease, Landlord represents, warrants and covenants to Tenant as follows:

6.1. Title. That Landlord has good and marketable fee simple title to the Leased Premises, subject to those exceptions which are set forth in Exhibit "C" and such other matters as would be disclosed by an ALTA survey of the Leased Premises, possesses full power and authority to deal therewith in all respects and no other party has any right or option thereto or in connection therewith.

6.2. Condemnation. That there are no pending or, to the knowledge of Landlord, threatened condemnation proceedings or actions affecting the Leased Premises.

6.3. Legal Proceedings. That there are no pending or, to the knowledge of Landlord, threatened actions or legal proceedings which could adversely affect the Leased Premises or Tenant's rights under this Lease.

6.4. Special Assessments. That there are no special assessments due or pending for sewer, sidewalk, water, paving, electrical or power improvements or other capital expenditures or improvements, matured or unmatured, with respect to the Leased Premises.

6.5. Binding Obligation. This Lease has been duly authorized, executed, and delivered by or on behalf of Landlord and is, upon execution and delivery, the legal, valid, and binding obligation of Landlord, enforceable against Landlord in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general equitable principles. The execution of this Lease and the consummation of the transactions contemplated hereby does not constitute a default or an event which with notice or passage of time or both will constitute default under any contract to which Landlord is a party or by which Landlord is bound.

6.6. No Violation of Law. That Landlord has not received notice and has no knowledge of any violation of any law, regulation, ordinance, order or other requirement of any governmental authority having jurisdiction over or affecting any part of the Leased Premises.

6.7. Environmental Matters. That Landlord has no knowledge of any noncompliance or violation of local, state or federal environmental laws related to the Leased Premises, or the existence of any Hazardous Substances (as defined in Section 25.4) in amounts or concentrations that could result in remediation or other requirements on the part of any applicable governmental authority under any Environmental Laws (as defined in Section 25.4), or the existence within the Leased Premises of any underground storage tanks.

6.8. Zoning. That the Land is currently zoned Airport (AP). The operation of an general aviation passenger terminal facility and general commercial aviation activities are permitted uses under an Airport zoning designation. A conditional use permit is not required.

7. Utilities. Tenant shall pay all charges incurred for the use of utility services at the Leased Premises including, without limitation, gas, electricity, water and telephone. Tenant shall pay all utility connection charges.

8. **Taxes, Assessments and other Governmental Impositions.**

8.1. Payment. Subject to the following sentence and subject to Section 3.3, Tenant shall pay, within thirty (30) days after written demand from Landlord, any real estate taxes, assessments (both general and special) and other governmental impositions which are levied against the Leased Premises; provided that Tenant shall have no obligation to pay any of such taxes, assessments and impositions more than ten (10) days prior to the date the same are due to the taxing authority. Tenant's obligations under this Section 8.1 shall extend only to taxes, assessments and impositions which are properly allocable to the Lease Term; provided, however, that if the City of Boulder City transfers all or part of its rights under this Lease or the real property subject to this Lease to any third party, Tenant shall thereafter have the right to offset or deduct from any payments due Landlord hereunder all amounts paid by Tenant for real estate

taxes, assessments and impositions levied against the Lease Premises which would not be due if the City of Boulder City continued to hold its rights under the Lease and the real property subject to the Lease. Any tax, assessment, imposition or other similar expense which is properly allocable to any period prior to the Commencement Date or any period after the date of termination or expiration of this Lease shall not be the obligation of Tenant.

8.2. Contest. Tenant may, if it shall so desire, contest the validity or amount of any tax or assessment against the Leased Premises, in which event Tenant may defer the payment thereof during the pendency of such contest if applicable law so permits; provided, however, that Tenant shall not allow any tax lien to be foreclosed on the Leased Premises, and, unless such tax is paid under protest, not later than ten (10) days prior to the date the same shall become delinquent, Tenant shall have (i) deposited with a bank or trust company reasonably acceptable to Landlord, an amount sufficient to pay such contested item(s) together with the interest and penalties thereon (as reasonably estimated by Landlord) with written instructions to said bank or trust company to apply such amount to the payment of such item(s) when the amount thereof shall be finally fixed and determined (with the remainder to be paid to Tenant), or (ii) provided Landlord with other reasonably acceptable security. In the event Landlord is required by law to join in any action or proceeding taken by Tenant to contest any such taxes or assessments, Tenant shall indemnify, defend and hold Landlord and Landlord's successors, assigns, agents, employees and representatives harmless from any and all costs, fees (including, but not limited to reasonable attorneys' fees), expenses, claims, judgments, orders, liabilities, losses or damage arising out of such action or proceeding.

If, at any time, in the judgment of Landlord reasonably exercised, it shall become necessary so to do, Landlord, after written notice to Tenant, may, under protest if so requested by Tenant pay such monies as may be required to prevent the transfer of the Leased Premises to the Clark County Treasurer or the sale of the Leased Premises or any part thereof; or foreclosure of the lien created thereon by such item, and such amount shall become immediately due and payable by Tenant to Landlord, together with interest in the per annum amount equal to two percent (2%) in excess of the Reference Rate of interest announced from time to time by Bank of America National Trust and Savings Association (or an equivalent rate announced by a comparable national bank selected by Landlord in the event Bank of America no longer announces a Reference Rate), but in no event in excess of the maximum interest rate permitted by law, and shall constitute additional rent hereunder, or at Tenant's option and at Tenant's sole cost and expense, in lieu thereof, Tenant shall obtain lien release bonds in amounts equal to the claims of any such liens or as otherwise required by applicable law to obtain the full release of such liens.

8.3. Substitute Taxes. Notwithstanding anything herein to the contrary, if at any time during the Lease Term, including any applicable Renewal Terms, there shall be levied or assessed in substitution of real estate taxes, in whole or in part, a tax, assessment or governmental imposition (other than a general gross receipts or income tax) on the rents reserved herein, and said tax, assessment or governmental imposition shall be imposed upon Landlord, Tenant shall pay the same as herein above provided, but only to the extent that such new tax, assessment or governmental imposition is a substitute for real estate taxes previously imposed.

8.4. Installment Payments. Notwithstanding anything herein to the contrary, if at any time during the Lease Term any assessment (either general or special) is levied upon or assessed against the Leased Premises or any part thereof, and if such assessment is permitted to be paid in

installments and Tenant elects to pay such assessment in installments, Tenant's obligation under this paragraph to pay such assessment shall be limited to the amount of such installments (plus applicable interest thereon charged by the taxing authority, if any) which become due during the Lease Term, including any applicable Renewal Terms.

9. **Insurance.**

9.1. **Fire Insurance.** Commencing on or before the issuance of a Certificate of Occupancy, Tenant shall maintain so called "all risk" fire and extended coverage insurance (including vandalism and malicious mischief insurance and earthquake and flood insurance if commercially available at reasonable cost) on the Improvements, with a limit of or in an amount not less than one hundred percent (100%) of the replacement value thereof, less the cost of excavations, foundation, footings and underground tanks, conduits, pipes, pilings and other underground items. Payments for losses shall be made to a third party escrow or construction control account which is reasonably and mutually acceptable to Landlord and Tenant (and, if applicable, any Leasehold Mortgagee named as loss payee hereunder), and shall be disbursed from such account to Tenant and Tenant's contractors to pay for the restoration of the Improvements in accordance with the provisions of this Lease under Article 13. Tenant may include the holder of any Leasehold Mortgage as a loss payee provided that the proceeds of such insurance required hereunder shall be used for the repair and reconstruction of the Improvements, subject only to conditions permitted pursuant to Section 22.4. Any such Leasehold Mortgagee which is named as loss payee shall be deemed an acceptable construction control escrow for purposes of this Section 9.1.

The full replacement value of the items to be insured under this Section 9.1 shall be determined by the company issuing the insurance policy at the time the policy is initially obtained. Not more frequently than once every three (3) years, Landlord shall have the right to notify Tenant that it elects to have the replacement value redetermined by the insurance company. The redetermination shall be made promptly and in accordance with the rules and practices of the Board of Fire Underwriters or a like board recognized and generally accepted by the insurance company, and each party shall be promptly notified of the results by the company. The insurance policy shall be adjusted according to the redetermination.

Tenant shall evidence the insurance coverage required by this Section 9.1 by delivering to Landlord, thirty (30) days after the issuance of a Certificate of Occupancy and thereafter from time to time upon request by Landlord, certificates issued by the insurance companies, if any, underwriting such risks.

9.2. **Liability Insurance.** Tenant shall also insure against property damage and public liability arising by reason of occurrences on or about the Leased Premises by maintaining an Aviation Premises Liability Form policy or policies insuring against the tort liabilities assumed under this Lease, on an "occurrence" or "claims made" basis, with a primary liability limit of not less than ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00), and a combined primary and excess coverage limit of not less than TWO MILLION DOLLARS (\$2,000,000). Tenant shall evidence the insurance coverage required by this Section 9.2 by delivering to Landlord, prior to taking possession of the Land, and thereafter from time to time upon request by Landlord, certificates issued by the insurance companies, if any, underwriting such risks.

9.3. Worker's Compensation. Tenant shall maintain (at its sole cost and expense) workers' compensation and employers' liability insurance covering all of its employees as required of the laws of the State of Nevada. Tenant shall have the right to self-insure with respect to such required coverage to the extent permitted by applicable law.

9.4. Policy Requirements. Except for workers' compensation insurance, all insurance policies required to be maintained by Tenant hereunder shall be with responsible insurance companies, authorized to do business in the State of Nevada if required by law, and, except for workers' compensation policies, shall provide for cancellation only upon thirty (30) days prior written notice to Landlord. Except for workers' compensation insurance, Tenant shall, at the expiration of any such policy, furnish Landlord with renewals or "binders" thereof or certificates evidencing the same, or Landlord may order such insurance and charge the cost thereof to Tenant, which amount shall be payable by Tenant upon demand as additional rent, together with interest in the per annum amount equal to two percent (2%) in excess of the Reference Rate of interest announced from time to time by Bank of America National Trust and Savings Association (or an equivalent rate announced by a comparable national bank selected by Landlord in the event Bank of America no longer announces a Reference Rate), but in no event in excess of the maximum interest rate permitted by law. With respect to workers' compensation insurance, Tenant shall furnish Landlord with reasonable evidence that Tenant has complied with its obligations under this Lease.

9.5. Blanket and Self Insurance. Notwithstanding the provisions of Section 9 to the contrary, and only to the extent permitted by applicable law, Tenant shall be permitted to fulfill its obligations under this Article 9 pursuant to (i) one or more blanket policies (as long as the Leased Premises are adequately insured as required by this Lease), or (ii) self insurance (provided that Tenant shall give five (5) days' prior written notice to Landlord and obtain Landlord's prior written approval, and such approval not to be unreasonably withheld or delayed.

10. Repairs. Tenant shall take good care of the Leased Premises (including the Improvements constructed by Tenant) during the Lease Term and shall maintain the same in a good condition and state of repair, including repairs to the interior, exterior and structure, it being understood that Landlord shall not be required to make any repairs to the Leased Premises during the Lease Term.

11. Alterations. Tenant shall have the right to make, at its sole cost and expense, additions, alterations and changes (hereinafter referred to as "Alterations") in or to the Improvements, provided an Event of Default shall not then exist, and subject to the following conditions:

11.1. Permits. No Alterations shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required, from time to time, all required permits and authorizations of City of Boulder City and other governmental authorities having jurisdiction.

11.2. Construction. All Alterations shall be pursued promptly to completion and shall be done in a good and workmanlike manner and in compliance with all applicable permits and

authorizations and building and zoning laws and with all other laws, ordinances, orders, rules, regulations and requirements of all federal, state and local governments, departments, commissions, boards and officers.

11.3. Inspection. During construction of the Improvements, and subject to applicable laws and to Tenant's security policies, Landlord shall have the right to go upon and inspect the Improvements at all reasonable times and upon reasonable notice and shall have the right to post and keep posted thereon notices of non-responsibility or such other notices which Landlord may deem to be proper for the protection of Landlord's interest in the Leased Premises in such a manner as not to interfere with Tenant's construction.

11.4. Liens. Tenant shall indemnify, defend, satisfy and hold harmless Landlord and Landlord's heirs, successors, assigns, agents, employees and representatives from and against all claims, reasonable attorneys' fees and other costs and expenses growing out of or incurred by reason of or with respect to liens for labor or materials supplied or claimed to be supplied in connection with Alterations done by or for Tenant. Should Tenant fail to fully discharge any such lien or claim, or in the alternative fail to post a bond sufficient to discharge such lien or claim within thirty (30) days after written request therefor by Landlord, then Landlord, at its option, may pay the same or any part thereof and shall be the full judge of the legality of such lien or claim and the sufficiency of any bond. All amounts paid by Landlord, together with interest in the per annum amount equal to two percent (2%) in excess of the Reference Rate of interest announced from time to time by Bank of America National Trust and Savings Association (or an equivalent rate announced by a comparable national bank selected by Landlord in the event Bank of America no longer announces a Reference Rate), but in no event in excess of the maximum interest rate permitted by law, from the time of payment until repayment, shall be repaid by Tenant as additional rent on the next rent payment date after notice of payment by Landlord.

11.5. Insurance. Prior to making any material Alterations to any building or work of improvement, Tenant and Tenant's subcontractors and agents shall obtain Workers' Compensation and Builder's Risk and Liability Insurance in such amounts and form as required by Section 2.6 hereof.

12. Equipment, Fixtures and Signs.

12.1. Equipment and Fixtures. Tenant shall have the right to erect, install, maintain and operate on the Leased Premises such equipment, trade and business fixtures, and other personal property as Tenant may deem necessary, or appropriate, and such shall not be deemed to be part of the Leased Premises, but shall remain the property of Tenant, as provided in Section 2.10 above. At any time during the Lease Term and within one hundred eighty (180) days after termination hereof, Tenant shall have the right to remove Tenant's Personal Property from the Leased Premises provided that an Event of Default shall not then exist. Tenant's Personal Property may be removed at the expiration or earlier termination of this Lease if Tenant repairs any damage to the Improvements caused by such removal and the removal does not in any way

weaken or otherwise adversely affect in any material way the structural integrity of the Improvements; provided that such repair shall not be required, and the structural integrity, of the Improvements may be affected or weakened, if Landlord requires that the Improvements be removed from the Land, and if Tenant removes the Improvements pursuant to Section 2.10 above.

12.2. Permitted Signs. Tenant shall be entitled to such signs as may be reasonably approved by Landlord. Tenant's rights under this Section 12.2 are subject to Tenant's receipt of any and all necessary governmental approvals, permits and consents.

13. Damage by Fire or Other Casualty.

13.1. Restoration. Except as otherwise provided in this Section 13.1, Tenant shall repair, at Tenant's cost, any damage to Improvements (including any damage for which no insurance coverage was obtained or obtainable). In the event all or any substantial portion of the Improvements shall be damaged or destroyed in whole or in part by fire or any other casualty such that the cost to repair and restore the Improvement exceeds ten percent (10%) of the replacement cost of the Improvements, Tenant shall, at Tenant's option either (i) proceed diligently to repair or rebuild the Improvements to a value, condition, quality and character substantially similar to that which existed immediately prior to such damage or destruction, subject to Tenant's right to alter the same in accordance with Article 11; or (ii) terminate this Lease and demolish the Improvements and regrade the Land to finish grade in accordance with Landlord's reasonable requirements.

13.2. Use of Insurance Proceeds. All insurance proceeds with respect to the Improvements which are paid to Tenant shall, if Tenant elects to rebuild the Improvements pursuant to Section 13.1, be deposited by Tenant into a third party escrow or construction control account which is reasonably acceptable to Landlord and Tenant (and, if applicable, any Leasehold Mortgagee named as loss payee with respect to such insurance pursuant to Section 9.1), and shall be disbursed from such account to Tenant and Tenant's contractor for the payment of the costs of the repair and restoration of the Improvements. Any such Leasehold Mortgagee which is named as loss payee shall be an acceptable construction control account for purposes of this Section 13.2. Notwithstanding the foregoing, if Tenant elects to demolish the Improvements pursuant to option (ii) of Section 13.1, all such insurance proceeds for reconstruction (as opposed to business interruption) which are not required to be paid to a Leasehold Mortgagee shall be allocated between and distributed to Landlord and Tenant in the ratio that the expired portion of the Lease Term bears to the unexpired portion thereof as of the date of the distribution, whereby that Landlord will receive the portion of the proceeds equal to the percentage of the Lease Term remaining. Renewal Terms that have not been exercised shall be used to calculate the ratio.

13.3. Additional Cost of Restoration. If Tenant elects to rebuild the Improvements pursuant to Section 13.1, and if the insurance proceeds received by or for the account of Tenant shall be insufficient to pay the entire cost of such repairs and restoration, Tenant shall supply the amount of any such deficiency and shall apply the same to the payment of the cost of such repair

and restoration. Under no circumstances shall Landlord be obligated to make any payment or contribution towards the cost of any repairs and restoration.

13.4. Rent Abatement. Unless the damage resulting from any casualty to the Leased Premises is caused by Tenant's negligence, the Base Rent shall abate with respect to that part of the Leased Premises that is unfit for use in Tenant's business based upon the nature and extent of interference to Tenant's ability to conduct business at the Leased Premises and the need for access and essential services. The Base Rent shall be abated to an amount equal to the square footage of that part of the Leased Premises that is unfit for Tenant's business, multiplied by the Base Rent per square foot for the Leased Premises which shall be adjusted as provided in Section 3. The abatement of Base Rent under this Section 13.4 shall continue from the date the damage occurred until Tenant again uses the Leased Premises or that part of the Leased Premises rendered unusable by the casualty.

14. Condemnation.

14.1. Termination. If all of the Leased Premises (or if less than all, but the remaining portion will not permit Tenant to operate its business on the Leased Premises), shall be acquired by the right of condemnation or eminent domain for any public or quasi-public use or purpose, or sold to a condemning authority under threat of condemnation or in lieu thereof, then the Lease Term shall cease and terminate as of the date of title vesting in such proceeding (or sale) and all rent shall be paid up to that date.

14.2. Partial Condemnation. In the event of a partial taking or condemnation which takes less than a substantial portion of the Leased Premises and if the remaining portion will permit Tenant to operate the commercial aviation and passenger aviation facilities on the Leased Premises, then Tenant, at Tenant's sole cost and expense, shall proceed with reasonable diligence to restore the Leased Premises to a condition, to the extent practicable, comparable to its condition at the time of such condemnation less the portion lost in the taking, and this Lease shall continue in full force and effect but, subject to Section 14.4 below, with a pro rata reduction of rent.

14.3. Payment of Award. In the event of any condemnation, taking or sale as aforesaid, whether whole or partial, Landlord shall be entitled to the entire award for the Land; provided, however, that notwithstanding any term to the contrary contained in this Section 14.3, Tenant shall be entitled to the entire award for the Leased Premises in the event that the City of Boulder City invokes the right of condemnation or eminent domain which results in the condemnation, taking or sale of the Leased Premises. Any award which is paid for the Improvements and which is not required to be paid to a Leasehold Mortgagee shall be allocated between and distributed to Landlord and Tenant in the ratio that the expired portion of the Lease Term bears to the unexpired portion thereof as of the date of the taking, whereby that Landlord will receive the portion or the proceeds equal to the percentage of the Lease Term remaining. Renewal Terms that have not been exercised shall be included in the ratio calculation. However, if the Leased Premises shall be restored by Tenant as herein provided, Tenant shall first be entitled to recover

the costs and expenses incurred in such restoration out of any such award. Nothing contained in this Section 14.3 shall be deemed to prevent Tenant from seeking a separate award from the taking authority for the taking of Tenant's personal property and fixtures or for relocation and business interruption expenses incurred by Tenant as a result of the taking.

15. Liability and Indemnification.

15.1. Tenant Indemnity. Landlord shall not be liable to Tenant or Tenant's successors, assigns, directors, employees, agents, patrons or invitees, or any person whomsoever, for any injury to person or damage to property caused by or arising as a result of the negligence or misconduct of Tenant, its employees or agents, or of any other person (other than Landlord or Landlord's employees or agents) entering upon the Leased Premises under express or implied invitation of Tenant, as well as any such damage or injury, which is caused by or which arises as a result of Tenant's breach of this Lease, and Tenant agrees to indemnify, defend and hold Landlord and Landlord's successors, assigns, agents, employees and representatives harmless from any liability, loss, claim, damage, cost or expense suffered or incurred by Landlord by reason of any such damage or injury.

15.2. Notice of Indemnity. Landlord shall provide Tenant notice of any such claims of liability for which Landlord may seek indemnification pursuant to Section 15.1 with reasonable promptness and Tenant shall defend such claims by counsel of its own choosing, at Tenant's expense. Landlord shall cooperate fully in all respects with Tenant in any such defense at Tenant's expense, including, without limitation, by making available to Tenant all pertinent information under the control of Landlord. If Tenant elects to defend a claim, Landlord may, at Landlord's expense, participate in such matter with counsel of Landlord's own choosing.

15.3. Landlord Indemnity. Tenant shall not be liable to Landlord or Landlord's successors, assigns, employees, agents, patrons or invitees, or any person whomsoever, for any injury to person or damage to property caused by or arising as a result of the negligence or misconduct of Landlord, its employees or agents, or of any other person (other than Tenant or Tenant's employees or agents) entering upon the Leased Premises under express or implied invitation of Landlord, as well as any such damage or injury which is caused by or which arises as a result of Landlord's breach of this Lease, and to the fullest extent allowed under Chapter 41 of the Nevada Revised Statutes, Landlord agrees to indemnify, defend and hold Tenant and Tenant's successors, assigns, agents, employees and representatives harmless from any liability, loss, claim, damage, cost or expense suffered or incurred by Tenant by reason of any such damage or injury.

15.4. Tenant Notice of Indemnity. Tenant shall provide Landlord notice of any such claims of liability for which Tenant may seek indemnification pursuant to Section 15.3 with reasonable promptness and Landlord shall defend such claims by counsel of its own choosing, at Landlord's expense. Tenant shall cooperate fully in all respects with Landlord in any such defense, including, without limitation, by making available to Landlord all pertinent information

under the control of Tenant. If Landlord elects to defend a claim, Tenant may, at Tenant's expense, participate in such matter with counsel of Tenant's own choosing.

15.5. Survival. The provisions of this Article 15 shall survive the termination of this Lease.

16. **Right of Inspection**. Subject to applicable laws and Tenant's and its contractor(s)' normal security policies, Landlord and its agents and representatives shall be entitled to enter upon and inspect the Leased Premises at any time during normal business hours upon prior reasonable notice (or, in the case of an emergency, at any time and with or without notice), provided only that such inspection shall not unreasonably interfere with Tenant's business. Tenant reserves the right to require that Landlord be accompanied by a representative of Tenant while on the Leased Premises.

17. **Warranty of Title and Quiet Enjoyment**.

17.1. Quiet Enjoyment. Landlord represents and warrants that it is the owner in fee simple of the Land, and that it alone will have full right to lease the Leased Premises for the Lease Term set out herein. Landlord further represents and warrants that Tenant, on paying the rent and performing its obligations hereunder, shall peaceably and quietly hold and enjoy the Leased Premises for the Lease Term without any hindrance, molestation or ejection by Landlord, its successors or assigns, or those claiming by, through, or under them or anyone claiming under paramount title to Landlord.

17.2. Encumbrances. Landlord represents and warrants that, with the exception of exceptions shown on Exhibit "C," it has neither granted nor created and covenants that it will not grant, create or suffer any claim, lien, encumbrance, easement, restriction or other charge or exception to title to the Leased Premises which would have any material adverse effect upon Tenant's rights or obligations under this Lease. If Landlord's interest in the Land or in this Lease is sold or conveyed upon the exercise of any remedy provided for in any mortgage loan, or otherwise by operation of law, this Lease will not be affected in any way, and Tenant will attorn to and recognize the new owner as Tenant's Landlord under this Lease. Tenant will confirm such attornment in writing within ten (10) days after Tenant's receipt of a written request for attornment.

18. **Waiver of Subrogation**. Landlord and Tenant severally waive any and every claim which arises or may arise in its favor and against the other during the Lease Term for any and all loss of, or damage to, any of its property located within or upon, or constituting a part of, the Leased Premises, which loss or damage is covered by valid and collectible fire and extended coverage, general liability, or worker's compensation insurance policies, to the extent that such loss or damage is recoverable thereunder. Inasmuch as the above mutual waivers will preclude the assignment of any aforesaid claim by way of subrogation (or otherwise) to an insurance company (or any other person), Landlord and Tenant severally agree immediately to give to each

insurance company which has issued to it policies of insurance, written notice of the terms of said mutual waivers, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverages by reason of said waivers.

19. **Force Majeure.** The time for performance by Landlord or Tenant of any term, provision or covenant of this Lease, other than the payment of amounts due under this Lease, shall be deemed extended by time lost due to delays resulting from acts of God, strikes, labor disputes, unavailability of building materials, civil riots, floods or other weather-related conditions, material or labor restrictions by governmental authority, and any other cause not within the reasonable control of Landlord or Tenant, as the case may be, to the extent such delays are not attributable to the fault or negligence of the party claiming relief.

20. **No Brokers.** Tenant warrants that it has not had any contact or dealings with any person or real estate broker which would give rise to the payment of any finders' fee or brokerage commission by Landlord in connection with this Lease, and Tenant shall indemnify, hold harmless and defend Landlord from and against any liability with respect to any finder's fee or brokerage commission arising from of any act or omission of Tenant. Landlord warrants that it has not had any contact with any person or real estate broker which would give rise to the payment of any finders' fee or brokerage commission by Tenant in connection with this Lease, and Landlord shall indemnify, hold harmless and defend Tenant from and against any liability with respect to any finders' fee or brokerage commission arising out of any act or omission of Landlord.

21. **Landlord-Tenant Relationship.** It is further understood and agreed that the Landlord shall in no event be construed or held to be a partner, joint venturer or associate of Tenant in the conduct of Tenant's business, nor shall Landlord be liable for any debts incurred by Tenant in Tenant's business; but it is understood and agreed that the relationship is and at all times shall remain that of landlord and tenant.

22. **Assignment and Subletting.**

22.1. **Assignment and Subletting.** Except as permitted in Section 22.2, Tenant shall not assign this Lease, in whole or in part, or sublet the whole or any part of the Leased Premises without the prior written consent of Landlord. Landlord shall consent to an assignment of this Lease if: (i) no Event of Default (hereinafter defined) has occurred and is continuing at the time of the request for consent to the assignment; (ii) the use to be made of the Leased Premises by the assignee or subtenant shall be permitted by Article 5 hereof; (iii) the assignee is solvent and financially able to meet the projected costs of the obligations to be assumed for the unexpired portion of the Lease Term as they come due; (iv) the assignee assumes in writing the performance of all of the terms, provisions and covenants of this Lease on the part of Tenant to be kept and performed; and (v) Tenant delivers to Landlord within fifteen (15) days (or as soon thereafter as is reasonably practicable) after the assignment an executed duplicate of such agreement, together with a duly executed assumption agreement (the conditions set forth in this Section 22.1(i) through (v), the "**Assignment Conditions**"). Except where an assignment

pursuant to this Section 22.1 satisfies the Assignment Conditions at the time of such assignment, then, unless Landlord otherwise consents thereto, such assignment shall not be deemed to constitute a novation or in any way release the applicable assignor from further performance of its obligations under this Lease, and such assignor shall continue to be liable for all obligations of the "Tenant" hereunder for the balance of the Lease Term with the same force and effect as if no such assignment had been made.

22.2. Assignment to Affiliate. Tenant shall have the right to assign this Lease, without Landlord's consent, to any assignee which controls or is controlled by or under common control with Tenant, any partnership in which Tenant is a general partner, any limited liability company which is controlled by Tenant, or any member in Tenant which holds not less than a twenty-five percent (25%) interest in the profits or capital of Tenant. Except where an assignment pursuant to this Section 22.2 satisfies the Assignment Conditions, at the time of such assignment, then, unless Landlord otherwise consents thereto, such assignment shall not be deemed to constitute a novation or in any way release the applicable assignor from further performance of its obligations under this Lease, and such assignor shall continue to be liable for all obligations of the "Tenant" hereunder for the balance of the Lease Term with the same force and effect as if no such assignment had been made. Known Affiliates at the time of this agreement include: Scenic Airlines, Inc., Eagle Canyon Leasing, Inc., GY Property Holdings, LLC, Yamagata Corporation, Yamagata Venture Investments, LLC, GY Aviation, LLC, KXL, LLC, BFE, LLC, Helicopter Accessory Services, Inc., BC Ground Support and Fuel, LLC.

22.4. Encumbrance or Assignment as Security.

22.4.1. Definitions.

22.4.1.1. The term "**Leasehold Mortgage**" as used in this Lease shall mean a first mortgage, a first deed of trust, a sale - leaseback (wherein the leaseback is prior to all other security interests in Tenant's leasehold estate) or other first priority security instrument or device by which Tenant's leasehold estate is mortgaged, conveyed, assigned, or otherwise transferred in whole or in part, to secure a debt or other obligation.

22.4.1.2. The term "**Leasehold Mortgagee**" as used in this Lease shall refer to an institutional lender (i.e., a savings bank, savings and loan association, commercial bank, trust company, credit union, insurance company, college, university, real estate investment trust or pension fund or any other institution which is recognized nationally or regionally as being in the business of lending money or serving as the trustee for persons investing in such debt) which is not affiliated with Tenant and which is the holder of a Leasehold Mortgage (which in the case of a deed of trust is the beneficiary thereof and in the case of a sale-leaseback is the Landlord) in respect to which the notice provided for by Section 22.4.3 has been given and received and as to which the provisions of this Section 22.4 are applicable.

22.4.2. Tenant's Right to Mortgage its Leasehold Interest. Notwithstanding any other provision contained in this Lease, for the purpose of financing construction or

reconstruction permitted by this Lease or refinancing any such financing, Tenant shall have the right to encumber or assign its interest in this Lease or assign its interest in any sublease hereunder by mortgage or deed of trust (hereinafter, collectively, "**Mortgage**") (or by foreclosure or assignment in lieu of foreclosure under such Mortgage) to any institutional lender or other lender reasonably acceptable to Landlord as mortgagee and if such Mortgage is a deed of trust, foreclosure may be had thereunder by the exercise of a power of sale in accordance with the provisions of Chapter 107 of the Nevada Revised Statutes. There may be more than one Mortgage on Tenant's interest in the Improvements and this Lease except that there may be only one Mortgage at any given time constituting a first lien thereon (other than as provided in the following sentence) and only one Leasehold Mortgagee at any given time (which Leasehold Mortgagee may consist of more than one person or entity so long as such multiple persons or entities act through one collateral agent). Notwithstanding the foregoing, beneficiaries of two (2) separate Mortgages may act collectively as a Leasehold Mortgagee, so long as (i) such beneficiaries act through one (1) collateral agent; and (ii) such Mortgages are, by virtue of an intercreditor or similar agreement between such beneficiaries (a copy of which shall be provided to Landlord before it shall be effective as to Landlord), of equal first priority. All obligations imposed hereunder on any Mortgage or Mortgagee shall bind all such Mortgages and Mortgagees but except for a Mortgage constituting a first lien on Tenant's interest in the Improvements and this Lease and otherwise complying with the requirements contained herein for a Leasehold Mortgage, no Mortgage, or any Mortgagee thereunder, shall be entitled to the benefits of any provision of this Lease except as set forth in this Section 22.4.2.

22.4.3. Notice to Landlord. Upon execution of a Mortgage otherwise entitled to the benefits of a Leasehold Mortgage (or any amendment, supplement or modification thereto) and in order to be entitled to such benefits, a photostatic copy of such instrument and the obligation secured thereby shall be promptly delivered to Landlord together with a certification by Tenant and the Leasehold Mortgagee confirming that the photostatic copy is a true copy of the Leasehold Mortgage and giving written notice of the name and mailing address of the Leasehold Mortgagee (which shall be deemed such Leasehold Mortgagee's address hereunder until changed by notice to Landlord and Tenant as provided in Article 23), that the Leasehold Mortgage was recorded in the Official Records of Clark County, Nevada, the date of recording or filing of record thereof and recorder's instrument number and book reference or other recorder's index reference, and that such Mortgage is a first lien on Tenant's interest in the Improvements and this Lease. Until such true copies and certificate are delivered to Landlord, any such instrument shall have no force or effect whatsoever on the enforcement by Landlord of any provisions of this Lease or any rights or remedies hereunder.

22.4.4. Cancellation, Surrender and Modification. No cancellation, surrender or modification of this Lease shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee.

22.4.5. Notice of Default and Right to Cure. Landlord, upon providing Tenant any notice of: (i) default under this Lease, (ii) a termination of this Lease, or (iii) a matter on which Landlord may predicate or claim a default, shall at the same time provide a copy of such

notice to any Leasehold Mortgagee. No such notice by Landlord to Tenant shall be deemed to have been duly given unless and until a copy thereof has been so provided to any Leasehold Mortgagee. From and after such notice has been given to a Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period, after the giving of such notice, for remedying any default or acts or omissions which are the subject matter of such notice or causing the same to be remedied, as is given Tenant after the giving of such notice to Tenant, plus in each instance, the additional periods of time specified in Sections 22.4.6 and 22.4.7, to remedy, commence remedying or cause to be remedied the defaults or acts or omissions which are the subject matter of such notice specified in any such notice. Landlord shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Tenant. Tenant authorizes each Leasehold Mortgagee to take any such action at such Leasehold Mortgagee's option and does hereby authorize entry upon the Leased Premises by the Leasehold Mortgagee for such purpose.

22.4.6. Termination for Tenant Default. Anything contained in this Lease to the contrary notwithstanding, if any default shall occur which entitles Landlord to terminate this Lease, Landlord shall have no right to terminate this Lease unless, following the expiration of the period of time given Tenant to cure such default or the act or omission which gave rise to such default, Landlord shall notify any Leasehold Mortgagee of Landlord's intent to so terminate at least thirty (30) days in advance of the proposed effective date of such termination, if such default is capable of being cured by the payment of money, and at least ninety (90) days in advance of the proposed effective date of such termination if such default is not capable of being cured by the payment of money. The provisions of Section 22.4.7 below shall apply if, during such thirty (30) or ninety (90) day cure period, any Leasehold Mortgagee shall:

(a) notify Landlord of such Leasehold Mortgagee's desire to avoid any termination of this Lease by Landlord; and

(b) pay or cause to be paid all rent and other payments then due and in arrears as specified in the notice to such Leasehold Mortgagee and which may become due during such thirty (30) or ninety (90) day cure period, provided, however, that such payment shall not be deemed a waiver of any other default; and

(c) comply, or in good faith and with reasonable diligence commence to comply, with all nonmonetary requirements of this Lease then in default and reasonably susceptible of being complied with by such Leasehold Mortgagee (provided, however, that such Leasehold Mortgagee shall not be required during such period to cure or commence to cure any default consisting of Tenant's failure to satisfy and discharge any lien, charge or encumbrance against Tenant's interest in this Lease or the Leased Premises junior in priority to the lien of the Leasehold Mortgage held by such Leasehold Mortgagee, so long as such lien, charge or encumbrance does not also encumber or threaten Landlord's interest in the Land or the Leased Premises).

22.4.7. Procedure of Default.

22.4.7.1. If Landlord shall elect to terminate this Lease by reason of any default of Tenant, and if a Leasehold Mortgagee shall have proceeded in the manner provided for by Section 22.4.6, the specified date for the termination of this Lease as fixed by Landlord in its termination notice shall be extended for a period of six (6) months provided that such Leasehold Mortgagee shall, during such six (6) month period:

(a) Pay or cause to be paid the rent, additional rent and other monetary obligations of Tenant under this Lease as the same become due, and continue its good faith efforts to perform all of Tenant's other obligations under this Lease, excepting (A) obligations of Tenant to satisfy or otherwise discharge any lien, charge or encumbrance against Tenant's interest in this Lease or the Leased Premises junior in priority to the lien of the Leasehold Mortgage held by such Leasehold Mortgagee, so long as such lien, charge or encumbrance does not also encumber or threaten Landlord's interest in the Land or the Leased Premises, and (B) past nonmonetary obligations then in default and not reasonably susceptible of being cured by such Leasehold Mortgagee; and

(b) If not enjoined or stayed, take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with due diligence.

22.4.7.2. If at the end of such six (6) month period such Leasehold Mortgagee is complying with Section 22.4.7.1, this Lease shall not then terminate, and the time for completion by such Leasehold Mortgagee of its proceedings shall continue so long as such Leasehold Mortgagee is enjoined or stayed and thereafter for so long as such Leasehold Mortgagee proceeds to complete steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Leasehold Mortgage or by other appropriate means with reasonable diligence and continuity. Nothing in this Section 22.4.7.2, however, shall be construed to extend this Lease beyond the Lease Term, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after the subject Tenant default has been cured. If the default shall be cured and the Leasehold Mortgagee shall discontinue such foreclosure proceedings, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

22.4.7.3. If a Leasehold Mortgagee is complying with Section 22.4.7.1, upon the acquisition of Tenant's leasehold estate herein by such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale or otherwise, and upon the discharge of any lien, charge or encumbrance against the Tenant's interest in this Lease or the Leased Premises which is junior in priority to the lien of the Leasehold Mortgage held by such Leasehold Mortgagee and which the Tenant is obligated to satisfy and discharge by reason of the terms of this Lease, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

22.4.7.4. The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease or of the leasehold estate hereby created, nor

shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Lease or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Tenant to be performed hereunder, but the purchaser at any sale of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of this Lease and of the leasehold estate hereby created under any instrument of assignment or transfer in lieu of the foreclosure of any Leasehold Mortgage, shall be deemed to be an assignee or transferee within the meaning of this Lease, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Tenant to be performed hereunder from and after the date of such purchase and assignment.

22.4.7.5. Any Leasehold Mortgagee or other acquirer of the leasehold estate of Tenant pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings may, upon acquiring Tenant's leasehold estate, without further consent of Landlord, sell and assign the leasehold estate on such terms and to such persons and entities as are acceptable to such Mortgagee or acquirer and thereafter be relieved of all obligations under this Lease, provided that such assignee is solvent and financially and legally able to perform the obligations of Tenant for the unexpired Lease Term. No other or further assignment shall be made except in accordance with the provisions of Article 22 of this Lease. Upon execution of any assignment permitted to be made to or by the Leasehold Mortgagee a fully executed copy thereof, together with a written statement of the place of recording or filing of record, if any, and a copy of the assumption agreement, if applicable, shall be delivered promptly to Landlord; and until such delivery to Landlord such assignment shall have no force or effect whatsoever on the enforcement by Landlord of any provisions of this Lease or any rights or remedies hereunder.

22.4.7.6. Notwithstanding any other provisions of this Lease, any sale of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or transfer of this Lease and of the leasehold estate hereby created in lieu of the foreclosure of any Leasehold Mortgage shall be deemed to be a permitted sale, transfer or assignment of this Lease and of the leasehold estate hereby created.

22.4.7.7. Nothing in this Section 22.4 shall limit Landlord's ability to enforce this Lease by any means (including, but not limited to, an action for specific performance and/or injunction) other than termination, reentry or taking possession after expiration of the cure periods, if any, provided in Section 24.1, or alternatively, termination, reentry or taking possession after expiration of the period provided in Section 22.4.7.1 and Section 22.4.7.2.

22.4.8. New Lease. In the event of the termination of this Lease as a result of Tenant's default, Landlord shall, in addition to providing the notices of default and termination as required above, provide any Leasehold Mortgagee with written notice that this Lease has been terminated, together with a statement of all sums which would at that time be due under this Lease but for such termination, and of all other defaults, if any, then known to Landlord. Landlord agrees to enter into a new lease ("New Lease") of the Leased Premises with such

Leasehold Mortgagee or its designee for the remainder of the Lease Term, effective as of the date of termination, at the rent, and upon the terms, covenants and conditions (but excluding requirements which are not applicable or which have already been fulfilled) of this Lease, provided:

(a) Such Leasehold Mortgagee shall make written request upon Landlord for such New Lease within sixty (60) days after the date such Leasehold Mortgagee receives Landlord's notice of termination or actual termination, if later, of this Lease given pursuant to this Section 22.4.8.

(b) Such Leasehold Mortgagee or its designee shall pay or cause to be paid to Landlord at the time of the execution and delivery of such New Lease, any and all sums which would at the time of execution and delivery thereof be due pursuant to this Lease but for such termination and, in addition thereto, all reasonable expenses, including reasonable attorney's fees, which Landlord shall have incurred by reason of such default, termination and the preparation, execution and delivery of the New Lease, and which have not otherwise been received by Landlord from Tenant or other party in interest under Tenant. Upon the execution of such New Lease, Landlord shall allow to the tenant named therein as an offset against the sums otherwise due under this Section 22.4.8(b) or under the New Lease, an amount equal to the net income, if any, derived by Landlord from the Leased Premises during the period from the date of termination of this Lease to the date of the beginning of the lease term of such New Lease. In the event of a controversy as to the amount to be paid to Landlord pursuant to this Section 22.4.8 (b), the payment obligation shall be satisfied if Landlord shall be paid the amount not in controversy, and the Leasehold Mortgagee or its designee shall agree to pay any additional sum ultimately determined to be due plus interest in the per annum amount equal to two percent (2%) in excess of the Reference Rate of interest announced from time to time by Bank of America National Trust and Savings Association (or an equivalent rate announced by a comparable national bank selected by Landlord in the event Bank of America no longer announces a Reference Rate), but in no event in excess of the maximum interest rate permitted by law, and such obligation shall be adequately secured. For purposes of this Section 22.4.8(b) "**net income**" shall mean gross revenue derived by Landlord from the Leased Premises during the period from the date of termination of this Lease to the date of the beginning of the lease term of such New Lease, less all operating expenses, real and personal property taxes and debt service payments (with respect to debt incurred to own, operate, alter or manage the Improvements) incurred or paid by Landlord during such period.

(c) Such Leasehold Mortgagee or its designee shall agree to cure any of Tenant's defaults of which said Leasehold Mortgagee was notified by Landlord's notice of termination and which are reasonably susceptible of being so cured by Leasehold Mortgagee or its designee.

(d) Any New Lease made pursuant to this Section 22.4.8 shall be prior to any mortgage or other lien, charge or encumbrance on the fee of the Leased Premises and the

tenant under such New Lease shall have the same right, title and interest in and to the Leased Premises and the buildings and improvements thereon as Tenant had under this Lease.

(e) The tenant under any New Lease shall, upon an assignment of such leasehold estate, be relieved and discharged from the obligations imposed on the tenant by such New Lease, provided that the assignee of such leasehold estate is solvent and financially and legally able to perform the obligations of the tenant for the unexpired term of the New Lease.

22.4.9. Leasehold Mortgagee Need Not Cure Specified Defects. Nothing herein contained shall require any Leasehold Mortgagee or its designee as a condition to its exercise of rights hereunder to cure any default of Tenant not reasonably susceptible of being cured by such Leasehold Mortgagee or its designee, including, but not limited to, the defaults referred to in Section 24.1.3, 24.1.4 and 24.1.5, in order to comply with the provisions of this Section 22.4.

22.4.10. Casualty and Condemnation Loss. Any Mortgage must be consistent with and not interfere with Landlord's rights hereunder with respect to insurance, casualty and condemnation, except that a Leasehold Mortgage may provide that casualty insurance proceeds with respect to the Leased Premises and condemnation awards payable with respect to the buildings and other improvements on the Leased Premises shall only be disbursed for repair, reconstruction or restoration upon satisfaction of specified conditions. Such conditions shall be subject to Landlord's approval, which shall not be unreasonably withheld; provided that those conditions set forth in Exhibit "D" attached hereto shall be deemed to be reasonable. The Leasehold Mortgage shall provide that Landlord shall have a reasonable period of time after Tenant's failure to satisfy such conditions in which to satisfy the same and that thereupon such proceeds or condemnation awards shall be made available for repair, reconstruction and restoration as herein provided. The failure of any Leasehold Mortgagee to make such proceeds or condemnation awards available shall not relieve Tenant of any obligation hereunder and any failure of Tenant to repair, reconstruct or restore as provided in this Lease shall constitute a default.

22.4.11. Arbitration. Landlord shall give any Leasehold Mortgagee prompt notice of any arbitration or legal proceedings between Landlord and Tenant involving obligations under this Lease. Any Leasehold Mortgagee shall have the right to intervene in any such proceedings and be made a party to such proceedings at its or Tenant's cost, and the parties hereto do hereby consent to such intervention. In the event that any Leasehold Mortgagee shall not elect to intervene or become a party to any such proceedings, Landlord shall give the Leasehold Mortgagee notice of, and a copy of, any award or decision made in any such proceedings. In the event Tenant shall fail to appoint an arbitrator after notice from Landlord, as provided in Article 26 hereof, a Leasehold Mortgagee shall have an additional period of thirty (30) days, after notice by Landlord that Tenant has failed to appoint such arbitrator, to make such appointment, and the arbitrator so appointed shall thereupon be recognized in all respects as if he had been appointed by Tenant.

22.4.12. No Merger. So long as any Leasehold Mortgage is in existence, unless any Leasehold Mortgagee shall otherwise expressly consent in writing, the fee title to the Leased Premises and the leasehold estate of Tenant therein created by this Lease shall not merge but

shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Landlord or by Tenant or by a third party, by purchase or otherwise.

22.4.13. Future Amendments. In the event Tenant hereafter seeks to encumber its leasehold estate, Landlord agrees to amend this Lease from time to time to the extent reasonably requested by a prospective Leasehold Mortgagee, provided that such proposed amendments do not materially and adversely affect the rights of Landlord or its interest in the Leased Premises. All reasonable expenses incurred by Landlord in connection with any such amendment shall be paid by Tenant.

22.4.14. Prepaid Rent. If any Leasehold Mortgagee, its designee or other purchaser has acquired the leasehold estate of Tenant pursuant to foreclosure, conveyance in lieu of foreclosure or other proceedings, or has entered into a New Lease with Landlord in accordance with Section 22.4.8, such Leasehold Mortgagee, its designee or other purchaser shall succeed to the rights of Tenant, if any, in and to any prepaid rent paid by Tenant pursuant to this Lease. In such event, Tenant shall no longer have any rights to such prepaid rent, and Landlord shall hold such prepaid rent for and on behalf of such Leasehold Mortgagee, its designee or other purchaser.

22.4.15. Estoppel. Landlord shall, without charge, at any time and from time to time hereafter, but not more frequently than twice in any one-year period, within ten (10) days after written request from Tenant to do so, certify by written instrument duly executed and acknowledged to any Leasehold Mortgagee or purchaser, or proposed Leasehold Mortgagee or proposed purchaser, or any other, person or entity specified in such request: (a) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (b) as to the validity and force and effect of this Lease, in accordance with its terms; (c) as to the existence of any default hereunder; (d) as to the existence of any offsets, counterclaims or defenses hereto on the part of Tenant; (e) as to the commencement and expiration dates of the Lease Term; (f) as to receipt of notice by Landlord of and consent by Landlord to the Leasehold Mortgage or sale, or proposed Leasehold Mortgage or proposed sale; (g) as to the right of the Leasehold Mortgagee or purchaser, or proposed Leasehold Mortgagee or proposed purchaser to exercise any and all of the rights granted by this Lease to a Leasehold Mortgagee or purchaser; and (h) as to any other matters as may be reasonably so requested. Any such certificate may be relied upon by Tenant and any other person or entity to whom the same may be exhibited or delivered, and the contents of such certificate shall be binding on the Landlord. Landlord shall also cause to be delivered to each person or entity to whom such certificate is exhibited or delivered, concurrently with such certificate, an opinion of counsel for Landlord addressed to such person or entity that this Lease was duly authorized, executed and delivered by Landlord, that this Lease is valid and binding upon and enforceable against Landlord and as to such other matters as may be reasonably requested.

22.4.16. Notices. Notices from Landlord to the Leasehold Mortgagee shall be mailed to the address furnished Landlord pursuant to Section 22.4.3, and those from the Leasehold Mortgagee to Landlord shall be mailed to the address designated pursuant to the

provisions of Article 23 hereof. Such notices, demands and requests shall be given in the manner described in Article 23 and shall in all respects be governed by and shall be deemed to be effective in accordance with the provisions of that Article.

22.4.17. Erroneous Payments. No payment made to Landlord by a Leasehold Mortgagee shall constitute agreement that such payment was, in fact, due under the terms of this Lease; and a Leasehold Mortgagee having made any payment to Landlord pursuant to Landlord's wrongful, improper or mistaken notice or demand shall be entitled to the return of any such payment or portion thereof.

23. Notices and Payments. Any notice or document required or permitted to be delivered hereunder or by law shall be deemed to be delivered, whether actually received or not, (a) when delivered in person, (b) upon confirmed receipt (or the first business day thereafter if receipt does not occur during business hours on a business day) if such item is sent by facsimile transmission to the appropriate party at its facsimile number set forth below or at such other number as it shall have thereafter specified by written notice delivered in accordance with this Article 23 (provided that a copy of such notice is also sent by another method pertained hereunder within one (1) business day after the same is transmitted by facsimile), (c) four (4) business days after such item is deposited in the United States mail, postage prepaid, certified or registered, return receipt requested, (d) one (1) business day after such item is deposited with Federal Express or other nationally recognized overnight courier, shipping charges prepaid, addressed to the appropriate party hereto at its address set out below, or at such other address as it shall have theretofore specified by written notice delivered in accordance herewith:

LANDLORD

City of Boulder City
401 California Avenue
Boulder City, Nevada 89005
ATTN: City Manager
Facsimile: (702) 293-9433

with a copy to:

City of Boulder City
401 California Avenue
Boulder City, Nevada 89005
ATTN: City Attorney
Facsimile: (702) 293-9438

TENANT

Boulder City Airport Properties, LLC
2024 Hobbyhorse Avenue

Henderson, NV 89012-2225
ATTN: Robert Fahnestock

with copy to:

Norman A. Freeman
Yamagata Corporation
250 Pilot Road
Las Vegas, NV 89119
Facsimile: (702) 451-2511

Joseph B. Pierce
McKeighan Pierce PC
6900 E. Camelback, Suite 240
Scottsdale, AZ 85251
Facsimile: (480) 429-7552

Payments of Base Rent and other sums due Landlord from Tenant (collectively referred to in this Lease as "**rent**") shall be deemed to be remitted only upon actual receipt thereof by Landlord.

24. Default.

24.1. Events of Default. Each of the following events shall be an "Event of Default" under this Lease:

24.1.1. Tenant shall fail to pay any installment of rent hereby reserved as and when the same shall become due and shall not cure such default within thirty (30) days after written notice thereof is given by Landlord to Tenant;

24.1.2. Tenant shall fail to comply with any term, provision or covenant of this Lease, other than payment of rent, and shall not cure such failure within ninety (90) days after written notice thereof is given by Landlord to Tenant. If, however, Tenant commences to cure such default within the specified ninety (90) day period, and it is apparent that such default cannot be cured within that period of time, then Tenant shall, at least thirty (30) days prior to the expiration of the ninety (90) day period specified herein, apply to Landlord, in writing, for additional and reasonable period of time within which to cure shall set forth a specific and valid reason or reasons as to why the default cannot be cured within ninety (90) days and shall further set forth a reasonable estimate how much additional time will be required to cure the default. Landlord shall consider the request for additional time and reserves the sole and exclusive right to approve or deny said application for additional time.;

24.1.3. Tenant shall be adjudged insolvent, make a transfer in fraud of creditors or make an assignment for the benefit of creditors;

24.1.4. Tenant shall file a petition under any section or chapter of the Bankruptcy Reform Act of 1978, as amended, or under any similar law or statute of the United States or any state thereof, or Tenant shall be adjudged bankrupt or insolvent in proceedings filed against Tenant thereunder; or

24.1.5. A receiver or trustee shall be appointed for all or substantially all of the assets of Tenant and Tenant shall not have had such appointment discharged within thirty (30) days after Tenant receives written notice of such appointment.

24.2. Landlord's Remedies. Upon the occurrence of any Event of Default, Landlord shall have the option to pursue any one or more of the following remedies:

24.2.1. Terminate this Lease, in which event Tenant shall immediately surrender the Leased Premises to Landlord, and if Tenant fails so to do, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Leased Premises and remove Tenant and any other person who may be occupying the Leased Premises, in compliance with applicable laws and regulations, without being liable to prosecution or for any claim for damages; and Landlord may recover from Tenant:

24.2.1.1. The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

24.2.1.2. The worth at the time of award of any amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

24.2.1.3. The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

24.2.1.4. Any other reasonable amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease; and

24.2.1.5. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

All such amounts shall be computed on the basis of the monthly amount thereof payable on the date of Tenant's default. As used in Sections 24.2.1.1 and 24.2.1.2 above, the "worth at the time of award" is computed by allowing interest in the per annum amount equal to two percent (2%) in excess of the Reference Rate of interest announced from time to time by Bank of America National Trust and Savings Association (or an equivalent rate announced by a comparable national bank selected by Landlord in the event Bank of America no longer

announces a Reference Rate), but in no event in excess of the maximum interest rate permitted by law. As used in paragraph 24.2.1.3 above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

24.2.2. Enter upon and take possession of the Leased Premises and remove Tenant and other persons who may be occupying the Leased Premises, or any part thereof, in compliance with applicable laws and regulations, without being liable to prosecution or for any claim for damages, and relet the Leased Premises, as Tenant's agent, and receive the rent therefor; and Tenant agrees to pay Landlord on demand any deficiency that may arise by reason of such reletting.

24.2.3. Enter upon the Leased Premises, without being liable to prosecution or for any claim for damages, and do whatever Tenant is obligated to do under the terms of this Lease; and Tenant agrees to reimburse Landlord on demand for any reasonable and necessary, expenses which Landlord may incur in thus effecting compliance with Tenant's obligations hereunder.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damage accruing to Landlord by reason of the violation of any of the terms, provisions and covenants herein contained. Forbearance by Landlord to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default shall not be deemed or construed to constitute a waiver of such default.

25. Hazardous Substances. Tenant's use of Hazardous Substances, as defined in Section 25.4, on the Leased Premises is restricted under this Article 25.

25.1. Covenant. Tenant covenants to Landlord that it will not use, or allow to be used on the Leased Premises, or bring onto, or allow to be brought onto, the Leased Premises any Hazardous Substance, as defined below, except as may be reasonably required in connection with its business on the Leased Premises as specifically permitted under Section 5.1, and then only in full compliance with all applicable federal, state and local laws. Tenant shall require every sublease to contain provisions similar to the provisions set forth in this Article 25.

25.2. Right of Entry. Subject to applicable laws and Tenant's normal security policies, Landlord reserves the right to enter the Leased Premises and all Improvements thereon at any reasonable time and upon reasonable notice, and at any time in exigent circumstances, for the purpose of inspecting and examining the Leased Premises for the presence of any Hazardous Substance whenever Landlord has a reasonable basis for believing that Tenant has not complied with this Article 25. If the results of such inspection or examination reveal the presence of Hazardous Substances in, on or about the Leased Premises due to Tenant's failure to be in

compliance with Article 25, then Tenant shall reimburse Landlord for its costs incurred in undertaking such inspection and examination.

25.3. Indemnity. Tenant shall indemnify, defend and hold Landlord and its successors, assigns, agents, employees and representatives harmless from any and all Indemnified Costs caused by the presence of Hazardous Substances in, on or about the Leased Premises which are placed, or allowed to be placed, in, on or about the Leased Premises by Tenant, or incurred by Landlord in connection with the release, removal or storage of any Hazardous Substance placed, or allowed to be placed, in, on or about the Leased Premises by Tenant during the Term or any extension thereof. Landlord shall be solely responsible for remediation of any Hazardous Substances on or about the Leased Premises as of the date of execution of this Lease and shall defend, indemnify and hold Tenant harmless therefrom. The provisions of this indemnity shall remain in full force and effect and shall not be affected or impaired by the expiration or any earlier termination of this Lease and shall survive any such expiration or termination.

"Indemnified Costs" means all actual liabilities, claims, actions, causes of action, judgments, orders, damages, reasonable costs, reasonable expenses, fines, penalties and losses (including sums paid in settlement of claims and all reasonable consultant, expert and legal fees), including those incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work (whether of the Leased Premises, or adjacent property), or any resulting damages, harm or injuries to the person or property of any third parties or to any natural resources. Without limiting the foregoing, "Indemnified Costs" incurred by Landlord as a result of any work of cure, mitigation, cleanup, remediation, removal or restoration shall bear interest in the per annum amount equal to two percent (2%) in excess of the Reference Rate of interest announced from time to time by Bank of America National Trust and Savings Association (or an equivalent rate announced by a comparable national bank selected by Landlord in the event Bank of America no longer announces a Reference Rate), but in no event in excess of the maximum interest rate permitted by law, until paid in full. In addition, Indemnified Costs are recoverable by Landlord regardless of whether (i) the Indemnified Costs are incurred or suffered pursuant to any order of any federal, state or local governmental agency relating to the clean-up, remediation or other responsive action required by any applicable law, or (ii) Landlord now, or hereafter has or should have had actual knowledge of any environmental condition giving rise to any indemnity obligation of Tenant under this Article.

25.4. Hazardous Substances Defined. As used herein, the term **"Hazardous Substances"** shall include: (i) petroleum or any of its fractions, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other similar materials or pollutants which pose a hazard to the Leased Premises, or to persons on or about same, cause the Leased Premises to be in violation of any law or local approval, or are defined as or included in the definition of **"hazardous substances"**, **"hazardous wastes"**, **"hazardous materials"**, or **"toxic"**, or words of similar import under any applicable law, including, but not limited to: (A) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; (B) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; (C) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; and (D)

regulations adopted and publications promulgated pursuant to the aforesaid laws (collectively, the "**Environmental Laws**"); (ii) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million; and (iii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority under any Environmental Laws.

25.5. **Landlord's Legal Obligations.** Nothing contained herein shall be deemed to limit Landlord's obligations under law for the removal or other remediation of Hazardous Substances which exist on the Leased Premises prior to the delivery thereof to Tenant or which are thereafter placed upon the Leased Premises by Landlord or which are placed on the Leased Premises after the termination of this Lease, or to impose upon Tenant any obligation for the removal of such Hazardous Substances.

26. **Arbitration.** If any controversy or claim between the parties hereto arises out of this Lease, other than a claim by Landlord arising from any failure by Tenant to pay rent as and when such rent becomes due, and if the parties are unable to agree by direct negotiations, the parties shall promptly mediate any such disagreement or dispute under the Commercial Mediation Rules of the American Arbitration Association. If the parties are unable to resolve such disagreement or dispute through mediation within forty-five (45) days after the first written notice of an election to mediate, then such disagreement or dispute (excluding an action by Landlord in unlawful detainer, as provided above) may be submitted by either party to binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. Notwithstanding the foregoing, if the resolution of any controversy or claim requires the participation of a third party who is not required and who declines to participate in an arbitration proceeding, the parties shall not be required to proceed with an arbitration of such controversy or claim.

The arbitrators shall be appointed under the Commercial Arbitration Rules of the American Arbitration Association. As soon as the panel has been convened, a hearing date shall be set within twenty-one (21) days thereafter. Written submittals shall be presented and exchanged by both parties ten (10) days before the hearing date, including reports prepared by experts upon whom either party intends to rely. At such time the parties will also exchange copies of all documentary evidence upon which they will rely at the arbitration hearing and a list of the witnesses whom they intend to call to testify at the hearing. Each party shall also make its respective experts available for deposition by the other party prior to the hearing date. The hearings shall be concluded no later than five (5) days after the initial hearing date. The arbitrators shall make their award within ten (10) business days after the conclusion of the hearing. In the event of a three-member panel, the decision in which two (2) of the members of the arbitration panel concur shall be the award of the arbitrators.

Except as otherwise specified herein, there shall be no discovery or dispositive motion practice (such as motions for summary judgment or to dismiss or the like) except as may be permitted by the arbitrators, who shall authorize only such discovery as is shown to be absolutely

necessary to insure a fair hearing and no such discovery or motions permitted by the arbitrators shall in any way conflict with the time limits contained herein. Nothing herein shall be deemed to permit discovery in such arbitration proceeding except as provided above. The arbitrators shall not be bound by the rules of evidence or civil procedure, but rather may consider such writings and oral presentations as reasonable businessmen would use in the conduct of their day-to-day affairs, and may require the parties to submit some or all of their presentation as the arbitrators may deem appropriate. It is the intention of the parties to limit live testimony and cross-examination to the extent absolutely necessary to insure a fair hearing to the parties on the significant matters submitted to arbitration. The parties have included the foregoing provisions limiting the scope and extent of the arbitration with the intention of providing for prompt, economic and fair resolution of any dispute submitted to arbitration.

If Landlord gives Tenant notice of a claimed default pursuant to Article 24 of this Lease, and if Tenant in good faith elects to dispute such claimed default pursuant to the provisions of this Article 26, any cure period provided in Article 24 for the claimed default shall be tolled during the resolution of such dispute hereunder.

The arbitrators shall have the discretion to award the costs of arbitration, arbitrators' fees and the respective attorneys' fees of each party between the parties as they see fit.

Judgment upon the award entered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Notwithstanding the parties' agreement to mediate or arbitrate their disputes as provided herein, any party may seek emergency relief in a court of law without waiving the right to arbitrate.

The arbitrators shall make their award in accordance with applicable law and this Lease and based on the evidence presented by the parties, and at the request of either party at the start of the arbitration, shall include in their award findings of fact and conclusions of law supporting the award.

Nothing contained herein is intended to, nor shall, limit Landlord's right to pursue any action in unlawful detainer in the case of an Event of Default in the payment of Base Rent.

27. Right to Terminate. If no Event of Default shall then exist, Tenant shall have the right to terminate this Lease, at Tenant's option, after giving not less than ninety (90) days notice to Landlord, if:

27.1. Permits and Licenses. Any governmental agency denies a request by Tenant for or revokes a permit, license or approval which is required for Tenant to construct or operate general aviation passenger terminal facility on the Leased Premises; or

27.2. Availability of Utilities. Utilities necessary for Tenant's use of the Leased Premises, including but not limited to water and natural gas, are not available to the Leased Premises; or

27.3 Disapproval of Tenant's Plans. Landlord disapproves of the Tenant's Plans or any modification to the Tenant's Plans as set forth in Section 2.1 and Landlord and Tenant cannot agree on mutually satisfactory Tenant's Plans (or modifications thereto) within thirty (30) days after Landlord has provided notice of its disapproval of such Tenant's Plans (or proposed modifications thereto).

27.4 Title Policy. Tenant is unable, despite Tenant's best efforts, to obtain a leasehold title insurance policy through a title company acceptable to Tenant insuring Tenant's leasehold interest in the Leased Premises and its rights to the Easements, subject only to standard title policy exceptions and to other title exceptions to which Tenant does not reasonably object.

27.5 Easements. The Easements have not been agreed to by Landlord and Tenant and documented in accordance with Section 1.2 within one hundred eighty (180) days after the Effective Date.

In the event of termination by Tenant pursuant to this Article 27, Tenant shall be relieved of all further liability hereunder except its obligation to remove Tenant's Personal Property as provided under Section 2.10 herein. Any Base Rent paid prior to any termination date, under this Article 27 shall be prorated on a per diem basis among Landlord and Tenant.

28. Miscellaneous.

28.1. Termination. In the event this Lease is terminated pursuant to a right to do so herein contained, except as specifically provided herein (such as, for example, but without limitation, in Section 2.10 (Tenant's obligation to remove the Improvements and regrade the Land), in Article 4 (the payment of hold-over rent by Tenant); in Section 12.1 (Tenant's right to remove Tenant's Personal Property after the expiration of this Lease Term), in Article 15 (indemnity), and in Article 25 above (hazardous materials)) neither Landlord nor Tenant hereto shall thereafter have any further obligation or liability one to the other except such obligations as are owed under this Lease through the date of termination, and this Lease shall be of no further force or effect.

28.2. Captions. The captions used in this Lease are for convenience only and shall not be deemed to amplify, modify or limit the provisions hereof.

28.3. Meanings. Words of any gender used in this Lease shall be construed to include any other gender, and words in the singular shall include the plural and vice versa, unless the context otherwise requires.

28.4. Successors and Assigns. Subject to the restrictions set forth herein on assignment and subletting by Tenant, this Lease shall be binding upon and shall inure to the benefit of Landlord and Tenant and their respective heirs, legal representatives, successors and assigns.

28.5. Entire Agreement. The Exhibits annexed to this Lease are hereby incorporated by reference in their entirety, with the same force and effect as if they were set forth in this Lease in their entirety. This Lease contains the entire agreement of Landlord and Tenant with respect to the subject matter hereof and can be altered, amended or modified only by written instrument executed by both of such parties.

28.6. Time. In the event the date for performance of an obligation or delivery of any notice hereunder falls on a day other than a business day, then the date for such performance or delivery of such notice shall be postponed until the next ensuing business day. Any references to "business days" contained herein are references to normal working business days (i.e., Monday through Friday of each calendar week, exclusive of Federal and Nevada state holidays).

28.7. Severability. If any term or provision, or any portion thereof, of this Lease, or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

28.8. Counterparts. This Lease may be signed in counterparts with the same force and effect as if all required signatures were contained in a single, original instrument.

28.9. Attorneys' Fees. In the event of litigation, or in the event of mediation and/or arbitration required under the terms of this Lease, between the parties to enforce this Lease, the prevailing party in any such action shall be entitled to recover reasonable costs and expenses of suit, including, without limitation, court costs, attorneys' fees, and discovery costs.

28.10. Memorandum of Lease. Landlord and Tenant shall execute a memorandum of this Lease and record such memorandum in the Official Records, Clark County, Nevada.

28.11. Governing Law. This Lease shall construed, interpreted, and enforced pursuant to the laws of the State of Nevada.

28.12. Consent of Landlord. For the purposes of this Lease, any approval or consent of Landlord shall be deemed to require the consent or approval of the City Council of the City of Boulder City by a resolution of said City Council, and the execution or approval of any document contemplated or required under this Lease including, but not limited to each Easement and Tenant's Plans, shall be executed or approved by the City Manager or such department director as may be designated by the City Manager, consistent with an ordinance of the City Council.

28.13. No Party Deemed Drafter. The parties agree that neither party shall be deemed the drafter of this Lease and in the event this Lease is ever construed by a court of law or equity, such court shall not construe this Lease or any provision hereof against either party as the drafter of this Lease. Landlord and Tenant acknowledge that each has contributed substantially and materially in the preparation hereof.

28.14. Binding Obligation. Tenant hereby represents and warrants to Landlord that this Lease has been duly authorized, executed, and delivered by or on behalf of Tenant and is, upon execution and delivery, the legal, valid, and binding obligation of Tenant, enforceable against Tenant in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general equitable principles. The execution of this Lease and the consummation of the transactions contemplated hereby does not constitute a default (or an event which with notice or passage of time or both will constitute default) under any contract to which Tenant is a party or by which Tenant is bound.

28.15 Reasonableness. In the event that Tenant requests the consent or approval of Landlord, Landlord agrees to not unreasonably withhold or delay such consent or approval and, in the absence of such consent or approval, to provide a written statement of the specific reasons or causes preventing such consent or approval. In the event that the City has not granted or refused its consent or approval within twenty (20) days of the receipt of Tenant's written request, the City shall be deemed to have granted its consent or approval.


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IN WITNESS WHEREOF, the parties hereto have executed this Lease to be effective as of the Effective Date.

LANDLORD:

CITY OF BOULDER CITY,
a Nevada municipal corporation

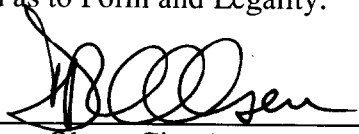
By:


Vicki G. Mayes, City Manager

Attest:


Pamella Malmstrom, City Clerk

Approved as to Form and Legality:


Dave Olsen, City Attorney

TENANT:

BOULDER CITY AIRPORT PROPERTIES, LLC
a Nevada State Limited Liability Corporation

By: Robert L. Fahnestock

Name: Robert L. Fahnestock

Title: Manager

Date: 5/23/2007

STATE OF NEVADA)

: SS.

County of Clark)

Before me, a Notary Public in and for said County and State, appeared ROBERT L. FAHNESTOCK, who represented that he/she is the MANAGER, for Boulder City Airport Properties, LLC. and that he/she executed the foregoing instrument on behalf of Boulder City Airport Properties, LLC, for the uses and purposes stated therein.

Lorene Krumm
NOTARY PUBLIC

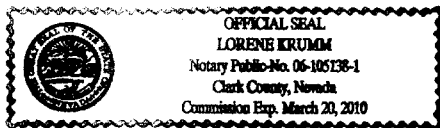


EXHIBIT "A"

LEGAL DESCRIPTION OF LEASED PREMISES

Parcel #1

The Lease Site contains a total of 67,225.00 square feet and is more particularly described as follows:

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 23 SOUTH, RANGE 64 EAST, M.D.M. IN THE CITY OF BOULDER CITY, COUNTY OF CLARK, STATE OF NEVADA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF TRACT 232, AS PER MAP RECORDED IN FILE 65, PAGE 39 OF SURVEYS IN THE OFFICE OF THE CLARK COUNTY RECORDER; THENCE N80°43'00"W 359.67 FEET ALONG THE SOUTHERLY RIGHT-OF-WAY OF AIRPORT ROAD TO THE POINT OF BEGINNING; THENCE N73°35'30"W 60.47 FEET; THENCE N80°43'00"W 295.00 FEET; THENCE S09°17'00"W 190.00 FEET; THENCE S80°43'00"E 355.00 FEET; THENCE N09°17'00"E 182.50 FEET TO THE POINT OF BEGINNING.

Containing 67,225.00 Square Feet or 1.543 acres.

Parcel #2

The Lease Site Contains a total of 26,625.00 square feet and is mor particularly described as follows:

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 23 SOUTH, RANGE 64 EAST, M.D.M. IN THE CITY OF BOULDER CITY, COUNTY OF CLARK, STATE OF NEVADA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF TRACT 232-A, AS PER MAP RECORDED IN FILE 65, PAGE 39, OF SURVEYS IN THE OFFICE OF THE CLARK COUNTY RECORDER; THENCE N80°43'00"W 359.67 FEET TO THE POINT OF BEGINNING; THENCE N89°43'00"W 355.00 FEET; THENCE S09°17'00"W 75.00 FEET; THENCE S80°43'00"E 355.00 FEET; THENCE N09°17'00"E 75.00 FEET TO THE POINT OF BEGINNING.

Containing 26,625.00 square feet or 0.611 acres.

Parcel #3 (Original FBO Site)

The Lease Site contains a total of 45,625 square feet and is more particularly described as follows:

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 23 SOUTH, RANGE 64 EAST, M.D.M. IN THE CITY OF BOULDER CITY, COUNTY OF CLARK, STATE OF NEVADA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF TRACT 232, AS PER MAP RECORDED IN FILE 65, PAGE 39 OF SURVEYS IN THE OFFICE OF THE CLARK COUNTY RECORDER; THENCE N80°43'00" W 87.00 FEET ALONG THE SOUTHERLY RIGHT-OF-WAY OF AIRPORT ROAD TO THE POINT OF BEGINNING; THENCE S09°17'00" W 182.50 FEET; THENCE N80°43'00" W 250.00 FEET; THENCE N09°17'00" E 182.50 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF AIRPORT ROAD; THENCE S80°43'00" E 250.00 FEET ALONG SAID RIGHT-OF-WAY TO THE POINT OF BEGINNING.

Containing 45,625 square feet or 1.047 acres.

Parcel #4

The Lease Site Contains a total of 18,750 square feet and is mor particularly described as follows:

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 23 SOUTH, RANGE 64 EAST, M.D.M. IN THE CITY OF BOULDER CITY, COUNTY OF CLARK, STATE OF NEVADA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF TRACT 232-A, AS PER MAP RECORDED IN FILE 65, PAGE 39, OF SURVEYS IN THE OFFICE OF THE CLARK COUNTY RECORDER; THENCE N80°43'00" W 359.67 FEET TO THE POINT OF BEGINNING; THENCE S80°43'00" E 250.00 FEET; THENCE S09°17'00" E 75.00 FEET; THENCE S80°43'00" E 250.00 FEET; THENCE S09°17'00" W 75.00 FEET TO THE POINT OF BEGINNING.

Containing 18,750 square feet or 0.430 acres.

Parcel #5

The Lease Site contains a total of 99,220.00 square feet and is more particularly described as follows:

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 23 SOUTH, RANGE 64 EAST, M.D.M. IN THE CITY OF BOULDER CITY, COUNTY OF CLARK, STATE OF NEVADA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF TRACT 232-A, AS PER MAP RECORDED IN FILE 65, PAGE 39, OF SURVEYS IN THE OFFICE OF THE CLARK COUNTY RECORDER; THENCE N80°43'00"W 109.67 FEET; THENCE S09°17'00"W 75.00 FEET TO THE POINT OF BEGINNING; THENCE N80°43'00"W 605.00 FEET; THENCE S09°17'00"W 164.00 FEET; THENCE S80°43'00"E 605.00 FEET; THENCE N09°17'00"E 164.00 FEET TO THE POINT OF BEGINNING.

Containing 99,220.00 square feet or 2.278 acres.

Parcel #6

The Lease Site contains a total of 237,922.97 square feet less 81,540 square feet of unusable space reserved for public taxiways and areas and is more particularly described as follows:

THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 23 SOUTH, RANGE 64 EAST, M.D.M. IN THE CITY OF BOULDER CITY, COUNTY OF CLARK, STATE OF NEVADA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF TRACT 232, AS PER MAP RECORDED IN FILE 65, PAGE 39 OF SURVEYS IN THE OFFICE OF THE CLARK COUNTY RECORDER; THENCE N80°43'00"W 359.67 FEET ALONG THE SOUTHERLY RIGHT-OF-WAY OF AIRPORT ROAD; THENCE N73°35'30"W 60.47 FEET; THENCE N80°43'00"W 295.00 FEET TO THE POINT OF BEGINNING; THENCE N09°17'00"E 200.00 FEET; THENCE N80°43'00"W 519.00 FEET TO A POINT ADJACENT TO TAXIWAY "B"; THENCE S15°00'00"E 693.45 FEET ALONG THE WESTERLY SIDE OF TAXIWAY "B" TO THE INTERSECTION OF SAID TAXIWAY AND TAXIWAY "D"; THENCE S80°43'00"E 233.82 FEET ALONG THE NORTHERLY SIDE OF TAXIWAY "D"; THENCE N09°17'00"E 432.09 FEET TO THE POINT OF BEGINNING.

Less 81,540 square feet for public taxiways Bravo A through Bravo G

Containing 156,382.97 square feet or 3.590 acres.

EXHIBIT "B"

TENTATIVE SITE RENDERING

[ATTACHED]

EXHIBIT "C"

PERMITTED AND AUTHORIZED USES

MINIMUM REQUIRED STANDARDS OF SERVICE FULL SERVICE FIXED BASED OPERATORS

I. SERVICE STANDARDS

The Tenant (or its authorized sublessee, which for the purposes of this exhibit shall collectively be referred to as "Tenant") shall, during normal business hours (8:00 a.m. to 5:00 p.m. everyday) unless otherwise specified herein, use the Premises, at its sole cost and expense, for the purpose of providing, and shall provide the following:

In general, the Tenant shall provide a comprehensive range of services to both personal and business, local and itinerant, users/pilots operating single and multiengine reciprocating and turboprop aircraft weight up to 12,500 pounds. Specifically, the company shall offer, as a minimum, the following types and levels of service:

- A. Construction of ramp paving on Parcels #1 through #5 as shown in Exhibit "A" within 36 months of signing of agreement, including installation of connection(s) to Taxiway Delta and the piping of the storm water ditch as necessary for the safe transit of aircraft.
- B. Assistance to Disabled Aircraft. The Tenant shall, on thirty (30) minutes call, provide equipment and trained personnel to remove disabled aircraft, with a gross landing weight of 12,500 pounds or less, from the Air Operations Area (A.O.A.) and shall be required to perform such service on request of, the owner or operator of the disabled aircraft.
- C. General Commercial Aviation Services. The Tenant shall provide a minimum of sixty-thousand (60,000) square feet of commercial hangar and/or office space within the lease area for general commercial aviation services that do not include commercial tour operations or charter services. Tenant shall be permitted to phase the development of the lease area to maximize use of the property, provided that the required general commercial aviation hangar/office space is in use for the above stated purpose within thirty-six (36) months of the commencement date of this agreement.

II. OPTIONAL SERVICE STANDARDS

In addition to the services required to be provided by the Tenant under Section I above, the Tenant is authorized, but not required, to provide the following additional services and engage in the following additional activities:

- A. Construction of ramp paving on Parcels #6 as shown in Exhibit "A", including installation of connection(s) to Taxiways Bravo and Delta and the piping of the adjacent storm water ditches as necessary for the safe transit of aircraft.
- B. Line Service. The Tenant may, during the hours of 8:00 a.m. through 5:00 p.m., every day, provide line services as follows: (1) ramp/tiedown parking assistance, including ramp personnel and vehicles as appropriate; (2) tiedown anchors and ropes/chains; (3) mobile forced air engine preheat; (4) mobile ground power assistance with a minimum 14/28 volt, 2,000 ampere surge capacity; (5) aircraft towing services utilizing motor driven draw bar vehicles capable of moving single and multi-engine aircraft weighing up to 12,500 pounds.
- C. Fueling.
1. The Tenant may provide fuel dispensing service as follows: Jet-A from mobile tenders and 100 octane from mobile tenders for dispensing fuel at aircraft parking/tie down locations. If the Tenant chooses to provide general public fueling services, fuel shall be available from a mobile tender from 8:00 a.m to 5:00 p.m., local time.
 2. Underground Fuel Storage Tanks. The Tenant may install fuel storage tanks within the leased boundary area. Tenant is responsible for obtaining all necessary permits from Federal, State, County and local agencies. Tenant is responsible for installation costs, removal costs, and remediation in the event of a fuel spill. Fuel storage tanks shall be placed underground. Fuel lines from the underground tanks to delivery portals within the leased area may be installed. Should the Tenant choose to install their own fuel storage facility within their leased premises, they shall provide the Landlord, in digital and paper format, as-built drawings and specifications of the facility.
 3. Underground Fuel Delivery Lines. The Tenant may, at their expense, install a fuel delivery line from the City fuel farm to their facilities. Landlord will grant an easement along the south side of Taxiway Delta for this purpose. Tenant will coordinate with Landlord for needed asphalt cuts and repairs. Tenant shall provide the Landlord, in digital and paper format, as-built drawings and specifications of the facility.
 4. Fuel Flowage Fee. For the privilege of the right to dispense aircraft fuels, Tenant shall pay to Landlord a fuel flowage fee on all aircraft fuels sold or dispensed. For fuel purchased from the City Fuel Farm, the fee is already contained within the price paid by Tenant to the operator of the city fuel farm and Tenant is not required to pay an additional fuel flowage fee for these fuels so purchased. For fuel supplied from Tenant owned fuel tanks or for fuel off-loaded from City-owned fuel tanks into mobile tenders, the Tenant shall pay according to the

following schedule:

- a. For fuel dispensed to company-owned aircraft, including aircraft owned or operated by Tenant affiliates as specified in paragraph 22.2 or hereinafter formed, the fuel flowage fee shall be \$0.03 per gallon dispensed.
 - b. For fuel dispensed to non-company owned or operated aircraft, the fee paid shall be set by Resolution by the governing body of the Landlord, and as amended from time to time. As of the date of adoption of this agreement, the fuel flowage fee is \$0.10 per gallon of fuel dispensed.
 - c. Payment of the fuel flowage fee shall be due on the twentieth (20th) day of the month following that in which the aircraft fuels were supplied by Tenant and shall be delinquent and subject to a ten percent (10%) late payment penalty if paid after the thirtieth (30th) day of each month.
5. Records. Tenant shall keep true and accurate records and books to shall all fuel deliveries made to Tenant by suppliers at the Airport, and true and accurate records recording all fuel sales and dispensing into all aircraft, whether they are owned by the Tenant or others, and shall submit to Landlord's Finance Office statements of all fuel sales for the preceding calendar month in a form and with such detail as may be reasonably required by Landlord.
6. Audit. Landlord reserves the right to audit, at its expense, Tenant's books and records respecting aviation fuel purchases and consumption or sale.
- D. Ramp Service. The Tenant may provide into-plane delivery of fuel, lubricants and other related aviation products, loading and unloading of passengers, baggage, freight, providing of ramp equipment, and aircraft cleaning.
- E. Dealership. The Tenant may maintain a national airframe dealership; and may provide both new and used aircraft sales as part of its national airframe dealership obligation. In addition, the Tenant may maintain one or more national dealerships in aircraft engines, accessories, instruments and avionics.
- F. Special Flight Services. The Tenant may provide aerial sightseeing and aerial photography, provided that all such services are conducted in compliance with Airport Regulations.
- G. Charter Services. The Tenant may provide single or multi-engine, fixed wing or rotary wing, VFR or IFR charter service under an FAR 135 certificate. The Tenant may provide such Charter Service through an independent contractor, subject to approval by the Landlord, operating from the Premises.

- H. Flight Instruction. The Tenant may provide primary and advanced flight and ground instructions as an FAA approved flight school. The Tenant may provide such instruction through an independent contractor, subject to approval by the Landlord, operating from the Premises.
- I. Aircraft Rental. The Tenant may provide rental aircraft as desired by the Tenant.
- J. Repair Station. The Tenant may operate on the leased premises as an FAA certificated repair station at any level, in accordance with the requirements contained in 14 CFR Part 145, as such may be awarded from time to time.
- K. Maintenance Services. The Tenant may provide all repair and maintenance services of the types permitted by holders of FAA certificates for Airframe and Powerplant for single or multi-engine piston or turbine for any aircraft type based at the Field. The Tenant may provide these repair and maintenance services as follows: 1) through an FAA certificated repair station on the Premises, or 2) through licensed airframe and powerplant mechanics operating on the Premises, or 3) contracting with others whose business is located off the Premises.

Certifications and licensing required hereunder shall be in accordance with 14 CFR part 145, as amended, or any such successor or otherwise applicable regulations.

- L. Tour Operator Services. The Tenant may operate on the leased premises a tour operator service under 14 CFR Part 121 or 14 CFR Part 91 of the FAR.
- M. Miscellaneous Customer Services. The Tenant may provide the following customer services:
 - (1) Services to facilitate airborne customer requests
 - (2) A discrete vending area within the premises with the availability of both hot and cold beverages and prepacked snacks
 - (3) Discrete flight planning area properly equipped with desks and chairs and containing appropriate wall charts, AIM, NOTAM's board, and a monitor for the Boulder City Municipal Airport UNICOM
 - (4) Conveniently located public pay and credit card only telephones
 - (5) A retail sales counter adequately stocked with current charts, flight planning aids and miscellaneous small flight aid and comfort accessories
 - (6) A convenient, comfortably furnished, public waiting area, with adjoining restroom facilities
 - (7) Rental car availability upon one (1) hour prior request
 - (8) Aviation grade inflight oxygen refills upon 24-hour prior request
 - (9) Acceptance of one or more national bank and/or oil company credit cards for fueling, line and related services
 - (10) Airport courtesy vehicle(s)
 - (11) Aircraft cleaning services (exterior and interior)

- (12) Aircraft painting facilities with proper permits (Federal, State, County and Local)
- (13) Any public use aircraft, including, but not limited to, Police, Fire, BLM, BOR, National Parks, and Airmedivac.

- N. Food Services. The Tenant may engage in the vending, preparation, dispensing, and serving of food and/or beverages. Facilities for the preparation of the food may be located off-site. For on-site facilities, the Tenant shall obtain approval from the Clark County Health Department and other regulatory approvals as may be required by State and Federal agencies. The Tenant may also provide on-site vending machines for beverages (non-alcoholic) and sandwiches/snacks (hot or cold), as well as warming stations for beverages or snacks. Tenant may conduct or permit inflight catering services, ground catering
- O. Other Services and Activities. The Tenant may engage in all related or equivalent services that will permit the performance by the Tenant of any of the authorized services or equivalent functions or activities as the "state-of-the-art" may progress so as to encompass all services as may be required or desired in carrying out the obligations and privileges of a full service FBO, all of said services and activities being subject to prior written approval of the Landlord.

III. PERSONNEL STANDARDS

In providing any of the services hereinabove required, or which may be authorized optional, or activities specified elsewhere in the Agreement, the Tenant agrees that it shall also meet or exceed the following standards of conduct, level of service or personnel guidelines.

- A. Tenant shall furnish service on a fair, reasonable and nondiscriminatory basis to all users of the Airport. The Tenant shall furnish good, prompt, courteous and efficient service adequate to meet all reasonable demands for its services at the Airport. It shall maintain and operate its business in a first class manner, and shall, at all times, keep the Premises in a safe, clean and orderly condition, consistent with the business activity contemplated hereunder, satisfactory to the Landlord.
- B. Tenant shall select and appoint a full time manager of its operations herein authorized. Such manager shall be highly qualified and experienced as determined by Tenant, and vested with full power and authority to act in the name of the Tenant in respect to the method, manner and conduct of the operation of the Tenant services to be performed under this Agreement. Such manager shall be available at the Airport during regular business hours and during the manager's absence a duly authorized subordinate shall be in charge and available at the Airport.
- C. Tenant shall provide, at Tenant's sole expense, a sufficient number of employees to effectively and efficiently provide the services herein authorized.

- D. Tenant shall control the conduct, demeanor and appearance of its employees and representatives. Such employees shall be trained by Tenant and shall possess any technical qualifications, and hold certificates of qualification, as may be required for such employee to carry out assigned duties. It shall be the responsibility of the Tenant to maintain close supervision over its employees to assure the rendering of a high standard of service to customer of the Tenant. Upon reasonable objection from the Landlord concerning the conduct, demeanor or appearance of any such employee, Tenant shall forthwith take all steps necessary to remove the cause of the objection.

IV. MISCELLANEOUS

- A. Prohibited Services and Activities. The Tenant shall not conduct or permit restaurant operations or rental car operations on or from the Premises without prior written consent of the Landlord, which Landlord shall not unreasonably withhold and with provisions for the payment of rent or percentage rent as the Landlord may prescribe.
- B. Modifications. The Landlord shall have the right consistent with the safe and efficient operation of the Airport and the standards the Landlord deems necessary and appropriate for the provision of services to the users thereof, for or such other purposes as the FAA shall determine to modify these standards from time to time upon sixty (60) days advance notice to the Tenant.
- C. Airport Security. The Landlord shall have the right to require Tenant to install, at Tenant's expense, security improvements compatible with the airport standard security system. Landlord reserves the right to install security cameras, at Landlord's expense, upon the exterior of any building for the purpose of ensuring the security of the Airport. Landlord shall work with Tenant to phase the installation of security improvements to mitigate any financial hardship that may be incurred by Tenant (i.e., installation of a primary gate card reader initially, subsequent card readers for other access points beyond the primary gate to be installed in subsequent years or as demand necessitates). Should the airport become certified under Part 139 of the Regulations of the Federal Aviation Administration, Tenant (or sub-tenant) shall be responsible for the installation and staffing of any passenger screening equipment (i.e., metal detectors, baggage screening equipment) as they may be required by the applicable Federal regulations. Note: These additional passenger screening requirements are only required to be installed if required by the FAA. If flight operations or operating certificate do not require their use, then such installation will be at the discretion of the Tenant or sub-tenant.

EXHIBIT "D"

PERMITTED CONDITIONS

Section 22.4 of this Lease grants to Tenant the right to encumber its interest in this Lease by mortgage for the purpose of financing construction and provides inter alia and acknowledges that a Leasehold Mortgage may provide that certain property insurance proceeds and condemnation awards with respect to the buildings and other improvements constructed on the Leased Premises shall only be disbursed for repair, reconstruction or restoration upon the satisfaction of certain specified conditions (the "**Conditions**").

Landlord hereby acknowledges that the Conditions set forth below are reasonable conditions to such disbursement and hereby grants its approval of such conditions.

Conditions

1. A provision that all proceeds of such property insurance (which does not include debris removal or demolition cost insurance) with respect to any damage or destruction to the improvements on the Leased Premises, shall be payable to the Leasehold Mortgagee if received by Tenant.
- (vi) A provision that all proceeds of insurance shall be held by the Leasehold Mortgagee for Tenant in a non-interest bearing escrow account pending disbursement.
- (vii) A provision that the amount of loss proceeds to be disbursed toward reconstruction shall be the amount of such condemnation awards or insurance proceeds remaining after deduction of all reasonable expenses of collection and settlement including, without limitation, attorneys' and adjustors' fees and charges.
- (viii) A provision that no such loss proceeds shall be disbursed unless or until:
 - (i) no default, or an event which with the giving of notice, the passage of time, or both, would constitute a default has occurred and is continuing;
 - (ii) the sum of condemnation awards and/or insurance proceeds and other amounts deposited with the Leasehold Mortgagee or its designee is sufficient to complete such repair, reconstruction or alteration;
 - (iii) the Leasehold Mortgagee determines, in its reasonable judgment, that the damage or destruction to the improvements on the Leased Premises can be repaired and the restoration completed by the maturity date of the loan;

(iv) the Leasehold Mortgagee and all applicable governmental authorities shall have approved the final plans and specifications for reconstruction of the subject improvements;

(v) Tenant shall have delivered to the Leasehold Mortgagee (A) a budget of all costs of reconstruction of the improvements on the Leased Premises, (B) a construction schedule for the reconstruction of such improvements, and (C) a construction contract for the reconstruction work of the improvements on the Leased Premises in form and content, and with a contractor, acceptable to the Leasehold Mortgagee in its reasonable judgment;

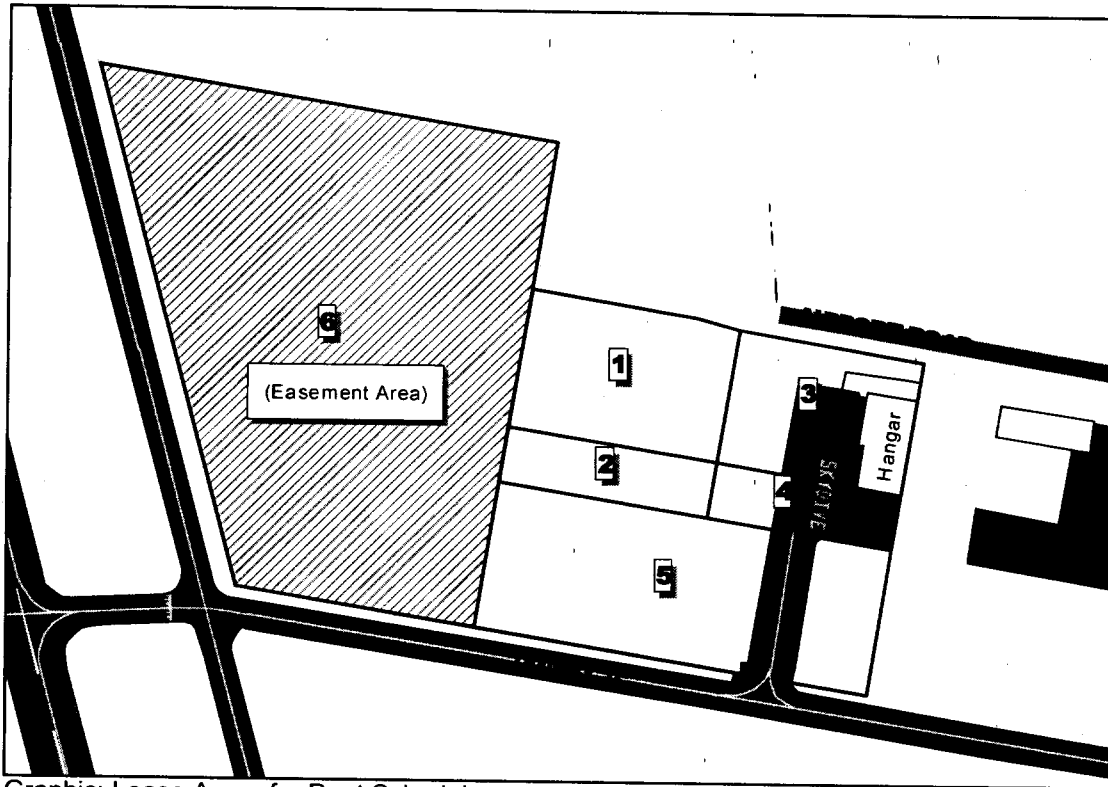
(vi) the ratio of the loan amount to the value of the improvements on the Leased Premises and Tenant's interest under this Lease is not more than that ratio as of the date the loan evidenced by the Leasehold Mortgage was made;

(vii) the Leasehold Mortgagee receives satisfactory written evidence that the City of Boulder City, Nevada has approved the plans and specifications for the reconstruction work, if such approval is required;

(viii) the Leasehold Mortgagee receives satisfactory evidence that this Lease is, and during the period of required reconstruction will remain, in full force and effect and all necessary approvals in connection with the reconstruction have been obtained from the Landlord; and

(ix) the Leasehold Mortgagee receives satisfactory evidence that ingress to and egress from the Leased Premises, and Tenant's use thereof, will be fully available as of the projected date of reconstruction of such improvements to the same degree as before such damage or destruction.

EXHIBIT "E"
Rent Schedule



Graphic: Lease Areas for Rent Schedule

Rent is priced in dollars per square foot.			
Lease Area	Rent "As Is"	Asphalt Improvements	Building Improvements
1	\$0.1176	\$0.1817	\$0.3207
2	\$0.1669	\$0.1817	\$0.3207
3	\$0.1634	Rate to increase January 1, 2029 to current rate assessed for land with Building Improvements if Option is exercised	
4	\$0.1817	\$0.1817	\$0.3207
5	\$0.1176	\$0.1817	\$0.3207
6	\$0.5000	\$0.5000	\$0.5000

Current rent charged at Commencement Date is "As Is". Upon further development of the property, the rent charged will be adjusted accordingly to reflect asphalt or other flat work

improvements; or building or other structural improvements. Rent is adjustment will be on a pro-rated monthly basis. Example: "As Is" rent at \$120 per year or \$10/mo. If developed, and new annual rent becomes \$240/year, then the new monthly rent becomes \$20/mo.

Rent rates for Areas 1 through 6 have been adjusted by 2.5% to reflect the cost of living increase for 2007 from the original Agreement No. 06-1057

Table: Current Rent Schedule for calendar year 2006

Lease Area	Square Feet	Annual Lease Amount**	If Paid Monthly*
1	67,225	\$7,905.66	\$658.81
2	18,750	\$3,129.38	\$260.78
3	45,625	\$7,455.13	\$621.26
4	18,750	\$3,406.88	\$283.91
5	99,220	\$11,668.27	\$972.36
6***	156,382	\$78,191.00	\$6,515.92
TOTAL	405,952 (9.319 acres)	\$111,756.32	\$9,313.03

* Note: Monthly pro-rated rate shown for demonstration purposes only. Should development conditions change as outlined in the fee schedule, then the monthly rate would change accordingly.

** Above rates reflect a 2.5% CPI Increase from the 2006 Lease rate.

*** Payment for Lease Area 6 to be used as offset for off-site improvements made to City Fuel Farm. Amount to be subtracted from the overall site improvement costs until balance reaches zero. Original balance to be adjusted by Prime Rate Index "COFI" (11th District cost of funds index) reported as of date of amendment. The adjustment is a one-time event. Upon completion of the improvements at the City Farm (both the above ground Jet A 20,000 gallon fuel tank and the upgrading of the two 10,000 gallon underground tanks and associated improvements), this agreement will be amended with an amortization schedule showing the total amount accrued for the improvements and an anticipated schedule for rent reduction. Amortization amount not to exceed \$350,000. This does not affect the rent paid for lease areas 1 through 5 - rent will be paid as listed and annually adjusted throughout the life of the agreement.

NOTICE OF FILING

Notice is hereby given that Bill No. 1503, an Ordinance of the City of Boulder City to repeal Agreement No. 06-1057 and all amendments and replace it with Agreement No. 07-1141, a Land and Development Lease Agreement between the City of Boulder City and Boulder City Airport Properties for land at the Boulder City Municipal Airport" was introduced by Council Member Burton; and that a copy of such ordinance was filed with the City Clerk on the 8th day of May 2007 for public examination.

Notice is hereby further given that action on the proposed ordinance, or the ordinance as amended, will be taken at a regular meeting of the City Council of Boulder City, Nevada, on the 22nd day of May, 2007 at the Council Chambers, City Hall, Boulder City, Nevada.

Dated this 8th day of May 2007.

/s/ Pamella A. Malmstrom
Pamella A. Malmstrom, City Clerk

Publish on May 10, 2007

AFFIDAVIT OF PUBLICATION

STATE OF NEVADA)
)ss.
COUNTY OF CLARK)

Armando Flores, being first duly sworn, deposes and says: That she is Clerk of the Boulder City, a weekly newspaper of general circulation,

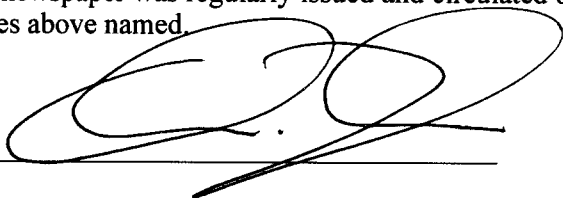
printed in Las Vegas, Nevada, and published in Henderson, Nevada in the County of Clark, State of Nevada, and that the attached was continuously published in said newspaper for a period of 1 time(s).

From 05/10/07 to 05/10/07 inclusive, being the issues of said newspaper for the following date(s) to wit:

05/10/2007

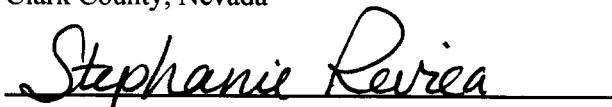
That said newspaper was regularly issued and circulated on each of the dates above named.

Signed



Sworn to and subscribed before me this
10th day of May, 2007

Notary Public in and for
Clark County, Nevada



Stephanie Riviea

My commission expires October 05, 2008

NOTICE OF FILING

Notice is hereby given that Bill No. 1503, an Ordinance of the City of Boulder City to repeal Agreement No. 06-1057 and all amendments and replace it with Agreement No. 07-1141, a Land and Development Lease Agreement between the City of Boulder City and Boulder City Airport Properties for land at the Boulder City Municipal Airport" was introduced by Council Member Burton; and that a copy of such ordinance was filed with the City Clerk on the 8th day of May 2007 for public examination.

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Dated this 8th day of May 2007.

/s/

Pamella A. Malmstrom

Pamella A. Malmstrom, City Clerk

Publish on May 10, 2007



STEPHANIE REVIEA
NOTARY PUBLIC
STATE OF NEVADA
APPT. No. 04-92649-1
MY APPT. EXPIRES OCT. 5, 2008

**PUBLIC NOTICE
ORDINANCE NO. 1329
AN ORDINANCE OF THE CITY OF BOULDER CITY, NEVADA**

"AN ORDINANCE OF THE CITY OF BOULDER CITY TO
REPEAL AGREEMENT NO. 06-1057 AND ALL
AMENDMENTS AND REPLACE IT WITH AGREEMENT NO.
07-1141, A LAND AND DEVELOPMENT LEASE
AGREEMENT BETWEEN THE CITY OF BOULDER CITY
AND BOULDER CITY AIRPORT PROPERTIES FOR LAND
AT THE BOULDER CITY MUNICIPAL AIRPORT."

On May 8, 2007, Bill No. 1503 was introduced by Council member Burton and read by title. On May 22, 2007, Bill No. 1503 was considered by the City Council and adopted as Ordinance No. 1329.

PUBLIC NOTICE is hereby given that a complete copy of the ordinance is available for inspection by all interested parties in the office of the City Clerk, City Hall, 401 California Avenue, Boulder City, Nevada. The ordinance will become effective May 29, 2007. Motion to adopt the ordinance was made by Council member Anderson; seconded by Council member Burton; and approved by the following vote:

YEA:	Anderson, Burton, Ferraro, Pacini, Tobler
NAY:	None
ABSENT:	None

/s/ Pamella A. Malmstrom
City Clerk

BC NEWS 05/24/2007

AFFIDAVIT OF PUBLICATION

STATE OF NEVADA)
)ss.
COUNTY OF CLARK)

Armando Flores, being first duly sworn, deposes and says: That she is Clerk of the Boulder City, a weekly newspaper of general circulation,

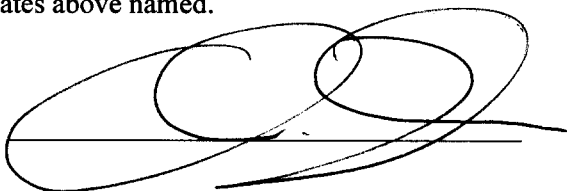
printed in Las Vegas, Nevada, and published in Henderson, Nevada in the County of Clark, State of Nevada, and that the attached was continuously published in said newspaper for a period of 1 time(s).

From 05/24/07 to 05/24/07 inclusive, being the issues of said newspaper for the following date(s) to wit:

05/24/2007


That said newspaper was regularly issued and circulated on each of the dates above named.

Signed



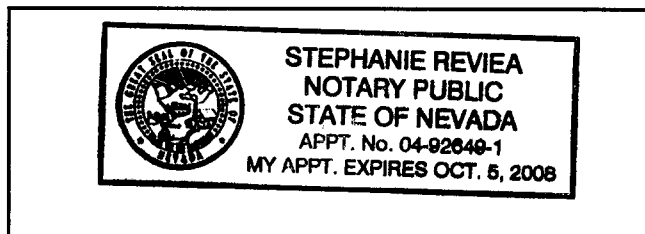
Sworn to and subscribed before me this
24th day of May, 2007

Notary Public in and for
Clark County, Nevada



Stephanie Riviea

My commission expires October 05, 2008



PUBLIC NOTICE

ORDINANCE NO. 1329

AN ORDINANCE OF THE CITY OF BOULDER CITY,
NEVADA

“AN ORDINANCE OF THE CITY OF BOULDER CITY TO REPEAL AGREEMENT NO. 06-1057 AND ALL AMENDMENTS AND REPLACE IT WITH AGREEMENT NO. 07-1141, A LAND AND DEVELOPMENT LEASE AGREEMENT BETWEEN THE CITY OF BOULDER CITY AND BOULDER CITY AIRPORT PROPERTIES FOR LAND AT THE BOULDER CITY MUNICIPAL AIRPORT.”

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YEA:

NAY:

ABSENT:

/s/

Pamella A. Malmstrom

City Clerk

BC- May 24, 2007