

City of Carson City Agenda Report

Date Submitted: 05/01/2014

Agenda Date Requested: 05/15/2014

Time Requested: consent

To: Board of Supervisors

From: Carson City Airport Authority

Subject Title: Action to approve the assignment of a sublease (100 ft by 150 ft) held by Dennis Buehn to Cactus Air Force LLC, under the terms of the sublease from Neil A. Weaver under the Carson City Airport Authority lease with Mentors Unlimited, Inc.; separation of the sublease into a standalone lease; and approval of the 5th Amendment to the Mentors Unlimited, Inc. lease for the area removed.

Staff Summary: At a regular meeting of the Carson City Airport Authority on April 16, 2014, publicly noticed for that purpose, the Authority approved an assignment of an airport sublease from Dennis Buehn to Cactus Air Force LLC, and then, with the consent of the parties, separated the Cactus Air Force LLC sublease into a separate Airport lease so that payments are made directly to the Airport. At the same time, the Carson City Airport Authority approved the 5th Amendment to the Mentors Unlimited Inc. lease to remove the area that was the subject of the sublease.

Type of Action Requested: (check one)

☐ Resolution

☐ Ordinance

☒ Formal Action/Motion

☐ Other (Specify)

Does This Action Require A Business Impact Statement: ☐ Yes ☒ No

Recommended Board Action: (I move that we) approve the assignment of the Sublease (100 ft by 150 ft) held by Dennis Buehn to Cactus Air Force LLC, under the terms of the sublease from Neil A. Weaver under the Carson City Airport Authority lease with Mentors Unlimited, Inc.; approve separation of the sublease into a standalone lease; and approve of the 5th Amendment to the Mentors Unlimited, Inc. lease for the area removed.

Explanation for Recommended Board Action:

Under Nevada Chapter 844, which created the Carson City Airport Authority, lease agreements at the Airport must be approved by the Carson City Board of Supervisors. The Airport Authority has approved the lease assignment and requests Board of Supervisors approval.

The history of the lease aspect is as follows. In 1987, Carson City leased an area on the airport to Mentors Unlimited, Inc., which at the time was owned by Neil Weaver. This original lease was for a full service FBO and required construction of 3 hangars. Mentors did construct a hangar (which records indicate was counted as 2 hangars) on the east portion of the leasehold. In May, 1988, Mentors subleased a 100'x150' area of their lease area to Neil Weaver as an individual. The stated purpose was to enable financing necessary to build the 3rd hangar. In August, 1988, Weaver subleased the 100'x150' area to Dennis Buehn. Buehn then built the

existing hangar on the property. All structures revert to Airport ownership at the end of the term of the lease.

In 2010, the Authority and Board of Supervisors approved an assignment of the sublease (ie. a 100 ft by 150 ft area) from Dennis Buehn to Nicholson Enterprises, Inc. and On Course Avionics, Inc. The latter's business failed, and the Authority subsequently approved assignment of the sublease back to Dennis Buehn. The Board of Supervisors gave their approval on January 16, 2014. Due to the multiple layers of the subleases, each such assignment required multiple approvals, consent documents and waivers of rights of first refusal, as well as a determination on how to ensure the underlying lease terms did not change.

The provisions of the Buehn sublease regarding approvals required: "Upon the prior approval of Weaver, Mentors Unlimited, Inc. and Carson City, Buehn may assign or sublet this subleasehold for any purpose permitted in the master lease." It also reserved to Weaver, a "right of first refusal" on any assignment or further sublease. In addition, the sublease also requires compliance with the terms and conditions of the Weaver sublease and the original Mentors Unlimited lease with the City. Many of the terms of the Mentors Unlimited Inc lease are antiquated or vague.

The Airport Authority and the parties feel that a separation of the sublease into a stand alone lease would be easier for the Airport Authority to manage, and easier for the tenants to manage, as well as avoid the complexity of hurdles in the existing lease documents. As a result, the Airport Authority has used its model lease for the separated area, but incorporated all of the existing terms (length, specific rights and duties, rental rate) so that the result is that no change is made to the rent and usage terms. The model lease contains current versions of insurance requirements, environmental protections, FAA requirements and other provisions that were not expressly stated in the older leases but are standard in all current Airport leases.

While Cactus Air Force, LLC, can operate a commercial FBO from the new leased area, their stated intention is to use that facility to support the aviation museum that they are working toward. The Carson City Airport Authority has approved in concept an aviation museum but we are still working toward solutions for locations. In that regard, the Airport Authority has had some of its land appraised so that it can offer leased areas under NRS 244—a matter for a future action but it is described here for sake of giving you an idea of our longer range plans.

All parties, Mentors, Weaver and Cactus have consented to the assignment and separation of the leases. The Airport Authority has approved the assignment and separation of the leases. This matter is to give the requisite Board of Supervisor's approval.

The Airport Authority has approved the assignment. Consistent with NRS 844, the Airport Authority requests approval from the Board of Supervisors.

Applicable Statue, Code, Policy, Rule or Regulation: Statutes of Nevada, Chapter 844.

Fiscal Impact: None.

Explanation of Impact: Not Applicable.

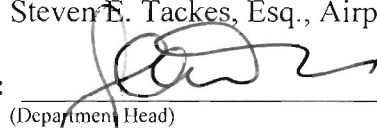
Funding Source: Not Applicable.

Alternatives: Not Applicable

Supporting Material: Assignment; Separate lease for Cactus Air Force, LLC.; 5th Amendment to the Mentors Unlimited Inc. lease.

Prepared By: Steven E. Tackes, Esq., Airport Counsel

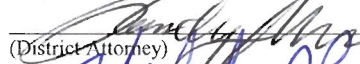
Reviewed By:


(Department Head)

Date: 5-1-2014


(City Manager)

Date: 5-6-14


(District Attorney)

Date: 5/6/14


(Finance Director)

Date: 5/6/14

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

APN
005-091-01 thru
005-091-17

ASSIGNMENT OF SUBLEASE

This Assignment is made this 16 day of April, 2014, as between MENTORS UNLIMITED, INC., a Nevada corporation (MENTORS); NEIL WEAVER as president of MENTORS and in his capacity as a sublessee of MENTORS; DENNIS BUEHN as a sublessee of MENTORS; CACTUS AIR FORCE LLC, a Nevada limited liability company, as assignee of the sublease with the consent of the CARSON CITY AIRPORT AUTHORITY ("Landlord") on behalf of its predecessor, CARSON CITY .

Whereas, the Carson City Airport Authority and Carson City had approved, in December of 2013, an assignment of a sublease of the lease between MENTORS and DENNIS BUEHN, specifically regarding the Assignment of the sublease of portion of the LEASE that is approximately 100 feet wide and 150 feet deep as shown on the map attached to the Sublease "Premises") in July 2010, recorded on September 7, 2010, Official Records of the County Recorder of Carson City, Nevada, as Document No. 404270, also separately recorded as Document No. 000133264 shown as "Buehn Building and Buehn Ramp", and attached hereto as Exhibit A.

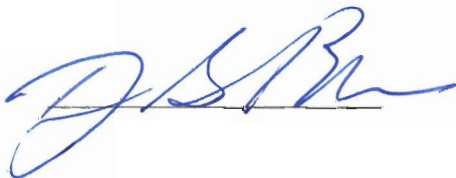
Whereas, the sublease is now to be assigned from DENNIS BUEHN to RICK CLEMENS. Thereupon, CACTUS AIR FORCE, LLC, shall assume all rights, duties and ownership under the sublease.

Whereas, the terms of the lease and sublease require the consent of MENTORS and Neil Weaver and such consent has been provided.

NOW THEREFORE, the parties agree as follows:

1. The sublease held by DENNIS BUEHN is hereby assigned to CACTUS AIR FORCE, LLC.
2. All terms of the lease remain in force, except that CACTUS AIR FORCE, LLC, shall be substituted for DENNIS BUEHN as Tenant.
3. The parties agree that the sublease may be separated from the master lease with a separate lease for the premises to CACTUS AIR FORCE, LLC from the Carson City Airport Authority and an Amendment to the MENTORS lease reducing the leased area to reflect the area removed by separation of the lease.

ASSIGNOR



ASSIGNEE



DENNIS BUEHN

CACTUS AIR FORCE, LLC
By: RICK CLEMENS, Manager

Approved and consented to by MENTORS and NEIL WEAVER



NEIL WEAVER
President, MENTORS UNLIMITED, INC.
And as sublessee of MENTORS UNLIMITED, INC.

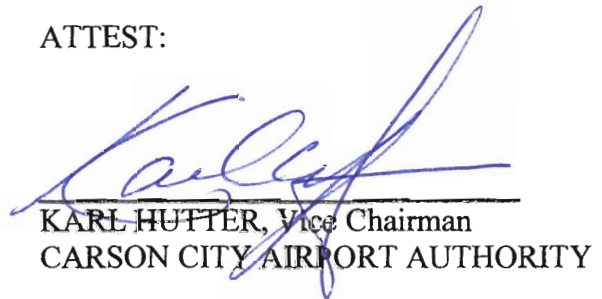
Approved and consented to by the CARSON CITY AIRPORT AUTHORITY.

Approved the 16 day of April, 2014 pursuant to Notice, meeting and vote:

ATTEST:



GUY WILLIAMS, Chairman
CARSON CITY AIRPORT AUTHORITY



KARL HUTTER, Vice Chairman
CARSON CITY AIRPORT AUTHORITY

---City approval page follows---

CARSON CITY

Approved by the Board of Supervisors this _____ day of _____, 2014.

ROBERT L. CROWELL, Mayor

ATTEST:

ALAN GLOVER, Clerk/Recorder

CITY'S LEGAL COUNSEL
Approved as to form.



DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL
Approved as to form.



STEVEN E. TACKES, ESQ.

EXHIBIT 1

Document No. 404270, also separately recorded as Document No. 000133264 shown as "Buehn Building and Buehn Ramp"

CARSON CITY AIRPORT LEASE AGREEMENT

This lease, made and entered into this 16 day of April, 2014, between Carson City, the Carson City Airport Authority (Landlord), whose address is 2600 College Parkway #6 Carson City, Nevada 89706, and CACTUS AIR FORCE LLC, a Nevada limited liability company (AKA CACTUS AIR FORCE LIMITED LIABILITY COMPANY) (Tenant), whose address is 2600 College Parkway #33 Carson City, Nevada 89706.

WITNESSETH:

WHEREAS, the Tenant and Landlord desire to enter into separate leases for the area previously subleased from Mentors Unlimited Inc., (Original lease recorded as Doc #000170359; Sublease recorded as Doc# 000133264) incorporating the principal terms of said lease and sublease into the Airport; and

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

THEREFORE, Landlord and Tenant agree as follows:

1. PREMISES. Landlord leases to Tenant and Tenant leases from Landlord the real property located at the Carson City Airport identified as the western-most area approximately 100 feet wide by 150 feet deep as shown on the attached map as the "Buehn Sublease 100 x 150" attached hereto as Exhibit A-1, and as fully described on Exhibit A ("Legal Description") to this lease ("premises"), and the appurtenant rights included in Paragraph 8.

2. TERM. The term shall end on December 7, 2024.

3. RENT. Tenant shall pay to Landlord:

A. \$1,560.00 per year (\$130.00 per month); calculated as \$0.104 per square foot per year for the entire leased area (15,000 sq. ft.) Rent shall be payable monthly with payments thereafter due on the first day of each month. Tenant shall be responsible for the paving of ramp and taxilane area within the leasehold boundaries.

B. Tenant shall not be required to pay, per acre leased, in utilities infrastructure fees for existing utilities, to utilize the utility plant previously installed on the Airport at the expense of the

Airport Authority. However any new utility hookup fees may be assessed by the Carson City Utility Department.

4. CPI ADJUSTMENT. An adjustment of the rental and fees above described shall occur on two year anniversary intervals from January 1, 2014, during the term of this Lease. Such adjustment of rental shall be based upon the percentage change reflected by the Consumer Price Index (hereinafter called the Price Index) for the preceding two year period. The Price Index shall mean the average for "all items" shown on the "U.S. City Average for All Urban Consumers" as promulgated by Bureau of Legal Statistics of the U.S. Department of Labor, as amended or replaced by the agency. Landlord shall measure each two year adjustment using the most recently available report, recognizing that it may be necessary to use a 2 year period with a final quarter ending prior to each December 31 adjustment date. In no event, however, shall any decrease in the Consumer Price Index result in a decrease of the rental below the base rate. For example, if the CPI for December 2013 is 155.0 (1982-1984=100) and for December 2011 is 150.0, then the rent would be adjusted by the difference (155.0-150.0) divided by 150.0 which equals a 3.3% increase.

5. IMPROVEMENTS. Tenant shall maintain the existing improvements. For all new construction upon the premises, Tenant shall meet the construction requirements and standards adopted by Landlord pursuant to Title 19 of the Carson City Municipal Code.

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

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

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

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

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

D. Filing a petition of voluntary or involuntary bankruptcy.

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

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

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

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

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

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

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

B. Tenant's right to possession not terminated. Landlord can continue this lease in full force and effect, and the lease will continue in effect as long as Landlord does not terminate tenant's right to possession, and Landlord shall have the right to collect rent when due. During the period Tenant is in default, Landlord can enter the premises and relet them, or any part of them, to third parties for Tenant's account.

Tenant shall be liable immediately to Landlord for all costs Landlord incurs in

reletting the premises. Reletting can be for a period shorter or longer than the remaining term of this lease. Tenant shall pay to Landlord the rent due under this lease on the dates the rent is due, less the rent Landlord receives from any reletting.

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

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

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

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

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

8. APPURTENANT RIGHTS AND RESTRICTIONS.

A. Tenant may use the premises primarily for the storage of aircraft; machinery, parts and tools associated with the stored aircraft; office space associated with the

stored aircraft, and the permitted FBO activities identified below. Tenant is expressly prohibited from conducting any activity at the Carson City Airport other than that provided by this Agreement or as may be approved by Landlord. Landlord hereby designated Tenant as a Class I Fixed Base Operator within the meaning of Section 19.02.020.350 of the Carson City Municipal Code.

Tenant is specifically permitted but not required to offer the following services:

1. Sales of new and used aircraft, including demonstrations of aircraft for sale.
2. Sales of aircraft parts, retail and wholesale, radio and electronic equipment, navigation and airman supplies and accessories.
3. Flight operations, rental and charter (with or without pilot), air taxi and air ambulance.
4. Flight training (primary and/or advanced).
5. Maintenance, repair and overhaul of all types of aircraft, engines, instruments, radio and electronic gear.
6. Aircraft interior work.
7. Aircraft finishing and painting.
8. Aircraft storage and tie-down.
9. Any other service or activity which may be provided by a Fixed Base Operator under the rules and regulations of Landlord, including but not limited to the services and activities enumerated in Section 19.02.020.350 of the Carson City Municipal Code, provided that such other service or activity is approved by Landlord through formal action.

Tenant may conduct such non-aviation business upon the premises as are otherwise permitted by law and do not otherwise interfere with the aviation uses permitted under this Lease and other leases on this airport. Landlord's decision shall be final as to claims of conflict over interfering uses. No person may live in, or otherwise inhabit, any hangars constructed on the property leased. AIRCRAFT- All aircraft stored on the leased area must be registered as personal property in Carson City, Nevada, unless such aircraft are transient and are not on the leased area for more than 21 days. Tenant shall supply Landlord with evidence of the registration

and taxation information on the one year anniversaries of this lease, or upon such shorter period as may be requested by the Airport Manager.

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

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

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

E. Federal Requirements.

1. The Tenant for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration, does covenant and agree as a covenant running with the land that Tenant shall comply with all Federal Aviation Regulations (FARs) applicable to Tenant's operations on the premises. The Tenant acknowledges that the Airport is the recipient of FAA Airport Improvement Program funds and other federal funds. The Tenant shall take no action which violates or causes others to violate the Assurances

granted to the FAA in conjunction with such federal funding. Such assurances include, but are not limited to compliance with:

- a. Title 49, USC, subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act - 5 U.S.C. 1501, et seq. (if applicable)
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.
- h. Native Americans Grave Repatriation Act -25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.1
- l. Title 49 ,U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Civil Rights Act of 1964 - Title VI - 42 U.S.C. 2000d through d-4.
- o. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- p. American Indian Religious Freedom Act, P.L. 95-341, as amended
- q Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.
- r. Power plant and Industrial Fuel Use Act of 1978 -Section 403- 2 U.S.C. 8373.
- s. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.
- t. Copeland Anti kickback Act - 18 U.S.C. 874.1
- u. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.
- v. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- w. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq. (if applicable)
- x. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.
- y. Such Executive Orders as may be applicable to FAA AIP funding.
- z. Such Federal Regulations as may be applicable to FAA AIP funding, and such other OMB Circulars as may apply and are listed at http://www.faa.gov/airports_airtraffic/airports/aip/grant_assurances/media/airport_sponsor_assurances.pdf or such updated listing at the official website maintained by the FAA.

2. The Tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration covenants and agrees as a covenant running with the land that: 1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the

benefits of, or be otherwise subject to discrimination in the use of the facilities; 2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination.

3. Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as the Regulation may be amended.

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

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

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

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

Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart.

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

9. The Landlord reserves the right, but shall not be obligated to the Tenant, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the Tenant in this regard.

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

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

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

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

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

15. It is understood and agreed that nothing contained in this lease shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958 (49 U.S.C. 1349).

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

9. ASSIGNMENT AND SUBLEASING. Tenant shall have no right to assign or sublet its interest in this lease except upon Landlord's prior consent. Any such assignment or sublease will be binding to assignees/sublessees on all terms and conditions in this lease.

Tenant shall have the right to assign, pledge, or hypothecate this lease for the purpose of securing additional financing, upon the prior approval of Landlord.

The parties agree that a transfer of corporate interests in excess of twenty-five percent (25%) shall be deemed an assignment of this lease. The term "corporate interests" shall include corporate ownership, or the ownership of any partnership, trust, Limited Liability Company and other entity for ownership by more than one person permitted by Nevada law.

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

10. INSURANCE AND BONDING.

A. Coverage. As a condition precedent to this lease, Tenant shall provide, at his own cost, insurance coverage in the amount of TWO MILLION DOLLARS (\$2,000,000.00), the category to be under-written by a responsible insurance carrier, authorized by the State of Nevada to provide such coverage. The following coverage shall be included:

1. Third-party comprehensive general liability coverage for bodily injury and property damage including owned and non-owned aircraft, for any

claim or liability for any injury or damage to any person or property occurring on the leased premises or arising out of or resulting from Tenant's operations or omissions at the Carson City Airport.

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

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

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

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

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

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

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

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

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

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

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

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

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

provide to the Landlord satisfactory documentary evidence that all environmental permits are valid and in good standing.

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

- (a) a breach by the Tenant of any of the covenants contained in this Section;
 - (b) the presence of or release of any Hazardous Substance on or off-site of the Premises and/or the Lands;
 - (c) any action taken by the Landlord with respect to the existence of any Hazardous Substance on or off-site of the Premises and/or the Lands; or
 - (d) any action taken by the Landlord in compliance with any Environmental Notice with respect to the existence of any Hazardous Substance on or off-site of the Premises and/or the Lands;
- and such indemnity will survive the expiration or any termination of this lease notwithstanding anything in this lease to the contrary.

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

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

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

Landlord may require Tenant to perform all necessary maintenance, repairs, removal, construction or cleaning/clearing of unsightly areas upon the leased premises. In the event such maintenance, repairs, removal, construction, or cleaning/clearing of unsightly areas is not undertaken as required, Landlord may perform such maintenance, repairs, removal, construction, or

cleaning/clearing of unsightly areas on behalf of Tenant and at Tenant's expense, plus ten percent (10%) for administration.

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

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

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

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

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

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

Landlord and the Carson City Sheriff's Office shall have complete dominion over the premises herein during the term of this Lease for the purpose of, and to the extent necessary, to

maintain law, order, and safety, and has the authority and the right to deny access to the Carson Airport by any person who fails to obey all relevant laws, rules, and regulations.

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

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

----NEXT PAGE IS SIGNATURES----

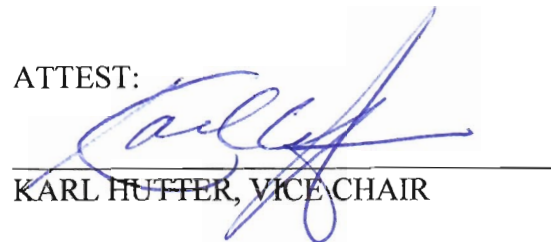
TENANT
CACTUS AIR FORCE, LLC , aka
CACTUS AIR FORCE LIMITED
LIABILITY COMPANY


By: RICK R. CLEMENS, Manager

LANDLORD
CARSON CITY AIRPORT AUTHORITY
CARSON CITY, NEVADA


GUY WILLIAMS, CHAIRMAN

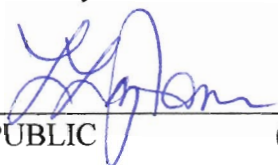
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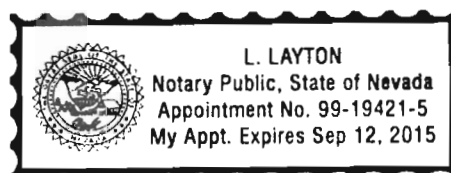

KARL HUTTER, VICE CHAIR

STATE OF NEVADA)
 : ss
COUNTY OF Carson City)

On this 17th day of April, 2014, before me, the undersigned, a Notary Public, personally appeared RICK R. CLEMENS, Manager, Cactus Air Force LLC, known or proved to me to be the person described herein, who executed the foregoing instrument, and he acknowledged to me, that he has the requisite authority and executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

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


NOTARY PUBLIC (SEAL)



CARSON CITY

The Board of Supervisors of Carson City, Nevada, as underlying owner of the Airport, and thus the Lease Parcel, hereby approves and acknowledges the Lease, and the right and authority of the Authority to lease the Lease Parcel to Tenant.

Approved by the Board of Supervisors this ____ day of _____, 2014.

ROBERT L. CROWELL, Mayor

ATTEST:

ALAN GLOVER, Clerk/Recorder

CITY'S LEGAL COUNSEL
Approved as to form.

DISTRICT ATTORNEY

AIRPORT AUTHORITY COUNSEL
Approved as to form

STEVEN E. TACKES, ESQ.

EXHIBIT A- Legal Description

"A certain parcel of land situate in the north 1/2 of the southeast 1/4 of section 4, township 15 north, range 20 east, M.D.B.&M., Carson City, Nevada, said parcel being more particularly described to wit:

Commencing at the south 1/16 corner common to section 3 and 4; thence on a Nevada State plane coordinate system bearing north 71°05'32" west - 2036.03 feet; thence south 71°41'25" east - 15 feet to the point of beginning; thence continuing south 72°41'25" east - 241 100 feet; thence south 17°18'35" west - 150 feet; thence north 72°41'25" west – 241 100 feet; thence north 17°18'35" east - 150 feet to the point of beginning. The above described parcel has an area of 15,000 sq. ft. more or less."

TOGETHER WITH all tenements, hereditaments and appurtenances, including easements, if any, thereto belonging or appertaining.

APPENDIX A
CARSON CITY AIRPORT AUTHORITY
DEVELOPMENT/CONSTRUCTION STANDARDS

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

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

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

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

POWER - ELECTRIC POWER SHALL BE REQUIRED TO EACH BUILDING.

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

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

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

NEW CONSTRUCTION - ALL BUILDINGS SHALL BE OF NEW CONSTRUCTION.

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

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

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

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

FIFTH ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE, made and entered into this 16 day of April, 2014, by and between CARSON CITY AIRPORT AUTHORITY, successor to CARSON CITY, a consolidated municipality of the State of Nevada, hereinafter referred to as LESSOR, and MENTORS UNLIMITED, INC., a Nevada Corporation, hereinafter referred to as LESSEE.

WITNESSETH

WHEREAS, LESSOR and LESSEE have entered into a certain lease dated May 21, 1987, regarding a certain portion of the Carson City Airport with an Addendum executed November 30, 1992, a Second Addendum executed February 10, 1994, a Third Addendum executed December 8, 1994 and a Fourth Addendum executed September 19, 2002; and

WHEREAS, the parties desire to adjust the boundaries of the area leased so as to reflect creation of a separate lease to be issued to CACTUS AIR FORCE, LLC regarding the sublease transferred concurrently from DENNIS BUEHN to CACTUS AIR FORCE, LLC, and a corresponding removal of that lease area from this lease.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein the parties agree;

1. That Section I of the Agreement is amended to read as follows:

I. PROPERTY LEASED; The Airport Authority hereby leases to LESSEE that certain portion of the Carson Airport which is defined on the map marked as Exhibit A attached to the original lease minus an area of one hundred forty (100) feet

in width on the western most portion of said area. The resulting total leased area is more particularly described as follows:

"A certain parcel of land situate in the north 1/2 of the southeast 1/4 of section 4, township 15 north, range 20 east, M.D.B.&M., Carson City, Nevada, said parcel being more particularly described to wit:

Commencing at the south 1/16 corner common to section 3 and 4; thence on a Nevada State plane coordinate system bearing north 71°05'32" west - 2036.03 feet; thence south 71°41'25" east - 15 feet; thence continuing south 72°41'25" east 100 feet to the point of beginning; thence continuing south 72°41'25" east - 141 feet; thence south 17°18'35" west - 150 feet; thence north 72°41'25" west - 141 feet; thence north 17°18'35" east - 150 feet to the point of beginning. The above described parcel has an area of 21,150 sq. ft. more or less."

2. That all other provisions of the Agreement shall remain in effect and are not altered by this Addendum, with the exception of the reduction to rent due for the reduced square foot area upon the same rental rate as currently in effect (\$0.104/sq.ft/yr) and thus rent shall be \$2,199.60 annually (\$183.30 monthly) subject to future CPI increases as specified in the lease.

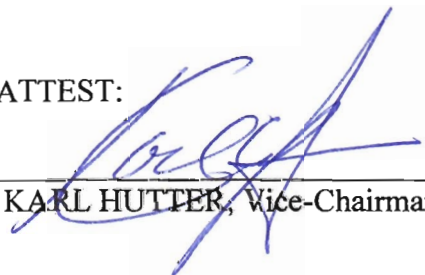
IN WITNESS WHEREOF, the parties hereto have executed this Addendum to Lease.

CARSON CITY AIRPORT AUTHORITY,

LESSOR

By 
GUY WILLIAMS, Chairman

ATTEST:


KARL HUTTER, Vice-Chairman

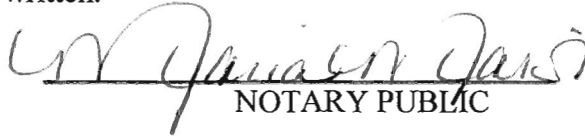
MENTORS UNLIMITED, INC., LESSEE

By 
Neil A. Weaver, President

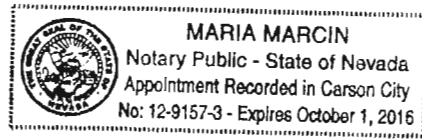
STATE OF NEVADA)
 : ss
CARSON CITY)

On this 17th day of April, 2014, before me, the undersigned, a Notary Public, personally appeared NEIL WEAVER, President of, or Managing Member of MENTORS UNLIMITED, INC., known to me to be the person described herein, who executed the foregoing instrument, and he acknowledged to me, that he has the requisite authority and executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

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


NOTARY PUBLIC

(SEAL)



CARSON CITY

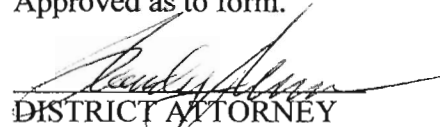
Approved by the Board of Supervisors this ____ day of _____, 2014.

ROBERT L. CROWELL, Mayor

ATTEST:

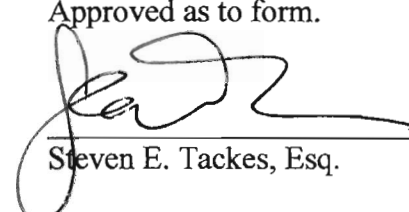
ALAN GLOVER, Clerk/Recorder

CITY'S LEGAL COUNSEL
Approved as to form.



DISTRICT ATTORNEY

AIRPORT COUNSEL
Approved as to form.



Steven E. Tackes, Esq.