



AGENDA ITEM: _____

MEETING DATE: August 26, 2015
TO: Board of Directors
FROM: Hardy Bullock, Director of Aviation and Community Services
SUBJECT: Truckee Roundhouse Makerspace Echo 3 Warehouse Lease

RECOMMENDATION:

Approve the attached LEASE AND OPERATING AGREEMENT with the Truckee Roundhouse Makerspace (TR) organization.

DISCUSSION:

At the May 27, 2015 regular Board meeting staff presented information on a potential community enhancement partnership between the Truckee Tahoe Airport District and the TR organization. The Board expressed support for the concept and asked staff to return a draft lease agreement and operating permit, financial analysis, and additional information related to the building upgrades allowing the TR organization to occupy the structure.

Airport staff, TR leadership, District Engineering consultant Peter Beaupre, the Nevada County building inspector, and an Americans with Disability Act consulting engineer met to discuss details surrounding the capital improvements required for building occupancy. The results of these meetings is summarized in the attached *capital improvement cost summary* (attachment A). This cost summary was used as a basis for the *financial analysis* attached (attachment B).

Nevada County stated that the occupancy permit is contingent on a good faith effort by the owner to meet the required building codes that outline conforming use. Minor occupancy associated with moving in and fixing up the location for public use is allowed. The Truckee Tahoe Airport Land Use Compatibility Plan (CLUP) designates the warehouse building as part of the B2 zone. The CLUP does not prohibit or discourage occupancy associated with the intended use outlined by the TR organizers. The CLUP does discourage establishment of "Vulnerable Occupant" facilities such as nursing homes, handicap or special need facilities or daycare centers, etc. In summary, the CLUP has no prohibition against the intended use.

FISCAL IMPACT:

The financial analysis assumes the District will split the cost of capital improvements with the TR and amortize this expense over the anticipated four-year term of the agreement. Rent is graduated allowing TR to build cash reserves and operating revenues commensurate with its business plan. Cash payments

toward capital improvements and the foregone revenue are combined to reflect the total effective District contribution. The fiscal analysis does not reflect the cost of total vacancy or the final valuation of the warehouse as an asset following the capital improvements. The space will be tenant ready at retail market rental rates upon termination of the lease; this agreement allows the District flexibility in making building improvements that may otherwise only be possible in a vacant state as well as simultaneously increasing revenue while supporting a community wide benefit. Potential construction cost overruns are not anticipated and a 10% contingency is included in the final estimates should overruns occur. The LEASE AND OPERATING AGREEMENT has a 24 month initial term. Should the TR choose not to extend their lease the District improvements would be complete and the space would be ready for market rate rental allowing the District equal or effectively greater revenue than projected within the financial analysis shown in this report.

The return on investment (Effective Contribution):

1. The District gets a tenant willing to occupy the space while we make building enhancements in support of (Site & Facilities Investment Strategic Area 1.1).
2. The District will establish a community partnership while funding through an existing revenue stream, (Warehouse Income Strategic Area 5.2)
3. The District will enhance the benefit of the airport to the community at large (Strategy Area 3.4)
4. The District will receive founder level recognition by the Truckee Roundhouse commensurate with the foregone revenue. This partnership will support (Strategy Area 4.1, 4.3, 4.4)
5. The District's E3 warehouse space will be the genesis of a community wide asset that supports science, technology, engineering and math.

PUBLIC COMMUNICATIONS:

The District will promote the Truckee Roundhouse Maker Space through its normal media channels. In turn the TR organization will support the Community Recognition Plan outlined in the Lease and Operating Agreement.

ATTACHMENTS:

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|--|--------------|
| 1. Capital Improvement Cost Summary | Attachment A |
| 2. Financial Analysis | Attachment B |
| 3. Lease and Operating Agreement | Attachment C |
| 4. Truckee Roundhouse Operating Budget | Attachment D |
| 5. Truckee Roundhouse Cover Letter | Attachment E |
| 6. Truckee Roundhouse Community Recognition Plan | Attachment F |
| 7. Truckee Roundhouse Rate & Membership Fee Schedule | Attachment G |

	Material Quantity		Cost Per	Material Ext.	Labor Hours	Labor Cost	Labor Ext.	Total
Exterior Groundwork								
Demo Asphalt	10.00	HR	40.00	400	10	65	650	1,050
Asphalt Saw Cut	4.00	HR	25.00	100	2	65	130	230
Subgrade prep	8.00	HR	25.00	200	8	65	520	720
Baserock	15.00	TN	35.00	525	1	65	65	590
Baserock Install	3.00	HR	40.00	120	8	65	520	640
Baserock Compact/Grade	10.00	HR	25.00	250	8	80	640	890
Ashpalt	600.00	SF	5.00	3,000			0	3,000
Stripping	3.00	LS	100.00	300	6	65	390	690
Accessible Parking Signs	3.00	LS	100.00	300	3	65	195	495
Adjust Boxes etc					1	65	65	65
Subtotal				5,195	47		3,175	8,370
Building								
Misc. Demo	1.00	LS	200.00	200	8.0	75	600	800
Scissor Lift Rental	1.00	LS	3000.00	3,000				3,000
Exit Light/Sign	2.00	EA	100.00	200	2.0	80	160	360
Exterior Lights	4.00	EA	100.00	400	4.0	80	320	720
Exterior Doors & Trim	1.00	EA	525.00	525	6.0	80	480	1,005
Exterior Hardware	1.00	EA	475.00	475	3.0	80	240	715
Paint Doors	2.00	EA	25.00	50	6.0	65	390	440
Drywall	3000.00	SF	0.65	1,950	48.0	65	3,120	5,070
Beads, Tape & Basic Mud	3000.00	SF	0.33	990	48.0	65	3,120	4,110
Paint Drywall -2 Coats	3800.00	SF	0.50	1,900	32.0	65	2,080	3,980
ADA Interior Restroom	1.00	1.00	12400.00	12,400	40.0	65	2,600	12,400
Extend Water Line	200.00	LF	5.00	1,000	16.0	100	1,600	2,600
Water Heater-Small	1.00	EA	600.00	600	8.0	100	800	1,400
Utility Sink & Faucet	1.00	EA	200.00	200	2.0	100	200	400
Exhaust Fan and sensors	1.00	EA	500.00	500	8.0	100	800	1,300
Electrical 220 Outlets	6.00	EA	150.00	900	24.0	100	2,400	3,300
Electrical 110 Outlets	5.00	EA	100.00	500	15.0	100	1,500	2,000
Clean & Demobilize	1.00	LS	100.00	100	8.0	65	520	620
Subtotal				25,890	278		20,930	44,220
Unit Heater								
Add Bracing & Prog. T-stat	1.00	LS	300.00	300	8	80	640	940
Subtotal				300	8		640	940
Project Management								
PM				0	40.6	70	2,844	2,844
Subtotal				0	41		2,844	2,844
Plans and Specs								2,500
Building Permit								2,500
Temp Toilet	Not Included							0
Fire Supression	0.11		149000.00					16,882
Subtotal				0	0		0	16,882
TOTAL				31,385	374		27,589	73,255
Contingency/TOTAL	10.00		%	7,326				80,581

B.

**Truckee Tahoe Airport District
 Maker Space Contribution Consideration - 48 Month
 8/1/2015**

Results					
	Year				Total
	1	2	3	4	
<u>Capital Improvement Economics</u>					
Maker Space Payment	4,389	8,779	13,168	17,557	43,894
Effective KTRK Payment	17,557	13,168	8,779	4,389	43,894
Total Payments	21,947	21,947	21,947	21,947	87,787
Project Cost	(81,000)	-	-	-	(81,000)
Net Effective Cash Flow	(59,053)	21,947	21,947	21,947	6,787
Net Effective Cash Flow - Cumulative	(59,053)	(37,106)	(15,159)	6,787	
<u>Maker Space Economics</u>					
Maker Space Payment	4,389	8,779	13,168	17,557	43,894
Months	12	12	12	12	48
Maker Space Payment / Month	366	732	1,097	1,463	914
Square Feet	3,400	3,400	3,400	3,400	3,400
	0.11	0.22	0.32	0.43	0.27
<u>KTRK Economics</u>					
Effective Contribution					
Effective KTRK Payment	17,557	13,168	8,779	4,389	43,894
Foregone Lease Revenue	36,600	37,515	38,453	39,414	151,982
Effective Contribution	54,157	50,683	47,232	43,804	195,876
Cash Contribution					
Project Cost	81,000	-	-	-	81,000
Maker Space Payment	(4,389)	(8,779)	(13,168)	(17,557)	(43,894)
Cash Contribution	76,611	(8,779)	(13,168)	(17,557)	37,106

Assumptions					
Estimated Project Cost	81,000				
Lease Term	48				
Market Return	4.00%				
Maker Space Payment Share	20%	40%	60%	80%	
Space Lease - Opportunity Cost	3,050				
Rent Escalation	2.50%				

B.

**Truckee Tahoe Airport District
 Maker Space Contribution Consideration - 36 Month
 8/1/2015**

Results					
	Year				Total
	1	2	3	4	
<u>Capital Improvement Economics</u>					
Maker Space Payment	7,174	14,349	21,523	-	43,046
Effective KTRK Payment	21,523	14,349	7,174	-	43,046
Total Payments	28,697	28,697	28,697	-	86,092
Project Cost	(81,000)	-	-	-	(81,000)
Net Effective Cash Flow	(52,303)	28,697	28,697	-	5,092
Net Effective Cash Flow - Cumulative	(52,303)	(23,605)	5,092	5,092	
<u>Maker Space Economics</u>					
Maker Space Payment	7,174	14,349	21,523	-	43,046
Months	12	12	12	12	48
Maker Space Payment / Month	598	1,196	1,794	-	897
Square Feet	3,400	3,400	3,400	3,400	3,400
	0.18	0.35	0.53	-	0.26
<u>KTRK Economics</u>					
Effective Contribution					
Effective KTRK Payment	21,523	14,349	7,174	-	43,046
Foregone Lease Revenue	36,600	37,515	38,453	-	112,568
Effective Contribution	58,123	51,864	45,627	-	155,614
Cash Contribution					
Project Cost	81,000	-	-	-	81,000
Maker Space Payment	(7,174)	(14,349)	(21,523)	-	(43,046)
Cash Contribution	73,826	(14,349)	(21,523)	-	37,954

Assumptions					
Estimated Project Cost	81,000				
Lease Term	36				
Market Return	4.00%				
Maker Space Payment Share	25%	50%	75%	100%	
Space Lease - Opportunity Cost	3,050				
Rent Escalation	2.50%				



LEASE AND OPERATING AGREEMENT

This Lease and Operating Agreement (this "Agreement") entered into as of the 1st day of September, 2015, by and between the Truckee Tahoe Airport District, a California Airport District ("DISTRICT") and Truckee Roundhouse "Lessee" authorized to transact business in California as a pending 501C3 Not for Profit Corporation, with its principal place of business at: 12116 Chandelle Way, Truckee, Nevada County, California, 96161, and mailing address Post Office Box 3501 Truckee CA 96160, doing business as Truckee Roundhouse ("LESSEE") those certain premises, hereinafter called the "Premises," located at 12116 Chandelle Way, Truckee, Nevada County, California, 96161 and identified as space E3.

Witnesseth:

WHEREAS, DISTRICT now owns, controls and operates the Truckee Tahoe Airport (the "Airport") located in Placer and Nevada Counties, State of California;

WHEREAS, Non-Aeronautical Commercial uses are essential to the success of general aviation at the Airport; and

WHEREAS, DISTRICT desires to make such premises available at the Airport and LESSEE is qualified, ready, willing and able to lease such premises; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE ONE

TERM

The term of this Agreement shall be for a period of two years and twenty eight days, commencing on the 1st day of September, 2015 and continuing through the 31st day of August, 2017 (the "Termination Date"), unless earlier terminated under the provisions of this Agreement. Nothing herein shall preclude LESSEE and DISTRICT from mutually agreeing to negotiate for an additional term or from mutually agreeing to negotiate for rental of any other facility constructed at the Airport during the term of this Agreement. In the absence of such a negotiated extension of the term, any occupancy by LESSEE beyond the Termination Date shall be on a month-to-month basis on the conditions set forth herein.

ARTICLE TWO

LEASED PREMISES

- A. DISTRICT hereby leases to LESSEE, and LESSEE hereby leases from DISTRICT, the following premises, identified as Warehouse Space E3 @ 3480 square feet +/- located at 12116 Chandelle Way, Truckee, CA. (the "Premises"), together with the right of ingress and egress for vehicles:
1. The square footage described above is approximate only and any variance between it and the actual space shall not operate to increase or reduce the rent to be paid pursuant to this Agreement.

B. Use. The Premises shall, during the term of this Lease and any extension thereof, be used for the purpose of all lawful purposes reasonably related to tenant's business purposes, including the storage of business documents and records, equipment, and such supplies as may be necessary and for uses normally incident to such purposes. Tenant shall not commit or permit the commission of any acts on the Premises that would increase existing rates for or cause the cancellation of any fire, liability or other insurance policy insuring the Premises or any improvements. Tenant shall not commit or permit the commission by others of any waste on the Premises or permit the maintenance or commission of any nuisance. Tenant shall, at Tenant's own cost and expense, comply with all statutes, ordinances, regulations, and requirements of all governmental entities relating to Tenant's use and occupancy of the Premises, whether such statutes, ordinances, regulations and requirements are now in force or hereafter enacted.

ARTICLE THREE

RIGHTS AND OBLIGATIONS OF LESSEE

A. Required Services.

1. The LESSEE will offer the services of its organization to all parties equally.
2. LESSEE agrees to support the community recognition plan throughout the life of the agreement attached herein as ADDENDUM A.

B. Authorized Services.

1. Not for Profit Community Makerspace that is open to the public through dues, fees, or membership.

C. Operating Standards. In providing any of the required and/or authorized services or activities specified in this Agreement, LESSEE shall operate for the use and benefit of the public and shall meet or exceed the following standards:

1. LESSEE shall comply with the minimum operating standards or requirements, now or hereafter promulgated by DISTRICT, applicable to each of LESSEE's activities on the Airport.
2. LESSEE shall comply with all federal, state and local laws, rules, policy instructions and regulations which may apply to the conduct of the business contemplated, including policy instructions rules and regulations now and hereafter promulgated by DISTRICT, and LESSEE shall maintain in effect and post in a prominent place all necessary and/or required licenses or permits.
3. LESSEE shall be responsible for the maintenance and repair of the Premises and shall keep and maintain the Premises in good condition, order and repair, and shall surrender the same upon expiration of this Agreement, in the condition in which they are required to be kept, reasonable wear and tear and damage by the elements not caused by LESSEE's negligence excepted.
4. It is expressly understood and agreed that, in providing required and authorized services pursuant to this Agreement, LESSEE shall have the right to choose, in its sole discretion, its vendors and suppliers. No open or uninvited solicitation on the Airport of LESSEE's services, except by signs as hereinafter provided, shall be done or permitted, and

DISTRICT shall be the sole judge as to whether or not the foregoing restriction has been violated and constitutes a breach of this Agreement. LESSEE shall not store materials or supplies at the Airport outside of any buildings.

5. LESSEE shall make no unlawful or offensive use of the Airport, not commit or suffer or permit waste, excessive noise, obnoxious odors, excessive dust or any other nuisance at the Airport.
6. LESSEE agrees to keep the Premises clear and free of all litter, garbage, debris and refuse, and to keep such premises and area in an orderly and sanitary condition at all times.
7. LESSEE shall successfully (in DISTRICT'S sole discretion) mitigate any and all impacts on DISTRICT and DISTRICT'S employees, guests, invitees and other Tenants from LESSEE'S activities, including but not limited to noise, vibration, odor, steam or other emissions.
8. Open Hours: for the space are 7 AM to 9:30 PM, restricted use for specific, noisy tools or tasks such as CNC machines, skill saws, band saws, routers, planers, etc. is from 5 PM to 9:30 PM.
Gates: All gates close at 9:30pm at which time access to the space will cease unless prearranged and authorized by the Airport General Manager. Airport trained Roundhouse Hosts will be present whenever the space is being used. LESSEE shall provide and employ an RFID system for doors, paint cabinet and specific tools when in operation.
9. LESSEE will agree to provide supporting material related to its membership, offering, and equity confirming its non-profit status to the airport upon request.
10. LESSEE agrees that all future improvements, lease terms, rights to premises, or request for expansion are entirely at the discretion of the District.
11. No one person or group of people can receive a larger benefit than any joining, public member.
 - a. No specific benefit to airport employees is allowed. Airport District employees are treated as public and will pay their fair, pro-rata share of any rates, fees or charges.
 - b. Scholarships may be given to people in need.
12. LESSEE may enter in agreements with artists in residence to rent workspace. Fees generated in this way would go into general operating funds of LESSEE, primarily spent on tooling and utilities. These business agreements are subject to review and approval by the Truckee Tahoe Airport District.
13. Large gatherings of more than 25 people at one time shall be allowed only with District's prior written consent.
 - a. Maximum occupancy rules apply
 - b. During open hours rollup door shall be open to a minimum height of seven (7) feet until the additional exit doors are installed.
 - c. No alcohol on premises.
 - d. No smoking.

14. LESSEE will make the space handicap accessible and ADA compliant at Lessee's sole cost and expense, except that Lessee may review and utilize the Report by the Certified Access Specialist referred to in Article FIVE A.
15. Lights, lasers, smoke or anything that would obstruct aeronautical use is not permitted. Operation of remote-controlled vehicles or UAS technology is not permitted unless specifically authorized by the District in compliance with Federal Regulation.

ARTICLE FOUR

APPURTENANT PRIVILEGES

- A. Use of Airport Facilities.** LESSEE shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the Airport.

ARTICLE FIVE

MAINTENANCE, ALTERATIONS, LEASEHOLD IMPROVEMENTS, SIGNS AND TRADE FIXTURES

- A. Maintenance and Repairs.** LESSEE has had the opportunity to inspect the Premises and accepts the Premises, as well as the improvements thereon, "as-is" in their present condition and acknowledges that the Premises and the improvements are in good, clean, safe and tenantable condition as of the date of the Lease. DISTRICT, at DISTRICT's cost and expense, shall maintain in good condition and repair the exterior roof, exterior walls, structural supports, and foundations of the Premises, provided that DISTRICT shall not be liable for any damage to LESSEE or the property of LESSEE resulting from DISTRICT's failure to make any repairs required by this section unless written notice of the need for such repairs has been given to DISTRICT by LESSEE and DISTRICT has failed for a period of thirty (30) days after the receipt of such notice to make such repairs. Except as otherwise expressly provided herein, LESSEE shall, at LESSEE's own cost and expense, keep and maintain all portions of the Premises, as well as all improvements on said Premises, in good order and repair and in a safe and, clean condition as they were when received from DISTRICT, reasonable wear and tear excepted. DISTRICT shall have no obligation to repair, maintain or restore the Premises or to maintain any security or policing against theft, vandalism, malicious mischief, riot, social disorders or other public offenses. Pursuant to Civil Code section 1938, LESSEE is hereby advised that the Premises have been inspected by a Certified Access Specialist and has been determined to not meet all applicable construction-related accessibility standards.
- B. Alterations; Removal of Lessee-Installed Property.** LESSEE shall make no alterations, decorations, additions or improvements in the Premises or otherwise at the Airport without DISTRICT's prior written consent. All alterations, additions or improvements made by LESSEE at the Airport shall, unless DISTRICT elects otherwise, as hereinafter provided, be the property of LESSEE and shall be removed by LESSEE, at LESSEE's expense within thirty (30) days of the expiration or termination of this Agreement. LESSEE shall also restore DISTRICT's property to at least its former condition normal wear and tear excepted and repair any damage resulting from such removal. If DISTRICT elects (upon written notice to LESSEE of such election given prior to the expiration or termination of this

Agreement) that all or a designated portion of the alterations, additions, or improvements made by LESSEE shall remain on the Premises at expiration or termination of this Agreement, then said alteration, additions or improvements shall become DISTRICT's property at no cost to DISTRICT. Machinery, equipment and trade fixtures installed by LESSEE in the Premises shall not be considered "alterations, additions or improvements" subject to the foregoing provisions and shall be removed from the Airport by LESSEE on or before expiration or termination of this Agreement, provided any damage to DISTRICT's property resulting from such removal shall be repaired or restored at LESSEE's expense. All alterations, additions and improvements made by LESSEE shall be done in a workmanlike manner, with good materials, and in full compliance with all applicable building codes, laws, ordinances, regulations and directions of public agencies having jurisdiction, and free and clear from any and all liens, claims and demands for work performed, materials furnished, or operations conducted on the Premises.

- C. Signs.** LESSEE shall be entitled to maintain signs advertising its services, provided, however, DISTRICT reserves the right to remove any sign now or hereafter erected by LESSEE and provided, further, that such signs maintained by LESSEE shall be at such locations as DISTRICT's General Manager shall designate in advance in writing and shall be of such type, design, color, size, composition and material acceptable to and approved by the DISTRICT in its sole discretion.

All of LESSEE's signs shall be maintained in good order, condition and appearance during the term of this Agreement and shall be removed from the Airport by LESSEE at LESSEE's sole expense on or before the expiration or other termination of this Agreement. LESSEE shall restore the premises to its pre sign installation condition when it removes the signs.

- D. Trade Fixtures.** During the term of this Agreement, LESSEE shall have the right, at its expense, to place in or on the Premises trade fixtures, furnishings, personal property, equipment and materials necessary to perform any services required or authorized hereunder. Said trade fixtures, furnishings, personal property, equipment and materials shall remain the property of LESSEE.

ARTICLE SIX

PAYMENTS

- A. Rent and Fees.** In consideration of the rights and privileges granted by this Agreement, LESSEE agrees to pay to DISTRICT during the term of this Agreement rent at 11 cents per square foot in year one, 22 cents per square foot in year two, 32 cents per square foot in year three and 43 cents per square foot in year four in the sum of \$366, \$732, \$1097, and \$1463 respectively per month for each year of the lease beginning in year one as outlined in EXHIBIT B "Maker Space Contribution Value", adjusted as set forth below thereafter, together such other payments as are set forth in this Agreement, subject to further adjustment as set forth in Section D herein and other provisions of this Agreement. A last month's rent deposit will be held by the District for the term of the lease. Any last month rent funds currently on account will be increased to the equivalent of one month's rent.
- B. Time of Payment and Late Charge.** LESSEE shall pay DISTRICT at its Airport offices without reduction, abatement, deduction, offset or any prior demand therefore, in advance on the first day

of each calendar month, commencing on the first day of the month following the execution of this Agreement, all monthly payments provided for in the Agreement. LESSEE shall pay the rent for the first month of this Agreement, prorated to the day of the month when the Agreement is executed, upon execution of the Agreement. All sums payable to DISTRICT shall be paid at the DISTRICT's principle place of business or at 10356 Truckee Airport Road, Truckee, California 96161. If LESSEE shall fail to pay any amounts due pursuant to the terms of this Agreement, by the tenth (10th) day of the month such installment is due, a late charge equal to ten percent (10%) of said monthly installment shall be added to that installment and shall be due and payable from LESSEE to DISTRICT. In addition, such unpaid amounts shall thereafter be subject to a service charge equal to seven percent (7%) per annum, calculated for each day the outstanding balance is not paid in full.

C. Security Deposit. LESSEE shall deposit \$2000.00) with DISTRICT upon execution of this Agreement, which sum shall be held by DISTRICT as security for the faithful performance by LESSEE of all of the terms, covenants and conditions of this Agreement to be kept and performed by LESSEE. If at any time the rent herein reserved shall be overdue and unpaid, or any other sum payable to DISTRICT by LESSEE hereunder shall be overdue and unpaid, DISTRICT may, at its option, appropriate and apply all or any portion of said deposit to the payment of any such overdue rent or other sum. If LESSEE fails to keep and perform all of the terms, covenants and conditions of this Agreement to be kept and performed by the LESSEE, then DISTRICT may, at its option, appropriate and apply the deposit to the amount of losses or damage sustained or suffered by DISTRICT by reason thereof. Should the entire deposit or any portion thereof be appropriated and applied by DISTRICT as herein provided, then LESSEE shall, upon written demand of DISTRICT, forthwith remit to DISTRICT a sufficient amount of cash to restore said security to the original amount. LESSEE's failure to do so within five (5) days after receipt of such demand constitutes a material breach of this Agreement

D. Annual Adjustment of Rental Fee. The monthly rental fee set forth in Section A herein shall be adjusted annually as follows: On November 1 each year, the monthly rent shall be computed by adding to the then current monthly rent an amount obtained by multiplying the then current monthly rent by the percentage by which the level of the Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, West - B/C (cities of less than 1,500,000 population), All Items (December 1996=100), as reported for the month of September just preceding said November 1, has increased over its level on the preceding September, rounded to the nearest whole dollar. (For example, if an agreement were entered into in September 1997 at \$100 per month initial rent and the percentage change in the index between July 1997 and July 1998 were 1.1%, the rent would be adjusted by adding \$100 x 1.1%, or \$1.10, to the \$100 rent, for a total rent of \$101.10 on September 1, 1998.) The amount thus derived shall be the monthly rent for November and each succeeding month during the next one (1) year term and shall be adjusted accordingly for each succeeding annual period, provided that the monthly rent shall in no event be less than the rent imposed at the beginning of the original term. In the event that the defined Index is not available as of November 1, the consumer price adjustment shall be computed as soon as such Index is available, and the rent shall be retroactively adjusted to say November 1. In the event no Index is published for September, the Index used shall be that for the next succeeding month which is published and an adjustment shall be made based thereon annually. Said resulting rent shall be rounded to the nearest dollar.

E. Taxes. LESSEE shall pay before delinquency any and all taxes (including real property taxes),

assessments, fees or charges, including possessory interest taxes, which may be imposed, levied or assessed upon any leasehold or possessory interests of LESSEE, and personal property, improvements, equipment or fixtures owned, controlled or installed by LESSEE and used or located on the Airport, or upon LESSEE's business. By entering into this Agreement, a possessory interest subject to property taxation may be created. LESSEE shall pay all such taxes. Nothing herein shall be deemed to limit any of LESSEE's rights to appeal any levies or assessments in accordance with the rules, regulations, laws, statutes, or ordinances governing the appeal process of the taxing authority making such levies or assessments.

- F. **Keys.** District prohibits the changing of door locks. LESSEE will replace lost keys at LESSEE's expense.

ARTICLE SEVEN

UTILITIES AND SNOW REMOVAL

- A. **Utilities.** LESSEE agrees to pay the cost of all utilities serving the Premises, including but not limited to gas, electric, water, sewer, and telephone services, and shall place said utilities in its own name when possible. LESSEE shall pay its pro-rata share of such utilities which remain in the name of the DISTRICT. In the event LESSEE fails to pay any utility bill when due, DISTRICT may, at its option, pay the same and collect from LESSEE the amounts so disbursed, plus interest at the rate of set forth in Article 6 herein.

Charges incurred for the furnishing of gas, electricity, water, telephone service, internet, garbage service, and other public utilities to the Premises during the term of this Lease shall be paid for in the following manner:

Gas: By Lessee for space separately metered space E3

Electricity: By Lessee; for space separately metered (space E3)

Water: By landlord

Telephone: By Lessee

Garbage: By District

Internet: By Lessee

Other: The tenant or Lessee may not develop or use the space for offices, meeting rooms or other types of uses that would enable constant use. It is agreed that the current facilities (E3) is compliant with this requirement.

LESSEE may arrange, on their own or by DISTRICT direction, for acquisition of a refuse dumpster. All dumpsters by the warehouse are contracted individually by the LESSEE; they are not shared/common use. All payments required to be made by LESSEE shall be made directly to the service provider before their delinquency. If the service providers will not invoice the LESSEE directly, then LESSEE shall reimburse DISTRICT for all such services upon presentation

by DISTRICT of copies of the service providers invoices within five (5) days.

LESSEE hereby expressly waives any and all claims for damage against DISTRICT arising from failure or interruption of utility services, including but not limited to, electricity, gas, water, plumbing, sewage, heat, ventilation, or air conditioning, or from construction activities at the Airport.

- B. Snow Removal.** DISTRICT shall provide snow removal for the outside areas contained within the Premises. Such snow removal shall be provided on an as-available basis subject to the DISTRICT priority schedule and availability of staff and equipment. It shall be the sole responsibility of LESSEE to provide its own equipment and labor to clean up and provide access to the buildings included within the Premises. LESSEE understands and agrees that DISTRICT snow removal equipment (snowplows, snowblowers, shovels, etc.) is not available for its use and that the area in which the Premises are located has a low priority for snow removal with the District.

LESSEE hereby expressly waives any and all claims for damage against DISTRICT arising from failure or interruption of snow removal services.

ARTICLE EIGHT

HAZARDOUS SUBSTANCES

Hazardous Substances. The provision of this Section which govern LESSEE's obligations with regard to hazardous substances, as defined below, shall survive termination of this Agreement.

- A. Definition of Hazardous Substance.** For purposes of this Agreement, "Hazardous Substances" is defined to mean any substance, material or waste, including asbestos and petroleum (including crude oil or any fraction thereof), which is or becomes designated, classified or regulated as being "toxic", "hazardous", a "pollutant", or similar designation under any federal, state or local law, regulation or ordinance.
- B. Indemnity Regarding Hazardous Substances.** LESSEE agrees to indemnify and hold DISTRICT harmless from and against all liabilities, claims, actions, foreseeable and unforeseeable consequential damages, costs and expenses (including sums paid in settlement of claims and all consultant, expert and legal fees and expenses of LESSEE's counsel) or loss directly or indirectly arising out of or resulting from the presence of any Hazardous Substances as a result of LESSEE's or any sub-LESSEE's activities, in or around any part of the property or the soil, groundwater or soil vapor on or under the property, including those incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, or any resulting damages or injuries to the person or property of any of their parties or to any natural resources. Upon demand by DISTRICT, LESSEE shall defend any investigation, action or proceeding alleging the presence of any Hazardous Substances in any such location, which affects the property or which is brought or commenced against DISTRICT, whether alone or together with LESSEE or any other person, all at LESSEE's own cost and by counsel to be approved by DISTRICT in the exercise of its reasonable judgment. In the alternative, DISTRICT may elect to conduct its own defense at the expense of LESSEE.

- C. Compliance Regarding Hazardous Substances.** LESSEE shall comply and cause all occupants of the Premises to comply, with all laws, regulations, and ordinances governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other expert which apply or pertain to the Premises. LESSEE acknowledges that Hazardous Substances may permanently and materially impair the value and use of the Premises.

LESSEE shall not allow the installation, release or storage of hazardous substances in, on, under or from the Premises. For the purposes of this provision, a release shall include, but not be limited to, any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, or otherwise disposing of hazardous substance.

- D. Notice Regarding Hazardous Substances.** LESSEE shall promptly notify DISTRICT if it knows, suspects or believes, there may be any Hazardous Substances in or around the Premises, or in the soil, groundwater or soil vapor on or under the property, or that LESSEE or the Premises may be subject to any threatened or pending investigation by any governmental agency under any law, regulation or ordinance pertaining to any Hazardous Substances.

LESSEE shall give written notice to the DISTRICT within ten (10) days of receipt of such knowledge or cause for belief. Provided, however, if LESSEE knows, or has reasonable cause to believe that such substance is an imminent and substantial danger to public health and safety, LESSEE shall notify the DISTRICT immediately upon receipt of this knowledge or belief and shall take all acts necessary to alleviate such danger. LESSEE will notify the DISTRICT immediately of any notice of violation received or initiation of environmental action or private suits relative to the Premises.

- E. Site Visits, Observations, and Testing.** DISTRICT and its agents and representatives shall have the right at any reasonable time to enter and visit the Premises for the purposes of observing the Premises, taking and removing solid or groundwater samples, and conducting tests on any part of the Premises. Such entry shall be during normal business hours except for emergencies. DISTRICT is under no duty, however, to visit or observe the Premises or to conduct tests. No site visit, observation or testing by DISTRICT shall result in a waiver of any default of LESSEE or impose any liability on DISTRICT. In no event shall any site visit, observation or testing by DISTRICT be a representation that Hazardous Substances are or are not present in, on or under the Premises, or that there has been compliance with any law, regulation or ordinance pertaining to Hazardous Substances or any other applicable governmental law. Neither LESSEE nor any other party is entitled to rely on any site visit, observation or testing by DISTRICT. DISTRICT shall not be obligated to disclose to LESSEE or any other party any report or finding made as a result of, or in connection with, any site visit, observation or testing by DISTRICT. In each instance, DISTRICT shall give LESSEE reasonable notice before entering the Premises or any other place DISTRICT is permitted to enter under this Section. DISTRICT shall make reasonable efforts to avoid interfering with LESSEE's use of the Premises or any other property in exercising any right provided in this Section.

ARTICLE NINE

INSURANCE

- A. Required Insurance.** LESSEE shall obtain and maintain continuously in effect at all times during the

term of this Agreement, at LESSEE's sole expense, the following insurance:

1. **Comprehensive general liability insurance** protecting DISTRICT against any and all liability arising by reason of LESSEE's conduct incident to the use of the Premises, or resulting from any accident occurring on or about the roads, driveways or other public places, including runways and taxiways, used by LESSEE at the Airport, caused by or arising out of any wrongful act or omission of LESSEE, in the minimum amount of \$1,000,000 per occurrence;
2. Personal injury in the amount of \$1,000,000 for injury or death of one person and, subject to the limitation for the injury or death of one person, of not less than \$5,000,000 for injury to or death of two or more persons as a result of any one accident or incident;
3. Property damage in the amount of \$1,000,000
4. LESSEE shall require that any Member utilizing the Premises to create any product for sale, that person shall be required to show proof to LESSEE of Products/Completed Operations Insurance, which names DISTRICT as an additional named insured, in an amount of \$1,000,000 for each occurrence/\$1,000,000 aggregate. LESSEE shall maintain copies of such policies and present to DISTRICT upon demand;
5. Designated Contractual Liability in an amount of in an amount of \$1,000,000 for each occurrence/\$1,000,000 aggregate;
6. Independent Contractors Liability in an amount of \$1,000,000 for each occurrence/\$1,000,000 aggregate;
7. Premises medical payments insurance in an amount of \$5,000 any one person \$10,000 aggregate.

The insurance specified in Sub-Paragraphs A.1 through A.7, above, shall name DISTRICT as an additional insured.

Any policy of insurance required under this Article shall be written by insurance companies authorized to do business in California. Each policy of insurance procured by LESSEE pursuant to this Article shall expressly provide that it cannot be canceled for any reason or altered in any manner unless at least 30 days' prior written notice has been given by the insurance company issuing the policy to DISTRICT in the manner specified in this lease for service of notices on DISTRICT by LESSEE.

Promptly on the issuance, reinsurance, or renewal of any insurance policy required by this lease, including fire and liability insurance policies, but at least upon execution of this lease and annually thereafter, LESSEE shall cause a certificate evidencing the policy and executed by the insurance company issuing the policy or its authorized agent to be given to DISTRICT. Upon request by DISTRICT, LESSEE shall provide a duplicate copy of the policy or policies to DISTRICT.

If at any time LESSEE fails to procure or maintain the insurance required by this Article, DISTRICT may obtain that insurance and pay the premiums on it for the benefit of DISTRICT. Any amounts paid by DISTRICT to

procure or maintain insurance pursuant to this section shall be immediately due and repayable to DISTRICT by LESSEE with the next then due installment of rent under this lease; failure to repay at that time any amount expended by DISTRICT shall be considered the same as a failure to pay rent and a default by LESSEE under this lease.

- B. LESSEE shall not do or permit to be done any act or thing that will invalidate or conflict with any insurance policies issued to DISTRICT or LESSEE. In the event any act, activity, use or thing on the Premises by LESSEE results in any increase in DISTRICT'S insurance rates, LESSEE shall be responsible and pay for that increase in DISTRICT'S insurance premiums as additional rent.

ARTICLE TEN

INDEMNIFICATION

- A. LESSEE shall defend (with counsel acceptable to DISTRICT), protect, indemnify and hold harmless DISTRICT, its directors, officers, employees, agents and representatives at all times from and against any and all liabilities, suits, proceedings, liens, actions, penalties, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which DISTRICT may incur, sustain or be subjected to arising out of or in any way connected with this Agreement, the acts or omissions of LESSEE or its officers, agents, employees, guests, customers, visitors or invitees, or LESSEE's operations on, or use or occupancy of the Premises or the Airport or Airport facilities.

The foregoing indemnification excludes only liability or loss caused by the sole negligence or willful misconduct of DISTRICT.

- B. **Notice.** LESSEE agrees to notify DISTRICT in writing as soon as practicable of any claim, demand or action arising out of an occurrence covered hereunder of which LESSEE has knowledge, and to cooperate with DISTRICT in the investigation and defense thereof.

ARTICLE ELEVEN

CASUALTY

- A. **Damage or Destruction of District-erected Premises.** In the event that any fixed improvements erected on the Premises by DISTRICT are damaged or destroyed by fire or other casualty, the rent hereunder shall not abate provided the Premises are not rendered untenable by such damage. If the Premises are rendered untenable, and DISTRICT elects to repair the Premises, the rent shall abate for the period during which such repairs are being made, provided the damage was not caused by acts or omissions of LESSEE, its employees, agents or invitees, in which case the rent shall not abate. If the Premises are rendered untenable and DISTRICT elects not to repair the Premises this Agreement shall terminate.
- B. **Damage or Destruction of Lessee-erected Premises.** In the event of damage to or destruction by fire, the elements, acts of God, or any other cause, of LESSEE-constructed improvements located within the Premises or in the event LESSEE-constructed improvements located within the Premises

are declared unsafe or unfit for use or occupancy by a public entity with the authority to make and enforce such declaration, LESSEE shall, within ninety (90) days of such damage, destruction or declaration commence and diligently pursue to completion the repair, replacement, or reconstruction of improvements necessary to permit full use and occupancy of the Premises for the purposes required by this Agreement. Repair, replacement or reconstruction of improvements within the Premises shall be accomplished in a manner and according to plans approved by DISTRICT.

ARTICLE TWELVE

CONDEMNATION

If all or any part of the Premises is taken by any public or quasi-public agency or entity under the power of eminent domain during the term of this Agreement:

1. Either DISTRICT or LESSEE may terminate this Agreement by giving the other thirty (30) days' written notice of termination; provided, however, that LESSEE cannot terminate this Agreement unless the portion of the Premises taken by eminent domain is so extensive as to render the remainder of the Premises useless for the uses permitted by this Agreement.
2. If only a portion of the Premises is taken by eminent domain and neither DISTRICT nor LESSEE terminates this lease, the rent thereafter payable under this Agreement shall be reduced by the same percentage that the floor area of the portion taken by eminent domain bears to the floor area of the entire Leased Space.
3. If any portion of the Airport other than the Premises is taken by eminent domain, DISTRICT may, at its option, terminate this lease by written notice to LESSEE.
4. Any and all damages and compensation awarded or paid because of a taking of the Premises shall belong to DISTRICT, and LESSEE shall have no claim against DISTRICT or the entity exercising eminent domain power for the value of the unexpired term of this Agreement or any other right arising from this Agreement.

ARTICLE THIRTEEN

LESSEE AS INDEPENDENT CONTRACTOR

In conducting its business hereunder, LESSEE acts as an independent contractor and not as an agent, partner or joint venturer of DISTRICT. The selection, retention, assignment, direction and payment of LESSEE's employees shall be the sole responsibility of LESSEE, and DISTRICT shall not attempt to exercise any control over the daily performance of duties by LESSEE's employees.

ARTICLE FOURTEEN

NONEXCLUSIVE RIGHTS

- A. Nonexclusive Right.** DISTRICT reserves the right, at its sole discretion, to grant others certain

rights and privileges upon the Airport which are identical in part or in whole to those granted to LESSEE. DISTRICT does, however, covenant and agree that:

1. It shall enforce all minimum operating standards or requirements for all aeronautical endeavors and activities conducted at the Airport;
 2. Any other operator of aeronautical endeavors or activities will not be permitted to operate on the Airport under rates, terms, or conditions which are more favorable than those set forth in this Agreement; and
 3. It will not permit the conduct of any aeronautical endeavor or activity at the Airport except under an approved lease and operating agreement.
- B. Nonexclusive Concession.** The concession or rights herein granted to LESSEE to operate the permitted business from the Premises are nonexclusive, and DISTRICT shall have the right to deal with, offer and grant similar leases, rights and concessions to any other firm or person. In the event of a conflict between the concessions of LESSEE and any other LESSEE or concessionaire at the Airport, DISTRICT shall have the right to resolve such conflict or dispute and its determination shall be binding upon LESSEE.

ARTICLE FIFTEEN

ASSIGNMENT AND SUBLETTING

- A. Assignment and Subletting.** LESSEE shall not assign, transfer, sublease, pledge, hypothecate, surrender, or otherwise encumber, or dispose of this Agreement or any estate or right created by this Agreement, or any interest in any portion of the same, or permit any other person or persons, company or corporation to occupy the Premises. This lease is non-transferable. Any attempt to transfer this Agreement from LESSEE by merger, consolidation, or liquidation, or the sale, conveyance, transfer by bequest or inheritance, or other transfer of a controlling interest in LESSEE shall constitute a default and termination of the agreement.

ARTICLE SIXTEEN

PERMITS AND REGULATIONS

- A. Permits.** LESSEE shall be solely responsible for, obtain and pay for any and all permits required by all federal, state, and local governmental entities for any and all work on alterations, additions modifications, installations, or improvements accomplished by LESSEE or by others on behalf of or for the benefit of LESSEE, or caused or allowed to be accomplished by LESSEE on the Premises. Any consent of DISTRICT Manager required under this Agreement shall be separate from any other consents or approvals required by any federal, state or other governmental agency.
- B. Compliance with Governmental Requirements.** LESSEE shall, at LESSEE's sole cost and expense, comply with all rules, regulations, ordinances, statutes, policies and laws of all county, municipal, state, local, federal and other governmental authorities, now or hereafter in effect pertaining to the Airport, the Premises, or LESSEE's use thereof. LESSEE shall specifically ensure that all of LESSEE'S employees have proper Worker's Compensation coverage in effect at all times.

C. Compliance with District Rules and Regulations. LESSEE shall at LESSEE's sole cost and expense at all times during the term of this Agreement or any renewal or extension thereof comply with and observe all rules, regulations, ordinances, policies and laws which have been or may be promulgated by DISTRICT relating to the Premises and the use of the facilities of the Airport including all fire regulations, safety regulations, noise control regulations and security regulations. Such rules and regulations are hereby made a part of this Agreement and LESSEE's failure to keep and observe the rules and regulations shall constitute a breach of the terms of this Agreement in like manner as if the same were contained herein as covenants and conditions. DISTRICT reserves the right to amend or supplement the rules and regulations and to adopt additional rules and regulations applicable to the Premises, to LESSEE's use of the Premises, and the use of the facilities of the Airport. DISTRICT shall have no obligation to LESSEE as a result of the violation of any such rules by any other person.

ARTICLE SEVENTEEN

ASSURANCES REQUIRED BY THE FAA

Those certain thirty-nine (39) provisions set forth within Section A, "Assurances," of Exhibit A, "Assurances Required by the Federal Aviation Administration," attached hereto and made a part hereof, are those specific provisions required by the FAA to be appropriately included within all agreements (including, without limitation, leases, licenses, permits, and contracts) between DISTRICT and any and all persons and/or entities who use or perform work or conduct activities on DISTRICT-owned Airport premises for aeronautical or non-aeronautical purposes. LESSEE, by its signature(s) hereunto affixed, acknowledges that it has reviewed the aforesaid Exhibit A, in its entirety, and fully understands the meaning, purpose, and intent thereof. LESSEE expressly agrees that, throughout the life hereof, it shall fully and faithfully comply with, abide by and/or adhere to, as applicable and appropriate, each and every one of the numbered provisions contained with Section B, "Assurances," of said Exhibit A (as said numbered provisions are reflected therein or as same may be amended, from time to time, during the life hereof, by DISTRICT, as and when the FAA's requirements thereon imposed may so dictate), which, pursuant to the guidelines established within Sections 2 of Section A of said Exhibit A, shall either be applicable to LESSEE on the start date of the term hereof or which, as a result of changing facts and/or circumstances, shall subsequently become applicable to LESSEE, hereunder, during the life hereof.

ARTICLE EIGHTEEN

DEFAULT AND TERMINATION

A. Termination by LESSEE. This Agreement shall be subject to termination by LESSEE in the event of any one or more of the following events:

1. The abandonment of the Airport as an airport or airfield for any type, class or category of aircraft.
2. The default by DISTRICT in the performance of any of the terms, covenants or conditions of this Agreement, and the failure of DISTRICT to remedy, or undertake to remedy, to LESSEE's satisfaction, such default for a period of thirty (30) days after receipt of notice from LESSEE to remedy the same.

3. Damage to or destruction of all or a material part of the Premises or Airport facilities necessary to the operation of LESSEE's business.
4. The lawful assumption by the United States, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to restrict LESSEE from substantially conducting business operations for a period in excess of ninety (90) days.

B. Termination by DISTRICT. This Agreement shall be subject to termination by DISTRICT in the event of any one or more of the following events:

1. The default by LESSEE in the performance of any of the terms, covenants or conditions of this Agreement, and the failure of LESSEE to remedy, or undertake to remedy, to DISTRICT's satisfaction, such default for a period of thirty (30) days after receipt of written notice from DISTRICT to remedy the same.
2. LESSEE files a voluntary petition in bankruptcy, including a reorganization plan, makes a general or other assignment for the benefit of creditors, is adjudicated as bankrupt or if a receiver is appointed for the property or affairs of LESSEE and such receivership is not vacated within thirty (30) days after the appointment of such receiver.
3. LESSEE's abandonment of the Premises.
4. LESSEE'S failure to utilize the premises for which the Premises are leased.

C. Default. The occurrence of any one or more of the following events shall constitute an "Event of default" and breach of this Agreement by LESSEE and District may immediately take all steps to terminate the Lease:

- a. If LESSEE shall make an assignment for the benefit of its creditors; or
- b. If any petition shall be filed against LESSEE in any court, whether or not pursuant to any statute of the United States or of any state, of any bankruptcy, reorganization, composition, extension, arrangement, or insolvency proceedings, and LESSEE shall thereafter be adjudicated bankrupt, and if such proceeding shall not be dismissed within thirty (30) days after the institution of the same, except that such time shall be extended while such proceeding is being diligently defended against by LESSEE: or, if any such petition shall be so filed by LESSEE: or
- c. If, in any proceeding, a receiver or trustee is appointed for all or any portion of LESSEE's property, and such receiver or trustee shall not be discharged within thirty (30) days after his appointment, except such time shall extended while such proceeding is being diligently defended against by LESSEE: or
- d. If LESSEE shall fail to pay when due any rent due hereunder, and such failure shall continue

for ten (10) days after written notice to LESSEE: or

- e. If LESSEE shall fail to pay any additional rent or other charge required hereunder, and such failure shall continue for ten (10) days after written notice to LESSEE: or
- f. If LESSEE shall fail to perform or observe any other requirement of this Agreement and such failure shall continue for ten (10) days after written notice to LESSEE, except if LESSEE has commenced and is diligently proceeding to cure the same: or
- g. The attachment, execution or other judicial seizure of substantially all of LESSEE's assets located at the Premises or of LESSEE's interest in this Agreement, where such seizure is not discharged within thirty (30) days.

ARTICLE NINETEEN

MISCELLANEOUS PROVISIONS

- A. Waiver/Timeliness.** No waiver of any term, condition, or covenant of this Agreement shall be presumed or implied. Any such waiver must be expressly made in writing by the party waiving the term, condition, or covenant. The acceptance by DISTRICT from LESSEE of any amount paid for any reason under this Agreement in a sum less than what is actually owing shall not be deemed a compromise, settlement, accord and satisfaction, or other final disposition of the amount owing unless DISTRICT agrees otherwise in writing. The acceptance by DISTRICT from LESSEE of rent shall not constitute a waiver of any prior breach, violation or default in or with respect to the performance or observance of the covenants and conditions contained herein. Acceptance of rent late or any waiver by DISTRICT of a LESSEE breach is not a waiver of default in a subsequent failure to pay rent on time or a subsequent breach of term, covenant or condition.
- B. Invalidity.** In the event any covenant, condition or provision herein is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained, provided that the invalidity of such covenant, condition or provision does not materially prejudice either DISTRICT or LESSEE in its respective rights and obligations contained in the valid covenants, conditions or provisions of this Agreement
- C. Notices.** All notices required herein shall be in writing and may be given by personal delivery or by first-class mail, postage prepaid, and addressed to DISTRICT at 10356 Truckee Tahoe Airport Road, Truckee, California 96161, and to LESSEE at Truckee Roundhouse Post Office Box 3501 Truckee CA 96160.

Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

- D. Headings.** The headings used in this Agreement are intended for convenience of reference only and do not define or limit the scope or meaning of any provision of this Agreement.
- E. Access by District.** LESSEE shall permit DISTRICT and its agents to enter the Premises at all reasonable times upon reasonable notice for any appropriate purpose, including, without limitation, the following purposes:
1. To inspect the Premises;
 2. To maintain the Airport;
 3. To maintain or make such repairs to the Premises as DISTRICT is obligated or may elect to make;
 4. To make repairs, alterations or additions to any other portion of the Airport;
 5. To post notices of non-responsibility for alterations, additions or repairs;
 6. To access any areas reserved to the DISTRICT herein;
 7. To show the Premises to prospective purchasers or LESSEES.

DISTRICT shall have such right of entry and the right to fulfill the purpose thereof without any rebate of rent to LESSEE for any loss of occupancy or quiet enjoyment of the Premises thereby occasioned.

- F. Sale of Premises by District.** In the event of any sale or exchange of the Premises by DISTRICT and assignment in connection therewith by DISTRICT of this Agreement, DISTRICT shall be entirely freed and relieved of any liability contained in or derived from this Agreement with respect to any act, occurrence or omission relating to the Premises or to this Agreement occurring after the consummation of such sale or exchange.
- G. Maintenance of Airport Facilities.** DISTRICT shall maintain all public and common or joint use areas of the Airport including the Air Operations Area, in good repair, and shall make such repairs, replacements or additions thereto as it considers, in its sole discretion, necessary for the safe and efficient operation of the Airport.
- H. Aerial Approaches.** DISTRICT reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent LESSEE from erecting, or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of DISTRICT, would limit the usefulness of the Airport or constitute a hazard to aircraft.
- I. Time.** Time is of the essence of this Agreement and of each and every one of the provisions herein contained except in respect to delivery of possession of the Premises to LESSEE.
- J. Force Majeure.** Any prevention, delay or stoppage due to strikes, walkouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substance therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, shall excuse the performance by such party for a period equal to

any such prevention, delay or stoppage, except for the obligation imposed with regard to rental and other charges to be paid by LESSEE pursuant to this Agreement.

- K. Tense, Number and Gender.** Each number, tense and gender used in this Agreement shall include any other tense, number or gender where the context and the parties hereto or the context and references therein shall require. If LESSEE shall consist of more than one person, all of the terms, covenants and conditions of this Agreement shall be joint and several as to LESSEE.
- L. Exhibits Incorporated.** All exhibits to which reference is made in this Agreement are deemed incorporated in this Agreement by reference as though fully set forth herein, whether or not actually attached.
- M. Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.
- N. LESSEE's Authority.** If LESSEE is a corporation, limited liability company or limited liability partnership, each individual executing this Agreement on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Agreement on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Agreement is binding upon said corporation in accordance with its terms.
- O. LESSEE's Obligations.** If a California corporation, Limited Liability Company or Limited Liability Partnership, LESSEE shall furnish DISTRICT a copy of its Articles of Incorporation or Article of Organization, as appropriate and a current listing of its officers and directors filed with the California Secretary of State. If an out-of-state corporation, Limited Liability Company or Limited Liability Partnership, LESSEE shall also furnish a copy of a current Certificate of Qualification issued by the California Secretary of State, qualifying the entity to do business in the State of California, as well as a certificate designating its agent for service of process in the State of California. If a partnership LESSEE shall furnish DISTRICT a copy of the published statement of doing business under a fictitious name filed with the Nevada or Placer County Clerk. Regardless of LESSEE's status, each person executing this Agreement on behalf of LESSEE shall complete, as individuals, the DISTRICT's Lessee/Licensee Information Form and return the same to the DISTRICT. Further, MORGAN GOODWIN personally guarantees all of the obligations of LESSEE under this Lease and Operating Agreement regardless of the status of LESSEE as an entity, until such time as all of LESSEE'S obligations have been discharged.
- P. Additional Space.** LESSEE understands and agrees that no space outside of the Premises is included within this Agreement. In the event LESSEE rents any other space, such rental shall be governed solely by the agreements and rules generally applicable to rentals by the DISTRICT.
- Q. Governing Law.** The construction of this Agreement, and the rights and liabilities of the parties hereto, shall be governed by the laws of the State of California.
- R. Entire Understanding / Ambiguities.** This Agreement contains the entire understanding of the parties. LESSEE, by signing this Agreement, agrees that there is no other written or oral

understanding between the parties with respect to the Premises. Each party has relied on its own examination of the Premises, advice from its own attorneys, and the warranties, representations, and covenants of the Agreement itself. Each of the parties in this Agreement agrees that no other party, agent, or attorney of any other party has made any promise, representation, or warranty whatsoever which is not contained in this Agreement. The failure or refusal of any party to read the Agreement or other documents, inspect the Premises, and obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on these actions. No modification, amendment, or alteration of this Agreement will be valid unless it is in writing and signed by all parties. Ambiguities in this Agreement, if any, shall not be construed against the drafting party.

S. Attorney's Fees. In the event any litigation or arbitration is commenced regarding this Lease Agreement, the prevailing party in any such action shall be entitled to an award of its Attorney's fees and costs, in addition to any other remedy or relief granted therein.

IN WITNESS WHEREOF, the parties have duly executed this Agreement.

LESSEE:

**Morgan Goodwin
Truckee Roundhouse**

By _____

Print Name: _____

Title: _____

Date: _____

The obligations of LESSEE are also personally
Guaranteed by:

Morgan Goodwin

Date: _____

Approved as to form for Lessee:

By _____
Name:

DISTRICT:

TRUCKEE TAHOE AIRPORT DISTRICT

By _____
John B. Jones Jr., Board President

Date: _____

By _____
Kevin Smith, General Manager / Secretary

Date: _____

Approved as to form for District:

Brent Collinson, District Counsel

Exhibit A

ASSURANCES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION



**FAA
Airports**

ASSURANCES

Airport Sponsors

A. General.

1. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
2. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
3. Upon acceptance of this grant offer by the sponsor, these assurances are incorporated in and become part of this grant agreement.

B. Duration and Applicability.

1. **Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.**

The terms, conditions and assurances of this grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.

2. ***Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.***

The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

3. Airport Planning Undertaken by a Sponsor.

Unless otherwise specified in this grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 25, 30, 32, 33, and 34 in Section C apply to planning projects. The terms, conditions, and assurances of this grant agreement shall remain in full force and effect during the life of the project; there shall be no limit on the duration of the assurances regarding Airport Revenue so long as the airport is used as an airport.

C. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this grant that:

1. General Federal Requirements.

It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

D. Federal Legislation

- a. Title 49, U.S.C., subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.¹
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act – 5 U.S.C. 1501, et seq.²
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.^{1 2}
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).¹
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.¹
- 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. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
- p. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- q. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- r. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.¹
- s. Power plant and Industrial Fuel Use Act of 1978 - Section 403- 2 U.S.C. 8373.¹
- t. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.¹
- u. Copeland Anti-kickback Act - 18 U.S.C. 874.1
- v. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.¹
- w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- x. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.²
- y. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.

- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

Executive Orders

- a. Executive Order 11246 - Equal Employment Opportunity¹
- b. Executive Order 11990 - Protection of Wetlands
- c. Executive Order 11998 – Flood Plain Management
- d. Executive Order 12372 - Intergovernmental Review of Federal Programs
- e. Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New Building Construction¹
- f. Executive Order 12898 - Environmental Justice

Federal Regulations

- a. 2 CFR Part 180 - OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement).
- b. 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. [OMB Circular A-87 Cost Principles Applicable to Grants and Contracts with State and Local Governments, and OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations].^{4, 5, 6}
- c. 2 CFR Part 1200 – Nonprocurement Suspension and Debarment
- d. 14 CFR Part 13 - Investigative and Enforcement Procedures 14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
- e. 14 CFR Part 150 - Airport noise compatibility planning.
- f. 28 CFR Part 35- Discrimination on the Basis of Disability in State and Local Government Services.
- g. 28 CFR § 50.3 - U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
- h. 29 CFR Part 1 - Procedures for predetermination of wage rates.¹
- i. 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.¹
- j. 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).¹
- k. 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).¹
- l. 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.³
- m. 49 CFR Part 20 - New restrictions on lobbying.
- n. 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- o. 49 CFR Part 23 - Participation by Disadvantage Business Enterprise in Airport Concessions.

- p. 49 CFR Part 24 – Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs.^{1 2}
- q. 49 CFR Part 26 – Participation by Disadvantaged Business Enterprises in Department of Transportation Programs.
- r. 49 CFR Part 27 – Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.¹
- s. 49 CFR Part 28 – Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
- t. 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- u. 49 CFR Part 32 – Government wide Requirements for Drug-Free Workplace (Financial Assistance)
- v. 49 CFR Part 37 – Transportation Services for Individuals with Disabilities (ADA).
- w. 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.

Specific Assurances

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in this grant agreement.

Footnotes to Assurance C.1.

¹ These laws do not apply to airport planning sponsors.

² These laws do not apply to private sponsors.

³ 49 CFR Part 18 and 2 CFR Part 200 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.

⁴ On December 26, 2013 at 78 FR 78590, the Office of Management and Budget (OMB) issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200. 2 CFR Part 200 replaces and combines the former Uniform Administrative Requirements for Grants (OMB Circular A-102 and Circular A-110 or 2 CFR Part 215 or Circular) as well as the Cost Principles (Circulars A-21 or 2 CFR part 220; Circular A-87 or 2 CFR part 225; and A-122, 2 CFR part 230). Additionally it replaces Circular A-133 guidance on the Single Annual Audit. In accordance with 2 CFR section 200.110, the standards set forth in Part 200 which affect administration of Federal awards issued by Federal agencies become effective once implemented by Federal agencies or when any future amendment to this Part becomes final. Federal agencies, including the Department of Transportation, must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB.

⁵ Cost principles established in 2 CFR part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses.

⁶ Audit requirements established in 2 CFR part 200 subpart F are the guidelines for audits.

2. Responsibility and Authority of the Sponsor.

a. Public Agency Sponsor:

It has legal authority to apply for this grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

b. Private Sponsor:

It has legal authority to apply for this grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

3. Sponsor Fund Availability.

It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under this grant agreement which it will own or control.

4. Good Title.

a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.

b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

5. Preserving Rights and Powers.

a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.

- b. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of this grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.
- c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.
- d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.
- e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.
- f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in this grant agreement and shall insure that such arrangement also requires compliance therewith.
- g. Sponsors of commercial service airports will not permit or enter into any arrangement that results in permission for the owner or tenant of a property used as a residence, or zoned for residential use, to taxi an aircraft between that property and any location on airport. Sponsors of general aviation airports entering into any arrangement that results in permission for the owner of residential real property adjacent to or near the airport must comply with the requirements of Sec. 136 of Public Law 112-95 and the sponsor assurances.

6. Consistency with Local Plans.

The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

7. Consideration of Local Interest.

It has given fair consideration to the interest of communities in or near where the project may be located.

8. Consultation with Users.

In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.

9. Public Hearings.

In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.

10. Metropolitan Planning Organization.

In projects involving the location of an airport, an airport runway, or a major runway extension at a medium or large hub airport, the sponsor has made available to and has provided upon request to the metropolitan planning organization in the area in which the airport is located, if any, a copy of the proposed amendment to the airport layout plan to depict the project and a copy of any airport master plan in which the project is described or depicted.

11. Pavement Preventive Maintenance.

With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

12. Terminal Development Prerequisites.

For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and

has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.

13. Accounting System, Audit, and Record Keeping Requirements.

- a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this grant, the total cost of the project in connection with which this grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
- b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which this grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

14. Minimum Wage Rates.

It shall include, in all contracts in excess of \$2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

15. Veteran's Preference.

It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

16. Conformity to Plans and Specifications.

It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans,

specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into this grant agreement.

17. Construction Inspection and Approval.

It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.

18. Planning Projects.

In carrying out planning projects:

- a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
- b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
- c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
- d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
- e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.
- f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
- g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
- h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

19. Operation and Maintenance.

The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal

to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-

- 1) Operating the airport's aeronautical facilities whenever required;
 - 2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
 - 3) Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

20. Hazard Removal and Mitigation.

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

21. Compatible Land Use.

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

22. Economic Nondiscrimination.

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or

to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-

- 1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
 - 2) Charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
 - d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
 - e. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
 - f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.
 - g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
 - h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.
 - i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

23. Exclusive Rights.

It will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of the services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply:

- a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
- b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport. It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

24. Fee and Rental Structure.

It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection. No part of the Federal share of an airport development, airport planning or noise compatibility project for which a grant is made under Title 49, United States Code, the Airport and Airway Improvement Act of 1982, the Federal Airport Act or the Airport and Airway Development Act of 1970 shall be included in the rate basis in establishing fees, rates, and charges for users of that airport.

25. Airport Revenues.

- a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. The following exceptions apply to this paragraph:
 - 1) If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or

operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.

- 2) If the Secretary approves the sale of a privately owned airport to a public sponsor and provides funding for any portion of the public sponsor's acquisition of land, this limitation on the use of all revenues generated by the sale shall not apply to certain proceeds from the sale. This is conditioned on repayment to the Secretary by the private owner of an amount equal to the remaining unamortized portion (amortized over a 20-year period) of any airport improvement grant made to the private owner for any purpose other than land acquisition on or after October 1, 1996, plus an amount equal to the federal share of the current fair market value of any land acquired with an airport improvement grant made to that airport on or after October 1, 1996.
 - 3) Certain revenue derived from or generated by mineral extraction, production, lease, or other means at a general aviation airport (as defined at Section 47102 of title 49 United States Code), if the FAA determines the airport sponsor meets the requirements set forth in Sec. 813 of Public Law 112-95.
- b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.
 - c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

26. Reports and Inspections.

It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
- b. for airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;
- c. for noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of this grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and

- d. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 - 1) all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 - 2) all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

27. Use by Government Aircraft.

It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that –

- a. Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or
- b. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds.

28. Land for Federal Facilities.

It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

29. Airport Layout Plan.

- a. It will keep up to date at all times an airport layout plan of the airport showing
 - 1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;
 - 2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and

roads), including all proposed extensions and reductions of existing airport facilities;

- 3) the location of all existing and proposed non-aviation areas and of all existing improvements thereon; and
 - 4) all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.
- b. If a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

30. Civil Rights.

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this grant.

- a. Using the definitions of activity, facility and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR § 21, the sponsor will facilitate all programs, operate all facilities, or conduct all programs in compliance with all non-discrimination requirements imposed by, or pursuant to these assurances.
- b. Applicability
 - 1) Programs and Activities. If the sponsor has received a grant (or other federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities.
 - 2) Facilities. Where it receives a grant or other federal financial assistance to construct, expand, renovate, remodel, alter or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.

- 3) Real Property. Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.

c. Duration.

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

- 1) So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or
- 2) So long as the sponsor retains ownership or possession of the property.

d. Required Solicitation Language. It will include the following notification in all solicitations for bids, Requests For Proposals for work, or material under this grant agreement and in all proposals for agreements, including airport concessions, regardless of funding source:

“The (Name of Sponsor), in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.”

e. Required Contract Provisions.

- 1) It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally- assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non-discrimination in Federally-assisted programs of the DOT acts and regulations.
- 2) It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.
- 3) It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a sponsor.
- 4) It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a

covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:

- a) For the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
 - b) For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
- f. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.
- g. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

31. Disposal of Land.

- a. For land purchased under a grant for airport noise compatibility purposes, including land serving as a noise buffer, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will be, at the discretion of the Secretary, (1) reinvested in another project at the airport, or (2) transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order, (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund. If land acquired under a grant for noise compatibility purposes is leased at fair market value and consistent with noise buffering purposes, the lease will not be considered a disposal of the land. Revenues derived from such a lease may be used for an approved airport development project that would otherwise be eligible for grant funding or any permitted use of airport revenue.
- b. For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (1) upon application to the Secretary, be reinvested or transferred to another

eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order: (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund.

- c. Land shall be considered to be needed for airport purposes under this assurance if

(1) it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (2) the revenue from interim uses of such land contributes to the financial self-sufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land continues to be used for that purpose, such use having commenced no later than December 15, 1989.

- d. Disposition of such land under (a) (b) or (c) will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.

32. *Engineering and Design Services.*

It will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services with respect to the project in the same manner as a contract for architectural and engineering services is negotiated under Title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.

33. *Foreign Market Restrictions.*

It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

34. *Policies, Standards, and Specifications.*

It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including but not limited to the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects, dated ____ (the latest approved version as of this grant offer) and included in this grant, and in accordance

with applicable state policies, standards, and specifications approved by the Secretary.

35. *Relocation and Real Property Acquisition.*

- a. It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B.
- b. It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24.
- c. It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.

36. *Access by Intercity Buses.*

The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

37. *Disadvantaged Business Enterprises.*

The sponsor shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract covered by 49 CFR Part 26, or in the award and performance of any concession activity contract covered by 49 CFR Part 23. In addition, the sponsor shall not discriminate on the basis of race, color, national origin or sex in the administration of its DBE and ACDBE programs or the requirements of 49 CFR Parts 23 and 26. The sponsor shall take all necessary and reasonable steps under 49 CFR Parts 23 and 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts, and/or concession contracts. The sponsor's DBE and ACDBE programs, as required by 49 CFR Parts 26 and 23, and as approved by DOT, are incorporated by reference in this agreement. Implementation of these programs is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the sponsor of its failure to carry out its approved program, the Department may impose sanctions as provided for under Parts 26 and 23 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1936 (31 U.S.C. 3801).

38. *Hangar Construction.*

If the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.

39. Competitive Access.

- a. If the airport owner or operator of a medium or large hub airport (as defined in section 47102 of title 49, U.S.C.) has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at that airport in order to allow the air carrier to provide service to the airport or to expand service at the airport, the airport owner or operator shall transmit a report to the Secretary that-
 - 1) Describes the requests;
 - 2) Provides an explanation as to why the requests could not be accommodated; and
 - 3) Provides a time frame within which, if any, the airport will be able to accommodate the requests.
- b. Such report shall be due on either February 1 or August 1 of each year if the airport has been unable to accommodate the request(s) in the six month period prior to the applicable due date.

	Year 1 Income	year 2 income	year 3 income	Description
Non Operational Inflows				
Large Donations	100,000	20,000	0	
Fundraisers	20,000	30,000	35,000	
Grants	20,000	50,000	50,000	
Non-operational inflow	140,000	100,000	85,000	
Operational Income				
Membership	22,500	46,350	50,985	Estimated reaching target level by end of year 1. Increasing 3%/yr after that
Classes	19,200	42,240	46,464	End of year 1 projected monthly class income \$3200. Years 2 and 3 grow at 10%
Short term use	16,350	\$32,700	\$32,700	
Premium tool charge	5,850	\$11,700	\$11,700	
Studio Leases	3,600	7,200	7,200	Estimated reaching \$600/month in rent from resident artists by end of year 1
Sponsorships	10,000	15,000	20,000	Selling banner space, logos on marketing materials
Sales of consumables / sales of art	1,000	2,000	4,000	Selling \$3k of materials per month at a 20% profit margin, plus an additional \$3k from annual art sale proceeds
Operational Income	78,500	157,190	173,049	
Total Inflow	218,500	257,190	258,049	
Non-Operating Expense				
Tenant Improvements	(5,000)	(20,000)	0	
Tooling	(85,000)	(35,000)	0	Our goal is to provide high quality tools, accepting donations if possible
Future capital improvements / Art Grant	0	(50,000)	(50,000)	Contingency for possible future beyond Airport space and possible grants to artists
Future budget contingency	0	0	(25,000)	
Total non-operating expenses	(90,000)	(105,000)	(75,000)	
Operational Expenses				
Rent	4,392	8,799	13,168	Agreed upon Makerspace contribution
Utilities	24,000	24,720	25,462	Starting at \$2k/mo, growing 3% annually. The Generator, at 30,000 ft, uses approx \$2k/mo for utilities. Winter temperatures will be kept cool, except for isolated space heaters. Includes Electric, propane, trash
Shop consumables and maintenance	10,000	10,300	10,609	See attached tooling budget
Marketing	5,000	5,150	5,305	Marketing to develop membership and revenue from events. Note: this does not include fundraising. See attached fundraising sheet
Executive director	36,000	37,080	60,000	Part time first 2 years, then full time of a \$50k salary (low end of comparable Truckee non profits), plus 10% overhead, and \$500/mo in benefits.
Facilities manager	19,500	39,000	39,780	part time first year -- assumes a \$35k salary, plus 10% overhead and \$500/mo in benefits
Insurance	12,000	12,600	13,230	General liability and workers comp.
Business Services	8,000	10,240	10,547	Accountant, taxes, misc. Estimated 3% increase annually, plus increasing with end of fiscal sponsorship
Fiscal Sponsorship	6,555	0	0	3% fiscal sponsorship for 'pass through' via Sierra Business Council until (c)3 status reached
Scholarships	2,250	4,635	5,099	We plan to discount 10% of all membership fees as 'scholarships'
Total Operating Expense	(127,697)	(152,524)	(183,199)	
Total outflows	(217,697)	(257,524)	(258,199)	
Operational Balance	(49,197)	4,666	(10,150)	Amount required to fundraise to maintain operations
Annual Cashflow	803	(334)	(150)	

D.



Truckee Roundhouse

PO Box 3501, Truckee, CA

*Chair: Morgan Goodwin | Secretary: Emily Vitas | Treasurer: Grant Kaye | Board: Karin Johnson |
Board: Chris 'Chief' Gregor*

August 17, 2015

To: Truckee Tahoe Airport District

Re: Lease Agreement for the Truckee Roundhouse Community Makerspace

On behalf of the Truckee Roundhouse board of directors and founding members, I would like to thank you for your May vote to lease space in the airport for the purposes of creating a community makerspace, and your consideration to finalize this deal at the August meeting.

Our group has worked hard to create a viable plan to bring a makerspace to Truckee by raising money, holding public events, creating a non-profit business entity, acquiring insurance and navigating government regulations. Since the June meeting of the airport board, Truckee Roundhouse has worked hard to get our project ready for an airport lease. We have been in close communication with Hardy Bullock to cover details in the proposed lease agreement and address other airport concerns.

As an organization, we are nearing completion of our logo and branding. We plan to launch a capital and marketing campaign with the new brand at the same time that we announce a new lease. We are also working on new partnerships. The Roundhouse is planning to build a large temporary sculpture for a public event this fall, and hope to announce more details soon.

We are hearing from all sorts of people who are excited about the Roundhouse; from visitors to teachers to local businesses. Based on our 168 community survey responses, our 300+ person mailing list, and the 500 people who attended the maker show, we feel that we have a lot of momentum behind this idea.

We see a partnership with the Airport as a critical incubator for this unique contribution to our creative community. The airport and surrounding area currently host some of the most innovative businesses in Truckee, and more are on the way. The airport is in a position to make a bold new contribution to the region by creating a vibrant space that will benefit hundreds of passionate individuals. Agreeing to lease space to Truckee Roundhouse is a big move to support the community.

We look forward to working with you,

Truckee Roundhouse Board
Morgan, Grant, Emily, Chief, Karin

Community Recognition Plan

This Plan promotes the Truckee Tahoe Airport District objective(s) to support the surrounding community. In recognition of the Airport's contribution to the foundation of the Truckee Roundhouse it is hereby agreed that the items listed below will be collectively known as the Community Recognition Plan and will be promoted by the Truckee Roundhouse Organization during the term of the initial lease.

1. Logo placement on supporting collateral such as brochures, letterhead, rack cards, flyers, and promotional materials in printed and electronic format.
2. Partnership recognition commensurate with the market rate, pro bono value of the leasehold.
3. Mutual promotion through social media such as Facebook, Instagram, and Twitter.
4. Mutual promotion through radio and newsprint such as KTKE and the Sierra Sun and Moonshine Ink. Each organization will bear an equal relative cost.
5. Quarterly Recognition in each Member's Newsletters, publications or other media that advises the general membership.
6. A sign or signs at the airport location disclosing the airport's contribution to the Truckee Roundhouse approved in writing in advance of placement by the District.

G.

Truckee Roundhouse Makerspace Rate & Membership Fee Schedule

Individual monthly:	\$50
Junior monthly (under 21)	\$25
Business Employee rate (minimum of 5 individuals)	\$35
10 day punch card	\$140
Day use membership	\$25
Laser use per hour (commercial)	\$75
Laser use per hour (non-commercial)	\$15