

TRUCKEE TAHOE AIRPORT DISTRICT SPECIALIZED AVIATION SERVICE OPERATOR (SASO) AGREEMENT

This Service and Lease agreement (herein called "Lease") is entered into as of **MAY 01, 2008**, by and between the TRUCKEE TAHOE AIRPORT DISTRICT (herein called "District" or "Airport"), and **SOAR TRUCKEE, INC.** (herein called "Tenant"), with respect to the following facts:

The District is a public agency organized and existing under the provisions of the California Airport District Act, Public Utilities Code SS 22001-22908, and operates the Truckee Tahoe Airport, located in the counties of Placer and Nevada, State of California.

The Tenant desires to enter into an agreement with District permitting Tenant to provide specialized aviation soaring and towing services for the public and District to provide Tenant with certain facilities necessary thereto.

WHEREFORE, the parties agree as follows:

1. **PREMISES.** District hereby leases to Tenant and Tenant leases from District for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Nevada, State of California, described on Exhibit "A", attached hereto and incorporated herein by reference. Said real property including the land, comprising approximately 3.9 acres of campsites, gravel ramp area adjacent to RWY 1-19, a small parking area, and all improvements, is herein called "the Premises". The building and the water distribution system for the well presently on the Premises belongs to the Tenant and may be removed pursuant to the terms of Section 11.E. of this Lease.
2. **USE OF PREMISES.** The Premises shall be used by Tenant only for the purpose of operating specialized aviation soaring services. Acceptable uses of the Premises include the following:
 - A. Provision of tie down facilities for sailplanes, tow aircraft and associated vehicles in designated areas identified on Exhibit A.
 - B. Campground facilities which may be used by sailplane and other aircraft owners/operators, who have their vessels at the Airport.
 - C. Maintenance of an operations buildings and related facilities which have been constructed, installed, or improved by the Tenant.
 - D. Other related or incidental purposes, as may be first approved in writing by the Airport Manager.
 - E. 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.
 - F. Tenant shall, at Tenant's own cost and expense, comply with all statutes, ordinances, regulations, and requirements including but not limited to, land use and zoning regulations, 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. District does not make any representation or guarantee that the intended use of the Premises conforms to current zoning restrictions for the Premises.
 - G. Tenant covenants and agrees to use the Premises throughout the term hereof for the above-specified purposes and to diligently conduct the business thereon. Failure to continuously use the Premises for said purposes, or the use thereof for purposes not expressly authorized herein, shall be grounds for termination by the

District. The use of the Premises for any unauthorized purpose shall constitute a substantial default and subject this Lease to termination at the sole option of the District.

3. TENANT'S OBLIGATIONS; NATURE AND QUALITY OF SERVICES. Tenant agrees to furnish, in a good, prompt, efficient, and dependable manner, those services set forth below, in the manner described below:

A. Tenant shall provide soaring rides and glider instruction services for the general public and provide sailplane rental to qualified pilots, subject to equipment and personnel availability.

B. Tenant may provide aircraft tows to those certified glider pilots with their own gliders.

C. Tenant shall have in place prior to each Season, a Standard Operating Procedure ("SOP") containing a detailed description of the operation protocol and safety measures to be followed by Tenant and members of the public. Annually a copy of this SOP shall be provided to the District for review and approval at the sole discretion of the District. Following annual approval, the SOP shall become a part of this Lease and become an enforceable covenant under this Lease. If any portion of the SOP is not approved by the District, it shall be revised by Tenant and resubmitted to meet the District's standards.

D. Tenant must perform all services to the highest safety standards required by the soaring industry, the District, and all applicable governmental and regulatory agencies. Tenant's Operations Manager shall ensure that each aircraft will be equipped with an air-to-ground radio capable of the local UNICOM frequency. Nothing stated above relieves the tow pilot, employees, agent, independent contractor from his responsibilities for the safe operations of his aircraft under FAA Regulations.

E. Tenant shall insure that only FAA certified and qualified personnel provide glider instruction, rides, and tows.

F. Tenant may provide telephone service to the Premises and shall provide a telephone message board for customers.

G. Tenant shall abide by the rules and regulations of the Federal Aviation Administration and the District at all times. Any violation of these regulations may be cause for a temporary halt to all operations until Tenant is in compliance. Repeated violation of these regulations may be cause for termination of this Lease.

H. Tenant shall be eligible for the District FBO Fuel Discount for tow planes only. No "Self Fueling" will take place without the express written permission of the District. The District may provide a tank and pump unit to facilitate operations for the tenant's towplanes only. The tenant shall pay for fuel when the tank is filled, shall provide an SOP for operations and safety, and shall not sell or otherwise dispense fuel to other than tenant towplanes.

I. Transient aircraft shall not be parked or tied down in the glider area unless utilizing the campground facilities.

J. Tenant shall provide the ONLY campfire, for the campground facilities, located in a steel ring sunk into the ground several feet and within 20 feet of a water outlet at the Building. Fires will only be permitted when the U.S. Forest Service conditions permit and there is little or no wind at the location. Only wood shall be burnt. This facility shall be approved by the Fire Chief with jurisdiction over the campfire site.

K. Tenant shall provide annually to the District a list of emergency contacts and/or responsible parties for the Tenant, along with a list of its Board of Directors for the Corporation.

L. Tenant shall provide annually to the District a list of rates and charges for services rendered pursuant to this Lease.

M. Tenant shall maintain a census of tiedown and stored aircraft and a census of campsite occupancy that may, from time to time be reviewed by the District, and shall be used for adjusting rent annually.

4. TERM.

A. The term of this Lease shall be for four (4) years commencing on May 01, 2008 and ending on April 30, 2012 unless terminated pursuant to any provision hereof.

B. Operational use of the Premises shall be from May 01 through October 15 of each year, herein called the "Season". Tenant shall be responsible for its improvements to the Premises throughout the year and the entire lease term. With the exception of the improvements, Tenants shall not otherwise be responsible for the Premises during the non-Season.

5. **RENT.** Tenant agrees to pay as rent for the premises the following sums:

A. Tenant agrees to pay District as a minimum basic rent that is calculated on the following factors:

(1) Aircraft tiedown/parking spaces at the pro-rated annual tiedown rate for single engine aircraft as set by the Board and corrected for unimproved (gravel) ramp. As of May 1, 2008 this rate is \$17.50 per space.

(2) Camp site rent, interest only, calculated using the LAIF interest rate applied to the value of land over 30 years, pro-rated monthly. As of May 1, 2008 this rate is \$36.00 per space.

(3) Tenant shall provide prior to the start of any season, an average aircraft tiedown and camp site use census based on data from the previous season for establishing the monthly rent for the coming season. As of May 1, 2008 the average tiedown census = 16 and the average campsite census = 22. The monthly rent for the first season is \$1,072.00

(4) An annual access permit fee to offset the charge levied on the District for use of the Corps of Engineer road. As of May 1, 2008 this charge is \$500.00 and shall be paid at the beginning of the season.

B. Tenant shall pay to District as additional rent a cost of living increase applied to only the camp site rate and computed annually as follows: On May 01 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 March just preceding said May 01, has increased over its level on the preceding March, rounded to the next highest whole dollar. (For example, if an agreement were entered into in May 1997 at \$100 per month initial rent and the percentage change in the index between March 1997 and March 1998 were 3.3%, the rent would be adjusted by adding \$100 x 3.3%, or \$3.30, to the \$100 rent, for a total rent of \$104.00 on May 01, 1998.) The amount thus derived shall be the monthly rent for May 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 May 01, the consumer price adjustment shall be computed as soon as such index is available, and the rent shall be retroactively adjusted to said May 01. In the event no index is published for March, the index used shall be that for the next succeeding month which is published and an adjustment shall be made based thereon annually.

C. Tenant shall also pay:

(1) all taxes, assessments, license fees and charges levied or assessed upon Tenant's use of the premises, including but not limited to any possessory interest tax, and additionally on all furniture, furnishings, fixtures, machinery and equipment in, on or about the premises;

(2) all costs and expenses for repair or maintenance of the premises; and,

(3) all costs and expenses for any increase in District's fire or liability insurance relating to Tenant's use of the premises.

District shall bill to Tenant additional rent as specified hereunder with the monthly statement for minimum basic rent immediately following the month in which District incurs any obligation relating to additional rent as defined in this Section 5C.

D. All rent set forth in this Section 5 shall be due and payable at the times specified herein above, to District's principal place of business at 10356 Truckee Airport Road, Truckee, California 96161. If Tenant shall fail to pay, when the same is due and payable, any amounts due pursuant to the terms of this Lease, such unpaid amounts shall bear interest at five percent (5%). In addition to such interest, if Tenant shall fail to pay any monthly

installment of the minimum basic rent by the tenth (10th) day of the month such installment is due, a late charge equal to ten percent (10%) of the monthly installment of the minimum basic rent shall be added to that installment and shall be due and payable from the Tenant to the District.

6. **SECURITY DEPOSIT.** None Required.

7. **HOURS OF OPERATION.** Tenant agrees that conditions and weather permitting, it will be open and available for business during daylight hours seven (7) days a week during the Season.

8. **COMPLIANCE WITH LAWS.** Tenant shall, at Tenant's expense, comply promptly with all applicable federal, state and local statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Tenant of the Premises.

9. **CONDITION OF PREMISES.** Tenant has inspected the Premises and hereby accepts the Premises in its "as is" condition existing as of the date of the execution hereof. District does not warrant or guarantee Premises is in the condition required by applicable laws for the intended use of the Premises. It is the Tenant's sole obligation to render the Premises in an operable condition to comply with all applicable federal, state, and local laws, ordinances and regulations governing and regulating the use of the Premises.

10. **MAINTENANCE AND REPAIRS.**

A. **TENANT'S OBLIGATIONS.**

i. Tenant shall during each Season in the term of this Lease, make all repairs and replacements necessary to maintain and preserve the Premises in a decent, safe, healthy, and sanitary condition satisfactory to the District. District shall incur no expense nor have any obligation of any kind whatsoever in connection with the maintenance of the Premises. District may, at any time, inspect the Premises.

ii. Tenant shall keep the runways and taxiways free of Foreign Objects and Debris (FOD) generated by their operations.

iii. On the last day of the term hereof, or on any sooner termination, Tenant shall surrender the Premises to District in the same condition as when received, except as provided in Section 11.E..

B. **DISTRICT OBLIGATIONS AND RIGHTS.**

i. District shall maintain the public access to the lease Premises during the Season, as defined in Section 4.B. District shall not remove any aircraft, from the Premises, without District's reasonable good faith attempt to obtain Tenant or aircraft owner's request and supervision.

ii. If Tenant fails to maintain and repair the Premises as required herein, District may at its option (but shall not be required to) enter upon the Premises, after ten (10) days prior written notice to Tenant, and put the same in good order, condition and repair, and the cost thereof shall become due and payable as additional rental to District.

iii. District shall not be responsible for the improvements to the Premises during the non-Season.

11. **ALTERATIONS AND ADDITIONS.**

A. Tenant shall not, without District's prior written consent, make any alterations, improvements or additions on or about the Premises. Further, Tenant agrees that major structural or architectural design alterations to approved improvements, structures, or installations may not be made on the Premises without prior written approval by the District.

B. Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been

furnished to or for secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Tenant shall give District not less than ten (10) days notice prior to the commencement of any work in the Premises, and District shall have the right to post notices or non-responsibility in or on the Premises as provided by law.

C. Unless District requires their removal, and Tenant has not removed within 30 calendar days, all alterations, improvements, and additions which may be made in the Premises shall become the property of District and remain upon and be surrendered with the premises at the expiration of the term, subject to the provisions of Section 11.E. Notwithstanding the provisions of this Paragraph, Tenant's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Tenant and may be removed by Tenant.

D. Trade Fixtures and Other Personal Property. Tenant shall have the right at any time at Tenant's sole cost and expense, to install on the Premises such items herein called "trade fixtures" for use in Tenant's trade or business as Tenant may, in Tenant's sole discretion, deem advisable. Any and all such trade fixtures that can be removed without structural damage to the Premises shall remain the property of Tenant and may be removed by Tenant at any time prior to the termination of this Lease. Tenant shall, at Tenant's expense, immediately repair any damage occasioned by reason of the removal of any such trade fixtures. Any trade fixture not removed from the Premises upon the termination of this Lease shall be deemed abandoned by Tenant and shall automatically become the property of District.

E. Building and Water System. Upon the termination of this Lease, Tenant may remove the building and water distribution system from the Premises on the condition that the Premises is restored, at Tenant's sole cost and expense, to its pre-improvement condition, including but not limited to the removal of any concrete foundation and debris, and the closure of the well in accordance with applicable law, if requested by the District. Restoration of the Premises to its pre-improvement condition shall also include re-vegetation at the Premises with native plants.

12. **PERSONNEL.** Tenant agrees that all of its personnel or agents performing services hereunder shall be neat, clean and courteous, and Tenant shall not permit its personnel or agents to conduct business in a loud, noisy, boisterous, offensive, or objectionable manner. Tenant's personnel working in the service areas such as the flight line and maintenance areas shall wear clean and presentable attire consistent with their position in the organization and acceptable to the District. Tenant further agrees that excessive consumption of alcoholic beverages and ANY illegal substances shall not be permitted by anyone, including Tenant's employees, customers, owners, agents, independent contractors, or visitors, on the Premises.

13. **SIGNS.** Tenant shall be entitled to have on the Airport property, signs identifying Tenant's business. Tenant shall obtain District's approval of the design of the sign prior to installation of the sign. All signs shall conform with all federal, state and local laws, rules, regulations and ordinances.

14. **TENANT'S USE OF FACILITIES.** Tenant shall have the right to the nonexclusive general use of all public airport facilities and improvements. The right to use said public airport shall be exercised subject to all federal, state, and local rules and regulations.

15. **AIR SHOW.** Tenant acknowledges that the District may conduct an Air Show and open house that serve to display the facilities and services of the Airport. Tenant acknowledges that such an Air Show is beneficial to Tenant and to the District, and Tenant agrees to cooperate with the District in conducting an Air Show should the District wish to pursue one and Tenant agrees not to inhibit any Air Show activities.

16. **INSURANCE.** The limits of insurance, herein set forth, shall not limit the liability of Tenant hereunder. If

the Tenant shall fail to procure and maintain said insurance, the District may, but shall not be required to, procure and maintain the same, but at the expense of Tenant.

A. **LIABILITY INSURANCE.** Tenant at its sole cost and expense, shall obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring District and Tenant against any liability arising out of the ownership, use occupancy, operation and/or maintenance of the Premises, and all areas appurtenant thereto. Said insurance shall specifically insure the performance by Tenant of the indemnity agreement set forth in Section 17 of this Lease. Such insurance shall be in an amount of not less than one million dollars (\$1,000,000.00) combined single limit liability for bodily injuries and property damage. Tenant shall also carry one million dollars (\$1,000,000.00) combined single limited liability for bodily injury and property damage covering the operation of the towplane and gliders/sailplanes used in the business.

B. **INSURANCE POLICIES.** Insurance required hereunder, shall be with companies acceptable to the District and licensed to do business in California. All insurance policies shall name District as an additional insured, protect District against any legal costs in defending claims, and shall not be cancelable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to District. Tenant shall deliver to the District copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to District. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies referred to herein. Policies referred to herein must be in District's possession prior to commencement of any tow/sailplane operations, and prior to the first day of said Season.

17. INDEMNITY. Tenant agrees to protect, indemnify and save harmless District against and from any and all claims, loss, damage, or liability (including reasonable attorneys' fees) arising from the use or possession or condition of the Premises, improvements, building, equipment, and the personal property or arising from any breach or default on the part of Tenant pursuant to the terms of this Lease, or arising from any strict liability imposed on Tenant or arising out of any act of negligence of Tenant or any of his agents, employees, or successors occurring during the Lease term, but Tenant shall not be liable for damage or injury occasioned by District's failure to comply with its obligations hereunder or by reason of the sole negligence of District, its directors, officers, agents, employees, or successor.

18. DAMAGE OR DESTRUCTION. If the Premises, or the building in which the Premises are located, shall be destroyed by fire or other cause, or be so damaged thereby that fifty percent (50%) or more of the Premises become untenable and cannot be rendered tenantable within one hundred twenty (120) days from the date of the injury, this Lease may be terminated by the District or Tenant. In the event of such termination, District shall not have any liability to Tenant for the remaining term of the Lease. In the event of such damage whereby less than fifty percent (50%) of the Premises becomes untenable, this Lease shall continue in full force and effect, Tenant shall forthwith repair the damage. Tenant shall not be entitled to any compensation or damages from District for the loss of the use of any part of the Premises, damage to Tenant's personal property, or for inconvenience or annoyance occasioned by such damage or the repair thereof.

19. CONDEMNATION. If any part of the Premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation, this Lease shall, as to the part so taken, terminate as of the date title shall vest in the condemner, and the rent payable hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after condemnation bears to the value of the entire Premises condemned. If all of the Premises, or such part thereof is taken or condemned so there does not remain a portion susceptible for occupation hereunder, this Lease shall thereupon terminate. Upon any such condemnation, District shall receive the entire award or other payment for the value of the building, improvements and fixtures taken, and Tenant shall not receive any part of the award for the value of any fixtures or improvements or for the value of the remaining term of this Lease.

20. HAZARDOUS / TOXIC WASTE. Other than approved agricultural chemicals, i.e., insecticides, pesticides, herbicides, and fungicides applied in accordance with all applicable regulations, Tenant shall not allow release of hazardous substances in, on, or 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 substances. "Hazardous substances" shall mean those hazardous substances, hazardous materials and toxic substances listed by the Environmental Protection Agency in regularly released reports and any other substances incorporated into the State of California's list of hazardous substances, including gasoline, diesel fuel, motor oil, and propane.

In the event of any release of a hazardous substance, Tenant shall be responsible for all costs of remediation and removal of such substances in accordance with all applicable rules and regulations of governmental authorities.

Tenant agrees to assume the defense of, indemnify and hold the District harmless from any and all claims, costs and expenses related to environmental liabilities resulting from Tenant's operations on the Premises, including, but not limited to, costs of environmental assessments, costs of remediation and removal, any necessary response costs, damage for injury to natural resources or the public, and costs of any health assessment or health effect studies.

If Tenant knows or has reasonable cause to believe, that any hazardous substance has been released on or beneath the Premises, Tenant shall give written notice to the District within ten (10) days of receipt of such knowledge or cause for belief. Provided however, if Tenant knows, or has reasonable cause to believe that such substance is an imminent and substantial danger to public health and safety, Tenant shall notify the District immediately upon receipt of this knowledge or belief and shall take all actions necessary to alleviate such danger. Tenant will notify the District immediately of any notice of violation received or initiation of environmental actions or private suits relative to the Premises. In addition, Tenant and Tenant's sublessees shall not utilize or sell any hazardous substance on the property without the prior written consent of the District.

21. UTILITIES. Tenant shall pay for or supply all water, gas, electric, sewer, trash disposal, telephone and other utilities supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable proportion to be determined by District of all charges jointly metered with other premises. Tenant shall separately contract for trash disposal with the local refuse company and shall provide sufficient receptacles to maintain the site in an orderly condition. Such utility payments made to District shall be considered additional rent due under this Lease. District shall not provide snow removal to the Premises during the non-Season. Tenant shall be responsible for snow removal to the Premises during the non-Season if it requires access to the Premises.

22. 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.

23. DEFAULTS. The occurrence of any one or more of the following events shall constitute an "Event of default" and breach of this Lease by Tenant:

- A. If Tenant shall make an assignment for the benefit of its creditors; or
- B. If any petition shall be filed against Tenant 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 Tenant shall thereafter be adjudicated bankrupt, and if such proceeding shall not be dismissed within sixty (60) days after the institution of the same, except that such time shall be extended while such proceeding is being diligently defended against by Tenant; or, if any such petition shall be so filed by Tenant; or

C. If, in any proceeding, a receiver or trustee is appointed for all or any portion of Tenant's property, and such receiver or trustee shall not be discharged within sixty (60) days after his appointment, except such time shall be extended while such proceeding is being diligently defended against by Tenant; or

D. If Tenant shall fail to pay when due any rent due hereunder, and such failure shall continue for ten (10) days after written notice to Tenant; or

E. If Tenant shall fail to pay any additional rent or other charge or sum required hereunder, and such failure shall continue for ten (10) days after written notice to Tenant; or

F. If Tenant shall fail to perform or observe any other requirement of this Lease and such failure shall continue for ten (10) days after written notice to Tenant, except if Tenant has commenced and is diligently proceeding to cure the same.

G. The attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this lease, where such seizure is not discharge within thirty (30) days.

24. REMEDIES. In the event of any such "Event of Default" or breach by Tenant, District may at any time thereafter, with or without notice or demand and without limiting District in the exercise of any other right or remedy which District may have hereunder by law by reason of such default or breach, have the following rights and remedies:

A. Though Tenant has abandoned the Premises, the Lease shall continue in effect unless District elects to terminate Tenant's right to possession by written notice. District may enforce all of its rights and remedies under the Lease, including the right to recover rent as it becomes due. In no event shall District's acts of maintenance or preservation of the Premises, or the appointment of a receiver upon the initiative of District to protect its interest under this Lease, be deemed to constitute a termination of Tenant's right to possession. District may take any action whatever provided herein, or as permitted by law, without terminating this Lease, and this Lease shall continue in full force and effect until and only if District gives to the Tenant written notice of District's election to terminate this Lease.

B. District may elect, by written notice to Tenant, to terminate this Lease at any time after the occurrence of an Event of Default and, in such event District may, at District's option, declare this Lease and Tenant's right to possession terminated, re-enter the Premises, remove Tenant's property therefrom without court order and at Tenant's expense, eject all persons from the Premises, and recover damages from Tenant as hereafter provided, as permitted by law. If re-entry is made after abandonment by Tenant, District may consider any property belonging to Tenant and left on the Premises to have been abandoned. District may utilize or dispose of such property without liability. Any such re-entry shall be permitted by Tenant without hindrance and District shall not thereby be liable in damages for such re-entry or be guilty of trespass or forcible entry.

C. In the event District elects to terminate this Lease and Tenant's right to possession in accordance with Section 23.B., or the same are terminated by operation of law, District may recover as damages from Tenant the following:

i. Unpaid rent or other sums due hereunder which had been earned at the time of termination of this Lease; and

ii. Any other amounts, including attorneys' fees and court costs, necessary to compensate District for all detriment proximately caused by Tenant's default and/or failure to perform Tenant's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom.

D. Efforts by District to mitigate damages caused by Tenant's breach of this Lease shall not constitute

a waiver of District's right to recover damages under the foregoing provisions. Nothing herein affects the right of District to indemnification for liability arising prior to the termination of this Lease for personal injuries or property damage as may be provided elsewhere in this Lease.

E. The foregoing remedies of District shall be cumulative, or alternative, as District determines, and shall be in addition to all rights and remedies now and hereafter provided or allowed by law.

25. DEFAULT BY DISTRICT. District shall not be in default unless District fails to perform obligations required of District within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to District specifying wherein District has failed to perform such obligation; provided, however, that if the nature of District's obligation is such that more than thirty (30) days are required for performance then District shall not be in default if District commences performance within such 30-day period and thereafter diligently prosecutes the same completion.

26. GENERAL PROVISIONS.

A. **SEVERABILITY.** The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provisions hereof.

B. **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 Lease, District shall be entirely freed and relieved of any liability contained in or derived from this Lease with respect to any act, occurrence or omission relating to the Premises or to this Lease occurring after the consummation of such sale or exchange.

C. **TIME OF ESSENCE.** Time is of the essence.

D. **CAPTIONS.** Articles and paragraph captions are inserted for convenience of reference only, and are not a part of this Lease.

E. **NOTICES.** Any notice required or permitted to be given hereunder shall be in writing and may be served personally or by certified mail, addressed to District and Tenant respectively at the addresses set forth after their signatures at the end of this Lease.

F. **TERMINATION.** This Lease may be terminated upon one hundred eighty (180) days written notice by either party.

G. **WAIVERS.** No waiver by District of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. District's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of District's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by District shall not be a waiver of any preceding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular rent so accepted, regardless of District's knowledge of such preceding breach at the end of time of acceptance of such rent.

H. **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.

I. **CORPORATE AUTHORITY.** If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease 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 Lease is binding upon said corporation in accordance with its terms.

J. **REQUIRED/RECOMMENDED PROVISIONS.** District is required by Federal law to comply with certain regulations, and provide specific inclusion in all leases and agreements, as set forth in Addendum 1. Addendum 1, in its entirety shall become part of this Lease.

K. **SUCCESSORS AND ASSIGNS.** This Lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of each of the parties hereto, except as limited by Section 22 hereof relating to limitation on assignment.

L. ENTIRE AGREEMENT. This Lease contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto relating to the subject matter contained in this Lease which are not fully expressed herein. The provisions of this Lease may be waived, altered, amended or repealed in whole or in part only upon the written consent of all parties to this Lease.

M. GOVERNING LAW. The construction of this Lease, and the rights and liabilities of the parties hereto, shall be governed by the laws of the State of California. Venue shall be in Placer County, California.

N. ENTIRE UNDERSTANDING/AMBIGUITIES. This Lease contains the entire understanding of the parties. Tenant, by signing this Lease, 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 Lease itself. Each of the parties in this Lease 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 Lease. The failure or refusal of any party to read the Lease 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 Lease will be valid unless it is in writing and signed by all parties. Ambiguities in this Lease, if any, shall not be construed against the drafting party.

O. INSPECTION OF RECORDS. Tenant agrees to make any and all records available to District for inspection at all reasonable times, so that District can determine Tenant's compliance with this Lease. Only records relevant to determining compliance with the Lease shall be requested. These records and accounts shall be made available by Tenant at the Leased Premises and will be complete and accurate showing all income and receipts from use of the Premises. Tenant's failure to keep and maintain such records and make them available for inspection by District is a breach of this Lease and cause for termination. Tenant shall maintain all such records and accounts for a minimum period of five (5) years.

Executed this 15th day of MAY, 2008, at Truckee, Placer County, California.

TRUCKEE TAHOE AIRPORT DISTRICT:

By: Mary Hetherington
Mary Hetherington, President of the Board

By: D. Gotschall
David V. Gotschall, Secretary to the Board

10356 Truckee Airport Road
Truckee, California 96161
530-587-4540

SOAR TRUCKEE (Tenant):

By: Richard Penny
Richard Penny, President
Pearl

Post Office Box 2657
Truckee, California 96160
530-587-6702

ADDENDUM 1
STANDARD AIRPORT LEASE / AGREEMENT PROVISIONS
REQUIRED OR RECOMMENDED BY THE FEDERAL AVIATION ADMINISTRATION

This Addendum 1 is attached to and made part of the Truckee Tahoe Airport District Airport Agreement (the "Lease") dated as of May 1, 2008, in which the Truckee Tahoe Airport District (the "District"), a California special district, agreed to lease real property to **SOAR TRUCKEE, INC**, Inc. a CALIFORNIA corporation, the Tenant. In the event of any conflict between this Addendum 1 and the body of the Lease, this Addendum shall control.

1. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958.
2. Nondiscrimination. Tenant agrees for himself, his heirs, personal representatives, successors in interest and assigns, as part of the consideration hereof, not to discriminate in any manner against any person or persons on account of race, color, religion, gender, sexual orientation, medical status, national origin, age, marital status, or physical disability in Tenant's use of the Premises, including, but not limited to the providing of goods, services, facilities, privileges, advantages, and accommodations, and the obtaining and holding of employment.
3. Disabled Access Compliance. Tenant agrees to comply with the California Government Code, Sections 11135-11139.5; the Federal Rehabilitation Act of 1973, Section 504, Title V; the Americans with Disabilities Act of 1990 (ADA); and any other applicable state and federal laws and regulations hereafter enacted protecting the rights of people with disabilities. Tenant's compliance shall include but not necessarily be limited to the following:
 - A. Tenant shall not discriminate against qualified persons with disabilities in any aspects of employment, including recruitment, hiring, promotions, conditions and privileges of employment, training, compensation, benefits, discipline, layoffs, and termination of employment.
 - B. No qualified individual with a disability may be excluded on the basis of disability from participation in, or be denied the benefits of services, programs, or activities of Tenant.
 - C. Tenant shall post a statement addressing the requirements of the ADA in a prominent place at the work site.
 - D. Tenant shall include language in any sublease agreement which indicates the sublessee's agreement to abide by the foregoing provisions. Tenant and sublessees shall be individually responsible for their own ADA employment programs. Tenant understands that failure to comply with the above requirements and/or submitting false information in response to these requirements shall constitute a default under this Lease.
4. Drug-free Workplace. Tenant shall be required to abide by the omnibus drug legislation passed by Congress on November 18, 1988 and amended thereto by adopting and enforcing a policy to maintain a drug-free workplace by doing all of the following:
 - A. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of controlled substances is prohibited on the leasehold and specifying the actions that will be taken against employees for violations of the prohibition.
 - B. Establishing a drug-free awareness program to inform employees about all of the following:
 - i. The dangers of drug abuse in the workplace.
 - ii. The Tenant's policy of maintaining a drug-free workplace.
 - iii. Any available drug counseling, rehabilitation, and employee assistance programs.
 - iv. The penalties that may be imposed upon employees for drug abuse violations.

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

6. District reserves the right further to develop or improve the landing area and all publicly owned air navigation facilities of the Airport as it sees fit, regardless of the desires or views of Tenant, and without interferences or hindrance.

7. District reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstructions, together with the right to prevent Tenant from erecting, or permitting to be erected, any building or other structure on the airport which in the opinion of District would limit the usefulness of the Airport or constitute a hazard to aircraft.

8. During time of war or national emergency District shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly owned air navigation facilities and/or other areas or facilities of the District. If any such agreement is executed, the provisions of the instrument, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.

9. It is understood and agreed that the rights granted by this lease will not be exercised in such a way as to interfere with or adversely affect the use, operation, maintenance or development of the Airport.

10. There is hereby reserved to District, its successors and assigns, for the use and benefit for the public, a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the premises herein conveyed, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace or used for navigation of or flight in the air, using said airspace or landing at, taking off from, or operating on or about the Airport.

11. The Lease shall become subordinate to provisions of any existing or future agreement between the District and the United States of America, or any agency thereof relative to the operation, development, or maintenance of the District, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the District.

Executed this 1st day of May, 2008, at Truckee, Placer County, California.

TRUCKEE TAHOE AIRPORT DISTRICT

SOAR TRUCKEE, INC. (Tenant)

By: Mary Hetherington
Mary Hetherington, President of the Board

By: Richard Penny
Richard Penny, President
PEARL