

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



113

FROM: Economic Development Agency

SUBMITTAL DATE:
December 8, 2009

SUBJECT: Aviation Ground Sublease and Hangar Sale, Jacqueline Cochran Regional Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Consent to the Sublease dated November 11, 2009, between John Obradovich and Betty Obradovich, as Sublessor, and Gooley Air, LLC, as Sublessee;
2. Consent to the Bill of Sale entered into on or about November 9, 2009, between Yost Development Co., LLC, as Seller and Gooley Air, LLC., as Buyer;
3. Authorize the Chairman of the Board to execute the Consent to Sublease and the Consent to the Bill of Sale; and
4. Authorize the Assistant County Executive Officer/EDA or designee to execute any additional documents required by the Sublease and Bill of Sale.

BACKGROUND: (Commences on page 2)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	NA
	Annual Net County Cost:	\$ 0	For Fiscal Year:	9/10

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: NA

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature

BY: Jennifer L. Sargent

FORM APPROVED COUNTY COUNSEL
BY: Synthia M. Gunzel DATE: 12-23-09
SYNTHIA M. GUNZEL DATE: Departmental Concurrence

Dep't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: 6-6-03 3.11; 9-14-04 3.17; 4-26-05 District: 4th
3.7; 9-12-06 3.23; 3-17-09 3.16

Agenda Number: **3.7**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND:

The Economic Development Agency has received a Sublease dated November 11, 2009, between John Obradovich and Betty Obradovich, as Sublessor, and Gooley Air, LLC, as Sublessee, for the land occupied by aircraft storage hangar B5 and a Bill of Sale entered into on or about November 9, 2009, between Yost Development Co., LLC, as Seller, and Gooley Air, LLC., as Buyer, for aircraft storage hangar B5, located at Jacqueline Cochran Regional Airport, formerly Desert Resorts Regional Airport.

The Sublease is under a nine-acre ground lease between the County of Riverside, as lessor, and John Obradovich and Betty Obradovich, hereinafter Obradovich, as Lessee, dated June 3, 2003, amended by First Amendment to Lease on September 14, 2004, by Second Amendment to Lease on October 23, 2006, and Third Amendment to Lease on March 17, 2009.

The Bill of Sale is for Aircraft Storage hangar and B5 between Yost Development Co., LLC, hereinafter "Yost", as Seller, and Gooley Air, LLC., hereinafter "Gooley," as Buyer. On February 4, 2005, Yost entered into a sublease with Sublessor for the land occupied by aircraft storage hangar B5, and bought from Sublessor aircraft storage hangar B5 on the same date.

On or about November 9, 2009, Yost sold aircraft storage hangar B5 to Gooley. On November 2, 2009, Yost and Sublessor cancelled the Sublease for the land occupied by aircraft storage hangar B5.

On November 11, 2009, Sublessor entered into a new sublease with Gooley for the land occupied by aircraft storage hangar B5.

The Economic Development Agency recommends that the Board of Supervisors consent to the Sublease and the Bill of Sale. County Counsel has reviewed the Sublease and the Bill of Sale and has approved the Consents as to form.

SUB-LEASE WITH SALE OF AVIATION HANGAR

John Obradovich and Betty Obradovich, herein called Sub-Lessor, sub-leases to Goocy Air, LLC, herein called Sub-Lessee, the property described below, upon the following items and conditions.

RECITALS

Sub-Lessor leases from the County of Riverside, approximately nine (9) acres located at the Jacqueline Cochran Regional Airport, formerly Desert Regional Resorts Regional Airport, Thermal, in the County of Riverside, State of California.

This and other sub-leases entered into by the Sub-Lessor are intended to conform with, be compatible with, and be subject to the terms and conditions of the Master Lease dated April 24, 2003, executed June 3, 2003, and amended September 14, 2004, and September 12, 2006, and March 17, 2009, between the County of Riverside as Lessor, and John and Betty Obradovich, Husband and Wife, as Lessee which lease and amendments thereto shall be called the "Master Lease" and the County of Riverside shall be called the "County."

By separate document entitled, "Bill of Sale," a copy of which is attached hereto as **Exhibit "A,"** Sub-Lessor intends to convey, assign or transfer to Sub-Lessee its (Sub-Lessor's) interest in certain facilities and improvements it owns within the premises sub-leased hereunder.

DESCRIPTION

The premises sub-leased hereby are located within Desert Resorts Regional Airport generally, and within the area leased from County by Sub-Lessor consisting of nine (9) acres and as more particularly shown on **Exhibit "B,"** attached thereto and by this reference, made a part of this sub-lease. The portion of the nine acres being sub-leased is that portion of land occupied in **Building B Hangar # 5** as depicted in **Exhibit "B."** In addition to the forgoing during the term of this lease Sublessor grants to Sublessee the right to ingress and ingress over that portion of the leasehold premises of Sublessor held under the Master Lease and a license to use the taxiway areas as designated by Sublessor.

USE

The premises are sub-leased hereby for the purposes of aircraft storage.

TERM

The term of this sub-lease, subject to any provisions in the Master Lease that may be applicable and take precedence, shall be for a period equal to the portion of thirty (30) years remaining under the Master Lease and terminating on June 30, 2033. Sub-Lessor has an option to extend the term for an additional ten (10) years, as provided in the Master Lease. If the Sub-Lessor extends the lease with the County for the additional ten years, this Sub-Lease shall extend as well for the additional ten years. Nothing in this Sublease shall be interpreted to obligate or require the Sublessor to so extend the term of the Master Lease and Sublessor or its successors and assigns may or may not so extend the term of the Master Lease in its sole and absolute discretion

RENT

Sub-Lessee shall pay to Sub-Lessor the sum of \$ 34 per month, payable in advance, on the first day of each month.

The monthly rent shall be subject to adjustment as of the dates and in the amounts as described in Section 5, paragraphs (d) and (e) of the Master Lease. In no event shall any adjustment be a negative adjustment.

The monthly rent is due and payable on or before the first of the appropriate month during the term of this lease agreement and shall be considered delinquent, if not paid by the 15th of the month. If the monthly rent becomes delinquent, lessee will be charged a late fee equivalent to ten percent (10%) of the delinquent rental amount, exclusive of late fees, for each month that rent is delinquent.

ADDITIONAL OBLIGATIONS OF SUB-LESSEE

Sub-Lessee shall, during the terms of this sub-lease;

Observe and comply with all rules, regulations and laws which govern and are in effect adopted by Sublessor or the County of Riverside. Maintain premises and equipment in a clean, orderly, neat and safe condition.

Pay for all utilities, including trash disposal and a pro rata share of Sublessor's cost of maintaining and insuring the Project, as determined by Sublessor.

SUB-LESSOR'S RESERVED RIGHTS

Sub-Lessor and County, or either duly authorized agents, shall have the right to enter the sub-leased premises for inspections, repairs or for any other reasonable cause.

IMPROVEMENTS, REPAIRS & SIGNS

Sub-Lessee shall not make any improvements, repairs or modifications, paint the exterior of the hangar or install any signs without prior written approval of Sub-Lessor.

INSURANCE

Sub-Lessee shall, during the term of this sub-lease, procure and maintain the following described insurance coverage and limits as indicated.

a. Procure and maintain comprehensive Airport Commercial General Liability Insurance coverage that shall protect Lessee from claims for damages for personal injury, including accidental and wrongful death, as well as from claims for property damage, which may arise from Lessee's use of the leased premises or the performance of its obligations hereunder, whether such use or performance be by Lessee, by a subcontractor, or by anyone employed directly or indirectly by either of them. Such insurance shall name Sublessor and all Agencies, Districts, Special Districts, and Departments of the County of Riverside, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds with respect to this sublease and obligations of Sublessee hereunder. Such insurance shall provide for limits of not less than \$1,000,000, per occurrence.

b. Furnish Sublessor and the County of Riverside with Certificates of Insurance showing that such insurance is in full force and effect, and that additional insureds are named as required in (a) above. Further, said certificates shall contain the covenant of the insurance carrier that 30 days written notice will be given to the County of Riverside and Sublessor prior to cancellation or reduction in coverage of such insurance.

c. The foregoing notwithstanding, this sublease is subject to Section 20 of the Master Lease and Sub-Lessee shall procure and maintain additional coverages specified therein as may be required by County from time to time.

TERMINATION BY SUB-LESSOR

Sub-Lessor shall have the right to terminate this Sub-Lease.

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sub-Lessee as a debtor.

In the event that Sub-Lessee makes a general assignment, or sub-lessee's interest hereunder is assigned involuntarily or by operation of law for the benefit of creditors.

In the event of any act which operates to deprive Sub-Lessee of the ability to perform its duties under this Sub-Lease.

In the event of the abandonment of, or the discontinuance of the use of, the sub-leased premises by Sub-Lessee.

In the event Sub-Lessee fails to perform, keep or observe any of its duties or obligations hereunder, provided, however, that Sub-Lessee shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sub-Lessor.

In the event that the lease premises are rendered unfit for Sub-Lessee's use and cannot be restored within a reasonable time.

TERMINATION BY SUB-LESSEE

Sub-Lessee shall have the right to terminate this Sub-Lease;

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sub-Lessor as a debtor.

In the event that Sub-Lessor makes a general assignment for the benefit of creditors.

In the event of any act which operates to deprive Sub-Lessee of the ability to perform its duties under this lease.

In the event of the abandonment of, or the discontinuance of, the use of the leased premises by Sub-Lessor.

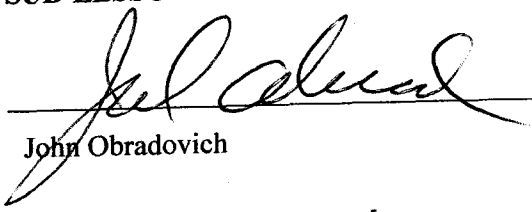
In the event Sub-Lessor fails to perform, keep or observe any of its duties or obligations hereunder, provided, however, that Sub-Lessor shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sub-Lessee.

CONSENT BY COUNTY

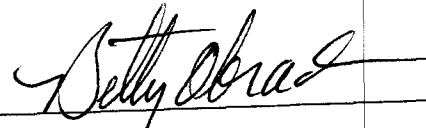
The parties hereto understand and agree that this Sub-Lease shall not be enforceable by either unless and until consent has been obtained from County in writing.

IN WITNESS WHEREOF, this Sublease is executed on 11-9, 2009.

SUB-LESSOR:



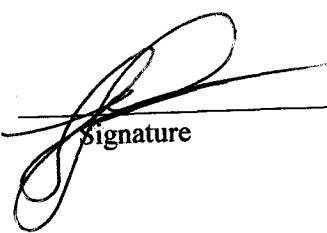
John Obradovich



Betty Obradovich

SUB-LESSEE:

Guy Evans for Goocy Air, LLC _____



Signature

In the event that the leased premises are rendered unfit for Sub-Lessor's use and cannot be restored within a reasonable time.

HOLD HARMLESS

Sub-Lessee shall indemnify and hold Sub-Lessor and County, their officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted on any act or omission of Sub-Lessee, its officers, agents, employees, subcontractors and independent contractors for property damage, bodily injury, or death (Sub-Lessee's employees included) or any other element of damage or any kind or nature in any way connected with or arising from its use and responsibilities in connection therewith of the leased premises, or the condition thereof, and Sub-Lessee shall defend at its expense, including attorney fees, Sub-Lessor, County, its officers, agents, employees and independent contractors in any legal action based on any alleged acts or omissions.

ASSIGNMENT

Lessee cannot assign, sublet, mortgage, hypothecate or otherwise transfer in any manner any of its rights, duties and obligations hereunder to any person or entity without the written consent of Sub-Lessor and County being first obtained.

BINDING ON SUCCESSORS

Sub-Lessee, his heirs, assigns and successor in interest shall be bound by all the terms and conditions contained in this sub-lease, and all of the parties thereto shall be jointly and severally liable hereunder.

EMPLOYEES AND AGENTS OF SUB-LESSEE

It is understood that all persons hired or engaged by Sub-Lessee shall be considered to be employees or agents of Sub-Lessee and not of Sub-Lessor or County.

COMPLIANCE WITH LAW

Sub-Lessee shall observe all statutes, rules, regulations, ordinances, and orders relating to the use of the sub-leased premises enacted or promulgated by County, the State of California, the United States of America and the agencies thereof.

WAIVER OF PERFORMANCE

No waiver by Sub-Lessor at any time of any of the terms and conditions of his sub-lease shall be deemed or construed as a waiver at any time thereafter of the same or any other terms and conditions contained herein or of the strict and timely performance of such terms and conditions.

SEVERABILITY

The invalidity of any provision in this sub-lease as determined by a court of competent jurisdiction shall in no way effect the validity of any other provisions hereof.

NOTICES

Any notices required or desired to be served by either party upon the other shall be addressed to the respective parties as set forth below:

SUB-LESSOR:

John & Betty Obradovich
84-401 Cabazon Center Dr
Indio, CA 92201

SUB-LESSEE:

Gooley Air, LLC
Guy Evans
40911 Lakeview Dr
Indio, CA 92203

or to such other addresses as from time to time shall be designated in writing by the respective parties.

VENUE

Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights for by this sub-lease shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other County.

TAXES

Sub-Lessee shall pay for all fees and taxes levied or required by any authorized public entity. Sub-Lessee recognizes and understands that this Sub-Lease will create a possessory interest subject to property taxation and that Sub-Lessee will be subject to the payment of property taxes levied on such interest.

TOXIC MATERIALS

During the term of this sub-lease and any extension thereof, Sub-Lessee shall not violate any federal, state or local law, or ordinance or regulation, relating to industrial hygiene or to the environmental condition on, under or about the sub-leased premises including, but not limited to, soil and ground water conditions. Further, Sub-Lessee, its successors and assigns shall not use, generate, manufacture, produce, store or dispose of, on, under or about the sub-leased premises or transport to or from the sub-leased premises, any flammable explosives, asbestos, radioactive materials, hazardous wastes, toxic substances or related injurious materials, whether injurious by themselves or in combination with other materials (collectively, "hazardous materials"). For the purpose of this sub-lease, hazardous materials shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials" or "toxic substances," in the Comprehensive Environmental Response, Cleanup and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49, U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous wastes" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws.

FREE FROM LIENS

Sub-Lessee shall pay, when due, all sums of money that may become due for any labor, services, material, supplies, or equipment, alleged to have been furnished or to be furnished to Sub-Lessee, in, upon or

about the sub-leased premises, and which may be secured by a mechanic's, materialmen's, or other lien against the sub-leased premises or County's interest therein, and will cause such lien to be fully discharged and released at the time the performance of any obligation secured by such lien matures or becomes due, provided, however, that if Sub-Lessee desires to contest any such lien provided that it either pays the lien or obtains a bond to allow release of said lien, and then it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event, Sub-Lessee shall forthwith pay and discharge said judgment.

DISPUTES/DAMAGES

In the event it is necessary to enforce or interpret any provision herein contained, or to recover any rent due or to recover possession of the Premises for any default or breach of the Agreement, the matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator shall be rendered in accordance with, the law of the State of California. The Arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by California Law, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the Arbitrator, which shall be final, shall not be appealable, and which shall allow for no trial de novo on the same issues. The Arbitrator's decision shall be rendered within 30 days following submission of the matter at issue, but the failure to comply with this provision shall in no way invalidate any decision or award as may be rendered more than 30 days after submission.

Judgment upon the decision rendered by the Arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an Order of Enforcement.

You are agreeing to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by California Law, and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. You are giving up your judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. If you refuse to submit to Arbitration after agreeing to this provision, you may be compelled to arbitrate under the authority of the California Code of Civil Procedure. Your agreement to this arbitration provision is voluntary.

MASTER LEASE/SURVIVAL OF SUB-LEASE

a. Sub-Lessee acknowledges and agrees that it shall be bound, and shall otherwise be subject to all of the terms and conditions contained in the Master Lease.

b. In the event the Master Lease is terminated, Sub-Lessee agrees to keep, observe and perform all of the terms and conditions of the Master Lease on the part of the Sub-Lessor to be kept, observed and performed, and Sub-Lessee's right to possession shall remain in effect as provided in Paragraph 29 of the Master Lease to all intents and purposes as though Sub-Lessee was the original Lessee thereunder; provided, however, that such assumption and agreement shall pertain only to the sub-leased premises and not to the entire leased premises under the Master Lease, and Sub-Lessee, among other things, shall make rental payments to County in an amount equal to such payments which Sub-Lessee is required to pay Sub-Lessor under this sub-lease.

The COUNTY of Riverside hereby consents to the foregoing Sub-Lease.

LESSOR:

COUNTY OF RIVERSIDE, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

By: _____
Chairman, Board of Supervisors

By: _____

Date: _____

ATTEST:

Kecia Harper-Ihem,
Clerk of the Board

FORM APPROVED:

Pamela J. Walls,
County Counsel

By: _____
Deputy

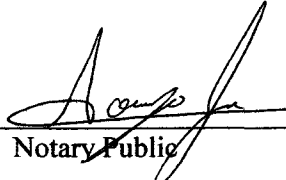
By: Synthia M. Gunzel
Deputy **SYNTHIA M. GUNZEL**

STATE OF CALIFORNIA)
) SS.
COUNTY OF RIVERSIDE)

On November 23, 2009, before me, A. Orozco Jr, Notary Public personally appeared Betty Ann obradovich and John Robert obradovich

~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) ~~is/are~~ subscribed to the within instrument and acknowledged to me that ~~he/she~~ they executed the same in ~~his/her~~ their authorized capacity(ies), and that by ~~his/her~~ their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Notary Public



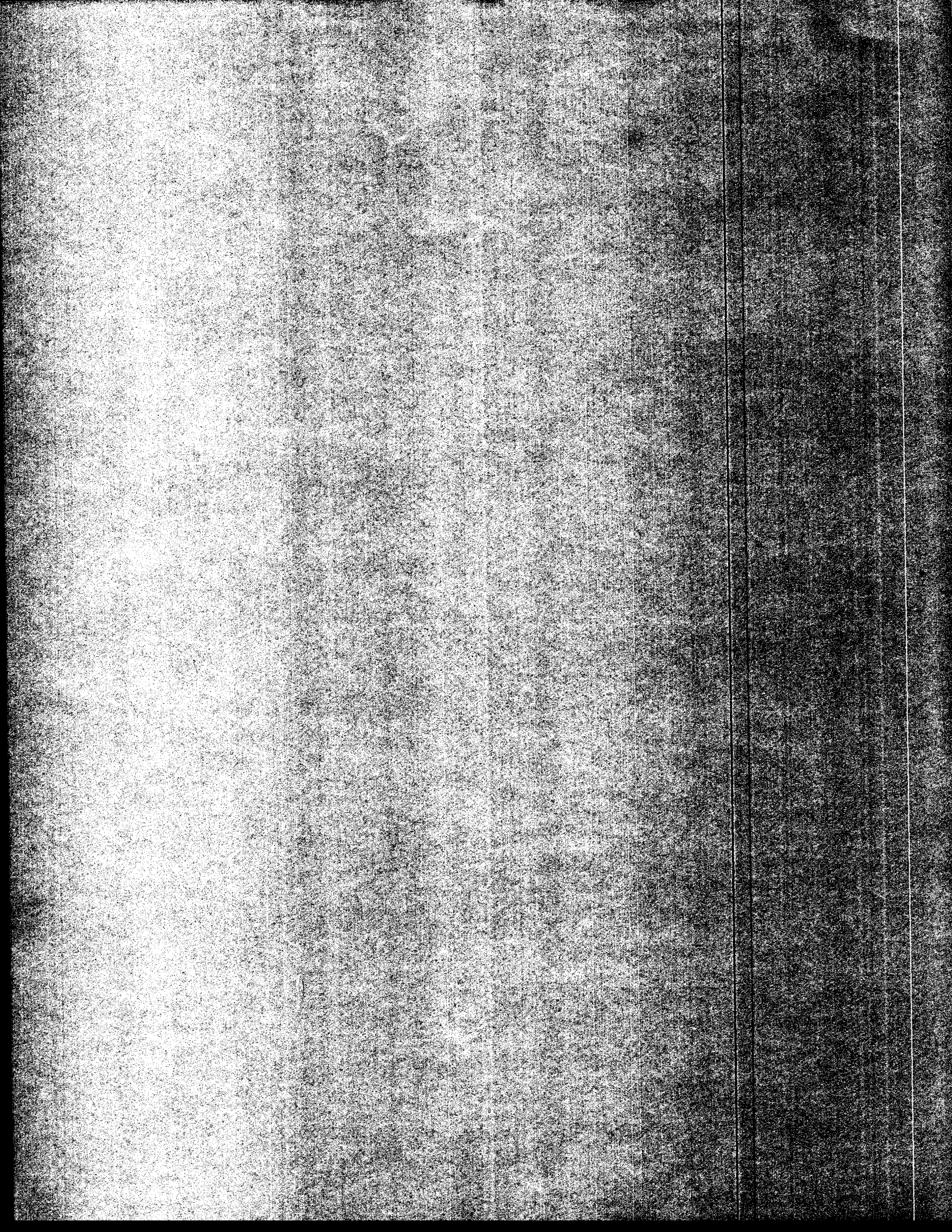
STATE OF CALIFORNIA)
) SS.
COUNTY OF RIVERSIDE)

On November 23, 2009, before me, Betty Ann obradovich and John Robert obradovich personally appeared

~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) ~~is/are~~ subscribed to the within instrument and acknowledged to me that ~~he/she~~ they executed the same in ~~his/her~~ their authorized capacity(ies), and that by ~~his/her~~ their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public



BILL OF SALE COUPLED WITH SUB-LEASE

Yost Development Company, LLC hereinafter called the "Seller," hereby sells to Gooley Air, LLC hereinafter called the "Buyer," and said Buyer hereby purchases from Seller the property described below, upon the following terms and conditions:

1. **RECITALS.** The Seller owns concrete floor structures and steel buildings labeled as Bldg. A, Bldg. B, Bldg. C, Bldg. D, and Bldg. E at Jacqueline Cochran Regional Airport, formerly Desert Resorts Regional Airport) Thermal, California, Riverside County, as described on the attached **Exhibit "1"** also described as **Bldg B Hangar # 5**, the sale of which is the subject of this Agreement and which is intended to convey title thereto for the sum of \$ 30,000.

2. **THIS BILL OF SALE IS SUBJECT TO MASTER LEASE AND COUPLED WITH SUB-LEASE.** This Bill of Sale is subject to that certain Master Lease executed by the County of Riverside and John and Betty Obradovich, dated April 24, 2003, executed June 3, 2003, and amended September 14, 2004, and September 12, 2006, and March 17, 2009, and which instruments affect directly the uses and purposes to which the aforesaid subject personal property may be put. Furthermore, Seller hereby incorporates in this instrument by reference the terms and conditions of that certain "Sub-Lease" executed by the parties hereto on _____. This Bill of Sale shall be enforceable only on the condition that the parties have entered into the aforesaid Sub-Lease.

3. **WARRANTY OF TITLE.** Seller does hereby, for the benefit of Buyer, covenant and agree to warrant and defend title to the aforesaid personal property hereby conveyed, against the just and lawful claims and demands of all persons whomsoever, and Seller further covenants that the aforesaid real property is not subject to liens of any type, including but not limited to liens for unpaid taxes, nor is said personal property subject to a security agreement or financing statement.

4. **REVERSION OF PROPERTY TO SELLER.** The aforesaid Sub-Lease, with which this Bill of Sale is coupled provides for a sub-lease period of approximately 30 years with a 10-year option, during which time the Buyer hereto, subject to certain conditions precedent, may sell, rent, assign, convey, hypothecate, or encumber the personal property subject to is instrument, provided further, that upon the expiration of said Sub-Lease or 30 years with a 10-year option lease period, whichever shall first occur, the personal property subject to this Bill of Sale shall revert to the Seller hereunder, or to Seller's assignee, or to the County of Riverside, which reversion shall be governed by the terms and conditions of the aforesaid Master Lease and all of the aforesaid amendments thereto and the terms and conditions of the aforementioned Sub-Lease between Sub-Lessor and Sub-Lessee. Provided further that in accordance with the aforesaid Sub-Lease, Buyer hereunder shall not sell, rent, assign, hypothecate or encumber the personal property subject to this instrument except upon the express written consent of the county of Riverside and Seller or his assignee hereunder, which consent shall not be unreasonably withheld.

5. **TAX CLAUSE.** During the aforementioned period of possession of Buyer of the personal property, Buyer shall be solely responsible for the payment of the personal property and/or possessory interest taxes and all other taxes levied upon the specific structure by the County of Riverside and/or all other lawfully constituted taxing authorities, and said responsibility shall include real property taxes which may be assessed to Seller, to Seller's successor, or to Buyer in connection with the subject property.

6. **BUYER'S RIGHT TO TRANSFER PROPERTY AND SURVIVAL OF SUB-LEASE.**

a. **RIGHT TO TRANSFER.** Seller hereby consents to and agrees that Buyer may convey, assign, or transfer Buyer's interest in or to the subject personal property to one or more individuals; provided however, that such conveyance, assignment, or transfer includes the aforementioned sub-lease and shall be subject to the prior written approval of the Seller, County of Riverside, and Sub-Lessor. Provided further, that Seller shall have the right of first

refusal to purchase, lease, rent, or receive Buyer's interest in the subject property and the subleasehold estate of Buyer on the same terms as offered by Buyer to any other individual or entity. Seller's failure to exercise right of first refusal within sixty (60) days of written notice thereby by Buyer to Seller shall be deemed to be waiver of such right by Seller. Upon such waiver or rejection by Seller, and subject to the provisions contained in this Paragraph 6 (a) Buyer may proceed to convey, assign or transfer all of part of his/her interest in the subject property on the same terms and conditions offered to Seller; provided, however, that Buyer shall not, except with Seller's permission, convey, lease, rent or sell any portion of the premises to any commercial operations for the purpose of doing any business at Jacqueline Cochran Regional Airport (Thermal) other than if said sale is to the aforesaid Seller.

b. **SURVIVAL OF SUB-LEASE.** Subject to the provision of the aforesaid Master Lease, Buyer's rights, including the right of possession and all other rights not in conflict with the terms and conditions of the aforesaid Lease and amendments thereto, and all of the Buyer's obligations and duties under the aforementioned Sub-Lease and the Master Lease and amendments thereto, shall remain in effect, notwithstanding a termination of the aforesaid Master Lease, or an assignment or a transfer of the Seller's rights, duties and obligations hereunder, prior to the expiration of the aforementioned Sub-Lease, provided that the Buyer (as Sub-Lessee under the aforementioned Sub-Lease) has fully and faithfully performed the terms and conditions that it is required to perform under the aforementioned Sub-Lease and Master Lease and amendments thereto, and it otherwise is not in default hereunder.

7. **NOTICES.** Any notices required or desired to be served by either party upon the other shall be addressed to the respective party as set forth below:

SELLER:

Yost Development Company, LLC
PO BOX 2095
Idaho Falls, ID 83403

BUYER:

Gooley Air, LLC
40911 Lakeview Dr.
Indio, CA 92203

or such other addresses as from time to time shall be assigned by the respective parties.

8. **TERMS.** The terms of this Bill of Sale shall be governed by and construed in accordance with the laws of the State of California and the parties hereto stipulate to the jurisdiction of the Riverside County Courts.

9. **DISPUTES/DAMAGES.** In the event it is necessary to enforce or interpret any provision herein contained, the matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator shall be rendered in accordance with the laws of the State of California. The Arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by California Law, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the Arbitrator, which shall be final, shall not be appealable, and which shall allow for no trial de novo on the same issues. The Arbitrator's decision shall be rendered within 30 days following submission of the matter at issue, but the failure to comply with this provision shall in no way invalidate any decision or award as may be rendered more than 30 days after submission.

Judgment upon the decision rendered by the arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an Order of Enforcement. The parties hereby agree to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by California Law and are giving up any rights to have the dispute litigated in a court or jury trial, as well as judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. Your agreement to this arbitration provision is voluntary.

IN WITNESS WHEREOF, this Bill of Sale is executed on _____, 2009.

SELLER:

Duane Yost
Duane Yost, Yost Development Company LLC

Thomas Romywell
Thomas Romywell, The Bank of Commerce
As Lender to Seller for sole purpose
of consenting to sale.

BUYER:

[Signature]
Gooley Air, LLC

GUY EVANS MM
Printed Name and Title

LESSEE:

John Obradovich
John Obradovich
Betty Obradovich
Betty Obradovich

The COUNTY of Riverside hereby consents to the foregoing Bill of Sale.

LESSOR:

COUNTY OF RIVERSIDE, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

By: _____
Chairman, Board of Supervisors

By: _____

Date: _____

ATTEST:

Kecia Harper-Ihem,,
Clerk of the Board

FORM APPROVED:

Pamela J. Walls,
County Counsel

By: _____
Deputy

By: *Synthia M. Gunzel*
Deputy
SYNTHIA M. GUNZEL

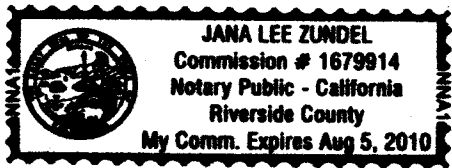
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside }

On Nov 9, 2009 before me, Jana Lee Zundel, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared buy Evans
Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ he/she/they executed the same in ~~his/her/their~~ his/her/their authorized capacity(ies), and that by ~~his/her/their~~ his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jana Lee Zundel
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



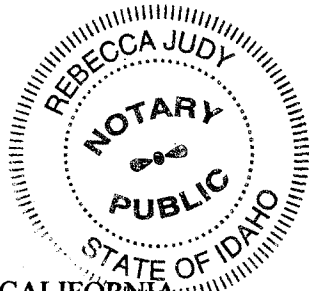
Signer Is Representing: _____

Idaho
STATE OF CALIFORNIA)
Bonneville) SS.
COUNTY OF RIVERSIDE)

On October 14, 2009, before me, Rebecca Judy
personally appeared Duane L. Yost and Thomas F. Correll

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Rebecca Judy
Notary Public

MY COMMISSION EXPIRES
April 17, 2015
BONDED THRU NOTARY PUBLIC UNDERWRITERS

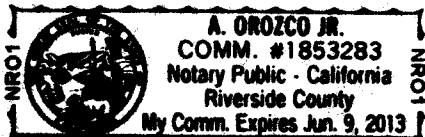
STATE OF CALIFORNIA)
) SS.
COUNTY OF RIVERSIDE)

On November 23, 2009, before me, A. Orozco Jr., Notary Public
personally appeared Betty Ann Obradovich and John Robert obradovich

~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) ~~is~~/are subscribed to the within instrument and acknowledged to me that ~~he/she~~/they executed the same in ~~his/her~~/their authorized capacity(ies), and that by ~~his/her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

A. Orozco Jr.
Notary Public



DESCRIPTION 1-A

THAT PORTION OF THE FOLLOWING DESCRIBED LAND, WHICH IS INCLUDED WITHIN THE LEASED PRELISES AS SET OUT IN THE LEASE OR MEMORANDUM

THAT PORTION OF THE EAST HALF OF SECTION 20, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF VIC HIGGINS DRIVE AND AVENUE 56 (AIRPORT BOULEVARD), SAID POINT BEING THE NORTHEAST CORNER OF SAID SECTION 20;

THENCE SOUTH $00^{\circ} 00' 12''$ EAST, A DISTANCE OF 1,967.78 FEET TO THE CENTERLINE INTERSECTION OF VIC HIGGINS DRIVE AND AVENGER BOULEVARD;

THENCE NORTH $89^{\circ} 58' 40''$ WEST ALONG THE CENTERLINE OF AVENGER BOULEVARD, A DISTANCE OF 462.70 FEET TO THE CENTERLINE INTERSECTION OF AVENGER BOULEVARD AND WARHAWK WAY, THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE CONTINUING NORTH $89^{\circ} 59' 40''$ WEST ALONG THE CENTERLINE OF AVENGER BOULEVARD, A DISTANCE OF 668.58 FEET TO THE CENTERLINE INTERSECTION OF AVENGER BOULEVARD AND LIBERATOR LANE;

THENCE SOUTH ALONG THE CENTERLINE OF LIBERATOR LANE, A DISTANCE OF 658.00 FEET;

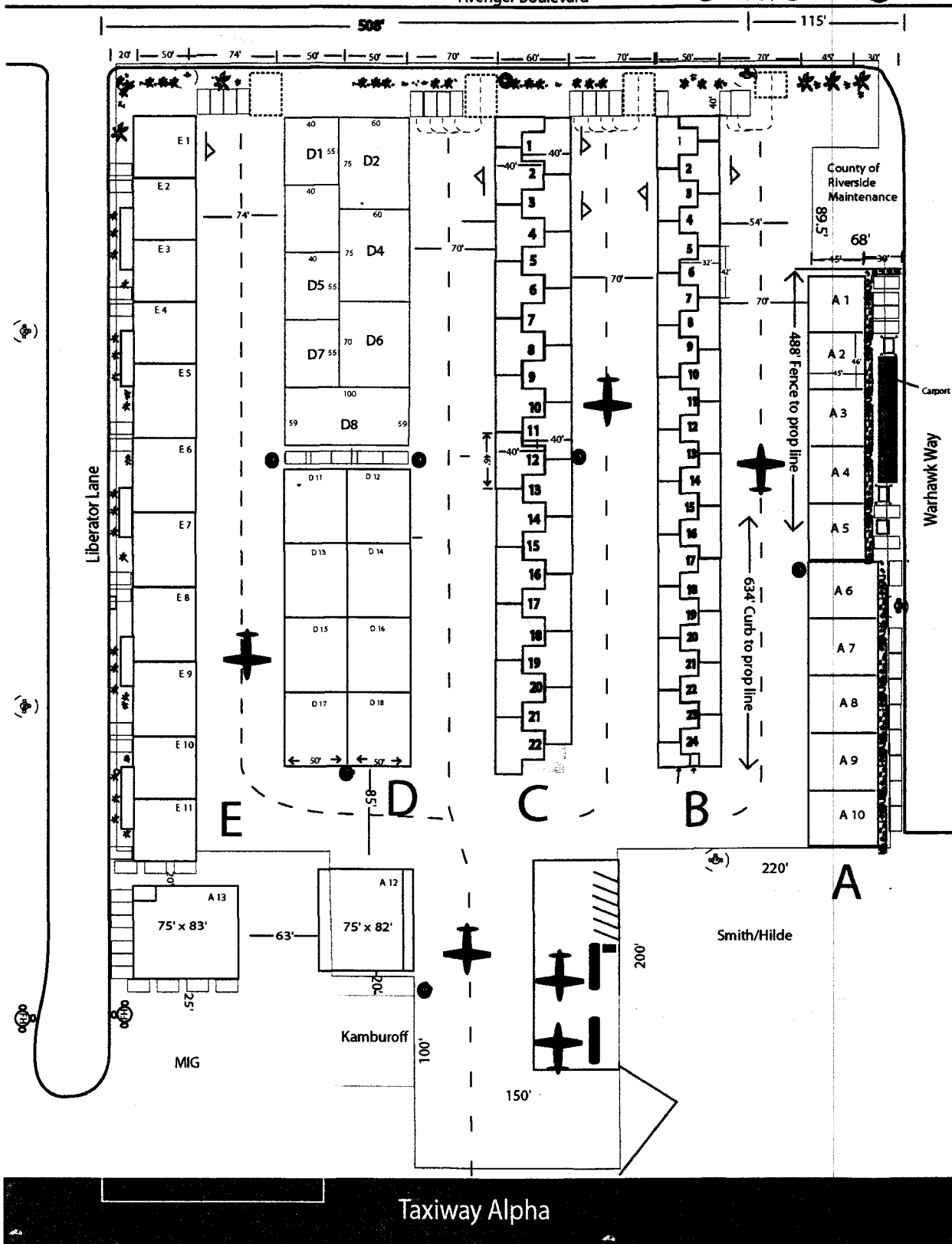
THENCE EAST, A DISTANCE OF 178.00 FEET;
THENCE SOUTH, A DISTANCE OF 85.00 FEET;
THENCE EAST, A DISTANCE OF 80.00 FEET;
THENCE SOUTH, A DISTANCE OF 185.00 FEET;
THENCE EAST, A DISTANCE OF 150.00 FEET;
THENCE NORTH, A DISTANCE OF 285.00 FEET;

THENCE EAST, A DISTANCE OF 260.58 FEET TO THE CENTERLINE OF WARHAWK WAY;

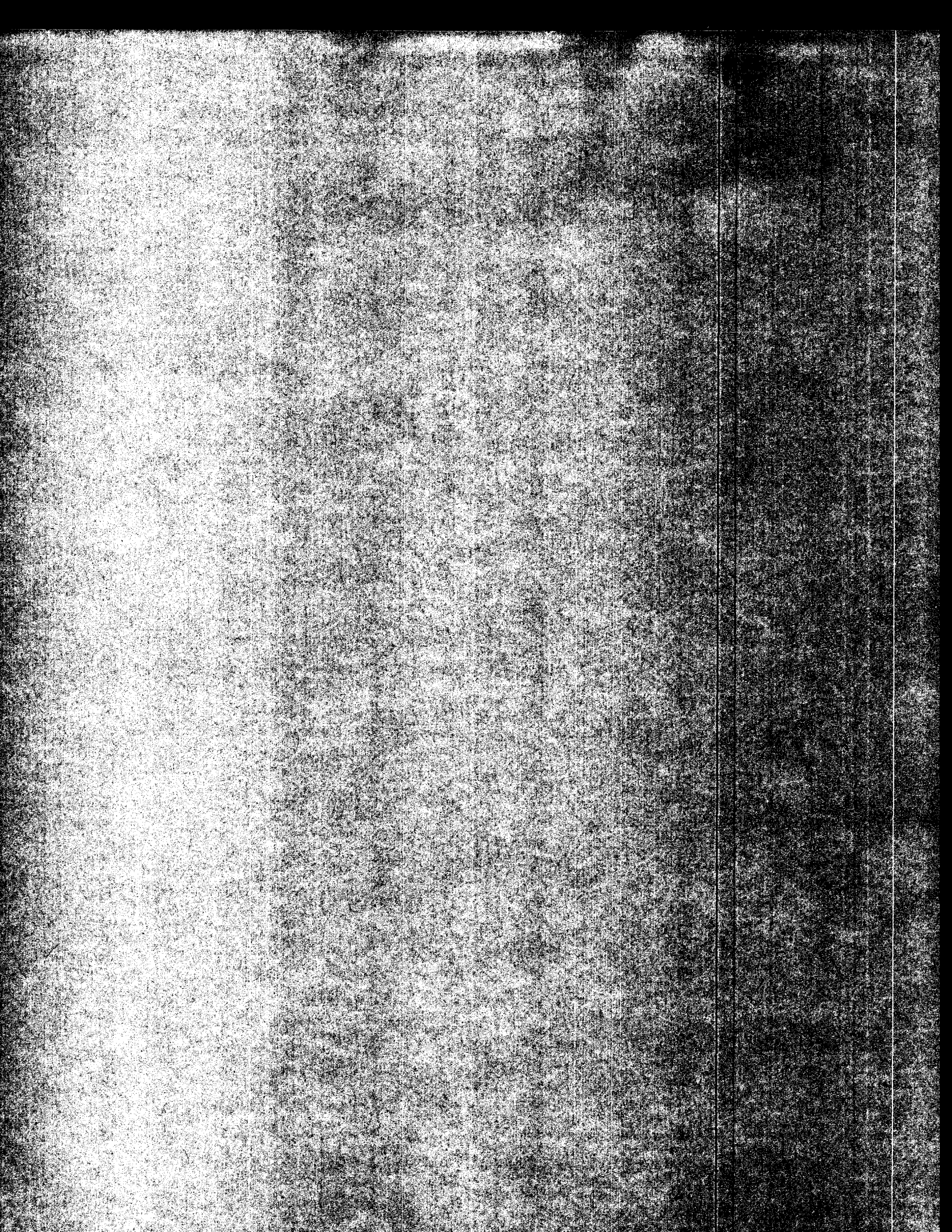
THENCE NORTH $00^{\circ} 00' 20''$ WEST, A DISTANCE OF 643.00 FEET TO THE CENTERLINE INTERSECTION OF AVENGER BOULEVARD AND WARHAWK WAY, THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE NORTHERLY 30.00 FEET.
ALSO EXCEPTING THEREFROM THE WESTERLY 30.00 FEET.

ALSO EXCEPTING THEREFROM THE EXISTING COUNTY MAINTENANCE AREA LOCATED AT THE NORTHEASTERLY CORNER OF THE SUBJECT PROPERTY.



Thermal Regional Airport	
County of Riverside, Thermal, California	
Master Development 9 Acres	
All Inside AV Storage and Self Serve Fuel	
John & Betty Obradovich All Inside AV Storage, Inc. 84-401 Cabazon Center Drive Indio, CA 92201 (760) 399-5961, (760) 775-6808	12-18-06 Drawn by JO Sheet 1 of 1



LEASE CANCELLATION AGREEMENT
JACQUELINE COCHRAN REGIONAL AIRPORT

WHEREAS, John Obradovich and Betty Obradovich, hereinafter Sublessor, and Duane L. Yost, sublessee, entered into that certain Sublease dated 2/4/05, attached hereto as Exhibit A, and by this reference incorporated herein, relating to land located at Jacqueline Cochran Regional Airport (formerly Desert Resorts Regional Airport), Riverside County, California; and

WHEREAS, Sublessor improved the land with a 1,050 square foot aircraft storage hangar; and

WHEREAS, Sublessor sold the improvements to Sublessee; and

WHEREAS, Sublessee has subsequently sold the improvements to a third party

WHEREAS, Sublessor and Sublessee find it in their mutual best interests to cancel the Lease;

NOW, THEREFORE, the parties hereto for good and valuable consideration do mutually agree to cancel the Lease effective the date of execution of this agreement by all parties.

Date: October 14, 2009

SUBLESSEE
Yost Development Co., LLC

By: Duane L. Yost
Duane L. Yost - Managing Partner

Date: 11-2-09

SUBLESSOR

By: John Obradovich
John Obradovich

By: Betty Obradovich
Betty Obradovich

ACKNOWLEDGMENT

State of California

County of Riverside

On Nov 2, 2009 before me, Diana C. Delgado, Notary Public
(insert name and title of the officer)

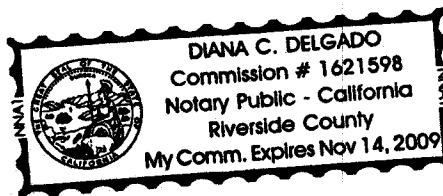
personally appeared John Obradorich & Betty Obradorich,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature 

(Seal)

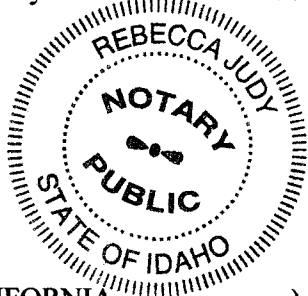


Idaho
STATE OF CALIFORNIA)
Banerjee) SS.
COUNTY OF RIVERSIDE)

On October 14, 2009, before me, Rebecca Judy
personally appeared Diane L. Yost

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Rebecca Judy
Notary Public

MY COMMISSION EXPIRES
April 17, 2015
BONDED THRU NOTARY PUBLIC UNDERWRITERS

STATE OF CALIFORNIA)
) SS.
COUNTY OF RIVERSIDE)

On Nov 2, 2009, before me, Diana C. Delgado, Notary Public
personally appeared _____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

SUB-LEASE WITH SALE OF AVIATION HANGAR

John Obradovitch and Betty Obradovitch, herein called Sub-Lessor, sub-leases to
YOST DEVELOPMENT CO., LLC

_____, herein called Sub-Lessee, the property described below, upon the following items and conditions.

RECITALS

Sub-Lessor leases from the County of Riverside, approximately nine (9) acres located at the Desert Resorts Regional Airport, Thermal, in the County of Riverside, State of California.

This and other sub-leases entered into by the Sub-Lessor are intended to conform with, be compatible with, and be subject to the terms and conditions of the Master Lease dated May 3, 2003, amended September 14, 2004 and recorded June 3, 2003, between the County of Riverside as Lessor, and John and Betty Obradovich, Husband and Wife, as Lessee which lease and amendments thereto shall be called the "Master Lease" and the County of Riverside shall be called the "County."

By separate document entitled, "Bill of Sale", a copy of which is attached hereto as **Exhibit "A"**, Sub-Lessor intends to convey, assign or transfer to Sub-Lessee its (Sub-Lessor's) interest in certain facilities and improvements it owns within the premises sub-leased hereunder.

DESCRIPTION

The premises sub-leased hereby are located within Desert Resorts Regional Airport generally, and within the area leased from County by Sub-Lessor consisting of nine (9) acres and as more particularly shown on **Exhibit "B"**, attached thereto and by this reference, made a part of this sub-lease. The portion of the nine acres being sub-leased is that portion of land occupied by Hangar Number 5 in Building B as depicted in **Exhibit "B"**. In addition to the forgoing during the term of this lease Sublessor grants to Sublessee the right to ingress and ingress over that portion of the leasehold premises of Sublessor held under the Master Lease and a license to use the taxiway areas as designated by Sublessor.

USE

The premises are sub-leased hereby for the purposes of aircraft storage.

TERM

The term of this sub-lease, subject to any provisions in the Master Lease that may be applicable and take precedence, shall be for a period equal to the portion of thirty (30) years remaining under the Master Lease and terminating on June 30, 2033. Sub-Lessor has an option to extend the term for an additional ten (10) years, as provided in the Master Lease. If the Sub-Lessor extends the lease with the County for the additional ten years, this Sub-Lease shall extend as well for the additional ten years. Nothing in this Sublease shall be interpreted to obligate or require the Sublessor to so extend the term of the Master Lease and Sublessor or its successors and assigns may or may not so extend the term of the Master Lease in its sole and absolute discretion.

RENT

Sub-Lessee shall pay to Sub-Lessor the sum of \$ 20.40 per month, payable in advance, on the 1st day of each month.

The monthly rent shall be subject to adjustment as of the dates and in the amounts as described in Section 5, paragraphs (d) and (e) of the Master Lease. In no event shall any adjustment be a negative adjustment.

The monthly rent is due and payable on or before the first of the appropriate month during the term of this lease agreement and shall be considered delinquent, if not paid by the 15th of the month. If the monthly rent becomes delinquent, lessee will be charged a late fee equivalent to ten percent (10%) of the delinquent rental amount, exclusive of late fees, for each month that rent is delinquent.

ADDITIONAL OBLIGATIONS OF SUB-LESSEE

Sub-Lessee shall, during the terms of this sub-lease;

Observe and comply with all rules, regulations and laws which govern and are in effect adopted by Sublessor or the County of Riverside.

Maintain premises and equipment in a clean, orderly, neat and safe condition.

Pay for all utilities, including trash disposal and a pro rata share of Sublessor's cost of maintaining and insuring the Project, as determined by Sublessor.

SUB-LESSOR'S RESERVED RIGHTS

Sub-Lessor and County, or either duly authorized agents, shall have the right to enter the sub-leased premises for inspections, repairs or for any other reasonable cause.

IMPROVEMENTS, REPAIRS & SIGNS

Sub-Lessee shall not make any improvements, repairs or modifications, paint the exterior of the hangar or install any signs without prior written approval of Sub-Lessor.

INSURANCE

Sub-Lessee shall, during the term of this sub-lease, procure and maintain the following described insurance coverage and limits as indicated.

a. Procure and maintain comprehensive General Liability Insurance coverage that shall protect Lessee from claims for damages for personal injury, including accidental and wrongful death, as well as from claims for property damage, which may arise from Lessee's use of the leased premises or the performance of its obligations hereunder, whether such use or performance be by Lessee, by a subcontractor, or by anyone employed directly or indirectly by either of them. Such insurance shall name Sublessor and all Agencies, Districts, Special Districts, and Departments of the County of Riverside, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds with respect to this sublease and obligations of Sublessee hereunder. Such insurance shall provide for limits of not less than \$1,000,000, per occurrence.

b. Furnish Sublessor and the County of Riverside with Certificates of Insurance showing that such insurance is in full force and effect, and that additional insureds are named as required in (a) above. Further, said certificates shall contain the covenant of the insurance carrier that 30 days written notice will be given to the County of Riverside and Sublessor prior to cancellation or reduction in coverage of such insurance.

TERMINATION BY SUB-LESSOR

Sub-Lessor shall have the right to terminate this Sub-Lease.

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sub-Lessee as a debtor.

In the event that Sub-Lessee makes a general assignment, or sub-lessee's interest hereunder is assigned involuntarily or by operation of law for the benefit of creditors.

In the event of any act which operates to deprive Sub-Lessee of the ability to perform its duties under this Sub-Lease.

In the event of the abandonment of, or the discontinuance of the use of the sub-leased premises by Sub-Lessee.

In the event Sub-Lessee fails to perform, keep or observe any of its duties or obligations hereunder, provided however that Sub-Lessee shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sub-Lessor.

In the event that the lease premises are rendered unfit for Sub-Lessee's use and cannot be restored within a reasonable time.

TERMINATION BY SUB-LESSEE

Sub-Lessee shall have the right to terminate this Sub-Lease;

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sub-Lessor as a debtor.

In the event that Sub-Lessor makes a general assignment for the benefit of creditors.

In the event of any act which operates to deprive Sub-Lessee of the ability to perform its duties under this lease.

In the event of the abandonment of, or the discontinuance of the use of the leased premises by Sub-Lessor.

In the event Sub-Lessor fails to perform, keep or observe any of its duties or obligations hereunder, provided however that Sub-Lessor shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sub-Lessee.

In the event that the leased premises are rendered unfit for Sub-Lessor's use and cannot be restored within a reasonable time.

HOLD HARMLESS

Sub-Lessee shall indemnify and hold Sub-Lessor and County, their officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted on any act or omission of Sub-Lessee, its officers, agents, employees, subcontractors and independent contractors for property damage, bodily injury, or death (Sub-Lessee's employees included) or any other element of damage or any kind or nature in any way connected with or arising from its use and responsibilities in connection therewith of the leased premises, or the condition thereof, and Sub-Lessee shall defend at its expense, including attorney fees, Sub-Lessor, County, its officers, agents, employees and independent contractors in any legal action based on any alleged acts or omissions.

ASSIGNMENT

Lessee cannot assign, sublet, mortgage, hypothecate or otherwise transfer in any manner any of its rights, duties and obligations hereunder to any person or entity without the written consent of Sub-Lessor and County being first obtained.

BINDING ON SUCCESSORS

Sub-Lessee, his heirs, assigns and successor in interest shall be bound by all the terms and conditions contained in this sub-lease, and all of the parties thereto shall be jointly and severally liable hereunder.

EMPLOYEES AND AGENTS OF SUB-LESSEE

It is understood that all persons hired or engaged by Sub-Lessee shall be considered to be employees or agents of Sub-Lessee and not of Sub-Lessor or County.

COMPLIANCE WITH LAW

Sub-Lessee shall observe all statutes, rules, regulations, ordinances, and orders relating to the use of the sub-leased premises enacted or promulgated by County, the State of California, the United States of America and the agencies thereof.

WAIVER OF PERFORMANCE

No waiver by Sub-Lessor at any time of any of the terms and conditions of his sub-lease shall be deemed or construed as a waiver at any time thereafter of the same or any other terms and conditions contained herein or of the strict and timely performance of such terms and conditions.

SEVERABILITY

The invalidity of any provision in this sub-lease as determined by a court of competent jurisdiction shall in no way effect the validity of any other provisions hereof.

NOTICES

Any notices required or desired to be served by either party upon the other shall be addressed to the respective parties as set forth below:

For Sub-Lessor::

All Inside AV Storage, Inc.
84-401 Cabazon Center Drive
Indio, CA 92201

For Sub-Lessee

YOST DEVELOPMENT CO., LLC
P.O. BOX 2095
IDAHO FALLS, ID 83403

or to such other addresses as from time to time shall be designated in writing by the respective parties.

VENUE

Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights for by this sub-lease shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other County.

TAXES

Sub-Lessee shall pay for all fees and taxes levied or required by any authorized public entity. Sub-Lessee recognizes and understands that this Sub-Lease will create a possessory interest subject to property taxation and that Sub-Lessee will be subject to the payment of property taxes levied on such interest.

TOXIC MATERIALS

During the term of this sub-lease and any extension thereof, Sub-Lessee shall not violate any federal, state or local law, or ordinance or regulation, relating to industrial hygiene or to the environmental condition on, under or about the sub-leased premises including, but not limited to, soil and ground water conditions. Further, Sub-Lessee, its successors and assigns shall not use, generate, manufacture, produce, store or dispose of, on, under or about the sub-leased premises or transport to or from the sub-leased premises, any flammable explosives, asbestos, radioactive materials, hazardous wastes, toxic substances or related injurious materials, whether injurious by themselves or in combination with other materials (collectively, "hazardous materials"). For the purpose of this sub-lease, hazardous materials shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials" or "toxic substances," in the Comprehensive Environmental Response, Cleanup and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49, U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous wastes" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws.

FREE FROM LIENS

Sub-Lessee shall pay, when due, all sums of money that may become due for any labor, services, material, supplies, or equipment, alleged to have been furnished or to be furnished to Sub-Lessee, in, upon or about the sub-leased premises, and which may be secured by a mechanic's, materialmen's, or other lien against the sub-leased premises or County's interest therein, and will cause such lien to be fully discharged and released at the time the performance of any obligation secured by such lien nature or becomes due, provided, however, that if Sub-Lessee desires to contest any such lien provided that it either pays the lien or obtains a bond to allow release of said lien, and then it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event, Sub-Lessee shall forthwith pay and discharge said judgment.

DISPUTES/DAMAGES

In the event it is necessary to enforce or interpret any provision herein contained, or to recover any rent due or to recover possession of the Premises for any default or breach of the Agreement, the

matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator shall be rendered in accordance with the law of the State of California. The Arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by California Law, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the Arbitrator, which shall be final, shall not be appealable, and which shall allow for no trial de novo on the same issues. The Arbitrator's decision shall be rendered within 30 days following submission of the matter at issue, but the failure to comply with this provision shall in no way invalidate any decision or award as may be rendered more than 30 days after submission.

Judgment upon the decision rendered by the arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an Order of Enforcement.

You are agreeing to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by California Law and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. You are giving up your judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. If you refuse to submit to Arbitration after agreeing to this provision, you may be compelled to arbitrate under the authority of the California Code of Civil Procedure. Your agreement to this arbitration provision is voluntary.

MASTER LEASE/SURVIVAL OF SUB-LEASE

a. Sub-Lessee acknowledges and agrees that it shall be bound, and shall otherwise be subject to all of the terms and conditions contained in the Master Lease except as otherwise permitted by the provisions of Paragraph 29 of the Master Lease.

b. In the event the Master Lease is terminated, Sub-Lessee agrees to keep, observe and perform all of the terms and conditions of the Master Lease on the part of the Sub-Lessor to be kept, observed and performed, and Sub-Lessee's right to possession shall remain in effect as provided in Paragraph 29 of the Master Lease to all intents and purposes as though Sub-Lessee was the original Lessee thereunder; provided however, that such assumption and agreement shall pertain only to the sub-leased premises and not to the entire leased premises under the Master Lease, and Sub-Lessee, among other things, shall make rental payments to County in an amount equal to such payments which Sub-Lessee is required to pay Sub-Lessor under this sub-lease.

CONSENT BY COUNTY

The parties hereto understand and agree that this Sub-Lease shall not be enforceable by either unless and until consent has been obtained from County in writing.

IN WITNESS WHEREOF, this Sublease is executed on FEB. 4, 2005

~~XXXXXX~~
~~XXXXXX~~

SUBLESSOR:

John Obradovich
Signature

Betty Obradovich
Signature

JOHN OBRADOVICH
Printed Name and Title

BETTY OBRADOVICH
Printed Name and Title

SUBLESSEE:

YOST DEVELOPMENT CO., LLC
Duane L Yost
Signature

DUANE L. YOST, MANAGING PARTNER
Printed Name and Title

Summer Hobbs
Witness Signature
Rebecca Judy

Summer Hobbs
Printed name
REBECCA Judy

STATE OF CALIFORNIA)

COUNTY OF RIVERSIDE)

SS.

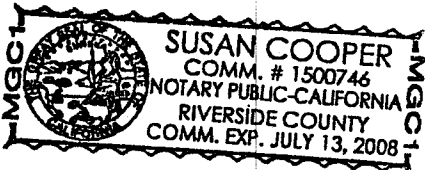
On Feb 18, 2005 before me, SUSAN COOPER

a Notary Public in and for said County and State, personally appeared JOHN OBRADOVICH AND BETTY OBRADOVICH

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Susan Cooper
Signature of Notary



STATE OF CALIFORNIA)

COUNTY OF RIVERSIDE)

SS.

On _____ before me, SUSAN COOPER

a Notary Public in and for said County and State, personally appeared JOHN OBRADOVICH

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary

The COUNTY of Riverside hereby consents to the foregoing Sublease.

By: _____ Date: _____

Date: FEB. 4th 2005 LESSEE

John Obradovich
JOHN OBRADOVICH
Betty Obradovich
BETTY OBRADOVICH

By: _____
Managing Member

Date: 4/26/05 LESSOR

COUNTY OF RIVERSIDE

By: *Marion Ashley*
Chairman, Board of Supervisors
MARION ASHLEY

By: _____

ATTEST:

NANCY ROMERO,
Clerk of the Board

By: *Nancy Romero*
Deputy

FORM APPROVED:

William C. Katzenstein,
County Counsel

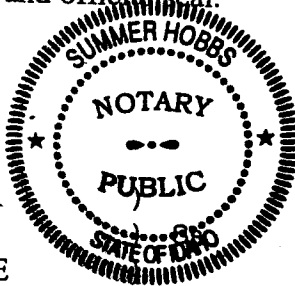
By: *Gordon V. Abo*
Deputy
By: _____ 4/6/05

ACKNOWLEDGMENT

STATE OF CALIFORNIA ^{Idaho})
COUNTY OF RIVERSIDE ^{Bonneville}) Ss

On February 8, 2005, 2004, before me, Summer Hobbs personally appeared Stanc Goff personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

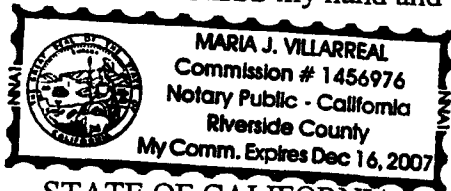


Summer Hobbs
Notary Public
MY COMMISSION EXPIRES
July 16, 2010
DO NOT REUSE THIS NOTARY PUBLIC UNDERWRITERS

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

On April 26, 2005, 2004, before me, Maria J. Villarreal personally appeared Madron Ashley personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Maria J. Villarreal
Notary Public

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) Ss

On _____, 2004, before me, _____ personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public