

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

229



FROM: Economic Development Agency

SUBMITTAL DATE:
September 16, 2010

SUBJECT: Assignment of Ground Lease, French Valley Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Consent to the Assignment of Lease dated August 4, 2010, from P.C.H. Ruby, Inc., Assignor, to Bart Phillips, Assignee; and
2. Authorize the Chairman of the Board of Supervisors to execute the consent and Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents required by the assignment.

BACKGROUND: The Economic Development Agency has received an Assignment of Lease from P.C.H. Ruby, Inc., Assignor, to Bart Phillips, Assignee, for the Lease between the County and P.C.H. Ruby, Inc., as Lessee, dated December 18, 1990, and amended September 14, 2004; for 1,092 square feet of land known as Port-a-Port Space #13 at French Valley Airport. Phillips has purchased from P.C.H. Ruby, Inc., the Port-a-Port aircraft storage hangar that occupies the land. Economic Development Agency staff recommends that the Board of Supervisors consent to the assignment. County Counsel has reviewed the assignment and approved the consent as to form.

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: N/A

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

C.E.O. RECOMMENDATION: APPROVE

BY: *Jennifer L. Sargent*

County Executive Office Signature: Jennifer L. Sargent

FORM APPROVED COUNTY COUNSEL
BY: ANITA C. WILLIS
DATE: 9-9-10
Departmental Concurrence

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

Prev. Agn. Ref.: 12/18/90 3.49; 9/14/04 3.18 District: 3 Agenda Number: 3.37

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

CONSENT TO ASSIGNMENT

The County of Riverside, LESSOR, hereby consents to the foregoing Assignment and Acceptance and Agreement, without however, waiving the restrictions contained in said Lease dated December 19, 1990 and Amended September 14, 2004, pertaining to the premises described as 1,092 square feet of land known as Port-a-Port Space #13 at the French Valley Airport with respect to any future assignments thereunder, and without releasing the Assignor under said lease from any obligations that are not performed by PCH Ruby Inc. and otherwise accepts the Assignee, Bart Phillips, as Lessee under said Lease to all intents and purposes as though Assignee was the original Lessee thereunder.

Date: _____

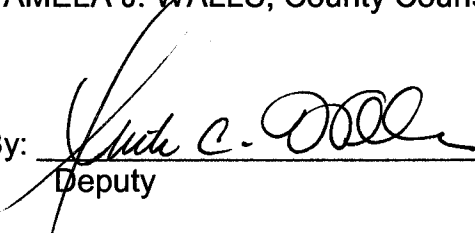
LESSOR
COUNTY OF RIVERSIDE

By: _____
Chairman, Board of Supervisors

ATTEST:
KECI HARPER-IHEM
Clerk of the Board

FORM APPROVED
PAMELA J. WALLS, County Counsel

By: _____
Deputy

By:  _____
Deputy

(SEAL)

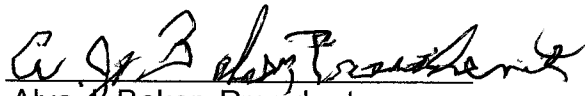
For scanning

ASSIGNMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, PCH Ruby, Inc., hereby transfers and assigns to the Bart Phillips dated 8/4/10, all rights, title and interest of the undersigned under that certain Lease dated December 19, 1990 and Amended September 14, 2004, pertaining to the premises described as 1,092 square feet of land known as Port-a-Port Space #13 at the French Valley Airport, County of Riverside, State of California, said Lease and Amendment are attached as Exhibit "A". The execution of this Assignment and the transfer of all rights, title and interest herein are contingent upon the acceptance and approval by the Riverside County Board of Supervisors.

Dated: 8/4/10

ASSIGNOR
PCH Ruby, Inc.

By: 
Alva J. Baker, President

ACCEPTANCE AND AGREEMENT

Bart Phillips, named in the foregoing Assignment, hereby accepts said Assignment and hereby agrees to keep, perform and be bound by all of the terms, covenants and conditions in said Lease on the part of the Lessee therein to be kept and performed to all intents and purposes as though the undersigned Assignee was the original Lessee there under.

Dated: 8/4/10

ASSIGNEE

By: 
Bart Phillips

AIRCRAFT HANGAR
BILL OF SALE

This sale agreement is made by and between (Seller) PCH Ruby Incorporated
_____, and (Buyer) R. BART PHILLIPS of
_____.

With the signing of this sale agreement and the Buyer transferring the total purchase price of \$ 100,000 to the Seller, the Seller hereby sells and forever transfers the ownership of the aircraft hangar described below, to the Buyer.

Description of the aircraft hangar being sold:

Make: Port-a-Port Model: E1 Serial #: 4400
Airport location name: French Valley Site # Sp# 13

Seller represents and warrants that it has full and good title to the described aircraft hangar, full authority to sell and transfer the same, and that the aircraft hangar being sold is free and clear of all liens, encumbrances, liabilities, and adverse claims, of every nature and description.

Buyer understands that the aircraft hangar is being sold in its present condition "as is" and "where is" and that Seller disclaims any implied warranty of condition or function, or any responsibility thereof.

Authorizing signatures:

<p><u>A J Baker Pres</u> PCH Ruby Incorporated _____ Seller</p> <p><u>A J Baker Pres</u> PCH Ruby Incorporated _____ (seller's name printed)</p> <p><u>7/1/10</u> _____ date signed</p>	<p><u>R. BART PHILLIPS</u> _____ Buyer</p> <p><u>[Signature]</u> _____ (buyer's name printed)</p> <p><u>7/1/10</u> _____ date signed</p>
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1 FIRST AMENDMENT TO LEASE
2 FRENCH VALLEY AIRPORT
3

4 The COUNTY OF RIVERSIDE, herein called County, and P.C.H. Ruby, Inc., a
5 California corporation, herein called Lessee, hereby agree to amend the Lease
6 between the County of Riverside and P.C.H. Ruby, Inc. approved by the Board of
7 Supervisors of the County of Riverside on December 18, 1990 for 1,092 square feet of
8 land, commonly known as space #13, at French Valley Airport, County of Riverside,
9 State of California, attached hereto as Exhibit A as follows:

- 10 1. Page 1, paragraph 2 add the following after the last sentence:

11 No other use will be permitted without first obtaining written permission from
12 County. The aircraft to be stored in the Premises is described as follows:

13 Model: NONCHANG CJ-6A

14 Identification Number: N 75 DL

15 Should the aircraft stored in the hangar be replaced with another aircraft owned
16 by Lessee or with a Sublessee's aircraft, Lessee agrees to notify County within
17 ten (10) days and supply County with the Make, Model and Identification
18 number of the replacement aircraft. In addition, Lessee shall provide, or shall
19 cause Sublessee to provide, all required Certificates of Insurance,
20 endorsements and any other documentation required herein with respect to the
21 replacement aircraft being stored in the hangar.

- 22 2. Page 1, paragraph 3. Term, subparagraph (a) line 14, the termination date shall
23 be changed to December 31, 2020.

- 24 3. Page 1, paragraph 3. Term, after subparagraph (b) add the following
25 subparagraph (c):

26 (c) Lessee shall have the option to extend the term of this Lease for an
27 ~~additional period of ten (10) years on the same terms and conditions, except that~~
28 the basic monthly rent on July 1, 2030 shall be adjusted in the same manner as

1 provided for in paragraph 6 below (except that the 25% limit on the increase in
2 fair market value rent in the initial term of the Lease shall not apply to the option
3 period) commencing at the end of the initial term, provided that Lessee, at the
4 time of exercising the option, is in full compliance with the terms of this Lease.
5 Lessee shall notify County in writing of its intention to exercise the option to
6 extend the term of the Lease not more than six (6) months, or less than three (3)
7 months, from the expiration date of the initial term. Should Lessee fail to remain
8 in compliance with the terms and conditions of this Lease during the period after
9 exercising the option and prior to the end of the initial term, the option to extend
10 will become void.

11 4. Page 1 paragraph 4. Basic Rent, subparagraph (a), line 20, the amount of rent,
12 shall be changed to read one hundred one and ^{82/100} dollars (\$101.82) per month,
13 which is the current basic monthly rent being paid by Lessee.

14 5. Page 1, paragraph 4. Basic Rent, subparagraph (b) shall be deleted and the
15 following subparagraph (b) substituted:

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

22 6. Page 1, paragraph 5. Basic Rental Adjustment shall be deleted in its entirety and
23 in its place the following shall be inserted:

24 5. Basic Rental Adjustment

25 (a) Beginning July 1, 2004 and on every July 1st thereafter during the
26 term of this Lease and any extension thereof, except for the year 2010 as
27 provided for in 5 (b) below, the basic monthly rent specified in paragraph 4
28 shall be increased by the same percentage as the increase in the Consumer

1 Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County
2 Area, All Items, for the twelve (12) month period ending three (3) months prior
3 to July 1, 2004. Nothing herein shall be deemed to provide for any reduction
4 in the amount of the basic monthly rent from the previous year.

5 (b) On July 1, 2010, the basic monthly rent shall be one-twelfth (1/12)
6 of eight percent (8%) of the appraised fair market value of the premises
7 leased, exclusive of improvements. A property appraisal for this purpose is to
8 be performed by an independent certified appraiser, procured by County,
9 knowledgeable in aviation appraising and in good standing with the American
10 Institute of Real Estate Appraisers. Once established, said rent shall be
11 adjusted annually in the manner set forth in Paragraph 5(a) above. Nothing
12 herein shall be deemed to provide for any reduction in, or for an increase
13 greater than 25%, of the basic monthly rent of the previous year.

14 7. Page 2, paragraph 6 Improvements. Add subparagraph (c) as follows:

15 (c) Relocating the Hangar: Lessee shall advise County in writing prior to
16 any relocation of the hangar. Lessee agrees that no relocation shall occur
17 unless the County agrees, in writing, to the method, scheduling and route of
18 hangar movement prior to move. Such Agreement by the County to Lessee
19 relocating the hangar will not be unreasonable withheld. If Lessee is to use an
20 outside relocation service, such service must meet the County's insurance
21 requirements and provide evidence of their insurance prior to coming onto the
22 airport premises.

23 8. Page 3, paragraph 8 Ingress and Egress. Add the following sentence:

24 Lessee shall comply with all Airport security policies and procedures when
25 entering or leaving the Airport premises.

26 9. Page 4, paragraph 15. Termination By Lessee, delete this paragraph in its
27 entirety.

28 ///

1 10. Page 5, paragraph 18. Insurance shall be deleted and replaced by the following:

2 18. Insurance. Lessee shall procure and maintain or cause to be
3 maintained, at its sole cost and expense, the following insurance coverages
4 during the term of this Lease. The procurement and maintenance of insurance
5 required below will not diminish or limit Lessee's obligation to indemnify or hold
6 the County harmless.

7 (a) Workers' Compensation: If Lessee has employees as defined
8 by the State of California, Lessee shall maintain Workers' Compensation
9 Insurance (Coverage A) as prescribed by the laws of the State of California.
10 Policy shall include Employers' Liability (Coverage B) including Occupational
11 Disease with limits not less than \$1,000,000 per person per accident. Policy
12 shall be endorsed to waive subrogation in favor of the County of Riverside.
13 Lessee shall require Sublessees to meet this insurance requirement and
14 provide County with evidence of coverage and required endorsements.
15 Sublessee shall provide an endorsement to waive subrogation in favor of the
16 Lessee and the County of Riverside.

17 If Lessee or Sublessees do not have employees, they will provide
18 County with a written statement to that effect.

19 (b) Airport General Liability: If Lessee does not have Premises
20 Liability included within their Aircraft Liability coverage, or, Lessee does not
21 have Premises Liability coverage under the Port A Port Owners Association's
22 insurance program, then Lessee shall maintain Airport General Liability
23 insurance coverage, including but not limited to, premises liability, and
24 contractual liability, covering claims or occurrences which may arise from or out
25 of Lessee's performance of its obligations hereunder. Policy shall name all
26 Agencies, Districts, Special Districts, and Departments of the County of
27 ~~Riverside, its respective directors, officers, Board of Supervisors, employees,~~
28 elected or appointed officials, agents or representatives as Additional Insureds.

1 Policy's limit of liability shall not be less than \$1,000,000 per occurrence and in
2 the aggregate if applicable.

3 If Lessee subleases one or more hangars, Lessee shall either:

4 (1) Require each Sublessee to maintain Airport General Liability
5 or the Port A Port Owners Association's insurance program or maintain Aircraft
6 Liability Insurance covering premises liability insurance. Such coverage shall
7 name the Lessee and all Agencies, Districts, Special Districts, and
8 Departments of the County of Riverside, its respective directors, officers, Board
9 of Supervisors, employees, elected or appointed officials, agents or
10 representatives as Additional Insureds. Lessee shall provide County with
11 evidence of coverage and all required endorsements for each tenant; or,

12 (2) Acquire Airport General Liability Insurance that includes
13 coverage for Contingent Liability and provide County with evidence of coverage
14 and all required endorsements.

15 (c) Vehicle Liability: If Lessee's vehicles or mobile equipment enter the
16 operating area of the French Valley Airport, then Lessee shall maintain liability
17 insurance for all owned, non-owned or hired vehicles used in an amount not less
18 than \$1,000,000 per occurrence combined single limit. Policy shall name all
19 Agencies, Districts, Special Districts, and Departments of the County of
20 Riverside, its respective directors, officers, Board of Supervisors, employees,
21 elected or appointed officials, agents or representatives as Additional Insureds.

22 If Lessee subleases hangars, Lessee shall require its Sublessees to
23 provide Vehicle Liability Insurance, as specified above, and provide County with
24 evidence of coverage and all required endorsements. Sublessees shall name
25 Lessee and County as additional insureds in accordance to the requirements
26 contained herein.

27 (d) Aircraft Liability Insurance. Lessee shall provide Aircraft
28 Liability insurance for all owned and non-owned aircraft operated by the Lessee

1 in an amount not less than \$1,000,000.00 combined single limit per occurrence
2 for bodily injury, including death, and property damage and coverage shall
3 include, but is not limited to, premises liability. The policy will be endorsed to
4 include all Agencies, Districts, Special Districts, and Departments of the County
5 of Riverside, their respective directors, officers, Board of Supervisors,
6 employees, elected or appointed officials, agents or representative as
7 Additional Insureds. If Lessee maintains premises liability coverage under a
8 separate policy, which provides coverage for exposures arising from this Lease,
9 Lessee is not required to maintain premises liability within the Aircraft Liability
10 coverage.

11 Lessee shall require Sublessees to meet this insurance
12 requirement and provide County with evidence of coverage and required
13 endorsements.

14 (e) General Insurance Provisions – All lines:

15 (1) Any insurance carrier providing insurance coverage
16 hereunder shall be admitted to the State of California and have an AM BEST
17 rating of not less than A: VIII (A:8), unless such requirements are waived in
18 writing by the County Risk Manager. If the County's Risk Manager waives a
19 requirement for a particular insurer, such waiver is only valid for that specific
20 insurer and only for one policy term.

21 (2) The Lessee's insurance carrier(s) must declare its
22 insurance deductibles or self-insured retentions. If such deductibles or self-
23 insured retentions exceed \$50,000 per occurrence such deductibles and/or
24 retentions shall have the prior written consent of the County Risk Manager
25 before the commencement of operations under this Agreement. Upon
26 notification of deductibles or self insured retention's unacceptable to the County,

27 ~~and at the election of the County's Risk Manager, Lessee's carriers shall either;~~

28 1) reduce or eliminate such deductibles or self-insured retention's as respects

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this Agreement with the County, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

(3) Lessee shall cause its insurance carrier to furnish the County of Riverside with either 1) a properly executed original Certificate of Insurance and certified original copies of Endorsements effecting coverage as required herein, and 2) if requested to do so in writing by the County Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any cancellation, expiration or reduction in coverage of such insurance. In the event of a, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect.

Lessee shall not commence operations under this Lease until the County has been furnished original Certificate(s) of insurance and certified original copies of endorsements and, if requested, certified original policies of Insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

(4) It is understood and agreed to by the parties hereto and the insurance company(s), that the Certificate(s) of Insurance and policies shall so

1 covenant and shall be construed as primary insurance, and the County's
2 insurance and/or deductibles and/or self-insured retention's or self-insured
3 programs shall not be construed as contributory.

4 (5) County's Reserved Rights – Insurance: County reserves
5 the right to adjust the limits of insurance coverage as required in Paragraph 18
6 herein every fifth year during the term of this Lease provided, however that any
7 adjustment herein shall not increase the monetary limits of insurance for the
8 preceding five (5) years in excess of fifty percent (50%). The foregoing
9 notwithstanding any adjustments to the monetary limits in the year 2005 will not
10 exceed twenty five percent (25%). Lessee shall notify County and County shall
11 notify Lessee of any claim made by a third party or any incident or event that
12 may give rise to a claim arising from this Lease.

13 11. Page 6, paragraph 20. Hold Harmless, subparagraph (b), delete and replace with
14 following:

15 (b) Lessee shall indemnify and hold harmless all Agencies, Districts,
16 Special Districts and Departments of the County of Riverside, its respective
17 directors, officers, Board of Supervisors, elected and appointed officials,
18 employees, agents and representatives from any liability whatsoever based or
19 asserted upon any services, or activities of Lessee, its officers, employees,
20 subcontractors, agents or representatives, if any, arising out of or in any way
21 relating to this Agreement, including but not limited to property damage, bodily
22 injury, or death or any other element of any kind or nature whatsoever, or
23 resulting from any reason whatsoever arising out of or from the performance of
24 Lessee, its officers, agents, employees, subcontractors, sublessees, agents or
25 representatives from this Agreement.

26 Lessee shall defend at its sole cost and expense, all costs and
27 ~~fees including but not limited to attorney fees, cost of investigation, defense and~~
28 settlements or awards of all Agencies, Districts, Special Districts and

1 Departments of the County of Riverside - its directors, officers, Board of
2 Supervisors, elected and appointed officials, employees agents and
3 representatives in any claim or action based upon such alleged acts or
4 omissions.

5 With respect to any action or claim, Lessee shall at its sole cost
6 and expense have the right to use counsel of its own choice and shall have the
7 right to adjust, settle, or compromise any such action or claim without the prior
8 consent of County provided, however, that any such adjustment, settlement or
9 compromise in no manner whatsoever limits or circumscribes Lessee's
10 indemnification to County as set forth herein. Lessee's obligation hereunder
11 shall be satisfied when Lessee has provided to County the appropriate form of
12 dismissal relieving County from any liability for the action or claim involved.

13 The specified insurance limits required in this Agreement shall in
14 no way limit or circumscribe Lessee's obligations to indemnify and hold
15 harmless the County herein from third party claims.

16 (c) Aircraft Hull - Hold Harmless; Lessee hereby accepts
17 responsibility for any physical loss or damage to owned or non-owned aircraft in
18 Lessee's care, custody, or control while aircraft is upon or about the Airport
19 premises; and, Lessee agrees to hold harmless the County for any loss or
20 damage, regardless of the cause for such loss or damage, to owned or non-
21 owned aircraft and to any associated aircraft property, including, but not limited
22 to, aircraft, its contents, equipment and spare parts.

23 (d) Sublessee Requirements. If Lessee subleases hangars, Lessee
24 shall pass down to each Sublessee the indemnification requirements contained
25 herein requiring the Sublessee to indemnify both the Lessee and the County as
26 required in paragraph 20 of the Lease as amended herein.

27 ~~12. All other provisions of the Lease, not otherwise affected by this Amendment, shall~~
28 remain the same.

1 13. Construction of Amendment: The parties hereto negotiated this First Amendment
2 at arms length and with the advice of their respective attorneys, and no provisions
3 contained herein shall be construed against County solely because it prepared this
4 First Amendment in its executed form.

5
6 Date: 5/30/2004

LESSEE
P.C.H. Ruby, Inc.
a California Corporation

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8
9
10 By: _____

By: Al Baker
Al Baker, President

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12
13 Date: SEP 14 2004

LESSOR
COUNTY OF RIVERSIDE

14
15
16 By: Joy Wilson
Chairman, Board of Supervisors

17
18 ATTEST:
19 NANCY ROMERO, Clerk of the Board

FORM APPROVED
WILLIAM C. KATZENSTEIN, County Counsel

20
21 By: Carinne Daley
Deputy

By: Gordon V. Woo 8/17/04
Deputy

22 (SEAL)
23 EXHIBIT A: Lease

24 F:\Shared\EDCOM\AIRPORTS\IRVALLEY\Port A Ports\FIRST AMENDMENTS\PAP #13 PCH Ruby 1st\AMD mar 2104.doc

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LEASE
(Port-a-Port T-Hangar for Aircraft Storage)

The COUNTY OF RIVERSIDE, herein called County, leases to AC. H. Ruby, Incorporated, herein called Lessee, the property described below upon the following terms and conditions:

1. Description. The premises leased hereby are located within French Valley Airport, Murrieta, California and consist of approximately 1092 square feet of land identified as Space No. 13, as more particularly shown on Exhibit "A", attached hereto and by this reference made a part of this lease.

2. Use. The premises are leased hereby for the purpose of installing and maintaining a Port-a-Port T-Hangar therein for aircraft storage and aircraft supporting equipment in connection therein.

3. Term.

(a) The term of this lease shall be for a period commencing December 1, 1990, and terminating December 31, 2010, subject to the provisions contained in Paragraphs 14 and 15 herein.

(b) Any holding over by Lessee after the expiration of this lease shall be on a day-to-day basis strictly, and continuing tenancy rights shall not accrue to Lessee.

4. Basic Rent.

(a) Lessee shall pay to County the sum of \$ 74.00 per month as basic rent for the leased premises, payable, in advance, on the 1st day of the month.

(b) In the event Lessee fails, or refuses, to make his monthly rental payment in the amount and on the date as required in Paragraph 4(a) herein, Lessee shall pay to County an additional amount of \$ 10.00 as an administrative charge, which charge represents a minimal cost incurred by County by virtue of such failure or refusal.

5. Basic Rental Adjustment.

(a) ~~The basic monthly rent shall be adjusted every year during the term of this lease in the following manner:~~

(1) Divide the Consumer Price Index for the month of January, 1991, into the Consumer Price Index

1 for the month of January immediately preceding the
2 anniversary in which the basic monthly rent is to be
adjusted.

3 (2) Multiply the quotient obtained in
4 Paragraph 5 (a)(1) above by the basic monthly rent.

5 (3) The result of such multiplication obtained
6 in Paragraph 5 (a)(2) above shall be the monthly rent for
the succeeding year.

7 The Consumer Price Index referred to herein is the
8 All Urban Consumers (U.S. City Average) published monthly by the
9 U.S. Bureau of Labor Statistics. The Consumer Price Index for the
10 month of January, 1991, is _____. If the Consumer Price
Index is discontinued or revised during the term of this lease,
11 such other government index or computation with which it is
replaced shall be used in order to obtain substantially the same
12 result as would be obtained if the index had not been discontinued.

13 In no event, however, shall the monthly rent be less
14 than the basic monthly rent set forth in Paragraph 4 herein.

15 6. Improvements.

16 (a) Lessee shall have the right to place or install
17 a Port-a-Port T-Hangar upon the leased premises. No other
18 alterations, improvements or installations of fixtures of any
19 kind whatsoever shall be undertaken by Lessee, unless Lessee has
first obtained written approval therefor from County's Managing
20 Director of its Economic Development Agency. Lessee understands
and agree that such improvements, alterations and installations of
21 fixtures may be subject to County Ordinance Nos. 348 and 457, as
well as other applicable County Ordinances, and that Lessee shall
22 fully comply with such ordinances prior to the commencement of any
construction in connection therewith.

23 (b) All alterations and improvements made, and
24 fixtures installed, by Lessee on or upon the leased premises in
accordance with the provisions of Paragraph 6(a) herein shall
25 remain the property of Lessee, provided however, that Lessee
removes, at his expense, such alterations, improvements and
26 fixtures at or prior to the expiration of this lease and restores
the leased premises to their original shape and condition as
27 nearly as practicable. In the event any such alterations,
improvements and fixtures are not so removed, County may, at its
28 election, either, (1) remove and store such alterations,
improvements and fixtures and restore the premises for the account
of Lessee, in such event Lessee shall, within 30 days after
29 billing and accounting therefore, reimburse County for the costs
so incurred or (2) take and hold such alterations, improvements
and fixtures as its sole property for no further consideration of
any kind, and Lessee shall execute any documents that may be
required or necessitated conveying Lessee's interest in such
alterations, improvements and fixtures to County.

1 7. Restrictions.

2 (a) Lessee shall not use the leased premises or
3 store any personal property therein or thereon, for the purpose of
4 conducting any activity upon or within the French Valley Airport
5 premises for which any form of remuneration is expected or
6 received unless such activity is permitted under a separate
7 agreement or lease between County and Lessee.

8 (b) Lessee shall not fuel or defuel an aircraft
9 inside or upon the leased premises or within 25 feet of any
10 hangar. Lessee shall not store any highly volatile materials
11 including, but not limited to, paint products and aviation fuels,
12 within or outside of the leased premises; provided, however, that
13 Lessee may store fuel in his aircraft's fuel tanks.

14 8. Ingress and Egress. Lessee shall be permitted
15 ingress and egress to and from the leased premises through
16 established gates and/or over such routes as are designated by
17 County's Managing Director of its Economic Development Agency.

18 9. Utilities. County shall provide, or cause to be
19 provided all water and electrical services as may be required in
20 the use of the leased premises; provided, however that Lessee
21 shall pay to County for all such electrical service, upon
22 accounting and billing therefor by County to Lessee. Lessee shall
23 provide and pay for all other utility services that it may require
24 or desire in his use of the leased premises.

25 10. Maintenance. Lessee shall maintain the leased
26 premises in a neat, safe, orderly and attractive manner during the
27 term of this lease. Lessee shall deposit all waste, rubbish and
28 debris in receptacles provided by County in the vicinity of the
Port-a-Port T-Hangars; provided, however, that crank case
drainages and other liquids shall be removed from the airport
premises.

 11. Inspection of Premises. County, through its duly
authorized agents, shall have, at any time during normal business
hours, the right to enter the leased premises for the purpose of
inspecting, monitoring and evaluating the obligations of Lessee
hereunder and for the purpose of doing any and all things which it
is obligated and has a right to do under this lease.

 12. Quiet Enjoyment. Lessee shall have, hold and
quietly enjoy the use of the leased premises so long as he
shall fully and faithfully perform the terms and conditions
that he is required to do under this lease.

 13. Compliance with Government Regulations. Lessee
shall, at Lessee's sole cost and expense, comply with the
requirements of all local, state and federal statutes,
regulations, rules, ordinances and orders now in force or which
may be hereafter in force, pertaining to the leased premises. The
final judgment, decree or order of any Court of competent

1 jurisdiction, or the admission of Lessee in any action or
2 proceedings against Lessee, whether Lessee be a party thereto or
3 not, that Lessee has violated any such statutes, regulations,
rules, ordinances, or orders, in the use of the leased premises,
shall be conclusive of that fact as between County and Lessee.

4 14. Termination by County. County shall have the right
5 to terminate this lease forthwith:

6 (a) In the event a petition is filed for voluntary
7 or involuntary bankruptcy for the adjudication of Lessee as a
debtor.

8 (b) In the event that Lessee makes a general
9 assignment, or Lessee's interest hereunder is assigned
involuntarily or by operation of law, for the benefit of creditors.

10 (c) In the event of abandonment of the leased
premises by Lessee.

11 (d) In the event Lessee fails or refuses to
12 perform, keep or observe any of Lessee's duties or obligations
hereunder except his rental obligations; provided, however,
13 that Lessee shall have fifteen (15) days in which to correct
Lessee's breach or default after written notice thereof has been
14 served on Lessee by County.

15 (e) In the event Lessee fails, or refuses, to
16 meet his rental obligations, or any of them, hereunder or as
otherwise provided by law.

17 15. Termination by Lessee.

18 (a) Lessee shall have the right to terminate this
19 lease subject to thirty (30) days written notice thereof to County.

20 16. Eminent Domain. If any portion of the leased
21 premises shall be taken by eminent domain and a portion thereof
22 remains which is usable by Lessee for the purpose set forth in
Paragraph 2 herein, this lease shall, as to the part taken,
23 terminate as of the date title shall vest in the condemnor, or
the date prejudgment possession is obtained through a court of
24 competent jurisdiction, whichever is earlier, and the rent payable
hereunder shall abate pro rata as to the part taken; provided,
25 however, in such event County reserves the right to terminate this
26 lease as of the date when title to the part taken vests in the
condemnor or as of such date of prejudgment possession. If all of
27 the leased premises are taken by eminent domain, or such part is
taken so that the leased premises are rendered unusable for the
28 purposes set forth in Paragraph 2 herein, this lease shall
terminate. If a part or all of the leased premises be so taken,
the compensation awarded upon such taking shall be paid to the
parties hereto in accordance with the values attributable to their
respective interests in such eminent domain proceedings.

1 17. Continuation of Lease After Abandonment. Even
2 though Lessee has abandoned the leased premises, this lease shall
3 continue in effect for so long as County does not terminate
4 Lessee's right to possession, and County may enforce all of its
5 rights and remedies under this lease, including, but not limited
6 to, the right to recover rent as it becomes due hereunder. For
7 the purposes of this Paragraph 17, acts of maintenance or
8 preservation or efforts by County to relet the premises, or the
9 appointment of a receiver or initiative of County to protect its
10 interest under this lease do not constitute a termination of
11 Lessee's right to possession.

12 18. Insurance. Lessee shall during the term of this
13 lease:

14 (a) Procure and maintain comprehensive general
15 liability insurance coverage that shall protect Lessee from claims
16 for damages for personal injury, including, but not limited to,
17 accidental and wrongful death, as well as from claims for property
18 damage, which may arise from Lessee's use of the leased premises
19 or the performance of his obligations hereunder, whether such
20 use or performance be by Lessee, by any subcontractor, or by
21 anyone employed directly or indirectly by either of them. Such
22 insurance shall name County as an additional
23 insured with respect to this lease and the obligations of Lessee
24 hereunder. Such insurance shall provide for limits of not less
25 than \$500,000 per occurrence.

26 (b) Cause his insurance carriers to furnish
27 County by direct mail with Certificate(s) of Insurance showing
28 that such insurance is in full force and effect, and that County
29 is named as an additional insured with respect to this lease and
30 the obligations of Lessee hereunder. Further, said Certificate(s)
31 shall contain the covenant of the insurance carrier(s) that thirty
32 (30) days written notice shall be given to County prior to
33 modification, cancellation or reduction in coverage of such
34 insurance. In the event of any such modification, cancellation or
35 reduction in coverage and on the effective date thereof, this
36 lease shall terminate forthwith, unless County receives prior to
37 such effective date another certificate from an insurance carrier
38 of Lessee's choice that the insurance required herein is in full
39 force and effect. Lessee shall not take possession or otherwise
40 use the leased premises until County has been furnished
41 certificate(s) of insurance as otherwise required in this
42 Paragraph 18.

43 19. County's Reserved Rights - Insurance. County
44 reserves the right to adjust the monetary limits of insurance
45 coverage as required in Paragraph 18 herein every fifth year
46 during the term of this lease; provided, however, that any
47 adjustment herein shall not increase the monetary limits of
48 insurance coverage for the preceding five (5) years in excess of
49 twenty-five percent (25%) thereof.

1 20. Hold Harmless.

2 (a) Lessee represents that he has inspected the
3 leased premises, accepts the condition thereof and fully assumes
4 any and all risks incidental to the use thereof. County shall not
5 be liable to Lessee, his agents, employees, subcontractors or
6 independent contractors for any personal injury or property damage
7 suffered by them which may result from hidden, latent or other
8 dangerous conditions in, on, upon or within the leased premises;
9 provided, however, that such dangerous conditions are not caused
10 by the sole negligence of County, its officers, agents or
11 employees.

12 (b) Lessee shall indemnify and hold County, its
13 officers, agents, employees and independent contractors free and
14 harmless from any liability whatsoever, based or asserted upon any
15 act or omission of Lessee, his agents, employees,
16 subcontractors and independent contractors, for property damage,
17 bodily injury, or death (Lessee's employees included) or any other
18 element of damage of any kind or nature, relating to or in anywise
19 connected with or arising from his use and responsibilities in
20 connection therewith of the leased premises or the condition
21 thereof, and Lessee shall defend, at his expense, including
22 attorney fees, County, its officers, agents, employees and
23 independent contractors in any legal action based upon such
24 alleged acts or omissions.

25 (c) The specified insurance limits required in
26 Paragraph 18 herein shall in no way limit or circumscribe Lessee's
27 obligations to indemnify and hold County free and harmless herein.

28 21. Assignment.

 (a) Except as provided in Paragraph 21(b) below,
Lessee cannot assign, sublet, mortgage, hypothecate or otherwise
transfer in any manner any of its rights, duties or obligations
hereunder to any person or entity without the written consent of
County being first obtained.

 (b) Lessee may sublet the leased premises provided
that such subletting: (1) is in writing, copy of which shall be
forwarded to County upon execution thereof, (2) includes a
provision therein subjecting the sublease(s) to the terms and
conditions of this lease, and (3) shall be in a format previously
approved by County.

 22. Toxic Materials. During the term of this lease and
any extensions thereof, 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 leased premises including, but not limited to, soil and~~
~~ground water conditions. Further, Lessee, its successors, assigns~~
and sublease, shall not use, generate, manufacture, produce, store
or dispose of on, under or about the leased premises or transport
to or from the leased premises any flammable explosives, asbestos,

1 radioactive materials, hazardous wastes, toxic substances or
2 related injurious materials, whether injurious by themselves or in
3 combination with other materials (collectively, "hazardous
4 materials"). For the purpose of this lease, hazardous materials
5 shall include, but not be limited to, substances defined as
6 "hazardous substances," "hazardous materials," or "toxic
7 substances" in the Comprehensive Environmental Response,
8 Compensation and Liability Act of 1980, as amended, 42 U.S.C.
9 Section 9601, et seq.; the Hazardous Materials Transportation Act,
10 49 U.S.C. Section 1801, et seq.; the Resource Conservation and
11 Recovery Act, 42 U.S.C. Section 6901, et seq.; and those
12 substances defined as "hazardous wastes" in Section 25117 of the
13 California Health and Safety Code or as "hazardous substances" in
14 Section 25316 of the California Health and Safety Code; and in the
15 regulations adopted in publications promulgated pursuant to said
16 laws.

17
18 23. Free from Liens. Lessee shall pay, when due, all
19 sums of money that may become due for any labor, services,
20 material, supplies, or equipment, alleged to have been furnished
21 or to be furnished to Lessee, in, upon, or about the leased
22 premises, and which may be secured by a mechanics', materialmen's
23 or other lien against the leased premises or County's interest
24 therein, and will cause each such lien to be fully discharged and
25 released at the time the performance of any obligation secured by
26 such lien matures or becomes due; provided, however, that if
27 Lessee desires to contest any such lien, he may do so, but
28 notwithstanding any such contest, if such lien shall be reduced to
final judgment, and such 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,
Lessee shall forthwith pay and discharge said judgment.

29
30 24. Employees and Agents of Lessee. It is understood
31 and agreed that all persons hired or engaged by Lessee shall be
32 considered to be employees or agents of Lessee and not of County.

33
34 25. Binding on Successors. Lessee, his assigns and
35 successors in interest, shall be bound by all the terms and
36 conditions contained in this lease, and all of the parties thereto
37 shall be jointly and severally liable hereunder.

38
39 26. Waiver of Performance. No waiver by County at any
40 time of any of the terms and conditions of this lease shall be
41 deemed or construed as a waiver at any time thereafter of the same
42 or of any other terms or conditions contained herein or of the
43 strict and timely performance of such terms and conditions.

44
45 27. Severability. The invalidity of any provision in
46 this lease as determined by a court of competent jurisdiction
47 shall in no way affect the validity of any other provision hereof.

48
49 28. Venue. Any action at law or in equity brought by
50 either of the parties hereto for the purpose of enforcing a right
51 or rights provided for by this lease shall be tried in a Court of

1 competent jurisdiction in the County of Riverside, State of
2 California, and the parties hereby waive all provisions of law
3 providing for a change of venue in such proceedings to any other
4 County.

5 29. Attorneys' Fees. In the event of any litigation or
6 arbitration between Lessee and County to enforce any of the
7 provisions of this lease or any right of either party hereto, the
8 unsuccessful party to such litigation or arbitration agrees to pay
9 to the successful party all costs and expenses, including
10 reasonable attorneys' fees, incurred therein by the successful
11 party, all of which shall be included in and as a part of the
12 judgment or award rendered in such litigation or arbitration.

13 30. Notices. Any notices required or desired to be
14 served by either party upon the other shall be addressed to the
15 respective parties as set forth below:

16	<u>COUNTY</u>	<u>Lessee</u>
17	County of Riverside	<u>P. C. H. Ruby, Incorporated</u>
18	Economic Development Agency	<u>31535 Avenida Del Reposa</u>
19	Aviation Unit	<u>Temecula, CA 92390</u>
20	P.O. Box 1180 - 3499 Tenth Street	<u>(714) 676-2816</u>
21	Riverside, CA 92502	

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

24 31. Permits, Licenses and Taxes. Lessee shall secure,
25 at his expense, all necessary permits and licenses as he may
26 be required to obtain, and Lessee shall pay for all fees and taxes
27 levied or required by any authorized public entity. Lessee
28 recognizes and understands that this lease may create a possessory
interest subject to property taxation and that Lessee may be
subject to the payment of property taxes levied on such interest.

32. Paragraph Headings. The paragraph headings herein
are for the convenience of the parties only, and shall not be
deemed to govern, limit, modify or in any manner affect the scope,
meaning or intent of the provisions or language of this lease.

33. County's Representative. County hereby appoints the
Managing Director of its Economic Development Agency as its
authorized representative to administer this lease.

34. Agent for Service of Process. It is expressly
understood and agreed that in the event Lessee is not (a) resident
of the State of California or he is an association or
partnership without a member or partner resident of the State of
California, or it is a foreign corporation, then in any such
event, ~~Lessee shall file with County's Aviation Director,~~
~~upon his execution hereof, a designation of a natural person~~
residing in the State of California, giving his or her name,
residence and business addresses, as his agent for the purpose
of service of process in any court action arising out of or based

1 upon this lease, and the delivery to such agent of a copy of any
2 process in any such action shall constitute valid service upon
3 Lessee. It is further expressly understood and agreed that if for
4 any reason service of such process upon such agent is not
5 feasible, then in such event Lessee may be personally served with
6 such process out of this County and that such service shall
7 constitute valid service upon Lessee. It is further expressly
8 understood and agreed that Lessee is amenable to the process so
9 served, submits to the jurisdiction of the Court so obtained and
10 waives any and all objections and protests thereto.

11 35. Entire Lease. This lease is intended by the parties
12 hereto as a final expression of their understanding with respect
13 to the subject matter hereof and as a complete and exclusive
14 statement of the terms and conditions thereof and supersedes any
15 and all prior and contemporaneous leases, agreements and
16 understandings, oral or written, in connection therewith. This
17 lease may be changed or modified only upon the written consent of
18 the parties hereto.

11 Dated: DEC 18 1990

COUNTY OF RIVERSIDE

13 By [Signature]
14 Chairman, Board of Supervisors

15 ATTEST:

16 GERALD A. MALONEY
17 Clerk of the Board
18 By [Signature]
19 Deputy

20 (SEAL)

Lessee: P.C.H. Ruby, Incorporated

21 [Signature]
22 President

27 PHL:wr/bln
28 146lease
rev.8/15/90

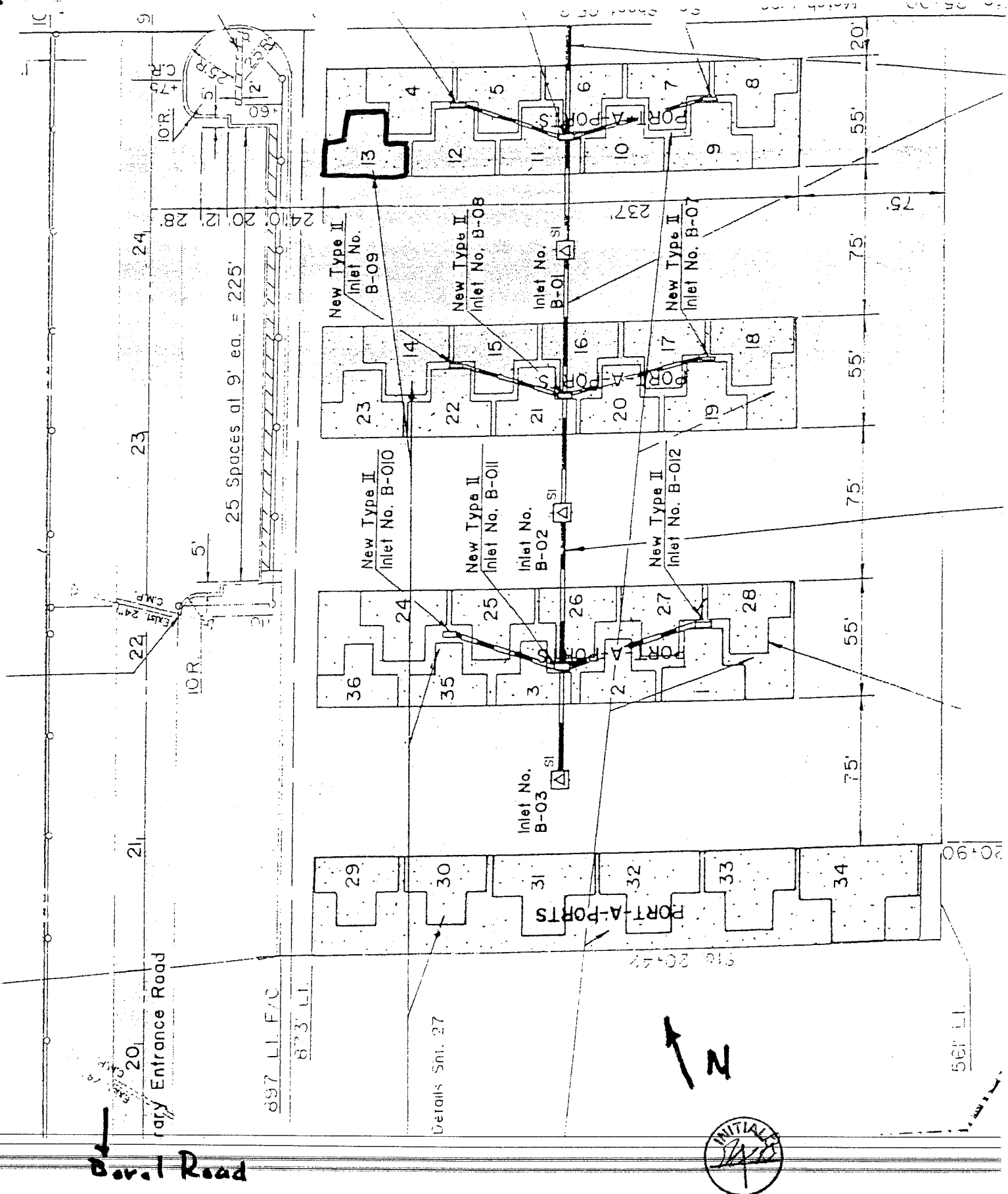


EXHIBIT A