

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

932



FROM: Economic Development Agency

SUBMITTAL DATE:
December 02, 2010

SUBJECT: Consent to Assignment and Approval of Sublease, French Valley Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Consent to the Assignment dated October 29, 2010, from Larry Hansen and Joseph Diorio, as Assignor, to Quinn Aire, LLC, as Assignee;
2. Consent to Sublease dated November 8, 2010, from Quinn Aire, LLC, as Sublessor, to Aero Costal, LLC, a subsidiary of Terraliance Technologies, Inc., as Sublessee;
3. Authorize the Chairman of the Board to execute the Consent to Assignment and approve the Sublease; and

(Continued)

Lisa Brandl for

Robert Field
Assistant County Executive Officer/EDA
By Lisa Brandl, Managing Director

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

Dep't Reconn.: Consent Policy

Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: N/A District: 3 Agenda Number: **3.21**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
BY: ANITA C. WILLIS
DATE: 11-30-10
Departmental Concurrence

RECOMMENDED MOTION: (Continued)

4. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents required by the Assignment or Sublease.

BACKGROUND:

The Economic Development Agency has received an assignment and approval of sublease, dated October 29, 2010, and November 8, 2010, respectively, between Larry Hansen and Joseph Diorio, as Assignor, to Quinn Aire, LLC, as Assignee; and from Quinn Aire, LLC, as Sublessor, to Aero Costal, LLC, a subsidiary of Terralliance Technologies, Inc., as Sublessee. The sublease is for the land occupied by an aircraft storage hangar, ovation hangar, located at the French Valley Airport.

The sublease is under a three acre ground lease dated May 14, 2002, and that certain lease was approved by the Board of Supervisors of the County of Riverside on June 4, 2002, and subsequently amended by first amendment to lease approved by the Board of Supervisors of the County of Riverside on October 21, 2003, by second amendment to lease approved by the Board of Supervisors of the County of Riverside on December 13, 2005, and by third amendment to Lease approved by the Board of Supervisors of the County of Riverside on July 25, 2006, and as subsequently assigned by Ovation Air Group, Inc., to Quinn Aire, LLC on January 23, 2007, pertaining to the premises described as three plus or minus acres of land, including improvements, at the French Valley Airport. A memorandum of the lease was recorded with the County Recorder of Riverside County, State of California, on May 3, 2004, as Document No. 2004-0324499.

The Economic Development Agency recommends that the Board of Supervisors consent to the assignment and approve the sublease. County Counsel has reviewed the assignment and sublease and approved the consents as to form.

CONSENT TO ASSIGNMENT

The County of Riverside (Lessor) hereby consents to the foregoing Assignment dated October 29~~th~~, 2010, from LARRY HANSEN, a married man as his sole and separate property, as to an undivided 50% interest, and JOSEPH DIORIO, a married man as his sole and separate property, as to an undivided 50% interest, as tenants in common (Assignors), to QUINN AIRE, LLC (Assignee), of all of Assignor's right, title and interest in and to that certain Lease approved by the Board of Supervisors of the County of Riverside on June 4, 2002, as subsequently amended by First Amendment to Lease approved by the Board of Supervisors of the County of Riverside on October 21, 2003, by Second Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 13, 2005, and by Third Amendment to Lease approved by the Board of Supervisors of the County of Riverside on July 25, 2006, and as subsequently assigned by OVATION AIR GROUP, INC., to QUINN AIRE, LLC on January 23, 2007, pertaining to the premises described as three (3) plus or minus acres of land, including improvements, at the French Valley Airport. A memorandum of the lease was recorded with the County Recorder of Riverside County, State of California, on May 3, 2004, as Document No. 2004-0324499.

Notwithstanding the above, the County of Riverside does not hereby waive the restrictions contained in the above-referenced Lease with respect to any future assignments thereunder, and does not hereby release Assignor from any obligations that are not performed by Assignee, but otherwise accepts Assignee as Lessee for all intents and purposes as though Assignees were the original Lessee.

Date: _____

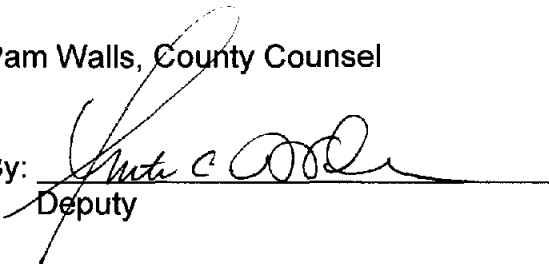
COUNTY OF RIVERSIDE
Master Lessor

By: _____
Chairman of the Board of Supervisors

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

FORM APPROVED:
Pam Walls, County Counsel

By: _____
Deputy

By: 
Deputy

ASSIGNMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, LARRY HANSEN, a married man as his sole and separate property as to an undivided 50% interest, and JOSEPH DIORIO, a married man as his sole and separate property, as to an undivided 50% interest, as tenants in common, hereby transfer and assign to QUINN AIRE, LLC, a California limited liability company, all their rights, title and interest of the undersigned under that certain unrecorded Lease approved by the Board of Supervisors of the County of Riverside on June 4, 2002, and amended by First Amendment to Lease approved by the Board of Supervisors of the County of Riverside on October 21, 2003, Second Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 13, 2005, and Third Amendment to Lease approved by the Board of Supervisors of the County of Riverside on July 25, 2006, pertaining to the premises described as three (3) plus or minus acres of land, including improvements located at the French Valley Airport, County of Riverside, State of California, a true and correct copy of said Lease and Amendments are attached hereto collectively as Exhibit "A." A memorandum of said lease was recorded with the County Recorder of Riverside County, State of California, on May 3, 2004, as Document No. 2004-0324499. 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: October 29, 2010


LARRY HANSEN

Dated: October 29, 2010


JOSEPH DIORIO

SEE ATTACHED
ALL-PURPOSE
ACKNOWLEDGEMENT

[SEE NEXT PAGE FOR ACCEPTANCE AND AGREEMENT]

ACCEPTANCE AND AGREEMENT

QUINN AIRE, LLC, a California limited liability company, 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 and Amendments 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 thereunder.

Dated: November 3, 2010

QUINN AIRE, LLC,
a California limited liability company

By: 

Richard L. Thompson
Manager

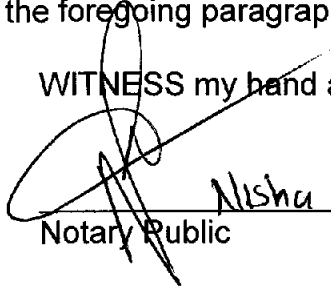
ACKNOWLEDGMENTS

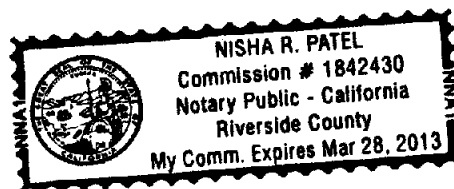
STATE OF CALIFORNIA)
) ss.
COUNTY OF Riverside)

On October 29, 2010, before me, Nisha R Patel,
Notary Public, personally appeared LARRY HANSEN, who proved to me on the
basis of satisfactory evidence to be the person whose name is subscribed to the
within instrument and acknowledged to me that he executed the same in his
authorized capacity, and that by his signature on the instrument the person, or
the entity upon behalf of which the person 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


Nisha R Patel A Notary Public
Notary Public

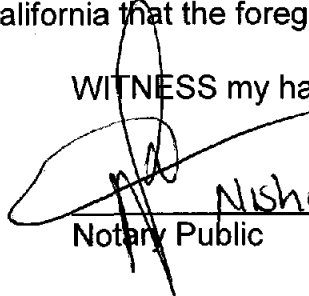


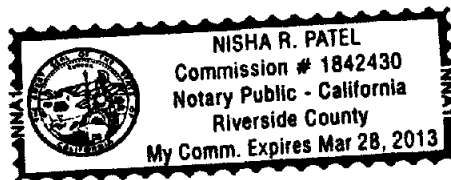
STATE OF CALIFORNIA)
) ss.
COUNTY OF Riverside)

On October 29, 2010, before me, Nisha R Patel,
Notary Public, personally appeared JOSEPH DIORIO, who proved to me on the
basis of satisfactory evidence to be the person whose name is subscribed to the
within instrument and acknowledged to me that he executed the same in his
authorized capacity, and that by his signature on the instrument the person, or
the entity upon behalf of which the person 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


Nisha R Patel A Notary Public
Notary Public

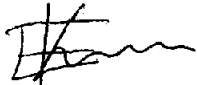


STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN MATEO)

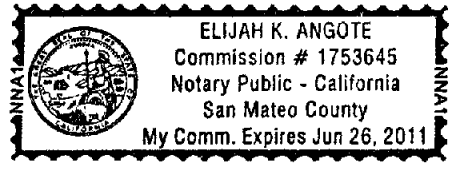
On November 3rd, 2010, before me, ELIJAH K. ANGOTE,
Notary Public, personally appeared RICHARD L. THOMPSON, who proved to
me on the basis of satisfactory evidence to be the person whose name is
subscribed to the within instrument and acknowledged to me that he executed
the same in his authorized capacity, and that by his signature on the instrument
the person, or the entity upon behalf of which the person 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



Notary Public



LEASE

French Valley Airport

The COUNTY OF RIVERSIDE, herein called County, leases to MACH I Air Charter, Inc., a Delaware Corporation, herein called Lessee, the property described below under the following terms and conditions:

1. Recitals.

(a) County owns approximately one and one half (1.5) acres of land at the French Valley Airport, County of Riverside, California. County desires to lease said property to Lessee for the construction of an aircraft hangar and related office space.

(b) Lessee desires to lease said property from the County, for the construction of an aircraft hangar and related office space as well as have a option to lease an additional 1.5 acres of improved tie-down space adjacent to the original leasehold.

(c) Lessee must exercise the option to expand the original 1.5 acre leasehold boundary, totaling 3 acres, by the Certificate of Occupancy issuance date.

(d) In the event Lessee fails to exercise the option to expand the leasehold from 1.5 acres to 3 acres, by the time period listed above in paragraph 1c, Lessee will not acquire the rights as a full service FBO.

2. Description. The premises leased hereby are located within the French Valley Airport, County of Riverside, California, and consist of approximately 65,340 square feet of vacant land and Lessee shall have the option to lease an additional 1.5 acre of improved ramp space, further discussed in paragraph 5 below and being legally described in Exhibit "A," attached hereto and incorporated by reference herein. Said property is hereafter referred to as the "Leased Premises."

3. Term. This lease shall commence the first day of the month following execution by all parties thereto and terminate thirty (30) years thereafter, term of thirty (30) years.

(a) Any holding over by the Lessee after the expiration of this Lease

1 Lessee.

2 (b) With respect to the Leased Premises and subject to the provisions of
3 paragraphs 5, 8, 10, 16, and 17 hereof, and provided that the Lessee, at the time of
4 exercising of the option, is in full compliance with the terms of this Lease, the Lessee shall
5 have the option to extend this Lease for a period of ten (10) years.

6 4. Use.

7 (a) If Lessee meets the Minimum Standards for operating an FBO, the
8 Leased Premises may be leased hereby for the following purposes:

- 9 (1) Sale, retail or wholesale or both, of new and used aircraft,
10 aircraft parts and accessories, including instruments and
11 engines and electronic devices, aircraft fuels and lubricants,
12 airman's navigational and personal supplies and accessories;
- 13 (2) All flight operations, including, but not limited to, flight training,
14 demonstration of aircraft for sale, charter and air taxi, and flight
15 testing of aircraft following manufacturing or major modification
16 or both;
- 17 (3) Building, maintenance, repairs, overhaul and modification of all
18 types of aircraft, aircraft engines, airframes, automatic flight
19 systems, instruments, radio and other electronic equipment,
20 propellers and all other aircraft components;
- 21 (4) Painting and upholstering of aircraft;
- 22 (5) Financing, leasing, renting and insuring of aircraft;
- 23 (6) Servicing of aircraft for the purpose of fueling, supplying
24 engine oil and other necessary lubricants and aircraft fluids,
25 checking tire pressures, providing starting units and battery
26 boosters and any other service usually associated with aircraft
27 servicing operations;
- 28 (7) Providing aircraft storage inside hangar buildings and on

1 outside tie-down areas;

2 (8) Providing general office space for rent or lease;

3 (9) Providing ground school instruction associated with flight
4 training;

5 (10) Providing a well furnished pilot's lounge area;

6 (11) Leasing or renting of automobiles, and storing and sale of
7 automotive fuel and lubricants for use only in connection with
8 Lessee's equipment and rental automobiles; and

9 (12) Providing a restaurant or café for the purpose of providing
10 meals and beverages to the general public.

11 (b) In the event Lessee fails to execute the option to increase the
12 Leasehold size to 3 acres, thus meeting the Minimum Standard for an FBO, the Lessee
13 agrees to operate the Leasehold as a Limited Fixed Based Operation. The rights
14 restrictions and obligations of Lease tenants are described in the Minimum Standards
15 attached hereto in Exhibit "B". These Minimum Standards may be altered from time to time
16 to maintain compliance with FAA regulations.

17 (c) The leased premises shall not be used for any purpose other than in
18 paragraph 4(a) and 4(b) without first obtaining the written consent of County, which
19 consent shall not be unreasonably withheld.

20 5. Rent.

21 (a) Commencing after the construction rate reduction period, as referred
22 to below in 5(b), Lessee shall pay to Lessor as base rent for the use and occupancy of the
23 Leased Premises, monthly rent equal to one thousand one hundred twenty five dollars
24 (\$1,125.00). Said rent is due and payable in advance on the first of each month. If Lessee
25 exercises the option to expand the leasehold to 3 acres, the monthly rent after the
26 construction rate reduction period shall be two thousand two hundred fifty dollars
27 (\$2,250.00). In the event Lessee fails to execute the option described above in paragraph
28 1(b), 1(c), and 1(d), the rent will be predicated upon a 1.5 acre Leasehold.

1 (b) During construction of the leased premises, Lessee shall pay a
2 monthly rent equal to five hundred sixty two dollars fifty cents (\$562.50), not to exceed
3 twelve (12) months from the date of Lease execution by all parties. Rent shall then be paid
4 as described in paragraph 5(a) above.

5 (c) In addition to the basic rent required herein, and in the event that
6 Lessee dispenses fuel, Lessee shall pay to the County a fuel flowage fee or cause such
7 fee to be paid to County as hereinafter provided, in an amount equal to five percent (5%)
8 of the total net price paid by Lessee for all aviation and automotive fuel and lubricants
9 received on the leased premises by Lessee. The term "total net price" shall mean the net
10 price per unit of such fuel and lubricants, excluding taxes, shipping, and other related costs
11 imposed thereon by any government or agency thereof, multiplied by the total number of
12 units of such fuel and lubricants received. Lessee reserves the right of selecting its own
13 fuel and lubricant suppliers, and Lessee's agreement with any such suppliers may contain
14 a provision therein obligating such suppliers to submit a duplicate invoice for any fuel and
15 lubricant deliveries made to Lessee within thirty (30) days following each such delivery, and
16 such agreement may contain a provision therein obligating such suppliers to submit
17 payment to County in connection therewith. Such invoice shall indicate the type of products
18 delivered, the date of delivery, the quantity delivered, the per unit cost and the total
19 extended cost, and the invoice number. In the event such agreement does not contain a
20 provision for either submission of invoices or payment to County, Lessee shall be obligated
21 to submit such invoice or payments to County, or both if applicable. In the event such
22 agreement contains such provisions and the supplier fails, or refuses, to properly and
23 timely submit any invoices to County, or submit any payments if required to do so, Lessee,
24 upon County's written request, shall make a separate accounting of such fuel and lubricant
25 deliveries or submit payment to County in connection therewith, or both. Notwithstanding
26 provisions of this Paragraph 5 (c), upon written request from County, Lessee shall make
27 a separate accounting of such fuel and lubricant deliveries.

28 (d) Beginning July 1, 2005, and every fifth (5th) year thereafter, the basic

1 monthly rent shall be one-twelfth (1/12) of eight percent (8%) of the appraised fair market
2 land value, excluding Lessee's improvements. A property appraisal for this purpose is to
3 be performed by an independent certified appraiser, mutually acceptable to County and
4 Lessee, knowledgeable in aviation appraising, in good standing with the American Institute
5 of Real Estate Appraisers and to be procured by the County. Once established, said land
6 rent shall be adjusted annually in the manner set forth in Paragraph 5 (e) below:

7 (e) Consumer Price Index. Beginning July 1, 2003 and at each July 1st
8 thereafter, except for dates coinciding with the appraisals conducted every fifth year as
9 referenced in 5(d) above, the rent shall be adjusted by the percentage change, in the CPI,
10 All Urban Consumers, LA-Anaheim Area for the twelve month period ending two months
11 before the month of rent adjustment under this paragraph. In no event will application of
12 this paragraph result in a monthly rental amount lower than the most previous monthly
13 rental amount.

14 6. Additional Obligations of Lessee. Lessee shall, during the term of this Lease
15 and any extensions thereof:

16 (a) Observe and obey, and compel its employees, agents, invitees
17 and those doing business with it to observe and obey all such rules and regulations of
18 County which are now in effect or which may hereafter be promulgated; provided that such
19 rules and regulations may not unduly interfere or conflict with the rights and privileges
20 granted to Lessee in this amendment or any later amendments.

21 (b) Employ and maintain on the leased premises sufficient personnel who
22 are trained and skilled in order to competently perform the tasks related to the services
23 being offered.

24 (c) Operate the leased premises and perform services for the use
25 and benefit of the general public without discrimination on the grounds of race, religion,
26 color or national origin or in any manner prohibited by Part 15 of the Federal Aviation
27 Administration Regulations.

28 (d) Operate the leased premises and the facilities thereon in a

1 progressive and efficient manner, charging fair and reasonable prices for each unit or
2 service, said prices being competitive with prices charged by other fixed based operators
3 in the Southern California area. Upon request from County, Lessee shall furnish County
4 with a schedule of all prices for each unit or service offered for sale or lease to the general
5 public.

6 (e) Provide janitorial services at its own expense.

7 Additional Obligations of the FBO Provider are as follows:

8 (f) Provide fueling and standardized services to the general public seven
9 (7) days per week during the term of this lease on a minimum hourly basis each day from
10 8:00 A.M., local time, to 5:00 P.M., local time. Any changes relative to such minimum
11 hourly schedule shall not be made by Lessee unless approval is first obtained from County
12 in writing.

13 (g) Provide for transient aircraft parking guidance, positioning of
14 wheel chocks and tie-downs, fire guard for engine starts (upon request from aircraft
15 operators) and baggage handling on a routine and reasonable basis.

16 (h) Have available and provide, as needed, standardized ground
17 service equipment for aircraft weighing twelve thousand five hundred (12,500) pounds or
18 less gross weight. Service equipment shall include, but not be limited to, wheel chocks,
19 tie-down ropes or chains, aircraft jacks, tow bars, auxiliary power units and aircraft tugs on
20 a routine and reasonable basis.

21 (i) Not engage in the painting of aircraft (other than small "spot
22 painting" jobs in connection with repairs) within any buildings unless, or until, it has
23 established therein a regular paint shop which is adequately enclosed and vented, and has
24 been inspected and approved, in writing, by representatives of the Federal Aviation
25 Administration and County's Fire and Building and Safety Departments, and all applicable
26 permits have been obtained.

27 (j) Maintain a comfortable, well furnished pilot's lounge and clean,
28 sanitary restroom facilities for both men and women. Such restroom facilities shall be

1 properly and continuously supplied with soap, towels toilet tissue and any other supplies
2 required by state, federal or local laws and ordinances.

3 (k) Provide aviation fuel and lubricants for both piston and jet engine
4 aircraft for sale to the general public, unless Lessee is precluded from providing such fuel
5 and lubricants due to causes beyond its control relating to its suppliers' fuel shortages,
6 work stoppages (excluding Lessee's employment force), acts of God, acts of war, civil
7 disorders or other similar acts.

8 (l) The Lessee shall observe the Taxiway Object Free Area adjacent to
9 their leasehold to allow the passage of taxiing aircraft. The Taxiway Object Free Area
10 boundary for Taxiway A is one hundred ten (110) feet from the center line of the taxiway.

11 7. Permits, Licenses and Taxes. Lessee shall secure, at its expense, all
12 necessary permits and licenses as it may be required to obtain, and Lessee shall pay all
13 fees and taxes levied or required by any authorized public entity. Lessee recognizes and
14 understands that this lease may create a possessory interest subject to property taxation
15 and that Lessee may be subject to the payment of property taxes levied on such interest.

16 8. On-Site Improvements.

17 (a) Lessee, at its expense, shall construct, or cause to be constructed the
18 following improvements:

19 (1) Within two months of lease execution, Lessee shall submit a
20 plot plan to the Economic Development Agency showing the location and dimensions of
21 all planned improvements. Upon approval of the layout by the Economic Development
22 Agency, Lessee shall submit to the County for building permits. Construction of said
23 improvements shall commence within sixty (60) days after the County approves building
24 permits and be completed within fifteen (15) months of lease execution. Lessee shall
25 obtain performance, material and labor payment bonds in the amounts required by law and
26 determined by County and shall furnish County with copies thereof prior to the
27 commencement of such construction.

28 (b) All improvements to be at lessees sole cost. Lessee shall pay for

1 construction of any required utility extensions and hookups and any access road
2 improvements. Lessee shall pay for all drainage improvements required to comply with
3 French Valley Airport Master Drainage Plan. This Lease is subject to the provisions set
4 forth in Exhibit "B", attached hereto and by this reference made apart of this Lease. All
5 improvements to be submitted to County for approval prior to start of any construction.

6 (c) Any improvements, alterations and installation of fixtures, to be
7 undertaken by Lessee, shall have the prior written approval of the Economic Development
8 Agency after Lessee has submitted to County proposed plot and building plans, and
9 specifications therefore, in writing. In addition, Lessee understands and agrees that such
10 improvements, alterations and installation of fixtures may be subject to County Ordinance
11 Nos. 348 and 457, as well as other applicable County ordinances, and that Lessee shall
12 fully comply with such ordinances prior to the commencement of any construction in
13 connection therewith.

14 (e) All improvements, alterations and fixtures, shall remain or become as
15 the case may be, the property of County with the exception of trade fixtures as that term
16 is used in Section 1019 of the Civil Code; provided, however, that Lessee shall have the
17 full and exclusive use and enjoyment of such improvements, alterations and fixtures during
18 the term of this lease. At or prior to the expiration of this lease, Lessee shall remove, at its
19 expense, such trade fixtures and restore said leased premises to their original shape and
20 condition as nearly as practicable. In the event Lessee does not so remove such trade
21 fixtures, they shall become the property of the County for no further consideration of any
22 kind and Lessee shall execute any documents that may be required or necessitated
23 conveying its interest in such improvements, alterations and fixtures to County.

24 9. Off-Site Improvements

25 (a) County and Lessee herein acknowledge that Lessee has no fee title
26 interest in or to the Leased Premises.

27 (b) It is understood by the parties hereto that utility services are available
28 in the general vicinity of the leased premises, but in order for the on-site improvements

1 required in Paragraph 7 herein to be fully usable and operational, Lessee, at its expense,
2 shall extend and/or connect, or cause to be extended and/or connected, to any utility
3 service facilities that may be required or desired by Lessee in the use, operation and
4 maintenance of such on-site improvements. After such extensions and/or connections
5 have been made, Lessee shall be responsible for payment of the use of such utility
6 services, without limitation, all electricity, gas, telephone, water and sewer.

7 If necessary, County shall grant right-of-way utility easements to the Lessee for telephone
8 and/or electricity improvements. After such extensions and/or connections have been
9 made, Lessee shall be responsible for payment of the use of any utility services, without
10 limitation, all electricity, gas, telephone and water.

11 (c) Lessee shall obtain, or cause to be obtained performance, material
12 and labor, and payment bonds in the amounts required by law and determined by County
13 and shall furnish County with copies thereof prior to the commencement of such off-site
14 improvements.

15 10. Additional Obligations of Lessee. The Lessee shall maintain the Leased
16 Premises, approaches thereto, and improvements now or hereafter located thereon, in
17 good and sanitary order, condition, and repair, and upon any termination of this Lease,
18 Lessee agrees to surrender said Leased Premises and improvements thereon in such
19 condition, reasonable use and wear thereof and damages by fire, acts of God, war, civil
20 insurrection, or by the elements excepted.

21 11. Compliance with Law. Lessee shall, at its sole cost and expense, comply
22 with all of the requirements of all governmental agencies now in force, or which may
23 hereafter be in force, pertaining to the Leased Premises, and any improvements hereafter
24 constructed or maintained thereon, and Lessee shall faithfully observe all ordinances now
25 or hereafter in force in the use of the Leased Premises.

26 12. County's Reserved Rights.

27 (a) The leased premises are accepted by Lessee subject to any and all
28 existing easements or other encumbrances, and County shall have the right to enter upon

1 the leased premises and to install, lay, construct, maintain, repair and operate such
2 sanitary sewers, drains, storm water sewers, pipelines, manholes, connections, water, oil
3 and gas pipelines, and telephone and telegraph power lines and such other facilities and
4 appurtenances necessary or convenient to use in connection therewith, over, in, upon,
5 through, across and along the leased premises or any part thereof. County also reserves
6 the right to grant franchises, easements, rights of way and permits in, over and upon, along
7 or across any and all portions of said leased premises as County may elect; provided,
8 however, that no right of the County provided for in this paragraph shall be so executed as
9 to interfere unreasonably with Lessee's use hereunder, or impair the security of any
10 secured creditor of Lessee. County shall cause the surface of the leased premises to be
11 restored to its original condition (as they existed prior to any such entry) upon the
12 completion of any construction by County or its agents. In the event such construction
13 renders any portion of the leased premises unusable, the rent shall abate pro rata as to
14 such unusable portion during the period of such construction. Any right of County set forth
15 in this paragraph shall not be exercised unless a prior written notice of thirty (30) days is
16 given to Lessee; provided, however, in the event such right must be exercised by reason
17 of emergency, then County shall give Lessee such notice in writing as is reasonable under
18 the existing circumstances.

19 (b) County reserves the right to further develop or improve the aircraft
20 operating area of French Valley Airport as it deems appropriate. County reserves the right
21 to take any action it considers necessary to protect the aerial approaches of the French
22 Valley Airport against obstruction, together with the right to prevent Lessee from erecting
23 or permitting to be erected, any building or other structure on the French Valley Airport,
24 which in the opinion of county, would limit the usefulness of the French Valley Airport or
25 constitute a hazard to aircraft.

26 (c) During the time of war or national emergency, County shall have the
27 right to lease the landing area of the French Valley Airport, or any part thereof, to the
28 United States Government for military use and, if such lease is executed, the provisions

1 of this lease insofar as they are inconsistent with the provisions of such lease to the
2 Government, shall be suspended. In that event, a just and proportionate part of the rent
3 hereunder shall be abated, and the period of such closure shall be added to the term of
4 this lease, or any extensions thereof, so as to extend and postpone the expiration thereof
5 unless. Lessee otherwise elects to terminate this lease.

6 (d) Notwithstanding any provisions herein, this lease shall be subordinate
7 to the provisions of any existing or future agreement between County and the United
8 States, relative to the operation or maintenance of the French Valley Airport, the terms and
9 execution of which have been or may be required as a condition precedent to the
10 expenditure or reimbursement to County of Federal funds for the development of said
11 airport.

12 (e) This lease is subject to the provisions set forth in Exhibit "C"
13 (Federally Required Lease Provisions), attached hereto and by this reference made a part
14 of this lease.

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

20 14. Quiet Enjoyment. Lessee shall have, hold and quietly enjoy the use the
21 leased premises so long as lessee shall fully and faithfully perform the terms and
22 conditions that the lessee is required to do under this lease.

23 15. Compliance with Government Regulations. Lessee shall, at Lessee's sole
24 cost and expense, comply with the requirements of all local, state and federal statutes,
25 regulations, rules, ordinances and orders now in force or which may be hereafter in force,
26 pertaining to the leased premises. The final judgment, decree or order of any Court of
27 competent jurisdiction, or the admission of Lessee in any action or proceedings against
28 Lessee, whether Lessee be a party thereto or not, that Lessee has violated any such

1 statutes, regulations, rules, ordinances, or orders, in the use of the leased premises, shall
2 be conclusive of that fact as between County and Lessee.

3 16. Discrimination or Segregation.

4 (a) Lessee shall not discriminate in Lessee's recruiting, hiring, promotion,
5 demotion or termination practice on the basis of race, religious creed, color, national origin,
6 ancestry, sex, age, physical handicap, medical condition or marital status with respect to
7 its use of the leased premises hereunder, and Lessee shall comply with the provisions of
8 the California Fair Employment and Housing Act (Government Code Sections 12900 et
9 seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), and all amendments thereto,
10 Executive Order No. 11246 (30 Federal Register 12319), as amended, and all
11 Administrative Rules and Regulations issued pursuant to said Acts and orders with respect
12 to its use of the leased premises.

13 (b) Lessee shall not discriminate against or cause the segregation of any
14 person or group of persons on account of race, religious creed, color, national origin,
15 ancestry, sex, age, physical handicap, medical condition or marital status, in the
16 occupancy, use, tenure or enjoyment of the leased premises, nor shall Lessee, or any
17 person claiming under or through Lessee, establish or permit any such practice or
18 practices of discrimination or segregation with reference to the selection, location, number,
19 use or occupancy of any persons within the leased premises.

20 (c) Lessee assures that it will undertake an affirmative action program as
21 required by 49 CFR, Part 21, to insure that no person shall on the grounds of race, creed,
22 color, national origin, or sex be excluded from participating in any employment activities
23 covered in 49 CFR, Part 21, with respect to its use of the leased premises. Lessee further
24 assures that no person shall be excluded on these grounds from participating in or
25 receiving services or benefits of any program or activity covered herein with respect to its
26 use of the leased premises. Lessee further assures that it will require that its
27 subcontractors and independent contractors provide assurance to Lessee that they
28 similarly will undertake affirmative action programs and that they will require assurances

1 from their subcontractors and independent contractors, as required by 49 CFR, Part 21,
2 to the same effect with respect to their use of the leased premises.

3 17. Termination by County. County shall have the right to terminate this lease
4 on 30 days written notice served on Lessee, provided Lessee has not cured or taken
5 affirmative steps to cure the default within said 30 days:

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

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

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

12 (d) In the event Lessee fails or refuses to perform, keep or observe any
13 of Lessee's duties or obligations hereunder; provided, however, that Lessee shall have
14 thirty (30) days in which to correct Lessee's breach or default after written notice thereof
15 has been served on Lessee by County.

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

18 (f) Failure of Lessee to maintain insurance coverage required herein and
19 to provide evidence of coverage to the County.

20 18. Termination by Lessee(s). Lessee shall have the right to terminate this lease
21 in the event County fails to perform, keep, or observe any of its duties or obligations
22 hereunder; provided, however, that County shall have thirty (30) days in which to correct
23 its breach or default after written notice thereof has been served on it by Lessee; provided,
24 further, however, that in the event such breach or default is not corrected, Lessee may
25 elect to terminate this lease in its entirety or as to any portion of the premises affected
26 thereby, and such election shall be given by an additional thirty (30) day written notice to
27 County.

28 19. Eminent Domain. If any portion of the leased premises shall be taken by

1 eminent domain and a portion thereof remains which is usable by Lessee for the purposes
2 set forth in Paragraph 4 herein, this lease shall, as to the part taken, terminate as of the
3 date title shall vest in the condemnor, or the date prejudgment possession is obtained
4 through a court of competent jurisdiction, whichever is earlier, and the rent payable
5 hereunder shall abate pro rata as to the part taken; provided, however, in such event
6 County reserves the right to terminate this lease as of the date when title to the part taken
7 vests in the condemnor or as of such date of prejudgment possession. If all of the leased
8 premises are taken by eminent domain, or such part be taken so that the leased premises
9 are rendered unusable for the purposes set forth in Paragraph 4 herein, this lease shall
10 terminate. If a part or all of the leased premises be so taken, all compensation awarded
11 upon such taking shall be apportioned between County and lessee according to law.

12 20. Indemnity. The Lessee covenants to hold County harmless from any and All
13 loss, claims, or damages resulting from Lessee's violation of any term, provision, covenant,
14 or condition of this lease, or the use, misuse, or neglect of said Leased Premises,
15 improvements, and appurtenances, and from all claims arising out of any alleged defective
16 or unsafe condition thereof, except with respect to any claims arising out of the conduct of
17 County. County shall not be liable to Lessee, nor to any other person or entity, for any
18 damage or injury occasioned by any defect in the Leased Premises, its improvements, or
19 appurtenances. Without limiting or qualifying the foregoing, it is agreed that Lessee shall
20 notify County immediately in writing, of any damage or injury to the Leased Premises, its
21 improvements, or to any appurtenances, or to the sidewalk or curb abutting thereon, or as
22 to any other condition which may expose the Lessee or County to public liability. The use
23 of the term Lessee and County in this paragraph also includes their tenants, employees,
24 agents, representatives, and invitees.

25 21. Insurance. Lessee shall procure and maintain or cause to be maintained, at
26 its sole cost and expense, the following insurance coverages during the term of this Lease.
27 The procurement and maintenance of the insurance required below will not diminish or limit
28 Lessee's obligation to indemnify or hold the County harmless.

1 I. Workers Compensation

2 Workers Compensation Insurance (Coverage A) as prescribed by the laws
3 of the State of California. Policy shall include Employers' Liability (Coverage
4 B) including Occupational Disease with limits not less than \$1,000,000 per
5 person per accident. Policy shall be endorsed, if applicable, to provide a
6 Borrowed Servant/Alternate Employer Endorsement and Waiver of
7 Subrogation in favor of the County of Riverside, Special Districts, Directors,
8 Officers, Board of Supervisors, elected officials, employees, agents and
9 representatives.

10 II. Airport Commercial General Liability

11 Airport Commercial General Liability insurance coverage, including but not
12 limited to, premises liability, contractual liability, products and completed
13 operations, contingent liability, personal and advertising injury and, if liquor
14 is sold, liquor law liability covering claims which may arise from or out of
15 Lessee's performance of its obligations hereunder. Policy shall name the
16 County of Riverside, Specials Districts, Directors, Officers, Board of
17 Supervisors, elected officials, employees, agents and representatives as
18 Additional Insureds. Policy's limit of liability shall not be less than \$3,000,000
19 per occurrence combined single limit and \$300,000 in the aggregate. If such
20 insurance contains a general aggregate limit, it shall apply separately to this
21 agreement or be no less than two (2) times the occurrence limit. Such
22 insurance will include Medical Payments for a limit of \$5,000 and Fire Legal
23 Liability for a limit of \$300,000.

24 III. Vehicle Liability

25 If Lessee's vehicles or mobile equipment are used in the performance of the
26 obligations under this Lease, then Lessee shall maintain liability insurance
27 for all owned, non-owned or hired vehicles so used in an amount not less
28 than \$1,000,000 per occurrence combined single limit. Policy shall name the

1 County of Riverside, Specials Districts, Directors, Officers, Board of
2 Supervisors, elected officials, employees, agents and representatives as
3 Additional Insureds. This coverage may be included in the Airport
4 Commercial General Liability policy.

5 IV. Aircraft Hull and Liability Insurance

6 Aircraft Hull for the full replacement value of all aircraft stored by the Lessee
7 in the Leased Premises and the contents thereof. Policy will be endorsed to
8 include the County of Riverside, Special Districts, Directors, Officers, Elected
9 Officials, employees, agents and representatives as Additional Insureds.
10 Lessee may elect to self-insure or un-insure the hull portion of the coverage
11 required herein; however, if Lessee elects not to acquire commercial
12 insurance for the hull, Lessee agrees to hold the County of Riverside
13 harmless and not make any claim against the County of Riverside for loss or
14 damage to the hull of his aircraft for any reason whatsoever regardless of
15 any negligence of the County that may have contributed to said loss or
16 damage. Aircraft Liability Coverage and commercial general liability
17 insurance including, but not limited to, premises liability and contractual
18 liability with a limit of liability for bodily injury (including death) and property
19 damage of at least \$1,000,000 with a per seat limit of not less than
20 \$100,000. Coverage will apply to all owned aircraft and all non-owned or
21 hired aircraft operated by the Lessee. Policy will be endorsed to include the
22 County of Riverside, Special Districts, Directors, Officers, Elected Officials,
23 employees, agents and representatives as Additional Insureds.

24 V. Products Liability Insurance

25 If Lessee Provides maintenance and repair services under the terms of this
26 Lease, Lessee shall provide Products Liability Insurance including completed
27 operations not otherwise covered by the Airport Commercial General Liability
28 policy with a limit of not less than \$2,000,000 any one occurrence combined

1 single limit and in the annual aggregate.

2 VI. Hangar Keepers Liability Insurance (Ground Coverage)

3 Hangar Keepers Liability Insurance providing coverage for aircraft in the
4 care, custody or control of the Lessee with a limit equal to the replacement
5 value of all aircraft hulls controlled by the Lessee while on the ground
6 however, in no event, shall the limit of liability be less than \$1,000,000.

7 VII. Hangar Keepers Liability Insurance (Flight Coverage)

8 If applicable, Lessee shall provide Hangar Keepers Liability Insurance
9 providing coverage for aircraft in the care, custody or control of the Lessee
10 with a limit equal to the replacement value of highest valued hull that may be
11 flight tested by the Lessee however, in no event, shall the limit of liability be
12 less than \$1,000,000.

13 VIII. Pollution Liability Insurance

14 If Lessee provides aircraft fueling service they shall provide Pollution Liability
15 Insurance covering gradual, sudden and accidental pollution including first
16 party clean-up with a limit of no less than \$1,000,000.

17 IX. Property (Physical Damage):

- 18 i. All-Risk real and personal insurance coverage, including earthquake
19 and flood if applicable, for the full replacement cost value of building,
20 structures, fixtures, equipment, improvements/alterations and systems
21 on the premises for property that the Lessee owns or is contractually
22 responsible for. Policy shall include Business Interruption, Extra
23 Expense, and Expediting Expense to cover the actual loss of
24 business income sustained during the restoration period.
- 25 ii. Boiler & Machinery insurance coverage on a full replacement cost
26 value basis. Policy shall provide Business Interruption, Extra
27 Expense, and Expediting Expense coverage as well as coverage for
28 off-premises power failure.

1 X. Insurance for Fuel Suppliers.

2 Lessee shall also require suppliers of fuel to procure, maintain, show
3 evidence and comply with all requirements of insurance as follows:

4 i. Workers' Compensation. Workers' Compensation Insurance
5 (Coverage A) as prescribed by the laws of the State of California.
6 Policy shall include Employers' Liability (Coverage B) including
7 Occupational Disease with limits not less than \$3,000,000 per person
8 per accident. Policy shall be endorsed, if applicable, to provide a
9 Borrowed Servant/Alternate Employer Endorsement and Waiver Of
10 Subrogation in favor of the Lessee and the County of Riverside,
11 Special Districts, Directors, Officers, Board of Supervisors, elected
12 officials, employee, agents and representatives.

13 ii. Commercial General Liability. Commercial General Liability insurance
14 coverage, including but not limited to, premises liability, contractual
15 liability, products and completed operations, personal and advertising
16 injury covering claims which may arise from or out of Supplier's
17 performance of its obligations hereunder. Policy shall name the
18 Lessee, County of Riverside, Special Districts, their respective
19 Director's, Officers, Board of Supervisors, elected officials,
20 employees, agents or representatives as Additional Insureds. Policy's
21 limit of liability shall not be less than \$3,000,000 per occurrence
22 combined single limit. If such insurance contains a general aggregate
23 limit, it shall apply separately to this agreement or be no less than two
24 (2) times the occurrence limit.

25 iii. Vehicle Liability. Supplier shall maintain liability insurance for all
26 owned, non-owned or hired vehicles so used in an amount not less
27 than \$3,000,000 per occurrence combined single limit. If such
28 insurance contains a general aggregate limit, it shall apply separately

1 to this agreement or be no less than two (2) times the occurrence
2 limit. Policy shall name the Lessee, County of Riverside, Special
3 Districts, their respective Directors, Officers, Board of Supervisors,
4 elected officials, employees, agents, or representatives as Additional
5 Insureds.

6 iv. Pollution Liability Insurance. The Supplier shall provide Pollution
7 Liability Insurance covering gradual, sudden and accidental pollution
8 including first party clean-up with a limit of no less than \$5,000,000.

9 v. Lessee shall cause Supplier's insurance carrier(s) to furnish the
10 Lessor and the County of Riverside with a properly executed original
11 Certificate(s) of Insurance and certified original copies of
12 Endorsements effecting coverage as required herein. Further, said
13 Certificate(s) and policies of insurance shall contain the covenant of
14 the insurance carrier(s) that thirty (30) days written notice shall be
15 given to the Lessee and the County of Riverside prior to any material
16 modification, cancellation, expiration or reduction in coverage of such
17 insurance. In the event of a material modification, cancellation,
18 expiration, or reduction in coverage, the Supplier's Agreement shall
19 terminate forthwith, unless the Lessee and the County of Riverside
20 receives, prior to such effective date, another properly executed
21 original Certificate of Insurance and original copies of endorsements
22 or certified original policies, including all endorsements and
23 attachments thereto evidencing coverages set forth herein and the
24 insurance required herein is in full force and effect. Supplier shall not
25 commence operations until the County of Riverside has been
26 furnished original Certificate (s) of Insurance and certified original
27 copies of endorsements or policies of insurance including all
28 endorsements and any and all other attachments as required in this

1 Section. The original endorsements for each policy and the
2 Certificate of Insurance shall be signed by an individual authorized by
3 the insurance carrier to do so on its behalf.

4 vi. The Supplier's insurance company(s) shall agree and the
5 Certificate(s) of Insurance and policies shall so covenant that
6 coverage provided by them shall be construed as primary insurance,
7 and the Lessee's and the County's insurance and/or deductibles
8 and/or self-insured retentions or self-insured programs shall not be
9 construed as contributory.

10 XI. Insurance for Sub-Lessee's. Lessee shall require each of its Sub-Lessee's
11 to meet all insurance requirements imposed by the Lessee. These requirements, with the
12 approval of the County's Risk Manager, may be modified to reflect the activities associated
13 with the Sub-Lessee.

14 XII. General Insurance Provisions - All lines:

- 15 i. Any insurance carrier providing insurance coverage hereunder shall
16 be admitted to the State of California unless waived, in writing, by the
17 County Risk Manager. Carrier(s) shall have an A.M. BEST rating of
18 not less than an A: VIII (A:8).
- 19 ii. Insurance deductibles or self-insured retentions must be declared by
20 the Lessee's insurance carrier(s), and such deductibles and
21 retentions shall have the prior written consent from the County Risk
22 Manager. Failure of the Lessee's carriers to declare deductibles or
23 self insured retentions to the County shall waive any obligation of the
24 County, as additional insured, to honor said deductibles or self
25 insured retentions in the event of Lessee's insolvency. Upon
26 notification of deductibles or self insured retentions unacceptable to
27 the County, and at the election of the County's Risk Manager,
28 Lessee's carriers shall either: 1) reduce or eliminate such deductibles

1 or self-insured retentions as respects this Lease with the County, or
2 2) procure a bond which guarantees payment of losses and related
3 investigations, claims administration, and defense costs and
4 expenses.

5 iii. Cause Lessee's insurance carrier(s) to furnish the County of Riverside
6 with either 1) a properly executed original Certificate(s) of Insurance
7 indicating coverage as required herein, or 2) if requested to do so in
8 writing by the County Risk Manager, provide original Certified copies
9 of policies showing such insurance is in full force and effect. Further,
10 said Certificate(s) and policies of insurance shall contain the covenant
11 of the insurance carrier(s) that thirty (30) days written notice shall be
12 given to the County of Riverside prior to any material modification,
13 cancellation, expiration or reduction in coverage of such insurance.
14 In the event of a material modification, cancellation, expiration, or
15 reduction in coverage, this Lease shall terminate forthwith, unless the
16 County of Riverside receives, prior to such effective date, another
17 properly executed original Certificate of Insurance, evidencing
18 coverages set forth herein and the insurance required herein is in full
19 force and effect. Lessee shall not commence operations until the
20 County of Riverside has been furnished original Certificate(s) of
21 Insurance as required in this Section. The original Certificate of
22 Insurance shall be signed by an individual authorized by the insurance
23 carrier to do so on its behalf.

24 iv. It is understood and agreed to by the parties hereto and the insurance
25 company(s), that the Certificate(s) of Insurance and policies shall so
26 covenant and shall be construed as primary insurance, and the
27 County's insurance and/or deductibles and/or self-insured retentions
28 or self-insured programs shall not be construed as contributory.

1 XIII. The County of Riverside's Reserved Rights—Insurance

2 If during the term of this Lease or any extension thereof, there is a material
3 change in the scope of services or performance of work; or, there is a
4 material change in the scope of services or performance of work the County
5 of Riverside reserves the right to adjust the types of insurance required
6 under this Lease and the monetary limits of liability for the insurance
7 coverages currently required herein, if; in the EDA's Executive Director's
8 reasonable judgment, upon advise of the County Risk Manager, the amount
9 or type of insurance carried by the Lessee has become inadequate. The
10 Lessee agrees to notify the County of any plan or change of plan for the
11 Lessee's operations and such notification shall occur prior to implementing
12 any such change.

13 22. Hold Harmless.

14 (a) Lessee represents that it has inspected the leased premises accepts
15 the condition thereof and fully assumes any and all risks associated to the use thereof.
16 County shall not be liable to Lessee, its officers, agents, employees, subcontractors or
17 independent contractors for any personal injury or property damage suffered by them
18 which may result from hidden, latent or other dangerous conditions in, on, upon or within
19 the leased premises; provided, however, that such dangerous conditions are not caused
20 by the sole negligence of County, its officers, agents or employees.

21 (b) Lessee shall indemnify and hold County, its elected officials, officers,
22 agents, employees, and independent contractors free and harmless from any liability
23 whatsoever, based or asserted upon any act or omission of Lessee, its officers, agents,
24 employees, subcontractors and independent contractors, for property damage, bodily
25 injury, or death or any other element of damage of any kind or nature, relating to or in
26 anyway connected with or arising from its use and responsibilities in connection therewith
27 of the leased premises or the condition thereof, and Lessee shall defend, at its expense,
28 including without limitation attorney fees, expert fees and investigation expenses, County,

1 its elected officials, agents, employees and independent contractors in any legal action
2 based upon such alleged acts or omissions. The obligation to indemnify and hold County
3 free and harmless herein shall survive until any and all claims, actions and causes of action
4 with respect to any and all such alleged acts or omissions are fully and finally barred by the
5 applicable statute of limitations.

6 (c) County shall indemnify and hold Lessee, its officers, agents,
7 employees and independent contractors free and harmless from any liability whatsoever,
8 based or asserted upon any act or omission of County, its elected officials, officers, agents,
9 employees, subcontractors and independent contractors, for property damage, bodily
10 injury, or death or any other element of damage of any kind or nature, relating to or, in
11 anyway connected with or arising from its use and responsibilities in connection therewith
12 of the leased premises or the condition thereof, and County shall defend, at its expense,
13 including without limitation attorney fees, expert fees and investigation expenses, Lessee,
14 its, agents, employees, and independent contractors in any legal action based upon such
15 alleged acts or omissions. The obligation to indemnify and hold Lessee free and harmless
16 herein shall survive until any and all claims, actions and causes of action with respect to
17 any and all such alleged acts or omissions are fully and finally barred by the applicable
18 statute of limitations.

19 (d) The specified insurance limits required in Paragraph 21 herein shall
20 in no way limit or circumscribe Lessee's obligations to indemnify and hold County free and
21 harmless herein.

22 23. Assignment. Lessee cannot assign, sublet, mortgage, hypothecate or
23 otherwise transfer in any manner any of its rights, duties or obligations hereunder to any
24 person or entity without the written consent of County being first obtained, which consent
25 shall not be unreasonably withheld.

26 24. Right to Encumber/Right to Cure.

27 (a) Lessee Right to Encumber. Notwithstanding provisions of Paragraph
28 23 herein, County does hereby consent to and agree that Lessee may encumber or assign,

1 or both, for the benefit of a lender, herein called Encumbrancer, this lease, the leasehold
2 estate and the improvements thereof by a deed of trust, mortgage or other security-type
3 instrument, herein called trust deed, to assure the payment of the promissory note of
4 Lessee if the Encumbrancer is an established bank, savings and loan association or
5 insurance company, and the prior written consent of County shall not be required:

6 (1) To a transfer of this lease at foreclosure under the trust deed,
7 judicial foreclosure, or an assignment in lieu of foreclosure; or

8 (2) To any subsequent transfer by the Encumbrancer if the
9 Encumbrancer is an established bank, savings and loan association or insurance
10 company, and is the purchaser at such foreclosure sale, or is the assignee under an
11 assignment in lieu of foreclosure; provided, however, that in either such event the
12 Encumbrancer forthwith gives notice to county in writing of any such transfer, setting forth
13 the name and address of the transferee, the effective date of such transfer, and the
14 express agreement of the transferee assuming and agreeing to perform all of the
15 obligations under this lease, together with a copy of the document by which such transfer
16 was made. Any Encumbrancer described in Paragraph 25 (a)(2) above which is the
17 transferee under the provisions of Paragraph 25(a)(1) above shall be liable to perform the
18 obligations and duties of Lessee under this lease only so long as such transferee holds title
19 to the leasehold. Any subsequent transfer of this leasehold hereunder, except as provided
20 for in Paragraph 25 (a)(2) above, shall not be made without the prior written consent of
21 County and shall be subject to the conditions relating hereto as set forth in Paragraph 24
22 herein. Lessee shall give County prior notice of any such trust deed, and shall accompany
23 such notice with a true copy of the trust deed and note secured thereby.

24 (b) Right of Encumbrancer to Cure. County agrees that it will not
25 terminate this lease because of any default or breach hereunder on the part of Lessee if
26 the Encumbrancer under the trust deed, within ninety (90) days after service of written
27 notice on the Encumbrancer by County of its intention to terminate this lease for such
28 default or breach shall:

1 (1) Cure such default or breach if the same can be cured by the
2 payment or expenditure of money provided to be paid under the terms of this lease;
3 provided, however, that for the purpose of the foregoing, the Encumbrancer shall not be
4 required to pay money to cure the bankruptcy or insolvency of Lessee; or,

5 (2) If such default or breach is not so curable, cause the trustee
6 under the trust deed to commence and thereafter diligently to pursue to completion steps
7 and proceedings for judicial foreclosure, the exercise of the power of sale under and
8 pursuant to the trust deed in the manner provided by law, or accept from Lessee an
9 assignment in lieu of foreclosure, and keep and perform all of the covenants and conditions
10 of this lease requiring the payment or expenditure, of money by Lessee(s) until such time
11 as said leasehold shall be sold upon foreclosure pursuant to the trust deed, be released
12 or reconveyed thereunder, be sold upon judicial foreclosure or be transferred by deed in
13 lieu of foreclosure.

14 25. Estoppel Certificate. Each party shall, at any time during the term of the
15 Lease, within ten (10) days of written Notice (or as soon as reasonably possible) from the
16 other party, execute and deliver a statement in writing certifying that this Lease is
17 unmodified and in full force and effect, or if modified, stating the nature of such
18 modification. The statement shall include other details requested by the other party as to
19 the date to which rent and other charges have been paid, and the knowledge of the other
20 party concerning any uncured defaults with respect to obligations under this Lease and the
21 nature of such defaults, if they are claimed. Any such statement may be relied upon
22 conclusively by any prospective purchaser, encumbrancer, or sublessee of the Demised
23 Premises, the building or any portion thereof.

24 26. Toxic Materials. During the term of this lease and any, extensions thereof,
25 Lessee shall not violate any federal, state or local law, or ordinance or regulation, relating
26 to industrial hygiene or to the environmental condition on, under or about the leased
27 premises including, but not limited to, soil air and groundwater conditions. Further, Lessee,
28 its successors, assigns and sublessees, shall not use, generate, manufacture, produce,

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

14 27. National Pollution Discharge Elimination System (NPDES) Permit. Lessee
15 acknowledges, understands and agrees that it shall comply with California State Water
16 Resources Control Board general permit requirements relating to storm water discharges
17 associated with activities such as aircraft rehabilitation, mechanical repairs, fueling,
18 lubrication, cleaning, painting and deicing. Lessee further acknowledges, understands and
19 agrees that it shall participate as a co-permittee under said general permit, participate in
20 the French Valley Airport Storm Water Pollution Prevention Plan (SWPPP) as noted in
21 Exhibit "D", including without limitation, the Best Management Practices, Best Available
22 Technology Economically Achievable, and Best Conventional Pollutant Control Technology."

23 28. Free from Liens. Lessee shall pay, when due, all sums of money that may
24 become due for any labor, services, material, supplies, or equipment, alleged to have been
25 furnished or to be furnished to Lessee, in, upon, or about the leased premises, and which
26 may be secured by a mechanics, materialmen's or other lien against the leased premises
27 or County's interest therein, and will cause each such lien to be fully discharged and
28 released at the time the performance of any obligation secured by such lien matures or

1 becomes due; provided, however, that if Lessee desire to contest any such lien, it may do
2 so, but notwithstanding any such contest, if such, lien shall be reduced to final judgment,
3 and such judgment or such process as may be issued for the enforcement thereof is not
4 promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event,
5 Lessee shall forthwith pay and discharge said judgment.

6 29. Employees and Agents of Lessee. It is understood and agreed that all
7 persons hired or engaged by Lessee shall be considered to be employees or agents of
8 Lessee and not of County.

9 30. Binding on Successors. Lessee, its assigns and successors in interest, shall
10 be bound by all the terms and conditions contained in this lease, and all of the parties
11 thereto shall be jointly and severally liable hereunder.

12 31. Right of First Refusal. Providing Lessee faithfully performs all of the
13 conditions and covenants contained herein, and is not in default of the Lease at the date
14 of expiration, and further providing Lessor offers the Leased Premises for lease at any time
15 during the twelve (12) months subsequent to said expiration, Lessee, its successor, or
16 assigns shall have the first right of refusal to enter into a new lease agreement with Lessor
17 under the final terms being offered by Lessor to any prospective lessee. Issuance of a
18 Request for Proposals or Bid or similar issuance does not constitute an offering of lease
19 terms. Lessor shall provide Lessee written notice by United State mail, that the Leased
20 Premises are available for lease and the terms of said lease, and Lessee shall have thirty
21 (30) days from the postmark of said notice to give written notice of acceptance of the
22 proposed lease under the terms and conditions contained in said notice. Should Lessee
23 fail to notify Lessor of acceptance of said lease agreement within the thirty (30) days set
24 forth herein, Lessee shall be deemed to have rejected said offer to lease, and Lessor shall
25 be released from any further obligation hereunder.

26 32. Waiver of Performance. No waiver by County at any time of any of the terms
27 and conditions of this lease shall be deemed or construed as a waiver at any time
28 thereafter of the same or of any other terms or conditions contained herein or of the strict

1 and the parties hereby waive all provisions of law providing for a change of venue in
2 such proceedings to any other County.

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

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

11 COUNTY

LESSEE

12 County of Riverside
13 Economic Development Agency
14 3525 14th Street
15 Riverside, CA 92501
16 Attn: Executive Director

Mach I Air Charter, Inc.
37552 Winchester Road
Murrieta, CA. 92563

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

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

23 38. County's Representative. County hereby appoints the Economic
24 Development Agency's Executive Director or his designee as its authorized
25 representative to administer this lease.

26 39. Acknowledgment of Lease by County. Upon execution of this lease by the
27 parties hereto, this lease shall be acknowledged by County in such a manner that it will
28 be acceptable by the County Recorder for recodation purposes, and thereafter, Lessee
shall cause this lease to be recorded in the Office of the County Recorder of Riverside

1 to administer this lease.

2 39. Acknowledgment of Lease by County. Upon execution of this lease by the
3 parties hereto, this lease shall be acknowledged by County in such a manner that it will be
4 acceptable by the County Recorder for recordation purposes, and thereafter, Lessee shall
5 cause this lease to be recorded in the office of the county Recorder of Riverside County
6 forthwith and furnish County with a conformed copy thereof.

7 40. Agent for Service of Process. It is expressly understood and agreed that in
8 the event Lessee is not a resident of the State of California or it is an association or
9 partnership without a member or partner resident of the State of California, or it is a foreign
10 corporation, then in any such event, Lessee shall file with County's clerk, upon its
11 execution hereof, a designation of a natural person residing in the State of California,
12 giving his or her name, residence and business addresses, as its agent for the purpose of
13 service of process in any court action arising out of or based upon this lease, and the
14 delivery to such agent of a copy of any process in any such action shall constitute valid
15 service upon Lessee. It is further expressly understood and agreed that if for any reason
16 service of such process upon such agent is not feasible, then in such event Lessee may
17 be personally served with such process out of this County and that such service shall
18 constitute valid service upon Lessee. It is further expressly understood and agreed that
19 Lessee is amenable to the process so served, submits to the jurisdiction of the Court so
20 obtained and waives any and all objections and protests thereto.

21 41. FAA Consent to Lease. Lessee acknowledges that French Valley Airport was
22 transferred to the County by the Federal Government and, as such, may require FAA
23 consent to the Lease.

24 42. Entire Lease. This lease is intended by the parties hereto as a final
25 expression of their understanding with respect to the subject matter hereof and as a
26 complete and exclusive statement of the terms and conditions thereof and supersedes any
27 and all prior and contemporaneous leases, agreements and understandings, oral or
28 written, in connection therewith. This lease may be changed or modified only upon the

1 43. Construction of Lease. The parties hereto negotiated this lease at arms
2 length and with the advise of there respective attorneys, and no provisions contained
3 herein shall be construed against County solely because it prepared this lease in its
4 executed form.

5
6 MACH I Air Charter, Inc.,
7 a Delaware Corporation

8 Date: 5/14/02

9
10 By: [Signature]
11 Joel R. Doherty, President

12
13 COUNTY OF RIVERSIDE

14 Date: JUN 0 4 2002

15
16 By: [Signature]
17 Chairman, Board of Supervisors
18 **BOB BUSTER**

(SEAL)

19 APPROVED AS TO FORM:
20 William C. Katzenstein, County Counsel
21 Joe S. Rank, Assistant County Counsel

ATTEST:
Gerald A. Maloney
Clerk of the Board

22 By: [Signature]
23 Joe S. Rank, Assistant County Counsel

By: [Signature]
Deputy

24 Attachments: Exhibit A - Legal Description
25 Exhibit B - Minimum Standards
26 Exhibit C - Federally Required Lease Provisions
27 Exhibit D - Storm Water Pollution Prevention Plan

BUILDINGS/FACILITIES		ELEVATION	
DEPARTMENT		ELEVATION	
RESEARCH/DEVELOPMENT BUILDING	1	100	100
FIELD TEST DEPARTMENT BUILDING	2	100	100
LABORATORY	3	100	100
LABORATORY	4	100	100
LABORATORY	5	100	100
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Minimum Standards for Fixed Base Operators

Riverside County Airports

RIVERSIDE
C O U N T Y



County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside CA 92504
Phone: (909) 351-0700
Fax: (909) 688-6873

Adopted January 30, 2001

EXHIBIT B

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I. INTRODUCTION

Riverside County is the owner (sponsor) of the following six airports in Riverside County: Blythe, Chiraco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan. The Riverside County Economic Development Agency (EDA) is the county agency responsible for operation of the County's airports.

Minimum standards are established to promote and attract a professional level of aviation services to the County's airports while safeguarding the public's interest. The Minimum Standards provide a framework that strengthens the relationship between the Sponsor and the Fixed Base Operator (FBO). They offer information, advice and, where necessary, they provide strict regulation so that both the prospective and experienced FBO may have a firmer understanding of the many considerations which contribute to a safe, successful, and useful operation. The standards are intended to be the minimum requirements for those wanting to provide aeronautical services to the public at Riverside County airports. Operators are encouraged to exceed the minimum requirements.

FBOs are responsible for complying with the Minimum Standards and shall be familiar with revisions made to the Standards. All FBOs on the airports must comply with the standards herein as well as all applicable government regulations; however, leases executed prior to August 16, 1988, are exempt until lease renegotiations. The County's airports are subject to federal, state, and local rules and regulations. The County has adopted local rules and regulations to implement Federal Aviation Administration (FAA) requirements and to provide for safe and orderly operation on the airports. Local rules and regulations governing airport activities include, but are not limited to, applicable portions of the following:

1. Ordinance No. 576 - Rules and Regulations for Operation of County Airports
2. Fixed Base Operator Minimum Standards
3. County Airport Fueling Standards
4. Special Event Permit Policy
5. Airport Design Standards

Federal and state rules and regulations include, but are not limited to: FAA Grant Assurances; FAA Order 5190.6A - Airport Compliance Requirements; Federal Airport Regulations (FAR's); State Aeronautics Act (PUC § 21000); Government Code § 50470 - 50478; ADA Regulations; the California Environmental Quality Act (CEQA); and the National Environmental Policy Act (NEPA).

II. DEFINITIONS

AERONAUTICAL ACTIVITY - Any activity or service that involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations.

AGREEMENT, LEASE, OR PERMIT - A contractual agreement between the EDA and an entity granting a concession or otherwise authorizing the conduct of certain activities which is in writing, executed by both parties, and enforceable by law.

AIRPORT - Includes the following six (6) airports owned by Riverside County: Blythe, Chiraco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan, and its environs, such as, the property, buildings, facilities, and improvements within the exterior boundaries of each airport as it now exists or as it may hereafter be extended, enlarged, or modified.

AIRPORT SPONSOR - The designated entity or duly authorized representative, appointed by the Board of Supervisors, to manage the operation and development of Blythe, Chiraco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan airports.

ALP - Airport Layout Plan

APPLICANT - A person, persons, firm, partnership, or corporation desiring to acquire the use of a portion of an airport, or to establish or use any facility on an airport for an aeronautical activity or special event and who shall apply in writing and in the manner or form prescribed for authorization to establish such activities.

CEQA - California Environment Quality Act

COUNTY - County of Riverside, the FAA authorized airport sponsor.

EDA - Riverside County Economic Development Agency, the County agency designated to oversee and manage the County airports.

EQUIPMENT - All machinery, together with the supplies, tools, and apparatus necessary for the safe and proper procedure of the activity being performed.

FAA - Federal Aviation Administration

FAR - Federal Aviation Regulation

FIXED BASE OPERATOR (FBO) - Any person, firm, partnership, corporation, association, limited partnership, or any other legal entity duly licensed and authorized by written agreement with the Airport Sponsor (the County) to provide specific aeronautical services at an Airport, under strict compliance with such agreement and pursuant to these and all applicable regulations and standards.

FUEL - FAA authorized aviation fuel, including jet fuel

FUEL FARM - Any portion of an Airport, authorized by the Airport Sponsor, as an area in which gasoline or any other type of fuel may be stored.

FULL SERVICE FBO - An FBO which provides certain essential aeronautical services (e.g. aircraft maintenance and repair, flight instruction, fueling of aircraft, transient aircraft parking guidance, positioning of wheel chocks and tie-downs, fireguard for engine starts, baggage handling, standardized ground service and recovery equipment, pilots' lounge, and restrooms), subject to restrictions agreed to during lease negotiations (see Table A below for complete guidelines). - are all required!

LIMITED SERVICE FBO - An FBO which provides certain of the aeronautical services provided by a Full Service FBO, subject to restrictions imposed by leasehold size requirements and to restrictions agreed to during lease negotiations (see Tables B through H below for complete guidelines).

MINIMUM STANDARDS - The qualifications and criteria set forth herein as the minimum requirements to be met as a condition for an FBO to conduct an aeronautical activity on an EDA sponsored airport.

NEPA - National Environmental Policy Act

THE BOARD - The Riverside County Board of Supervisors

TLMA - Transportation and Land Management Agency

III. AIRPORT RULES AND REGULATIONS

A. Lease

All revenue generating, commercial and/or business activities, at County operated airports are required to secure a lease approved by the County Board of Supervisors (the "Board") prior to commencement of any commercial activity.

Prospective lessees should begin the process by requesting a meeting with County staff. The purpose of the initial meeting is to introduce staff, show the available sites, and answer any questions. At the conclusion of this meeting the prospective lessee will be asked to submit a Lease Application and proposal.

Upon receipt of a lease application and proposal, County staff will review the proposal and will provide a written response. Once an agreement has been reached on the deal points and development proposal, a lease will be developed for execution by the lessee. The lease shall be executed in three counterparts and all three copies shall be returned to the County. The County will then schedule the lease for consideration at the next available Board of Supervisors' meeting. Please be advised that the County Board of Supervisors is the only entity that can provide a binding lease commitment and development may not proceed until the Board has approved the lease.

Exclusive rights for any aeronautical activity will not be issued at any County airport. This is to ensure that airport patrons are offered competitive market prices for services.

B. Airport Layout

All new leases and new airport development shall comply with the current FAA approved Airport Layout Plan (ALP) for each airport. In addition, Desert Resorts Regional, French Valley, and Hemet Ryan airports have adopted Airport Master Plans and all new development shall comply with those master plans. Lessee proposals that conflict with ALPs and Master Plans will not be approved.

C. Signs

All signs (commercial, traffic, services, advertising, etc.) must receive written approval from the EDA Executive Director or Designee prior to their placement. The request for approval should include the size, location, and design of sign. All outdoor advertising shall comply with County Ordinance No. 348 and applicable federal and state laws. FAA Form 7460-1, *Building Design, Construction, and/or Alteration*, must be submitted to the FAA Western Pacific Region for review and determination, with a copy of the form sent to the EDA Executive Director.

D. Building Design, Construction, and/or Alterations

All design, construction, and alterations shall be in compliance with Airport Design Guidelines. The County reserves the right to review and approve all architectural design of all construction or alterations to be performed on County operated airports.

The County reserves the right to review and approve the construction methods of all development at the County operated airports. All buildings shall comply with local codes and regulations as to their construction. FAA Form 7460-1, *Building Design, Construction, and/or Alteration*, must be submitted to the FAA for their review and assessment with a copy of the form submitted to the EDA Executive Director.

The County reserves the right to require a Performance Bond or Letter of Credit prior to the construction of any facility for the return of funds expended by the County in the event that the applicant defaults on any obligations.

E. Inspections

The County reserves the right to make periodic inspections of the leased premises during reasonable hours to ensure lease compliance and Lessee's adherence with all applicable regulations. Inspections, under this provision, may be conducted by County staff, County contractors, the FAA, and/or the State of California.

F. Flying Clubs

All flying clubs located at Riverside County operated airports shall be nonprofit organizations. All rights shall be equally shared between members. No member shall share in profits, earnings, salaries, or other forms of compensation. The Flying Club shall not be engaged in any type of commercial operation. A copy of the Flying Club's Charter and By-laws, or other comparable documents, must be filed with the Aviation Division. Flying clubs must submit annual financial reports and furnish the County with proof of insurance of the types listed on Appendix A.

A minimum of one (1) aircraft, properly certified, is required for a flying club. Flight instruction shall only be offered to club members. The instructor must be a club member or an instructor who is a lessee on the airport for the purpose of flight instruction.

G. Waiver from Minimum Standards

Any tenant or prospective tenant wishing to waive any minimum standard set forth in the approved Minimum Standards must submit a letter to the EDA Executive Director expressing their hardship to conform with the Minimum Standards. The EDA Executive Director has the discretion of approving or disapproving the waiver as it would apply to the future viability of the airport, subject to applicable provisions which may be contained in the tenant's lease approved by the Board. Waivers may be granted on a temporary basis, and may be withdrawn or terminated at the Director's discretion.

H. Civil Rights

All individuals using the County operated airports must comply with all the provisions of the Federal Civil Rights Act of 1964. The tenant or prospective tenant shall ensure there shall be no discrimination in the availability of any services or commodities based on race, religious creed, color, national origin, ancestry, sex, age, physical handicap, medical condition, or marital status.

I. Insurance

The FBO shall procure, maintain, and pay premiums during the term of the agreement for insurance of the types and the minimum limits set forth by the County for each aeronautical activity. The FBO shall obtain and maintain insurance (See Appendix A), which contains an endorsement that the "County of Riverside, including its elected officials, officers, employees, and agents" are named as additional insured. Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California unless such requirement is waived, in writing, by the EDA Executive Director and/or the County Risk Manager. Each insurance company shall have an A.M. BEST rating of not less than A:VIII (A:8).

Proof of insurance must be submitted to the EDA Executive Director prior to commencement of operations and upon each insurance renewal. The FBO shall provide either 1) a properly executed original Certificate(s) of Insurance and 'certified original' copies of Endorsements effecting coverage as required herein, or 2) if requested to do so in writing by the EDA Executive Director and/or 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. Certificate(s) shall contain the covenant that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration, or reduction in coverage of such insurance. Certificates of Insurance and the policies shall covenant that their coverage is primary and the County's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as primary.

If any policy contains a general aggregate limit, it shall apply separately to the Agreement with the County or be less than two (2) times the occurrence limit. All insurance policies are subject to review by the County's Department of Risk Management. The EDA Executive Director, upon the advice of the County Risk Manager, reserves the right to increase the limits, or require additional insurance coverage, beyond those set forth in these Minimum Standards, subject to applicable provisions of the tenant's lease.

J. Lot Size

Lot sizes may vary according to the type of operation. If available, aircraft tie-downs and hangar space, as well as automobile parking spaces, may be leased from the County to meet these minimum standards. The number of aircraft, hangar, or automobile parking spaces shall be determined during lease negotiations.

K. Outdoor Storage

No outside storage will be permitted except behind enclosed block walls, screened from public view, or as approved by the EDA Executive Director.

L. Maintenance

Lessee shall be responsible for the adequate maintenance of leased property and in compliance with all applicable Federal, State, and Local health and safety regulations.

IV. SCOPE OF SERVICES

6 of Lease requires: janitor, fueling, aircraft parts, pilots lounge & restrooms, standardized ground service equipment for aircraft

Each aeronautical activity has a separate scope of services. The services required of a Full-Service FBO include the Minimum Standards for all combinations of aeronautical activities. The cumulative effect of the Minimum Standards will not equate to any minimum standard greater than that applicable to the Full-Service FBO.

Table A - FULL SERVICE FBO

Each airport shall have a minimum of one (1) Full Service FBO. Mandatory Requirements: Full Service FBO's shall provide: aircraft maintenance & repair; flight instruction; fueling of aircraft; transient aircraft parking guidance; positioning of wheel chocks and tie-downs; fireguard for engine starts; baggage handling upon request; have available and provide standardized ground service equipment and recovery equipment for aircraft weighing up to 30,000 lbs at FVA, 40,000 lbs at HRA, and 80,000 lbs at DRRA (service and recovery equipment shall include, but not be limited to, wheel chocks, tie-down ropes or chains, aircraft jacks, tow bars, auxiliary power units, and aircraft lugs); pilots' lounge; and restrooms. Optional Requirements: In addition to the required services listed in the preceding sentence, Full Service FBO's may provide: aircraft sales or leasing (including financing), sales of aircraft parts and supplies, radio and avionics sales and repair, aircraft storage hangars and tie-downs, painting and upholstering of aircraft, leasing or renting of automobiles, and operating a restaurant or café.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> 3 acres or 130,680 SF		
Hangar area	14,000 SF	For aircraft storage
Outside storage area	30,000 SF	For tie-down or apron parking
Building space	2,000 SF	For offices, pilots' lounge and briefing area, conference rooms, classrooms, and restrooms
Automobile parking	20 spaces, with landscaping as required by Ord. 348	For employees per shift and customer parking
Fuel farm	Refer to Fueling Standards	
Landscaping	To be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and building
<u>CERTIFICATION:</u>		
As applicable for each activity	FAA, State, and/or other responsible agency as applicable	For safe and efficient operation of airport and aeronautical activities
<u>PERSONNEL:</u>		
Staff	Adequate number	For safe and efficient operation of airport and aeronautical activities
Certification & training	Proper certification and training	To comply with all applicable regulations
<u>HOURS OF OPERATION:</u>		
Business Hours	7 days/week, 10 hrs/day	Or as demand may require
Fueling services	During business hours and emergency situations	One (1) hr response time during non-business hours
<u>EQUIPMENT:</u>		
Aeronautical operations	Refer to tables for equipment required for each activity	
FBOs providing aircraft fueling and servicing	Refer to Airport Fueling Standards	
<u>INSURANCE:</u>		
Refer to Appendix A		

Table B - AIRCRAFT MAINTENANCE

An aircraft airframe, engine, and accessory maintenance and repair FBO shall provide one or a combination of airframe, engine, and accessory overhauls and repair services on aircraft up to and may include business jet aircraft and helicopters. This category shall include the sale of aircraft parts and accessories.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> ½ acre or 21,780 SF		
Hangar area	6,000 SF	For aircraft storage
Tie-down or apron parking	One (1) per 1,000 SF of hangar space	Outside storage
Building space	400 SF	For offices, public phone, and restrooms
Automobile parking	200 SF	Office storage room
Landscaping	One (1) per 1,000 SF of hangar area, with landscaping as required by Ord. 348	For employees per shift and customer parking
	Specific plans to be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and building

CERTIFICATION:

Station	Authorized repair station and certified under FAR Part 145 or Holder of an FAA inspection authorization under FAR Part 43
---------	---

PERSONNEL:

Staff	Sufficient qualified technicians to meet proposal.	
Certification & training	Proper certification and training	To comply with all applicable regulations

HOURS OF OPERATION:

Services	5 days/week, 8 hrs/day	
	Services offered for emergency situations	One (1) hr response time during non-business hours

EQUIPMENT:

Sufficient inventory and equipment available to perform maintenance and repairs to manufacturers' specifications.	Should include but is not limited to tug, tow bar, jacks, and dollies	Operator is encouraged to have the capability of aircraft removal from the airport's operational areas
---	---	--

INSURANCE:

Refer to Appendix A

Table C - RADIO AND AVIONICS REPAIR STATION & SALES

A radio and avionics repair station FBO engages in the business of and provides a shop for the repair of aircraft avionics, instruments, and accessories for general aviation aircraft. This category also includes the sale of new or used aircraft avionics, instruments, and accessories.

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: 150 SF

Repair station	150 SF	
Automobile parking	One (1) space per 150 SF, with landscaping as required by Ord. 348	

CERTIFICATION:

Station	Authorized repair station and certified under FAR Part 145	
---------	--	--

PERSONNEL:

Staff	One (1) FAA certified repairman	
Certification & training	Proper certification and training	To comply with all applicable regulations

HOURS OF OPERATION:

Business Hours	Available for appointment for at least 40 hrs/week	
----------------	--	--

EQUIPMENT:

Sufficient inventory and equipment available to perform maintenance and repairs to manufacturers' specifications.

INSURANCE:

Refer to Appendix A

Table D - FLIGHT INSTRUCTION

A flight instruction FBO engages in instructing pilots in dual and solo flight training, in fixed and/or rotary wing aircraft, and provides such related ground school instruction as is necessary preparatory to taking a written examination and flight check ride for the category or categories of pilots' licenses and ratings involved.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> 500 SF (not necessarily contiguous)		
Classroom space	200 SF or as appropriate to the size of student population	For classroom instruction
Office and lobby areas	300 SF	For phones, restrooms, and space for adequate customer service
Automobile parking	3 spaces per aircraft, 2 for each additional for a maximum of 10 spaces, with landscaping as required by Ord. 348	For students and employees
Other	Any additional space necessary to house all owned or leased aircraft	

PERSONNEL:

Staff	One (1) certified flight instructor	To be available during normal hours of operation
	One (1) qualified ground school instructor	For classroom instruction

HOURS OF OPERATION:

Business Hours	Available for appointment for at least 40 hrs/week
----------------	--

EQUIPMENT:

Aircraft	One (1) single-engine aircraft	Available for flight training
----------	--------------------------------	-------------------------------

INSURANCE:

Refer to Appendix A

Table - AIRCRAFT SALES AND LEASING

An aircraft sales and/or lease FBO engages in the sale and/or lease of aircraft to the public. New aircraft sales involves the sale of new aircraft through franchises or licensed dealerships (if required by local, county, or state authority) or distributorship (either on a retail or wholesale basis) of an aircraft manufacturer. Aircraft sales FBOs may also engage in the sale of used aircraft. This can be accomplished through various methods, including matching potential purchasers with an aircraft (brokering), assisting a customer in the purchase or sale of an aircraft, or purchasing used aircraft and marketing them to potential purchasers. An aircraft sales and/or leasing FBO must show capability to support maintenance agreements for aircraft sold or leased. A used aircraft sales FBO may also provide such repair, services, and parts as may be necessary to support the operation of aircraft sold. Some requirements may not be appropriate to the sale of used aircraft because of each aircraft's unique operational history. An aircraft sales FBO may also finance aircraft purchases, subject to the applicable licensing requirements.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
LOT SIZE: 150 SF		
Building space	150 SF	For offices, lobby area, public phone, and restrooms
Tie-down/Hangar space	Adequate number	Storage
Automobile parking	One (1) per employee One (1) per 50 SF of leased space With landscaping as required by Ord. 348	For employees per shift and customer parking
Landscaping	Specific plans to be determined during lease negotiations.	Landscaping required around vehicle parking, sidewalks, and buildings

CERTIFICATION:

New aircraft	Dealers must possess sales and/or distribution franchise from a recognized aircraft manufacturer
Aircraft available for sale and leasing	Aircraft must hold FAA registration and current airworthiness certificate

PERSONNEL:

Staff	One (1) commercial, qualified for aircraft type.	For demonstration of aircraft
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HOURS OF OPERATION:

Business Hours	Available for appointment at least 40 hrs/week
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EQUIPMENT:

	Minimum equipment required shall be determined during lease negotiations.
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INSURANCE:

Refer to Appendix A

ole F - AIRCRAFT STORAGE

An aircraft storage FBO engages in the construction, rental, and maintenance of conventional hangars or multiple T-hangars.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> 1 acre or 43,560 SF		
Storage area of the following or proportionate combination of:	1. Minimum of ten (10) T-Hangars to max of fourteen (14) per acre, or 2. Apron tie-down space of a minimum of 15 aircraft per acre, or 3. Conventional hangar of 10,000 SF. 4. Box hangars - Plot Plan subject to EDA and BOS approval	
Automobile parking	One (1) for every two (2) hangars, with landscaping as required by Ord. 348	Automobile parking separate from aircraft storage area
Landscaping	Specific plans to be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and buildings

PERSONNEL:

Staff	One (1) contact person	To be available during the normal work week (M-F, 8am-5pm)
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HOURS OF OPERATION:

Minimum via phone contact	5 days/week, 8 hrs/day
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INSURANCE:

Refer to Appendix A

ADDITIONAL GUIDELINES:

The County and Full Service FBOs shall possess the right to provide and operate the public aircraft storage areas unless circumstances warrant otherwise. No business activities shall be operated from storage areas.

1 - AGRICULTURAL APPLICATION

An agricultural application FBO engages in air transportation for hire for the purpose of providing the use of aircraft for agricultural operations such as, but not limited to, crop dusting, seeding, spraying, and bird chasing.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> 1/4 acre or 21,780 SF		
Apron, tie-down area	6,000 SF	Storage
Building space	400 SF	For offices, lobby, public phone, and restrooms
Chemical storage	400 SF	
Automobile parking	Minimum of five (5) parking spaces, with landscaping as required by Ord. 348	For number of employees per shift and average number customers
Landscaping	Specific plans to be determined during lease negotiations	Required around vehicle parking, sidewalks, and buildings

CERTIFICATION:

Permits and certificates	Must be submitted to EDA Executive Director or Designee prior to operations.	
Renewals	Furnished to EDA Executive Director or Designee as received.	
Agricultural Application Operator	Procure and maintain FAR Part 137 Commercial Agricultural Operators Certificate.	
Hazardous Materials Management Permit	Possess Hazardous Materials Management Permit	County Ordinance No. 615

PERSONNEL:

Staff	Minimum number to be determined during lease negotiations.	
Certification & training	Personnel must be knowledgeable about the safe handling of poisons and agricultural chemicals and the proper disposal of substances intended to be used in operations.	

HOURS OF OPERATION:

Business Hours	Available for appointment for a minimum of 40 Hrs/week	Services offered 7 days/week
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EQUIPMENT:

To be determined during lease negotiations.

INSURANCE:

Refer to Appendix

N/A ?

Table C AGRICULTURAL APPLICATION (continued)

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

ADDITIONAL GUIDELINES: Storage and containment of Hazardous Materials

- a. Comply with California Regional Water Quality Control Board Resolution No. 79-38, dated March 14, 1979.
- b. Comply with County Ordinance No. 546, Division VIII-Fire Protection Requirement Buildings; and Division XIV-Fire Protection Requirements relating to storage of flammable or combustible liquids used as motor fuel.
- c. Comply with the 1982 Uniform Fire Code Article 80-Hazardous Materials (section 80.107, 80.108, 80.109, and 80.111); and Article 86-Pesticides storage (all sections).
- d. Comply with all hazardous waste regulations which can be found in Title 22 of the California Administrative Code and the California Health and Safety Code.
- e. Submit a waste management plan addressing the items mentioned below with an explicit clause stating that the applicant shall be held responsible for the safe and proper cleanup of any hazardous waste spills.
- f. Comply with Riverside County Ordinance No. 615 by completing the reporting form and obtaining a Hazardous Materials Management Permit.
- g. If hazardous wastes are treated and/or stored more than 90 days, or disposed or on-site, a hazardous waste facility must be obtained from the State Department of Health.
- h. If hazardous wastes are stored 90 days or less, storage area and containment shall meet the following:
 1. Tanks and/or containers shall be of sound construction and compatible with waste stored (Title 22, California Administrative Code, Sections 66508, 67242, and 67247).
 2. Tanks and/or containers shall be designed, constructed, maintained, and operated to minimize the possibility of fire, explosion, or any unplanned sudden, or non-sudden release of hazardous waste or any constituents to the soil, air, or surface waste which could threaten human health or the environment (Title 22, California Administrative Code, Sections 67241, 67243, 67244, 67257, and 67259).
 3. Storage of on-site hazardous waste containers shall be in a structure that will prevent the contamination of the environment with hazardous waste. Design of the structure shall be submitted to the EDA Executive Director or Designee and Hazardous Material Division prior to construction.
 4. If hazardous wastes or materials are to be stored underground, applicant must comply with County Ordinance No. 617 by completing the reporting form and obtaining the proper permits.
 5. Underground tanks shall be of proper design and construction with approved monitoring systems. Records shall be maintained concerning operations, inspections, and monitoring pursuant to County Ordinance No. 617.
 6. The applicant must take steps to minimize the quantity, toxicity, or other hazards of the waste generated. Such steps shall be submitted in writing to EDA Executive Director or Designee.
 7. The facility shall be in compliance with all statutes, regulations, and ordinances pertaining to the management of hazardous waste.
 8. Operator must submit a Letter of Credit or Performance Bond covering any clean-up or fines imposed caused by the actions of the operator.

Table OTHER AERONAUTICAL ACTIVITIES

All aeronautical activities that were not included in previous sections are required to comply with these minimum standards. Activities include, but are not limited to, Air Tours, Air Charter, Banner Towing, Gliders, Ultra Lights, Parachuting, Airship Operations, and Ballooning.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> ½ acre or 21,780 SF		
Building space	400 SF	For offices, lobby area, and restrooms. Additional space may be required depending on the operation
Aircraft storage	To be determined during lease negotiations	Hangar or outside storage to accommodate the operational activities desired.
Automobile parking	Minimum of five (5) parking spaces or 810 SF, with landscaping as required by Ord. 348	For number of employees per shift and average number customers.
Landscaping	Specific plans to be determined during lease negotiations.	Required around vehicle parking, sidewalks, and buildings.

CERTIFICATION:

As applicable for each activity	FAA, State, and local certification and licensing as applicable	For safe and efficient operation of airport and aeronautical activities
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PERSONNEL:

Staff	Sufficient number during normal hours of operation	
Certification & training	Properly trained and, if applicable, certified or licensed to perform the activities or a normal course of operation.	To comply with all applicable regulations

HOURS OF OPERATION:

Services	To be determined during lease negotiations.	Minimum requirements would be: normal telephone contact five (5) days a week (M-F) eight (8) hours a day.
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EQUIPMENT:

	To be determined during lease negotiations depending on the type of activity proposed.	
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INSURANCE:

Refer to Appendix A

N/A ?

EXHIBIT "C"

FEDERAL AVIATION ADMINISTRATION
MANDATORY LEASE PROVISIONS

1. The Lessee for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease agreement for a purpose for which a U.S. Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. The Lessee for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, and (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. That in the event of breach of any of the above nondiscrimination covenants, the County of Riverside, herein called the County, shall have the right to terminate the lease agreement and to reenter and repossess said land and the facilities thereon, and hold the same as if said lease agreement had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.
4. The Lessee shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit

or service; provided, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach thereof, and in the event of such noncompliance, the County shall have the right to terminate this lease agreement and the estate thereby created without liability therefore or, at the election of the County or the United States, either or both said Governments shall have the right to judicially enforce these Provisions.
6. The Lessee agrees that it shall insert the above five provisions in any sublease agreement by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the premises herein leased.
7. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Par 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.
8. The County reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of the Lessee and without interference or hindrance.
9. The County reserves the right, but shall not be obligated to the Lessee, to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard.
10. This lease agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the County and the United States relative to the development, operation, or maintenance of the airport.
11. There is hereby reserved to the County, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein leased. This public right of flight shall include the right to cause in said airspace any

noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on the French Valley Airport.

12. The Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased premises.
13. The Lessee, by accepting this lease agreement, expressly agrees for itself, its successors and assigns that it will neither erect nor permit the erection of any structure or object, nor permit the growth of any tree, on land leased hereunder with a height that exceeds the height limitation formula specified in Part 77 of the Federal Aviation Regulations without first obtaining the approval of the DOT and the County, which approval can be sought by submitting FAA Form 7460-1 (copy attached). In the event that the aforesaid covenants are breached, the County reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Lessee.
14. The Lessee, by accepting this lease agreement, agrees for itself, its successors and assigns that it will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft from French Valley Airport or otherwise constitute a hazard. In the event that the aforesaid covenant is breached, the County reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of the Lessee.
15. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 USC 1349a)
16. This lease agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of said airport or the exclusive or non-exclusive use of the airport by the United States during time of war or national emergency.

STORM WATER POLLUTION PREVENTION PLAN

DOCUMENTATION

FRENCH VALLEY AIRPORT

AIRPORT RESEARCH AND DEVELOPMENT FOUNDATION

ARDF

SWPPP

DOCUMENTATION

W.D.I.D.#933s006139

LEASE COPY ONLY

S.W.P.P.P. MAY BE REVIEWED IN AIRPORTS MANAGERS OFFICE

EXHIBIT D

STORM WATER POLLUTION PREVENTION PLAN INTRODUCTION AND PURPOSE

The California airport group members have submitted their Notices of Intent (NOIs) and are now in the compliance phase of the California General Permit. The General Permit requires airport discharges to: eliminate non-storm water discharges; develop and implement a storm water pollution prevention plan; and perform monitoring of discharges to the storm water drainage system.

The required Storm Water Pollution Prevention Plan (SWPPP) must emphasize the storm water Best Management Practices (BMPs) and be designed to comply with Best Available Technology Economically Achievable (BAT) and Best Conventional Pollutant Control Technology (BCT). The SWPPP has two major objectives: 1) to identify the source of pollutants that affect the quality of the industrial storm water discharge; and 2) to describe practices which may be implemented to reduce the pollutants in the industrial storm water discharge.

The SWPPP is to be certified and implemented by October 1, 1992. Although the SWPPP is not submitted to the Regional Board, it must be retained on file at the airport for the duration of the permit. The SWPPP must be available for Regional Board and public review. The Regional Board may notify airport representatives if the SWPPP does not meet the minimal requirements. Within 30 days of the notice, the airport must submit a time schedule in which the required changes will be made. Once the changes have been made, the airport will provide written certification to verify the completed change. The documentation should then be retained as part of the SWPPP.

The airport is responsible for amending the SWPPP whenever there is a change in construction, operation, or maintenance, which will affect the quality or quantity of the industrial storm water discharge. The SWPPP should also be amended if the objective of controlling pollutants in the storm water discharge is not being achieved.

POLLUTION PREVENTION COMMITTEE MEMBERS

Airport Manager/Representative: Tom Turner
Phone: (909) 351-0700 X358
24hr. phone: Pager 909-412-3049

Designated Individuals

NAME: Tom Turner TITLE: Airports Manager
PHONE: (909) 351-0700 X358 24 hr Phone: Pager (909)412-3049

NAME: Paul Harden TITLE: Service Worker
PHONE: (909) 538-5164

NAME: Joe Diorio TITLE: Owner American Valet Air, F.B.O.
Phone: (909) 677-2756

SWPPP CERTIFICATION

The SWPPP certification must be signed in accordance with the provisions of Section C9 of the General Permit.

SWPPP CERTIFICATION

The regulations require the above defined person to certify the airport's Storm Water Pollution Prevention Plan.

This is to certify that Tom Turner Title: Aviation Supervisor
Airport: French Valley

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to ensure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the

person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted, is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature _____

Title _____

Date _____

FACILITY DATA COLLECTION

The general permit requires that the following information be gathered in order to determine and evaluate pollution sources:

- Site map
- Topographic map
- Description of significant material handling
- List of pollutants with potential to be present
- Size of airport and percentage of impervious areas
- Spill history
- Summary of existing sampling data

Description of Significant Material Handling

Significant Materials Treated or Stored

- Significant Materials Stored:
- 1) 12,000 gallons Avgas (underground)
 - 2) 12,000 gallons Jet-A (underground)
 - 3) Used motor oil

Significant Materials Disposed:

- 1) Fuel from underground tanks are used in aircraft. Underground and above ground tanks are regulated by Title 23 of the California Health and Safety Code, E.P.A. underground tank regulations, and Riverside County Ord.No. 617.
- 2) Used motor oil is recycled through a licensed contractor.

Significant Materials Spilled or Leaked (in significant quantities) to storm water after November 19, 1988): No significant spills have been reported.

Materials Management Practices:

- 1) All hazardous material spills must be reported to the airport manager, County Hazardous materials Div. Of County Health, and Riverside County Fire. Liquid absorbent materials are stored at the airport.
- 2) Areas where materials are stored and or have the possibility to spill are inspected monthly, with spot inspections during the daily airport inspections.
- 3) Insure material handlers have proper licenses and training.

Equipment Management Practices:

- 1) All equipment inspected monthly, i.e. fuel trucks, service equip. dispensers etc.
- 2) Preventive maintenance scheduled to prevent leaks.
- 3) Drip pans available to install under leaks.

Vehicle Management Practices:

- 1) Scheduled preventive maintenance.
- 2) Cleaning vehicles with only biodegradable solvents and soaps, in designated areas only.
- 3) Routine daily inspections of vehicles.

Material Loading, Unloading, and Access Areas:

- 1) All personnel are to have proper training or licensing.
- 2) Restrict material handling area to trained personnel only.
- 3) Inspect equipment monthly to insure proper working order and notify responsible party if faulty.

Existing Structural Controls (to reduce pollutants in storm water):

- 1) Oil water separators installed; floor drains in hangars and disposed of in the sanitary sewer system.
- 2) Oil and water separators installed at the aircraft wash areas, disposed of into the sanitary sewer system.
- 3) Monthly inspections of all aircraft tie downs, auto parking lots, streets and hangar areas.

- Use of structural controls (to reduce pollutants in storm water):
- 1) Use of dirt roads is restricted to airport employees for inspections and emergency response to aircraft accidents.
 - 2) Monthly inspections of all drains, ditches, flood control berms and outfalls to insure no dry weather signs of runoff water are present.

Airport Industrial Storm Water Treatment Facilities:

- 1) No facilities are now on the airport.

Methods of On-Site Disposal of Significant Materials:

All hazardous materials are disposed of in State approved sites or recycled.

No hazardous materials are disposed of at the airport.

Methods of On-Site Storage of Significant Materials:

- 1) Aviation fuels are stored in underground tanks or in fuel trucks.
- 2) Motor vehicle oils are stored inside buildings.
- 3) Used oils are stored in County Health approved above ground tanks.

Activities that Generate Significant Quantities of Dust or Particulates (unpaved access roads or emissions from industrial processes):

- 1) All airport roads and parking lots are paved. Some maintenance roads and future development lots are dirt, but have restricted access.
- 2) There are no significant industrial processes on the airport.

Pollutant List

The airport is required to list any pollutants that have a reasonable potential to be present in the storm water discharge in significant quantities. The definition of significant quantities varies depending on the material. In general, a significant quantity is a quantity of material larger than that consumed within a normal day's operations or a quantity resulting in spills beyond the immediate clean-up capabilities of the individual charged with the use of the materials. For regulated substances, a significant quantity is a "reportable" quantity of those substances. An estimate of the annual quantities of these pollutants in the discharge is also

POLLUTANT LIST

TABLE 3-1

Date	Pollutant Present	Use	Quantity Estimate
10-99	Aviation fuels coolants oil	Aircraft Ground vehicles Aircraft and ground equip.	none no spill history " " "

Airport Size (acres or square feet): 265 acres

Impervious Area (acres or Square Feet): 48.25 acres

Percentage of Impervious Area (Impervious area/total area x 100): 18.2%

Significant Spills or Leaks

Table 3-2 should be used to record the lists described above.

Summary of Sampling Data

Record the sampling event(s) information on Table 3-3 and include only a one-page summary from the sampling data report package.

Date Sampled	Outfall Sampled	Analysis Performed	Analysis Method	Sampling Team
1998	#1			Tom Turner

STORM WATER MANAGEMENT CONTROLS

This section of the SWPPP describes storm water management controls, which are appropriate for the identified potential pollutant sources at the facility.

The regulations require the following descriptions and information to be included in the storm water management control portion of the SWPPP:

- Prevention Maintenance and inspections
- Good Housekeeping
- Spill Prevention and Response
- Storm Water Management Practices
- Sediment and Erosion Prevention
- Employee training

Preventative Maintenance

The preventative maintenance program should include the following:

- Identification of the equipment and systems targeted for the PM program
- Periodic inspections of identified equipment and systems
- Periodic testing of equipment and systems
- Appropriate adjustments, repair, or replacement of parts
- Record keeping documenting inspections and follow-up action

Documentation and retention of records is a critical element of a good preventative maintenance and inspection program. A tracking and follow-up procedure is recommended to

ensure that an appropriate response to the inspection findings has been made. All inspection documentation and records must be maintained with the SWPPP for a period of 5 years. Table 4-1 should be used to record inspection and maintenance activities, and any corrective actions implemented.

Good House keeping

Written Protocol

The protocols should be developed to meet the site-specific requirements of the airport. The protocols should cover:

1. Daily inspections of tie down areas to look for leaks and spills.
2. Notices sent to tenants to inform them of problems that need correcting.
3. Vehicle and equipment washing to be done in designated areas only.
4. NO HANGARS, equipment storage, or maintenance buildings will be hosed out. All oil and solvents must be cleaned up using absorbent material or biodegradable solvents or soap.
5. Drip pans and 100 pounds of oil absorbent material stored at each F.B.O. site.
6. Drums and tanks containing used oil, solvents, and coolants checked weekly for material levels. All full containers to be closed and secured to prevent overflow.
7. The airport and each co-permittee will train personnel in the proper handling, identification and clean up practices. List of agencies to notify when a spill occurs.
8. The designated airport representative to inspect the airport monthly to include co-permittees leaseholds, notify responsible not in compliance with the storm water plan.
9. All non-paved roads to be restricted to only necessary traffic.
10. All vehicle fueling to take place on paved areas.

A protocol document should be included with the SWPPP document; Table 4-3 can be used for this purpose.

Spill Prevention and Response

Table 4-4 will be used to record the spill control and countermeasures established by the airport. Please add any additional documentation relating to spill prevention countermeasures and control to this document.

See Protocols

The designated person will be named below. This information should be kept on file as part of the SWPPP documentation.

Designated Individual: Tom Turner
Title: Airport Manager
Phone: (909) 351-0700 X358
24 hr. Phone: Pager #: (909) 412-3049

Alternate: Paul Harden
Title: Maint. Service Worker
Phone: (909) 538-5164

Storm Water Management Practices

1. Daily inspections of tie down areas to look for leaks.
2. Notices sent to tenants informing them of problems that need correcting.
3. Vehicle and equipment washing to be done on wash racks.
4. All hangars and equipment storage areas are to be mopped with soaps and oil and solvent spills material.
5. Drip pans and absorbent material available at all F.B.O.s.
6. Drums and tanks to have canopies and retention areas.

Sediment Control and Erosion Prevention

1. Seed embankments where applicable to prevent erosion.
2. Install hay bails, screens, to trap sediment in earthen ditches.
3. All construction projects to have a S.W.P.P.P.

NON - STORM WATER DISCHARGES

The California General Permit requires non-storm water discharges to be eliminated prior to the implementation of the SWPPP on October 1, 1992. The airports must certify that there are

no non-storm water discharge present in the storm water drainage system. All airports in the group must certify and monitor outfalls for dry weather discharges.

The certification page, for non-storm water certification, is provided in the "Non-Storm Water Discharge Screening and Detection Manual." This page should be signed and a copy inserted into the SWPPP documentation. All forms filled out while surveying and evaluating outfalls should also be inserted into this section of the SWPPP document. A record of methods used, dates, and time conducted should be listed on the form.

For methods of detection and screening for non-storm water discharges, the SWPPP Committee should refer to the above referenced document for complete guidance.

If certification is not feasible, due to the inability to eliminate the non-storm water discharge because of the need for significant structural changes, the airport must notify the Regional Board prior to the October 1, 1992 deadline. This notification should include a summary of why the extension in eliminating non-storm water discharges is required and a schedule indicating when non-storm water discharges will be eliminated. The schedule is subject to modification by the regional board. This is also required if the airport has applied for an NPDES permit for a non-storm water discharge and has not yet received approval. If the airport is unable to eliminate the non-storm water discharge, then a schedule for elimination of the discharge must be submitted to the Regional Board for approval. In no case will the Board allow for the elimination of non-storm water discharges to take longer than 3 years from the date of the NOI submittal.

COMPLIANCE

Inspections

An annual inspection of the airport will be conducted by the Regional Board to verify elements of the SWPPP are accurate and have been implemented. The inspection may yield comments, which require a response to comments by the board and are required to be retained as part of the SWPPP. As listed under Section 311 of the Clean Water Act this SWPPP is considered a report that shall be available to the public.

... are required to include the signature and title of the person responsible for preparation of the SWPPP and the date.

FRENCH VALLEY AIRPORT

The COUNTY OF RIVERSIDE, herein called County, and MACH I AIR CHARTER, INC., a Delaware Corporation, herein called Lessee, hereby agree to amend the Lease between the COUNTY OF RIVERSIDE and MACH I AIR CHARTER, INC. approved by the Board of Supervisors of the County of Riverside on June 4, 2002, for 1.5 acres of land at French Valley Airport, County of Riverside, California, as follows:

1. Paragraph 1, Recitals, page 1 of 30, replace subparagraph (b) with the following: (b) Lessee desires to lease said property from the County for the construction of an aircraft hangar and related office space and to have an option to lease the adjacent 1.5 acres of improved tie-down space, which is currently used for public, transient aircraft parking, on the same terms and conditions. Transient aircraft are those aircraft, which stay at the airport for a period of less than two days and one night.

2. Paragraph 4, Use, page 3 of 30, add the following subparagraph: 4(d) In the event Lessee exercises the option to lease the additional 1.5-acre parcel referred to in Paragraph 1(b), said parcel shall remain as public, unrestricted, transient aircraft parking during the remaining term of this lease. Lessee may charge a parking fee of up to \$20 per day for the use of each tie-down space. Lessee may not charge more than \$20 per day, per tie-down space without first receiving County's written permission.

3. Paragraph 10, Additional Obligations of Lessee, page 9, line 28, add: The parking stalls shall be designated as public parking and located according to the Parking Plan attached hereto as Exhibit E and by this reference made a part of this First Amendment. County must approve any limitations or restrictions on the use of these public parking spaces in writing.

///

1 4. Paragraph (e), line 11 "LA-Anaheim Area for twelve month period
2 ending two months" shall be changed to "Los Angeles-Riverside-Orange County Index
3 for the twelve month period ending three months"

4 5. Paragraph 21, subsection II, line 28 delete "and \$300,000 in the
5 aggregate".

6 6. Paragraph 8, Onsite Improvements, page 8 of 30, line 8, after "Airport
7 Master Drainage Plan", add "and Exhibit D, Storm Water Pollution Prevention Plan,
8 attached hereto and by this reference made a part of this Lease."

9 7. Paragraph 8, Onsite Improvements, page 8 of 30, line 7, after Exhibit B,
10 add "Minimum Standards."

11 8. Paragraph 36, Notices, page 28 of 30, line 14, under heading LESSEE,
12 add "Hangar 51".

13 9. All other provisions of the Lease, not otherwise affected by this
14 First Amendment, shall remain the same.

15 10. Construction of Amendment: The parties hereto negotiated this First
16 Amendment at arms length and with the advice of their respective attorneys, and no
17 provisions contained herein shall be construed against County solely because it
18 prepared this First Amendment in its executed form.

19 ///

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Date:

LESSEE

Mach I Air Charter, Inc.
a Delaware Corporation

By:

Joel R. Doherty
Joel R. Doherty, President

Date:

OCT 21 2003

COUNTY OF RIVERSIDE

By:

John T. Angleton
Chairman, Board of Supervisors

JOHN T. ANGLETON

FORM APPROVED:

WILLIAM C. KATZENSTEIN, County Counsel

ATTEST:

NANCY ROMERO, Clerk of the Board

By:

Nancy Romero
Deputy

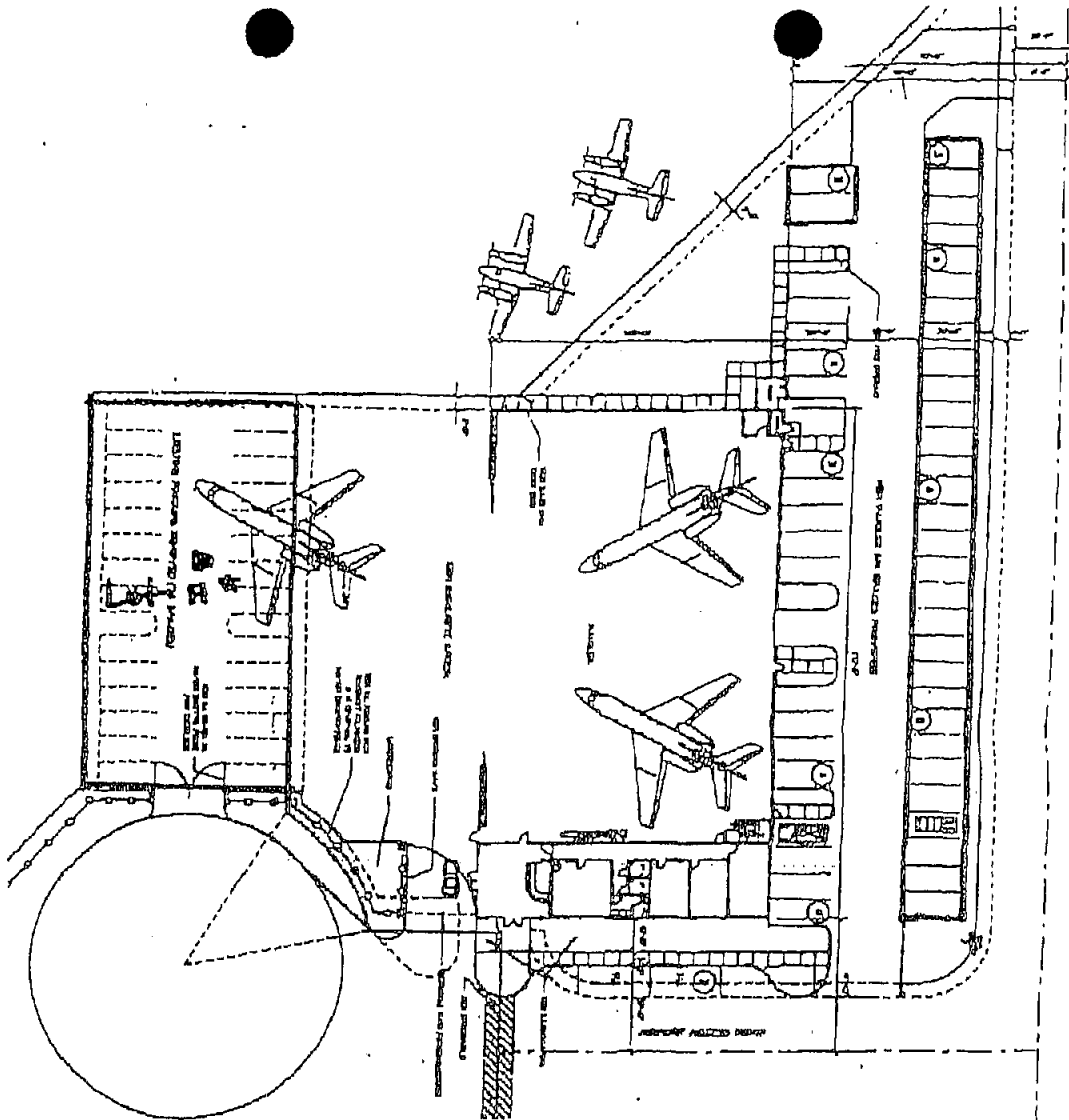
(SEAL)

By:

Gordon V. Woo
Deputy

9/29/03

Attachment: Exhibit E - Parking Plan



* Replacement public parking for Lot A

[Signature] By: *[Signature]*

EXHIBIT E

UNIT SUMMARY (SHEET 2 OF 2)

NO.	DESCRIPTION	AREA	PERCENT
1	REPLACE PUBLIC PARKING FOR LOT A	1,000 SF.	10.0%
2	REPLACE PUBLIC PARKING FOR LOT B	1,000 SF.	10.0%
3	REPLACE PUBLIC PARKING FOR LOT C	1,000 SF.	10.0%
4	REPLACE PUBLIC PARKING FOR LOT D	1,000 SF.	10.0%
5	REPLACE PUBLIC PARKING FOR LOT E	1,000 SF.	10.0%
6	REPLACE PUBLIC PARKING FOR LOT F	1,000 SF.	10.0%
7	REPLACE PUBLIC PARKING FOR LOT G	1,000 SF.	10.0%
8	REPLACE PUBLIC PARKING FOR LOT H	1,000 SF.	10.0%
9	REPLACE PUBLIC PARKING FOR LOT I	1,000 SF.	10.0%
10	REPLACE PUBLIC PARKING FOR LOT J	1,000 SF.	10.0%
11	REPLACE PUBLIC PARKING FOR LOT K	1,000 SF.	10.0%
12	REPLACE PUBLIC PARKING FOR LOT L	1,000 SF.	10.0%
13	REPLACE PUBLIC PARKING FOR LOT M	1,000 SF.	10.0%
14	REPLACE PUBLIC PARKING FOR LOT N	1,000 SF.	10.0%
15	REPLACE PUBLIC PARKING FOR LOT O	1,000 SF.	10.0%
16	REPLACE PUBLIC PARKING FOR LOT P	1,000 SF.	10.0%
17	REPLACE PUBLIC PARKING FOR LOT Q	1,000 SF.	10.0%
18	REPLACE PUBLIC PARKING FOR LOT R	1,000 SF.	10.0%
19	REPLACE PUBLIC PARKING FOR LOT S	1,000 SF.	10.0%
20	REPLACE PUBLIC PARKING FOR LOT T	1,000 SF.	10.0%
21	REPLACE PUBLIC PARKING FOR LOT U	1,000 SF.	10.0%
22	REPLACE PUBLIC PARKING FOR LOT V	1,000 SF.	10.0%
23	REPLACE PUBLIC PARKING FOR LOT W	1,000 SF.	10.0%
24	REPLACE PUBLIC PARKING FOR LOT X	1,000 SF.	10.0%
25	REPLACE PUBLIC PARKING FOR LOT Y	1,000 SF.	10.0%
26	REPLACE PUBLIC PARKING FOR LOT Z	1,000 SF.	10.0%

<p>A-10</p>	<p>DATE: 11/15/11</p>	<p>Mach 1 Air Charter, Inc</p> <p>37662 Winchester Road Building 81, Suite 103 Murrieta, CA 92563</p>	<p>colbourn.currier.noll architecture, inc.</p> <p>10270 Locust St. - 1st Fl. - San Diego, CA 92131 619.240.4174</p>
		<p>SCALE: 1" = 30'-0"</p>	<p>PROJECT NO. 11-001</p>

SECOND AMENDMENT TO LEASE

FRENCH VALLEY AIRPORT

THIS SECOND AMENDMENT (this "Second Amendment") is made as of the 13th day of DEC, 2005 by and between The County of Riverside, California ("County") and Ovation Air Group, Inc. a Delaware corporation (formerly known as Mach 1 Air Charter, Inc.) ("Lessee") with reference to the following facts:

A. County and Lessee have entered into that certain Lease, approved by the Board of Supervisors of the County of Riverside on June 4, 2002 (the "Original Lease"), for the premises described therein, as modified by that certain First Amendment to Lease, approved by the Board of Supervisors of the County of Riverside on October 21, 2003 (the "First Amendment," together with the Original Lease, the "Lease").

B. At the time the Lease was executed, the leased premises had not been surveyed.

C. The leased premises have now been surveyed and Lessor and Lessee desire to amend the Lease as set forth herein to more specifically identify the leased premises.

NOW THEREFORE, the parties agree as follows:

1. Exhibit A. Exhibit A to the Lease is hereby replaced in its entirety with Exhibit A and Exhibit B attached hereto that contain a more specific legal description and depiction of the leased premises.

2. Ratification. All other provisions of the Lease, not otherwise affected by this Second Amendment, shall remain the same.

3. Construction of Second Amendment: The parties hereto negotiated this Second Amendment at arms length and with the advice of their respective attorneys, and no provisions

contained herein shall be construed against any party solely because such party or its counsel prepared this Second Amendment in its executed form.

4. Successors and Assigns. The terms and conditions of this Second Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

5. Counterparts. This Second Amendment may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document.

[The Remainder of this Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first written above.

LESSEE:

OVATION AIR GROUP, INC., a Delaware corporation

By: *Eric Chriss*
Name: Eric Chriss
Title: CFO

LESSOR:

COUNTY OF RIVERSIDE
DEC 13 2005

Date: _____

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

APPROVED AS TO FORM:

Joe S. Rank, County Counsel

By: *Gordon V. Woo*
Deputy

Date: 11/15/05

Attachments: Exhibit A and Exhibit B – Legal Description

ATTEST:
NANCY ROMERO, Clerk

By: *Schlemmer*
DEPUTY

EXHIBIT 'A'
OVATION AIR GROUP - LEASE

THAT PORTION OF SECTION 7, TOWNSHIP 7 SOUTH, RANGE 2 WEST, SAN BERNADINO BASE AND MERIDIAN BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1

COMMENCING AT THE WEST 1/4 CORNER OF SAID SECTION 7:

THENCE: N 89°50' 55" E ALONG THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 7 A DISTANCE OF 1657.66 FEET:

THENCE: S 0°09' 55" E A DISTANCE OF 76.90 FEET TO THE TRUE POINT OF BEGINNING:

THENCE: S 12°17' 07" W A DISTANCE OF 255.00 FEET:

THENCE: S 77°42' 53" E A DISTANCE OF 85.00 FEET:

THENCE: N 12°17' 07" E A DISTANCE OF 40.00 FEET:

THENCE: S 77°42' 53" E A DISTANCE OF 241.00 FEET TO A POINT HEREINAFTER DESCRIBED AS POINT 'A':

THENCE: N 12°17' 07" E A DISTANCE OF 145.00 FEET:

THENCE: N 77°42' 53" W A DISTANCE OF 87.26 FEET:

THENCE: N 27°42' 53" W A DISTANCE OF 91.38 FEET:

THENCE: N 77°42' 53" W A DISTANCE OF 180.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 65,326 SQ. FT. OR 1.500 ACRES MORE OR LESS.

PARCEL 2

BEGINNING AT THE ABOVE MENTIONED POINT 'A':

THENCE: N 12°17' 07" E A DISTANCE OF 145.00 FEET:

THENCE: S 77°42' 53" E A DISTANCE OF 450.00 FEET:

THENCE: S 12°17' 07" W A DISTANCE OF 145.00 FEET:

THENCE: N 77°42' 53" W A DISTANCE OF 450.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 65,250 SQ. FT. OR 1.498 ACRES MORE OR LESS.

SEE EXHIBIT 'B' ATTACHED

PAGE 1 OF 1

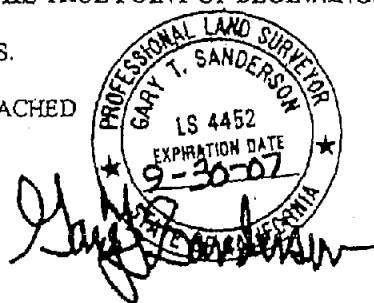
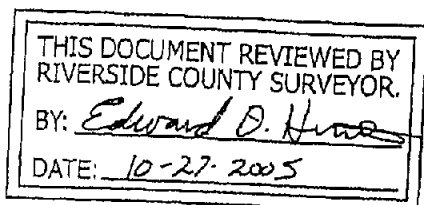


EXHIBIT 'B'

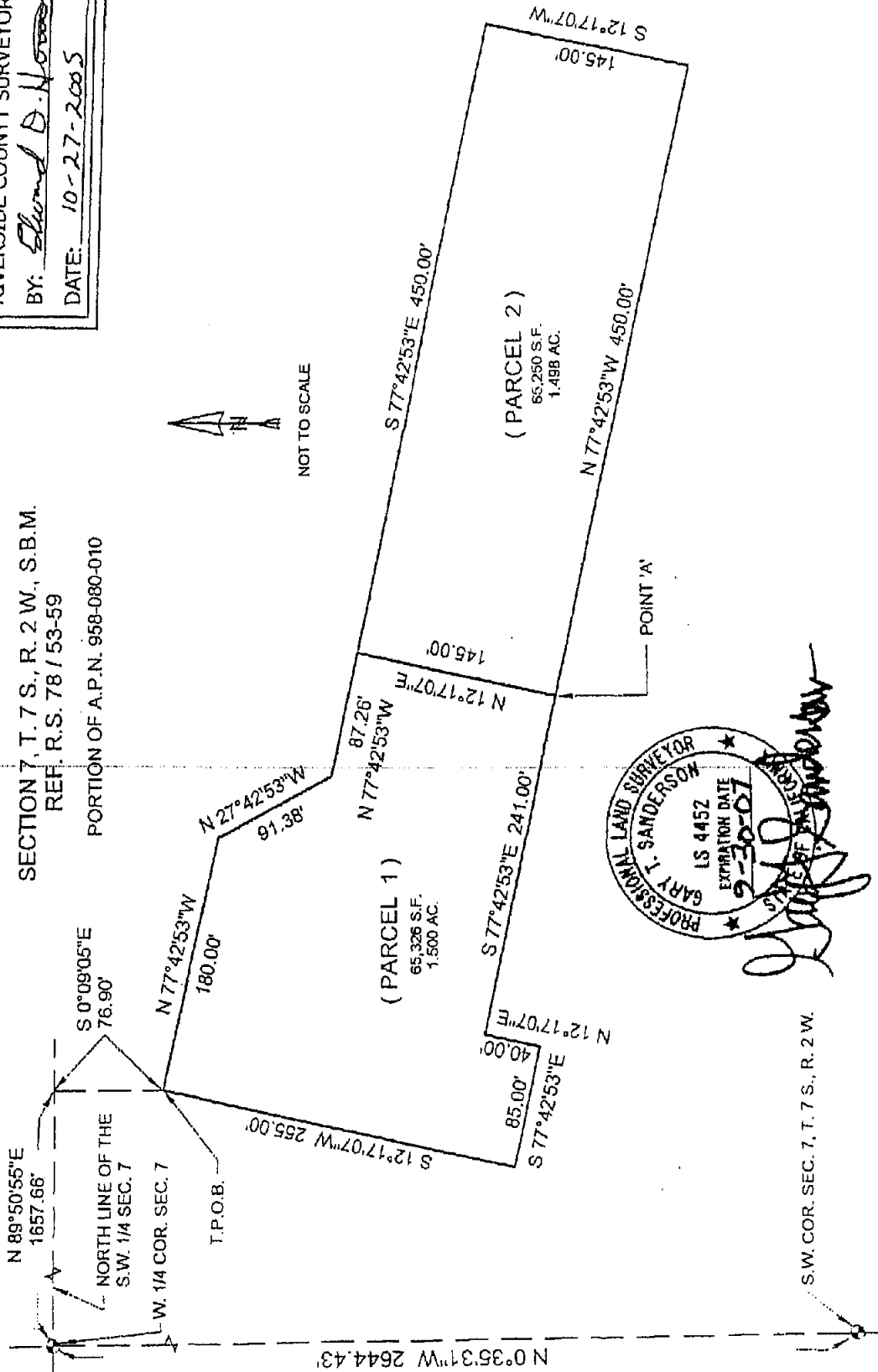
OVATION AIR GROUP - LEASE

SECTION 7, T. 7 S., R. 2 W., S.B.M.

REF. R.S. 78 / 53-59

PORTION OF A.P.N. 958-080-010

THIS DOCUMENT REVIEWED BY
 RIVERSIDE COUNTY SURVEYOR,
 BY: *Edward D. Norwood*
 DATE: 10-27-2005



S.W. COR. SEC. 7, T. 7 S., R. 2 W.

THIRD AMENDMENT TO LEASE
French Valley Airport

This Third Amendment to Lease ("Amendment:") is entered into by and between the County of Riverside (hereinafter "County"), and Ovation Air Group, Inc., a Delaware corporation, (herein called "Lessee"), with reference to the following:

RECITALS

A. WHEREAS, County and Mach I Air Charter, Inc. were parties to that certain lease (hereinafter the "Lease") approved by the Board of Supervisors of the County of Riverside ("Board") on June 4, 2002, wherein Lessee agreed to lease from County, approximately 3.0 acres of property ("Leased Premises") located at the French Valley Airport; and

B. WHEREAS, the Lease was amended by a First Amendment to Lease approved by the Board on October 21, 2003; and

C. WHEREAS, Mach I Air Charter changed its name Ovation Air Group, Inc. on or about May 14, 2002; and

D. WHEREAS, the Lease was amended by a Second Amendment to Lease approved by the board on December 13, 2006; and

E. WHEREAS, the County and Lessee now desire to modify the Lease in accordance with the terms and provisions of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the Lease shall be modified as follows:

1. Paragraph 5 Rent, page 2, subparagraph (a) shall be modified by adding the following at the end of said paragraph 5(a):

"Beginning July 1, 2005 the monthly base rent shall be \$3,049.20.

2. Subparagraph 5 (d), page 3 of the Lease, shall be deleted in its entirety and replaced with the following subparagraph:

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"5 (d) Base Rent Adjustment - Beginning July 1, 2015 and on July 1 of every fifth (5th) year thereafter, that portion of the monthly Base Rent for the Land shall be adjusted to one-twelfth (1/12) of eight percent (8%) of the then-current aviation fair market value of the Land. Said aviation fair market value shall be for the Land only and shall not include the value of the Improvements or other structures placed on the Leased Premises by Lessee. In no event will application of this paragraph result in a monthly Base Rent amount for the Land which is lower than the highest previous monthly Base Rent for the Land.

The aviation fair market value for the Land will be established by a property appraisal performed by an independent appraiser, knowledgeable and experienced in the valuation of aviation property within the southern California Counties of Riverside, San Bernardino, San Diego and Los Angeles. The appraiser shall be certified by, and be, in good standing with the Appraisal Institute of Chicago IL with a current designation of "MAI" and the appraisal shall be conducted in strict compliance with the Uniform Standards of Professional Appraisal Practice ("USPAP").

No less than two hundred and forty (240) days prior to the rent adjustment date, County will notify by US Mail, potentially affected Lessees of its intent to issue a Request for Qualifications and Proposal ("RFQP") and submit a copy of the Draft RFQP form it intends to use. It will be the responsibility of the Lessees to establish amongst themselves a process for forming a committee to comment on the Draft RFQP and to select up to two-fifths (2/5) of the appraisers that will be invited to respond to the RFQP. In the event a majority of Lessees participating in the selection process are unable to form a committee, comment on the Draft RFQP, select the designated number of appraisers or give the County written notice thereof within two hundred ten (210) days prior to the rent

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adjustment date, then County will select all of the appraisers to which the RFQP is sent. No less than one hundred and eight (180) days prior to the rent adjustment date, County will give reasonable consideration to the comments received from the Lessee's Committee and shall issue a Final RFQP to a minimum of five (5) appraisers meeting the foregoing qualifications. Upon receipt of the responses to the RFQP, the County shall offer the responses to the Lessee's Committee for viewing and comment for a period of fourteen (14) days, and after reasonable consideration of the comments made, County shall select the appraiser pursuant to the County's established guidelines. The cost of the appraisal and related processes shall be borne by the County. The cost, if any, of forming and operating the Lessee's Committee shall be borne by the Lessee Committee members.

Once established, the adjusted monthly Base Rent for the Land shall be adjusted annually in the manner set forth in Paragraph 5 (e) below."

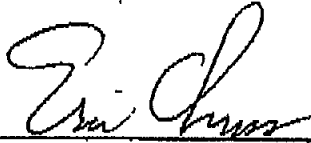
3. Subparagraph 5 (e), page 5, is hereby deleted in its entirety and replaced with the following subparagraph:

"(e) Beginning July 1, 2006 and at each July 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in paragraph 5(d) above, the Base Rent shall be adjusted by the percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the twelve month period ending three months before the month of rent adjustment under this paragraph. In no event will application of this paragraph result in a monthly Base Rent amount lower than the highest previous monthly Base Rent amount."

WHEREFOR, the parties hereto have executed this Amendment as of the dates set forth below.

Dated: 3/3/2006

LESSEE:
OVATION AIR GROUP,
a Delaware corporation

By: 
Eric Chriss, Chief Financial Officer

Dated: JUL 25 2006

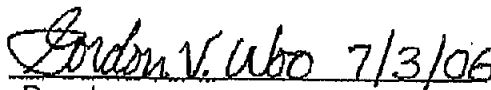
COUNTY OF RIVERSIDE

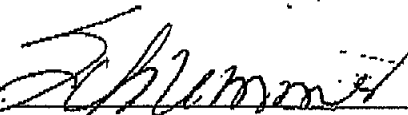
By: 
Chairman, Board of Supervisors
BOB BUSTER

(SEAL)

APPROVED AS TO FORM:
Joe S. Rank, County Counsel

ATTEST:
Nancy Romero, Clerk of the Board

By:  7/3/06
Deputy

By: 
Deputy

QUINN AIRE, LLC
HANGAR SUBLEASE AGREEMENT

This HANGAR SUBLEASE AGREEMENT (this "Sublease") is entered into as of this ___ day of _____, 2010, by and between QUINN AIRE, LLC, a California limited liability company ("Sublessor"), whose mailing address is P.O. Box 1765, Rancho Santa Fe, California 92067, and AERO COASTAL, LLC, a Delaware limited liability company, a subsidiary of TERRALIANCE TECHNOLOGIES, INC., a Delaware corporation ("Sublessee"), whose address is 100 Bayview Circle, Suite 240, Newport Beach, California 92660.

RECITALS

A. Sublessor, the successor in interest to the tenant under a lease effective June 4, 2002, between the County of Riverside ("County") as Lessor, and MACH I AIR CHARTER, INC., a Delaware corporation, as Lessee (which lease was amended and the tenant's interest assigned to another Sublessor on or about August 6, 2007, after which said lease was reacquired by QUINN AIRE, LLC by acceptance of a Deed in Lieu of Foreclosure from the Sublessor on August 31, 2010) (the "Master Lease").

B. This Sublease is subject and subordinate to all of the provisions of the Master Lease, the terms of which are incorporated herein by this reference. If any terms, conditions, statements or agreements contained in this Sublease are incompatible or do not agree with the terms of the Master Lease, the Master Lease shall govern. This Sublease is subject to final approval by the County.

C. Sublessee's predecessor in interest is the current tenant under a sublease with Sublessor's predecessor in interest. Sublessee desires to extend the sublease for the hangar space and the entire second floor in the facility operated by Sublessor located at 37552 Winchester Road, #51, Murrieta, California 92563 as shown on Exhibit A attached hereto ("Subleased
Sublessor desires to extend sublease on said space with Sublessee. Sublessee shall

QUINN AIRE, LLC
HANGAR SUBLEASE AGREEMENT

This HANGAR SUBLEASE AGREEMENT (this "Sublease") is entered into as of this ___ day of _____, 2010, by and between QUINN AIRE, LLC, a California limited liability company ("Sublessor"), whose mailing address is P.O. Box 1765, Rancho Santa Fe, California 92067, and AERO COASTAL, LLC, a Delaware limited liability company, a subsidiary of TERRALIANCE TECHNOLOGIES, INC., a Delaware corporation ("Sublessee"), whose address is 100 Bayview Circle, Suite 240, Newport Beach, California 92660.

RECITALS

A. Sublessor, the successor in interest to the tenant under a lease effective June 4, 2002, between the County of Riverside ("County") as Lessor, and MACH I AIR CHARTER, INC., a Delaware corporation, as Lessee (which lease was amended and the tenant's interest assigned to another Sublessor on or about August 6, 2007, after which said lease was reacquired by QUINN AIRE, LLC by acceptance of a Deed in Lieu of Foreclosure from the Sublessor on August 31, 2010) (the "Master Lease").

B. This Sublease is subject and subordinate to all of the provisions of the Master Lease, the terms of which are incorporated herein by this reference. If any terms, conditions, statements or agreements contained in this Sublease are incompatible or do not agree with the terms of the Master Lease, the Master Lease shall govern. This Sublease is subject to final approval by the County.

C. Sublessee's predecessor in interest is the current tenant under a sublease with Sublessor's predecessor in interest. Sublessee desires to extend the sublease for the hangar space and the entire second floor in the facility operated by Sublessor located at 37552 Winchester Road, #51, Murrieta, California 92563 as shown on **Exhibit A** attached hereto ("Subleased Premises"). Sublessor desires to extend sublease on said space with Sublessee. Sublessee shall have no right to use the offices in the main floor of the building.

THEREFORE, incorporating the recitals, in consideration of the mutual covenants and agreements contained herein to be performed by the respective parties, and for other good and valuable consideration, the parties hereby agree as follows:

1. **Sublease of Hangar Space, Front Office Space and Conference Room.** Sublessor subleases the space described in Recital C. above to Sublessee, together with the right to use the restroom facilities in the building.

2. **Term.** The term of this Sublease shall be **one year commencing December 2, 2010** (the "Commencement Date"), provided that Sublessee may terminate this Sublease without penalty upon thirty (30) days written notice to the other.

3. Rent. Sublessee shall pay the amount of Twelve Thousand Dollars and Zero Cents (\$12,000.00) per month, payable monthly, in advance on or before the 10th day each month. The payment for any partial month will be prorated daily. If on the first anniversary of the beginning date the Sublease has not been terminated, the Sublease shall continue on a month-to-month basis. Monthly rent and all additional charges shall be paid promptly when due. All rental payments shall be made to Quinn Aire, LLC, c/o Richard L. Thompson, P.O. Box 1765, Rancho Santa Fe, California 92067.

Sublessor acknowledges that it holds the last month's rent paid by the predecessor Sublessee as security for Sublessee's performance. The rent for the last month of the term hereof need not be segregated from other funds of Quinn Aire, LLC.

Sublessor acknowledges that Sublessee has paid all rent and other amounts due and owing through the date hereof under all previous subleases by Sublessee of the Subleased Premises, and Sublessee will not be liable to Sublessor for any such amounts. Sublessor agrees to indemnify, defend and hold Sublessee harmless for any claims for rent or other amounts due under the Master Lease prior to the date hereof asserted by the landlord under the Master Lease or any third party.

4. Obligations of Sublessee.

a. Building Maintenance and Repair. Sublessee shall maintain the Subleased Premises in a neat and orderly condition and shall keep the hangar floor clean and clear of debris, oil, grease and/or toxic chemicals. Sublessee shall be responsible for all damage to the Subleased Premises caused by Sublessee's acts or negligence.

b. Compliance with Laws and Regulations. In utilizing the hangar during the term of this Sublease, Sublessee agrees to and shall comply with rules and regulations established by any federal, state or local government agency exercising jurisdiction over the premises, including FAA regulations and rules and regulations of the French Valley Airport ("Airport"). Sublessee agrees to comply with all security measures that may be imposed from time to time by any applicable governmental agency.

c. Expiration or Termination of this Sublease. Upon the expiration or termination of this Sublease, Sublessee shall surrender the Subleased Premises to the Sublessor in substantially the same conditions as the Subleased Premises was in at the beginning of this Sublease and in good and clean condition, reasonable wear and tear excepted.

d. Sublessee's Responsibility for Conduct. All Sublessee employees will obtain and display proper identification in accordance with prevailing Airport regulations for all areas of the Airport where required.

e. Utilities and Maintenance. Sublessee shall pay all water, electrical, telephone, landscape maintenance, pest control costs and related items associated with the property covered by the Master Lease. If Sublessor rents portions of the remaining office space to other users, the

items shall be prorated based upon expected consumption or square footage, whichever is most appropriate as agreed by the parties at the time of any additional sublease.

f. Insurance Requirements. Sublessee shall provide the insurances required under Paragraphs 21(I), (II), (III) and (IV) of the Master Lease naming Sublessor and the County of Riverside as additional insureds; provided, however, that with respect to the Airport Commercial General Liability Insurance required by Paragraph 21(II) of the Master Lease, Sublessee will only be required to maintain Fire Legal Liability for a limit of \$100,000. In addition, Sublessee shall also provide the insurance coverages required under Paragraphs 21(V), (VI) and (VII) if and when Sublessee's use of the Subleased Premises would require obtaining such coverages under the Master Lease.

5. Sublease/Assignment. Sublessee may not further sublease the hangar or assign this Sublease to any third party without the prior written consent of Sublessor.

6. Condition of Premises. Sublessee has inspected the Subleased Premises and accepts the Subleased Premises in its present condition without any liability or obligation on the part of Sublessor to make any alterations, improvements or repairs of any kind on or about the Subleased Premises.

7. Alterations. Sublessee covenants and agrees not to install any fixtures or make any alterations, additions or improvements to the hangar without the prior written approval of Sublessor and the County, which will not be unreasonably withheld.

8. Master Lease.

a. This Sublease is subject to, and Sublessee accepts this Sublease subject to, all of the terms, covenants, provisions, conditions and Subleases contained in the Master Lease and the matters to which the Master Lease is subject and subordinate. This Sublease will also be, and Sublessee accepts this Sublease, subject to any amendments and supplements to the Master Lease hereafter made between the County and Sublessor, provided that any such amendment or supplement to the Master Lease may not materially and adversely affect Sublessee's use of the Subleased Premises in accordance with the terms of this Sublease. Sublessee and Sublessor each covenants and agrees (i) to perform and to observe all of the terms, covenants, conditions and Subleases of the Master Lease that apply to Sublessee or Sublessor (as applicable) to the extent the same applies to the Subleased Premises, and (ii) that it will not do or cause to be done or suffer or permit any act or thing to be done which would or might cause the Master Lease or the rights of Sublessor as tenant thereunder to be canceled, terminated or forfeited or make Sublessor or Sublessee liable for any damages, claim or penalty under the Master Lease. Sublessee shall observe and perform when due all applicable covenants, Subleases and obligations of the "Lessee" under the Master Lease, except for the covenants, Subleases and obligations contained in the following Paragraphs of the Master Lease: 5, 6(f), 6(g), 6(h), 6(j), 6(k), 8(a), 21(VIII), 21(IX) and 21(X). Sublessee shall observe and perform the terms of Paragraphs 21(V), 21(VI) and 21(VII) only if required under Section 4(f) of this Sublease.

b. In the event of, and upon the termination or cancellation of the Master Lease pursuant to the terms and provisions thereof, this Sublease shall automatically cease and terminate.

c. In the event of any default on the part of Sublessee under any of the terms, provisions, covenants or Subleases of the Master Lease or of this Sublease, Sublessor shall have the same rights and remedies against Sublessee under this Sublease as are available to the County against Sublessor under the provisions of the Master Lease, plus any additional remedies specifically provided herein or otherwise available at law or in equity.

d. Sublessee will be entitled to the services and repairs which the County is and may be obligated to furnish or make to or in the Subleased Premises pursuant to the terms of the Master Lease. Sublessor shall exercise reasonable diligence in attempting to cause the County to perform its obligations under the Master Lease, but Sublessor will otherwise have no liability whatsoever for the obligations of the County under the Master Lease.

e. Notwithstanding anything to the contrary in this Sublease or the Master Lease, Sublessor and Sublessee acknowledge and agree that Sublessee may use the Subleased Premises for the storage and maintenance of Sublessee's aircraft and activities ancillary thereto.

9. Sublessee's Property. Sublessor agrees that all of the Sublessee's property held in the hangar is the sole property of Sublessee. The Sublessor further agrees that neither the Sublessor, nor any outside party to which the Sublessor may be subordinated, has any rights to, or claim on, the property of the Sublessee.

10. Indemnify; Force Majeure. Sublessor shall not be liable for its failure to perform this Sublease or for any loss, injury, damage or delay of any nature whatsoever resulting therefrom caused by an Act of God, fire, flood, accident, strike, labor dispute, riot, insurrection, war or any other cause beyond Sublessor's control.

11. Environmental Responsibilities of Sublessee. Sublessee shall be responsible for the proper removal and disposal of all substances regulated by any federal, state, county, municipal or local statutes, laws, ordinances, or regulations which relate to or deal with human health or the environment ("Environmental Laws"), as generated by Sublessee as a result of Sublessee's activities in, on and from the hangar in compliance with Environmental Laws.

12. Default. This Sublease shall be breached if (a) Sublessee shall default in the payment of any rental payment within ten (10) days of its due day; and (b) Sublessee shall default in the performance of any other covenant herein, and such default shall continue for thirty (30) days after written notice thereof from Sublessor. In the event of a breach of this Sublease by Sublessee, Sublessor shall, at its option, and with notice to Sublessee, have the right to terminate this Sublease.

13. Governing Law. This Sublease shall be construed in accordance with the laws of the State of California.

14. Relationship of Parties. The relationship between Sublessor and Sublessee shall always and only be that of Sublessor and Sublessee. Sublessee shall never at anytime during the term of this Sublease become the agent of Sublessor, and Sublessor shall not be responsible for the acts or omissions of Sublessee, its employees or agents.

15. Notices. All notices to be given hereunder shall be in writing and shall be sent by certified mail, return receipt requested, to the addresses shown on the front page of this Sublease, or to such other address as either party may have furnished by prior written notice sent pursuant hereby. Any notices permitted or required to be given by the terms of this Sublease shall be effective upon mailing and shall be deemed sufficient if mailed by United States mail, with proper postage and address affixed thereon.

16. Integration. This Sublease constitutes the entire Sublease between the parties and supersedes all prior independent Subleases between the parties related to the leasing of the hangar. Any change or modification hereof must be in writing signed by both parties.

17. Waiver. The waiver of either party of any covenant or condition of this Sublease shall not thereafter preclude such party from demanding performance in accordance with the terms hereof.

18. Successors Bound. This Sublease shall be binding on and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.

19. Severability. If a provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction over the parties of this Sublease, the entire Sublease shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties.

20. Taxes, Assessments and Fees. Sublessee shall be solely responsible for the payment of all taxes, assessments, license fees or other charges that may be levied or assessed during the Term of this Sublease upon or against any personal property or equipment located within or upon the hangar and/or the space which is owned by, leased to or in this case, custody and control of Sublessee.

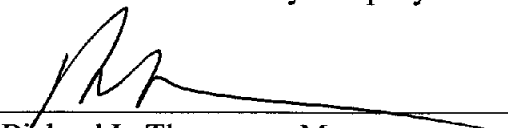
21. Approval by County. This Sublease will not be effective unless and until it is approved by the Board of Supervisors of the County of Riverside (the "Board"). If necessary, the Commencement Date will be delayed until the date such approval is obtained. If the Board does not approve this Sublease within sixty (60) days following the expected Commencement Date as stated in Paragraph 2, Sublessee may terminate this Sublease at any time thereafter upon written notice to Sublessor and the parties will have no further rights or obligations herein.

[SEE NEXT PAGE FOR SIGNATURES]

IN WITNESS THEREOF, the parties have executed this Sublease as of the day and year first above written.

SBLESSOR:

QUINN AIRE, LLC,
a California limited liability company

By: 
Richard L. Thompson, Manager

SUBLESSEE:

AERO COASTAL, LLC,
a Delaware limited liability company
(a subsidiary of TERRALIANCE TECHNOLOGIES, INC.,
a Delaware corporation)

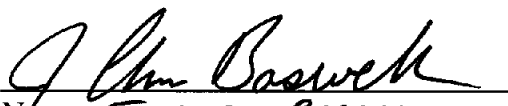
By: 
Name: J. CHRIS BOSWELL
Title: CFO

EXHIBIT A

Subleased Premises

[see attached]

CONSENT TO SUBLEASE

The County of Riverside ("Master Lessor") hereby consents to the attached Sublease dated _____, 2010, between QUINN AIRE, LLC, a California limited liability company ("Sublessor") and AERO COASTAL, LLC, a Delaware limited liability company, a subsidiary of TERRALIANCE TECHNOLOGIES, INC., a Delaware corporation ("Sublessee").

Sublessor is the Lessee under a lease effective June 4, 2002, between the County of Riverside ("County") as Lessor, and Mach I Air Charter, Inc., a Delaware corporation, as Lessee (which lease has been amended and the tenant's interest ultimately assigned to Sublessor on or about August 31, 2010 (the "Master Lease").

Date: _____

County of Riverside
Master Lessor

By: _____
Chairman of the Board of Supervisors

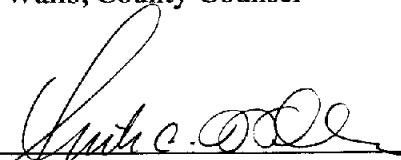
ATTEST:

FORM APPROVED:

Kecia Harper-Ihem, Clerk of the Board

Pam Walls, County Counsel

By: _____
Deputy

By: 
Deputy