

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



710

FROM: Economic Development Agency

SUBMITTAL DATE:
March 3, 2011

SUBJECT: Assignment of Sublease and Sale of Aircraft Storage Hangar, French Valley Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Consent to the Assignment dated January 18, 2011, from P.C.H. Ruby, Inc., as Assignor, to Rauton Family Trust, as Assignee;
2. Consent to Bill of Sale dated January 11, 2011, from P.C.H. Ruby, Inc., as Seller, to Rauton Family Trust, as Buyer;
3. Authorize the Chairman of the Board to execute the Consent to Assignment and the Consent to Bill of Sale; and

(Continued)

Robert Field

Robert Field
Assistant County Executive Officer/EDA

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

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: N/A

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

C.E.O. RECOMMENDATION: APPROVE

BY: *Jennifer L. Sargent*
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 BY: ANITA C. WILLIS
 DATE: 2-27-11
 Departmental Concurrence

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

Prev. Agn. Ref.: 9/11/01 3.22; 1/14/03 3.6; 3/23/04 3.1;

District: 3

Agenda Number:

3.20

6/27/06 3.16

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

RECOMMENDED MOTION: (Continued)

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

BACKGROUND:

The Economic Development Agency has received an Assignment of Sublease dated January 18, 2011, and a Bill of Sale, dated January 11, 2011, between P.C.H. Ruby, Inc., as Assignor and Seller, and Rauton Family Trust, as Assignee and Buyer. The Sublease is for the land known as Unit No. 10 and occupied by aircraft storage hangar, Hangar 1F, and the Bill of sale is for Hangar 1F.

The Sublease is under a 3.5 acre ground lease dated October 1, 2011, between the County of Riverside, as Lessor, and Murrieta Executive Airpark MEA, LLC, as Lessee, and Amended by First Amendment to Lease on March 23, 2004, and by Second Amendment to Lease on June 27, 2006.

The Economic Development Agency recommends that the Board of Supervisors consent to the Assignment of Lease and Bill of Sale. County Counsel reviewed the attached document and has approved as to form.

710

DECLINE OF RIGHT OF FIRST REFUSAL

AND

CONSENT TO ASSIGNMENT OF SUBLEASE

Reference is made to that certain Sublease dated December 1, 2002 (Sublease), by and between Murrieta Executive Air Park MEA, LLC, a California limited liability company (MEA) as Sublessor, and P. C. H. Ruby, Inc., a California Corporation, as Sublessee, pertaining to the premises described as Murrieta Executive Air Park's Unit number 10, consisting of approximately 1/12th acre/3,600 square feet of land, including one metal construction aircraft hangar identified as **1E**, located on French Valley Airport, City of Murrieta, County of Riverside, State of California.

1. MEA confirms that is was informed of the offer to purchase aircraft hangar 1E, pursuant to section 13.04 of the sublease, by P. C. H. Ruby, Inc. hereby declines to exercise its right of first refusal to purchase hangar **1E**

2. P. C. H. Ruby, Inc. hereby requests MEA's consent to assign the sublease by P. C. H. Ruby, Inc. as Transferor and Sublessee, to Rauton Family Trust. as Transferee under the terms and conditions of the sublease, a copy of which is attached hereto as Exhibit A and made a part hereof.

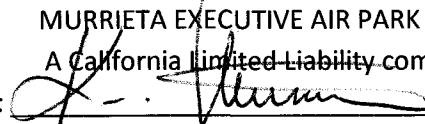
DECLINE OF RIGHT OF FIRST REFUSAL

AND

CONSENT TO ASSIGNMENT OF SUBLEASE

THE UNDERSIGNED HEREBY CONSENTS TO DECLINE THE ABOVE RIGHT OF FIRST REFUSAL AND CONSENTS TO THE ABOVE ASSIGNMENT OF SUBLEASE.

Executed this 13th day of January, 2011.

MURRIETA EXECUTIVE AIR PARK MEA,
 A California Limited Liability company
 By: 
 Kevin Stumm, President

- Exhibit A – Master Sublease
- Exhibit B – Aircraft hangar Purchase Agreement

CONSENT TO ASSIGNMENT

The County of Riverside (Lessor) hereby consents to the foregoing Assignment by Sublessee with Consent of Sublessor, for the land known as Unit No. 10 and occupied by aircraft storage hangar 1F, between PCH Ruby, Inc., as Sublessee and Assignor, and Rauton Family Trust, as Assignee, without however waiving the restrictions contained in the Master Lease, between the County of Riverside, as Lessor, and Murrieta Airpark MEA, LLC, as Lessee, dated December 1, 2002, and Amended by First Amendment to Lease on March 23, 2004, and by Second Amendment to Lease on June 27, 2006, described as 152,460 square feet of land at French Valley Airport, with respect to any future assignments thereunder, and without releasing the Assignor under said lease from any obligations that are not performed by Rauton Family Trust, and otherwise accepts the Assignee, Rauton Family Trust, as Sublessee under said Lease to all intents and purposes as though Assignee was the original Sublessee thereunder.

Date: _____

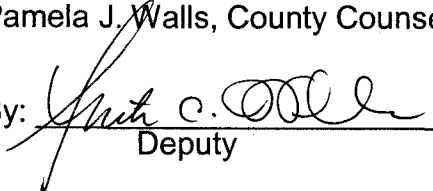
COUNTY OF RIVERSIDE

By: _____

Chairman, Board of Supervisors

FORM APPROVED:

Pamela J. Walls, County Counsel

By:  _____
Deputy

ASSIGNMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, P. C. H. RUBY, INC. hereby transfers and assigns to RAUTON FAMILY TRUST, all rights, title and interest of the undersigned under certain Sub Lease between Murrieta Executive Air Park, MEA, LLC, dated December 1, 2002, pertaining to the premises described as Murrieta Executive Air Park's Unit number 10, consisting of approximately 1/12th acre/3,600 square feet of land, including one metal construction aircraft hangar identified as Hangar 1E at the French Valley Airport, County of Riverside, State of California, said Lease is attached as Exhibit A. The execution of this Assignment and the transfer of all rights, title and interest herein are contingent upon the acceptance and approval by the Riverside County Board of Supervisors.

Dated: 1-15-11

P. C. H. RUBY, INC.
31535 Avenida Del Reposo
Temecula, CA 92591

By: Alan G. Babon
PRESIDENT
Name & Title

ACCEPTANCE AND AGREEMENT

The undersigned, Rauton Family Trust, 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 Sub Lease on the part of the lessee therein to be kept and performed to all intents and purposes as though the undersigned Assignee was the original Sub Lessee there under.

Dated: 1-18-11

Rauton Family Trust
38415 PALAUCCAS RD
TEMECULA CA 92592

By: KEN RAUTON
DAIRY MAN
Name & Title

CONSENT TO BILL OF SALE

The County of Riverside (Lessor) hereby consents to the foregoing Bill of Sale, dated January 11, 2011, for the land known as Unit No. 10 and occupied by aircraft storage hangar 1F, located at French Valley Airport in the community of Murrieta, California, between PCH Ruby, Inc., as Seller and Rauton Family Trust, as Buyer.

Date: _____

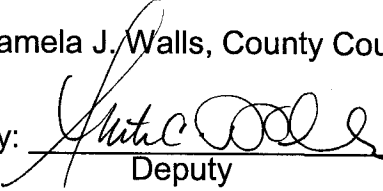
COUNTY OF RIVERSIDE

By: _____

Chairman, Board of Supervisors

FORM APPROVED:

Pamela J. Walls, County Counsel

By:  _____
Deputy

BILL OF SALE

KNOW ALL PERSONS BY THESE PRESENTS: Concurrently with the execution and delivery hereof, P. C. H. RUBY, INC., a California Corporation ("Seller") is conveying to RAUTON FAMILY TRUST, ("Purchaser"), those improvements on the land located in the County of Riverside, State of California as particularly described as Exhibit A, attached hereto (the "Improvements")

NOW, THEREFORE, in consideration of the receipt of Ten and no/100 Dollars (\$10.00) and other goods and valuable consideration in hand paid by purchaser to seller, the receipt and sufficiency of which hereby acknowledged and confessed by Seller, Seller does hereby sell, transfer set over and deliver to Purchaser, its successors and assigns, all of Seller's right, title and interest, in and to the Improvements, without any representation or warranty of any kind as to title or condition which Improvements are situated upon the real property located in the county of Riverside, State of California, The improvements are conveyed subject to the certain sublease dated December 1, 2002 by and between Seller and MURRIETA EXECUTIVE AIR PARK MEA, LLC and any other encumbrances, easements, regrets of any kind or nature or other matters of record pertaining to or affecting the Land. The estate of the Improvements shall not merge with the Land or leasehold estate.

PURCHASER ACKNOWLEDGES THAT THE IMPROVEMENTS ARE TRANSFERRED AS IS, WHERE IS, AND ALL FAULTS AND THAT NEITHER SELLER NOR ANY SELLER AFFILIATE HAS MADE ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO ANY OF THE IMPROVEMENTS, INCLUDING ANY WARRANTY OR REPRESENTATION AS TO (a) ITS FITNESS, DESIGN, OR CONDITION, FOR ANY PARTICULAR USE OR PURPOSE, (b) THE EXISTENCE OF ANY DEFECT, LATENT OR PATENT, (c) COMPLIANCE WITH LASS OR (d) THE EXISTENCE OF ANY HAZARDOUS SUBSTANCE; AND ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE PURCHASER. PURCHASER ACKNOWLEDGES THAT THE PREMISES HAVE BEEN INVESTIGATED AND INSPECTED BY PURCHASER AND ARE SATISFACTORY TO IT. IN THE EVEN OF ANY DEFECT OR DEFICEINCY IN ANY OF THE PREMISES OF AN NATURE, WHETHER LATENT OR PATENT, SELLER SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY FOR ANY DAMAGES, INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGES. PURCHASER, ON ITS OWN BEHALF AND ON BEHALF OF ITS SUCESSORS AND ASSIGNS, EXPRESSLY WAIVES ANY RIGHT OF RESCISSION HEREUNDER AND RELEASES AND DISCHARGES SELLER FROM ANY AND ALL CLAIMS OR CAUSES OF ACTION THAT PURCHASER MAY NOW HAVE OR HEREAFTER HAVE AGAINT SELLER AND PURCHASER SHALL INDEMNIFY, DEFEND AND HOLDSELLER AND ALL SELLER'S OFFICERS AND AFFILIATES HARMLESS FROM AND AGAINST ALL COST, CLAIMS, OR CAUSES OF ACTION, ARRISING IN CONNECTION WITH OR OUT OF THE CONDITION OF THE PREMISES. PUECHASER'S WAIVERS AND INDEMNIFICATION OBLIGATONS HEREUNDER SHALL SURVIVE THE TERMINATION OF THIS LEASE.

All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale and General Assignment to be executed this _____
day of 1/11, 2011

P. C. H. RUBY, INC.

By: Alva J. Baker, President
Name & Title

AIRCRAFT HANGAR PURCHASE AGREEMENT

This Aircraft Hangar Purchase Agreement is entered into this 1 day of 18, 2011 between P. C. H. RUBY, INC. (Seller) and RAUTON FAMILY TRUST (Buyer).

Seller has agreed to sell to the Buyer that certain aircraft hangar facility at the French Valley Airport, Murrieta, California, within and a part of Murrieta Executive Air Park, identified as Hangar 1F. The hangar building will be conferred to the Buyer by a Bill of Sale, and the Sublease will be conferred to Buyer by a Sublease Agreement, upon such Sublease Assignment being duly approved by all responsible parties. It is understood by the Buyer and Seller that the Sublease Assignment is subject to Approval by Murrieta Executive Air Park MEA, LLC (MEA) as Sublessor and the County of Riverside (County) as Lessee.

Buyer has agreed to purchase and Seller has agreed to sell that certain aircraft hangar for the amount of \$180,000.00 (One Hundred Eighty Thousand United States Dollars). Buyer has paid to Seller a deposit in the amount of \$20,000.00 (Twenty Thousand United States Dollars). Buyer agrees that the deposit is non-refundable unless the purchase and lease assignment are not approved by MEA or the County. Buyer agrees to pay Seller the balance of \$160,000.00 (One Hundred Sixty Thousand United States Dollars) upon execution of the Sublease Assignment documents by Buyer and Seller. In the event that the assignment of the lease is withheld by MEA or County, Seller agrees to promptly refund to Buyer the \$180,000.00 (One Hundred Eight thousand United States Dollars). Both Seller and Buyer agree to execute the Sublease Assignment documents on or before 1-18, 2011.

Buyer has been provided with copies of the Sublease to be assigned that is in effect between Seller and MEA, and exhibits thereto, including "Master Lease" between MEA and County. Buyer has read these leases and agrees to accept them without modification. Buyer has inspected aircraft hangar 1F and accepts its current condition. Buyer has been provided with common area maintenance expenses for 2009 and a letter from MEA specifying such expenses for 2010, which include the ground lease payment. Buyer has been provided with a copy of Policy of Title Insurance. Buyer, having completed its due diligence agrees to purchase the hangar in its current condition and to accept Sublease, upon its assignment, as it is currently written.

This Aircraft Hangar Purchase Agreement is entered into the day first written above.

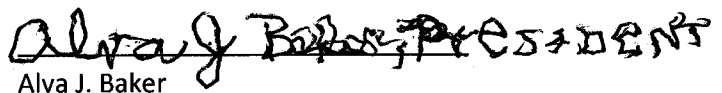
Buyer:

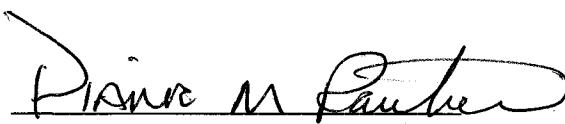
Seller:

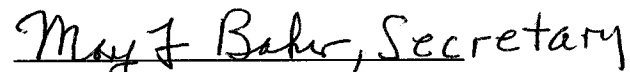
Rauton Family Trust

P. C. H. Ruby, Inc.


Kenneth Earl Rauton, Trustee


Alva J. Baker


Diane Marie Rauton, Trustee
38415 Calaveras Road
Temecula, CA 92592


Mary F. Baker, Secretary
31535 Avenida Del Reposo
Temecula, CA 92591

REQUEST FOR CONSENT TO SUBLEASE

Reference is made to that certain Lease effective October 1, 2001, by and between the County of Riverside, ("County"), as Lessor, and Murrieta Executive Air Park MEA, LLC a California limited liability company ("MEA"), as Lessee, pertaining to an approximately 4 acre portion of the French Valley Airport ("Airport"), as set forth on Exhibit "A" to the Lease (the "Premises").

1. MEA hereby requests the County's consent to Sublease by MEA, as Sublessor, to P. C. H. Ruby, Inc., as Sublessee, to that certain portion of the Premises as outlined on Exhibits "B" and "C" to said Sublease, under the terms and conditions of said proposed Sublease, a copy of which is attached hereto as Exhibit A and made a part hereof.
2. The address of the proposed Sublessee is:
31535 Avenida Del Reposo
Temecula, CA 92591
3. The nature and character of the proposed Sublessee's business is as set forth in the proposed Sublease.

This request is made on November 12, 2002.

MURRIETA EXECUTIVE AIR PARK, MEA
a California limited liability company

By: [Signature]
Kevin Stumm

[Signature]
Russell Erickson

CONSENT TO SUBLEASE

THE UNDERSIGNED HEREBY CONSENT TO THE ABOVE-REFERENCED SUBLEASE.

Executed this 14 day of January, 2003

ATTEST:
NANCY ROMERO, Clerk

By: [Signature]
DEPUTY

COUNTY OF RIVERSIDE

By: [Signature]
JOHN TAVAGLIONE
CHAIRMAN, BOARD OF SUPERVISORS

FORM APPROVED
COUNTY COUNSEL

- Exhibit A – Master Lease
- Exhibit B – Legal Description of Property
- Exhibit C – Property Diagram
- Exhibit D – Rules and Regulations of MEA
- Exhibit E - Attornment

DEC 24 2002

JAN 14 2003

BY: [Signature]

3.16

SUBLEASE

This Sublease is made effective December 1, 2002 ("Commencement Date"), by and between Murrietta Executive Air Park MEA, LLC, a California Corporation, ("MEA" or "Sublessor"), and P. C. H. Ruby, Inc., a California Corporation, ("Sublessee").

RECITALS

1. Sublessor is the tenant under a Lease effective October 1, 2001 (the "Lease" or "Master Lease"), by and between MEA as Lessee and the County of Riverside ("County"), as Lessor, covering an approximately 4 acre portion of the French Valley Airport ("Airport"). A copy of the Master Lease is attached hereto as Exhibit "A" and made a part hereof.
2. Sublessor intends to sublease to Sublessee a portion of the premises covered by the Master Lease and has obtained or will obtain permission from the County to sublease to Sublessee. The legal description of such portion is attached hereto as Exhibit "B" and made a part hereof. Sublessee intends to sublease such portion from Sublessor.

AGREEMENT

- 1.0 Premises.** Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor upon the terms and conditions hereinafter set forth, those certain premises ("Premises"), Unit no. ten (10) located at the Airport, including the real property described in Exhibit "B" and the area outlined on Exhibit "C" attached hereto and made a part hereof, said Premises being a portion of the premises currently leased to Sublessor under the Master Lease, to include the right to use certain portions of the Common Area as hereinafter further provided. "Common Area" is defined as any portion of the property referred to in Paragraph 3.2.
- 2.0 Term.** This Sublease shall commence on the first day of the month following execution by all parties thereto, and shall terminate September 30, 2031 in accordance with the Master Lease. If the Sublessor exercises the option to extend the Master Lease for ten (10) years as provided by Paragraph 3. (b) of the Master Lease, then the Sublessee shall have the option to extend this sublease for a period of ten (10) years to coincide with the Master Lease.
- 3.0 Use.** The principal authorized use of the Premises is private, personal hangar facility and office use, and use related thereto or associated with such private, personal occasional non-aviation related use as may be approved by Sublessor in its sole and absolute discretion and by the County, all as set forth in Paragraph 4 of the Master Lease; as may be further restricted elsewhere in this Sublease and by the Rules and Regulations attached hereto as Exhibit "D" and made a part hereof by reference ("Rules and Regulations"), all as set forth below.

3.1 Authorized Use. Sublessee is authorized to use the Premises for activities attendant to its private and personal hanger operation as may be approved by Sublessor and by the County, and in accordance with the provisions of the Master Lease and this Sublease, and not in conflict with the Sublessor.

3.2 Non-Exclusive Use. Sublessor grants to Sublessee, its employees, officers, patrons, and guests jointly in common with others entitled to the use thereof, a non-exclusive license to use the roadways and other Common Areas on the Airport, including use of the landing area and the right of aircraft ingress and egress between the Premises and landing area, to include those areas immediately contiguous to the Premises, as further depicted on Exhibit "C".

4.0 Rent and Charges.

4.01 Initial Rent. Beginning on the Commencement Date, Sublessee shall pay initial rent of \$164.06 (One Hundred Sixty-four Dollars and Six Cents) per month to be paid quarterly to the Sublessor at the office of Sublessor without reduction, abatement, deduction, offset or any prior demand therefor in advance of the first day of each quarter of the term hereof and subject to adjustment, which shall equal one 16th of the amount due from Sublessor to County under the Master Lease. Payments will be made to the office of the sublessor at 2262 Rutherford Road, Suite 103, Carlsbad, CA 92008.

4.02. Non-Aviation Related Use License. If Sublessee desires/or wishes to obtain a license from the County authorizing a non-aviation related use, in accordance with Paragraph 4 of the Master Lease, prior to issuance of such license. Any such non-aviation use must first be approved by Sublessor prior to Sublessee making application to the County for such non-aviation related use.

4.03. Annual Adjustment. The rent shall be adjusted commencing one year from the Commencement Date, and each year thereafter during the term, including any extension thereof, as provided in the Master Lease.

5.0 Utilities. Unless separately metered or billed to Sublessee, Sublessee shall pay all charges for all electricity, gas, water, sewer, trash disposal and other utility services used on or for the subleased Premises, including a pro rata share of the Common Area utilities.

5.01 Common Area Payments. Sublessee shall pay on a one-sixteenth pro rata basis, all charges for all maintenance, landscaping, sweeping to include security, common area insurance, management, and other Common Area costs to keep the Common Area in pristine condition on/or for the subleased Premises, including around the exterior of the

Premises. Sublessee's estimated portion of all utilities, common area sweeping, landscaping charges and other common area charges billed by Sublessor to maintain the Common Area, ("Common Area Charges") not otherwise paid by Sublessee are less than the actual Common Area Charges, Sublessee shall promptly pay the amount due to Sublessor. If the Common Area Charges for the previous year actually paid by Sublessee are more than the Actual Common Area Charges, Sublessee shall be credited with the amount of the difference which shall be applied to reduce the ensuing year's Common Area Charges.

6.0 Late Payments. If Sublessee shall fail to pay when due, any rent, amounts or charges payable by Sublessee under this Sublease or the Master Lease, then:

6.01 Interest on Past Due Obligations. Such unpaid amount shall bear interest, including common area payments, from the due date to the date of payment at the lesser of one percent (1%) per month or the maximum rate allowed under the applicable usury law.

6.02 Late Charges. Sublessee shall pay to Sublessor an additional sum of ten percent (10%) of any amount which remains due and unpaid 20 days after the due date. Sublessee acknowledges that late payment by Sublessee to Sublessor will cause Sublessor to incur costs not contemplated by this Sublease, including but not limited to processing and accounting charges, and late charges which may be imposed upon Sublessor, and that the exact amount of such costs is extremely difficult and impracticable to fix. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Sublessor will incur by reason of late payment by Sublessee.

7.0 Use Conditions.

7.01 Non-Exclusive Use. To the extent granted to Sublessor in the Master Lease, Sublessor grants to Sublessee, its employees, officers, patrons and guests jointly and in common with others entitled to the use thereof, a non-exclusive license to use the roadways and other common areas of the Airport, including the use of the landing area.

7.02 Compliance with Rules, Regulations, Ordinance, Codes and Law. Sublessee shall at Sublessee's sole cost and expense at all times during the term of this Sublease or any renewal or extension thereof comply with and observe all rules, regulations, ordinances, codes and laws which have been or may be promulgated by Sublessor, the County, and the Rules and Regulations attached hereto, or other jurisdictions that relate to the Premises and the use of the facilities of the Airport including all fire regulations, safety regulations, noise control regulations and security regulations. Such rules, regulations, ordinances, codes, Rules and Regulations and laws are hereby made a part of this Sublease and Sublessee's failure to keep and observe the rules and regulations shall constitute a breach of the terms of this Sublease in like manner as if the same were contained herein. Sublessor and the County reserve the right to amend or supplement the

rules, regulations, ordinances, codes and laws and to adopt additional rules, regulations, ordinances, codes and laws applicable to the Premises, to Sublessee's use of the Premises, and the use of the facilities of the Airport. Sublessor shall have no obligation to Sublessee as a result of the violation of any such rules by any other person. Sublessee shall at all times obey the statutes, codes, ordinances, laws and regulations of the United States of America, the State of California, the County and any other governmental entity having jurisdiction, as the same may from time to time be amended during the term of this Sublease.

7.03 Security. Sublessee will acquaint itself with the County's security plan and all Federal Aviation Administration and other security requirements and shall at all times fully abide by the same. If Sublessor or the County is fined for any breach of security as a result of Sublessee's negligence or failure to abide by applicable security requirements, Sublessee shall reimburse Sublessor or the County, as appropriate, for such fine immediately upon demand. Sublessee shall similarly be responsible for the negligence or non-compliance of any of its assignees, subtenants or their licensees, invitees or guests.

7.04 Other Use Restrictions. Sublessee shall not commit or suffer to be committed any waste or any public or private nuisance or any other act or thing which may disturb the quiet enjoyment of any other person or organization at the Airport or upon the Premises or Common Area. Sublessee's method of lighting the Premises and its installation of all exterior light fixtures shall be subject to Sublessor's sole and absolute discretion. Sublessee shall maintain access control to the Premises in conformance with Federal Airport Security regulations, the security plan of the County and other federal and County directives and regulations that may be issued. All motor vehicles parked or operated upon the Premises or Common Area by Sublessee, its officers, employees, guests, patrons, and invitees shall be parked or operated in accordance with the County's and Sublessor's traffic and parking regulations, ordinances and other directives. Sublessee shall at all times maintain the Premises of Sublessee, as well as Common Areas used by Sublessee, in a clean condition, free from any garbage, trash, litter, oil, grease, or any other solvents or any debris not related to the use of the Premises. Any items applicable to the maintenance and support of aircraft, automobiles or related uses to Sublessee's business or office shall not be stored on the exterior of said Premises and shall not be visible from the exterior of the Premises. All maintenance of aircraft shall be at all times for the private, personal use of Sublessee and shall not be for profit, or public use, or sale.

8.0 Maintenance of Premises.

8.01 Delivery. Sublessor agrees to deliver the Premises in working order and Sublessee agrees to accept the Premises in the delivered condition without further additions, modifications or improvements by the Sublessor. Sublessee agrees that Sublessor has made no warranties or representations of any kind respecting the condition

of the Premises or utilities located thereon or the use to which the Premises may be put.

8.02 Maintenance Costs. Sublessee at its sole cost and expense shall at all times maintain the Premises and all buildings, structures and improvements thereon in a good state of repair and in a safe, clean, neat and sanitary condition. In the event Sublessee fails to make any repairs required to be made by Sublessee in accordance with the terms of this Sublease, Sublessor shall notify Sublessee of such failure, if within thirty (30) days of such notice, Sublessee has failed to make such repairs, Sublessor shall have the option but not the obligation to make such repairs at the expense of Sublessee. Sublessor shall have the option but not the obligation to make such repairs at the expense of Sublessee. Should Sublessor opt to make said repairs, Sublessor shall have the right to charge Sublessee, as additional rent due hereunder upon demand, all costs of Sublessor for making such repairs on a pro rata basis. If Sublessee fails to pay all costs to Sublessor for making repairs, Sublessor shall have the right to lien the property for said costs, to include costs of any suit together with reasonable attorneys fees. Sublessor shall have no liability to Sublessee for any damage, inconvenience or interference with the use of the Premises by Sublessee as a result of the making of any repairs made by Sublessor and the rent shall not be abated by reason thereof.

9.0 Alterations and Improvements. Sublessee shall not install, make, or suffer to be made, any alterations or improvements to the interior or exterior of the Premises or any part thereof without the prior written consent of Sublessor, such consent shall not be unreasonably withheld or delayed. If in accordance with good construction practices, applicable governmental requirements, the special conditions, plans and specifications approved by Sublessor. Sublessee shall comply with all construction and labor regulations of Sublessor and the County and shall provide reasonable insurance coverage required by Sublessor and the County, or other means of surety, to the reasonable satisfaction of Sublessor and the County shall be provided to ensure that, in the event that the Sublessee defaults and is unable to complete construction, there will be funds provided to return the Premises to the original condition and to satisfy any liens for labor and materials that may be brought for work on the Premises. All alterations or improvements performed by Sublessee shall be carried out by licensed contractors and said alterations and improvements shall be carried out in accordance with all applicable laws and regulations. Sublessee shall at Sublessee's sole cost and expense obtain all necessary permits, licenses and authorizations in connection with the construction. Sublessee's work shall be subject to the general inspection of Sublessor and the County. Sublessee shall provide proof satisfactory to Sublessor and the County that Sublessee's contractor will (a) provide warranties for not less than one year against defects in workmanship, materials, and equipment; (b) carry or cause to be carried worker's compensation insurance covering all of the contractor's and its subcontractor's employees; and (c) carry public liability and property damage insurance which names Sublessor as an additional insured and required thirty (30) days prior written notice to Sublessor before any change in or cancellation of coverage becomes effective. The policy or policies shall contain liability limits of not less than One Million Dollars (\$1,000,000) single limit coverage. All

improvements, additions to or alterations of the Premises except movable furniture and trade fixtures shall at the termination of this Sublease remain attached to and become part of the Premises and be surrendered to Sublessor in good condition, reasonable use and wear excepted, or at the option of Sublessor shall be removed by Sublessee and the Premises restored to the same condition which existed prior to the installation of any alterations, additions or improvements. Sublessor shall have the right to post a notice of non-responsibility for liens arising out of any work performed, materials furnished and obligations incurred by Sublessee. Sublessee agrees to advise Sublessor and the County in writing at least ten (10) business days in advance of the date upon which alterations will commence in order to permit Sublessor or County to post such a notice. Sublessee shall keep the Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by Sublessee. Sublessee shall indemnify, defend and hold Sublessor and County harmless against any claim, demand, liability or expense on account of claims for work done or materials supplied for Sublessee or person claiming under it.

10.0 Relocation of Premises. In the event that the County requires the Premises for other Airport purposes, then the County in the exercise of its commercial business judgment shall first determine whether other reasonably comparable improved property at the Airport reasonably suitable for Sublessee's use is available. If such property is available then Sublessor or the County may, at the County's expense, relocate Sublessee to such property and the parties are unable to agree upon an appropriate rate of rent, the rent shall be established by such arbitrators as may be agreed upon by the parties, or if there is no such agreement then by arbitration conducted pursuant to the then existing rules of the American Arbitration Association. If in the exercise of its commercial business judgment the County determines that other reasonably suitable comparable improved property at the Airport reasonably suitable for Sublessee's use is not available, then the County shall pay to Sublessee the condemnation value of the improvements (condemnation value shall be the market value of the improvements made by Sublessee depreciated on a straight-line basis over the lease term). Except in the case of emergency, if all or any part of the Premises is taken or condemned by the County, the County agrees to provide Sublessee with not less than one hundred eighty (180) days written notice prior to the condemnation date.

11.0 Damage or Destruction. If the improvements to the Premises are damaged or destroyed during the term hereof, Sublessee may repair or rebuild said improvements to the condition immediately prior to the date of damage or destruction, within sixty (60) days after the occurrence of the event causing the damage or destruction. This Sublease shall continue and Sublessee shall diligently complete the repair or rebuilding of said improvements. Sublessee shall apply any insurance proceeds received as a result of damage to the improvements to the repair or replacement of said improvements.

12.0 Condemnation.

12.01 Total Taking. If all the Premises are taken or condemned for a public or quasi-

public use, by an entity other than the County, this Sublease shall terminate as of the date of condemnation and Sublessee shall thereupon be released from any liability thereafter occurring hereunder.

12.02 Partial Taking. If any part of the Premises are taken or condemned for a public or a quasi-public use by an entity other than the County and there is such a major change in the character of the property as to prevent Sublessee from using the Premises in substantially the same manner as theretofore used then in such event Sublessee may terminate this Sublease as of the date of condemnation by giving written notice to Sublessor within fifteen (15) days after the date of condemnation. If any part of the Premises are taken or condemned for a public or quasi-public use by entity other than the County and either party does not have the power to terminate this Sublease as hereinabove set forth, then this Sublease shall continue in full force and effect except that as to the part so taken this Sublease shall terminate as of the date of condemnation and the annual rent payable hereunder shall be adjusted so that Sublessee shall be required to pay for the remainder of the term only such portion of such rent as the value of the remaining part after condemnation bears to the value of the Premises at the date of condemnation. In the event that the parties are unable to agree upon an appropriate rate of rent, the rent shall be established by such arbitrators as may be agreed upon by the parties, or if there is no such agreement then by arbitration conducted pursuant to the then existing rules of the American Arbitration Association.

13.0 Assignments and Subleases.

13.01 No portion of the Premises or of Sublessee's interest in this Sublease may be acquired by any other person or entity, whether by sale, assignment, mortgage, sublease, transfer, may be withheld in Sublessor's sole and absolute discretion except as provided in Section 13.02 below. Sublessor has the right to grant or withhold its consent as provided in Section 13.05 below. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Sublease. If Sublessee is a partnership, any cumulative transfer of more than twenty percent (20%) of the partnership interests shall require Sublessor's consent. If sublessee is a corporation, any change in the ownership of a controlling interest of the voting stock of the corporation shall require Sublessor's consent.

13.02 Sublessee Affiliate. Sublessee may assign this Sublease or sublease the Premises without Sublessor's consent, to any corporation which controls, is controlled by or is under common control with Sublessee, or to any corporation resulting from the merger of or consolidation with Sublessee ("Sublessee's Affiliate"). In such case, any Sublessee's Affiliate shall assume in writing all of Sublessee's obligations under this Sublease.

13.03 No Release of Sublessee. No transfer permitted by this Article Thirteen, whether with or without Sublessor's consent, shall release Sublessee or change Sublessee's

primary liability to pay the rent and to perform all other obligations of Sublessee under this Sublease. Sublessor's acceptance of rent from any other person is not a waiver of any provision of this Article Thirteen. Consent to one transfer is not a consent to any subsequent transfer. If Sublessee's transferee defaults under this Sublease, Sublessor may proceed directly against Sublessee without pursuing remedies against the transferee. Sublessor may consent to subsequent assignments or modifications of this Sublease by Sublessee's transferee, without notifying Sublessee or obtaining its consent. Such action shall not relieve Sublessee's liability under this Sublease.

13.04 First Offer to Sublease. At all times during the term of this Sublease, prior to making any transfer of Sublessee's interest other than as provided in Paragraph 13.01 or 13.02, any proposed transfer of the Sublease and the Premises shall first be offered to Sublessor, who shall have three (3) days to accept or reject any offer to sublease or purchase the Sublease and/or Premises. Sublessee shall provide a copy of any offer to purchase the Sublease or Premises immediately upon receipt by Sublessee.

13.05 Sublessor's Consent. Sublessee's request for consent to any transfer described in Section 13.01 shall set forth in writing the details of the proposed transfer, including the name, business of the prospective transferee, financial details of the proposed transfer (e.g., the term of and the rent and security deposit payable under any proposed assignment or sublease), and any other information Sublessor deems relevant. Sublessor shall have the right to withhold consent, or to grant consent, in its sole and absolute discretion based on the following factors: (i) the business of the proposed assignee or sublessee and the proposed use of the Premises; and (ii) Sublessee's compliance with all of its obligations under the Sublease. Sublessor's consent to any such transfer shall not be unreasonably withheld.

13.06 No Merger. No merger shall result from Sublessee's sublease of the Premises under this Article Thirteen, Sublessee's surrender of this Sublease or the termination of this Sublease in any other manner. In any such event, Sublessor may terminate any or all subleases or succeed to the interest of Sublessee as Sublessor under any or all subleases.

14.0 Default.

14.01 Event of Default. Each of the following events shall be an event of default hereunder by Sublessee and a breach of this Sublease: (a) the failure by Sublessee to pay Sublessor any rent or other charges due under this Sublease as and when the same become due; (b) the failure by Sublessee to perform or observe any other agreements, terms, covenants or conditions, or Rules and Regulations attached hereto and made a part hereof, as such Rules and Regulations may be amended from time to time by Sublessor; (c) the filing by or against Sublessee in any court pursuant to any statute of the United States or of any state of a petition in bankruptcy or insolvency or for reorganization or arrangement or for the appointment of a receiver or trustee of all or any portion of

Sublessee's property if within thirty (30) days after the commencement of any such proceedings against Sublessee or after such assignment for the benefit of creditors such petition shall not have been dismissed or such assignment shall not have been revoked; (d) the transfer of Sublessee's interest in this Sublease to any person, firm or corporation whether voluntarily or by operation of law except in the manner expressly permitted in this Sublease; or (e) vacating or abandoning the Premises by Sublessee at any time during the term hereof.

14.02 Sublessor's Remedies. In the event of default as described in section 14.01, Sublessor shall notify Sublessee in writing that Sublessee is in default, and Sublessee will then have a cure period of thirty (30) days from date of notice from Sublessor to cure such an event. Sublessor shall have the following remedies if Sublessee fails to correct default. The remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law. Sublessor can continue this Sublease in full force and effect. Sublessor can enter the Premises and relet them or any part of them to third parties for Sublessee's account. No act by Sublessor in reletting the Premises allowed by this section shall terminate this Sublease. In the event of Sublessee's default and Sublessor's reentering of the Premises, Sublessee agrees to pay Sublessor as an additional item of damages, the cost of repairs, alterations, redecorating, Sublease commissions and Sublessor's other expenses incurred in reletting the Premises to a new tenant.

14.03 Sublessor's Default. In the event Sublessor fails to keep its Master Lease current with the County, to include failure to make any payments of rent to County as and when due, and Sublessee has been making payments directly to Sublessor, Sublessee shall have the right, after giving Sublessor thirty (30) days notice to cure, to make the payments, directly to County. If Sublessor does not cure within the applicable time period, Sublessee shall have the right to enter into a direct Lease with County.

14.04 Attorneys Fees. In the event of any action at law or in equity between Sublessor and Sublessee arising out of or concerning this Sublease or any right or obligation derived therefrom, then in addition to all other relief at law or in equity, the prevailing party shall be entitled to recover from the unsuccessful party reasonable attorneys fees and costs incurred therein by the prevailing party.

15.0 Indemnity and Insurance

15.01 Waiver. This Sublease is made upon the express condition that Sublessee hereby waives all claims against Sublessor for damages to property or for injuries or death to any person or persons from any cause.

15.02 Indemnity. Sublessee hereby agrees to and shall indemnify and defend Sublessor against and hold Sublessor harmless from any and all claims, demands, actions, damages, liability and expense in connection with or for loss of or damage to property or injury or

death to any person from any cause whatsoever while in , upon , or about the Premises or any such claims, demands or the like, arising from or out of any occurrence in, upon or at the Premises from or in connection with the occupancy or use by Sublessee of the Premises or any part thereof or from or in connection with the business conducted by Sublessee in the Premises or occasioned wholly or in part by any act or omission of Sublessee, its agents, contractors, employees, licensees or concessionaires.

15.03 Insurance Coverage. During the term of this Sublease including any extension or renewal thereof, Sublessee at its cost shall at all times maintain in full force and effect comprehensive public liability insurance and property damage insurance (each more particularly described below) upon the Premises and upon all aircraft, and automobiles operated by Sublessee at the Airport.

15.03.01 Hangarkeeper's Liability (Ground Coverage) Should Sublessee's operations include care, custody or custody of aircraft stored on the Premises, Sublessee shall maintain hangarkeeper's legal liability insurance in an amount sufficient to fully cover the replacement value of all aircraft for which said custody is assumed while on the ground.

15.03.02 Hangarkeeper's Liability (Flight Coverage) Should Sublessee's operations include care, custody or custody of aircraft stored on the Premises that will be flight tested or used in commercial flight operations, Sublessee shall maintain hangarkeeper's legal liability insurance in an amount sufficient to fully cover the replacement value of all aircraft for which said custody is assumed while on the ground.

15.03.03 Aircraft Liability. Sublessee, and Sublessee's affiliates, sublessees, and licensees, shall maintain aircraft liability insurance which shall provide combined single limit for bodily injury and property damage for all aircraft owned, leased or operated by any of them from the Premises with minimum limits of One Million Dollars (\$1,000,000). Proof of insurance will be required to show that Murrieta Executive Airpark to be named as an additional insured.

15.03.04 Fire Insurance. Sublessee shall maintain fire insurance covering the Premises and all improvements, including protection against perils included within the classification standard fire and extended coverage together with insurance against vandalism and malicious mischief; in an amount sufficient to fully cover the replacement cost of all improvements.

15.04 Other Insurance Requirements. All policies shall name Sublessor, and the County as an additional insured. Insurance shall be with a company or companies satisfactory to Sublessor and the County in the amounts of not less than that specified herein or in minimum amounts as may be subsequently adjusted by Sublessor or the

County in the exercise of their commercial business judgment and consistent with airport industry practice for similar kinds of activities. Sublessee shall at all times during the term of this Sublease, including any extension or renewal hereof, provide Sublessor and the County with a certificate from the insurance carrier or carriers insuring Sublessee as set forth therein. Insurance policies shall not be subject to cancellation except after notice to Sublessor and the county by registered mail at least thirty (30) days prior to such cancellation. Where policies have normal expirations during the term of this Sublease or any extension thereof written evidence of renewal shall be furnished to Sublessor and the County thirty (30) days prior to such expiration.

15.05 Waiver of Subrogation. The parties release each other and their respective authorized representatives from any claims for damage to any person or to the Premises and to the fixtures, personal property, Sublessee improvements and alterations by Sublessor or Sublessee in or on the Premises that are caused by or result from risks insured against under any insurance policy carried by either party and in force at the time of any such damage to the extent of the insurance proceeds received from such policy. Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. If the insurance cannot be obtained or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged the other party is relieved of the obligation to obtain a waiver of subrogation right with respect to the particular insurance involved.

16.0 Hazardous Substances. The provisions of this section, which govern Sublessee's obligations with regard to hazardous substances, as defined below, shall survive termination of this Sublease.

16.01 Responsibility for and Definition of Hazardous Substances. Sublessee agrees to indemnify, defend, protect and hold Sublessor free and harmless from and against any and all claims, liability, loss, damage, actions or causes of action, costs and expenses (including attorney's fees) arising from or in connection with the presence of any Hazardous Substances other than those which can be shown to have been present in, on or under the Premises prior to the Commencement Date. Furthermore, Sublessee shall, at Sublessee's sole cost and expense, be responsible for the receiving, use, storage, handling, transportation, generation, spillage, migration, discharge, release, and disposition of all hazardous waste, toxic substances, or related materials including, without limitation, gasoline, oil, grease, battery acid, diesel fuel, flammable, combustible, explosive, corrosive, caustic, carcinogenic or radioactive matter, or any other Hazardous Substances to the extent any such are used, stored, brought onto, located on or shipped from within the Premises in connection with Sublessee's occupancy and use thereof, in accordance with all applicable rules, regulations, orders, ordinances, statutes, codes and laws. For purposes of this Sublease, "Hazardous Substances" shall include, but not be limited to petroleum or petroleum related materials and/or substances defined as

“hazardous substances”, hazardous materials”, “hazardous waste” or “toxic substances” in any federal, state or local laws or regulations adopted or publications promulgated pursuant to said laws (hereinafter collectively referred to as the “Laws”). Sublessee shall at Sublessee’s sole cost and expense, comply fully with all requirements of the Laws applicable to Sublessee’s use of the Premises and obligations contained herein.

16.02 Cleanup of Hazardous Substances. In the event of a release, leak, spill, or threatened or actual contamination or deterioration of the Premises or groundwater by a Hazardous Substance, other than those which can be shown to have been present in, on or under the Premises prior to the Commencement Date, whether the result of an act or omission of Sublessee or its agents, employees, contractors, licensees, or invitees or any other third parties, Sublessee shall, immediately notify Sublessor, the County, and all appropriate health, safety and environmental regulatory agencies. Sublessee hereby covenants and agrees to implement and complete, at its sole cost and expense, and to the satisfaction of Sublessor and the County, all investigation and remediation measures required by such agency or agencies. If Sublessee fails to take such action Sublessor may, but shall not be obligated to, take such action. In such event, all costs incurred by Sublessor or the County with respect to such cleanup activities shall be for the account of Sublessee and Sublessee shall promptly make reimbursement therefore. Sublessee shall not take any remedial action in response to the presence of any Hazardous Substances in any way connected with the Premises, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Substances in any way connected with the Premises without first notifying the Sublessor and the County of Sublessee’s intention to do so and affording Sublessor and the County ample opportunity to appear, intervene or otherwise appropriately assess and protect its interest and respect thereto.

16.03 Hazardous Substances from Subtenants or Assignees. As between Sublessor and Sublessee, Sublessee shall bear responsibility for the presence of any Hazardous Substances as a result of a subtenant’s or assignee’s activities, whether before, during or after construction, in or around any part of the Premises or the soil, groundwater or soil vapor on or under the Premises. Upon demand by Sublessor, Sublessee shall defend any investigation, action or proceeding alleging the presence of any Hazardous Substances in any such location, which affects the Premises or which is brought or commenced against Sublessor or the County, whether alone or together with Sublessee or any other person, all at Sublessee’s own cost and by counsel to be approved by Sublessor. In the alternative, Sublessor or the County may elect to conduct its own defense at the expense of Sublessee.

16.04 Compliance Regarding Hazardous Substances. Sublessee shall comply and cause all occupants of the Premises to comply with all statutes, codes, regulations, rules, ordinances, orders and other laws governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other expert

which apply or pertain to the Premises, Sublessee's use of the Premises or of the facilities of the Airport. Sublessee acknowledges that the presence of Hazardous Substances may permanently and materially impair the value and use of the Premises.

16.05 Notice Regarding Hazardous Substances. Sublessee shall promptly notify Sublessor and the County if Sublessee knows, suspects or believes that there may be any Hazardous Substances in or around the Premises, or in the soil, groundwater or soil vapor on or under the Premises, or that Sublessee or the Premises may be subject to any threatened or pending investigation by any governmental agency under any statute, code, regulation, rule, ordinance, order or other law pertaining to any Hazardous Substance.

16.06 Site Visits, Observations and Testing. Sublessor, the County, and their agents and representatives shall have the right from time to time to enter and visit the Premises to make observations of the Premises, take and remove soil or groundwater samples, and conduct tests. Sublessor is under no duty, however, to visit or observe the Premises or to conduct tests. No site visit, observation or testing by Sublessor shall result in a waiver of any default of Sublessee or impose any liability on Sublessor. In no event shall any site visit, observation or testing by Sublessor be a representation that Hazardous Substances are or are not present in, on or under the Premises or that there has been compliance with any statute, code, regulation, rule, ordinance, order or other law pertaining to Hazardous Substances. Neither Sublessee nor any other party is entitled to rely on any site visit, observation or testing by Sublessor. Sublessor shall not be obligated to disclose to Sublessee or any other party any report or finding made as a result, or in connection with, any site visit, observation or testing by Sublessor. Sublessor shall not be obligated to disclose to Sublessee or any other party any report or finding made as a result, or in connection with, any site visit, observation or testing by Sublessor. In each instance, Sublessor shall give Sublessee reasonable notice before entering the Premises.

16.07 Business Response Plan. Sublessee must conform with the Murrieta Executive Airpark "Business Response Plan" on file with the Airport Fire Marshall in accordance with the Health and Safety Code.

17.0 Sublessee Rights and Obligations. Sublessor grants to Sublessee all rights and benefits with respect to the Premises that are granted to Sublessor under the terms of the Master Lease. Sublessee assumes and agrees to perform all obligations and duties with respect to the Premises that have been assumed by Sublessor in the Master Lease. Sublessee shall have the right at any time to take any action required to be taken, but not timely taken, by Sublessor, which may be necessary to prevent or cure a default under the terms of the Master Lease. To the extent that the County fails or refuses to perform its obligations under the Master Lease with respect to the leased Premises, Sublessor shall perform such obligations. Further, Sublessor agrees not to modify or surrender the Master Lease as it relates to this Sublease and the Premises, without the prior consent of Sublessee, and any modification or surrender made without such consent shall be null and void and shall have no effect on the rights of Sublessee under this Sublease.

18.0 Notices. Any notice required or desired to be served by either party upon the other shall be addressed to the respective parties set forth below:

Sublessor
Murrieta Executive Air Park, LLC
2262 Rutherford Road, Suite 103
Carlsbad, CA 92008
Attn: Kevin Stumm

Sublessee
P. C. H. Ruby, Inc.
31535 Avenida Del Reposo
Temecula, CA 92591
Attn: Al Baker

19.0 Taxes. In the event a possessory interest tax or property tax is levied by the appropriate County or State taxing authority, Sublessee shall be solely responsible for payment of Sublessee's pro rata share of such tax.

20.0 Protection of Lenders.

20.01 Subordination. Sublessor shall have the right to subordinate this Sublease to any deed of trust or mortgage encumbering the Premises, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Sublessee shall cooperate with Sublessor and any lender which is acquiring a security interest in the Premises or the Sublease. Sublessee shall execute such further documents and assurances as such lender may require, provided that Sublessee's obligations under this Sublease shall not be increased in any material way (the performance of ministerial acts shall not be deemed material), and Sublessee shall not be deprived of its rights under this Sublease. Sublessee's right to quiet possession of the Premises during the Sublease Term shall not be disturbed if Sublessee pays the rent and performs all of Sublessee's obligations under this Sublease and is not otherwise in default. If any beneficiary or mortgagee elects to have this Sublease prior to the lien of its deed of trust or mortgage and gives written notice thereof to Sublessee, this Sublease shall be deemed prior to such deed of trust or mortgage whether this Sublease is dated prior or subsequent to the date of said deed of trust or mortgage or the date of recording itself.

20.02 Attornment. If Sublessor's interest in the Premises is acquired by any beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Sublessee shall attorn to the transferee of or successor to Sublessor's interest in the Premises and recognize such transferee or successor as Sublessor under this Sublease. Sublessee waives the protection of any statute or rule of law which gives or purports to give Sublessee any right to terminate this Sublease or surrender possession of the Premises upon the transfer of Sublessor's interest.

20.03 Signing of Documents. Sublessee shall sign and deliver any instrument or

documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so. Sublessee has ten (10) days to do so after written request.

20.04 Estoppel Certificates.

20.04.01 Unless Sublessee has entered into a direct lease with the County, upon Sublessor's written request, Sublessee shall execute, acknowledge and deliver to Sublessor a written statement certifying: (i) that none of the terms or provisions of this Sublease have been changed (or if they have been changed, stating how they have been changed); (ii) that this Sublease has not been canceled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; (iv) that Sublessor is not in default under this Sublease (or, if Sublessor is claimed to be in default, stating why); and (v) such other representations or information with respect to Sublessee.

20.04.02 If Sublessee does not deliver such statement to Sublessor within ten (10) days, Sublessor, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Sublease have not been changed except as otherwise represented by Sublessor; (ii) that this Sublease has not been canceled or terminated except as otherwise represented by Sublessor; (iii) that not more than one years Base Rent or other charges have been paid in advance, and (iv) that Sublessor is not in default under the Sublease. In such event, Sublessee shall be estopped from denying the truth of such facts.

20.05 Sublessee's Financial Condition. Unless Sublessee has entered into a direct lease with the County, within ten (10) days after written request from Sublessor, Sublessee shall deliver to Sublessor such financial statements as Sublessor reasonably requires to verify the net worth of Sublessee or any assignee, subtenant, or guarantor of Sublessee. In addition, Sublessee shall deliver to any lender designated by Sublessor any financial statements required by such lender to facilitate the financing or refinancing of the Premises. Sublessee represents and warrants to Sublessor that each such financial statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth in this Sublease.

21.0 Time. Time is of the essence.

22.0 Entire Agreement. This Sublease contains all agreements between Sublessor and Sublessee with respect to any matter mentioned herein. This Sublease may be modified only by a writing signed by the parties in interest at the time of the modification.

23.0 Applicable Law. This Sublease shall be governed by the laws of the State of California.

24.0 No Waiver. Sublessor's waiver of any provision of this Sublease shall not be deemed a waiver of any other provision hereof, or of any subsequent breach by Sublessee of the same or any other provision. Sublessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Sublessor's consent to, or approval of, any subsequent act by Sublessee.

25.0 Partial Invalidity. The invalidity or unenforceability of any provision of this Sublease or the application thereof to any person or circumstances shall in no way affect the validity of any other provision or its application to any other person or circumstances.

26.0 Interpretation. The captions of the Sections of this Sublease are to assist the parties in reading this Sublease and are not a part of the terms or provisions of this Sublease. Whenever required by the context of this Sublease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Sublessee, the term "Sublessee" shall include Sublessee's agents, employees, contractors, invitees, successors or others using the Premises with Sublessee's expressed implied permission.

27.0 Corporate Authority; Partnership Authority. If Sublessee is a corporation, each person signing this Sublease on behalf of Sublessee represents and warrants that he has full authority to do so and that this Sublease binds the corporation. Within thirty (30) days after this Sublease is signed, Sublessee shall deliver to Sublessor a certified copy of a resolution of Sublessee's Board of Directors authorizing the execution of this Sublease or other evidence of such authority reasonably acceptable to Sublessor. If Sublessee is a partnership, each person or entity signing this Sublease for Sublessee represents and warrants that he or it is a general partner of the partnership, that he or it has full authority to sign for the partnership and that this Sublease binds the partnership and all general partners of the partnership. Sublessee shall give written notice to Sublessor of any general partner's withdrawal or addition. Within thirty (30) days after this Sublease is signed, Sublessee shall deliver to Sublessor a copy of Sublessee's recorded statement of partnership or certificate of limited partnership.

28.0 Joint and Several Liability. All parties signing this Lease as Sublessee shall be jointly and severally liable for all obligations of Sublessee.

29.0 Force Majeure. If Sublessor cannot perform any of its obligations due to events beyond Sublessor's control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond Sublessor's control include, but are not limited to, acts of God, war, terrorism, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, government regulation or restriction and weather conditions.

30.0 Execution of Lease. This Lease may be executed in counterparts and, when all

counterpart documents are executed, the counterparts shall constitute a single binding instrument.

31.0 Negotiated Agreement. The parties hereby acknowledge, agree and understand that this Sublease and its wording have been arrived at through a process of negotiation between the parties in which each party participated to the fullest extent desired by that party and that neither party is to be deemed the party who prepared this Lease or the party who caused any uncertainty to exist within the meaning of California Civil Code Section 1654.

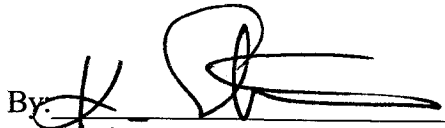
32.0 Intentional Interference. If the Sublessee creates any intentional interference with business and economic opportunities of the Sublessor, the Sublessor will have the right to terminate the Lease.

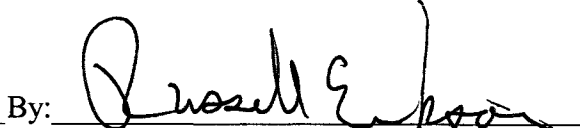
SIGNATURE PAGE

In witness whereof, the parties hereto have executed this Sublease as of the day and year first above written.

SUBLESSOR:

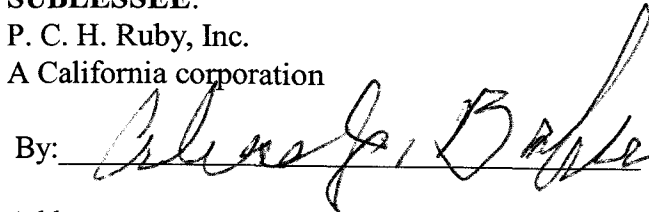
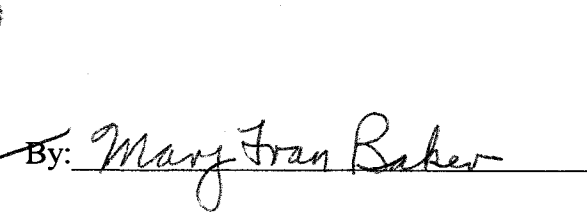
MURIETTA EXECUTIVE AIR PARK MEA, LLC.
a California limited liability company

By: 
Kevin Stumm

By: 
Russell Erickson

Address:
Murrieta Executive Air Park, LLC
2262 Rutherford Road, Suite 103
Carlsbad, CA 92008
Attn: Kevin Stumm

SUBLESSEE:
P. C. H. Ruby, Inc.
A California corporation

By:  By: 

Address:
P. C. H. Ruby, Inc.
31535 Avenida Del Reposo
Temecula, CA 92591
Attn: Al Baker

PLEASE COMPLETE THIS INFORMATION
RECORDING REQUESTED BY:

Marietta Executive Airpark

AND WHEN RECORDED MAIL TO:

Marietta Executive Airpark
2262 Rutherford Rd #103
Carlsbad, CA 92008



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LEASE AGREEMENT AT FRENCH VALLEY AIRPORT

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THIS AREA FOR
RECORDER'S
USE ONLY

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3:00 Additional Recording Fee Applies)

1 LEASE

2 (FRENCH VALLEY AIRPORT)

3 The COUNTY OF RIVERSIDE, herein called County, leases to Murrieta Executive Air Park
4 MEA, LLC, a California Corporation, herein called Lessee, the property described below
5 under the following terms and conditions:

6 1. Recitals.

7 (a) County owns approximately four (4) acres of vacant land at the
8 French Valley Airport, County of Riverside, California.

9 (b) County desires to lease said property to Lessee for the construction
10 of aircraft hangars and aviation related buildings.

11 (c) Lessee desires to lease said property from the County, for the
12 construction of aircraft storage hangars, and aviation related buildings.

13 2. Description. The premises leased hereby are located within the French
14 Valley Airport, County of Riverside, California, and consist of approximately 152,460
15 square feet of vacant land, being legally described in **Exhibit "A,"** attached hereto and
16 incorporated by reference herein. Said property is hereafter referred to as the "Leased
17 Premises."

18 3. Term.

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

22 (b) With respect to the Leased Premises and subject to the provisions of
23 paragraphs 5, 8, 12(c), 17, and 18 hereof, and provided that the Lessee, at the time of
24 exercising of the option, is in full compliance with all the terms of this Lease, the Lessee
25 shall have the option to extend this Lease for a period of ten (10) years.

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

1 4. Use.

2 (a) The Leased Premises is leased hereby for the following purposes:

3 (1) Provide aircraft storage inside hangar buildings.

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

7 5. Rent.

8 (a) Commencing after the construction rate reduction period, as referred
9 to below in 5b, Lessee shall pay to Lessor as base rent for the use and occupancy of the
10 Leased Premises, monthly rent equal to two thousand six hundred twenty five dollars
11 (\$2,625.00). Said rent is due and payable in advance on the first of each month.

12 (b) During construction of the leased premises, Lessee shall pay a
13 monthly rent equal to one thousand three hundred twelve dollars and fifty
14 cents(\$1,312.50), not to exceed twelve (12) months from the date of Lease execution by
15 all parties. Rent shall then be paid as described in paragraph 5(a) above.

16 (c) Beginning July 1, 2005, and every fifth (5th) year thereafter, the basic
17 monthly rent shall be one-twelfth (1/12) of eight percent (8%) of the appraised fair market
18 land value, excluding Lessee's improvements. A property appraisal for this purpose is to
19 be performed by an independent certified appraiser, mutually acceptable to County and
20 Lessee, knowledgeable in aviation appraising, in good standing with the American Institute
21 of Real Estate Appraisers and to be procured by the County. Once established, said land
22 rent shall be adjusted annually in the manner set forth in Paragraph 5 (d) below.

23 (d) Consumer Price Index. Beginning July 1, 2001 and at each July 1st
24 thereafter, except for dates coinciding with the appraisals conducted every fifth year as
25 referenced in 5(c), the rent shall be adjusted by the percentage change, in the CPI, All
26 Urban Consumers, LA-Anaheim Area for the twelve month period ending two months
27 before the month of rent adjustment under this paragraph. In no event will application of
28 this paragraph result in a monthly rental amount lower than the most previous monthly

1 rental amount.

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

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

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

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

16 (d) Operate the leased premises and the facilities thereon in a progressive
17 and efficient manner, charging fair and reasonable prices for each unit or service, said
18 prices being competitive with prices charged by other fixed based operators in the
19 Southern California area. Upon request from County, Lessee shall furnish County with a
20 schedule of all prices for each unit or service offered for sale or lease to the general public.

21 (e) Provide landscaping and janitorial services at its own expense.

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

25 7. Permits, Licenses and Taxes. Lessee shall secure, at its expense, all
26 necessary permits and licenses as it may be required to obtain, and Lessee shall pay all
27 fees and taxes levied or required by any authorized public entity. Lessee recognizes and
28 understands that this lease may create a possessory interest subject to property taxation

1 and that Lessee may be subject to the payment of property taxes levied on such interest.

2 8. On-Site Improvements.

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

5 (1) Within two months of lease execution, Lessee shall submit a
6 plot plan to the Economic Development Agency showing the location and dimensions of
7 all planned improvements. Upon approval of the layout by the Economic Development
8 Agency, Lessee shall submit to the County for building permits. Construction of said
9 improvements shall commence within thirty (30) days after the County approves building
10 permits and be completed within twelve (12) months of Lease execution. The site may be
11 developed in phases subject to the approval of the Economic Development Agency,
12 provided that all construction is completed within twenty four (24) months of Lease
13 execution. Lessee shall obtain performance, material and labor payment bonds in the
14 amounts required by law and determined by County and shall furnish County with copies
15 thereof prior to the commencement of such construction.

16 (b) All improvements to be at lessees sole cost. Lessee shall pay for
17 construction of any required utility extensions and hookups and any access road
18 improvements. Lessee shall pay for all drainage improvements required to comply with
19 French Valley Airport Master Drainage Plan. This Lease is subject to the provisions set
20 forth in **Exhibit "C"**, attached hereto and by this reference made apart of this Lease. All
21 improvements to be submitted to County for approval prior to start of any construction.

22 (c) Any improvements, alterations and installation of fixtures, to be
23 undertaken by Lessee, shall have the prior written approval of the Economic Development
24 Agency after Lessee has submitted to County proposed plot and building plans, and
25 specifications therefore, in writing. In addition, Lessee understands and agrees that such
26 improvements, alterations and installation of fixtures may be subject to County Ordinance
27 Nos. 348 and 457, as well as other applicable County ordinances, and that Lessee shall
28 fully comply with such ordinances prior to the commencement of any construction in

1 connection therewith.

2 (d) All improvements, alterations and fixtures, shall remain or become as
3 the case may be, the property of County with the exception of trade fixtures as that term
4 is used in Section 1019 of the Civil Code; provided, however, that Lessee shall have the
5 full and exclusive use and enjoyment of such improvements, alterations and fixtures during
6 the term of this lease. At or prior to the expiration of this lease, Lessee shall remove, at its
7 expense, such trade fixtures and restore said leased premises to their original shape and
8 condition as nearly as practicable. In the event Lessee does not so remove such trade
9 fixtures, they shall become the property of the County for no further consideration of any
10 kind and Lessee shall execute any documents that may be required or necessitated
11 conveying its interest in such improvements, alterations and fixtures to County.

12 9. Off-Site Improvements

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

15 (b) It is understood by the parties hereto that utility services are available
16 in the general vicinity of the leased premises, but in order for the on-site improvements
17 required in Paragraph 7 herein to be fully usable and operational, Lessee, at its expense,
18 shall extend and/or connect, or cause to be extended and/or connected, to any utility
19 service facilities that may be required or desired by Lessee in the use, operation and
20 maintenance of such on-site improvements. After such extensions and/or connections
21 have been made, Lessee shall be responsible for payment of the use of such utility
22 services, without limitation, all electricity, gas, telephone, water and sewer.

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

27 (c) Lessee shall obtain, or cause to be obtained performance, material
28 and labor, and payment bonds in the amounts required by law and determined by County

1 and shall furnish County with copies thereof prior to the commencement of such off-site
2 improvements.

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

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

14 12. County's Reserved Rights.

15 (a) The leased premises are accepted by Lessee subject to any and all
16 existing easements or other encumbrances, and County shall have the right to enter upon
17 the leased premises and to install, lay, construct, maintain, repair and operate such
18 sanitary sewers, drains, storm water sewers, pipelines, manholes, connections, water, oil
19 and gas pipelines, and telephone and telegraph power lines and such other facilities and
20 appurtenances necessary or convenient to use in connection therewith, over, in, upon,
21 through, across and along the leased premises or any part thereof. County also reserves
22 the right to grant franchises, easements, rights of way and permits in, over and upon, along
23 or across any and all portions of said leased premises as County may elect; provided,
24 however, that no right of the County provided for in this paragraph shall be so executed as
25 to interfere unreasonably with Lessee's use hereunder, or impair the security of any
26 secured creditor of Lessee. County shall cause the surface of the leased premises to be
27 restored to its original condition (as they existed prior to any such entry) upon the
28 completion of any construction by County or its agents. In the event such construction

1 renders any portion of the leased premises unusable, the rent shall abate pro rata as to
2 such unusable portion during the period of such construction. Any right of County set forth
3 in this paragraph shall not be exercised unless a prior written notice of thirty (30) days is
4 given to Lessee; provided, however, in the event such right must be exercised by reason
5 of emergency, then County shall give Lessee such notice in writing as is reasonable under
6 the existing circumstances.

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

14 (c) During the time of war or national emergency, County shall have the
15 right to lease the landing area of the French Valley Airport, or any part thereof, to the
16 United States Government for military use and, if such lease is executed, the provisions
17 of this lease insofar as they are inconsistent with the provisions of such lease to the
18 Government, shall be suspended. In that event, a just and proportionate part of the rent
19 hereunder shall be abated, and the period of such closure shall be added to the term of
20 this lease, or any extensions thereof, so as to extend and postpone the expiration thereof
21 unless. Lessee otherwise elects to terminate this lease.

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

28 (e) This lease is subject to the provisions set forth in **Exhibit "B"**

1 (Federally Required Lease Provisions), attached hereto and by this reference made a part
2 of this lease.

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

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

11 15. Compliance with Government Regulations. Lessee shall, at Lessee's sole
12 cost and expense, comply with the requirements of all local, state and federal statutes,
13 regulations, rules, ordinances and orders now in force or which may be hereafter in force,
14 pertaining to the leased premises. The final judgment, decree or order of any Court of
15 competent jurisdiction, or the admission of Lessee in any action or proceedings against
16 Lessee, whether Lessee be a party thereto or not, that Lessee has violated any such
17 statutes, regulations, rules, ordinances, or orders, in the use of the leased premises, shall
18 be conclusive of that fact as between County and Lessee.

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

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

8 (c) Lessee assures that it will undertake an affirmative action program as
9 required by 49 CFR, Part 21, to insure that no person shall on the grounds of race, creed,
10 color, national origin, or sex be excluded from participating in any employment activities
11 covered in 49 CFR, Part 21, with respect to its use of the leased premises. Lessee further
12 assures that no person shall be excluded on these grounds from participating in or
13 receiving services or benefits of any program or activity covered herein with respect to its
14 use of the leased premises. Lessee further assures that it will require that its
15 subcontractors and independent contractors provide assurance to Lessee that they
16 similarly will undertake affirmative action programs and that they will require assurances
17 from their subcontractors and independent contractors, as required by 49 CFR, Part 21,
18 to the same effect with respect to their use of the leased premises.

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

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

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

27 (c) In the event of abandonment of the leased premises by Lessee.
28

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

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

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

9 18. Termination by Lessee(s).

10 Lessee shall have the right to terminate this lease in the event County fails
11 to perform, keep, or observe any of its duties or obligations hereunder; provided, however,
12 that County shall have thirty (30) days in which to correct its breach or default after written
13 notice thereof has been served on it by Lessee; provided, further, however, that in the
14 event such breach or default is not corrected, Lessee may elect to terminate this lease in
15 its entirety or as to any portion of the premises affected thereby, and such election shall
16 be given by an additional thirty (30) day written notice to County.

17 19. Eminent Domain. If any portion of the leased premises shall be taken by
18 eminent domain and a portion thereof remains which is usable by Lessee for the purposes
19 set forth in Paragraph 4 herein, this lease shall, as to the part taken, terminate as of the
20 date title shall vest in the condemnor, or the date prejudgment possession is obtained
21 through a court of competent jurisdiction, whichever is earlier, and the rent payable
22 hereunder shall abate pro rata as to the part taken; provided, however, in such event
23 County reserves the right to terminate this lease as of the date when title to the part taken
24 vests in the condemnor or as of such date of prejudgment possession. If all of the leased
25 premises are taken by eminent domain, or such part be taken so that the leased premises
26 are rendered unusable for the purposes set forth in Paragraph 4 herein, this lease shall
27 terminate. If a part or all of the leased premises be so taken, all compensation awarded
28 upon such taking shall be apportioned between County and lessee according to law.

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

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

18 I. Workers Compensation

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

27 II. Airport Commercial General Liability

28 Airport Commercial General Liability insurance coverage, including but not

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

13 III. Vehicle Liability

14 If Lessee's vehicles or mobile equipment are used in the performance of the
15 obligations under this Lease, then Lessee shall maintain liability insurance
16 for all owned, non-owned or hired vehicles so used in an amount not less
17 than \$1,000,000 per occurrence combined single limit. Policy shall name the
18 County of Riverside, Specials Districts, Directors, Officers, Board of
19 Supervisors, elected officials, employees, agents and representatives as
20 Additional Insureds. This coverage may be included in the Airport
21 Commercial General Liability policy.

22 IV. Aircraft Hull and Liability Insurance

23 Aircraft Hull for the full replacement value of all aircraft stored by the Lessee
24 in the Leased Premises and the contents thereof. Policy will be endorsed to
25 include the County of Riverside, Special Districts, Directors, Officers, Elected
26 Officials, employees, agents and representatives as Additional Insureds.
27 Lessee may elect to self-insure or un-insure the hull portion of the coverage
28 required herein; however, if Lessee elects not to acquire commercial

1 insurance for the hull, Lessee agrees to hold the County of Riverside
2 harmless and not make any claim against the County of Riverside for loss or
3 damage to the hull of his aircraft for any reason whatsoever regardless of
4 any negligence of the County that may have contributed to said loss or
5 damage. Aircraft Liability Coverage and commercial general liability
6 insurance including, but not limited to, premises liability and contractual
7 liability with a limit of liability for bodily injury (including death) and property
8 damage of at least \$1,000,000 with a per seat limit of not less than
9 \$100,000. Coverage will apply to all owned aircraft and all non-owned or
10 hired aircraft operated by the Lessee. Policy will be endorsed to include the
11 County of Riverside, Special Districts, Directors, Officers, Elected Officials,
12 employees, agents and representatives as Additional Insureds.

13 V. Products Liability Insurance

14 If Lessee Provides maintenance and repair services under the terms of this
15 Lease, Lessee shall provide Products Liability Insurance including completed
16 operations not otherwise covered by the Airport Commercial General Liability
17 policy with a limit of not less than \$2,000,000 any one occurrence combined
18 single limit and in the annual aggregate.

19 VI. Hangar Keepers Liability Insurance (Ground Coverage)

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

24 VII. Hangar Keepers Liability Insurance (Flight Coverage)

25 If applicable, Lessee shall provide Hangar Keepers Liability Insurance
26 providing coverage for aircraft in the care, custody or control of the Lessee
27 with a limit equal to the replacement value of highest valued hull that may be
28

1 flight tested by the Lessee however, in no event, shall the limit of liability be
2 less than \$1,000,000.

3 VIII. Property (Physical Damage):

- 4 i. All-Risk real and personal insurance coverage, including earthquake
5 and flood if applicable, for the full replacement cost value of building,
6 structures, fixtures, equipment, improvements/alterations and systems
7 on the premises for property that the Lessee owns or is contractually
8 responsible for. Policy shall include Business Interruption, Extra
9 Expense, and Expediting Expense to cover the actual loss of
10 business income sustained during the restoration period.
- 11 ii. Boiler & Machinery insurance coverage on a full replacement cost
12 value basis. Policy shall provide Business Interruption, Extra
13 Expense, and Expediting Expense coverage as well as coverage for
14 off-premises power failure.

15 IX. Insurance for Sub-Lessee's. Lessee shall require each of its Sub-Lessee's
16 to meet all insurance requirements imposed by the Lessee. These requirements,
17 with the approval of the County's Risk Manager, may be modified to reflect the
18 activities associated with the Sub-Lessee.

19 X. General Insurance Provisions - All lines:

- 20 i. Any insurance carrier providing insurance coverage hereunder shall
21 be admitted to the State of California unless waived, in writing, by the
22 County Risk Manager. Carrier(s) shall have an A.M. BEST rating of
23 not less than an A: VIII (A:8).
- 24 ii. Insurance deductibles or self-insured retentions must be declared by
25 the Lessee's insurance carrier(s), and such deductibles and
26 retentions shall have the prior written consent from the County Risk
27 Manager. Failure of the Lessee's carriers to declare deductibles or
28 self insured retentions to the County shall waive any obligation of the

1 County, as additional insured, to honor said deductibles or self
2 insured retentions in the event of Lessee's insolvency. Upon
3 notification of deductibles or self insured retentions unacceptable to
4 the County, and at the election of the County's Risk Manager,
5 Lessee's carriers shall either: 1) reduce or eliminate such deductibles
6 or self-insured retentions as respects this Lease with the County, or
7 2) procure a bond which guarantees payment of losses and related
8 investigations, claims administration, and defense costs and
9 expenses.

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

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

6 XI. The County of Riverside's Reserved Rights—Insurance

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

18 22. Hold Harmless.

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

26 (b) Lessee shall indemnify and hold County, its elected officials, officers,
27 agents, employees, and independent contractors free and harmless from any liability
28 whatsoever, based or asserted upon any act or omission of Lessee, its officers, agents,

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

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

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

27 23. Assignment. Lessee cannot assign, sublet, mortgage, hypothecate or
28 otherwise transfer in any manner any of its rights, duties or obligations hereunder to any

1 person or entity without the written consent of County being first obtained, which consent
2 shall not be unreasonably withheld.

3 24. Right to Encumber/Right to Cure.

4 (a) Lessee Right to Encumber. Notwithstanding provisions of Paragraph
5 23 herein, County does hereby consent to and agree that Lessee may encumber or assign,
6 or both, for the benefit of a lender, herein called Encumbrancer, this lease, the leasehold
7 estate and the improvements thereof by a deed of trust, mortgage or other security-type
8 instrument, herein called trust deed, to assure the payment of the promissory note of
9 Lessee if the Encumbrancer is an established bank, savings and loan association or
10 insurance company, and the prior written consent of County shall not be required:

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

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

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

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

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

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

1 26. Toxic Materials. During the term of this lease and any, extensions thereof,
2 Lessee shall not violate any federal, state or local law, or ordinance or regulation, relating
3 to industrial hygiene or to the environmental condition on, under or about the leased
4 premises including, but not limited to, soil air and groundwater conditions. Further, Lessee,
5 its successors, assigns and sublessees, shall not use, generate, manufacture, produce,
6 store or dispose of on, under or about the leased premises or transport to or from the
7 leased premises any flammable explosives, asbestos, radioactive materials, hazardous
8 wastes, toxic substances or related injurious materials, whether injurious by themselves
9 or in combination with other materials (collectively, "hazardous materials"). For the
10 purpose of this lease, hazardous materials shall include, but not be limited to, substances
11 defined as "hazardous substances," "hazardous materials," or "toxic substances" in the
12 Comprehensive Environmental Response, Compensation and Liability Act of 1980, as
13 amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act,
14 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C.
15 Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section
16 25117 of the California Health and Safety Code or as "hazardous substances" in Section
17 25316 of the California Health and Safety Code; and in the regulations adopted in
18 publications promulgated pursuant to said laws.

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

28 28. Free from Liens. Lessee shall pay, when due, all sums of money that may

1 become due for any labor, services, material, supplies, or equipment, alleged to have been
2 furnished or to be furnished to Lessee, in, upon, or about the leased premises, and which
3 may be secured by a mechanics, materialmen's or other lien against the leased premises
4 or County's interest therein, and will cause each such lien to be fully discharged and
5 released at the time the performance of any obligation secured by such lien matures or
6 becomes due; provided, however, that if Lessee desire to contest any such lien, it may do
7 so, but notwithstanding any such contest, if such, lien shall be reduced to final judgment,
8 and such judgment or such process as may be issued for the enforcement thereof is not
9 promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event,
10 Lessee shall forthwith pay and discharge said judgment.

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

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

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

1 forth herein, Lessee shall be deemed to have rejected said offer to lease, and Lessor shall
2 be released from any further obligation hereunder.

3 32. Waiver of Performance. No waiver by County at any time of any of the terms
4 and conditions of this lease shall be deemed or construed as a waiver at any time
5 thereafter of the same or of any other terms or conditions contained herein or of the strict
6 and timely performance of such terms and conditions.

7 33. Severability. The invalidity of any provision in this lease as determined by a
8 court of competent jurisdiction shall in no way affect the validity of any other provision
9 hereof.

10 34. Venue. Any action at law or in equity brought by either of the parties hereto
11 for the purpose of enforcing a right or rights provided for by this lease shall be tried in a
12 Court of competent jurisdiction in the County of Riverside, State of California, and the
13 parties hereby waive all provisions of law providing for a change of venue in such
14 proceedings to any other County.

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

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

<p>23 <u>COUNTY</u></p> <p>24 County of Riverside</p> <p>25 Economic Development Agency</p> <p>26 3525 14th Street</p> <p>Riverside, CA 92501</p> <p>Attn: Executive Director</p>	<p><u>LESSEE</u></p> <p>Murrieta Executive Air Park MEA, LLC</p> <p>2262 Rutherford Road, Suite 103</p> <p>Carlsbad, CA. 92008</p> <p>Attn: Kevin Stumm</p>
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27 or to such other addresses as from time to time shall be designated by the respective
28 parties.

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

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

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

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

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

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

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

6
7 COUNTY OF RIVERSIDE

8 Date: SEP 11 2001

(SEAL)

9
10 By: [Signature]
11 Chairman, Board of Supervisors
James A. Venable

12 Approved as to Form:

Attest:

AUG 13 2001

14 By: [Signature]
15 Joe S. Rank, Assistant County Counsel
Deputy

By: [Signature]
for Gerald A. Maloney, Clerk of the Board

16 Murrieta Executive Air Park Mea, LLC

17 Date: July 30, 2001

19 By: [Signature]

20 Title: President

22 By: [Signature]

23 Title: SECRETARY

25 Attachments:

- 26 1. Exhibit A - Legal Description
- 27 2. Exhibit B - Federally Required Lease Provisions
- 3. Exhibit C - Minimum Standards
- 4. ~~Exhibit D - Storm Water Pollution Prevention Plan~~

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

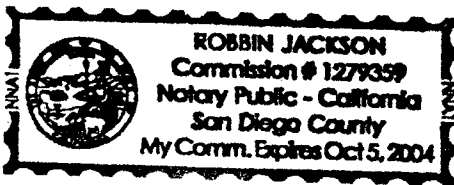
County of San Diego } ss.

On October 15, 2003, before me, Robbin Jackson, Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Russell H. Erickson and J. Kevin Stumm,
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

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



WITNESS my hand and official seal.

Robbin Jackson
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

Title or Type of Document: Lease Agreement - French Valley Airport

Document Date: 9-11-03 of 1 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: Russell H. Erickson & J. Kevin Stumm

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

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here



Exhibit "A"

EXHIBIT "B"

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.

RIVERSIDE
C O U N T Y



ECONOMIC DEVELOPMENT AGENCY

3525 14TH STREET ♦ RIVERSIDE, CA 92501 ♦ (909) 955-8916

MINIMUM STANDARDS FOR FIXED BASE OPERATORS



COUNTY OF RIVERSIDE

August 16, 1988

Reprinted: August 30, 1999

Exhibit "C"

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MINIMUM STANDARDS
FOR
FIXED BASED OPERATORS

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INTRODUCTION

Riverside County has established Minimum Standards to preserve a high standard of aeronautical services to airport patrons at the Riverside County operated Airports. These standards will serve to promote and attract professional level of aviation services to the County airports while safeguarding the public interest.

The Standards provide a framework that strengthens the relationship between the County and the Fixed Based Operator. The standards 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.

We, at The Economic Development Agency (EDA), welcome any inquiries on the Minimum Standards established for the County operated airports.

I. REGULATIONS

Regulations for the use of County Airports have been established by the Riverside County Board of Supervisors pursuant to County Ordinance No. 576 to ensure the safety and orderly operations at the County's Airport facilities. As the Regulations are updated and revised, the operators within County Airports are required to keep themselves informed of the revisions. All Fixed Based Operators on the airports must comply with the current regulations. (Leases executed prior to adoption of these Minimum Standards are exempt).

A copy of the Regulations may be obtained from:

Economic Development Agency

3525 14th Street

Riverside, CA 92501

(909) 955-8916

(909) 955-6686

II. LEASE

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

A Lease may be obtained from Riverside County Board of Supervisors by submitting a Letter of Intent to the EDA Executive Director. The Letter of Intent should outline the proposed operation(s), include Financial Statements on the company or principles, outline the experience of the company, and identify references on the company.

No exclusive rights for any aeronautical activity will be issued at any County airport. This is to ensure that-airport patrons are offered competitive market prices for services. If at some point in the future, an exclusive right is warranted, the exclusive right will be issued in accordance with FAA Advisory Circular 150/5190-2A and any other applicable Federal, State, and/or Local Law.

III. SIGNS & BILLBOARDS

All signs, (commercial, traffic, services, advertising, and,etc.) must receive written approval from the EDA Executive Director 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 348. FAA Form 7460-1 "Building Design, Construction, and/or Alteration" must be submitted to the FAA, Western Pacific Region for their review and determination with a copy of the form sent to the EDA Executive Director.

IV. BUILDING DESIGN, CONSTRUCTION, AND/OR ALTERATIONS

The County to reserves the right to review and approve all architectural design of all buildings to be constructed or altered 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 Alterations" must be submitted to the FAA for their review and determination with a copy of the form submitted to the EDA Executive Director.

The Riverside County Board of Supervisors 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 if applicant defaults on any obligations.

V. 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 Aviation Department Regulations.

VI. 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 for following 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 County Board of Supervisors

VII. 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.

VIII. SCOPE OF SERVICES

The Scope of Services is separated by each aeronautical activity. The Full Service Fixed Based Operator (FBO) reflects 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 the Full Service Fixed Based Operator Minimum Standards.

To ensure the financial and economic viability of the Full Service Fixed Based Operator, the County reserves the right to limit the singular aeronautical activity operator to the extent that it would not jeopardize a Full Service Fixed Based Operation.

A. Full Service Fixed Based Operator

There will be a minimum of one Full Service Fixed Based Operator at each of the Riverside County operated airports.

A Full Service Fixed Based Operator will conduct, but is not limited to, the following aeronautical activities: aircraft fueling and servicing, aircraft maintenance, flight instruction, and aircraft storage.

1. Lot Size

The minimum lot size for a full service FBO is 3 acres or 130,680 sq. ft. The lot shall consist of:

- a. Aircraft hangar area of 14,000 sq. ft. for maintenance and aircraft storage. Outside aircraft storage area is 30,000 sq. ft. of tiedown or apron parking area.
- b. Building Space of 2,000 sq.ft. to accommodate offices, pilots lounge, pilot briefing area, conference rooms, classrooms, public phone, and restrooms.
- c. Vehicle Parking Spaces adequate to provide for the employees per shift and customer parking, no less than 20 spaces.
- d. Landscaping around the vehicle parking, sidewalks, and buildings is required. Specific landscaping plans will be determined during lease negotiations.

2. Certification

Appropriate certification from the FAA, State, and/or, other responsible agency as applicable for each aeronautical activity the Full Service FBO will perform. The appropriate certificates are listed in each aeronautic activity in the following sections.

3. Insurance Requirements

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$3,000,000 per occurrence.

- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants, and bystanders of not less than \$1,000,000 per occurrence.
- c. Procure and maintain Hangar Keepers Liability of \$1,000,000 per occurrence.
- d. Procure and maintain Fire Legal Liability notless than \$300,000 per occurrence.
- e. Procure and maintain product liability insurance for not less than \$1,000,000.
- f. The County of Riverside is to be named as additional insured on all insurance requirements.
- g. Proof of insurance must be submitted to the EDA Executive Director prior to commencement of operations on the airport.
- h. The EDA Executive Director, upon the advise of County Risk Manager, reserves the right to increase the limits or require additional insurance coverage as set forth in the Minimum Standards, subject to applicable provisions in the tenant's lease.

4. Personnel Requirement

Personnel must be certified and properly trained. Specific requirements for the certification and/or training of personnel is indicated in following sections list separately under each aeronautical activity. Cross utilization of personnel between aeronautical activities is acceptable if said personnel have the proper certification and training in the respective areas.

There shall be an adequate number of personnel on duty to professionally perform the various aeronautical activities without undue delay to the airport patron.

5. Hours of operations

The Full Service FBO shall offer services seven days a week, with a minimum of ten hours daily or as the demand requires.

6. **Equipment Required**

Minimum equipment required is listed in the following sections for each aeronautical activity.

7. **Other Items of Concern**

Other minimum requirements which are not specifically brought forth in this section, but are indicated in the specific aeronautical activity section which the Full Service FBO is expected to perform, shall be made a part of this section and will be considered a Minimum Standard for the Full Service FBO.

B. Aircraft Fueling and Servicing

1. **Lot Size**

The minimum lot size for aircraft fueling and servicing is one acre or 43,560 sq.ft. The lot will consist of:

- a. Apron space of 30,000 sq.ft.
- b. Building space requirement of 800 sq.ft. for offices, lounge, restrooms, and public phone.
- c. Vehicle parking spaces adequate to provide for the employees per shift but not less than five spaces.
- d. Landscaping around the vehicle parking, sidewalks, and buildings is required. Specific landscaping plans will be determined during lease negotiations.

2. **Insurance Requirements**

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$1,000,000 per occurrence.
- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants, and bystanders of not less than \$1,000,000 per occurrence.
- c. Procure and maintain Hangar Keepers Liability of \$1,000,000 per occurrence.
- d. The County of Riverside is to be named additional insured on all insurance requirements.

- e. Procure and maintain Fire Legal Liability of not less than \$300,000 per occurrence.
- f. Procure and maintain products liability insurance for not less than \$1,000,000.
- g. Proof of insurance must be submitted to the EDA Executive Director prior to operation on the airport.
- h. The EDA Executive Director, upon the advice of County Risk Manager, reserves the right to increase the limits and require additional insurance coverage as set forth in the Minimum Standards, subject to applicable provisions in the tenant's lease.

3. Personnel Requirements

Personnel must be properly trained in accordance with FAA Advisory Circular 150/5210 series, NFPA 407 and County ordinance #651. One must be of supervisory level who has completed an FAA approved aviation fueling training course.

4. Hours of Operation

Services are to be offered seven days a week, with a minimum of ten (10) hours daily or as the market demands. Services shall be offered on a one hour call-in basis, 24 hours daily for emergency situations.

5. Equipment Requirements

- a. A minimum tank storage of 12,000 gallons of Aviation gas and tank storage of 12,000 gallons jet (turbine) fuel.
- b. Mobile fuel servicing units with a capacity of 500 gallons of Aviation gas and 500 gallons capacity of Jet (turbine) fuel.
- c. Grounding rods are required for fuel flows over 25 gallons per minute.
- d. Each mobile unit shall have two extinguishers, each having a minimum of 20BC rating.

C. Aircraft Maintenance

1. Lot Size

The minimum lot size for Aircraft Maintenance is one acre or 43,560 square feet. The lot will consist of:

- a. Aircraft hangar area of 6,000 square feet of which is 6,000 sq. ft. of maintenance work area. Outside storage area of 6,000 sq. ft. of apron, tiedown area.
- b. Building Space of 400 square feet for offices and lobby areas. Also, a part storage room of 200 square feet.
- c. Vehicle parking spaces adequate to provide for the number of employees per shift and customers but no less than five spaces.
- d. Landscaping around vehicle parking, sidewalks, and buildings is required. Specific landscaping plans will be determined during lease negotiations.

2. Certification

All tenants performing maintenance on the airport shall be an authorized repair station and certified under FAR Part 145.

3. Insurance Requirements

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$1,000,000 per occurrence.
- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants, and bystanders of not less than \$1,000,000- per occurrence.
- c. Procure and maintain Hangar Keepers Liability of \$1,000,000 per occurrence.
- d. Procure and maintain Fire Legal Liability not less than \$300,000 per occurrence.
- e. Procure and maintain products liability insurance for not less than \$1,000,000.
- f. The County of Riverside is to be named as additional insured on all insurance requirements.
- g. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.

h. The EDA Executive Director, upon the advice of the County Risk Manager, reserves the right to increase the limits and require additional insurance coverage as set forth in the Minimum Standards, subject to applicable provisions in the tenant's lease.

4. Personnel Requirements

Minimum personnel requirements will be established during lease negotiations.

5. Hours of Operation

Services are to be offered a minimum of five days a week, eight hours a day. Services are to be offered on one hour call in, 24 hours daily for emergency situations.

6. Equipment Required

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

D. Radio and Avionics Repair Stations and Sales

1. Lot Size

The minimum lot size for Aircraft Radio and Avionics Repair Station is one half acre or 21,780 square feet. The lot will consist of:

- a. Aircraft storage and work area of 4,000 sq. ft. of hangar storage and 6,000 square feet of apron, tiedown storage.
- b. Building space of 400 square feet for offices, lobby and display areas. Also, a parts storage room of 200 square feet.
- c. Vehicle parking spaces adequate to provide for the number of employees per shift and customers, but no less than five spaces.
- d. Landscaping around the vehicle parking, sidewalks, and buildings is required. Specific landscaping plans will be determined during lease negotiations.

2. Certification

All operators performing maintenance on aircraft radios and avionics must be an authorized repair station and certified under FAR Part 145.

3. Insurance Requirements

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$1,000,000 per occurrence.
- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants, and by standards of not less than \$1,000,000 per occurrence.
- c. Procure and maintain Hangar Keepers Liability of \$1,000,000 per occurrence.
- d. Procure and maintain Fire Legal Liability not less than \$300,000 per occurrence.
- e. Procure and maintain product liability insurance for not less than \$1,000,000.
- f. The County of Riverside is to be named as additional insured on all insurance requirements.
- g. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.
- h. The EDA Executive Director, upon the advice of County Risk Manager, reserves the right to increase the limits and require additional insurance coverage as set forth in the Minimum Standards, subject to applicable provisions in the tenant's lease.

4. Personnel Requirements

Minimum of one FAA certified repairmen qualified in accordance with Lessee's certificate available during normal hours of operation.

5. Hours of operations

Services shall be offered a minimum of five days a week, eight hours a day.

6. Equipment Required

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

E. Flight Instruction

1. Lot Size

The minimum lot size for Flight Instruction is 1/2 acre or 21,780 square feet.

The lot will consist of:

- a. Aircraft storage area of 6,000 square feet of hangar storage and 6,000 square feet of apron, tiedown storage.
- b. Building space of 800 square feet of which 400 square feet is for classroom and 400 square feet for offices and lobby areas.
- c. The lobby areas of the building shall include flight planning area, public phone, and restrooms.
- d. Vehicle parking spaces adequate to provide for the number of employees per shift and students but no less than five spaces.
- e. Landscaping around the vehicle parking, sidewalks, and buildings is required. Specific plans will be determined during lease negotiations.

2. Insurance Requirements

- a. Procure and maintain Comprehensive Public Liability and Property Damage of not less than \$2,000,000 per occurrence.
- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants, and bystanders of not less than \$2,000,000 per occurrence.
- c. Procure and maintain Fire Legal Liability not less than \$300,000 per occurrence.
- d. The County of Riverside is to be named as additional insured on all insurance requirements.
- e. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.
- f. The EDA Executive Director, upon the advice of County Risk Manager, reserves the right to increase the insurance limits and require additional insurance coverage as set forth in the Minimum Standards, subject to applicable provisions in the tenant's lease.

3. Personnel Requirements
Minimum of one Certified Flight Instructor on duty during normal hours of operation.
Minimum of one qualified ground school instructor available for classroom instructor.
4. Hours of Operation
Services are to be offered a minimum of eight hours a day, seven days a week.
5. Equipment Requirement
Minimum of one single engine aircraft available for the purpose of flight training.

F. Aircraft Charter and Air Taxi Service

1. Lot Size
The minimum lot size for Aircraft Charter and Air Taxi service is 1/2 acre or 21,780 square feet. The lot will consist of:
 - a. Aircraft storage area and maintenance area of 6,000 square feet of hangar storage and 6,000 square feet of outside apron area.
 - b. Building space shall be 400 square feet for offices, lobby area, and restrooms.
 - c. Vehicle parking spaces adequate to provide for the number of employees per shift and customers, but no less than five spaces.
 - d. Landscaping around vehicle parking, sidewalks, and buildings is required. Specific landscaping plans will be determined during lease negotiations.
2. Certification
All Aircraft Charter and Air Taxi service must possess and maintain a FAR 135 certificate and all requirements thereof.
3. Insurance Requirements
 - a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$2,000,000 per occurrence.

- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants, and bystanders of not less than \$2,000,000 per occurrence.
 - c. Procure and maintain Fire Legal Liability not less than \$300,000 per occurrence.
 - d. The County of Riverside is to be named as additional insured an all insurance requirements.
 - e. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.
 - f. The EDA Executive Director, upon the advice of County Risk Manager, reserves the right to increase the limits and require-additional insurance coverage as set forth in these Minimum Standards, subject to applicable provisions in the tenant's lease.
4. Personnel Requirements
Minimum number of qualified pilots available for charter services with applicable ratings will be determined during lease negotiations.
5. Hours of Operation
Services are to be offered a minimum of five days a week, eight hours a day. Services are to be available with sufficient advance notice, 14 hours daily.
6. Equipment Required
Minimum equipment required shall be one single engine aircraft with a minimum of four place seat capacity and one multi-engine aircraft with a minimum setting capacity of six.

G. Aircraft Rental and Leasing

1. Lot Size

The minimum lot size for Aircraft Rental and Leasing is ½ acre or 21,780 square feet. The lot will consist of:

- a. Aircraft storage area of 6,000 square feet of hangar storage and 6,000 square feet of tiedown area.
- b. Building space of 400 square feet for offices, lobby areas, and restrooms.

- c. Vehicle parking spaces adequate to provide for the number of employees per shift and customers but no less than five spaces.
- d. Landscaping around vehicle parking, sidewalks, and buildings is required.

2. Certification

Each aircraft available for rental or leasing must hold FAA registration and a current airworthiness certificate.

3. Insurance Requirements

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$2,000,000 per occurrence.
- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants and bystanders of not less than \$2,000,000 per occurrence.
- c. Procure and maintain Fire Legal Liability not less than \$300,000 per occurrence.
- d. The County of Riverside is to be named as additional insured on all insurance requirements.
- e. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.
- f. The EDA Executive Director, upon the advice of county Risk Manager, reserves the right to increase the limits and require additional insurance coverage as set forth in the Minimum Standards, subject to applicable provisions in the tenant's lease.

4. Personnel Requirements

Minimum of one Certified Flight Instructor available for check out rides prior to the leasing of an aircraft.

5. Hours of Operation

Services shall be offered a minimum of five days a week, a minimum of eight hours a day.

6. Equipment Required

Minimum equipment required shall be determined during lease negotiations.

H. Aircraft sales

1. Lot Sizes

The minimum lot sizes for aircraft sales is ½ acres or 21,780 square feet. The lot will consist of:

- a. Aircraft storage area of 60,000 square feet of hangar storage and 6,000 square feet of apron area.
- b. Building space of 400 square feet for offices and lobby areas.
- c. Vehicle parking spaces adequate to provide for the number of employees per shift and customers but no less than five spaces.
- d. Landscaping around vehicle parking, sidewalks, and buildings is required. Specific landscaping plans will be determined during lease negotiations.

2. Dealership Requirements

New aircraft-dealers must possess sales and/or distribution franchise from a recognized aircraft manufacturer.

3. Insurance Requirements

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$1,000,000 per occurrence.
- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants, and bystanders of not less than \$1,000,000 per occurrence.
- c. Procure and maintain Hangar Keepers Liability of \$1,000,000 per occurrence.
- d. Procure and maintain Fire Legal Liability of not less than \$300,000 per occurrence.
- e. Procure and maintain products liability insurance for not less than \$1,000,000.

- f. The County of Riverside is to be named as additional insured on all insurance requirements.
- g. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.
- h. The EDA Executive Director, upon the advice of County Risk Manager, reserves the right to increase the limits and require additional insurance coverage as set forth in these Minimum Standards-, subject to applicable provisions in the tenant's lease.

4. Personnel Requirements

Minimum of one pilot with commercial/instrument rating qualified for aircraft type sales.

5. Hours of Operation

Services shall be offered a minimum of five days a week, a minimum of eight hours a day.

I. Aircraft Storage

County of Riverside and the Full Service FBO's shall possess the right to operate the public aircraft storage areas unless circumstances warrant otherwise.

1. Lot Sizes

The minimum lot size for aircraft storage areas will be two acres. The lot will consist of one of the following or a proportionate combination of the following:

a. Storage Area

1. T-Hangars of a minimum of 10 T-hangars per acre to a maximum of 14 T-Hangars per acre.
2. Or Apron, tiedown space of a minimum of 15 aircraft per acre.
3. Or Conventional Hangar of 10,000 square feet.

b. Vehicle parking space adequate to serve the hangar tenants. Vehicle parking will be separate from aircraft storage area.

c. Landscaping around vehicle parking, sidewalks, and buildings is required. Specific landscaping plans will be determined during lease negotiations.

2. Insurance Requirements

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$1,000,000 per occurrence.
- b. Procure and maintain Hangar Keepers Liability of \$1,000,000 per occurrence.
- c. Procure and maintain Fire Legal Liability of not less than \$300,000 per occurrence.
- d. The County of Riverside is to be named as additional insured on all insurance requirements.
- e. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.
- f. The EDA Executive Director, upon the advice of County Risk Manager, reserves the right to increase the limits and require additional insurance coverage as set forth in these Minimum Standards, subject to applicable provisions in the tenant's lease.

3. Personnel Requirements

Minimum of one contact person available during the normal work week (Monday - Friday, 8-5).

4. Hours of Operation

Minimum contact would be via a phone contact available five days a week (Monday - Friday), 8 hours a day.

J. Agricultural Application

1. Lot Size

Minimum lot size for Agriculture Applications is 1/2 acre or 21,780 square feet.

The lot will consist of:

- a. Aircraft storage area of 6,000 square feet of apron, tiedown area.
- b. Building Space of 400 square feet for offices and lobbies.
- c. Vehicles parking spaces must be adequate to provide for the number of employees per shift and customers but no less than five spaces.
- d. Chemical storage area of 400 square feet.

- e. Landscaping around vehicle parking, sidewalks, and buildings is required. Specific landscaping plans will be determined during lease negotiations.

2. Certification

The agricultural application operator must procure and maintain FAR Part 137 Commercial Agricultural Operators Certificate. Obtain Hazardous Materials Management Permit as per Riverside County ordinance #615. All permits and certificates must be submitted to the EDA Executive Director prior to operations and renewals must be furnished to the EDA Executive Director as received.

3. Insurance

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$1,000,000 per occurrence.
- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants, and bystanders of not less than \$1,000,000 per occurrence.
- c. Procure and maintain Fire Legal Liability of not less than \$300,000 per occurrence.
- d. Procure and maintain Chemical Spray Drift Coverage with county named as an additional insured and showing a certificate that this has been secured.
- e. The County of Riverside is to be named as additional insured on all insurance requirements.
- f. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.
- g. The EDA Executive Director, upon the advice of County Risk manager, reserves the right to increase the limits and require additional insurance coverage as set forth in the Minimum standards, subject to applicable provisions contained in the tenant's lease.

4. Personnel Requirements

Minimum personnel will be determined during lease negotiations.

Personnel must be knowledgeable about the safe handling of economic poisons and agricultural chemicals and the proper disposal of substances intended to be used in the operations.

5. Hours of Operation

Services shall be offered a minimum of seven days a week. Offices shall be open for business five days a week, a minimum of eight hours a day.

6. Equipment Required

Minimum equipment required will be determined during lease negotiations.

7. Storage and containment of Hazardous Materials

- a. Comply with the California Regional Water Quality Control Board Resolution No. 79-38, dated March 14, 1979.
- b. Comply with Riverside County Ordinance No. 546, Division VIII - Fire Protection Requirements 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 and 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 Department of Health State of California.
- 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, 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 water which could threaten human health or the environment (Title 22, California Administrative Code, Sections 67241, 67243, 67244, 67257, 67259).
3. Storage of hazardous waste containers on-site shall be in a structure that will prevent the contamination of the environment with hazardous waste. The design of the structure shall be submitted to the EDA Executive Director and Hazardous Materials Division prior to construction.
4. If hazardous wastes or materials are to be stored underground, applicant must comply with Riverside 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.
7. The facility shall be in compliance with all statutes, regulations, and ordinances pertaining to the management of hazardous waste.
8. The operator must submit a Letter of Credit or Performance Bond covering any clean-up or fines imposed caused by the actions of the operator.

K. Other Aeronautical Activities

All aeronautical activities which are not listed separately in categories previously stated will fall into this category. These activities include but are not limited to Aerial Photography, Banner Towing, Gliders, Ultra lights, Parachuting, Airship Operations, and Ballooning.

Specific determinations on lot sizes and requirements will be researched in the FAA Advisory Circulars and other applicable documents to that activity.

1. Lot Size

Minimum lot size for the aeronautical activities shall be 1/2 acre or 21,780 square feet. The lot will consist of the following:

- a. Aircraft storage space of either hangar or outside storage to accommodate the operational activities desired.
- b. Building space of 400 square feet for offices, lobby areas, and rest rooms. Additional space may be required depending on the operation.
- c. Vehicle parking spaces adequate to provide for the -number of employees per shift and customers but no less than five spaces or 810 square feet.
- d. Landscaping around vehicle parking, sidewalks, and buildings is required. Specific landscaping plans will be determined during lease negotiations.

2. Certification

Must comply with all FAA, State, and local certification and licensing requirements to conduct the type of operation desired.

3. Insurance Requirements

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$1,000,000 per occurrence.
- b. Procure and maintain Hangar keepers Liability of not less than \$1,000,000 per occurrence. (If applicable).
- c. Procure and maintain Fire Legal Liability of not less than \$300,000 per occurrence.
- d. The County of Riverside is to be named as additional insured on all insurance requirements.

- e. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.
 - f. The EDA Executive Director, upon the advice of County Risk Manager, reserves the right to increase the limits and require additional insurance coverage as set forth in these Minimum Standards, subject to applicable provisions contained in the tenant's lease.
4. Personnel Requirements
Sufficient personnel during normal hours of operation, properly trained and if applicable, certified or licensed to perform the activities of a normal course of operation.
5. Hours of Operation
Hours of operation will be determined during lease negotiations. Minimum requirement would be normal telephone contact five days a week (Monday - Friday), 8 hours a day.
6. Equipment
Minimum equipment required will be determined during lease negotiations depending on the type of aeronautical activity proposed.

IX. FLYING CLUBS

- 1. Non Profit Organizations
All flying clubs located at Riverside County operated airports shall be a nonprofit organization. All rights shall be shared equally between members. No member shall share in profits, earnings, salaries, or other forms of compensation. The Flying Club shall not be involved in any type of commercial operations.
- 2. Equipment
Minimum of one aircraft, properly certified, is required for a flying club.
- 3. Flight Instruction

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 instructor.

4. Charter and Bylaws

A copy of the Flying Club's Charter and Bylaws or other comparable documents must be filed with the Aviation Department. Flying Clubs must submit annual financial reports.

5. Insurance

- a. Procure and maintain Comprehensive Public Liability and Property Damage not less than \$1,000,000 per occurrence.
- b. Procure and maintain Aircraft Liability and Property Damage covering each aircraft and occupants, and bystanders of not less than \$1,000,000 per occurrence.
- c. The County of Riverside is to be named as additional insured on all insurance requirements.
- d. Proof of insurance must be submitted to the EDA Executive Director prior to operations on the airport.
- e. The EDA Executive Director, upon the advise of County Risk Manager, reserves the right to increase the limits and require additional insurance coverage-as set forth in these Minimum Standards, subject to applicable provisions in the tenant's lease.

X. SPECIAL EVENTS

Board of Supervisor's Policy No. B-9 includes the provisions for Special Events at County owned and operated Airports. The Policy reads as follows:

A. The term Special Event is defined as:

1. Air shows (precision flying teams performing acrobatic flight maneuvers).
2. Aircraft Fly-in with static display of airplane.
3. Balloon staging and launching.

4. Cocktail/dinner parties (mixer's) and dances. (inclusive of any events which serve alcohol)
 5. Flight competition including, but not limited to spot landings, flour bomb drops, preflight and crosscountry navigation competition.
- B. Written request to conduct a special event, except air shows, shall be submitted to the EDA Executive Director no less than 45 days prior to the scheduled event. Request to conduct air shows at County airports shall be submitted no less than 90 days prior to date of the air show. Along with written request to conduct a special event, Event Sponsor shall provide the following preliminary information:
1. Time, date(s) and location.
 2. Proposed schedule of events (with as much detail as possible).
 3. Contact Person (event coordinator) with daytime telephone number.
 4. Application for FAA waiver (if appropriate).
 5. By whom event is sanctioned (if appropriate).
- C. Insurance requirements to be determined by County Risk Management after scope of event is known. Insurance limits will vary depending upon scope of special event. Insurance certificate(s) naming County as additional insured will be required. Such certificate(s) shall be provided to EDA Executive Director no less than 15 days prior to special event date.
- D. Additionally, Event Sponsor/Coordinator is to submit to days prior to EDA Executive Director no less than 21 days prior to the Special Event, a detailed drawing depicting:
1. Designated auto parking area.
 2. Entrance gates.
 3. Showline setback.
 4. Concession area location.
 5. Public restroom facility's location.
- E. There is a refundable security deposit required. Said deposit is to be submitted by the Special Event Sponsor/ Coordinator to the EDA Executive Director no less than five (5) business days prior to the special event. The purpose of this deposit is to reimburse the County for any cost incurred if County personnel are needed to cleanup the airport

following special event activities. Personnel and equipment charges if any will be made on a per man-hour basis at then current' rates. Following deposit rates shall apply:

1. \$250.00 - Aircraft fly-in with static display of aircraft.
2. \$500.00 - Balloon staging and launching, cocktail/ dinner parties, and flight competitions.
3. \$1,000.00 - Airshows.

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STORM WATER POLLUTION PREVENTION PLAN

DOCUMENTATION

FRENCH VALLEY AIRPORT

AIRPORT RESEARCH AND DEVELOPMENT FOUNDATION

Exhibit "D"

ARDF

SWPPP

DOCUMENTATION

W.D.I.D.#933s006139

LEASE COPY ONLY

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

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 are not being achieved.

1

PLANNING AND ORGANIZATION POLLUTION PREVENTION PERSONNEL

POLLUTION PREVENTION COMMITTEE MEMBERS

Airport Manager/Representative: Tom Turner

Phone : 909-955-6735

24hr. phone : pager 909-412-3049

Designated Individuals

NAME: Larry Heyne

TITLE: Airports Manager

PHONE : 909-696-2023

24 hr Phone: pager 888-932-7569

NAME : Charles German

TITLE: Service Worker

PHONE: 909-929-5189

24 hr Phone: pager 909-786-3151

NAME: Brian Gallagher

TITLE: Owner Airmac F.B.O

PHONE: 909-696-0160

24 hr Phone:

NAME: Joe Diorio

TITLE: Owner A.A.V. F.B.O.

Phone:

24 hr Phone:

NAME:

TITLE:

Phone:

24 hr Phone:

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
Airport: French Valley

Title: Aviation Supervisor

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

Topographic Map

Insert maps after this page

SITE MAP PAGE

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.

7

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 personal are to have proper training or licensing.

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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.

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

- 1.) Use of dirt roads are 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 is 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 required. List substances and quantities in the following table (Table 3-1) and retain a copy in the SWPPP documentation.

POLLUTANT LIST

TABLE 3-1

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

Airport Size

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%

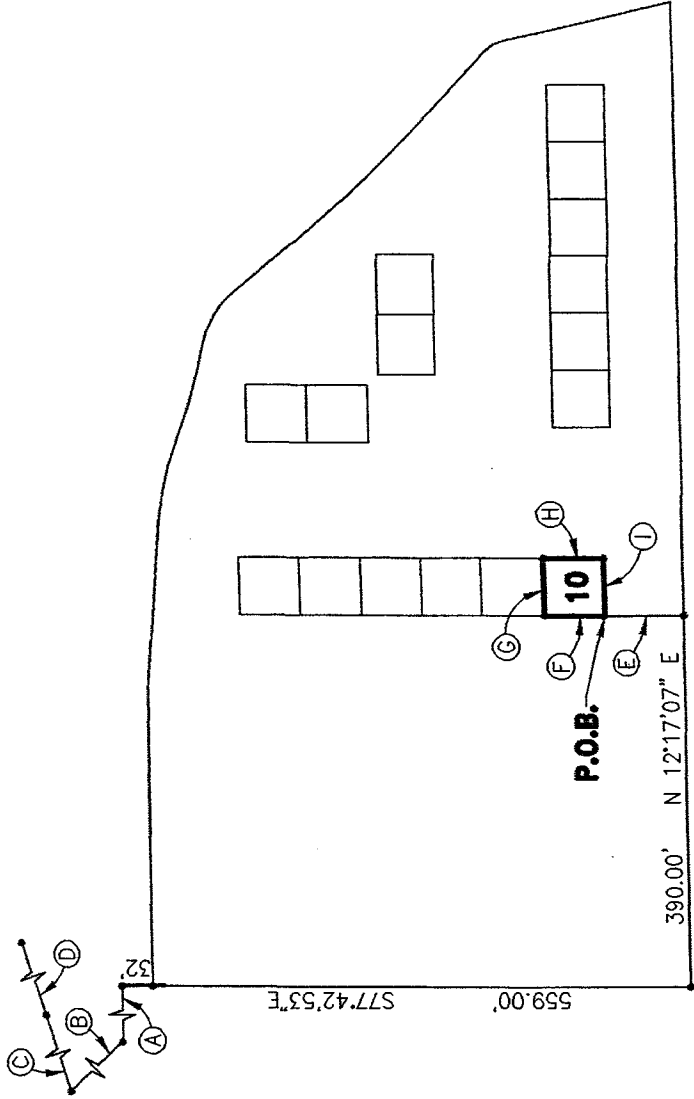
Significant Spills or Leaks

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.

EXHIBIT "A" HANGER No. 10



LINE TABLE	
BEARING	DISTANCE
(A) N 12'17'07" E	4439.85'
(B) S 89'53'17" E	999.66'
(C) S 00'35'35" E	2644.41'
(D) S 00'35'35" E	2644.42'
(E) N 77'42'53" W	82.65'
(F) N 77'42'53" W	63.00'
(G) N 12'17'07" E	60.00'
(H) S 77'42'53" E	63.00'
(I) S 12'17'07" W	60.00'

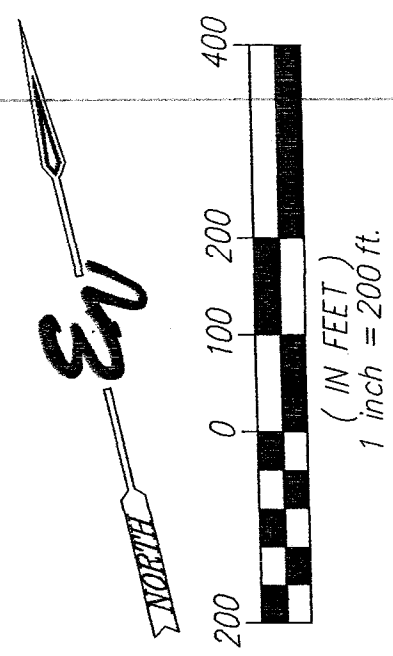


EXHIBIT B 1062

LEGAL DESCRIPTION
AIRPLANE HANGER NO. 10

A PARCEL FOR AIRPLANE HANGER NO. 10 OVER THAT PORTION OF SECTION 7, TOWNSHIP 7 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, RIVERSIDE COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 7, SAID CORNER BEING A ¼" I.P. WITH TAG L.S. 3968;

THENCE, S 00°35'35" E (BASIS OF BEARINGS BEING THE WEST LINE OF SECTION 7, T7S, R2W, SBM PER THE RECORD OF SURVEY FILED IN BOOK 57 OF RECORDS OF SURVEY AT PAGE 81, RECORDS OF RIVERSIDE COUNTY BEING N 00°35'35" W) ALONG THE WEST LINE A DISTANCE OF 2644.42 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 7;

THENCE, CONTINUING S 00°35'35" E ALONG SAID WEST LINE A DISTANCE OF 2644.41 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 7;

THENCE, S 89°53'17" E ALONG THE SOUTH LINE OF SAID SECTION 7 A DISTANCE OF 999.66 FEET TO A POINT;

THENCE, DEPARTING SAID SOUTH LINE N 12°17'07" E A DISTANCE OF 4439.85 FEET TO A POINT;

THENCE, S 77°42'53" E A DISTANCE OF 32.00 FEET TO A POINT;

THENCE, CONTINUING S 77°42'53" E A DISTANCE OF 559.00 FEET TO A POINT;

THENCE, N 12°17'07" E A DISTANCE OF 390.00 FEET TO A POINT;

THENCE, N 77°42'53" W A DISTANCE OF 82.65 FEET TO A POINT, SAID POINT BEING THE POINT OF BEGINNING;

THENCE, CONTINUING N 77°42'53" W A DISTANCE OF 63.00 FEET TO A POINT:

THENCE, N 12°17'07" E A DISTANCE OF 60.00 FEET TO A POINT;

THENCE S 77°42'53" E A DISTANCE OF 63.00 FEET TO A POINT;

THENCE, S 12°17'07" W A DISTANCE OF 60.00 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINING 3,780 SQUARE FEET, MORE OR LESS.

EXHIBIT B 2062

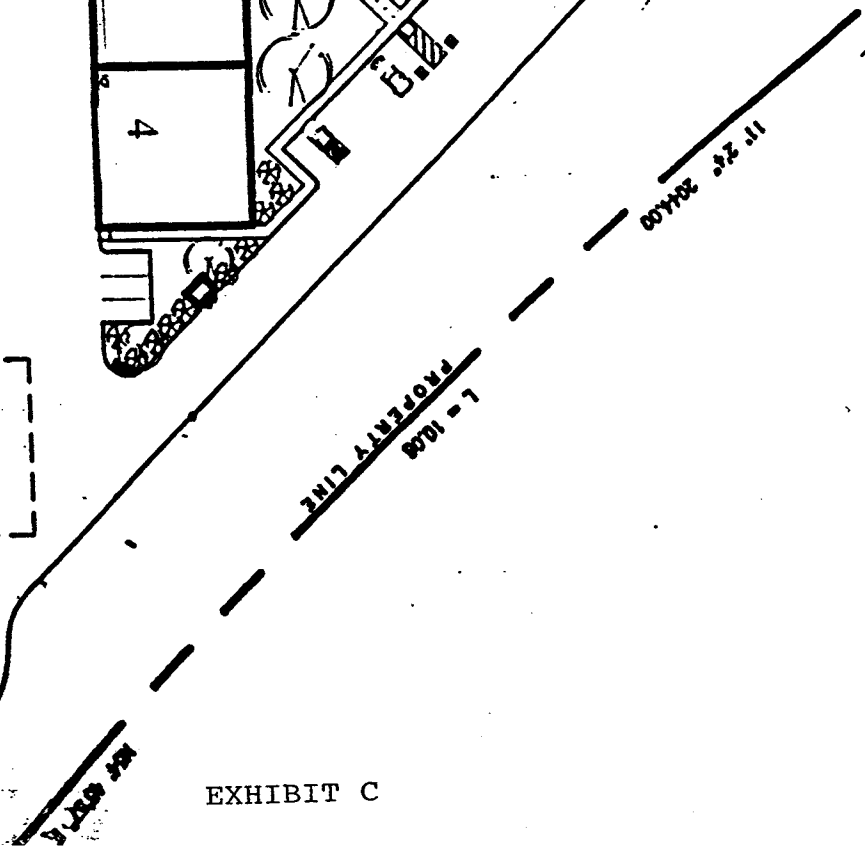
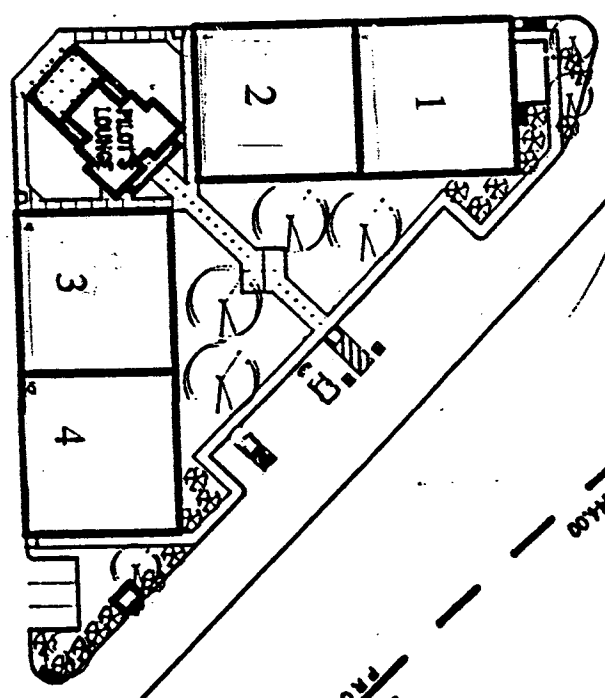
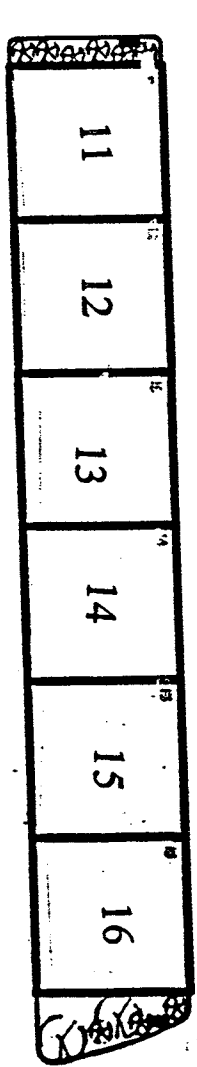
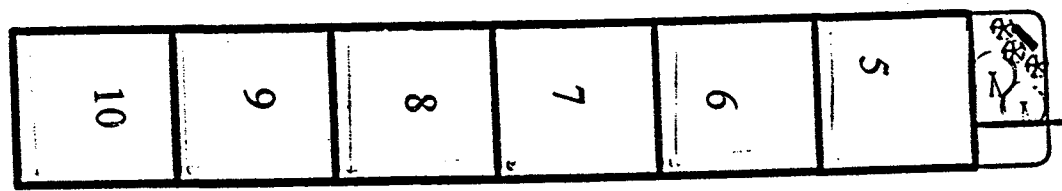
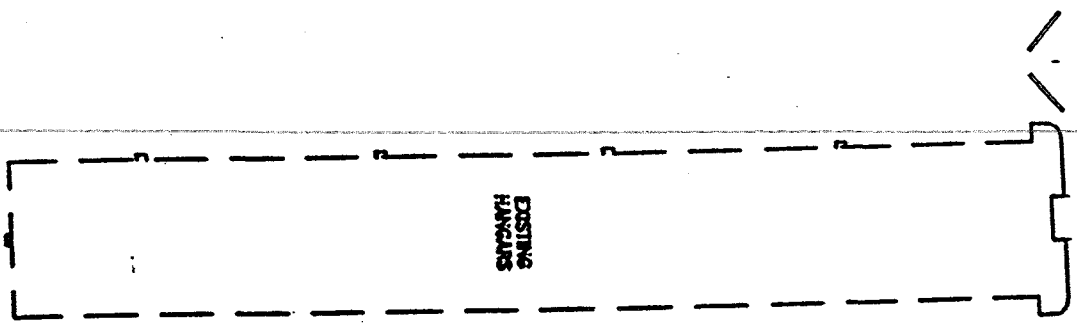


EXHIBIT C

Murrieta Executive Airpark, LLC 37552 Winchester Road, Murrieta, CA

GENERAL RULES

1. Murrieta Executive Airpark, LLC, (MEA) reserves the right to refuse access to any persons MEA in good faith judges to be a threat to the safety, reputation or property of the MEA common buildings ("Offices"), aircraft storage hangars ("Hangars"), and their occupants.
2. Occupant shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
3. Occupant shall not make or permit any noise or odors that annoy or interfere with other Occupants or persons having business within the MEA facility.
4. Occupant shall not keep animals or birds within the MEA facility and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Occupant shall not make, suffer or permit litter, waste or garbage, except in appropriate receptacles for that purpose.
6. Occupant shall not alter any lock or install new or additional locks or bolts.
7. Occupant shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Occupant shall not deface the walls, partitions or other surfaces of the premises of the MEA facility.
9. Occupant shall not suffer or permit any thing in or around the MEA facility that causes excessive vibration or floor loading in any part of the facility.
10. Furniture, significant freight and equipment shall not be moved into or out of the Offices. Occupant shall be responsible for any damage to MEA arising from any such activity.
11. Occupant shall not employ any service or contractor for services or work to be performed at MEA, except as approved by MEA.
12. MEA reserves the right to close and lock the Offices. If Occupant uses the Offices on legal holidays, and on other days between the hours of 8:00 p.m. and 6:00 a.m. of the following day, Occupant shall be responsible for securely locking any doors it may have opened for entry.
13. Occupant shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades, awnings or signs shall be installed or used by Occupant unless approved by MEA.
15. No Occupant, employee or invitee shall go upon the roof of any building in the MEA complex.
16. Occupant shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas of the Offices or hangars.
17. Occupant shall not use any method of heating or air conditioning other than as provided by MEA.
18. Occupant shall not install, maintain or operate any vending machines upon the property of MEA.
19. MEA shall not be used for lodging or manufacturing, cooking or food preparation except within designated kitchen areas.
20. Occupant shall comply with all safety, fire protection and evacuation regulations established by MEA or any applicable governmental agency.
21. MEA reserves the right to waive any one of these rules or regulations, and/or as to any particular Occupant, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent applicant thereof to such Occupant.
22. Occupant assumes all risks from theft or vandalism and agrees to keep its premises within MEA locked as may be required.
23. MEA reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of MEA and its occupants. Occupant agrees to abide by these and such rules and regulations.

EXHIBIT D

VEHICLE PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Occupants shall not permit or allow any vehicles that belong to or are controlled by Occupant or Occupant's employees, suppliers, shippers, customers or invitees to be loaded, unloaded, or parked in areas other than those designated by MEA for such activities.
3. MEA reserves the right to relocate all or part of parking spaces and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.
4. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
5. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. MEA will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
6. The maintenance, washing, waxing or cleaning of vehicles in the parking areas is prohibited.
7. MEA shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements; however, MEA is not responsible for the acts or omissions of other Occupants and their employees, agents and invitees.
8. Occupant shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
9. MEA reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
10. Such parking use as herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

AIRCRAFT RULES

1. The aircraft to be hangared at MEA must fit within the assigned hangared area. The aircraft must not be allowed to protrude or infringe into an adjacent area so as to diminish the usability of another aircraft parking space, constitute a safety hazard, intrude into entryways or taxiways or otherwise block the public right of way. Helicopter flight or taxi operations within the MEA area are prohibited.
2. No improvement, change or alteration to the leased hangar or common space may be made without the written authorization of MEA.
3. No business or commercial activity or any type may be conducted from this facility without the written approval of MEA and the County of Riverside.
4. Aircraft maintenance is prohibited in the aircraft taxiways and aircraft hangars where aircraft are stored in common. Limited maintenance may be performed in the individual aircraft hangars so long as such maintenance does not interfere with the use and enjoyment of the facilities by the other Occupants and does not constitute a hazard, threat or liability to the facilities or its occupants. Spray painting, the use of open flames or welding and storage of flammables, caustics, oxidizers, reactants or any hazardous substances or materials are prohibited.
5. Fueling of an aircraft while in a hangar is prohibited.
6. Only Occupants of MEA and their invited guests are authorized access to the airport operations area.
7. Occupant shall operate his aircraft in a safe, courteous manner and faithfully observe all applicable federal, state and local laws, including all Federal Aviation Administration and County of San Diego rules and regulations. In addition, Occupant shall faithfully comply with all rules and regulations adopted from time to time by MEA.

EXHIBIT E

SUBORDINATION, NON-DISTURBANCE AND ATTORNMEN T AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMEN T AGREEMENT ("Agreement") is made on this 8^h day of November, 2002 by and between The County of Riverside (hereinafter referred to as the "County") and P. C. H. Ruby, Inc. or Assignee hereinafter referred to as "Sublessee".

RECITALS

WHEREAS, the County has leased to Murrieta Executive Airpark MEA, LLC ("Lessee") certain parcels of land (the "Land") located at French Valley Airport in the County of Riverside, State of California, under the French Valley Airport Lease dated October 1, 2001 (the "Ground Lease").

WHEREAS, the Lessee desires to sublease to Sublessee certain parcels of the Land described as parcel number 10 upon which aircraft hangar buildings are erected, pursuant to that certain Sublease in effect between Lessee and Sublessee dated November 8, 2002 (the "Sublease").

WHEREAS, the Lessee and Sublessee desire that the County consent to the Sublease and provide assurances to Sublessee that its possession of the parcel number 10 will not be disturbed.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. CONFIRMATION. The County hereby confirms the following:
 - (1) The Land is owned by the County. The Land is leased by the Lessee pursuant to the Ground Lease. No consent or approval of any other person or entity is required in order for the County to enter into, or as a condition to the effectiveness of, this Agreement.
 - (2) Except as set forth in the recitals herein, the Ground Lease has not been amended or modified in any

respect, and the Ground Lease is presently in full force and effect.

2. NON-DISTURBANCE. Subject to paragraph 3 below, the County agrees that, so long as no uncured event of default has occurred under the Sublease and during any cure periods provided by the Sublease, the County will not disturb the Sublessee's possession of parcels number 1 through 16 under the Sublease, during the term of the Ground Lease, or any extension or renewal thereof.
3. ATTORNMENMENT. If the Lessee's interest in the Ground Lease is terminated prior to the expiration of the term of the Ground Lease, Sublessee will be deemed to have automatically succeeded to the Lessee's interest in the Ground Lease and Sublessee will be bound to the County, according to the Ground Lease (but only to the extent that the Ground Lease pertains to parcel number 10), for the balance of the term of the Ground Lease and any extension thereof as if Sublessee was the original lessee under the Ground Lease, and, accordingly, Sublessee will attorn to the County as its lessor, immediately and upon the termination of Lessee's interest in the Ground lease. Upon such attornment the rights and obligations of Sublessee and the County will be the same as they would have been if Sublessee had been the lessee under the Ground Lease, subject to Paragraph 4 below. In furtherance of this provision, the County and Sublessee agree that they will, if either of them shall so request, enter into a new lease with respect to parcel number 10, upon the same terms and conditions as those set forth in the Ground Lease. In such event, the rent payable to the County will be the rent as set forth in the Sublease.

4. LIMITATIONS ON OBLIGATIONS. If Sublessee succeeds to Lessee's interests in the Ground Lease with respect to parcel number 10, Sublessee will not be:

- (a) Liable for any act or omission of its predecessors in interest to the Ground Lease;
- (b) Subject to any offsets or defenses that the County may have against its predecessors in interest to the Ground Lease;
- (c) Bound by any amendment or modification of the Ground Lease which pertains to parcel number 10 made without its consent and written approval;
- (d) Liable for the payment of any rent payable to the County in accordance with the Ground Lease in excess of the rent defined in 3 above;
- (e) Liable for the default, act or omissions of parties, other than Sublessee, who have succeeded to Lessee's interests in the Ground Lease with respect to land and premises covered by the Ground Lease.

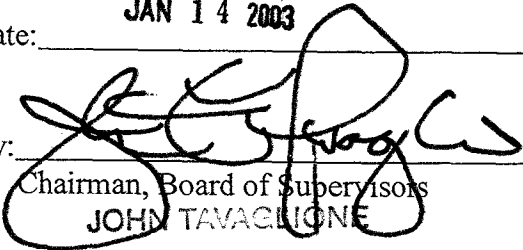
5. SUBORDINATION. The Sublease now is, and will be, subject and subordinate to the Ground Lease.

6. CONSENT. Whenever the consent of the County is required under the Ground Lease or the Sublease, with respect to actions of the Sublessee such consent will not be unreasonably withheld or delayed.

7. AMENDMENTS AND BINDING EFFECT. This agreement may be modified only by an agreement in writing signed by the parties hereto. This Agreement will inure to the benefit of and will be binding upon the County, Sublessee and their successors and assigns.

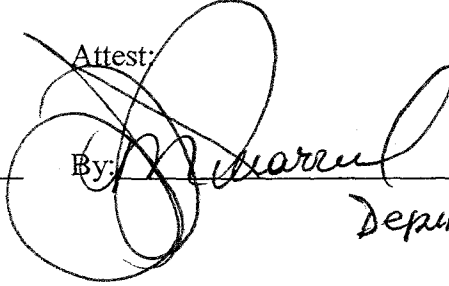
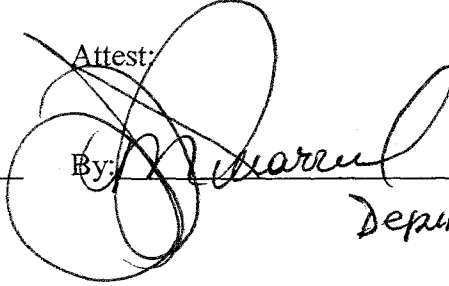
COUNTY OF RIVERSIDE

Date: JAN 14 2003

By: 
Chairman, Board of Supervisors
JOHN TAVAGLIONE

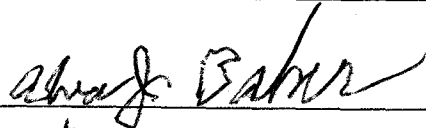
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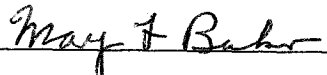
Approved as to Form:

Attest: 
By: 
Deputy

P. C. H. Ruby, INC.

Date: 12/31/02

By: 
Title: TRUSTEE

By: 
Title: Trustee