

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

218



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
September 15, 2011

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

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Consent to the Sublease dated June 22, 2011, from John and Betty Obradovich, Inc., as Sublessor, to RMK Holdings, LLC, as Sublessee;
2. Consent to Bill of Sale dated June 22, 2011, from Chamberlain Family Trust as Seller, to RMK Holdings, LLC, as Buyer;
3. Authorize the Chairman of the Board of Supervisors to execute the Consent to Sublease and the Consent to Bill of Sale; and

(Continued)

*Robert Field*

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	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:	2011/12

**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"/>

**G.E.O. RECOMMENDATION:**

APPROVE

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

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY: ANITA C. WILLIS  
DATE: 9-13-11  
Concurrent Concurrence

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

Prev. Agn. Ref.: 3.23 of 9/26/06; 3.11 of 4/11/06; 3.17 of 9/14/04;  
3.10 6/14/05; 3.11 of 6/3/03

**District:** 4

**Agenda Number:**

**3.6**

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 Sublease and Bill of Sale.

**BACKGROUND:**

The Economic Development Agency has received a Bill of Sale, dated June 22, 2011, between Chamberlain Family Trust, (hereinafter "Chamberlain") as Seller, and RMK Holdings, LLC (hereinafter "RMK") as Buyer. It has also received a Consent to Sublease, dated June 20, 2011, between John and Betty Obradovich, Inc., as Sublessor, and RMK, as Subleasee. The Sublease and Bill of Sale are for the land occupied with aircraft storage hangar, Hangar A-1.

The Sublease is under a nine acre ground lease dated June 3, 2003, between the County of Riverside, as Lessor, and John and Betty Obradovich, as Lessee, and amended by First Amendment to Lease on September 14, 2004, and by Second Amendment to Lease on September 12, 2006.

On June 22, 2011, Chamberlain sold aircraft storage hangar A-1 to RMK. On June 22, 2011, Chamberlain and Sublessor cancelled the Sublease for the land occupied by aircraft storage hangar D-11.

On June 22, 2011, Sublessor entered into a new sublease with RMK for the land occupied by aircraft storage hangar A-1.

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

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3 **CONSENT TO SUBLEASE**

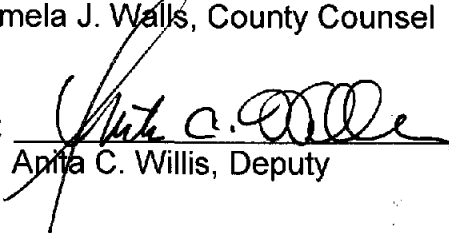
4 The County of Riverside, a political subdivision of the State of California (Lessor) hereby  
5 consents to the foregoing Sublease with Consent of Sublessor, for Hangar A-1,  
6 between John Obradovich and Betty Obradovich, as Sublessor, and RMK Holdings,  
7 LLC, as Sublessee, without however waiving the restrictions contained in the Master  
8 Lease, between the County of Riverside, as Lessor, and John Obradovich and Betty  
9 Obradovich, as Lessee, dated June 3, 2003, and Amended by First Amendment to  
10 Lease on September 14, 2004, and by Second Amendment to Lease on September 12,  
11 2006, described as Nine (9) acres of land at the Jacqueline Cochran Regional Airport,  
12 with respect to any future assignments thereunder, and without releasing the Sublessor  
13 under said Sublease from any obligations that are not performed by RMK Holdings,  
14 LLC, and otherwise accepts the Sublessee, RMK Holdings, LLC, under said Sublease  
15 to all intents and purposes as though Sublessee.

16 Date: \_\_\_\_\_

17 COUNTY OF RIVERSIDE  
18 A political subdivision of the State of California

19 By: \_\_\_\_\_  
20 Chairman, Board of Supervisors

21 APPROVED AS TO FORM:  
22 Pamela J. Walls, County Counsel

23 By:  \_\_\_\_\_  
24 Anita C. Willis, Deputy

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## CONSENT TO BILL OF SALE

The County of Riverside, a political subdivision of the State of California (Lessor) hereby consents to the foregoing Bill of Sale, dated June 22, 2011, for the aircraft storage hangar known as Hangar A-1, located at Jacqueline Cochran Regional Airport, Thermal, California, between Chamberlain Family Trust, as Seller and RMK Holdings, LLC, as Buyer.

Date: \_\_\_\_\_

### COUNTY OF RIVERSIDE

A political subdivision of the State of California

By: \_\_\_\_\_

Chairman, Board of Supervisors

### APPROVED AS TO FORM:

Pamela J. Walls, County Counsel

By:  \_\_\_\_\_  
Anita C. Willis Deputy

## SUB-LEASE WITH SALE OF AVIATION HANGAR

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

### RECITALS

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

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

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

### DESCRIPTION

The premises sub-leased hereby are located within Desert Resorts Regional Airport generally, and within the area leased from County by Sub-Lessor consisting of nine (9) acres and as more particularly shown on **Exhibit "B,"** attached thereto and by this reference, made a part of this sub-lease. The portion of the nine acres being sub-leased is that portion of land occupied in **Building A Hangar # 1** as depicted in **Exhibit "B."** In addition to the forgoing during the term of this lease Sublessor grants to Sublessee the right to ingress and ingress over that portion of the leasehold premises of Sublessor held under the Master Lease and a license to use the taxiway areas as designated by Sublessor.

### USE

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

### TERM

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

### RENT

Sub-Lessee shall pay to Sub-Lessor the sum of \$ 46 50 per month, payable in advance, on the first day of each month.

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

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

#### **ADDITIONAL OBLIGATIONS OF SUB-LESSEE**

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

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

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

#### **SUB-LESSOR'S RESERVED RIGHTS**

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

#### **IMPROVEMENTS, REPAIRS & SIGNS**

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

#### **INSURANCE**

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

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

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

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

## **TERMINATION BY SUB-LESSOR**

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

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

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

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

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

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

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

## **TERMINATION BY SUB-LESSEE**

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

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

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

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

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

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

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

## **HOLD HARMLESS**

Sub-Lessee shall indemnify and hold Sub-Lessor and County, their officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted on any act or omission of Sub-Lessee, its officers, agents, employees, subcontractors and independent contractors for property damage, bodily injury, or death (Sub-Lessee's employees included) or any other element of damage or any kind or nature in any way connected with or arising from its use and responsibilities in connection therewith of the leased

premises, or the condition thereof, and Sub-Lessee shall defend at its expense, including attorney fees, Sub-Lessor, County, its officers, agents, employees and independent contractors in any legal action based on any alleged acts or omissions.

#### **ASSIGNMENT**

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

#### **BINDING ON SUCCESSORS**

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

#### **EMPLOYEES AND AGENTS OF SUB-LESSEE**

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

#### **COMPLIANCE WITH LAW**

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

#### **WAIVER OF PERFORMANCE**

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

#### **SEVERABILITY**

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

#### **NOTICES**

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

#### **SUB-LESSOR:**

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

#### **SUB-LESSEE:**



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

## **VENUE**

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

## **TAXES**

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

## **TOXIC MATERIALS**

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

## **FREE FROM LIENS**

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

## **DISPUTES/DAMAGES**

In the event it is necessary to enforce or interpret any provision herein contained, or to recover any rent due or to recover possession of the Premises for any default or breach of the Agreement, the matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator

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

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

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

#### **MASTER LEASE/SURVIVAL OF SUB-LEASE**

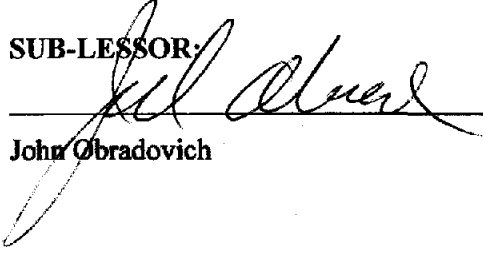
a. Sub-Lessee acknowledges and agrees that it shall be bound, and shall otherwise be subject to all of the terms and conditions contained in the Master Lease.

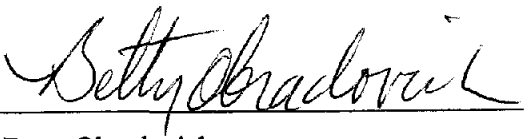
b. In the event the Master Lease is terminated, Sub-Lessee agrees to keep, observe and perform all of the terms and conditions of the Master Lease on the part of the Sub-Lessor to be kept, observed and performed, and Sub-Lessee's right to possession shall remain in effect as provided in Paragraph 29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

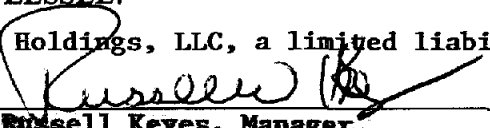
**CONSENT BY COUNTY**

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

IN WITNESS WHEREOF, this Sublease is executed on June 22, \_\_\_\_\_, 2011.

**SUB-LESSOR:**  
  
\_\_\_\_\_  
John Obradovich

  
\_\_\_\_\_  
Betty Obradovich

**SUB-LESSEE:**  
RMK Holdings, LLC, a limited liability company  
By:   
\_\_\_\_\_  
Russell Keyes, Manager

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

**LESSOR:**

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

By: \_\_\_\_\_ By: \_\_\_\_\_  
Chairman, Board of Supervisors

Date: \_\_\_\_\_

**ATTEST:**

Kecia Harper-Ihem,  
Clerk of the Board

**FORM APPROVED:**

Pamela J. Walls,  
County Counsel

By: \_\_\_\_\_  
Deputy

By: \_\_\_\_\_  
Deputy

STATE OF ~~CALIFORNIA~~ <sup>Washington</sup> )  
                  ~~Chelan~~ ) SS.  
COUNTY OF ~~RIVERSIDE~~ )

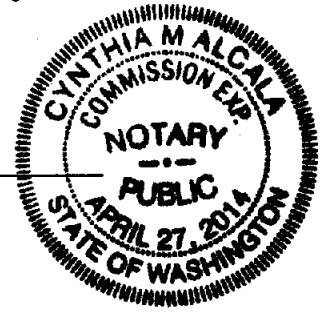
On July 1, 2011, before me, Cynthia M. Alcala  
Russell Walter Keeple personally appeared

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

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

WITNESS my hand and official seal.

Cynthia M. Alcala  
Notary Public



GENERAL California ACKNOWLEDGEMENT  
(name of state)

STATE OF California

COUNTY OF Riverside

On August 23, 2011 before me, Tami Adams, Notary Public  
personally appeared John Obradovich and Betty Obradovich

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

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

WITNESS my hand and official seal.

Signature Tami Adams

(Seal)



STATE OF CALIFORNIA                    )  
  ) SS.  
COUNTY OF RIVERSIDE                )

On \_\_\_\_\_, 2011, before me,

\_\_\_\_\_ personally appeared  
\_\_\_\_\_

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

## BILL OF SALE COUPLED WITH SUB-LEASE

LLC

CHAMBERLAIN FAMILY TRUST hereinafter called the "Seller," hereby sells to RMK Holdings/hereinafter called the "Buyer," and said Buyer hereby purchases from Seller the property described below, upon the following terms and conditions:

1. **RECITALS.** The Seller owns concrete floor structure and steel building labeled as Bldg A at Jacqueline Cochran Regional Airport, (formerly Desert Regional Resorts Airport) Thermal, California, Riverside County, as described on the attached Exhibit "1" also described as Bldg A, Hangar # 1, the sale of which is the subject of this Agreement and which is intended to convey title thereto for the sum of \$ 80,000.00.
2. **THIS BILL OF SALE IS SUBJECT TO MASTER LEASE AND COUPLED WITH SUB-LEASE.** This Bill of Sale is subject to that certain Master Lease executed by the County of Riverside and John and Betty Obradovich, dated April 24, 2003, executed June 3, 2003, and amended September 14, 2004, and September 12, 2006, and March 17, 2009, and which instruments affect directly the uses and purposes to which the aforesaid subject personal property may be put. Furthermore, Seller hereby incorporates in this instrument by reference the terms and conditions of that certain "Sub-Lease" executed by the parties hereto on June 22, 2011. This Bill of Sale shall be enforceable only on the condition that the parties have entered into the aforesaid Sub-Lease.
3. **WARRANTY OF TITLE.** Seller does hereby, for the benefit of Buyer, covenant and agree to warrant and defend title to the aforesaid personal property hereby conveyed, against the just and lawful claims and demands of all persons whomsoever, and Seller further covenants that the aforesaid real property is not subject to liens of any type, including but not limited to liens for unpaid taxes, nor is said personal property subject to a security agreement or financing statement.
4. **REVERSION OF PROPERTY TO SELLER.** The aforesaid Sub-Lease, with which this Bill of Sale is coupled provides for a sub-lease period of approximately 30 years with a 10-year option, during which time the Buyer hereto, subject to certain conditions precedent, may sell, rent, assign, convey, hypothecate, or encumber the personal property subject to is instrument, provided further, that upon the expiration of said Sub-Lease or 30 years with a 10-year option lease period, whichever shall first occur, the personal property subject to this Bill of Sale shall revert to the Seller hereunder, or to Seller's assignee, or to the County of Riverside, which reversion shall be governed by the terms and conditions of the aforesaid Master Lease and all of the aforesaid amendments thereto and the terms and conditions of the aforementioned Sub-Lease between Sub-Lessor and Sub-Lessee. Provided further that in accordance with the aforesaid Sub-Lease, Buyer hereunder shall not sell, rent, assign, hypothecate or encumber the personal property subject to this instrument except upon the express written consent of the county of Riverside and Seller or his assignee hereunder, which consent shall not be unreasonably withheld.
5. **TAX CLAUSE.** During the aforementioned period of possession of Buyer of the personal property, Buyer shall be solely responsible for the payment of the personal property and/or possessory interest taxes and all other taxes levied upon the specific structure by the County of Riverside and/or all other lawfully constituted taxing authorities, and said responsibility shall include real property taxes which may be assessed to Seller, to Seller's successor, or to Buyer in connection with the subject property.
6. **BUYER'S RIGHT TO TRANSFER PROPERTY AND SURVIVAL OF SUB-LEASE.**
  - a. **RIGHT TO TRANSFER.** Seller hereby consents to and agrees that Buyer may convey, assign, or transfer Buyer's interest in or to the subject personal property to one or more individuals; provided however, that such conveyance, assignment, or transfer includes the aforementioned sub-lease and shall be subject to the prior written approval of the Seller, County of Riverside, and Sub-Lessor. Provided further, that Seller shall have the right of first refusal to purchase, lease, rent, or receive Buyer's interest in the subject property and the subleasehold estate of Buyer on the same terms as offered by Buyer to any other individual or entity. Seller's failure to exercise right of first refusal within



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

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

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

**SELLER:**

CHAMBERLAIN FAMILY TRUST  
648 Palmer Drive North  
Keizer, Oregon 97303

**BUYER:**

RMK Holdings LLC  
2719 Taylor Drive  
Everett, WA 98203

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

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

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

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

IN WITNESS WHEREOF, this Bill of Sale is executed on June 22, 2011, 2011.

**SELLER:**

Laurence Chamberlain  
Printed Name & Title  
Laurence Chamberlain, Trustee of The Chamberlain Family Trust

Cynthia Chamberlain  
Signature  
Cynthia Chamberlain, Trustee of The Chamberlain Family Trust

**BUYER:**  
Russell Keyes  
Printed Name & Title  
Russell Keyes, Manager of RMK Holdings, LLC, a limited liability company

Russell Keyes  
Signature

**LESSEE:**  
John Obradovich  
John Obradovich  
Betty Obradovich  
Betty Obradovich

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

**LESSOR:**

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

By: \_\_\_\_\_ By: \_\_\_\_\_  
Chairman, Board of Supervisors

Date: \_\_\_\_\_

**ATTEST:**  
Kecia Harper-Ihem,,  
Clerk of the Board

**FORM APPROVED:**  
Pamela J. Walls,  
County Counsel

By: \_\_\_\_\_ By: \_\_\_\_\_  
Deputy Deputy

State of California )

County of Riverside )

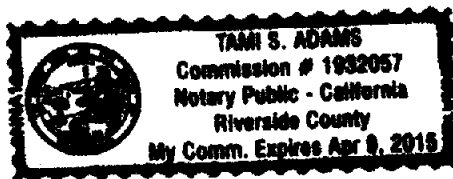
On August 23, 2011 before me, Tami Adams, Notary Public  
(here insert name and title of the officer), personally appeared JOHN OBRADOVICH AND BETTY  
OBRADOVICH

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

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

WITNESS my hand and official seal.

Signature Tami Adams (Seal)



Washington  
STATE OF CALIFORNIA

)  
) SS.  
)

CHELSEA  
COUNTY OF RIVERSIDE

On July 1, 2011, before me,  
personally appeared

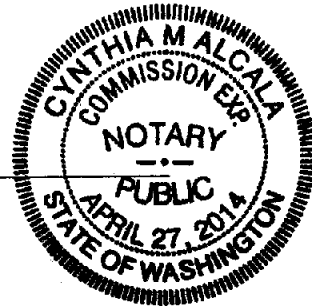
~~Russell W. Keyes~~  
Cynthia M. Alcala  
Russell W. Keyes

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

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

WITNESS my hand and official seal.

*Cynthia M. Alcala*  
\_\_\_\_\_  
Notary Public



STATE OF Oregon )  
 ) SS.  
COUNTY OF Marion )

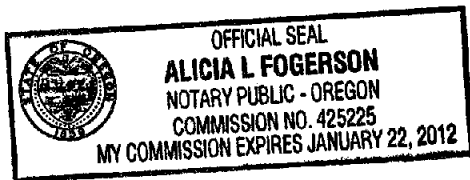
On August 5th, 2011, before me, Alicia Fogerson  
personally appeared Laurence Chamberlain and Cynthia  
Chamberlain a

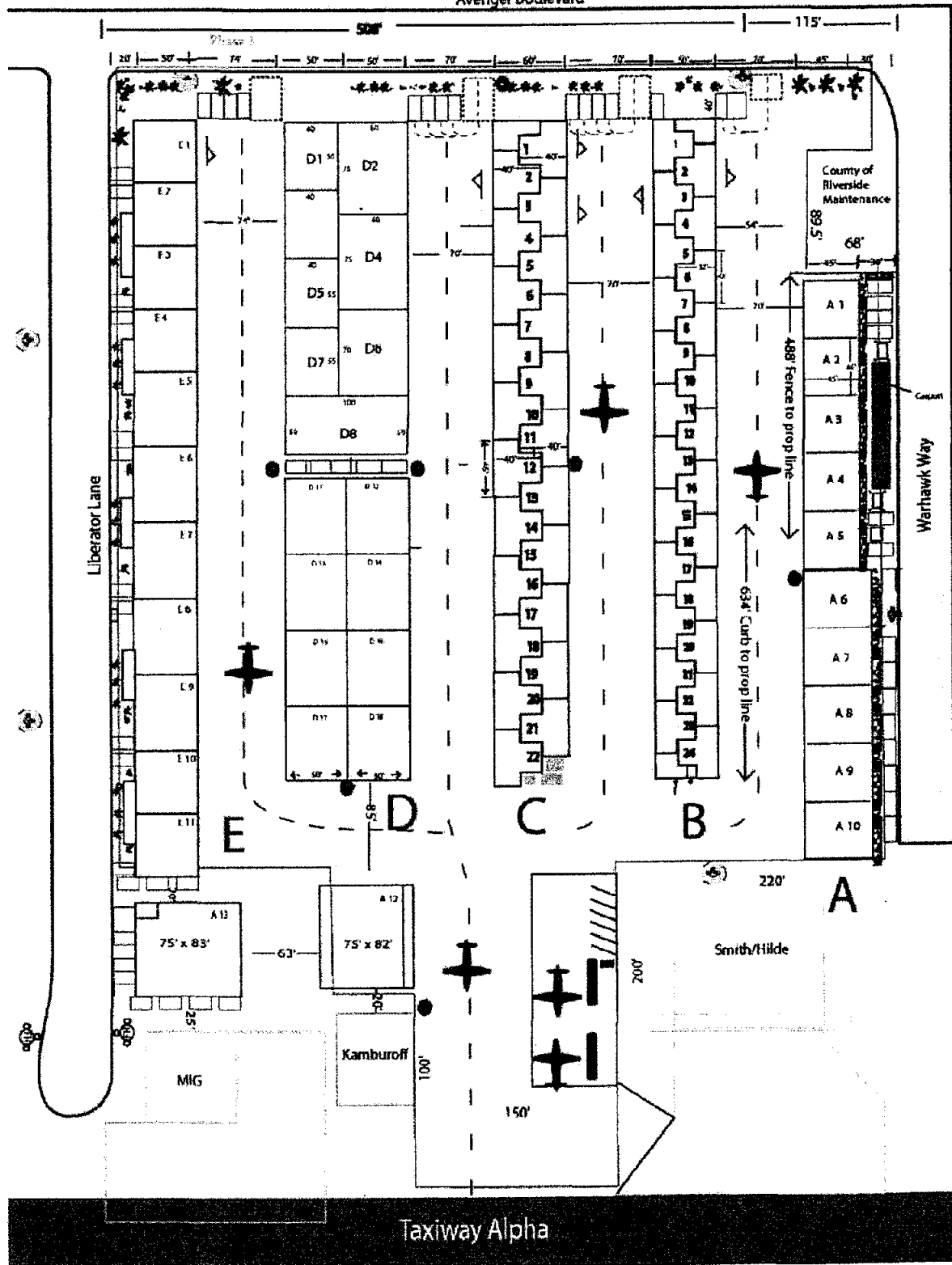
and proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

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

WITNESS my hand and official seal.

Alicia Fogerson  
Notary Public





<b>Thermal Regional Airport</b>	
<small>County of Riverside, Thermal, California</small>	
<b>Master Development 9 Acres</b>	
<b>All Inside AV Storage and Self Serve Fuel</b>	
John A Betty Overdewch All Inside AV Storage, Inc. 84-491 California Center Drive Indio, CA 92201 (760) 344-2961, (760) 77-5688	12-18-86 Drawn by AD Sheet 1 of 1

STATE OF CALIFORNIA                    )  
  ) SS.  
COUNTY OF RIVERSIDE                )

On \_\_\_\_\_, 2011, before me,

\_\_\_\_\_ personally appeared

\_\_\_\_\_

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

1 LEASE CANCELLATION AGREEMENT  
2 JACQUELINE COCHRAN REGIONAL AIRPORT  
3

4 WHEREAS, John Obradovich and Betty Obradovich, hereinafter Sublessor, and  
5 CHAMBERLAIN FAMILY TRUST, as entered into that certain  
6 Sublease dated January 3, 2006 attached hereto as Exhibit A, and by this reference  
7 incorporated herein, relating to land located at Jacqueline Cochran Regional Airport (formerly  
8 Desert Resorts Regional Airport), Riverside County, California; and

9 WHEREAS, Sublessor improved the land with a 2,070 square foot aircraft storage hangar;  
10 and

11 WHEREAS, Sublessor sold the improvements to Sublessee; and

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

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

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

17 Date: June 22, 2011

SUBLESSEE

18 By: *Laurence Chamberlain*  
19 Laurence Chamberlain, Trustee

20 By: *CKC Cynthia Chamberlain*  
21 Cynthia Chamberlain, Trustee *THA/STC*

22  
23 Date: August 23, 2011

SUBLESSOR

24 By: *John Obradovich*  
25 John Obradovich

26 By: *Betty Obradovich*  
27 Betty Obradovich  
28



GENERAL California ACKNOWLEDGEMENT  
(name of state)

STATE OF California

COUNTY OF Riverside

On 8/23/11 before me, Tami Adams, Notary Public  
personally appeared John Obradovich and Betty Obradovich

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

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

WITNESS my hand and official seal.

Signature Tami Adams

(Seal)



## SUB-LEASE WITH SALE OF AVIATION HANGAR

John Obradovich and Betty Obradovich, herein called Sub-Lessor, sub-leases to Chamberlain Family Trust, herein called Sub-Lessee, the property described below, upon the following items and conditions.

### RECITALS

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

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

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

### DESCRIPTION

The premises sub-leased hereby are located within Desert Resorts Regional Airport generally, and within the area leased from County by Sub-Lessor consisting of nine (9) acres and as more particularly shown on **Exhibit "B,"** attached thereto and by this reference, made a part of this sub-lease. The portion of the nine acres being sub-leased is that portion of land occupied in **Building A Hangar # 1** as depicted in **Exhibit "B."** In addition to the forgoing during the term of this lease Sublessor grants to Sublessee the right to ingress and ingress over that portion of the leasehold premises of Sublessor held under the Master Lease and a license to use the taxiway areas as designated by Sublessor.

### USE

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

### TERM

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

### RENT

Sub-Lessee shall pay to Sub-Lessor the sum of \$ 46.50 per month, payable in advance, on the first day of each month.

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

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

#### **ADDITIONAL OBLIGATIONS OF SUB-LESSEE**

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

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

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

#### **SUB-LESSOR'S RESERVED RIGHTS**

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

#### **IMPROVEMENTS, REPAIRS & SIGNS**

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

#### **INSURANCE**

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

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

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

## **TERMINATION BY SUB-LESSOR**

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

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

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

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

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

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

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

## **TERMINATION BY SUB-LESSEE**

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

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

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

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

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

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

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

## **HOLD HARMLESS**

Sub-Lessee shall indemnify and hold Sub-Lessor and County, their officers, agents, employees and

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

#### **ASSIGNMENT**

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

#### **BINDING ON SUCCESSORS**

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

#### **EMPLOYEES AND AGENTS OF SUB-LESSEE**

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

#### **COMPLIANCE WITH LAW**

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

#### **WAIVER OF PERFORMANCE**

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

#### **SEVERABILITY**

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

#### **NOTICES**

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

**SUB-LESSOR:**

John and Betty Obradovich  
84-401 Cabazon Center Drive  
Indio, CA 92201

**SUB-LESSEE:**

Chamberlain Family Trust  
3460 Brady Court NE  
Salem, OR 97303

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

**VENUE**

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

**TAXES**

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

**TOXIC MATERIALS**

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

**FREE FROM LIENS**

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

stayed, and said stay thereafter expires, then and in such event, Sub-Lessee shall forthwith pay and discharge said judgment.

## **DISPUTES/DAMAGES**

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

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

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

## **MASTER LEASE/SURVIVAL OF SUB-LEASE**

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

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

## **CONSENT BY COUNTY**

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

IN WITNESS WHEREOF, this Sublease is executed on January 3, 2005<sup>6</sup>.

SUB-LESSOR:

John Obradovich  
John Obradovich

Betty Obradovich  
Betty Obradovich

SUB-LESSEE:

Laurence Chamberlain  
Laurence Chamberlain Trustee

Cynthia Chamberlain  
Cynthia Chamberlain Trustee

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

LESSOR:

COUNTY OF RIVERSIDE

By: Bob Buster  
Chairman, Board of Supervisors  
Bob Buster

By: \_\_\_\_\_

Date: 4-11-06

ATTEST:

Nancy Romero,  
Clerk of the Board

By: [Signature]  
Deputy

FORM APPROVED:

Joe S. Rank,  
County Counsel

By: [Signature] 3/10/06  
Deputy



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

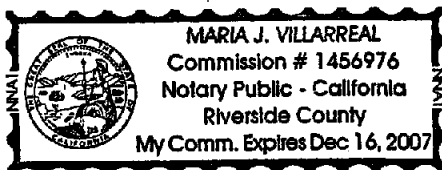
State of California }  
County of Riverside } ss.

On April 11, 2006, before me, Maria J. Villarreal, Notary Public,  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Bob Buster,  
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.  
Maria J. Villarreal  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

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

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

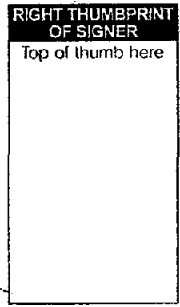
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

- Signer's Name: \_\_\_\_\_
- Individual
  - Corporate Officer — Title(s): \_\_\_\_\_
  - Partner —  Limited  General
  - Attorney in Fact
  - Trustee
  - Guardian or Conservator
  - Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



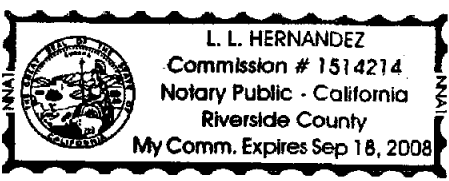
STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF RIVERSIDE )

On 12/8/05, 2005, before me,

L L Hernandez personally appeared  
Laurence Chamberlain and Cynthia Chamberlain

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

WITNESS my hand and official seal.



[Signature]  
Notary Public

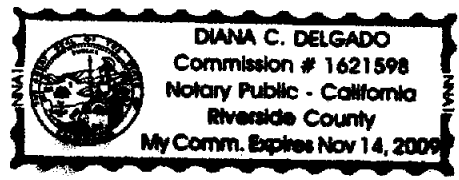
STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF RIVERSIDE )

On January 3, ~~2005~~ <sup>2006</sup>, before me,

Diana C. Delgado personally appeared  
Betty Obradovich & John Obradovich

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

WITNESS my hand and official seal.



[Signature]  
Notary Public

## BILL OF SALE COUPLED WITH SUB-LEASE

Western Professional, Inc. hereinafter called the "Seller," hereby sells to Chamberlain Family Trust, hereinafter called the "Buyer," and said Buyer hereby purchases from Seller the property described below, upon the following terms and conditions:

1. **RECITALS.** The Seller owns concrete floor structures and steel buildings labeled as Bldg. A, Bldg. B, Bldg. C, Bldg. D, and Bldg. E at Jacqueline Cochran Regional Airport, Thermal, California, Riverside County, as described on the attached Exhibit "1" also described as Bldg A, Hangar # 1, the sale of which is the subject of this Agreement and which is intended to convey title thereto for the sum of \$ 124,200.

2. **THIS BILL OF SALE IS SUBJECT TO MASTER LEASE AND COUPLED WITH SUB-LEASE.** This Bill of Sale is subject to that certain Master Lease executed by the County of Riverside and John and Betty Obradovich, dated May 3, 2003, executed June 3, 2002, and amended September 14, 2004, and which instruments affect directly the uses and purposes to which the aforesaid subject personal property may be put. Furthermore, Seller hereby incorporates in this instrument by reference the terms and conditions of that certain "Sub-Lease" executed by the parties hereto on January 3, 2006. This Bill of Sale shall be enforceable only on the condition that the parties have entered into the aforesaid Sub-Lease.

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

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

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

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

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

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

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

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

**SELLER:**

**Western Professional, Inc**  
3460 Brady Court NE  
Salem, OR 97303

**BUYER:**

**Chamberlain Family Trust**  
3460 Brady Court NE  
Salem, OR 97303

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

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

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

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

IN WITNESS WHEREOF, this Bill of Sale is executed on January 3, 2006.

**SELLER:**

Western Professional, Inc.

Laurence Chamberlain

Laurence Chamberlain, President & CEO

**BUYER:**

Laurence Chamberlain  
Laurence Chamberlain (signature)

Laurence Chamberlain, Trustee  
Printed Name and Title

Cynthia Chamberlain  
Cynthia Chamberlain (signature)

Cynthia Chamberlain, Trustee  
Printed Name and Title

**LESSEE:**

John Obradovich  
John Obradovich

Betty Obradovich  
Betty Obradovich

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

**LESSOR:**

COUNTY OF RIVERSIDE

By: Bob Buster  
Chairman, Board of Supervisors  
Bob Buster

By: \_\_\_\_\_

Date: 4-11-06

**ATTEST:**

Nancy Romero,  
Clerk of the Board

**FORM APPROVED:**

Joe S. Rank,  
County Counsel

By: [Signature]  
Deputy

By: Gordon V. Ubo 3/10/06  
Deputy

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

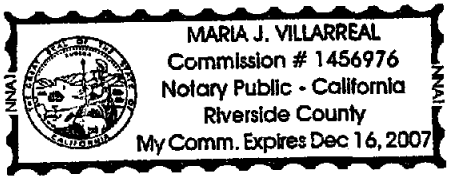
State of California }  
County of Riverside } ss.

On April 11, 2006, before me, Maria J. Villarreal, Notary Public,  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Bob Buster,  
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.  
Maria J. Villarreal  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

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

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

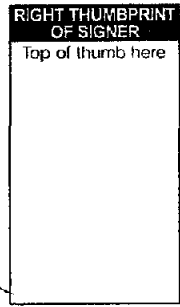
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

- Signer's Name: \_\_\_\_\_
- Individual
  - Corporate Officer — Title(s): \_\_\_\_\_
  - Partner —  Limited  General
  - Attorney in Fact
  - Trustee
  - Guardian or Conservator
  - Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_




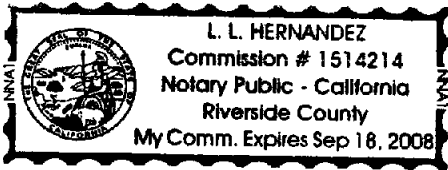
STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF RIVERSIDE )

On 12/18/05, 2005, before me, L. L. Hernandez  
personally appeared Laurence Chamberlain and Cynthia Chamberlain

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

WITNESS my hand and official seal.

  
\_\_\_\_\_  
Notary Public



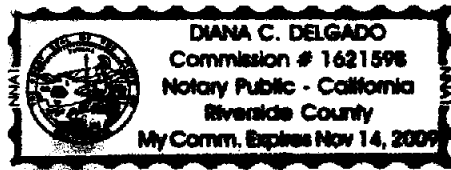
STATE OF CALIFORNIA )  
 ) SS.  
COUNTY OF RIVERSIDE )

On January 3, <sup>2006</sup> 2005, before me, Diana C. Delgado  
personally appeared Betty Obradorich, John Obradorich

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

WITNESS my hand and official seal.

  
\_\_\_\_\_  
Notary Public



DESCRIPTION 1-A

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

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

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

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

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

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

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

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

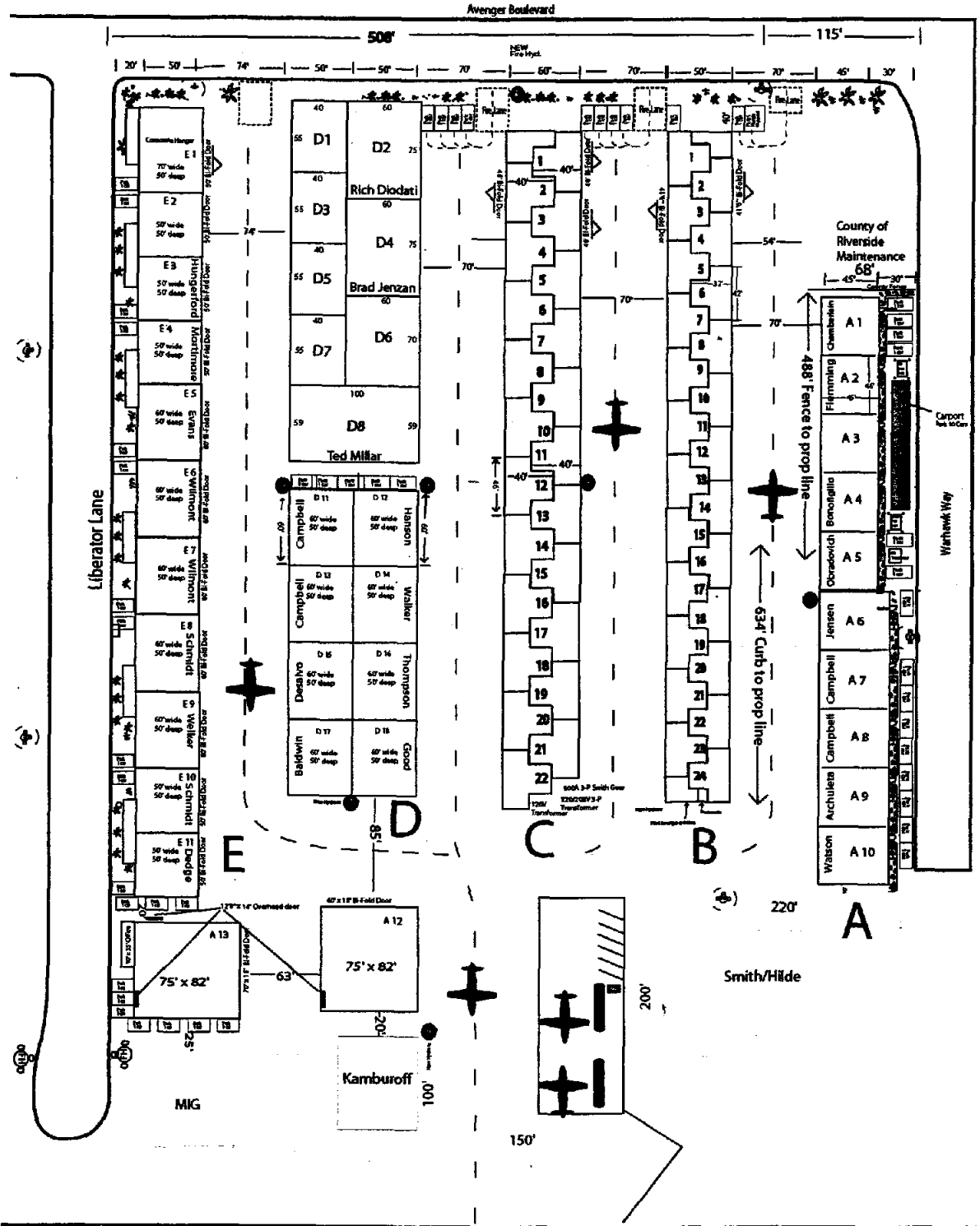
THENCE EAST, A DISTANCE OF 260.58 FEET TO THE CENTERLINE OF WARHAWK WAY;

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

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

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





Taxiway Alpha

**Phase 1**

24 Tee Hangars - 42x32 (1050')	=	25,200
2 Tee Ends	=	1,050
5 Mini Box Hangars - 46x45 (2070')	=	10,350
		<b>36,600 Sq Ft.</b>

**Phase 2**

22 Tee Hangars - 46'x40' (1380')	=	30,360
5 Business Box Hangars - 46x45	=	12,650
8 Large Box Hangars - 60x50	=	24,000
		<b>67,010 Sq Ft.</b>

**Phase 3**

5 Corp. Box Hangars - 60x50	=	15,000
5 Corp. Offices - 10x20	=	1,000
5 Corp. Box Hangars - 50x50	=	12,500
5 Corp. Offices - 10x25	=	1,250
1 Corp. Box Hangar - 70x50	=	3,500
1 Corp. Office - 10x45	=	450
2 Large Box Hangar - 75x82	=	12,300
2 Large Box Hangar - 75x60	=	9,000
1 Large Box Hangar - 70x60	=	4,200
1 Large Box Hangar - 59x100	=	5,900
4 Large Box Hangar - 55x40	=	8,800
		<b>73,900 Sq Ft.</b>

<b>Thermal Regional Airport</b>	
County of Riverside, Thermal, California	
<b>Master Development 9 Acres</b>	
<b>All Inside AV Storage and Self Serve Fuel</b>	
John & Betty Obradovich All Inside AV Storage, Inc. 84-401 Cabazon Center Drive Indio, CA 92201 (760) 399-5961, (760) 775-6808	10-29-04 Drawn by JO Sheet 1 of 1