

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

656



FROM: Economic Development Agency

SUBMITTAL DATE:
February 28, 2013

SUBJECT: Assignment of Ground Lease, Jacqueline Cochran Regional Airport:

RECOMMENDED MOTION: That the Board of Supervisors:

1. Consent to the Assignment of Lease dated March 12, 2013, from Tradition Aviation – TRM, LLC, a California limited liability company, as Assignor, to Ross Tradition, LLC, a Delaware limited liability company, as Assignee;
2. Consent to the sale, dated March 12, 2013, from Tradition Aviation TRM, LLC as Seller, to Ross Tradition LLC, as Buyer, for the improvements, alterations and fixtures located on the premises currently leased by Tradition Aviation – TRM, LLC, from the County of Riverside, and for the rights, interest and title in the Ground Lease between Tradition and the County of Riverside;

(Continued)

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:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

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

C.E.O. RECOMMENDATION:

APPROVE

BY:
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: Annie T. Sahhar 2/27/13
DATE: 2/27/13
Departmental Concurrence

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

Prev. Agn. Ref.: 3.11 of 10/17/06; 3.33 of 2/27/07; 3.16 of 3/17/09

District: 4/4

Agenda Number:

3-14

RECOMMENDED MOTION (Continued)

3. Approve the Memorandum of Lease and the Ground Lease Estoppel Certificate made by Tradition Aviation – TRM, LLC as Tenant and County of Riverside as Ground Lessor, for the benefit of Ross Tradition LLC;
4. Authorize the Chairman of the Board of Supervisors to execute the Consent to Assignment of Lease, Consent to Sale, Memorandum of Lease and Ground Lease Estoppel Certificate; and
5. Authorize the Assistant County Executive Officer/EDA or designee to execute any additional documents required by the Consent to Assignment of Lease, Consent to Sale, Memorandum of Lease and Ground Lease Estoppel Certificate.

BACKGROUND:

The Economic Development Agency has received notice that Tradition Aviation – TRM, LLC, a California limited liability company, as Seller/Assignor, desires to sell the improvements, alterations and fixtures located on the 16.66 acre premises located at Jacqueline Cochran Regional Airport, as well as its rights, interest and title in the lease for the 16.66 premises (Property) currently leased by Tradition Aviation – TRM, LLC, to Ross Tradition LLC, a Delaware limited liability company, as Buyer/Assignee. Tradition Aviation – TRM LLC originally leased the Property under a lease agreement dated September 14, 2004, between the County of Riverside and Desert Resorts Aviation, LLC, as amended by First Amendment to Lease dated October 17, 2006, assigned to Tradition Aviation – TRM, LLC on February 27, 2007, and as amended by Second Amendment to Lease dated March 17, 2009. The Economic Development Agency has also received a Memorandum of Lease and a Ground Lease Estoppel Certificate by Tradition Aviation – TRM, LLC, a California limited liability company (Tenant) and County of Riverside (Ground Lessor), for the benefit of Ross Tradition LLC, a Delaware limited liability company (Assignor).

The Economic Development Agency recommends that the Board of Supervisors execute the Consent to Sale, Consent to Assignment of Lease, Memorandum of Lease and the Ground Lease Estoppel Certificate. County Counsel has reviewed the documents and approved them as to form.

Attachments: Consent to Assignment
Consent to Sale
Ground Lease Estoppel Certificate
Memorandum of Lease

CONSENT TO ASSIGNMENT OF LEASE

The County of Riverside, a political subdivision of the State of California, (Lessor) hereby consents to the foregoing Assignment of Lease and Acceptance and Agreement between Tradition Aviation – TRM, LLC, a California limited liability company (Lessee), as Assignor, and Ross Tradition LLC, a Delaware limited liability company, as Assignee, and without, however, waiving the restrictions contained in the original ground lease agreement (“Lease”) dated September 14, 2004, between the County of Riverside and Desert Resorts Aviation, LLC, as amended by the First Amendment to Lease dated October 17, 2006, and the Second Amendment to Lease dated March 17, 2009, and assigned to Lessee on February 27, 2007, for approximately 16.66 acres of land at the Jacqueline Cochran Airport, commonly known as 86400 Lightning Street, Thermal, CA 92274, with respect to any future assignments thereunder, and without releasing the Assignor under said Lease from any obligations that are not performed by Ross Tradition LLC, and Lessor otherwise accepts the Assignee, Ross Tradition LLC, as lessee under said Lease for all intents and purposes as though Assignee was the original Lessee thereunder, in each case effective as of March 12, 2013. As consideration and in order to alleviate Lessor’s cost to process the Assignment of Lease and Acceptance and Agreement, Ross Tradition, LLC herein agrees to pay the amount of seventy-five hundred dollars (\$7,500) to the County of Riverside upon execution of this Consent to Assignment of Lease.

(signatures follow on next page)

**IN WITNESS WHEREOF, the County and Ross Tradition, LLC have
executed this Consent to Assignment of Lease as of the date above.**

Date: _____

COUNTY OF RIVERSIDE:

ROSS TRADITION LLC:

By: _____
JOHN J. BENOIT
Chairman, Board of Supervisors

By: Jeffrey W. Ross
Jeffrey W. Ross President

ATTEST:
KECIA HARPER-ITEM
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:
PAMELA J. WALLS
County Counsel

By: Annie T. Sahhar
Annie T. Sahhar, Deputy

GROUND LEASE ESTOPPEL CERTIFICATE

This GROUND LEASE ESTOPPEL CERTIFICATE ("Certificate") is made as of March 12, 2013 by Tradition Aviation – TRM, LLC, a California limited liability company ("Tenant"), and COUNTY OF RIVERSIDE, a political subdivision of the State of California ("Ground Lessor", also referred to as "Landlord"), for the benefit of Ross Tradition LLC, a Delaware limited liability company ("Assignee").

RECITALS:

A. Tenant's predecessor-in-interest, Desert Resort Aviation, LLC, entered into a ground lease agreement ("Ground Lease") dated September 14, 2004, with Ground Lessor, as amended by the First Amendment to Lease dated October 17, 2006, and the Second Amendment to Lease dated March 17, 2009, and assigned to Tenant on February 27, 2007 (hereinafter collectively referred to as the "Lease Documents"), pertaining to the premises described as approximately 16.66 acres of land and all improvements located thereon at the Jacqueline Cochran Airport, County of Riverside, State of California (the "Property"); said Lease Documents are attached as Exhibit "A".

B. On or about the date hereof, Tenant sold its rights, title and interest in the Ground Lease and the improvements, alterations and fixtures on the Property to Assignee (the "Sale"). The Sale has been consented to by Ground Lessor pursuant to that certain Consent to Sale executed by the Board of Supervisors of the County of Riverside on March 12, 2013.

C. The Assignment has been consented to by Ground Lessor pursuant to that certain Consent of Assignment executed by the Board of Supervisors of the County of Riverside on March 12, 2013.

D. This delivery by Tenant of this Estoppel Certificate to Assignee is a condition to the execution of the Assignment.

E. For the reliance of Assignee, Landlord and Tenant wish to state as follows with respect to certain matters:

CERTIFICATE:

Landlord and Tenant hereby state as follows:

1. Attached hereto are a complete, true and correct copy of the Lease Documents (including all exhibits, riders, addenda and amendments, if any). There are no modifications, amendments, supplements or understandings, oral or written, amending, supplementing or changing the terms of the Lease other than as attached hereto.

2. The term of the Ground Lease commenced on October 1, 2004 and will terminate on September 30, 2034. Tenant has one extension option to extend the lease for a period of ten years beyond the initial term.

3. The rent and fuel flowage fees under the Lease Documents have been paid to and including March 1, 2013. No rent has been prepaid for more than one (1) month. The current rent payment under the Lease Documents is \$9,492.20 per month. The current fuel flowage fee is \$0.12 per gallon of fuel sold. The monthly rent payments are subject to adjustment only as set forth in Paragraphs 5(d) and 5(e) of the Ground Lease, as amended by the First Amendment to the Ground Lease. The fuel flowage fee is subject to adjustment only as set forth in Paragraph 5(c) of the Ground Lease, as amended by the Second Amendment to the Ground Lease.

4. The Lease Documents are in full force and effect, neither Landlord nor Tenant is in default of any of its provisions, and no event has occurred that would, with the lapse of time and/or the giving notice, constitute a default under the Lease Documents. Landlord has not exercised its right to terminate the Ground Lease pursuant to Paragraph 16 of the Ground Lease.

5. Landlord has received all required consents from the relevant authorities, including, but not limited to, the Federal Aviation Administration, to the Lease Documents.

6. Tenant has obtained Landlord's prior written consent to the entry of the Assignment. Landlord has not exercised its rights to terminate the Ground Lease pursuant to Paragraph 24 of the Ground Lease.

7. Tenant has obtained Landlord's prior written consent to assign, sublet or otherwise transfer in any manner portions of the Property pursuant to Paragraph 24 of the Ground Lease.

8. The Lease Documents do not contain any outstanding options or rights of first refusal to purchase or lease the Property or any part thereof.

[Signature page follows]

IN WITNESS WHEREOF, the County and Tradition Aviation-TRM, LLC have executed this Ground Lease Estoppel Certificate as of the date shown above.

TENANT:

TRADITION AVIATION – TRM, LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

LANDLORD:

COUNTY OF RIVERSIDE:

By: _____
JOHN J. BENOIT, Chairman
Board of Supervisors

ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:
PAMELA J. WALLS
COUNTY COUNSEL

By:  _____
Annie T. Sahhar, Deputy

CONSENT TO SALE

The County of Riverside, a political subdivision of the State of California (Lessor), hereby consents to the sale by Tradition Aviation-TRM LLC, a California limited liability company as Seller, to Ross Tradition LLC, a Delaware limited liability company as Buyer, of the improvements, alterations and fixtures on the premises described as approximately 16.66 acres of land located at the Jacqueline Cochran Airport in the County of Riverside and leased by Tradition Aviation – TRM, LLC (Lessee) under the ground lease agreement (“Lease”) dated September 14, 2004, between the County of Riverside and Desert Resorts Aviation, LLC, as amended by the First Amendment to Lease dated October 17, 2006, and the Second Amendment to Lease dated March 17, 2009, and assigned to Lessee on February 27, 2007, in connection with the assignment of said Lease to Ross Tradition LLC, but without waiving the restrictions contained in said Lease. With respect to any future agreements thereunder, and without releasing Seller under said Lease from any obligations that are not performed by Ross Tradition LLC, the County of Riverside otherwise accepts the Buyer, Ross Tradition LLC, as Lessee under said Lease for all intents and purposes as though Buyer was the original Lessee thereunder, in each case effective as of March 12, 2013.

[Signature page follows]

Dated: _____

COUNTY OF RIVERSIDE:


By: _____
JOHN J. BENOIT, Chairman
Board of Supervisors

ATTEST:
KECIA HARPER-IHEM

By: _____
Deputy

APPROVED AS TO FORM:

PAMELA J. WALLS
County Counsel

By: 
Annie T. Sahhar, Deputy

Recording Requested by:
And when recorded mail to:

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE ("Memorandum") is dated for reference purposes only February 26, 2013 between COUNTY OF RIVERSIDE, whose address is Economic Development Agency, 3403 10th Street, Suite 500 Riverside, California, 92501, Attention: Executive Director, ("Landlord"), and ROSS TRADITION LLC, a Delaware limited liability company ("Tenant").

WITNESSETH:

Landlord and Tenant are delivering this Memorandum to memorialize that certain Lease dated September 14, 2004 (the "Ground Lease"), as amended by that certain First Amendment to Lease dated October 17, 2006 entered into between Landlord and DESERT RESORTS AVIATION, LLC ("Desert Resorts") and assigned by Desert Resorts to TRADITION AVIATION – TRM, LLC, a California limited liability company ("Tradition"), pursuant to an Assignment between Desert Resorts as assignor and Tradition as assignee dated November 9, 2006, which assignment was approved by the Board of Supervisors of the County of Riverside (the "Board") and executed by Landlord on February 27, 2007. The Ground Lease was further amended pursuant to that certain Second Amendment to Lease approved by the Board and entered into between Landlord and Tradition on March 17, 2009.

The Ground Lease, as amended, and the leasehold estate created thereby, has been assigned to Tenant by Tradition pursuant to that certain Assignment executed by Tradition as assignor and Tenant as assignee as of March 12, 2013 (the "Assignment"). The Assignment was approved by the Board on March 12, 2013 and executed by Landlord on March 12, 2013.

Capitalized terms used but not otherwise defined herein shall have the meanings given such terms in the Ground Lease.

1. **Premises.** The Leased Premises consist of approximately 16.6 acres of land at the Jacqueline Cochran Regional Airport as more particularly described in Exhibit A attached hereto.
2. **Term.** The initial term of the Lease expires on September 14, 2034. Tenant has the right to extend the term of the Ground Lease for an additional period of ten years, exercisable as provided in and subject to the terms and conditions of the Ground Lease.

3. **Acknowledgment.** The respective rights, remedies and obligations of Landlord and Tenant with respect to the Leased Premises shall be fixed, determined and governed solely by the terms of the Ground Lease. Landlord and Tenant acknowledge that this Memorandum is being executed by the parties hereto solely for the purpose of providing an instrument for recording in lieu of recording the Ground Lease and for the purpose of giving notice of the Ground Lease to third parties. For a statement of the rights, privileges, remedies and obligations created under and by the Ground Lease and of the terms, covenants and conditions therein, reference should be made to the Ground Lease.

4. **Conflicting Provisions.** In the event that any conflict exists between the terms and conditions of the Memorandum and the terms and conditions of the Ground Lease, the terms and conditions of the Ground Lease shall be deemed controlling in all respects.

5. **Effect of Memorandum.** This Memorandum is solely for notice and recording purposes and shall not be construed to alter, modify, expand, diminish or supplement the provisions of the Ground Lease.

6. **Counterparts.** This Memorandum may be executed by one or more of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum on the date(s) set forth by the respective signatures.

LANDLORD:

COUNTY OF RIVERSIDE

By: _____
JOHN J. BENOIT, Chairman
Board of Supervisors

Date: _____

TENANT:

ROSS TRADITION, LLC
a Delaware limited liability company

By: J. W. Ross
JEFFREY ROSS, President

Date: 2/25/13

ATTEST:

KECIA HARPER-IHEM

By: _____
Deputy

APPROVED AS TO FORM

PAMELA J. WALLS
County Counsel

By: Annie T. Sahhar
Annie T. Sahhar

ACKNOWLEDGEMENT

State of California)
) ss.
County of Riverside)

The foregoing instrument was acknowledged before me this 25 day of February, 2013 by Jeffrey W. Ross, as President of Ross Tradition LLC, on behalf of the company, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

[Signature]
Notary Public Signature

(Seal)

Commission Expiration Date 2-25-13



ACKNOWLEDGEMENT

State of California)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ___ day of _____, 2013 by John J. Benoit, as Chairman of the Board of Supervisors of Riverside County, California, on behalf of the County of Riverside, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

Notary Public Signature

(Seal)

Commission Expiration Date _____

EXHIBIT A

(Leased Premises)

[Note: *Legal description and graphic depiction from the First Amendment to be attached.*]



LEASE

JACQUELINE COCHRAN REGIONAL AIRPORT

DESERT RESORTS AVIATION, LLC

JULY 27, 2004

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Section VI	EXHIBIT "D" STORM WATER POLLUTION PREVENTION PLAN

1 LEASE

2 JACQUELINE COCHRAN REGIONAL AIRPORT

3
4 The COUNTY OF RIVERSIDE, herein called County, leases to Desert Resorts
5 Aviation, LLC, a California Limited Liability Company herein called Lessee, the property
6 described below under the following terms and conditions:

7 1. Recitals.

8 (a) County owns approximately twenty-five acres (25 acres) of vacant
9 land at the Jacqueline Cochran Regional Airport, County of Riverside, State of
10 California.

11 (b) County desires to lease said property to lessee for the development of
12 aircraft storage hangars and the construction of facilities necessary for conducting the
13 business of a Full Service Fixed Base Operator, which will provide aircraft servicing,
14 maintenance, and fueling.

15 (c) Lessee desires to lease said property for the development of aircraft
16 storage hangars and the construction of facilities necessary for conducting the
17 business of a Full Service Fixed Base Operator, which will provide aircraft servicing,
18 maintenance, and fueling.

19 2. Description. The premises leased hereby are located within the
20 Jacqueline Cochran Regional Airport, County of Riverside, State of California and
21 consist of approximately twenty-five (25) acres of vacant land, being preliminarily
22 described in Exhibit "A" attached hereto and incorporated by this reference herein.
23 Said property is hereafter referred to as the "Leased Premises." County and Lessee
24 herein acknowledge that Lessee has no fee title interest in or to the Leased Premises.

25 Within sixty (60) days of Lease execution by all parties, Lessee will supply
26 County with a survey and a legal description of the Leased Premises, prepared by a
27 registered civil engineer at Lessee's expense, showing the exact number of acres.
28 Said survey and legal description will be incorporated in and become a part of this

1 Lease as Exhibit "A1". The size of the Leased Premises and the basic rent shall be
2 adjusted to reflect the results of the survey. The monthly Base Rent, as established in
3 paragraph 5 below, will be adjusted by multiplying the number of acres times three
4 hundred and thirty-two dollars (\$332.00) the "Base Rent Rate".

5 Failure to comply with this deadline will constitute a default by Lessee and the
6 Lease will become void without further notice.

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

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

13 (b) With respect to the Leased Premises, subject to the provisions of
14 paragraphs 5, 8 11(c), 17 and 18 hereof and provided that Lessee at the time of
15 exercising the option is in full compliance with the terms of this Lease, Lessee shall
16 have the option to extend the term of this Lease for an additional period of ten (10)
17 years. Lessee shall notify County in writing of its intention to exercise the option to
18 extend not more than twelve (12) months or less than six (6) from the expiration date of
19 the initial term.

20 4. Use. The Leased Premises shall be used for the following purposes and
21 no other without the written permission of County. All of the uses listed under
22 paragraph 4(a) below are permitted uses within the Leased Premises. Lessee intends
23 to initially use the Leased Premises for those uses listed in paragraph 4(b) below.
24 Lessee shall notify County in writing and provide a detailed description of any
25 additional use and scope of operation prior to commencing said use.

26 (a) Permitted Uses:

27 (1) Sale, retail or wholesale or both, of new and used aircraft,
28 aircraft parts and accessories, including instruments, engines, electronic devices,

1 aircraft fuels and lubricants, airman's navigational and personal supplies, and
2 accessories.

3 (2) Agreed to flight operations, including, but not limited to,
4 flight instruction/training, demonstration of aircraft for sale, charter, air taxi, and flight-
5 testing of aircraft following repair or modification. With regard to charter and air taxi
6 operations, Lessee will submit to County a complete description of the operations and
7 scope of services provided, and County will establish insurance coverages and limits
8 for these operations to be obtained by Lessee prior to commencement of operations.
9 Coverages and limits established for charter and air taxi will be in addition to the
10 coverages required herein.

11 (3) Maintenance, repair, and overhaul of all types of aircraft,
12 aircraft engines, airframes, automatic flight systems, instruments, radio and other
13 electronic equipment, propellers, and all other aircraft components.

14 (4) Painting and upholstering of aircraft.

15 (5) Financing, leasing, renting, and insuring of aircraft.

16 (6) Servicing of aircraft for the purpose of fueling, supplying
17 engine oil and other necessary lubricants and aircraft fluids, checking tire pressures,
18 providing starting units and battery boosters, and any other service usually associated
19 with aircraft servicing operations.

20 (7) Providing aircraft storage inside hangar buildings and on
21 outside tie-down areas.

22 (8) Providing ground school instruction associated with flight
23 training.

24 (9) Leasing or renting of automobiles, and storing and sale of
25 automotive fuel and lubricants for use only in connection with Lessee's equipment and
26 rental automobiles.

27 (10) Operating a restaurant or café for the purpose of providing
28 meals and beverages to the general public. If alcoholic beverages are sold, Lessee

1 shall maintain Liquor Liability insurance coverage or Lessee shall require restaurant or
2 café sublessee to maintain Liquor Liability insurance coverage as part of sub-lessee's
3 Commercial General Liability insurance.

4 (b) Initial Uses:

5 (1) Construction of facilities, including a terminal building and
6 maintenance hangar, necessary for the operations of a Full Service Fixed Base
7 Operator, which will provide servicing, maintenance and fueling for aircraft. The
8 business will commence operations within two years of Lease commencement.

9 (2) Construction of building (or buildings) for the storage of
10 aircraft.

11 The Leased Premises shall not be used for any purpose other than those uses
12 described in paragraph 4 (a) (1 through 10) without first obtaining the written consent of
13 County, which consent shall not be unreasonably withheld. The County's approval of
14 any change in the Use of the Leased Premises may, at County's sole election, place
15 additional reasonable specific requirements on Lessee including, but not limited to, the
16 types, limits, and conditions of insurance provided under this Lease.

17 5. Rent. Lessee shall pay to County as Base Rent for the use and
18 occupancy of the Leased Premises monthly rent equal eight thousand three hundred
19 dollars (\$8,300). This amount shall be adjusted at the completion of the survey
20 provided for in paragraph 2 above, by multiplying the number of acres determined by
21 the survey times three hundred and thirty-two dollars (\$332.00), the "Base Rent Rate".
22 Said rent is due and payable in advance on the first of each month. The rent shall be
23 considered delinquent, if not paid by the 15th of the month. If the monthly rent
24 becomes delinquent, Lessee will be charged a late fee equivalent to ten percent (10%)
25 of the delinquent rental amount, exclusive of late fees, for each month that rent is
26 delinquent.

27 (a) Rent payments shall not commence until the first day of the month
28 following completion of phase 2 of the heavy ramp by the County on Taxiway F.

1 (b) Thereafter, during construction of the Leased Premises, for a
2 period not to exceed twelve (12) months from the date rent commences ("Construction
3 Period"), the monthly rent shall be equal to one-half of the Base Rent. At completion of
4 the Construction Period, the Base Rent shall revert to the full Base Rent as described
5 in paragraph 5 above. Upon issuance of a certificate of occupancy for any completed
6 phase of the Leasehold, during the Construction Phase, monthly rent for that phase
7 shall then be paid at the full Base Rent rate of three hundred thirty-two dollars
8 (\$332.00) per acre commencing on the first day of the month following issuance of the
9 certificate of occupancy.

10 (c) In addition to the basic rent required herein, Lessee shall pay to
11 County a fuel flowage fee in an amount equal to five percent (5%) of the total net price
12 paid by Lessee for all aviation and automotive fuel and lubricants received on the
13 Leased Premises by Lessee. Said fuel flowage fee is due and payable within thirty
14 (30) days of delivery. If not paid within said period, the fuel flowage fee becomes
15 delinquent and Lessee will be charged a late fee equivalent to ten percent (10%) of the
16 delinquent fuel flowage fee amount, exclusive of late fees, for each month that the fuel
17 flowage fee is delinquent. The term "total net price" shall mean the net price per unit of
18 such fuel and lubricants, excluding taxes imposed thereon by any government or
19 agency thereof, multiplied by the total number of units of such fuel and lubricants
20 received.

21 Lessee reserves the right of selecting its own fuel and lubricant suppliers.
22 Lessee's agreement with any such suppliers shall contain a provision therein obligating
23 such suppliers to submit a duplicate invoice to County for any fuel and lubricant
24 deliveries made to Lessee within thirty (30) days following each such delivery. Such
25 invoice shall indicate the type of products delivered, the date of delivery, the quantity
26 delivered, the per-unit cost, the total extended cost, and the invoice number. Lessee
27 shall submit such invoices, together with payment of the fuel flowage fee, to County
28 within thirty (30) days of delivery.

1 (d) Base Rent Adjustment - Beginning July 1, 2005 and every fifth (5th)
2 year thereafter, the Base Rent shall be adjusted to one-twelfth (1/12) of eight percent
3 (8%) of the then-current fair market value of the Leased Premises. Said fair market
4 value shall be for the land and shall not include the value of the structures placed on
5 the Leased Premises. In no event will application of this paragraph result in a monthly
6 rental amount lower than the highest previous monthly rental amount.

7 A property appraisal for the purpose of establishing the adjusted Base
8 Rent is to be performed by an independent certified appraiser, knowledgeable in
9 aviation appraising and in good standing with the American Institute of Real Estate
10 Appraisers. The appraiser is to be procured and paid for by County. Once
11 established, said rent shall be adjusted annually in the manner set forth in Paragraph 5
12 (e) below.

13 (e) Consumer Price Index - Beginning July 1, 2006, and at each July
14 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year
15 as referenced in 5(d) above, the rent shall be adjusted by the percentage change in the
16 Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County
17 Area for the twelve month period ending three months before the month of rent
18 adjustment under this paragraph. In no event will application of this paragraph result in
19 a monthly rental amount lower than the highest previous monthly rental amount.

20
21 6. Additional Obligations of Lessee. Lessee shall, during the term of this
22 Lease and any extensions thereof:

23 (a) Observe and obey, and compel its employees, agents, invitees,
24 sublessees, and those doing business with it to observe and obey, all such rules and
25 regulations of County which are now in effect or which may hereafter be promulgated,
26 provided that such rules and regulations may not unduly interfere or conflict with the
27 rights and privileges granted to Lessee in this Lease or any later amendments;

1 (b) Employ and maintain on the Leased Premises sufficient personnel
2 who are trained and skilled in order to competently perform the tasks related to the
3 services being offered;

4 (c) Operate the Leased Premises and perform services for the use
5 and benefit of the general public without discrimination on the grounds of race, religion,
6 color or national origin or in any manner prohibited by Part 15 of the Federal Aviation
7 Administration Regulations;

8 (d) Provide services to the general public seven (7) days per week
9 during the term of this Lease on a minimum hourly basis each day from 8:00 A.M.,
10 local time, to 5:00 P.M., local time, and Lessee shall not make any changes relative to
11 such minimum hourly schedule unless approval is first obtained from County in writing;

12 (e) Operate the Leased Premises and the facilities thereon in a
13 progressive and efficient manner, charging fair and reasonable prices for each unit or
14 service, said prices being competitive with prices charged by other fixed based
15 operators at Jacqueline Cochran Regional Airport and other County airports, and, upon
16 request from County, Lessee shall furnish County with a schedule of all prices for each
17 unit or service offered for sale or lease to the general public

18 (f) Provide janitorial services for interior, exterior, and grounds at
19 Lessee's own expense;

20 (g) Provide for transient aircraft parking guidance, positioning of wheel
21 chocks and tie-downs, fireguard for engine starts (upon request from aircraft
22 operators), and baggage handling on a routine and reasonable basis;

23 (h) Provide aircraft recovery and removal services within the airport air
24 operating area, and have available and provide, as needed, standardized ground
25 service equipment for aircraft weighing eighty-thousand (80,000) pounds or less gross
26 weight upon request of the aircraft owners or County (standardized ground service
27 equipment shall include, but not be limited to, wheel chocks, tie-down ropes or chains,
28 aircraft jacks, tow bars, auxiliary power units, and aircraft tugs);

1 (i) Not engage in the painting of aircraft (other than small 'spot
2 painting' jobs in connection with repairs) within any buildings, unless or until it has
3 established therein a regular paint shop which is adequately enclosed and vented, and
4 has been inspected and approved, in writing, by representatives of the Federal Aviation
5 Administration and County's Fire and Building and Safety Departments, meet all other
6 local, state and federal laws and regulations, and all applicable permits have been
7 obtained;

8 (j) Maintain a comfortable, well-furnished pilot's lounge and clean
9 sanitary restroom facilities for both men and women; such restroom facilities shall be
10 properly and continuously supplied with soap, towels, toilet tissue and any other
11 supplies required by state, federal or local laws and ordinances;

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

17 (l) Observe the Taxiway Object Free Area adjacent to their leasehold
18 to allow the passage of taxiing aircraft; the Taxiway Object Free Area boundary for
19 Taxiway F is one hundred ten (110) feet from the centerline of the taxiway; and

20 (m) Maintain the Leased Premises, approaches thereto, and
21 improvements now or hereafter located thereon, in good, safe and sanitary order,
22 condition, and repair, and upon any termination of this Lease, Lessee agrees to
23 surrender said Leased Premises and improvements thereon in such good, safe and
24 sanitary condition, reasonable use and wear thereof and damages by fire, acts of God,
25 war, civil insurrection, or by the elements excepted.

26 7. Permits, Licenses and Taxes. Lessee shall secure, at its expense, all
27 necessary permits and licenses as it may be required to obtain regarding the
28 construction, operation, maintenance, and termination or abandonment of activities

1 upon the Leased Premises, and Lessee shall pay for all fees and taxes levied or
2 required by any authorized public entity. Lessee recognizes and understands that this
3 Lease may create a possessory interest subject to property taxation and that Lessee
4 may be subject to the payment of property taxes levied on such interest.

5 8. On-Site Improvements

6 (a) Lessee, at its expense, shall construct, or cause to be constructed,
7 improvements described in a site plan showing the location and dimensions of all
8 planned improvements. Improvements shall conform to the Minimum Standards for
9 Fixed Based Operators Riverside County Airports, Exhibit C, attached hereto and by
10 this reference incorporated herein, and will include a terminal building, aircraft storage
11 hangars, facilities necessary for conducting the business of a Full Service Fixed Base
12 Operator such as a maintenance hangar, above ground fueling tanks, associated
13 landscaping, and improvements, all in accordance with County requirements.

14 Within thirty (30) days of lease execution by all parties, Lessee shall
15 submit a site plan to the Economic Development Agency showing the location and
16 dimensions of all planned improvements. Within ninety (90) days of approval of the
17 site plan by the Economic Development Agency, Lessee shall submit a full set of
18 construction plans to the County to obtain building permits. Construction of said
19 improvements shall commence within sixty (60) days following issuance of the requisite
20 permits by the County.

21 Lessee shall provide matching funds, not to exceed \$200,000.00, to an
22 FAA Grant for the portion of the apron fronting Taxiway F that will service Lessee's
23 operation. Said matching funds will be paid to County within thirty (30) days of
24 execution. Additional funds required to construct said apron shall not be the
25 responsibility of Lessee.

26
27 The site may be developed in phases, with a maximum of four (4)
28 phases, subject to the approval of the Economic Development Agency, provided that
all construction is completed within five (5) years of Lease commencement. In the

1 event Lessee fails to complete all phases of the development in the time allotted
2 except for delays caused by Force Majeure or attributable to the negligence, willful
3 misconduct or bad faith of County, the undeveloped phases of the leasehold will revert
4 to the County as provided for in paragraph 16(f) and this Lease will be amended
5 accordingly to reflect the reduced acreage and rent.

6 In the event of a Force Majeure delay or delays caused by the
7 negligence, willful misconduct or bad faith of County the five (5) year completion period
8 identified herein will be tolled as provided for below.

9 "Force Majeure" means fires, explosions, strikes being conducted on an
10 industry-wide basis and that are not limited to Lessee's Development, unusually
11 adverse weather conditions, war, hostilities, invasion, riot, civil insurrection, civil war,
12 terrorist acts, ionising radiation, contamination by radioactivity on the Leased Premises
13 from any nuclear fuel, radioactive toxic explosive or nuclear explosive, epidemics,
14 quarantine, plague, and any other event beyond the reasonable control of Lessee (other
15 than bad weather generally, insufficiency of funds, or changes in the economic or
16 business climate).

17 "Force Majeure Delay" means a delay due to Force Majeure that, in each
18 case, (a) materially adversely affects the performance by Lessee of its obligations
19 hereunder, (b) is not reasonably foreseeable and is beyond Lessee's reasonable
20 control, (c) despite the exercise of reasonable diligence, cannot be prevented, avoided
21 or removed by Lessee and is not attributable to the negligence, willful misconduct or
22 bad faith of Lessee, and (d) is not the result of the failure of Lessee to perform any of its
23 obligations under this Lease. Notwithstanding the foregoing, a Force Majeure Delay
24 shall not be deemed to have occurred unless Lessee has notified County of such
25 occurrence of Force Majeure within fifteen (15) days after such occurrence and has
26 provided County with the details of such event and the length of the anticipated delay
27 within an additional fifteen (15) days thereafter. During the occurrence and continuance
28 of a Force Majeure Delay, Lessee shall be excused from performance of its obligations
under this Lease to the extent the Force Majeure prevents Lessee from performing such
obligations.

1
2 Lessee shall obtain performance, material, and labor payment bonds in
3 the amounts required by law and determined by County, and shall furnish County with
4 copies thereof prior to the commencement of such construction.

5 (b) All improvements are to be completed at Lessee's sole cost.
6 Lessee shall pay for construction of any required utility extensions and hookups
7 (including all related fees and charges) and any access road improvements. Plans for
8 all improvements are to be submitted to County for approval prior to start of any
9 construction.

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

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

1 9. Off-Site Improvements

2 (a) County shall provide the following off-site improvements to serve
3 the site: (1) water, (2) sewer, and (3) a paved access road. Connections to said off-
4 site improvements shall be the sole cost and responsibility of Lessee as described in
5 paragraph 9(c). Additionally, Lessee shall be responsible for any improvements
6 beyond those listed in this paragraph, including, but not limited to, electricity,
7 telephone, and gas service.

8 (b) Lessee shall pay a sewer connection fee and a monthly sewer
9 service fee to County. The amount of the fees shall be according to the fee schedule
10 in effect at the time of Lease execution. The monthly sewer service fee will be
11 adjusted from time to time and be based upon County's sewer service payments to the
12 Coachella Valley Water District and County's cost of repairing, maintaining, and
13 administering the airport's sewer system.

14 (c) It is understood by the parties hereto that utility services are
15 available in the general vicinity of the Leased Premises, but in order for the on-site
16 improvements required in Paragraph 8 herein to be fully usable and operational,
17 Lessee, at its expense, shall extend and/or connect, or cause to be extended and/or
18 connected, to such utility service facilities that may be required or desired by Lessee in
19 the use, operation, and maintenance of such on-site improvements. Lessee shall pay
20 all related fees and charges related to such utility extensions and hookups. After such
21 extensions and/or connections have been made, Lessee shall be responsible for
22 payment for the use of such utility services, without limitation, all electricity, gas,
23 telephone and water.

24 (d) Lessee shall obtain, or cause to be obtained performance,
25 material, and labor and payment bonds in the amounts required by law and determined
26 by County and shall furnish County with copies thereof prior to the commencement of
27 such off-site improvements.

28

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

6 11. County's Reserved Rights.

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

1 (b) County reserves the right to further develop or improve the aircraft
2 operating area of Jacqueline Cochran Regional Airport as it deems appropriate.
3 County reserves the right to take any action it considers necessary to protect the aerial
4 approaches of the Jacqueline Cochran Regional Airport against obstruction, together
5 with the right to prevent the Lessee from erecting or permitting to be erected, any
6 building or other structure on the Jacqueline Cochran Regional Airport, which in the
7 reasonable opinion of County, would limit usefulness of the Jacqueline Cochran
8 Regional Airport or constitute a hazard to aircraft.

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

18 (d) Notwithstanding any provisions herein, this Lease shall be
19 subordinate to the provisions of any existing or future agreement between County and
20 the United States, relative to the operation or maintenance of the Jacqueline Cochran
21 Regional Airport, the terms and execution of which have been or may be required as a
22 condition precedent to the expenditure or reimbursement to County of Federal funds
23 for the development of said airport.

24 (e) This Lease is subject to the provisions set forth in Exhibit "B"
25 (Federally Required Lease Provisions), attached hereto and by this reference made a
26 part of this Lease.

27 12. Inspection of Premises. County, through its duly authorized agents, shall
28 have, upon reasonable notice, during normal business hours, the right to enter the

1 occupancy, use, tenure or enjoyment of the Leased Premises, nor shall Lessee, or any
2 person claiming under or through Lessee, establish or permit any such practice or
3 practices of discrimination or segregation with reference to the selection, location,
4 number, use, or occupancy of any persons within the Leased Premises.

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

17 16. Termination by County. County shall have the right to terminate this
18 Lease forthwith:

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

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

24 (c) In the event of abandonment of the Leased Premises by Lessee.

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

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

3 (f) With respect to the undeveloped phases, as provided for in
4 paragraph 8(a), if Lessee fails to complete construction of all phases of the
5 development within five (5) years of lease commencement.

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

8 (h) Failure of the Lessee to require all tiers of sublessees and/or
9 contractors to indemnify the County and to have appropriate insurance coverages
10 and/or failure by Lessee to monitor each sublessee and/or contractor for current and
11 correct Certificates of Insurance and required endorsements throughout the term of this
12 lease.

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

21 18. Eminent Domain. If any portion of the Leased Premises shall be taken by
22 eminent domain and a portion thereof remains which is usable by Lessee, in its
23 discretion, for the purposes set forth in Paragraph 4 herein, this Lease shall, as to the
24 part taken, terminate as of the date title shall vest in the condemnor, or the date
25 prejudgment possession is obtained through a court of competent jurisdiction,
26 whichever is earlier, and the rent payable hereunder shall abate pro rata as to the part
27 taken; provided, however, in such event County reserves the right to terminate this
28 Lease as of the date when title to the part taken vests in the condemnor or as of such

1 date of prejudgment possession. If all of the Leased Premises are taken by eminent
2 domain, or such part be taken so that the Leased Premises are rendered unusable for
3 the purposes set forth in Paragraph 4 herein, this Lease shall terminate. If a part or all
4 of the Leased Premises be so taken, all compensation awarded upon such taking shall
5 be apportioned between County and Lessee according to law.

6 19. Hold Harmless/Indemnification. Lessee shall indemnify and hold
7 harmless the County of Riverside, its Agencies, Districts, Special Districts and
8 Departments, their respective directors, officers, Board of Supervisors, elected and
9 appointed officials, employees, agents and representatives (the "Indemnified Parties")
10 from any liability whatsoever, including but not limited to, property damage, bodily injury,
11 or death, based or asserted upon any services of Lessee, its officers, employees,
12 subcontractors, agents or representatives arising out of or in any way relating to this
13 Agreement and Lessee shall defend at its sole expense and pay all costs and fees,
14 including but not limited to, attorney fees, cost of investigation, defense and settlements
15 or awards, on behalf of the Indemnified Parties in any claim or action based upon such
16 liability.

17 With respect to any action or claim subject to indemnification herein by Lessee,
18 Lessee shall, at Lessee's sole cost, have the right to use counsel of their choice and
19 shall have the right to adjust, settle, or compromise any such action or claim without the
20 prior consent of County; provided, however, that any such adjustment, settlement or
21 compromise in no manner whatsoever limits or circumscribes Lessee's indemnification
22 to the Indemnified Parties as set forth herein.

23 ///

24 ///

25 Lessee's obligation hereunder shall be satisfied when Lessee has provided
26 County the appropriate form of dismissal relieving County from any liability for the action
27 or claim involved.

28

1 The specified insurance limits required in this Agreement shall in no way limit or
2 circumscribe Lessee's obligations to indemnify and hold harmless the Indemnified
3 Parties herein from third party claims.

4 In the event there is conflict between this clause and California Civil Code
5 Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such
6 interpretation shall not relieve the Lessee from indemnifying the Indemnified Parties to
7 the fullest extent allowed by law.

8 Lessee shall require each sub-lessee and/or contractor of every tier to indemnify
9 the County of Riverside as respects any claims arising from their sub-lease and/or
10 contract.

11 20. Insurance. Lessee shall procure and maintain or cause to be
12 maintained, at its sole cost and expense, the following insurance coverages during the
13 term of this Lease. These requirements, with the approval of the County's Risk
14 Manager, may be modified to reflect the activities associated with the Lessee provided
15 that any changes are reasonable in nature and consistent with industry standards. The
16 procurement and maintenance of the insurance required below will not diminish or limit
17 Lessee's obligation to indemnify or hold the County harmless. Lessee agrees to have
18 in place insurance coverage as it is required and applicable. This Paragraph shall not
19 be construed to require Lessee to have all insurance required under this provision, in
20 place from the date of Commencement of this Lease

21 (a) Workers Compensation. Lessee shall maintain statutory Workers'
22 Compensation Insurance (Coverage A) as described by the laws of the State of
23 California. Policy shall include Employers' Liability (Coverage B) including
24 Occupational Disease with limits not less than \$1,000,000 per person per accident.
25 Policy shall be endorsed to provide a Waiver of Subrogation in favor of the County of
26 Riverside its Agencies, Districts, Special Districts, and Departments, their respective
27 directors, officers, Board of Supervisors, employees, elected or appointed officials,
28 agents or representatives.

1 (b) Airport General Liability. Lessee shall maintain Airport General
2 Liability Insurance coverage including, but not limited to, premises/operations liability,
3 contractual liability, products and completed operations liability, independent
4 contractor's, personal and advertising injury liability covering all claims or lawsuits of
5 any nature whatsoever which may arise from or out of Lessee's performance under the
6 terms of the lease agreement. Policy shall name all the County of Riverside its
7 Agencies, Districts, Special Districts, and Departments, their respective directors,
8 officers, Board of Supervisors, employees, elected or appointed officials, agents or
9 representatives as Additional Insureds. Policy's limit of liability shall not be less than
10 \$25,000,000 per occurrence combined single limit and in the annual aggregate as
11 applicable. The policy shall be endorsed to provide Hangar Keeper's Legal Liability
12 Insurance (Ground and In-Flight) providing coverage for aircraft in the care, custody or
13 control of the Lessee. Policy shall include coverage for the Named Insured's use of
14 unlicensed vehicles on Airport Premises.

15 (c) Vehicle Liability. Lessee shall maintain liability insurance for all
16 owned, non-owned, or hired vehicles used in the performance of this Lease in an
17 amount not less than \$1,000,000 per occurrence combined single limit. The policy
18 shall be endorsed to name all the County of Riverside, its Agencies, Districts, Special
19 Districts, and Departments, their respective directors, officers, Board of Supervisors,
20 employees, elected or appointed officials, agents, or representatives. This coverage
21 may be included in the Airport General Liability policy. Proof of the foregoing coverage
22 will be required before issuing vehicle gate cards.

23 (d) Aircraft Hull and Liability Insurance.

24 1) Aircraft Hull - Lessee agrees to indemnify and hold
25 harmless the County from any and all losses, claims, or damage to any aircraft owned
26 by Lessee and all losses, claims, or damage to any aircraft where Lessee has agreed
27 under contract to be responsible for any physical damage to the aircraft. Lessee
28 hereby agrees that this indemnification and hold harmless includes, but is not limited

1 to, losses, claims or damage to any of Lessee's aircraft caused directly or indirectly by
2 the County.

3 2) Aircraft Liability - Lessee shall provide Aircraft Liability
4 insurance for all owned and non-owned aircraft operated by the Lessee in an amount
5 not less than \$5,000,000 combined single limit per occurrence for bodily injury,
6 including death and property damage and coverage shall include, but is not limited to,
7 products/completed operations and contractual liability. The policy will be endorsed to
8 name all The County of Riverside, its Agencies, Districts, Special Districts, and
9 Departments, its respective directors, officers, Board of Supervisors, employees,
10 elected or appointed officials, agents or representative as Additional Insureds.

11 (e) Pollution Liability Insurance. Lessee shall, during the term of
12 this lease, maintain or caused to be maintained Commercial Automobile Liability
13 Insurance including an MCS-90 Endorsement covering all vehicles used to transport
14 fuel to the Airport for Lessee's operations with limits of not less than \$5,000,000 each
15 accident. If Lessee subcontracts this operation, then Lessee shall require the
16 subcontractor to maintain this insurance.

17 Lessee shall also maintain site-specific Pollution Liability Insurance,
18 covering both sudden and gradual pollution, with limits of not less than \$2,000,000
19 each pollution condition and \$2,000,000 annual aggregate covering third party claims
20 for bodily injury, property damage and first and third party cleanup expense, for
21 pollution conditions occurring or discovered on-site whether in the soil, water or air,
22 which arise out of Lessee's activities at the Airport. The insurance shall include
23 coverage for loss arising out of the handling of fuel, including the transportation of fuel
24 and refueling of aircraft on-site, arising out of any storage tanks and associated piping,
25 and arising out of the operation, parking and maintenance of aircraft, vehicles on the
26 premises and operations that include any other hazardous materials, waste, and/or
27 work. The policy shall name County as additional insured, and shall not contain" an
28

1 insured v. insured" exclusion. The policy shall not contain a deductible or self-insured
2 retention higher than \$25,000.

3 (f) All Risk Property Insurance:

4 (1) All-Risk real and personal insurance coverage, including
5 earthquake and flood if applicable, for the full replacement cost value of building,
6 structures, fixtures, equipment, improvements/alterations and systems on the premises
7 for property that the Lessee owns or is contractually responsible for. Policy shall
8 include Business Interruption, Extra Expense, and Expediting Expense to cover the
9 actual loss of business income sustained during the restoration period. Policy shall
10 name the County of Riverside as a Loss Payee and provide a Waiver of Subrogation in
11 favor of the County of Riverside.

12 (2) Boiler & Machinery insurance coverage on a full
13 replacement cost value basis. Policy shall provide Business Interruption, Extra
14 Expense, and Expediting Expense coverage as well as coverage for off-premises
15 power failure. Policy shall name the County of Riverside as a Loss Payee and contain
16 a Waiver of Subrogation in favor of the County of Riverside.

17 (3) Course of Construction Insurance. During the full term of
18 construction of the planned improvements, Lessee shall purchase and maintain or
19 cause to be maintained All Risk Builder's Risk insurance (Completed Value Form)
20 including earthquake and flood for the entire Project, if applicable, including coverage
21 for materials and supplies located on and offsite but to be part of, or used in the
22 construction of, the completed Project. Policy shall also include as insured property,
23 scaffolding, falsework, and temporary buildings located on the Project site, and the cost
24 of demolition and debris removal. If the contractor or others insure scaffolding,
25 falsework and temporary buildings separately, evidence of such separate coverage
26 shall be provided to County prior to the start of the work. The Course of Construction
27 coverage limit of insurance shall equal or exceed the highest values exposed to loss at
28 any one time during the project term. Policy shall waive subrogation in favor of all

1 Agencies, Districts, Special Districts, and Departments of the County of Riverside, their
2 respective directors, officers, Board of Supervisors, employees, elected or appointed
3 officials, agents or representatives.

4 (g) General Insurance Provisions – All Lines:

5 (1) Any insurance carrier providing insurance coverage
6 hereunder shall be admitted to the State of California unless waived, in writing, by the
7 County Risk Manager. Carrier(s) shall have an A.M. BEST rating of not less than an A:
8 VIII (A:8).

9 (2) Insurance deductibles or self-insured retentions must be
10 declared by the Lessee's insurance carrier(s), and such deductibles and retentions
11 shall have the prior written consent from the County Risk Manager. Upon notification
12 of deductibles or self insured retentions unacceptable to the County, and at the election
13 of the County's Risk Manager, Lessee's carriers shall either: 1) reduce or eliminate
14 such deductibles or self-insured retentions as respects this Lease with the County; or
15 2) procure a bond which guarantees payment of losses and related investigations,
16 claims administration, and defense costs and expenses.

17 (3) Cause Lessee's insurance carrier(s) to furnish the County of
18 Riverside with either: 1) a properly executed original Certificate(s) of Insurance and
19 certified original copies of Endorsements effecting coverage as required herein; or 2) if
20 requested to do so in writing by the County Risk Manager, provide original Certified
21 copies of policies including all Endorsements and all attachments thereto, showing
22 such insurance is in full force and effect. Further, said Certificate(s) and policies of
23 insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days
24 written notice shall be given to the County of Riverside prior to any material
25 modification of coverage or cancellation of such insurance. In the event of a material
26 modification of coverage or cancellation of such insurance, this Lease shall terminate
27 forthwith, unless the County of Riverside receives, prior to such effective date, another
28 properly executed original Certificate of Insurance and original copies of endorsements

1 or, if requested, certified original policies, including all endorsements and attachments
2 thereto evidencing coverages set forth herein and the insurance required herein is in
3 full force and effect.

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

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

15 (5) The County of Riverside's Reserved Rights - Insurance. If
16 during the term of this Lease or any extension thereof, there is a material change in the
17 scope of services or performance of work the County of Riverside reserves the right to
18 adjust the types of insurance required under this Lease and the monetary limits of
19 liability for the insurance coverages currently required herein, if, in the Assistant County
20 Executive Officer – Economic Development Agency's reasonable judgment, upon
21 advice of the County Risk Manager, the amount or type of insurance carried by the
22 Lessee has become inadequate. The Lessee agrees to notify the County of any plan
23 or change of plan for the Lessee's operations and such notification shall occur prior to
24 implementing any such change.

25 Beginning July 1, 2010, and every fifth year thereafter during the
26 term of this Lease, or any extension thereof, County reserves the right to adjust the
27 monetary limits of insurance coverage as required in Paragraph 20.

1 (6) Lessee shall notify County of any claim made by a third
2 party or any incident or event that may give rise to a claim arising from this Lease.

3 21. Insurance for Fuel Suppliers. Lessee shall also require suppliers of fuel to
4 procure, maintain, show evidence and comply with all requirements of insurance as
5 follows:

6 (a) Workers' Compensation. Workers' Compensation Insurance
7 (Coverage A) as prescribed by the laws of the State of California. Policy shall include
8 Employers' Liability (Coverage B) including Occupational Disease with limits not less
9 than \$1,000,000 per person per accident. Policy shall be endorsed to provide a Waiver
10 Of Subrogation in favor of The County of Riverside, its Agencies, Districts, Special
11 Districts, and Departments, their respective directors, officers, Board of Supervisors,
12 employees, elected or appointed officials, agents or representatives.

13 (b) Commercial General Liability. Commercial General Liability
14 insurance coverage, including but not limited to, premises liability, contractual liability,
15 products and completed operations, personal and advertising injury covering claims
16 which may arise from or out of Supplier's performance of its obligations hereunder.
17 Policy shall name the Lessee, all the County of Riverside, its Agencies, Districts,
18 Special Districts, and Departments, their respective Directors, Officers, Board of
19 Supervisors, elected officials, employees, agents or representatives as Additional
20 Insureds. The policy's limit of liability shall not be less than \$1,000,000 per occurrence
21 combined single limit. If such insurance contains a general aggregate limit, it shall
22 apply separately to this agreement or be no less than two (2) times the occurrence
23 limit.
24

25 (c) Vehicle Liability. Supplier shall maintain liability insurance for all
26 owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000
27 per occurrence combined single limit. If such insurance contains a general aggregate
28 limit, it shall apply separately to this agreement or be no less than two (2) times the

1 occurrence limit. Policy shall name the Lessee, County of Riverside, Special Districts,
2 their respective Directors, Officers, Board of Supervisors, elected officials, employees,
3 agents, or representatives as Additional Insureds.

4 (d) Pollution Liability Insurance. Supplier shall, during the term of this
5 lease, maintain Commercial Automobile Liability Insurance including an MCS-90
6 Endorsement covering all vehicles used to transport fuel to the Airport for Lessee's
7 operations with limits of not less than \$5,000,000 each accident.

8 (e) General Insurance Provisions – All lines: Lessee shall cause
9 Supplier's insurance carrier(s) to furnish the Lessor and the County of Riverside with a
10 properly executed original Certificate(s) of Insurance and certified original copies of
11 Endorsements effecting coverage as required herein. Further, said Certificate(s) and
12 policies of insurance shall contain the covenant of the insurance carrier(s) that thirty
13 (30) days written notice shall be given to the Lessee and the County of Riverside prior
14 to any material modification, cancellation, expiration or reduction in coverage of such
15 insurance. In the event of a material modification, cancellation, expiration, or reduction
16 in coverage, the Supplier's Agreement shall terminate forthwith, unless the Lessee and
17 the County of Riverside receives, prior to such effective date, another properly
18 executed original Certificate of Insurance and original copies of endorsements or
19 certified original policies, including all endorsements and attachments thereto
20 evidencing coverages set forth herein and the insurance required herein is in full force
21 and effect.

22 Supplier shall not commence operations until the County of Riverside has
23 been furnished original Certificate(s) of Insurance and certified original copies of
24 endorsements or policies of insurance including all endorsements and any and all other
25 attachments as required in this Section. An individual authorized by the insurance
26 carrier to do so on its behalf shall sign the original endorsements for each policy and
27 the Certificate of Insurance.
28

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

6 22. Insurance for Sublessees and Contractors. Lessee shall require each of
7 its Sublessees and Contractors to meet all insurance requirements imposed by this
8 Lease. These requirements, with the approval of the County's Risk Manager, may be
9 modified to reflect the activities associated with the Sublessee or Contractor. On every
10 sublease or contract the Lessee shall have the Sublessee or Contractor name the
11 Lessee and the County by endorsement as an additional insured and/or have the
12 Sublessee or Contractor provide an endorsement waiving subrogation in favor of the
13 Lessee and the County on every Sublessee's or Contractor's insurance policy, as
14 applicable. Certificates and endorsements evidencing compliance with this section will
15 be provided to the County prior to the Sublessee taking occupancy.

16 23. Acceptance of Leased Premises

17 (a) Lessee represents that it has inspected the Leased Premises,
18 accepts the "as is" condition thereof, and fully assumes any and all risks associated to
19 the use thereof. County shall not be liable to Lessee, its officers, agents, employees,
20 subcontractors or independent contractors for any bodily injury, personal injury or
21 property damage suffered by them or others which may result from hidden, latent or
22 other dangerous conditions in, on, upon or within the Leased Premises.

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

27 Lessee shall submit all documents pertaining to any such transaction referenced
28 in the foregoing paragraph to County for approval prior to entering into such

1 agreements. Lessee will submit executed subleases and all required certificates of
2 insurance and endorsements to insurance policies, as specified in paragraphs 20, 21
3 and 22 of this Lease, to County for approval prior to sublessees occupying the
4 subleased premises.

5 In the event of any transfer as provided in this Paragraph, Lessee expressly
6 understands and agrees that it shall remain liable with respect to any and all the
7 obligations and duties contained in this Lease.

8 25. Right to Encumber/Right to Cure.

9 (a) Lessee's Right to Encumber. Notwithstanding provisions of
10 Paragraph 24 herein, County does hereby consent to and agree that Lessee may
11 encumber or assign, or both, for the benefit of a lender, herein called Encumbrancer,
12 this Lease, the leasehold estate and the improvements thereof by a deed of trust,
13 mortgage or other security-type instrument, herein called trust deed, to assure the
14 payment of the promissory note of Lessee if the Encumbrancer is an established bank,
15 savings and loan association or insurance company, and the prior written consent of
16 County shall not be required:

17 (1) To a transfer of this Lease at foreclosure under the trust
18 deed, judicial foreclosure, or an assignment in lieu of foreclosure; or

19 (2) To any subsequent transfer by the Encumbrancer if the
20 Encumbrancer is an established bank, savings and loan association or insurance
21 company, and is the purchaser at such foreclosure sale, or is the assignee under an
22 assignment in lieu of foreclosure; provided, however, that in either such event the
23 Encumbrancer forthwith gives notice to County in writing of any such transfer, setting
24 forth the name and address of the transferee, the effective date of such transfer, and
25 the express agreement of the transferee assuming and agreeing to perform all of the
26 obligations under this Lease, together with a copy of the document by which such
27 transfer was made.

1 Any Encumbrancer described in Paragraph 25(a)(2) above which is the
2 transferee under the provisions of Paragraph 25(a)(1) above shall be liable to perform
3 the obligations and duties of Lessee under this Lease only so long as such transferee
4 holds title to the leasehold.

5 Any subsequent transfer of this leasehold hereunder, except as provided for in
6 Paragraph 25(a)(2) above, shall not be made without the prior written consent of
7 County and shall be subject to the conditions relating hereto as set forth in Paragraph
8 25 herein. Lessee shall give County prior notice of any such trust deed and shall
9 accompany such notice with a true copy of the trust deed and note secured thereby.

10 (b) Right of Encumbrancer to Cure. County agrees that it will not
11 terminate this Lease because of any default or breach hereunder on the part of Lessee
12 if the Encumbrancer under the trust deed, within ninety (90) days after service of
13 written notice on the Encumbrancer by County of its intention to terminate this Lease
14 for such default or breach shall:

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

19 (2) If such default or breach is not so curable, cause the trustee
20 under the trust deed to commence and thereafter diligently to pursue to completion
21 steps and proceedings for judicial foreclosure, the exercise of the power of sale under
22 and pursuant to the trust deed in the manner provided by law, or accept from Lessee
23 an assignment in lieu of foreclosure, and keep and perform all of the covenants and
24 conditions of this Lease requiring the payment or expenditure of money by Lessee(s)
25 until such time as said leasehold shall be sold upon foreclosure pursuant to the trust
26 deed, be released or reconveyed thereunder, be sold upon judicial foreclosure or be
27 transferred by deed in lieu of foreclosure.

28

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

11 27. Toxic Materials. County to the best of its ability has no actual knowledge
12 of the Premises ever having been used as a waste dump, nor of the past or present
13 existence of any above or below ground storage tanks on the Premises, nor of the
14 current existence on the Premises of asbestos, transformers containing PCB's or any
15 hazardous, toxic or infectious substance whose nature and/or quantity of existence,
16 use, manufacture or effect, render it subject to Federal, state or local regulation,
17 investigation, remediation or removal as potentially injurious to public health or welfare.

18 County shall be responsible for the removal and remediation of any
19 contamination and/or hazardous materials that may be found to have existed on the
20 site prior to the execution of this Lease. During the removal and remediation of any
21 such contamination or hazardous materials, rent shall abate pro rata as to the period of
22 time taken to remove and remediate the area of contamination and for any additional
23 portion of the Premises that cannot be developed because of cleanup activities.

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

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

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

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

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

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

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

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

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

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

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

23 COUNTY
24 County of Riverside
25 Economic Development Agency
26 3525 Fourteenth Street
27 Riverside, CA 92501
28 Attn: Assistant County Executive Officer/EDA

LESSEE
Desert Resorts Aviation, LLC
c/o Matthew Johnson
45-445 Portola Avenue, Suite 5
Palm Desert, CA 92260

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

1 38. 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
3 any manner affect the scope, meaning or intent of the provisions or language of this
4 Lease.

5 39. County's Representative. County hereby appoints the Assistant County
6 Executive Officer/EDA or his designee as its authorized representative to administer
7 this Lease.

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

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

1 42. FAA Consent to Lease. Lessee acknowledges that Jacqueline Cochran
2 Regional Airport was transferred to the County by the Federal Government and, as
3 such, may require FAA consent to the Lease. If so required, the Federal government's
4 approval shall be considered a condition precedent under this Lease.

5 43. Entire Lease. This Lease is intended by the parties hereto as a final
6 expression of their understanding with respect to the subject mater hereof and as a
7 complete and exclusive statement of the terms and conditions thereof and supercedes
8 any and all prior and contemporaneous leases, agreements and understandings, oral
9 or written, in connection therewith. This Lease may be changed or modified only upon
10 the written consent of the parties hereto.

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

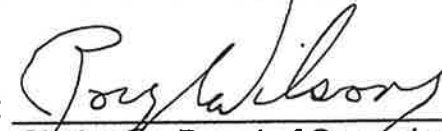
5
6 Date: 8/10/04

Desert Resorts Aviation, LLC
a California Limited Liability Company

7
8
9 By: 
10 Matthew Johnson, Managing Member

11 Date: 9-14-04

COUNTY OF RIVERSIDE

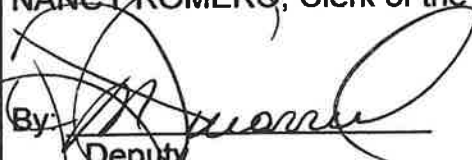
12
13 By: 
14 Chairman, Board of Supervisors
15 ROY WILSON

16 ATTEST:

FORM APPROVED:

17 NANCY ROMERO, Clerk of the Board

WILLIAM C. KATZENSTEIN, County Counsel

18
19 By: 
20 Deputy

By:  8/23/04
Deputy

21 (SEAL)

22 Attachments:

- 23 1. Exhibit A – Legal Description
24 2. Exhibit A-1 – Survey and legal Description to be supplied by Lessee
25 3. Exhibit B – Federally Required Lease Provisions
26 4. Exhibit C – Minimum Standards
27 5. Exhibit D – Storm Water Pollution Prevention Plan

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FIRST AMENDMENT TO LEASE
Jacqueline Cochran Regional Airport

This First Amendment to Lease ("Amendment") is entered into by and between the County of Riverside (hereinafter "County"), and Desert Resorts Aviation, LLC, a California limited liability company, (herein called "Lessee"), with reference to the following:

RECITALS

A. WHEREAS, County and Lessee, are parties to that certain lease (hereinafter the "Lease") dated September 14, 2004, wherein Lessee agreed to lease from County, approximately 25 acres of property ("Leased Premises") located at the Jacqueline Cochran Regional Airport; and

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

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

1. Lessee hereby relinquishes to the County approximately 8.34 acres of property contained within the Leased Premises.

2. The first paragraph of Paragraph 2, Description, page 1, shall be modified to read as follows:

"2. Description. The premises leased hereby are located within the Jacqueline Cochran Regional Airport, County of Riverside, State of California and consist of approximately 16.66 acres of vacant land, as described in Exhibit "A" attached hereto and incorporated by this reference herein. Said property is hereafter referred to

as the "Leased Premises." County and Lessee herein acknowledge that Lessee has no fee title interest in or to the Leased Premises."

2. The first paragraph of Paragraph 5 Rent, page 4, is hereby deleted, and replaced with the following:

"Commencing as of July 1, 2005 and continuing through June 30, 2015 Lessee shall pay to County for the use and occupancy of the Leased Premises monthly Base Rent according to the following schedule:

July 1, 2005-June 30, 2006	(\$351.27 per acre) X (16.66 acres) = \$5852.16
July 1, 2006-June 30, 2007	(\$371.66 per acre) X (16.66 acres) = \$6191.85
July 1, 2007-June 30, 2008	(\$393.24 per acre) X (16.66 acres) = \$6554.38
July 1, 2008-June 30, 2009	(\$416.06 per acre) X (16.66 acres) = \$6931.56
July 1, 2009-June 30, 2010	(\$440.21 per acre) X (16.66 acres) = \$7333.90
July 1, 2010-June 30, 2011	(\$479.74 per acre) X (16.66 acres) = \$7992.47
July 1, 2011-June 30, 2012	(\$522.74 per acre) X (16.66 acres) = \$8708.85
July 1, 2012-June 30, 2013	(\$569.76 per acre) X (16.66 acres) = \$9492.20
July 1, 2013-June 30, 2014	(\$620.91 per acre) X (16.66 acres) = \$10344.36
July 1, 2014-June 30, 2015	(\$676.67 per acre) X (16.66 acres) = \$11273.32

On July 1, 2015 and July 1 of every fifth (5th) year thereafter the monthly rent will be adjusted according to the provisions of new paragraph 5(c) as set forth in paragraph 3 of this Amendment."

3. Subparagraph 5 (d), page 6 of the Lease, shall be deleted in its entirety and replaced with the following subparagraph:

"5 (d) Base Rent Adjustment - Beginning July 1, 2015 and on July 1 of every fifth (5th) year thereafter, that portion of the monthly Base Rent for the Land shall

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

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

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

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

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

4. Subparagraph 5 (e), page 6, is hereby deleted in its entirety and replaced with the following subparagraph:

"(e) Beginning July 1, 2016 and at each July 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in paragraph 5(d) above, the Base Rent shall be adjusted by the percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the twelve month period ending three months before the month of rent adjustment under this paragraph. In no event will application of this paragraph result in a monthly Base Rent amount lower than the highest previous monthly Base Rent amount."

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

Dated: 9-1-06

LESSEE:

Desert Resorts Aviation, LLC, a California limited liability company

By: *Matthew Johnson*
Its: MANAGING MEMBER

[Signature page continues.]

[Signature page continued.]

Dated: Oct. 17, 2006

COUNTY OF RIVERSIDE

By: *Bob Buster*
Chairman, Board of Supervisors
Bob Buster

(SEAL)

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

ATTEST:
Nancy Romero, Clerk of the Board

By: *Gordon V. Ubo* 9/29/06
Deputy

By: *J. Humm*
Deputy

EXHIBIT "A"
LEGAL DESCRIPTION – LEASE AREA

THAT PORTION OF THE NORTHWEST ONE-QUARTER OF SECTION 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 21;

THENCE SOUTH 89°49'49" EAST, ALONG THE NORTHERLY LINE OF SAID SECTION 21, A DISTANCE OF 1274.06 FEET TO A POINT OF INTERSECTION WITH THE NORTHERLY PROLOGATION OF THE EASTERLY LINE OF THE COUNTY YARD PARCEL AS DESCRIBED IN DEED RECORDED MAY 27, 1975 AS INSTRUMENT NO. 61056, OFFICIAL RECORDS;

THENCE SOUTH 00°01'08" EAST, ALONG SAID EASTERLY LINE OF THE COUNTY YARD PARCEL, A DISTANCE OF 700.00 FEET TO THE SOUTHEAST CORNER THEREOF, SAID POINT ALSO BEING THE **POINT OF BEGINNING** OF THE PARCEL OF LAND BEING DESCRIBED;

THENCE CONTINUING SOUTH 00°01'08" EAST, A DISTANCE OF 77.00 FEET;

THENCE SOUTH 89°58'07" EAST, A DISTANCE OF 481.60 FEET;

THENCE SOUTH 00°01'53" WEST, A DISTANCE OF 613.72 FEET;

THENCE NORTH 89°58'07" WEST, A DISTANCE OF 791.39 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY OF INVADER AVENUE;

THENCE NORTH 00°01'20" EAST, ALONG THE EASTERLY RIGHT OF WAY OF INVADER AVENUE, A DISTANCE OF 75.00 FEET TO THE INTERSECTION OF SAID EASTERLY RIGHT OF WAY AND THE NORTHERLY RIGHT OF WAY OF LIGHTNING STREET;

THENCE SOUTH 89°57'04" WEST, ALONG THE NORTHERLY RIGHT OF WAY OF LIGHTNING STREET, A DISTANCE OF 349.72 FEET TO THE SOUTHEAST CORNER OF THE EAST ONE-HALF OF LOT 4 IN SECTION 21, T.6S., R.8E., S.B.M., AS SHOWN ON MAP OF THE COACHELLA LANDS AND WATER COMPANY, A SHOWN ON MAP THEREOF ON FILE IN BOOK 4 OF MAPS, AT PAGE 53, RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA;

THENCE NORTH 00°01'08" WEST, ALONG THE WESTERLY LINE OF SAID EAST ONE-HALF OF LOT 4, A DISTANCE OF 617.81 FEET TO THE SOUTHWEST CORNER OF SAID COUNTY YARD PARCEL;

THENCE SOUTH 89°49'49" EAST, ALONG THE SOUTHERLY LINE OF SAID COUNTY YARD PARCEL, A DISTANCE OF 660.00 FEET TO THE **POINT OF BEGINNING** OF THE PARCEL OF LAND BEING DESCRIBED.

SAID DESCRIBED LEASE AREA CONTAINS 16.66 ACRES, MORE OR LESS.

EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

Prepared under the supervision of:
WEDDLE SURVEYING MAPPING, INC.



Date: MAY 25, 2005

David L. Weddle, P.L.S. #5570
Exp. 09/30/2005



EXHIBIT "B"

PLAT - LEASE AREA

DESERT RESORTS AVIATION, LLC

P.O.C.
NW COR SEC 21,
T6S, R8E

AIRPORT BLVD.

S89°49'49"E 1274.06'

67'

40'

WLY LINE E 1/2 LOT 4

COUNTY YARD
REC. MAY 27, 1975
INSTRUMENT NO. 61056

33'

LOT 4

MB 4/53

P.O.B.

S00°01'08"E 700.00'

S89°49'49"E 660.00'

S00°01'08"E 77.00'

S89°58'07"E 481.60'

HIGGINS DRIVE

DESERT RESORTS AVIATION, LLC
LEASE AREA

N00°01'08"W 617.81'

S00°01'53"W 613.72'

S89°57'04"W
349.72'

LIGHTNING STREET

N00°01'20"E 75.00'

N89°58'07"W 791.39'

66'

MILLION AIR LA QUINTA
LEASE AREA



PREPARED UNDER THE
SUPERVISION OF:

MAY 25, 2005

DAVID L. WEDDLE, P.L.S. 5570

DATE

SCALE: 1" = 300'

**SECOND AMENDMENT TO LEASE
Jacqueline Cochran Regional Airport**

This Second Amendment to Lease ("Amendment") is entered into by and between the County of Riverside (hereinafter "County"), and Tradition Aviation-TRM, LLC, a California limited liability company, (herein called "Lessee"), with reference to the following:

RECITALS

A. WHEREAS, County and Lessee, are parties to that certain lease (hereinafter the "Lease") between the County of Riverside and Desert Resorts Aviation, LLC, a California limited liability company, dated September 14, 2004, and amended by First Amendment to Lease dated October 12, 2006 and assigned to Tradition Aviation-TRM, LLC, a California limited liability company dated February 27, 2007, wherein Lessee agreed to lease from County, approximately 16.66 acres of property ("Leased Premises") located at the Jacqueline Cochran Regional Airport; and

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

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

2. Section 5 (c), page 5, is hereby deleted, and replaced with the following:

(c) Fuel Flowage Fee: Sublessee shall pay to County a fuel flowage fee in an amount established by the Board of Supervisors for the County of Riverside (the "Board") through a County Resolution, a County Ordinance or such other action as the Board may decide from time to time. The fuel flowage fee, the calculation of the fuel flowage fee, the time of payment and the method used to collect and report the amount of fuel transacted by Sublessee shall be subject to periodic review and adjustment by the Board of Supervisors to reflect conditions then existing and the financial needs of the County's airports system. The County may implement any such adjustments in the fuel flowage fee at any time. Such new or adjusted fuel flowage fees shall be effective upon adoption by the County Board of Supervisors.

Implementation of the new or adjusted fuel flowage fees shall not be pre-conditioned upon amendment of any existing Lease. As of the date of this Lease Amendment fuel flowage fees have been established according to County Resolution No. 2008-362, attached hereto as Exhibit "A" and incorporated by this reference herein. The current fuel flowage fee (which was effective as of July 1, 2008) is assessed at the rate of \$0.12 per gallon of fuel sold. The fee is subject to a timely payment discount of \$0.02 per gallon applied to payments received within twenty (20) days of the date of invoice. A late fee of ten per cent (10%) shall be assessed to all payments received after the due date (30 days of invoice date) and to any unpaid balance, exclusive of late fees.

All other terms and conditions of the Lease shall remain unchanged.

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

Dated: 2.24.09

LESSEE:

Tradition Aviation-TRM, LLC
a California limited liability company

By: Matthew V. Johnson
Matthew V. Johnson, Managing Member

Dated: MAR 17 2009

COUNTY OF RIVERSIDE

By: Jeff Stone
Chairman, Board of Supervisors
JEFF STONE

APPROVED AS TO FORM:

Pamela J. Walls, ~~Interim~~ County Counsel

By: Gordon V. Abo 3/4/09
Deputy

ATTEST:

Nancy Romero, Clerk of the Board

By: [Signature]
Deputy

EXHIBIT A

Board of Supervisors

County of Riverside

RESOLUTION NO. 2008-362

ESTABLISHING FUEL FLOWAGE FEES AND REQUIREMENTS
FOR FUEL SELLERS AT COUNTY OWNED AIRPORTS

WHEREAS, the County has previously set fuel flowage fees for fuel sellers and self-fuelers (who are also lessees or sub-lessees on the airport who meet certain minimum requirements), at County owned airports as a percentage of the net delivered price, the current fee having been established at five percent (5%) of the total net price paid by Lessee for all aviation and automotive fuel and lubricants received on the Leased Premises by Lessee. The "total net price" shall mean the net price per unit of such fuel and lubricants, excluding taxes imposed thereon by any governmental agency. Said fuel flowage fees are due and payable within thirty (30) days of delivery. In some cases, these fuel flowage fees are subject to a late fee of ten percent of the delinquent amount.

WHEREAS, as a result of the current surge in fuel prices and the resultant negative economic impact on airport operations, as well as discussions with County Airport Lessees and fuel sellers, and a review of fuel flowage fees charged by other southern California airport operators, the County desires to change the method of calculating fuel flowage fees from a percentage basis to a fixed price per gallon basis, effective July 1, 2008.

WHEREAS, the new fuel flowage fee will continue to provide the County with reasonable revenue to support the maintenance and operation of the County airports, while providing relief to the airport Lessee/fuel seller.

WHEREAS, the adoption of the new fuel flowage fee calculation will require that the current leases and/or sub-leases for fuel sellers be amended to reflect the new fee at a subsequent date.

NOW, THEREFORE, BE IT RESOLVED that the fuel flowage fee at County owned airports shall be calculated as follows:

1. The fuel flowage fee will be assessed at the rate of \$0.12 per gallon of fuel sold effective July 1, 2008. Payments shall be due within thirty (30) days of the County's invoice. A timely payment discount of \$0.02 per gallon shall be applied to payments

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received within twenty (20) days of the date of the invoice. A late fee of ten percent (10%) shall be assessed to all payments received after the due date (30 days of invoice).

2. Lessee/fuel seller's fuel systems must comply with the County Airport requirements and specifications. The systems must have a meter according to the County's specifications, which allow the County to monitor and record fuel sales on a monthly basis. Lessee/fuel seller shall, at its own expense, be responsible for obtaining and installing the meter. The meter or metering device must be certified on an annual basis by the Riverside County Agricultural Department, Weights and Measures Division, or other service designated by the County. Such annual certification shall be at the expense of lessee.

3. The County shall take readings from the meters of all fuel systems during the first week of each month. The County shall issue an invoice to Lessee based upon the number of gallons of fuel sold during the previous monthly period. The County reserves the right to audit records of Lessee's fuel sales and receipts. Lessee shall make all such records available for inspection upon three (5) days notice from County to Lessee.

4. Lessees shall have the option to continue to pay fuel flowage fees at the former rate of 5% per gallon for the duration of the current lease or sublease.

5. Fuel sellers, prior to being subject to the new fuel flowage fee calculation, shall be required to enter into amendments of their current leases and/or subleases to reflect the provisions of this resolution.

6. Lessees must at all times comply with applicable local, state and federal laws and regulations, including applicable airport regulations established pursuant to Riverside County Ordinance No. 576.2.

7. The County reserves the right to review this Resolution from time to time, and by Resolution, make any and all such revisions as it deems necessary and appropriate

FORM APPROVED COUNTY COUNSEL
BY: *[Signature]* 7/18/08
NEAL R. KIPNIS DATE

CONSENT TO ASSIGNMENT

The County of Riverside (Lessor) hereby consents to the foregoing Assignment and Acceptance and Agreement, without however, waiving the restrictions contained in said Lease dated September 14, 2004, and Amended by First Amendment to Lease dated October 17, 2006, described as 16.6 acres of land at the Jacqueline Cochran Regional Airport, with respect to any future assignments thereunder, and without releasing the Assignor under said lease from any obligations that are not performed by Tradition Aviation-TRM, LLC, a California Limited Liability Company, and otherwise accepts the Assignee, Tradition Aviation-TRM, LLC, a California Limited Liability Company, as Lessee under said Lease to all intents and purposes as though Assignee was the original Lessee thereunder.

Date: February 27, 2007

COUNTY OF RIVERSIDE

By: 

Chairman, Board of Supervisors
JOHN TAVAGLIONE

FORM APPROVED:

JOE S. RANK, County Counsel

By: Gordon V. Ubo 02/15/07

Deputy

ATTEST:
NANCY ROMERO, Clerk

By: 

DEPUTY

ASSIGNMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, Desert Resorts Aviation, LLC, a California Limited Liability Company, hereby transfers and assigns to Tradition Aviation-TRM, LLC, a California Limited Liability Company, all rights, title and interest of the undersigned under that certain Lease between the County of Riverside and Desert Resorts Aviation, LLC, dated September 14, 2004, and Amended October 17, 2006, pertaining to the premises described as 16.66 acres of land at the Jacqueline Cochran Regional 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: 11/9/6

Desert Resorts Aviation, LLC
a California Limited Liability Company

By: Matthew V. Johnson

Matthew V. Johnson
Managing Member

ACCEPTANCE AND AGREEMENT

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

Dated: 11/9/6

Tradition Aviation-TRM, LLC

By: Matthew V. Johnson

Matthew V. Johnson
Managing Member