

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

54



FORM APPROVED COUNTY COUNSEL
BY: Jhula R. Brown 5-7-14
DATE

Departmental Concurrence

FROM: Economic Development Agency

SUBMITTAL DATE:
May 8, 2014

SUBJECT: Ratification and Consent to Assignment of Sublease and Bill of Sale – Jacqueline Cochran Regional Airport- District 4/District 4, [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify and Consent to the attached Bill of Sale and Assignment of Sublease from Terrance Rose, as Assignor, to Morton Dan Patrick Groves and Kathryn Susan Groves, Trustees FBO the Morton Dan Patrick Groves and Kathryn Susan Groves Trust UTA May 18, 1977 as amended January 17, 2008, as Assignee, for Hangar #18 at Jacqueline Cochran Regional Airport;
2. Approve the attached Consent to Bill of Sale and Ratification and Consent to Assignment of Sublease;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: N/A

Budget Adjustment: No
For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.: 3.20 of 1/13/04; 3.10 of 3/1/05; 3.12 of 2/7/06; 3.14 of 11/12/10

District: 4/4

Agenda Number:

3-14

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

Economic Development Agency/Facilities Management

FORM 11: Ratification and Consent to Assignment of Sublease and Bill of Sale – Jacqueline Cochran

Regional Airport- District 4/District 4, [\$0]

DATE: May 8, 2014

Page 2 of 3

RECOMMENDED MOTION: (Continued)

3. Authorize the Chairman of the Board of Supervisors to sign the attached Consent to Bill of Sale and Ratification and Consent to Assignment of Sublease; and
4. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents necessary to implement the Bill of Sale and Assignment of Sublease, subject to approval by County Counsel.

BACKGROUND:

Summary

The County of Riverside Economic Development Agency (EDA) received a request from Terrence Rose, an individual, to consent to the assignment of Rose's interest in that certain Sublease dated September 1, 2004 (Sublease) by and between Signature Flight Support Corporation, a Delaware corporation (Signature), successor in interest to La Quinta FBO Two, LLC, a Delaware limited liability company under the Sublease, (as Sublessor), and Terrence Rose (as Sublessee). The Sublease pertains to that certain hangar no. 18 located within Jacqueline Cochran Regional Airport in Thermal, California, as more particularly depicted in Exhibit B to the attached Sublease (Attachment E). The Sublease is subject to that certain First Amended Lease Jacqueline Cochran Regional Airport (Lease) dated on or about November 2, 2010 by and between the County of Riverside (as Lessor) and Signature (as Lessee), relating to the lease of approximately 14.87 acres of improved land and certain improvements located thereon, located at the Jacqueline Cochran Regional Airport.

Terrence Rose (Assignor therein) and Morton Dan Patrick Groves and Kathryn Susan Groves, as Trustees of the Morton Dan Patrick Groves and Kathryn Susan Groves Trust UTA May 18, 1977 as amended January 17, 2008 (Assignee therein) executed that certain Assignment of Sublease dated May 2, 2014 (Assignment), the effectiveness of which is subject to the prior consent and approval by the County of Riverside. A copy of the Assignment is attached (Attachment B). The Morton Dan Patrick Groves and Kathryn Susan Groves Trust has also acquired from Terrence Rose an aircraft storage hangar known as hangar 18 located on the subleased premises, the sale of which is memorialized by a Bill of Sale dated March 25, 2014 attached hereto (Attachment D). The Morton Dan Patrick Groves and Kathryn Susan Groves Trust will not change the existing use of the subleased premises. The Assignment will not impact the terms of the Sublease.

EDA staff recommends that the Board of Supervisors ratify and consent to the Assignment and Bill of Sale and approve the execution of the attached Ratification and Consent to Assignment of Sublease (Attachment A) and Consent to Bill of Sale (Attachment C). County Counsel has reviewed and approved the Ratification and Consent to Assignment of Sublease and Consent to Bill of Sale as to legal form.

Impact on Residents and Businesses

The Assignment will assist in our effort to increase airport operations which in turn provides increased patron activities for local businesses.

(Continued)

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

Economic Development Agency/Facilities Management

FORM 11: Ratification and Consent to Assignment of Sublease and Bill of Sale – Jacqueline Cochran

Regional Airport- District 4/District 4, [\$0]

DATE: May 8, 2014

Page 3 of 3

SUPPLEMENTAL: (Continued)

Additional Fiscal Information

There is no net county cost and no budget adjustment is required.

ATTACHMENTS:

Attachment A-Ratification and Consent to Assignment of Sublease

Attachment B-Assignment

Attachment C-Consent to Bill Sale

Attachment D-Bill of Sale

Attachment E-Sublease

ATTACHMENT A

(Behind this Page)

RATIFICATION AND CONSENT TO ASSIGNMENT OF SUBLEASE

(Rose Hangar 18)

Terrence Rose, an individual, ("Assignor") and Morton Dan Patrick Groves and Kathryn Susan Groves, as Trustees of the Morton Dan Patrick Groves and Kathryn Susan Groves Trust UTA May 18, 1977 as amended January 17, 2008 (collectively "Assignee"), executed that certain Assignment dated May 2, 2014, attached hereto as Attachment "A" and incorporated herein by this reference ("Assignment"). Pursuant to the Assignment, Assignor transferred and assigned to Assignee all of Assignor's rights, title, interest and obligations ("Rights and Obligations") under that certain Sublease dated September 1, 2004 ("Sublease") by and between Signature Flight Support Corporation, a Delaware corporation ("Signature"), successor in interest to La Quinta FBO Two, LLC, a Delaware limited liability company under the Sublease, (as Sublessor), and Terrence Rose, an individual (as Sublessee). The Sublease pertains to that certain hangar no. 18 located within Jacqueline Cochrane Regional Airport in Thermal, California, as more particularly depicted in Exhibit "B" to the Sublease.

The Sublease is subject to that certain First Amended Lease Jacqueline Cochran Regional Airport ("Lease") dated on or about November 2, 2010 by and between the County of Riverside, a political subdivision of the State of California (as Lessor) and Signature (as Lessee), relating to the lease of approximately 14.87 acres of improved land and certain improvements located thereon, located at the Jacqueline Cochrane Regional Airport, as more fully described in Exhibit "A" to the Lease.

In reliance upon the assumption by Assignee of all Rights and Obligations under the Sublease as set forth in the attached Assignment, the County does hereby ratify and consent to the assignment of the Rights and Obligations by Assignor to Assignee and Assignee's assumption thereof. Ratification and consent hereof by the County shall not be construed to relieve or release (i) Assignor from its duty to comply with any obligations under the Sublease, or (ii) Signature from its duty to comply with any obligations under the Lease.

[Remainder of Page Intentionally Blank]

[Signatures on Following Page]

Date: _____

COUNTY OF RIVERSIDE, a political
subdivision of the State of California

By: _____

Jeff Stone, Chairman
Board of Supervisors

ATTEST:
KECIA IHEM-HARPER
Clerk of the Board

APPROVED AS TO FORM
PAMELA J. WALLS, County Counsel

By: _____

Deputy
(SEAL)

By:  _____

Jhaila R. Brown,
Deputy County Counsel

ATTACHMENT B


(Behind this Page)

ASSIGNMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, Terrance Rose, hereby transfers and assigns to Morton Dan Patrick Groves and Kathryn Susan Groves, Trustee FBO the Morton Dan Patrick Groves and Kathryn Susan Groves Trust UTA May 18, 1977 as amended January 17, 2008, all rights, title and interest of the undersigned under that certain Sublease dated September 1, 2004 ("Sublease") by and between Signature Flight Support Corporation, a Delaware corporation ("Signature"), successor in interest to La Quinta FBO Two, LLC, a Delaware limited liability company under the Sublease, (as Sublessor), and Terrance Rose, an individual (as Sublessee). The Sublease pertains to that certain hangar #A-18 located within the Jacqueline Cochran Regional Airport in Thermal, California, as more particularly depicted in Exhibit "B" to the Sublease. The Sublease is subject to that certain First Amended Lease Jacqueline Cochran Regional Airport ("Lease") dated on or about November 2, 2010 by and between the County of Riverside, a political subdivision of the State of California (as Lessor) and Signature (as Lessee), relating to the lease of approximately 14.87 acres of improved land and certain improvements located thereon, located at the Jacqueline Cochran Regional Airport, as more fully described in Exhibit "A" to the Lease.

Dated: 5.3.2014

Terrance Rose

By: 

Terrance Rose

ACCEPTANCE AND AGREEMENT

The undersigned, Morton Dan Patrick Groves and Kathryn Susan Groves, Trustee FBO the Morton Dan Patrick Groves and Kathryn Susan Groves Trust UTA May 18, 1977 as amended January 17, 2008 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 Sublease 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 Sublessee thereunder.

Dated: 5-2-2016

Morton Dan Patrick Groves and Kathryn Susan Groves Trust UTA May 18, 1977 as amended January 17, 2008

By: 

Morton Dan Patrick Groves, Trustee

By: 

Kathryn Susan Groves, Trustee

ATTACHMENT C

(Behind this Page)

CONSENT TO BILL OF SALE

The County of Riverside (County) hereby consents to the Bill of Sale dated, March 25, 2014, for the aircraft storage hangar known as Hangar #18, located at Jacqueline Cochran Regional Airport, Thermal, California, between Terrance Rose, as Seller, and Morton Dan Patrick Groves and Kathryn Susan Groves, Trustees FBO the Morton Dan Patrick Groves and Kathryn Susan Groves Trust UTA May 18, 1977 as amended January 17, 2008, as Buyers. The Bill of Sale is attached hereto as Exhibit "A."

By consenting to the Bill of Sale, the County neither undertakes nor assumes nor will have any responsibility or duty to the Morton Dan Patrick Groves and Kathryn Susan Groves Trust (Groves Trust) or to any third party to review, inspect, supervise, pass judgment upon or inform the Groves Trust or any third party of any matter in connection with the subject aircraft storage hangar, whether regarding the quality, adequacy or suitability of the subject aircraft storage hangar for the Groves Trust's proposed use, or otherwise. The Groves Trust and all third parties shall rely upon its or their own judgment regarding such matters. The County makes no representations, express or implied, with respect to the legality, fitness, or desirability of the subject aircraft storage hangar for the Groves Trust's intended use.

Date: _____

COUNTY OF RIVERSIDE, a political subdivision of
the State of California

By: _____

Jeff Stone, Chairman
Board of Supervisors

ATTEST:
KECIA IHEM-HARPER
Clerk of the Board

APPROVED AS TO FORM
PAMELA J. WALLS, County Counsel

By: _____

Deputy
(SEAL)

By:  _____

Jhaila R. Brown,
Deputy County Counsel

The Morton Dan Patrick Groves and Kathryn Susan Groves Trust UTA May 18, 1977 as amended January 17, 2008, hereby acknowledges and consents to all of the terms set forth in this Consent to Bill of Sale.

The Morton Dan Patrick Groves and Kathryn Susan Groves Trust UTA May 18, 1977 as amended January 17, 2008

By: Mortan Dan Patrick Groves, Trustee
Mortan Dan Patrick Groves, Trustee

Dated: 5-2-2014

By: Kathryn Susan Groves, Trustee
Kathryn Susan Groves, Trustee

Dated 5/2/14

ATTACHMENT D

(Behind this Page)

BILL OF SALE
JACQUELINE COCHRAN REGIONAL AIRPORT

Seller: TERRANCE ROSE

Buyer: MORTON DAN PATRICK GROVES and KATHRYN SUSAN GROVES, Trustee
FBO THE MORTON DAN PATRICK GROVES AND KATHRYN SUSAN GROVES
TRUST UTA MAY 18, 1977 as amended JANUARY 17, 2008

Property: Hangar A-18 on the Signature Leasehold, Jacqueline Cochran Regional
Airport (TRM), Thermal, CA

Price: \$225,000 Net to Seller, All Cash at Close of Escrow

Close of Escrow: On or Before April 30, 2014.

Terms: The Hangar is being sold "As Is" without any warranties from the Seller. The sale will be subject to the Sub Lease from the FBO. The transaction will need the approval of the Master Lessor, Riverside County. Buyer and Seller agree to cooperate and use their joint best efforts to obtain such approval within the escrow period.



Terrance Rose, Seller

Dated: _____

3.25.2014



Morton Dan Patrick Groves, Trustee
FBO The Morton Dan Patrick Groves and Kathryn Susan Groves Trust
UTA May 18, 1988 as amended January 17, 2008

Dated: _____

3-21-2014



Kathryn Susan Groves, Trustee
FBO The Morton Dan Patrick Groves and Kathryn Susan Groves Trust
UTA May 18, 1988 as amended January 17, 2008

Dated: _____

3/21/14

ATTACHMENT E

(Behind this Page)

Sublease Agreement

between

La Quinta FBO II, LLC

and

Terrence Rose

Hangar #18

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



330

FROM: Economic Development Agency

SUBMITTAL DATE:
February 2, 2005

SUBJECT: Aviation Subleases at Jacqueline Cochran Regional Airport, Fourth District

RECOMMENDED MOTION: That the Board of Supervisors:

1. Consent to the respective Subleases between **La Quinta FBO 2 LLC**, a Delaware limited liability company dba: Million Air La Quinta, as Sublessor, and 1) John D. Greene Trustee for the John D. Greene Living Trust Dated 12/14/2001; 2) Hangar 1, LLC; 3) Ponderosa Financial Services, LLC, and Robert Miller; 4) **Terrance Rose**; and 5) Gary Roberts, Nimbus Holdings, LP, as Sublessees.
2. Authorize the Assistant County Executive Officer/EDA or his designee to execute any additional documents required by the Subleases; and
3. Authorize the chairman to execute the Consents to Sublease..

BACKGROUND: The Economic Development Agency is in receipt of Subleases between La Quinta FBO 2, LLC, Sublessor and Sublessees 1) John D. Greene Trustee for the John D. Greene Living Trust Dated 12/14/2001, 2) Hangar 1, LLC, 3) Ponderosa Financial Services, LLC, and Robert Miller, 4) Terrance Rose, and 5) Gary Roberts, Nimbus Holdings, LP. These subleases are under an 18.44 acre lease between County and Sublessor dated January 3, 2004. Economic Development Agency Staff recommends that the Board of Supervisors consent to the Subleases. County Counsel has approved the Consents.

Bradley J. Hudson

Bradley J. Hudson
Assistant County Executive Officer/EDA

BJH:RZ:HO
S:\EDCOM\AIRPORTS\JCRA-Thermal\Million Air La Quinta\LQFBO2 sub1 G,H1,PDFS,R,RNH 050215.doc

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

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

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

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature *Franklin King*

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Wilson, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Wilson and Ashley
Nays: None
Absent: None
Date: March 1, 2005
xc: EDA, Co.Co., Auditor

Nancy Romero
Clerk of the Board
By: *Nancy Romero*
Deputy

Prev. Agn. Ref.: 3.20 Jan 14, 2004 District: 4th Agenda Number:

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

File Harry Mary W.

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

3.10

La Quinta FBO Two, LLC dba: Million Air La Quinta

REQUEST FOR CONSENT TO SUBLEASE

Reference is made to that certain Lease effective January 13, 2004, by and between the County of Riverside, ("County"), as Lessor, and La Quinta FBO Two LLC, a Limited Liability Company dba: Million Air La Quinta (MALQ), as Lessee, pertaining to an approximately a 18.44 acre portion of the Jacqueline Cochrane Regional Airport ("Airport").

MALQ hereby request the County's consent to Sublease by MALQ, as Sublessor, to Terrance Rose, as Sublessee, to that certain portion of the Premise, identified as Unit #18, as outlined on Exhibit "A" to said Sublease, under the terms and conditions of said proposed Sublease, a copy of which is attached hereto and made a part hereof.

The address of the proposed Sublessee is:

Terrance Rose
3375 Scott Blvd Ste. 308
Santa Clara, CA 95054

The nature and character of the proposed Sublessee's business is as set forth in the proposed Sublease.

This request is made on January 6, 2005.

La Quinta FBO Two, LLC
A Delaware Limited Liability Company

FORM APPROVED
COUNTY COUNSEL

FEB 14 2005
BY Gordon V. Ubo

By: [Signature]
Eric Affeldt, President

CONSENT TO SUBLEASE

THE UNDERSIDNGED HEREBY CONSENT TO THE ABOVE-REFERENCED SUBLEASE

Executed this 1st day of MARCH, 2005.

COUNTY OF RIVERSIDE

By: [Signature]
MARION ASHLEY

Exhibit A --

CHAIRMAN BOARD OF SUPERVISORS

ATTEST:
VANCY ROMERO, Clerk
[Signature]
3/ DEPUTY

MAR - 1 2005 310

MILLION AIR LA QUINTA LA QUINTA JET CENTER (TRM)

Features.....

- Steel Doors
- Fully Insulated
- All White Interiors
- Metal Liner Panel (No Drywall)
- Fire Sprinklers
- Private Gated Entrance
- 200 Amp Electrical Panels
- Plumbed For Water, Sewer, Phone
- Door Height up to 28'
- Adjacent To The New Million Air Terminal Facility
- Accommodates Up To Gulfstream IV
- 40 Year Ground Lease

Options.....

- Epoxy Floors
- Offices, Crew Quarters, Restrooms
- Custom Size Available to 20,000 Sq. Ft.

Programs Available.....

- Purchase
- Lease
- Management

For Information Call
Eric Affeldt or Sheryl Evans

(760) 399-1855

JACQUELINE COCHRAN REGIONAL AIRPORT

Custom Hangar Gates For
Larger Aircraft Also Available

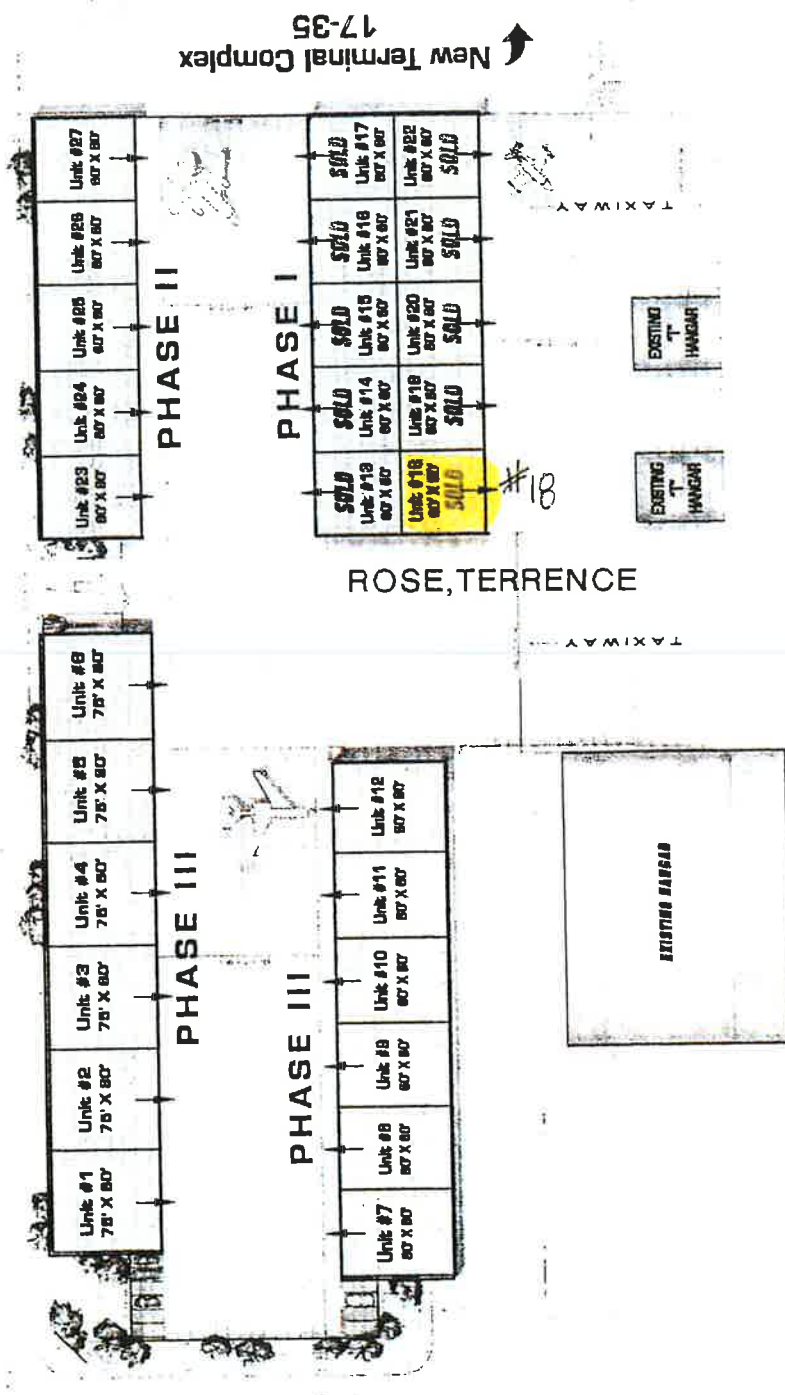


EXHIBIT A

SUBLEASE

This Sublease is made effective September 1st 2004 ("Commencement Date"), by and between La Quinta FBO Two, LLC, a Delaware limited liability company, ("FBO") or ("Sublessor"), and Terrence Rose, ("Sublessee").

RECITALS

1. Sublessor is the tenant under a Lease effective December of 2003 (the "Lease" or "Master Lease"), by and between La Quinta FBO Two, LLC, a Delaware limited liability company as Lessee and the County of Riverside ("County"), as Lessor covering an approximate 18.44 acre portion of the Jacqueline Cochrane Regional Airport. A copy of the Master Lease is attached hereto as **Exhibit "A"** and made a part hereof. (The Master Lease covers an area larger than 18.44 acres. The percentage of the rent due under the Master Lease relating to the 7.96 acre project is equal to 43.2 % of total rent under the Master Lease.)

2. Sublessor intends to sublease to Sublessee a portion of the premises covered by the Master Lease and has obtained or will obtain permission from the County to sublease to Sublessee. The hangar number applicable to such portion is C-18 (the "Premises"). Sublessee intends to sublease such portion from Sublessor.

AGREEMENT

1.0 Premises. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, upon the terms and conditions hereinafter set forth, the Premises, identified by the hangar number above, located at the Airport, including the real property described in **Exhibit "B"** said Premises being a portion of the premises currently leased to Sublessor under the Master Lease, to include the right to use certain portions of the Common Area as identified on **Exhibit "B"** as hereinafter further provided. "Common Area" is defined as any portion of the property referred to in Paragraph 3.2.

2.0 Term. This Sublease shall commence on the first day of the month following execution by all parties thereto, and shall terminate in accordance with the Master Lease. If the Sublessor exercises the option to extend the Master Lease as provided in Paragraph 3 of the Master Lease, then the Sublessee shall have the option to extend this sublease for a period of 10 years to coincide with the term of the Master Lease.

3.0 Use. The principal authorized use of the Premises is private, personal hangar facility and office use, and uses related thereto or associated with such private, personal occasional non-aviation related uses as may be approved by Sublessor in its sole and absolute discretion and by the County, all as set forth in Paragraph 4 of the Master Lease; as may be further restricted elsewhere in this Sublease and by the Rules and Regulations incorporated herein by reference ("Rules and Regulations"), all as set forth below.

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

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

4.0 Rent and Charges.

4.01 Initial Rent. Beginning on the Commencement Date, Sublessee shall pay initial rent of One Hundred (\$100.00 Dollars) per month to be paid monthly to the Sublessor at the office of Sublessor without reduction, abatement, deduction, offset or any prior demand therefor in advance of the first day of each month of the term hereof and subject to adjustment, which shall equal one twenty-five (1/25) of the amount due from Sublessor to County under the Master Lease relating to the 6 acre project area only. Payments will be made to the office of the Sublessor at 145 S. Gene Autry Trail, Palm Springs, CA 92262.

4.02. Non-Aviation Related Use License. If Sublessee desires or, wishes to obtain a license from the County authorizing a non-aviation related use. Any such non-aviation use must first be approved by Sublessor prior to Sublessee making application to the County for such non-aviation related use.

4.03. Annual Adjustment. The rent shall be adjusted commencing on the July 1st following the Commencement Date, and each year thereafter during the term, including any extension thereof, as provided in Section 5 of the Master Lease.

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

5.01 Common Area Payments. Sublessee shall pay on a one twenty-five (1/25) pro rata basis, all charges for all maintenance, landscaping, sweeping, to include security, common area insurance, management, and other Common Area costs to keep the Common Area in pristine condition on/or for the subleased Premises, including around the exterior of the Premises Sublessee's estimated portion of all utilities, common area sweeping, landscaping charges and other common area charges billed by Sublessor to maintain the Common Area ("Common Area Charges") are One Hundred (\$100.00 Dollars). Said amount shall be subject to annual adjustment on January 1st of each year following the Commencement Date.

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

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

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

7.0 Use Conditions.

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

7.02 Compliance with Rules, Regulations, Ordinance, Codes and Law. Sublessee shall at Sublessee's sole cost and expense at all times during the term of this Sublease or any renewal or extension thereof comply with and observe all rules, regulations, ordinances, codes and laws which have been or may be promulgated by Sublessor, the County, and the Rules and Regulations attached hereto, or other jurisdictions that relate to the Premises and the use of the facilities of the Airport including, all fire regulations, safety regulations, noise control regulations and security regulations. Such rules, regulations, ordinances, codes, Rules and Regulations and laws are hereby made a part of this Sublease and Sublessee's failure to keep and observe the rules and regulations shall constitute a breach of the terms of this Sublease in like manner as if the same were contained herein. Sublessor and the County reserve the right to amend or supplement the rules, regulations, ordinances, codes and laws and to adopt additional rules, regulations, ordinances, codes and laws applicable to the Premises, to Sublessee's use of the Premises, and the use of the facilities of the Airport. Sublessor shall have no obligation to Sublessee as a result of the violation of any such rules by any other person. Sublessee shall at all times obey the statues, codes, ordinances, laws and regulations of the United States of America, the State of California, the County and any other governmental entity having jurisdiction, as the same may from time to time be amended during the term of this Sublease.

7.03 Security. Sublessee will acquaint itself with the County's security plan and all

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

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

8.0 Maintenance of Premises.

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

8.02 Maintenance Costs. Sublessee at its sole cost and expense shall at all times maintain the Premises and all buildings, structures and improvements thereon in a good state of repair and in a safe, clean, neat and sanitary condition. In the event Sublessee fails to make any repairs required to be made by Sublessee in accordance with the terms of this Sublease, Sublessor shall notify Sublessee of such failure, if within thirty (30) days of such notice, Sublessee has failed to make such repairs, Sublessor shall have the option but not the obligation to make such repairs at the expense of Sublessee. Sublessor shall have the option but not the obligation to make such repairs at the expense of Sublessee. Should Sublessor opt to make said repairs, Sublessor shall have the right to charge Sublessee, as additional rent due hereunder upon demand, all costs of Sublessor for making such repairs on a pro rata basis. If Sublessee fails to

pay all costs to Sublessor for making repairs, Sublessor shall have the right to lien the property for said costs, to include costs of any suit together with reasonable attorneys fees. Sublessor shall have no liability to Sublessee for any damage, inconvenience or interference with the use of the Premises by Sublessee as a result of the making of any repairs made by Sublessor and the rent shall not be abated by reason thereof.

9.0 Delivery of Possession And Completion of Sublessor's Work. Sublessor shall use its good faith efforts to substantially complete the work required to be completed by Sublessor for delivery of the Premises to Sublessee, as described in **Exhibit "C"** to this Sublease (the "Sublessor's Work"). If possession of the Premises (including, without limitation, substantial completion of the Sublessor's Work) is not delivered to Sublessee on or before September 1st 2004 (the "Commencement Date"), either party may thereafter terminate this Sublease by giving written notice to the other party before such possession is delivered (except that such date shall be extended to the extent the delay in possession is caused or contributed by Sublessee, or by force majeure or "Act of God" as set forth in **Exhibit "C"**). Sublessor shall not be liable for any damage caused by any delay in delivery of possession, and, except to the extent this Sublease is terminated in accordance with the preceding sentence, the delay will not affect the validity of this Sublease. Except for any items set forth on a "punch-list" of excepted items delivered to Sublessor on or before the Rent Start Date, Sublessee shall be deemed to have (i) acknowledged that Sublessor's Work has been substantially completed, (ii) accepted the Premises in its then as-is condition with no right to require Sublessor to perform any additional work therein, except for latent defects as to which Sublessor is given written notice within 90 days after Sublessee's knowledge of their existence and except as set forth on the punch list, and (iii) waived any express or implied warranties regarding the condition of the Premises, including any implied warranties of fitness for a particular purpose or merchantability. Following the Rent Start Date, Sublessor and Sublessee shall execute a letter agreement confirming the Rent Start Date and Sublessee's acceptance of the Premises.

10.0 Alterations and Improvements. Sublessee shall not install, make, or suffer to be made, any alterations or improvements to the interior or exterior of the Premises or any part thereof without the prior written consent of Sublessor, such consent shall not be unreasonably withheld or delayed. If in accordance with good construction practices, applicable governmental requirements, the special conditions, plans and specifications approved by Sublessor. Sublessee shall comply with all construction, and labor regulations of Sublessor, and the County and shall provide reasonable insurance coverage required by Sublessor and the County, or other means of surety, to the reasonable satisfaction of Sublessor and the County shall be provided to ensure that, in the event that the Sublessee defaults and is unable to complete construction, there will be funds provided to return the Premises to the original condition and to satisfy any liens for labor and materials that may be brought for work on the Premises. All alterations or improvements performed by Sublessee shall be carried out by licensed contractors and said alterations and improvements shall be carried out in accordance with all applicable laws and regulations. Sublessee shall at Sublessee's sole cost and expense obtain all necessary permits, licenses and authorizations in connection with the construction. Sublessee's work shall be subject to the general inspection of Sublessor and the County. Sublessee shall provide proof satisfactory to

Sublessor and the County that Sublessee's contractor will (a) provide warranties for not less than one year against defects in workmanship, materials, and equipment; (b) carry or cause to be carried worker's compensation insurance covering all of the contractor's and its subcontractor's employees; and (c) carry public liability and property damage insurance which names Sublessor as an additional insured and required thirty (30) days prior written notice to Sublessor before any change in or cancellation of coverage becomes effective. The policy or policies shall contain liability limits of not less than One Million Dollars (\$1,000,000) single limit coverage. All improvements, additions to or alterations of the Premises except movable furniture and trade fixtures shall at the termination of this Sublease remain attached to and become part of the Premises and be surrendered to Sublessor, in good condition, reasonable use and wear excepted, or at the option of Sublessor shall be removed by Sublessee and the Premises restored to the same condition which existed prior to the installation of any alterations, additions or improvements. Sublessor shall have the right to post a notice of non-responsibility for liens arising out of any work performed, materials furnished and obligations incurred by Sublessee. Sublessee agrees to advise Sublessor and the County in writing at least ten (10) business days in advance of the date upon which alterations will commence in order to permit Sublessor or County to post such a notice. Sublessee shall keep the Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by Sublessee. Sublessee shall indemnify, defend and hold Sublessor and County harmless against any claim, demand, liability or expense on account of claims for work done or materials supplied for Sublessee or person claiming under it.

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

12.0 Condemnation.

12.01 Total Taking. If all the Premises are taken or condemned for a public or quasi-public use, this Sublease shall terminate as of the date of condemnation and Sublessee shall thereupon be released from any liability thereafter occurring hereunder.

12.02 Partial Taking. If any part of the Premises are taken or condemned for a public or a quasi-public use by an entity and there is such a major change in the character of the property as to prevent Sublessee from using the Premises in substantially the same manner as theretofore used then in such event Sublessee may terminate this Sublease as of the date of condemnation by giving written notice to Sublessor within fifteen (15) days after the date of condemnation. If any part of the Premises are taken or condemned for a public or quasi-public use and either party does not have the power to terminate this Sublease as hereinabove set forth, then this Sublease shall continue in full force and effect except that as to the part so taken this

Sublease shall terminate as of the date of condemnation and the annual rent payable hereunder shall be adjusted so that Sublessee shall be required to pay for the remainder of the term only such portion of such rent as the value of the remaining part after condemnation bears to the value of the Premises at the date of condemnation. In the event that the parties are unable to agree upon an appropriate rate of rent, the rent shall be established by such arbitrators as may be agreed upon by the parties, or if there is no such agreement then by arbitration conducted pursuant to the then existing rules of the American Arbitration Association.

13.0 Assignments and Subleases.

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

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

13.03 No Release of Sublessee. No transfer permitted by this Article Thirteen, whether with or without Sublessor's consent, shall release Sublessee or change Sublessee's primary liability to pay the rent and to perform all other obligations of Sublessee under this Sublease. Sublessor's acceptance of rent from any other person is not a waiver of any provision of this Article Thirteen. Consent to one transfer is not a consent to any subsequent transfer. If Sublessee's transferee defaults under this Sublease, Sublessor may proceed directly against Sublessee without pursuing remedies against the transferee. Sublessor may consent to subsequent assignments or modifications of this Sublease by Sublessee's transferee, without notifying Sublessee or obtaining its consent. Such action shall not relieve Sublessee's liability under this Sublease.

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

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

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

14.0 Default.

14.01 Event of Default. Each of the following events shall be an event of default hereunder by Sublessee and a breach of this Sublease: (a) the failure by Sublessee to pay Sublessor any rent or other charges due under this Sublease as and when the same become due; (b) the failure by Sublessee to perform or observe any other agreements, terms, covenants or conditions, or Rules and Regulations attached hereto and made a part hereof, as such Rules and Regulations may be amended from time to time by Sublessor; (c) the filing by or against Sublessee in any court pursuant to any statute of the United States or of any state of a petition in bankruptcy or insolvency or for reorganization or arrangement or for the appointment of a receiver or trustee of all or any portion of Sublessee's property if within thirty (30) days after the commencement of any such proceedings against Sublessee or after such assignment for the benefit of creditors such petition shall not have been dismissed or such assignment shall not have been revoked; (d) the transfer of Sublessee's interest in this Sublease to any person, firm or corporation whether voluntarily or by operation of law except in the manner expressly permitted in this Sublease; or (e) vacating or abandoning the Premises by Sublessee at any time during the term hereof.

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

tenant.

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

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

15.0 Indemnity and Insurance

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

15.02 Indemnity. Sublessee hereby agrees to and shall indemnify and defend Sublessor against and hold Sublessor harmless from any and all claims, demands, actions, damages, liability and expense in connection with or for loss of or damage to property or injury or death to any person from any cause whatsoever while in, upon, or about the Premises or any such claims, demands or the like, arising from or out of any occurrence in, upon or at the Premises from or in connection with the occupancy or use by Sublessee of the Premises or any part thereof or from or in connection with the business conducted by Sublessee in the Premises or occasioned wholly or in part by any act or omission of Sublessee, its agents, contractors, employees, licensees or concessionaires.

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

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

15.03.02 Hangar keeper's Liability (Flight Coverage). Should Sublessee's operations include care, custody or custody of aircraft stored on the Premises that will be flight tested or

used in commercial flight operations, Sublessee shall maintain Hangar keeper's legal liability insurance in an amount sufficient to fully cover the replacement value of all aircraft for which said custody is assumed while on the ground.

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

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

15.04 Other Insurance Requirements. All policies shall name Sublessor, and the County as an additional insured. Insurance shall be with a company or companies satisfactory to Sublessor and the County in the amounts of not less than that specified herein or in minimum amounts as may be subsequently adjusted by Sublessor or the County in the exercise of their commercial business judgment and consistent with airport industry practice for similar kinds of activities. Sublessee shall at all times during the term of this Sublease, including any extension or renewal hereof, provide Sublessor and the County with a certificate from the insurance carrier or carriers insuring Sublessee as set forth therein. Insurance policies shall not be subject to cancellation except after notice to Sublessor and the County by registered mail at least thirty (30) days prior to such cancellation. Where policies have normal expirations during the term of this Sublease or any extension thereof written evidence of renewal shall be furnished to Sublessor and the County thirty (30) days prior to such expiration.

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

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

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

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

16.03 Hazardous Substances from Subtenants or Assignees. As between Sublessor and Sublessee, Sublessee shall bear responsibility for the presence of any Hazardous Substances

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

16.04 Compliance Regarding Hazardous Substances. Sublessee shall comply and cause all occupants of the Premises to comply with all statutes, codes, regulations, rules, ordinances, orders and other laws governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other expert which apply or pertain to the Premises, Sublessee's use of the Premises or of the facilities of the Airport. Sublessee acknowledges that the presence of Hazardous Substances may permanently and materially impair the value and use of the Premises.

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

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

17.0 Sublessee Rights and Obligations. Sublessor grants to Sublessee all rights and benefits with respect to the Premises that are granted to Sublessor under the terms of the Master Lease. Sublessee assumes and agrees to perform all obligations and duties with respect to the Premises that have been assumed by Sublessor in the Master Lease. Sublessee shall have the

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

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

Sublessor

Million Air La Quinta
c/o Million Air Palm Springs
145 S. Gene Autry Trail
Palm Springs, CA 92262

Sublessee

TERRENCE ROSE
3375 SCOTT BLVD. # 308
SANTA CLARA, CA 95054

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

20.0 Protection of Lenders.

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

20.02 Attornment. If Sublessor's interest in the Premises is acquired by any beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Sublessee shall

attorn to the transferee of or successor to Sublessor's interest in the Premises and recognize such transferee or successor as Sublessor under this Sublease. Sublessee waives the protection of any statute or rule of law which gives or purports to give Sublessee any right to terminate this Sublease or surrender possession of the Premises upon the transfer of Sublessor's interest.

20.03 Signing of Documents. Sublessee shall sign and deliver any instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so. Sublessee has ten (10) days to do so after written request.

20.04 Estoppel Certificates.

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

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

21.0 Time. Time is of the essence.

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

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

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

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

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

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

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

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

30.0 Execution of Lease. This Lease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument.

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

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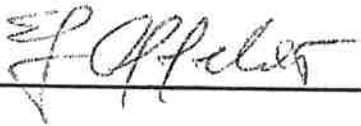
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In witness whereof, the parties hereto have executed this Sublease as of the day and year first above written.

SUBLESSOR:

La Quinta FBO Two, LLC,
a Delaware limited liability company
DBA: Million Air La Quinta

By  _____

LESSEE

By  _____

(Attach Master Lease)

Previously Provided

EXHIBIT B

(Attach Site Plan depicting Premises and Common Area)

Features.....

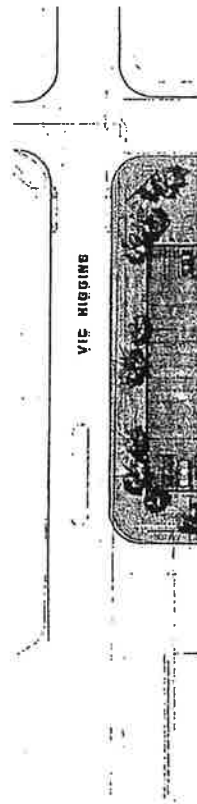
- Steel Doors
- Fully Insulated
- All White Interiors
- Metal Liner Panel (No Drywall)
- Fire Sprinklers
- Private Gated Entrance
- 200 Amp Electrical Panels
- Plumbed For Water, Sewer, Phone
- Up To 9300 Sq. Ft.
- Door Height up to 28'
- Adjacent To The New Million Air Terminal Facility
- Accommodates Up To Gulfstream IV
- 40 Year Ground Lease

Options.....

- Epoxy Floors
- Tenant Improvements May Include Offices, Crew Quarters, Restrooms

Programs Available.....

- Purchase
- Lease
- Management



For Information Call:

**Eric Affeldt
(760) 399-1855
(760) 320-7704**

EXHIBIT C

DESCRIPTION OF SUBLESSOR'S WORK, AND SUBLESSEE'S PAYMENT THEREFOR

I. SUBLESSOR'S WORK.

Sublessor agrees to construct for Sublessee the Premises as set forth herein ("Sublessor's Work"). Sublessor has had prepared, at its sole cost and expense, plans and specifications, structural, energy, accessibility, fire and life safety calculations (if required) and Title 245 calculations (the "Plans") for the site work and improvements comprising the Premises. Sublessor's Work shall be completed in accordance with the Plans and Specifications already approved by Sublessee dated [insert date], prepared by Pacific Commercial Construction. Sublessor's Work shall be completed in accordance with all applicable governing codes, in a good and workmanlike manner, utilizing first quality new materials.

Sublessor's Work shall include, but not be limited to, the following:

- A. Building slab with one 4" sewer line stubbed into the hangar and one sewer clean-out on the outside of hangar;
- B. One concrete apron;
- C. Stubbed utilities to the building including 3 phase electric (Sublessor will provide the disconnect), gas, water, phone and cable lines pulled to the exterior of the Building;
- D. A basic hangar building with either one roll door or one electric bi-fold door;
- E. Each hangar will be insulated with builder-approved, quarter-inch low E insulation with foil/white backing. White side will be exposed;
- F. Windows will be from Window Master and will conform to the same criteria of material and color as selected for each hangar by Sublessor. Refer to specific window and door schedule for each basic hangar; and

G. One pergola including a small patio slab (size specific per base plan).
In the event of a conflict between the above-referenced items and the Plans and Specification, provisions of this Exhibit "C" shall control.

In addition to the Sublessor's Work performed pursuant to the Plans, Sublessor will install and/or construct various improvements and/or upgrade ("Add-on") as may be requested

by Sublessee and approved by Sublessor. Add-ons selected by Sublessee include those items set forth in **Exhibit C-1** attached hereto, for which Sublessee agrees to pay Sublessor the referenced expense therefor in advance of Sublessor beginning construction.

II. SUBLESSEE'S PAYMENT FOR CONSTRUCTION OF IMPROVEMENTS.

In consideration for Sublessor undertaking to construct the hangar building pursuant to the Plans, Sublessee agrees to pay to Sublessor, in addition to any rent or additional rent due under the Sublease between them, the following:

Initial Deposit (includes 10% deposit given with Letter of Reservation) (25%)		\$ 54,000	
Interim Deposit at 50% Completion:	\$ 54,000	(25%)	
Interim at Substantial Completion	\$ 54,000	(25%)	
Balance On Issuance of Certificate of Occupancy:	\$ 54,000	(25%)	
Total Price:	\$ 216,000	(100%)	

TR / JA Sublessee's Initials
 / Sublessor's Initials

The initial deposit is due upon execution of the Sublease by the parties and will be credited toward the Price to be paid by Sublessee as set forth above. The interim deposits shall be paid by Sublessee to Sublessor when Sublessor notifies Sublessee the Premises are 50% completed and upon Substantial Completion. The closing balance shall be due upon issuance of the Certificate of Occupancy. Upon the making of the final payment for construction of improvements, Sublessor will deliver the premises to Sublessee.

EACH DEPOSIT SHALL BE NONREFUNDABLE TO SUBLESSEE WHEN PAID TO SUBLESSOR, IN CONSIDERATION FOR SUBLESSOR INCURRING EXPENSE OF CONSTRUCTION OF THE RESPECTIVE IMPROVEMENT, EXCEPT UPON A BREACH BY SUBLESSOR OF THIS SUBLEASE WHICH RESULTS IN AN EARLY TERMINATION OF THIS SUBLEASE. IN THIS LATER EVENT, A PRORATED AMOUNT OF THESE DEPOSITS WOULD BE REFUNDABLE TO SUBLESSEE (SUBJECT TO WHATEVER OTHER OFFSETS MAY EXIST), BASED UPON A FRACTION, THE NUMERATOR OF WHICH SHALL BE THE AMOUNT OF TIME ELAPSED UNDER THE TERM OF THE SUBLEASE AT THE TIME OF TERMINATION, AND THE DENOMINATOR OF WHICH SHALL BE THE TERM OF THE SUBLEASE PURSUANT TO SECTION 3.1 THEREOF.

NOTHING HEREIN SHALL LIMIT THE DAMAGES SUBLESSOR MAY SEEK FROM SUBLESSEE IN THE EVENT SUBLESSEE SHOULD DEFAULT ON ITS OBLIGATIONS UNDER THE SUBLEASE.

TR / 12/1 Sublessee's Initials
1/18 / 1/18 Sublessor's Initials

"Substantial Completion" is defined as that phase in the progress of the construction of the hangar building pursuant to the Plans when such construction is sufficiently complete so that the Sublessee may begin all of its work pursuant to Section III, completion of which would allow Sublessee to occupy and utilize the hangar building for its intended use. The "total price" of \$ 216,000 referenced above is inclusive of the Add-on expenses, which shall be paid by Sublessee to Sublessor separately, and in advance of any construction or installation related thereto. All sums due from Sublessee to Sublessor pursuant to this **Exhibit "C"** shall be considered "Additional Rent" under the Sublease.

III. SUBLESSEE'S WORK.

Sublessee shall construct such improvements to the interior of the hangar building, and connect to stubbed utilities, as Sublessee shall require, subject to Section 10 of the Sublease. Sublessee shall be responsible for the costs of all of Sublessee's work, including sales taxes and permit fees associated therewith. Sublessee may not begin work until Sublessee has paid all money due to Sublessor under Section II above.

Sublessee shall pay all sewer hookup fees due the Coachella Valley Water District respective to the hangar building. Sublessor cannot provide a certificate of occupancy to Sublessee until Sublessee pays these fees.

The Sublessee shall provide Sublessor proof of insurance required under the Sublease for liability, and damage to person and property, before commencing any construction and/or alteration on the Premises.

IV. SUBLESSOR'S CONSTRUCTION OF COMMON AREA IMPROVEMENTS.

Sublessor, at Sublessor's expense, will cause to have constructed the common area improvements as reflected on the Site Plan attached to the Sublease as **Exhibit "A"**. Such improvements will include walkways, parking spaces, and ramp space.

V. FORCE MAJEURE.

In the event Sublessor is prevented, delayed, or stopped from performing any act, undertaking, or obligation by reason of an "event of force majeure," including excessive adverse weather, strikes, lockouts, labor disputes, failure of power, acts of public enemies of this state or the United States of America, riots, insurrection, war, civil commotion, inability to obtain labor

or materials, or the discovery of hazardous substances in the underlying ground requiring remediation that would interfere with construction of the improvements pursuant to the Plans, and/or any other cause (except financial) beyond its reasonable control, then the time for Sublessor's performance hereunder, and under Paragraph 9 of the Sublease, shall be extended one day for each day's prevention, delay, or stoppage by reason of such event of force majeure.

VI. ARBITRATION OF DISPUTES.

Sublessee and Sublessor agree that any dispute or claim in law or equity between them arising out of Sublessor's construction of improvements pursuant to this **Exhibit "C"** shall be decided by neutral, binding arbitration and not by court action, except as provided by California law for judicial review of arbitration proceedings. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association ("AAA"). The parties to an arbitration may agree in writing to use different rules and/or arbitrator(s). In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS "ARBITRATION OF DISPUTES" OR THE RULES AND PROCEDURES ANNOUNCED BY AAA. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, YOUR AGREEMENT TO THIS ARBITRATION PROVISIONS IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

TR JA Sublessee's Initials
 / Sublessor's Initials

VII. INTERPRETATION.

This Exhibit "C" is made a part of the Sublease to which it is attached, and the rights of Sublessor and Sublessee hereunder shall be determined in accordance with and pursuant to the terms of the Sublease, which are incorporated herein. Notwithstanding the preceding sentence, in the event any term or terms of this Exhibit "C" are contrary to any provision of the Sublease, the provisions of this Exhibit "C" will control.

DATED: 11/15/04

SUBLESSOR:

LA QUINTA FBO TWO, LLC,
a Delaware limited liability company

By: 

Printed Name ERIC AFFECAT
Its: PRESIDENT

DATED: 9.14.04

SUBLEESSEE:

By: 

Printed Name
Its: TERRENCE J. ROSE

MILLION AIR LA QUINTA LA QUINTA JET CENTER

(TRM)

Features.....

- Steel Doors
- Fully Insulated
- All White Interiors
- Metal Liner Panel (No Drywall)
- Fire Sprinklers
- Private Gated Entrance
- 200 Amp Electrical Panels
- Plumbed For Water, Sewer, Phone
- Door Height up to 28'
- Adjacent To The New Million Air Terminal Facility
- Accommodates Up To Gulfstream IV
- 40 Year Ground Lease

Options.....

- Epoxy Floors
- Offices, Crew Quarters, Restrooms
- Custom Size Available to 20,000 Sq. Ft.

Programs Available.....

- Purchase
- Lease
- Management

For Information Call

Eric Affeldt or Sheryl Evans

(760) 399-1855

JACQUELINE COCHRAN REGIONAL AIRPORT

Custom Hangar Sites For
Larger Aircraft Also Available

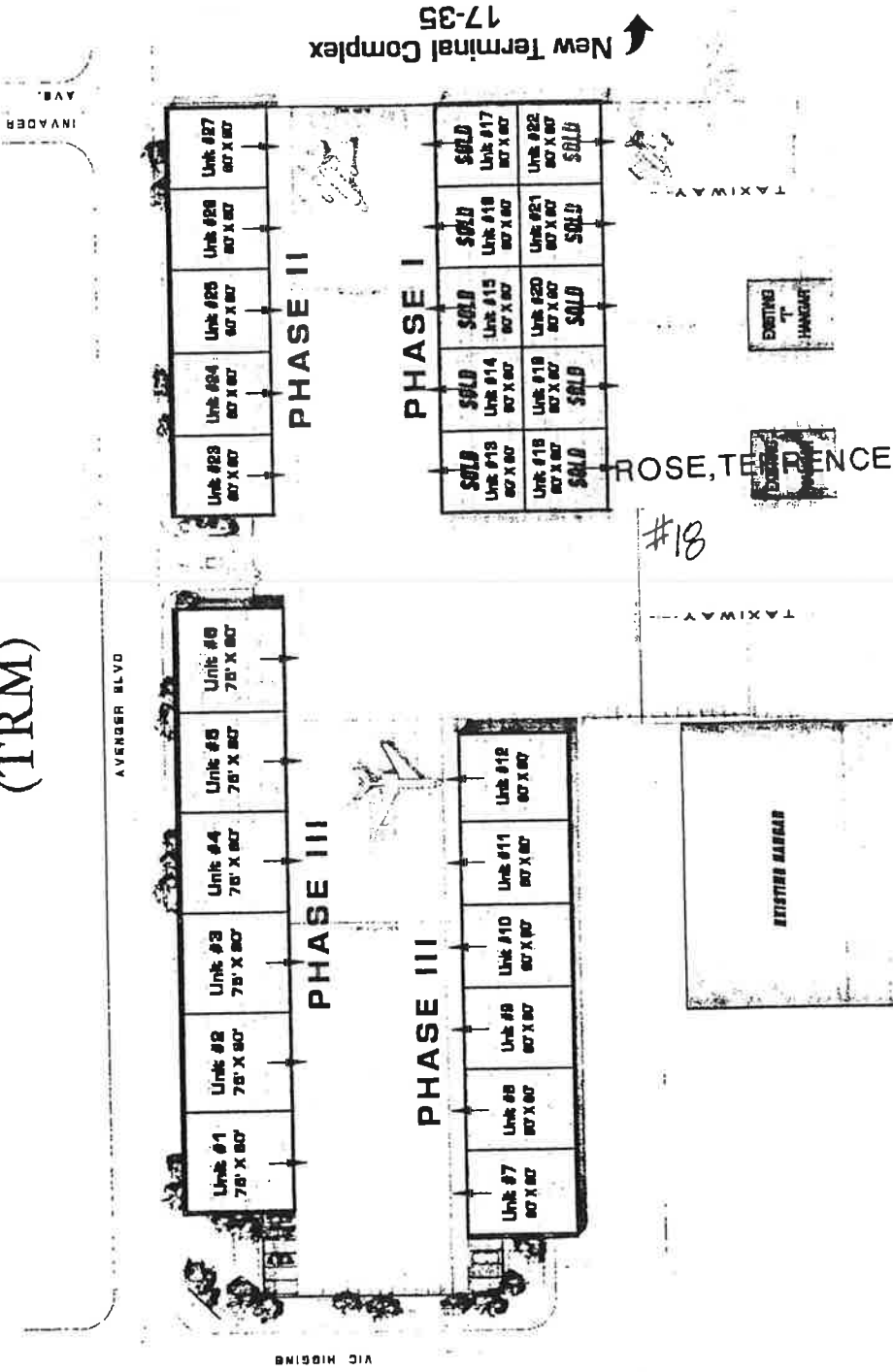


EXHIBIT R

**First Amendment to Lease
Reducing Leasehold Size**

between

County of Riverside

and

Signature Flight Support Corporation

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

531



FROM: Economic Development Agency

SUBMITTAL DATE:
October 21, 2010

SUBJECT: First Amendment to Lease between the County of Riverside and Signature Flight Support Corporation, a Delaware Corporation at the Jacqueline Cochran Regional Airport, Fourth District

RECOMMENDED MOTION: That the Board of Supervisors approve the First Amendment to Lease between the County and Signature Flight Support Corporation.

BACKGROUND: The Economic Development Agency is in receipt of a First Amendment to the Lease Agreement between the County, as Lessor and Signature Flight Support Corporation, a Delaware Corporation, as Lessee. Signature occupies 14.87 acres of land at Jacqueline Cochran Regional Airport, including a 36,000SF terminal/hangar complex, 2,500SF office building, and several aircraft storage hangars. The County and Signature wish to amend the lease and return to the County, certain undeveloped property phases to the County as specified in the current lease.

BACKGROUND: (Commences on Page 2)

Robert Field
Assistant County Executive Officer/EDA

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

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: N/A

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

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

BY: Jennifer J. Sargent

FORM APPROVED COUNTY COUNSEL
 BY: *[Signature]*
 DATE: 10-18-10
 ANITA C. WILLIS
 Departmental Concurrence

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

Prev. Agn. Ref.: N/A District: 4 Agenda Number: 3.14

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

Economic Development Agency

First Amendment to Lease between the County of Riverside and Signature Flight Support Corporation, a Delaware Corporation at the Jacqueline Cochran Regional Airport, Fourth District
November 2, 2010

Page 2

BACKGROUND

Pursuant to the original lease, in the event that certain phases remained undeveloped as of May 31, 2008, the County had an option to take back the undeveloped property, hereinafter known as the "Returned Phases" (described and sometimes referred to as Parcel "A" on Exhibit "G"). The County timely exercised its option to take back the Returned Phases, and thus the Leased Premises in this First Amended Lease represents a reduction leasehold from 18.44 acres to 14.87 acres. Pursuant to the original lease, the Returned Phases revert to the County and require this amendment to reflect the reduced acreage and rent. The original lease further requires that such amendment shall include easements satisfactory to the County through Lessee's initial phases providing access to future development of the Returned Phases and to Taxiway A from the Returned Phases.

Economic Development Agency staff recommends approval of the First Amendment. County Counsel has reviewed and approved the agreement as to form.

1 FIRST AMENDED LEASE

2 JACQUELINE COCHRAN REGIONAL AIRPORT

3
4 This First Amended Lease ("Lease") is entered into by and between the County of
5 Riverside, a political subdivision of the State of California, ("County"), and Signature Flight
6 Support Corporation, a Delaware corporation, ("Lessee"), under the following terms and
7 conditions:

8 1. Recitals.

9 (a) County owns approximately fourteen and 87/100 (14.87) acres of improved
10 land and certain improvements located thereon and owned by County, including, but not limited
11 to a terminal building/office building/maintenance hangar of approximately 36,000 square feet
12 and an office building of approximately 2,500 square feet commonly referred to as the "flight
13 services building" (collectively and hereinafter referred to as the "County Improvements"), as
14 well as improvements made by Lessee, all located at the Jacqueline Cochran Regional Airport,
15 County of Riverside, State of California ("Leased Premises").

16 (b) County desires to lease said property to Lessee for the operation of a Full
17 Service Fixed Base Operator business.

18 (c) Lessee desires to lease said property from County for the operation of a Full
19 Service Fixed Base Operator business.

20 (d) Lessee is the Assignee of that certain Lease dated January 13, 2004
21 ("Original Lease") by and between the County of Riverside, as Lessor, and LaQuinta FBO Inc.,
22 a Delaware corporation doing business as Million Air LaQuinta, as Lessee, as subsequently
23 amended pursuant to that First Amendment to Lease dated February 7, 2006, and assigned to
24 Signature Flight Support Corporation on January 20, 2006, with respect to approximately
25 eighteen and 44/100 (18.44) acres of land, including existing improvements and an obligation
26 to construct improvements, at the Jacqueline Cochran Regional Airport in Thermal, California.

27 (e) Pursuant to the terms and conditions of the Original Lease set forth in
28 Section 1(d) herein, Lessee was required to develop certain property in a phased development.

1 If phases remained undeveloped as of May 31, 2008, the County had an option to take back
2 that undeveloped property hereinafter known as the "Returned Phases", described and
3 sometimes referred to as Parcel "A" on Exhibit "G", attached hereto and by this reference
4 incorporated herein. The County timely exercised its option to take back the Returned Phases,
5 and thus the Leased Premises in this First Amended Lease represents a reduction from 18.44
6 acres to 14.87 acres. Pursuant to the Original Lease, the Returned Phases reverted back to
7 the County and required this amendment to reflect the reduced acreage and rent. The Original
8 Lease further required that such amendment shall include easements satisfactory to the
9 County through Lessee's initial phases providing access to future development of the Returned
10 Phases and to Taxiway A from The Returned Phases. It is the intent of the Parties that the
11 Occupants of Parcel "A" shall have the same rights of ingress and egress to Taxiways A and F
12 as the Occupants on the Leased Premises. Occupants is defined as a party pursuant to a
13 fully-executed and approved written lease, sublease, tenant agreement or a month-to-month
14 agreement on Parcel "A" or Leased Premises.

15 (f) This First Amended Lease replaces and supersedes all prior leases for the
16 subject property, including any amendments thereto

17 2. Description. The premises leased hereby consist of approximately fourteen and
18 87/100 (14.87) acres of improved land and certain improvements located thereon and owned
19 by County, including, but not limited to a terminal building/office building/maintenance hangar
20 of approximately 36,000 square feet and an office building of approximately 2,500 square feet
21 commonly referred to as the "flight services building" (collectively and hereinafter referred to as
22 the "County Improvements"), all located at the Jacqueline Cochran Regional Airport, County of
23 Riverside, State of California, being more fully described in Exhibit "A", attached hereto and
24 incorporated herein by reference. All other improvements have been built by Lessee. Said
25 property is hereafter referred to as the "Leased Premises." County and Lessee herein
26 acknowledge that Lessee has no fee title interest in or to the Leased Premises.

27 3. Term. This Lease shall commence on the date the last party approves and
28 executes this Lease and expires on January 31, 2034. The Lease term for the Original Lease

1 dated January 13, 2004 was for thirty (30) years which commenced on February 1, 2004 and
2 was set to terminate on January 31, 2034. The Parties intend that the term for this Lease shall
3 not add any time and expire as originally agreed.

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

6 (b) With respect to the Leased Premises, subject to the provisions of
7 paragraphs 5, 9, 12(c), 19 and 21 hereof and provided that Lessee at the time of exercising the
8 option is in full compliance with the terms of this Lease, Lessee shall have the option to extend
9 the term of this Lease for an additional period of ten (10) years ("Renewal Term). Lessee shall
10 notify County in writing of its intention to exercise the option to extend not more than twelve
11 (12) months or fewer than six (6) months from the expiration date of the initial term.

12 4. Non Exclusive Right. It is understood and agreed that nothing herein contained
13 will be construed to grant or authorize the granting of an exclusive right within the meaning of
14 Section 308 of the Federal Aviation Act of 1958. (49 U.S.C.1349a). It is further understood that
15 nothing in this Agreement shall be construed to allow any Party to perform any act in
16 contravention and/or violation of FAA Order 5190.6A Airport Compliance Requirements, dated
17 October 2, 1989, as amended from time to time and the FAA Grant Assurances.

18 5. Use. Lessee shall make available the services of a "Full Service Fixed Base
19 Operator" ("FBO") in accordance with the Minimum Standards for Fixed Base Operators
20 Riverside County Airports, including any amendments thereto, attached hereto and
21 incorporated herein by this reference as Exhibit "C." The Leased Premises may be used for
22 the following purposes and for no other without the written consent of County.

23 (a) Storage and sale (retail or wholesale or both), of new and used aircraft,
24 aircraft parts and accessories, including instruments, engines, electronic devices, aircraft fuels
25 and lubricants, airman's navigational and personal supplies and accessories.

26 (b) Agreed to flight operations, including, but not limited to, flight
27 instruction/training, demonstration of aircraft for sale, charter, air taxi, and flight-testing of
28 aircraft following repair or modification. With regard to charter and air taxi operations, Lessee

1 will submit to County a complete description of the operations and scope of services provided
2 and County will establish insurance coverages and limits for these operations to be obtained by
3 Lessee prior to commencement of operations. Coverages and limits established for charter
4 and air taxi will be in addition to the coverages required herein.

5 (c) Maintenance, repair and overhaul of all types of aircraft, aircraft engines,
6 airframes, automatic flight systems, instruments, radio and other electronic equipment,
7 propellers and all other aircraft components.

8 (d) Painting and upholstering of aircraft.

9 (e) Financing, leasing, renting and insuring of aircraft.

10 (f) Servicing of aircraft for the purpose of fueling, supplying engine oil and
11 other necessary lubricants and aircraft fluids, checking tire pressures, providing starting units,
12 battery boosters and any other service usually associated with aircraft servicing operations.

13 (g) Providing aircraft storage inside hangar buildings and on outside tie-
14 down areas.

15 (h) Providing ground school instruction associated with flight training.

16 (i) Leasing or renting of automobiles, and storing and sale of automotive
17 fuel and lubricants for use only in connection with Lessee's equipment and rental automobiles.

18 (j) Providing catering services and associated provisioning (e.g.
19 newspapers, coffee, ice, catered meals for customers).

20 (k) Sale of advertising space inside the terminal buildings and other
21 buildings within the Leased Premises, subject to the consent of County, which shall not be
22 unreasonably withheld, conditioned or delayed.

23 (l) Leasing of office space for aviation related purposes.

24 (m) Operating a restaurant or cafe for the purpose of providing meals and
25 beverages to the general public. If alcoholic beverages are sold, Lessee shall maintain Liquor
26 Liability or Lessee shall require a restaurant or cafe sublessee to maintain Liquor Liability as
27 part of sublessee's Commercial General Liability insurance.
28

1 (n) Construction of facilities, including a terminal building and maintenance
2 hangar, necessary for the operations of a FBO providing aircraft servicing, maintenance and
3 fueling.

4 (o) Construction of buildings for the storage of aircraft.

5 (p) Cleaning of aircraft interior and exterior.

6 (q) Hosting of special events on the Leased Premises or allowing others to
7 host events on the Leased Premises, with the authorization of the County through its special
8 event permit procedure.

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

15 6. Rent and Fuel Flowage Fee.

16 (a) Base Rent: Commencing upon the first day of the month after lease
17 execution by all parties, Lessee shall pay to County the sum of seven thousand one hundred
18 thirty-three and 73/100 dollars (\$7,133.73) as the Base Rent for the Leased Premises.

19 The Base Rent is due and payable in advance on or before the first of
20 the appropriate month during the term of this Lease Agreement and shall be considered
21 delinquent, if not paid by the 15th of the month. If the monthly rent becomes delinquent, Lessee
22 will be charged a late fee equivalent to ten percent (10%) of the delinquent rental amount,
23 exclusive of late fees, for each month that rent is delinquent.(b) Base Rent Adjustment:

24 (1) Commencing July 1, 2010 and every July 1 through July 1, 2014,
25 the Base Rent will be adjusted as follows:

26 July 1, 2010-June 30, 2011 (\$479.74 per acre) x (14.87 acres) =\$7,133.73

27 July 1, 2011-June 30, 2012 (\$522.74 per acre) x (14.87 acres) =\$7,773.14

28 July 1, 2012-June 30, 2013 (\$569.76 per acre) x (14.87 acres) =\$8,472.33

1 July 1, 2013-June 30, 2014 (\$620.91 per acre) x (14.87 acres) = \$9,232.93

2 July 1, 2014-June 30, 2015 (\$639.54 per acre) x (14.87 acres) = \$9,509.96

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

10 The aviation fair market value for the Land will be established by a
11 property appraisal performed by an independent appraiser, knowledgeable and experienced in
12 the valuation of aviation property within the southern California Counties of Riverside, San
13 Bernardino, San Diego and Los Angeles. The appraiser shall be certified by, and be, in good
14 standing with the Appraisal Institute of Chicago IL with a current designation of "MAI" and the
15 appraisal shall be conducted in strict compliance with the Uniform Standards of Professional
16 Appraisal Practice ("USPAP"). In the event that the MAI designation ceases to exist, the
17 successor designation as designated by the Appraisal Institute of Chicago IL or its successor
18 organization, if any, shall be utilized.

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

1 less than one hundred and eighty (180) days prior to the rent adjustment date, County will give
2 reasonable consideration to the comments received from the Lessee's Committee and shall
3 issue a Final RFQP to a minimum of five (5) appraisers meeting the foregoing qualifications.
4 Upon receipt of the responses to the RFQP, the County shall offer the responses to the
5 Lessee's Committee for viewing and comment for a period of fourteen (14) days, and after
6 reasonable consideration of the comments made, County shall select the appraiser pursuant to
7 the County's established guidelines. The cost of the appraisal and related processes shall be
8 borne by the County. The cost, if any, of forming and operating the Lessee's Committee shall
9 be borne by the Lessee Committee members.

10 Once established, the adjusted monthly Base Rent for the Land shall be
11 adjusted annually in the manner set forth in Section 6(b)(2) above. In no event will application
12 of this paragraph result in a monthly rental amount lower than the highest previous monthly
13 rental amount.

14 (3) Consumer Price Index - Beginning July 1, 2016, and at each July
15 1 thereafter, except for dates coinciding with the appraisals conducted every fifth year as
16 referenced in 6(a) above, the rent shall be adjusted by the percentage change in the Consumer
17 Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the twelve
18 month period ending three months before the month of rent adjustment under this paragraph. In
19 no event will application of this paragraph result in a monthly rental amount lower than the
20 highest previous monthly rental amount.

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

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

10 (d) Rent Abatement: In the event of damage or destruction of all or any part
11 of the Leased Premises, or the improvements thereon, the rental payments shall be reduced
12 pro rata during the period the Leased Premises or the improvements thereon are unfit for
13 normal use; provided, however, that such damage or destruction is not caused by Lessee, its
14 officers, agents, employees, independent contractors, subcontractors or invitees.

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

17 (a) Provide or make available, in part on the Leased Premises, the services
18 required of a Full Service FBO as set forth in Exhibit "C", Minimum Standards for Fixed Base
19 Operators Riverside County Airports. Lessee shall provide or make available, at a minimum,
20 aircraft maintenance and repair; aircraft fueling for both piston and jet aircraft; flight instruction
21 via Lessee's employees or a qualified third party provider; transient aircraft parking guidance;
22 positioning of wheel chocks and tie downs; fireguard for engine starts; baggage handling upon
23 request; have available and provide standardized ground service equipment and recovery
24 equipment for aircraft weighing up to 80,000 lbs (service and delivery equipment shall include,
25 but not be limited to, wheel chocks, tie-down ropes or chains, aircraft jacks, tow bars, auxiliary
26 power units and aircraft tugs); and a pilots' lounge and restrooms.

27 (b) Provide services to the general public seven (7) days per week during
28 the term of this Lease, at a minimum of nine (9) hours per day, 8:00 a.m. to 5:00 p.m., local

1 time. Any change in the minimum hourly schedule must be approved by County in writing prior
2 to implementation.

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

8 (d) Employ and maintain on the Leased Premises sufficient personnel who
9 are trained and skilled in order to competently perform the tasks related to the services being
10 offered;

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

15 (f) Operate the Leased Premises and the facilities thereon in compliance
16 with applicable laws, rules and regulations and in an efficient manner, charging fair and
17 reasonable prices for each unit or service, said prices being competitive with prices charged by
18 other full service fixed based operators at Jacqueline Cochran Regional Airport and, upon
19 request from County, Lessee shall furnish County with a schedule of all prices for each unit or
20 service offered for sale or lease to the general public;

21 (g) Provide janitorial services for interior, exterior, and grounds at Lessee's
22 own expense;

23 (h) Not engage in the painting of aircraft (other than small 'spot painting'
24 jobs in connection with repairs) within any buildings, unless or until it has established therein a
25 regular paint shop which is adequately enclosed and vented, and has been inspected and
26 approved, in writing, by representatives of the Federal Aviation Administration and County's
27 Fire and Building and Safety Departments, meet all other local, state and federal laws and
28

1 regulations, and all applicable permits have been obtained. Under no circumstances is aircraft
2 painting permitted without the express, written approval of County;

3 (i) Maintain a comfortable clean sanitary restroom facilities for both men
4 and women; such restroom facilities shall be properly and continuously supplied with soap,
5 towels, toilet tissue and any other supplies required by state, federal or local laws and
6 ordinances;

7 (j) Observe the Taxiway Object Free Area adjacent to their leasehold to
8 allow the passage of taxiing aircraft. The Taxiway Object Free Area boundary for Taxiway A is
9 seventy-five (75) feet from the centerline of the taxiway; and for Taxiway F is one hundred ten
10 (110) feet from the centerline of the taxiway;

11 (k) Upon termination of this Lease, Lessee agrees to surrender said Leased
12 Premises and improvements thereon in such good, safe and sanitary condition, reasonable use
13 and wear thereof, acts of God, war, or civil insurrection, excepted; and

14 (l) On every January 1 and July 1 during the term of this Lease, Lessee
15 shall provide an Aircraft and Sublease Status Report, Exhibit "F", attached hereto and
16 incorporated herein by reference, for all subleases, tenants, and aircraft being stored on the
17 Leased Premises. The report shall be supplied in a form and electronic format acceptable to
18 County and contain at least the following information: Name of the sublessee, the beginning
19 and ending date of the term of the sublease, the size of the subleased land, the size of the
20 subleased space, the aircraft storage hangar number/address, the Aircraft Registration
21 Number, the name of the owner of the aircraft, the type of aircraft and indicate whether or not
22 an aircraft is "based" at the airport (aircraft that spend at least three months of the year at this
23 airport are to be identified in the report as "based aircraft"); and certify compliance with the
24 insurance requirements set forth in Sections 23 and 24 herein. Lessee records and files
25 regarding sublessees and aircraft, including, but not limited to insurance policies and
26 certificates, shall be subject to inspection by County upon forty eight (48) hours written notice
27 to Lessee.
28

1 (m) This Lease is subject to the Minimum Standards for Full Service Fixed
2 Based Operators Riverside County Airports, Exhibit "C," as amended from time to time,
3 attached hereto and by reference incorporated herein.

4 (n) Maintenance.

5 (i) Lessee shall maintain the Leased Premises and the improvements
6 thereon in a neat, safe, orderly and attractive condition during the term of this Lease, and
7 Lessee shall provide for the sanitary handling and disposal of all refuse accumulated as a
8 result of Lessee's use of the Leased Premises and the improvements thereon. In addition, the
9 exterior and interior improvements of the Leased Premises shall be maintained by Lessee in
10 good working condition and repair during the term of this Lease.

11 (ii) In the event of damage or destruction of all or any part of the
12 improvements within or upon the Leased Premises rendering said Leased Premises unusable,
13 for the purposes set forth in Section 5 herein, in whole or in part, Lessee shall repair such
14 damage or destruction with due diligence and without unreasonable delay. Time is of the
15 essence on the repair or replacement of damaged or destroyed improvements.

16 8. Permits, Licenses and Taxes. Lessee shall secure, at its expense, all
17 necessary permits and licenses as it may be required to obtain regarding the construction,
18 operation, maintenance, and termination or abandonment of activities upon the Leased
19 Premises, and Lessee shall pay for all fees and taxes levied or required by any authorized
20 public entity. Lessee recognizes and understands that this Lease may create a possessory
21 interest subject to property taxation and that Lessee may be subject to the payment of property
22 taxes levied on such interest.

23 9. On-Site Improvements

24 (a) Any improvements, alterations, and installation of fixtures to be
25 undertaken by Lessee shall have the prior written approval of the County after Lessee has
26 submitted to County the proposed site plans, building plans and specifications therefore, in
27 writing. In addition, Lessee understands and agrees that such improvements, alterations, and
28 installation of fixtures may be subject to County Ordinance Nos. 348 and 457, as well as other

1 applicable County ordinances, and that Lessee shall fully comply with such ordinances prior to
2 the commencement of any construction in connection therewith.

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

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

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

20 10. Off-Site Improvements

21 (a) County shall provide the following off-site improvements to serve the
22 site: (1) water, (2) sewer, and (3) a paved access road to the Leased Premises. Connections
23 to said off-site improvements shall be the sole cost and responsibility of Lessee as described in
24 Section 10(c). Additionally, Lessee shall be responsible for any improvements beyond those
25 listed in this section, including, but not limited to, electricity, telephone, and gas service.

26 (b) Lessee shall pay a sewer connection fee for each sewer connection and
27 a monthly sewer service fee to County. The amount of the fees shall be according to the fee
28 schedule in effect at the time of Lease execution. The monthly sewer service fee will be

1 adjusted from time to time and be based upon County's sewer service payments to the
2 Coachella Valley Water District and County's cost of repairing, maintaining, and administering
3 the airport's sewer system.

4 (c) It is understood by the parties hereto that utility services are available in
5 the general vicinity of the Leased Premises, but in order for the on-site improvements required
6 in Section 9 herein to be fully usable and operational, Lessee, at its expense, shall extend
7 and/or connect, or cause to be extended and/or connected, to such utility service facilities that
8 may be required or desired by Lessee in the use, operation, and maintenance of such on-site
9 improvements. Lessee shall pay all related fees and charges related to such utility extensions
10 and hookups. After such extensions and/or connections have been made, Lessee shall be
11 responsible for payment for the use of such utility services, without limitation, all electricity, gas,
12 telephone and water.

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

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

21 12. County's Reserved Rights.

22 (a) The Leased Premises are accepted by Lessee subject to any and all
23 existing easements or other encumbrances, and County and its agents, employees, or
24 subcontractors shall have the right to enter upon the Leased Premises and to install, lay,
25 construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers,
26 pipelines, manholes, connections, water, oil and gas pipelines, and telephone and telegraph
27 power lines and such other facilities and appurtenances (collectively "Infrastructure") necessary
28 or convenient to use in connection therewith, over, in, upon, through, across and along the

1 Leased Premises or any part thereof. County also reserves the right to grant additional
2 franchises, easements, rights of way permits in, over and upon, along or across any and all
3 portions of said Leased Premises for such Infrastructure as and County may elect; provided,
4 however, that no right of the County provided for in this section shall be executed so as to
5 interfere unreasonably with Lessee's use hereunder, or impair the security of any secured
6 creditor of Lessee. County shall cause the surface of the Leased Premises to be restored to
7 its original condition (as they existed prior to any such entry) upon the completion of any
8 construction by County or its agents. In the event such construction renders any portion of the
9 Leased Premises unusable, the rent shall abate pro rata as to such unusable portion during the
10 period of such construction. County will provide thirty (30) days advance notice, or as soon as
11 is practicable, to Lessee before County exercises any of County's rights set forth in this
12 Section; provided, however, in the event such right must be exercised by reason of emergency,
13 then County shall give Lessee such notice as is reasonable under the existing circumstances.

14 (b) County reserves the right to further develop or improve the aircraft
15 operating area of Jacqueline Cochran Regional Airport as it deems appropriate. County
16 reserves the right to take any action it considers necessary to protect the aerial approaches of
17 the Jacqueline Cochran Regional Airport against obstruction, together with the right to prevent
18 the Lessee from erecting or permitting to be erected, any building or other structure on the
19 Jacqueline Cochran Regional Airport, which in the reasonable opinion of County, would limit
20 usefulness of the Jacqueline Cochran Regional Airport or constitute a hazard to aircraft.

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

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

6 (e) Nothing contained herein shall be construed to prevent County from
7 closing runways, ramps, taxiways or aprons or other Airport property for capital improvement
8 projects from time to time at the reasonable discretion of County and with reasonable written
9 notice to Lessee.

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

12 13. Taxiways. County reserves a non exclusive easement on any and all taxiways
13 included in the Leased Premises for the public's ingress and egress to ramps and runways for
14 the specific purposes of landing, take-off, and taxiing of aircraft. All such uses shall be in
15 accordance with the laws of the United States of America and the State of California, and the
16 rules and regulations promulgated by their authority with respect to aviation and navigation,
17 and in accordance with all reasonable rules and regulations, applicable ordinances of County.

18 14. Returned Phases. Pursuant to the terms and conditions of the Original Lease,
19 as referenced in Section 1(d) and (e) herein, approximately 3.57 acres of undeveloped Leased
20 Premises reverted back to the County, referred herein as the "Returned Phases". The County
21 and the public (airport users) require access through the previously developed Leased
22 Premises to access taxiways and ramps within the Airport. County reserves a non exclusive
23 easement to allow access through the Leased Premises for use by the Occupants, as defined
24 in Section 1(e) herein, for ingress and egress for Parcel "A" as shown on Exhibit "G". This
25 easement shall allow ingress and egress to Taxiway A through the Leased Premises to the
26 heavy ramp and Taxiway F by way of the ingress and egress access as shown on Exhibit "G".
27 It is the intent of the Parties that the Occupants of Parcel "A" have the same right of access
28 through the Leased Premises to Taxiway A and Taxiway F as the Occupants of Phases 1, 2 &

1 3 of the Leased Premises. The Parties agree that the Occupants of Parcel "A" will use the
2 east/west bound ingress and egress access across the Leased Premises, to be known as the
3 Primary Access. In the event that the Primary Access is unavailable, the north/south bound
4 ingress and egress access across the Leased Premises, known as the Secondary Access, will
5 be used. For purposes of this Lease, "unavailable" shall mean unusable and obstructed due to
6 construction, improvements, or maintenance work that is being performed. The Primary
7 Access shall not be deemed to be unavailable merely because there is a temporary obstruction
8 that can be moved in a timely manner to allow Occupants to use the Primary Access. Primary
9 and Secondary Access are shown on Exhibit "G". The referenced easements shall be in a
10 form satisfactory to the County.

11 15. Inspection of Premises. County, through its duly authorized agents, shall have,
12 upon reasonable notice, during normal business hours, the right to enter the Leased Premises
13 for the purpose of inspecting, monitoring and evaluating the obligations of Lessee hereunder
14 and for the purpose of doing any and all things which it is obligated and has a right to do under
15 this provided that the inspection does not unreasonably interfere with Lessee's business.

16 16. Quiet Enjoyment. Lessee shall have, hold, and quietly enjoy the use of the
17 Leased Premises so long as Lessee shall fully and faithfully perform the terms and conditions
18 that the Lessee is required to do under this Lease.

19 17. Compliance with Government Regulations. Lessee shall, at Lessee's sole cost
20 and expense, comply with the requirements of all local, state, and federal statutes, regulations,
21 rules, ordinances, and orders now in force or which may be hereafter in force, pertaining to the
22 Leased Premises. The final judgment, decree, or order of any Court of competent jurisdiction,
23 or the admission of Lessee in any action or proceedings against Lessee, whether Lessee be a
24 party thereto or not, that Lessee has violated any such statutes, regulations, rules, ordinances,
25 or orders in the use of the Leased Premises, shall be conclusive of that fact as between County
26 and Lessee.

27 18. Discrimination or Segregation
28

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

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

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

1 19. Termination by County. County shall have the right to terminate this Lease
2 forthwith:

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

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

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

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

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

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

16 (g) Failure of the Lessee to require all tiers of sublessees and/or contractors
17 to indemnify the County and to have appropriate insurance coverages and/or failure by Lessee
18 to monitor each sublessee and/or contractor for current and correct Certificates of Insurance
19 and required endorsements throughout the term of this lease.

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

27 21. Eminent Domain. If any portion of the Leased Premises shall be taken by
28 eminent domain and a portion thereof remains which is usable by Lessee, in its discretion, for

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

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

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

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

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 Parties
3 herein from third party claims.

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

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

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

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

25 (b) Airport Liability. Lessee shall maintain Airport Liability Insurance
26 coverage including, but not limited to, premises/operations liability, contractual liability,
27 products and completed operations liability, independent contractors, personal and advertising
28 injury liability covering all claims or lawsuits of any nature whatsoever which may arise from or

1 out of Lessee's performance under the terms of the lease agreement. Policy shall name all the
2 County of Riverside its Agencies, Districts, Special Districts, and Departments, their respective
3 directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or
4 representatives as Additional Insureds. Policy's limit of liability shall not be less than
5 \$25,000,000 per occurrence combined single limit and in the annual aggregate as applicable.
6 The policy shall be endorsed to provide Hangar Keeper's Legal Liability Insurance (Ground and
7 In-Flight) providing coverage for aircraft in the care, custody or control of the Lessee. Policy
8 shall include coverage for the Named Insured's use of unlicensed vehicles on Airport Premises.
9 The foregoing policy limits of liability are subject to adjustment by County as provided for in
10 Section 5 above.

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

18 (d) Aircraft Hull and Liability Insurance.

19 (1) Aircraft Hull - Lessee agrees to indemnify and hold harmless the
20 County from any and all losses, claims, or damage to any aircraft owned by Lessee and all
21 losses, claims, or damage to any aircraft where Lessee has agreed under contract to be
22 responsible for any physical damage to the aircraft. Lessee hereby agrees that this
23 indemnification and hold harmless includes, but is not limited to, losses, claims or damage to
24 any of Lessee's aircraft caused directly or indirectly by the County.

25 (2) Aircraft Liability - Lessee shall provide Aircraft Liability insurance
26 for all owned and non-owned aircraft operated by the Lessee in an amount not less than
27 \$5,000,000 combined single limit per occurrence for bodily injury, including death and property
28 damage and coverage shall include, but is not limited to, products/completed operations and

1 contractual liability. The policy will be endorsed to name all The County of Riverside, its
2 Agencies, Districts, Special Districts, and Departments, its respective directors, officers, Board
3 of Supervisors, employees, elected or appointed officials, agents or representative as
4 Additional Insureds.

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

10 Lessee shall also maintain site-specific Pollution Liability Insurance, covering
11 both sudden and gradual pollution, with limits of not less than \$2,000,000 each pollution
12 condition and \$2,000,000 annual aggregate covering third party claims for bodily injury,
13 property damage and first and third party cleanup expense, for pollution conditions occurring or
14 discovered on-site whether in the soil, water or air, which arise out of Lessee's activities at the
15 Airport. The insurance shall include coverage for loss arising out of the handling of fuel,
16 including the transportation of fuel and refueling of aircraft on-site, arising out of any storage
17 tanks and associated piping, and arising out of the operation, parking and maintenance of
18 aircraft, vehicles on the premises and operations that include any other hazardous materials,
19 waste, and/or work. The policy shall name County as additional insured, and shall not contain
20 an "insured v. insured" exclusion. The policy shall not contain a deductible or self-insured
21 retention higher than \$500,000.

22 (f) All Risk Property Insurance:

23 (1) All-Risk real and personal insurance coverage, including
24 earthquake and flood if applicable, for the full replacement cost value of building, structures,
25 fixtures, equipment, improvements/alterations and systems on the premises for property that
26 the Lessee owns or is contractually responsible for. Policy shall include Business Interruption,
27 Extra Expense, and Expediting Expense to cover the actual loss of business income sustained
28

1 during the restoration period. Policy shall name the County of Riverside as a Loss Payee and
2 provide a Waiver of Subrogation in favor of the County of Riverside.

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

8 (3) Course of Construction Insurance. During the full term of
9 construction of the planned improvements, Lessee shall purchase and maintain or cause to be
10 maintained All Risk Builder's Risk insurance (Completed Value Form) including earthquake and
11 flood for the entire Project, if applicable, including coverage for materials and supplies located
12 on and offsite but to be part of, or used in the construction of, the completed Project. Policy
13 shall also include as insured property, scaffolding, falsework, and temporary buildings located
14 on the Project site, and the cost of demolition and debris removal. If the contractor or others
15 insure scaffolding, falsework and temporary buildings separately, evidence of such separate
16 coverage shall be provided to County prior to the start of the work. The Course of Construction
17 coverage limit of insurance shall equal or exceed the highest values exposed to loss at any
18 one time during the project term. Policy shall waive subrogation in favor of all Agencies,
19 Districts, Special Districts, and Departments of the County of Riverside, their respective
20 directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or
21 representatives.

22 (g) General Insurance Provisions – All Lines:

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

26 (2) Insurance deductibles or self-insured retentions must be declared
27 by the Lessee's insurance carrier(s), and such deductibles and retentions shall have the prior
28 written consent from the County Risk Manager. Upon notification of deductibles or self insured

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

6 (3) Cause Lessee's insurance carrier(s) to furnish the County of
7 Riverside with either: 1) a properly executed original Certificate(s) of Insurance and certified
8 original copies of Endorsements effecting coverage as required herein; or 2) if requested to do
9 so in writing by the County Risk Manager, provide original Certified copies of policies including
10 all Endorsements and all attachments thereto, showing such insurance is in full force and
11 effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the
12 insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside
13 prior to any material modification of coverage or cancellation of such insurance. In the event of
14 a material modification of coverage or cancellation of such insurance, this Lease shall
15 terminate forthwith, unless the County of Riverside receives, prior to such effective date,
16 another properly executed original Certificate of Insurance and original copies of endorsements
17 or, if requested, certified original policies, including all endorsements and attachments thereto
18 evidencing coverages set forth herein and the insurance required herein is in full force and
19 effect.

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

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

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

10 Beginning July 1, 2010, and every fifth year thereafter during the term of
11 this Lease or any extension thereof, County reserves the right to adjust the monetary limits of
12 insurance coverage as required in Sections 23 and 24.

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

15 24. Insurance for Fuel Suppliers. Lessee shall also require suppliers of fuel to
16 procure, maintain, show evidence and comply with all requirements of insurance as follows:

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

24 (b) Commercial General Liability. Commercial General Liability insurance
25 coverage, including but not limited to, premises liability, contractual liability, products and
26 completed operations, personal and advertising injury covering claims which may arise from or
27 out of Supplier's performance of its obligations hereunder. Policy shall name the Lessee, all the
28 County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective

1 Directors, Officers, Board of Supervisors, elected officials, employees, agents or
2 representatives as Additional Insureds. The policy's limit of liability shall not be less than
3 \$1,000,000 per occurrence combined single limit. If such insurance contains a general
4 aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the
5 occurrence limit.

6 (c) Vehicle Liability. Supplier shall maintain liability insurance for all owned,
7 non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence
8 combined single limit. If such insurance contains a general aggregate limit, it shall apply
9 separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall
10 name the Lessee, County of Riverside, Special Districts, their respective Directors, Officers,
11 Board of Supervisors, elected officials, employees, agents, or representatives as Additional
12 Insureds.

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

17 (e) General Insurance Provisions – All lines: Lessee shall cause
18 Supplier's insurance carrier(s) to furnish the Lessee and the County of Riverside with a
19 properly executed original Certificate(s) of Insurance and certified original copies of
20 Endorsements effecting coverage as required herein. Further, said Certificate(s) and policies
21 of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written
22 notice shall be given to the Lessee and the County of Riverside prior to any material
23 modification, cancellation, expiration or reduction in coverage of such insurance. In the event
24 of a material modification, cancellation, expiration, or reduction in coverage, the Supplier's
25 Agreement shall terminate forthwith, unless the Lessee and the County of Riverside receives,
26 prior to such effective date, another properly executed original Certificate of Insurance and
27 original copies of endorsements or certified original policies, including all endorsements and
28

1 attachments thereto evidencing coverages set forth herein and the insurance required herein is
2 in full force and effect.

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

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

12 25. Insurance for Sublessees and Contractors. Lessee shall require each of its
13 sublessees and contractors to meet all insurance requirements imposed by this Lease. These
14 requirements, with the approval of the County's Risk Manager, may be modified to reflect the
15 activities associated with the sublessee or contractor. On every sublease or contract the
16 Lessee shall have the sublessee or contractor name the Lessee and the County by
17 endorsement as an additional insured and/or have the sublessee or contractor provide an
18 endorsement waiving subrogation in favor of the Lessee and the County on every sublessee's
19 or contractor's insurance policy, as applicable. Certificates and endorsements evidencing
20 compliance with this section will be provided to the County prior to the sublessee taking
21 occupancy.

22 26. Acceptance of Leased Premises. Lessee represents that it has inspected the
23 Leased Premises, accepts the "as is" condition thereof, and fully assumes any and all risks
24 associated to the use thereof. County shall not be liable to Lessee, its officers, agents,
25 employees, subcontractors or independent contractors for any bodily injury, personal injury or
26 property damage suffered by them or others which may result from hidden, latent or other
27 dangerous conditions in, on, upon or within the Leased Premises.
28

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

5 Lessee shall submit all documents pertaining to any such transaction referenced in the
6 foregoing paragraph to County for approval prior to entering into such agreements. Lessee will
7 submit executed subleases and all required certificates of insurance and endorsements to
8 insurance policies, as specified in Sections 23, 24 and 25 of this Lease, to County for approval
9 prior to sublessees occupying the subleased premises.

10 In the event of any transfer as provided in this Section, Lessee expressly understands
11 and agrees that it shall remain liable with respect to any and all the obligations and duties
12 contained in this Lease.

13 28. Right to Encumber/Right to Cure.

14 (a) Lessee's Right to Encumber. Notwithstanding provisions of Section 28
15 herein, County does hereby consent to and agree that Lessee may encumber or assign, or
16 both, for the benefit of a lender, herein called Encumbrancer, this Lease, the leasehold estate
17 and only the Lessee-owned improvements thereof by a deed of trust, mortgage or other
18 security-type instrument, herein called trust deed, to assure the payment of the promissory
19 note of Lessee if the Encumbrancer is an established bank, savings and loan association or
20 insurance company, and the prior written consent of County shall not be required:

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

23 (2) To any subsequent transfer by the Encumbrancer if the
24 Encumbrancer is an established bank, savings and loan association or insurance company,
25 and is the purchaser at such foreclosure sale, or is the assignee under an assignment in lieu of
26 foreclosure; provided, however, that in either such event the Encumbrancer forthwith gives
27 notice to County in writing of any such transfer, setting forth the name and address of the
28 transferee, the effective date of such transfer, and the express agreement of the transferee

1 assuming and agreeing to perform all of the obligations under this Lease, together with a copy
2 of the document by which such transfer was made.

3 Any Encumbrancer described in Section 28(a)(2) above which is the transferee under
4 the provisions of Section 28(a)(1) above shall be liable to perform the obligations and duties of
5 Lessee under this Lease only so long as such transferee holds title to the leasehold.

6 Any subsequent transfer of this leasehold hereunder, except as provided for in Section
7 28(a)(2) above, shall not be made without the prior written consent of County and shall be
8 subject to the conditions relating hereto as set forth in Section 28 herein. Lessee shall give
9 County prior notice of any such trust deed and shall accompany such notice with a true copy of
10 the trust deed and note secured thereby.

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

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

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

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

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

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

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

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

12 31. National Pollution Discharge Elimination System (NPDES) Permit. Lessee
13 acknowledges, understands and agrees that it shall comply with California State Water
14 Resources Control Board general permit requirements now and in the future relating to storm
15 water discharges associated with activities such as aircraft rehabilitation, mechanical repairs,
16 fueling, lubrication, cleaning, painting and deicing. Lessee further acknowledges, understands
17 and agrees that it shall participate as a co-permittee under said general permit, participate in
18 the Jacqueline Cochran Regional Airport Storm Water Pollution Prevention Plan (SWPPP) as
19 noted in Exhibit "D", attached hereto and by this reference made a part of this Lease, including
20 with out limitation, the Best Management Practices, Best Available Technology Economically
21 Achievable, and Best Convention Pollutant Control Technology.

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

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

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

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

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

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

28 37. Severability. The invalidity of any provision in this Lease as determined by a

1 court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

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

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

13 40. Notices. Any notices required or desired to be served by either party upon the
14 other shall be in writing and addressed to the respective parties as set forth below. Any notice
15 or demand required under this Lease may be by personal service, courier, United States mail,
16 certified mail /postage prepaid, or facsimile transmittal. Notices served by mail are deemed
17 properly delivered effective the third (3rd) business day and personal service, courier delivery,
18 or facsimile transmittal are deemed served at the time and date of receipt confirmation provided
19 that such notice is addressed to the Party as follows:

20 COUNTY
21 County of Riverside
22 Economic Development Agency
23 3403 Tenth Street, Ste 500
Riverside, CA 92501
Attn: Assistant County Executive Officer

LESSEE
Signature Flight Support Corporation
Attention: Contracts
201 S. Orange Avenue, Suite 1100s
Orlando, FL 32801

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

25 Nothing herein contained shall preclude the giving of any such written notice by
26 personal service, in which event notice shall be deemed given when actually received. The
27 address to which notices shall be mailed as aforesaid to either party may be changed by
28 written notice given by such party to the other as hereinabove provided.

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

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

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

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


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

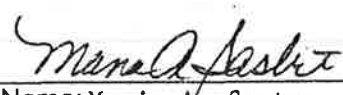
1 therewith. This Lease may be changed or modified only upon the written consent of the parties
2 hereto.

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

6 Date: 9/8/10

SIGNATURE FLIGHT SUPPORT CORPORATION,
a Delaware corporation

8
9 By: 
10 Name: Joseph I. Goldstein
11 Title: Secretary

By: 
Name: Maria A. Sastre
Title: Vice President

12 Date: _____

COUNTY OF RIVERSIDE, a political subdivision
of the State of California

13 APPROVED AS TO FORM:

14 


15 LEGAL DEPT.

16
17 By: _____
18 Marion Ashley
19 Chairman, Board of Supervisors

20 ATTEST:
21 Clerk of the Board
22 Kecia Harper-Ihem

FORM APPROVED:
County Counsel
Pamela J. Walls

23 By: _____
24 Deputy

25 By: 
26 Cynthia M. Gunzel
27 Deputy County Counsel

28 (SEAL)

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Attachments:

1. Exhibit A – Boundary Survey and Legal Description
2. Exhibit B – Federally Required Lease Provisions
2. Exhibit C – Minimum Standards
3. Exhibit D – Storm Water Pollution Prevention Plan
4. Exhibit E – Board of Supervisors Resolution No. 2008-362
5. Exhibit F - Aircraft and Sublease Status Report
6. Exhibit G – Ingress/Egress Access Exhibit