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

FORM APPROVED COUNTY COUNSEL
BY: GREGORY P. PRIAMOS
DATE: 7/22/15

FROM: Economic Development Agency

SUBMITTAL DATE:
August 6, 2015

SUBJECT: Consent to Bill of Sale and Assignment and Assumption of Sublease between Robert W. James, Inc., and Art Hospitality, LLC; French Valley Airport; Project is CEQA Exempt; District 3 [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 and Section 15061(b)(3);
2. Approve and consent to the assignment of Robert W. James, Inc.'s (James) interest under that certain Sublease dated December 1, 2002 between Murrieta Executive Air park MEA, LLC as "sublessor" and James as "sublessee," to Art Hospitality, LLC, as set forth in the attached Bill of Sale and Assignment and Assumption 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:	2014/15

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.: 3.22 of 9/11/01; 3.4 of 1/14/03; 3.11 of 1/28/03 3.10 of 3/23/04; 3.16 of 7/27/06;

District: 3

Agenda Number:

3-17

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

Economic Development Agency

FORM 11: Consent to Bill of Sale and Assignment and Assumption of Sublease between Robert W. James, Inc., and Art Hospitality, LLC; French Valley Airport; Project is CEQA Exempt; District 3 [\$0]

DATE: August 6, 2015

PAGE: 2 of 3

RECOMMENDED MOTION: (Continued)

3. Approve and consent to the sale of the aircraft storage hangar known as Hangar No. 4, located on the subleased premises within French Valley Airport, as more specifically set forth in the attached Bill of Sale and Assignment and Assumption of Sublease between Robert W. James, Inc., (as seller) and Art Hospitality, LLC, (as buyer);
4. Approve the attached Consent to Assignment and Consent to Bill of Sale;
5. Authorize the Chairman of the Board of Supervisors to sign the attached Consent to Assignment and Consent to Bill of Sale; and
6. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents necessary to implement the Bill of Sale and Assignment and Assumption of Sublease, subject to approval by County Counsel.

BACKGROUND:

Summary

The County of Riverside Economic Development Agency (EDA) received a request from Robert W. James, Inc., a California corporation, (James) to consent to the assignment of James' interest in that certain Sublease dated December 1, 2002 (Sublease) by and between Murrieta Executive Airpark, MEA, LLC, a California limited liability company (MEA), (as sublessor), and Robert W. James, Inc., a California corporation (as sublessee), to Art Hospitality, LLC, a California limited liability company (Art). The Sublease pertains to that certain Unit No. 4 (also identified as Hangar no. 5B) located within French Valley Airport in Murrieta, California, as more particularly depicted in Exhibit A to the attached Sublease. The Sublease is subject to that certain Lease (French Valley Airport) by and between the County of Riverside (as Lessor) and MEA (as Lessee) dated September 11, 2001, as amended by that certain First Amendment to Lease (French Valley Airport) dated March 23, 2004, and that certain Second Amendment to Lease (French Valley Airport) dated June 27, 2006 (collectively, the Lease). The Lease relates to the lease of approximately 3.5 acres of vacant land, located at the French Valley Airport, as more fully described in Exhibit A to the Lease. Pursuant to Section 23 of the Lease, the proposed assignment is subject to the written consent of the County.

In connection with the assignment of James' interest under the Sublease, James (assignor therein) and Art (assignee therein) executed that certain Bill of Sale and Assignment and Assumption of Sublease on February 26, 2015 (Assignment), the effectiveness of which is subject to the prior consent and approval of the County of Riverside. A copy of the Assignment is attached. Art has also acquired from James and aircraft storage hangar known as Unit no. 4 (also identified at Hangar no 5B) located on the subleased premises, the sale of which is also memorialized in the attached Assignment. Art will not change the existing use of the subleased premises. The Assignment will not impact the terms of the Sublease.

Pursuant to the California Environmental Quality Act (CEQA), the Assignment was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1 – Existing Facilities and State CEQA Guidelines 15061(b)(3), General Rule or "Common Sense" Exemption. The proposed project, the Assignment of James' interest under an existing Sublease and the sale of the hangar, is the assignment of an interest relating to the subletting of property involving existing facilities and no expansion of an existing use will occur.

(Continued)

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

Economic Development Agency

FORM 11: Consent to Bill of Sale and Assignment and Assumption of Sublease between Robert W. James, Inc., and Art Hospitality, LLC; French Valley Airport; Project is CEQA Exempt; District 3 [\$0]

DATE: August 6, 2015

PAGE: 3 of 3

BACKGROUND:

Summary

(Continued)

In addition, it can be seen with certainty that there is no possibility that the Assignment may have a significant effect on the environment since its merely a continuation of an existing use.

County Aviation Division staff recommend that the Board of Supervisors approve the proposed Consent to Assignment and proposed Consent to Bill of Sale attached hereto. County Counsel has reviewed and approved the Consent to Assignment and the Consent to Bill of Sale as to legal form.

Impact on Citizens and Businesses

The Bill of Sale and Assignment and Assumption of Sublease will assist in the County's effort to increase airport operations which will in turn provide increased patron activities for local businesses.

SUPPLEMENTAL:

Additional Fiscal Information

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

ATTACHMENTS:

Attachment A – Consent to Assignment of Sublease

Attachment B – Consent to Bill of Sale

Attachment C – Bill of Sale and Assignment and Assumption of Sublease

Attachment D – Sublease

ATTACHMENT A

CONSENT TO ASSIGNMENT OF SUBLEASE

CONSENT TO ASSIGNMENT

(Robert W. James, Inc., Unit No. 4)

The County of Riverside ("County") hereby consents to the Bill of Sale and Assignment of Assumption to Sublease ("Assignment"), of Robert W. James, Inc., a California corporation ("James") interest as sublessee in that certain Sublease (defined below) to Art Hospitality, LLC, a California limited liability company, as set forth in the Assignment dated February 26, 2015, attached hereto as Attachment "A" and incorporated herein by this reference ("Assignment"). Pursuant to the Assignment, ("James") transferred and assigned to Art Hospitality, LLC, a California limited liability company ("Assignee") all of ("James") rights, title, interest and obligations ("Rights and Obligations") under that certain Sublease dated December 1, 2002 ("Sublease") between Murrieta Executive Air Park MEA, LLC, a California limited liability corporation, ("MEA") (as sublessor) and ("James"), (as sublessee). The Sublease pertains to that certain Unit No. 4 (identified as Hangar 5B) located at French Valley Airport in Murrieta, California, as more particularly described on Exhibit "B" to the Sublease.

The Sublease is subject to that certain Lease (French Valley Airport) by and between the County (as Lessor) and MEA (as Lessee), dated September 11, 2001, as amended by that certain First Amendment to Lease (French Valley Airport) dated March 23, 2004, and that certain Second Amendment to Lease (French Valley Airport) dated June 27, 2006 (collectively, the "Lease"), relating to the lease of approximately 3.5 acres of vacant land, located at the French Valley 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 consent to the assignment of the Rights and Obligations by ("James") to Assignee and Assignee's assumption thereof. Consent hereof by the County shall not be construed to relieve or release (i) ("James") from its duty to comply with any obligations under the Sublease, and (ii) MEA from its duty to comply with any obligations under the Lease.

[Remainder of Page Intentionally Blank]

[Signatures on Following Page]

IN WITNESS WHEREOF, the County of Riverside has executed this Consent to Assignment as of the date set forth below.

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

Marion Ashley, Chairman
Board of Supervisors

Date: _____

ATTEST:
KECIA IHEM-HARPER
Clerk of the Board

By: _____

(SEAL)

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel



Jhaila R. Brown
Deputy County Counsel

S:\EDCOM\AIRPORTS\FRENCH VALLEY\Murrieta Executive Air Park\Hangar Transfer -RWJames to Art Hospitality LLC
12.1.14\Lease - Ratification - Consent to Assignment - RWJames to Art Hospitality LLC 12.1.14 (JRB revs 1.26.15) rev 6.19.15
vp.doc

ATTACHMENT B

CONSENT TO BILL OF SALE

CONSENT TO BILL OF SALE

The County of Riverside (County) hereby consents to the Bill of Sale and Assignment and Assumption of Sublease (Bill of Sale), dated February 26, 2015, for the aircraft storage hangar known as Unit no. 4 (identified as Hangar 5B), located at French Valley Airport, Murrieta, California, between Robert W. James, Inc., a California corporation, as Seller, and Art Hospitality, LLC, an California limited liability company, as Buyer. 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 Art Hospitality, LLC, or to any third party to review, inspect, supervise, pass judgment upon or inform Art Hospitality, LLC, or any third party of any matter in connection with subject aircraft storage hangar, whether regarding the quality or adequacy or suitability of the subject hangar for Art Hospitality, LLC's, proposed use or otherwise. Art Hospitality, LLC, 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 Art Hospitality, LLC's intended use.

Date: _____

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

By: _____
Marion Ashley, Chairman
Board of Supervisors

ATTEST:
KECIA IHEM-HARPER
Clerk of the Board

APPROVED AS TO FORM
GREGORY P. PRIAMOS, County Counsel

By: _____
Deputy

By: 
Jhaila R. Brown
Deputy County Counsel

(SEAL)

Art Hospitality, LLC, hereby acknowledges and consents to all of the terms set forth in this Consent to Bill of Sale.

Art Hospitality, LLC, an Arizona limited liability company

By: Alisha Patel
Alisha N. Patel, Member

Dated: 3/4/15

By: Tarisha Patel
Tarisha Patel, Member

Dated: 3/4/15

By: Riya Patel
Riya Patel, Member

Dated: 3/4/15

ATTACHMENT C

**BILL OF SALE
AND
ASSIGNMENT AND ASSUMPTION OF SUBLEASE**

BILL OF SALE AND ASSIGNMENT AND ASSUMPTION OF SUBLEASE

1. Sale, Transfer and Assignment of Sublease. For Two Hundred Ten Thousand Dollars (\$210,000), effective as of the date the parties receive the written consent of the County of Riverside ("Effective Date"), Robert W. James, Inc., a California corporation ("Seller") hereby sells, transfers, assigns, conveys, grants and delivers to Art Hospitality, LLC, an Arizona limited liability company ("Buyer"), all of Seller's right, title and interest in, under and to that certain Sublease dated December 1, 2002 by and between Murrieta Executive Air Park MEA, LLC, a California limited liability company, as Sublessor, and Seller, as Sublessee ("Sublease"), pertaining to the premises described as Murrieta Executive Air Park's Unit 4, consisting of approximately 1/12 acre/3,600 square feet of land, including one metal construction hangar identified as Hangar 5B, located at French Valley Airport, City of Murrieta, County of Riverside, State of California.

2. Assumption of Sublease. Buyer hereby accepts the foregoing assignment and agrees to perform all of the terms and conditions of the Sublease to be performed on the part of Seller and assumes all of the liabilities and obligations of Seller under the Sublease arising or accruing on or after the Effective Date, including, without limitation, liability for the payment of rent and for the due performance of all the terms, covenants and conditions of the sublessee pursuant to the Sublease.

3. Miscellaneous.

3.1 Further Actions. Each party agrees to perform any further acts and execute and deliver such further documents as may be reasonably necessary to carry out the provisions of this Bill of Sale and Assignment and Assumption of Sublease ("Bill of Sale").

3.2 Headings. The section headings used herein are inserted for convenience only and will not affect in any way the meaning or interpretation of this Bill of Sale.

3.3 Governing Law. This Bill of Sale will be governed by and construed in accordance with the laws of the State of California.

3.4 Counterpart and Electronic Signatures. This Bill of Sale may be executed in any number of counterparts, and with counterpart signature pages, including facsimile, pdf or similar counterpart signature pages, all of which together will for all purposes constitute one Bill of Sale.

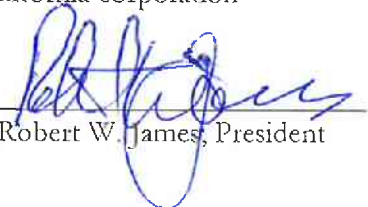
[SIGNATURES FOLLOW ON NEXT PAGE]

BILL OF SALE AND ASSIGNMENT AND ASSUMPTION OF SUBLEASE

IN WITNESS WHEREOF, Seller and Buyer have executed this Bill of Sale and Assignment and Assumption of Sublease as of February 26, 2015.

SELLER

Robert W. James, Inc.,
a California corporation

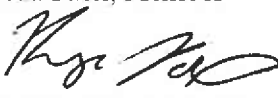
By: 
Robert W. James, President

BUYER

Art Hospitality, LLC,
an Arizona limited liability company

By: 
Alisha N. Patel, Member

By: 
Tarisha Patel, Member

By: 
Riya Patel, Member

HOLDING ESCROW INSTRUCTIONS

First American Title Insurance Company
4380 La Jolla Village Drive, Suite 110
San Diego, CA 92122

Date: February 26, 2015
File No: _____

Attention: Meg Kilfoil-Dick

Robert W. James, Inc., a California corporation ("Seller") and Art Hospitality, LLC, an Arizona limited liability company ("Buyer") hereby appoint First American Title Insurance Company as Escrow Holder, and Escrow Holder accepts said appointment for the purposes set forth herein:

A. Seller and Buyer are parties to a Bill of Sale and Assignment and Assumption of Sublease dated November 24, 2014 ("Bill of Sale").

B. Pursuant to the Bill of Sale, effective as of the date the parties receive the written consent of the County of Riverside, a political subdivision of the State of California ("Riverside County"), Seller is selling, transferring, assigning, conveying, granting and delivering to Buyer all of Seller's right, title and interest in, under and to that certain Sublease dated December 1, 2002 by and between Murrieta Executive Air Park MEA, LLC, a California limited liability company, as Sublessor, and Seller, as Sublessee, pertaining to the premises described as Murrieta Executive Air Park's Unit 4, consisting of approximately 1/12 acre/3,600 square feet of land, including one metal construction hangar identified as Hangar 5B, located at French Valley Airport, City of Murrieta, County of Riverside, State of California.

C. On the date of these instructions, Buyer will deposit with Escrow Holder funds in the amount of \$210,000.

D. Escrow Holder is instructed to hold and not release said funds to Seller until Escrow Holder receives the following from Seller: (i) a Decline of Right of First Refusal and Consent to Assignment of Sublease signed by Murrieta Executive Air Park, MEA, a California limited liability company, in the form of Exhibit A attached hereto, (ii) a Consent to Bill of Sale signed by Riverside County, in the form of Exhibit B attached hereto and (iii) a Consent to Assignment signed by the Riverside County, in the form of Exhibit C attached hereto.

E. Seller and Buyer acknowledge (i) Riverside County is requiring the parties execute and deliver the Assignment, Acceptance and Agreement ("County Assignment"), in the form of Exhibit D attached hereto, in connection with this transaction and (ii) notwithstanding the execution and delivery of the County Assignment, the sale and transfer of the Sublease will not be effective until (a) Seller delivers the documents set forth in Paragraph D above and (b) the Escrow funds are released to Seller.

F. Seller and Buyer agree to perform any further acts and execute and deliver such further documents as may be reasonably necessary to carry out the provisions of this Holdback Escrow Instructions.

G. Seller and Buyer acknowledge First American Title Insurance Company charges an Escrow Holding Fee in the amount of \$750.00. Seller and Buyer will pay Escrow Holder such Escrow Holding Fee at the time of the opening of this holding escrow. Seller and Buyer will each be responsible for one-half of the Escrow Holding Fee (i.e. \$375 each).

H. By signature hereon, Seller and Buyer acknowledge receipt of First American Title Insurance Company's General Provisions incorporated herein by reference.

I. When the entire amount in the holdback escrow has been disbursed, escrow will be deemed closed.

Holding Escrow Instructions

File No: NCS-_____

Date: February 26, 2015

J. Seller and Buyer hereby agree to, jointly and severally, indemnify and hold harmless First American Title Insurance Company, its officers, agents, employees and assigns from any liability, loss, costs, charges, expenses and damages of any kind or character whatsoever, including but not limited to any reasonable attorney fees incurred or sustained as a result of compliance with this instruction. As among Seller and Buyer, it is agreed any such indemnification obligation will be shared fifty percent (50%) by Seller and fifty percent (50%) by Buyer.

These instructions may be executed in any number of counterparts, and with counterpart signature pages, including facsimile, pdf or similar counterpart signature pages, all of which together will for all purposes constitute one and the same instructions.

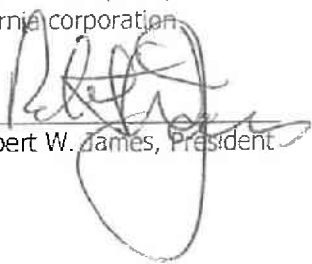
***** SEE SIGNATURES ON THE FOLLOWING PAGE*****

Holding Escrow Instructions
File No: NCS-_____

Date: February 26, 2015

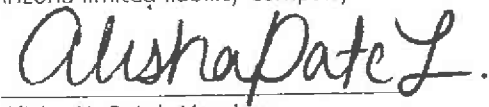
SELLER

Robert W. James, Inc.,
a California corporation

By: 
Robert W. James, President

BUYER

Art Hospitality, LLC,
an Arizona limited liability company

By: 
Alisha N. Patel, Member

By: 
Tarisha Patel, Member

By: 
Riya Patel, Member

CONSENT OF ESCROW HOLDER

First American Title Insurance Company ("Escrow Holder") accepts the foregoing escrow instructions, agrees to act as Escrow Holder and agrees to be bound by their provisions applicable to it as Escrow Holder.

First American Title Insurance Company

By: _____
Meg Kilfoil-Dick, Escrow Officer

DECLINE OF RIGHT OF FIRST REFUSAL

AND

CONSENT TO ASSIGNMENT OF SUBLEASE

Reference is made to certain Sublease dated November 12, 2002 (Sublease), by and between Murrieta Executive Air Park MEA, LLC, a California corporation, as Sublessor, and Robert W James, Inc., a California corporation, as Sublessee, pertaining to the premises described as Murrieta Executive Air Park's Unit 4, consisting of approximately 1/12 acre/3600 square feet of land, including one metal construction hangar identified as Hangar 5B, located at French Valley Airport, City of Murrieta, County of Riverside, State of California.

1. MEA confirms that it was informed of offer to purchase Hangar 5B pursuant to Section 13.04 of the Sublease by Robert W James, Inc. MEA hereby declines to exercise its Right of First Refusal to purchase Hangar 5B.
2. Robert W James, Inc. hereby requests MEA's consent to assign the Sublease by Robert W James, Inc. as Transferor and Sublessee to Art Hospitality, LLC, an Arizona Limited Liability company, as Transferee under the terms and conditions of the Sublease, a copy of which is attached here to as Exhibit A and made apart hereof.

DECLINE OF RIGHT OF FIRST REFUSAL
AND CONSENT TO ASSIGNMENT OF SUBLEASE

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

MURRIETA EXECUTIVE AIR PARK, MEA
A California Limited Liability Company

Executed on: 10/8/14

BY: Kevin Stumm
Kevin Stumm

Exhibit A – Master Sublease

Exhibit B – Aircraft Hangar Purchase Agreement

ATTACHMENT D

SUBLEASE

EXHIBIT A

SUBLEASE
(behind this page)

REQUEST FOR CONSENT TO SUBLEASE

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

1. MEA hereby requests the County's consent to Sublease by MEA, as Sublessor, to Robert W. James, Inc., as Sublessee, to that certain portion of the Premises as outlined on Exhibits "B" and "C" to said Sublease, under the terms and conditions of said proposed Sublease, a copy of which is attached hereto as Exhibit A and made a part hereof.
2. The address of the proposed Sublessee is:
320 N. Broadway
Escondido, CA 92025
3. The nature and character of the proposed Sublessee's business is as set forth in the proposed Sublease.

This request is made on November 12, 2002.

MURRIETA EXECUTIVE AIR PARK, MEA
a California limited liability company

By: [Signature]
Kevin Stumm

[Signature]
Russell Erickson

CONSENT TO SUBLEASE

THE UNDERSIGNED HEREBY CONSENT TO THE
ABOVE-REFERENCED SUBLEASE

Executed this 14 day of January, 2003

COUNTY OF RIVERSIDE

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

ATTEST:
NANCY POMEROY, Clerk
BY [Signature] DEPUTY

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

FORM APPROVED
COUNTY COUNSEL

DEC 24 2002

JAN 14 2003

BY [Signature]

SUBLEASE

This Sublease is made effective December 1, 2002 ("Commencement Date"), by and between Murrieta Executive Air Park MEA, LLC, a California Corporation, ("MEA" or "Sublessor"), and Robert W. James, Inc., a California Corporation, ("Sublessee").

RECITALS

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

AGREEMENT

1.0 Premises. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor upon the terms and conditions hereinafter set forth, those certain premises ("Premises"), Unit no. four (4) located at the Airport, including the real property described in Exhibit "B" and the area outlined on Exhibit "C" attached hereto and made a part hereof, said Premises being a portion of the premises currently leased to Sublessor under the Master Lease, to include the right to use certain portions of the Common Area as hereinafter further provided. "Common Area" is defined as any portion of the property referred to in Paragraph 3.2.

2.0 Term. This Sublease shall commence on the first day of the month following execution by all parties thereto, and shall terminate September 30, 2031 in accordance with the Master Lease. If the Sublessor exercises the option to extend the Master Lease for ten (10) years as provided by Paragraph 3. (b) of the Master Lease, then the Sublessee shall have the option to extend this sublease for a period of ten (10) years to coincide with the Master Lease.

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

made a part hereof by reference ("Rules and Regulations"), all as set forth below.

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

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

4.0 **Rent and Charges.**

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

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

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

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

5.01 **Common Area Payments.** Sublessee shall pay on a one-sixteenth pro rata basis, all charges for all maintenance, landscaping, sweeping to include security, common area

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

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

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

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

7.0 Use Conditions.

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

7.02 Compliance with Rules, Regulations, Ordinance, Codes and Law. Sublessee shall at Sublessee's sole cost and expense at all times during the term of this Sublease or any renewal or extension thereof comply with and observe all rules, regulations, ordinances, codes and laws which have been or may be promulgated by Sublessor, the County, and the Rules and Regulations attached hereto, or other jurisdictions that relate to the Premises and the use of the facilities of the Airport including all fire regulations,

safety regulations, noise control regulations and security regulations. Such rules, regulations, ordinances, codes, Rules and Regulations and laws are hereby made a part of this Sublease and Sublessee's failure to keep and observe the rules and regulations shall constitute a breach of the terms of this Sublease in like manner as if the same were contained herein. Sublessor and the County reserve the right to amend or supplement the rules, regulations, ordinances, codes and laws and to adopt additional rules, regulations, ordinances, codes and laws applicable to the Premises, to Sublessee's use of the Premises, and the use of the facilities of the Airport. Sublessor shall have no obligation to Sublessee as a result of the violation of any such rules by any other person. Sublessee shall at all times obey the 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 Alterations and Improvements. Sublessee shall not install, make, or suffer to be made, any alterations or improvements to the interior or exterior of the Premises or any part thereof without the prior written consent of Sublessor, such consent shall not be unreasonably withheld or delayed. If in accordance with good construction practices, applicable governmental requirements, the special conditions, plans and specifications approved by Sublessor, Sublessee shall comply with all construction and labor regulations of Sublessor and the County and shall provide reasonable insurance coverage required by Sublessor and the County, or other means of surety, to the reasonable satisfaction of Sublessor and the County shall be provided to ensure that, in the event that the Sublessee defaults and is unable to complete construction, there will be funds provided to return the Premises to the original condition and to satisfy any liens for labor and materials that may be brought for work on the Premises. All alterations or improvements performed by Sublessee shall be carried out by licensed contractors and said alterations and improvements shall be carried out in accordance with all applicable laws and regulations. Sublessee shall at Sublessee's sole cost and expense obtain all necessary permits, licenses and authorizations in connection with the construction. Sublessee's work shall be subject to the

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

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

11.0 Damage or Destruction. If the improvements to the Premises are damaged or destroyed

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

12.0 Condemnation.

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

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

13.0 Assignments and Subleases.

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

shall require Sublessor's consent. If sublessee is a corporation, any change in the ownership of a controlling interest of the voting stock of the corporation shall require Sublessor's consent.

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

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

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

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

13.06 No Merger. No merger shall result from Sublessee's sublease of the Premises under this Article Thirteen, Sublessee's surrender of this Sublease or the termination of

this Sublease in any other manner. In any such event, Sublessor may terminate any or all subleases or succeed to the interest of Sublessee as Sublessor under any or all subleases.

14.0 Default.

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

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

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

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

15.0 Indemnity and Insurance

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

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

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

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

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

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

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

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

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

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

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

16.02 Cleanup of Hazardous Substances. In the event of a release, leak, spill, or threatened or actual contamination or deterioration of the Premises or groundwater by a Hazardous Substance, other than those which can be shown to have been present in, on or under the Premises prior to the Commencement Date, whether the result of an act or omission of Sublessee or its agents, employees, contractors, licensees, or invitees or any other third parties, Sublessee shall, immediately notify Sublessor, the County, and all appropriate health, safety and environmental regulatory agencies. Sublessee hereby covenants and agrees to implement and complete, at its sole cost and expense, and to the satisfaction of Sublessor and the County, all investigation and remediation measures required by such agency or agencies. If Sublessee fails to take such action Sublessor may, but shall not be obligated to, take such action. In such event, all costs incurred by Sublessor or the County with respect to such cleanup activities shall be for the account of Sublessee and Sublessee shall promptly make reimbursement therefore. Sublessee shall not take any remedial action in response to the presence of any Hazardous Substances in any way connected with the Premises, nor enter into any settlement agreement, consent

decree or other compromise in respect to any claims relating to any Hazardous Substances in any way connected with the Premises without first notifying the Sublessor and the County of Sublessee's intention to do so and affording Sublessor and the County ample opportunity to appear, intervene or otherwise appropriately assess and protect its interest and respect thereto.

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

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

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

16.06 Site Visits, Observations and Testing. Sublessor, the County, and their agents and representatives shall have the right from time to time to enter and visit the Premises to make observations of the Premises, take and remove soil or groundwater samples, and conduct tests. Sublessor is under no duty, however, to visit or observe the Premises or to conduct tests. No site visit, observation or testing by Sublessor shall result in a waiver of any default of Sublessee or impose any liability on Sublessor. In no event shall any site visit, observation or testing by Sublessor be a representation that Hazardous Substances are or are not present in, on or under the Premises or that there has been compliance with

any statute, code, regulation, rule, ordinance, order or other law pertaining to Hazardous Substances. Neither Sublessee nor any other party is entitled to rely on any site visit, observation or testing by Sublessor. Sublessor shall not be obligated to disclose to Sublessee or any other party any report or finding made as a result, or in connection with, any site visit, observation or testing by Sublessor. Sublessor shall not be obligated to disclose to Sublessee or any other party any report or finding made as a result, or in connection with, any site visit, observation or testing by Sublessor. In each instance, Sublessor shall give Sublessee reasonable notice before entering the Premises.

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

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

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

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

Sublessee
Robert W. James, Inc.
320 North Broadway
Escondido, CA 92025
Attn: Robert W. James

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.

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

21.0 Time. Time is of the essence.

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

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

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

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

26.0 Interpretation. The captions of the Sections of this Sublease are to assist the parties in reading this Sublease and are not a part of the terms or provisions of this Sublease. Whenever required by the context of this Sublease, the singular shall include the plural and the plural shall

include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Sublessee, the term "Sublessee" shall include Sublessee's agents, employees, contractors, invitees, successors or others using the Premises with Sublessee's expressed implied permission.

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

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

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

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

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

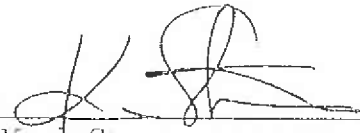
32.0 Intentional Interference. If the Sublessee creates any intentional interference with business and economic opportunities of the Sublessor, the Sublessor will have the right to terminate the Lease.


SIGNATURE PAGE

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


SUBLESSOR:

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

By: 
Kevin Stumm


RUSSELL ERICKSON

Address:

SUBLESSEE:

By: _____

Address:

LEGAL DESCRIPTION
AIRPLANE HANGER NO. 4

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

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

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

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

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

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

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

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

THENCE, N 12°17'07" E A DISTANCE OF 570.00 FEET TO A POINT;

THENCE, N 77°42'53" W A DISTANCE OF 252.05 FEET TO A POINT;

THENCE, N 12°17'07" E A DISTANCE OF 134.48 FEET TO A POINT, SAID POINT
BEING THE POINT OF BEGINNING;

THENCE, CONTINUING N 12°17'07" E A DISTANCE OF 63.00 FEET TO A POINT:

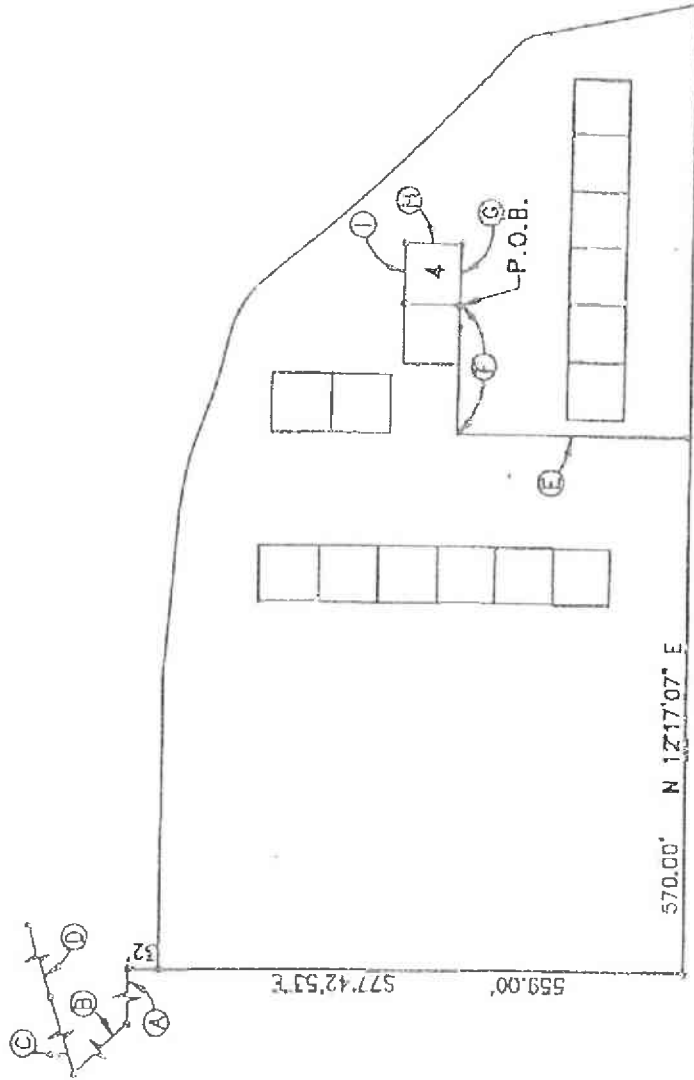
THENCE, N 77°42'53" W A DISTANCE OF 60.00 FEET TO A POINT;

THENCE S 12°17'07" W A DISTANCE OF 63.00 FEET TO A POINT;

THENCE, S 77°17'07" E A DISTANCE OF 60.00 FEET TO THE POINT OF BEGINNING.

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

EXHIBIT "A" HANGER No. 4



LINE TABLE	
BEARING	DISTANCE
A N 12°17'07" E	4439.85'
B S 89°53'17" E	999.66'
C S 00°35'35" E	2644.41'
D S 00°35'35" E	2644.42'
E N 77°42'53" W	252.05'
F N 12°17'07" E	134.48'
G N 12°17'07" E	63.00'
H N 77°42'53" W	60.00'
I S 12°17'07" W	63.00'
J S 77°17'07" E	60.00'

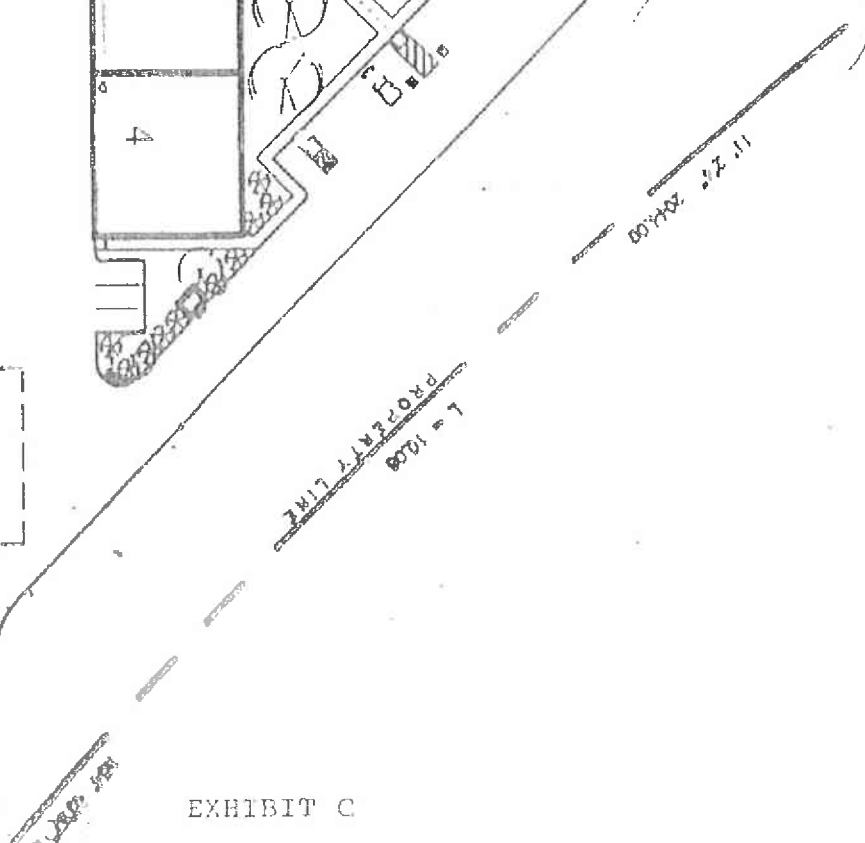
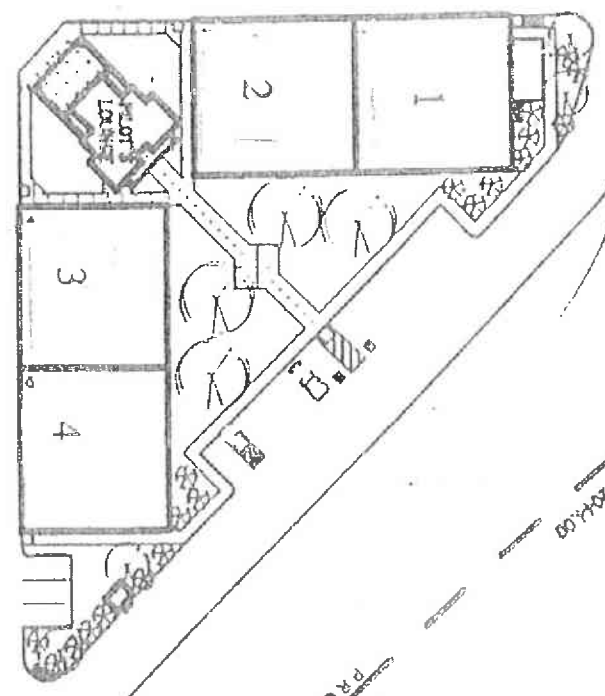
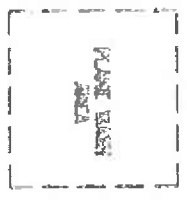
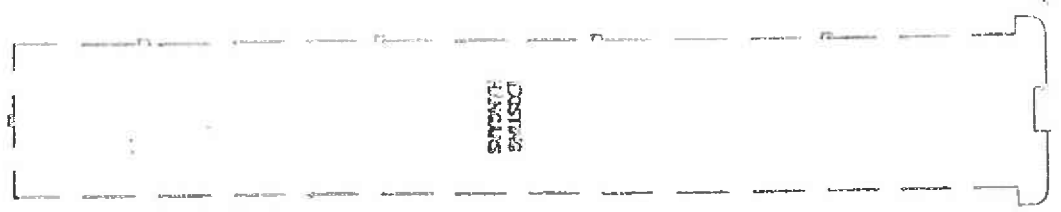


EXHIBIT C

GENERAL RULES

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

VEHICLE PARKING RULES

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

AIRCRAFT RULES

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

EXHIBIT E

SUBORDINATION, NON-DISTURBANCE AND
ATTORNMEN T AGREEMENT

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

RECITALS

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

WHEREAS, the Lessee desires to sublease to Sublessee certain parcels of the Land described as parcel number 4 upon which aircraft hangar buildings are erected, pursuant to that certain Sublease in effect between Lessee and Sublessee dated November 8, 2002 (the "Sublease").

WHEREAS, the Lessee and Sublessee desire that the County consent to the Sublease and provide assurances to Sublessee that its possession of the parcel number 4 will not be disturbed.

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

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

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

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

4. LIMITATIONS ON OBLIGATIONS. If Sublessee succeeds to Lessee's interests in the Ground Lease with respect to parcel number 4, Sublessee will not be:
- (a) Liable for any act or omission of its predecessors in interest to the Ground Lease;
 - (b) Subject to any offsets or defenses that the County may have against its predecessors in interest to the Ground Lease;
 - (c) Bound by any amendment or modification of the Ground Lease which pertains to parcel number 4 made without its consent and written approval;
 - (d) Liable for the payment of any rent payable to the County in accordance with the Ground Lease in excess of the rent defined in 3 above;
 - (e) Liable for the default, act or omissions of parties, other than Sublessee, who have succeeded to Lessee's interests in the Ground Lease with respect to land and premises covered by the Ground Lease.
5. SUBORDINATION. The Sublease now is, and will be, subject and subordinate to the Ground Lease.
6. CONSENT. Whenever the consent of the County is required under the Ground Lease or the Sublease, with respect to actions of the Sublessee such consent will not be unreasonably withheld or delayed.
7. AMENDMENTS AND BINDING EFFECT. This agreement may be modified only by an agreement in writing signed by the parties hereto. This Agreement will inure to the benefit of and will be binding upon the County, Sublessee and their successors and assigns.

COUNTY OF RIVERSIDE

Date: January 14, 2003

By: [Signature]
Chairman, Board of Supervisors
JOHN TAVAGNONE

(SEAL)

Approved as to Form:

By: Jordan V. Woo 12/24/02
Deputy County Counsel

Attest: [Signature]
By: [Signature]
Deputy

Robert W. James, INC.

Date: 11/13/02

By: [Signature]
Title: _____

By: _____
Title: _____

MURRIETA EXECUTIVE AIRPARK HANGARS

LEGAL HANGAR NUMBER AND
ASSIGNED HANGAR NUMBER

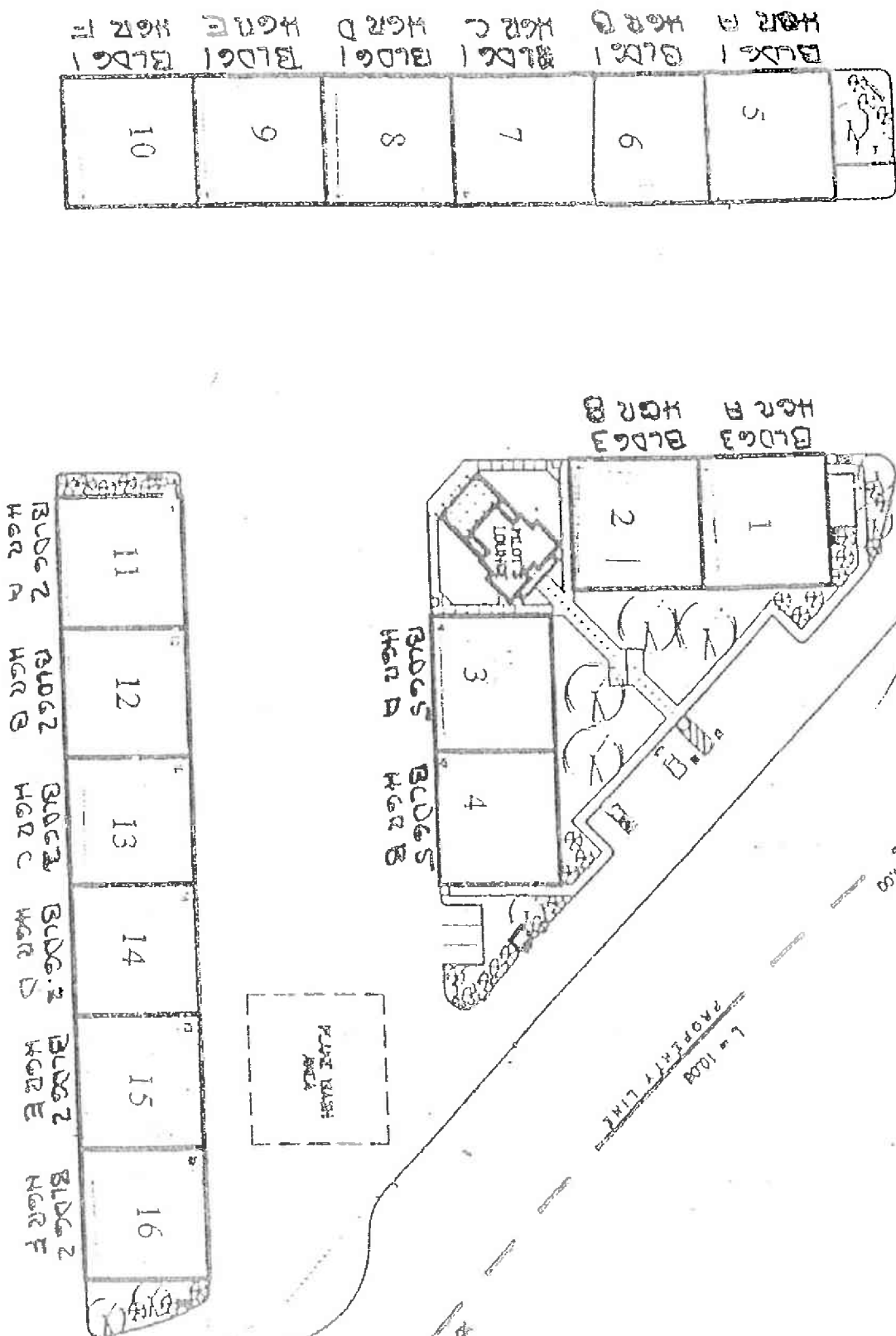


EXHIBIT C

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

301



FROM: Economic Development Agency SUBMITTAL DATE: December 16, 2002

SUBJECT: Assignment of Rights by Robert W. James, Inc. to Temecula Valley Bank N.A.,
with regard to Sublease from Murrieta Executive Air Park MEA, LLC to Robert W. James, Inc.,
French Valley Airport; Third District

RECOMMENDED MOTION: That the Board of Supervisors approve the Assignment of Rights by Robert W. James, Inc., a California Corporation, to Temecula Valley Bank N.A., a national banking association, with regard to Sublease from Murrieta Executive Air Park MEA, LLC to Robert W. James, Inc. and authorize the Chairman to execute the Consent to Assignment.

BACKGROUND: The Economic Development Agency is in receipt of an Assignment Of Rights by Robert W. James, Inc., to Temecula Valley Bank with regard to a Sublease between Murrieta Executive Air Park MEA, LLC a California Limited Liability Company, as Sublessor, and Robert W. James, Inc., as Sublessee. As a condition to making a loan for the acquisition of the aircraft hangar located on the parcel being subleased, the Bank of Temecula requires that Robert W. James, Inc. assign all rights with respect to the sublease to the bank should the ground lease be terminated or Borrower James defaults prior to the expiration of the term.

The Economic Development Agency staff recommends approval of the Assignment Of Rights by Robert W. James, Inc. to Temecula Valley Bank N.A. County Counsel has approved the Assignment document as to form.

FORM APPROVED
COUNTY COUNSEL

JAN 06 2003

BY: *Bradley J. Hudson*

Bradley J. Hudson

Bradley J. Hudson, Executive Director

F:\Shared\EDCOM\AIRPORTS\FRVALLEY\ME AIR PARK E11 R. W. James assign Temecula V Br.doc

FINANCIAL DATA:

CURRENT YEAR COST: \$0	ANNUAL COST \$0
NET COUNTY COST: \$0	IN CURRENT YEAR BUDGET: NA
BUDGET ADJUSTMENT: NO	FOR FY: NO
COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: Yes	
SOURCE OF FUNDS: NA	

C.E.O. RECOMMENDATIONS:

APPROVE

County Executive Officer Signature: *Rhonda King*

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Venable, Wilson and Ashley
 Noes: None
 Absent: None
 Date: January 28, 2003
 xc: EDA, Co.Co., Auditor

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

Prev. Agn. Ref.
9/11/01 3 22

Dist.
3rd

AGENDA NO.

3.11

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

Per Executive Office: Consent Policy

ASSIGNMENT OF RIGHTS

THIS ASSIGNMENT OF RIGHTS ("Assignment") is dated for reference purposes and entered into as of December 10, 2002, between TEMECULA VALLEY BANK N.A., a national banking association ("Bank"), and ROBERT W. JAMES, INC., a California corporation ("Borrower"), with reference to the following facts:

1. RECITALS

1.1 The County of Riverside, California (the "County") has entered, or is about to enter, into a lease with Murrieta Executive Air Park MEA, LLC ("MEAP") covering certain parcels of land located at French Valley Airport in the County of Riverside, California (the "Property"). The lease between the County and MEAP is referred to herein as the "Ground Lease."

1.2 MEAP and Borrower have entered, or are about to enter, into a sublease of the Property ("Sublease"). In connection with the Sublease, the County and Borrower have agreed to execute a Subordination, Non-Disturbance and Attornment Agreement (the "Agreement"), pursuant to which the County has or will agree, among other things, that if MEAP's interest in the Ground Lease is terminated prior to the expiration of the term of the Ground Lease, Borrower will be deemed to have automatically succeeded to MEAP's interest in the Ground Lease and that Borrower and County will, upon request by either party, enter into a new lease with respect to the Property upon the same terms and conditions as set forth in the Ground Lease, except that the rent payable to the County will be the rent payable by Borrower under the Sublease.

1.3 Bank has agreed to make a loan to Borrower in the amount of \$160,000 ("Loan"). Repayment of the Loan is or will be secured by a deed of trust encumbering Borrower's leasehold interest in the Property evidenced by the Sublease ("Deed of Trust"). As a condition to making the Loan, Bank requires that Borrower assign to Bank all of Borrower's rights under the Agreement, including Borrower's right to possession of the Property and the right to require the County to enter into a new lease with respect to the Property should the Ground Lease be terminated prior to the expiration of its term. Bank further requires that the County acknowledge, consent and agree to the assignment by Borrower of its rights under the Agreement to Bank.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL BENEFITS ACCRUING TO THE PARTIES HERETO AND OTHER VALUABLE CONSIDERATION THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO DECLARE, UNDERSTAND AND AGREE TO THE FOLLOWING TERMS.

2. ASSIGNMENT

2.1 Assignment of Rights. Borrower hereby grants, assigns and conveys to Bank all of Borrower's rights under the Agreement, including without limitation, the right to require the County to enter into a new lease with respect to the Property should the Ground Lease be terminated prior to the expiration of its term. Borrower agrees that he will not terminate, modify or in any way amend the Agreement without the prior written consent of Bank and that any termination, modification or amendment of the Agreement without the prior written consent of Bank will be void and have no legal effect.

2.2 Exercise of Rights by Bank. Bank agrees that it shall not exercise any of the rights assigned to it by this Assignment unless and until there has been a default under the Loan and, as a result of such default, Bank has acquired title to Borrower's leasehold interest in the Property through foreclosure of the Deed of Trust.

2.3 Assignment of Right by Bank. Bank shall have the right to re-assign Borrower's rights under the Agreement assigned to Bank hereunder to a bona fide purchaser of the Loan or to the successful bidder at any foreclosure sale under the Deed of Trust.

JAN 24 2003 3:11

2.4 Consent by County. By acknowledging, consenting and agreeing to this Assignment, the County will be deemed to have consented to the assignment by Borrower of its rights under the Agreement and to have acknowledged and agreed that following any foreclosure of the Deed of Trust and sale of Borrower's leasehold interest in the Property, the successful bidder at such foreclosure sale, whether that is Bank or other third-party bidder, shall have the same rights and obligations under the Agreement as Borrower. The parties hereto acknowledge and agree that nothing in this Assignment shall modify or amend the rights and obligations of the parties under the Agreement.

3. GENERAL PROVISIONS

3.1 Time of the Essence. Time is hereby declared to be of the essence of this Assignment and of every part hereof.

3.2 Notices. Except as otherwise provided herein, any written notice or other written communication required to be given under this Assignment shall be personally served by messenger, or sent by a commercial overnight delivery service (such as Federal Express), or by certified mail, return receipt requested, and shall be deemed to have been given (i) if personally served by messenger, on the date actually received, (ii) if sent by a commercial overnight delivery service, on the next business day, or (iii) if sent by certified mail, return receipt requested, on the date of receipt as shown on the return receipt. Notices may also be given by facsimile transmission, provided that such notice shall be deemed effected only upon telephonic or facsimile transmission confirmation from the party to whom the notice is sent that the party received a full and legible copy thereof.

3.3 Entire Assignment; Amendment. This Assignment and any agreements, instruments or documents referred to herein constitute the entire agreement among the parties hereto regarding the subject matter hereof, and all prior and/or contemporaneous communications, verbal or written, between or among the parties hereto regarding the subject matter hereof shall be of no further effect or evidentiary value. No course of prior dealing between the parties, no usage of trade, and no parole or extrinsic evidence of any nature shall be used to supplement or modify any term of this Assignment. This Assignment can be amended only by a written agreement executed by duly authorized representatives of the parties hereto.

3.4 Construction of Assignment. This Assignment shall be construed as though drafted by both parties and shall not be construed against or in favor of any one party. On the contrary, this Assignment has been reviewed by all parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto. Unless the context of this Assignment clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, and references to the part include the whole. The use of the word "including" shall be construed as providing examples only and shall not limit the generality of any provision in which it is used. The use of the word "or" has the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder" and similar terms used in this Assignment shall refer to this Assignment as a whole and not to any particular provision of this Assignment. Section, subsection, clause, and exhibit references are to this Assignment unless otherwise specified.

3.5 Severability. Each provision of this Assignment shall be severable from every other provision of this Assignment for the purpose of determining the legal enforceability of any specific provision.

3.6 Headings. All section headings and section numbers have been set forth herein for convenience of reference only, and shall not limit or affect the meaning or interpretation of any section hereof.

3.7 Successors and Assigns. This Assignment shall bind and inure to the benefit of the respective successors and assigns of each of the parties.

3.8 Revival of Assignment. If any payments of money or transfers of property made to Lender by Borrower, any other guarantor, any maker or any endorser should for any reason subsequently be declared to be, or in Lender's counsel's good faith opinion be determined to be, fraudulent (within the meaning of any state or federal law relating to fraudulent conveyances), preferential or otherwise voidable or recoverable in whole or in part for any reason (hereinafter

collectively called "voidable transfer"), or the amount repaid or restored and all costs and expenses (including attorneys' fees) of Lender related thereto, the Borrower's liability hereunder shall automatically be revived, reinstated and restored and shall exist as though such voidable transfer had never been made to Lender. In the event Lender shall have canceled or returned this Assignment to Borrower, and subsequently be required or advised by counsel to restore or repay any such voidable transfer, the amount thereof, or any portion thereof, Borrower shall remain liable as provided herein to the same extent as if this Assignment had not been canceled or returned to Borrower.

3.9 Governing Law. This Assignment and all other Assignments and instruments required in connection herewith shall be governed by and construed in accordance with the laws of the State of California.

3.10 Counterpart Execution. This Assignment may be executed in several counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Assignment.

3.11 Attorneys' Fees. In the event any party to this Assignment shall be required to commence any action or proceeding against any other party by reason of any breach or claimed breach of any provision of this Assignment, to commence any action in any way connected with this Assignment, or to seek a judicial declaration of rights under this Assignment, the party prevailing in such action or proceeding shall be entitled to recover from the other party, or parties, the prevailing party's reasonable attorneys' fees and costs including, without limitation, all witness fees and associated expenses, including matters on appeal whether or not the proceeding or action proceeds to judgment.

IN WITNESS WHEREOF, this Assignment is executed on behalf of the parties by their respective duly authorized representatives on the date(s) indicated below and effective as of the date set forth above.

Date: December 13, 2002

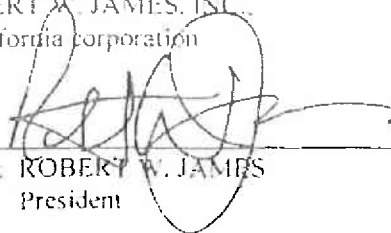
December 13, 2002


BORROWER:

BANK:

ROBERT W. JAMES, INC.,
a California corporation

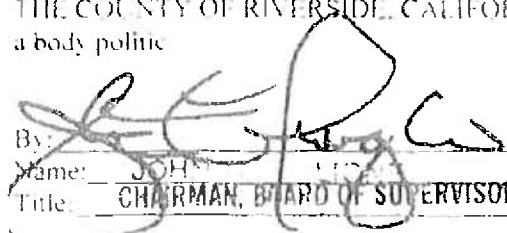
TEMECULA VALLEY BANK, N.A.,
a national banking association

By: 
Name: ROBERT W. JAMES
Title: President

By: 
Name: Michael S. Kelly
Title: President

ACKNOWLEDGED, CONSENTED AND AGREED TO THIS 23 DAY OF January, 2003:

THE COUNTY OF RIVERSIDE, CALIFORNIA,
a body politic

By: 
Name: JOHN
Title: CHAIRMAN, BOARD OF SUPERVISORS

FIRM APPROVED
COUNTY COUNSEL

DEC 24 2002
BY Jordan V. Ubo

ATTEST:
NANCY ROMERO, Clerk

By: 
DEPUTY



**First Citizens
Bank**

PO Box 26592—Dac 18 Raleigh NC 27611-6592

Reference: 1338887/2032449

January 18, 2013

ROBERT W JAMES INC
RW JAMES & ASSOCIATES
1215 PACIFIC OAKS PL STE 101
ESCONDIDO CA 92029-2910

R E C E I V E D
JAN 28 2013
R. W. James & Associates

Dear Valued Client:

Thank you for choosing First Citizens for your financing needs. It's our pleasure to let you know that your loan with us has been paid in full and/or has reached maturity. If your loan was secured with collateral, we are in the process of canceling our lien on your property and we have enclosed your loan release documents.

Need a new loan? We can help.

If you need additional financing for a new car, home improvements, furniture, appliances or any other major purchase, we would be happy to provide the right solution for you at a very competitive rate.

We can also make your banking safer, easier and more affordable.

At First Citizens, you can take advantage of a full range of FDIC-insured checking, money market savings, and CD accounts. Plus, you'll have access to conveniences like Visa® Check (Debit) Cards and FREE Online Banking with Bill Pay, as well as essentials like home and auto insurance*.

First Citizens will work with you to help you reach your financial goals.

You can count us to provide the highest level of customer service. For expert help with the financial services you need, talk to your First Citizens banker, visit us online at firstcitizens.com or call us toll-free at 1.888.FC DIRECT (1.888.323.4732) from 7:00 a.m. till 11:00 p.m. Eastern time any day of the week.

Thank you again for giving us the opportunity to serve you.

Sincerely,

Carolyn L. Parker
Vice President
Loan Production Manager

*Insurance products. Are not covered by the FDIC. Are not deposits or other obligations of the institution and are not guaranteed by the institution. Are subject to investment risks, including possible loss of the principal invested.

Member FDIC Equal Housing Lender

ALLONGE

To be attached to the following identified instrument

Loan No.: 38006967
Type of Instrument: PROMISSORY NOTE
Date of Instrument: 1/10/2003 Original Principal Amount: \$160,000.00
Original Payee: TEMECULA VALLEY BANK

Original Maker(s): ROBERT W JAMES INC
DBA R.W. JAMES & ASSOCIATES

This Allonge applies to the foregoing instrument and (i) all extensions, renewals, modifications, amendments, restatements, consolidations, and/or increases thereof, (ii) all changes in terms relating thereto, and (iii) all notes, credit agreements, and other instruments given in replacement of, in substitution for, to correct, or to refinance the foregoing instrument.

PAY TO THE ORDER OF FIRST-CITIZENS BANK & TRUST COMPANY, WITHOUT RECOURSE.

FEDERAL DEPOSIT INSURANCE CORPORATION as Receiver for Temecula Valley Bank

By: 
Name: William R. Mitchell
Title: Attorney-In-Fact

Background and Explanatory Note:

1. Temecula Valley Bank, National Association was chartered as a national bank by the Office of the Comptroller of the Currency in 1996. On June 29, 2005, Temecula Valley Bank, National Association (i) converted its corporate charter from that of a national bank to that of a state bank chartered under the laws of the state of California, and (ii) changed its name from "Temecula Valley Bank, National Association" to "Temecula Valley Bank."
2. On July 17, 2009, the California Department of Financial Institutions closed Temecula Valley Bank and appointed the Federal Deposit Insurance Corporation as receiver. Immediately thereafter, First-Citizens Bank & Trust Company, a North Carolina-chartered commercial bank, acquired most of the assets and assumed most of the liabilities of Temecula Valley Bank pursuant to a "Purchase and Assumption Agreement" between First-Citizens Bank & Trust Company, the Federal Deposit Insurance Corporation in its corporate capacity, and the Federal Deposit Insurance Corporation in its capacity as Receiver for Temecula Valley Bank. The assets purchased by First-Citizens Bank & Trust Company include the instrument identified in this Allonge.

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$160,000.00	01-10-2003	01-10-2008	0038006967			029	<i>[Handwritten Initials]</i>

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: Robert W. James, Inc. dba R.W. James & Associates
320 North Broadway
Escondido, CA 92025

Lender: Temecula Valley Bank, N.A.
Escondido Office
455 South Escondido Boulevard
Escondido, CA 92025

Principal Amount: \$160,000.00 **Initial Rate:** 7.000% **Date of Note:** January 10, 2003

PROMISE TO PAY. Robert W. James, Inc. dba R.W. James & Associates ("Borrower") promises to pay to Temecula Valley Bank, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Hundred Sixty Thousand & 00/100 Dollars (\$160,000.00), together with interest on the unpaid principal balance from January 10, 2003, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in 59 regular payments of \$1,657.92 each and one irregular last payment estimated at \$95,680.75. Borrower's first payment is due February 10, 2003, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on January 10, 2008, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the WALL STREET JOURNAL PRIME RATE (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each DAY. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 4.250% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 1.000 percentage point over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 7.000% per annum. Notwithstanding the foregoing, the variable interest rate or rates provided for in this Note will be subject to the following minimum and maximum rates. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 7.000% per annum or more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$100.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Temecula Valley Bank, N.A., 27710 Jefferson Avenue, A100 Temecula, CA 92593-0890.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$25.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon Borrower's failure to pay all amounts declared due pursuant to this section, including failure to pay upon final maturity, Lender, at its option, may, if permitted under applicable law, increase the variable interest rate on this Note to 6.000 percentage points over the Index.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

- Payment Default.** Borrower fails to make any payment when due under this Note.
- Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.
- False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.
- Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.
- Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.
- Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note, in the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.
- Change In Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

PROMISSORY NOTE
(Continued)

Loan No: 0038006967

Page 2

by the Deed of Trust upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Trustor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Trustor. However, this option shall not be exercised by Lender if such exercise is prohibited by applicable law.

(B) general intangibles and fixtures described in a Commercial Security Agreement dated January 10, 2003.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

ROBERT W. JAMES, INC. DBA R.W. JAMES & ASSOCIATES

By: 
Robert W. James, President of Robert W. James,
Inc. dba R.W. James & Associates



FROM: Economic Development Agency SUBMITTAL DATE: August 17, 2001

SUBJECT: Lease Agreement between the County of Riverside and Murrieta Executive Air Park MEA, LLC, a California Corporation - French Valley Airport, Third District

RECOMMENDED MOTION: That the Board of Supervisors:

Approve the Lease between the County and the Lessee, Murrieta Executive Air Park MEA, LLC, for a Limited Service Fixed Based Operation (FBO), and authorize the Chairman to execute the Lease.

BACKGROUND:

The Economic Development Agency is in receipt of a lease agreement between the County and Murrieta Executive Air Park MEA, LLC. The Lessee will occupy 4 acres of land at French Valley Airport for the development of aircraft hangars and aviation related structures to be operated as aircraft storage, at the Lessee's sole expense. The Lessee is to pay for construction of all required utility extensions and hookups, and any required access road improvements. All improvements are to be submitted to the County for approval prior to start of construction.

(Continued on Page 2)

FORM APPROVED
COUNTY COUNSEL

AUG 22 2001

Bradley J. Hudson
Bradley J. Hudson, Executive Director

314 RZ DML JV RF AMY 001
P:\Shared\EDCOM\AIRPORTS\FVALLEY\KMEAP01

FINANCIAL DATA:

CURRENT YEAR COST: \$0
NET COUNTY COST: \$0
BUDGET ADJUSTMENT: Yes/ No/X ANNUAL COST: \$0
SOURCE OF FUNDS: FOR FY: N/A
COMPANION ITEM ON BOARD OF DIRECTORS' AGENDA: No

C.E.O. RECOMMENDATION:

APPROVE

County Executive Officer Signature

Granda King

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Venable, Wilson and Mullen
Noes: None
Absent: None
Date: September 11, 2001
xc: EDA, Co.Co., Auditor

Gerald A. Maloney
Clerk of the Board

By: *M. [Signature]*
Deputy

Prev. Agn. ref.
None

Dist.
3rd

AGENDA NO.

Policy
 Policy

Consent
 Consent

Department Recommendation:
Per Executive Office:

BACKGROUND (Con't):

As consideration for occupying the leasehold interest, Murrieta Executive Air Park MEA, LLC, will pay a monthly rent equal to one thousand three hundred twelve dollars and fifty cents (\$1,312.50) during the first twelve (12) months of the Lease term, and two thousand six hundred twenty five dollars (\$2,625.00) commencing upon the start of the thirteenth (13th) month, subject to the following annual increases; beginning July 1, 2002 and at each July 1st thereafter, the rent shall be adjusted by the percentage change in CPI and adjusted every fifth year based on the results of a County procured and approved appraisal.

The term of the lease will not exceed thirty (30) years without the County's prior approval. The Economic Development Agency's Aviation staff recommends approval of the lease to Murrieta Executive Air Park MEA, LLC. County Counsel has approved the lease document as to form.

LEASE SUMMARY:

Rate: \$1,312.50/month during the first 12 months of the Lease term.
\$2,625.00/month commencing upon the start of the 13th month of the Lease term.
Annual CPI adjustments begin July 1, 2002.
Lease rate adjusted every 5th year based on the results of a County procured and approved appraisal.

Size: 4 acres

Term: 30 years; term extension requires County approval prior to expiration of term.

Conditions: An appraisal will be prepared by July 1, 2005, and every fifth year thereafter, to adjust the base land rent amount to reflect current market values.

Miscellaneous: Improvements to include aircraft hangars and aviation related buildings to be operated as aircraft storage, pilot lounge and courtyard areas.

1 LEASE

2 (FRENCH VALLEY AIRPORT)

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

6 1. Recitals.

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

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

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

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

18 3. Term.

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

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

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

SEP 11 2021 3.22

1 4. Use.

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

3 (1) Provide aircraft storage inside hangar buildings.

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

7 5. Rent

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

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

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

23 (d) Consumer Price Index. Beginning July 1, 2004 and at each July 1st
24 thereafter, except for dates coinciding with the appraisals conducted every fifth year as
25 referenced in 5(c), the rent shall be adjusted by the percentage change, with the CPI, All
26 Urban Consumers, LA Anaheim Area for the twelve month period ending two months
27 before the month of rent adjustment under this paragraph. In no event will application of
28 this paragraph result in a monthly rental amount lower than the most previous monthly

1 ... amount.

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

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

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

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

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

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

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

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

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

2 3. ~~Lessee to pay property taxes~~

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

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

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

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

1 connection therewith.

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

12 9. ~~Off Site Improvements~~

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

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

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

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

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

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

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

14 12. County's Reserved Rights.

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

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

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

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

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

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

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

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

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

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

19 16. Discrimination or Segregation.

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

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

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

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

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

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

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

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

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

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

9 18. Termination by Lessee(s).

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

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

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

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

18 I. Workers Compensation

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

27 II. Airport Commercial General Liability

28 Airport Commercial General Liability insurance coverage, including but not

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

13 III. Vehicle Liability

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

22 IV. Aircraft Hull and Liability Insurance

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

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

13 V. Products Liability Insurance

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

19 VI. Hangar Keepers Liability Insurance (Ground Coverage)

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

24 VII. Hangar Keepers Liability Insurance (Flight Coverage)

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

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

3 VIII. Property (Physical Damage):

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

11 ii. Boiler & Machinery insurance coverage on a full replacement cost
12 value basis. Policy shall provide Business Interruption, Extra
13 Expense, and Expediting Expense coverage as well as coverage for
14 off-premises power failure.

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

19 X. General Insurance Provisions - All lines:

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

24 ii. Insurance deductibles or self-insured retentions must be declared by
25 the Lessee's insurance carrier(s), and such deductibles and
26 retentions shall have the prior written consent from the County Risk
27 Manager. Failure of the Lessee's carriers to declare deductibles or
28 self insured retentions to the County shall waive any obligation of the

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

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

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

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

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

18 22. Hold Harmless.

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

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

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

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

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

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

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

3 24. Right to Encumber/Right to Cure.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>COUNTY</u>	<u>LESSEE</u>
County of Riverside Economic Development Agency 3525 14 th Street Riverside, CA 92501 Attn: Executive Director	Municipal Executive Affairs (MFA) (200) 2762 Rutherford Road, Suite 105 Carlsbad, CA 92008 Attn: Kevin Stamm

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

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

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

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

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

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

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

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

6
7 COUNTY OF RIVERSIDE

8 Date: SEP 11 2001

9 (SEAL)

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

12 Approved as to Form: AUG 13 2001

Attest:
13
14 By: [Signature]
15 Gerald A. Maloney, Clerk of the Board

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

16 Murrieta Executive Air Park Mea, LLC

17 Date: July 30, 2001

18
19 By: [Signature]
20 Title: PRESIDENT

21
22 By: [Signature]
23 Title: SECRETARY

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

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FROM: Economic Development Agency SUBMITTAL DATE: December 16, 2002

SUBJECT: Sublease from Murrieta Executive Air Park MEA, LLC to Robert W. James, Inc.
and Exhibit E to Sublease, Subordination, Non-Disturbance and Attornment Agreement
French Valley Airport; Third District

RECOMMENDED MOTION: That the Board of Supervisors approve the Sublease between Sublessor, Murrieta Executive Air Park MEA, LLC, a California Limited Liability Company and Sublessee, Robert W. James, and Inc. a California Corporation, and Exhibit E to Sublease, Subordination, Non-Disturbance and Attornment Agreement; and authorize the Chairman to execute the Consent To Sublease and the Subordination, Non-Disturbance and Attornment Agreement

BACKGROUND: The Economic Development Agency is in receipt of a Sublease between Murrieta Executive Air Park MEA, LLC a California Limited Liability Company, as Sublessor, and Robert W. James, Inc., as Sublessee, and an Exhibit E to Sublease, Subordination, Non-Disturbance and Attornment Agreement. (Continued)

Bradley J. Hudson
Bradley J. Hudson, Executive Director

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FINANCIAL DATA:

CURRENT YEAR COST: \$0	ANNUAL COST \$0
NET COUNTY COST: \$0	IN CURRENT YEAR BUDGET: NA
BUDGET ADJUSTMENT: NO	FOR FY: NO
COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: NA	
SOURCE OF FUNDS: NA	

C.E.O. RECOMMENDATIONS:

APPROVE

County Executive Officer Signature: *Branda King*

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Venable, Wilson and Ashley
 Noes: None
 Absent: None
 Date: January 14, 2003
 cc: EDA, Co.Co., Auditor

Nancy Romero
 Clerk to the Board
 By: *[Signature]*
 Deputy

Prev. Agn. Ref. 9/11/01 3.22

Dist. 3rd

AGENDA NO.

3.4

Department Recommendation: Consent Policy
Per Executive Office: Consent Policy

Form 11- Murrieta Executive Air Park Sublease

Page 2

December 16, 2002

On September 11, 2001, the County of Riverside and Murrieta Executive Air Park MEA (Lessee) entered into a thirty-year lease agreement for 152,460 square feet of vacant land at French Valley Airport for the purpose of developing aircraft storage hangars. The lease agreement contained one ten-year option to renew. The hangars have now been completed and Lessee is selling hangar #4 and subleasing a portion of the master-leasehold as described in Exhibit B of the sublease to Robert W. James, Inc. The Subordination, Non-Disturbance and Attornment Agreement is necessary for the Sublessee to obtain financing for the purchase of the hangar.

The term of the sublease commences on December 1, 2002 and terminates on September 30, 2031, the termination date of the master lease. The Economic Development Agency staff recommends approval of the Sublease to Robert W. James, Inc., (Attachment A) and the Subordination, Non-Disturbance and Attornment Agreement (Attachment B). County Counsel has approved the sublease document as to form.

FORM APPROVED
COUNTY COUNSEL

DEC 24 2002

BY Gordon V. Ubro

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

008



FROM: Economic Development Agency

SUBMITTAL DATE:
February 18, 2004

SUBJECT: First Amendment to Lease between the County of Riverside and Murrieta Executive Airpark MEA, LLC, as Lessee, dated September 11, 2001. French Valley Airport, 3rd District

RECOMMENDED MOTION: That the Board of Supervisors:
(1) Approve the First Amendment to Lease; and
(2) Authorize the Chairman to Execute the First Amendment to Lease.

BACKGROUND: On September 11, 2001 the County of Riverside entered into a Lease with Murrieta Executive Air Park MEA, LLC, a California Limited Liability Company, for a four-acre parcel at French Valley Airport for the development of aircraft storage hangars. Lessee has requested that the uses permitted under the Lease be expanded to permit the operation of an FAA authorized aircraft maintenance and repair station in Building 2, Hangars 15 and 16. Lessee would install an oil water separator and floor drains in Hangars 15 and 16 prior to commencement of repair and maintenance operations.

Staff recommends approval of the First Amendment to Lease, which has been reviewed and approved by County Counsel.

FORM APPROVED
COUNTY COUNSEL

MAR 09 2004

BY: *[Signature]*

[Signature]

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Bradley J. Hudson
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:	N/A

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 *[Signature]*

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Venable, Wilson and Ashley
Noes: None
Absent: None
Date: March 23, 2004
xc: EDA, Co Co., Auditor

[Signature]
Deputy

Prev. Agn. Ref.: 9/11/01, 3.22 | District: 3rd | Agenda-Number:

ATTACHMENTS FILED
MULTIPLE CLERK OF THE BOARD

2 10

Dept Recomm Policy
Per Exec. Off. Consent Policy

1 FIRST AMENDMENT TO LEASE
2 French Valley Airport

3 The County of Riverside, hereinafter County, and Murrieta Executive Air Park
4 MEA, LLC hereinafter Lessee, hereby agree to amend the following paragraphs and
5 subparagraphs of that certain Lease between the parties dated September 11, 2001,
6 attached hereto as Exhibit A, to read as follows:

7
8 Paragraph 4. Use. Add the following subparagraph:

9 (a) (2) Aircraft maintenance and repair by an FAA Authorized Repair
10 Station in Building 2, Hangars 15 and 16.

11 Paragraph 8. On-Site Improvements. Subparagraph (a) add sub-paragraph (2):

12 (2) Prior to commencing maintenance and repair activities, Lessee
13 shall install an oil water separator and floor drains according to plans and
14 specifications approved by County and Eastern Municipal Water District.
15

16 All other provisions of the Lease, as hereby amended, shall remain the same as
17 written in the Lease dated September 11, 2001. The parties hereto negotiated this
18 Lease Amendment at arms length and with the advice of their respective attorneys, and
19 no provisions contained herein shall be construed against the County solely because it
20 prepared this Lease Amendment in its executed form.

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Date: Jan 25 2004

LESSEE:
Murrieta Executive Air Park MEA, LLC,
a California Limited Liability Company

By: [Signature]
Russ Erickson, President

By: [Signature]
Kevin Stumm, Secretary

Date: _____

COUNTY OF RIVERSIDE

By: _____
Roy Wilson, Chairman
Board of Supervisors

FORM APPROVED:
WILLIAM C. KATZENSTEIN, County Counsel

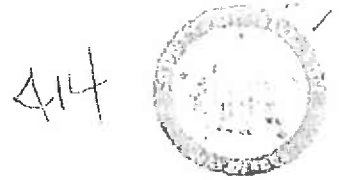
ATTEST:
NANCY ROMERO, Clerk of the Board

By: [Signature]
Deputy

By: [Signature]
Deputy

(SEAL)

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



FROM: Economic Development Agency

SUBMITTAL DATE:
May 15, 2006

SUBJECT: Amendments to Aviation Ground Leases at French Valley Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the First Amendment to Lease between the County of Riverside and Aviation Sales California, Inc., French Valley Jet Center, LLC, and the Second Amendment to Lease between the County of Riverside and Murrieta Executive Airpark MEA, LLC;
2. Authorize the Chairman to execute the Amendments to Lease; and
3. Authorize the Assistant County Executive Officer/EDA or designee to execute any additional documents required by the Amendments.

BACKGROUND: The Economic Development Agency has received the following Amendments to Lease at French Valley Airport between the County of Riverside and: (1) Aviation Sales California, Inc., as Lessee, First Amendment to Lease to the 3.93-acre Lease dated May 8, 2001; (2) French Valley Jet Center, LLC as Lessee, First Amendment to Lease to the 4.65-acre Lease dated January 25, 2005; (3) Murrieta Executive Airpark MEA, LLC, as Lessee, Second Amendment to Lease to the 3.5-acre Lease dated September 11, 2001, and amended March 23, 2004. (Continued page 2)

Handwritten signature/initials

RZ:JC:DLCC:DS:HO
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Amendments ASC FVJC MEA 060515.doc

Robin Zimpfer
Robin Zimpfer
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	No
	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

FORM APPROVED
COUNTY COUNSEL

County Executive Office Signature

Robin Zimpfer JUN 13 2006

MINUTES OF THE BOARD OF SUPERVISORS

BY *London H. Wilson*

On motion of Supervisor Buster, seconded by Supervisor Tavaglione and duly carried, IT WAS ORDERED that the matter is approved as recommended.

Ayes: Buster, Tavaglione, Wilson and Ashley
Nays: None
Absent: Stone
Date: June 27, 2006
xc: EDA, Co.Co., Auditor

Nancy Romero
Clerk of the Board
BY *Blumen*
Deputy

Prev. Agn. Ref.: 3/23/04 3.10; 10/11/01 3.22; District: 3rd
6/25/05 3.12; 5/8/01 3.17

Agenda Number:

Policy
 Policy
 Consent
 Consent
 Dept Recomm.
 Per Exec. Off.

BACKGROUND (CONTINUED): The Amendments increase the base monthly rent for each Lessee effective July 1, 2005 (see Base Monthly Rents below), and establish the next base rental adjustment date as July 1, 2015. The French Valley Jet Center Lease Amendment provides a procedure for Lessee to have input in the selection of an appraiser for future base rental adjustments.

Base Monthly Rents:

- | | |
|--|------------|
| 1. Aviation Sales California, Inc.: | \$3,994.45 |
| 2. French Valley Jet Center, LLC: | \$4,726.26 |
| 3. Murrieta Executive Airpark MEA, LLC | \$3,557.40 |

Economic Development Agency staff recommends that the Board of Supervisors approve the First and Second Amendments to Lease. County Counsel has reviewed the Amendments to Lease and approved them as to Form.

SECOND AMENDMENT TO LEASE
French Valley Airport

This Second Amendment to Lease ("Amendment") is entered into by and between the County of Riverside (hereinafter "County"), and Murrieta Executive Air Park MEA, LLC, a California limited liability company, (herein called "Lessee"), with reference to the following:

RECITALS

A. WHEREAS, County and Lessee are parties to that certain lease (hereinafter the "Lease") approved by the Board of Supervisors of the County of Riverside ("Board") on September 11, 2001, wherein Lessee agreed to lease from County, approximately 3.5 acres of property ("Leased Premises") located at the French Valley Airport; and

B. WHEREAS, the Lease was amended by a First Amendment to Lease approved by the Board on March 23, 2004; and

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

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

1. Recital 1 of the Lease, as well as Board of Supervisor Minutes of March 9, 2004 approving the First Amendment to Lease, incorrectly set forth the acreage of the Leased Premises as four (4) acres, rather than 3.5 acres. The square footage set forth in Paragraph 2 of the Lease sets forth the correct square footage of the Leased Premises. Lessee and County wish to clarify that the Leased Premises consists of 3.5 acres.

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

"Commencing on July 1, 2005, the monthly rent shall be \$3,557.40."

3. Subparagraph 5 (c), page 2 of the Lease, the date on line 16 shall be changed to July 1, 2015.

4. Subparagraph 5 (d), page 2, is hereby deleted in its entirety and replaced with the following subparagraph:

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

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

Dated: 3-8-06

LESSEE:

MURRIETA EXECUTIVE AIR PARK MEA, LLC,
a California limited liability company



By: Kevin Stumm
Its: President and Secretary

[Signature page continues.]

[Signature page continued.]

Dated: JUN 2 2006

COUNTY OF RIVERSIDE

By: [Signature]
Chairman, Board of Supervisors

(SEAL)

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

ATTEST:
Nancy Romero, Clerk of the Board

By: [Signature]
Deputy

By: [Signature]
Deputy