

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



912

FROM: Economic Development Agency

SUBMITTAL DATE:
August 19, 2010

SUBJECT: Aviation Sublease at Blythe Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify the Sublease dated May 27, 2010, between the City of Blythe, as Sublessor, and Desert Air Service, Inc., as Sublessee;
2. Authorize the Chairman of the Board to execute the Sublease;
3. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any documents required by the Sublease.

BACKGROUND: The Economic Development Agency has received a Sublease dated May 27, 2010, between the City of Blythe, as Sublessor, and Desert Air Service, Inc., as Sublessee; for approximately 8.3 acres of land and certain improvements located thereon owned by the Sublessor, including a main hangar of 24,750 square feet, a general aviation building of 1,289 square feet, and two above ground fuel storage tanks of approximately 10,000 gallons each. The Sublease is under a Master Lease dated May 20, 1997, between the County of Riverside, as Lessor, and the City of Blythe, as Lessee.

(Continued)

Robert Field
Robert Field
Assistant County Executive Officer/EDA

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

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: N/A

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

C.E.O. RECOMMENDATION:

APPROVE

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

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: August 31, 2010
xc: EDA

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref.: 5.20.97 3.9

District: 4

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.46
ED 001a-F11
Form 11 (Rev 06/2003)

FORM APPROVED COUNTY CLERK
BY: *Synthia M. Gault*
SYNTHIA M. GAULT
DATE: 8-28-10
Departmental Concurrence

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

BACKGROUND: (Continued)

The Sublease is for a term of five years with no options to renew. The base rental rate is \$869 per month for the first year and \$1,500 per month for years two through five.

The Economic Development Agency recommends that the Board of Supervisors approve the Sublease. County Counsel has reviewed the Sublease and approved the Sublease as to form.

SUBLEASE BLYTHE AIRPORT

This Sublease (hereinafter "Sublease") is entered into by and between the City of Blythe, a municipal corporation organized under the laws of the State of California, ("Sublessor"), and Desert Air Service, Inc., a California corporation, ("Sublessee"), under the following terms and conditions:

1. Recitals.

(a) The County of Riverside, ("County") owns the Blythe Airport. County relies upon fixed based operators to provide aeronautical and aviation oriented services to the general public on all its airports. The use, convenience and safety of the public require that the services be provided by competent, trained and licensed personnel, using proper tools and equipment and operating in sanitary, convenient spaces.

(b) The provisions herein are intended, and are to be construed, to assure a consistently high level of service responsive to the public needs.

(c) County, as Lessor, and City of Blythe, as Lessee, entered into that certain Lease Agreement ("Master Lease"), dated May 20, 1997 for the real property more commonly known as the Blythe Airport, in the City of Blythe, County of Riverside, State of California.

(d) By the terms of the Master Lease, the City of Blythe was granted and accepted the management and operational authority over the Blythe Airport whereby the City of Blythe, as Sublessor, may enter into subleases for any available portion of the airport property.

(e) Sublessor desires to sublease to Sublessee a portion of the Blythe Airport property for the operation of a Limited Service Fixed Base Operator business, which will provide aircraft servicing and fueling.

(f) Sublessee desires to sublease a certain portion of the Blythe Airport property from Sublessor for such purposes.

(g) All subleases shall be subject to and subordinate to the Master Lease.

2. Description. The premises subleased hereby consist of approximately eight and 30/100 (8.3) acres of improved land, ("Land"), and certain improvements located thereon and owned by the Sublessor, including, but not limited to main hangar building of approximately 24,750 square feet, a general aviation building of approximately 1,289 square

feet, and two above ground fuel storage tanks of approximately 10,000 gallons each (collectively and hereinafter referred to as the "Sublessor Improvements"), all located at the Blythe Airport, County of Riverside, State of California, being more fully described in Exhibit "A", attached hereto and incorporated herein by reference. Said property is hereafter referred to as the "Subleased Premises." Sublessor and Sublessee herein acknowledge that Sublessee has no fee title interest in or to the Subleased Premises.

3. Term. This Sublease shall commence the on June 1, 2010 and terminate on May 31 2015, a term of 5 years. Any holding over by the Sublessee after the expiration of this Sublease shall be on a day-to-day basis strictly, and continuing tenancy rights shall not accrue to the Sublessee. Notwithstanding the foregoing and Section 16 below, Sublessee may terminate this Sublease at anytime by providing Sublessor with a sixty-days written notice of termination.

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

5. Use. The premises are hereby subleased for the following purposes:

(a) Sublessee shall make available the services of a "Limited Service Fixed Base Operator" ("FBO") in accordance with the Minimum Standards for Fixed Base Operators Riverside County Airports, including any amendments made thereto from time-to-time, attached hereto and incorporated herein by this reference as Exhibit "C." The services provided shall include: fuel sales (aircraft fueling) for piston and jet powered aircraft; aircraft storage inside hangar buildings and on outside tiedown areas; and pilot-related supplies; transient aircraft parking guidance; positioning of wheel chocks and tie downs; and recovery equipment for aircraft weighing up to 12,500 lbs (service and delivery equipment shall include, but not be limited to, wheel chocks, tie-down ropes or chains, aircraft jacks, tow bars, and aircraft tugs); and a pilots' lounge and restrooms and the sale of snacks and non-alcoholic drinks.

(b) The Subleased Premises may be used for the following purposes upon thirty-day written notice to County and for no other without the written consent of Sublessor:

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

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

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

(4) Provide painting and upholstering of aircraft.

(5) Provide financing, leasing, renting and insuring of aircraft.

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

(7) Provide ground school instruction associated with flight training.

(8) Provide leasing or renting of automobiles, and storing and sale of automotive fuel and lubricants for use only in connection with Sublessee's equipment and rental automobiles.

(9) Provide catering services and associated provisioning (e.g. newspapers, coffee, ice, catered meals for customers.)

(10) Leasing of office space for aviation related purposes.

(11) Operate a restaurant or cafe for the purpose of providing meals and beverages to the general public. If alcoholic beverages are sold, Sublessee shall maintain Liquor Liability or Sublessee shall require restaurant or cafe Sublessee to maintain Liquor Liability as part of Sublessee's Commercial General Liability insurance.

(12) Provide cleaning services of aircraft interior and exterior.

(c) The Subleased Premises shall not be used for any purpose other than those described herein without first obtaining the written consent of Sublessor, which consent

shall not be unreasonably withheld. The Sublessor's approval of any change in the Use of the Subleased Premises may, at Sublessor's sole election, place additional specific requirements on Sublessee including, but not limited to, the types, limits and conditions of insurance provided under this Sublease.

6. Rent, Utilities and Fuel Flowage Fee.

(a) Base Rent. Commencing June 1, 2010, Sublessee shall pay to Sublessor as Base Rent for the use and occupancy of the Subleased Premises, including Land and Sublessor Improvements the sum of eight hundred ninety-six dollars (\$896.00) as the Base Rent for the Subleased Premises. Commencing on June 1, 2011, the monthly base rent shall increase to one thousand five hundred dollars (\$1,500.00).. Said Base Rent shall consist of two components as follows: monthly Base Rent for the Land is equal to forty six percent 46% of the total monthly Base Rent, and monthly Base Rent for the Sublessor Improvements is equal to one fifty-four percent of the monthly Base Rent.

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

(d) Utilities. Sublessor shall provide for sewer services to the Leased Premises. Lessee shall provide and pay for all other utility services it may require or desire in its use, maintenance and operation of the leased premises. Sublessee shall pay the City for sewer based on a normal City of Blythe Water Department billing.

(e) Fuel Flowage Fee. From June 1, 2010 through June 30, 2012 a monthly fuel flowage fee will be assessed at the rate of \$0.045 per gallon of fuel sold exceeding 18,000 gallons during the month. Commencing May 1, 2012, a fuel flowage fee will be assessed at the rate of \$0.10 per gallon for every gallon of fuel sold during the month. Payments shall be due within thirty (30) days of Sublessor's invoice. A timely payment discount of \$0.02 per gallon shall be applied to payments received within twenty (20) days of the date of the invoice. A late fee of ten percent (10%) shall be assessed to all payments received after the due date (30 days of invoice).

(1) Sublessee's fuel system must comply with Sublessor's requirements and specifications. The system must have a meter according to Sublessor's specifications, which allows Sublessor to monitor and record fuel sales on a monthly basis. The metering device must be certified on an annual basis Riverside County Agricultural

Department, Weights and Measures Division or other such service designated by Sublessor. Such annual inspection shall be at the expense of Sublessee.

(2) Sublessor shall take, or have taken, readings from the meter of the fuel system during the first week of each month. Sublessor shall issue an invoice to Sublessee based upon the number of gallons of fuel sold during the previous monthly period. Sublessor reserves the right to audit records of Sublessee's fuel sales and receipts. Lessee shall make all such records available for inspection upon five (5) days notice from Sublessor.

(f) Rent Abatement. In the event of damage or destruction of all or any part of the Subleased Premises, or the improvements thereon, the rental payments shall be reduced pro rata during the period the Subleased Premises or the improvements thereon are unfit for normal use; provided, however, that such damage or destruction is not caused by Sublessee, its officers, agents, employees, independent contractors or subcontractors..

Additional Obligations of Sublessee. During the term of this Sublease, Sublessee shall:

(a) Provide services to the general public seven (7) days per week during the term of this Sublease, at a minimum of nine (9) hours per day, 7:00 a.m. to 5:00 p.m., local time. Any change in the minimum hourly schedule must be approved by Sublessor in writing prior to implementation.

(b) Observe and obey, and compel its employees, agents, invitees, sublessees, and those doing business with it to observe and obey, all such rules and regulations of Sublessor which are now in effect or which may hereafter be promulgated, provided that such rules and regulations may not unduly interfere or conflict with the rights and privileges granted to Sublessee in this Sublease or any later amendments;

(c) Employ and maintain on the Subleased Premises sufficient personnel who are trained and skilled in order to competently perform the tasks related to the services being offered;

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

(e) Operate the Subleased Premises and the facilities thereon in a progressive and efficient manner, charging fair and reasonable prices for each unit or service, and, upon request from Sublessor, Sublessee shall furnish Sublessor with a schedule of all prices for each unit or service offered for sale or Sublease to the general public;

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

(g) Not engage in the painting of aircraft (other than small 'spot painting' jobs in connection with repairs) within any buildings, unless or until it has established therein a regular paint shop which is adequately enclosed and vented, and has been inspected and approved, in writing, by representatives of the Federal Aviation Administration and Sublessor's Fire and Building and Safety Departments, meet all other local, state and federal laws and regulations, and all applicable permits have been obtained. Under no circumstances is aircraft painting permitted without the express, written approval of Sublessor;

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

(i) Observe the Taxiway Object Free Area adjacent to their Subleasehold to allow the passage of taxiing aircraft. The Taxiway Object Free Area boundary for Taxiway A is seventy-five (75) feet from the centerline of the taxiway;

(j) Upon any termination of this Sublease, Sublessee agrees to surrender said Subleased Premises and improvements thereon in such good, safe and sanitary condition, reasonable use and wear thereof and damages by fire, acts of God, war, civil insurrection, or by the elements excepted; and

(k) On every January 1 and July 1 during the term of this Sublease, Sublessee shall provide an Aircraft and Sublease Status Report, Exhibit "E," attached hereto and by reference herein, for all subleases, tenants, and aircraft being stored on the Subleased Premises. The report shall be supplied in a form and electronic format acceptable to Sublessor and contain at least the following information: Name of the Sublessee, the beginning and ending date of the term of the Sublease, the size of the subleased land, the size of the subleased space, the aircraft storage hangar number/address, the Aircraft Registration Number, the name of the owner of the aircraft, the type of aircraft and indicate whether or not an aircraft is "based" at the airport (aircraft that spend at least three months of the year at this airport are to be identified in the report as "based aircraft"); and certify compliance with the insurance requirements set forth in Sections 22 and 23 herein. Sublessee's records and files regarding subleases and aircraft, including, but not limited to insurance policies and certificates, shall be subject to inspection by Sublessor upon forty eight (48) hours written notice to Sublessee.

(l) This Sublease is subject to the Minimum Standards for Fixed Based Operators Riverside County Airports, Exhibit "C," as amended from time to time, attached hereto and by reference incorporated herein.

(m) Maintenance.

(1) Sublessee shall maintain the Subleased Premises and the improvements thereon in a neat, safe, orderly and attractive condition during the term of this lease, and Sublessee, at its expense, shall provide for the sanitary handling and disposal of all refuse accumulated as a result of Sublessee's use of the Subleased premises and the improvements thereon. In addition, the exterior and the interior of the improvements within the Subleased premises shall be maintained by Sublessee in good working condition and repair during the term of this Sublease.

(2) Sublessee acknowledges, understands and agrees that the main hangar is not in a weather tight condition, and as such, is subject to leakage. Moreover, Sublessee acknowledges, understands and agrees that Sublessor shall not be responsible for the exterior or interior maintenance of the main hangar including, without limitation, the walls, flooring, roof, electrical, plumbing, doors or windows.

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

(4) Sublessee shall be financially responsible for the cost of all routine and ordinary maintenance associated with usage of the fuel tanks.

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

9. On-Site Improvements

(a) Any improvements, alterations, and installation of fixtures to be undertaken by Sublessee shall have the prior written approval of the Sublessor after Sublessee has submitted to Sublessor the proposed site plans, building plans and specifications

therefore, in writing. In addition, Sublessee understands and agrees that such improvements, alterations, and installation of fixtures may be subject to County Ordinance Nos. 348 and 457, as well as other applicable City ordinances, and that Sublessee shall fully comply with such ordinances prior to the commencement of any construction in connection therewith.

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

Sublessee shall obtain performance, material, and labor payment bonds in the amounts required by law and determined by Sublessor, and shall furnish Sublessor with copies thereof prior to the commencement of such construction.

(c) All improvements, alterations, and fixtures shall remain or become, as the case may be, the property of Sublessor, with the exception of trade fixtures as that term is used in Section 1019 of the Civil Code; provided, however, that Sublessee shall have the full and exclusive use and enjoyment of such improvements, alterations, and fixtures during the term of this Sublease. At or prior to the expiration of this Sublease, Sublessee shall remove, at its expense, such trade fixtures and restore said Subleased Premises to their original shape and condition as nearly as practicable. In the event Sublessee does not so remove such trade fixtures, they shall become the property of the Sublessor for no further consideration of any kind, and Sublessee shall execute any documents that may be required or necessitated conveying its interest in such improvements, alterations, and fixtures to Sublessor.

10. Off-Site Improvements

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

(b) Sublessee shall obtain, or cause to be obtained performance, material, and labor and payment bonds in the amounts required by law and determined by Sublessor

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

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

12. Sublessor's Reserved Rights.

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

(b) Sublessor reserves the right to further develop or improve the aircraft operating area of Blythe Airport as it deems appropriate. Sublessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Blythe Airport against obstruction, together with the right to prevent the Sublessee from erecting or permitting to be erected, any building or other structure on the Blythe Airport, which in the reasonable opinion of Sublessor, would limit usefulness of the Blythe Airport or constitute a hazard to aircraft.

(c) During the time of war or national emergency, Sublessor shall have the right to sublease the landing area of the Blythe Airport, or any part thereof, to the United States Government for military use and, if such sublease is executed, the provisions of this Sublease insofar as they are inconsistent with the provisions of such sublease to the Government, shall be suspended. In that event, a just and proportionate part of the rent hereunder shall be abated, and the period of such closure shall be added to the term of this Sublease, or any extensions thereof, so as to extend and postpone the expiration thereof unless Sublessee otherwise elects to terminate this Sublease.

(d) Notwithstanding any provisions herein, this Sublease shall be subordinate to the provisions of any existing or future agreement between Sublessor and the United States, relative to the operation or maintenance of the Blythe Airport, the terms and execution of which have been or may be required as a condition precedent to the expenditure or reimbursement to Sublessor of Federal funds for the development of said airport.

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

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

13. Taxiways. County has reserved a non exclusive easement on any and all taxiways included in its subleased property to the Sublessor for the public's ingress and egress to ramps and runways for the specific purposes of landing, take-off, and taxiing of aircraft. All such uses shall be in accordance with the laws of the United States of America and the State of California, and the rules and regulations promulgated by their authority with respect to aviation and navigation, and in accordance with all reasonable rules and regulations, applicable ordinances of Sublessor. Any party who enters into a sublease with the Sublessor shall enjoy the benefits of this non exclusive easement.

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

15. Quiet Enjoyment. Sublessee shall have, hold, and quietly enjoy the use of the Subleased Premises so long as Sublessee shall fully and faithfully perform the terms and conditions that the Sublessee is required to do under this Sublease.

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

17. Discrimination or Segregation

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

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

(c) Sublessee assures that it will undertake an affirmative action program as required by 49 CFR, Part 21, to insure that no person shall on the grounds of race creed, color, national origin, or sex be excluded from participating in any employment activities covered in 49 CFR, Part 21, with respect to its use of the Subleased Premises. Sublessee further assures that no person shall be excluded on these grounds from participating in or receiving services or benefits of any program or activity covered herein with respect to its use of the Subleased

Premises. Sublessee further assures that it will require that its subcontractors and independent contractors provide assurance to Sublessee that they similarly will undertake affirmative action programs and that they will require assurances from their subcontractors and independent contractors, as required by 49 CFR, Part 21, to the same effect with respect to their use of the Subleased Premises.

18. Termination by Sublessor. Sublessor shall have the right to terminate this Sublease forthwith:

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

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

(c) In the event of abandonment of the Subleased Premises by Sublessee.

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

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

(f) Failure of Sublessee to maintain insurance coverage required herein and to provide evidence of coverage to the Sublessor.

(g) Failure of the Sublessee to require all tiers of sublessees and/or contractors to indemnify the Sublessor and to have appropriate insurance coverages and/or failure by Sublessee to monitor each sublessee and/or contractor for current and correct Certificates of Insurance and required endorsements throughout the term of this Sublease.

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

20. Eminent Domain. If any portion of the Subleased Premises shall be taken by eminent domain and a portion thereof remains which is usable by Sublessee, in its

discretion, for the purposes set forth in Section 5 herein, this Sublease shall, as to the part taken, terminate as of the date title shall vest in the condemnor, or the date prejudgment possession is obtained through a court of competent jurisdiction, whichever is earlier, and the rent payable hereunder shall abate pro rata as to the part taken; provided, however, in such event Sublessor reserves the right to terminate this Sublease as of the date when title to the part taken vests in the condemnor or as of such date of prejudgment possession. If all of the Subleased Premises are taken by eminent domain, or such part be taken so that the Subleased Premises are rendered unusable for the purposes set forth in Section 5 herein, this Sublease shall terminate. If a part or all of the Subleased Premises be so taken, all compensation awarded upon such taking shall be apportioned between Sublessor and Sublessee according to law.

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

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

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

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

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

Sublessee shall require each sublessee and/or contractor of every tier to indemnify Sublessor and the County of Riverside as respects any claims arising from their sublease and/or contract.

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

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

(b) Airport Liability Insurance. Sublessee shall maintain Airport Liability Insurance coverage including, but not limited to, premises/operations liability, contractual liability, products and completed operations liability, independent contractors, personal and advertising injury liability covering all claims or lawsuits of any nature whatsoever which may arise from or out of Sublessee's performance under the terms of the sublease agreement. Policy shall name Sublessor and the County of Riverside its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds. Policy's limit of liability shall not be less than \$3,000,000 per occurrence combined single limit and in the annual aggregate as applicable. The policy shall be endorsed to provide Hangar

Keeper's Legal Liability Insurance (Ground and In-Flight) providing coverage for aircraft in the care, custody or control of the Sublessee. Policy shall include coverage for the Named Insured's use of unlicensed vehicles on Airport Premises. The foregoing policy limits of liability are subject to adjustment by Sublessor as provided for in Section 5 above.

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

(d) Aircraft Hull and Liability Insurance.

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

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

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

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

(f) All Risk Property Insurance:

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

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

(3) Course of Construction Insurance. During the full term of construction of the planned improvements, Sublessee shall purchase and maintain or cause to be maintained All Risk Builder's Risk insurance (Completed Value Form) including earthquake and flood for the entire Project, if applicable, including coverage for materials and supplies located on and offsite but to be part of, or used in the construction of, the completed Project. Policy shall also include as insured property, scaffolding, falsework, and temporary buildings located on the Project site, and the cost of demolition and debris removal. If the contractor or others insure scaffolding, falsework and temporary buildings separately, evidence of such separate coverage shall be provided to Sublessor prior to the start of the work. The Course of Construction coverage limit of insurance shall equal or exceed the highest values exposed to

loss at any one time during the project term. Policy shall waive subrogation in favor of Sublessor and all Agencies, Districts, Special Districts, and Departments of the County of Riverside, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives.

(g) General Insurance Provisions – All Lines:

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

(2) Insurance deductibles or self-insured retentions must be declared by the Sublessee's insurance carrier(s), and such deductibles and retentions shall have the prior written consent from the Sublessor's Risk Manager. Upon notification of deductibles or self insured retentions unacceptable to the Sublessor, and at the election of the Sublessor's Risk Manager, Sublessee's carriers shall either: i) reduce or eliminate such deductibles or self-insured retentions as respects this Sublease with the Sublessor; or ii) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

(3) Cause Sublessee's insurance carrier(s) to furnish the Sublessor with either: i) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein; or ii) if requested to do so in writing by the Sublessor's Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to Sublessor prior to any material modification of coverage or cancellation of such insurance. In the event of a material modification of coverage or cancellation of such insurance, this Sublease shall terminate forthwith, unless Sublessor receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or, if requested, certified original policies, including all endorsements and attachments thereto evidencing coverages set forth herein and the insurance required herein is in full force and effect.

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

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

(5) Sublessor's Reserved Rights - Insurance. If during the term of this Sublease or any extension thereof, there is a material change in the scope of services or performance of work the Sublessor reserves the right to adjust the types of insurance required under this Sublease and the monetary limits of liability for the insurance coverages currently required herein, if, in Sublessor, upon advice of the Sublessor's Risk Manager, the amount or type of insurance carried by the Sublessee has become inadequate. The Sublessee agrees to notify Sublessor of any plan or change of plan for the Sublessee's operations and such notification shall occur prior to implementing any such change.

(6) Sublessee shall notify Sublessor of any claim made by a third party or any incident or event that may give rise to a claim arising from this Sublease.

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

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

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

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

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

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

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

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

24. Insurance for Sublessees and Contractors. Sublessee shall require each of its Sublessees and Contractors to meet all insurance requirements imposed by this Sublease. These requirements, with the approval of the Sublessor's Risk Manager, may be modified to reflect the activities associated with the Sublessee or Contractor. On every sublease or contract the Sublessee shall have the Sublessee or Contractor name the Sublessee and the Sublessor by endorsement as an additional insured and/or have the Sublessee or Contractor provide an endorsement waiving subrogation in favor of the Sublessee and the Sublessor on every Sublessee's or Contractor's insurance policy, as applicable. Certificates and endorsements evidencing compliance with this section will be provided to the Sublessor prior to the Sublessee taking occupancy.

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

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

Sublessee shall submit all documents pertaining to any such transaction referenced in the foregoing paragraph to Sublessor for approval prior to entering into such agreements. Sublessee will submit executed subleases and all required certificates of insurance and endorsements to insurance policies, as specified in Sections 22, 23 and 24 of this Sublease, to Sublessor for approval prior to sublessees occupying the subleased premises.

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

27. Estoppel Certificate. Each party shall, at any time during the term of the Sublease, within ten (10) days of written Notice (or as soon as reasonably possible) from the other party, execute and deliver a statement in writing certifying that this Sublease is unmodified and in full force and effect, or if modified, stating the nature of such modification. The statement shall include other details requested by the other party as to the date to which rent and other charges have been paid, and the knowledge of the other party concerning any

uncured defaults with respect to obligations under this Sublease and the nature of such defaults, if they are claimed. Any such statement may be relied upon conclusively by any prospective purchaser, Encumbrancer, or Sublessee of the Demised Premises, the building or any portion thereof.

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

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

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

29. National Pollution Discharge Elimination System (NPDES) Permit. Sublessee acknowledges, understands and agrees that it shall comply with California State Water Resources Control Board general permit requirements now and in the future relating to storm water discharges associated with activities such as aircraft rehabilitation, mechanical repairs, fueling, lubrication, cleaning, painting and deicing. Sublessee further acknowledges, understands and agrees that it shall participate as a co-permittee under said general permit, participate in the Blythe Airport Storm Water Pollution Prevention Plan (SWPPP) as noted in Exhibit "D", attached hereto and by this reference made a part of this Sublease, including without limitation, the Best Management Practices, Best Available Technology Economically Achievable, and Best Convention Pollutant Control Technology.

30. Free from Liens. Sublessee shall pay, when due, all sums of money that may become due for any labor, services, material, supplies, or equipment, alleged to have been furnished or to be furnished to Sublessee, in, upon, or about the Subleased Premises, and which may be secured by a mechanics, materialmen's or other lien against the Subleased Premises or Sublessor's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by such lien matures or becomes due; provided, however, that if Sublessee desire to contest any such lien, it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment, and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or is so stayed, and said stay thereafter expires, then and in such event, Sublessee shall forthwith pay and discharge said judgment.

31. Employees and Agents of Sublessee. It is understood and agreed that all persons hired or engaged by Sublessee shall be considered to be employees or agents of Sublessee and not of Sublessor.

32. Binding on Successors. Sublessee, its assigns and successors in interest, shall be bound by all the terms and conditions contained in this Sublease, and all of the parties thereto shall be jointly and severally liable hereunder.

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

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

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

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

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

SUBLESSOR

City of Blythe
220 North Spring Street
Blythe, CA 92225
Attn: Public Works Director

SUBLESSEE

Desert Air Service, Inc.
164 N. Broadway
Blythe, CA 92225
Attn: Jeff Gatchell

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

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

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

39. Acknowledgment of Sublease by Sublessor. Upon execution of this Sublease by the parties hereto, Sublessor shall acknowledge this Sublease in such a manner that it will be acceptable by the County Recorder for recordation purposes, and thereafter, Sublessee shall cause this Sublease to be recorded in the Office of County Recorder of Riverside County forthwith and furnish Sublessor with a conformed copy thereof.

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

41. Entire Sublease. This Sublease is intended by the parties hereto as a final expression of their understanding with respect to the subject matter hereof and as a complete and exclusive statement of the terms and conditions thereof and supersedes any and all prior and contemporaneous subleases, agreements and understandings, oral or written, in connection therewith. This Sublease may be changed or modified only upon the written consent of the parties hereto.

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42. Construction of Sublease. The parties hereto negotiated this Sublease at arms length and with the advice of their respective attorneys, and no provisions contained herein shall be construed against Sublessor solely because it prepared this Sublease in its executed form.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement.

Date: 5/25/10

By: Malory Sutterfield
ATTEST: Malory Sutterfield, City Clerk

Desert Air Service, Inc.
a California corporation

By: Jeff Gatchell
Jeff Gatchell, CEO

Date: 5/27/10

City of Blythe

By: Joseph DeConinck
Joseph DeConinck, Mayor

(Seal)

Form Approved:

By: Thomas Duarte
Thomas Duarte, City Attorney

Sublessor and Sublessee acknowledge by executing this sublease that it is subordinate to the certain Master Lease between the County of Riverside and the City of Blythe as referenced herein and agrees to the terms and conditions in The County's Consent to the Sublease, attached hereto as Attachment "1" and by this reference incorporated herein.

County of Riverside } SS
State of California }

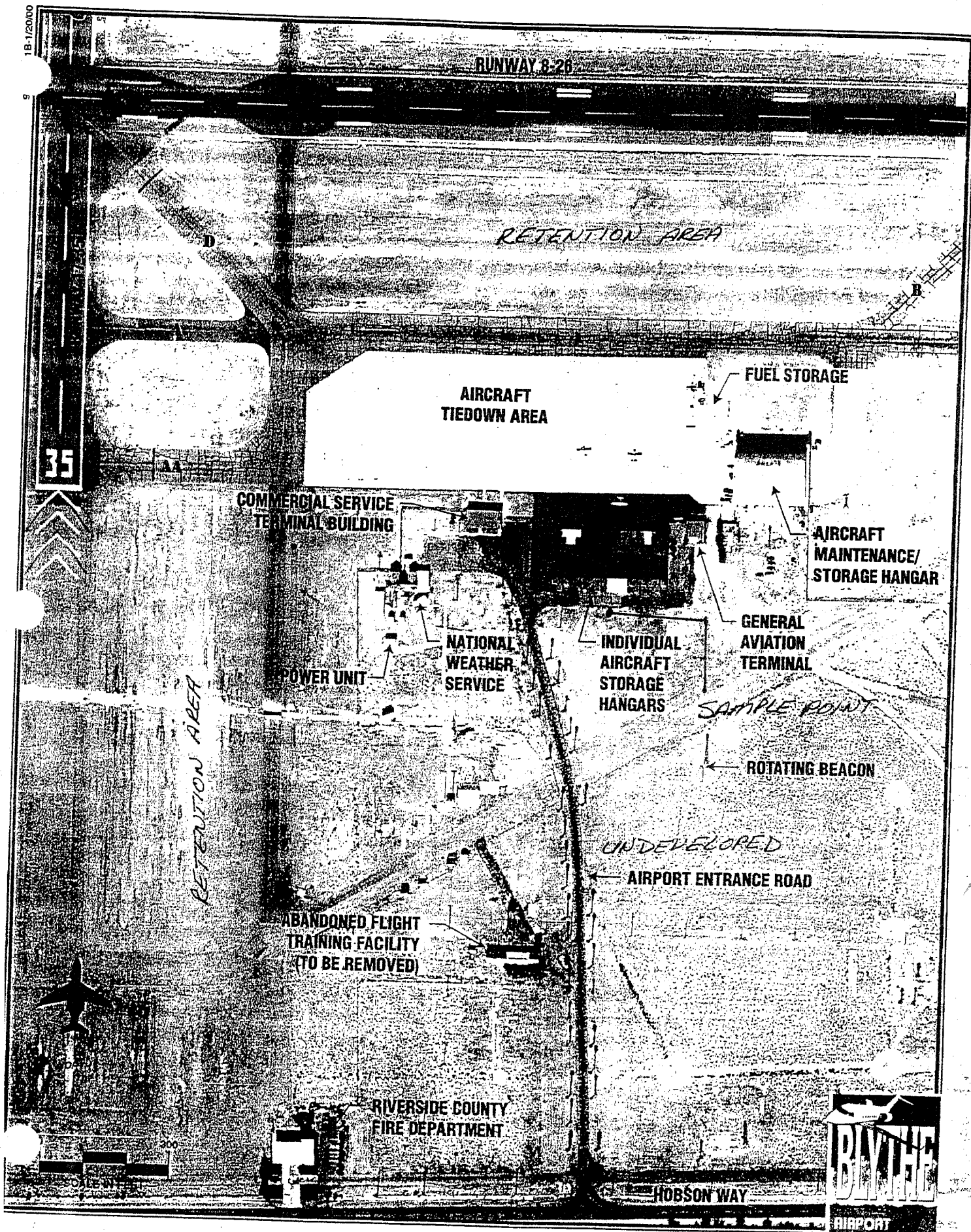
I, Malory Sutterfield City Clerk of the City of Blythe, do hereby certify that the above and foregoing is a full, true and correct copy

Ordinance No. _____
or Resolution No. _____
Minute Expires: 5/25/10

The original of which is on file in my office

IN WITNESS WHEREOF, I herewith set by hand and affix the official Seal of the City of Blythe on this 27th day of May, 20 10

M. Sutterfield
City Clerk
By _____ Deputy



Attachment "1"

COUNTY'S CONSENT TO SUBLEASE

County consents to the subletting of the **Subleased Premises** by Sublessor to Sublessee as set forth in the **Sublease**, subject to the following mutual agreements between County, Sublessor, and Sublessee:

1. Character of Consent

This County Consent is not, and will not be, deemed or construed as, consent to any future **sublease**, consent to any other assignment, subletting, or other transfer, consent to a **sublease** term beyond the term of the Master Lease, or a renewal or extension of the **Sublease**. This County's Consent is not, and will not be deemed or construed to modify, waive, or affect any of the provisions, covenants, or conditions of the Master Lease, waive any breach of the Master Lease or any of the rights of County, or enlarge or increase County's obligations under the Master Lease.

2. Scope and Conditions of Consent

In granting this County's Consent, it is understood and agreed that (a) County does not consent to or approve of any term, provision, covenant, or condition in the **Sublease**, and County will not be bound by the **Sublease**, (b) no rights will be granted to Sublessee under the **Sublease** that are greater than those granted to Sublessor under the Master Lease, and (c) the **Sublease** will be subordinate to the Master Lease and this County's Consent; in the event of any conflict between the terms and provisions of the Master Lease or this County's Consent and the terms and provisions of the **Sublease**, the terms and provisions of the Master Lease or the County's Consent, as applicable, will prevail.

3. Assumption of Sublessor's Obligations

For the benefit of County and Sublessor, Sublessee expressly assumes and agrees to perform and comply with every obligation of Sublessor under the Master Lease applicable to the **Subleased Premises**, including, without limitation, Sublessor's obligation to indemnify County pursuant to Section 19 of the Master Lease. Neither this assumption by Sublessee, the **Sublease**, nor this County's Consent will release or discharge Sublessor from any liability under the Master Lease, including, without limitation, the payment of rent and other amounts when due under the Master Lease, and Sublessor will remain liable and responsible for the full performance and observance of all the provisions, covenants, and conditions in the Master Lease to be performed and observed by Sublessor. Sublessor will not be released from any liability under the Master Lease because of County's failure to give notice of default under or in respect of any of the terms, covenants, conditions, provisions, or agreements by the Master Lease. Any breach or violation of any provision of the Master Lease by Sublessor or Sublessee, or both, constitutes a default by Sublessor under the Master Lease. County may proceed directly against Sublessor without first exhausting County's remedies against Sublessee, or County may proceed directly against Sublessee without exhausting County's remedies against Sublessor.

4. Obligations of County

County will not be liable for any cost or obligation of any kind arising in connection with the **Sublease**, including, without limitation, brokerage commissions, improvements to the **Subleased Premises**, or the security deposit required to be made by Sublessee under the **Sublease**. Sublessor and Sublessee jointly and severally agree to indemnify, protect, defend, and hold County harmless from all claims, losses, liabilities, costs, and expenses (including attorney's fees) that County may incur as a result of any claim to pay any person or entity any commission, finder's fee, or other charge in connection with the **Sublease**. Further, Sublessee warrants that Sublessee has dealt with no brokers in this transaction.

5. Termination of **Sublease**

On the effective date of the expiration of the term of the Master Lease, or Sublessor's surrender of the premises under the Master Lease to County, the **Sublease** and its term will immediately terminate, and Sublessee must vacate the **Subleased Premises** on or before the effective date of the termination. If Sublessee fails to vacate the **Subleased Premises**, County will be entitled to all of the rights and remedies available to a landlord against a tenant wrongfully holding over after expiration of the term of a lease without the County's Consent, including, without limitation, the rights and remedies available to County under the Master Lease. County will not be liable to Sublessor or Sublessee for any claim or damage because of the termination.

6. Continuation of **Sublease**

Notwithstanding Section 5 above, if the Master Lease expires or terminates for any reason during the term of the Sublease, or if the Sublessor surrenders the Master Lease to County during the term of the Sublease, County will provide written notice delivered to Sublessee not more than thirty (30) days after the effective date of the expiration, termination, or surrender, and without any additional or further agreement of any kind by Sublessee, that the Sublease will continue with the same effect as if County and Sublessee had entered into a lease for that date and for a term equal to the then unexpired term of the Sublease, and on the same terms and conditions in the Sublease. In that event, Sublessee will attorn to County, and County and Sublessee will have the same rights, obligations, and remedies under the Sublease as were had by Sublessor and Sublessee. However, in no event will County (a) be liable for any act or omission of Sublessor, (b) be subject to any offsets or defenses that Sublessee had or might have against Sublessor, (c) be obligated to cure any default of Sublessor that occurred prior to the time that County succeeded to the interest of Sublessor under the Sublease, (d) be bound by any payment of rent or other payment paid by Sublessee to Sublessor in advance of any periods reserved for that in the Sublease, (e) be bound by any modification or amendment of the Sublease made without the written consent of County, or (f) be liable for the return of any security deposit not actually received by County. Neither County's election under this section nor its acceptance of any rent from Sublessee will be deemed a waiver by County of any provisions of the Master Lease and this County's Consent.

7. Compliance with **Sublease**

If County elects to continue the **Sublease** pursuant to Section 6, Sublessee will observe and perform (a) each of the terms, covenants, and conditions of the **Sublease** that County designates to be observed and performed, and (b) any other terms, covenants, and conditions to which the parties may agree.

8. Insurance

Sublessee will carry the insurance policies required to be carried by Sublessor pursuant to insurance provisions in the Sublease and will deliver evidence of that to County prior to occupancy. The insurance will (a) name County and Sublessor as additional insured; and (b) provide that the policy will not be subject to cancellation or change except after thirty (30) days' prior written notice to County and Sublessor.

9. Absolute Assignment of Rents

Sublessor unconditionally assigns to County all rents now due, or which may later become due, under the **Sublease** (collectively, "Rents"). Sublessor acknowledges that the assignment is present, absolute, and unconditional. Accordingly, County will have the right to collect the Rents and to apply them in payment of any sums payable by Sublessor under the Master Lease. However, Sublessor will have a license to collect the Rents until the occurrence of an act of default by Sublessor under the Master Lease. If the act of default occurs, Sublessor's right to collect the Rent will be suspended until the default is cured. During the period in which Sublessor's right to collect the Rents is suspended, County, as assignee and attorney-in-fact for Sublessor under the Master Lease, or a receiver for Sublessor appointed pursuant to County's application, will have the right to collect the Rents and apply them toward Sublessor's obligations under the Master Lease. County's acceptance of any payment on account of Rent from Sublessee as a result of any act of default does not release Sublessor from any liability under the terms, covenants, conditions, provisions, or agreement under the Master Lease.

10. No Consent to Alterations

Sublessor and Sublessee acknowledge: (a) that County's Consent is not a consent to any improvement or alteration work being performed in the **Subleased Premises**; (b) that County's Consent must be separately sought and will not necessarily be given with regard to alteration work being performed in the **Subleased Premises**; and (c) and that if consent is given it will be subject to Sublessor's signing County's standard form of Agreement with respect to work being performed by persons other than County, unless otherwise agreed to in writing by County.

Date: 8/31/2010

County of Riverside, a political subdivision of the
State of California

By: Marion Ashley
Marion Ashley
Chairman, Board of Supervisors

ATTEST:

Kecia Harper-Ihem, Clerk of the Board

By: Gerraine Canova
Deputy

(SEAL)

FORM APPROVED:

PAMELA J. WALLS, County Counsel

By: Synthia M. Gunzel
Deputy
SYNTHIA M. GUNZEL

AUG 31 2010

Attachments:

1. Exhibit A – Boundary Survey and Legal Description
2. Exhibit B – Federally Required Lease Provisions
3. Exhibit C – Minimum Standards
4. Exhibit D – Storm Water Pollution Prevention Plan
5. Exhibit E - Aircraft and Sublease Status Report