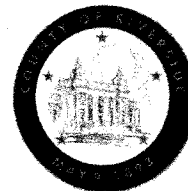


**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

229



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
September 16, 2010

**SUBJECT:** Assignment of Ground Lease, French Valley Airport

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

1. Consent to the Assignment of Lease dated August 4, 2010, from P.C.H. Ruby, Inc., Assignor, to Bart Phillips, Assignee; and
2. Authorize the Chairman of the Board of Supervisors to execute the consent; and Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents required by the assignment.

**BACKGROUND:** The Economic Development Agency has received an Assignment of Lease from P.C.H. Ruby, Inc., Assignor, to Bart Phillips, Assignee, for the Lease between the County and P.C.H. Ruby, Inc., as Lessee, dated December 18, 1990, and amended September 14, 2004; for 1,092 square feet of land known as Port-a-Port Space #13 at French Valley Airport. Phillips has purchased from P.C.H. Ruby, Inc., the Port-a-Port aircraft storage hangar that occupies the land. Economic Development Agency staff recommends that the Board of Supervisors consent to the assignment. County Counsel has reviewed the assignment and approved the consent as to form.

*Robert Field*

Robert Field  
Assistant County Executive Officer/EDA

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

County Executive Office Signature Jennifer L. Sargent

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Buster, Stone, Benoit and Ashley  
Nays: None  
Absent: Tavaglione  
Date: September 28, 2010  
xc: EDA

Kecia Harper-Ihem  
Clerk of the Board  
By: *Jennifer L. Sargent*  
Deputy

Prev. Agn. Ref.: 12/18/90 3.49; 9/14/04 3.18

District: 3

Agenda Number:

3.37

RF:LB:CC:VD 10358

R:\EDCOM\AIRPORTS\FRENCH VALLEY\Port A Ports\Assignments of PAs\PAP13.F11.ASGN.PCH Ruby to Phillips 4 aug 10 vp revis.doc

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

EDA-001a-F11

FORM APPROVED COUNTY COUNSEL  
 BY: *Anita C. Willis*  
 DATE: 9-17-10  
 Departmental Concurrence

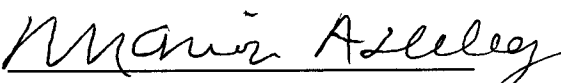
Consent  
 Policy  
 Consistent  
 Policy

## CONSENT TO ASSIGNMENT

The County of Riverside, LESSOR, hereby consents to the foregoing Assignment and Acceptance and Agreement, without however, waiving the restrictions contained in said Lease dated December 19, 1990 and Amended September 14, 2004, pertaining to the premises described as 1,092 square feet of land known as Port-a-Port Space #13 at the French Valley Airport with respect to any future assignments thereunder, and without releasing the Assignor under said lease from any obligations that are not performed by PCH Ruby Inc. and otherwise accepts the Assignee, Bart Phillips, as Lessee under said Lease to all intents and purposes as though Assignee was the original Lessee thereunder.

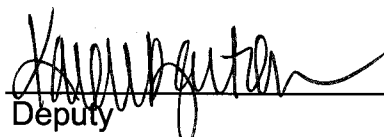
Date: SEP 28 2010

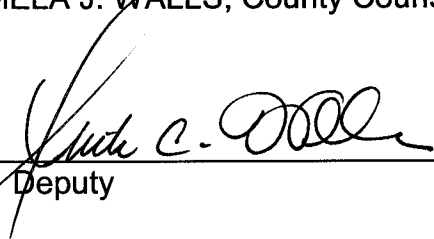
LESSOR  
COUNTY OF RIVERSIDE

By:   
Chairman, Board of Supervisors  
**MARION ASHLEY**

ATTEST:  
KECA HARPER-IHEM  
Clerk of the Board

FORM APPROVED  
PAMELA J. WALLS, County Counsel

By:   
Deputy

By:   
Deputy

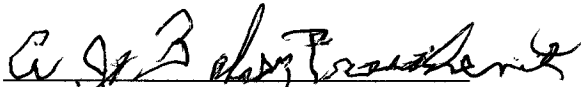
(SEAL)

**ASSIGNMENT**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, PCH Ruby, Inc., hereby transfers and assigns to the Bart Phillips dated 8/4/10, all rights, title and interest of the undersigned under that certain Lease dated December 19, 1990 and Amended September 14, 2004, pertaining to the premises described as 1,092 square feet of land known as Port-a-Port Space #13 at the French Valley Airport, County of Riverside, State of California, said Lease and Amendment are attached as Exhibit "A". The execution of this Assignment and the transfer of all rights, title and interest herein are contingent upon the acceptance and approval by the Riverside County Board of Supervisors.

Dated: 8/4/10

ASSIGNOR  
PCH Ruby, Inc.

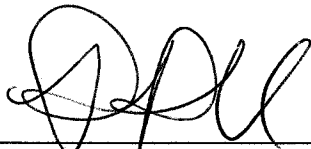
By:   
Alva J. Baker, President

**ACCEPTANCE AND AGREEMENT**

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

Dated: 8/4/10

ASSIGNEE

By:   
Bart Phillips

**AIRCRAFT HANGAR**  
**BILL OF SALE**

This sale agreement is made by and between (Seller) PCH Ruby Incorporated  
\_\_\_\_\_, and (Buyer) R. BART PHILLIPS of  
\_\_\_\_\_.

With the signing of this sale agreement and the Buyer transferring the total purchase price of \$ 100,000 to the Seller, the Seller hereby sells and forever transfers the ownership of the aircraft hangar described below, to the Buyer.

Description of the aircraft hangar being sold:

Make: Port-a-Port Model: E1 Serial #: 4400  
Airport location name: French Valley Site # Sp# 13

Seller represents and warrants that it has full and good title to the described aircraft hangar, full authority to sell and transfer the same, and that the aircraft hangar being sold is free and clear of all liens, encumbrances, liabilities, and adverse claims, of every nature and description.

Buyer understands that the aircraft hangar is being sold in its present condition "as is" and "where is" and that Seller disclaims any implied warranty of condition or function, or any responsibility thereof.

Authorizing signatures:

<u>A J Baker Pres</u> <u>PCH Ruby Incorporated</u> Seller	<u>R. BART PHILLIPS</u> Buyer
<u>A J Baker Pres</u> <u>PCH Ruby Incorporated</u> (seller's name printed)	<u>[Signature]</u> (buyer's name printed)
<u>7/1/10</u> date signed	<u>7/1/10</u> date signed

1 FIRST AMENDMENT TO LEASE  
2 FRENCH VALLEY AIRPORT  
3

4 The COUNTY OF RIVERSIDE, herein called County, and P.C.H. Ruby, Inc., a  
5 California corporation, herein called Lessee, hereby agree to amend the Lease  
6 between the County of Riverside and P.C.H. Ruby, Inc. approved by the Board of  
7 Supervisors of the County of Riverside on December 18, 1990 for 1,092 square feet of  
8 land, commonly known as space #13, at French Valley Airport, County of Riverside,  
9 State of California, attached hereto as Exhibit A as follows:

10 1. Page 1, paragraph 2 add the following after the last sentence:

11 No other use will be permitted without first obtaining written permission from  
12 County. The aircraft to be stored in the Premises is described as follows:

13 Model: NONCHANG CJ-6A

14 Identification Number: N 75 DL

15 Should the aircraft stored in the hangar be replaced with another aircraft owned  
16 by Lessee or with a Sublessee's aircraft, Lessee agrees to notify County within  
17 ten (10) days and supply County with the Make, Model and Identification  
18 number of the replacement aircraft. In addition, Lessee shall provide, or shall  
19 cause Sublessee to provide, all required Certificates of Insurance,  
20 endorsements and any other documentation required herein with respect to the  
21 replacement aircraft being stored in the hangar.

22 2. Page 1, paragraph 3. Term, subparagraph (a) line 14, the termination date shall  
23 be changed to December 31, 2020.

24 3. Page 1, paragraph 3. Term, after subparagraph (b) add the following  
25 subparagraph (c):

26 (c) Lessee shall have the option to extend the term of this Lease for an  
27 ~~additional period of ten (10) years on the same terms and conditions, except that~~  
28 the basic monthly rent on July 1, 2030 shall be adjusted in the same manner as

1 provided for in paragraph 6 below (except that the 25% limit on the increase in  
2 fair market value rent in the initial term of the Lease shall not apply to the option  
3 period) commencing at the end of the initial term, provided that Lessee, at the  
4 time of exercising the option, is in full compliance with the terms of this Lease.  
5 Lessee shall notify County in writing of its intention to exercise the option to  
6 extend the term of the Lease not more than six (6) months, or less than three (3)  
7 months, from the expiration date of the initial term. Should Lessee fail to remain  
8 in compliance with the terms and conditions of this Lease during the period after  
9 exercising the option and prior to the end of the initial term, the option to extend  
10 will become void.

11 4. Page 1 paragraph 4. Basic Rent, subparagraph (a), line 20, the amount of rent,  
12 shall be changed to read one hundred one and <sup>82/100</sup> dollars (\$101.82) per month,  
13 which is the current basic monthly rent being paid by Lessee.

14 5. Page 1, paragraph 4. Basic Rent, subparagraph (b) shall be deleted and the  
15 following subparagraph (b) substituted:

16 (b) The basic monthly rent is due and payable on or before the first day of  
17 the appropriate month during the term of this Lease agreement and shall be  
18 considered delinquent, if not paid by the 15<sup>th</sup> of the month. If the monthly rent  
19 becomes delinquent, Lessee will be charged a late fee equivalent to ten  
20 percent (10%) of the delinquent rental amount, exclusive of late fees, for each  
21 month that rent is delinquent.

22 6. Page 1, paragraph 5. Basic Rental Adjustment shall be deleted in its entirety and  
23 in its place the following shall be inserted:

24 5. Basic Rental Adjustment

25 (a) Beginning July 1, 2004 and on every July 1<sup>st</sup> thereafter during the  
26 term of this Lease and any extension thereof, except for the year 2010 as  
27 provided for in 5 (b) below, the basic monthly rent specified in paragraph 4  
28 shall be increased by the same percentage as the increase in the Consumer

1 Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County  
2 Area, All Items, for the twelve (12) month period ending three (3) months prior  
3 to July 1, 2004. Nothing herein shall be deemed to provide for any reduction  
4 in the amount of the basic monthly rent from the previous year.

5 (b) On July 1, 2010, the basic monthly rent shall be one-twelfth (1/12)  
6 of eight percent (8%) of the appraised fair market value of the premises  
7 leased, exclusive of improvements. A property appraisal for this purpose is to  
8 be performed by an independent certified appraiser, procured by County,  
9 knowledgeable in aviation appraising and in good standing with the American  
10 Institute of Real Estate Appraisers. Once established, said rent shall be  
11 adjusted annually in the manner set forth in Paragraph 5(a) above. Nothing  
12 herein shall be deemed to provide for any reduction in, or for an increase  
13 greater than 25%, of the basic monthly rent of the previous year.

14 7. Page 2, paragraph 6 Improvements. Add subparagraph (c) as follows:

15 (c) Relocating the Hangar: Lessee shall advise County in writing prior to  
16 any relocation of the hangar. Lessee agrees that no relocation shall occur  
17 unless the County agrees, in writing, to the method, scheduling and route of  
18 hangar movement prior to move. Such Agreement by the County to Lessee  
19 relocating the hangar will not be unreasonable withheld. If Lessee is to use an  
20 outside relocation service, such service must meet the County's insurance  
21 requirements and provide evidence of their insurance prior to coming onto the  
22 airport premises.

23 8. Page 3, paragraph 8 Ingress and Egress. Add the following sentence:

24 Lessee shall comply with all Airport security policies and procedures when  
25 entering or leaving the Airport premises.

26 9. Page 4, paragraph 15. Termination By Lessee, delete this paragraph in its  
27 entirety.

28 ///

1 10. Page 5, paragraph 18. Insurance shall be deleted and replaced by the following:

2 18. Insurance. Lessee shall procure and maintain or cause to be  
3 maintained, at its sole cost and expense, the following insurance coverages  
4 during the term of this Lease. The procurement and maintenance of insurance  
5 required below will not diminish or limit Lessee's obligation to indemnify or hold  
6 the County harmless.

7 (a) Workers' Compensation: If Lessee has employees as defined  
8 by the State of California, Lessee shall maintain Workers' Compensation  
9 Insurance (Coverage A) as prescribed by the laws of the State of California.  
10 Policy shall include Employers' Liability (Coverage B) including Occupational  
11 Disease with limits not less than \$1,000,000 per person per accident. Policy  
12 shall be endorsed to waive subrogation in favor of the County of Riverside.  
13 Lessee shall require Sublessees to meet this insurance requirement and  
14 provide County with evidence of coverage and required endorsements.  
15 Sublessee shall provide an endorsement to waive subrogation in favor of the  
16 Lessee and the County of Riverside.

17 If Lessee or Sublessees do not have employees, they will provide  
18 County with a written statement to that effect.

19 (b) Airport General Liability: If Lessee does not have Premises  
20 Liability included within their Aircraft Liability coverage, or, Lessee does not  
21 have Premises Liability coverage under the Port A Port Owners Association's  
22 insurance program, then Lessee shall maintain Airport General Liability  
23 insurance coverage, including but not limited to, premises liability, and  
24 contractual liability, covering claims or occurrences which may arise from or out  
25 of Lessee's performance of its obligations hereunder. Policy shall name all  
26 Agencies, Districts, Special Districts, and Departments of the County of  
27 ~~Riverside, its respective directors, officers, Board of Supervisors, employees,~~  
28 elected or appointed officials, agents or representatives as Additional Insureds.



1 Policy's limit of liability shall not be less than \$1,000,000 per occurrence and in  
2 the aggregate if applicable.

3 If Lessee subleases one or more hangars, Lessee shall either:

4 (1) Require each Sublessee to maintain Airport General Liability  
5 or the Port A Port Owners Association's insurance program or maintain Aircraft  
6 Liability Insurance covering premises liability insurance. Such coverage shall  
7 name the Lessee and all Agencies, Districts, Special Districts, and  
8 Departments of the County of Riverside, its respective directors, officers, Board  
9 of Supervisors, employees, elected or appointed officials, agents or  
10 representatives as Additional Insureds. Lessee shall provide County with  
11 evidence of coverage and all required endorsements for each tenant; or,

12 (2) Acquire Airport General Liability Insurance that includes  
13 coverage for Contingent Liability and provide County with evidence of coverage  
14 and all required endorsements.

15 (c) Vehicle Liability: If Lessee's vehicles or mobile equipment enter the  
16 operating area of the French Valley Airport, then Lessee shall maintain liability  
17 insurance for all owned, non-owned or hired vehicles used in an amount not less  
18 than \$1,000,000 per occurrence combined single limit. Policy shall name all  
19 Agencies, Districts, Special Districts, and Departments of the County of  
20 Riverside, its respective directors, officers, Board of Supervisors, employees,  
21 elected or appointed officials, agents or representatives as Additional Insureds.

22 If Lessee subleases hangars, Lessee shall require its Sublessees to  
23 provide Vehicle Liability Insurance, as specified above, and provide County with  
24 evidence of coverage and all required endorsements. Sublessees shall name  
25 Lessee and County as additional insureds in accordance to the requirements  
26 contained herein.

27 ~~(d) Aircraft Liability Insurance. Lessee shall provide Aircraft~~  
28 ~~Liability insurance for all owned and non-owned aircraft operated by the Lessee~~

1 in an amount not less than \$1,000,000.00 combined single limit per occurrence  
2 for bodily injury, including death, and property damage and coverage shall  
3 include, but is not limited to, premises liability. The policy will be endorsed to  
4 include all Agencies, Districts, Special Districts, and Departments of the County  
5 of Riverside, their respective directors, officers, Board of Supervisors,  
6 employees, elected or appointed officials, agents or representative as  
7 Additional Insureds. If Lessee maintains premises liability coverage under a  
8 separate policy, which provides coverage for exposures arising from this Lease,  
9 Lessee is not required to maintain premises liability within the Aircraft Liability  
10 coverage.

11 Lessee shall require Sublessees to meet this insurance  
12 requirement and provide County with evidence of coverage and required  
13 endorsements.

14 (e) General Insurance Provisions – All lines:

15 (1) Any insurance carrier providing insurance coverage  
16 hereunder shall be admitted to the State of California and have an AM BEST  
17 rating of not less than A: VIII (A:8), unless such requirements are waived in  
18 writing by the County Risk Manager. If the County's Risk Manager waives a  
19 requirement for a particular insurer, such waiver is only valid for that specific  
20 insurer and only for one policy term.

21 (2) The Lessee's insurance carrier(s) must declare its  
22 insurance deductibles or self-insured retentions. If such deductibles or self-  
23 insured retentions exceed \$50,000 per occurrence such deductibles and/or  
24 retentions shall have the prior written consent of the County Risk Manager  
25 before the commencement of operations under this Agreement. Upon  
26 notification of deductibles or self insured retention's unacceptable to the County,  
27 ~~and at the election of the County's Risk Manager, Lessee's carriers shall either;~~

28 1) reduce or eliminate such deductibles or self-insured retention's as respects

1 this Agreement with the County, or 2) procure a bond which guarantees  
2 payment of losses and related investigations, claims administration, and defense  
3 costs and expenses.

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

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

27 (4) ~~It is understood and agreed to by the parties hereto and the~~  
28 insurance company(s), that the Certificate(s) of Insurance and policies shall so

1 covenant and shall be construed as primary insurance, and the County's  
2 insurance and/or deductibles and/or self-insured retention's or self-insured  
3 programs shall not be construed as contributory.

4 (5) County's Reserved Rights – Insurance: County reserves  
5 the right to adjust the limits of insurance coverage as required in Paragraph 18  
6 herein every fifth year during the term of this Lease provided, however that any  
7 adjustment herein shall not increase the monetary limits of insurance for the  
8 preceding five (5) years in excess of fifty percent (50%). The foregoing  
9 notwithstanding any adjustments to the monetary limits in the year 2005 will not  
10 exceed twenty five percent (25%). Lessee shall notify County and County shall  
11 notify Lessee of any claim made by a third party or any incident or event that  
12 may give rise to a claim arising from this Lease.

13 11. Page 6, paragraph 20. Hold Harmless, subparagraph (b), delete and replace with  
14 following:

15 (b) Lessee shall indemnify and hold harmless all Agencies, Districts,  
16 Special Districts and Departments of the County of Riverside, its respective  
17 directors, officers, Board of Supervisors, elected and appointed officials,  
18 employees, agents and representatives from any liability whatsoever based or  
19 asserted upon any services, or activities of Lessee, its officers, employees,  
20 subcontractors, agents or representatives, if any, arising out of or in any way  
21 relating to this Agreement, including but not limited to property damage, bodily  
22 injury, or death or any other element of any kind or nature whatsoever, or  
23 resulting from any reason whatsoever arising out of or from the performance of  
24 Lessee, its officers, agents, employees, subcontractors, sublessees, agents or  
25 representatives from this Agreement.

26 Lessee shall defend at its sole cost and expense, all costs and  
27 ~~fees including but not limited to attorney fees, cost of investigation, defense and~~  
28 settlements or awards of all Agencies, Districts, Special Districts and

1 Departments of the County of Riverside - its directors, officers, Board of  
2 Supervisors, elected and appointed officials, employees agents and  
3 representatives in any claim or action based upon such alleged acts or  
4 omissions.

5 With respect to any action or claim, Lessee shall at its sole cost  
6 and expense have the right to use counsel of its own choice and shall have the  
7 right to adjust, settle, or compromise any such action or claim without the prior  
8 consent of County provided, however, that any such adjustment, settlement or  
9 compromise in no manner whatsoever limits or circumscribes Lessee's  
10 indemnification to County as set forth herein. Lessee's obligation hereunder  
11 shall be satisfied when Lessee has provided to County the appropriate form of  
12 dismissal relieving County from any liability for the action or claim involved.

13 The specified insurance limits required in this Agreement shall in  
14 no way limit or circumscribe Lessee's obligations to indemnify and hold  
15 harmless the County herein from third party claims.

16 (c) Aircraft Hull - Hold Harmless; Lessee hereby accepts  
17 responsibility for any physical loss or damage to owned or non-owned aircraft in  
18 Lessee's care, custody, or control while aircraft is upon or about the Airport  
19 premises; and, Lessee agrees to hold harmless the County for any loss or  
20 damage, regardless of the cause for such loss or damage, to owned or non-  
21 owned aircraft and to any associated aircraft property, including, but not limited  
22 to, aircraft, its contents, equipment and spare parts.

23 (d) Sublessee Requirements. If Lessee subleases hangars, Lessee  
24 shall pass down to each Sublessee the indemnification requirements contained  
25 herein requiring the Sublessee to indemnify both the Lessee and the County as  
26 required in paragraph 20 of the Lease as amended herein.

27 12. All other provisions of the Lease, not otherwise affected by this Amendment, shall  
28 remain the same.

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

5  
6 Date: 5/30/2004

LESSEE

7 P.C.H. Ruby, Inc.  
8 a California Corporation

9  
10 By: \_\_\_\_\_

By: A. G. Baker

11 Al Baker, President

12  
13 Date: SEP 14 2004

LESSOR

14 COUNTY OR RIVERSIDE

15  
16 By: Joy Wilson  
17 Chairman, Board of Supervisors

18 ATTEST:  
19 NANCY ROMERO, Clerk of the Board

FORM APPROVED  
WILLIAM C. KATZENSTEIN, County Counsel

20  
21 By: Courne Daley  
Deputy

22 By: Gordon V. Woo 8/17/04  
23 Deputy

24 (SEAL)

25 EXHIBIT A: Lease

26 F:\Shared\EDCOMAIRPORTS\FRVALLEY\Port A Ports\FIRST AMENDMENTS\PAP #13 PCH Ruby 1stAMD mar 2104.doc

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LEASE  
(Port-a-Port T-Hangar for Aircraft Storage)

The COUNTY OF RIVERSIDE, herein called County, leases to AC. H. Ruby, Incorporated, herein called Lessee, the property described below upon the following terms and conditions:

1. Description. The premises leased hereby are located within French Valley Airport, Murrieta, California and consist of approximately 1092 square feet of land identified as Space No. 13, as more particularly shown on Exhibit "A", attached hereto and by this reference made a part of this lease.

2. Use. The premises are leased hereby for the purpose of installing and maintaining a Port-a-Port T-Hangar therein for aircraft storage and aircraft supporting equipment in connection therein.

3. Term.

(a) The term of this lease shall be for a period commencing December 1, 1990, and terminating December 31, 2010, subject to the provisions contained in Paragraphs 14 and 15 herein.

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

4. Basic Rent.

(a) Lessee shall pay to County the sum of \$ 74.00 per month as basic rent for the leased premises, payable, in advance, on the 1<sup>st</sup> day of the month.

(b) In the event Lessee fails, or refuses, to make his monthly rental payment in the amount and on the date as required in Paragraph 4(a) herein, Lessee shall pay to County an additional amount of \$ 10.00 as an administrative charge, which charge represents a minimal cost incurred by County by virtue of such failure or refusal.

5. Basic Rental Adjustment.

(a) The basic monthly rent shall be adjusted every year during the term of this lease in the following manner:

(1) Divide the Consumer Price Index for the month of January, 1991, into the Consumer Price Index

1 for the month of January immediately preceding the  
2 anniversary in which the basic monthly rent is to be  
adjusted.

3 (2) Multiply the quotient obtained in  
4 Paragraph 5 (a)(1) above by the basic monthly rent.

5 (3) The result of such multiplication obtained  
6 in Paragraph 5 (a)(2) above shall be the monthly rent for  
the succeeding year.

7 The Consumer Price Index referred to herein is the  
8 All Urban Consumers (U.S. City Average) published monthly by the  
9 U.S. Bureau of Labor Statistics. The Consumer Price Index for the  
10 month of January, 1991, is \_\_\_\_\_. If the Consumer Price  
Index is discontinued or revised during the term of this lease,  
11 such other government index or computation with which it is  
12 replaced shall be used in order to obtain substantially the same  
13 result as would be obtained if the index had not been discontinued.

14 In no event, however, shall the monthly rent be less  
15 than the basic monthly rent set forth in Paragraph 4 herein.

16 6. Improvements.

17 (a) Lessee shall have the right to place or install  
18 a Port-a-Port T-Hangar upon the leased premises. No other  
19 alterations, improvements or installations of fixtures of any  
kind whatsoever shall be undertaken by Lessee, unless Lessee has  
20 first obtained written approval therefor from County's Managing  
21 Director of its Economic Development Agency. Lessee understands  
22 and agree that such improvements, alterations and installations of  
23 fixtures may be subject to County Ordinance Nos. 348 and 457, as  
24 well as other applicable County Ordinances, and that Lessee shall  
25 fully comply with such ordinances prior to the commencement of any  
26 construction in connection therewith.

27 (b) All alterations and improvements made, and  
28 fixtures installed, by Lessee on or upon the leased premises in  
accordance with the provisions of Paragraph 6(a) herein shall  
remain the property of Lessee, provided however, that Lessee  
removes, at his expense, such alterations, improvements and  
fixtures at or prior to the expiration of this lease and restores  
the leased premises to their original shape and condition as  
nearly as practicable. In the event any such alterations,  
improvements and fixtures are not so removed, County may, at its  
election, either, (1) remove and store such alterations,  
improvements and fixtures and restore the premises for the account  
of Lessee, in such event Lessee shall, within 30 days after  
billing and accounting therefore, reimburse County for the costs  
so incurred or (2) take and hold such alterations, improvements  
and fixtures as its sole property for no further consideration of  
any kind, and Lessee shall execute any documents that may be  
required or necessitated conveying Lessee's interest in such  
alterations, improvements and fixtures to County.



1                   7.    Restrictions.

2                   (a) Lessee shall not use the leased premises or  
3 store any personal property therein or thereon, for the purpose of  
4 conducting any activity upon or within the French Valley Airport  
5 premises for which any form of remuneration is expected or  
6 received unless such activity is permitted under a separate  
7 agreement or lease between County and Lessee.

8                   (b) Lessee shall not fuel or defuel an aircraft  
9 inside or upon the leased premises or within 25 feet of any  
10 hangar. Lessee shall not store any highly volatile materials  
11 including, but not limited to, paint products and aviation fuels,  
12 within or outside of the leased premises; provided, however, that  
13 Lessee may store fuel in his aircraft's fuel tanks.

14                   8.    Ingress and Egress. Lessee shall be permitted  
15 ingress and egress to and from the leased premises through  
16 established gates and/or over such routes as are designated by  
17 County's Managing Director of its Economic Development Agency.

18                   9.    Utilities. County shall provide, or cause to be  
19 provided all water and electrical services as may be required in  
20 the use of the leased premises; provided, however that Lessee  
21 shall pay to County for all such electrical service, upon  
22 accounting and billing therefor by County to Lessee. Lessee shall  
23 provide and pay for all other utility services that it may require  
24 or desire in his use of the leased premises.

25                   10. Maintenance. Lessee shall maintain the leased  
26 premises in a neat, safe, orderly and attractive manner during the  
27 term of this lease. Lessee shall deposit all waste, rubbish and  
28 debris in receptacles provided by County in the vicinity of the  
Port-a-Port T-Hangars; provided, however, that crank case  
drainages and other liquids shall be removed from the airport  
premises.

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

                  12. Quiet Enjoyment. Lessee shall have, hold and  
quietly enjoy the use of the leased premises so long as he  
shall fully and faithfully perform the terms and conditions  
that he is required to do under this lease.

                  13. Compliance with Government Regulations. Lessee  
shall, at Lessee'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 leased premises. The  
final judgment, decree or order of any Court of competent

1 jurisdiction, or the admission of Lessee in any action or  
2 proceedings against Lessee, whether Lessee be a party thereto or  
3 not, that Lessee has violated any such statutes, regulations,  
4 rules, ordinances, or orders, in the use of the leased premises,  
5 shall be conclusive of that fact as between County and Lessee.

6 14. Termination by County. County shall have the right  
7 to terminate this lease forthwith:

8 (a) In the event a petition is filed for voluntary  
9 or involuntary bankruptcy for the adjudication of Lessee as a  
10 debtor.

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

14 (c) In the event of abandonment of the leased  
15 premises by Lessee.

16 (d) In the event Lessee fails or refuses to  
17 perform, keep or observe any of Lessee's duties or obligations  
18 hereunder except his rental obligations; provided, however,  
19 that Lessee shall have fifteen (15) days in which to correct  
20 Lessee's breach or default after written notice thereof has been  
21 served on Lessee by County.

22 (e) In the event Lessee fails, or refuses, to  
23 meet his rental obligations, or any of them, hereunder or as  
24 otherwise provided by law.

25 15. Termination by Lessee.

26 (a) Lessee shall have the right to terminate this  
27 lease subject to thirty (30) days written notice thereof to County.

28 16. Eminent Domain. If any portion of the leased  
premises shall be taken by eminent domain and a portion thereof  
remains which is usable by Lessee for the purpose set forth in  
Paragraph 2 herein, this lease 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 County reserves the right to terminate this  
lease 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 leased premises are taken by eminent domain, or such part is  
taken so that the leased premises are rendered unusable for the  
purposes set forth in Paragraph 2 herein, this lease shall  
terminate. ~~If a part or all of the leased premises be so taken,  
the compensation awarded upon such taking shall be paid to the~~  
parties hereto in accordance with the values attributable to their  
respective interests in such eminent domain proceedings.

28

1           17. Continuation of Lease After Abandonment. Even  
2 though Lessee has abandoned the leased premises, this lease shall  
3 continue in effect for so long as County does not terminate  
4 Lessee's right to possession, and County may enforce all of its  
5 rights and remedies under this lease, including, but not limited  
6 to, the right to recover rent as it becomes due hereunder. For  
7 the purposes of this Paragraph 17, acts of maintenance or  
8 preservation or efforts by County to relet the premises, or the  
9 appointment of a receiver or initiative of County to protect its  
10 interest under this lease do not constitute a termination of  
11 Lessee's right to possession.

12           18. Insurance. Lessee shall during the term of this  
13 lease:

14           (a) Procure and maintain comprehensive general  
15 liability insurance coverage that shall protect Lessee from claims  
16 for damages for personal injury, including, but not limited to,  
17 accidental and wrongful death, as well as from claims for property  
18 damage, which may arise from Lessee's use of the leased premises  
19 or the performance of his obligations hereunder, whether such  
20 use or performance be by Lessee, by any subcontractor, or by  
21 anyone employed directly or indirectly by either of them. Such  
22 insurance shall name County as an additional  
23 insured with respect to this lease and the obligations of Lessee  
24 hereunder. Such insurance shall provide for limits of not less  
25 than \$500,000 per occurrence.

26           (b) Cause his insurance carriers to furnish  
27 County by direct mail with Certificate(s) of Insurance showing  
28 that such insurance is in full force and effect, and that County  
29 is named as an additional insured with respect to this lease and  
30 the obligations of Lessee hereunder. Further, said Certificate(s)  
31 shall contain the covenant of the insurance carrier(s) that thirty  
32 (30) days written notice shall be given to County prior to  
33 modification, cancellation or reduction in coverage of such  
34 insurance. In the event of any such modification, cancellation or  
35 reduction in coverage and on the effective date thereof, this  
36 lease shall terminate forthwith, unless County receives prior to  
37 such effective date another certificate from an insurance carrier  
38 of Lessee's choice that the insurance required herein is in full  
39 force and effect. Lessee shall not take possession or otherwise  
40 use the leased premises until County has been furnished  
41 certificate(s) of insurance as otherwise required in this  
42 Paragraph 18.

43           19. County's Reserved Rights - Insurance. County  
44 reserves the right to adjust the monetary limits of insurance  
45 coverage as required in Paragraph 18 herein every fifth year  
46 during the term of this lease; provided, however, that any  
47 adjustment herein shall not increase the monetary limits of  
48 insurance coverage for the preceding five (5) years in excess of  
49 twenty-five percent (25%) thereof.

28

1                   20. Hold Harmless.

2                   (a) Lessee represents that he has inspected the  
3 leased premises, accepts the condition thereof and fully assumes  
4 any and all risks incidental to the use thereof. County shall not  
5 be liable to Lessee, his agents, employees, subcontractors or  
6 independent contractors for any personal injury or property damage  
7 suffered by them which may result from hidden, latent or other  
8 dangerous conditions in, on, upon or within the leased premises;  
9 provided, however, that such dangerous conditions are not caused  
10 by the sole negligence of County, its officers, agents or  
11 employees.

12                   (b) Lessee shall indemnify and hold County, its  
13 officers, agents, employees and independent contractors free and  
14 harmless from any liability whatsoever, based or asserted upon any  
15 act or omission of Lessee, his agents, employees,  
16 subcontractors and independent contractors, for property damage,  
17 bodily injury, or death (Lessee's employees included) or any other  
18 element of damage of any kind or nature, relating to or in anywise  
19 connected with or arising from his use and responsibilities in  
20 connection therewith of the leased premises or the condition  
21 thereof, and Lessee shall defend, at his expense, including  
22 attorney fees, County, its officers, agents, employees and  
23 independent contractors in any legal action based upon such  
24 alleged acts or omissions.

25                   (c) The specified insurance limits required in  
26 Paragraph 18 herein shall in no way limit or circumscribe Lessee's  
27 obligations to indemnify and hold County free and harmless herein.

28                   21. Assignment.

                  (a) Except as provided in Paragraph 21(b) below,  
Lessee 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  
County being first obtained.

                  (b) Lessee may sublet the leased premises provided  
that such subletting: (1) is in writing, copy of which shall be  
forwarded to County upon execution thereof, (2) includes a  
provision therein subjecting the sublease(s) to the terms and  
conditions of this lease, and (3) shall be in a format previously  
approved by County.

                  22. Toxic Materials. During the term of this lease and  
any extensions thereof, Lessee shall not violate any federal,  
state or local law, or ordinance or regulation, relating to  
industrial hygiene or to the environmental condition on, under or  
~~about the leased premises including, but not limited to, soil and~~  
~~ground water conditions. Further, Lessee, its successors, assigns~~  
and sublease, shall not use, generate, manufacture, produce, store  
or dispose of on, under or about the leased premises or transport  
to or from the leased premises any flammable explosives, asbestos,

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

17  
18 23. Free from Liens. Lessee shall pay, when due, all  
19 sums of money that may become due for any labor, services,  
20 material, supplies, or equipment, alleged to have been furnished  
21 or to be furnished to Lessee, in, upon, or about the leased  
22 premises, and which may be secured by a mechanics', materialmen's  
23 or other lien against the leased premises or County's interest  
24 therein, and will cause each such lien to be fully discharged and  
25 released at the time the performance of any obligation secured by  
26 such lien matures or becomes due; provided, however, that if  
27 Lessee desires to contest any such lien, he may do so, but  
28 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 if so  
stayed, and said stay thereafter expires, then and in such event,  
Lessee shall forthwith pay and discharge said judgment.

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

32 25. Binding on Successors. Lessee, his assigns and  
33 successors in interest, shall be bound by all the terms and  
34 conditions contained in this lease, and all of the parties thereto  
35 shall be jointly and severally liable hereunder.

36 26. Waiver of Performance. No waiver by County at any  
37 time of any of the terms and conditions of this lease shall be  
38 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.

39 27. Severability. The invalidity of any provision in  
40 this lease as determined by a court of competent jurisdiction  
41 shall in no way affect the validity of any other provision hereof.

42 28. Venue. Any action at law or in equity brought by  
43 either of the parties hereto for the purpose of enforcing a right  
44 or rights provided for by this lease shall be tried in a Court of

1 competent jurisdiction in the County of Riverside, State of  
2 California, and the parties hereby waive all provisions of law  
3 providing for a change of venue in such proceedings to any other  
4 County.

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

13 30. Notices. Any notices required or desired to be  
14 served by either party upon the other shall be addressed to the  
15 respective parties as set forth below:

16	<u>COUNTY</u>	<u>Lessee</u>
17	County of Riverside	<u>P.C.H. Ruby, Incorporated</u>
18	Economic Development Agency	<u>31535 Avenida Del Reposa</u>
19	Aviation Unit	<u>Temecula, CA 92390</u>
20	P.O. Box 1180 - 3499 Tenth Street	<u>(714) 676-2816</u>
21	Riverside, CA 92502	

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

24 31. Permits, Licenses and Taxes. Lessee shall secure,  
25 at his expense, all necessary permits and licenses as he may  
26 be required to obtain, and Lessee shall pay for all fees and taxes  
27 levied or required by any authorized public entity. Lessee  
28 recognizes and understands that this lease may create a possessory  
interest subject to property taxation and that Lessee may be  
subject to the payment of property taxes levied on such interest.

32. Paragraph Headings. The paragraph 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 lease.

33. County's Representative. County hereby appoints the  
Managing Director of its Economic Development Agency as its  
authorized representative to administer this lease.

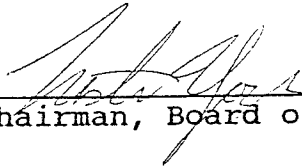
34. Agent for Service of Process. It is expressly  
understood and agreed that in the event Lessee is not (a) resident  
of the State of California or he is an association or  
partnership without a member or partner resident of the State of  
California, or it is a foreign corporation, then in any such  
event, Lessee shall file with County's Aviation Director,  
upon his execution hereof, a designation of a natural person  
residing in the State of California, giving his or her name,  
residence and business addresses, as his agent for the purpose  
of service of process in any court action arising out of or based

1 upon this lease, and the delivery to such agent of a copy of any  
2 process in any such action shall constitute valid service upon  
3 Lessee. It is further expressly understood and agreed that if for  
4 any reason service of such process upon such agent is not  
5 feasible, then in such event Lessee may be personally served with  
6 such process out of this County and that such service shall  
7 constitute valid service upon Lessee. It is further expressly  
8 understood and agreed that Lessee is amenable to the process so  
9 served, submits to the jurisdiction of the Court so obtained and  
10 waives any and all objections and protests thereto.

11 35. Entire Lease. This lease is intended by the parties  
12 hereto as a final expression of their understanding with respect  
13 to the subject matter hereof and as a complete and exclusive  
14 statement of the terms and conditions thereof and supersedes any  
15 and all prior and contemporaneous leases, agreements and  
16 understandings, oral or written, in connection therewith. This  
17 lease may be changed or modified only upon the written consent of  
18 the parties hereto.

11 Dated: DEC 18 1990

COUNTY OF RIVERSIDE

13  
14 By   
Chairman, Board of Supervisors

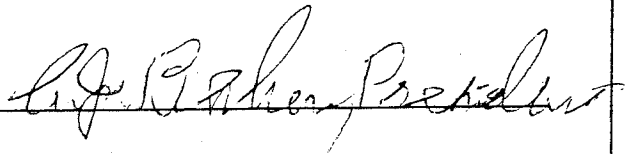
15 ATTEST:

16 GERALD A. MALONEY  
17 Clerk of the Board

17 By   
18 Deputy

19 (SEAL)

Lessee: P.C.H. Ruby, Incorporated

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rev.8/15/90

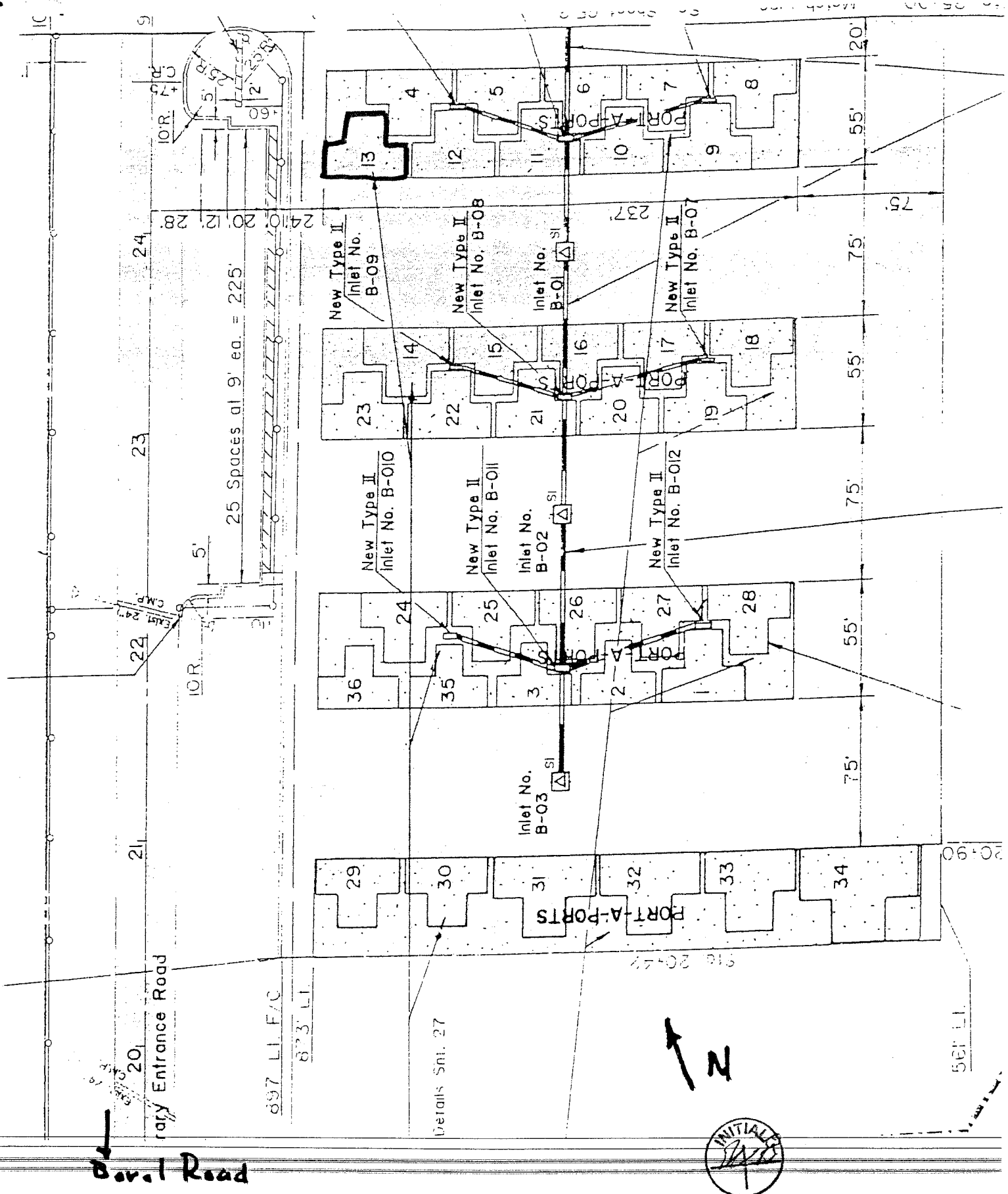


EXHIBIT A