# Departmental Concurrence

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

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FROM: Supervisor John J. Benoit

SUBMITTAL DATE: October 5, 2010

SUBJECT: Airport Lease Termination Agreement Between the County of Riverside and the City of

3lythe

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

- 1. Approve and authorize the Chairman to execute the attached Airport Master Lease Termination Agreement and Surrender of Leasehold between the County of Riverside and City of Blythe; and
- 2. Approve the purchase of airport equipment acquired and installed by the City of Blythe.

BACKGROUND: Riverside County is the owner of the Blythe Airport which was conveyed to the County through the War Surplus Act in 1948. On May 20, 1997, County of Riverside and City of Blythe executed a Master lease, which leased the Leased Premises to the City of Blythe for a term of 30 years with an option for an additional 30 years. Due to the current economic climate, the City of Blythe has had to limit its City's resources to core city services. The burden of financially supporting the airport operations and maintenance is no longer feasible for the City to maintain.

Therefore, the County proposes to take over the operational management and maintenance of the airport, as well as, the day to day compliance with State and Federal regulations and grant assurances. The County proposes to purchase two existing fuel tanks from the City of Blythe, which are considered as necessary equipment to provide full uninterrupted service and operations. The cost of the fuel tanks are \$75,000.00 and will not impact the County's General Fund.

I recommend the Board approve the termination agreement and the acquisition of the necessary fuel tank equipment.

Supervisor (ohn J. Benoit

#### MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Benoit, 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:

October 5, 2010

XC:

Supvr. Benoit

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Kecia Harper-Ihem Clerk of the Board,

WHEN DOCUMENT IS FULLY EXECUTED RETURN
CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010 Post Office Box 1147, Riverside, Ca 92502-1147 Tronk you

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#### LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT ("Agreement") is made as of <u>Defober 5, 2010</u> ("Effective Date"), by and between the County of Riverside, a political subdivision of the State of California ("Lessor"), and the City of Blythe, a California municipal corporation ("Lessee" or "City"), sometimes collectively referred to as the "Parties."

#### **RECITALS**

- A. Lessor is the owner of certain real property with improvements then or later constructed known as the Blythe Airport ("Airport" or "Blythe Airport") located in the eastern portion of Riverside County, California ("Leased Premises"). The Leased Premises is described in detail in the document attached as Exhibit "1," incorporated by this reference; and
- B. n May 20, 1997, Lessor and Lessee executed a lease ("Lease"), which leased the Leased Premises to Lessee for a term of 30 years with an option for an additional 30 years. A copy of the Lease is attached as Exhibit "2," incorporated by this reference; and
- C. Lessor and Lessee now desire to terminate the Lease, releasing each other from any and all liability, and for Lessor to resume sole possession, management and control of the Airport, all in accordance with the terms and conditions in this Agreement.
- D. Lessor and Lessee understand the long term value in maintaining a general aviation airport in close proximity to the City of Blythe.
- E. Upon the Effective Date of this Agreement, Lessor desires and intends to continue owning and operating Blythe Airport as an airport for and in the eastern area of Riverside County.
- F. Lessor has agreed to preserve and operate the Airport in a manner consistent and in accordance with certain conditions and assurances prescribed by the Federal Aviation Administration and the terms in which the property was granted to Lessor.
- G. Lessor intends to include the Blythe Airport in its plans to seek funding for capital improvements and improving operations at the Airport.
- H. Lessor shall provide an update to Lessee, at Lessee's request, regarding capital improvement expenditures made at Blythe Airport.

For good and valuable consideration, the receipt and adequacy of which are acknowledged, Lessor and Lessee agree as follows:

#### AGREEMENT

#### Section 1. Incorporation of Recitals

The abovementioned recitals are incorporated into the agreement by this reference.

#### Section 2. Termination of Lease

- A. Lessor and Lessee agree to terminate the Lease as of the Effective Date of this Agreement. The Effective Date of this Agreement shall be the date this Agreement is fully executed by the Parties or the date the Release Agreement, as described below, has been approved and fully executed, whichever is later. Subject to the terms and conditions in this Agreement, the Lease is terminated and of no further legal effect. The Parties intend that all rights and obligations arising out of the Lease are null and void.
- B. At the same council meeting where this Agreement will be considered for approval, Lessee's City Council will also be meeting to consider the final approval a Consent Termination and Release Agreement ("Release Agreement") between Lessee on the one hand, and USSV Land Company LLC, Blythe Solar PV 1 LLC, Southwest Land Holdings LLC and US Solar Holdings LLC on the other hand (collectively "US Solar"). The Parties understand and agree that the approval of the Release Agreement by both Lessee and US Solar is a condition precedent to the effectiveness of this Agreement. Therefore, notwithstanding anything stated herein to the contrary, this Agreement shall not go into effect until the Release Agreement is formally approved by both Lessee and US Solar.
- C. In the event that Lessor takes action to dispose of the Airport property, Lessor agrees to send a written offer to sell the Airport property to Lessee. Lessee acknowledges that Lessor would also need to send a written offer to any local public entity within whose jurisdiction the surplus land is located pursuant to Government Code Section 54222. In the event that the Lessee desires to purchase the surplus land, Lessee shall notify in writing the Lessor of its intent to purchase the land within 60 days after receipt of the Lessor's notification of intent to sell the land.
- D. Conditioned upon the execution of this Agreement, Lessor shall pay Lessee the sum of Seventy Five Thousand Dollars (\$75,000) for the two (2) fuel tanks Lessee purchased during the term of the Lease; provided Lessee delivers proof of ownership of the fuel tanks free and clear of any outstanding debts or liens. In the event that any outstanding debts or liens are owed for the fuel tanks, County will tender payment up to \$75,000 to be credited against the debt. In the event the outstanding debt or lien is greater than \$75,000, Lessee shall be responsible for tendering the remaining amount and Lessee shall execute any transfer of ownership documents to deliver ownership of the fuel tanks to Lessor free and clear of any debts or liens.
- E. <u>Lessee's Conditions</u>. Prior to or concurrent with the Effective Date of this Agreement, Lessee will fulfill each of the following conditions:

- 1. Lessee agrees to pay Lessor the amount of <u>\$0</u> as complete accord and satisfaction for all amounts currently or later due to Lessor under the Lease; and
- 2. Lessee shall provide an accounting of revenues received by Lessee and expenditures made by Lessee at the Airport, including expenditures for any of the improvements listed in Exhibit "A" to the Lease (which document is attached as part of Exhibit "2" to this Agreement) to address the infrastructure-related deficiencies that existed at the Airport at the time the Lease was executed; and
- 3. Lessee shall provide to Lessor all documents pertaining to any subleases or other agreements, and activities committed, and for any improvements made, at the Airport; and
- 4. Lessee shall provide notice of the Lease termination to all sub-lessees and occupants or parties present on the Airport, and make all assignments or transfers to Lessor; and
- 5. Lessee shall immediately upon execution of this Agreement surrender possession of the Leased Premises, including any Lessee improvements constructed by Lessee during Lessee's tenancy; and
- 6. Lessee shall execute, acknowledge, and deliver to Lessor in a recordable form a Surrender of Leasehold substantially in accordance with the form attached as Exhibit "3," conveying to Lessor all rights, title, and interest Lessee may have in the Lease and the Leased Premises.

#### Section 3. Mutual Release

- A. Except as set forth in Section 3D., Lessor and Lessee release, waive and discharge each other and their agents, elected officials, contractors, officers, directors, employees, representatives, together with their predecessors and successors in interest, from any and all claims, demands, actions, injuries, causes of action, obligations, damages, loss of services, expenses and compensation and liabilities related in any way to all known or unknown resulting from, relating to, or arising, now or later, from any obligations in connection with or included in the Lease, and from all claims, actions and demands, ("Dispute") that each may have against the other(s) by reason of the Lease. Lessor and Lessee represent and warrant that they have not sold, assigned, or otherwise transferred any of the claims released by this Agreement.
- B. Each party agrees that all rights under Civil Code § 1542 and under any other applicable, similar law are expressly waived. Civil Code § 1542 reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED

#### HIS OR HER SETTLEMENT WITH THE DEBTOR.

MA Lessor Lessee

C. Each party represents and warrants to the other party that the party has read and understood the Agreement with the release provisions and that each party has had the legal effect of this Agreement explained by competent legal counsel of that party's own choice and that each party is executing this Agreement of that party's own free will.

#### Section 4. Acceptance of Surrender

Lessor has had the opportunity to investigate the Leased Premises. Lessor accepts the surrender of the entire Leased Premises from Lessee, acknowledges that the Leased Premises are in good condition and repair, except for any remaining infrastructure-related deficiencies identified in the Lease and not improved by the Lessee, and that Lessee shall have no liability with respect to the condition of the Leased Premises.

#### Section 5. Assignment

Lessee represents and warrants that Lessee has made no assignment, sublease, transfer, or other disposition of the Lease, any interest in the Lease, or any demand, obligation, liability, or cause of action arising out of the Lease except what has been disclosed to Lessor in accordance with Section 2.D.3 herein.

#### Section 6. Entire Agreement

This Agreement contains the entire agreement between the parties regarding the matters covered in this Agreement. There have been no other statements, promises, or representations made by the parties that are intended to alter, modify, or complement this Agreement.

#### Section 7. Amendment

This Agreement may not be altered, amended, modified, or otherwise changed in any respect, except by a writing executed by an authorized representative of each party.

#### Section 8. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all taken together, shall constitute one and the same instrument.

#### Section 9. Titles

The section titles in this Agreement are used for the convenience of the parties and are not to be taken as part of the instrument or used to interpret this Agreement.

#### Section 10. Time of Essence

Time is of the essence in this Agreement.

#### Section 11. Authorization

The undersigned, by their signatures, represent and warrant that they are authorized agents of their respective entities and are authorized to execute this Agreement.

#### Section 12. Successors and Assigns

This Agreement shall bind and inure to the benefit of the parties and their respective heirs, successors, and assigns.

#### Section 13. Governing Law

This Agreement is governed and construed in accordance with California law.

#### Section 14. Attorneys Fees

Each party shall bear its own attorneys fees and costs incurred in connection with the underlying dispute and preparation and negotiation of this Agreement.

#### Section 15. No Admission of Liability

The parties agree that this Agreement is a compromise of disputed claims between the parties, liability for which is expressly denied, and this Agreement is not to be construed as an admission of liability to each other or to third parties.

#### Section 16. Further Action

The parties shall take such further action and execute such further documents as may be necessary to carry out the purposes and intent of this Agreement.

#### Section 17. Counterparts

This Agreement may be executed by facsimile in any number of counterparts and signature pages and by different parties on separate counterparts and signature pages, each of which, when so executed and delivered, shall be an original, and all such counterparts shall together constitute one and the same instrument.

#### Section 18. Severability

Should any provision of this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall not be deemed to be part of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above. OCT 0 5 2010 Date: 9-28-10 Date: COUNTY OF RIVERSIDE, CITY OF BLYTHE, a California municipal corporation a political subdivision of the State of California Marion Ashley, Chairman **Board of Supervisors** ATTEST: ATTEST: Kecia Harper-Ihem

(SEAL)

Clerk, of the Board

APPROVED AS TO FORM:

Pamela J. Walls **County Counsel** 

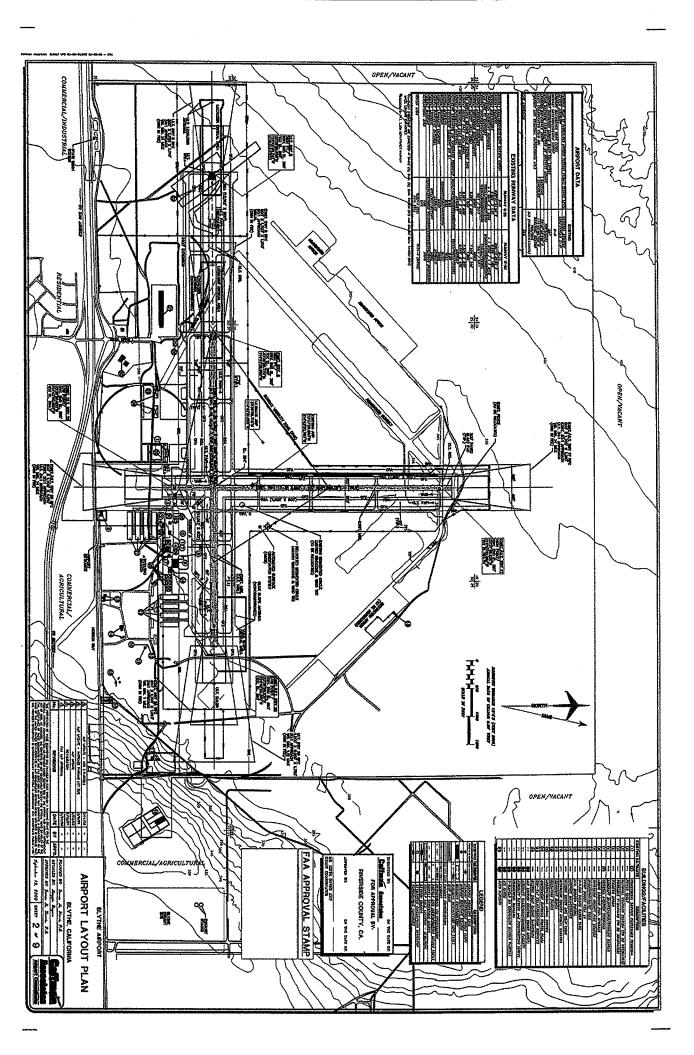
Deputy County Counsel

APPROVED AS TO FORM:

Christian L. Bettenhausen **Assistant City Attorney** 

# EXHIBIT "1" (Description of Leased Property)

Commonly known as 1650 W. Hobson Way, Blythe, California, and consisting of approximately 2.02 acres, together with associated buildings and shade structures, all as shown on the attached map.



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EASE AGREEMENT OF BLYTHEP.W. TXHIBIT A

BLYTHE AIRPORT

THIS LEASE AGREEMENT is made by and among the CITY OF BLYTHE (hereinafter referred to as "Lessee") and COUNTY OF RIVERSIDE (hereinafter referred to as "Lessor"), and City and County are hereinafter sometimes referred to as "the Parties", for that property commonly referred to as the Blythe Airport.

#### WITNESSETH

WHEREAS, the Parties have met and discussed the present and future use of the Blythe Airport, including the impacts associated therewith upon the Palo Verde Vailey; and

WHEREAS, such impacts relate to social and economic needs as well as future transportation needs necessary to adequately accommodate the air traveling public; and

WHEREAS, the Palo Verde Valley surrounding the Blythe Airport is an area in need of economic and social development; and

WHEREAS, the successful development of the Palo Verde Valley is largely dependent upon activities and improvements at the Blythe Airport; and

WHEREAS, the general concepts of this Lease Agreement are articulated in a Memorandum of Understanding made and entered into by and between the City of Blythe and the County of Riverside, and more particularly described on Exhibit "A", which exhibit is attached hereto and by this reference made a part of this Lease Agreement; and

WHEREAS, it is the intent and desire of the Parties to enter into a Lease Agreement as hereinafter described and set forth, from which the City shall then set about the task of accomplishing the general purposes of this Lease Agreement in a

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manner most capable of promoting the greatest public good and welfare; and

WHEREAS, subsequent to approval of a Lease Agreement between the City of Blythe and the County of Riverside, comments were received from the Federal Aviation Administration, dated February 27, 1997, necessitating revisions to the Lease Agreement which are incorporated herein; and

WHEREAS, effective on the date of execution by both Parties this Lease Agreement shall supersede and take the place of the Agreement previously approved by the County of Riverside and the City of Blythe; and

WHEREAS, upon execution of this Lease Agreement the County shall retain legislative authority for the Blythe Airport property as it relates to major land use decisions (i.e. approval of zone changes, specific plans and general plan amendments); and

WHEREAS, the City of Blythe as proposed by this Lease Agreement shall replace the Riverside County Planning Commission in regard to recommendations to the Board of Supervisors on land use matters within the boundaries of the lease premises. In its capacity as the Planning Commission, the City of Blythe shall exercise authority to approve certain land use decisions (e.g. use permits, plot plans, tracts, conditional use permits, etc.) with the Board of Supervisors serving as an Appellate Board to hear appeals on City of Blythe land use decisions; and

WHEREAS, the City of Blythe by this Lease Agreement shall replace the Riverside County Aviation Commission in regard to recommendations to the Board of Supervisors on policy, procedure, and operations at the Blythe Airport; and

WHEREAS, by execution of this Lease Agreement the City of Blythe shall be consulted with by the County in matters dealing with Regulatory Agencies; and

WHEREAS, the future development of private and public improvements within and surrounding Blythe Airport is critical with respect to the social, economic and transportation needs referred to hereinabove.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter stated, the Parties agree as follows:

#### Section 1. Purpose.

(a) This Lease Agreement (hereinafter referred to as the "Agreement") is made for the express purpose of granting the City of Blythe management and operational authority over the leased premises, including the authority to implement the administration of specific plans and zoning and subdivision ordinances relating to proposed development of private and public improvements, engage in the planning of public facilities, and make all other land-use related decisions subject to approval by the Lessor and/or the FAA where required by law.

Section 2. <u>Term.</u> The term of this Lease Agreement shall commence upon approval and execution of this document by County and City and shall continue for a period of 30 years, with an option to extend the lease period for an additional 30 years. The City of Blythe shall, however, have a one time option to terminate this Lease Agreement on the five (5) year anniversary hereof.

Section 3. <u>Description</u>. The premises leased hereby consist of approximately 3,904 acres of land and improvements therein. The leased premises are more particularly described in Exhibit "B", which exhibit is attached hereto and by this reference made a part of this lease.

#### Section 4. Use.

- (a) Lessee guarantees that portion of the lease premises where the Blythe Airport is situated shall continue to be used as an airport, including, but not limited to, the following purposes:
- (1) Sale, retail or wholesale or both, of new and use aircraft, aircraft parts, accessories, aircraft fuels and lubricants.
  - (2) All flight operations.
- (3) Building, maintenance, repair, overhaul and modification of all types of aircraft, aircraft engines, airframes, automatic flight systems, instrument, radio and other electronic equipment, propellers and all other components.
  - (4) Painting and upholstering of aircraft.
  - (5) Financing, leasing, renting and insuring of aircraft.
- (6) Servicing of aircraft for the purpose of fueling, supplying engine oil and other necessary lubricants and aircraft fluids, checking tire pressures, providing starting units and battery boosters and any other service usually associated with aircraft servicing operations.
- (7) Providing aircraft storage inside hangar buildings and on outside tiedown areas.
  - (8) Providing ground school instruction associated with flight training.
  - (9) Leasing or renting of automobiles.
- (10) Storing and sale of automotive fuel and lubricants for use only in connection with Lessee's equipment and rental automobiles.
  - (b) Other uses for the 3,904 acres that comprise the leased premises shall

be at the discretion of the Lessee consistent with the Federal and State grant obligations, but shall be uses compatible with airport operations.

- (c) The Lessee shall, within five years from the effective date of this agreement, have prepared a comprehensive Master Development Plan (herein called the "Master Plan") of the Airport which shall identify a vision of the Airport and its prospective uses throughout the term of the Agreement. This plan shall upon adoption by the Board of Supervisors become part of the County's General Plan and Zoning Ordinance. Such plan shall be prepared at the sole expense of the Lessee, however, the County of Riverside shall waive the payment of fees associated with the submittal and process of said Master Plan. The Master Plan shall be prepared in accordance with good planning principles, and shall be subject to applicable environmental review. The Master Plan shall include the entire Airport property and shall include the following elements:
- (1) A land use element which shall define each separate and distinguishable area of physically and geographically buildable land and thereon identify the appropriate possible and permitted uses and the maximum allowable building square footage and footprint for each permitted use.
- (2) A circulation element consisting of the general location and extent of existing and proposed thoroughfares and transportation routes, and other public utilities, and facilities, all correlated with the land use element of the Master Plan including, but not by way of limitation, parking abilities, building setback lines, locations of rights of way and easements, runways and taxiways. This element shall consider both the on site and offsite circulation impacts of such development.
- (3) A statement concerning the appropriate architectural styles that may and may not be permitted.

- (4) Supporting maps, diagrams, charts, descriptive material and reports.
- (5) An economic statement that correlates the development of revenue-generating improvements with the operating goals and capital improvement plans for the Airport; and
- (6) An element regarding airport noise and traffic patterns to reduce noise for both airport users and adjacent land uses.

## Section 5. Operation and Maintenance

- (a) The Lessee shall maintain the entire Airport property together with all improvements, fixtures and personal property thereon, whether now on the premises or hereafter added, and shall make all necessary repairs, inside and outside, structural or otherwise, so as to maintain and preserve the Airport in good order and condition as an operating airport. Said maintenance responsibilities shall include, but are not limited to, painting of buildings; servicing of water and sewer facilities; resurfacing of the runway, taxiways, and ramp areas; replacement of light bulbs and fixtures; control of weeds; mowing the lawn; and watering the landscaping. Expenditures pursuant to these obligations shall be those reasonable, necessary, and attributable to the operation and maintenance of the airport and such reasonable amounts as are needed to create prudent reserves for long term maintenance, capital improvements, operating contingencies; and to match foreseeable state and federal grant funds available.
  - (b) The Lessee shall comply with all laws, rules and regulations promulgated

by duly authorized authorities with respect to airport and aircraft operations.

- (c) The Lessee shall procure at its sole expense all permits and licenses that are, or may in the future become, necessary or required for the operation of the Airport. Lessee further agrees not to allow or permit any fee or charge for such permit or license to become delinquent, or to become a lien on the Airport or any improvement thereon.
- (d) The Lessee shall supervise the Airport and all activities thereon in a business-like and prudent manner, and shall cooperate with the County in securing compliance by Airport users with applicable laws and regulations, including but not limited to the Assurances attached hereto as Exhibits "C" and "D" and with the terms of any agreement or lease relative to the use of the Airport.
- (e) The Lessee and Lessor shall in cooperation prepare grant applications for the County to submit to the appropriate agencies to secure funding for the support of Airport projects and operation.
- (f) With respect to construction contracts, the Lessee agrees to comply with any applicable provisions of the Public Contract Code and Labor Code of the State of California.
- (g) In all its activities, the Lessee shall be consistent with the Federal Aviation Administration (or its successor) rules, regulations, and grant assurances. Nothing in this Lease shall be construed as granting or authorizing the granting of an exclusive right. The Lease shall be subordinate to and subject to the provisions of any existing or future agreement entered into between the County and the federal government, and which will be required to obtain federal aid for the improvement or operation and maintenance of the Airport.

#### Section 6. <u>Lease Payments and Revenues.</u>

(a) Lessee and Lessor mutually recognize and agree that there are infrastructure-related deficiencies at the Blythe Airport generally defined and made

a part of this Lease Agreement as Exhibit "E" and that the financial obligation to correct these infrastructure-related deficiencies shall be the responsibility of the Lessee. Further, Lessor shall transfer ownership of identified equipment on-site to the Lessee to be utilized in the operation of the Blythe Airport said equipment to have a value of \$35,000, the specifics of which are delineated as part of Exhibit "E". In exchange for these considerations the lease payments (aside from the One Dollar (\$1.00) per year lease payment) made by the Lessee to the Lessor shall be based as follows:

- over and above the One Dollar (\$1.00) per year lease payment until the Lessee recovers its cost, both capital and operational, to correct and restore those identified deficiencies more specifically detailed on Exhibit "E". The Lessee shall have sole responsibility for maintaining records of costs incurred in this effort, but shall provide Lessor with an annual accounting report of said revenues and expenditures. The Lessor shall have the right to inspect these financial records and/or the annual accounting report as its own discretion to determine accuracy and reasonableness.
- (2) After recovering its initial cost to restore the identified infrastructurerelated deficiencies at the Blythe Airport, the Lessee and Lessor shall share revenues from the 3,904 acre premise according to the following formula, calculated cumulatively on gross operating revenues (actually received).
- (a) Up to \$1,000,000, Lessee shall receive 90% and Lessor shall receive 10% of gross operating revenues.
- (b) From \$1,000,000, to \$5,000,000, Lessee shall receive 80% and Lessor shall receive 20% of gross operating revenues.
- (c) For revenues over \$5,000,000 the Lessee shall receive 70% and Lessor shall receive 30% of gross operating revenues.

- (3) Notwithstanding the provisions of subsection (2) above at commencement of performance of this Lease Agreement, the existing lease/rental payments, any prepaid payments or other advances (including any utility payments) from tenants situated on the premises and doing business in conjunction with the Blythe Airport and more particularly described on Exhibit "F", which exhibit is attached hereto and by this reference made a part of this Agreement, shall immediately transfer and be made payable to the Lessee.
- (4) As the existing (sub) lease/rental agreements for existing tenants doing business on the lease premise expire, any subsequent (sub) lease/rental negotiations shall be conducted exclusively with the Lessee.
- (b) Revenues received by the Lessee under Section 6.(a) shall be used solely for the benefit, operation, and improvement of the airport.
- Section 7. <u>Additional Obligations of Lessee</u>. Lessee shall, during the term of this lease:
- (a) Abide by Lessor's federal obligations to operate the Blythe Airport for the use and benefit of the public, to make available all airport facilities and services to the public on fair and reasonable terms and without discrimination, to provide space on the Airport to the extent available, and to grant right and privileges for use of the landing area facilities of the Airport to all qualified persons or entities desiring to conduct aeronautical operations on the Airport.
- (b) Prepare, negotiate and execute sub-lease agreements, utilizing fair and reasonable minimum standards relevant to the proposed activity. Sub-lease agreements will be routinely submitted to Lessor, for review and comment. Lessor will respond in writing to Lessee within thirty (30) days. Failure to respond within thirty days shall constitute Lessor's approval of the proposed sub-lease agreement. Sub-lease agreements shall be in form pre-approved by the Lessee and Lessor.
  - (c) Observe and obey, and compel its employees, agents, invitees and those

doing business with Lessee to observe and obey all such rules and regulations of applicable regulatory agencies which are now in effect or which may hereafter be promulgated.

- (d) Employ and maintain on the leased premises sufficient personnel who are trained and skilled in order to competently perform the tasks related to the services being offered. At a minimum, the Lessee will retain the existing County Airport employee at a comparable compensation package as a City of Blythe employee for the purpose of maintaining the existing operational capability of the Blythe Airport.
- (e) Operate the leased 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.
- (f) Provide aviation-related services to the general public seven (7) days per week during the term of this lease predicated upon the availability of a Fixed Base Operator (FBO) to provide said services. Any changes relative to the current operational characteristics of the Blythe Airport shall not be made by Lessee without notifying the Lessor in writing with 72 hour notice. Lessee shall require the FBO to post a telephone number(s) where it can be reached for emergency aircraft services on a 24-hour basis and such posting shall be in a conspicuous location within the leased premises.
- (g) Operate the leased premises and the facilities thereon in progressive and efficient manner. Upon request from Lessor, Lessee shall furnish Lessor with a written summary of activities pending or in progress or being considered for the leased

premises.

- (h) Accept the leased premises subject to any and all existing easements or other encumbrances.
- (I) Subject to County of Riverside and Federal Aviation Administration approvals or release where required, Lessee reserves the right to grant franchises, easements, rights of way and permits in, over and upon, along or across any and all portions of said leased premises as Lessee may elect; provided, however, that no right of the Lessee provided for in this paragraph shall be so executed as to extend beyond the rights of the Lessee provided by this Agreement or interfere unreasonably with other tenants use hereunder. Lessee shall cause the surface of the leased premises to be restored to its original condition (as they existed prior to any such entry) upon the completion of any construction by Lessee or its agents.
- (j) Reserves the right to further develop or improve the aircraft operating area of Blythe Airport, subject to approval by the Lessor and applicable regulatory agencies. Further, the Lessee reserves the right to take any action it considers necessary to protect the aerial approaches of the Blythe Airport against obstruction in conformance with applicable regulations and the adopted Blythe Airport Comprehensive Land Use Plan, more particularly described on Exhibit "G", which exhibit is attached hereto and by this reference made a part of this Lease Agreement.
- (k) Recognize that, during the time of war or national emergency, Lessor shall have the right to lease the landing area of the Blythe Airport, or any part thereof, to the United States Government for military use and, if such lease is executed, the

provisions of this lease insofar as they are inconsistent with the provisions of such lease to the Government, shall be suspended. In that event, the period of such closure shall be added to the term of this lease, or any extensions thereof, so as to extend and postpone the expiration thereof unless Lessee otherwise elects to terminate this lease.

- (I) Maintain the leased premises and the improvements thereon in a neat, safe, orderly and attractive condition during the term of this lease.
- (m) Be responsible for water and sewer services to the leased premises and provide and pay for all other utility services it may require or desire in its use, maintenance and operation of the leased premises.
- (n) Determine, consistent with the terms and conditions of this Lease Agreement, in consultation with Lessor, what (if any) involvement the County or its aviation agents may have in management or operation of the Blythe Airport.

#### Section 8. Additional Obligations of Lessor

- (a) County Redevelopment Agency (CRDA) funds generated from development situated on the 3,904 acre leased premises shall be restricted for expenditures on said leased premises. CRDA shall in no way restrict the ability of Lessor and Lessee to meet their respective obligations at the Blythe Airport.
- (b) The Lessor shall provide all assistance as appropriate in seeking County Fire Department approval for above ground fuel tanks to replace those existing fuel tanks at the Blythe Airport that do not meet appropriate Federal or State requirements.
- (c) The Lessor shall continue to provide, at the existing service level, law enforcement and all fire protection related services for leased premises. If a higher service level is requested by the Lessee, it shall be the responsibility of the Lessee to fund such incremental service.
  - (d) The Lessor shall cooperate with the Lessee, if so requested, in making

any necessary applications for and in securing any and all governmental grants, loans, or other aid which may be obtainable for the Airport under any applicable laws, but the Lessor shall not be obligated to the Lessoe to assume any financial liability or obligation in connection therewith.

Section 9. National Pollutant Discharge Elimination System (NPDES) Permit.

Lessee acknowledges, understands and agrees that it shall comply with California State Water Resources Control Board general permit requirements relating to storm water discharges associated with activities, such as, mechanical repairs, rehabilitation, fueling, lubrication, painting, cleaning and de-icing. Lessee 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), and adhere to the practices set forth in SWWP, including, without limitation, the Best Management Practices, Best Available Technology Economically Achievable, and Best Convention Pollutant Control Technology.

Section 10. <u>Underground Fuel Tanks</u>. The underground fuel tanks within the leased premises consist of one (1) 10,000 gallon tank for aviation fuel and one (1) 10,000 gallon tank for Jet A Fuel, plus 2 additional abandoned tanks (capacity unknown). Lessee acknowledges, understands and agrees that these tanks do not meet Federal 1998 Underground Fuel Storage Tank requirements, and, in all likelihood, Lessee will not be able to use these tanks after December 22, 1998. Lessor will provide assistance in seeking County Fire Department approval for above ground fuel tanks, to replace those existing fuel tanks that do not meet the existing Federal requirements.

Section 11. <u>Inspection of Premises</u>. Lessor, 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.

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

Section 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, degree or order of any Court of competent jurisdiction, or the admission of Lessee in any action or proceedings against Lessee, whether Lessee be a party thereto or not, that Lessee has violated any such statutes, regulations, rules, ordinances, or orders in the use of the leased premises, shall be conclusive of that fact as between Lessor and Lessee.

#### Section 14. Accounting Records and Documents.

- (a) Lessee shall establish separate accounts to record airport revenues and expenditures, and shall maintain accounting records and supporting documents in connection with the improvements referred to in Exhibit "E" herein. Such records and documents shall be clearly identified and readily accessible for review by Lessor.
- (b) Lessor shall have the right to examine, inspect and audit such records and documents referred to in Section 14(a) subject to reasonable notice, in writing, to Lessee.

#### Section 15. <u>Discrimination or Segregation.</u>

(a) Lessee shall not discriminate in Lessee'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 leased premises hereunder, and Lessee shall comply with the provisions of the California Fair Employment and Housing Act (Government Code Section 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 leased premises.

- (b) Lessee shall not discriminate against or cause the segregation of any person or group of person 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 leased premises, nor shall Lessee, or any person claiming under or through Lessee, 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 leased premises.
- (c) Lessee assures that it maintain 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 leased premises. Lessee 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 released premises.

Section 16. <u>Termination by Lessor</u>. Lessor shall have the right to terminate this lease forthwith:

- (a) In the event a petition is filed for voluntary or involuntary bankruptcy for the adjudication of Lessee as a debtor.
- (b) In the event that Lessee makes a general assignment, or Lessee's interest hereunder is assigned involuntarily or by operation of law, for the benefit of creditors.
  - (c) In the event of abandonment of the leased premises by Lessee.
- (d) In the event Lessee fails or refuses to perform, keep or observe any of Lessee's duties or obligations hereunder except its rental obligations; provided, however, that Lessee shall have ninety (90) days in which to correct Lessee's breach or default after written notice thereof has been served on Lessee by Lessor.
- (e) In the event Lessee fails, or refuses, to meet its fiscal obligations, or any of them, hereunder or as otherwise provided by law.

Section 17. <u>Termination by Lessee</u>. Lessee shall have the right to terminate this lease in the event Lessor fails to perform, keep or observe any of its duties or obligations hereunder; provided, however, that Lessor shall have ninety (90) days in which to correct its breach or default after written notice thereof has been served on it by Lessee; provided, further, however, that in the event such breach or default is not corrected. Lessee may elect to terminate this lease in its entirety or as to any portion of the premises affected thereby, and such election shall be given by an additional fifteen (15) days written notice to Lessor.

Section 18. <u>Insurance</u>. Lessee shall during the term of this lease, cause its insurance carrier(s) to furnish Lessor by direct mail with Certificate(s) of Insurance showing that appropriate insurance is in full force and effect and that Lessor is named

hereunder. Further, said Certificate(s) shall contain the covenant of the insurance carrier(s) that sixty (60) days written notice shall be given to Lessor prior to modification, cancellation or reduction in coverage of such insurance.

Section 19. <u>Hold Harmless</u>. Lessee represents that it has inspected the leased premises and accepts it on an as is basis and fully assumes any and all risk and liabilities whether known and/or unknown arising out of, or from, or in any way connected to the operation and/or use thereof or the responsibilities assumed under the terms of the agreement. Lessee further agrees:

- Lessee shall indemnify and hold harmless Lessor, its officers, Board of Directors, employees, agents or representatives and independent contractors free and harmless from any and all liabilities whatsoever, of any nature or kind, including but not limited to, hidden or latent defects or any other dangerous conditions in or upon the leased premises and for bodily injury, death or property damage of any nature or kind, including but not limited to, environmental impairment liability of any nature or kind in any way connected to, with or arising from, or out of the use, or operation of, the premises or the responsibilities assumed under the terms of this agreement.
- (b) Lessee shall defend Lessor, its officers, Board of Supervisors, agents/representatives, employees and independent contractors at its own expense, including but not limited to, attorney fees, costs and investigative expenses in any legal action based upon any allegations of any nature or kind whatsoever.
- (c) The specified insurance limits required in Section 18 herein shall in no way limit or circumscribed Lessee's obligations to indemnify and hold Lessor (et al) free and harmless.

Section 20. <u>Subordination</u>. Notwithstanding any provisions herein, this lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States, relative to the operation, development, and 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 County of Federal funds for the development of said airport. However, to the extent possible, arrangements shall be made so the Federal and State grants shall be transferred from the Lessor to the Lessee as the designated grant recipient. Projects currently under FAA funding consideration may be reprioritized at the Lessee's discretion; recognizing that FAA concurrence shall have to be obtained.

Section 21. <u>Federally Required Lease Provisions</u>. This lease is subject to the provisions set forth in Exhibit "H" (Federally Required Lease Provisions), attached hereto and by this reference made a part of this lease.

Section 22. <u>Assignment</u>. Lessee cannot assign, delete, 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 Lessor being first obtained, in which consent shall not be unreasonably withheld.

Section 23. <u>Toxic Materials</u>. During the term of this lease and any extensions thereof, Lessee shall not willfully 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 groundwater conditions. Notwithstanding the provisions of this Section, it is understood by the parties hereto that certain substances, such as aviation and automotive fuels and lubricants will be transported, stored and dispensed within the leased premises in order

for Lessee to perform the uses contemplated hereunder. In doing so, however, Lessee acknowledges and covenants that it shall comply strictly with any and all federal, state and local laws, ordinances and regulations relating to the use and disposition of such substances.

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

Section 25. <u>Binding on Successors</u>. Lessee, its assigns and successors in interest, shall be bound by all the terms and conditions contained in this lease, and all of the parties thereto shall be jointly and severally liable hereunder.

Section 26. <u>Waiver of Performance</u>. No waiver by Lessor at any time of any of the terms and conditions of this lease 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.

Section 27. <u>Severability</u>. The invalidity of any provision in this lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

Section 28. <u>Venue</u>. 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 lease 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.

Section 29. Attorneys' Fees. In the event of any litigation or arbitration between Lessee and Lessor to enforce any of the provisions of this lease 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 attorneys' 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.

Section 30. <u>Notices.</u> Any notices required or desired to be served by either party upon the other shall be addressed to the respective parties as set forth below:

#### COUNTY

County of Riverside
County Executive Office
4080 Lemon St., 12th Floor
Riverside, California 92501-1605

#### CITY

City of Blythe 220 North Spring Street Blythe, California 92225 Attn: City Manager and Mayor

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

Section 31. <u>Paragraph Headings</u>. 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.

Section 32. Entire Lease. This lease 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 leases, agreements and understandings, oral or written, in connection therewith. This lease may be changed or modified only upon the written consent of the parties hereto.

	MAY 2 0 1997	
Dated: _		COUNTY OF RIVERSIDE
	ATTEST:	
	GERALD A. MALONEY, COMP.	21.10 Put
•	COUNTY COUNSEL ST MARLE PLUMBY	proced Co Carolle
	MAY 1 3 1997 (DEPUTY)	Chairman, Board of Supervisors ROBERT A. BUSTER
12	20()01	NODENI AL BUSIEN

1/20/97 3.76.

ATTEST:

GERALD A. MALONEY
Clerk of the Board

By
Deputy

(S E A L)

Dated:

CITY OF BLYTHE

By William Manufall

Mayor

ATTEST:

J. Newell Sorensen, City Clerk

(SEAL)

## EXHIBIT "A"

## Memorandum of Understanding

This Memorandum of Understanding is made and entered into by and between the City of Blyths and Riverside County for the purpose of furthering negotiations with Riverside County concerning the lease of the Blythe Airport (owned by Riverside County) by the City of Blythe.

#### SECTION 1.

The following are premises for discussions concerning the Blythe Almort

- The Blythe Airport is presently owned by Riverside County.
- 2. The Blythe Airport is a community resource that the City is interested in maintaining in an economical fashion.
- 3. The Blythe Airport is within the City's Schere of Influence.
- 4. The Biythe Airport is a financial burden to Riverside County.
- There are contingent liabilities at the Blythe Airport including underground fuel tanks, domestic water system and domestic sewer system.

#### SECTION 2

The City agrees to negotiate with Riverside County for a long term lease of the Blythe Airport with consideration to the following factors:

- 1. The City would lease the airport for a long term (30 years with an option for 30 additional years) from the County for 51 a year.
- 2. The City would assume financial liability for the infrastructure deficiencies at the Blythe Airport.
- 3. The City and County would share in the economic profits of the Blythe Airport (according to a yet to be determined formula) after the City is first compensated for correcting the intrastructure liabilities and the operations of the Blythe Airport.
- Arrangements would be made so that Federal and State Grants would be transferable. Projects currently under FAA funding consideration may be reprioritized at the City of Slythe's discretion. FAA concurrence would be obtained.
- 5. COMARCO's involvement in the Slythe Airport in any capacity shall be at the sole discretion of the City of Slythe.

- 6. City would assume all existing leases and agreements and have ability to sub-lease additional property.
- 7. The City would have total Land Use Control of the Blythe Airport property (l.s. 3,904 acres).
- 8. The City would retain the existing County employee as a City of Slythe employee.
- S. Agraements for fire and police protection on the site will be negotiated as part of the Lease Agreement.
- 10. The Lease Agreement negotiations would specify any interiacs with the Riverside County Redevelopment Agency on Airport Property which is within the County Redevelopment Project Area.
- 11. It is expected that the time frame for implementation of a Lease Agreement shall be July 1, 1996.

#### SECTION 3.

This memorandum of understanding is entered into this 12th day of March 1996.

W.R. MarterTelo

William Martindale, Mayor City of Blythe

ATTEST:

J. Newell Sorensen, City Clerk

Authorized Agent County of Riverside

10

#### **EXHIBIT B**

#### **DESCRIPTION OF LEASED PREMISES**

Commonly known as 1650 W. Hobson Way, Blythe, California, and consisting of approximately 2.02 acres and a building and shade structures of approximately 500 square feet, all as shown on the attached map.

#### SURRENDER OF LEASEHOLD

Recording requested by and when recorded, return to: [name and address of landlord or tenant]

THIS SURRENDER OF LEASEHOLD ("Agreement") is made as of <u>lecember</u>, 2010, between City of Blythe, a municipal corporation ("Tenant") and County of Riverside, a political subdivision of the State of California ("Landlord").

#### Recitals

- I. Landlord is the owner of certain real property with improvements then or later constructed known as the Blythe Airport ("Airport") located in the eastern portion of Riverside County, California ("Property"). The Property is described in detail in the document and map attached as Exhibit "A," incorporated by this reference; and
- J. On May 20, 1997, Landlord and Tenant executed a lease, which leased the Property to Tenant for a term of 30 years with an option for an additional 30 years (the "Lease"); and
- K. Tenant desires to surrender Tenant's interest in the Lease, the leasehold estate created, and all rights to the possession of the Property and to release Landlord from Landlord's obligations under the Lease, and Landlord desires to accept this surrender and to release Tenant from Tenant's obligations under the Lease.
- L. On <u>Jefsker S</u>, 2010 Landlord and Tenant entered into Lease Termination Agreement ("Termination Agreement"), terminating the Lease subject to certain terms and conditions. The terms of the Termination Agreement are incorporated by this reference.
- M. The execution and recordation of this Agreement is intended to provide recorded public notice of the termination of the Lease as agreed between Landlord and Tenant in the Termination Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, Landlord and Tenant agree as follows:

#### Section 1. Incorporation by Reference

The recitals are incorporated into this Agreement by this reference.

#### Section 2. Surrender

#### Section 3. Mutual Release

- D. Landlord and Tenant release, waive and discharge each other and their agents, elected officials, contractors, officers, directors, employees, representatives, together with their predecessors and successors in interest, from any and all claims, demands, actions, injuries, causes of action, obligations, damages, loss of services, expenses and compensation and liabilities related in any way to all known or unknown resulting from, relating to, or arising, now or later, from any obligations in connection with or included in the Lease, and from all claims, actions and demands, ("Dispute") that each may have against the other(s) by reason of the Lease. Landlord and Tenant represent and warrant that they have not sold, assigned, or otherwise transferred any of the claims released by this Agreement.
- E. Each party agrees that all rights under Civil Code § 1542 and under any other applicable, similar law are expressly waived. Civil Code § 1542 reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Landlord	Tenant

F. Each party represents and warrants to the other party that the party has read and understood the Agreement with the release provisions and that each party has had the legal effect of this Agreement explained by competent legal counsel of that party's own choice and that each party is executing this Agreement of that party's own free will.

### Section 4. Acceptance of Surrender

Landlord has had the opportunity to investigate the Leased Premises. Landlord accepts the surrender of the entire Leased Premises from Tenant, acknowledges that the Leased Premises are in good condition and repair, except for any remaining infrastructure-related deficiencies identified in the Lease and not improved by the Tenant, and that Tenant shall have no liability with respect to the condition of the Leased Premises.

#### Section 5. Successors and Assigns

This Agreement shall bind and inure to the benefit of the parties and their respective heirs, successors, and assigns.

Section 6. Governing Law

This Agreement is governed by California law.

Section 7. Conflict Between Agreements

This Agreement is intended to provide recordable public notice of the termination of the Lease as agreed between the parties in the Termination Agreement. Therefore to the degree there are conflicts between the terms and conditions of the Termination Agreement and this Agreement, the terms and conditions in the Termination Agreement will prevail.

IN WITNESS WHEREOF, executed as of the date first above written.

LANDLORD:

TENANT:

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

CITY OF BLYTHE, a California

municipal corporation

Marion Ashley, Chairman

Board of Supervisors

David Baile, City Manage

ATTEST:

Kecia Harper-Ihem Clerk of the Board

Donuty

ATTEST:

APPROVED AS TO FORM:

Pamela J. Walls County Counsel

Synthia M. Gunzel

Deputy County Counsel

APPROVED AS TO FORM:

Assistant City Attorney

ACKNOWLED	GEMENT
State of Californ	nia)
County of	
On	before me, (here insert name and title of the officer), personally appeared , personally known to me (or proved to me on the basis of
instrument ar authorized cap	vidence) to be the person(s) whose name(s) is/are subscribed to the within ad acknowledged to me that he/she/they executed the same in his/her/their pacity(ies), and that by his/her/their signature(s) on the instrument the person(s), pon behalf of which the person(s) acted, executed the instrument.
-	y hand and official seal.
Signature	
(Seal)	•
[Attach exhibits	, if applicable [