

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

313



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
December 8, 2011

**SUBJECT:** Assignment of Sublease and Sale of Aircraft Storage Hangar, French Valley Airport

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

1. Consent to the Bill of Sale dated September 26, 2011, from Airmech, Incorporated, as Assignor, to Advanced Auto Parts, as Assignee;
2. Consent to Assignment dated June 19, 2011, from Airmech, Incorporated, as Seller, to Advanced Auto Parts, as Buyer; subject to Airmech, Incorporated's removal of all encumbrances on the leasehold estate, including personal property affixed to or contained therein;
3. Authorize the Chairman of the Board of Supervisors to execute the Consent to Bill of Sale and Consent to Assignment; and

(Continued)

*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:	2011/12

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

<b>SOURCE OF FUNDS:</b> N/A	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<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 Benoit, seconded by Supervisor Tavaglione and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione and Benoit  
Nays: None  
Absent: Stone and Ashley  
Date: December 20, 2011  
xc: EDA

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

Prev. Agn. Ref.: 3.33 of 6/28/11; 3.19 of 6/12/07; 3.21 of 6/19/01 | District: 3 | Agenda Number **3.5**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL  
BY: ANITA C. WILLES  
DATE: 12-6-11  
Departmental Concurrence

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

**RECOMMENDED MOTION:** (Continued)

4. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents required by the Assignment or Bill of Sale.

**BACKGROUND:**

The Economic Development Agency has received a Bill of Sale dated September 26, 2011, and an Assignment of Lease, dated September 26, 2011, between Airmech, Incorporated, as Assignor and Seller, and Advanced Auto Parts, as Assignee and Buyer. The sublease is for the land occupied by aircraft storage hangars formerly known as 37 and 38, and henceforth known as aircraft storage Hangar 1 and Hangar 2.

The sublease is approximately 9,240 square feet dated June 19, 2001, between the County of Riverside, as Lessor, and Airmech, Incorporated as Lessee, and Amended by the First Amendment to Lease on June 28, 2011. Additionally, County approved a Landlord's Real Estate Acknowledgement and Waiver dated June 12, 2007, whereby said buildings were encumbered as collateral for a loan with Temecula Valley Bank and Small Business Administration. The approval of the Assignment of Lease is subject to the encumbrance on these buildings being removed and receipt of written notification from the bank that it has been satisfied.

The Economic Development Agency recommends that the Board of Supervisors consent to the Bill of Sale and Assignment of Lease. County Counsel reviewed the attached document and has approved as to form.

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# CONSENT TO ASSIGNMENT

The County of Riverside, a political subdivision of the State of California (Lessor), hereby consents to the foregoing Assignment dated September 26, 2011, between Airmech, Incorporated as Assignor, and Advanced Auto Parts, as Assignee, without however, waiving the restrictions contained in said Lease dated June 19, 2001, described as 9,240 square feet of land at the French Valley Airport County of Riverside, California, and amended by First Amendment to Lease dated June 28, 2011, with respect to any future assignments thereunder, and without releasing the Assignor under said lease from any obligations that are not performed by Airmech, Incorporated, and otherwise accepts the Assignee, Advanced Auto Parts, as Lessee under said Lease to all intents and purposes as though Assignee was the original Lessee thereunder.

Date: DEC 20 2011

COUNTY OF RIVERSIDE

By: Bob Buster

Chairman, Board of Supervisors  
BOB BUSTER

ATTEST:  
Kecia Harper-Ihem, Clerk of the Board

By: Kecia Harper-Ihem

FORM APPROVED  
Pamela J. Walls, County Counsel

By: Anita C. Willis  
Anita C. Willis Deputy

ASSIGNMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, hereby transfers and assigns to Advanced Auto Parts, A California corporation, all rights, title and interest of the undersigned under the certain Lease between Airmech, Inc., and the County of Riverside dated June 19, 2001, attached as Exhibit "A" pertaining to the premises with legal description as shown on the attached Exhibit "B". 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: 9-9-11

AIRMECH, INC.  
a California corporation

By: 

Jamie Gallagher

ACCEPTANCE AND AGREEMENT

The undersigned, 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 thereunder.

Dated: 9-26-11

ADVANCED AUTO PARTS  
a California corporation

By: 

Dale Carson, President

1 CONSENT TO BILL OF SALE

2  
3 The County of Riverside, a political subdivision of the State of California (Lessor),  
4 hereby consents to the foregoing Bill of Sale, dated September 26, 2011, for the aircraft  
5 storage hangars formerly known at Hangars 37 and 38 under the Airmech, Incorporated  
6 ground lease dated June 19, 2001, and amended by First Amendment to Lease June  
7 28, 2011, located at French Valley Airport, Murrieta, California between Airmech,  
8 Incorporated, as Seller and Advanced Auto Parts, as Buyer. Hangars will henceforth be  
9 referred to as Hangar 1 and Hangar 2.

10 Date: DEC 20 2011

11 COUNTY OF RIVERSIDE  
12 A political subdivision of the State of California  
13

14  
15 By: Bob Buster  
16 Chairman, Board of Supervisors  
17 BOB BUSTER

ATTEST:  
KECIA HARPER-IHEM, Clerk  
By: [Signature]  
DEPUTY

18 APPROVED AS TO FORM:  
19 Pamela J. Walls, County Counsel

20  
21 By: [Signature]  
22 Anita C. Willis Deputy

## AIRCRAFT HANGAR PURCHASE AGREEMENT

This Aircraft Hangar Purchase Agreement (this "Agreement") is entered into and shall be effective as of September 26, 2011 (the "Effective Date") by and among Airmech, Inc., a California corporation ("Seller") and Advanced Auto Parts, a California corporation ("Buyer").

### RECITALS

A. Seller originally obtained rightful ownership of that certain aircraft hangar facility at the French Valley Airport, Murrieta, California on or about June 19, 2001 in conjunction with a lease from the County of Riverside as lessor and Seller as lessee (the "Lease").

B. Seller has agreed to sell to Buyer that certain aircraft hangar facility at the French Valley Airport, Murrieta, California, ~~within and a part of Murrieta Executive Air Park,~~ identified as Hangars #1 and #2 (the "Hangars"). As set forth below, the Hangars will be conferred to Buyer by a Bill of Sale in the form of Exhibit "A", and the Lease will be conferred to Buyer by a Lease Assignment in the form of Exhibit "B", upon such Lease Assignment being duly approved by the County of Riverside.

Based on the foregoing, and in consideration of this purchase agreement, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

### AGREEMENT

#### 1. Purchase of Hangars

Buyer has agreed to purchase, and Seller has agreed to sell the Hangars for the amount of \$152,000 (One Hundred and Fifty-Two Thousand United State Dollars). For the benefit of Seller as set forth herein, Buyer will deposit with Smith Mitchellweiler, LLP in its attorney-client trust account the amount of \$1,000 (One Thousand United States Dollars) upon execution of this Agreement. Seller agrees that the deposit is refundable until fifteen (15) days after execution of this Agreement, at which time Buyer will have concluded its due diligence process and the deposit will become non-refundable unless the purchase and Lease Assignment are not approved by the County of Riverside or Seller breaches this Agreement. As set forth in Section 5 below, Buyer agrees to pay the balance of \$151,000 (One Hundred and Fifty-One Thousand United States Dollars) upon approval of the Lease Assignment by the County of Riverside. If the Lease Assignment is not approved by the County of Riverside within 120 days of the execution of this Agreement, Seller agrees to promptly release to Buyer the \$1,000 deposit.

#### 2. Lease Assignment

Buyer has been provided with copies of the Lease to be assigned that is in effect between Seller and the County, and the exhibits thereto. Buyer has read the Lease and agrees to accept them without modification.

### 3. Indemnification

**3.1 Indemnification by Seller.** The Seller hereby agrees to indemnify and hold harmless the Purchaser against and in respect of all actions, suits, investigations, proceedings, demands, assessments, judgments, reasonable attorneys' fees, costs and expenses incident to the Hangars or the Lease prior to the Close.

**3.2 Indemnification by Purchaser.** The Purchaser hereby agrees to indemnify and hold harmless the Seller against and in respect of all actions, suits, investigations, proceedings, demands, assessments, judgments, reasonable attorneys' fees, costs and expenses incident to the Hangars or the Lease subsequent to the Close.

### 4. Representations, Warranties, and Covenants

The Seller and Buyer hereby represent and warrants to and covenants to each other Party that:

4.1 Neither the execution nor the delivery of this Agreement, the incurrence of the obligations herein, the consummation of the transactions herein contemplated, nor the compliance with the terms of this Agreement will conflict with, or result in a breach of, any of the terms, conditions, or provisions of, or constitute a default under, any bond, note, or other evidence or indebtedness or any contract, indenture, mortgage, deed of trust, loan agreement, lease, or other agreement or instrument to which such Party is a party or by which such Party may be bound.

4.2 Each Party, as a corporation duly incorporated, validly existing and in good standing under the laws of the State of California, has the right, power, legal capacity, and authority to execute and enter into this Agreement and to execute all other documents and perform all other acts as may be necessary in connection with the purchase as specified in this Agreement.

4.3 Notwithstanding anything contained in this Agreement to the contrary, both Parties acknowledge and agree that (i) each Party is not making any representations or warranties whatsoever, express or implied, beyond those expressly agreed to by the Parties, and (ii) the Parties have not been induced by, or relied upon, any representations, warranties, or statements (written or oral), whether express or implied, made by any Person, that are not expressly set forth in this Agreement.

4.4 Other than the County of Riverside, no approval or consent by any person or entity is necessary in connection with the execution of this Agreement by such Party or the performance of such Party's obligations under this Agreement.



4.5 Each Party has had the opportunity to receive independent tax and legal advice from attorneys of choice with respect to the advisability of executing this Agreement.

4.5 [REDACTED]

[REDACTED]

## 6. Miscellaneous

6.1 Attorneys' Fees. In the event any Party shall maintain or commence any action, proceeding, or motion against any other Party to enforce this Agreement or any provision thereof, the prevailing Party therein shall be entitled to recover its actual attorneys' fees and costs incurred.

6.2 Prorations at Closing; Reimbursements.

All ad valorem taxes, intangible personal property taxes and special district levies and assessments, if any, relating to the Hangars or Lease for the 2011 calendar year shall be allocated as of the Closing Date.

6.3 Survival. All of the terms, representations, warranties, covenants, and other provisions of this Agreement shall survive and remain in effect after the Closing Date.

6.4 Successors and Assigns. This Agreement shall inure to the benefit of the successors, assigns, heirs, beneficiaries, executors, administrators, partners, agents, employees, and representatives of each Party.

6.5 Execution of Documents. Each Party agrees to execute all documents necessary to carry out the purpose of this Agreement and to cooperate with each other for the expeditious filing of any and all documents and the fulfillment of the terms of this Agreement.

6.6 Governing Law. This Agreement, including any rights, remedies, or obligations provided for thereunder, shall be construed and enforced in accordance with the laws of the State of California.

6.7 Entire Agreement. This Agreement contains the entire understanding among the Parties and supersedes any prior written or oral agreements between them respecting the subject matter of this Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, between the Parties relating to the subject matter of this Agreement that are not fully set forth herein. Any amendment to this Agreement shall be in writing and executed by each Party hereto

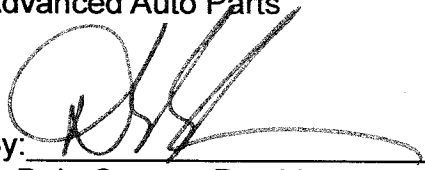




6.8 Descriptive Headings. The descriptive headings of the sections in this Agreement are included for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

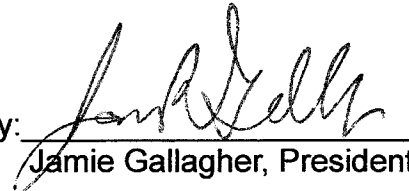
This Agreement is entered into the day first written above.

Advanced Auto Parts

By:   
Dale Carson, President

9-26-11

Airmech, Inc.

By:   
Jamie Gallagher, President

09-09-2011



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

131



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
June 2, 2011

**SUBJECT:** Extension of Lease – French Valley Airport

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

1. Approve First Amendment to Lease granting a 10-year Lease Extension, pursuant to the provisions of Section 3(b) in the Lease between County of Riverside and Airmech, Incorporated, dated June 19, 2001, extending the termination date to June 17, 2021.
2. Authorize the Chairman of the Board of Supervisors to execute the First Amendment to Lease; and
3. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents required by the Lease.

**BACKGROUND:** (Commences on Page 2)

*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:	2010/2011

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

**SOURCE OF FUNDS:** N/A

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

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

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

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Buster, seconded by Supervisor Ashley 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: June 28, 2011  
xc: EDA, Auditor

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

Prev. Agn. Ref.: 6/19/01 3.21

District: 3

Agenda Number:

**3.33**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL  
BY: *Anita C. Willis*  
ANITA C. WILLIS  
6-6-11  
Deputy County Counsel

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

Economic Development Agency  
Extension of Lease – French Valley Airport  
June 2, 2011  
Page 2

**BACKGROUND:**

The Economic Development Agency is in receipt of a letter from Airmech, Incorporated, exercising their option to extend their lease for an additional 10 years, pursuant to Section 3(b) of the existing lease, dated June 19, 2011, which will extend the termination date to June 17, 2021.

The Economic Development Agency recommends that the Board of Supervisors consent to the Lease Extension. County Counsel has reviewed and approved the attached First Amendment to Lease as to form.

**FIRST AMENDMENT TO LEASE**  
French Valley Airport

This First Amendment to Lease ("Amendment") is entered into by and between the County of Riverside, a political subdivision of the State of California (hereinafter "County") and Airmech, Incorporated, (hereinafter "Lessee") with reference to the following:

**RECITALS**

A. WHEREAS, County and Lessee are parties to that certain lease (hereinafter the "Lease") approved by the Board of Supervisors of the County of Riverside ("Board") on June 19, 2001, wherein Lessee agreed to lease from County, approximately forty-six thousand, five hundred fourteen square feet of improved surface space (46,514 SF) located within the French Valley Airport, County of Riverside, California, more particularly described on "Exhibit B" to the original Lease and incorporated by reference (the "Leased Premises"). The Leased Premises comprises approximately eighteen thousand, eight hundred, thirty-three square feet (18,833 SF) upon which is constructed two airport hangars, and approximately twenty seven thousand, six hundred eighty-one square feet (27,681 SF) containing twenty (20) aircraft tie-downs; and

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

1. Section 3(b), Extension. Lessee has exercised their first right of refusal to extend the lease term ten (10) years beyond the termination date set forth in section 3(a) of the original Lease, extending the lease termination date to June 17, 2021.

All other terms of the original Lease shall remain in effect.

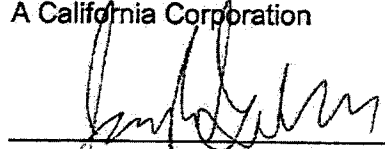
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WHEREFOR, the parties hereto have executed this Amendment as of the dates set forth below.

Dated: 4-20-11


LESSEE:

AIRMECH, INCORPORATED  
A California Corporation

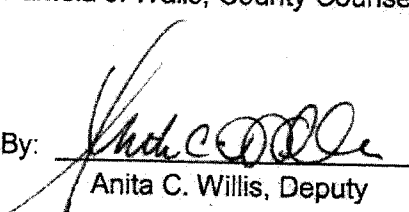
  
\_\_\_\_\_  
Jamie Gallagher  
Chairman/Secretary

Dated: 6/28/11

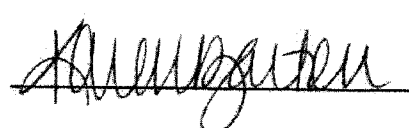
COUNTY OF RIVERSIDE  
A political subdivision of the State of  
California

By:   
\_\_\_\_\_  
Chairman, Board of Supervisors  
Bob Buster

APPROVED AS TO FORM:  
Pamela J. Walls, County Counsel

By:   
\_\_\_\_\_  
Anita C. Willis, Deputy

ATTEST:  
Kecia Harper-Ihem, Clerk of the Board

By:   
\_\_\_\_\_  
DEPUTY

JUN 28 2011 3:33



1 accommodate the needs of the County and Airmech, the County and Airmech desire to  
2 execute a new lease to replace the 1991 Lease in its entirety such that the County and  
3 Airmech are relieved of all duties and obligations under the 1991 Lease; and

4 7. Upon execution of the new lease establishing Airmech as a limited service  
5 FBO at French Valley Airport, and its subsequent approval by the County Board of  
6 Supervisors, the 1991 Lease shall become null and void and of no further effect; provided,  
7 however that until the new lease is fully executed and approved by the County Board of  
8 Supervisors, the 1991 Lease shall remain in full force and effect.

9 NOW, THEREFORE, for good and valuable consideration, receipt of which is  
10 acknowledged, the County, as lessor, and Airmech, as lessee, enter into the following  
11 lease upon the following terms and conditions:

#### 12 BASIC LEASE TERMS

13 1. **Lease of Premises.** Lessor leases to Lessee, and Lessee leases from  
14 Lessor, approximately forty-six-thousand-five-hundred-fourteen square feet of improved  
15 surface space (46,514 sq. ft.) located within the French Valley Airport, County of Riverside,  
16 California, more particularly described on Exhibit "B" to this Lease and incorporated by  
17 reference (the "Leased Premises"). The Leased Premises comprise approximately  
18 eighteen-thousand eight-hundred thirty-three square feet (18,833 sq. ft.) upon which is  
19 constructed two airport hangars, and approximately twenty-seven-thousand six-hundred  
20 eighty-one square feet (27,681 sq. ft.) containing twenty (20) aircraft tie-downs.

21 2. **Permitted Use of Premises.** The Leased Premises is hereby leased for the  
22 express limited purpose of providing aircraft storage and maintenance services at French  
23 Valley Airport in conformance with the County Economic Development Agency's Minimum  
24 Standards For Fixed Base Operators ("FBO Minimum Standards ") adopted January 30,  
25 2001 including, but not limited to, the requirements and standards established by Section  
26 IV, Scope of Services, Table B (Aircraft Maintenance) and Table F (Aircraft Storage). A  
27 copy of the County's FBO Minimum Standards is attached to this Lease as Exhibit "C" and  
28 incorporated by reference. In addition to those limitations on use established above and

1 by the FBO Minimum Standards, Lessee shall not engage in the painting of aircraft on the  
2 Leased Premises (other than small "spot painting" in connection with authorized minor  
3 repairs) unless and until it has established proper enclosed and ventilated facilities on the  
4 Leased Premises, which facilities have been inspected and approved, in writing, by the  
5 regional Air Quality Management District, the County's Health, Fire, and Building and  
6 Safety Departments, and unless and until all applicable permits in accordance with  
7 Sections 10 and 11 of this lease have been obtained. In further addition to those  
8 limitations on use established above, Lessee shall not use the Leased Premises in any  
9 manner as a domicile including, but not limited to, the placement and maintenance of a  
10 motor vehicle home on the Leased Premises.

11 **3. Term of Lease.**

12 (a) This Lease shall commence at 12:00 midnight on June 1, 2001, or as  
13 soon thereafter as approved by the County Board of Supervisors, and this Lease shall  
14 terminate at 12:00 midnight on June 17, 2011, unless sooner terminated pursuant to the  
15 terms of this Lease.

16 (b) Extension. Not later than six months prior to termination of this lease  
17 pursuant to section 3(a), Lessor shall inform Lessee whether Lessor will offer to Lessee  
18 a first right of refusal to extend the lease term ten (10) years beyond the termination date  
19 set forth in section 3(a). Lessor's determination shall be based on Lessee's prior  
20 compliance with the terms and conditions of the lease, and Lessor's offer of a first right of  
21 refusal to extend the term of the lease ten (10) years beyond the termination date set forth  
22 in section 3(a) shall not be unreasonably withheld.

23 (c) Holding Over. Lessee shall vacate the Leased Premises upon the  
24 expiration or earlier termination of this Lease and Lessee shall indemnify Lessor against  
25 all liabilities, damages and expenses incurred by Lessor as a result of any delay by Lessee  
26 in vacating the Leased Premises. If Lessee wishes to request an extension of the Lease  
27 term or a renewal of the Lease, Lessee shall give written notice of such request to Lessor  
28 at least ninety (90) days prior to expiration of the Lease term. If Lessee remains in



1 possession of the Leased Premises or any part thereof after the expiration of the Lease  
2 Term, and if Lessor thereafter accepts rent from Lessee, Lessee's occupancy shall be a  
3 tenancy from month-to-month, and not a renewal or extension thereof. All provisions of  
4 this Lease (other than those relating to the term) shall apply to such month-to-month  
5 tenancy, except the rent shall be increased to 150% of the rent in effect during the last  
6 month of the Lease term.

7 **4. Rent.**

8 (a) Monthly Rent. Upon approval of this Lease by the County Board of  
9 Supervisors, Lessee shall pay to Lessor monthly rent in the amount of  
10 one-thousand-one-hundred-forty-eight dollars (\$1148.00) for the use and occupancy of the  
11 Leased Premises, subject to the adjustments outlined in subsections 4(b) and 4(c). The  
12 monthly rent is due and payable in advance on the first day of each month by delivery to  
13 the County offices located at 3525 14th Street, Riverside, CA 92501.

14 (b) Five-Year Adjustments. Beginning on July 1, 2005, and every fifth  
15 year thereafter, Lessee's monthly rent (and the rent of all other French Valley Airport  
16 tenants scheduled for similar adjustment (collectively, "the affected tenants/leaseholds")  
17 shall be adjusted to an amount equivalent to one-twelfth (1/12) of eight percent (8%) of the  
18 appraised fair market value for the highest and best use of the Leased Premises. A  
19 property appraisal of the affected French Valley Airport leaseholds in furtherance of this  
20 subsection is to be performed approximately six (6) months prior to July 1, 2005, and every  
21 fifth year thereafter by an independent certified appraiser in good standing with the  
22 American Institute of Real Estate Appraisers selected and retained by the County (the  
23 "County appraisal report"). Upon completion of the County appraisal report, the County  
24 will mail a copy of the report to Lessee and other affected French Valley Airport tenants.  
25 If, within thirty (30) days of the County's mailing of the final appraisal report, the County  
26 receives written objections to the report from tenants representing a majority of the square  
27 footage of affected French Valley Airport leaseholds, the County shall notify the affected  
28 tenants of this fact. Within thirty (30) days of the mailing of such notice by the County, the

1 affected tenants may collectively, and at their own expense, select and retain an  
2 independent certified appraiser in good standing with the American Institute of Real Estate  
3 Appraisers to conduct a single appraisal of the French Valley Airport (the "tenant appraisal  
4 report") for submittal to the County. Any such tenant appraisal report must be completed  
5 and submitted to the County within ninety (90) days of the County's mailing of notice that  
6 a majority of the affected tenants have submitted written objections to the County appraisal  
7 report. Upon receipt, the County will consider the tenant appraisal report in good faith and  
8 negotiate to resolve any substantive discrepancies which may exist between the tenant  
9 appraisal report and the County appraisal report. The County may accept or reject the  
10 findings contained in the tenant appraisal report in whole or in part, and shall provide the  
11 affected tenants with written notice of its final determination.

12 (c) Consumer Price Index Adjustments. Separate from and in addition  
13 to the five-year adjustments in rent made to reflect increases/decreases in the appraised  
14 valuation of the Leased Premises as outlined in subsection 4(b) of this Lease, the monthly  
15 rent shall be adjusted on an annual basis to reflect the percentage increase in the  
16 Consumer Price Index, All Urban Consumers LA-Anaheim-Riverside Area (CPI), for the  
17 twelve month period ending October. The annual CPI review and adjustments, as  
18 appropriate, will begin with the first anniversary of lease execution and occur every 12  
19 months thereafter.

20 (d) Late Fee. Lessor and Lessee acknowledge that late payment by  
21 Lessee of any amount required by subsection 4(a) and as adjusted by subsections 4(b)  
22 and 4(c), or any additional rent will cause Lessor to incur costs not contemplated by this  
23 Lease, the exact amount of which will be extremely difficult and impractical to determine.  
24 Therefore, if any installment or rent required by subsection 4(a) and as adjusted by  
25 subsections 4(b) and 4(c) or any additional rent is not received by the due date, and  
26 without regard to whether Lessor gives Lessee notice of such failure or exercises any of  
27 its remedies upon a Default, as defined by Section 17 of this Lease, Lessee shall pay a  
28 late charge equal to the greater of ten percent (10%) of the overdue amount or \$25.00, as

1 additional rent under this Lease. The parties acknowledge and agree that such late charge  
2 represents a fair and reasonable estimate of the damages Lessor will incur by reason of  
3 late payment by Lessee. In addition, any amount due from Lessee which is not paid when  
4 due shall bear interest at a rate equal to the legal rate, from the date such payment is due  
5 until the date paid by Lessee. Lessor's acceptance of any interest or late charge shall not  
6 constitute a waiver of Lessee's Default or prevent Lessor from exercising any other rights  
7 or remedies available to Lessor.

### 8 LESSEE'S OBLIGATIONS

9 In addition to those terms and conditions described in Sections 1 through 4 of this  
10 Lease, and incorporated by reference, the following shall constitute covenants and  
11 conditions the breach of which shall constitute a default of this Lease:

#### 12 5. Improvements.

13 (a) Lessee agrees to construct hardscaping, consisting of approximately  
14 one hundred eighty (180) linear feet of six (6) foot tall decorative concrete block wall, and  
15 further agrees to install landscaping, consisting of approximately eight hundred (800)  
16 square feet of landscaped area, in accordance with the terms and conditions outlined in  
17 the Reimbursement Agreement Between the Redevelopment Agency for the County of  
18 Riverside and Airmech, Inc. Regarding the Construction of Block Wall and Landscaping  
19 Improvements at French Valley Airport (Third District) (the "Reimbursement Agreement")  
20 to be executed concurrent with the execution of this lease. A copy of the Reimbursement  
21 Agreement is attached to this lease as Exhibit "D". Upon Lessee's completion of  
22 construction of the 180 linear feet of decorative block wall, Lessor will reimburse to Lessee  
23 the difference in Lessee's material and labor costs between construction of 180 linear feet  
24 of screened chain link fence (i.e. chain link with wood slats) and construction of 180 linear  
25 feet of 6-foot decorative block wall, all in accordance with the terms of the Reimbursement  
26 Agreement.

27 (b) General Requirements for Improvements.

28 (1) Any improvements, alterations and installation of fixtures not

1 currently in place and to be undertaken by Lessee, shall have the prior written approval of  
2 County's Economic Development Agency Executive Director after Lessee has submitted  
3 to County proposed plot and building plans, and specifications therefore, in writing. In  
4 addition, Lessee understands and agrees that such improvements, alterations and  
5 installation of fixtures may be subject to County Ordinance Nos. 348 and 457, as well as  
6 other applicable County ordinances, and that Lessee shall fully comply with such  
7 ordinances prior to the commencement of any construction in connection therewith.

8 (2) In order for the improvements required by this section to be fully  
9 usable and operational, Lessee, at its sole expense, shall extend and/or connect, or cause  
10 to be extended and/or connected, to such improvements such utility service facilities as  
11 may be required or desired by Lessee in the use, operation and maintenance of such  
12 improvements. Design and construction plans for all ancillary utility improvements to be  
13 made or caused to be made by Lessee pursuant to this section shall be submitted to  
14 County for approval prior to the start of any construction.

15 (3) Lessee, at its sole expense, shall make or cause to be made any  
16 and all access road improvements and drainage improvements made necessary by the  
17 installation and construction of improvements pursuant to this Section, as required by the  
18 French Valley Airport Master Drainage Plan. Design and construction plans for all ancillary  
19 improvements to be made or caused to be made by Lessee pursuant to this section shall  
20 be submitted for County approval prior to the start of any construction.

21 (4) All improvements, alterations and fixtures, shall remain or become  
22 as the case may be, the property of County with the exception of trade fixtures as that term  
23 is used in Section 1019 of the Civil Code; provided, however, that Lessee shall have the  
24 full and exclusive use and enjoyment of such improvements, alterations and fixtures during  
25 the term of this Lease. At or prior to the expiration of this Lease, Lessee shall remove, at  
26 its expense, such trade fixtures and restore said Leased Premises to their original shape  
27 and condition as nearly as practicable. In the event Lessee does not so remove such trade  
28 fixtures, they shall become the property of the County for no further consideration of any

1 kind and Lessee shall execute any documents that may be required or necessitated  
2 conveying its interest in such improvements, alterations and fixtures to County.

3 (5) The installation and/or construction of any improvements pursuant  
4 to this section or any other provision of this Lease shall not result in Lessee obtaining any  
5 legal interest, property or otherwise, in or to the Leased Premises.

6 **6. Maintenance and Repair.**

7 (a) Lessee shall maintain the Leased Premises, approaches thereto, and  
8 improvements and landscaping now or hereafter located thereon, in good and sanitary  
9 order, condition, and repair, including the sanitary handling and disposal of refuse and the  
10 maintenance of landscaping in a healthy, irrigated and weed-free condition.

11 (b) The Lessee shall provide janitorial services for maintenance of the  
12 Leased Premises at its own expense.

13 (c) Upon any termination of this Lease, Lessee agrees to surrender the  
14 Leased Premises and improvements thereon in good and sanitary order, condition and  
15 repair, reasonable use and wear thereof and damages by fire, acts of God, war, civil  
16 insurrection, or by the elements excepted.

17 **7. Insurance.**

18 (a) Within 30 days of County Board of Supervisors approval of this Lease,  
19 Lessee shall procure and maintain or cause to be maintained, at its sole cost and expense,  
20 insurance coverage of each type described in subsections 7(a)(1) through 7(a)(8) below:

21 (1) Workers Compensation. Workers' Compensation Insurance as  
22 prescribed by the laws of the State of California at limits appropriate to the type and scope  
23 of business conducted. The policy shall include Employers' Liability including Occupational  
24 Disease.

25 (2) Airport Commercial General Liability. Airport Commercial General  
26 Liability insurance coverage, including but not limited to, premises liability, contractual  
27 liability, products and completed operations, contingent liability, non-owned hull liability,  
28 personal and advertising injury. The policy shall name the County of Riverside, its

1 Directors, Officers, Board of Supervisors, elected officials, employees, agents or  
2 representatives as Additional Insureds. The policy's limit of liability shall not be less than  
3 \$1,000,000.00 per occurrence combined single limit. If such insurance contains a general  
4 aggregate limit, it shall apply separately to this Lease or be no less than two (2) times the  
5 occurrence limit. Such insurance shall include Medical Payments for a limit of \$5,000.00  
6 and Fire Legal Liability for a limit of \$300,000.00.

7 (3) Vehicle Liability. Lessee shall maintain liability insurance for all  
8 owned, non-owned or hired vehicles or mobile equipment used in the performance of the  
9 obligations under this Lease in an amount not less than \$1,000,000.00 per occurrence  
10 combined single limit. The policy shall name the County of Riverside, its respective  
11 Directors, Officers, Board of Supervisors, elected officials, employees, agents, or  
12 representatives as Additional Insureds. This coverage may be included in the Airport  
13 Commercial General Liability policy.

14 (4) Aircraft Hull and Liability Insurance. Aircraft Hull and Liability  
15 Insurance for the full replacement value of all owned aircraft and with a limit of liability for  
16 bodily injury and property damage of at least \$1,000,000.00 with a per seat limit of not less  
17 than \$100,000.00. Coverage will apply to all owned aircraft and all non-owned or hired  
18 aircraft operated by the Lessee. Lessee may elect to self-insure or un-insure the hull  
19 portion of the coverage required herein; however, if Lessee elects not to acquire  
20 commercial insurance for the hull, Lessee agrees to hold County harmless and not make  
21 any claim against County for loss or damage to the hull of his aircraft for any reason  
22 whatsoever regardless of any negligence of County that may have contributed to said loss  
23 or damage.

24 (5) Products Liability Insurance. Products Liability Insurance including  
25 completed operations not otherwise covered by the Airport Commercial General Liability  
26 policy with a limit of not less than \$1,000,000.00 bodily injury and property damage,  
27 \$100,000.00 per passenger.

28 (6) Hangar Keepers Liability Insurance (Ground Coverage). Hangar

1 Keepers Liability Insurance providing coverage for aircraft in the care, custody or control  
2 of the Lessee with a limit equal to the replacement value of all aircraft hulls controlled by  
3 the Lessee while on the ground; provided, however, in no event, shall the limit of liability  
4 be less than \$250,000.00 per aircraft/\$500,000.00 per accident. In the event Lessee shall  
5 maintain aircraft valued in excess of the policy limits, Lessee shall notify Lessor  
6 immediately of such changed circumstances and within 10 days of such notice, Lessee  
7 shall increase the policy limits to an amount in excess of the increased valuation. Lessee's  
8 failure to notify Lessor of such changed circumstances or failure to obtain such increased  
9 policy limits within 10 days of notice shall constitute a material default pursuant to Section  
10 17(e).

11 (7) Hangar Keepers Liability Insurance (Flight Coverage). Lessee  
12 shall provide Hangar Keepers Liability Insurance providing coverage for aircraft in the care,  
13 custody or control of the Lessee with a limit equal to the replacement value of the highest  
14 valued hull that may be flight tested by the Lessee; provided, however, in no event, shall  
15 the limit of liability be less than \$1,000,000.00.

16 (8) Property (Physical Damage). (i) All-Risk real and personal  
17 property insurance coverage, including earthquake and flood, for the full replacement cost  
18 value of buildings, structures, fixtures, equipment, improvements/alterations and systems  
19 on the Leased Premises for property that the Lessee owns or is contractually responsible  
20 for. The policy shall include Business Interruption, Extra Expense, and Expediting  
21 Expense to cover the actual loss of business income sustained during the restoration  
22 period. The policy shall name the County of Riverside as a Loss Payee and provide a  
23 Waiver of Subrogation in favor of the County Of Riverside. (ii) Boiler & Machinery  
24 insurance coverage on a full replacement cost value basis. The policy shall provide  
25 Business Interruption, Extra Expense, and Expediting Expense coverage as well as  
26 coverage for off-premises power failure. The policy shall name the County of Riverside as  
27 a Loss Payee, and contain a Waiver of Subrogation in favor of the County Of Riverside.

28 (b) General Insurance Provisions.

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

4 (2) Insurance deductibles or self-insured retentions must be declared  
5 by the Lessee's insurance carrier(s), and such deductibles and retentions shall have the  
6 prior written consent of the County Risk Manager. Failure of the Lessee's carriers to  
7 declare deductibles or self-insured retentions to the County shall waive any obligation of  
8 the County, as additional insured, to honor said deductibles or self-insured retentions in  
9 the event of Lessee's insolvency. Upon notification of deductibles or self-insured  
10 retentions unacceptable to the County, and at the election of the County's Risk Manager,  
11 Lessee's carriers shall either: (i) reduce or eliminate such deductibles or self-insured  
12 retentions with respect to this Lease with the County, or (ii) procure a bond which  
13 guarantees payment of losses and related investigations, claims administration, and  
14 defense costs and expenses.

15 (3) Lessee shall cause Lessee's insurance carrier(s) to furnish the  
16 County of Riverside with either: (i) a properly executed original Certificate(s) of Insurance  
17 and certified original copies of Endorsements effecting coverage as required herein, or (ii)  
18 if requested to do so in writing by the County Risk Manager, provide original Certified  
19 copies of policies including all Endorsements and all attachments thereto, showing such  
20 insurance is in full force and effect. Further, said Certificate(s) and policies of insurance  
21 shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice  
22 shall be given to the County of Riverside prior to any material modification, cancellation,  
23 expiration or reduction in coverage of such insurance. In the event of a material  
24 modification, cancellation, expiration, or reduction in coverage, this Lease shall terminate  
25 forthwith, unless the County of Riverside receives, prior to such effective date, another  
26 properly executed original Certificate of Insurance and original copies of endorsements or,  
27 if requested, certified original policies, including all endorsements and attachments thereto  
28 evidencing coverages set forth herein and the insurance required herein is in full force and



1 effect.

2 (4) If, during the term of this Lease or any extension thereof, there is  
3 a material change in Lessee's operations within the scope of the FBO minimum standards,  
4 the County reserves the right to adjust the types of insurance required under this Lease  
5 and the monetary limits of liability for the insurance coverages currently required herein if,  
6 in the Economic Development Agency Executive Director's reasonable judgment, upon  
7 advice of the County Risk Manager, the amount or type of insurance carried by the Lessee  
8 has become inadequate. Lessee shall notify the County of any intended change in  
9 operations, which change shall comply with the FBO minimum standards.

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

15 (6) The procurement and maintenance of the insurance described in  
16 this section will not diminish or limit Lessee's obligation to indemnify or hold the County  
17 harmless, as described in Section 24.

18 **8. Utilities.** Lessee shall pay the cost of all water, gas, heat, light, power,  
19 sewer, telephone, refuse disposal, and all other utilities and services supplied to the  
20 Leased Premises. Lessee shall make payments for all separately metered utilities, when  
21 due, directly to the appropriate supplier. If any utilities or services are not separately  
22 metered to the Leased Premises, Lessor shall reasonably determine Lessee's pro rata  
23 share thereof, based upon the square footage of the Leased Premises compared to the  
24 total rentable area included in the bill. Lessee shall pay its pro rata share within fifteen (15)  
25 days after receipt of a statement from Lessor

26 **9. Toxic Materials.**

27 (a) During the term of this Lease, and any extensions thereof, Lessee shall  
28 not violate any federal, state or local law, or ordinance or regulation, relating to industrial

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

18  
19 (b) Compliance With Insurance Requirements. Lessee shall comply with  
20 the recommendations of Lessor's and Lessee's insurers based upon National Fire  
21 Protection Association standards or other applicable guidelines regarding the management  
22 and handling of Hazardous Materials.

23  
24 (c) Notice; Reporting. Lessee shall notify Lessor, in writing within five (5)  
25 days after any of the following: (i) Lessee has knowledge, or has reasonable cause to  
26 believe, that any Hazardous Materials have been released, discharged or are located on,  
27 under or about the Leased Premises, whether or not the release or discharge is in  
28 quantities that would otherwise be reportable to a public agency; (ii) Lessee receives any

1 order of a governmental agency requiring any remedial work pursuant to any Hazardous  
2 Materials laws; (iii) Lessee receives any warning, notice of inspection, notice of violation  
3 or alleged violation, or Lessee receives a notice or knowledge of any proceeding,  
4 investigation of enforcement action, pursuant to any Hazardous Materials laws; or (iv)  
5 Lessee receives notice or knowledge of any claims made or threatened by any third party  
6 against Lessee or the Leased Premises relating to any loss or injury resulting from  
7 Hazardous Materials. If the potential risk of any of the foregoing events is material, Lessee  
8 shall deliver immediate verbal notice to Lessor, in addition to written notice as set forth  
9 above. Lessee shall deliver to Lessor copies of all test results, reports and business or  
10 management plans required to be filed with any governmental agency pursuant to any  
11 Hazardous Materials laws.

12 (d) Termination/Expiration. Upon termination or expiration of this Lease,  
13 Lessee shall, at Lessee's cost, remove any equipment, improvements or storage facilities  
14 utilized in connection with any Hazardous Materials and shall clean up, detoxify, repair and  
15 otherwise restore the Leased Premises to a condition free of Hazardous Materials, to the  
16 extent such condition is caused by Lessee or any successor or sublessee of Lessee or  
17 their respective agents, contractors, employees licensee or invitees.

18 (e) Indemnity. Lessee shall indemnify, protect, defend and hold Lessor  
19 harmless from and against any and all liabilities, claims, suits, judgments, actions,  
20 investigations, proceedings, costs and expenses (including attorneys' fees and court costs)  
21 arising out of or in connection with any breach of any provisions outlined in this section or  
22 directly or indirectly arising out of the use, generation, storage, release, disposal or  
23 transportation of Hazardous Materials by Lessee, or any successor or sublessee of  
24 Lessee, or their respective agents, contractors, employees, licensees, or invitees, on,  
25 under or about the Leased Premises during the Lease term, including, but not limited to,  
26 all foreseeable and unforeseeable consequential damages and the cost of any remedial  
27 work. Any defense of Lessor pursuant to this section shall be by counsel reasonably  
28

1 trailer presently situated at the north side of the Leased Premises which may be required  
2 under applicable law. The procurement of all necessary permits includes the requirement  
3 that Lessee correct all applicable County Code deficiencies including, but not limited to,  
4 those items identified in the Safety Inspection Report dated October 27, 1998, a copy of  
5 which is attached as Exhibit "E" to this Lease and incorporated by reference. Lessee shall  
6 maintain the office trailer in compliance with all applicable state and local requirements.

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

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

23 (d) Lessee assures that it will undertake an affirmative action program as  
24 required by 49 Code of Federal Regulations ("CFR"), Part 21, to insure that no person shall  
25 on the grounds of race, creed, color, national origin, or sex be excluded from participating  
26 in any employment activities covered in 49 CFR, Part 21, with respect to its use of the  
27 Leased Premises. Lessee further assures that no person shall be excluded on these  
28 grounds from participating in or receiving services or benefits of any program or activity

1 person or entity without first obtaining the written consent of the County, which consent  
2 shall not be unreasonably withheld. In the event of any transfer as provided in this section,  
3 Lessee expressly understands and agrees that it shall remain liable with respect to any and  
4 all of the obligations and duties contained in this Lease.

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

16 **15. Operation of Business.**

17 (a) Lessee shall provide services to the general public five (5) days per  
18 week during the term of this Lease on a minimum hourly basis each day from 9:00 A.M.,  
19 local time, to 5:00 P.M., local time. Any changes relative to such minimum hourly schedule  
20 shall not be made by Lessee unless approval is first obtained from County in writing.

21 (b) Lessee shall operate the Leased Premises and the facilities thereon  
22 in a progressive and efficient manner, charging fair and reasonable prices for each unit or  
23 service, said prices being competitive with prices charged by other fixed based operators  
24 at the French Valley Airport and other County airports. Upon request from the County,  
25 Lessee shall furnish the County with a schedule of all prices for each unit or service offered  
26 for sale or lease to the general public.

27 **LESSOR'S OBLIGATIONS**

28 **16. Quiet Enjoyment.** Lessee shall have, hold and quietly enjoy the use of the

1 Leased Premises so long as Lessee shall fully and faithfully perform the terms and  
2 conditions that the Lessee is required to do under this Lease.

#### 4 **DEFAULT BY LESSEE**

5 **17. Default by Lessee.** The occurrence of any of the following shall  
6 constitute a material default under this Lease by Lessee ("Default"):

7 (a) Failure to pay when due the rent or any other monetary sums required  
8 under this Lease;

9 (b) Failure to perform any other agreement or obligation of Tenant under  
10 this Lease, including but not limited to, the obligations set forth in Sections 1 through 16,  
11 if such failure continues for twenty (20) days after written notice by Lessor to Lessee;

12 (c) Abandonment or vacation of the Premises by Lessee, or failure to  
13 occupy the Premises for a period of ten (10) consecutive days;

14 (d) If Lessee either: (i) obtains or becomes subject to an order for relief  
15 under the federal Bankruptcy Code; (ii) obtains or becomes subject to an order or decree  
16 of insolvency under state law; (iii) makes a general assignment for the benefit of creditors;  
17 (iv) consents to or suffers the appointment of a receiver or trustee for any substantial part  
18 of its assets, unless vacate within thirty (30) days; (v) consents to or suffers attachment,  
19 execution or other judicial seizure of any substantial part of its assets or its interest under  
20 this Lease, unless released or satisfied within thirty (30) days.

21 (e) In the event Lessee fails to procure, maintain and provide evidence  
22 of insurance coverage, pursuant to Section 7 of this Lease.

23 (f) The release or discharge of any Hazardous Materials or the violation  
24 of any Hazardous Materials law by Lessee or any successor or sublessee of Lessee shall  
25 be a material default by Lessee under this Lease. In addition to or in lieu of the remedies  
26 available under this Lease as a result of such default, Lessor shall have the right, without  
27 terminating this Lease, to require Lessee to suspend its operations and activities on the  
28 Leased Premises until Lessor is satisfied that appropriate remedial work has been or is

1 being adequately performed; Lessor's election of this remedy shall not constitute a waiver  
2 of Lessor's right thereafter to declare a default and pursue other remedies set forth in this  
3 Lease.

#### 4 5 LESSOR'S REMEDIES

6 **18. Lessor's Remedies.** Upon any Default, as outlined in Section 17 of this  
7 Lease, Lessor shall have the following remedies, each of which shall be cumulative and  
8 in addition to any other remedies now or ever available at law or equity:

9 (a) Termination of Lease. Lessor may terminate this Lease and Lessee's  
10 right to possession of the Leased Premises by giving written notice of termination, as  
11 provided in Section 32 of this lease, and then re-enter the Premises and take possession.  
12 No act of Lessor other than giving written notice to Lessee shall terminate this Lease.  
13 Upon termination, Lessor has the right to recover all damages incurred by Lessor as a  
14 result of Lessee's default, including:

15 (1) the worth at the time of award of any unpaid rent which had been  
16 earned at the time of such termination; plus

17 (2) the worth at the time of award of the amount by which unpaid rent  
18 which would have been earned after the date of termination until the time of award  
19 exceeds the amount of rental loss that Lessee proves could have been reasonably  
20 avoided; plus

21 (3) the worth at the time of award of the amount by which the unpaid  
22 rent for the balance of the Lease Term after the time of award exceeds the amount of such  
23 rental loss that Lessee proves could have been reasonably avoided; plus

24 (4) any other amount necessary to compensate Lessor for all the  
25 detriment proximately caused by Lessee's default, including but not limited to (i) expenses  
26 for cleaning, repairing or restoring the Leased Premises; (ii) expenses for altering,  
27 remodeling or otherwise improving the Leased Premises for purposes of reletting; (iii)  
28 expenses in retaking possession of the Leased Premises; and (iv) attorneys' fees and

1 costs; plus

2 (5) at Lessor's election, such other amounts in addition to or in lieu  
3 of the foregoing as may be permitted from time to time under applicable California law. As  
4 used in subsections (1) and (2) above, the "worth at the time of the award" shall be  
5 computed by allowing interest at the maximum permissible legal rate. As used in  
6 subsection (3) above, the "worth at the time of the award" shall be computed by  
7 discounting such amount at the discount rate of the Federal Reserve Bank of San  
8 Francisco at the time of award plus one percent (1%).

9 **DEFAULT BY LESSOR; LESSEE'S REMEDIES**

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

18 **GENERAL PROVISIONS**

19 **20. FAA Consent to Lease.** Lessee acknowledges that the funding for the  
20 acquisition of the fee title to the Leased Premises was obtained with Federal funds through  
21 a Grant Agreement between the United States of America (acting through the Federal  
22 Aviation Administration, herein called (FAA)) and the County. Lessor and Lessee  
23 acknowledge that by virtue of the provisions contained in Paragraph C.5.b. of Part V  
24 (Assurances) of said Grant Agreement, the consent of FAA must first be obtained in order  
25 for this Lease to be in full force and effect.

26 **21. Estoppel Certificate.** Each party shall, at any time during the term of this  
27 Lease, within ten (10) days of written Notice from the other party (or as soon thereafter as  
28 is reasonably possible), execute and deliver a statement in writing certifying that this Lease



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

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

16 (d) Notwithstanding any provisions herein, this Lease shall be subordinate  
17 to the provisions of any existing or future agreement between the County and the United  
18 States, relative to the operation or maintenance of the French Valley Airport, the terms and  
19 execution of which have been or may be required as a condition precedent to the  
20 expenditure or reimbursement to the County of Federal funds for the development of the  
21 airport.

22 **23. Inspection of Premises.** County, through its duly authorized agents, shall  
23 have, at any time during normal business hours, the right to enter the Leased Premises for  
24 the purpose of inspecting, monitoring and evaluating the obligations of Lessee hereunder  
25 and for the purpose of doing any and all things which it is obligated and has a right to do  
26 under this Lease.

27 **24. Indemnity.**

28 (a) The Lessee covenants to hold County harmless from any and all loss,

1 claims, or damages of any nature whatsoever resulting from Lessee's violation of any term,  
2 provision, covenant, or condition of this Lease, or the use, operation or maintenance,  
3 misuse, or neglect of said Leased Premises, improvements, and appurtenances, and from  
4 all claims arising out of any alleged defective or unsafe condition thereof, except with  
5 respect to any claims arising out of the alleged sole negligent acts of the County. County  
6 shall not be liable to Lessee, nor to any other person or entity, for any damage or injury  
7 occasioned by the Leased Premises, its improvements, or appurtenances. Without limiting  
8 or qualifying the foregoing, it is agreed that Lessee shall notify County immediately in  
9 writing, of any damage or injury, or of any event that may give rise to a claim to or on the  
10 Leased Premises, its improvements, or to any appurtenances, or to the sidewalk or curb  
11 abutting thereon, or as to any other condition which may expose the Lessee or County to  
12 public liability. The use of the term Lessee and County in this section also includes their  
13 tenants, employees, agents, representatives and invitees.

14 (b) Hold Harmless.

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

23 (2) Lessee shall indemnify and hold County, its officers, agents,  
24 employees and independent contractors free and harmless from any liability whatsoever,  
25 based or asserted upon any act or omission of Lessee, its officers, agents, employees,  
26 subcontractors and independent contractors, for property damage, bodily injury, or death  
27 or any other element of damage of any kind or nature, relating to or in anyway connected  
28 with or arising from its use and responsibilities in connection therewith of the Leased

1 Premises or the condition thereof, and Lessee shall defend, at its expense, including  
2 without limitation attorney fees, expert fees and investigation expenses, County, its  
3 Directors, Officers, Elected Officials, agents, employees and independent contractors in  
4 any legal action based upon such alleged acts or omissions. The obligation to indemnify  
5 and hold County free and harmless herein shall survive until any and all claims, actions  
6 and causes of action with respect to any and all such alleged acts or omissions are fully  
7 and finally barred by the applicable statute of limitations.

8 (3) The specified insurance limits required in Section 7 herein shall  
9 in no way limit or circumscribe Lessee's obligations to indemnify and hold County free and  
10 harmless herein.

11 **25. Eminent Domain.** If any portion of the Leased Premises shall be taken by  
12 eminent domain and a portion thereof remains which is usable by Lessee for the purposes  
13 set forth in Section 2 herein, this Lease shall, as to the part taken, terminate as of the date  
14 title shall vest in the condemnor, or the date prejudgment possession is obtained through  
15 a court of competent jurisdiction, whichever is earlier, and the rent payable hereunder shall  
16 abate pro rata as to the part taken; provided, however, in such event County reserves the  
17 right to terminate this Lease as of the date when title to the part taken vests in the  
18 condemnor or as of such date of prejudgment possession. If all of the Leased Premises  
19 are taken by eminent domain, or such part be taken so that the Leased Premises are  
20 rendered unusable for the purposes set forth in Section 2 herein, this Lease shall  
21 terminate. If a part or all of the Leased Premises be so taken, all compensation awarded  
22 upon such taking shall be apportioned between County and Lessee according to law.

23 **26. Binding on Successors.** Lessee, its assigns and successors in interest,  
24 shall be bound by all the terms and conditions contained in this Lease, and all of the  
25 parties thereto shall be jointly and severally liable hereunder.

26 **27. Parties.** Unless otherwise expressly stated, all references in this Lease to  
27 Lessee shall include all its employees, agents, representatives, and invitees.

28 **28. Waiver of Performance.** No waiver by the County at any time of any of the

1 terms and conditions of this Lease shall be deemed or construed as a waiver at any time  
2 thereafter of the same or of any other terms or conditions contained herein or of the strict  
3 and timely performance of such terms and conditions.

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

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

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

15 **32. Notices.** Any notices required or desired to be served by either Lessor or  
16 Lessee upon the other shall be addressed to the respective parties as set forth below:

<p>17 <u>COUNTY</u> 18 County of Riverside 19 Economic Development Agency 3525 14<sup>th</sup> Street Riverside, CA 92501 20 Attn: Executive Director</p>	<p><u>LESSEE</u> Airmech, Inc. 37552 Winchester Road Murrieta, CA 92563 Attn: Brian Gallagher</p>
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21 or to such other addresses as from time to time shall be designated in writing by the  
22 respective parties.

23 **33. Attorneys Fees.** If either party to this Lease brings any legal action or  
24 proceeding, declaratory or otherwise, arising out of this Lease, including any suit by Lessor  
25 to recover rent or possession of the Leased Premises or to otherwise enforce this Lease,  
26 the losing party shall pay the prevailing party's costs and reasonable attorneys' fees  
27 incurred in such proceeding. If Lessor issues notice(s) to pay rent, notice(s) to perform  
28 covenant, notice(s) of abandonment or comparable documents as a result of Lessee's

1 Default under this Lease, and if Lessee cures such Default, Lessee shall pay to Lessor the  
2 reasonable costs, including attorneys' fees, of preparation and delivery of same.

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

6 **35. County's Representative.** County hereby appoints the Economic  
7 Development Agency Executive Director or his/her designee as its authorized  
8 representative to administer this Lease.

9 **36. Acknowledgment of Lease by County.** Upon execution of this Lease by  
10 the parties hereto, and the subsequent approval by the Board of Supervisors, this Lease  
11 shall be acknowledged by County in such a manner that it will be acceptable by the County  
12 Recorder for recordation purposes, and thereafter, Lessee shall cause this Lease to be  
13 recorded in the office of the County Recorder of Riverside County without delay and furnish  
14 the County with a conformed copy thereof.

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

1           **38. Entire Lease.** This Lease is intended by the Lessor and Lessee as a final  
2 expression of their understanding with respect to the subject matter of this Lease and as  
3 a complete and exclusive statement of the terms and conditions thereof, and supersedes  
4 any and all prior and contemporaneous leases, agreements and understandings, oral or  
5 written, in connection therewith including, but not limited to that certain lease dated June  
6 18, 1991 (the 1991 Lease), between Lessor and Lessee, a copy of which superseded  
7 lease is attached to this Lease as Exhibit "A". This Lease may be changed or modified  
8 only upon the written consent of the parties hereto.

9           **39. Entire Agreement.** This Lease, together with all exhibits attached to this  
10 Lease, constitutes the entire agreement between the parties with respect to the subject  
11 matter of this Lease, and all prior or contemporaneous agreements, understandings and  
12 representations, oral or written, including, but not limited to that certain lease dated June  
13 18, 1991 (the 1991 Lease), between Lessor and Lessee, a copy of which superseded  
14 lease is attached to this Lease as Exhibit "A", are superseded. This Lease may be  
15 changed or modified only upon the written consent of the parties hereto.

16           **40. Exhibits.** All exhibits referred to in this Lease are attached to this Lease and  
17 are incorporated by reference.

18           **41. Construction of Lease.** The parties hereto negotiated this Lease at arms  
19 length and with the advice of their respective attorneys, and no provisions contained herein  
20 shall be construed against the County solely because it prepared this Lease in its executed  
21 form.

22 ///  
23 ///  
24 ///  
25 ///  
26 ///  
27 ///  
28 ///

1 ///

2 Date: JUN 19 2001

3 COUNTY OF RIVERSIDE

4 By: [Signature]  
5 Chairman, Board of Supervisors

6 ATTEST:

7 GERALD A. MALONEY  
8 Clerk of the Board

9 By: [Signature]  
Deputy

(SEAL)

11 APPROVED AS TO FORM:

12 WILLIAM C. KATZENSTEIN, County Counsel

13 By: [Signature]  
14 5/29/01, Assistant County Counsel  
15 Deputy

16 AIRMECH, INC.

17 By: [Signature]  
18 President

19 By: [Signature]  
20 Secretary

21 Attachments:

- 22 1. Exhibit A - 1991 Lease
- 23 2. Exhibit B - Leased Premises Property Description
- 24 3. Exhibit C - FBO Minimum Standards
- 25 4. Exhibit D - Reimbursement Agreement
- 26 5. Exhibit E - 1998 Safety Inspection Report
- 27 6. Exhibit F - FAA Mandatory Lease Provisions

**EXHIBIT A**  
**1991 LEASE**



1  
2 LEASE  
3 (Aircraft Storage Hangars - French Valley Airport)

4 The COUNTY OF RIVERSIDE, herein called County, leases to  
5 AIRMECH, INC., a California corporation, herein called Lessee,  
6 the property described below upon the following terms and  
7 conditions:

8 1. Description. The premises leased hereby are  
9 located within French Valley Airport, Murrieta, California and  
10 consist of approximately 9,240 square feet of land identified as  
11 Space Nos. 37 and 38, as more particularly shown on Exhibit  
12 "A", attached hereto and by this reference made a part of this  
13 lease.

14 2. Use. The premises are leased hereby for the  
15 purpose of maintaining aircraft storage hangars therein for  
16 aircraft storage and aircraft supporting equipment in connection  
17 therein.

18 3. Term.

19 (a) The term of this lease shall be for a period  
20 of twenty (20) years commencing upon execution of this lease by  
21 the parties hereto, subject to the provisions contained in  
22 Paragraphs 14 and 15 herein.

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

26 4. Basic Rent.

27 (a) In the event this lease commences on or before  
28 December 31, 1992, Lessee shall pay to County the sum of  
\$ 610.00 per month as basic rent for the leased premises,  
payable, in advance, on the 1st day of the month. In the  
event this lease commencing between January 1, 1993 and December  
31, 1993, Lessee shall pay to County the sum of \$ 647.00  
per month as basic rent, payable, in advance, on the 1st day  
of the month. In the event this lease commences between January  
1, 1994 and December 31, 1994, Lessee shall pay to County the sum  
of \$ 685.00 per month as basic rent, payable, in advance, on  
the 1st day of the month. In the event this lease  
commences between January 1, 1995 and December 31, 1995, Lessee  
shall pay to County the sum of \$ 727.00 per month as basic  
rent, payable, in advance, on the 1st day of the month. In  
the event this lease commences between January 1, 1996 and  
December 31, 1996, Lessee shall pay to County the sum of  
\$ 770.00 per month as basic rent, payable, in advance, on  
the 1st day of the month.

(b) In the event Lessee fails, or refuses, to make  
its monthly rental payment in the amount and on the date as

1 required in Paragraph 4(a) herein, Lessee shall pay to County an  
2 additional amount of \$25.00 as an administrative charge, which  
charge represents a minimal cost incurred by County by virtue of  
such failure or refusal.

3           5.    Basic Rental Adjustment.

4           (a) The basic monthly rent shall be adjusted every  
5 year during the term of this lease (commencing on the first  
anniversary of this lease) in the following manner:

6                   (1) Divide the Consumer Price Index for the  
7 month of January 1991, into the Consumer Price Index  
8 for the month of January immediately preceding the  
anniversary in which the basic monthly rent is to be  
adjusted.

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

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

13           The Consumer Price Index referred to herein is the  
14 All Urban Consumers (U.S. City Average) published monthly by the  
U.S. Bureau of Labor Statistics. The Consumer Price Index for  
15 the month of January 1991, is 403.1. If the Consumer  
Price Index is discontinued or revised during the term of this  
16 lease, such other government index or computation with which it  
is replaced shall be used in order to obtain substantially the  
17 same result as would be obtained if the index had not been  
discontinued.

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

20           6.    Improvements.

21           (a) The parties hereto acknowledge that Lessee has  
22 installed two (2) aviation storage hangars upon the leased  
premises. No other alterations, improvements or installations  
23 of fixtures of any kind whatsoever shall be undertaken by Lessee,  
unless Lessee has first obtained written approval therefor from  
County's Managing Director of its Economic Development Agency.  
24 Lessee understands and agree that such improvements, alterations  
and installations of fixtures may be subject to County Ordinance  
Nos. 348 and 457, as well as other applicable County Ordinances,  
25 and that Lessee shall fully comply with such ordinances prior to  
the commencement of any construction in connection therewith.

26           (b) All alterations and improvements made, and  
27 fixtures installed, by Lessee on or upon the leased premises in  
accordance with the provisions of Paragraph 6(a) herein shall  
28 remain the property of Lessee, provided however, that Lessee

1 removes, at its expense, such alterations, improvements and  
2 fixtures at or prior to the expiration of this lease and restores  
3 the leased premises to their original shape and condition as  
4 nearly as practicable. In the event any such alterations,  
5 improvements and fixtures are not so removed, County may, at its  
6 election, either, (1) remove and store such alterations,  
7 improvements and fixtures and restore the premises for the  
8 account of Lessee, in such event Lessee shall, within 30 days  
9 after billing and accounting therefore, reimburse County for the  
10 costs so incurred or (2) take and hold such alterations,  
11 improvements and fixtures as its sole property for no further  
12 consideration of any kind, and Lessee shall execute any documents  
13 that may be required or necessitated conveying Lessee's interest  
14 in such alterations, improvements and fixtures to County.

7. Restrictions.

9 (a) Lessee shall not use the leased premises or  
10 store any personal property therein or thereon, for the purpose  
11 of conducting any activity upon or within the French Valley  
12 Airport premises for which any form of remuneration is expected  
13 or received unless such activity is permitted under a separate  
14 agreement or lease between County and Lessee.

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

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

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

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

27 11. Inspection of Premises. County, through its duly  
28 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

1 hereunder and for the purpose of doing any and all things which  
2 it is obligated and has a right to do under this lease.

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

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

18 14. Termination by County. County shall have the right  
19 to terminate this lease forthwith:

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

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

27 (c) In the event of abandonment of the leased  
28 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 fifteen (15) days in which to correct Lessee's  
breach or default after written notice thereof has been served on  
Lessee by County.

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

15. Termination by Lessee.

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

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

1 Paragraph 2 herein, this lease shall, as to the part taken,  
2 terminate as of the date title shall vest in the condemnor, or  
3 the date prejudgment possession is obtained through a court of  
4 competent jurisdiction, whichever is earlier, and the rent  
5 payable hereunder shall abate pro rata as to the part taken;  
6 provided, however, in such event County reserves the right to  
7 terminate this lease as of the date when title to the part taken  
8 vests in the condemnor or as of such date of prejudgment  
9 possession. If all of the leased premises are taken by eminent  
10 domain, or such part is taken so that the leased premises are  
11 rendered unusable for the purposes set forth in Paragraph 2  
12 herein, this lease shall terminate. If a part or all of the  
13 leased premises be so taken, the compensation awarded upon such  
14 taking shall be paid to the parties hereto in accordance with the  
15 values attributable to their respective interests in such eminent  
16 domain proceedings.

17 17. Continuation of Lease After Abandonment. Even  
18 though Lessee has abandoned the leased premises, this lease shall  
19 continue in effect for so long as County does not terminate  
20 Lessee's right to possession, and County may enforce all of its  
21 rights and remedies under this lease, including, but not limited  
22 to, the right to recover rent as it becomes due hereunder. For  
23 the purposes of this Paragraph 17, acts of maintenance or  
24 preservation or efforts by County to relet the premises, or the  
25 appointment of a receiver, or initiative of County to protect its  
26 interest under this lease do not constitute a termination of  
27 Lessee's right to possession.

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

(a) Procure and maintain comprehensive general  
liability insurance coverage that shall protect Lessee from  
claims for damages for personal injury, including, but not  
limited to, accidental and wrongful death, as well as from claims  
for property damage, which may arise from Lessee's use of the  
leased premises or the performance of its obligations hereunder,  
whether such use or performance be by Lessee, by any sub-  
contractor, or by anyone employed directly or indirectly by  
either of them. Such insurance shall name County as an additional  
insured with respect to this lease and the obligations of Lessee  
hereunder. Such insurance shall provide for limits of not less  
than \$1,000,000 per occurrence.

(b) Cause its insurance carriers to furnish County  
by direct mail with Certificate(s) of Insurance showing that such  
insurance is in full force and effect, and that County is named  
as an additional insured with respect to this lease and the  
obligations of Lessee hereunder. Further, said Certificate(s)  
shall contain the covenant of the insurance carrier(s) that  
thirty (30) days written notice shall be given to County prior to  
modification, cancellation or reduction in coverage of such  
insurance. In the event of any such modification, cancellation  
or reduction in coverage and on the effective date thereof, this

1 lease shall terminate forthwith, unless County receives prior to  
2 such effective date another certificate from an insurance carrier  
3 of Lessee's choice that the insurance required herein is in full  
4 force and effect. Lessee shall not take possession or otherwise  
5 use the leased premises until County has been furnished  
6 certificate(s) of insurance as otherwise required in this  
7 Paragraph 18.

8 19. County's Reserved Rights - Insurance. County  
9 reserves the right to adjust the monetary limits of insurance  
10 coverage as required in Paragraph 18 herein every fifth year  
11 during the term of this lease; provided, however, that any  
12 adjustment herein shall not increase the monetary limits of  
13 insurance coverage for the preceding five (5) years in excess of  
14 twenty-five percent (25%) thereof.

15 20. Hold Harmless.

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

26 (b) Lessee shall indemnify and hold County, its  
27 officers, agents, employees and independent contractors free and  
28 harmless from any liability whatsoever, based or asserted upon,  
any act or omission of Lessee, its agents, employees, sub-  
contractors and independent contractors, for property damage,  
bodily injury, or death (Lessee's employees included) or any  
other element of damage of any kind or nature, relating to or in  
anywise connected with or arising from its use and responsi-  
bilities in connection therewith of the leased premises or the  
condition thereof, and Lessee shall defend, at its expense,  
including attorney fees, County, its officers, agents, employees  
and independent contractors in any legal action based upon such  
alleged acts or omissions.

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

21. Assignment.

(a) Except as provided in Paragraph 21(b) and  
21(c) 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.

1 (p) Lessee, without being relieved of any of its  
2 obligations and duties therein, may assign its rights hereunder  
3 to Brian Gallagher and/or John Gallagher, without the necessity  
4 of the above required consent, provided, however, that upon  
5 execution of such assignment, a conformed copy shall be provided  
6 forthwith to County.

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

13 22. Right to Cure. Lessee represents and warrants that  
14 Reisung, Enterprises, Inc., a California corporation, herein  
15 called Reisung, is the owner of said aviation storage hangars  
16 currently situated within the leased premises. County agrees  
17 that it will not terminate this Lease because of any default or  
18 breach hereunder on the part of Lessee if Reisung, within sixty  
19 (60) days after service of written notice on Reisung by County of  
20 its intention to terminate this Lease for such default or breach,  
21 shall cure such default or breach, provided, however, that for  
22 the purpose of the foregoing, Reisung shall not be required to  
23 cure the bankruptcy or insolvency of Lessee. In the event such  
24 default or breach is cured by Reisung within the time prescribed  
25 herein, the parties hereto understand and agree that all rights,  
26 title and interest of Lessee hereunder shall be deemed to be  
27 transferred and assigned to Reisung; provided, however, that such  
28 transfer and assignment is accepted forthwith by Reisung, in  
writing, and such acceptance is conditioned upon Reisung agreeing  
to perform, keep and perform and be bound by all of the terms,  
covenants and conditions contained in this Lease on the part of  
Lessee therein to be kept and performed to all intents and  
purposes as though Reisung were the original Lessee thereunder.

19 23. Toxic Materials. During the term of this lease and  
20 any extensions thereof, Lessee shall not violate any federal,  
21 state or local law, or ordinance or regulation, relating to  
22 industrial hygiene or to the environmental condition on, under or  
23 about the leased premises including, but not limited to, soil and  
24 ground water conditions. Further, Lessee, its successors,  
25 assigns and sublease, shall not use, generate, manufacture,  
26 produce, store or dispose of on, under or about the leased  
27 premises or transport to or from the leased premises any  
28 flammable explosives, asbestos, radioactive materials, hazardous  
wastes, toxic substances or related injurious materials, whether  
injurious by themselves or in combination with other materials  
(collectively, "hazardous materials"). For the purpose of this  
lease, hazardous materials shall include, but not be limited to,  
substances defined as "hazardous substances," "hazardous  
materials," or "toxic substances" in the Comprehensive  
Environmental Response, Compensation and Liability Act of 1980,  
as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous  
Materials Transportation Act, 49 U.S.C. Section 1801, et seq.;

1 the Resource Conservation and Recovery Act, 42 U.S.C. Section  
2 6901, et seq.; and those substances defined as "hazardous wastes"  
3 in Section 25117 of the California Health and Safety Code or as  
4 "hazardous substances" in Section 25316 of the California Health  
5 and Safety Code; and in the regulations adopted in publications  
6 promulgated pursuant to said laws.

7 24. Free from Liens. Lessee shall pay, when due, all  
8 sums of money that may become due for any labor, services,  
9 material, supplies, or equipment, alleged to have been furnished  
10 or to be furnished to Lessee, in, upon, or about the leased  
11 premises, and which may be secured by a mechanics', materialmen's  
12 or other lien against the leased premises or County's interest  
13 therein, and will cause each such lien to be fully discharged and  
14 released at the time the performance of any obligation secured by  
15 such lien matures or becomes due; provided, however, that if  
16 Lessee desires to contest any such lien, it may do so, but  
17 notwithstanding any such contest, if such lien shall be reduced  
18 to final judgment, and such judgment or such process as may be  
19 issued for the enforcement thereof is not promptly stayed, or if  
20 so stayed, and said stay thereafter expires, then and in such  
21 event, Lessee shall forthwith pay and discharge said judgment.

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

25 26. Binding on Successors. Lessee, its assigns and  
26 successors in interest, shall be bound by all the terms and  
27 conditions contained in this lease, and all of the parties  
28 thereto shall be jointly and severally liable hereunder.

29 27. Waiver of Performance. No waiver by County at any  
30 time of any of the terms and conditions of this lease shall be  
31 deemed or construed as a waiver at any time thereafter of the  
32 same or of any other terms or conditions contained herein or of  
33 the strict and timely performance of such terms and conditions.

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

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

44 30. Attorneys' Fees. In the event of any litigation or  
45 arbitration between Lessee and County to enforce any of the  
46 provisions of this lease or any right of either party hereto, the  
47 unsuccessful party to such litigation or arbitration agrees to  
48 pay to the successful party all costs and expenses, including



1 reasonable attorneys' fees, incurred therein by the successful  
2 party, all of which shall be included in and as a part of the  
judgment or award rendered in such litigation or arbitration.

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

5 <u>COUNTY</u>	<u>LESSEE</u>
6 Economic Development Agency/ 7 Aviation Unit 8 3499 Tenth Street 9 Riverside, CA 92501	Airmech, Inc. P.O. Box 6500 Temecula, CA 92390

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

12 32. Permits, Licenses and Taxes. Lessee shall secure,  
13 at its expense, all necessary permits and licenses as it may be  
14 required to obtain, and Lessee shall pay for all fees and taxes  
15 levied or required by any authorized public entity. Lessee  
16 recognizes and understands that this lease may create a  
17 possessory interest subject to property taxation and that Lessee  
18 may be subject to the payment of property taxes levied on such  
19 interest.

20 33. Paragraph Headings. The paragraph headings herein  
21 are for the convenience of the parties only, and shall not be  
22 deemed to govern, limit, modify or in any manner affect the  
23 scope, meaning or intent of the provisions or language of this  
24 lease.

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

28 35. 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 it is an association or  
partnership without a member or partner resident of the State of  
California, or it is a foreign corporation, then in any such  
event, Lessee shall file with County's Aviation Director, upon  
its execution hereof, a designation of a natural person residing  
in the State of California, giving his or her name, residence and  
business addresses, as its agent for the purpose of service of  
process in any court action arising out of or based upon this  
lease, and the delivery to such agent of a copy of any process in  
any such action shall constitute valid service upon Lessee. It  
is further expressly understood and agreed that if for any reason  
service of such process upon such agent is not feasible, then in  
such event Lessee may be personally served with such process out  
of this County and that such service shall constitute valid  
service upon Lessee. It is further expressly understood and  
agreed that Lessee is amenable to the process so served, submits

1 to the jurisdiction of the Court so obtained and waives any and  
all objections and protests thereto.

2 36. Entire Lease. This lease is intended by the  
3 parties hereto as a final expression of their understanding with  
4 respect to the subject matter hereof and as a complete and  
5 exclusive statement of the terms and conditions thereof and  
6 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.

7 Dated: JUN 18 1991

COUNTY OF RIVERSIDE  
By Patricia A. Larson  
Chairman, Board of Supervisors

10 ATTEST:

11 GERALD A. MALONEY  
12 Clerk of the Board  
By Margaret Leonard  
13 Deputy

Facsimile Signature  
affixed by Clerk per  
Sec. 25103 Gov. Code

14 (SEAL)

AIRMECH, INC., a California  
corporation

15 By: [Signature]  
16  
17 (Printed name)

18 Title: \_\_\_\_\_

19 By: \_\_\_\_\_  
20  
21 (Printed name)

22 Title: \_\_\_\_\_

23  
24  
25  
26  
27  
28 PHL:db/282lease  
rev.052891

LIAM C. KATZENSTEIN  
COUNTY COUNSEL  
SUITE 300  
3535 - 10TH STREET  
RIVERSIDE, CALIFORNIA

FRENCH VALLEY AIRPORT

PARCEL NO. 00125-001B

EXHIBIT "A"

A PORTION OF LAND LYING IN THE SOUTHWEST QUARTER OF SECTION 7, TOWNSHIP 7 SOUTH, RANGE 2 WEST, S.B.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 7;

THENCE ALONG THE SOUTH LINE OF SAID SECTION 7, N. 89°16'00" W., A DISTANCE OF 826.35 FEET;

THENCE N. 00°46'00" W., A DISTANCE OF 1746.08 FEET TO THE TRUE POINT OF BEGINNING;

THENCE N. 77°05'06" W., A DISTANCE OF 256.50 FEET;

THENCE N. 12°52'28" E., A DISTANCE OF 54.00 FEET;

THENCE S. 77°06'33" E., A DISTANCE OF 256.48 FEET;

THENCE S. 12°51'17" W., A DISTANCE OF 54.11 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 13,864 SQUARE FEET, OR 0.318 ACRES, MORE OR LESS

SEE ATTACHED EXHIBIT "B"

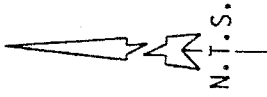
APPROVED BY: *K. Teich*

DATE: 7-30-99

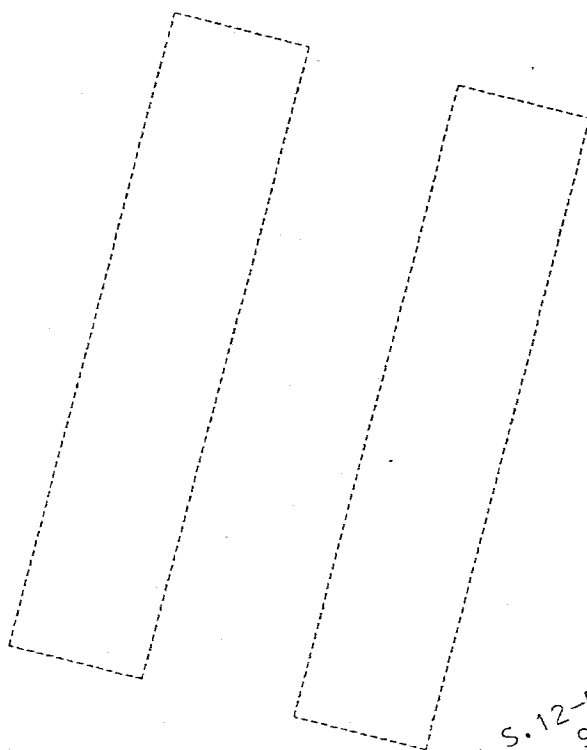


EXHIBIT "B"

P.O.C.



T. 7 S. R. 2 W. S. E. 3 M.



S. 1/4 COR. 133

N. 89-16-00 W. 1287.54'

S. 12-55-16 W. 98.06'

N. 00-46-00 E. 1686.99'

S. 77-05-25 E. 162.67'

N. 76-13-10 W. 11.63'

N. 12-55-06 E. 26.55'

N. 77-11-10 W. 161.85'

S. 12-45-06 W. 47.60'

T.P.O.B.

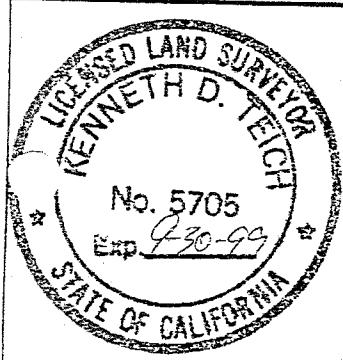
PARCEL 00125-001C

18,833 SQ. FT.  
0.432 AC.

N. 12-27-17 E. 40.02'  
S. 78-34-42 E. 11.06'  
N. 13-29-33 E. 10.76'  
S. 76-59-06 E. 47.19'

N. 76-34-00 W. 47.35'

N. 12-54-08 E. 67.79'



COUNTY OF RIVERSIDE TRANSPORTATION DEPT., SURVEY DIV.	PAR. NO.: 00125-001C
PROJECT: FRENCH VALLEY AIRPORT	PREPARED BY: A. CONTRERAS
THIS PLAT IS AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE PRECEDING DOCUMENT. ALL PRIMARY CALLS ARE LOCATED IN THE WRITTEN DESCRIPTION.	SCALE: N.T.S.
APPROVED BY: <i>K. Teich</i>	W.O. NO.: 99-00125
DATE: 7-30-99	SHEET 1 OF 1 SHEET

FRENCH VALLEY AIRPORT

PARCEL NO. 00125-001A

A PORTION OF LAND LYING IN THE SOUTHWEST QUARTER OF SECTION 7, TOWNSHIP 7 SOUTH, RANGE 2 WEST, S.B.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 7;

THENCE ALONG THE SOUTH LINE OF SAID SECTION 7, N. 89° 16' 00" W., A DISTANCE OF 850.51 FEET;

THENCE N. 00° 46' 00" W., A DISTANCE OF 1633.69 FEET TO THE TRUE POINT OF BEGINNING,

THENCE N. 77° 03' 30" W., A DISTANCE OF 256.47 FEET;

THENCE N. 12° 52' 41" E., A DISTANCE OF 53.81 FEET;

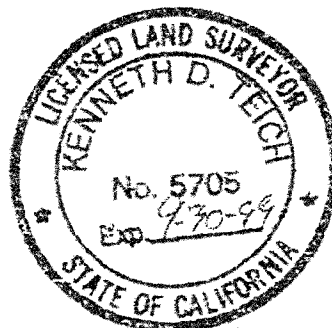
THENCE S. 77° 05' 23" E., A DISTANCE OF 256.47 FEET;

THENCE S. 12° 52' 59" W., A DISTANCE OF 53.95 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 13,817 SQUARE FEET, OR 0.317 ACRES, MORE OR LESS

APPROVED BY: *K. Teich*

DATE: 7-30-99



FRENCH VALLEY AIRPORT

PARCEL NO. 00125-001B

A PORTION OF LAND LYING IN THE SOUTHWEST QUARTER OF SECTION 7, TOWNSHIP 7 SOUTH, RANGE 2 WEST, S.B.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 7;

THENCE ALONG THE SOUTH LINE OF SAID SECTION 7, N. 89°16'00" W., A DISTANCE OF 326.35 FEET;

THENCE N. 00°46'00" W., A DISTANCE OF 1746.08 FEET TO THE TRUE POINT OF BEGINNING;

THENCE N. 77°05'06" W., A DISTANCE OF 256.50 FEET;

THENCE N. 12°52'28" E., A DISTANCE OF 54.00 FEET;

THENCE S. 77°06'33" E., A DISTANCE OF 256.48 FEET;

THENCE S. 12°51'17" W., A DISTANCE OF 54.11 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 13,864 SQUARE FEET, OR 0.318 ACRES, MORE OR LESS

APPROVED BY: *Michael*

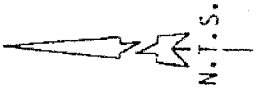
DATE: 7-30-99



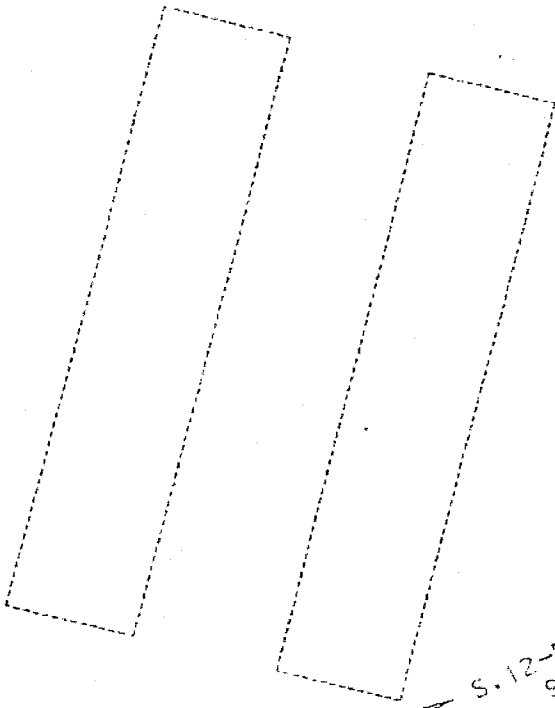
P.O.C.

128

S. 1/4 COR.



T.T. 2 W. S.E. 1/4



N. 89-16-00 W. 1287.54'

S. 12-55-16 W.  
98.05'

N. 00-46-00 E.  
1686.99'

T.P.O.B.

S. 77-05-25 E.  
162.67'

N. 76-13-10 W.  
11.63'

N. 12-55-06 E.  
26.55'

N. 77-11-10 W.  
161.85'

S. 12-45-06 W.  
47.60'

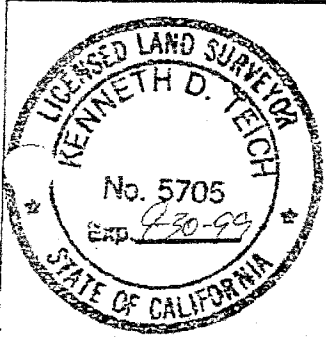
PARCEL  
00125-001C

18,833 SQ. FT.  
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N. 12-27-17 E. 40.02'  
S. 78-34-42 E. 11.06'  
N. 13-29-33 E. 10.76'  
S. 76-59-06 E. 47.19'

N. 76-34-00 W.  
47.35'

N. 12-54-08 E.  
67.79'



COUNTY OF RIVERSIDE TRANSPORTATION DEPT., SURVEY DIV.	PAR. NO.: 00125-001C
PROJECT: FRENCH VALLEY AIRPORT	PREPARED BY: A. CONTRERAS
THIS PLAT IS AN AID IN LOCATING THE PARCELS DESCRIBED IN THE PRECEDING DOCUMENT. ALL PRIMARY CALLS ARE LOCATED IN THE WRITTEN DESCRIPTION.	SCALE: N.T.S.
APPROVED BY: <i>K. Teich</i> DATE: 7-30-99	W.O. NO.: 99-00125
	SHEET 1 OF 1 SHEET

**Riverside County Board of Supervisors  
Request to Speak**

Submit request to Clerk of Board (right of podium),  
Speakers are entitled to three (3) minutes, subject  
Board Rules listed on the reverse side of this form.

**SPEAKER'S NAME:** GARRY GRANT

**Address:** \_\_\_\_\_  
(only if follow-up mail response requested)

**City:** \_\_\_\_\_ **Zip:** 92570

**Phone #:** \_\_\_\_\_

**Date:** DEC 9 1991 **Agenda #** 3.5

**PLEASE STATE YOUR POSITION BELOW:**

**Position on "Regular" (non-appealed) Agenda Item:**

**Support**       **Oppose**       **Neutral**

**Note:** If you are here for an agenda item that is filed  
for "Appeal", please state separately your position on  
the appeal below:

**Support**       **Oppose**       **Neutral**

**I give my 3 minutes to:** \_\_\_\_\_