

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

641



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
July 19, 2012

**SUBJECT:** Assignment of Sublease – Jacqueline Cochran Regional Airport

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

1. Approve the Assignment of Sublease from Dershie Barber, Trustee for the John D. Greene Living Trust, as Assignor to Robert G. Miller and Sharon L. Miller, as Assignees, for Hangar #C-20 at Jacqueline Cochran Regional Airport;
2. Authorize the Chairman of the Board of Supervisors to sign and excute the Consent to Assignment of Sublease; and

(Continued)

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

<b>COMPANION ITEM ON BOARD AGENDA:</b> No	
<b>SOURCE OF FUNDS:</b> N/A	Positions To Be Deleted Per A-30 <input type="checkbox"/>
	Requires 4/5 Vote <input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE  
BY:   
Jennifer L. Sargent

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Stone, seconded by Supervisor Benoit 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: July 31, 2012  
xc: EDA

Kecia Harper-Ihem  
Clerk of the Board  
By:   
Deputy

Prev. Agn. Ref.: 11/3/04 3/20/05 3/10/06 3/12/11 11/2/10 3.14 District: 4/4 Agenda Number: 3.14

ATTACHMENTS WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL  
BY:   
ANNIE T. SAHHAR DATE: 7/12/12  
Deputy Concurrence

Consent  
 Policy  
 Consent  
 Policy  
 Dept'l Recomm.:  
 Per Exec. Ofc.:

**RECOMMENDED MOTION: (Continued)**

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

**BACKGROUND:**

The Economic Development Agency is in receipt of an Assignment of Sublease Agreement dated June 5, 2012, between Dershie Barber, Trustee for the John D. Greene Living Trust, as Assignor, and Robert G. Miller and Sharon L. Miller, as Assignee, for the land commonly known as Hangar #C-20 located within the Signature Flight Support Corporation leasehold, at the Jacqueline Cochran Regional Airport.

The Sublease, dated November 17, 2003, is under the 14.87 acre Master Lease dated January 13, 2004, by and between the County of Riverside, as Lessor and La Quinta FBO II, LLC, a Delaware limited liability company doing business as Million Air La Quinta, as Lessee, as subsequently amended pursuant to that First Amendment to Lease dated February 27, 2006, and assigned to Signature Flight Support Corporation on January 20, 2006, with respect to approximately 18.44 acres of land at Jacqueline Cochran Regional Airport and further amended by First Amended Lease dated November 2, 2010, reducing the leasehold size to 14.87 acres.

John D. Greene, Trustee of the John D. Greene Trust, purchased said hangar and approval was given by the Board March 1, 2005. Prior to Mr. Greene's death, his trust was transferred to Dershie Barber at American National Bank, who became trustee. Hangar #C-20 was subsequently sold to Robert G. Miller and Sharon L. Miller on May 25, 2012. Supporting documents are included with Assignment of Sublease.

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

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## CONSENT TO ASSIGNMENT OF SUBLEASE

The County of Riverside, a political subdivision of the State of California, (Lessor) hereby consents to the foregoing Assignment of Sublease dated June 5, 2012, between Dershie Barber, Trustee for the John D. Greene Living Trust, as Assignor, and Robert G. Miller and Sharon L. Miller, as Assignees, for the land commonly known at Hangar #C-20 at the Jacqueline Cochran Regional Airport, pursuant to a Sublease Agreement between La Quinta FBO II, LLC, a Delaware limited liability company doing business as Million Air La Quinta and the John D. Greene Living Trust, and without however, waiving the restrictions contained in Master Ground Lease dated January 13, 2004, by and between the County of Riverside, as Lessor, and La Quinta FBO II, LLC, a Delaware limited liability company doing business as Million Air La Quinta, as Lessee, as subsequently amended pursuant to that First Amendment to Lease dated February 7, 2006, and assigned to Signature Flight Support Corporation on January 20, 2006, with respect to approximately 18.44 acres of land, at Jacqueline Cochran Regional Airport and further amended by First Amended Lease dated November 2, 2010, reducing the leasehold size to 14.87 acres.

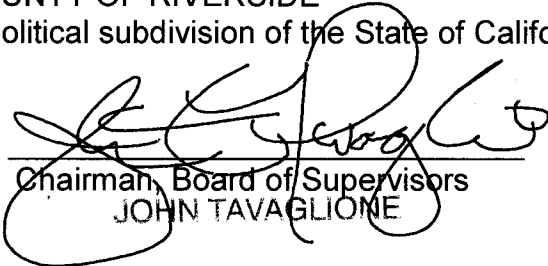
With respect to any future assignments thereunder, and without releasing the Assignor under said lease from any obligations that are not performed by Robert G. Miller and Sharon L. Miller, and otherwise accepts the Assignees, Robert G. Miller and Sharon L. Miller, as Sublessees under said Sublease to all intents and purposes as though Assignees were the original Sublessees thereunder.

(Signatures follow on next page)

JUL 31 2012 3.14

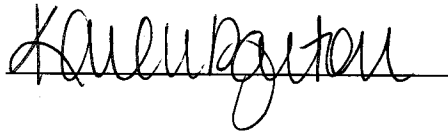
Date: JUL 31 2012

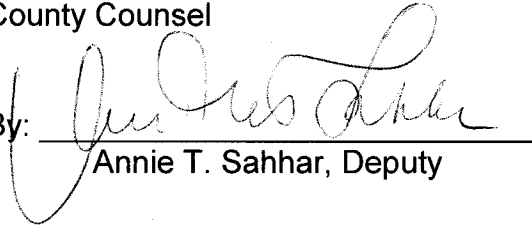
COUNTY OF RIVERSIDE  
A political subdivision of the State of California

By:   
Chairman, Board of Supervisors  
JOHN TAVAGLIONE

ATTEST:  
Kecia Harper-Ihem  
Clerk of the Board

FORM APPROVED  
Pamela J. Walls  
County Counsel

By: 

By:   
Annie T. Sahhar, Deputy

**Assignment of Sublease Agreement**

and

**Consent to Assignment of Lease**

from

**John D. Greene Living Trust**

to

**Robert G. Miller and Sharon L. Miller**

**Signature Flight Service Corporation**

**Master Leaseholder**

**Hangar #20**

**Dated Jun. 5, 2012**

THIS DOCUMENT IS SIGNED IN COUNTERPART

### ASSIGNMENT OF SUBLEASE AGREEMENT

This Assignment of Sublease Agreement (this "Assignment") is made on May 1, 2012, by and between John D. Greene Living Trust Dated 12/14/2001, as assignor (collectively, the "Assignor") and Robert G. Miller and Sharon L. Miller, as assignee (the "Assignee").

For value received, the Assignor assigns and transfers to the Assignee that certain Sublease Agreement dated as of November 17, 2003 (the "Sublease"), by and between La Quinta FBO Two, LLC a Delaware limited liability company, as Sublessor, the predecessor in interest to Signature Flight Support Corporation, a Delaware corporation, (the "Sublessor"), and the Assignor, as Sublessee (the "Sublessee"), for the following described premises:

The premises commonly referred to as Hangar number C-20 located at the Jacqueline Cochrane Regional Airport, as described in the Sublease, together with all his right, title, and interest in and to the Sublease and Premises (as defined in the Sublease), subject to all the conditions and terms contained in the Sublease, to have and to hold from May 1, 2012, until the term of the Sublease expires (including any options to extend the Sublease per Section 2.0 of the Sublease).

A copy of the Sublease is attached hereto and made a part hereof by reference.

The Assignor covenants that he is the lawful and sole owner of the interest assigned hereunder; that this interest is free from all encumbrances; and that he has performed all duties and obligations and made all payments required under the terms and conditions of the Sublease.

The Assignee agrees to pay all rent due after the effective date of this assignment, and to assume and perform all duties and obligations of the Assignor required by the terms of the Sublease.

The Assignment is expressly conditioned upon the receipt of the prior written consent of the Sublessor and the County of Riverside.

Dated: \_\_\_\_\_, 2012

Assignor: \_\_\_\_\_

Dershie Barber, Trustee

John D. Greene Living Trust Dated 12/14/2001

We, Robert G. Miller and Sharon L. Miller, hereby agree to and accept the above-referenced assignment and agree to assume all of the Assignor's obligations under the Sublease, effective this 5 day of JUNE, 2012.

Assignee: \_\_\_\_\_

Robert G. Miller

Assignee: \_\_\_\_\_

Sharon L. Miller

Landlord in its sole and absolute discretion and by the County of Riverside, all as set forth in Section 3.0 of the Sublease.

**3. General Provisions.**

**3.1 Brokerage Commission.** Assignor and Assignee covenant and agree that under no circumstances shall Landlord be liable for any brokerage commission or other charge or expense in connection with the Assignment, and Assignor and Assignee agree to protect, defend, indemnify and hold Landlord harmless from the same and from any cost or expense (including, but not limited to, attorneys' fees) incurred by Landlord in resisting any claim for any such brokerage commission.

**3.2 Controlling Law.** The terms and provisions of this Agreement shall be construed in accordance with and governed by the laws of the State of California.

**3.3 Binding Effect.** This agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and assigns. As used herein, the singular number includes the plural and the masculine gender includes the feminine and neuter.

**3.4 Captions.** The paragraph captions utilized herein are in no way intended to interpret or limit the terms and conditions hereof, they are intended for purposes of convenience only.

**3.5 Partial Invalidity.** If any term, provision or condition contained in this Agreement is, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Agreement shall be valid and enforceable to the fullest extent possible permitted by law.

**3.6 Attorneys' Fees.** If either party commences litigation against the other for the specific performance of this Agreement, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, the parties hereto agree to and hereby do waive any right to a trial by jury and, in the event of any such commencement of litigation, the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred.

**3.7 Conflicts.** In the event of any conflict between the Assignment and the Sublease, or between the Assignment and this Consent, the Sublease or this Consent, as applicable, shall prevail. In the event of any conflict between this Consent and the Sublease, the Sublease shall prevail.

**3.8 Counterparts.** This Consent may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Consent and all of which, when taken together, will be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Consent as of the date first set forth above.

**LANDLORD:**

SIGNATURE FLIGHT SUPPORT CORPORATION,  
A Delaware Corporation

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

Name:

Title:

**ASSIGNOR:**

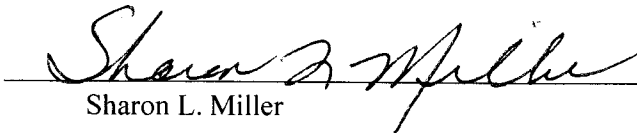
\_\_\_\_\_  
Dershie R. Barber, Trustee

John D. Greene Living Trust Dated 12/14/2001

**ASSIGNEE:**

  
\_\_\_\_\_

Robert G. Miller

  
\_\_\_\_\_

Sharon L. Miller





# CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

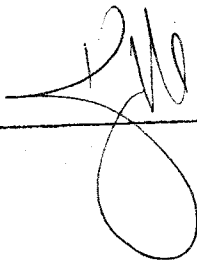
STATE OF Wyoming }  
COUNTY OF LARAMIE } S.S.

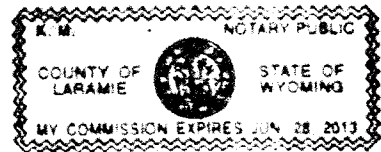
On 5/23/2012 before me, R.M. (Kathy Morris),  
Undersigned Notary Public, personally appeared Dershle Barber who

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 



This area for official notarial seal.

## RESTATED AGREEMENT AND DECLARATION OF THE JOHN D. GREENE LIVING TRUST

THIS RESTATED AGREEMENT AND DECLARATION OF TRUST (sometimes hereafter referred to as the "Trust Agreement" or as the "Restated Trust Agreement"), made on this day MAR 21 2008, between JOHN D. GREENE, also known as JOHN DWIGHT GREENE, an adult resident of Laramie County, Wyoming, as "Grantor", and the AMERICAN NATIONAL BANK, NA, located in Cheyenne, Wyoming, as "Trustee";

### WITNESSETH

**WHEREAS**, on December 14, 2001, the undersigned JOHN D. GREENE, also known as JOHN DWIGHT GREENE, as Grantor, made, executed, and declared the JOHN D. GREENE LIVING TRUST, an inter vivos revocable trust created in accordance with the laws of Wyoming, hereafter referred to as the "Original Trust Instrument"; and

**WHEREAS**, under the provisions of Article 4, Sections 4 and 5 of the Original Trust Instrument, the undersigned JOHN D. GREENE reserved unto himself as Grantor the power and right to alter, amend, or revoke any provision of said Trust Agreement, in whole or in part, at any time during said Grantor's lifetime by a written instrument signed by said Grantor and delivered to the Trustee; and

**WHEREAS**, pursuant to the said powers reserved unto the Grantor under the Original Trust Instrument, on November 8, 2002, the Grantor made, executed and declared the FIRST AMENDMENT to said JOHN D. GREENE LIVING TRUST, on November 21, 2003, the Grantor made, executed and declared the SECOND AMENDMENT to said JOHN D. GREENE LIVING TRUST, and on October 11, 2006, the Grantor made, executed and declared the THIRD AMENDMENT to said JOHN D. GREENE LIVING TRUST; and

**WHEREAS**, the Grantor now desires to further amend the provisions of the above-referenced Original Trust Instrument, amended from time to time as indicated above, and for purposes of clarity, pursuant to the powers reserved unto the Grantor under the above-referenced Original Trust Instrument, the Grantor wishes to restate the provisions of said trust instrument in their entirety;

**NOW, THEREFORE**, in consideration of these premises and of the mutual

ARTICLE 12  
ACCEPTANCE AND EXECUTION OF TRUST

The Trustee accepts the trust created hereby, and agrees to hold, administer, and distribute the trust estate upon the terms herein set forth. This Trust Agreement shall be effective immediately upon execution of this instrument by the Grantor. It is not necessary that this document be executed by the Successor Trustee, but if Successor Trustee does execute this Trust Agreement the Successor Trustee thereby agrees to serve as Trustee hereunder at the times, and in the manner, herein provided.

IN WITNESS WHEREOF, this instrument has been executed by the parties hereto, as of the day and year first above written. All fully executed counterparts hereof shall be deemed an original hereof.

John D. Greene  
JOHN D. GREENE - GRANTOR

Dershie R. Barber  
DERSHIE R. BARBER, Vice President,  
AMERICAN NATIONAL BANK

[Signature]  
Witness Signature

Victoria L. Sopr  
Witness Signature

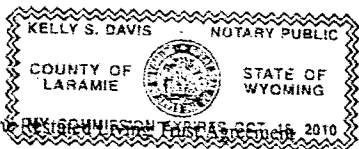
John M. Price  
Witness Printed Name

Victoria L. Sopr  
Witness Printed Name

STATE OF WYOMING )  
  ) ss.  
COUNTY OF LARAMIE )

Subscribed, sworn to and acknowledged before me by JOHN D. GREENE, Grantor, and AMERICAN NATIONAL BANK, NA, by DERSHIE R. BARBER, Vice President, as Trustee, and subscribed and sworn to before me by John M. Price and Victoria L. Sopr, the WITNESSES, this day MAR 21 2008.

Witness my hand and official seal.



[Signature]

NOTARY PUBLIC  
My commission expires: 10-12-10

Exhibit A to Secretary's Certificate

Resolutions of the Board of Directors

ANB Bank

January 23, 2012

**Execution of Instruments.** All duly authorized agreements, indentures, mortgages, deeds, transfers, certificates, declarations, receipts, discharges, releases, satisfactions, petitions, schedules, accounts, affidavits, bonds, undertakings, proxies, and other instruments, or documents may be signed, executed, acknowledged verified, delivered or accepted on behalf of this institution by the Chairman of the Board, the Vice Chairman of the Board, the President, any Regional President, Market President, Branch President, Executive Vice President, Senior Vice President or any Vice President, or the Secretary, or the Cashier, or, if in connection with the exercise of any fiduciary powers of this institution, by any of those officers or any Trust Officer or Trust Administrator. Any such instruments may also be executed, acknowledged, verified, delivered, or accepted on behalf of this Institution in such other manner and by such other officers as the Board of Directors may from time to time direct.

**Secretary's Certificate**

**ANB Bank**

**Denver, Colorado**

The undersigned certifies that he is the duly elected Secretary of ANB Bank, a state chartered banking association, and further certifies as follows:

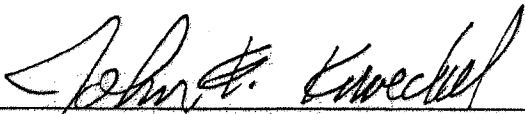
1. Dershie Barber is the duly elected and currently serving as Vice President, ANB Bank.
2. The resolutions attached to this certificate as Exhibit A were adopted by the Board of Directors of ANB Bank at a meeting duly called and held on January 23, 2012. The resolution is in full force and effect and has not been modified or rescinded.

The undersigned is executing this certificate in his capacity as Secretary of ANB Bank and not as an individual.

Executed as of **January 23, 2012**

ANB Bank

By:



John F. Knoeckel, Secretary



STATE OF SOUTH CAROLINA  
CERTIFICATION OF VITAL RECORDS

DEATH CERTIFICATION

STATE FILE NUMBER: 139-11-010591

DECEDENT'S NAME: \*JOHN DWIGHT GREENE\*

SEX: MALE

AKA's: NA

SOCIAL SECURITY NUMBER: 248-84-8054

ARMED FORCES: YES

DATE OF BIRTH: AUGUST 19, 1948

AGE: 62 YEARS

TYPE OF PLACE OF DEATH: DECEDENT'S HOME

COUNTY OF DEATH: SPARTANBURG

NAME AND ADDRESS OF PLACE OF DEATH: 204 HILLSBORO TRACE, SPARTANBURG/SC 29301

PLACE OF DISPOSITION: DANIEL MOROAN MEMORIAL GARDENS

DISPOSITION LOCATION: COWPENS, SOUTH CAROLINA

METHOD OF DISPOSITION: BURIAL

DECEDENT'S RESIDENCE: 204 HILLSBORO TRACE, SPARTANBURG, SPARTANBURG COUNTY, SC, 29301

PLACE OF BIRTH: SOUTH CAROLINA

MARITAL STATUS: MARRIED

SURVIVING SPOUSE'S NAME: BETTY LINDER

FATHER'S NAME: CLARENCE N GREENE

MOTHER'S NAME PRIOR TO FIRST MARRIAGE: GLADYS VERTILE LINDER

RELATIONSHIP: FAMILY MEMBER

INFORMANT'S NAME: BETTY GREENE

MAILING ADDRESS: 204 HILLSBORO TRACE, SPARTANBURG, SC, 29301

FUNERAL HOME: BOBO FUNERAL CHAPEL, PO BOX 2554, SPARTANBURG, SC, 29304

FUNERAL DIRECTOR: RALPH D'WEST

LICENSE NUMBER: 1917

EMBALMER'S NAME: SHANNON DOTSON

LICENSE NUMBER: 2727

ACTUAL OR PRESUMED DATE OF DEATH: APRIL 01, 2011

MANNER OF DEATH: NATURAL

ACTUAL OR PRESUMED TIME OF DEATH: 1229

CAUSE OF DEATH - PART I  
STROKE

OTHER SIGNIFICANT CONDITIONS - PART II:

NA

CORONER CONTACTED? NO

AUTOPSY PERFORMED? NO

AUTOPSY AVAILABLE? NA

DATE OF INJURY: NA

TIME OF INJURY: NA

INJURY AT WORK? NA

PLACE OF INJURY: NA

LOCATION OF INJURY: NA

HOW THE INJURY OCCURRED?

NA

CERTIFIER NAME AND TITLE: DR. EDWARD S WARREN

LICENSE NUMBER: 22026

CERTIFIER'S ADDRESS: 103 S PINE STREET, SPARTANBURG, SC, 29302

DATE FILED: APRIL 05, 2011

DATE OF ISSUANCE: APRIL 05, 2011

SPECIAL INSTRUCTIONS:

NA

SC01482473

This is a true certification of the facts on file in the Division of Vital Records, SC Department of Health and Environmental Control.

*C. Earl Hunter*  
C. Earl Hunter  
Commissioner and State Registrar

*Huang Zhao*  
Guang Zhao  
Assistant State Registrar

This copy is not valid unless prepared on an engraved border displaying the state seal and issuing agency logo.

Revision Date: 08/01/2009







CALIFORNIA  
ASSOCIATION  
OF REALTORS®

COMMERCIAL PROPERTY PURCHASE AGREEMENT  
AND JOINT ESCROW INSTRUCTIONS  
(NON-RESIDENTIAL)  
(C.A.R. Form CPA, Revised 4/10)

1. OFFER: Date: March 12, 2012

A. THIS IS AN OFFER FROM Robert G. Miller, Sharon L. Miller ("Buyer").  
 Individual(s),  A Corporation,  A Partnership,  An LLC,  An LLP, or  Other

B. THE REAL PROPERTY TO BE ACQUIRED is described as 56850 Hillview Dr, Hangar C20  
Leasehold Interest, Assessor's Parcel No. \_\_\_\_\_, situated in  
Thermal, County of Riverside, California. ("Property").

C. THE PURCHASE PRICE offered is Two Hundred Fifteen Thousand  
 (Dollars \$ 215,000.00)

D. ESCROW OF ESCROW shall occur on \_\_\_\_\_ (date) (or  15 Days After Acceptance).

2. AGENCY:

A. POTENTIALLY COMPETING BUYERS AND SELLERS: Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representative agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.

B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:  
 Listing Agent California Home Brokers (Print Firm Name) is the agent  
 of (check one):  the Seller exclusively; or  both the Buyer and Seller.  
 Selling Agent California Home Brokers (Print Firm Name) (if not same  
 as Listing Agent) is the agent of (check one):  the Buyer exclusively; or  the Seller exclusively; or  both the Buyer and Seller.  
 Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.

A. INITIAL DEPOSIT: Deposit shall be in the amount of \$ 215,000.00  
 (1) Buyer shall deliver deposit directly to Escrow Holder by personal check,  electronic funds transfer,  
 Other \_\_\_\_\_ within 3 business days after acceptance  
 (or  Other \_\_\_\_\_);  
 OR (2) (if checked)  Buyer has given the deposit by personal check (or  \_\_\_\_\_) to  
 the agent submitting the offer (or to  \_\_\_\_\_), made payable to  
 \_\_\_\_\_ The deposit shall be held uncashed until Acceptance and  
 then deposited with Escrow Holder (or  into Broker's trust account) within 3 business days after  
 Acceptance (or  Other \_\_\_\_\_).

B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ \_\_\_\_\_  
 within \_\_\_\_\_ Days After Acceptance, or  \_\_\_\_\_.

C. LOAN(S):  
 (1) FIRST LOAN in the amount of \$ \_\_\_\_\_  
 This loan will be conventional financing or, if checked,  Seller (C.A.R. Form SFA),  assumed  
 (C.A.A. Form PAA),  subject to financing,  Other \_\_\_\_\_. This  
 loan shall be at a fixed rate not to exceed \_\_\_\_\_ % or  an adjustable rate loan with initial  
 rate not to exceed \_\_\_\_\_ % Regardless of the type of loan, Buyer shall pay points not to  
 exceed \_\_\_\_\_ % of the loan amount.  
 (2)  SECOND LOAN in the amount of \$ \_\_\_\_\_  
 This loan will be conventional financing or, if checked,  Seller (C.A.R. Form SFA),  assumed  
 (C.A.A. Form PAA),  subject to financing,  Other \_\_\_\_\_. This  
 loan shall be at a fixed rate not to exceed \_\_\_\_\_ % or  an adjustable rate loan with initial  
 rate not to exceed \_\_\_\_\_ % Regardless of the type of loan, Buyer shall pay points not to  
 exceed \_\_\_\_\_ % of the loan amount.

D. ADDITIONAL FINANCING TERMS: \_\_\_\_\_

E. BALANCE OF PURCHASE PRICE OR DOWN PAYMENT in the amount of \$ \_\_\_\_\_  
 to be deposited with Escrow Holder within sufficient time to close escrow.

F. PURCHASE PRICE (TOTAL) \$ 215,000.00

G. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to 3(F)) shall  
 within 7 (or  3) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing  
 costs:  checked,  verification attached.)

H. LOAN TERMS:  
 (1) LOAN APPLICATIONS: Within 7 (or  \_\_\_\_\_) Days After Acceptance, Buyer shall Deliver to Seller a letter from lender  
 or loan broker attesting that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved  
 for any NEW loan specified in 3C above. (If checked,  letter attached.)

Buyer's initials: (RCM), (SUN) Seller's initials: (OB)

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 1 OF 10)

Agent: Sean Cullen Phone: 760.687.2221 Fax: 760.238.6588 Prepared using zipForm® software  
 Broker: California Home Brokers, Inc. P.O. Box 5748 La Quinta, CA 92248

5850 Higgins Dr. Hangar C20

Property Address: Thermal, CA 92274

Date March 12, 2012

(2) LOAN CONTINGENCY: Buyer shall act diligently and in good faith to obtain the designated loan(s). Obtaining the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. Buyer's contractual obligations to obtain and provide deposit, balance of down payment and closing costs are not contingencies of this Agreement.

(3) LOAN CONTINGENCY REMOVAL:

(i) Within 17 (or [ ] ) Days After Acceptance, Buyer shall, as specified in Paragraph 17, in writing remove the loan contingency or cancel this Agreement;

OR (ii) (if checked) [ ] the loan contingency shall remain in effect until the designated loans are funded.

(4) [X] NO LOAN CONTINGENCY (if checked): Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.

I. APPRAISAL CONTINGENCY AND REMOVAL: This Agreement is (or, if checked, [X] is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the specified purchase price. If there is a loan contingency, Buyer's removal of the loan contingency shall be deemed removal of this appraisal contingency (or, [ ] if checked, Buyer shall, as specified in paragraph 17B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or [ ] ) Days After Acceptance). If there is no loan contingency, Buyer shall, as specified in paragraph 17B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or [ ] ) Days After Acceptance.

J. [X] ALL CASH OFFER (if checked): Buyer shall, within 7 (or [ ] ) Days After Acceptance, Deliver to Seller written verification of sufficient funds to close this transaction. (If checked, [ ] verification attached.)

K. BUYER STATED FINANCING: Seller has relied on Buyer's representation of the type of financing specified (including but not limited to, as applicable, amount of down payment, contingent or non contingent loan, or all cash). If Buyer seeks alternate financing: (i) Seller has no obligation to cooperate with Buyer's efforts to obtain such financing, and (ii) Buyer shall also pursue the financing method specified in this Agreement. Buyer's failure to secure alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

4. ALLOCATION OF COSTS (if checked): Unless otherwise specified in writing, this paragraph only determines who is to pay for the inspection, test or service ("Report") mentioned; it does not determine in the report who is to pay for any work recommended or identified in the Report.

A. INSPECTIONS AND REPORTS:

- (1) [ ] Buyer [ ] Seller shall pay for sewer connection, if required by Law prior to Close Of Escrow;
(2) [ ] Buyer [ ] Seller shall pay to have septic or private sewage disposal system inspected;
(3) [ ] Buyer [ ] Seller shall pay to have domestic wells tested for water potability and productivity;
(4) [ ] Buyer [X] Seller shall pay for a natural hazard zone disclosure report prepared by;
(5) [ ] Buyer [ ] Seller shall pay for the following inspection or report;
(6) [ ] Buyer [ ] Seller shall pay for the following inspection or report;

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

- (1) [ ] Buyer [X] Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance in accordance with state and local Law, unless exempt.
(2) [ ] Buyer [X] Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law.
(3) [ ] Buyer [X] Seller shall pay for installation of approved fire extinguisher(s), sprinkler(s), and hose(s), if required by Law, which shall be installed prior to Close Of Escrow. Prior to Close Of Escrow Seller shall provide Buyer a written statement of compliance, if required by Law.

C. ESCROW AND TITLE:

- (1) [X] Buyer [ ] Seller shall pay escrow fee approximately \$1550. Escrow Holder shall be CV Escrow.
(2) [X] Buyer [ ] Seller shall pay for owner's title insurance policy specified in paragraph 16E. Owner's title policy to be issued by Orange Coast Title. (Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

- (1) [X] Buyer [ ] Seller shall pay County transfer tax or transfer fee;
(2) [X] Buyer [ ] Seller shall pay City transfer tax or transfer fee;
(3) [X] Buyer [ ] Seller shall pay Owners' Association (OA) transfer fee;
(4) [X] Buyer [ ] Seller shall pay OA document preparation fees;
(5) [ ] Buyer [ ] Seller shall pay for;
(6) [ ] Buyer [ ] Seller shall pay for;

5. CLOSING AND POSSESSION:

A. Seller-Occupied or Vacant Unit: Possession shall be delivered to Buyer at 5pm or [ ] AM [ ] PM, [ ] on the date of Close Of Escrow, [ ] on [ ] or [ ] no later than [ ] Days After Close Of Escrow. If transfer of title and occupancy do not occur at the same time, Buyer and Seller are advised to: (i) enter into a written occupancy agreement (O.A.R. Form PAA, paragraph 2); and (ii) consult with their insurance and legal advisors.

B. Tenant-Occupied Unit: Possession and occupancy, subject to the rights of tenants under existing leases, shall be delivered to Buyer on Close Of Escrow.

C. At Close Of Escrow, (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale and (ii) seller shall deliver to Buyer available Copies of warranties. Brokers cannot and will not determine the assignability of any warranties.

D. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If the Property is a unit in a condominium or located in a common-interest subdivision, Buyer may be required to pay a deposit to the Owners' Association ("OA") to obtain keys to accessible OA facilities.

Buyer's Initials: [Signature]

Seller's Initials: [Signature]



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Date: March 12, 2012

6. SECURITY DEPOSITS: Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer on Close Of Escrow. Seller shall notify each tenant, in compliance with the Civil Code.

7. SELLER DISCLOSURES:

A. NATURAL AND ENVIRONMENTAL DISCLOSURES: Seller shall, within the time specified in paragraph 17, if required by Law: (i) Deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide an NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

B. ADDITIONAL DISCLOSURES: Within the time specified in paragraph 17, Seller shall Deliver to Buyer, in writing, the following disclosures, documentation and information:

(1) RENTAL SERVICE AGREEMENTS: (i) All current leases, rental agreements, service contracts, and other agreements pertaining to the operation of the Property; and (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates, or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any concession, rebate, or other benefit, except as set forth in these documents.

(2) INCOME AND EXPENSE STATEMENTS: The books and records, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.

(3) TENANT ESTOPPEL CERTIFICATES: (If checked) Tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.

(4) SURVEYS, PLANS AND ENGINEERING DOCUMENTS: Copies of surveys, plans, specifications and engineering documents, if any, in Seller's possession or control.

(5) PERMITS: If in Seller's possession, copies of all permits and approvals concerning the Property, obtained from any governmental entity, including, but not limited to, certificates of occupancy, conditional use permits, development plans, and licenses and permits pertaining to the operation of the Property.

(6) STRUCTURAL MODIFICATIONS: Any known structural additions or alterations to, or the installation, alteration, repair or replacement of, significant components of the structure(s) upon the Property.

(7) GOVERNMENTAL COMPLIANCE: Any improvements, additions, alterations or repairs made by Seller, or known to Seller to have been made, without required governmental permits, final inspections, and approvals.

(8) VIOLATION NOTICES: Any notice of violations of any Law filed or issued against the Property and actually known to Seller.

(9) MISCELLANEOUS ITEMS: Any of the following, if actually known to Seller: (i) any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property, or the right to use and occupy it; (ii) any unsatisfied mechanic's or materialman's lien(s) affecting the Property; and (iii) that any tenant of the Property is the subject of a bankruptcy.

C. WITHHOLDING TAXES: Within the time specified in paragraph 17A, to avoid required withholding Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law, (C.A.R. Form AS or QS).

8. ENVIRONMENTAL SURVEY (If checked): Within \_\_\_\_\_ Days After Acceptance, Buyer shall be provided a phase one environmental survey report paid for and obtained by  Buyer  Seller. Buyer shall then, as specified in paragraph 17, remove this contingency or cancel this Agreement.

9. SUBSEQUENT DISCLOSURES: In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly Deliver a subsequent or amended disclosure or notice in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.

10. CHANGES DURING ESCROW:

A. Prior to Close Of Escrow, Seller may only engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 17: (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify, or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.

B. At least 7 (or  ) Days prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of any Proposed Changes.

11. CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:

A. SELLER HAS: 7 (or  ) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or located in a planned unit development or other common interest subdivision.

B. If Property is a condominium, or located in a planned unit development or other common interest subdivision, Seller has 3 (or  ) Days After Acceptance to request from the OA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the OA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of OA minutes for regular and special meetings; and (v) the names and contact information of all OA's governing the Property. (Collectively, "CI Disclosures.") Seller shall itemize and deliver to Buyer all CI Disclosures received from the OA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 17.

Buyer's initials: (RGA) (SLM)

Seller's initials: (D) ( )

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Property Address: Thermal, CA 92274

Date: March 12, 2012

12. ITEMS INCLUDED AND EXCLUDED:

A. NOTE TO BUYER AND SELLER: Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 12B or C.

B. ITEMS INCLUDED IN SALE:

- (1) All EXISTING fixtures and fittings that are attached to the Property.
- (2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms.
- (3) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 17.
- (4) Seller represents that all items included in the purchase price are, unless otherwise specified, owned by Seller. Within the time specified in paragraph 17, Seller shall give Buyer a list of fixtures not owned by Seller.
- (5) Seller shall deliver title to the personal property by Bill of Sale, free of all liens and encumbrances, and without warranty of condition.
- (6) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.

C. ITEMS EXCLUDED FROM SALE: Personal Property Described As: Table & Chairs, Contents of Storage Cabinets, Work Bench, Pressure Washer, Non-Aviation Related Free Standing Items

13. CONDITION OF PROPERTY: Unless otherwise agreed: (i) Property is sold (a) in its present physical ("as-is") condition as of the date of Acceptance and (b) subject to Buyer's investigation rights; (ii) The Property including pool, spa, landscaping and grounds, is to be maintained in substantial, the same condition as of the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Seller by Close Of Escrow.

A. Seller warrants that the Property is legally approved as 2 units.

B. Seller shall, within the time specified in paragraph 17, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, AND MAKE ANY AND ALL OTHER DISCLOSURES REQUIRED BY LAW.

C. Buyer has the right to inspect the Property and, as specified in paragraph 17, based upon information discovered in those inspections: (i) request that seller make repairs or take other action.

14. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 17B. Within the time specified in paragraph 17B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.

B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 17B, complete Buyer Investigations and, either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete copies of all investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.

C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's investigations and through the date possession is made available to Buyer.

D. Buyer indemnify and Seller protection for entry upon property: Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs of Buyer Investigations. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination or cancellation of this Agreement and Close Of Escrow.

15. SELLER DISCLOSURES: ADDENDA, ADVISORIES, OTHER TERMS:

- A. Seller Disclosures (If checked): Seller shall, within the time specified in paragraph 17A, complete and provide Buyer with:
 

<input checked="" type="checkbox"/> Seller Property Questionnaire (C.A.R. Form SPQ) OR	<input type="checkbox"/> Supplemental Contract and Statutory Disclosure (C.A.R. Form SSD)
--	---
- B. Addenda (If checked):
 

<input checked="" type="checkbox"/> Wood Destroying Pest Inspection and Allocation of Cost Addendum (C.A.R. Form WPIA)	<input type="checkbox"/> Addendum 1 & 2 (C.A.R. Form ADM)
<input checked="" type="checkbox"/> Purchase Agreement Addendum (C.A.R. Form PAA)	<input type="checkbox"/> Septic Well and Property Monument Addendum (C.A.R. Form SWPM)
<input checked="" type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA)	<input type="checkbox"/> Other _____
<input checked="" type="checkbox"/> Buyer Intent to Exchange Supplement (C.A.R. Form BES)	<input type="checkbox"/> Seller Intent to Exchange Supplement (C.A.R. Form SES)
- C. Advisories (If checked):
 

<input checked="" type="checkbox"/> Property Advisory (C.A.R. Form PAI)	<input type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA)
<input checked="" type="checkbox"/> Trust Advisory (C.A.R. Form TA)	<input type="checkbox"/> Statutory Buyer and Seller Advisory (C.A.R. Form SBSA)
	<input type="checkbox"/> RSO Advisory (C.A.R. Form RSO)
- D. Other Terms: Please see Addenda 1 and 2.

Buyer's Initials: (RCM) (SM)  
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Seller's Initials: (D) ( )  
Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_



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Property Address: Thermal, CA 92274

Date: March 12, 2012

16. TITLE AND VESTING:

- A. Within the time specified in paragraph 17, Buyer shall be provided a current preliminary title report, which shall include a search of the General Index. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information. The preliminary report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 17B.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 17, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close of Escrow, Buyer shall receive a grant deed conveying title (or, for stock, cooperative or long-term lease, an assignment of stock certificate or of Seller's lesshold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E. Buyer shall receive a standard coverage owner's CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, survey requirements, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

17. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

A. SELLER HAS: 7 (or ) Days After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 4, 7A, B and C, 11A, 12B(3) and (4), 13B, 15A and B and 16. Buyer may give Seller a Notice to Seller to Perform (C.A.R. Form NSP) if Seller has not delivered the items within the time specified.

- B. BUYER HAS: 17 (or ) Days After Acceptance, unless otherwise agreed in writing, to:
  - (1) (i) complete all Buyer Investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller, and approve all other matters affecting the Property (including lead-based paint and lead-based paint hazards, as well as other information specified in paragraph 7 and insurability of Buyer and the Property);
  - (2) Within the time specified in 17B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.
  - (3) Within the time specified in 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller either (i) a removal of the applicable contingency (C.A.R. Form CR), or (ii) a cancellation (C.A.R. Form CC) of this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified items. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in 17A, then Buyer has 5 (or ) Days After Delivery of any such items, or the time specified in 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
  - (4) Continuation of Contingency: Even after the end of the time specified in 17B(1) and before Seller cancels this Agreement, if at all, pursuant to 17C, Buyer retains the right to either (i) in writing remove remaining contingencies, or (ii) cancel this Agreement based upon a remaining Contingency or Seller's failure to Deliver the specified items. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to 17C(1).

C. SELLER RIGHT TO CANCEL:

- (1) Seller right to Cancel: Buyer Contingencies: If, within the time specified in this Agreement, Buyer does not, in writing, Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP) may cancel this Agreement. In such event, Seller shall authorize return of Buyer's deposit.
- (2) Seller right to Cancel: Buyer Contract Obligations: Seller, after first Delivering to Buyer a NBP may cancel this Agreement for any of the following reasons: (i) if Buyer fails to deposit funds as required by 3A or 3B; (ii) if the funds deposited pursuant to 3A or 3B are not good when deposited; (iii) if Buyer fails to provide a letter as required by 3H; (iv) if Buyer fails to provide verification as required by 3G or 3J; or (v) if Seller reasonably disapproves of the verification provided by 3G or 3J. In such event, Seller shall authorize return of Buyer's deposit.
- (3) Notice to Buyer to Perform: The NBP shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 2 (or ) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet an obligation specified in 17C(2).

D. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall with regard to that contingency or cancellation right conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections, or for inability to obtain financing.

E. CLOSE OF ESCROW: Before Seller or Buyer may cancel this Agreement for failure of the other party to close escrow pursuant to this Agreement, Seller or Buyer must first Deliver to the other a demand to close escrow (C.A.R. Form DCE).

F. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual signed release instructions from Buyer and Seller, judicial decision or arbitration award. A Buyer or Seller may be subject to a civil penalty of up to \$4,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1087.3).

Buyer's Initials: RGA KSM  
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Seller's Initials: DB  
Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



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Date: March 12, 2012

18. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.
19. **ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation offer, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation offer, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.
20. **AMERICANS WITH DISABILITIES ACT:** The Americans With Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer's or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.
21. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or \_\_\_\_\_) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 13; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. form VP).
22. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are a current lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are a current lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
23. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
24. **MULTIPLE LISTING SERVICE/PROPERTY DATA SYSTEM:** If Broker is a participant of a Multiple Listing Service ("MLS") or Property Data System ("PDS"), Broker is authorized to report to the MLS or PDS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS or PDS.
25. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
26. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 34A.
27. **DEFINITIONS:** As used in this Agreement:
- A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with the terms of this offer or a final counter offer.
- B. "C.A.R. Form" means the specific form referenced or another comparable form agreed to by the parties.
- C. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded.
- D. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
- E. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
- F. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
- G. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
- H. "Deliver", "Delivered" or "Delivery", regardless of the method used (i.e. messenger, mail, email, fax, other), means and shall be effective upon (i) personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in paragraph D of the section titled Real Estate Brokers on page 10; OR (ii) if checked,  per the attached addendum (C.A.R. Form RDN).

Buyer's initials: AGU / SLM  
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Seller's initials: DB / 11  
Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



56850 Higgins Dr. Hangar C20

Property Address: Thermal, CA 92274

Date: March 12, 2012

- I. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other.
- J. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- K. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- L. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
- 28. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interests in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld, unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement.
- 29. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
- 30. **COPIES:** Seller and Buyer each represent that Copies of all reports, documents, certificates, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
- 31. **BROKERS:**
  - A. **BROKER COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
  - B. **BROKERAGE:** Neither Buyer nor Seller has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as specified in this Agreement, in connection with any act relating to the Property, including, but not limited to, inquiries, introductions, consultation and negotiations leading to this Agreement. Buyer and Seller each agree to indemnify, defend, and hold the other, the Brokers specified herein and their agents, harmless from and against any costs, expenses or liability for compensation claimed inconsistent with the warranty and representations in this paragraph.
  - C. **SCOPE OF BROKER DUTY:** Buyer and Seller acknowledge and agree that: Brokers: (i) do not decide what price Buyer should pay or Seller should accept; (ii) do not guarantee the condition of the Property; (iii) do not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) shall not be responsible for identifying defects that are not known to Brokers(s); (v) shall not be responsible for inspecting public records or permits concerning the title or use of the Property; (vi) shall not be responsible for identifying location of boundary lines or other items affecting title; (vii) shall not be responsible for verifying square footage, representations of others or information contained in inspection reports, MLS or PDS, advertisements, flyers or other promotional material, unless otherwise agreed in writing; (viii) shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller in the course of this representation; and (ix) shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
- 32. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER**
  - A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any relating counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 3, 4, 6, 7C, 15B and D, 16, 17F, 22, 27, 31A, 32, 37, 40 and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 31A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out of Buyer's or Seller's funds, or both, as applicable, the respective Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not specifically referenced above in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.
  - B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance for . Escrow holder shall provide Seller's Statement of Information to Title company when received from Seller. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs the Agreement.
  - C. Brokers are a party to the Escrow for the sole purpose of compensation pursuant to paragraph 31A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 31A, respectively, and irrevocably instructs Escrow Holder to disburse those funds to Brokers at Close Of Escrow, or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement or is not good at time of deposit with Escrow Holder, or (ii) if either Buyer or Seller instruct Escrow Holder to cancel escrow.
  - D. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

Buyer's Initials: RMH / SLW  
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Seller's Initials: JB  
Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



56850 Higgins Dr. Hangar C20

Property Address: Thermal, CA 92274

Date: March 12, 2012

33. LIQUIDATED DAMAGES: If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, signed release instructions from both Buyer and Seller, judicial decision or arbitration award.

Buyer's Initials RGM/SLM Seller's Initials DB/1

34. DISPUTE RESOLUTION:

A. MEDIATION: Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Buyer and Seller also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 34C.

B. ARBITRATION OF DISPUTES:

Buyer and Seller agree that any dispute or claim in law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. Buyer and Seller also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 8 years of residential real estate law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 34C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials RGM/SLM Seller's Initials DB/1

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

(1) EXCLUSIONS: The following matters shall be excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2999; (ii) an unlawful detainer action; (iii) the filing or enforcement of a merchant's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation and arbitration provisions.

(2) BROKERS: Brokers shall not be obligated or compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.

36. GOVERNING LAW: This Agreement shall be governed by the Laws of the state of California.

37. TERMS AND CONDITIONS OF OFFER: This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initiated by all parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Broker's compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

Buyer's Initials RGM/SLM

Seller's Initials DB/1

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_





56850 Higgins Dr. Hangar C20  
Property Address: Thermal, CA 92274

Date: March 12, 2012

37. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES: Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.

38. AUTHORITY: Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement, and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, By Laws, Operating Agreement, Partnership Agreement or other document governing the activity of either Buyer or Seller.

39. EXPIRATION OF OFFER: This offer shall be deemed revoked and the deposit shall be returned, unless the offer is Signed by Seller, and a Copy of the Signed offer is personally received by Buyer, or by who is authorized to receive it by 5:00 PM on the third Day after this offer is signed by Buyer (OR, if checked ) by (date) at  AM  PM.

Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships.

Buyer Robert G. Miller  
By [Signature] Date March 12, 2012  
Print name Robert G. Miller  
Address 238 SW First Ave Suite 210 City Portland State CA Zip 97204  
Telephone (503) 241-9565 Fax E-mail

Buyer Sharon L. Miller  
By [Signature] Date March 12, 2012  
Print name  
Address City State Zip  
Telephone Fax E-mail

Notice Address, if Different

Additional Signature Addendum attached (C.A.R. Form ASA).

40. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer.

(If checked) SUBJECT TO ATTACHED COUNTER OFFER, DATED

Additional Offer: Green Estate

PERSONAL REPRESENTATIVE Date March 12, 2012  
Print name  
Address City Clatskanie State OR Zip 97109  
Telephone E-mail

Seller  
By [Signature] Date  
Print name  
Address City State Zip  
Telephone Fax E-mail

Notice Address, if Different

Additional Signature Addendum attached (C.A.R. Form ASA).

(Initials) Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (Date) at  AM  PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

Buyer's Initials ( RGM, SLM )

Seller's Initials ( DB )

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



56850 Higgins Dr. Hangar C20  
Property Address: Thermal, CA 92274

Date: March 12, 2012

**REAL ESTATE BROKERS:**  
A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.  
B. Agency relationships are confirmed as stated in paragraph 2 above.  
C. If specified in paragraph 3A(2), Agent who submitted offer for Buyer acknowledges receipt of deposit.  
D. **COOPERATING BROKER COMPENSATION:** Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS or PDS, provided Cooperating Broker is a Participant of the MLS or PDS in which the property is offered for sale or a reciprocal MLS or PDS; or (ii)  (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker. Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) California Home Brokers DRE Lic. # 01880061  
By [Signature] Email: 17601239-6888 Date: 03/08/2012  
Address PO BOX 5726 City La Quinta State CA Zip 92248  
Telephone (760) 597-2221 Fax 17601239-6888 E-mail ssan@cahomebrokers.com

Real Estate Broker (Listing Firm) California Home Brokers DRE Lic. # 01880064  
By [Signature] Email: 17601239-6888 Date: 03/08/2012  
Address PO BOX 5726 City La Quinta State CA Zip 92248  
Telephone 17601587-2221 Fax 17601239-6888 E-mail ssan@cahomebrokers.com

**ESCROW HOLDER ACKNOWLEDGMENT:**  
Escrow Holder acknowledges receipt of a copy of this Agreement, (if checked  a deposit in the amount of \$ \_\_\_\_\_), counter offer(s) numbered N/A and  Other 15252511 & 2, and agrees to act as Escrow Holder subject to paragraph 32 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions, if any.  
Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is 3-13-12

Escrow Holder [Signature] (UESCROW) Escrow # 4680-CH  
By [Signature] Address 47352 WASHINGTON ST. #102 Date 3/15/12  
Address LA QUINTA, CA 92253  
Phone/Fax/Email (760) 674-9830 FAX (760) 269-3534  
Escrow Holder is licensed by the California Department of  Corporations,  Insurance,  Real Estate. License # 9632251

**PRESENTATION OF OFFER:** ( ) Listing Broker presented this offer to Seller on March 9, 2012 (date).  
Broker or Designee Initials \_\_\_\_\_

**REJECTION OF OFFER:** ( ) ( ) No counter offer is being made. This offer was rejected by Seller on \_\_\_\_\_ (date).  
Seller's Initials \_\_\_\_\_

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



Mark Miller (R)



CALIFORNIA  
ASSOCIATION  
OF REALTORS

**ADDENDUM**  
(C.A.R. Form ADM, Revised 11/11)

No. 1

The following terms and conditions are hereby incorporated in and made a part of the:  Residential Purchase Agreement,  Manufactured Home Purchase Agreement,  Business Purchase Agreement,  Residential Lease or Month-to-Month Rental Agreement,  Vacant Land Purchase Agreement,  Residential Income Property Purchase Agreement,  Commercial Property Purchase Agreement,  Residential Listing Agreement,  Buyer Representation Agreement,  Other \_\_\_\_\_

dated March 12, 2012 on property known as 56850 Higgins Dr. Hangar C20

in which Robert G. Miller, Sharon L. Miller is referred to as ("Buyer/Tenant/Broker")  
and John Green Estate is referred to as ("Seller/Landlord/Broker").

Leasehold interest is subject to common area fees associated with ownership of property. These fees include but are not limited to:

Signature Flight Support Monthly Common Area Fee: \$113 (Approximate & Must Verify)  
EDA - Economic Development Agency Management Fee: \$115 (Approximate & Must Verify)

Fees will be evaluated and assessed once EDA and Signature Flight Support have been notified of the intent to purchase/sell the leasehold interest.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date March 12, 2012

Date March 13, 2012

Buyer/Tenant Robert G. Miller

Seller/Landlord John Green Estate

Buyer/Tenant Sharon L. Miller

Seller/Landlord \_\_\_\_\_

Broker \_\_\_\_\_

Broker \_\_\_\_\_

By \_\_\_\_\_

By Sean Cullen

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Reviewed by DB Date \_\_\_\_\_

ADM REVISED 11/11 (PAGE 1 OF 1)

ADDENDUM (ADM PAGE 1 OF 1)

Agent: Sean Cullen Phone: 760.687.2221 Fax: 760.239.8558 Prepared using zipForm® software  
Broker: California Home Brokers, Inc. P.O. Box 8746 La Quinta, CA 92245

## ADDENDUM 2 TO COMMERCIAL PROPERTY PURCHASE AGREEMENT

This Addendum 1 to Commercial Property Purchase Agreement ("Addendum") is referenced at Section 15D of the certain Commercial Property Purchase Agreement and Joint Escrow Instructions ("Agreement") dated March 12, 2012, and shall be considered part of the Agreement.

1. Notwithstanding any other provision of this Agreement, Buyer shall have the right to cancel the Agreement at any time and for any reason up to date of closing and receive a refund of 100 percent of amounts placed by Buyer into escrow unless the following conditions to closing are all met to Buyer's satisfaction, in Buyer's sole and unlimited discretion:

- a. The title insurance company has issued Buyer a commitment to provide title insurance covering the Property subject only to liens and exceptions acceptable to Buyer in their sole and unlimited discretion;
- b. Buyer receives a Property inspection report acceptable to Buyer in their sole and unlimited discretion;
- c. Buyer and Seller receive consent to Seller's assignment of its interest in the Property from Signature Flight Support Corporation, ("Landlord") a Delaware corporation, as successor in interest to La Quinta FBO Two, LLC, a Delaware limited liability company, as well as a waiver of Landlord's first offer right under Section 13.04 of the Sublease being assigned by Seller to Buyer, in form satisfactory to Buyer in their sole and unlimited discretion; and
- d. All other documents to be used in closing of the transaction covered by the Agreement are in form satisfactory to Buyer in their sole and unlimited discretion.

### SELLER:

John D. Greene Living Trust Dated Dec. 14, 2001

By: D. Bender, VP

### BUYER:

Robert G. Miller and Sharon L. Miller, husband and wife.

Robert G. Miller  
Robert G. Miller

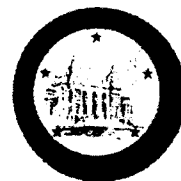
Sharon L. Miller  
Sharon L. Miller

First Amendment to Lease  
Signature Flight Services Corporation  
Reducing 18.44 Acre Lease  
To 14.87 Acres

Dated Oct. 21, 2010

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

531



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
October 21, 2010

**SUBJECT:** First Amendment to Lease between the County of Riverside and Signature Flight Support Corporation, a Delaware Corporation at the Jacqueline Cochran Regional Airport, Fourth District

**RECOMMENDED MOTION:** That the Board of Supervisors approve the First Amendment to Lease between the County and Signature Flight Support Corporation.

**BACKGROUND:** The Economic Development Agency is in receipt of a First Amendment to the Lease Agreement between the County, as Lessor and Signature Flight Support Corporation, a Delaware Corporation, as Lessee. Signature occupies 14.87 acres of land at Jacqueline Cochran Regional Airport, including a 36,000SF terminal/hangar complex, 2,500SF office building, and several aircraft storage hangars. The County and Signature wish to amend the lease and return to the County, certain undeveloped property phases to the County as specified in the current lease.

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

Robert Field  
Assistant County Executive Officer/EDA

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

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

**SOURCE OF FUNDS:** N/A

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

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

APPROVE

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL  
BY: ANITA C. WILLIS  
DATE: 10-19-10  
Departmental Concurrence

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

Prev. Agn. Ref.: N/A

District: 4

Agenda Number:

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

3-14  
EDA-001a-F  
FD-11 (REV 09/2003)

## **BACKGROUND**

Pursuant to the original lease, in the event that certain phases remained undeveloped as of May 31, 2008, the County had an option to take back the undeveloped property, hereinafter known as the "Returned Phases" (described and sometimes referred to as Parcel "A" on Exhibit "G"). The County timely exercised its option to take back the Returned Phases, and thus the Leased Premises in this First Amended Lease represents a reduction leasehold from 18.44 acres to 14.87 acres. Pursuant to the original lease, the Returned Phases revert to the County and require this amendment to reflect the reduced acreage and rent. The original lease further requires that such amendment shall include easements satisfactory to the County through Lessee's initial phases providing access to future development of the Returned Phases and to Taxiway A from the Returned Phases.

Economic Development Agency staff recommends approval of the First Amendment. County Counsel has reviewed and approved the agreement as to form.

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FIRST AMENDED LEASE  
JACQUELINE COCHRAN REGIONAL AIRPORT

This First Amended Lease ("Lease") is entered into by and between the County of Riverside, a political subdivision of the State of California, ("County"), and Signature Flight Support Corporation, a Delaware corporation, ("Lessee"), under the following terms and conditions:

1. Recitals.

(a) County owns approximately fourteen and 87/100 (14.87) acres of improved land and certain improvements located thereon and owned by County, including, but not limited to a terminal building/office building/maintenance hangar of approximately 36,000 square feet and an office building of approximately 2,500 square feet commonly referred to as the "flight services building" (collectively and hereinafter referred to as the "County Improvements"), as well as improvements made by Lessee, all located at the Jacqueline Cochran Regional Airport, County of Riverside, State of California ("Leased Premises").

(b) County desires to lease said property to Lessee for the operation of a Full Service Fixed Base Operator business.

(c) Lessee desires to lease said property from County for the operation of a Full Service Fixed Base Operator business.

(d) Lessee is the Assignee of that certain Lease dated January 13, 2004 ("Original Lease") by and between the County of Riverside, as Lessor, and LaQuinta FBO Inc., a Delaware corporation doing business as Million Air LaQuinta, as Lessee, as subsequently amended pursuant to that First Amendment to Lease dated February 7, 2006, and assigned to Signature Flight Support Corporation on January 20, 2006, with respect to approximately eighteen and 44/100 (18.44) acres of land, including existing improvements and an obligation to construct improvements, at the Jacqueline Cochran Regional Airport in Thermal, California.

(e) Pursuant to the terms and conditions of the Original Lease set forth in Section 1(d) herein, Lessee was required to develop certain property in a phased development.



1 If phases remained undeveloped as of May 31, 2008, the County had an option to take back  
2 that undeveloped property hereinafter known as the "Returned Phases", described and  
3 sometimes referred to as Parcel "A" on Exhibit "G", attached hereto and by this reference  
4 incorporated herein. The County timely exercised its option to take back the Returned Phases,  
5 and thus the Leased Premises in this First Amended Lease represents a reduction from 18.44  
6 acres to 14.87 acres. Pursuant to the Original Lease, the Returned Phases reverted back to  
7 the County and required this amendment to reflect the reduced acreage and rent. The Original  
8 Lease further required that such amendment shall include easements satisfactory to the  
9 County through Lessee's initial phases providing access to future development of the Returned  
10 Phases and to Taxiway A from The Returned Phases. It is the intent of the Parties that the  
11 Occupants of Parcel "A" shall have the same rights of ingress and egress to Taxiways A and F  
12 as the Occupants on the Leased Premises. Occupants is defined as a party pursuant to a  
13 fully-executed and approved written lease, sublease, tenant agreement or a month-to-month  
14 agreement on Parcel "A" or Leased Premises.

15 (f) This First Amended Lease replaces and supersedes all prior leases for the  
16 subject property, including any amendments thereto

17 2. Description. The premises leased hereby consist of approximately fourteen and  
18 87/100 (14.87) acres of improved land and certain improvements located thereon and owned  
19 by County, including, but not limited to a terminal building/office building/maintenance hangar  
20 of approximately 36,000 square feet and an office building of approximately 2,500 square feet  
21 commonly referred to as the "flight services building" (collectively and hereinafter referred to as  
22 the "County Improvements"), all located at the Jacqueline Cochran Regional Airport, County of  
23 Riverside, State of California, being more fully described in Exhibit "A", attached hereto and  
24 incorporated herein by reference. All other improvements have been built by Lessee. Said  
25 property is hereafter referred to as the "Leased Premises." County and Lessee herein  
26 acknowledge that Lessee has no fee title interest in or to the Leased Premises.

27 3. Term. This Lease shall commence on the date the last party approves and  
28 executes this Lease and expires on January 31, 2034. The Lease term for the Original Lease

1 dated January 13, 2004 was for thirty (30) years which commenced on February 1, 2004 and  
2 was set to terminate on January 31, 2034. The Parties intend that the term for this Lease shall  
3 not add any time and expire as originally agreed.

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

6 (b) With respect to the Leased Premises, subject to the provisions of  
7 paragraphs 5, 9, 12(c), 19 and 21 hereof and provided that Lessee at the time of exercising the  
8 option is in full compliance with the terms of this Lease, Lessee shall have the option to extend  
9 the term of this Lease for an additional period of ten (10) years ("Renewal Term). Lessee shall  
10 notify County in writing of its intention to exercise the option to extend not more than twelve  
11 (12) months or fewer than six (6) months from the expiration date of the initial term.

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

18 5. Use. Lessee shall make available the services of a "Full Service Fixed Base  
19 Operator" ("FBO") in accordance with the Minimum Standards for Fixed Base Operators  
20 Riverside County Airports, including any amendments thereto, attached hereto and  
21 incorporated herein by this reference as Exhibit "C." The Leased Premises may be used for  
22 the following purposes and for no other without the written consent of County.

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

26 (b) Agreed to flight operations, including, but not limited to, flight  
27 instruction/training, demonstration of aircraft for sale, charter, air taxi, and flight-testing of  
28 aircraft following repair or modification. With regard to charter and air taxi operations, Lessee

1 will submit to County a complete description of the operations and scope of services provided  
2 and County will establish insurance coverages and limits for these operations to be obtained by  
3 Lessee prior to commencement of operations. Coverages and limits established for charter  
4 and air taxi will be in addition to the coverages required herein.

5 (c) Maintenance, repair and overhaul of all types of aircraft, aircraft engines,  
6 airframes, automatic flight systems, instruments, radio and other electronic equipment,  
7 propellers and all other aircraft components.

8 (d) Painting and upholstering of aircraft.

9 (e) Financing, leasing, renting and insuring of aircraft.

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

13 (g) Providing aircraft storage inside hangar buildings and on outside tie-  
14 down areas.

15 (h) Providing ground school instruction associated with flight training.

16 (i) Leasing or renting of automobiles, and storing and sale of automotive  
17 fuel and lubricants for use only in connection with Lessee's equipment and rental automobiles.

18 (j) Providing catering services and associated provisioning (e.g.  
19 newspapers, coffee, ice, catered meals for customers).

20 (k) Sale of advertising space inside the terminal buildings and other  
21 buildings within the Leased Premises, subject to the consent of County, which shall not be  
22 unreasonably withheld, conditioned or delayed.

23 (l) Leasing of office space for aviation related purposes.

24 (m) Operating a restaurant or cafe for the purpose of providing meals and  
25 beverages to the general public. If alcoholic beverages are sold, Lessee shall maintain Liquor  
26 Liability or Lessee shall require a restaurant or cafe sublessee to maintain Liquor Liability as  
27 part of sublessee's Commercial General Liability insurance.  
28

1 (n) Construction of facilities, including a terminal building and maintenance  
2 hangar, necessary for the operations of a FBO providing aircraft servicing, maintenance and  
3 fueling.

4 (o) Construction of buildings for the storage of aircraft.

5 (p) Cleaning of aircraft interior and exterior.

6 (q) Hosting of special events on the Leased Premises or allowing others to  
7 host events on the Leased Premises, with the authorization of the County through its special  
8 event permit procedure.

9 The Leased Premises shall not be used for any purpose other than those described  
10 above without first obtaining the written consent of County, which consent shall not be  
11 unreasonably withheld. The County's approval of any change in the Use of the Leased  
12 Premises may, at County's sole election, place additional specific requirements on Lessee  
13 including, but not limited to, the types, limits and conditions of insurance provided under this  
14 Lease.

15 6. Rent and Fuel Flowage Fee.

16 (a) Base Rent: Commencing upon the first day of the month after lease  
17 execution by all parties, Lessee shall pay to County the sum of seven thousand one hundred  
18 thirty-three and 73/100 dollars (\$7,133.73) as the Base Rent for the Leased Premises.

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

24 (1) Commencing July 1, 2010 and every July 1 through July 1, 2014,  
25 the Base Rent will be adjusted as follows:

26 July 1, 2010-June 30, 2011 (\$479.74 per acre) x (14.87 acres) =\$7,133.73

27 July 1, 2011-June 30, 2012 (\$522.74 per acre) x (14.87 acres) =\$7,773.14

28 July 1, 2012-June 30, 2013 (\$569.76 per acre) x (14.87 acres) =\$8,472.33

1 July 1, 2013-June 30, 2014 (\$620.91 per acre) x (14.87 acres) = \$9,232.93

2 July 1, 2014-June 30, 2015 (\$639.54 per acre) x (14.87 acres) = \$9,509.96

3 (2) Beginning July 1, 2015 and on July 1 of every fifth (5th) year  
4 thereafter, the monthly Base Rent shall be adjusted to one-twelfth (1/12) of eight percent (8%)  
5 of the then-current aviation fair market value of the Land. Said aviation fair market value shall  
6 be for the Land only and shall not include the value of the Improvements or other structures  
7 placed on the Leased Premises by Lessee. In no event will application of this paragraph result  
8 in a monthly Base Rent amount for the Land which is lower than the highest previous monthly  
9 Base Rent for the Land.

10 The aviation fair market value for the Land will be established by a  
11 property appraisal performed by an independent appraiser, knowledgeable and experienced in  
12 the valuation of aviation property within the southern California Counties of Riverside, San  
13 Bernardino, San Diego and Los Angeles. The appraiser shall be certified by, and be, in good  
14 standing with the Appraisal Institute of Chicago IL with a current designation of "MAI" and the  
15 appraisal shall be conducted in strict compliance with the Uniform Standards of Professional  
16 Appraisal Practice ("USPAP"). In the event that the MAI designation ceases to exist, the  
17 successor designation as designated by the Appraisal Institute of Chicago IL or its successor  
18 organization, if any, shall be utilized.

19 No less than two hundred and forty (240) days prior to the rent  
20 adjustment date, County will notify by US Mail, potentially affected Lessees of its intent to issue  
21 a Request for Qualifications and Proposal ("RFQP") and submit a copy of the Draft RFQP form  
22 it intends to use. It will be the responsibility of the Lessees subject to the reappraisal to  
23 establish amongst themselves a process for forming a committee to comment on the Draft  
24 RFQP and to select up to two-fifths (2/5) of the appraisers that will be invited to respond to the  
25 RFQP. In the event a majority of Lessees participating in the selection process are unable to  
26 form a committee, comment on the Draft RFQP, select the designated number of appraisers or  
27 give the County written notice thereof within two hundred ten (210) days prior to the rent  
28 adjustment date, then County will select all of the appraisers to which the RFQP is sent. No



1 adjusted fuel flowage fees shall be effective upon adoption by the County Board of  
2 Supervisors. Implementation of the new or adjusted fuel flowage fees shall not be pre-  
3 conditioned upon amendment of any existing Lease. As of the date of this Lease fuel flowage  
4 fees have been established according to County Resolution No. 2008-362, attached hereto as  
5 Exhibit "E" and incorporated herein by this reference. The current fuel flowage fee (which was  
6 effective as of July 1, 2008) is assessed at the rate of \$0.12 per gallon of fuel sold. The fee is  
7 subject to a timely payment discount of \$0.02 per gallon applied to payments received within  
8 twenty (20) days of the date of invoice. A late fee of ten per cent (10%) shall be assessed to all  
9 payments received after the due date (30 days of invoice date).

10 (d) Rent Abatement: In the event of damage or destruction of all or any part  
11 of the Leased Premises, or the improvements thereon, the rental payments shall be reduced  
12 pro rata during the period the Leased Premises or the improvements thereon are unfit for  
13 normal use; provided, however, that such damage or destruction is not caused by Lessee, its  
14 officers, agents, employees, independent contractors, subcontractors or invitees.

15 7. Additional Obligations of Lessee. Lessee shall, during the term of this Lease  
16 and any extensions thereof:

17 (a) Provide or make available, in part on the Leased Premises, the services  
18 required of a Full Service FBO as set forth in Exhibit "C", Minimum Standards for Fixed Base  
19 Operators Riverside County Airports. Lessee shall provide or make available, at a minimum,  
20 aircraft maintenance and repair; aircraft fueling for both piston and jet aircraft; flight instruction  
21 via Lessee's employees or a qualified third party provider; transient aircraft parking guidance;  
22 positioning of wheel chocks and tie downs; fireguard for engine starts; baggage handling upon  
23 request; have available and provide standardized ground service equipment and recovery  
24 equipment for aircraft weighing up to 80,000 lbs (service and delivery equipment shall include,  
25 but not be limited to, wheel chocks, tie-down ropes or chains, aircraft jacks, tow bars, auxiliary  
26 power units and aircraft tugs); and a pilots' lounge and restrooms.

27 (b) Provide services to the general public seven (7) days per week during  
28 the term of this Lease, at a minimum of nine (9) hours per day, 8:00 a.m. to 5:00 p.m., local

1 time. Any change in the minimum hourly schedule must be approved by County in writing prior  
2 to implementation.

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

8 (d) Employ and maintain on the Leased Premises sufficient personnel who  
9 are trained and skilled in order to competently perform the tasks related to the services being  
10 offered;

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

15 (f) Operate the Leased Premises and the facilities thereon in compliance  
16 with applicable laws, rules and regulations and in an efficient manner, charging fair and  
17 reasonable prices for each unit or service, said prices being competitive with prices charged by  
18 other full service fixed based operators at Jacqueline Cochran Regional Airport and, upon  
19 request from County, Lessee shall furnish County with a schedule of all prices for each unit or  
20 service offered for sale or lease to the general public;

21 (g) Provide janitorial services for interior, exterior, and grounds at Lessee's  
22 own expense;

23 (h) Not engage in the painting of aircraft (other than small 'spot painting'  
24 jobs in connection with repairs) within any buildings, unless or until it has established therein a  
25 regular paint shop which is adequately enclosed and vented, and has been inspected and  
26 approved, in writing, by representatives of the Federal Aviation Administration and County's  
27 Fire and Building and Safety Departments, meet all other local, state and federal laws and  
28



1 regulations, and all applicable permits have been obtained. Under no circumstances is aircraft  
2 painting permitted without the express, written approval of County;

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

7 (j) Observe the Taxiway Object Free Area adjacent to their leasehold to  
8 allow the passage of taxiing aircraft. The Taxiway Object Free Area boundary for Taxiway A is  
9 seventy-five (75) feet from the centerline of the taxiway; and for Taxiway F is one hundred ten  
10 (110) feet from the centerline of the taxiway;

11 (k) Upon termination of this Lease, Lessee agrees to surrender said Leased  
12 Premises and improvements thereon in such good, safe and sanitary condition, reasonable use  
13 and wear thereof, acts of God, war, or civil insurrection, excepted; and

14 (l) On every January 1 and July 1 during the term of this Lease, Lessee  
15 shall provide an Aircraft and Sublease Status Report, Exhibit "F", attached hereto and  
16 incorporated herein by reference, for all subleases, tenants, and aircraft being stored on the  
17 Leased Premises. The report shall be supplied in a form and electronic format acceptable to  
18 County and contain at least the following information: Name of the sublessee, the beginning  
19 and ending date of the term of the sublease, the size of the subleased land, the size of the  
20 subleased space, the aircraft storage hangar number/address, the Aircraft Registration  
21 Number, the name of the owner of the aircraft, the type of aircraft and indicate whether or not  
22 an aircraft is "based" at the airport (aircraft that spend at least three months of the year at this  
23 airport are to be identified in the report as "based aircraft"); and certify compliance with the  
24 insurance requirements set forth in Sections 23 and 24 herein. Lessee records and files  
25 regarding sublessees and aircraft, including, but not limited to insurance policies and  
26 certificates, shall be subject to inspection by County upon forty eight (48) hours written notice  
27 to Lessee.  
28

1 (m) This Lease is subject to the Minimum Standards for Full Service Fixed  
2 Based Operators Riverside County Airports, Exhibit "C," as amended from time to time,  
3 attached hereto and by reference incorporated herein.

4 (n) Maintenance.

5 (i) Lessee shall maintain the Leased Premises and the improvements  
6 thereon in a neat, safe, orderly and attractive condition during the term of this Lease, and  
7 Lessee shall provide for the sanitary handling and disposal of all refuse accumulated as a  
8 result of Lessee's use of the Leased Premises and the improvements thereon. In addition, the  
9 exterior and interior improvements of the Leased Premises shall be maintained by Lessee in  
10 good working condition and repair during the term of this Lease.

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

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

23 9. On-Site Improvements

24 (a) Any improvements, alterations, and installation of fixtures to be  
25 undertaken by Lessee shall have the prior written approval of the County after Lessee has  
26 submitted to County the proposed site plans, building plans and specifications therefore, in  
27 writing. In addition, Lessee understands and agrees that such improvements, alterations, and  
28 installation of fixtures may be subject to County Ordinance Nos. 348 and 457, as well as other

1 applicable County ordinances, and that Lessee shall fully comply with such ordinances prior to  
2 the commencement of any construction in connection therewith.

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

7 Lessee shall obtain performance, material, and labor payment bonds in  
8 the amounts required by law and determined by County, and shall furnish County with copies  
9 thereof prior to the commencement of such construction.

10 (c) All improvements, alterations, and fixtures shall remain or become, as  
11 the case may be, the property of County, with the exception of trade fixtures as that term is  
12 used in Section 1019 of the Civil Code; provided, however, that Lessee shall have the full and  
13 exclusive use and enjoyment of such improvements, alterations, and fixtures during the term of  
14 this Lease. At or prior to the expiration of this Lease, Lessee shall remove, at its expense,  
15 such trade fixtures and restore said Leased Premises to their original shape and condition as  
16 nearly as practicable, normal wear and tear excepted. In the event Lessee does not so remove  
17 such trade fixtures, they shall become the property of the County for no further consideration of  
18 any kind, and Lessee shall execute any documents that may be required or necessitated  
19 conveying its interest in such improvements, alterations, and fixtures to County.

20 10. Off-Site Improvements

21 (a) County shall provide the following off-site improvements to serve the  
22 site: (1) water, (2) sewer, and (3) a paved access road to the Leased Premises. Connections  
23 to said off-site improvements shall be the sole cost and responsibility of Lessee as described in  
24 Section 10(c). Additionally, Lessee shall be responsible for any improvements beyond those  
25 listed in this section, including, but not limited to, electricity, telephone, and gas service.

26 (b) Lessee shall pay a sewer connection fee for each sewer connection and  
27 a monthly sewer service fee to County. The amount of the fees shall be according to the fee  
28 schedule in effect at the time of Lease execution. The monthly sewer service fee will be

1 adjusted from time to time and be based upon County's sewer service payments to the  
2 Coachella Valley Water District and County's cost of repairing, maintaining, and administering  
3 the airport's sewer system.

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

13 (d) Lessee shall obtain, or cause to be obtained performance, material, and  
14 labor and payment bonds in the amounts required by law and determined by County and shall  
15 furnish County with copies thereof prior to the commencement of such off-site improvements.

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

21 12. County's Reserved Rights.

22 (a) The Leased Premises are accepted by Lessee subject to any and all  
23 existing easements or other encumbrances, and County and its agents, employees, or  
24 subcontractors shall have the right to enter upon the Leased Premises and to install, lay,  
25 construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers,  
26 pipelines, manholes, connections, water, oil and gas pipelines, and telephone and telegraph  
27 power lines and such other facilities and appurtenances (collectively "Infrastructure") necessary  
28 or convenient to use in connection therewith, over, in, upon, through, across and along the

1 Leased Premises or any part thereof. County also reserves the right to grant additional  
2 franchises, easements, rights of way permits in, over and upon, along or across any and all  
3 portions of said Leased Premises for such Infrastructure as and County may elect; provided,  
4 however, that no right of the County provided for in this section shall be executed so as to  
5 interfere unreasonably with Lessee's use hereunder, or impair the security of any secured  
6 creditor of Lessee. County shall cause the surface of the Leased Premises to be restored to  
7 its original condition (as they existed prior to any such entry) upon the completion of any  
8 construction by County or its agents. In the event such construction renders any portion of the  
9 Leased Premises unusable, the rent shall abate pro rata as to such unusable portion during the  
10 period of such construction. County will provide thirty (30) days advance notice, or as soon as  
11 is practicable, to Lessee before County exercises any of County's rights set forth in this  
12 Section; provided, however, in the event such right must be exercised by reason of emergency,  
13 then County shall give Lessee such notice as is reasonable under the existing circumstances.

14 (b) County reserves the right to further develop or improve the aircraft  
15 operating area of Jacqueline Cochran Regional Airport as it deems appropriate. County  
16 reserves the right to take any action it considers necessary to protect the aerial approaches of  
17 the Jacqueline Cochran Regional Airport against obstruction, together with the right to prevent  
18 the Lessee from erecting or permitting to be erected, any building or other structure on the  
19 Jacqueline Cochran Regional Airport, which in the reasonable opinion of County, would limit  
20 usefulness of the Jacqueline Cochran Regional Airport or constitute a hazard to aircraft.

21 (c) During the time of war or national emergency, County shall have the  
22 right to lease the landing area of the Jacqueline Cochran Regional Airport, or any part thereof,  
23 to the United States Government for military use and, if such lease is executed, the provisions  
24 of this Lease insofar as they are inconsistent with the provisions of such lease to the  
25 Government, shall be suspended. In that event, a just and proportionate part of the rent  
26 hereunder shall be abated, and the period of such closure shall be added to the term of this  
27 Lease, or any extensions thereof, so as to extend and postpone the expiration thereof unless  
28 Lessee otherwise elects to terminate this Lease.

1 (d) Notwithstanding any provisions herein, this Lease shall be subordinate to  
2 the provisions of any existing or future agreement between County and the United States,  
3 relative to the operation or maintenance of the Jacqueline Cochran Regional Airport, the terms  
4 and execution of which have been or may be required as a condition precedent to the  
5 expenditure or reimbursement to County of Federal funds for the development of said airport.

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

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

12 13. Taxiways. County reserves a non exclusive easement on any and all taxiways  
13 included in the Leased Premises for the public's ingress and egress to ramps and runways for  
14 the specific purposes of landing, take-off, and taxiing of aircraft. All such uses shall be in  
15 accordance with the laws of the United States of America and the State of California, and the  
16 rules and regulations promulgated by their authority with respect to aviation and navigation,  
17 and in accordance with all reasonable rules and regulations, applicable ordinances of County.

18 14. Returned Phases. Pursuant to the terms and conditions of the Original Lease,  
19 as referenced in Section 1(d) and (e) herein, approximately 3.57 acres of undeveloped Leased  
20 Premises reverted back to the County, referred herein as the "Returned Phases". The County  
21 and the public (airport users) require access through the previously developed Leased  
22 Premises to access taxiways and ramps within the Airport. County reserves a non exclusive  
23 easement to allow access through the Leased Premises for use by the Occupants, as defined  
24 in Section 1(e) herein, for ingress and egress for Parcel "A" as shown on Exhibit "G". This  
25 easement shall allow ingress and egress to Taxiway A through the Leased Premises to the  
26 heavy ramp and Taxiway F by way of the ingress and egress access as shown on Exhibit "G".  
27 It is the intent of the Parties that the Occupants of Parcel "A" have the same right of access  
28 through the Leased Premises to Taxiway A and Taxiway F as the Occupants of Phases 1, 2 &

1 3 of the Leased Premises. The Parties agree that the Occupants of Parcel "A" will use the  
2 east/west bound ingress and egress access across the Leased Premises, to be known as the  
3 Primary Access. In the event that the Primary Access is unavailable, the north/south bound  
4 ingress and egress access across the Leased Premises, known as the Secondary Access, will  
5 be used. For purposes of this Lease, "unavailable" shall mean unusable and obstructed due to  
6 construction, improvements, or maintenance work that is being performed. The Primary  
7 Access shall not be deemed to be unavailable merely because there is a temporary obstruction  
8 that can be moved in a timely manner to allow Occupants to use the Primary Access. Primary  
9 and Secondary Access are shown on Exhibit "G". The referenced easements shall be in a  
10 form satisfactory to the County.

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

16 16. Quiet Enjoyment. Lessee shall have, hold, and quietly enjoy the use of the  
17 Leased Premises so long as Lessee shall fully and faithfully perform the terms and conditions  
18 that the Lessee is required to do under this Lease.

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

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

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

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



1            19.    Termination by County.        County shall have the right to terminate this Lease  
2 forthwith:

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

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

7            (c)    In the event of abandonment of the Leased Premises by Lessee.

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

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

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

16            (g)    Failure of the Lessee to require all tiers of sublessees and/or contractors  
17 to indemnify the County and to have appropriate insurance coverages and/or failure by Lessee  
18 to monitor each sublessee and/or contractor for current and correct Certificates of Insurance  
19 and required endorsements throughout the term of this lease.

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

27            21.    Eminent Domain.        If any portion of the Leased Premises shall be taken by  
28 eminent domain and a portion thereof remains which is usable by Lessee, in its discretion, for

1 the purposes set forth in Section 5 herein, this Lease shall, as to the part taken, terminate as of  
2 the date title shall vest in the condemnor, or the date prejudgment possession is obtained  
3 through a court of competent jurisdiction, whichever is earlier, and the rent payable hereunder  
4 shall abate pro rata as to the part taken; provided, however, in such event County reserves the  
5 right to terminate this Lease as of the date when title to the part taken vests in the condemnor  
6 or as of such date of prejudgment possession. If all of the Leased Premises are taken by  
7 eminent domain, or such part be taken so that the Leased Premises are rendered unusable for  
8 the purposes set forth in Section 5 herein, this Lease shall terminate. If a part or all of the  
9 Leased Premises be so taken, all compensation awarded upon such taking shall be  
10 apportioned between County and Lessee according to law.

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

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

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

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

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

7 Lessee shall require each sublessee and/or contractor of every tier to indemnify the  
8 County of Riverside as respects any claims arising from their sub-lease and/or contract.

9 23. Insurance. Lessee shall procure and maintain or cause to be maintained, at  
10 it sole cost and expense, the following insurance coverages during the term of this Lease.  
11 These requirements, with the approval of the County's Risk Manager, may be modified to  
12 reflect the activities associated with the Lessee provided that any changes are reasonable in  
13 nature and consistent with industry standards. The procurement and maintenance of the  
14 insurance required below will not diminish or limit Lessee's obligation to indemnify or hold the  
15 County harmless. Lessee agrees to have in place insurance coverage as it is required and  
16 applicable. This Section shall be construed to require Lessee to have all insurance required  
17 under this provision, in place from the date of Commencement of this Lease.

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

25 (b) Airport Liability. Lessee shall maintain Airport Liability Insurance  
26 coverage including, but not limited to, premises/operations liability, contractual liability,  
27 products and completed operations liability, independent contractors, personal and advertising  
28 injury liability covering all claims or lawsuits of any nature whatsoever which may arise from or

1 out of Lessee's performance under the terms of the lease agreement. Policy shall name all the  
2 County of Riverside its Agencies, Districts, Special Districts, and Departments, their respective  
3 directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or  
4 representatives as Additional Insureds. Policy's limit of liability shall not be less than  
5 \$25,000,000 per occurrence combined single limit and in the annual aggregate as applicable.  
6 The policy shall be endorsed to provide Hangar Keeper's Legal Liability Insurance (Ground and  
7 In-Flight) providing coverage for aircraft in the care, custody or control of the Lessee. Policy  
8 shall include coverage for the Named Insured's use of unlicensed vehicles on Airport Premises.  
9 The foregoing policy limits of liability are subject to adjustment by County as provided for in  
10 Section 5 above.

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

18 (d) Aircraft Hull and Liability Insurance.

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

25 (2) Aircraft Liability - Lessee shall provide Aircraft Liability insurance  
26 for all owned and non-owned aircraft operated by the Lessee in an amount not less than  
27 \$5,000,000 combined single limit per occurrence for bodily injury, including death and property  
28 damage and coverage shall include, but is not limited to, products/completed operations and

1 contractual liability. The policy will be endorsed to name all The County of Riverside, its  
2 Agencies, Districts, Special Districts, and Departments, its respective directors, officers, Board  
3 of Supervisors, employees, elected or appointed officials, agents or representative as  
4 Additional Insureds.

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

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

22 (f) All Risk Property Insurance:

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

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

8 (3) Course of Construction Insurance. During the full term of  
9 construction of the planned improvements, Lessee shall purchase and maintain or cause to be  
10 maintained All Risk Builder's Risk insurance (Completed Value Form) including earthquake and  
11 flood for the entire Project, if applicable, including coverage for materials and supplies located  
12 on and offsite but to be part of, or used in the construction of, the completed Project. Policy  
13 shall also include as insured property, scaffolding, falsework, and temporary buildings located  
14 on the Project site, and the cost of demolition and debris removal. If the contractor or others  
15 insure scaffolding, falsework and temporary buildings separately, evidence of such separate  
16 coverage shall be provided to County prior to the start of the work. The Course of Construction  
17 coverage limit of insurance shall equal or exceed the highest values exposed to loss at any  
18 one time during the project term. Policy shall waive subrogation in favor of all Agencies,  
19 Districts, Special Districts, and Departments of the County of Riverside, their respective  
20 directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or  
21 representatives.

22 (g) General Insurance Provisions – All Lines:

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

26 (2) Insurance deductibles or self-insured retentions must be declared  
27 by the Lessee's insurance carrier(s), and such deductibles and retentions shall have the prior  
28 written consent from the County Risk Manager. Upon notification of deductibles or self insured

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

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

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

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

1 (5) The County of Riverside's Reserved Rights - Insurance. If during the  
2 term of this Lease or any extension thereof, there is a material change in the scope of services  
3 or performance of work the County of Riverside reserves the right to adjust the types of  
4 insurance required under this Lease and the monetary limits of liability for the insurance  
5 coverages currently required herein, if, in the Assistant County Executive Officer – Economic  
6 Development Agency's reasonable judgment, upon advice of the County Risk Manager, the  
7 amount or type of insurance carried by the Lessee has become inadequate. The Lessee  
8 agrees to notify the County of any plan or change of plan for the Lessee's operations and such  
9 notification shall occur prior to implementing any such change.

10 Beginning July 1, 2010, and every fifth year thereafter during the term of  
11 this Lease or any extension thereof, County reserves the right to adjust the monetary limits of  
12 insurance coverage as required in Sections 23 and 24.

13 (6) Lessee shall notify County of any claim made by a third party or  
14 any incident or event that may give rise to a claim arising from this Lease.

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

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

24 (b) Commercial General Liability. Commercial General Liability insurance  
25 coverage, including but not limited to, premises liability, contractual liability, products and  
26 completed operations, personal and advertising injury covering claims which may arise from or  
27 out of Supplier's performance of its obligations hereunder. Policy shall name the Lessee, all the  
28 County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective



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 per occurrence combined single limit. If such insurance contains a general  
4 aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the  
5 occurrence limit.

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

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

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

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

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

12 25. Insurance for Sublessees and Contractors. Lessee shall require each of its  
13 sublessees and contractors to meet all insurance requirements imposed by this Lease. These  
14 requirements, with the approval of the County's Risk Manager, may be modified to reflect the  
15 activities associated with the sublessee or contractor. On every sublease or contract the  
16 Lessee shall have the sublessee or contractor name the Lessee and the County by  
17 endorsement as an additional insured and/or have the sublessee or contractor provide an  
18 endorsement waiving subrogation in favor of the Lessee and the County on every sublessee's  
19 or contractor's insurance policy, as applicable. Certificates and endorsements evidencing  
20 compliance with this section will be provided to the County prior to the sublessee taking  
21 occupancy.

22 26. Acceptance of Leased Premises. Lessee represents that it has inspected the  
23 Leased Premises, accepts the "as is" condition thereof, and fully assumes any and all risks  
24 associated to the use thereof. County shall not be liable to Lessee, its officers, agents,  
25 employees, subcontractors or independent contractors for any bodily injury, personal injury or  
26 property damage suffered by them or others which may result from hidden, latent or other  
27 dangerous conditions in, on, upon or within the Leased Premises.  
28

1           27. Assignment and Subletting. Lessee cannot assign, sublet, mortgage,  
2 hypothecate or otherwise transfer in any manner any of its rights, duties or obligations  
3 hereunder to any person or entity without the written consent of County being first obtained,  
4 which consent shall not be unreasonably withheld.

5           Lessee shall submit all documents pertaining to any such transaction referenced in the  
6 foregoing paragraph to County for approval prior to entering into such agreements. Lessee will  
7 submit executed subleases and all required certificates of insurance and endorsements to  
8 insurance policies, as specified in Sections 23, 24 and 25 of this Lease, to County for approval  
9 prior to sublessees occupying the subleased premises.

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

13           28. Right to Encumber/Right to Cure.

14           (a) Lessee's Right to Encumber. Notwithstanding provisions of Section 28  
15 herein, County does hereby consent to and agree that Lessee may encumber or assign, or  
16 both, for the benefit of a lender, herein called Encumbrancer, this Lease, the leasehold estate  
17 and only the Lessee-owned improvements thereof by a deed of trust, mortgage or other  
18 security-type instrument, herein called trust deed, to assure the payment of the promissory  
19 note of Lessee if the Encumbrancer is an established bank, savings and loan association or  
20 insurance company, and the prior written consent of County shall not be required:

21                   (1) To a transfer of this Lease at foreclosure under the trust deed,  
22 judicial foreclosure, or an assignment in lieu of foreclosure; or

23                   (2) To any subsequent transfer by the Encumbrancer if the  
24 Encumbrancer is an established bank, savings and loan association or insurance company,  
25 and is the purchaser at such foreclosure sale, or is the assignee under an assignment in lieu of  
26 foreclosure; provided, however, that in either such event the Encumbrancer forthwith gives  
27 notice to County in writing of any such transfer, setting forth the name and address of the  
28 transferee, the effective date of such transfer, and the express agreement of the transferee

1 assuming and agreeing to perform all of the obligations under this Lease, together with a copy  
2 of the document by which such transfer was made.

3 Any Encumbrancer described in Section 28(a)(2) above which is the transferee under  
4 the provisions of Section 28(a)(1) above shall be liable to perform the obligations and duties of  
5 Lessee under this Lease only so long as such transferee holds title to the leasehold.

6 Any subsequent transfer of this leasehold hereunder, except as provided for in Section  
7 28(a)(2) above, shall not be made without the prior written consent of County and shall be  
8 subject to the conditions relating hereto as set forth in Section 28 herein. Lessee shall give  
9 County prior notice of any such trust deed and shall accompany such notice with a true copy of  
10 the trust deed and note secured thereby.

11 (b) Right of Encumbrancer to Cure. County agrees that it will not terminate  
12 this Lease because of any default or breach hereunder on the part of Lessee if the  
13 Encumbrancer under the trust deed, within ninety (90) days after service of written notice on  
14 the Encumbrancer by County of its intention to terminate this Lease for such default or breach  
15 shall:

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

20 (2) If such default or breach is not so curable, cause the trustee  
21 under the trust deed to commence and thereafter diligently to pursue to completion steps and  
22 proceedings for judicial foreclosure, the exercise of the power of sale under and pursuant to the  
23 trust deed in the manner provided by law, or accept from Lessee an assignment in lieu of  
24 foreclosure, and keep and perform all of the covenants and conditions of this Lease requiring  
25 the payment or expenditure of money by Lessee(s) until such time as said leasehold shall be  
26 sold upon foreclosure pursuant to the trust deed, be released or reconveyed thereunder, be  
27 sold upon judicial foreclosure or be transferred by deed in lieu of foreclosure.  
28

1           29.    Estoppel Certificate. Each party shall, at any time during the term of the Lease,  
2 within ten (10) days of written Notice (or as soon as reasonably possible) from the other party,  
3 execute and deliver a statement in writing certifying that this Lease is unmodified and in full  
4 force and effect, or if modified, stating the nature of such modification. The statement shall  
5 include other details requested by the other party as to the date to which rent and other  
6 charges have been paid, and the knowledge of the other party concerning any uncured  
7 defaults with respect to obligations under this Lease and the nature of such defaults, if they are  
8 claimed. Any such statement may be relied upon conclusively by any prospective purchaser,  
9 Encumbrancer, or sublessee of the Leased Premises, the building or any portion thereof.

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

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

23           During the term of this Lease and any extensions thereof, Lessee shall not violate any  
24 federal, state, or local law, or ordinance or regulation relating to industrial hygiene or to the  
25 environmental condition on, under or about the Leased Premises including, but not limited to,  
26 soil, air, and groundwater conditions. Further, Lessee, its successors, assigns and sublessee  
27 shall not use, generate, manufacture, produce, store or dispose of on, under, or about the  
28 Leased Premises or transport to or from the Leased Premises any flammable explosives,

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

12 31. National Pollution Discharge Elimination System (NPDES) Permit. Lessee  
13 acknowledges, understands and agrees that it shall comply with California State Water  
14 Resources Control Board general permit requirements now and in the future relating to storm  
15 water discharges associated with activities such as aircraft rehabilitation, mechanical repairs,  
16 fueling, lubrication, cleaning, painting and deicing. Lessee further acknowledges, understands  
17 and agrees that it shall participate as a co-permittee under said general permit, participate in  
18 the Jacqueline Cochran Regional Airport Storm Water Pollution Prevention Plan (SWPPP) as  
19 noted in Exhibit "D", attached hereto and by this reference made a part of this Lease, including  
20 with out limitation, the Best Management Practices, Best Available Technology Economically  
21 Achievable, and Best Convention Pollutant Control Technology.

22 32. Free from Liens. Lessee shall pay, when due, all sums of money that may  
23 become due for any labor, services, material, supplies, or equipment, alleged to have been  
24 furnished or to be furnished to Lessee, in, upon, or about the Leased Premises, and which may  
25 be secured by a mechanics, materialmen's or other lien against the Leased Premises or  
26 County's interest therein, and will cause each such lien to be fully discharged and released at  
27 the time the performance of any obligation secured by such lien matures or becomes due;  
28 provided, however, that if Lessee desire to contest any such lien, it may do so, but

1 notwithstanding any such contest, if such lien shall be reduced to final judgment, and such  
2 judgment or such process as may be issued for the enforcement thereof is not promptly stayed,  
3 or is so stayed, and said stay thereafter expires, then and in such event, Lessee shall forthwith  
4 pay and discharge said judgment.

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

8 34. Binding on Successors. Lessee, its assigns and successors in interest, shall be  
9 bound by all the terms and conditions contained in this Lease, and all of the parties thereto  
10 shall be jointly and severally liable hereunder.

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

24 36. Waiver of Performance. No waiver by County at any time of any of the terms  
25 and conditions of this lease shall be deemed or construed as a waiver at any time thereafter of  
26 the same or of any other terms or conditions contained herein or of the strict and timely  
27 performance of such terms and conditions.

28 37. Severability. The invalidity of any provision in this Lease as determined by a

1 court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

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

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

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

20 COUNTY

21 County of Riverside  
22 Economic Development Agency  
23 3403 Tenth Street, Ste 500  
Riverside, CA 92501  
Attn: Assistant County Executive Officer

LESSEE

Signature Flight Support Corporation  
Attention: Contracts  
201 S. Orange Avenue, Suite 1100s  
Orlando, FL 32801

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

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



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

4           42.    County's Representative. County hereby appoints the Assistant County  
5 Executive Officer/AEFD or his designee as its authorized representative to administer this  
6 Lease.

7           43.    Acknowledgment of Lease by County. Upon execution of this Lease by the  
8 parties hereto, County will acknowledge this Lease in such a manner that it will be acceptable  
9 by the County Recorder for recordation purposes, if requested, and thereafter, Lessee may  
10 cause this Lease to be recorded in the Office of County Recorder of Riverside County forthwith  
11 and furnish County with a conformed copy thereof.

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


25           45.    Entire Lease. This Lease is intended by the parties hereto as a final expression  
26 of their understanding with respect to the subject matter hereof and as a complete and exclusive  
27 statement of the terms and conditions thereof and supersedes any and all prior and  
28 contemporaneous leases, agreements and understandings, oral or written, in connection

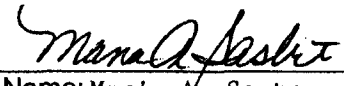
1 therewith. This Lease may be changed or modified only upon the written consent of the parties  
2 hereto.

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

6  
7 Date: 9/8/10

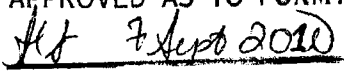
SIGNATURE FLIGHT SUPPORT CORPORATION,  
a Delaware corporation

8  
9 By:   
10 Name: Joseph I. Goldstein  
11 Title: Secretary

By:   
Name: Maria A. Sastre  
Title: Vice President

12 Date: \_\_\_\_\_

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

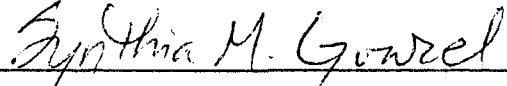
13 APPROVED AS TO FORM:  
14   
15 LEGAL DEPT.

By: \_\_\_\_\_  
Marion Ashley  
Chairman, Board of Supervisors

17 ATTEST:  
18 Clerk of the Board  
19 Kecia Harper-Ihem

FORM APPROVED:  
County Counsel  
Pamela J. Walls

20 By: \_\_\_\_\_  
21 Deputy

By:   
Cynthia M. Gunzel  
Deputy County Counsel

22  
23 (SEAL)  
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Attachments:

1. Exhibit A – Boundary Survey and Legal Description
2. Exhibit B – Federally Required Lease Provisions
2. Exhibit C – Minimum Standards
3. Exhibit D – Storm Water Pollution Prevention Plan
4. Exhibit E – Board of Supervisors Resolution No. 2008-362
5. Exhibit F - Aircraft and Sublease Status Report
6. Exhibit G – Ingress/Egress Access Exhibit

EXHIBIT A

BOUNDARY SURVEY AND LEGAL DESCRIPTION

# EXHIBIT "A" – LEGAL DESCRIPTION JCRA LEASE – COUNTY OF RIVERSIDE

## PARCEL "A"

A PORTION OF PARCEL 9 OF LOT LINE ADJUSTMENT NO. 3843, RECORDED JUNE 27, 1996, AS INSTRUMENT NO. 239254, OF OFFICIAL RECORDS COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND LYING WITHIN THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER (SW1/4 NW1/4) OF SECTION 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SECTION CORNER COMMON TO SECTIONS 16, 17, 20 AND 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, SAID POINT BEING ON THE CENTERLINES OF AIRPORT BOULEVARD (56TH AVENUE) AND HIGGINS DRIVE;

THENCE S00°00'13"W ALONG THE WEST LINE OF THE NORTHWEST QUARTER (NW1/4) OF SAID SECTION 21 AND THE CENTERLINE OF SAID HIGGINS DRIVE, A DISTANCE OF 1944.84 FEET TO THE CENTERLINE INTERSECTION OF SAID HIGGINS DRIVE AND AVENGER BOULEVARD;

THENCE CONTINUING S00°00'13"W ALONG THE CENTERLINE OF SAID HIGGINS DRIVE, A DISTANCE OF 304.63 FEET;

THENCE S89°58'13"E, A DISTANCE OF 33.00 FEET TO THE EASTERLY LINE OF SAID HIGGINS DRIVE AND THE TRUE POINT OF BEGINNING;

THENCE N00°00'13"E ALONG THE EASTERLY LINE OF SAID HIGGINS DRIVE, A DISTANCE OF 257.56 FEET;

THENCE N45°01'36"E ALONG THE EASTERLY LINE OF SAID HIGGINS DRIVE, A DISTANCE OF 19.93 FEET TO THE SOUTHERLY LINE OF SAID AVENGER BOULEVARD;

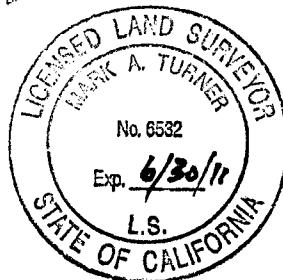
THENCE N89°59'44"E ALONG THE SOUTHERLY LINE OF SAID AVENGER BOULEVARD, A DISTANCE OF 558.82 FEET;

THENCE S00°00'16"E, A DISTANCE OF 271.98 FEET;

THENCE N89°58'13"W, A DISTANCE OF 572.95 FEET TO THE TRUE POINT OF BEGINNING.

SAID PARCEL CONTAINS 3.57 ACRES, MORE OR LESS;

AS SHOWN ON THE ATTACHED EXHIBIT "B" WHICH IS MADE A PART HEREOF BY THIS REFERENCE HEREON.



*Mark A. Turner*

Scale: N/A

Assessor's Parcel Number(s): 759-060-017  
Section 21, Township 6 South, Range 8 East

Date Exhibit Prepared: 6/9/2010

Page 1 of 1

# EXHIBIT "A" – LEGAL DESCRIPTION JCRA LEASE – COUNTY OF RIVERSIDE

## PARCEL "B"

A PARCEL OF LAND LYING WITHIN THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER (SW1/4 NW1/4) AND THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER (NW1/4 SW1/4) OF SECTION 21, AND BEING A PART OF PARCEL 9 AND PARCEL 15 OF LOT LINE ADJUSTMENT NO. 3843, RECORDED JUNE 27, 1996, AS INSTRUMENT NO. 239254, OF OFFICIAL RECORDS COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND ALSO LYING WITHIN THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER (SE1/4 NE1/4) AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER (NE1/4 SE1/4) OF SECTION 20, ALL IN TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SECTION CORNER COMMON TO SECTIONS 16, 17, 20 AND 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, SAID POINT BEING ON THE CENTERLINES OF AIRPORT BOULEVARD (56TH AVENUE) AND HIGGINS DRIVE;

THENCE S00°00'13"W ALONG THE WEST LINE OF THE NORTHWEST QUARTER (NW1/4) OF SAID SECTION 21 AND THE CENTERLINE OF SAID HIGGINS DRIVE, A DISTANCE OF 1944.84 FEET TO THE CENTERLINE INTERSECTION OF SAID HIGGINS DRIVE AND AVENGER BOULEVARD;

THENCE CONTINUING S00°00'13"W ALONG THE CENTERLINE OF SAID HIGGINS DRIVE, A DISTANCE OF 304.63 FEET;

THENCE S89°58'13"E, A DISTANCE OF 33.00 FEET TO THE EASTERLY LINE OF SAID HIGGINS DRIVE;

THENCE CONTINUING S89°58'13"E, A DISTANCE OF 34.61 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING S89°58'13"E, A DISTANCE OF 538.34 FEET;

THENCE N00°00'16"W, A DISTANCE OF 271.98 FEET TO THE SOUTHERLY LINE OF SAID AVENGER BOULEVARD;

THENCE N89°59'44"E ALONG THE SOUTHERLY LINE OF SAID AVENGER BOULEVARD, A DISTANCE OF 325.30 FEET;

THENCE S00°01'29"W, A DISTANCE OF 861.87 FEET;

THENCE N89°49'37"W, A DISTANCE OF 930.89 FEET TO THE WEST LINE OF THE SOUTHWEST QUARTER (SW1/4) OF SAID SECTION 21;

THENCE CONTINUING N89°49'37"W, A DISTANCE OF 164.62 FEET;

THENCE N00°01'11"E, A DISTANCE OF 130.02 FEET;

THENCE S89°49'37"E, A DISTANCE OF 100.09 FEET;

Scale: N/A

Assessor's Parcel Number(s): 759-060-017, 019

Section 21, Township 6 South, Range 8 East

Date Exhibit Prepared: 5/4/2009

Page 1 of 2

THENCE N01°31'09"W, A DISTANCE OF 155.69 FEET;

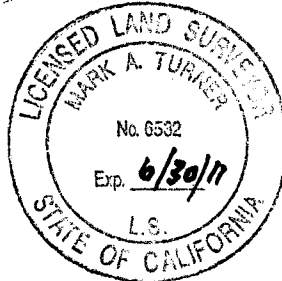
THENCE N89°57'32"E, A DISTANCE OF 68.63 FEET TO THE WEST LINE OF THE NORTHWEST QUARTER (NW1/4) OF SAID SECTION 21;

THENCE CONTINUING N89°57'32"E, A DISTANCE OF 67.53 FEET;

THENCE N00°01'11"E, A DISTANCE OF 301.38 FEET TO THE TRUE POINT OF BEGINNING.

SAID PARCEL CONTAINS 14.87 ACRES, MORE OR LESS;

AS SHOWN ON THE ATTACHED EXHIBIT "B" WHICH IS MADE A PART HEREOF BY THIS REFERENCE HEREON.



*Mark A. Turner*

Scale: N/A

Assessor's Parcel Number(s): 759-060-017, 019

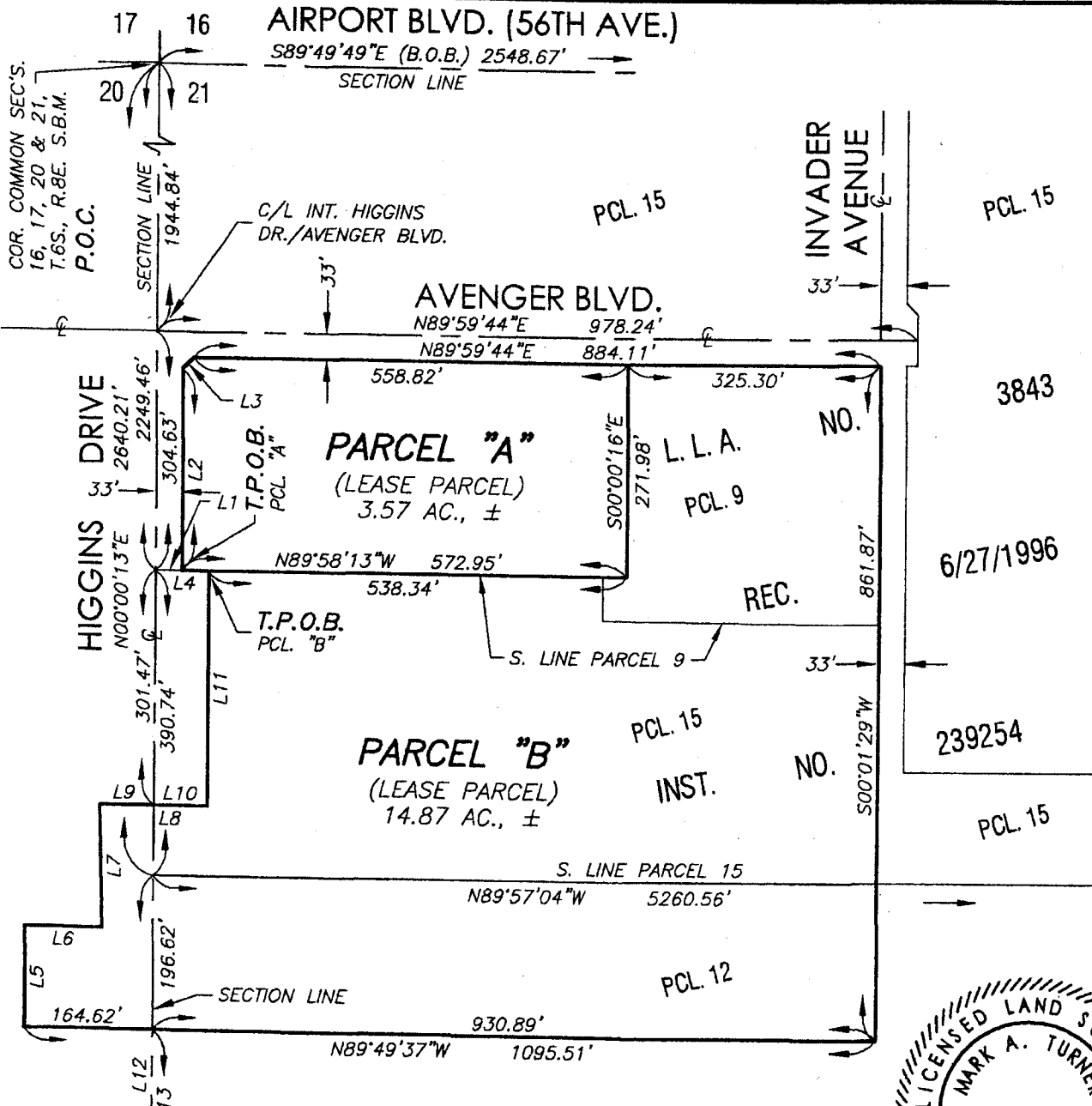
Section 21, Township 6 South, Range 8 East

Date Exhibit Prepared: 5/4/2009

Page 2 of 2

# EXHIBIT "B" - MAP

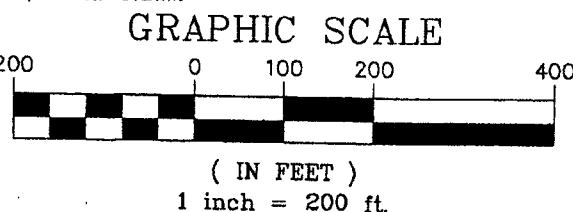
## JCRA LEASE - COUNTY OF RIVERSIDE ECONOMIC DEVELOPMENT AGENCY



THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY DIRECTION, BASED ON FIELD SURVEY AND RECORD INFORMATION.

*Mark A. Turner*  
 MARK A. TURNER L.S. 6532  
 EXP. DATE: 06/30/11

Scale: 1" = 200'  
 Assessor's Parcel Number(s): 759-060-017, 019  
 Section 21, Township 6 South, Range 8 East  
 Date Exhibit Prepared: 6/9/2010  
 Sheet 1 of 2





# EXHIBIT "B" - MAP

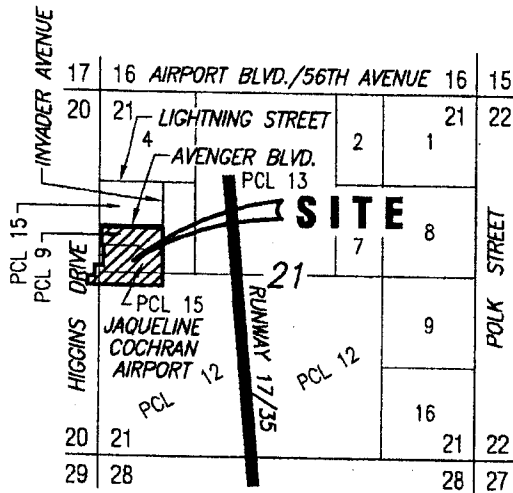
## JCRA LEASE - COUNTY OF RIVERSIDE ECONOMIC DEVELOPMENT AGENCY

### LEGEND

- SECTION LINE
- 1/4 SECTION LINE
- LEASE BOUNDARY LINE
- P.O.C. POINT OF COMMENCEMENT
- T.P.O.B. TRUE POINT OF BEGINNING
- B.O.B. BASIS OF BEARINGS
- INT. INTERSECTION
- PCL. PARCEL
- C/L CENTERLINE

### BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS EXHIBIT IS BASED ON THE NORTH LINE OF THE NORTHWEST QUARTER (NW1/4) OF SECTION 21, T.6S., R.8E. S.B.M., COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.  
BEING: S89°49'49"E



### VICINITY MAP

SEC. 21, T.6S., R.8E. S.B.M.  
NTS



LINE TABLE		
LINE	BEARING	LENGTH
L1	S89°58'13"E	33.00'
L2	N00°00'13"E	257.56'
L3	N45°01'36"E	19.93'
L4	S89°58'13"E	67.61'
L5	N00°01'11"E	130.02'
L6	S89°49'37"E	100.09'
L7	N01°31'09"W	155.69'
L8	N89°57'32"E	136.16'
L9	N89°57'32"E	68.63'
L10	N89°57'32"E	67.53'
L11	N00°01'11"E	301.38'
L12	N00°00'13"E	2676.31'
L13	N00°00'13"E	2479.69'



THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY DIRECTION, BASED ON FIELD SURVEY AND RECORD INFORMATION.

*Mark A. Turner*

MARK A. TURNER      L.S. 6532  
EXP. DATE:              06/30/11

Scale: 1" = 200'  
Assessor's Parcel Number(s): 759-060-017, 019  
Section 21, Township 6 South, Range 8 East  
Date Exhibit Prepared: 6/9/2010  
Sheet 2 of 2

First Amendment to Lease  
Consent to Assignment and  
Estoppel Certificate  
18.44 Acre Lease

between

LaQuinta FBO Two, LLC

and

Signature Flight Support Corporation

Dated Feb. 7, 2006

**SUBMITTA THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

531



**FROM:** Economic Development Agency Aviation Division

**SUBMITTAL DATE:**  
January 25, 2006

**SUBJECT:** First Amendment to Leases, Assignment of Leases, Consent to Assignment and Estoppel Certificate at Jacqueline Cochran Regional Airport, 4th District

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

1. Approve the following documents: Lease Amendments to the 18.44-acre and the 20-acre leases at Jacqueline Cochran Regional Airport; a Consent to the Assignment of the Leases; and an Estoppel Certificate related to the Leases;
2. Authorize the Chairman of the Board to execute the First Amendments to Lease, the Consent to Assignment, and the Estoppel Certificate; and
3. Authorize the Assistant County Executive Officer/EDA or designee to execute any additional documents required by the First Amendments to Lease.

**BACKGROUND:** The Economic Development Agency has received First Amendments to Lease for a 18.44-acre lease (dated June 13, 2004) and a 20-acre lease (dated November 28, 2000) between the County and La Quinta FBO Two, LLC, as Lessee, and an Assignment of the these leases from La Quinta FBO Two, LLC, to Signature Flight Support Corporation, a Delaware corporation, as well as an Acceptance and Agreement from Signature Flight Support Corporation and an Estoppel Certificate related to the assignment of the leases. (Cont'd)

*Robin Zimpfer*

RZ:JC RF HO  
S:\EDCOM\AIRPORTS\JCRA-Thermal\Million Air La Quinta\Signature assignment\LQFBO-SIG F11 amend-consent-estoppel jan 26 06.doc

Robin Zimpfer  
Assistant County Executive Officer/EDA

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

**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**

*Lisa Brandt*

**County Executive Office Signature**

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Buster, Stone, Wilson and Ashley  
Nays: None  
Absent: Tavaglione  
Date: February 7, 2006  
xc: EDA, Co.Co., Auditor

Nancy Romero  
Clerk of the Board  
By *[Signature]*  
Deputy

<b>Prev. Agn. Ref.:</b> Jan 13 2004 3.20; Jun 25 2002 3.14; Nov 28 2000 3.5	<b>District:</b> 4 <sup>th</sup>	<b>Agenda Number:</b>
---	----------------------------------	-----------------------

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

3.12

Departmental Concurrence

Policy  
 Policy  
 Consent  
 Consent  
 Dept' Recommi:  
 Per Exec. Ofc.:

**BACKGROUND** (Cont'd):

The assignment and other documents pertain to the acquisition of the business interests and leases currently held by La Quinta FBO Two, LLC to Signature Flight Support Corporation. The First Amendment to Lease for the 18.44-acre lease provides for:

1. Adjustment of the monthly base rent based on a fair-market appraisal and phased in over a 10-year period.  
July 1, 2005-June 30, 2006 (\$351.27 per acre) X (18.44 acres) = \$ 6,477.42  
July 1, 2006-June 30, 2007 (\$371.66 per acre) X (18.44 acres) = \$ 6,853.41  
July 1, 2007-June 30, 2008 (\$393.24 per acre) X (18.44 acres) = \$ 7,251.35  
July 1, 2008-June 30, 2009 (\$416.06 per acre) X (18.44 acres) = \$ 7,672.15  
July 1, 2009-June 30, 2010 (\$440.21 per acre) X (18.44 acres) = \$ 8,117.47  
July 1, 2010-June 30, 2011 (\$479.74 per acre) X (18.44 acres) = \$ 8,846.41  
July 1, 2011-June 30, 2012 (\$522.74 per acre) X (18.44 acres) = \$ 9,639.33  
July 1, 2012-June 30, 2013 (\$569.76 per acre) X (18.44 acres) = \$10,506.37  
July 1, 2013-June 30, 2014 (\$620.91 per acre) X (18.44 acres) = \$11,449.58  
July 1, 2014-June 30, 2015 (\$639.54 per acre) X (18.44 acres) = \$11,793.12
2. The next fair-market rental adjustment to take place in 2015.
3. Clarification of the Base Monthly rent by breaking it down into a component for land rent and a component for improvement rent.
4. Updating the insurance section to current County standards.

The First Amendment to Lease for the 20-acre lease provides for:

1. Adjustment of the monthly base rent based on a fair-market appraisal and phased in over a 10-year period.  
July 1, 2005-June 30, 2006 (\$351.27 per acre) X (20 acres) = \$ 7,025.40  
July 1, 2006-June 30, 2007 (\$371.66 per acre) X (20 acres) = \$ 7,433.20  
July 1, 2007-June 30, 2008 (\$393.24 per acre) X (20 acres) = \$ 7,864.80  
July 1, 2008-June 30, 2009 (\$416.06 per acre) X (20 acres) = \$ 8,321.20  
July 1, 2009-June 30, 2010 (\$440.21 per acre) X (20 acres) = \$ 8,804.20  
July 1, 2010-June 30, 2011 (\$479.74 per acre) X (20 acres) = \$ 9,594.80  
July 1, 2011-June 30, 2012 (\$522.74 per acre) X (20 acres) = \$10,454.80  
July 1, 2012-June 30, 2013 (\$569.76 per acre) X (20 acres) = \$11,395.20  
July 1, 2013-June 30, 2014 (\$620.91 per acre) X (20 acres) = \$12,418.20  
July 1, 2014-June 30, 2015 (\$639.54 per acre) X (20 acres) = \$12,790.80
2. The next fair-market rental adjustment to take place in 2015.
3. Updating the insurance section to current County standards.

Economic Development Agency staff recommends that the Board of Supervisors approve the First Amendment to Lease the leases, consent to the Assignment of Lease and approve the Estoppel Certificate related to the leases. County Counsel has reviewed the First Amendments to Lease, the Consent to Assignment and the Estoppel Certificate and has approved these documents as to form.

1 **FIRST AMENDMENT TO LEASE**

2 Jacqueline Cochran Regional Airport

3  
4 This First Amendment to Lease ("Amendment:") is entered into by and between the  
5 County of Riverside (hereinafter "County"), and La Quinta FBO Two, LLC, a Delaware Limited  
6 Liability Company (herein called "Lessee"), with reference to the following:

7 **RECITALS**

8 A. WHEREAS, County and Lessee, are parties to that certain lease (hereinafter the  
9 "Lease") dated January 13, 2004, wherein Lessee agreed to lease from County, approximately  
10 eighteen and 44/100 (18.44) acres of property (hereinafter referred to as the "Land"), and  
11 certain improvements located thereon and owned by the County including, but not limited to, a  
12 terminal office building and maintenance hangar of approximately 36,000 square feet and an  
13 office building of 2,500 square feet commonly referred to as the flight services building  
14 (collectively referred to hereinafter as the "County Improvements"), all located at the former  
15 Desert Resorts Regional Airport, now known as the "Jacqueline Cochran Regional Airport; and

16  
17 B. WHEREAS, the County and Lessee now desire to modify the Lease in accordance  
18 with the terms and provisions of this Amendment.

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

- 22 1. Paragraph 2, page 1, entitled "Description" shall be modified in its entirety to read  
23 as follows: "The premises leased hereby are located within the Jacqueline Cochran  
24 Regional Airport, County of Riverside, California and consist of eighteen and 44/100  
25 acres of land (the Land), being more fully described in Exhibit A, attached hereto and  
26 incorporated herein by this reference, and the County Improvements thereon as  
27  
28

1 described in Recital A to this Amendment. The Land and the County Improvements  
2 together are hereafter referred to as the "Leased Premises."

3 2. Subparagraph 5 (a), beginning on page 3, line 23, the first sentence shall be  
4 modified in its entirety to read as follows: "Commencing upon lease execution, Lessee  
5 shall pay to County as Base Rent for the use and occupancy of the Leased Premises,  
6 including Land and County Improvements, a total monthly rent of eight thousand and  
7 twenty-seven dollars (\$8,027). Said Base Rent shall consist of two components as  
8 follows: initial monthly Base Rent for the Land is equal to six thousand one hundred  
9 twenty-two dollars (\$6,122) of the total initial monthly Base Rent, and the initial monthly  
10 Base Rent for the County Improvements is equal to one thousand nine hundred and five  
11 dollars (\$1,905) of the total initial monthly Base Rent." Except for the foregoing change  
12 to the first sentence, the balance of said Subparagraph 5(a) shall remain unchanged.  
13

14 3. The following shall be added at the end of subparagraph 5 (a):

15 "The foregoing notwithstanding, commencing as of July 1, 2005 and continuing  
16 through June 30, 2015, in addition to that portion of the monthly Base Rent attributable  
17 to the County Improvements, as adjusted according paragraph 5(d) below, Lessee shall  
18 pay to County as the monthly Base Rent for the use and occupancy of the Land in  
19 accordance with the following schedule:  
20

21 July 1, 2005-June 30, 2006 (\$351.27 per acre) X (18.44 acres) = \$6,477.42

22 July 1, 2006-June 30, 2007 (\$371.66 per acre) X (18.44 acres) = \$6,853.41

23 July 1, 2007-June 30, 2008 (\$393.24 per acre) X (18.44 acres) = \$7,251.35

24 July 1, 2008-June 30, 2009 (\$416.06 per acre) X (18.44 acres) = \$7,672.15

25 July 1, 2009-June 30, 2010 (\$440.21 per acre) X (18.44 acres) = \$8,117.47

26 July 1, 2010-June 30, 2011 (\$479.74 per acre) X (18.44 acres) = \$8,846.41

27 July 1, 2011-June 30, 2012 (\$522.74 per acre) X (18.44 acres) = \$9,639.33

28 July 1, 2012-June 30, 2013 (\$569.76 per acre) X (18.44 acres) = \$10,506.37

1 July 1, 2013-June 30, 2014 (\$620.91 per acre) X (18.44 acres) = \$11,449.58

2 July 1, 2014-June 30, 2015 (\$639.54 per acre) X (18.44 acres) = \$11,793.12.

3 On July 1, 2015 and every fifth (5<sup>th</sup>) year thereafter that portion of the Base Rent  
4 attributable to the Land will be adjusted according to the provisions of paragraph 5 (c)  
5 below.”

6 5. Subparagraph 5 (c), page 4, shall be replaced with the following:

7 “Beginning July 1, 2015 and on July 1 of every fifth (5th) year thereafter, that  
8 portion of the monthly Base Rent for the Land shall be adjusted to one-twelfth (1/12) of  
9 eight percent (8%) of the then-current fair market value of the Land. Said fair market  
10 value shall be for the Land only and shall not include the value of the County  
11 Improvements or other structures placed on the Leased Premises by Lessee. In no  
12 event will application of this paragraph result in a monthly Base Rent amount for the  
13 Land which is lower than the highest previous monthly Base Rent for the Land.

14  
15 The fair market value for the Land will be established by a property appraisal to  
16 be performed by an independent certified appraiser, knowledgeable and experienced in  
17 the valuation of aviation property within the southern California Counties of Riverside,  
18 San Bernardino, San Diego and Los Angeles. The appraiser shall be certified by and be  
19 in good standing with the Appraisal Institute of Chicago IL with a current designation of  
20 “MAI” and the appraisal shall be conducted in strict compliance with the Uniform  
21 Standards of Professional Appraisal Practice (“USPAP”).

22  
23 No less than two hundred and forty (240) days prior to the rent adjustment date,  
24 County will notify by US Mail, potentially affected Lessees of its intent to issue a Request  
25 for Qualifications and Proposal (“RFQP”) and submit a copy of the Draft RFQP form it  
26 intends to use. It will be the responsibility of the Lessees to establish amongst  
27 themselves a process for forming a committee to comment on the Draft RFQP and to  
28 select up to two-fifths (2/5) of the appraisers that will be invited to respond to the FRQP.

1 In the event a majority of Lessees participating in the selection process are unable to  
2 form a committee, comment on the Draft RFQP, select the designated number of  
3 appraisers or give the County written notice thereof within two hundred ten (210) days  
4 prior to the rent adjustment date, then County will select all of the appraisers to which  
5 the RFQP is sent. No less than one hundred and eight (180) days prior to the rent  
6 adjustment date, County will give reasonable consideration to the comments received  
7 from the Lessee's Committee and shall issue a Final RFQP to a minimum of five (5)  
8 appraisers meeting the foregoing qualifications. Upon receipt of the responses to the  
9 RFQP, the County shall offer the responses to the Lessee's Committee for viewing and  
10 comment for a period of fourteen (14) days, and after reasonable consideration of the  
11 comments made, County shall select the appraiser pursuant to the County's established  
12 guidelines. The cost of the appraisal and related processes shall be borne by the  
13 County. The cost, if any, of forming and operating the Lessee's Committee shall be  
14 borne by the Lessee Committee members.  
15

16 Once established, the adjusted monthly Base Rent for the Land shall be  
17 adjusted annually in the manner set forth in Paragraph 5 (d) below."  
18

19 6. Subparagraph 5 (d) shall be changed to read as follows:

20 "Beginning July 1, 2005 and at each July 1st thereafter, the portion of the  
21 monthly Base Rent attributable to the County Improvements shall be adjusted by the  
22 percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-  
23 Riverside-Orange County Area for the twelve month period ending three months before  
24 the month of rent adjustment under this paragraph. In no event will application of this  
25 paragraph result in a monthly Base Rent for the County Improvements which is lower  
26 than the highest previous monthly Base Rent for the County Improvements.  
27

28 Beginning July 1, 2016 and at each July 1st thereafter, except for dates  
coinciding with the appraisals conducted every fifth year as referenced in 5(c) above, the



1 portion of the monthly Base Rent attributable to the Land shall be adjusted by the  
2 percentage change, in the CPI, All Urban Consumers, Los Angeles-Riverside-Orange  
3 County Area for the twelve month period ending three months before the month of rent  
4 adjustment under this paragraph. In no event will application of this paragraph result in  
5 a monthly Base Rent for the Land which is lower than the highest previous monthly Base  
6 Rent for the Land. "

7  
8 7. Paragraph 20 Insurance and subparagraphs I through XIII shall be deleted and  
9 replaced with the following:

10 "20. Insurance. Lessee shall procure and maintain or cause to be  
11 maintained, at its sole cost and expense, the following insurance coverages  
12 during the term of this Lease. These requirements, with the approval of the  
13 County's Risk Manager, may be modified to reflect the activities associated with  
14 the Lessee provided that any changes are reasonable in nature and consistent  
15 with industry standards. The procurement and maintenance of the insurance  
16 required below will not diminish or limit Lessee's obligation to indemnify or hold  
17 the County harmless. Lessee agrees to have in place insurance coverage prior  
18 to entering onto the Leased Premises except where otherwise indicated.

19  
20 (a) Workers Compensation. Lessee shall maintain statutory  
21 Workers' Compensation Insurance (Coverage A) as described by the laws of the  
22 State of California. Policy shall include Employers' Liability (Coverage B)  
23 including Occupational Disease with limits not less than \$1,000,000 per person  
24 per accident. Policy shall be endorsed to provide a Waiver of Subrogation in  
25 favor of the County of Riverside its Agencies, Districts, Special Districts, and  
26 Departments, their respective directors, officers, Board of Supervisors,  
27 employees, elected or appointed officials, agents or representatives.  
28

1 (b) Airport General Liability. Lessee shall maintain Airport  
2 General Liability Insurance coverage including, but not limited to,  
3 premises/operations liability, contractual liability, products and completed  
4 operations liability, independent contractor's, personal and advertising injury  
5 liability covering all claims or lawsuits of any nature whatsoever which may arise  
6 from or out of Lessee's performance under the terms of the lease agreement.  
7 Policy shall name all the County of Riverside its Agencies, Districts, Special  
8 Districts, and Departments, their respective directors, officers, Board of  
9 Supervisors, employees, elected or appointed officials, agents or  
10 representatives as Additional Insureds. Policy's limit of liability shall not be less  
11 than \$25,000,000 per occurrence combined single limit and in the annual  
12 aggregate as applicable. The policy shall be endorsed to provide Hangar  
13 Keeper's Legal Liability Insurance (Ground and In-Flight) providing coverage for  
14 aircraft in the care, custody or control of the Lessee. Policy shall include  
15 coverage for the Named Insured's use of unlicensed vehicles on Airport  
16 Premises.  
17

18  
19 (c) Vehicle Liability. Lessee shall maintain liability insurance  
20 for all owned, non-owned, or hired vehicles used in the performance of this  
21 Lease in an amount not less than \$1,000,000 per occurrence combined single  
22 limit. The policy shall be endorsed to name all the County of Riverside, its  
23 Agencies, Districts, Special Districts, and Departments, their respective  
24 directors, officers, Board of Supervisors, employees, elected or appointed  
25 officials, agents, or representatives. This coverage may be included in the  
26 Airport General Liability policy. Proof of the foregoing coverage will be required  
27 before issuing vehicle gate cards.  
28

(d) Aircraft Hull and Liability Insurance.



1 Lessee shall also maintain site-specific Pollution Liability  
2 Insurance, covering both sudden and unknown gradual pollution, with limits of  
3 not less than \$2,000,000 each pollution condition and \$2,000,000 annual  
4 aggregate covering third party claims for bodily injury, property damage and first  
5 and third party cleanup expense, for pollution conditions occurring or discovered  
6 on-site whether in the soil, water or air, which arise out of Lessee's activities at  
7 the Airport. The insurance shall include coverage for loss arising out of the  
8 handling of fuel, including the transportation of fuel and refueling of aircraft on-  
9 site, arising out of any storage tanks and associated piping, and arising out of  
10 the operation, parking and maintenance of aircraft, vehicles on the premises and  
11 operations that include any other hazardous materials, waste, and/or work. The  
12 policy shall name County as additional insured, and shall not contain" an insured  
13 v. insured" exclusion. The policy shall not contain a deductible or self-insured  
14 retention higher than \$500,000.  
15

16  
17 (f) All Risk Property Insurance:

18 (1) All-Risk real and personal insurance coverage, including  
19 earthquake and flood if applicable, for the full replacement cost value of building,  
20 structures, fixtures, equipment, improvements/alterations and systems on the  
21 premises. Policy shall include Business Interruption, Extra Expense, and  
22 Expediting Expense to cover the actual loss of business income sustained  
23 during the restoration period. Policy shall name the County of Riverside as a  
24 Loss Payee and provide a Waiver of Subrogation in favor of the County of  
25 Riverside.  
26

27 (2) Boiler & Machinery insurance coverage on a full  
28 replacement cost value basis. Policy shall provide Business Interruption, Extra

1 Expense, and Expediting Expense coverage as well as coverage for off-  
2 premises power failure. Policy shall name the County of Riverside as a Loss  
3 Payee and contain a Waiver of Subrogation in favor of the County of Riverside.

4 (3) Course of Construction Insurance. During the full term of  
5 construction of the planned improvements, Lessee shall purchase and maintain  
6 or cause to be maintained All Risk Builder's Risk insurance (Completed Value  
7 Form) including earthquake and flood for the entire Project, if applicable,  
8 including coverage for materials and supplies located on and offsite but to be  
9 part of, or used in the construction of, the completed Project. Policy shall also  
10 include as insured property, scaffolding, falsework, and temporary buildings  
11 located on the Project site, and the cost of demolition and debris removal. If the  
12 contractor or others insure scaffolding, falsework and temporary buildings  
13 separately, evidence of such separate coverage shall be provided to County  
14 prior to the start of the work. The Course of Construction coverage limit of  
15 insurance shall equal or exceed the highest values exposed to loss at any one  
16 time during the project term. Policy shall waive subrogation in favor of all  
17 Agencies, Districts, Special Districts, and Departments of the County of  
18 Riverside, their respective directors, officers, Board of Supervisors, employees,  
19 elected or appointed officials, agents or representatives.

22 (g) General Insurance Provisions – All Lines:

23 (1) Any insurance carrier providing insurance coverage  
24 hereunder shall be admitted to the State of California unless waived, in writing,  
25 by the County Risk Manager. Unless an exception is provided by the County  
26 Risk Manager, Carrier(s) shall have an A.M. BEST rating of not less than an A:  
27 VIII (A:8).  
28

1 (2) Insurance deductibles or self-insured retentions shall not  
2 exceed \$500,000.00 without the prior written consent of the County Risk  
3 Manger. Upon notification of deductibles or self insured retentions unacceptable  
4 to the County, and at the election of the County's Risk Manager, Lessee's  
5 carriers shall either: 1) reduce or eliminate such deductibles or self-insured  
6 retentions as respects this Lease with the County; or 2) procure a bond which  
7 guarantees payment of losses and related investigations, claims administration,  
8 and defense costs and expenses between the agreed deductibles herein and  
9 any lower deductible.  
10

11 (3) Lessee shall cause Lessee's insurance carrier(s) to  
12 furnish the County of Riverside with a properly executed original Certificate(s) of  
13 Insurance evidencing the coverage required herein. In the event Lessee fails to  
14 provide the County of Riverside with property executed original Certificate(s) of  
15 Insurance as described above, then upon the request of the County Risk  
16 Manager, the County shall have the right to require copies of Lessee's original  
17 policies including all Endorsements and all attachments thereto, showing such  
18 insurance is in full force and effect. Further, said Certificate(s) and policies of  
19 insurance shall contain the covenant of the insurance carrier(s) that thirty (30)  
20 days written notice shall be given to the County of Riverside prior to any material  
21 reduction of coverage or cancellation of such insurance. In the event of a  
22 material reduction of coverage or cancellation of such insurance, this Lease  
23 shall terminate forthwith, unless the County of Riverside receives, prior to such  
24 termination date, another properly executed original Certificate of Insurance  
25 evidencing coverages set forth herein and the insurance required herein is in full  
26 force and effect.  
27  
28

1 Lessee shall not commence operations until the County of Riverside has  
2 been furnished original Certificate(s) of Insurance as required in this Section.  
3 An individual authorized by the insurance carrier to do so on its behalf shall sign  
4 the endorsements for each policy and the Certificate of Insurance.

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

10 (5) The County of Riverside's Reserved Rights -  
11 Insurance. If during the term of this Lease or any extension thereof, there is a  
12 material change in the scope of services or performance of work the County of  
13 Riverside reserves the right to adjust the types of insurance required under this  
14 Lease and the monetary limits of liability for the insurance coverages currently  
15 required herein, if, in the Assistant County Executive Officer – Economic  
16 Development Agency's reasonable judgment, upon advice of the County Risk  
17 Manager, the amount or type of insurance carried by the Lessee has become  
18 inadequate. The Lessee agrees to notify the County of any plan or change of  
19 plan for the Lessee's operations and such notification shall occur prior to  
20 implementing any such change.

21 Beginning July 1, 2010, and every fifth year thereafter  
22 during the term of this Lease, or any extension thereof, County reserves the  
23 right to adjust the monetary limits of insurance coverage as required herein.  
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1 (6) Lessee shall notify County of any claim made by a third  
2 party or any incident or event that may give rise to a claim arising from this  
3 Lease.

4  
5 (h) Insurance for Sublessees and Contractors. Lessee shall require  
6 each of its Sublessees and Contractors to meet all insurance requirements imposed by this  
7 Lease. These requirements, with the approval of the County's Risk Manager, may be modified  
8 to reflect the activities associated with the Sublessee or Contractor. On every sublease or  
9 contract the Lessee shall have the Sublessee or Contractor name the Lessee and the County  
10 by endorsement as an additional insured and/or have the Sublessee or Contractor provide an  
11 endorsement waiving subrogation in favor of the Lessee and the County on every Sublessee's  
12 or Contractors Insurance policy, as applicable. Certificates evidencing compliance with this  
13 section will be provided to the County prior to the Sublessee taking occupancy.  
14

15 (i) Insurance for Fuel Suppliers. Lessee shall also require suppliers of  
16 fuel to procure, maintain, show evidence and comply with all requirements of insurance as  
17 follows prior to such suppliers entering onto the Leased Premises:

18 (a) Workers' Compensation. Workers' Compensation  
19 Insurance (Coverage A) as prescribed by the laws of the State of California.  
20 Policy shall include Employers' Liability (Coverage B) including Occupational  
21 Disease with limits not less than \$1,000,000 per person per accident. Policy  
22 shall be endorsed to provide a Waiver Of Subrogation in favor of The County of  
23 Riverside, its Agencies, Districts, Special Districts, and Departments, their  
24 respective directors, officers, Board of Supervisors, employees, elected or  
25 appointed officials, agents or representatives.  
26

27 (b) Commercial General Liability. Commercial General  
28 Liability insurance coverage, including but not limited to, premises liability,  
contractual liability, products and completed operations, personal and



1 advertising injury covering claims which may arise from or out of Supplier's  
2 performance of its obligations hereunder. Policy shall name the Lessee, all the  
3 County of Riverside, its Agencies, Districts, Special Districts, and Departments,  
4 their respective Directors, Officers, Board of Supervisors, elected officials,  
5 employees, agents or representatives as Additional Insureds. The policy's limit  
6 of liability shall not be less than \$1,000,000 per occurrence combined single  
7 limit. If such insurance contains a general aggregate limit, it shall apply  
8 separately to this agreement or be no less than two (2) times the occurrence  
9 limit.

10  
11 (c) Vehicle Liability. Supplier shall maintain liability insurance  
12 for all owned, non-owned or hired vehicles so used in an amount not less than  
13 \$5,000,000 per occurrence combined single limit. If such insurance contains a  
14 general aggregate limit, it shall apply separately to this agreement or be no less  
15 than two (2) times the occurrence limit. Policy shall name the Lessee, County of  
16 Riverside, Special Districts, their respective Directors, Officers, Board of  
17 Supervisors, elected officials, employees, agents, or representatives as  
18 Additional Insureds.

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

24 (e) General Insurance Provisions – All lines: Lessee shall  
25 cause Supplier's insurance carrier(s) to furnish the Lessor and the County of  
26 Riverside with a properly executed original Certificate(s) of Insurance effecting  
27 coverage as required herein. Further, said Certificate(s) shall contain the  
28 covenant of the insurance carrier(s) that thirty (30) days written notice shall be

1 given to the Lessee and the County of Riverside prior to any material  
2 modification, cancellation, expiration or reduction in coverage of such insurance.  
3 In the event of a material modification, cancellation, expiration, or reduction in  
4 coverage, the Supplier's Agreement shall terminate forthwith, unless the Lessee  
5 and the County of Riverside receives, prior to such effective date, another  
6 properly executed original Certificate of Insurance evidencing coverages set  
7 forth herein and the insurance required herein is in full force and effect.  
8

9 Supplier shall not commence operations until the County of Riverside  
10 has been furnished original Certificate(s) of Insurance as required in this  
11 Section. An individual authorized by the insurance carrier to do so on its behalf  
12 shall sign the Certificate of Insurance.  
13

14 The Supplier's insurance company(s) shall agree and the Certificate(s)  
15 of Insurance shall so covenant that coverage provided by them shall be  
16 construed as primary insurance, and the Lessee's and the County's insurance  
17 and/or deductibles and/or self-insured retentions or self-insured programs shall  
18 not be construed as contributory."

19 8. Paragraph 21, subparagraphs (b), (c) and (d) shall be deleted in their entirety  
20 and replaced with the following language:

21 "21. Hold Harmless/Indemnification. Lessee shall indemnify, defend and hold  
22 harmless the County, its Agencies, Districts, Special Districts and Departments, their  
23 respective directors, officers, Board of Supervisors, elected and appointed officials,  
24 employees, agents and representative (the "Indemnified Parties") from any liability  
25 whatsoever, including but not limited to property damage, bodily injury, or death, based  
26 or asserted upon any services of Lessee, its officers, employees, subcontractors, agents  
27 or representatives arising out of or in any way relating to this Lease and Lessee shall  
28 defend at its sole expense and pay all reasonable and documented costs and fees,

1 including but not limited to attorney fees, cost of investigation, defense and settlements  
2 or awards, on behalf o the Indemnified Parties in any claim or action based upon such  
3 liability.

4 With respect to any action or claim subject to indemnification herein by Lessee,  
5 Lessee shall, at Lessee's sole cost, have the right to use counsel of their choice and  
6 shall have the right to adjust, settle, or compromise any such action or claim without the  
7 prior consent of County; provided, however that any such adjustment, settlement or  
8 compromise in no manner whatsoever limits or circumscribes Lessee's indemnification  
9 of the Indemnified parties as set forth herein.  
10

11 Lessee's obligation hereunder shall be satisfied when Lessee has provided  
12 County the appropriate form of dismissal relieving County from any liability for the action  
13 or claim involved.

14 The specified insurance limits required in this Agreement shall in no way limit or  
15 circumscribe Lessee's obligations to indemnify and hold harmless the Indemnified  
16 Parties herein from third party claims.  
17

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

22 Lessee shall require each sub-lessee and/or contractor of every tier to indemnify  
23 the County as respects any claims arising from their sublease and/or contract."

24 9. Except as specifically modified herein, all other provisions of the Lease shall  
25 remain in full force and effect as written in the Lease dated November 28, 2000, as  
26 though fully set forth herein. In the event of a conflict between the terms of the Lease  
27 and the terms of this Amendment, this Amendment shall control.  
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10. The parties hereto negotiated this Amendment at arms length and with the advice of their respective attorneys, and no provisions contained herein shall be construed nor presumptions raised against the County solely because it prepared this Amendment in its executed form.

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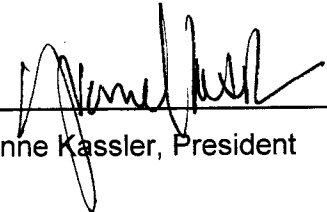
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WHEREFOR, the parties hereto have executed this Amendment as of the dates set forth below.

Dated: \_\_\_\_\_


LESSEE:

La Quinta FBO Two, LLC  
a Delaware Limited Liability Company

By:   
Yvonne Kassler, President

Dated: FEB 07 2006


COUNTY OF RIVERSIDE

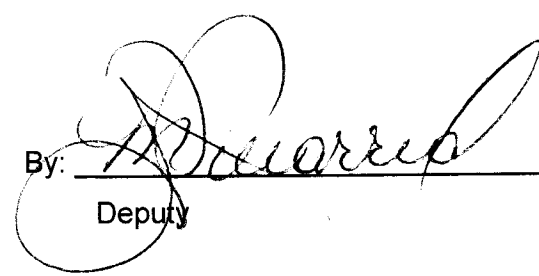
By:   
Chairman, Board of Supervisors  
Bob Buster

(SEAL)

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

ATTEST:  
Nancy Romero, Clerk of the Board

By:   
Deputy

By:   
Deputy

CONSENT TO ASSIGNMENT

The County of Riverside ("Lessor") hereby consents to the assignment from La Quinta FBO Two, LLC ("Assignor") to Signature Flight Support Corporation, a Delaware corporation ("Assignee") of all of Assignor's right, title and interest in and to the following Leases (hereinafter the "Leases"):

That certain Lease dated as of November 28, 2000 by and between the County of Riverside, as Lessor, and La Quinta FBO Inc., a Delaware corporation doing business as Million Air La Quinta, as Lessee, as subsequently assigned from Lessee to Assignor on August 15, 2002, and subsequently amended pursuant to that certain First Amendment to Lease dated February 7, 2006, in respect of approximately 20 acres of undeveloped land at the Jacqueline Cochran Regional Airport in Thermal, California ("20 Acre Lease").

That certain Lease dated as of January 13, 2004 by and between the County of Riverside, as Lessor, and Assignor, as Lessee, as subsequently amended pursuant to that certain First Amendment to Lease dated February 7, 2006, in respect of approximately 18.44 acres of land and certain improvements located thereon, all at the Jacqueline Cochran Regional Airport in Thermal, California ("18 Acre Lease").

The County of Riverside hereby grants its consent, without however, waiving the restrictions contained in said Leases with respect to any future assignments thereunder, and without releasing the Assignor under said Leases from any obligations that are not performed by Assignee or its successors in interest, and otherwise accepts the Assignee as the "Lessee" under the Leases to all intents and purposes as though Assignee was the original Lessee thereunder.

Date: Feb 7, 2006

LESSOR:  
COUNTY OF RIVERSIDE

By: Bob Buster  
Chairman, Board of Supervisors  
Bob Buster

ATTEST:  
NANCY ROMERO, Clerk of the Board

FORM APPROVED:  
Joe S. Rank, County Counsel

By: [Signature]  
Deputy  
(SEAL)

By: [Signature] 2/7/06  
Deputy

ASSIGNMENT

Reference is made to that certain Asset Purchase Agreement dated November 4, 2005, by and among LaQuinta FBO Two, LLC, Merced Partners Limited Partnership and Signature Flight Support Corporation.

Upon the closing of the transactions (the "Closing") contemplated by the Purchase Agreement and the prior receipt of the consent of the Riverside County Board of Supervisors, the undersigned, **La Quinta FBO Two, LLC**, a Delaware limited liability company, shall transfer and assign to **Signature Flight Support Corporation**, a Delaware corporation, all rights, title and interest of the undersigned under the following agreements (the "Leases"):

- That certain Lease dated as of November 28, 2000 by and between the County of Riverside, as Lessor, and LaQuinta FBO Inc., a Delaware corporation doing business as Million Air LaQuinta, as Lessee, as subsequently assigned from Lessee to La Quinta FBO Two, LLC on August 15, 2002, and subsequently amended pursuant to that First Amendment to Lease dated January 19, 2006, in respect of approximately 20 acres of land, including improvements, if any, at the Jacqueline Cochran Regional Airport in Thermal, California, said Lease is attached as Exhibit A.
- That certain Lease Agreement dated as of January 13, 2004 by and between the County of Riverside, as Lessor, and LaQuinta FBO Two, LLC, as Lessee, and subsequently amended pursuant to that First Amendment to Lease dated January 19, 2006, in respect of approximately 18.44 acres of land and buildings including improvements, if any, at the Jacqueline Cochran Regional Airport in Thermal, California, said Lease is attached as Exhibit B.

Dated: January 20, 2006

LA QUINTA FBO TWO, LLC  
By: Merced Partners Limited Partnership,  
its member manager  
By: Global Capital Management, Inc., its General  
Partner

By: David A. Ericson  
Name: David A. Ericson  
Title: Vice President

ACCEPTANCE AND AGREEMENT

Upon the Closing and the prior receipt of the consent of the Riverside County Board of Supervisors, **Signature Flight Support Corporation**, named in the foregoing Assignment, shall accept said Assignment and shall agree to keep, perform and be bound by all of the terms, covenants and conditions in said Leases on the part of the Lessee therein to be kept and performed to all intents and purposes as though the undersigned Assignee was the original Lessee there under.

Dated: January \_\_, 2006

SIGNATURE FLIGHT SUPPORT CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*This Assignment and Acceptance and Agreement may be executed in one or more counterparts and all of such counterparts together shall be deemed to be one and the same instrument.*

*The above Assignment and Acceptance and Agreement shall be null and void in the event that the Closing does not occur.*

**ASSIGNMENT**

Reference is made to that certain Asset Purchase Agreement dated November 4, 2005, by and among LaQuinta FBO Two, LLC, Merced Partners Limited Partnership and Signature Flight Support Corporation.

Upon the closing of the transactions (the "Closing") contemplated by the Purchase Agreement and the prior receipt of the consent of the Riverside County Board of Supervisors, the undersigned, **La Quinta FBO Two, LLC**, a Delaware limited liability company, shall transfer and assign to **Signature Flight Support Corporation**, a Delaware corporation, all rights, title and interest of the undersigned under the following agreements (the "Leases"):

- That certain Lease dated as of November 28, 2000 by and between the County of Riverside, as Lessor, and LaQuinta FBO Inc., a Delaware corporation doing business as Million Air LaQuinta, as Lessee, as subsequently assigned from Lessee to La Quinta FBO Two, LLC on August 15, 2002, and subsequently amended pursuant to that First Amendment to Lease dated January 17, 2006, in respect of approximately 20 acres of land, including improvements, if any, at the Jacqueline Cochran Regional Airport in Thermal, California, said Lease is attached as Exhibit A.
- That certain Lease Agreement dated as of January 13, 2004 by and between the County of Riverside, as Lessor, and LaQuinta FBO Two, LLC, as Lessee, and subsequently amended pursuant to that First Amendment to Lease dated January 19, 2006, in respect of approximately 18.44 acres of land and buildings including improvements, if any, at the Jacqueline Cochran Regional Airport in Thermal, California, said Lease is attached as Exhibit B.

Dated: January \_\_, 2006

LA QUINTA FBO TWO, LLC  
By: Merced Partners Limited Partnership,  
its member manager  
By: Global Capital Management, Inc., its General  
Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACCEPTANCE AND AGREEMENT**

Upon the Closing and the prior receipt of the consent of the Riverside County Board of Supervisors, **Signature Flight Support Corporation**, named in the foregoing Assignment, shall accept said Assignment and shall agree to keep, perform and be bound by all of the terms, covenants and conditions in said Leases on the part of the Lessee therein to be kept and performed to all intents and purposes as though the undersigned Assignee was the original Lessee there under.

Dated: January 20, 2006

SIGNATURE FLIGHT SUPPORT CORPORATION

By: \_\_\_\_\_  
Name: Joseph I. GOWDSTEIN  
Title: Secretary

*This Assignment and Acceptance and Agreement may be executed in one or more counterparts and all of such counterparts together shall be deemed to be one and the same instrument.*

***The above Assignment and Acceptance and Agreement shall be null and void in the event that the Closing does not occur.***



## ESTOPPEL CERTIFICATE

The undersigned, County of Riverside, is the "Lessor" under the following leases (hereinafter collectively sometimes referred to as the "Leases"):

That certain Lease dated as of November 28, 2000 by and between the County of Riverside, as Lessor, and La Quinta FBO Inc., a Delaware corporation doing business as Million Air La Quinta, as Lessee, as subsequently assigned from Lessee to La Quinta FBO Two, LLC ("Assignor") on August 15, 2002, and subsequently amended pursuant to that certain First Amendment to Lease dated February 7, 2006, in respect of approximately 20 acres of undeveloped land at the Jacqueline Cochran Regional Airport in Thermal, California ("20 Acre Lease").

That certain Lease dated as of January 13, 2004 by and between the County of Riverside, as Lessor, and Assignor, as Lessee, as subsequently amended pursuant to that certain First Amendment to Lease dated February 7, 2006, in respect of approximately 18.44 acres of land and certain improvements located thereon, all at the Jacqueline Cochran Regional Airport in Thermal, California ("18 Acre Lease").

In connection with the assignment of Assignor's position in the Leases to Signature Flight Support Corporation, a Delaware corporation ("Assignee"), Lessor hereby certifies to Assignee as follows:

1. The County of Riverside is the Lessor under the Leases.
2. The Leases are in full force and effect on the date hereof and, except for the First Amendment to each of the Leases, there are no other amendments, modifications or supplements thereto, whether oral or written.
3. All rent and other charges required to be paid under the Leases have been duly and timely paid through January 31, 2006. No rent has been paid thereunder more than one month in advance. The current monthly rent under the 20 Acre Lease is \$7,025.40 and the current monthly rent under the 18 Acre Lease is \$8,519.69.
4. The County of Riverside is not in default under either of the Leases, nor has any event occurred which, with the passage of time or the giving of notice, would constitute a default by the County of Riverside.
5. Assignor is not in default under either of the Leases, nor has any event occurred which, with the passage of time or the giving of notice, would constitute a default by Assignor, except that Assignor has not performed all of its obligations under Section 8 of the 20 Acre Lease in that it has not timely sought building permits for the construction of the improvements on the Leased Premises, nor has Assignor commenced construction of said improvements as required thereunder.

The Consent to Assignment and this Estoppel Certificate is being delivered by the

2/7/06 3.12

County of Riverside based on the understanding that Assignee will be required to begin construction of the improvements on the Leased Premises no later than eighteen (18) months from the date hereof, and complete the improvements on the Leased Premises no later than four (4) years after completion of the ramp, as originally required under the 20 acre Lease. Assignee's compliance with the foregoing construction deadlines shall be a satisfactory resolution of the matters set forth in paragraph 5.

6. The First Amendments to each of the Leases update the insurance requirements for the "Lessee" under the Leases. The County of Riverside has not reviewed Assignor's insurance certificates to determine if Assignor's current insurance limits will comply with the new insurance limits set forth in the First Amendments. The Consent to Assignment and this Estoppel Certificate is being delivered by the County of Riverside based on the understanding that Signature Flight Support Corporation, as Assignee, will be required to provide insurance as set forth in the First Amendments to each of the Leases.

Date: Feb. 7, 2006

LESSOR:  
COUNTY OF RIVERSIDE

By: Bob Buster  
Chairman, Board of Supervisors  
Bob Buster

ATTEST:  
NANCY ROMERO, Clerk of the Board

FORM APPROVED:  
Joe S. Rank, County Counsel

By: Nancy Romero  
Deputy

By: Jordan V. Ubo 2/1/06

(SEAL)

# Sublease Agreement

between

La Quinta FBO II, LLC

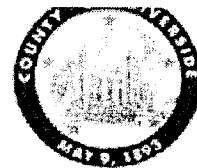
and

John D. Greene Trustee for the  
John D. Greene Living Trust  
Dated Dec. 14, 2001

Hangar #20

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

330



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
February 2, 2005

**SUBJECT:** Aviation Subleases at Jacqueline Cochran Regional Airport, Fourth District

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

1. Consent to the respective Subleases between La Quinta FBO 2 LLC, a Delaware limited liability company dba: Million Air La Quinta, as Sublessor, and 1) John D. Greene Trustee for the John D. Greene Living Trust Dated 12/14/2001; 2) Hangar 1, LLC; 3) Ponderosa Financial Services, LLC, and Robert Miller; 4) Terrance Rose; and 5) Gary Roberts, Nimbus Holdings, LP, as Sublessees.
2. Authorize the Assistant County Executive Officer/EDA or his designee to execute any additional documents required by the Subleases; and
3. Authorize the chairman to execute the Consents to Sublease..

**BACKGROUND:** The Economic Development Agency is in receipt of Subleases between La Quinta FBO 2, LLC, Sublessor and Sublessees 1) John D. Greene Trustee for the John D. Greene Living Trust Dated 12/14/2001, 2) Hangar 1, LLC, 3) Ponderosa Financial Services, LLC, and Robert Miller, 4) Terrance Rose, and 5) Gary Roberts, Nimbus Holdings, LP. These subleases are under an 18.44 acre lease between County and Sublessor dated January 3, 2004. Economic Development Agency Staff recommends that the Board of Supervisors consent to the Subleases. County Counsel has approved the Consents.

*[Signature]*  
Bradley J. Hudson  
Assistant County Executive Officer/EDA

BJH:RZ:HO

S:\EDCOM\AIRPORTS\JCRA-Thermal\Million Air La Quinta\LQFBO2 sub1 G,H1,PDFS,R,RNH 050215.doc

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

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

<b>SOURCE OF FUNDS:</b> NA	<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**

**County Executive Office Signature** *[Signature]*

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Buster, Tavaglione, Stone, Wilson and Ashley  
 Nays: None  
 Absent: None  
 Date: March 1, 2005  
 xc: EDA, Co.Co., Auditor

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

**Prev. Agn. Ref.:** 3.20 Jan 14, 2004      **District:** 4th      **Agenda Number:**

Dept'l Conference  
 File Harry W. May 11  
 Policy  
 Policy  
 Consent  
 Consent  
 Dept'l Recomm.:  
 Per Exec. Ofc.:

3.10

La Quinta FBO Two, LLC dba: Million Air La Quinta

**REQUEST FOR CONSENT TO SUBLEASE**

Reference is made to that certain Lease effective January 13, 2004, by and between the County of Riverside, ("County"), as Lessor, and La Quinta FBO Two LLC, a Limited Liability Company dba: Million Air La Quinta (MALQ), as Lessee, pertaining to an approximately a 18.44 acre portion of the Jacqueline Cochrane Regional Airport ("Airport").

MALQ hereby request the County's consent to Sublease by MALQ, as Sublessor, to John D. Greene Trustee for the John D. Greene Living Trust Dated 12/14/2001, as Sublessee, to that certain portion of the Premise, identified as Unit #20, as outlined on Exhibit "A" to said Sublease, under the terms and conditions of said proposed Sublease, a copy of which is attached hereto and made a part hereof.

The address of the proposed Sublessee is:

John D. Greene Trustee for the  
John D. Greene Living Trust Dated 12/14/2001  
5905 Green Meadows Dr  
Cheyenne, WY 82001

The nature and character of the proposed Sublessee's business is as set forth in the proposed Sublease.

This request is made on January 6, 2005.

La Quinta FBO Two, LLC  
A Delaware Limited Liability Company

FORM APPROVED  
COUNTY COUNSEL

FEB 08 2005

BY Jordan V. Abo

By: Eric Affeldt  
Eric Affeldt, President

CONSENT TO SUBLEASE

THE UNDERSIDNGED HEREBY CONSENT TO THE ABOVE-REFERENCED SUBLEASE

Executed this 13<sup>th</sup> day of MARCH, 2005.

COUNTY OF RIVERSIDE

By: Marion Ashley  
MARION ASHLEY

CHAIRMAN, BOARD OF SUPERVISORS

Exhibit A -

ATTEST:  
NANCY ROMERO, Clerk  
BY Nancy Romero  
NANCY ROMERO

# MILLION AIR LA QUINTA LA QUINTA JET CENTER (TRM)

## Features.....

- Steel Doors
- Fully Insulated
- All White Interiors
- Metal Liner Panel (No Drywall)
- Fire Sprinklers
- Private Gated Entrance
- 200 Amp Electrical Panels
- Plumbed For Water, Sewer, Phone
- Door Height up to 28'
- Adjacent To The New Million Air Terminal Facility
- Accommodates Up To Gulfstream IV
- 40 Year Ground Lease

## Options.....

- Epoxy Floors
- Offices, Crew Quarters, Restrooms
- Custom Size Available to 20,000 Sq. Ft.

## Programs Available.....

- Purchase
- Lease
- Management

For Information Call  
Eric Affeldt or Sheryl Evans

(760) 399-1855

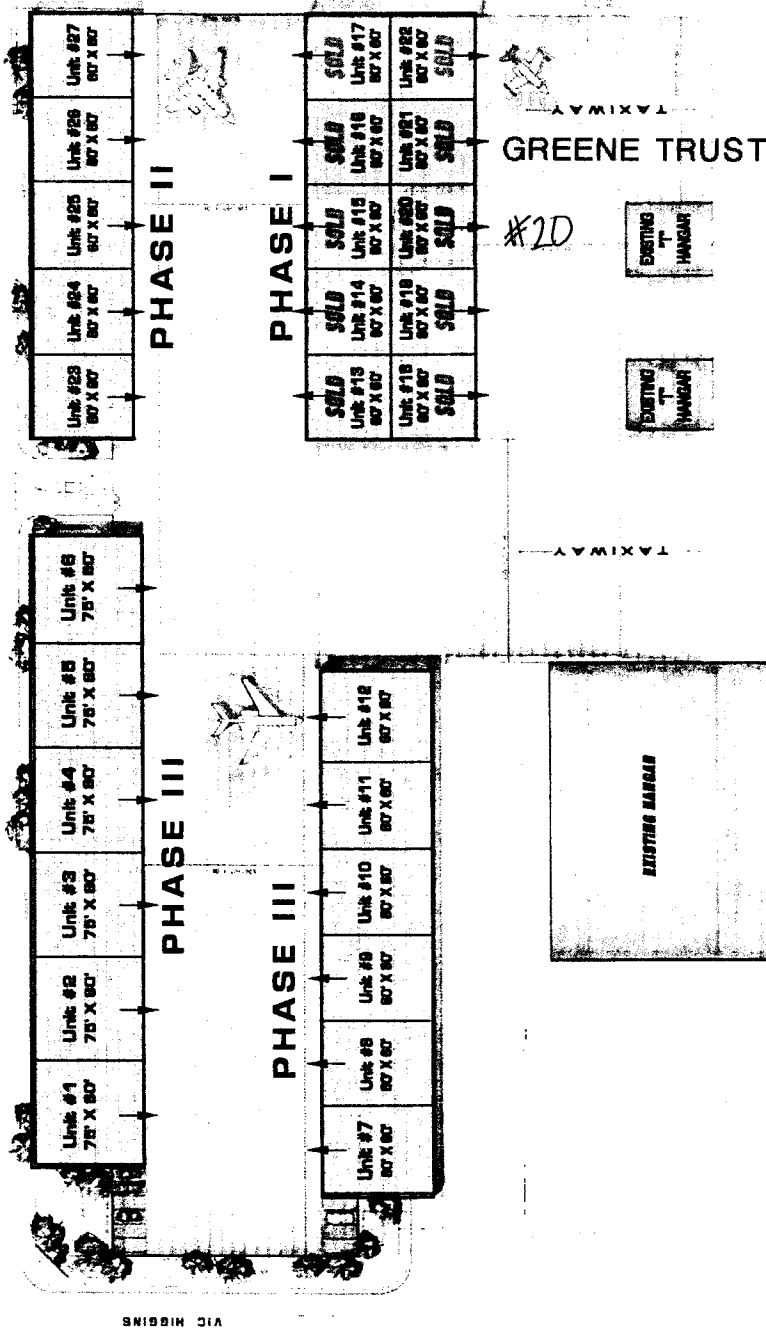


EXHIBIT A

JACQUELINE COCHRAN REGIONAL AIRPORT

Custom Hangar Sites For  
Larger Aircraft Also Available

## SUBLEASE

This Sublease is made effective November 17, 2003 ("Commencement Date"), by and between La Quinta FBO Two, LLC, a Delaware limited liability company, ("FBO") DBA: Million Air La Quinta or ("Sublessor"), and John D. Greene Trustee for the John D. Greene Living Trust Dated Dec, 14, 2001, ("Sublessee").

## RECITALS

1. Sublessor is the tenant under a Lease effective December of 2003 (the "Lease" or "Master Lease"), by and between La Quinta FBO Two, LLC, a Delaware limited liability company DBA: Million Air La Quinta as Lessee and the County of Riverside ("County"), as Lessor covering an approximate 18.44 acre portion of the Jacqueline Cochrane Regional Airport. A copy of the Master Lease is attached hereto as **Exhibit "A"** and made a part hereof. (The Master Lease covers an area larger than 18.44 acres. The percentage of the rent due under the Master Lease relating to the 7.96 acre project is equal to 43.2 % of total rent under the Master Lease.)

2. Sublessor intends to sublease to Sublessee a portion of the premises covered by the Master Lease and has obtained or will obtain permission from the County to sublease to Sublessee. The hangar number applicable to such portion is C-20 (the "Premises"). Sublessee intends to sublease such portion from Sublessor.

## AGREEMENT

**1.0 Premises.** Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, upon the terms and conditions hereinafter set forth, the Premises, identified by the hangar number above, located at the Airport, including the real property described in **Exhibit "B"** said Premises being a portion of the premises currently leased to Sublessor under the Master Lease, to include the right to use certain portions of the Common Area as identified on **Exhibit "B"** as hereinafter further provided. "Common Area" is defined as any portion of the property referred to in Paragraph 3.2.

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

**3.0 Use.** The principal authorized use of the Premises is private, personal hangar facility and office use, and uses related thereto or associated with such private, personal occasional non-aviation related uses as may be approved by Sublessor in its sole and absolute discretion and by the County, all as set forth in Paragraph 4 of the Master Lease; as may be

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

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

**4.0 Rent and Charges.**

**4.01 Initial Rent.** Beginning on the Commencement Date, Sublessee shall pay initial rent of Ninety Eight (\$ 98.00 Dollars) per month to be paid monthly to the Sublessor at the office of Sublessor without reduction, abatement, deduction, offset or any prior demand therefor in advance of the first day of each month of the term hereof and subject to adjustment, which shall equal one twenty seventh (1/27) of the amount due from Sublessor to County under the Master Lease relating to the 6 acre project area only. Payments will be made to the office of the Sublessor at 145 S. Gene Autry Trail, Palm Springs, CA 92262.

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

**4.03. Annual Adjustment.** The rent shall be adjusted commencing on the July 1<sup>st</sup> following the Commencement Date, and each year thereafter during the term, including any extension thereof, as provided in Section 5 of the Master Lease.

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

**5.01 Common Area Payments.** Sublessee shall pay on a one twenty-seventh (1/27) pro rata basis, all charges for all maintenance, landscaping, sweeping, to include security, common area insurance, management, and other Common Area costs to keep the Common Area in pristine condition on/or for the subleased Premises, including around the exterior of the Premises Sublessee's estimated portion of all utilities, common area sweeping, landscaping charges and other common area charges billed by Sublessor to maintain the Common Area ("Common Area Charges") are one hundred per month, (\$ 100.00). Said amount shall be subject to annual adjustment on January 1<sup>st</sup> of each year following the Commencement Date.



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

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

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

**7.0 Use Conditions.**

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

**7.02 Compliance with Rules, Regulations, Ordinance, Codes and Law.** Sublessee shall at Sublessee's sole cost and expense at all times during the term of this Sublease or any renewal or extension thereof comply with and observe all rules, regulations, ordinances, codes and laws which have been or may be promulgated by Sublessor, the County, and the Rules and Regulations attached hereto, or other jurisdictions that relate to the Premises and the use of the facilities of the Airport including, all fire regulations, safety regulations, noise control regulations and security regulations. Such rules, regulations, ordinances, codes, Rules and Regulations and laws are hereby made a part of this Sublease and Sublessee's failure to keep and observe the rules and regulations shall constitute a breach of the terms of this Sublease in like manner as if the same were contained herein. Sublessor and the County reserve the right to amend or supplement the rules, regulations, ordinances, codes and laws and to adopt additional rules, regulations, ordinances, codes and laws applicable to the Premises, to Sublessee's use of the Premises, and the use of the facilities of the Airport. Sublessor shall have no obligation to Sublessee as a result of the violation of any such rules by any other person. Sublessee shall at all times obey the statutes, codes, ordinances, laws and regulations of the United States of America, the State of California, the County and any other governmental entity having jurisdiction, as the same may from time to time be amended during the term of this Sublease.

**7.03 Security.** Sublessee will acquaint itself with the County's security plan and all Federal Aviation Administration and other security requirements and shall at all times fully abide by the same. If Sublessor or the County is fined for any breach of security as a result of Sublessee's negligence or failure to abide by applicable security requirements, Sublessee shall reimburse Sublessor or the County, as appropriate, for such fine immediately upon demand. Sublessee shall similarly be responsible for the negligence or non-compliance of any of its assignees, subtenants or their licensees, invitees or guests.

**7.04 Other Use Restrictions.** Sublessee shall not commit or suffer to be committed any waste or any public or private nuisance or any other act or thing which may disturb the quiet enjoyment of any other person or organization at the Airport or upon the Premises or Common Area. Sublessee's method of lighting the Premises and its installation of all exterior light fixtures shall be subject to Sublessor's sole and absolute discretion. Sublessee shall maintain access control to the Premises in conformance with Federal Airport Security regulations, the security plan of the County and other federal and County directives and regulations that may be issued. All motor vehicles parked or operated upon the Premises or Common Area by Sublessee, its officers, employees, guests, patrons, and invitees shall be parked or operated in accordance with the County's and Sublessor's traffic and parking regulations, ordinances and other directives. Sublessee shall at all times maintain the Premises of Sublessee, as well as Common Areas used by Sublessee, in a clean condition, free from any garbage, trash, litter, oil, grease, or any other solvents or any debris not related to the use of the Premises. Any items applicable to the maintenance and support of aircraft, automobiles or related uses to Sublessee's business or office shall not be stored on the exterior of said Premises and shall not be visible from the exterior of the Premises. All maintenance of aircraft shall be at all times for the private, personal use of Sublessee and shall not be for profit, or public use, or sale.

## **8.0 Maintenance of Premises.**

**8.01 Delivery.** Sublessor agrees to deliver the Premises in working order and Sublessee agrees to accept the Premises in the delivered condition without further additions, modifications or improvements by the Sublessor. Sublessee agrees that Sublessor has made no warranties or representations of any kind respecting the condition of the Premises or utilities located thereon or the use to which the Premises may be put.

**8.02 Maintenance Costs.** Sublessee at its sole cost and expense shall at all times maintain the Premises and all buildings, structures and improvements thereon in a good state of repair and in a safe, clean, neat and sanitary condition. In the event Sublessee fails to make any repairs required to be made by Sublessee in accordance with the terms of this Sublease, Sublessor shall notify Sublessee of such failure, if within thirty (30) days of such notice, Sublessee has failed to make such repairs, Sublessor shall have the option but not the obligation to make such repairs at the expense of Sublessee. Sublessor shall have the option but not the obligation to make such repairs at the expense of Sublessee. Should Sublessor opt to make said repairs, Sublessor shall have the right to charge Sublessee, as additional rent due hereunder upon

demand, all costs of Sublessor for making such repairs on a pro rata basis. If Sublessee fails to pay all costs to Sublessor for making repairs, Sublessor shall have the right to lien the property for said costs, to include costs of any suit together with reasonable attorneys fees. Sublessor shall have no liability to Sublessee for any damage, inconvenience or interference with the use of the Premises by Sublessee as a result of the making of any repairs made by Sublessor and the rent shall not be abated by reason thereof.

**9.0 Delivery of Possession And Completion of Sublessor's Work.** Sublessor shall use its good faith efforts to substantially complete the work required to be completed by Sublessor for delivery of the Premises to Sublessee, as described in **Exhibit "C"** to this Sublease (the "Sublessor's Work"). If possession of the Premises (including, without limitation, substantial completion of the Sublessor's Work) is not delivered to Sublessee on or before MAY 1, 2004 (the "Commencement Date"), either party may thereafter terminate this Sublease by giving written notice to the other party before such possession is delivered (except that such date shall be extended to the extent the delay in possession is caused or contributed by Sublessee, or by force majeure or "Act of God" as set forth in **Exhibit "C"**). Sublessor shall not be liable for any damage caused by any delay in delivery of possession, and, except to the extent this Sublease is terminated in accordance with the preceding sentence, the delay will not affect the validity of this Sublease. Except for any items set forth on a "punch-list" of excepted items delivered to Sublessor on or before the Rent Start Date, Sublessee shall be deemed to have (i) acknowledged that Sublessor's Work has been substantially completed, (ii) accepted the Premises in its then as-is condition with no right to require Sublessor to perform any additional work therein, except for latent defects as to which Sublessor is given written notice within 90 days after Sublessee's knowledge of their existence and except as set forth on the punch list, and (iii) waived any express or implied warranties regarding the condition of the Premises, including any implied warranties of fitness for a particular purpose or merchantability. Following the Rent Start Date, Sublessor and Sublessee shall execute a letter agreement confirming the Rent Start Date and Sublessee's acceptance of the Premises.

**10.0 Alterations and Improvements.** Sublessee shall not install, make, or suffer to be made, any alterations or improvements to the interior or exterior of the Premises or any part thereof without the prior written consent of Sublessor, such consent shall not be unreasonably withheld or delayed. If in accordance with good construction practices, applicable governmental requirements, the special conditions, plans and specifications approved by Sublessor. Sublessee shall comply with all construction, and labor regulations of Sublessor, and the County and shall provide reasonable insurance coverage required by Sublessor and the County, or other means of surety, to the reasonable satisfaction of Sublessor and the County shall be provided to ensure that, in the event that the Sublessee defaults and is unable to complete construction, there will be funds provided to return the Premises to the original condition and to satisfy any liens for labor and materials that may be brought for work on the Premises. All alterations or improvements performed by Sublessee shall be carried out by licensed contractors and said alterations and improvements shall be carried out in accordance with all applicable laws and regulations. Sublessee shall at Sublessee's sole cost and expense obtain all necessary permits, licenses and

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

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

**12.0 Condemnation.**

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

**12.02 Partial Taking.** If any part of the Premises are taken or condemned for a public or a quasi-public use by an entity and there is such a major change in the character of the property as to prevent Sublessee from using the Premises in substantially the same manner as theretofore used then in such event Sublessee may terminate this Sublease as of the date of condemnation by giving written notice to Sublessor within fifteen (15) days after the date of condemnation. If any

part of the Premises are taken or condemned for a public or quasi-public use and either party does not have the power to terminate this Sublease as hereinabove set forth, then this Sublease shall continue in full force and effect except that as to the part so taken this Sublease shall terminate as of the date of condemnation and the annual rent payable hereunder shall be adjusted so that Sublessee shall be required to pay for the remainder of the term only such portion of such rent as the value of the remaining part after condemnation bears to the value of the Premises at the date of condemnation. In the event that the parties are unable to agree upon an appropriate rate of rent, the rent shall be established by such arbitrators as may be agreed upon by the parties, or if there is no such agreement then by arbitration conducted pursuant to the then existing rules of the American Arbitration Association.

### **13.0 Assignments and Subleases.**

**13.01 Generally.** No portion of the Premises or of Sublessee's interest in this Sublease may be acquired by any other person or entity, whether by sale, assignment, mortgage, sublease, transfer, without the express written approval of the Sublessor. Sublessor has the right to grant or withhold its consent as provided in Section 13.05 below. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Sublease. If Sublessee is a partnership or limited liability company any cumulative transfer of more than twenty percent (20%) of the partnership or limited liability company interests shall require Sublessor's consent. If Sublessee is a corporation, any change in the ownership of a controlling interest of the voting stock of the corporation shall require Sublessor's consent.

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

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

**13.04 First Offer to Sublessor.** At all times during the term of this Sublease, prior to making any transfer of Sublessee's interest other than as provided in Paragraph 13.01 or 13.02, any proposed transfer of the Sublease and the Premises shall first be offered to Sublessor, who

shall have three (3) days to accept or reject any offer to sublease or purchase the Sublease and/or Premises. Sublessee shall provide a copy of any offer to purchase the Sublease or Premises immediately upon receipt by Sublessee.

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

**13.06 No Merger.** No merger shall result from Sublessee's sublease of the Premises under this Article Thirteen, Sublessee's surrender of this Sublease or the termination of this Sublease in any other manner. In any such event, Sublessor may terminate any or all subleases or succeed to the interest of Sublessee as Sublessor under any or all subleases.

#### **14.0 Default.**

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

**14.02 Sublessor's Remedies.** In the event of default as described in section 14.01, Sublessor shall notify Sublessee in writing that Sublessee is in default, and Sublessee will then have a cure period of thirty (30) days from date of notice from Sublessor to cure such an event. Sublessor shall have the following remedies if Sublessee fails to correct default. The remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law. Sublessor can continue this Sublease in full force and effect. Sublessor can enter the

Premises and relet them or any part of them to third parties for Sublessee's account. No act by Sublessor in reletting the Premises allowed by this section shall terminate this Sublease. In the event of Sublessee's default and Sublessor's reentering of the Premises Sublessee agrees to pay Sublessor as an additional item of damages, the cost of repairs, alterations, redecorating, Sublease commissions and Sublessor's other expenses incurred in reletting the Premises to a new tenant.

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

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

#### **15.0 Indemnity and Insurance**

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

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

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

**15.03. Hangar keeper's Liability (Ground Coverage).** Should Sublessee's operations

include care or custody of aircraft stored on the Premises, Sublessee shall maintain Hangar keeper's legal liability insurance in an amount sufficient to fully cover the replacement value of all aircraft for which said custody is assumed while on the ground.

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

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

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

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

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



refuses to pay the additional premium charged the other party is relieved of the obligation to obtain a waiver of subrogation right with respect to the particular insurance involved.

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

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

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

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

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

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

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

**16.06 Site Visits, Observations and Testing.** Sublessor, the County, and their agents and representatives shall have the right from time to time to enter and visit the Premises to make observations of the Premises, take and remove soil or groundwater samples, and conduct tests. Sublessor is under no duty, however, to visit or observe the Premises or to conduct tests. No site visit, observation or testing by Sublessor shall result in a waiver of any default of Sublessee or impose any liability on Sublessor. In no event shall any site visit, observation or testing by Sublessor be a representation that Hazardous Substances are or are not present in, on or under the Premises or that there has been compliance with any statute, code, regulation, rule, ordinance, order or other law pertaining to Hazardous Substances. Neither Sublessee nor any other party is entitled to rely on any site visit, observation or testing by Sublessor. Sublessor shall not be obligated to disclose to Sublessee or any other party any report or finding made as a result, or in connection with, any site visit, observation or testing by Sublessor. Sublessor shall not be

obligated to disclose to Sublessee or any other party any report or finding made as a result, or in connection with, any site visit, observation or testing by Sublessor. In each instance, Sublessor shall give Sublessee reasonable notice before entering the Premises.

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

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

Sublessor

Million Air La Quinta  
c/o Million Air Palm Springs  
145 S. Gene Autry Trail  
Palm Springs, CA 92262

Sublessee

John D. Greene Trustee  
John D. Green Living Trust  
5905 Green Meadows Dr  
Cheyenne, WY 82001

**19.0 Taxes.** In the event a possessory interest tax or property tax is levied by the appropriate County or State taxing authority, Sublessee shall be solely responsible for payment of Sublessee's pro rata share of such tax.

**20.0 Protection of Lenders.**

**20.01 Subordination.** Sublessor shall have the right to subordinate this Sublease to any deed of trust or mortgage encumbering the Premises, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Sublessee shall cooperate with Sublessor and any lender which is acquiring a security interest in the Premises or the Sublease. Sublessee shall execute such further documents and assurances as such lender may require, provided that Sublessee's obligations under this Sublease shall not be increased in any material way (the performance of ministerial acts shall not be deemed material), and Sublessee shall not be deprived of its rights under this Sublease. Sublessee's right to quiet possession of the Premises during the Sublease Term shall not be disturbed if Sublessee pays the rent and performs all of Sublessee's obligations under this

Sublease and is not otherwise in default. If any beneficiary or mortgagee elects to have this Sublease prior to the lien of its deed of trust or mortgage and gives written notice thereof to Sublessee, this Sublease shall be deemed prior to such deed of trust or mortgage whether this Sublease is dated prior or subsequent to the date of said deed of trust or mortgage or the date of recording itself.

**20.02 Attornment.** If Sublessor's interest in the Premises is acquired by any beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Sublessee shall attorn to the transferee of or successor to Sublessor's interest in the Premises and recognize such transferee or successor as Sublessor under this Sublease. Sublessee waives the protection of any statute or rule of law which gives or purports to give Sublessee any right to terminate this Sublease or surrender possession of the Premises upon the transfer of Sublessor's interest.

**20.03 Signing of Documents.** Sublessee shall sign and deliver any instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so. Sublessee has ten (10) days to do so after written request.

**20.04 Estoppel Certificates.**

**20.04.01** Unless Sublessee has entered into a direct lease with the County, upon Sublessor's written request, Sublessee shall execute, acknowledge and deliver to Sublessor a written statement certifying: (i) that none of the terms or provisions of this Sublease have been changed (or if they have been changed, stating how they have been changed); (ii) that this Sublease has not been canceled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; (iv) that Sublessor is not in default under this Sublease (or, if Sublessor is claimed to be in default, stating why); and (v) such other representations or information with respect to Sublessee.

**20.04.02** If Sublessee does not deliver such statement to Sublessor within ten (10) days, Sublessor, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Sublease have not been changed except as otherwise represented by Sublessor, (ii) that this Sublease has not been canceled or terminated except as otherwise represented by Sublessor; (iii) that not more than one year's Base Rent or other charges have been paid in advance, and (iv) that Sublessor is not in default under the Sublease. In such event, Sublessee shall be estopped from denying the truth of such facts.

**21.0 Time.** Time is of the essence.

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

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

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

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

**26.0 Interpretation.** The captions of the Sections of this Sublease are to assist the parties in reading this Sublease and are not a part of the terms or provisions of this Sublease. Whenever required by the context of this Sublease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Sublessee, the term "Sublessee" shall include Sublessee's agents, employees, contractors, invitees, successors or others using the Premises with Sublessee's expressed or implied permission.

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

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

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

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

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

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

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

SUBLESSOR:

La Quinta FBO Two, LLC,  
a Delaware limited liability company  
DBA: Million Air La Quinta

By



LESSEE

By

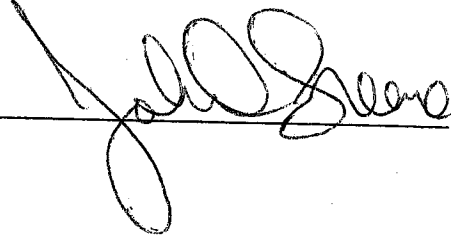


EXHIBIT A

(Attach Master Lease)

# MILLION AIR LA QUINTA LA QUINTA JET CENTER

(TRM)

### Features.....

- Steel Doors
- Fully Insulated
- All White Interiors
- Metal Liner Panel (No Drywall)
- Fire Sprinklers
- Private Gated Entrance
- 200 Amp Electrical Panels
- Plumbed For Water, Sewer, Phone
- Door Height up to 28'
- Adjacent To The New Million Air Terminal Facility
- Accommodates Up To Gulfstream IV
- 40 Year Ground Lease

### Options.....

- Epoxy Floors
- Offices, Crew Quarters, Restrooms
- Custom Size Available to 20,000 Sq. Ft.

### Programs Available.....

- Purchase
- Lease
- Management

For Information Call  
Eric Affeldt or Sheryl Evans

(760) 399-1855

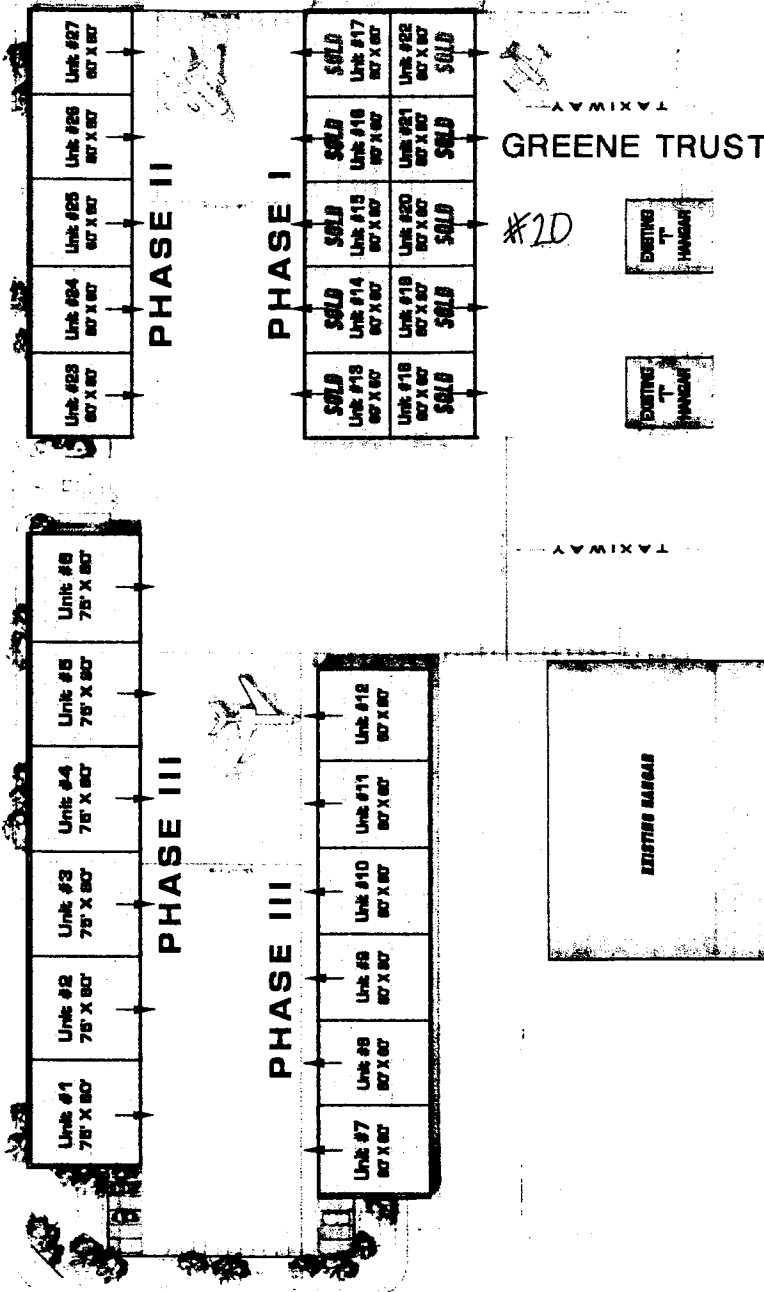


EXHIBIT B

JACQUELINE COCHRAN REGIONAL AIRPORT

Custom Hangar Sites For  
Larger Aircraft Also Available



## EXHIBIT C

### DESCRIPTION OF SUBLESSOR'S WORK, AND SUBLESSEE'S PAYMENT THEREFOR

#### I. SUBLESSOR'S WORK.

Sublessor agrees to construct for Sublessee the Premises as set forth herein ("Sublessor's Work"). Sublessor has had prepared, at its sole cost and expense, plans and specifications, structural, energy, accessibility, fire and life safety calculations-(if required) and Title 245 calculations (the "Plans") for the site work and improvements comprising the Premises. Sublessor's Work shall be completed in accordance with the Plans and Specifications already approved by Sublessee dated [insert date], prepared by Pacific Commercial Construction. Sublessor's Work shall be completed in accordance with all applicable governing codes, in a good and workmanlike manner, utilizing first quality new materials.

Sublessor's Work shall include, but not be limited to, the following:

- A. Building slab with one 4" sewer line stubbed into the hangar and one sewer clean-out on the outside of hangar;
  - B. One concrete apron;
  - C. Stubbed utilities to the building including 3 phase electric (Sublessor will provide the disconnect), gas, water, phone and cable lines pulled to the exterior of the Building;
  - D. A basic hangar building with either one roll door or one electric bi-fold door;
  - E. Each hangar will be insulated with builder-approved, quarter-inch low E insulation with foil/white backing. White side will be exposed;
  - F. Windows will be from Window Master and will conform to the same criteria of material and color as selected for each hangar by Sublessor. Refer to specific window and door schedule for each basic hangar; and
  - G. One pergola including a small patio slab (size specific per base plan).
- In the event of a conflict between the above-referenced items and the Plans and Specification, provisions of this **Exhibit "C"** shall control.

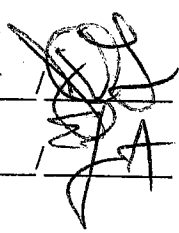
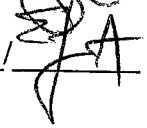
In addition to the Sublessor's Work performed pursuant to the Plans, Sublessor will install

and/or construct various improvements and/or upgrade ("Add-on") as may be requested by Sublessee and approved by Sublessor. Add-ons selected by Sublessee include those items set forth in **Exhibit C-1** attached hereto, for which Sublessee agrees to pay Sublessor the referenced expense therefor in advance of Sublessor beginning construction.

**II. SUBLESSEE'S PAYMENT FOR CONSTRUCTION OF IMPROVEMENTS.**

In consideration for Sublessor undertaking to construct the hangar building pursuant to the Plans, Sublessee agrees to pay to Sublessor, in addition to any rent or additional rent due under the Sublease between them, the following:

Initial Deposit (includes 10% deposit given with Letter of Reservation)	\$ <sup>54,000</sup> (25%)
Interim Deposit at 50% Completion:	\$ 54,000 (25%)
Interim at Substantial Completion	\$ 54,000 (25%)
Balance On Issuance of Certificate of Occupancy:	\$ 54,000 (25%)
Total Price:	\$ 216,000 (100%)

\_\_\_\_\_  
 Sublessee's Initials  
\_\_\_\_\_  
 Sublessor's Initials



The initial deposit is due upon execution of the Sublease by the parties and will be credited toward the Price to be paid by Sublessee as set forth above. The interim deposits shall be paid by Sublessee to Sublessor when Sublessor notifies Sublessee the Premises are 50% completed and upon Substantial Completion. The closing balance shall be due upon issuance of the Certificate of Occupancy. Upon the making of the final payment for construction of improvements, Sublessor will deliver the premises to Sublessee.

EACH DEPOSIT SHALL BE NONREFUNDABLE TO SUBLESSEE WHEN PAID TO SUBLESSOR, IN CONSIDERATION FOR SUBLESSOR INCURRING EXPENSE OF CONSTRUCTION OF THE RESPECTIVE IMPROVEMENT, EXCEPT UPON A BREACH BY SUBLESSOR OF THIS SUBLEASE WHICH RESULTS IN AN EARLY TERMINATION OF THIS SUBLEASE. IN THIS LATER EVENT, A PRORATED AMOUNT OF THESE DEPOSITS WOULD BE REFUNDABLE TO SUBLESSEE (SUBJECT TO WHATEVER OTHER OFFSETS MAY EXIST), BASED UPON A FRACTION, THE NUMERATOR OF WHICH SHALL BE THE AMOUNT OF TIME ELAPSED UNDER THE TERM OF THE SUBLEASE AT THE TIME OF TERMINATION, AND THE DENOMINATOR OF WHICH

SHALL BE THE TERM OF THE SUBLEASE PURSUANT TO SECTION 3.1 THEREOF. NOTHING HEREIN SHALL LIMIT THE DAMAGES SUBLESSOR MAY SEEK FROM SUBLESSEE IN THE EVENT SUBLESSEE SHOULD DEFAULT ON ITS OBLIGATIONS UNDER THE SUBLEASE.

                     /                      Sublessee's Initials  
                     /                      Sublessor's Initials

"Substantial Completion" is defined as that phase in the progress of the construction of the hangar building pursuant to the Plans when such construction is sufficiently complete so that the Sublessee may begin all of its work pursuant to Section III, completion of which would allow Sublessee to occupy and utilize the hangar building for its intended use. The "total price" of \$ 216,000 referenced above is ~~inclusive~~ <sup>exclusive</sup> of the Add-on expenses, which shall be paid by Sublessee to Sublessor separately, and in advance of any construction or installation related thereto. All sums due from Sublessee to Sublessor pursuant to this Exhibit "C" shall be considered "Additional Rent" under the Sublease.

### III. SUBLESSEE'S WORK.

Sublessee shall construct such improvements to the interior of the hangar building, and connect to stubbed utilities, as Sublessee shall require, subject to Section 10 of the Sublease. Sublessee shall be responsible for the costs of all of Sublessee's work, including sales taxes and permit fees associated therewith. Sublessee may not begin work until Sublessee has paid all money due to Sublessor under Section II above.

Sublessee shall pay all sewer hookup fees due the Coachella Valley Water District respective to the hangar building. Sublessor cannot provide a certificate of occupancy to Sublessee until Sublessee pays these fees.

The Sublessee shall provide Sublessor proof of insurance required under the Sublease for liability, and damage to person and property, before commencing any construction and/or alteration on the Premises.

### IV. SUBLESSOR'S CONSTRUCTION OF COMMON AREA IMPROVEMENTS.

Sublessor, at Sublessor's expense, will cause to have constructed the common area improvements as reflected on the Site Plan attached to the Sublease as Exhibit "A". Such improvements will include walkways, parking spaces, and ramp space.

### V. FORCE MAJEURE.


In the event Sublessor is prevented, delayed, or stopped from performing any act, undertaking, or obligation by reason of an "event of force majeure," including excessive adverse


weather, strikes, lockouts, labor disputes, failure of power, acts of public enemies of this state or the United States of America, riots, insurrection, war, civil commotion, inability to obtain labor or materials, or the discovery of hazardous substances in the underlying ground requiring remediation that would interfere with construction of the improvements pursuant to the Plans, and/or any other cause (except financial) beyond its reasonable control, then the time for Sublessor's performance hereunder, and under Paragraph 9 of the Sublease, shall be extended one day for each day's prevention, delay, or stoppage by reason of such event of force majeure.

**VI. ARBITRATION OF DISPUTES.**

Sublessee and Sublessor agree that any dispute or claim in law or equity between them arising out of Sublessor's construction of improvements pursuant to this **Exhibit "C"** shall be decided by neutral, binding arbitration and not by court action, -except as provided by California law for judicial review of arbitration proceedings. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association ("AAA"). The parties to an arbitration may agree in writing to use different rules and/or arbitrator(s). In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS "ARBITRATION OF DISPUTES" OR THE RULES AND PROCEDURES ANNOUNCED BY AAA. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, YOUR AGREEMENT TO THIS ARBITRATION PROVISIONS IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

\_\_\_\_\_  
 Sublessee's Initials

\_\_\_\_\_  
 Sublessor's Initials



**VII. INTERPRETATION.**

This **Exhibit "C"** is made a part of the Sublease to which it is attached, and the rights of Sublessor and Sublessee hereunder shall be determined in accordance with and pursuant to the terms of the Sublease, which are incorporated herein. Notwithstanding the preceding sentence, in the event any term or terms of this **Exhibit "C"** are contrary to any provision of the Sublease, the provisions of this **Exhibit "C"** will control.

DATED: 11/18/03

**SUBLESSOR:**

LA QUINTA FBO TWO, LLC,  
a Delaware limited liability company

By: 

Printed Name

Its:

Eric Appel  
President

DATED: 3/4/04

**SUBLEESSEE:**

By: 

Printed Name

Its:

John D. Greene  
TRUSTEE OF THE John D. Greene  
Living Trust dated 12/14/2001

# Master Lease Agreement

between

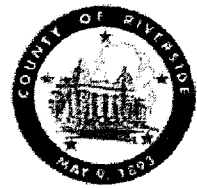
La Quinta FBO II, LLC

and the

County of Riverside  
California

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

102



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
December 15, 2003


**SUBJECT:** Lease Agreement – Desert Resorts Regional Airport, Fourth District.

**RECOMMENDED MOTION:** That the Board of Supervisors: (1) approve the Lease between the County of Riverside and the Lessee, La Quinta FBO Two, LLC, and, (2) authorize the Chairman to execute the Lease.

**BACKGROUND:** The Economic Development Agency is in receipt of a lease agreement between the County and Lessee. The Lessee currently has four Leases at Desert Resorts Regional Airport, three of which the Lessee would like to combine.

The Lessee will occupy approximately **18.44 acres** of land, the existing terminal office building and maintenance hangar of approximately 36,000 square feet, an office building of approximately 2,500 square feet, a fueling station, and two aircraft storage buildings of approximately 25,000 square feet, which are currently subleased to multiple sublessees. Any future subleases within or improvements of the leasehold are to be submitted to the County for review and approval. (Continued)

HANDED TO  
 DEPARTMENTAL CONCURRENCE

  
 Bradley J. Hudson  
 Assistant County Executive Officer/EDA

F:\Shared\EDCOM\AIRPORTS\DRRA-Thermal\Million Air La Quinta\LQFBO2 F11 consol lse dec 15 03.doc

COUNTY COUNSEL  
 DEC 22 2003  
 BY *Sharon V. Udo*

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

<b>SOURCE OF FUNDS:</b> NA	<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**

**County Executive Office Signature**

*Rhonda King*

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Buster, Tavaglione, Venable, Wilson and Ashley  
 Noes: None  
 Absent: None  
 Date: January 13, 2004  
 xc: EDA, Co.Co., Auditor

Nancy Romero  
 Clerk of the Board  
 By *Nancy Romero*  
 Deputy

Prev. Agn. Ref.: June 25 2002 3.14 | District: 4th | Agenda Number:

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

3.20

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

**BACKGROUND (CONTINUED):**

As consideration for occupying the leasehold interest, the Lessee will pay monthly a basic rent of \$8,027, with annual Consumer Price Index based adjustments beginning July 1, 2004. Beginning July 1, 2005 and every fifth year thereafter, the lease rate will be adjusted to fair market value based on the results of a County procured and approved appraisal. In addition to the basic rent, Lessee will pay a fuel flowage fee in an amount equal to five percent (5%) of the total net price paid by Lessee for all aviation and automotive fuel and lubricants received on the Leased Premises by Lessee.

The term of the Lease is thirty (30) years with an option to extend the term for an additional ten (10) years. The total years for the initial term of the Lease and the option period will not exceed forty (40) without County's approval.

The Economic Development Agency Staff recommends approval of the Lease to La Quinta FBO Two, LLC. County Counsel has approved the form of the lease document.

**LEASE SUMMARY:**

Size: 18.44 acres (a consolidation of three existing leases of 10, 6 and 1.5 acres)

Term: Thirty (30) years with one ten (10) year option to extend. Any extension beyond the initial term and option period will require County approval.

Rate: \$8,027/month with annual Consumer Price Index based adjustments beginning July 1, 2004. Lease rate is adjusted to market value on July 1, 2005 and every fifth year thereafter, based on the results of a County procured and approved appraisal.

A fuel flowage fee of 5% of the net price of all aviation and automotive fuel and lubricants received on the Leased Premises by Lessee.



18.44 ACRES

EXHIBIT "A"LEGAL DESCRIPTION  
COUNTY OF RIVERSIDE - STATE OF CALIFORNIA  
MILLION AIR LEASEPARCEL "A"

A PARCEL OF LAND LYING WITHIN THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER (SW1/4 NW1/4), THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER (NW1/4 SW1/4) OF SECTION 21, AND BEING A PART OF LOT 5 AND LOT 12 OF THE COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SAID SECTION 21, FILED IN MAP BOOK 4, PAGE 53, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND ALSO LYING WITHIN THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER (SE1/4 NE1/4) AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER (NE1/4 SE1/4) OF SECTION 20, ALL IN TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SECTION 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, SAID POINT BEING ON THE CENTERLINES OF AIRPORT BLVD. (56TH AVENUE) AND VIC HIGGINS DRIVE; THENCE S00°00'13"W ALONG THE WEST LINE OF THE NORTHWEST QUARTER (NW1/4) OF SAID SECTION 21 AND THE CENTERLINE OF SAID VIC HIGGINS DRIVE, A DISTANCE OF 2249.46 FEET; THENCE S89°58'13"E, A DISTANCE OF 33.00 FEET TO THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, AND THE TRUE POINT OF BEGINNING;

THENCE N00°00'13"E ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, A DISTANCE OF 257.56 FEET;

THENCE N45°01'36"E ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, A DISTANCE OF 19.93 FEET TO THE SOUTHERLY LINE OF AVENGER BOULEVARD (BLVD.), SAID POINT BEING 33.00 FEET SOUTHERLY OF THE CENTERLINE OF SAID AVENGER BLVD., AS MEASURED AT RIGHT ANGLES THERETO;

THENCE N89°59'44"E ALONG THE SOUTHERLY LINE OF SAID AVENGER BLVD., A DISTANCE OF 884.11 FEET;

THENCE S00°01'29"W, A DISTANCE OF 861.87;

THENCE N89°49'37"W, A DISTANCE OF 1095.51 FEET;

THENCE N00°01'11"E, A DISTANCE OF 130.02 FEET;

THENCE S89°49'37"E, A DISTANCE OF 100.09 FEET;

THENCE N01°31'09"W, A DISTANCE OF 155.69 FEET;

THENCE N89°57'32"E, A DISTANCE OF 136.16 FEET TO THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE;

18.44 ACRES

THENCE N00°01'11"E ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE A DISTANCE OF 301.38 FEET;

THENCE N89°58'13"W ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, A DISTANCE 34.61 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 0.18.44 ACRES (803,443 SQUARE FEET), MORE OR LESS, AS SHOWN ON THE ATTACHED EXHIBIT "B" WHICH IS MADE A PART HEREOF BY THIS REFERENCE HEREON.

SUBJECT TO ALL COVENANTS, RIGHTS, RIGHTS OF WAY AND EASEMENTS OF RECORD, IF ANY.



*Mark A. Turner*

1 LEASE

2 DESERT RESORTS REGIONAL AIRPORT

3 The COUNTY OF RIVERSIDE, herein called County, leases to La Quinta FBO Two,  
4 LLC, a Delaware Limited Liability Company, herein called Lessee, the property  
5 described below under the following terms and conditions:

6 1. Recitals.

7 (a) County owns approximately seventeen and one half acres (17.5  
8 acres) of land and buildings at the Desert Resorts Regional Airport, County of  
9 Riverside, California. The land is improved with a terminal office building and  
10 maintenance hangar of approximately 36,000 square feet, an office building of 2,500  
11 square feet, commonly known as the flight services building, a fueling station, and two  
12 aircraft storage buildings of totaling approximately 25,000 square feet.

13 (b) Lessee has three leases at Desert Resorts Regional Airport, a  
14 lease for ten (10) acres which expires on May 31, 2011, a lease for six (6) acres which  
15 expires on March 31, 2032 and a lease for one and one-half (1.5) acres which expires  
16 March 31, 2022.

17 (c) County desires to combine these three existing leases into one  
18 lease.

19 (d) Lessee desires to combine these Leases and is in the process of  
20 planning and obtaining building permits for the construction of executive aircraft storage  
21 hangars on the six acres Leasehold which will be offered for sale or lease and operated  
22 in conjunction with Lessee's existing Full Service Fixed Base Operation.

23 2. Description. The premises leased hereby, are located within the Desert  
24 Resorts Regional Airport, County of Riverside, California and consist of approximately  
25 seventeen and one-half (17.5) acres, being more fully described in Exhibit A, attached  
26 hereto and incorporated herein by this reference. Said property is hereafter referred to  
27 as the "Leased Premises."  
28

EXHIBIT A

1           3.    Term. This lease shall commence the first day of the month following  
2 execution by all parties thereto and terminate thirty years (30 years) thereafter, for a  
3 term of thirty years (30 years).

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

7           (b) Lessee shall have the option to extend the term of this Lease on  
8 the same terms and conditions for an additional period of ten (10) years commencing at  
9 the end of the initial term, subject to the provisions of paragraphs 5, 8 12(c), 17 and 18  
10 hereof, and provided that Lessee, at the time of exercising the option, is in full  
11 compliance with the terms of this lease. Lessee shall notify County in writing of its  
12 intention to exercise the option to extend not more than thirty-six (36) months prior to,  
13 nor less than six (6) months from, the expiration date of the initial term. Should Lessee  
14 fail to remain in compliance with the terms and conditions of this lease during the  
15 period after exercising the option and prior to the end of the initial term, the option to  
16 extend will become void.

17           4.    Use.

18           (a) The Leased Premises is leased hereby for the following purposes  
19 subject to the Minimum Standards for Fixed Base Operators Riverside County Airports,  
20 Exhibit C, attached hereto and incorporated by this reference herein:

21                   (1) Sale, retail or wholesale or both, of new and used aircraft,  
22 aircraft parts and accessories, including instruments and engines and electronic  
23 devices, aircraft fuels and lubricants, airman's navigational and personal supplies and  
24 accessories,

25                   (2) All flight operations, including, but not limited to, flight  
26 training, demonstration of aircraft for sale, charter and air taxi, and flight testing of  
27 aircraft following manufacturing or major modification or both,

28 ///

1 (3) Building, maintenance, repairs, overhaul and modification of  
2 all types of aircraft, aircraft engines, airframes, automatic flight systems, instruments,  
3 radio and other electronic equipment, propellers and all other aircraft components;

4 (4) Painting and upholstering of aircraft;

5 (5) Financing, leasing, renting and insuring of aircraft;

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

10 (7) Providing aircraft storage inside hangar buildings and on  
11 outside tie-down areas,

12 (8) Providing ground school instruction associated with flight  
13 training,

14 (9) Leasing or renting of automobiles, and storing and sale of  
15 automotive fuel and lubricants for use only in connection with Lessee's equipment and  
16 rental automobiles; and

17 (10) Providing a restaurant or café for the purpose of providing  
18 meals and beverages to the general public.

19 (b) The Leased Premises shall not be used for any purpose other  
20 than in paragraph 4 (a) without first obtaining the written consent of County, which  
21 consent shall not be unreasonably withheld.

22 5. Rent.

23 (a) Commencing upon lease execution, Lessee shall pay to Lessor as  
24 base rent for the use and occupancy of the Leased Premises, monthly rent equal to  
25 seven thousand seven hundred and fifteen dollars (\$7,715.00). Said rent is due and  
26 payable in advance on the first of each month. The rent shall be considered  
27 delinquent, if not paid by the 15<sup>th</sup> of the month. If the monthly rent becomes delinquent,  
28

1 lessee will be charged a late fee equivalent to ten percent (10%) of the delinquent  
2 rental amount, exclusive of late fees, for each month that rent is delinquent.

3 (b) In addition to the basic rent required herein, Lessee shall pay to  
4 the County a fuel flowage fee in an amount equal to five percent (5%) of the total net  
5 price paid by Lessee for all aviation and automotive fuel and lubricants received on the  
6 Leased Premises by Lessee. The term "total net price" shall mean the net price per  
7 unit of such fuel and lubricants, excluding taxes imposed thereon by any government or  
8 agency thereof, multiplied by the total number of units of such fuel and lubricants  
9 received. Lessee reserves the right of selecting its own fuel and lubricant suppliers,  
10 and Lessee's agreement with any such suppliers will contain a provision therein  
11 obligating such suppliers upon written request by County to submit a duplicate invoice  
12 for any fuel and lubricant deliveries made to Lessee within thirty (30) days following  
13 each such delivery. Such invoice shall indicate the type of products delivered, the date  
14 of delivery, the quantity delivered, the per-unit cost and the total extended cost, and the  
15 invoice number. In the event County does not request such suppliers to submit  
16 invoices to County, Lessee shall be obligated to submit such invoices and payments to  
17 County, or both if applicable. In the event the supplier fails, or refuses, to properly and  
18 timely submit any invoices to County, Lessee, upon County's written request, shall  
19 make a separate accounting of such fuel and lubricant deliveries or submit payment to  
20 County in connection therewith, or both. Notwithstanding provisions of this Paragraph  
21 5 (b) upon written request from County, Lessee shall make a separate accounting of  
22 such fuel and lubricant deliveries.

23 (c) Beginning July 1, 2005, and every fifth (5<sup>th</sup>) year thereafter, the  
24 basic monthly rent shall be one-twelfth (1/12) of eight percent (8%) of the appraised fair  
25 market value of the Leased Premises. The appraised fair market value of the land and  
26 shall not include the value of the improvements placed on the premises. A property  
27 appraisal for this purpose is to be performed by an independent certified appraiser,  
28 procured by the County, knowledgeable in aviation appraising and in good standing

1 with the American Institute of Real Estate Appraisers. Once established, said rent shall  
2 be adjusted annually in the manner set forth in Paragraph 5(d) below. In no event will  
3 application of this paragraph result in a monthly rental amount lower than the most  
4 recent previous monthly rental amount.

5 (d) Consumer Price Index. Beginning July 1, 2004 and at each July  
6 1<sup>st</sup> thereafter, except for dates coinciding with the appraisals conducted every fifth year  
7 as referenced in 5(c) above, the rent shall be adjusted by the percentage change, in  
8 the CPI, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the  
9 twelve month period ending three months before the month of rent adjustment under  
10 this paragraph. In no event will application of this paragraph result in a monthly rental  
11 amount lower than the most recent previous monthly rental amount.

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

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

19 b) Employ and maintain on the Leased Premises sufficient personnel  
20 who are trained and skilled in order to competently perform the tasks related to the  
21 services being offered.

22 c) Operate the Leased Premises and perform services for the use  
23 and benefit of the general public without discrimination on the grounds of race, religion,  
24 color or national origin or in any manner prohibited by Part 15 of the Federal Aviation  
25 Administration Regulations.

26 d) Provide services to the general public seven (7) days per week  
27 during the term of this lease on a minimum hourly basis each day from 8:00 A.M., local  
28

1 time, to 5:00 P.M., local time. Lessee shall not make any changes relative to such  
2 minimum hourly schedule unless approval is first obtained from County in writing.

3 e) Operate the Leased Premises and the facilities thereon in a  
4 progressive and efficient manner, charging fair and reasonable prices for each unit or  
5 service, said prices being competitive with prices charged by other fixed based  
6 operators in the Southern California Area. Upon request from County, Lessee shall  
7 furnish County with a schedule of all prices for each unit or service offered for sale or  
8 lease to the general public.

9 f) Provide janitorial services at its own expense.

10 g) Provide for transient aircraft parking guidance, positioning of wheel  
11 chocks and tie-downs, fireguard for engine starts (upon request from aircraft operators)  
12 and baggage handling on a routine and reasonable basis.

13 h) Have available and provide, as needed, standardized ground  
14 service equipment for aircraft weighing twelve thousand five hundred (12,500) pounds  
15 or less gross weight. Service equipment shall include, but not be limited to, wheel  
16 chocks, tie-down ropes or chains, aircraft jacks, tow bars, auxiliary power units and  
17 aircraft tugs on a routine and reasonable basis.

18 i) Not engage in the painting of aircraft (other than small "spot  
19 painting" jobs in connection with repairs) within any buildings unless, or until, it has  
20 established therein a regular paint shop which is adequately enclosed and vented, and  
21 has been inspected and approved, in writing, by representatives of the Federal Aviation  
22 Administration and County's Fire and Building and Safety Departments, and all  
23 applicable permits have been obtained.

24 j) Maintain a comfortable, well furnished pilot's lounge and clean,  
25 sanitary restroom facilities for both men and women. Such restroom facilities shall be  
26 properly and continuously supplied with soap, towels toilet tissue and any other  
27 supplies required by state, federal or local laws and ordinances.

28



1 k) Provide aviation fuel and lubricants for both piston and jet engine  
2 aircraft for sale to the general public, unless Lessee is precluded from providing such  
3 fuel and lubricants due to causes beyond its control relating to its suppliers' fuel  
4 shortages, work stoppages (excluding Lessee's employment force), acts of God, acts  
5 of war, civil disorders or other similar acts.

6 l) Observe the Taxiway Object Free Area adjacent to their leasehold  
7 to allow the passage of taxiing aircraft. The Taxiway Object Free Area boundary for  
8 Taxiway A is seventy-five (75) feet from the centerline of the taxiway.

9 m) Adhere to the provisions set forth in the Minimum Standards for  
10 Fixed Base Operators Riverside County, EXHIBIT C.

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

17 8. On-Site Improvements.

18 (a) Lessee, at its expense, shall construct, or cause to be constructed  
19 the following improvements: Lessee has submitted a development plan to the  
20 Economic Development Agency (EDA), and EDA has approved said plan, for the  
21 development of executive hangars on six acres of the Leased Premises. The plan calls  
22 for the development of the site in three phases: Phase I approximately 39,000 square  
23 feet; Phase II approximately 36,000 square feet; and Phase III approximately 41,400  
24 square feet.

25 By no later than October 1, 2003 Lessee shall submit construction  
26 drawings to County for plan check and building permits. Construction of said  
27 improvements shall commence within one (1) month following issuance of the requisite  
28 permits by County. The site may be developed in phases subject to the approval of the

1 Economic Development Agency, provided that all construction is completed prior to  
2 May 31, 2008.

3 In the event Lessee fails to complete all phases of the development in the  
4 time allotted, either party shall have the option of reducing the size of the leasehold by  
5 the amount of land in any phase in which development activity has not commenced.  
6 For the purpose of this agreement, development activity shall mean activity that will  
7 result in the start of construction of the buildings approved for that phase and the  
8 completion of those buildings within a reasonable time.

9 Said option shall be exercised by notifying the other party in writing  
10 between June 1, 2008 and to June 30, 2008. Upon delivery of such notice the  
11 undeveloped phase(s) of the leasehold so identified (the "Returned Phase(s)") will  
12 revert to the County and this Lease will be amended accordingly to reflect the reduced  
13 acreage and rent. Any such amendment shall include easements satisfactory to  
14 County through Lessee's initial phases providing access to future development of the  
15 Returned Phase(s) and to Taxiway A from the Returned Phase(s) (the "Taxiway  
16 Easement").

17 Lessee shall obtain performance, material and labor payment bonds in  
18 the amounts required by law and determined by County and shall furnish County with  
19 copies thereof, prior to the commencement of such construction.

20 (b) All improvements are to be at Lessee's sole cost. Lessee is to pay  
21 for construction of any required utility extensions and hookups and any access road  
22 improvements. All improvements are to be submitted to County for approval prior to  
23 the start of any construction.

24 (c) Any improvements, alterations and installation of fixtures, to be  
25 undertaken by Lessee, shall have the prior written approval of the Economic  
26 Development Agency after Lessee has submitted to County proposed plot and building  
27 plans, and specifications therefore, in writing. In addition, Lessee understands and  
28 agrees that such improvements, alterations and installation of fixtures may be subject

1 to County Ordinance Nos. 348 and 457, as well as other applicable County ordinances,  
2 and that Lessee shall fully comply with such ordinances prior to the commencement of  
3 any construction in connection therewith.

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

15 (e) No later than thirty days (30 days) following completion of any  
16 facilities constructed pursuant to this Lease agreement, Lessee shall submit two (2)  
17 sets of record (as-built) drawings to the county representative designated in Paragraph  
18 37 hereof.

19 9. Off-Site Improvements

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

22 (b) County shall provide the following off-site improvements to serve  
23 the site: (1) water, (2) sewer, and (3) a paved access road. Connections to these off-  
24 site improvements shall be the sole cost and responsibility of Lessee as described in  
25 paragraph 9(c). Additionally, Lessee shall be responsible for any improvements  
26 beyond those listed in this paragraph, including, but not limited to, electricity, telephone  
27 and gas service.

28

1 (c) It is understood by the parties hereto that utility services are  
2 available in the general vicinity of the Leased Premises, but in order for the on-site  
3 improvements required in Paragraph 8 herein to be fully usable and operational,  
4 Lessee, at its expense, shall extend and/or connect, or cause to be extended and/or  
5 connected, to such utility service facilities that may be required or desired by Lessee in  
6 the use, operation and maintenance of such on-site improvements. After such  
7 extensions and/or connections have been made, Lessee shall be responsible for  
8 payment of the use of such utility services, without limitation, all electricity, gas,  
9 telephone and water.

10 (d) Lessee shall obtain, or cause to be obtained performance, material  
11 and labor, and payment bonds in the amounts required by law and determined by  
12 County and shall furnish County with copies thereof prior to the commencement of  
13 such off-site improvements.

14 10. Additional Obligations of Lessee. Lessee shall maintain the Leased  
15 Premises, approaches thereto, and improvements now or hereafter located thereon, in  
16 good and sanitary order, condition, and repair, and upon any termination of this Lease,  
17 Lessee agrees to surrender said Leased Premises and improvements thereon in such  
18 condition, reasonable use and wear thereof and damages by fire, acts of God, war, civil  
19 insurrection, or by the elements excepted.

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

25 12. County's Reserved Rights.

26 (a) The Leased Premises are accepted by Lessee subject to any and  
27 all existing easements or other encumbrances, and County shall have the right to enter  
28 upon the Leased Premises and to install, lay, construct, maintain, repair and operate

1 such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections,  
2 water, oil and gas pipelines, and telephone and telegraph power lines and such other  
3 facilities and appurtenances necessary or convenient to use in connection therewith,  
4 over, in, upon, through, across and along the Leased Premises or any part thereof.  
5 County also reserves the right to grant franchises, easements, rights of way and  
6 permits in, over and upon, along or across any and all portions of said Leased  
7 Premises as County may elect; provided, however, that no right of the County provided  
8 for in this paragraph shall be so executed as to interfere unreasonably with Lessee's  
9 use hereunder, or impair the security of any secured creditor of Lessee. County shall  
10 cause the surface of the Leased Premises to be restored to its original condition (as  
11 they existed prior to any such entry) upon the completion of any construction by County  
12 or its agents. In the event such construction renders any portion of the Leased  
13 Premises unusable, the rent shall abate pro rata as to such unusable portion during the  
14 period of such construction. Any right of County set forth in this paragraph shall not be  
15 exercised unless a prior written notice of thirty (30) days is given to Lessee; provided,  
16 however, in the event such right must be exercised by reason of emergency, then  
17 County shall give Lessee such notice in writing as is reasonable under the existing  
18 circumstances.

19 (b) County reserves the right to further develop or improve the aircraft  
20 operating area of Desert Resorts Regional Airport as it deems appropriate. County  
21 reserves the right to take any action it considers necessary to protect the aerial  
22 approaches of the Desert Resorts Regional Airport against obstruction, together with  
23 the right to prevent Lessee from erecting or permitting to be erected, any building or  
24 other structure on the Desert Resorts Regional Airport, which in the opinion of County,  
25 would limit the usefulness of the Desert Resorts Regional Airport or constitute a hazard  
26 to aircraft.

27 (c) During the time of war or national emergency, County shall have  
28 the right to lease the landing area of the Desert Resorts Regional Airport, or any part

1 thereof, to the United States Government for military use and, if such lease is executed,  
2 the provisions of this lease insofar as they are inconsistent with the provisions of such  
3 lease to the Government, shall be suspended. In that event, a just and proportionate  
4 part of the rent hereunder shall be abated, and the period of such closure shall be  
5 added to the term of this lease, or any extensions thereof, so as to extend and  
6 postpone the expiration thereof unless Lessee otherwise elects to terminate this Lease.

7 (d) Notwithstanding any provisions herein, this Lease shall be  
8 subordinate to the provisions of any existing or future agreement between County and  
9 the United States, relative to the operation or maintenance of the Desert Resorts  
10 Regional Airport, the terms and execution of which have been or may be required as a  
11 condition precedent to the expenditure or reimbursement to County of Federal funds for  
12 the development of said airport.

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

16 13. Inspection of Premises. County, through its duly authorized agents, shall  
17 have, at any time during normal business hours, the right to enter the Leased Premises  
18 for the purpose of inspecting, monitoring and evaluating the obligations of Lessee  
19 hereunder and for the purpose of doing any and all things which it is obligated and has  
20 a right to do under this Lease.

21 14. Quiet Enjoyment. Lessee shall have, hold and quietly enjoy the use of  
22 the Leased Premises so long as lessee shall fully and faithfully perform the terms and  
23 conditions that the lessee is required to do under this Lease.

24 15. Compliance with Government Regulations. Lessee shall, at Lessee's  
25 sole cost and expense, comply with the requirements of all local, state and federal  
26 statutes, regulations, rules, ordinances and orders now in force or which may be  
27 hereafter in force, pertaining to the Leased Premises. The final judgment, decree or  
28 order of any Court of competent jurisdiction, or the admission of Lessee in any action or

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

4 16. Discrimination or Segregation.

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

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

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

1 Lessee that they similarly will undertake affirmative action programs and that they will  
2 require assurances from their subcontractors and independent contractors, as required  
3 by 49 CFR, Part 21, to the same effect with respect to their use of the Leased  
4 Premises.

5 17. Termination by County. County shall have the right to terminate this  
6 lease forthwith:

7 (a) In the event a petition is filed for voluntary bankruptcy or a petition  
8 for involuntary bankruptcy is filed and not dismissed within ninety days (90 days), for  
9 the adjudication of Lessee as debtors.

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

13 (c) In the event of abandonment of the Leased Premises by Lessee.

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

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

20 (f) In the event Lessee fails to procure and maintain insurance  
21 coverage required herein and fails to provide evidence of coverage to County.

22 18. Termination by Lessee.

23 (a) Lessee shall have the right to terminate this lease in the event  
24 County fails to perform, keep or observe any of its duties or obligations hereunder;  
25 provided, however, that County shall have thirty (30) days in which to correct its breach  
26 or default after written notice thereof has been served on it by Lessee; provided,  
27 further, however, that in the event such breach or default is not corrected, Lessee may  
28 elect to terminate this lease in its entirety or as to any portion of the premises affected



1 thereby, and such election shall be given by an additional thirty (30) day written notice  
2 to County.

3       19. Eminent Domain. If any portion of the Leased Premises shall be taken by  
4 eminent domain and a portion thereof remains which is usable by Lessee for the  
5 purposes set forth in Paragraph 4 herein, this lease shall, as to the part taken,  
6 terminate as of the date title shall vest in the condemnor, or the date prejudgment  
7 possession is obtained through a court of competent jurisdiction, whichever is earlier,  
8 and the rent payable hereunder shall abate pro rata as to the part taken; provided,  
9 however, in such event County reserves the right to terminate this lease as of the date  
10 when title to the part taken vests in the condemnor or as of such date of prejudgment  
11 possession. If all of the Leased Premises are taken by eminent domain, or such part  
12 be taken so that the Leased Premises are rendered unusable for the purposes set forth  
13 in Paragraph 4 herein, this lease shall terminate. If a part or all of the Leased Premises  
14 be so taken, all compensation awarded upon such taking shall be apportioned between  
15 County and lessee according to law.

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

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

28

1           (b) Airport Commercial General Liability. Airport Commercial General  
2 Liability Insurance coverage including, but not limited to, premises liability, contractual  
3 liability, products and completed operations, contingent liability, non-owned hull liability  
4 if applicable, personal and advertising injury and, if liquor is sold, liquor law liability  
5 covering claims which may arise from or out of Lessee's performance of its obligations  
6 hereunder. Policy shall name all Agencies, Districts, Special Districts, and  
7 Departments of the County of Riverside, their respective directors, officers, Board of  
8 Supervisors, employees, elected or appointed officials, agents or representatives as  
9 Additional Insureds. Policy's limit of liability shall not be less than \$3,000,000 per  
10 occurrence combined single limit. If such insurance contains a general aggregate limit,  
11 it shall apply separately to this agreement or be not less than two (2) times the  
12 occurrence limit. Such insurance will include Medical Payments for a limit of \$5,000  
13 and Fire Legal Liability for a limit of \$300,000.

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

22           (d) Aircraft Hull and Liability Insurance. Aircraft hull coverage for  
23 the full replacement value of all aircraft owned or operated by the Lessee in the Leased  
24 Premises and the contents thereof. Policy will be endorsed to include all Agencies,  
25 Districts, Special Districts, and Departments of the County of Riverside, their respective  
26 directors, officers, Board of Supervisors, employees, elected or appointed officials,  
27 agents or representatives as Additional Insureds. Lessee may elect to self-insure or  
28 un-insure the hull portion of the coverage required herein; however, if Lessee elects not

1 to acquire commercial insurance for the hull, Lessee agrees to hold the County of  
2 Riverside harmless and not make any claim against the County of Riverside for loss or  
3 damage to the hull of his aircraft for any reason whatsoever regardless of any  
4 negligence of the County that may have contributed to said loss or damage.

5           Aircraft Liability Coverage and commercial general liability  
6 insurance including, but not limited to, premises liability and contractual liability with a  
7 limit of liability for bodily injury (including death) and property damage of at least  
8 \$1,000,000, with a per seat limit of not less than \$100,000. Coverage will apply to all  
9 owned aircraft and all non-owned or hired aircraft operated by the Lessee. Policy will  
10 be endorsed to include the all Agencies, Districts, Special Districts, and Departments of  
11 the County of Riverside, their respective directors, officers, Board of Supervisors,  
12 employees, elected or appointed officials, agents or representatives as Additional  
13 Insureds.

14           (e) Products Liability Insurance. If Lessee provides maintenance and  
15 repair services under the terms of this Lease, Lessee shall provide Products Liability  
16 Insurance including completed operations not otherwise covered by the Airport  
17 Commercial General Liability policy with a limit of not less than \$1,000,000 any one  
18 occurrence combined single limit and in the annual aggregate.

19           (f) Hangars Keepers Liability Insurance (Ground Coverage). If  
20 applicable, Lessee shall provide Hangar Keepers Liability Insurance providing  
21 coverage for aircraft in the care, custody or control of the Lessee with a limit equal to  
22 the replacement value of all such aircraft hulls while on the ground; however, in no  
23 event, shall the limit of liability be less than \$1,000,000.

24           (g) Hangars Keepers Liability Insurance (Flight Coverage). If  
25 applicable, Lessee shall provide Hangar Keepers Liability Insurance providing  
26 coverage for aircraft in the care, custody or control of the Lessee with a limit equal to  
27 the replacement value of the highest valued hull that may be flight tested by the  
28 Lessee; however, in no event, shall the limit of liability be less than \$1,000,000.

1 (h) Pollution Liability Insurance. If Lessee provides aircraft fueling  
2 service, they shall provide Pollution Liability Insurance covering gradual, sudden and  
3 accidental pollution including first party clean up with a limit of no less than \$1,000,000.

4 (i) Property (Physical Damage):

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

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

18 (j) General Insurance Provisions – All Lines:

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

23 (2) Insurance deductibles or self-insured retentions must be  
24 declared by the Lessee's insurance carrier(s), and such deductibles and retentions  
25 shall have the prior written consent from the County Risk Manager. Failure of the  
26 Lessee's carriers to declare deductibles or self-insured retentions to the County shall  
27 waive any obligation of the County, as an additional insured, to honor said deductibles  
28 or self insured retentions in the event of Lessee's insolvency. Upon notification of

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

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

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

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

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

4 (k) Course of Construction Insurance. During construction of the  
5 planned improvements, Lessee shall purchase and maintain or cause to be maintained  
6 All Risk Builder's Risk insurance (Completed Value Form) including earthquake and  
7 flood for the entire Project, and shall include coverage for materials and supplies  
8 located offsite but earmarked for the Project. Policy shall also include as insured  
9 property scaffolding, falsework, and temporary buildings located on the Project site,  
10 and the cost of demolition and debris removal. Policy shall name all Agencies,  
11 Districts, Special Districts, and Departments of the County of Riverside, their respective  
12 directors, officers, Board of Supervisors, employees, elected or appointed officials,  
13 agents or representatives as Additional Insureds, and provide a Waiver of Subrogation  
14 in favor of the County.

15 (l) The County of Riverside's Reserved Rights - Insurance. If during  
16 the term of this Lease or any extension thereof, there is a material change in the scope  
17 of services or performance of work; or, there is a material change in the scope of  
18 services or performance of work, the County of Riverside reserves the right to adjust  
19 the types of insurance required under this Lease and the monetary limits of liability for  
20 the insurance coverages currently required herein, if, in the Assistant County Executive  
21 Officer – Economic Development Agency's reasonable judgment, upon advice of the  
22 County Risk Manager, the amount or type of insurance carried by the Lessee has  
23 become inadequate. The Lessee agrees to notify the County of any plan or change of  
24 plan for the Lessee's operations and such notification shall occur prior to implementing  
25 any such change.

26 (m) Insurance for Sub-Lessees. Lessee shall require each of its  
27 Sub-Lessees to meet all insurance requirements imposed by the Lessee. These  
28

1 requirements, with the approval of the County's Risk Manager, may be modified to  
2 reflect the activities associated with the Sub-Lessee.

3 (n) Insurance for Fuel Suppliers. Lessee shall also require suppliers of  
4 fuel to procure, maintain, show evidence and comply will all requirements of insurance  
5 as follows:

6 (1) Workers' Compensation. Workers' Compensation Insurance  
7 (Coverage A) as prescribed by the laws of the State of California. Policy shall include  
8 Employers' Liability (Coverage B) including Occupational Disease with limits not less  
9 than \$1,000,000 per person per accident. Policy shall be endorsed, if applicable, to  
10 provide a Borrowed Servant/Alternate Employer Endorsement and Waiver Of  
11 Subrogation in favor of the Lessee and the County of Riverside, Special Districts,  
12 Directors, Officers, Board of Supervisors, elected officials, employee, agents and  
13 representatives.

14 (2) Commercial General Liability. Commercial General Liability  
15 insurance coverage, including but not limited to, premises liability, contractual liability,  
16 products and completed operations, personal and advertising injury covering claims  
17 which may arise from or out of Supplier's performance of its obligations hereunder.  
18 Policy shall name the Lessee, County of Riverside, Special Districts, their respective  
19 Directors, Officers, Board of Supervisors, elected officials, employees, agents or  
20 representatives as Additional Insureds. Policy's limit of liability shall not be less than  
21 \$1,000,000 per occurrence combined single limit. If such insurance contains a general  
22 aggregate limit, it shall apply separately to this agreement or be no less than two (2)  
23 times the occurrence limit.

24 (3) Vehicle Liability. Supplier shall maintain liability insurance  
25 for all owned, non-owned or hired vehicles so used in an amount not less than  
26 \$1,000,000 per occurrence combined single limit. If such insurance contains a general  
27 aggregate limit, it shall apply separately to this agreement or be no less than two (2)  
28

1 times the occurrence limit. Policy shall name the Lessee and all Agencies, Districts,  
2 Special Districts, and Departments of the County of Riverside, their respective  
3 directors, officers, Board of Supervisors, employees, elected or appointed officials,  
4 agents or representatives as Additional Insureds.

5 (4) Pollution Liability Insurance. The Supplier shall provide  
6 Pollution Liability Insurance covering gradual, sudden and accidental pollution including  
7 first party clean up with a limit of no less than \$5,000,000.

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

22 Supplier shall not commence operations until the County of  
23 Riverside has been furnished original Certificate (s) of Insurance and certified original  
24 copies of endorsements or policies of insurance including all endorsements and any  
25 and all other attachments as required in this Section. An individual authorized by the  
26 insurance carrier to do so on its behalf shall sign the original endorsements for each  
27 policy and the Certificate of Insurance.  
28



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

6           21.     Indemnifications and Hold Harmless.

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

15           (b)     Lessee shall indemnify and hold harmless all Agencies, Districts,  
16 Special Districts and Departments of the County of Riverside, its respective directors,  
17 officers, Board of Supervisors, elected and appointed officials, employees, agents and  
18 representatives from any liability whatsoever, based or asserted upon any acts, actions  
19 or services of Lessee, its officers, employees, subcontractors, agents or  
20 representatives arising out of or in any way relating to this Agreement, including but not  
21 limited to property damage, bodily injury, or death or any other element of any kind or  
22 nature whatsoever and resulting from any reason whatsoever arising from the  
23 performance of Lessee, its officers, agents, employees, subcontractors, agents or  
24 representatives from this Agreement. Lessee shall defend at its sole expense, all costs  
25 and fees including but not limited to attorney fees, cost of investigation, defense and  
26 settlements or awards of all Agencies, Districts, Special Districts and Departments of  
27 the County of Riverside, their respective directors, officers, Board of Supervisors,  
28

1 elected and appointed officials, employees, agents and representatives in any claim or  
2 action based upon such alleged acts or omissions.

3 With respect to any action or claim subject to indemnification  
4 herein by Lessee, Lessee shall, at its sole cost, have the right to use counsel of their  
5 own choice and shall have the right to adjust, settle, or compromise any such action or  
6 claim without the prior consent of County provided, however, that any such adjustment,  
7 settlement or compromise in no manner whatsoever limits or circumscribes Lessee's  
8 indemnification to County as set forth herein. Lessee's obligation to defend, indemnify  
9 and hold harmless County shall be subject to County having given Lessee written  
10 notice within a reasonable period of time of the claim or of the commencement of the  
11 related action, as the case may be, and information and reasonable assistance, at  
12 Lessee's expense, for the defense or settlement thereof. Lessee's obligation  
13 hereunder shall be satisfied when Lessee has provided to County the appropriate form  
14 of dismissal relieving County from any liability for the action or claim involved.  
15

16 (c) County shall indemnify and hold Lessee, its officers, agents,  
17 employees, members and affiliates and independent contractors free and harmless  
18 from any liability whatsoever, based or asserted upon any act or omission of County, its  
19 elected officials, officers, agents, employees, subcontractors and independent  
20 contractors, for property damage, bodily injury, or death or any other element of  
21 damage of any kind or nature, relating to or in anyway connected with or arising from  
22 its use and responsibilities in connection therewith of the leased premises or the  
23 condition thereof, and County shall defend, at its expense, including without limitation  
24 attorney fees, expert fees and investigation expenses, Lessee, its agents, employees,  
25 and independent contractors in any legal action based upon such alleged acts or  
26 omissions. The obligation to indemnify and hold Lessee free and harmless herein shall  
27 survive until any and all claims, actions and causes of action with respect to any and all  
28

1 such alleged acts or omissions are fully and finally barred by the applicable statute of  
2 limitations.

3 (d) The specified insurance limits required in Paragraph 20 herein  
4 shall in no way limit or circumscribe Lessee's obligations to indemnify and hold County  
5 free and harmless herein.

6 22. Assignment. Lessee cannot assign, sublet, mortgage, hypothecate or  
7 otherwise transfer in any manner any of its rights, duties or obligations hereunder to  
8 any person or entity without the written consent of County being first obtained, which  
9 consent shall not be unreasonably withheld. In the event of any transfer as provided in  
10 this paragraph, Lessee expressly understands and agrees that, unless otherwise  
11 released by the County, it shall remain liable with respect to any and all of the  
12 obligations and duties contained in this lease. Such release shall not to be  
13 unreasonably withheld.

14 23. Right to Encumber/Right to Cure.

15 (a) Lessee Right to Encumber. Notwithstanding provisions of  
16 Paragraph 22 herein, County does hereby consent to and agree that Lessee may  
17 encumber or assign, or both, for the benefit of a lender, herein called Encumbrancer,  
18 this lease, the leasehold estate and the improvements thereof by a deed of trust,  
19 mortgage or other security-type instrument, herein called trust deed, to assure the  
20 payment of the promissory note of Lessee if the Encumbrancer is an established bank,  
21 savings and loan association or insurance company, and the prior written consent of  
22 County shall not be required:

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

25 (2) To any subsequent transfer by the Encumbrancer if the  
26 Encumbrancer is an established bank, savings and loan association, insurance  
27 company or other commercial finance company with a minimum credit rating of A by  
28 Standard and Poor's, Moody's or similar institutional rating service and is the purchaser

1 at such foreclosure sale, or is the assignee under an assignment in lieu of foreclosure;  
2 provided, however, that in either such event the Encumbrancer forthwith gives notice to  
3 County in writing of any such transfer, setting forth the name and address of the  
4 transferee, the effective date of such transfer, and the express agreement of the  
5 transferee assuming and agreeing to perform all of the obligations under this lease,  
6 together with a copy of the document by which such transfer was made.

7 Any Encumbrancer described in Paragraph 23(a)(2) above that is the transferee  
8 under the provisions of Paragraph 23(a)(1) above shall be liable to perform the  
9 obligations and duties of Lessee under this lease only so long as such transferee holds  
10 title to the leasehold.

11 Any subsequent transfer of this leasehold hereunder, except as provided for in  
12 Paragraph 23(a)(2) above, shall not be made without the prior written consent of  
13 County and shall be subject to the conditions relating hereto as set forth in Paragraph  
14 22 herein.

15 Lessee shall give County prior notice of any such trust deed, and shall  
16 accompany such notice with a true copy of the trust deed and note secured thereby.

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

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

26 (2) If such default or breach is not so curable, cause the trustee  
27 under the trust deed to commence and thereafter diligently to pursue to completion  
28 steps and proceedings for judicial foreclosure, the exercise of the power of sale under

1 and pursuant to the trust deed in the manner provided by law, or accept from Lessee  
2 an assignment in lieu of foreclosure, and keep and perform all of the covenants and  
3 conditions of this lease requiring the payment or expenditure, of money by Lessee(s)  
4 until such time as said leasehold shall be sold upon foreclosure pursuant to the trust  
5 deed, be released or reconveyed thereunder, be sold upon judicial foreclosure or be  
6 transferred by deed in lieu of foreclosure.

7       24. Estoppel Certificate. Each party shall, at any time during the term of  
8 the Lease, within ten (10) days of written Notice (or as soon as reasonably possible)  
9 from the other party, execute and deliver a statement in writing certifying that this  
10 Lease is unmodified and in full force and effect, or if modified, stating the nature of such  
11 modification. The statement shall include other details requested by the other party as  
12 to the date to which rent and other charges have been paid, and the knowledge of the  
13 other party concerning any uncured defaults with respect to obligations under this  
14 Lease and the nature of such defaults, if they are claimed. Any prospective purchaser,  
15 Encumbrancer, or Sublessee of the Demised Premises, the building or any portion  
16 thereof, may rely upon any such statement conclusively.

17       25. Toxic Materials. During the term of this lease and any, extensions thereof,  
18 Lessee shall not violate any federal, state or local law, or ordinance or regulation,  
19 relating to industrial hygiene or to the environmental condition on, under or about the  
20 Leased Premises including, but not limited to, soil air and groundwater conditions.  
21 Further, Lessee, its successors, assigns and Sublessees, shall not use, generate,  
22 manufacture, produce, store or dispose of on, under or about the Leased Premises or  
23 transport to or from the Leased Premises any flammable explosives, asbestos,  
24 radioactive materials, hazardous wastes, toxic substances or related injurious  
25 materials, whether injurious by themselves or in combination with other materials  
26 (collectively, "hazardous materials"). For the purpose of this lease, hazardous  
27 materials shall include, but not be limited to, substances defined as "hazardous  
28 substances," "hazardous materials," or "toxic substances" in the Comprehensive

1 Environmental Response, Compensation and Liability Act of 1980, as amended, 42  
2 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C.  
3 Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C.  
4 Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section  
5 25117 of the California Health and Safety Code or as "hazardous substances" in  
6 Section 25316 of the California Health and Safety Code; and in the regulations adopted  
7 in publications promulgated pursuant to said laws.

8       26.   National Pollution Discharge Elimination System (NPDES) Permit.

9 Lessee acknowledges, understands and agrees that it shall comply with California  
10 State Water Resources Control Board general permit requirements relating to storm  
11 water discharges associated with activities such as aircraft rehabilitation, mechanical  
12 repairs, fueling, lubrication, cleaning, painting and deicing. Lessee further  
13 acknowledges, understands and agrees that it shall participate as a co-permittee under  
14 said general permit, participate in the Desert Resorts Regional Airport Storm Water  
15 Pollution Prevention Plan (SWPPP) as noted in Exhibit D attached hereto and by this  
16 reference made a part of this Lease, including without limitation, the Best Management  
17 Practices, Best Available Technology Economically Achievable, and Best Convention  
18 Pollutant Control Technology."

19       27.   Free from Liens. Lessee shall pay, when due, all sums of money that

20 may become due for any labor, services, material, supplies, or equipment, alleged to  
21 have been furnished or to be furnished to Lessee, in, upon, or about the Leased  
22 Premises, and which may be secured by a mechanics, materialmen's or other lien  
23 against the Leased Premises or County's interest therein, and will cause each such lien  
24 to be fully discharged and released at the time the performance of any obligation  
25 secured by such lien matures or becomes due; provided, however, that if Lessee desire  
26 to contest any such lien, it may do so, but notwithstanding any such contest, if such,  
27 lien shall be reduced to final judgment, and such judgment or such process as may be  
28 issued for the enforcement thereof is not promptly stayed, or if so stayed, and said stay

1 thereafter expires, then and in such event, Lessee shall forthwith pay and discharge  
2 said judgment.

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

6 29. Binding on Successors. Lessee, its assigns and successors in interest,  
7 shall be bound by all the terms and conditions contained in this lease, and all of the  
8 parties thereto shall be jointly and severally liable hereunder.

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

24 31. Waiver of Performance. No waiver by County at any time of any of the  
25 terms and conditions of this lease shall be deemed or construed as a waiver at any  
26 time thereafter of the same or of any other terms or conditions contained herein or of  
27 the strict and timely performance of such terms and conditions.  
28

1           32. Severability. The invalidity of any provision in this lease as determined by  
2 a court of competent jurisdiction shall in no way affect the validity of any other provision  
3 hereof.

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

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

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

<u>COUNTY</u>	<u>LESSEE</u>
County of Riverside	La Quinta FBO Two, LLC
Economic Development Agency	145 South Gene Autry Trail
3525 14 <sup>th</sup> Street	Palm Springs, CA 92262
Riverside, CA 92501	Attn: President
Attn: Executive Director	

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

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

27 ///

28



1           37. County's Representative. County hereby appoints the Assistant  
2 County Executive Officer/EDA or his designee as its authorized representative to  
3 administer this lease.

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

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

24           40. FAA Consent to Lease. Lessee acknowledges that Desert Resorts  
25 Regional Airport was transferred to the County by the Federal Government and, as  
26 such, may require FAA consent to the Lease.

27           41. Entire Lease. This lease is intended by the parties hereto as a final  
28 expression of their understanding with respect to the subject matter hereof and as a

1 complete and exclusive statement of the terms and conditions thereof and supersedes  
2 any and all prior and contemporaneous leases, agreements and understandings, oral  
3 or written, in connection therewith. This lease may be changed or modified only upon  
4 the written consent of the parties hereto.

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

9 Date: November 4, 2003

LA QUINTA FBO TWO, LLC,  
a Delaware Limited Liability Company

10  
11  
12 By: [Signature]  
13 Eric Affeldt, President

14  
15 Date: JAN 13 2004

COUNTY OF RIVERSIDE

16  
17 By: [Signature]  
18 Chairman, Board of Supervisors  
JOY WILSON

19 ATTEST:  
20 NANCY ROMERO  
21 Clerk of the Board

FORM APPROVED:  
WILLIAM C. KATZENSTEIN  
County Counsel

22 By: [Signature]  
23 Deputy

By: [Signature] 12/10/03  
Deputy

24 (SEAL)

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

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