

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

424



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
December 28, 2011

**SUBJECT:** Aviation Sublease, Jacqueline Cochran Regional Airport

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

1. Consent to the Sublease, dated October 15, 2011, from Tradition Aviation-TRM, LLC, as Sublessor, to R. D. and Joan Dale Hubbard Foundation, Inc., as Sublessee; and
2. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents required by the Sublease.

**BACKGROUND** (Commences on Page 2)

*[Signature]*

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/12

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

<b>SOURCE OF FUNDS:</b> N/A	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

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

**County Executive Office Signature** BY: *[Signature]*  
Kecia Harper-Ihem

**MINUTES OF THE BOARD OF SUPERVISORS**

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

**Ayes:** Buster, Stone, Benoit and Ashley  
**Nays:** None  
**Absent:** Tavaglione  
**Date:** January 10, 2012  
**xc:** EDA

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

**Prev. Agn. Ref.:** 9/14/04 3.16; 10/17/06 3.11; 2/27/07 3.33; 2/3/09 3.12; 2/17/09 3.16 **District:** 4 **Agenda Number:** 3.26

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL BY: ANITA C. WILLIS DATE: 12-15-11 Departmental Concurrence

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

**BACKGROUND:**

The Economic Development Agency has received a Cancellation of Sublease between Tradition Aviation-TRM, LLC as Sublessor, and Timothy Blixseth as Sublessee. The Sublease was for the land occupied by aircraft storage hangar known as Hangar B.

Additionally, the Economic Development Agency has received a new Consent to Sublease, between Tradition Aviation-TRM, LLC. as Sublessor and R.D. and Joan Dale Hubbard Foundation, Inc. as Sublessee, made effective October 15, 2011. The Sublease is for the land occupied by aircraft storage hangar known as Hangar B.

The Sublease is under the 16.66 acre lease at Jacqueline Cochran Regional Airport between County of Riverside, and Desert Resorts Aviation, LLC, dated September 14, 2004, amended by First Amendment to Lease on October 17, 2006, assigned to Tradition Aviation-TRM, LLC on February 27, 2007, and by Second Amendment to Lease dated March 17, 2009.

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

## CANCELLATION OF SUBLEASE

Tradition Aviation-TRM, LLC hereby submits this Cancellation of Sublease dated February 3, 2009, for Hangar B, between Tradition Aviation-TRM, LLC as Sublessor, and Timothy Blixseth as Sublessee, without however waiving the restrictions contained in the Master Lease, between the County of Riverside, as Lessor, and Desert Resorts Aviation, LLC, dated September 14, 2004, amended by First Amendment on September 29, 2006, and assigned to Tradition Aviation-TRM, LLC on February 27, 2007, as Lessee described as sixteen and 66/100 (16.66) acres of land at the Jacqueline Cochran Regional Airport.

Date: 11/18/2011

TRADITION AVIATION-TRM, LLC  
A California Limited Liability Corporation

By: 

Penny Nelson, Managing Member

S:\EDCOM\AIRPORTS\JACKIE COCHRAN\Tradition Aviation\Cancellation of Sublease-Tradition to Blixseth 11-17-11.docx

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

227



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
January 13, 2009

**SUBJECT:** Aviation Sublease at Jacqueline Cochran Regional Airport

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

1. Consent to the Sublease made effective September 30, 2008, between Tradition Aviation-TRM, LLC, a California limited liability company, as Sublessor, and Timothy Blixseth as Sublessee;
2. Authorize the Chairman of the Board of Supervisors to execute the Consent to Sublease; and
3. Authorize the Assistant County Executive Officer/EDA or designee to execute any additional documents required by the Subleases.

**BACKGROUND:** The Economic Development Agency has received a Sublease between Tradition Aviation-TRM, LLC as Sublessor and Timothy Blixseth as Sublessee made effective September 30, 2008, for the land occupied by Hangar B at Jacqueline Cochran Regional Airport, Thermal, California. Sublessor has also entered into a separate agreement with Sublessee dated September 5, 2008, titled Purchase and Sale Agreement, for build-to-suit hangar on the leased premises.

(continued on page 2)

*Robin Zimpfer*

RZ:DL:CC:DS:HO

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01.13.09.doc

Robin Zimpfer  
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:	N/A

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

**SOURCE OF FUNDS:** N/A

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

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

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

**County Executive Office Signature**

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley 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: February 3, 2009  
 xc: EDA

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

**Prev. Agn. Ref.:** Sept 14, 2004 3.6; Oct 17, 2006 3.11; Feb 27, 2007 3.33

**District:** 4<sup>th</sup>

**Agenda Number:**

**3.12**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL  
BY: Gordon V. Woo 01/21/09  
DATE: GORDON V. WOO  
Departmental Concurrence

Policy  Policy

Consent  Consent

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

**BACKGROUND** (continued):

The Sublease is under a 16.6-acre lease at Jacqueline Cochran Regional Airport between the County of Riverside and Desert Resorts Aviation, LLC, dated September 14, 2004, amended by First Amendment on September 29, 2006, and assigned to Tradition Aviation-TRM, LLC on February 27, 2007.

County Counsel has reviewed the Sublease and approved <sup>*the Consent*</sup> it as to form. The Economic Development Agency recommends that the Board of Supervisors consent to the Sublease.

**CONSENT TO SUBLEASE**

Sublessor, TRADITION AVIATION-TRM, LLC, a California Limited Liability Company ("Sublessor" is the successor in interest under a Master Lease dated September 14, 2004, and a First Amendment to Lease dated September 29, 2006, executed by and between the County of Riverside ("County"), as Lessor, and Desert Resorts Aviation, LLC, a California Limited Liability Company ("Desert Resorts"), as Lessee, covering unimproved real property consisting of approximately 16.66 acres of real property ("Real Property") which are located within the Jacqueline Cochran Regional Airport ("Airport"). The legal description of such portion of the Real Property that is being subleased to the Sublessee is identified on Exhibit "B-1") ("Premises"), pursuant to that certain Sublease entered into by and between Sublessor and Sublessee, dated September 30, 2008, a copy of that Sublease which is attached hereto as Exhibit "A."

Pursuant to Section 24 of the Lease, Sublessor hereby agrees to sublease a portion of the Real Property to Sublessee, Timothy Blixseth.

CONSENT TO SUBLEASE OF HANGAR B:

COUNTY OF RIVERSIDE

By: Jeff Stone  
Chairman Board of Supervisors  
Jeff Stone

FORM APPROVED:  
Pamela J. Walls, Interim County Counsel

ATTEST:  
NANCY ROMERO, Clerk

By: Gordon V. Woo 01/21/09  
Deputy

By: Karen Barton  
Deputy

## **SUBLEASE**

This Sublease is made effective September 30, 2008 ("Commencement Date"), by and between TRADITION AVIATION-TRM LLC, a California Limited Liability Company ("Sublessor") and TIMOTHY BLIXSETH ("Sublessee").

## **RECITALS**

A. Sublessor is successor in interest under a Lease dated September 14, 2004 and a First Amendment to Lease dated October 17, 2006, (the "Lease" or "Master Lease") and assigned to Tradition Aviation-TRM, LLC on November 9, 2006 ("Assignment"), by and between DESERT RESORTS AVIATION LLC, a California Limited Liability Company, as Lessee and the County of Riverside ("County"), as Lessor, covering unimproved real property consisting of approximately 16.66 acres of real property ("Real Property") which are located within the Jacqueline Cochran Regional Airport ("Airport"). A copy of the Master Lease, Assignment, and Consent to Assignment are attached hereto as Exhibit "A" and made a part hereof.

B. Sublessor intends to sublease to Sublessee a portion of the Real Property covered by the Master Lease and has obtained or will obtain permission from the County to sublease to Sublessee.

C. The parties acknowledge that in the event that there is ever a conflict between the terms and conditions of the Master Lease and Sublease, the terms of the Master Lease will be controlling on all issues.

D. This Sublease is executed in contemplation of the purchase of an airplane hangar as further described in Section 7.1 herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, the receipt, adequacy, and sufficiency of which are acknowledged, the parties agree as follows:

## **AGREEMENT**

### **ARTICLE 1** **PREMISES**

Section 1.1 Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor upon the terms and conditions hereinafter set forth, the Premises located at the Airport, including the non-exclusive right to use the Common Area of the Real Property as provided for herein. The legal description of such portion of the Real Property that is being subleased to the Sublessee is referenced as Hangar B on Exhibit B which is part of the Real Property identified on

Exhibit "B-1" ("Premises"). "Common Area" is defined to include all areas depicted on Exhibit "C" except for the areas specifically designated as Airport Hangars A, B, C, D and/or E.

## **ARTICLE 2**

### **TERM**

Section 2.1 **Term.** This Sublease shall commence on the first day of the month following execution by all parties thereto, and shall terminate thirty (30) years after execution of the Master Lease, as provided for in Section 3 of the Master Lease. If the Sublessor exercises the option to extend the Master Lease for ten (10) years as provided by Section 3. (b) of the Master Lease, then the Sublessee shall have the option to extend this sublease for a period of ten (10) years to coincide with the Master Lease ("Ten Year Option").

Section 2.2 **Exercise of Option.** Sublessee may exercise the Ten Year Option by notifying Sublessor in writing of Sublessee's intent to exercise the Ten Year Option, within thirty (30) days after Sublessor provides written notice to Sublessee that Sublessor has exercised its option to extend the term of the Master Lease. Sublessor shall notify Sublessee of Sublessor's exercise of any option of the Master Lease, and Sublessee shall receive written notice of the Sublessor's exercise of the option at or about the time that the Sublessor provides written notice of the exercise of the option to the County.

## **ARTICLE 3**

### **RENT AND CHARGES**

Section 3.1 **Base Rent.** Sublessee will pay to the Sublessor on a monthly basis, Sublessee's pro rata share of the ground lease rent and charges paid by Sublessor to the County for the Premises which are identified in the Master Lease. In consideration for Sublessee's possession and use of the Premises, and the non-exclusive right to use the Common Areas as defined herein, Sublessee will pay to the Sublessor on a monthly basis, Sublessee's pro rata percentage share of the amounts paid by the Sublessor to the County for the Premises, as well as Sublessee's share of the Common Area Costs as defined herein. Sublessee's pro rata percentage share of the Ground Lease rent and Common Area Costs is 13.24%.

Section 3.2 **Option Rent.** During the Ten Year Option, Sublessee will pay to Sublessor on a monthly basis, Sublessee's pro rata share of the ground lease rent and charges paid by Sublessor to the County for the Premises which are identified in the Master Lease, as well as Sublessee's pro rata share of Common Area Costs as identified in Article 4.

## **ARTICLE 4**

### **COMMON AREA COSTS**

Section 4.1 Unless separately metered or billed to Sublessee, Sublessee shall pay all charges for all electricity, gas, water, sewer, trash disposal and other utility services used on or for



the benefit of the Premises, including its/his pro rata share of the Common Area Costs as identified herein.

Section 4.2 Common Area Costs shall include without limitation, all sums expended in connection with the Common Areas for: general maintenance and repairs; resurfacing; painting; restriping; cleaning; fire protection systems and equipment (including fire sprinklers), security systems, lighting systems and fixtures (including replacement of tubes and bulbs), storm drainage systems, plumbing, electrical, and utility systems which do not exclusively serve the interior of Premises, and all mechanical equipment; personnel to implement the foregoing services, including, if Sublessor deems necessary, the cost of security guards; all on-site costs and personnel expenses of Sublessor incurred to manage the Common Area; all real and personal property taxes and assessments on the improvements and land comprising the Common Areas or any personalty in use on the Common Areas; any sums paid to third parties for the purpose of seeking reduction of property taxes; any governmental imposition or surcharge imposed upon Sublessor or assessed against any portion of the Common Areas; depreciation on maintenance and operating machinery and equipment (if owned) and rental paid for such machinery and equipment (if rented); and premiums for adequate comprehensive airport general liability insurance and property damage insurance covering Sublessor's possession and use and operation of the Common Areas, fire and extended coverage insurance on the Common Areas (which may include earthquake and flood damage endorsements) and vandalism covering the Common Areas. Common Area Costs shall also include a charge for appropriate reserves for the costs of repainting, re-roofing and resurfacing Common Areas. Common Area Costs shall also include all costs of any kind and/or nature incurred by sublessor in connection with its performance of the terms, conditions and covenants of the Master Lease. Sublessor may have any or all services and management performed in connection with the Common Areas provided by an independent contractor(s).

If Sublessor acquires, constructs or makes available for Common Area purposes land or improvements not presently available, then Common Area Costs shall also include all of the expenses itemized above incurred and paid in connection with such additional land or improvements.

Section 4.3 Sublessor shall keep the Common Areas neat, clean and orderly, and shall repair any damage to Common Area. Notwithstanding the foregoing, all expenses incurred by Sublessor in connection with the operation, repair, cleaning and maintenance of the Common Areas ("Common Area Costs") shall be prorated in the manner set forth in Section 4.4.

Section 4.4 Sublessee's pro rata percentage share of the Common Area Costs is 13.24% of the total common Area Costs as identified in Section 4.2.

Section 4.5 Sublessor shall have the right at all times to determine the nature and extent of the Common Areas and to make changes from time to time which in Sublessor's opinion are desirable and in the best interests of all persons using the Common Areas. Sublessor's rights hereunder include without limitation, the right to install, remove, relocate and change driveways,

entrances, exists, automobile parking spaces, the direction and flow of traffic, prohibited areas, landscaped areas, utilities and all facilities of the foregoing but only so long as the visibility of and access to the Premises is not materially adversely affected.

## **ARTICLE 5** **LATE PAYMENTS**

Section 5.1 If Sublessee shall fail to pay when due, any amounts or charges payable by Sublessee under this Sublease, then:

5.1.1 **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.

5.1.2 **Late Charges.** Sublessee shall pay to Sublessor an additional sum of ten percent (10%) of any amount which remains due and unpaid 15 days after the due date. Sublessee acknowledges that the 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.

## **ARTICLE 6** **USE CONDITIONS**

Section 6.1 **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 and Real Property. Sublessee expressly acknowledges and agrees that Sublessee's rights to possession and use are subject to the restrictions, conditions and terms of the Master Lease.

Section 6.2 **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/or the United States government, or other jurisdictions that relate to either the Real Property and the Premises and/or 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 material 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 and Real Property. 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.

**Section 6.3 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.

**Section 6.4 Subordination and Incorporation of Master Lease.** Sublessee acknowledges that it is familiar with all terms and conditions of the Master Lease to which the Sublease is subject and agrees to comply with all terms and conditions of same which apply to its use and occupancy of the Premises. Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands including attorney's fees arising out of Sublessee's failure to comply with or perform its obligations under the Master Lease. Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to earlier termination of the Master Lease without the fault of the Sublessor and to comply with the obligations under the Master Lease not assumed by Sublessee and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands including attorney's fees arising out of Sublessor's failure to comply with or perform its obligations under the Master Lease.

**Section 6.5 Use Restriction.** The Premises shall be used exclusively for the maintenance and storage of personal aircraft. The Premises shall not be used for any other purpose without first having obtained the written consent of both the County and Sublessor, which consent shall not be unreasonably withheld. The Sublessor and County's approval of any change in the use of the Premises may, at Sublessor and County's sole election, place additional reasonable specific requirements on Sublessee including, but not limited to, the types, limits, and conditions of insurance provided under this Sublease.

**Section 6.6 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 or any portion of the Real Property. 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.

## **ARTICLE 7**

### **MAINTENANCE AND SERVICE OF PREMISES**

**Section 7.1 Delivery.** Sublessor agrees to deliver the Premises pursuant to the terms and conditions identified in the Purchase and Sale Agreement ("Purchase Agreement"), dated September 5th, 2008, by and between Sublessor and Sublessee and Sublessee agrees to accept the Premises in the delivered condition without further additions, modifications or improvements by the Sublessor subject to the terms of this Sublease and the Purchase Agreement. 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.

**Section 7.2 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 in writing of such failure and, 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. 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.

**Section 7.3 Services Available to Premises.** Sublessor will provide for the benefit of the Premises, those services identified on Exhibit "D." If a force majeure event occurs as defined in Section 27.1, Sublessor will retain the right to change, modify, amend, suspend and/or discontinue the services that it provides pursuant to the terms and conditions of this Sublease.

**ARTICLE 8**  
**ALTERATIONS AND IMPROVEMENTS**

Section 8.1 **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 and the County and , such consent shall not be unreasonably withheld or delayed. All alterations must be made in compliance with good construction practices, applicable governmental requirements, the special conditions, plans and specifications approved by Sublessor and the County. Sublessee shall comply with all construction and labor regulations of Sublessor and the County and shall provide insurance coverage required by Sublessor and the County, or other means of surety, to the satisfaction of Sublessor and the County. 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 and County 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. Sublessor and County reserve the right to adjust the limits of insurance in their sole and absolute discretion.

**ARTICLE 9**  
**DAMAGE OR DESTRUCTION**

Section 9.1 If the improvements to the Premises are damaged or destroyed during the term hereof, Sublessee shall repair or rebuild said improvements to the condition immediately prior to the

date of damage or destruction. Commencement of the repairs shall take place within one hundred twenty (120) 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.

## **ARTICLE 10** **CONDEMNATION**

Section 10.1 **Total Taking.** If all the Premises are taken or condemned for a public or quasi-public use, by an entity other than the County, this Sublease shall terminate as of the date of condemnation and Sublessee and Sublessor shall thereupon be released from any liability thereafter occurring hereunder.

Section 10.2 **Partial Taking.** If any party of the Premises are taken or condemned for a public or a quasi-public use by an entity other than the County and there is such a major change in the character of the Premises 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.

Section 10.3 **Limited Liability of Sublessor.** Sublessor shall have no liability of any kind or nature in the event of either a partial or total taking of any and/or all of the Premises. However, in the event Sublessor receives funds from a taking of either a part or all of the Premises, Sublessor will reimburse Sublessee up to an amount equal to the current fair market value of the then existing improvements which exist on the Premises at the time of the taking.

## **ARTICLE 11** **ASSIGNMENTS AND SUBLEASES**

Section 11.1 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, and/or transfer, without the County's express written consent. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Sublease.

Section 11.2 **No Merger.** No merger shall result from Sublessee's sublease of the Premises under this Article 11.

Section 11.3 **Right to Encumber.** Notwithstanding the provisions of Section 11.1, the County and Sublessee consent and agree that Sublessee may either encumber or assign, for the benefit of a Lender ("Encumbrancer"), the subleasehold estate and/or improvements thereof, as security for a Deed of Trust, mortgage or other security type instrument, to assure the payment of monetary obligations owed by Sublessee to an established bank, savings and loan association or

insurance company, and the prior written consent of either the County or Sublessor shall not be required:

(a) to a transfer of this Sublease at foreclosure under the trust deed, judicial foreclosure, or an assignment in lieu of foreclosure; or

(b) to any subsequent transfer by the Encumbrancer if the Encumbrancer is an established bank, savings and loan association or insurance company, and is the purchaser at such foreclosure sale, or is the assignee under an assignment in lieu of foreclosure; provided, however, that in either such event the Encumbrancer forthwith gives notice to Sublessor and County in writing of any such transfer, setting forth the name and address of the transferee, the effective date of such transfer, and the express agreement of the transferee assuming and agreeing to perform all of the obligations under the Sublease and the Master Lease, together with a copy of the document by which such transfer was made.

Any Encumbrancer described in Section 11.3(a) and (b) which is the transferee under the provisions of Section 11.3 above shall be liable to perform the obligations and duties of Sublessee under this Sublease only so long as such transferee holds title to the Subleasehold estate.

Any subsequent transfer of this Subleasehold estate hereunder, except as provided for in Section 11.1, shall not be made without the prior written consent of Sublessor and County and shall be subject to the conditions relating hereto as set forth herein. Sublessee shall give the County and Sublessor prior written notice of any such trust deed and shall accompany such notice with a true copy of the trust deed and note secured thereby.

(1) **Right of Encumbrancer to Cure.** Sublessor agrees that it will not terminate this Sublease because of any default or breach hereunder on the part of Sublessee if the Encumbrancer under the trust deed, within ninety (90) days after service of written notice on the Encumbrancer by Sublessor of its intention to terminate this Lease for such default or breach shall:

(i) Cure such default or breach if the same can be cured by the payment or expenditure of money provided to be paid under the terms of this Sublease; provided, however, that for the purpose of the foregoing, the Encumbrancer shall not be required to pay money to cure the bankruptcy or insolvency of Sublessee; or

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

## **ARTICLE 12**

### **DEFAULT**

**Section 12.1 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 referred to herein or such Rules and Regulations that may be amended from time to time by either the County and/or 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; or (f) failing to maintain all insurance obligations as required herein.

**Section 12.2 Sublessor's Remedies.** In the event of default as described in Section 12.1, 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 be entitled to pursue any and/or all remedies available to Sublessor, if Sublessee fails to correct the default. The remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law. Sublessor can make the election to 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.

**Section 12.3 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.

**Section 12.4 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.

**ARTICLE 13**  
**INDEMNITY AND INSURANCE**

Section 13.1 **Waiver.** This Sublease is made upon the express condition that Sublessee hereby waives all claims against Sublessor and County for damages to property or for injuries or death to any person or persons from any cause except for any injuries resulting from any intentional acts or gross negligence of Sublessor.

Section 13.2 **Indemnity.** Sublessee hereby agrees to and shall indemnify and defend Sublessor and County against and hold Sublessor and County 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 use of any portion of the Real Property or from or in connection with the business conducted by Sublessee in or on the Premises or occasioned wholly or in part by any act or omission of Sublessee, its agents, contractors, employees, licensees or guests.

Section 13.3 **Insurance.** Sublessee shall procure and maintain or cause to be maintained, at its sole cost and expense, the insurance coverages identified herein during the term of this Sublease. The procurement and maintenance of the insurance required below will not diminish or limit sublessee's obligation to indemnify or hold the County harmless.

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

(b) **Airport General Liability.** Airport General Liability Insurance coverage including, but not limited to, premises liability, contractual liability, products and completed operations, independent contractors liability, contingent liability, and personal and advertising injury covering claims which may arise from or out of Sublessee's activities and/or its performance of/or its obligations hereunder. Policy shall name the Sublessor and the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional

Insureds. Policy's limit of liability shall not be less than \$5,000,000 per occurrence and in the aggregate as applicable.

(c) **Vehicle Liability.** If vehicles and/or licensed or unlicensed mobile equipment are used in the performance of the obligations under this Sublease and driven on the airport premises, then Sublessee shall maintain liability insurance for all owned, non-owned or hired vehicles and/or licensed or unlicensed mobile equipment so used in an amount not less than \$1,000,000 per occurrence combined single limit. If the vehicle coverage contains an exclusion for claims arising from vehicle operations on an airport's premises, such exclusion shall be deleted by endorsement. The policy shall name the Sublessor and the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives. This coverage may be included in the airport General Liability policy. An application for an Airport Gate Card must be accompanied by proof of such insurance.

(d) **Aircraft Hull and Liability Insurance.** Aircraft hull coverage for all aircraft owned by Sublessee insured on a replacement value basis, or, at a minimum, on an agreed value basis, including all equipment and contents thereof. Sublessee may elect to self-insure the hull, equipment and contents of Sublessee's owned aircraft providing Lessee submits to County a letter, signed by the owner, stating that the owner has elected to self-insure the aircraft hull, equipment and contents and agrees to indemnify and hold harmless the Sublessor and the County of Riverside for any incidents, accidents or events that may give rise to a claim or lawsuit from any cause or nature whatsoever regardless of any negligence of the County that may have contributed to said loss or damage.

Sublessee shall also provide aircraft Liability Insurance for all owned and non-owned aircraft operated by the Sublessee in an amount not less than \$5,000,000 combined single limit per occurrence for bodily injury, including death and property damage and coverage shall include, but is not limited to, products/completed operations and contractual liability. The policy will be endorsed to include the Sublessor and the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional, Insureds.

(e) **Products Liability Insurance.** If Sublessee provides aircraft maintenance, aircraft repair services, aircraft fueling and/or oil services/products or any other similar products or services under the terms of this Sublease, Sublessee shall also provide Products Liability Insurance including completed operations if not otherwise covered by the Airport General Liability policy in an amount not less than \$5,000,000 any one occurrence combined single limit and in the annual aggregate.

(f) **Hangars Keepers Liability Insurance (Ground Coverage).** If this coverage is applicable to the Sublessee's operations and is not included as part of the airport General Liability coverage, Sublessee shall provide Ground Hangar Keepers Liability Insurance providing coverage

for damage or destruction of aircraft, owned by others, in the Sublessee's care, custody or control for the purpose of sale, storage, safekeeping or any other reason. Lessee shall maintain a limit of liability equal to the combined replacement cost value of all aircraft hulls, their equipment and contents, in the care, custody or control of the Lessee at any one time, but in no event shall the limit of liability be less than \$2,000,000 in the Aggregate.

(g) **Hangars Keepers Liability Insurance (Flight Coverage).** If this coverage is applicable to the Sublessee's operations and is not included as part of the airport General Liability coverage, Sublessee shall provide Hangar Keepers Liability Insurance providing coverage for aircraft in the care, custody or control of the Sublessee, with a limit equal to the replacement value of the highest valued hull that may be flight tested by the sublessee; however, in no event shall the limit of liability be less than \$5,000,000.

(h) **Property (Physical Damage):**

(1) All-risk property insurance covering all real and personal property for its full replacement value, including coverage for the perils of earthquake and flood if applicable. The property covered shall include, but not be limited to: buildings, structures, furniture and fixtures, equipment, inventory, tenant's improvements and betterments, and tools, electronic systems, etc. that the sublessee owns and all property that the Sublessee is contractually or otherwise responsible for while such property is on the Leased Premises. Policy shall include Business Interruption, Extra Expense, and Expediting Expense to cover the actual loss of business income sustained during the restoration period. Policy shall name the County of Riverside as a Loss Payee and provide a Waiver of Subrogation in favor of the County of Riverside.

(2) Boiler & Machinery insurance on a full replacement cost basis covering all real and personal property owned by the Sublessee or for which the Sublessee is responsible for, while such property is on the Leased Premises. Policy shall provide Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for loss resulting from an off-premises power failure. Policy shall name the County of Riverside as a Loss Payee and contain a Waiver of Subrogation in favor of the County of Riverside

(i) **General Insurance Provisions - All Lines:**

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

(2) Insurance deductibles or self-insured retentions of \$500,000 or more must be declared by the Sublessee, and such deductibles and retentions shall have the prior consent of the County Risk Manager. Upon notification of deductibles or self-insured retentions unacceptable to the County, and at the election of the County's Risk Manager, Sublessee's carriers shall either: (a) reduce or eliminate such deductibles or self-insured retentions as respects this Lease

with the County; or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

(3) Cause Sublessee's insurance carrier(s) to furnish the County of Riverside with either (a) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements affecting coverage as required herein; or (b) if requested to do so in writing in the County Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Sublease shall terminate forthwith, unless the Sublessor and the County of Riverside receive, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or, if requested, certified original policies, including all endorsements and attachments thereto evidencing coverages set forth herein and the insurance required herein is in full force and effect. Sublessee shall not commence operations until the County of Riverside has been furnished original Certificate(s) of Insurance and certified original copies of endorsements or, if requested, policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

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

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

**Section 13.4 Other Insurance Requirements.** All policies shall name Sublessor, and the County as an additional insured and Sublessee shall obtain separate endorsements on the coverage identified herein for the benefit of the Sublessor and the County. 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.

**Section 13.5 Termination of Lease.** Notwithstanding any other term or condition of either the Master Lease or Sublease, Sublessor may immediately terminate this Sublease if Sublessee ever breaches in any way, any term and/or condition of Article 14. Sublessee acknowledges and agrees it will have no right to cure any breach of any term, condition and/or covenant contained within Article 14.

#### **ARTICLE 14** **HAZARDOUS SUBSTANCES**

**Section 14.1** The provisions of this section, which govern Sublessee's obligations with regard to hazardous substances, as defined below, shall survive termination of this Sublease.

**Section 14.2 Responsibility for and Definition of Hazardous Substances.** Sublessee agrees to indemnify, defend, protect and hold Sublessor and the County 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, transporting, 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.

**Section 14.3 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.

**Section 14.4 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 part 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.

**Section 14.5 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.

**Section 14.6 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.

**Section 14.7 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.

Section 14.8 **Business Response Plan.** Sublessee must conform with the Jacqueline Cochran Regional Airport "Business Response Plan" on file with the Airport Fire Marshall in accordance with the California Health and Safety Code.

**ARTICLE 15**  
**SUBLESSEE RIGHTS AND OBLIGATIONS**

Section 15.1 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.

**ARTICLE 16**  
**NOTICES**

Section 16.1 Any notice required or desired to be served by either party upon the other shall be addressed to the respective parties asset forth below:

**SUBLESSOR:**

Tradition Aviation-TRM, LLC,  
a California Limited Liability Company  
86-400 Lightning Street  
Thermal, California 92274

**SUBLESSEE:**

TIMOTHY BLIXSETH  
71-534 Sahara Road  
Rancho Mirage, California 92270

**ARTICLE 17**  
**TAXES**

Section 17.1 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.

**ARTICLE 18**  
**PROTECTION OF LENDERS**

Section 18.1 **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 performs all of Sublessee's obligations under this Sublease and is not otherwise in default.

Section 18.2 **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.

Section 18.3 **Signing of Documents.** Sublessee shall sign and deliver any instrument or documents reasonably 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.

Section 18.4 **Estoppel Certificates.**

18.4.1 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 the Sublessee.



18.4.2 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 years 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.

**ARTICLE 19**  
**TIME**

Section 19.1 Time is of the essence.

**ARTICLE 20**  
**ENTIRE AGREEMENT**

Section 20.1 This Sublease and all referenced Exhibits and documents contain 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.

**ARTICLE 21**  
**APPLICABLE LAW**

Section 21.1 This Sublease shall be interpreted and construed under and governed by the laws of California.

**ARTICLE 22**  
**NO WAIVER**

Section 22.1 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.

**ARTICLE 23**  
**PARTIAL INVALIDITY**

Section 23.1 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.

**ARTICLE 24**  
**INTERPRETATION**

Section 24.1 The captions of the Articles and 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 implied permission.

**ARTICLE 25**  
**CORPORATE AUTHORITY; PARTNERSHIP AUTHORITY**

Section 25.1 If Sublessee is a corporation, each person signing this Sublease on behalf of Sublessee represents and warrants that he 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, each person or entity signing this Sublease for Sublessee represents and warrants that he or it is a general partner of the partnership, that he or it 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 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 or certificate of limited partnership.

**ARTICLE 26**  
**JOINT AND SEVERAL LIABILITY**

Section 26.1 All parties signing this Lease as Sublessee shall be jointly and severally liable for all obligations of Sublessee.

**ARTICLE 27**  
**FORCE MAJEURE**

Section 27.1 If Sublessor or Sublessee cannot perform any of their obligations due to events beyond their 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 or Sublessee'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 or weather conditions.

**ARTICLE 28**  
**EXECUTION OF SUBLEASE**

Section 28.1 This Sublease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument.

**ARTICLE 29**  
**NEGOTIATED AGREEMENT**

Section 29.1 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:

TRADITION AVIATION-TRM, LLC  
a California Limited Liability Company

BY: 

\_\_\_\_\_  
Managing Member

Address:

86-400 Lightning Street  
Thermal, California 92274

SUBLEESSEE:

  
\_\_\_\_\_  
TIMOTHY BLIXSETH

Address:

71534 Sahara Road  
Rancho Mirage, California 92270.

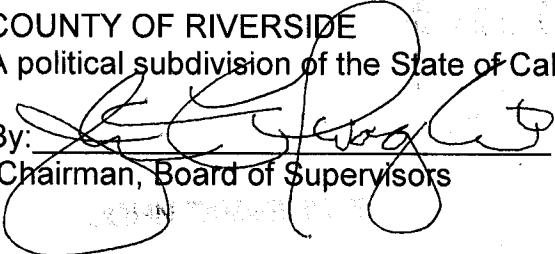



1  
2  
3 **CONSENT TO SUBLEASE**

4 The County of Riverside, a political subdivision of the State of California (Lessor) hereby  
5 consents to the foregoing Sublease with Consent of Sublessor, for Hangar B, between  
6 Tradition Aviation-TRM, LLC as Sublessor, and R.D. & Joan Dale Hubbard Foundation,  
7 Inc., as Sublessee, without however waiving the restrictions contained in the Master  
8 Lease, between the County of Riverside, as Lessor, and Desert Resorts Aviation, LLC,  
9 as Lessee, dated September 14, 2004, amended by First Amendment on October 17,  
10 2006, and assigned to Tradition Aviation-TRM, LLC on February 27, 2007, and by  
11 Second Amendment to Lease dated March 17, 2009, described as sixteen and 66/100  
12 (16.66) acres of land at the Jacqueline Cochran Regional Airport, with respect to any  
13 future assignments thereunder, and without releasing the Sublessor under said  
14 Sublease from any obligations that are not performed by R.D. & Joan Hubbard  
15 Foundation, LLC, and otherwise accepts the Sublessee, R.D. & Joan Dale Hubbard  
16 Foundation, LLC, under said Sublease.

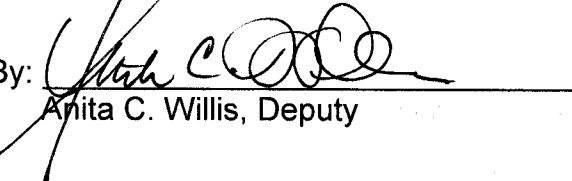
17 Date: JAN 10 2012

18 COUNTY OF RIVERSIDE  
19 A political subdivision of the State of California

20 By:   
Chairman, Board of Supervisors

ATTEST  
KECIA HAPPER-JHEM, Clerk  
By:   
DEPUTY

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

23 By:   
24 Anita C. Willis, Deputy

## SUBLEASE

This Sublease is made effective October 15, 2011 ("Commencement Date"), by and between TRADITION AVIATION TRM LLC, a California Limited Liability Company ("Sublessor") and R. D. & JOAN DALE HUBBARD FOUNDATION, INC. ("Sublessee").

## RECITALS

A. Sublessor is successor in interest under a Lease dated September 14, 2004 and a First Amendment to Lease dated September 29, 2006 (the "Lease" or "Master Lease"), by and between DESERT RESORTS AVIATION LLC, a California Limited Liability Company, as Lessee and the County of Riverside ("County"), as Lessor, covering unimproved real property consisting of approximately 16.66 acres of real property ("Real Property") which are located within the Jacqueline Cochran Regional Airport ("Airport"). A copy of the Master Lease and First Amendment to Lease is attached hereto as Exhibit "A" and made a part hereof.

B. Sublessor intends to sublease to Sublessee a portion of the Real Property covered by the Master Lease and has obtained or will obtain permission from the County to sublease to Sublessee.

C. The parties acknowledge that in the event that there is ever a conflict between the terms and conditions of the Master Lease and Sublease, the terms of the Master Lease will be controlling on all issues.

D. This Sublease is executed in connection with Sublessee's purchase of an airport hangar as further described herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, the receipt, adequacy, and sufficiency of which are acknowledged, the parties agree as follows:

## AGREEMENT

### ARTICLE 1 PREMISES

Section 1.1 Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor upon the terms and conditions hereinafter set forth, the Premises located at the Airport, including the non-exclusive right to use the Common Area of the Real Property as provided for herein. The legal description of such portion of the Real Property that is being subleased to the Sublessee is referenced as Hangar B on Exhibit B which is part of the Real Property identified on Exhibit "B-1" ("Premises"). "Common Area" is defined to include all areas depicted on Exhibit "C" except for the areas specifically designated as Airport Hangars A, B, C, D and/or E.

**ARTICLE 2**  
**TERM**

Section 2.1 **Term.** This Sublease shall commence on the first day of the month following execution by all parties thereto, and shall terminate thirty (30) years after execution of the Master Lease, as provided for in Section 3 of the Master Lease. If the Sublessor exercises the option to extend the Master Lease for ten (10) years as provided by Section 3. (b) of the Master Lease, then the Sublessee shall have the option to extend this sublease for a period of ten (10) years to coincide with the Master Lease ("Ten Year Option").

Section 2.2 **Exercise of Option.** Sublessee may exercise the Ten Year Option by notifying Sublessor in writing of Sublessee's intent to exercise the Ten Year Option, within thirty (30) days after Sublessor provides written notice to Sublessee that Sublessor has exercised its option to extend the term of the Master Lease. Sublessor shall notify Sublessee of Sublessor's exercise of any option of the Master Lease, and Sublessee shall receive written notice of the Sublessor's exercise of the option at or about the time that the Sublessor provides written notice of the exercise of the option to the County.

**ARTICLE 3**  
**RENT AND CHARGES**

Section 3.1 **Base Rent.** Sublessee will pay to the Sublessor on a monthly basis, Sublessee's pro rata share of the ground lease rent and charges paid by Sublessor to the County for the Premises which are identified in the Master Lease. In consideration for Sublessee's possession and use of the Premises, and the non-exclusive right to use the Common Areas as defined herein, Sublessee will pay to the Sublessor on a monthly basis, Sublessee's pro rata percentage share of the amounts paid by the Sublessor to the County for the Premises, as well as Sublessee's share of the Common Area Costs as defined herein. Sublessee's pro rata percentage share of the Ground Lease rent and Common Area Costs is 13.24%.

Section 3.2 **Option Rent.** During the Ten Year Option, Sublessee will pay to Sublessor on a monthly basis, Sublessee's pro rata share of the ground lease rent and charges paid by Sublessor to the County for the Premises which are identified in the Master Lease, as well as Sublessee's pro rata share of Common Area Costs as identified in Article 4.

**ARTICLE 4**  
**COMMON AREA COSTS**

Section 4.1 Unless separately metered or billed to Sublessee, Sublessee shall pay all charges for all electricity, gas, water, sewer, trash disposal and other utility services used on or for the benefit of the Premises, including its/his pro rata share of the Common Area Costs as identified herein.

Section 4.2 Common Area Costs shall include without limitation, all sums expended in connection with the Common Areas for: general maintenance and repairs; resurfacing; painting;

restriping; cleaning; fire protection systems and equipment (including fire sprinklers), security systems, lighting systems and fixtures (including replacement of tubes and bulbs), storm drainage systems, plumbing, electrical, and utility systems which do not exclusively serve the interior of Premises, and all mechanical equipment; personnel to implement the foregoing services, including, if Sublessor deems necessary, the cost of security guards; all on-site costs and personnel expenses of Sublessor incurred to manage the Common Area; all real and personal property taxes and assessments on the improvements and land comprising the Common Areas or any personalty in use on the Common Areas; any sums paid to third parties for the purpose of seeking reduction of property taxes; any governmental imposition or surcharge imposed upon Sublessor or assessed against any portion of the Common Areas; depreciation on maintenance and operating machinery and equipment (if owned) and rental paid for such machinery and equipment (if rented); and premiums for adequate comprehensive airport general liability insurance and property damage insurance covering Sublessor's possession and use and operation of the Common Areas, fire and extended coverage insurance on the Common Areas (which may include earthquake and flood damage endorsements) and vandalism covering the Common Areas. Common Area Costs shall also include a charge for appropriate reserves for the costs of repainting, re-roofing and resurfacing Common Areas. Common Area Costs shall also include all costs of any kind and/or nature incurred by sublessor in connection with its performance of the terms, conditions and covenants of the Master Lease. Sublessor may have any or all services and management performed in connection with the Common Areas provided by an independent contractor(s).

If Sublessor acquires, constructs or makes available for Common Area purposes land or improvements not presently available, then Common Area Costs shall also include all of the expenses itemized above incurred and paid in connection with such additional land or improvements.

Section 4.3 Sublessor shall keep the Common Areas neat, clean and orderly, and shall repair any damage to Common Area. Notwithstanding the foregoing, all expenses incurred by Sublessor in connection with the operation, repair, cleaning and maintenance of the Common Areas ("Common Area Costs") shall be prorated in the manner set forth in Section 4.4.

Section 4.4 Sublessee's pro rata percentage share of the Common Area Costs is 13.24% of the total common Area Costs as identified in Section 4.2.

Section 4.5 Sublessor shall have the right at all times to determine the nature and extent of the Common Areas and to make changes from time to time which in Sublessor's opinion are desirable and in the best interests of all persons using the Common Areas. Sublessor's rights hereunder include without limitation, the right to install, remove, relocate and change driveways, entrances, exists, automobile parking spaces, the direction and flow of traffic, prohibited areas, landscaped areas, utilities and all facilities of the foregoing but only so long as the visibility of and access to the Premises is not materially adversely affected.



**ARTICLE 5**  
**LATE PAYMENTS**

Section 5.1 If Sublessee shall fail to pay when due, any amounts or charges payable by Sublessee under this Sublease, then:

5.1.1 **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.

5.1.2 **Late Charges.** Sublessee shall pay to Sublessor an additional sum of ten percent (10%) of any amount which remains due and unpaid 15 days after the due date. Sublessee acknowledges that the 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.

**ARTICLE 6**  
**USE CONDITIONS**

Section 6.1 **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 and Real Property. Sublessee expressly acknowledges and agrees that Sublessee's rights to possession and use are subject to the restrictions, conditions and terms of the Master Lease.

Section 6.2 **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/or the United States government, or other jurisdictions that relate to either the Real Property and the Premises and/or 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 material 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 and Real Property. 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.

**Section 6.3 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.

**Section 6.4 Subordination and Incorporation of Master Lease.** Sublessee acknowledges that it is familiar with all terms and conditions of the Master Lease to which the Sublease is subject and agrees to comply with all terms and conditions of same which apply to its use and occupancy of the Premises. Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands including attorney's fees arising out of Sublessee's failure to comply with or perform its obligations under the Master Lease. Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to earlier termination of the Master Lease without the fault of the Sublessor and to comply with the obligations under the Master Lease not assumed by Sublessee and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands including attorney's fees arising out of Sublessor's failure to comply with or perform its obligations under the Master Lease.

**Section 6.5 Use Restriction.** The Premises shall be used exclusively for the maintenance and storage of personal aircraft. The Premises shall not be used for any other purpose without first having obtained the written consent of both the County and Sublessor, which consent shall not be unreasonably withheld. The Sublessor and County's approval of any change in the use of the Premises may, at Sublessor and County's sole election, place additional reasonable specific requirements on Sublessee including, but not limited to, the types, limits, and conditions of insurance provided under this Sublease.

**Section 6.6 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 or any portion of the Real Property. 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.

**ARTICLE 7**  
**MAINTENANCE AND SERVICE OF PREMISES**

Section 7.1 **Delivery.** Sublessor agrees to deliver the Premises pursuant to the terms and conditions identified in the Purchase and Sale Agreement ("Purchase Agreement"), dated October 15, 2011, by and between Sublessor and Sublessee 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. Sublessee accepts the Premises in an "As Is" condition without warranty.

Section 7.2 **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 in writing of such failure and, 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. 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.

Section 7.3 **Services Available to Premises.** Sublessor will provide for the benefit of the Premises, those services identified on Exhibit "D." If a force majeure event occurs as defined in Section 27.1, Sublessor will retain the right to change, modify, amend, suspend and/or discontinue the services that it provides pursuant to the terms and conditions of this Sublease.

**ARTICLE 8**  
**ALTERATIONS AND IMPROVEMENTS**

Section 8.1 **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 and the County and, Sublessor's consent shall not be unreasonably withheld or delayed. All alterations must be made in compliance with good construction practices, applicable governmental requirements, the special conditions, plans and specifications approved by Sublessor and the County. Sublessee shall comply with all construction and labor regulations of Sublessor and the County and shall provide insurance coverage required by Sublessor and the County, or other means of surety, to the satisfaction of Sublessor and the County.

Sublessor and the County, or other means of surety, to the satisfaction of Sublessor and the County. 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 and County 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. Sublessor and County reserve the right to adjust the limits of insurance in their sole and absolute discretion.

## **ARTICLE 9** **DAMAGE OR DESTRUCTION**

Section 9.1 If the improvements to the Premises are damaged or destroyed during the term hereof, Sublessee shall repair or rebuild said improvements to the condition immediately prior to the date of damage or destruction. Commencement of the repairs shall take place within one hundred twenty (120) 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.

## **ARTICLE 10** **CONDEMNATION**

Section 10.1 **Total Taking.** If all the Premises are taken or condemned for a public or quasi- public use, by an entity other than the County, this Sublease shall terminate as of the date of

condemnation and Sublessee and Sublessor shall thereupon be released from any liability thereafter occurring hereunder.

Section 10.2 **Partial Taking.** If any party of the Premises are taken or condemned for a public or a quasi-public use by an entity other than the County and there is such a major change in the character of the Premises 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.

Section 10.3 **Limited Liability of Sublessor.** Sublessor shall have no liability of any kind or nature in the event of either a partial or total taking of any and/or all of the Premises. However, in the event Sublessor receives funds from a taking of either a part or all of the Premises, Sublessor will reimburse Sublessee up to an amount equal to the current fair market value of the then existing improvements which exist on the Premises at the time of the taking.

## **ARTICLE 11**

### **ASSIGNMENTS AND SUBLEASES**

Section 11.1 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, and/or transfer, without the County's express written consent. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Sublease. The County's consent will not be unreasonably withheld.

Section 11.2 **No Merger.** No merger shall result from Sublessee's sublease of the Premises under this Article 11.

Section 11.3 **Right to Encumber.** Notwithstanding the provisions of Section 11.1, the County and Sublessee consent and agree that Sublessee may either encumber or assign, for the benefit of a Lender ("Encumbrancer"), the subleasehold estate and/or improvements thereof, as security for a Deed of Trust, mortgage or other security type instrument, to assure the payment of monetary obligations owed by Sublessee to an established bank, savings and loan association or insurance company, and the prior written consent of either the County or Sublessor shall not be required:

(a) to a transfer of this Sublease at foreclosure under the trust deed, judicial foreclosure, or an assignment in lieu of foreclosure; or

(b) to any subsequent transfer by the Encumbrancer if the Encumbrancer is an established bank, savings and loan association or insurance company, and is the purchaser at such foreclosure sale, or is the assignee under an assignment in lieu of foreclosure; provided, however, that in either such event the Encumbrancer forthwith gives notice to Sublessor and County in writing of any such transfer, setting forth the name and address of the transferee, the effective date of such transfer, and the express agreement of the transferee assuming and agreeing to perform all of the obligations under

the Sublease and the Master Lease, together with a copy of the document by which such transfer was made.

Any Encumbrancer described in Section 11.3(a) and (b) which is the transferee under the provisions of Section 11.3 above shall be liable to perform the obligations and duties of Sublessee under this Sublease only so long as such transferee holds title to the Subleasehold estate.

Any subsequent transfer of this Subleasehold estate hereunder, except as provided for in Section 11.1, shall not be made without the prior written consent of Sublessor and County and shall be subject to the conditions relating hereto as set forth herein. Sublessee shall give the County and Sublessor prior written notice of any such trust deed and shall accompany such notice with a true copy of the trust deed and note secured thereby.

(1) Right of Encumbrancer to Cure. Sublessor agrees that it will not terminate this Sublease because of any default or breach hereunder on the part of Sublessee if the Encumbrancer under the trust deed, within ninety (90) days after service of written notice on the Encumbrancer by Sublessor of its intention to terminate this Lease for such default or breach shall:

(i) Cure such default or breach if the same can be cured by the payment or expenditure of money provided to be paid under the terms of this Sublease; provided, however, that for the purpose of the foregoing, the Encumbrancer shall not be required to pay money to cure the bankruptcy or insolvency of Sublessee; or

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

## **ARTICLE 12**

### **DEFAULT**

Section 12.1 **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 referred to herein or such Rules and Regulations that may be amended from time to time by either the County and/or 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; or (f) failing to maintain all insurance obligations as required herein.

**Section 12.2 Sublessor's Remedies.** In the event of default as described in Section 12.1, 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 be entitled to pursue any and/or all remedies available to Sublessor, if Sublessee fails to correct the default. The remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law. Sublessor can make the election to 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.

**Section 12.3 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.

**Section 12.4 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.

### **ARTICLE 13** **INDEMNITY AND INSURANCE**

**Section 13.1 Waiver.** This Sublease is made upon the express condition that Sublessee hereby waives all claims against Sublessor and County for damages to property or for injuries or death to any person or persons from any cause except for any injuries resulting from any intentional acts or gross negligence of Sublessor.

**Section 13.2 Indemnity.** Sublessee hereby agrees to and shall indemnify and defend Sublessor and County against and hold Sublessor and County 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 use of any portion of the Real Property or from or in connection with the business conducted by Sublessee in or on the Premises or occasioned wholly or in part by any act or omission of Sublessee, its agents, contractors, employees, licensees or guests.

Section 13.3 **Insurance.** Sublessee shall procure and maintain or cause to be maintained, at its sole cost and expense, the insurance coverages identified herein during the term of this Sublease. The procurement and maintenance of the insurance required below will not diminish or limit sublessee's obligation to indemnify or hold the County harmless.

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

(b) Airport General Liability. Airport General Liability Insurance coverage including, but not limited to, premises liability, contractual liability, products and completed operations, independent contractors liability, contingent liability, and personal and advertising injury covering claims which may arise from or out of Sublessee's activities and/or its performance of/or its obligations hereunder. Policy shall name the Sublessor and the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds. Policy's limit of liability shall not be less than \$5,000,000 per occurrence and in the aggregate as applicable.

(c) Vehicle Liability. If vehicles and/or licensed or unlicensed mobile equipment are used in the performance of the obligations under this Sublease and driven on the airport premises, then Sublessee shall maintain liability insurance for all owned, non-owned or hired vehicles and/or licensed or unlicensed mobile equipment so used in an amount not less than \$1,000,000 per occurrence combined single limit. If the vehicle coverage contains an exclusion for claims arising from vehicle operations on an airport's premises, such exclusion shall be deleted by endorsement. The policy shall name the Sublessor and the County of riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives. This coverage may be included in the airport General Liability policy. An application for an Airport Gate Card must be accompanied by proof of such insurance.

(d) Aircraft Hull and Liability Insurance. Aircraft hull coverage for all aircraft owned by Sublessee insured on a replacement value basis, or, at a minimum, on an agreed value basis, including all equipment and contents thereof. Sublessee may elect to self-insure the hull, equipment and contents of Sublessee's owned aircraft providing Lessee submits to County a letter, signed by



the owner, stating that the owner has elected to self-insure the aircraft hull, equipment and contents and agrees to indemnify and hold harmless the Sublessor and the County of Riverside for any incidents, accidents or events that may give rise to a claim or lawsuit from any cause or nature whatsoever regardless of any negligence of the County that may have contributed to said loss or damage.

Sublessee shall also provide aircraft Liability Insurance for all owned and non-owned aircraft operated by the Sublessee in an amount not less than \$5,000,000 combined single limit per occurrence for bodily injury, including death and property damage and coverage shall include, but is not limited to, products/completed operations and contractual liability. The policy will be endorsed to include the Sublessor and the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional, Insureds.

(e) Products Liability Insurance. If Sublessee provides aircraft maintenance, aircraft repair services, aircraft fueling and/or oil services/products or any other similar products or services under the terms of this Sublease, Sublessee shall also provide Products Liability Insurance including completed operations if not otherwise covered by the Airport General Liability policy in an amount not less than \$5,000,000 any one occurrence combined single limit and in the annual aggregate.

(f) Hangars Keepers Liability Insurance (Ground Coverage). If this coverage is applicable to the Sublessee's operations and is not included as part of the airport General Liability coverage, Sublessee shall provide Ground Hangar Keepers Liability Insurance providing coverage for damage or destruction of aircraft, owned by others, in the Sublessee's care, custody or control for the purpose of sale, storage, safekeeping or any other reason. Lessee shall maintain a limit of liability equal to the combined replacement cost value of all aircraft hulls, their equipment and contents, in the care, custody or control of the Lessee at any one time, but in no event shall the limit of liability be less than \$2,000,000 in the Aggregate.

(g) Hangars Keepers Liability Insurance (Flight Coverage). If this coverage is applicable to the Sublessee's operations and is not included as part of the airport General Liability coverage, Sublessee shall provide Hangar Keepers Liability Insurance providing coverage for aircraft in the care, custody or control of the Sublessee, with a limit equal to the replacement value of the highest valued hull that may be flight tested by the sublessee; however, in no event shall the limit of liability be less than \$5,000,000.

(h) Property (Physical Damage):

(1) All-risk property insurance covering all real and personal property for its full replacement value, including coverage for the perils of earthquake and flood if applicable. The property covered shall include, but not be limited to: buildings, structures, furniture and fixtures, equipment, inventory, tenant's improvements and betterments, and tools, electronic systems, etc. that the sublessee owns and all property that the Sublessee is contractually or otherwise responsible for while such property is on the Leased Premises. Policy shall include Business Interruption, Extra Expense, and Expediting Expense to cover the actual loss of business income sustained during the restoration period. Policy shall name the County of Riverside as a Loss Payee and provide a Waiver of Subrogation in favor of the County of Riverside.

(2) Boiler & Machinery insurance on a full replacement cost basis covering all real and personal property owned by the Sublessee or for which the Sublessee is responsible for, while such property is on the Leased Premises. Policy shall provide Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for loss resulting from an off-premises power failure. Policy shall name the County of Riverside as a Loss Payee and contain a Waiver of Subrogation in favor of the County of Riverside

(i) General Insurance Provisions - All Lines:

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

(2) Insurance deductibles or self-insured retentions of \$500,000 or more must be declared by the Sublessee, and such deductibles and retentions shall have the prior consent of the County Risk Manager. Upon notification of deductibles or self-insured retentions unacceptable to the County, and at the election of the County's Risk Manager, Sublessee's carriers shall either: (a) reduce or eliminate such deductibles or self-insured retentions as respects this Lease with the County; or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

(3) Cause Sublessee's insurance carrier(s) to furnish the County of Riverside with either (a) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements affecting coverage as required herein; or (b) if requested to do so in writing in the County Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Sublease shall terminate forthwith, unless the Sublessor and the County of Riverside receive, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or, if requested, certified original policies, including all endorsements and attachments thereto evidencing coverages set forth herein and the insurance required herein is in full force and effect. Sublessee shall not commence operations until the County of Riverside has been furnished original Certificate(s) of Insurance and certified original copies of endorsements or, if requested, policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

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

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

Section 13.4 **Other Insurance Requirements**. All policies shall name Sublessor, and the County as an additional insured and Sublessee shall obtain separate endorsements on the coverage identified herein for the benefit of the Sublessor and the County. 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.

Section 13.5 **Termination of Lease**. Notwithstanding any other term or condition of either the Master Lease or Sublease, Sublessor may immediately terminate this Sublease if Sublessee ever breaches in any way, any term and/or condition of Article 14. Sublessee acknowledges and agrees it will have no right to cure any breach of any term, condition and/or covenant contained within Article 14.

#### **ARTICLE 14** **HAZARDOUS SUBSTANCES**

Section 14.1 The provisions of this section, which govern Sublessee's obligations with regard to hazardous substances, as defined below, shall survive termination of this Sublease.

Section 14.2 **Responsibility for and Definition of Hazardous Substances**. Sublessee agrees to indemnify, defend, protect and hold Sublessor and the County 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, transporting, 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.

**Section 14.3 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.

**Section 14.4 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 part 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.

**Section 14.5 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.

**Section 14.6 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.

**Section 14.7 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.

**Section 14.8 Business Response Plan.** Sublessee must conform with the Jacqueline Cochran Regional Airport "Business Response Plan" on file with the Airport Fire Marshall in accordance with the California Health and Safety Code.

## **ARTICLE 15**

### **SUBLESSEE RIGHTS AND OBLIGATIONS**

**Section 15.1** 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.

**ARTICLE 16**  
**NOTICES**

Section 16.1 Any notice required or desired to be served by either party upon the other shall be addressed to the respective parties asset forth below:

**SUBLESSOR:**

Tradition Aviation TRM LLC,  
a California Limited Liability Company  
86-400 Lightning Street  
Thermal, California 92274

**SUBLESSEE:**

R. D. & JOAN DALE HUBBARD FOUNDATION, INC.  
72-980 Fred Waring Drive  
Palm Desert, California 92260

**ARTICLE 17**  
**TAXES**

Section 17.1 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.

**ARTICLE 18**  
**PROTECTION OF LENDERS**

Section 18.1 **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 performs all of Sublessee's obligations under this Sublease and is not otherwise in default.

Section 18.2 **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.

**Section 18.3 Signing of Documents.** Sublessee shall sign and deliver any instrument or documents reasonably 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.

**Section 18.4 Estoppel Certificates.**

18.4.1 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 the Sublessee.

18.4.2 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 years 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.

**ARTICLE 19**  
**TIME**

Section 19.1 Time is of the essence.

**ARTICLE 20**  
**ENTIRE AGREEMENT**

Section 20.1 This Sublease and all referenced Exhibits and documents contain 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.

**ARTICLE 21**  
**APPLICABLE LAW**

Section 21.1 This Sublease shall be interpreted and construed under and governed by the laws of California.

**ARTICLE 22**  
**NO WAIVER**

Section 22.1 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.

**ARTICLE 23**  
**PARTIAL INVALIDITY**

Section 23.1 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.

**ARTICLE 24**  
**INTERPRETATION**

Section 24.1 The captions of the Articles and 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 implied permission.

**ARTICLE 25**  
**CORPORATE AUTHORITY; PARTNERSHIP AUTHORITY**

Section 25.1 If Sublessee is a corporation, each person signing this Sublease on behalf of Sublessee represents and warrants that he 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, each person or entity signing this Sublease for Sublessee represents and warrants that he or it is a general partner of the partnership, that he or it 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 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 or certificate of limited partnership.



**ARTICLE 26**  
**JOINT AND SEVERAL LIABILITY**

Section 26.1 All parties signing this Lease as Sublessee shall be jointly and severally liable for all obligations of Sublessee.

**ARTICLE 27**  
**FORCE MAJEURE**

Section 27.1 If Sublessor or Sublessee cannot perform any of their obligations due to events beyond their 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 or Sublessee'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 or weather conditions.

**ARTICLE 28**  
**EXECUTION OF SUBLEASE**

Section 28.1 This Sublease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument.

**ARTICLE 29**  
**NEGOTIATED AGREEMENT**

Section 29.1 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.

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IN WITNESS WHEREOF, the parties hereto have executed this Sublease as of the day and year first above written.

SUBLESSOR:

TRADITION AVIATION TRM LLC,  
a California Limited Liability Company

BY: Matthew Johnson FOR TRADITION AVIATION, LLC  
ITS Managing Member

Address: 96-400 LIGHTNING STREET  
TERMINA CA 92274

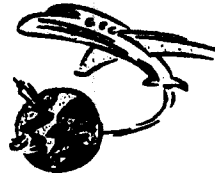
SUBLESSEE:

R. D. & JOAN DALE HUBBARD FOUNDATION, INC.

BY: E. J. A. Bury, C.F.O.

Address: 22980 Fred Waring Dr #B  
Palm Desert, CA 92260





**LEASE**

**JACQUELINE COCHRAN REGIONAL AIRPORT**

**DESERT RESORTS AVIATION, LLC**

**JULY 27, 2004**



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1 LEASE

2 JACQUELINE COCHRAN REGIONAL AIRPORT

3  
4 The COUNTY OF RIVERSIDE, herein called County, leases to Desert Resorts  
5 Aviation, LLC, a California Limited Liability Company herein called Lessee, the property  
6 described below under the following terms and conditions:

7 1. Recitals.

8 (a) County owns approximately twenty-five acres (25 acres) of vacant  
9 land at the Jacqueline Cochran Regional Airport, County of Riverside, State of  
10 California.

11 (b) County desires to lease said property to lessee for the development of  
12 aircraft storage hangars and the construction of facilities necessary for conducting the  
13 business of a Full Service Fixed Base Operator, which will provide aircraft servicing,  
14 maintenance, and fueling.

15 (c) Lessee desires to lease said property for the development of aircraft  
16 storage hangars and the construction of facilities necessary for conducting the  
17 business of a Full Service Fixed Base Operator, which will provide aircraft servicing,  
18 maintenance, and fueling.

19 2. Description. The premises leased hereby are located within the  
20 Jacqueline Cochran Regional Airport, County of Riverside, State of California and  
21 consist of approximately twenty-five (25) acres of vacant land, being preliminarily  
22 described in Exhibit "A" attached hereto and incorporated by this reference herein.  
23 Said property is hereafter referred to as the "Leased Premises." County and Lessee  
24 herein acknowledge that Lessee has no fee title interest in or to the Leased Premises.

25 Within sixty (60) days of Lease execution by all parties, Lessee will supply  
26 County with a survey and a legal description of the Leased Premises, prepared by a  
27 registered civil engineer at Lessee's expense, showing the exact number of acres.  
28 Said survey and legal description will be incorporated in and become a part of this

1 Lease as Exhibit "A1". The size of the Leased Premises and the basic rent shall be  
2 adjusted to reflect the results of the survey. The monthly Base Rent, as established in  
3 paragraph 5 below, will be adjusted by multiplying the number of acres times three  
4 hundred and thirty-two dollars (\$332.00) the "Base Rent Rate".

5 Failure to comply with this deadline will constitute a default by Lessee and the  
6 Lease will become void without further notice.

7 3. Term. This Lease shall commence the first day of the month following  
8 execution by all parties thereto and terminate thirty (30) years thereafter, a term of  
9 thirty (30) years.

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

13 (b) With respect to the Leased Premises, subject to the provisions of  
14 paragraphs 5, 8 11(c), 17 and 18 hereof and provided that Lessee at the time of  
15 exercising the option is in full compliance with the terms of this Lease, Lessee shall  
16 have the option to extend the term of this Lease for an additional period of ten (10)  
17 years. Lessee shall notify County in writing of its intention to exercise the option to  
18 extend not more than twelve (12) months or less than six (6) from the expiration date of  
19 the initial term.

20 4. Use. The Leased Premises shall be used for the following purposes and  
21 no other without the written permission of County. All of the uses listed under  
22 paragraph 4(a) below are permitted uses within the Leased Premises. Lessee intends  
23 to initially use the Leased Premises for those uses listed in paragraph 4(b) below.  
24 Lessee shall notify County in writing and provide a detailed description of any  
25 additional use and scope of operation prior to commencing said use.

26 (a) Permitted Uses:

27 (1) Sale, retail or wholesale or both, of new and used aircraft,  
28 aircraft parts and accessories, including instruments, engines, electronic devices,

1 aircraft fuels and lubricants, airman's navigational and personal supplies, and  
2 accessories.

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

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

14 (4) Painting and upholstering of aircraft.

15 (5) Financing, leasing, renting, and insuring of aircraft.

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

20 (7) Providing aircraft storage inside hangar buildings and on  
21 outside tie-down areas.

22 (8) Providing ground school instruction associated with flight  
23 training.

24 (9) Leasing or renting of automobiles, and storing and sale of  
25 automotive fuel and lubricants for use only in connection with Lessee's equipment and  
26 rental automobiles.

27 (10) Operating a restaurant or café for the purpose of providing  
28 meals and beverages to the general public. If alcoholic beverages are sold, Lessee



1 shall maintain Liquor Liability insurance coverage or Lessee shall require restaurant or  
2 café sublessee to maintain Liquor Liability insurance coverage as part of sub-lessee's  
3 Commercial General Liability insurance.

4 (b) Initial Uses:

5 (1) Construction of facilities, including a terminal building and  
6 maintenance hangar, necessary for the operations of a Full Service Fixed Base  
7 Operator, which will provide servicing, maintenance and fueling for aircraft. The  
8 business will commence operations within two years of Lease commencement.

9 (2) Construction of building (or buildings) for the storage of  
10 aircraft.

11 The Leased Premises shall not be used for any purpose other than those uses  
12 described in paragraph 4 (a) (1 through 10) without first obtaining the written consent of  
13 County, which consent shall not be unreasonably withheld. The County's approval of  
14 any change in the Use of the Leased Premises may, at County's sole election, place  
15 additional reasonable specific requirements on Lessee including, but not limited to, the  
16 types, limits, and conditions of insurance provided under this Lease.

17 5. Rent. Lessee shall pay to County as Base Rent for the use and  
18 occupancy of the Leased Premises monthly rent equal eight thousand three hundred  
19 dollars (\$8,300). This amount shall be adjusted at the completion of the survey  
20 provided for in paragraph 2 above, by multiplying the number of acres determined by  
21 the survey times three hundred and thirty-two dollars (\$332.00), the "Base Rent Rate".  
22 Said rent is due and payable in advance on the first of each month. The rent shall be  
23 considered delinquent, if not paid by the 15<sup>th</sup> of the month. If the monthly rent  
24 becomes delinquent, Lessee will be charged a late fee equivalent to ten percent (10%)  
25 of the delinquent rental amount, exclusive of late fees, for each month that rent is  
26 delinquent.

27 (a) Rent payments shall not commence until the first day of the month  
28 following completion of phase 2 of the heavy ramp by the County on Taxiway F.

1           (b)    Thereafter, during construction of the Leased Premises, for a  
2 period not to exceed twelve (12) months from the date rent commences ("Construction  
3 Period"), the monthly rent shall be equal to one-half of the Base Rent. At completion of  
4 the Construction Period, the Base Rent shall revert to the full Base Rent as described  
5 in paragraph 5 above. Upon issuance of a certificate of occupancy for any completed  
6 phase of the Leasehold, during the Construction Phase, monthly rent for that phase  
7 shall then be paid at the full Base Rent rate of three hundred thirty-two dollars  
8 (\$332.00) per acre commencing on the first day of the month following issuance of the  
9 certificate of occupancy.

10           (c)    In addition to the basic rent required herein, Lessee shall pay to  
11 County a fuel flowage fee in an amount equal to five percent (5%) of the total net price  
12 paid by Lessee for all aviation and automotive fuel and lubricants received on the  
13 Leased Premises by Lessee. Said fuel flowage fee is due and payable within thirty  
14 (30) days of delivery. If not paid within said period, the fuel flowage fee becomes  
15 delinquent and Lessee will be charged a late fee equivalent to ten percent (10%) of the  
16 delinquent fuel flowage fee amount, exclusive of late fees, for each month that the fuel  
17 flowage fee is delinquent. The term "total net price" shall mean the net price per unit of  
18 such fuel and lubricants, excluding taxes imposed thereon by any government or  
19 agency thereof, multiplied by the total number of units of such fuel and lubricants  
20 received.

21           Lessee reserves the right of selecting its own fuel and lubricant suppliers.  
22 Lessee's agreement with any such suppliers shall contain a provision therein obligating  
23 such suppliers to submit a duplicate invoice to County for any fuel and lubricant  
24 deliveries made to Lessee within thirty (30) days following each such delivery. Such  
25 invoice shall indicate the type of products delivered, the date of delivery, the quantity  
26 delivered, the per-unit cost, the total extended cost, and the invoice number. Lessee  
27 shall submit such invoices, together with payment of the fuel flowage fee, to County  
28 within thirty (30) days of delivery.

1 (d) Base Rent Adjustment - Beginning July 1, 2005 and every fifth (5<sup>th</sup>)  
2 year thereafter, the Base Rent shall be adjusted to one-twelfth (1/12) of eight percent  
3 (8%) of the then-current fair market value of the Leased Premises. Said fair market  
4 value shall be for the land and shall not include the value of the structures placed on  
5 the Leased Premises. In no event will application of this paragraph result in a monthly  
6 rental amount lower than the highest previous monthly rental amount.

7 A property appraisal for the purpose of establishing the adjusted Base  
8 Rent is to be performed by an independent certified appraiser, knowledgeable in  
9 aviation appraising and in good standing with the American Institute of Real Estate  
10 Appraisers. The appraiser is to be procured and paid for by County. Once  
11 established, said rent shall be adjusted annually in the manner set forth in Paragraph 5  
12 (e) below.

13 (e) Consumer Price Index - Beginning July 1, 2006, and at each July  
14 1<sup>st</sup> thereafter, except for dates coinciding with the appraisals conducted every fifth year  
15 as referenced in 5(d) above, the rent shall be adjusted by the percentage change in the  
16 Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County  
17 Area for the twelve month period ending three months before the month of rent  
18 adjustment under this paragraph. In no event will application of this paragraph result in  
19 a monthly rental amount lower than the highest previous monthly rental amount.

20  
21 6. Additional Obligations of Lessee. Lessee shall, during the term of this  
22 Lease and any extensions thereof:

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

28

1 (b) Employ and maintain on the Leased Premises sufficient personnel  
2 who are trained and skilled in order to competently perform the tasks related to the  
3 services being offered;

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

8 (d) Provide services to the general public seven (7) days per week  
9 during the term of this Lease on a minimum hourly basis each day from 8:00 A.M.,  
10 local time, to 5:00 P.M., local time, and Lessee shall not make any changes relative to  
11 such minimum hourly schedule unless approval is first obtained from County in writing;

12 (e) Operate the Leased Premises and the facilities thereon in a  
13 progressive and efficient manner, charging fair and reasonable prices for each unit or  
14 service, said prices being competitive with prices charged by other fixed based  
15 operators at Jacqueline Cochran Regional Airport and other County airports, and, upon  
16 request from County, Lessee shall furnish County with a schedule of all prices for each  
17 unit or service offered for sale or lease to the general public

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

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

23 (h) Provide aircraft recovery and removal services within the airport air  
24 operating area, and have available and provide, as needed, standardized ground  
25 service equipment for aircraft weighing eighty-thousand (80,000) pounds or less gross  
26 weight upon request of the aircraft owners or County (standardized ground service  
27 equipment shall include, but not be limited to, wheel chocks, tie-down ropes or chains,  
28 aircraft jacks, tow bars, auxiliary power units, and aircraft tugs);

1 (i) Not engage in the painting of aircraft (other than small 'spot  
2 painting' jobs in connection with repairs) within any buildings, unless or until it has  
3 established therein a regular paint shop which is adequately enclosed and vented, and  
4 has been inspected and approved, in writing, by representatives of the Federal Aviation  
5 Administration and County's Fire and Building and Safety Departments, meet all other  
6 local, state and federal laws and regulations, and all applicable permits have been  
7 obtained;

8 (j) Maintain a comfortable, well-furnished pilot's lounge and clean  
9 sanitary restroom facilities for both men and women; such restroom facilities shall be  
10 properly and continuously supplied with soap, towels, toilet tissue and any other  
11 supplies required by state, federal or local laws and ordinances;

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

17 (l) Observe the Taxiway Object Free Area adjacent to their leasehold  
18 to allow the passage of taxiing aircraft; the Taxiway Object Free Area boundary for  
19 Taxiway F is one hundred ten (110) feet from the centerline of the taxiway; and

20 (m) Maintain the Leased Premises, approaches thereto, and  
21 improvements now or hereafter located thereon, in good, safe and sanitary order,  
22 condition, and repair, and upon any termination of this Lease, Lessee agrees to  
23 surrender said Leased Premises and improvements thereon in such good, safe and  
24 sanitary condition, reasonable use and wear thereof and damages by fire, acts of God,  
25 war, civil insurrection, or by the elements excepted.

26 7. Permits, Licenses and Taxes. Lessee shall secure, at its expense, all  
27 necessary permits and licenses as it may be required to obtain regarding the  
28 construction, operation, maintenance, and termination or abandonment of activities

1 upon the Leased Premises, and Lessee shall pay for all fees and taxes levied or  
2 required by any authorized public entity. Lessee recognizes and understands that this  
3 Lease may create a possessory interest subject to property taxation and that Lessee  
4 may be subject to the payment of property taxes levied on such interest.

5 **8. On-Site Improvements**

6 (a) Lessee, at its expense, shall construct, or cause to be constructed,  
7 improvements described in a site plan showing the location and dimensions of all  
8 planned improvements. Improvements shall conform to the Minimum Standards for  
9 Fixed Based Operators Riverside County Airports, Exhibit C, attached hereto and by  
10 this reference incorporated herein, and will include a terminal building, aircraft storage  
11 hangars, facilities necessary for conducting the business of a Full Service Fixed Base  
12 Operator such as a maintenance hangar, above ground fueling tanks, associated  
13 landscaping, and improvements, all in accordance with County requirements.

14 Within thirty (30) days of lease execution by all parties, Lessee shall  
15 submit a site plan to the Economic Development Agency showing the location and  
16 dimensions of all planned improvements. Within ninety (90) days of approval of the  
17 site plan by the Economic Development Agency, Lessee shall submit a full set of  
18 construction plans to the County to obtain building permits. Construction of said  
19 improvements shall commence within sixty (60) days following issuance of the requisite  
20 permits by the County.

21 Lessee shall provide matching funds, not to exceed \$200,000.00, to an  
22 FAA Grant for the portion of the apron fronting Taxiway F that will service Lessee's  
23 operation. Said matching funds will be paid to County within thirty (30) days of  
24 execution. Additional funds required to construct said apron shall not be the  
25 responsibility of Lessee.

26  
27 The site may be developed in phases, with a maximum of four (4)  
28 phases, subject to the approval of the Economic Development Agency, provided that  
all construction is completed within five (5) years of Lease commencement. In the

1 event Lessee fails to complete all phases of the development in the time allotted  
2 except for delays caused by Force Majeure or attributable to the negligence, willful  
3 misconduct or bad faith of County, the undeveloped phases of the leasehold will revert  
4 to the County as provided for in paragraph 16(f) and this Lease will be amended  
5 accordingly to reflect the reduced acreage and rent.

6 In the event of a Force Majeure delay or delays caused by the  
7 negligence, willful misconduct or bad faith of County the five (5) year completion period  
8 identified herein will be tolled as provided for below.

9 "Force Majeure" means fires, explosions, strikes being conducted on an  
10 industry-wide basis and that are not limited to Lessee's Development, unusually  
11 adverse weather conditions, war, hostilities, invasion, riot, civil insurrection, civil war,  
12 terrorist acts, ionising radiation, contamination by radioactivity on the Leased Premises  
13 from any nuclear fuel, radioactive toxic explosive or nuclear explosive, epidemics,  
14 quarantine, plague, and any other event beyond the reasonable control of Lessee (other  
15 than bad weather generally, insufficiency of funds, or changes in the economic or  
16 business climate).

17 "Force Majeure Delay" means a delay due to Force Majeure that, in each  
18 case, (a) materially adversely affects the performance by Lessee of its obligations  
19 hereunder, (b) is not reasonably foreseeable and is beyond Lessee's reasonable  
20 control, (c) despite the exercise of reasonable diligence, cannot be prevented, avoided  
21 or removed by Lessee and is not attributable to the negligence, willful misconduct or  
22 bad faith of Lessee, and (d) is not the result of the failure of Lessee to perform any of its  
23 obligations under this Lease. Notwithstanding the foregoing, a Force Majeure Delay  
24 shall not be deemed to have occurred unless Lessee has notified County of such  
25 occurrence of Force Majeure within fifteen (15) days after such occurrence and has  
26 provided County with the details of such event and the length of the anticipated delay  
27 within an additional fifteen (15) days thereafter. During the occurrence and continuance  
28 of a Force Majeure Delay, Lessee shall be excused from performance of its obligations  
under this Lease to the extent the Force Majeure prevents Lessee from performing such  
obligations.

1  
2 Lessee shall obtain performance, material, and labor payment bonds in  
3 the amounts required by law and determined by County, and shall furnish County with  
4 copies thereof prior to the commencement of such construction.

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

10 (c) Any improvements, alterations, and installation of fixtures to be  
11 undertaken by Lessee shall have the prior written approval of the County after Lessee  
12 has submitted to County proposed plot and building plans, and specifications therefor,  
13 in writing. In addition, Lessee understands and agrees that such improvements,  
14 alterations, and installation of fixtures may be subject to County Ordinance Nos. 348  
15 and 457, as well as other applicable County ordinances, and that Lessee shall fully  
16 comply with such ordinances prior to the commencement of any construction in  
17 connection therewith.

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



1           **9.     Off-Site Improvements**

2           (b)     County shall provide the following off-site improvements to serve  
3 the site: (1) water, (2) sewer, and (3) a paved access road. Connections to said off-  
4 site improvements shall be the sole cost and responsibility of Lessee as described in  
5 paragraph 9(c). Additionally, Lessee shall be responsible for any improvements  
6 beyond those listed in this paragraph, including, but not limited to, electricity,  
7 telephone, and gas service.

8           (b)     Lessee shall pay a sewer connection fee and a monthly sewer  
9 service fee to County. The amount of the fees shall be according to the fee schedule  
10 in effect at the time of Lease execution. The monthly sewer service fee will be  
11 adjusted from time to time and be based upon County's sewer service payments to the  
12 Coachella Valley Water District and County's cost of repairing, maintaining, and  
13 administering the airport's sewer system.

14           (c)     It is understood by the parties hereto that utility services are  
15 available in the general vicinity of the Leased Premises, but in order for the on-site  
16 improvements required in Paragraph 8 herein to be fully usable and operational,  
17 Lessee, at its expense, shall extend and/or connect, or cause to be extended and/or  
18 connected, to such utility service facilities that may be required or desired by Lessee in  
19 the use, operation, and maintenance of such on-site improvements. Lessee shall pay  
20 all related fees and charges related to such utility extensions and hookups. After such  
21 extensions and/or connections have been made, Lessee shall be responsible for  
22 payment for the use of such utility services, without limitation, all electricity, gas,  
23 telephone and water.

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

1           10.    Compliance with Law. Lessee shall, at its sole cost and expense, comply  
2 with all of the requirements of all governmental agencies now in force, or which may  
3 hereafter be in force, pertaining to the Leased Premises, and any improvements  
4 hereafter constructed or maintained thereon, and Lessee shall faithfully observe all  
5 laws and ordinances now or hereafter in force in the use of the Leased Premises.

6           11.    County's Reserved Rights.

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

28

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

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

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

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

27           12. Inspection of Premises. County, through its duly authorized agents, shall  
28 have, upon reasonable notice, during normal business hours, the right to enter the

1 Leased Premises for the purpose of inspecting, monitoring and evaluating the  
2 obligations of Lessee hereunder and for the purpose of doing any and all things which  
3 it is obligated and has a right to do under this provided that the inspection does not  
4 unreasonably interfere with Lessee's business

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

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

16 15. Discrimination or Segregation

17 (a) Lessee shall not discriminate in Lessee's recruiting, hiring,  
18 promotion, demotion or termination practice on the basis of race, religious creed, color,  
19 national origin, ancestry, sex, age, physical handicap, medical condition, or marital  
20 status with respect to its use of the Leased Premises hereunder, and Lessee shall  
21 comply with the provisions of the California Fair Employment and Housing Act  
22 (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964 (P. L.  
23 88-352), and all amendments thereto, Executive Order No. 11246 (30 Federal Register  
24 12319), as amended, and all Administrative Rules and Regulations issued pursuant to  
25 said Acts and orders with respect to its use of the Leased Premises.

26 (b) Lessee shall not discriminate against or cause the segregation of  
27 any person or group of persons on account of race, religious creed, color, national  
28 origin, ancestry, sex, age, physical handicap, medical condition, or marital status in the

1 occupancy, use, tenure or enjoyment of the Leased Premises, nor shall Lessee, or any  
2 person claiming under or through Lessee, establish or permit any such practice or  
3 practices of discrimination or segregation with reference to the selection, location,  
4 number, use, or occupancy of any persons within the Leased Premises.

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

17 16. Termination by County. County shall have the right to terminate this  
18 Lease forthwith:

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

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

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

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

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

3 (f) With respect to the undeveloped phases, as provided for in  
4 paragraph 8(a), if Lessee fails to complete construction of all phases of the  
5 development within five (5) years of lease commencement.

6 (g) Failure of Lessee to maintain insurance coverage required herein  
7 and to provide evidence of coverage to the County.

8 (h) Failure of the Lessee to require all tiers of sublessees and/or  
9 contractors to indemnify the County and to have appropriate insurance coverages  
10 and/or failure by Lessee to monitor each sublessee and/or contractor for current and  
11 correct Certificates of Insurance and required endorsements throughout the term of this  
12 lease.

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

21 18. Eminent Domain. If any portion of the Leased Premises shall be taken by  
22 eminent domain and a portion thereof remains which is usable by Lessee, in its  
23 discretion, for the purposes set forth in Paragraph 4 herein, this Lease shall, as to the  
24 part taken, terminate as of the date title shall vest in the condemnor, or the date  
25 prejudgment possession is obtained through a court of competent jurisdiction,  
26 whichever is earlier, and the rent payable hereunder shall abate pro rata as to the part  
27 taken; provided, however, in such event County reserves the right to terminate this  
28 Lease as of the date when title to the part taken vests in the condemnor or as of such

1 date of prejudgment possession. If all of the Leased Premises are taken by eminent  
2 domain, or such part be taken so that the Leased Premises are rendered unusable for  
3 the purposes set forth in Paragraph 4 herein, this Lease shall terminate. If a part or all  
4 of the Leased Premises be so taken, all compensation awarded upon such taking shall  
5 be apportioned between County and Lessee according to law.

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

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

23 ///

24 ///

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

28

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  
3 Parties herein from third party claims.

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

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

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

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



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

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

23           (d) Aircraft Hull and Liability Insurance.

24           1) Aircraft Hull - Lessee agrees to indemnify and hold  
25 harmless the County from any and all losses, claims, or damage to any aircraft owned  
26 by Lessee and all losses, claims, or damage to any aircraft where Lessee has agreed  
27 under contract to be responsible for any physical damage to the aircraft. Lessee  
28 hereby agrees that this indemnification and hold harmless includes, but is not limited

1 to, losses, claims or damage to any of Lessee's aircraft caused directly or indirectly by  
2 the County.

3                   2)     **Aircraft Liability** - Lessee shall provide Aircraft Liability  
4 insurance for all owned and non-owned aircraft operated by the Lessee in an amount  
5 not less than \$5,000,000 combined single limit per occurrence for bodily injury,  
6 including death and property damage and coverage shall include, but is not limited to,  
7 products/completed operations and contractual liability. The policy will be endorsed to  
8 name all The County of Riverside, its Agencies, Districts, Special Districts, and  
9 Departments, its respective directors, officers, Board of Supervisors, employees,  
10 elected or appointed officials, agents or representative as Additional Insureds.

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

17                   Lessee shall also maintain site-specific Pollution Liability Insurance,  
18 covering both sudden and gradual pollution, with limits of not less than \$2,000,000  
19 each pollution condition and \$2,000,000 annual aggregate covering third party claims  
20 for bodily injury, property damage and first and third party cleanup expense, for  
21 pollution conditions occurring or discovered on-site whether in the soil, water or air,  
22 which arise out of Lessee's activities at the Airport. The insurance shall include  
23 coverage for loss arising out of the handling of fuel, including the transportation of fuel  
24 and refueling of aircraft on-site, arising out of any storage tanks and associated piping,  
25 and arising out of the operation, parking and maintenance of aircraft, vehicles on the  
26 premises and operations that include any other hazardous materials, waste, and/or  
27 work. The policy shall name County as additional insured, and shall not contain" an  
28

1 insured v. insured" exclusion. The policy shall not contain a deductible or self-insured  
2 retention higher than \$25,000.

3 (f) All Risk Property Insurance:

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

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

17 (3) Course of Construction Insurance. During the full term of  
18 construction of the planned improvements, Lessee shall purchase and maintain or  
19 cause to be maintained All Risk Builder's Risk insurance (Completed Value Form)  
20 including earthquake and flood for the entire Project, if applicable, including coverage  
21 for materials and supplies located on and offsite but to be part of, or used in the  
22 construction of, the completed Project. Policy shall also include as insured property,  
23 scaffolding, falsework, and temporary buildings located on the Project site, and the cost  
24 of demolition and debris removal. If the contractor or others insure scaffolding,  
25 falsework and temporary buildings separately, evidence of such separate coverage  
26 shall be provided to County prior to the start of the work. The Course of Construction  
27 coverage limit of insurance shall equal or exceed the highest values exposed to loss at  
28 any one time during the project term. Policy shall waive subrogation in favor of all

1 Agencies, Districts, Special Districts, and Departments of the County of Riverside, their  
2 respective directors, officers, Board of Supervisors, employees, elected or appointed  
3 officials, agents or representatives.

4 (g) General Insurance Provisions – All Lines:

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

9 (2) Insurance deductibles or self-insured retentions must be  
10 declared by the Lessee's insurance carrier(s), and such deductibles and retentions  
11 shall have the prior written consent from the County Risk Manager. Upon notification  
12 of deductibles or self insured retentions unacceptable to the County, and at the election  
13 of the County's Risk Manager, Lessee's carriers shall either: 1) reduce or eliminate  
14 such deductibles or self-insured retentions as respects this Lease with the County; or  
15 2) procure a bond which guarantees payment of losses and related investigations,  
16 claims administration, and defense costs and expenses.

17 (3) Cause Lessee's insurance carrier(s) to furnish the County of  
18 Riverside with either: 1) a properly executed original Certificate(s) of Insurance and  
19 certified original copies of Endorsements effecting coverage as required herein; or 2) if  
20 requested to do so in writing by the County Risk Manager, provide original Certified  
21 copies of policies including all Endorsements and all attachments thereto, showing  
22 such insurance is in full force and effect. Further, said Certificate(s) and policies of  
23 insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days  
24 written notice shall be given to the County of Riverside prior to any material  
25 modification of coverage or cancellation of such insurance. In the event of a material  
26 modification of coverage or cancellation of such insurance, this Lease shall terminate  
27 forthwith, unless the County of Riverside receives, prior to such effective date, another  
28 properly executed original Certificate of Insurance and original copies of endorsements

1 or, if requested, certified original policies, including all endorsements and attachments  
2 thereto evidencing coverages set forth herein and the insurance required herein is in  
3 full force and effect.

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

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

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

25 Beginning July 1, 2010, and every fifth year thereafter during the  
26 term of this Lease, or any extension thereof, County reserves the right to adjust the  
27 monetary limits of insurance coverage as required in Paragraph 20.

28

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 Lease.

3 21. Insurance for Fuel Suppliers. Lessee shall also require suppliers of fuel to  
4 procure, maintain, show evidence and comply with all requirements of insurance as  
5 follows:

6 (a) 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 to provide a Waiver  
10 Of Subrogation in favor of The County of Riverside, its Agencies, Districts, Special  
11 Districts, and Departments, their respective directors, officers, Board of Supervisors,  
12 employees, elected or appointed officials, agents or representatives.

13 (b) Commercial General Liability. Commercial General Liability  
14 insurance coverage, including but not limited to, premises liability, contractual liability,  
15 products and completed operations, personal and advertising injury covering claims  
16 which may arise from or out of Supplier's performance of its obligations hereunder.  
17 Policy shall name the Lessee, all the County of Riverside, its Agencies, Districts,  
18 Special Districts, and Departments, their respective Directors, Officers, Board of  
19 Supervisors, elected officials, employees, agents or representatives as Additional  
20 Insureds. The policy's limit of liability shall not be less than \$1,000,000 per occurrence  
21 combined single limit. If such insurance contains a general aggregate limit, it shall  
22 apply separately to this agreement or be no less than two (2) times the occurrence  
23 limit.  
24

25 (c) Vehicle Liability. Supplier shall maintain liability insurance for all  
26 owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000  
27 per occurrence combined single limit. If such insurance contains a general aggregate  
28 limit, it shall apply separately to this agreement or be no less than two (2) times the

1 occurrence limit. Policy shall name the Lessee, County of Riverside, Special Districts,  
2 their respective Directors, Officers, Board of Supervisors, elected officials, employees,  
3 agents, or representatives as Additional Insureds.

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

8 (e) General Insurance Provisions – All lines: Lessee shall cause  
9 Supplier's insurance carrier(s) to furnish the Lessor and the County of Riverside with a  
10 properly executed original Certificate(s) of Insurance and certified original copies of  
11 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 Riverside has  
23 been furnished original Certificate(s) of Insurance and certified original copies of  
24 endorsements or policies of insurance including all endorsements and any and all other  
25 attachments as required in this Section. An individual authorized by the insurance  
26 carrier to do so on its behalf shall sign the original endorsements for each policy and  
27 the Certificate of Insurance.  
28

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

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

16           **23. Acceptance of Leased Premises**

17           (a) Lessee represents that it has inspected the Leased Premises,  
18 accepts the "as is" condition thereof, and fully assumes any and all risks associated to  
19 the use thereof. County shall not be liable to Lessee, its officers, agents, employees,  
20 subcontractors or independent contractors for any bodily injury, personal injury or  
21 property damage suffered by them or others which may result from hidden, latent or  
22 other dangerous conditions in, on, upon or within the Leased Premises.

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

27           Lessee shall submit all documents pertaining to any such transaction referenced  
28 in the foregoing paragraph to County for approval prior to entering into such



1 agreements. Lessee will submit executed subleases and all required certificates of  
2 insurance and endorsements to insurance policies, as specified in paragraphs 20, 21  
3 and 22 of this Lease, to County for approval prior to sublessees occupying the  
4 subleased premises.

5 In the event of any transfer as provided in this Paragraph, Lessee expressly  
6 understands and agrees that it shall remain liable with respect to any and all the  
7 obligations and duties contained in this Lease.

8 **25. Right to Encumber/Right to Cure.**

9 (a) Lessee's Right to Encumber. Notwithstanding provisions of  
10 Paragraph 24 herein, County does hereby consent to and agree that Lessee may  
11 encumber or assign, or both, for the benefit of a lender, herein called Encumbrancer,  
12 this Lease, the leasehold estate and the improvements thereof by a deed of trust,  
13 mortgage or other security-type instrument, herein called trust deed, to assure the  
14 payment of the promissory note of Lessee if the Encumbrancer is an established bank,  
15 savings and loan association or insurance company, and the prior written consent of  
16 County shall not be required:

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

19 (2) To any subsequent transfer by the Encumbrancer if the  
20 Encumbrancer is an established bank, savings and loan association or insurance  
21 company, and is the purchaser at such foreclosure sale, or is the assignee under an  
22 assignment in lieu of foreclosure; provided, however, that in either such event the  
23 Encumbrancer forthwith gives notice to County in writing of any such transfer, setting  
24 forth the name and address of the transferee, the effective date of such transfer, and  
25 the express agreement of the transferee assuming and agreeing to perform all of the  
26 obligations under this Lease, together with a copy of the document by which such  
27 transfer was made.

28

1 Any Encumbrancer described in Paragraph 25(a)(2) above which is the  
2 transferee under the provisions of Paragraph 25(a)(1) above shall be liable to perform  
3 the obligations and duties of Lessee under this Lease only so long as such transferee  
4 holds title to the leasehold.

5 Any subsequent transfer of this leasehold hereunder, except as provided for in  
6 Paragraph 25(a)(2) above, shall not be made without the prior written consent of  
7 County and shall be subject to the conditions relating hereto as set forth in Paragraph  
8 25 herein. Lessee shall give County prior notice of any such trust deed and shall  
9 accompany such notice with a true copy of the trust deed and note secured thereby.

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

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

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

28

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

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

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

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

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

15 **28. National Pollution Discharge Elimination System (NPDES) Permit.**

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

26 **29. Free from Liens.** Lessee shall pay, when due, all sums of money that  
27 may become due for any labor, services, material, supplies, or equipment, alleged to  
28 have been furnished or to be furnished to Lessee, in, upon, or about the Leased

1 Premises, and which may be secured by a mechanics, materialmen's or other lien  
2 against the Leased Premises or County's interest therein, and will cause each such  
3 lien to be fully discharged and released at the time the performance of any obligation  
4 secured by such lien matures or becomes due; provided , however, that if Lessee  
5 desire to contest any such lien, it may do so, but notwithstanding any such contest, if  
6 such lien shall be reduced to final judgment, and such judgment or such process as  
7 may be issued for the enforcement thereof is not promptly stayed, or is so stayed, and  
8 said stay thereafter expires, then and in such event, Lessee shall forthwith pay and  
9 discharge said judgment.

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

13 31. Binding on Successors. Lessee, its assigns and successors in interest,  
14 shall be bound by all the terms and conditions contained in this Lease, and all of the  
15 parties thereto shall be jointly and severally liable hereunder.

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

1 deemed to have rejected said offer to lease, and Lessor shall be released from any  
2 further obligation hereunder.

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

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

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

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

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

23 COUNTY

24 County of Riverside  
25 Economic Development Agency  
26 3525 Fourteenth Street  
27 Riverside, CA 92501  
28 Attn: Assistant County Executive Officer/EDA

LESSEE

Desert Resorts Aviation, LLC  
c/o Matthew Johnson  
45-445 Portola Avenue, Suite 5  
Palm Desert, CA 92260

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

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

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

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

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

1           42.    FAA Consent to Lease. Lessee acknowledges that Jacqueline Cochran  
2 Regional Airport was transferred to the County by the Federal Government and, as  
3 such, may require FAA consent to the Lease. If so required, the Federal government's  
4 approval shall be considered a condition precedent under this Lease.

5           43.    Entire Lease. This Lease is intended by the parties hereto as a final  
6 expression of their understanding with respect to the subject mater hereof and as a  
7 complete and exclusive statement of the terms and conditions thereof and supercedes  
8 any and all prior and contemporaneous leases, agreements and understandings, oral  
9 or written, in connection therewith. This Lease may be changed or modified only upon  
10 the written consent of the parties hereto.

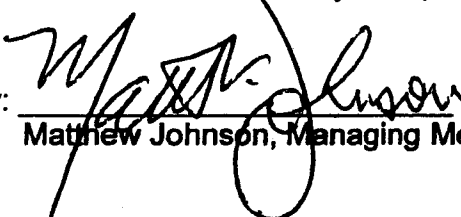
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1 44. Construction of Lease. The parties hereto negotiated this Lease at arms  
2 length and with the advice of their respective attorneys, and no provisions contained  
3 herein shall be construed against County solely because it prepared this Lease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

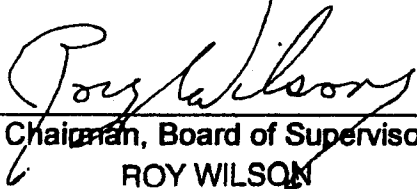
5  
6 Date: 8/10/04

Desert Resorts Aviation, LLC  
a California Limited Liability Company

7  
8  
9 By:   
10 Matthew Johnson, Managing Member

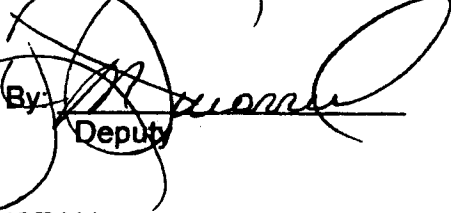
11 Date: 9-14-04

COUNTY OF RIVERSIDE

12  
13 By:   
14 Chairman, Board of Supervisors  
15 ROY WILSON

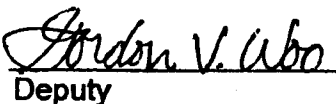
16 ATTEST:

17 NANCY ROMERO, Clerk of the Board

18  
19 By:   
20 Deputy

FORM APPROVED:

WILLIAM C. KATZENSTEIN, County Counsel

By:  8/23/04  
Deputy

21 (SEAL)

22 Attachments:

- 23 1. Exhibit A – Legal Description  
24 2. Exhibit A-1 – Survey and legal Description to be supplied by Lessee  
25 3. Exhibit B – Federally Required Lease Provisions  
26 4. Exhibit C – Minimum Standards  
27 5. Exhibit D – Storm Water Pollution Prevention Plan

27 F:\Shared\COMAIRPORTS\DRRA-Thermaf\Johnson\JOHNSON FBO Lse may 2704.doc

28 M:\17000\p7063 matt johson desert reserts\DRA Draft Lease.8.2.04.2.doc

**EXHIBIT "A"**  
**LEGAL DESCRIPTION - LEASE AREA**

THAT PORTION OF THE NORTHWEST ONE-QUARTER OF SECTION 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 21;

THENCE SOUTH 89°49'49" EAST, ALONG THE NORTHERLY LINE OF SAID SECTION 21, A DISTANCE OF 1274.06 FEET TO A POINT OF INTERSECTION WITH THE NORTHERLY PROLOGATION OF THE EASTERLY LINE OF THE COUNTY YARD PARCEL AS DESCRIBED IN DEED RECORDED MAY 27, 1975 AS INSTRUMENT NO. 61056, OFFICIAL RECORDS;

THENCE SOUTH 00°01'08" EAST, ALONG SAID EASTERLY LINE OF THE COUNTY YARD PARCEL, A DISTANCE OF 700.00 FEET TO THE SOUTHEAST CORNER THEREOF, SAID POINT ALSO BEING THE POINT OF BEGINNING OF THE PARCEL OF LAND BEING DESCRIBED;

THENCE CONTINUING SOUTH 00°01'08" EAST, A DISTANCE OF 77.00 FEET;

THENCE SOUTH 89°58'07" EAST, A DISTANCE OF 481.60 FEET;

THENCE SOUTH 00°01'53" WEST, A DISTANCE OF 613.72 FEET;

THENCE NORTH 89°58'07" WEST, A DISTANCE OF 791.39 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY OF INVADER AVENUE;

THENCE NORTH 00°01'20" EAST, ALONG THE EASTERLY RIGHT OF WAY OF INVADER AVENUE, A DISTANCE OF 75.00 FEET TO THE INTERSECTION OF SAID EASTERLY RIGHT OF WAY AND THE NORTHERLY RIGHT OF WAY OF LIGHTNING STREET;

THENCE SOUTH 89°57'04" WEST, ALONG THE NORTHERLY RIGHT OF WAY OF LIGHTNING STREET, A DISTANCE OF 349.72 FEET TO THE SOUTHEAST CORNER OF THE EAST ONE-HALF OF LOT 4 IN SECTION 21, T.6S., R.8E., S.B.M., AS SHOWN ON MAP OF THE COACHELLA LANDS AND WATER COMPANY, A SHOWN ON MAP THEREOF ON FILE IN BOOK 4 OF MAPS, AT PAGE 53, RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA;

THENCE NORTH 00°01'08" WEST, ALONG THE WESTERLY LINE OF SAID EAST ONE-HALF OF LOT 4, A DISTANCE OF 617.81 FEET TO THE SOUTHWEST CORNER OF SAID COUNTY YARD PARCEL;

THENCE SOUTH 89°49'49" EAST, ALONG THE SOUTHERLY LINE OF SAID COUNTY YARD PARCEL, A DISTANCE OF 660.00 FEET TO THE POINT OF BEGINNING OF THE PARCEL OF LAND BEING DESCRIBED.

SAID DESCRIBED LEASE AREA CONTAINS 16.66 ACRES, MORE OR LESS.

EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

Prepared under the supervision of:  
**WEDDLE SURVEYING MAPPING, INC.**



David L. Weddle, P.L.S. #5570  
Exp. 09/30/2005

Date: MAY 25, 2005



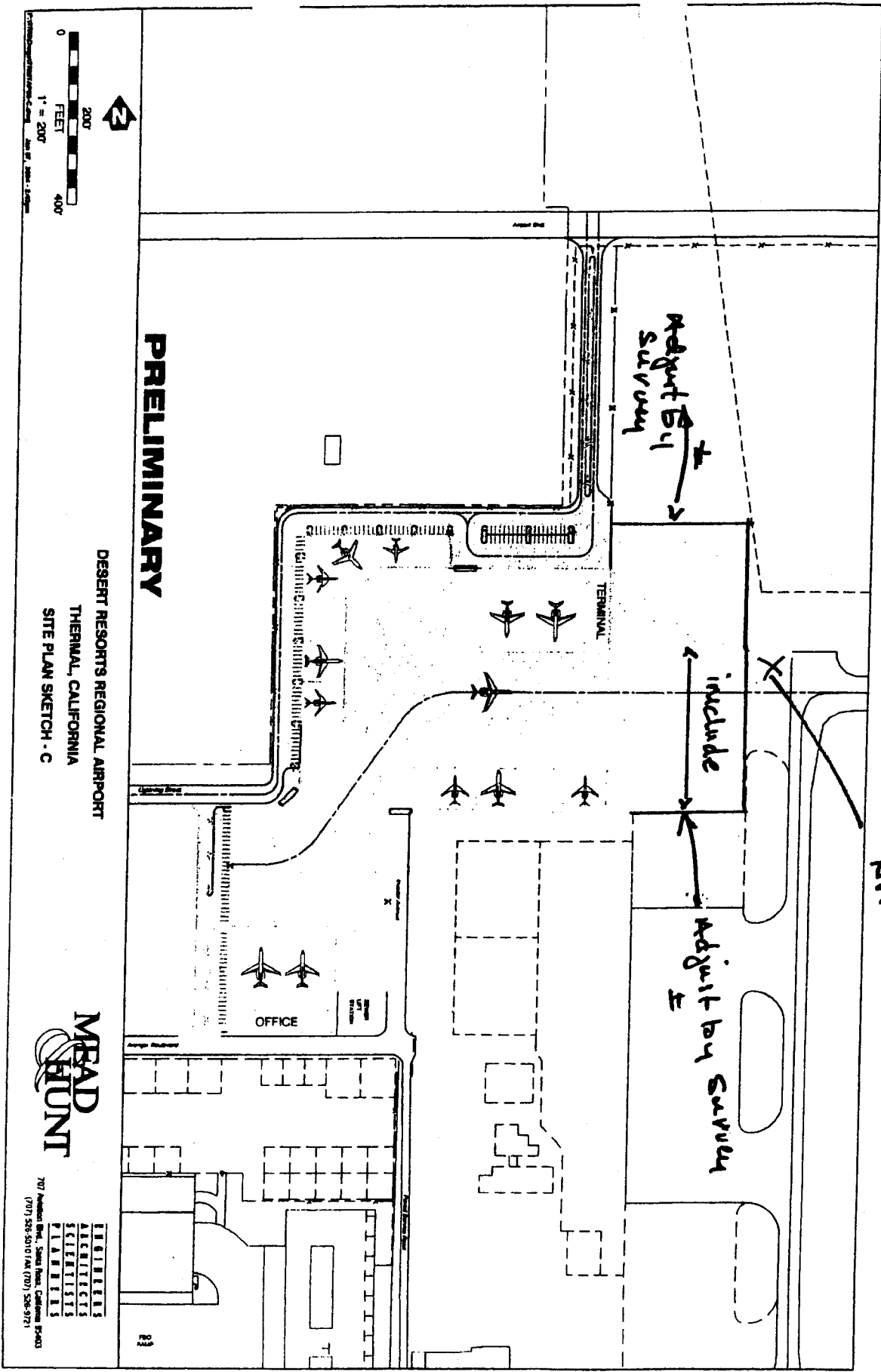


EXHIBIT "A"

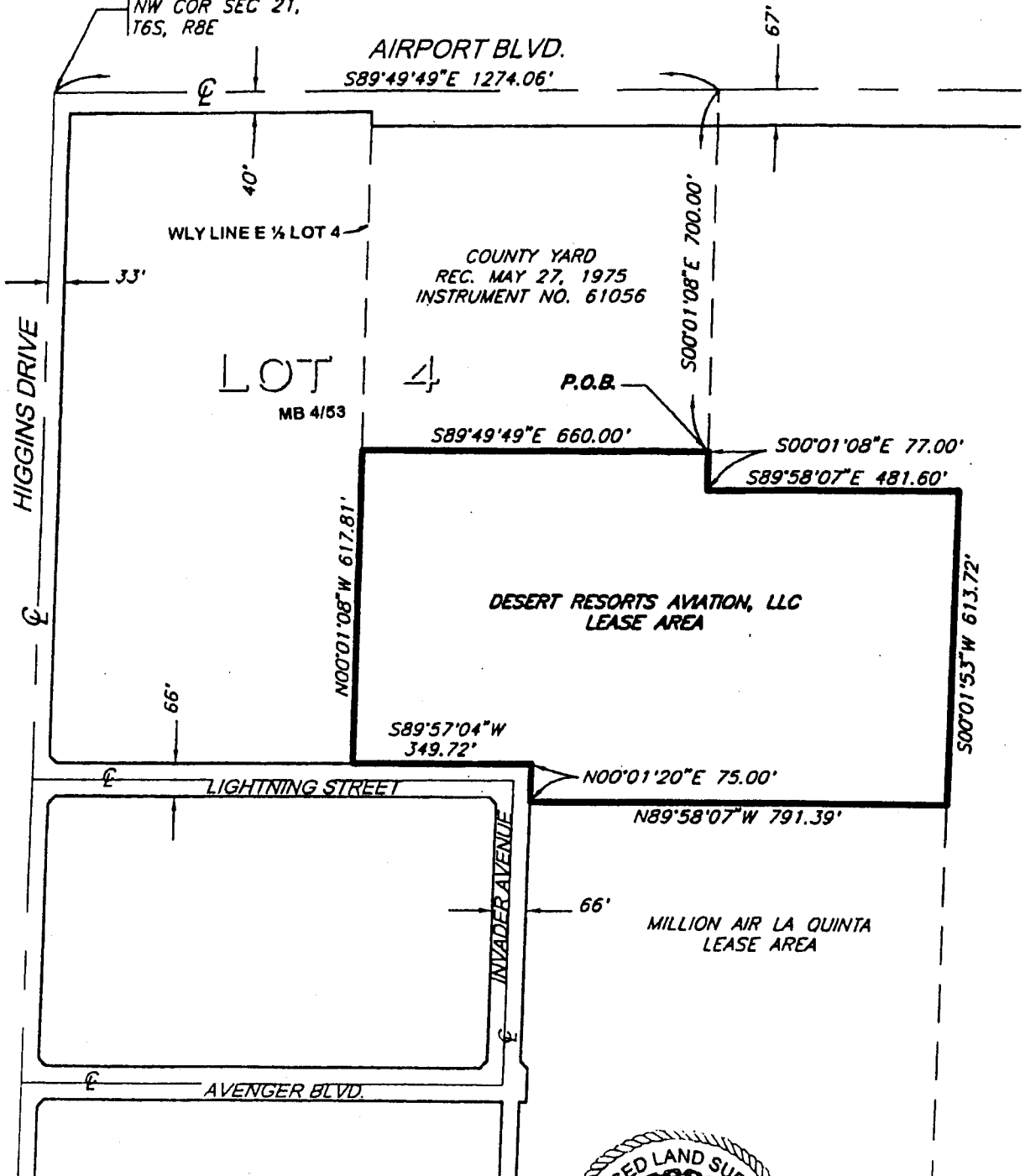
# EXHIBIT "B"

SHEET 1 OF 1

PLAT - LEASE AREA  
DESERT RESORTS AVIATION, LLC

P.O.C.  
NW COR SEC 21,  
T6S, R8E

AIRPORT BLVD.  
S89°49'49"E 1274.06'



PREPARED UNDER THE  
SUPERVISION OF:

MAY 25, 2005

DAVID L. WEDDLE, P.L.S. 5570

DATE



SCALE: 1" = 300'

## FEDERALLY REQUIRED LEASE PROVISIONS

1. The Lessee for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease agreement for a purpose for which a U.S. Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. The Lessee for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, and (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. That in the event of breach of any of the above nondiscrimination covenants, the County of Riverside, herein called the County, shall have the right to terminate the lease agreement and to reenter and repossess said land and the facilities thereon, and hold the same as if said lease agreement had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.
4. The Lessee shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service; provided, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach thereof, and in the event of such noncompliance, the County shall have the right to terminate this lease agreement and the estate thereby created without liability therefore or, at the election of the County or the United States, either or both said Governments shall have the right to judicially enforce these Provisions.
6. The Lessee agrees that it shall insert the above five provisions in any sublease agreement by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the premises herein leased.
7. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Par 152, Subpart E, to ensure 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 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.
8. The County reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of the Lessee and without interference or hindrance.
9. The County reserves the right, but shall not be obligated to the Lessee, to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard.
10. This lease agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the County and the United States relative to the development, operation, or maintenance of the airport.
11. There is hereby reserved to the County, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on the Desert Resorts Regional Airport.

12. The Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased premises.
13. The Lessee, by accepting this lease agreement, expressly agrees for itself, its successors and assigns that it will neither erect nor permit the erection of any structure or object, nor permit the growth of any tree, on land leased hereunder with a height that exceeds the height limitation formula specified in Part 77 of the Federal Aviation Regulations without first obtaining the approval of the DOT and the County, which approval can be sought by submitting FAA Form 7460-1 (copy attached). In the event that the aforesaid covenants are breached, the County reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Lessee.
14. The Lessee, by accepting this lease agreement, agrees for itself, its successors and assigns that it will not make use of the leased premises in any manner, which might interfere with the landing and taking off of aircraft from Desert Resorts Regional Airport or otherwise constitute a hazard. In the event that the aforesaid covenant is breached, the County reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of the Lessee.
15. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 USC 1349a)
16. This lease agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of said airport or the exclusive or non-exclusive use of the airport by the United States during time of war or national emergency.

# **Minimum Standards for Fixed Base Operators**

Riverside County Airports

RIVERSIDE  
C O U N T Y



**County of Riverside  
Economic Development Agency**  
5555 Arlington Avenue  
Riverside CA 92504  
Phone: (909) 351-0700  
Fax: (909) 688-6873

Adopted January 30, 2001

**EXHIBIT C**



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## I. INTRODUCTION

Riverside County is the owner (sponsor) of the following six airports in Riverside County: Blythe, Chiriaco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan. The Riverside County Economic Development Agency (EDA) is the county agency responsible for operation of the County's airports.

Minimum standards are established to promote and attract a professional level of aviation services to the County's airports while safeguarding the public's interest. The Minimum Standards provide a framework that strengthens the relationship between the Sponsor and the Fixed Base Operator (FBO). They offer information, advice and, where necessary, they provide strict regulation so that both the prospective and experienced FBO may have a firmer understanding of the many considerations which contribute to a safe, successful, and useful operation. The standards are intended to be the minimum requirements for those wanting to provide aeronautical services to the public at Riverside County airports. Operators are encouraged to exceed the minimum requirements.

FBOs are responsible for complying with the Minimum Standards and shall be familiar with revisions made to the Standards. All FBOs on the airports must comply with the standards herein as well as all applicable government regulations; however, leases executed prior to August 16, 1988, are exempt until lease renegotiations. The County's airports are subject to federal, state, and local rules and regulations. The County has adopted local rules and regulations to implement Federal Aviation Administration (FAA) requirements and to provide for safe and orderly operation on the airports. Local rules and regulations governing airport activities include, but are not limited to, applicable portions of the following:

1. Ordinance No. 576 - Rules and Regulations for Operation of County Airports
2. Fixed Base Operator Minimum Standards
3. County Airport Fueling Standards
4. Special Event Permit Policy
5. Airport Design Standards

Federal and state rules and regulations include, but are not limited to: FAA Grant Assurances; FAA Order 5190.6A - Airport Compliance Requirements; Federal Airport Regulations (FAR's); State Aeronautics Act ( PUC § 21000); Government Code § 50470 - 50478; ADA Regulations; the California Environmental Quality Act (CEQA); and the National Environmental Policy Act (NEPA).

## II. DEFINITIONS

AERONAUTICAL ACTIVITY - Any activity or service that involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations.

AGREEMENT, LEASE, OR PERMIT - A contractual agreement between the EDA and an entity granting a concession or otherwise authorizing the conduct of certain activities which is in writing, executed by both parties, and enforceable by law.

AIRPORT - Includes the following six (6) airports owned by Riverside County: Blythe, Chiriaco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan, and its environs, such as, the property, buildings, facilities, and improvements within the exterior boundaries of each airport as it now exists or as it may hereafter be extended, enlarged, or modified.

AIRPORT SPONSOR - The designated entity or duly authorized representative, appointed by the Board of Supervisors, to manage the operation and development of Blythe, Chiriaco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan airports.

ALP - Airport Layout Plan

APPLICANT - A person, persons, firm, partnership, or corporation desiring to acquire the use of a portion of an airport, or to establish or use any facility on an airport for an aeronautical activity or special event and who shall apply in writing and in the manner or form prescribed for authorization to establish such activities.

CEQA - California Environment Quality Act

COUNTY - County of Riverside, the FAA authorized airport sponsor.

EDA - Riverside County Economic Development Agency, the County agency designated to oversee and manage the County airports.

EQUIPMENT - All machinery, together with the supplies, tools, and apparatus necessary for the safe and proper procedure of the activity being performed.

FAA - Federal Aviation Administration

FAR - Federal Aviation Regulation

FIXED BASE OPERATOR (FBO) - Any person, firm, partnership, corporation, association, limited partnership, or any other legal entity duly licensed and authorized by written agreement with the Airport Sponsor (the County) to provide specific aeronautical services at an Airport, under strict compliance with such agreement and pursuant to these and all applicable regulations and standards.

FUEL - FAA authorized aviation fuel, including jet fuel

FUEL FARM - Any portion of an Airport, authorized by the Airport Sponsor, as an area in which gasoline or any other type of fuel may be stored.

FULL SERVICE FBO - An FBO which provides certain essential aeronautical services (e.g. aircraft maintenance and repair, flight instruction, fueling of aircraft, transient aircraft parking guidance, positioning of wheel chocks and tie-downs, fireguard for engine starts, baggage handling, standardized ground service and recovery equipment, pilots' lounge, and restrooms), subject to restrictions agreed to during lease negotiations (see Table A below for complete guidelines).

LIMITED SERVICE FBO - An FBO which provides certain of the aeronautical services provided by a Full Service FBO, subject to restrictions imposed by leasehold size requirements and to restrictions agreed to during lease negotiations (see Tables B through H below for complete guidelines).

MINIMUM STANDARDS - The qualifications and criteria set forth herein as the minimum requirements to be met as a condition for an FBO to conduct an aeronautical activity on an EDA sponsored airport.

NEPA - National Environmental Policy Act

THE BOARD - The Riverside County Board of Supervisors

TLMA - Transportation and Land Management Agency

### III. AIRPORT RULES AND REGULATIONS

#### A. Lease

All revenue generating, commercial and/or business activities, at County operated airports are required to secure a lease approved by the County Board of Supervisors (the "Board") prior to commencement of any commercial activity.

Prospective lessees should begin the process by requesting a meeting with County staff. The purpose of the initial meeting is to introduce staff, show the available sites,

and answer any questions. At the conclusion of this meeting the prospective lessee will be asked to submit a Lease Application and proposal.

Upon receipt of a lease application and proposal, County staff will review the proposal and will provide a written response. Once an agreement has been reached on the deal points and development proposal, a lease will be prepared for execution by the lessee. The lease shall be executed in three counterparts and all three copies shall be returned to the County. The County will then schedule the lease for consideration at the next available Board of Supervisors' meeting. ***Please be advised that the County Board of Supervisors is the only entity that can make a binding lease commitment and development may not proceed until the Board has approved the lease.***

Exclusive rights for any aeronautical activity will not be issued at any County airport. This is to ensure that airport patrons are offered competitive market prices for services.

#### **B. Airport Layout**

All new leases and new airport development shall comply with the current FAA approved Airport Layout Plan (ALP) for each airport. In addition, Desert Resorts Regional, French Valley, and Hemet Ryan airports have adopted Airport Master Plans and all new development shall comply with those master plans. Lessee proposals that conflict with ALP's and Master Plans will not be approved.

#### **C. Signs**

All signs (commercial, traffic, services, advertising, etc.) must receive written approval from the Assistant County Executive Officer / EDA or Designee prior to their placement. The request for approval should include the size, location, and design of sign. All outdoor advertising shall comply with County Ordinance No. 348 and applicable federal and state laws. FAA Form 7460-1, *Building Design, Construction, and/or Alteration*, must be submitted to the FAA Western Pacific Region for review and determination, with a copy of the form sent to the Assistant County Executive Officer / EDA

#### **D. Building Design, Construction, and/or Alterations**

All design, construction, and/or alterations shall be in compliance with Airport Design Guidelines. The County reserves the right to review and approve all architectural design of all construction or alterations to be performed on County operated airports.

The County reserves the right to review and approve the design and construction methods of all development at the County operated airports. All buildings shall comply with local codes and regulations as to their construction. FAA Form 7460-1, *Building Design, Construction, and/or Alteration*, must be submitted to the FAA for their review

and assessment with a copy of the form submitted to the Assistant County Executive Officer / EDA.

The County reserves the right to require a Material and Performance Bonds or a Letter of Credit prior to the construction of any facility for the return of funds expended by the County in the event that the applicant defaults on any obligations.

#### **E. Inspections**

The County reserves the right to make periodic inspections of the leased premises during reasonable hours to ensure lease compliance and Lessee's adherence with all applicable regulations. County staff, County contractors, the FAA, and/or the State of California may conduct inspections, under this provision.

#### **F. Flying Clubs**

All flying clubs located at Riverside County operated airports shall be nonprofit organizations. All rights shall be equally shared between members. No member shall share in profits, earnings, salaries, or other forms of compensation. The Flying Club shall not be engaged in any type of commercial operation. A copy of the Flying Club's Charter and By-laws, or other comparable documents, must be filed with the Aviation Division. Flying clubs must submit annual financial reports and furnish the County with proof of insurance of the types listed on Appendix A.

A minimum of one (1) aircraft, properly certified, is required for a flying club. Flight instruction shall only be offered to club members. The instructor must be a club member or an instructor who is a lessee on the airport for the purpose of flight instruction.

#### **G. Waiver from Minimum Standards**

Any tenant or prospective tenant wishing to waive any minimum standard set forth in the approved Minimum Standards must submit a letter to the Assistant County Executive Officer / EDA expressing their hardship to conform with the Minimum Standards. The Assistant County Executive Officer / EDA has the discretion of approving or disapproving the waiver as it would apply to the future viability of the airport, subject to applicable provisions, which may be contained in the tenant's lease approved by the Board. Waivers may be granted on a temporary basis, and may be withdrawn or terminated at the Director's discretion.

#### **H. Civil Rights**

All individuals using the County operated airports must comply with all the provisions of the Federal Civil Rights Act of 1964. The tenant or prospective tenant shall ensure

there shall be no discrimination in the availability of any services or commodities based on race, religious creed, color, national origin, ancestry, sex, age, physical handicap, medical condition, or marital status.

#### **I. Insurance**

The FBO shall procure, maintain, and pay premiums during the term of the agreement for insurance of the types and the minimum limits set forth by the County for each aeronautical activity. The FBO shall obtain and maintain insurance (See Appendix A), which contains an endorsement that the "County of Riverside, including its elected officials, officers, employees, and agents" are named as additional insured. Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California unless such requirement is waived, in writing, by the Assistant County Executive Officer / EDA and/or the County Risk Manager. Each insurance company shall have an A.M. BEST rating of not less than A:VIII (A:8).

Proof of insurance must be submitted to the Assistant County Executive Officer / EDA prior to commencement of operations and upon each insurance renewal. The FBO shall provide either 1) a properly executed original Certificate(s) of Insurance and 'certified original' copies of Endorsements effecting coverage as required herein, or 2) if requested to do so in writing by the Assistant County Executive Officer / EDA and/or County Risk Manager, provide original Certified copies of policies including all endorsements and all attachments thereto, showing such insurance is in full force and effect. Certificate(s) shall contain the covenant that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration, or reduction in coverage of such insurance. Certificates of Insurance and the policies shall covenant that their coverage is primary and the County's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as primary.

If any policy contains a general aggregate limit, it shall apply separately to the Agreement with the County or be less than two (2) times the occurrence limit. All insurance policies are subject to review by the County's Department of Risk Management. The Assistant County Executive Officer / EDA, upon the advice of the County Risk Manager, reserves the right to increase the limits, or require additional insurance coverage, beyond those set forth in these Minimum Standards, subject to applicable provisions of the tenant's lease.

#### **J. Lot Size**

Lot sizes may vary according to the type of operation. If available, aircraft tie-downs and hangar space, as well as automobile parking spaces, may be leased from the County to meet these minimum standards. The number of aircraft, hangar, or automobile parking spaces shall be determined during lease negotiations.

**K. Outdoor Storage**

No outside storage will be permitted except behind enclosed block walls, screened from public view, or as approved by the Assistant County Executive Officer / EDA.

**L. Maintenance**

Lessee shall be responsible for the adequate maintenance of leased property and in compliance with all applicable Federal, State, and Local health and safety regulations.

**IV. SCOPE OF SERVICES**

Each aeronautical activity has a separate scope of services. The services required of a Full-Service FBO include the Minimum Standards for all combinations of aeronautical activities. The cumulative effect of the Minimum Standards will not equate to any minimum standard greater than that applicable to the Full-Service FBO.



**Table A - FULL SERVICE FBO**

Each airport shall have a minimum of one (1) Full Service FBO. Mandatory Requirements: Full Service FBOs shall provide: aircraft maintenance & repair; flight instruction; fueling of aircraft; transient aircraft parking guidance; positioning of wheel chocks and tie-downs; fireguard for engine starts; baggage handling upon request; have available and provide standardized ground service equipment and recovery equipment for aircraft weighing up to 30,000 lbs at FVA, 40,000 lbs at HRA, and 80,000 lbs at DRRA (service and recovery equipment shall include, but not be limited to, wheel chocks, tie-down ropes or chains, aircraft jacks, tow bars, auxiliary power units, and aircraft tugs); pilots' lounge; and restrooms. Optional Requirements: In addition to the required services listed in the preceding sentence, Full Service FBOs may provide: aircraft sales or leasing (including financing), sales of aircraft parts and supplies, radio and avionics sales and repair, aircraft storage hangars and tie-downs, painting and upholstering of aircraft, leasing or renting of automobiles, and operating a restaurant or café.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<b>LOT SIZE:</b> 3 acres or 130,680 SF		
Hangar area	14,000 SF	For aircraft storage
Outside storage area	30,000 SF	For tie-down or apron parking
Building space	2,000 SF	For offices, pilots' lounge and briefing area, conference rooms, classrooms, and restrooms
Automobile parking	20 spaces, with landscaping as required by Ord. 348	For employees per shift and customer parking
Fuel farm	Refer to Fueling Standards	
Landscaping	To be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and building
<b><u>CERTIFICATION:</u></b>		
As applicable for each activity	FAA, State, and/or other responsible agency as applicable	For safe and efficient operation of airport and aeronautical activities
<b><u>PERSONNEL:</u></b>		
Staff	Adequate number	For safe and efficient operation of airport and aeronautical activities
Certification & training	Proper certification and training	To comply with all applicable regulations
<b><u>HOURS OF OPERATION:</u></b>		
Business Hours	7 days/week, 10 hrs/day	Or as demand may require
Fueling services	During business hours and emergency situations	One (1) hr response time during non-business hours
<b><u>EQUIPMENT:</u></b>		
Aeronautical operations	Refer to tables for equipment required for each activity	
FBOs providing aircraft fueling and servicing	Refer to Airport Fueling Standards	
<b><u>INSURANCE:</u></b>		
Refer to Appendix A		

**Table B - AIRCRAFT MAINTENANCE**

An aircraft airframe, engine, and accessory maintenance and repair FBO shall provide one or a combination of airframe, engine, and accessory overhauls and repair services on aircraft up to and may include business jet aircraft and helicopters. This category shall include the sale of aircraft parts and accessories.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<b>LOT SIZE:</b> ½ acre or 21,780 SF		
Hangar area	6,000 SF	For aircraft storage
Tie-down or apron parking	One (1) per 1,000 SF of hangar space	Outside storage
Building space	400 SF	For offices, public phone, and restrooms
	200 SF	Office storage room
Automobile parking	One (1) per 1,000 SF of hangar area, with landscaping as required by Ord. 348	For employees per shift and customer parking
Landscaping	Specific plans to be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and building

**CERTIFICATION:**

Station	Authorized repair station and certified under FAR Part 145 or Holder of an FAA inspection authorization under FAR Part 43
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**PERSONNEL:**

Staff	Sufficient qualified technicians to meet proposal.	
Certification & training	Proper certification and training	To comply with all applicable regulations

**HOURS OF OPERATION:**

Services	5 days/week, 8 hrs/day	
	Services offered for emergency situations	One (1) hr response time during non-business hours

**EQUIPMENT:**

Sufficient inventory and equipment available to perform maintenance and repairs to manufacturers' specifications.	Should include but is not limited to lug, tow bar, jacks, and dollies	Operator is encouraged to have the capability of aircraft removal from the airport's operational areas
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**INSURANCE:**

Refer to Appendix A

**Table C - RADIO AND AVIONICS REPAIR STATION & SALES**

A radio and avionics repair station FBO engages in the business of and provides a shop for the repair of aircraft avionics, instruments, and accessories for general aviation aircraft. This category also includes the sale of new or used aircraft avionics, instruments, and accessories.

**REQUIREMENT**

**MINIMUM STANDARD**

**PURPOSE / OTHER**

**LOT SIZE:** 150 SF

Repair station	150 SF	
Automobile parking	One (1) space per 150 SF, with landscaping as required by Ord. 348	

**CERTIFICATION:**

Station	Authorized repair station and certified under FAR Part 145	
---------	--	--

**PERSONNEL:**

Staff	One (1) FAA certified repairman	
Certification & training	Proper certification and training	To comply with all applicable regulations

**HOURS OF OPERATION:**

Business Hours	Available for appointment for at least 40 hrs/week	
----------------	--	--

**EQUIPMENT:**

Sufficient inventory and equipment available to perform maintenance and repairs to manufacturers' specifications.

**INSURANCE:**

Refer to Appendix A

### Table D - FLIGHT INSTRUCTION

A flight instruction FBO engages in instructing pilots in dual and solo flight training, in fixed and/or rotary wing aircraft, and provides such related ground school instruction as is necessary preparatory to taking a written examination and flight check ride for the category or categories of pilots' licenses and ratings involved.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> 500 SF (not necessarily contiguous)		
Classroom space	200 SF or as appropriate to the size of student population	For classroom instruction
Office and lobby areas	300 SF	For phones, restrooms, and space for adequate customer service
Automobile parking	3 spaces per aircraft, 2 for each additional for a maximum of 10 spaces, with landscaping as required by Ord. 348	For students and employees
Other	Any additional space necessary to house all owned or leased aircraft	

<u>PERSONNEL:</u>		
Staff	One (1) certified flight instructor	To be available during normal hours of operation
	One (1) qualified ground school instructor	For classroom instruction

<u>HOURS OF OPERATION:</u>		
Business Hours	Available for appointment for at least 40 hrs/week	

<u>EQUIPMENT:</u>		
Aircraft	One (1) single-engine aircraft	Available for flight training

INSURANCE:

Refer to Appendix A

**Table E - AIRCRAFT SALES AND LEASING**

An aircraft sales and/or lease FBO engages in the sale and/or lease of aircraft to the public. New aircraft sales involves the sale of new aircraft through franchises or licensed dealerships (if required by local, county, or state authority) or distributorship (either on a retail or wholesale basis) of an aircraft manufacturer. Aircraft sales FBOs may also engage in the sale of used aircraft. This can be accomplished through various methods, including matching potential purchasers with an aircraft (brokering), assisting a customer in the purchase or sale of an aircraft, or purchasing used aircraft and marketing them to potential purchasers. A new aircraft sales and/or leasing FBO must show capability to support maintenance agreements for aircraft sold or leased. A used aircraft sales FBO may also provide such repair, services, and parts as may be necessary to support the operation of aircraft sold. Some requirements may not be appropriate to the sale of used aircraft because of each aircraft's unique operational history. An aircraft sales FBO may also finance aircraft purchases, subject to the applicable licensing requirements.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<b><u>LOT SIZE: 150 SF</u></b>		
Building space	150 SF	For offices, lobby area, public phone, and restrooms
Tie-down/Hangar space	Adequate number	Storage
Automobile parking	One (1) per employee One (1) per 50 SF of leased space With landscaping as required by Ord. 348	For employees per shift and customer parking
Landscaping	Specific plans to be determined during lease negotiations.	Landscaping required around vehicle parking, sidewalks, and buildings
<b><u>CERTIFICATION:</u></b>		
New aircraft	Dealers must possess sales and/or distribution franchise from a recognized aircraft manufacturer	
Aircraft available for sale and leasing	Aircraft must hold FAA registration and current airworthiness certificate	
<b><u>PERSONNEL:</u></b>		
Staff	One (1) commercial, qualified for aircraft type.	For demonstration of aircraft
<b><u>HOURS OF OPERATION:</u></b>		
Business Hours	Available for appointment at least 40 hrs/week	
<b><u>EQUIPMENT:</u></b>		
	Minimum equipment required shall be determined during lease negotiations.	
<b><u>INSURANCE:</u></b>		
Refer to Appendix A		

**Table F - AIRCRAFT STORAGE**

An aircraft storage FBO engages in the construction, rental, and maintenance of conventional hangars or multiple T-hangars.

**REQUIREMENT**

**MINIMUM STANDARD**

**PURPOSE / OTHER**

**LOT SIZE:** 1acre or 43,560 SF

Storage area of the following or proportionate combination of:

1. Minimum of ten (10) T-Hangars to max of fourteen (14) per acre, or
2. Apron tie-down space of a minimum of 15 aircraft per acre, or
3. Conventional hangar of 10,000 SF.

4. Box hangars - Plot Plan subject to EDA and BOS approval

Automobile parking

One (1) for every two (2) hangars, with landscaping as required by Ord. 348

Automobile parking separate from aircraft storage area

Landscaping

Specific plans to be determined during lease negotiations

Landscaping required around vehicle parking, sidewalks, and buildings

**PERSONNEL:**

Staff

One (1) contact person

To be available during the normal work week (M-F, 8am-5pm)

**HOURS OF OPERATION:**

Minimum via phone contact

5 days/week, 8 hrs/day

**INSURANCE:**

Refer to Appendix A

**ADDITIONAL GUIDELINES:**

The County and Full Service FBOs shall possess the right to provide and operate the public aircraft storage areas unless circumstances warrant otherwise. No business activities shall be operated from storage areas.

**Table G - AGRICULTURAL APPLICATION**

An agricultural application FBO engages in air transportation for hire for the purpose of providing the use of aircraft for agricultural operations such as, but not limited to, crop dusting, seeding, spraying, and bird chasing.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<b>LOT SIZE:</b> ½ acre or 21,780 SF		
Apron, tie-down area	6,000 SF	Storage
Building space	400 SF	For offices, lobby, public phone, and restrooms
Chemical storage	400 SF	
Automobile parking	Minimum of five (5) parking spaces, with landscaping as required by Ord. 348	For number of employees per shift and average number customers
Landscaping	Specific plans to be determined during lease negotiations	Required around vehicle parking, sidewalks, and buildings

**CERTIFICATION:**

Permits and certificates	Must be submitted to Assistant County Executive Officer / EDA or Designee prior to operations.	
Renewals	Furnished to EDA Executive Director or Designee as received.	
Agricultural Application Operator	Procure and maintain FAR Part 137 Commercial Agricultural Operators Certificate.	
Hazardous Materials Management Permit	Possess Hazardous Materials Management Permit	County Ordinance No. 615

**PERSONNEL:**

Staff	Minimum number to be determined during lease negotiations.	
Certification & training	Personnel must be knowledgeable about the safe handling of poisons and agricultural chemicals and the proper disposal of substances intended to be used in operations.	

**HOURS OF OPERATION:**

Business Hours	Available for appointment for a minimum of 40 Hrs/week	Services offered 7 days/week
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**EQUIPMENT:**

To be determined during lease negotiations.

**INSURANCE:**

Refer to Appendix

**Table G - AGRICULTURAL APPLICATION (continued)**

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<b>ADDITIONAL GUIDELINES:</b> Storage and containment of Hazardous Materials		
a.	Comply with California Regional Water Quality Control Board Resolution No. 79-38, dated March 14, 1979.	
b.	Comply with County Ordinance No. 546, Division VIII-Fire Protection Requirement Buildings; and Division XIV-Fire Protection Requirements relating to storage of flammable or combustible liquids used as motor fuel.	
c.	Comply with the 1982 Uniform Fire Code Article 80-Hazardous Materials (section 80.107, 80.108, 80.109, and 80.111); and Article 86-Pesticides storage (all sections).	
d.	Comply with all hazardous waste regulations which can be found in Title 22 of the California Administrative Code and the California Health and Safety Code.	
e.	Submit a waste management plan addressing the items mentioned below with an explicit clause stating that the applicant shall be held responsible for the safe and proper cleanup of any hazardous waste spills.	
f.	Comply with Riverside County Ordinance No. 615 by completing the reporting form and obtaining a Hazardous Materials Management Permit.	
g.	If hazardous wastes are treated and/or stored more than 90 days, or disposed or on-site, a hazardous waste facility must be obtained from the State Department of Health.	
h.	If hazardous wastes are stored 90 days or less, storage area and containment shall meet the following:	
1.	Tanks and/or containers shall be of sound construction and compatible with waste stored (Title 22, California Administrative Code, Sections 66508, 67242, and 67247).	
2.	Tanks and/or containers shall be designed, constructed, maintained, and operated to minimize the possibility of fire, explosion, or any unplanned sudden, or non-sudden release of hazardous waste or any constituents to the soil, air, or surface waste which could threaten human health or the environment (Title 22, California Administrative Code, Sections 67241, 67243, 67244, 67257, and 67259).	
3.	Storage of on-site hazardous waste containers shall be in a structure that will prevent the contamination of the environment with hazardous waste. Design of the structure shall be submitted to the Assistant County Executive Officer / EDA or Designee and Hazardous Material Division prior to construction.	
4.	If hazardous wastes or materials are to be stored underground, applicant must comply with County Ordinance No. 617 by completing the reporting form and obtaining the proper permits.	
5.	Underground tanks shall be of proper design and construction with approved monitoring systems. Records shall be maintained concerning operations, inspections, and monitoring pursuant to County Ordinance No. 617.	
6.	The applicant must take steps to minimize the quantity, toxicity, or other hazards of the waste generated. Such steps shall be submitted in writing to Assistant County Executive Officer / EDA or Designee.	
7.	The facility shall be in compliance with all statutes, regulations, and ordinances pertaining to the management of hazardous waste.	
8.	Operator must submit a Letter of Credit or Performance Bond covering any clean-up or fines imposed caused by the actions or the operator.	



**FIRST AMENDMENT TO LEASE**  
**Jacqueline Cochran Regional Airport**

This First Amendment to Lease ("Amendment") is entered into by and between the County of Riverside (hereinafter "County"), and Desert Resorts Aviation, LLC, a California limited liability company, (herein called "Lessee"), with reference to the following:

**RECITALS**

A. WHEREAS, County and Lessee, are parties to that certain lease (hereinafter the "Lease") dated September 14, 2004, wherein Lessee agreed to lease from County, approximately 25 acres of property ("Leased Premises") located at the Jacqueline Cochran Regional Airport; and

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

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

1. Lessee hereby relinquishes to the County approximately 8.34 acres of property contained within the Leased Premises.

2. The first paragraph of Paragraph 2, Description, page 1, shall be modified to read as follows:

"2. Description. The premises leased hereby are located within the Jacqueline Cochran Regional Airport, County of Riverside, State of California and consist of approximately 16.66 acres of vacant land, as described in Exhibit "A" attached hereto and incorporated by this reference herein. Said property is hereafter referred to

as the "Leased Premises." County and Lessee herein acknowledge that Lessee has no fee title interest in or to the Leased Premises."

2. The first paragraph of Paragraph 5 Rent, page 4, is hereby deleted, and replaced with the following:

"Commencing as of July 1, 2005 and continuing through June 30, 2015 Lessee shall pay to County for the use and occupancy of the Leased Premises monthly Base Rent according to the following schedule:

July 1, 2005-June 30, 2006	(\$351.27 per acre) X (16.66 acres) = \$5852.16
July 1, 2006-June 30, 2007	(\$371.66 per acre) X (16.66 acres) = \$6191.85
July 1, 2007-June 30, 2008	(\$393.24 per acre) X (16.66 acres) = \$6554.38
July 1, 2008-June 30, 2009	(\$416.06 per acre) X (16.66 acres) = \$6931.56
July 1, 2009-June 30, 2010	(\$440.21 per acre) X (16.66 acres) = \$7333.90
July 1, 2010-June 30, 2011	(\$479.74 per acre) X (16.66 acres) = \$7992.47
July 1, 2011-June 30, 2012	(\$522.74 per acre) X (16.66 acres) = \$8708.85
July 1, 2012-June 30, 2013	(\$569.76 per acre) X (16.66 acres) = \$9492.20
July 1, 2013-June 30, 2014	(\$620.91 per acre) X (16.66 acres) = \$10344.36
July 1, 2014-June 30, 2015	(\$676.67 per acre) X (16.66 acres) = \$11273.32

On July 1, 2015 and July 1 of every fifth (5<sup>th</sup>) year thereafter the monthly rent will be adjusted according to the provisions of new paragraph 5(c) as set forth in paragraph 3 of this Amendment."

3. Subparagraph 5 (d), page 6 of the Lease, shall be deleted in its entirety and replaced with the following subparagraph:

"5 (d) Base Rent Adjustment - Beginning July 1, 2015 and on July 1 of every fifth (5th) year thereafter, that portion of the monthly Base Rent for the Land shall

be adjusted to one-twelfth (1/12) of eight percent (8%) of the then-current aviation fair market value of the Land. Said aviation fair market value shall be for the Land only and shall not include the value of the Improvements or other structures placed on the Leased Premises by Lessee. In no event will application of this paragraph result in a monthly Base Rent amount for the Land which is lower than the highest previous monthly Base Rent for the Land.

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

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

adjustment date, then County will select all of the appraisers to which the RFQP is sent. No less than one hundred and eight (180) days prior to the rent adjustment date, County will give reasonable consideration to the comments received from the Lessee's Committee and shall issue a Final RFQP to a minimum of five (5) appraisers meeting the foregoing qualifications. Upon receipt of the responses to the RFQP, the County shall offer the responses to the Lessee's Committee for viewing and comment for a period of fourteen (14) days, and after reasonable consideration of the comments made, County shall select the appraiser pursuant to the County's established guidelines. The cost of the appraisal and related processes shall be borne by the County. The cost, if any, of forming and operating the Lessee's Committee shall be borne by the Lessee Committee members.

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

4. Subparagraph 5 (e), page 6, is hereby deleted in its entirety and replaced with the following subparagraph:

"(e) Beginning July 1, 2016 and at each July 1<sup>st</sup> thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in paragraph 5(d) above, the Base Rent shall be adjusted by the percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the twelve month period ending three months before the month of rent adjustment under this paragraph. In no event will application of this paragraph result in a monthly Base Rent amount lower than the highest previous monthly Base Rent amount."

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

below.

Dated: 8-1-06

LESSEE:

Desert Resorts Aviation, LLC, a  
California limited liability company

Matthew Johnson  
By:  
Its: MANAGING MEMBER

[Signature page continues.]

[Signature page continued.]

Dated: Oct. 17, 2006

COUNTY OF RIVERSIDE

By: Bob Buster  
Chairman, Board of Supervisors  
Bob Buster

(SEAL)

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

ATTEST:  
Nancy Romero, Clerk of the Board

By: Gordon V. Ubo 9/29/06  
Deputy

By: [Signature]  
Deputy

## **NON-STORM WATER DISCHARGES**

The California General Permit requires non-storm water discharges to be eliminated prior to the implementation of the SWPPP on October 1, 1992. The airports must certify that there are no non-storm water discharges present in the storm water drainage system. All airports in the group must certify and monitor outfalls for dry weather discharges.

The certification page, for non-storm water certification, is provided in the "Non-Storm Water Discharge Screening and Detection Manual." This page should be signed and a copy inserted into the SWPPP documentation. All forms filled out while surveying and evaluating outfalls should also be inserted into this section of the SWPPP document. A record of methods used, dates, and time conducted should be listed on the form.

For methods of detection and screening for non-storm water discharges, the SWPPP Committee should refer to the above referenced document for complete guidance.

If certification is not feasible, due to the inability to eliminate the non-storm water discharge because of the need for significant structural changes, the airport must notify the Regional Board prior to the October 1, 1992 deadline. This notification should include a summary of why the extension in eliminating non-storm water discharges is required and a schedule indicating when non-storm water discharges will be eliminated. The schedule is subjected to modification by the regional board. This is also required if the airport has applied for an NPDES permit for a non-storm water discharge and has not yet received approval. If the airport is unable to eliminate the non-storm water discharge, then a schedule for elimination of the discharge must be submitted to the Regional Board for approval. In no case will the Board allow for the elimination of non-storm water discharges to take longer than 3 years from the date of the NOI submittal.

## ASSIGNMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, Desert Resorts Aviation, LLC, a California Limited Liability Company, hereby transfers and assigns to Tradition Aviation-TRM, LLC, a California Limited Liability Company, all rights, title and interest of the undersigned under that certain Lease between the County of Riverside and Desert Resorts Aviation, LLC, dated September 14, 2004, and Amended October 17, 2006, pertaining to the premises described as 16.66 acres of land at the Jacqueline Cochran Regional Airport, County of Riverside, State of California, said Lease is attached as Exhibit "A". The execution of this Assignment and the transfer of all rights, title and interest herein are contingent upon the acceptance and approval by the Riverside County Board of Supervisors.

Dated: 11/9/16

Desert Resorts Aviation, LLC  
a California Limited Liability Company

By: 

Matthew V. Johnson  
Managing Member

## ACCEPTANCE AND AGREEMENT

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

Dated: 11/9/16

Tradition Aviation-TRM, LLC

By: 

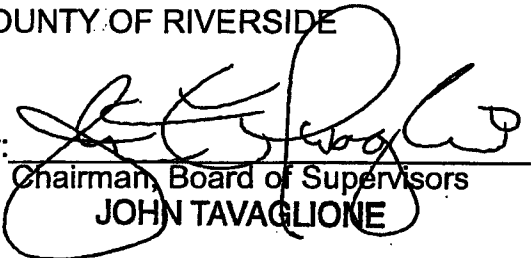
Matthew V. Johnson  
Managing Member

CONSENT TO ASSIGNMENT

The County of Riverside (Lessor) hereby consents to the foregoing Assignment and Acceptance and Agreement, without however, waiving the restrictions contained in said Lease dated September 14, 2004, and Amended by First Amendment to Lease dated October 17, 2006, described as 16.6 acres of land at the Jacqueline Cochran Regional Airport, with respect to any future assignments thereunder, and without releasing the Assignor under said lease from any obligations that are not performed by Tradition Aviation-TRM, LLC, a California Limited Liability Company, and otherwise accepts the Assignee, Tradition Aviation-TRM, LLC, a California Limited Liability Company, as Lessee under said Lease to all intents and purposes as though Assignee was the original Lessee thereunder.

Date: February 27, 2007

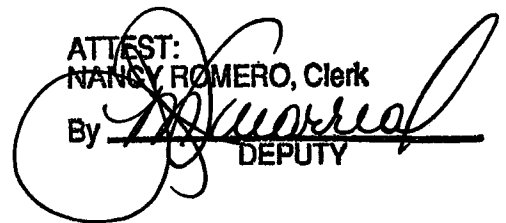
COUNTY OF RIVERSIDE

By:   
Chairman, Board of Supervisors  
JOHN TAVAGLIONE

FORM APPROVED:

JOE S. RANK, County Counsel

By: Gordon V. Ubo 02/15/07  
Deputy

ATTEST:  
NANCY ROMERO, Clerk  
By:   
DEPUTY



**SECOND AMENDMENT TO LEASE  
Jacqueline Cochran Regional Airport**

This Second Amendment to Lease ("Amendment") is entered into by and between the County of Riverside (hereinafter "County"), and Tradition Aviation-TRM, LLC, a California limited liability company, (herein called "Lessee"), with reference to the following:

**RECITALS**

A. WHEREAS, County and Lessee, are parties to that certain lease (hereinafter the "Lease") between the County of Riverside and Desert Resorts Aviation, LLC, a California limited liability company, dated September 14, 2004, and amended by First Amendment to Lease dated October 12, 2006 and assigned to Tradition Aviation-TRM, LLC, a California limited liability company dated February 27, 2007, wherein Lessee agreed to lease from County, approximately 16.66 acres of property ("Leased Premises") located at the Jacqueline Cochran Regional Airport; and

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

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

2. Section 5 (c), page 5, is hereby deleted, and replaced with the following:

(c) Fuel Flowage Fee: Sublessee shall pay to County a fuel flowage fee in an amount established by the Board of Supervisors for the County of Riverside (the "Board") through a County Resolution, a County Ordinance or such other action as the Board may decide from time to time. The fuel flowage fee, the calculation of the fuel flowage fee, the time of payment and the method used to collect and report the amount of fuel transacted by Sublessee shall be subject to periodic review and adjustment by the Board of Supervisors to reflect conditions then existing and the financial needs of the County's airports system. The County may implement any such adjustments in the fuel flowage fee at any time. Such new or adjusted fuel flowage fees shall be effective upon adoption by the County Board of Supervisors.

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

All other terms and conditions of the Lease shall remain unchanged.

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

Dated: 2.24.09

LESSEE:

Tradition Aviation-TRM, LLC  
a California limited liability company

By: Matthew V. Johnson  
Matthew V. Johnson, Managing Member

Dated: MAR 17 2009

COUNTY OF RIVERSIDE

By: Jeff Stone  
Chairman, Board of Supervisors  
JEFF STONE

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

ATTEST:  
Nancy Romero, Clerk of the Board

By: Gordon V. Abo 3/4/09  
Deputy

By: [Signature]  
Deputy

**EXHIBIT A**

1 Board of Supervisors

County of Riverside

2 RESOLUTION NO. 2008-362

3 ESTABLISHING FUEL FLOWAGE FEES AND REQUIREMENTS  
4 FOR FUEL SELLERS AT COUNTY OWNED AIRPORTS

5 WHEREAS, the County has previously set fuel flowage fees for fuel sellers and self-  
6 fuelers (who are also lessees or sub-lessees on the airport who meet certain minimum requirements), at  
7 County owned airports as a percentage of the net delivered price, the current fee having been established  
8 at five percent (5%) of the total net price paid by Lessee for all aviation and automotive fuel and  
9 lubricants received on the Leased Premises by Lessee. The "total net price" shall mean the net price per  
10 unit of such fuel and lubricants, excluding taxes imposed thereon by any governmental agency. Said  
11 fuel flowage fees are due and payable within thirty (30) days of delivery. In some cases, these fuel  
12 flowage fees are subject to a late fee of ten percent of the delinquent amount.

13 WHEREAS, as a result of the current surge in fuel prices and the resultant negative  
14 economic impact on airport operations, as well as discussions with County Airport Lessees and fuel  
15 sellers, and a review of fuel flowage fees charged by other southern California airport operators, the  
16 County desires to change the method of calculating fuel flowage fees from a percentage basis to a fixed  
17 price per gallon basis, effective July 1, 2008.

18 WHEREAS, the new fuel flowage fee will continue to provide the County with  
19 reasonable revenue to support the maintenance and operation of the County airports, while providing  
20 relief to the airport Lessee/fuel seller.

21 WHEREAS, the adoption of the new fuel flowage fee calculation will require that the  
22 current leases and/or sub-leases for fuel sellers be amended to reflect the new fee at a subsequent date.

23 NOW, THEREFORE, BE IT RESOLVED that the fuel flowage fee at County owned  
24 airports shall be calculated as follows:

- 25 1. The fuel flowage fee will be assessed at the rate of \$0.12 per gallon of fuel sold  
26 effective July 1, 2008. Payments shall be due within thirty (30) days of the County's  
27 invoice. A timely payment discount of \$0.02 per gallon shall be applied to payments  
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received within twenty (20) days of the date of the invoice. A late fee of ten percent (10%) shall be assessed to all payments received after the due date (30 days of invoice).

2. Lessee/fuel seller's fuel systems must comply with the County Airport requirements and specifications. The systems must have a meter according to the County's specifications, which allow the County to monitor and record fuel sales on a monthly basis. Lessee/fuel seller shall, at its own expense, be responsible for obtaining and installing the meter. The meter or metering device must be certified on an annual basis by the Riverside County Agricultural Department, Weights and Measures Division, or other service designated by the County. Such annual certification shall be at the expense of lessee.

3. The County shall take readings from the meters of all fuel systems during the first week of each month. The County shall issue an invoice to Lessee based upon the number of gallons of fuel sold during the previous monthly period. The County reserves the right to audit records of Lessee's fuel sales and receipts. Lessee shall make all such records available for inspection upon three (5) days notice from County to Lessee.

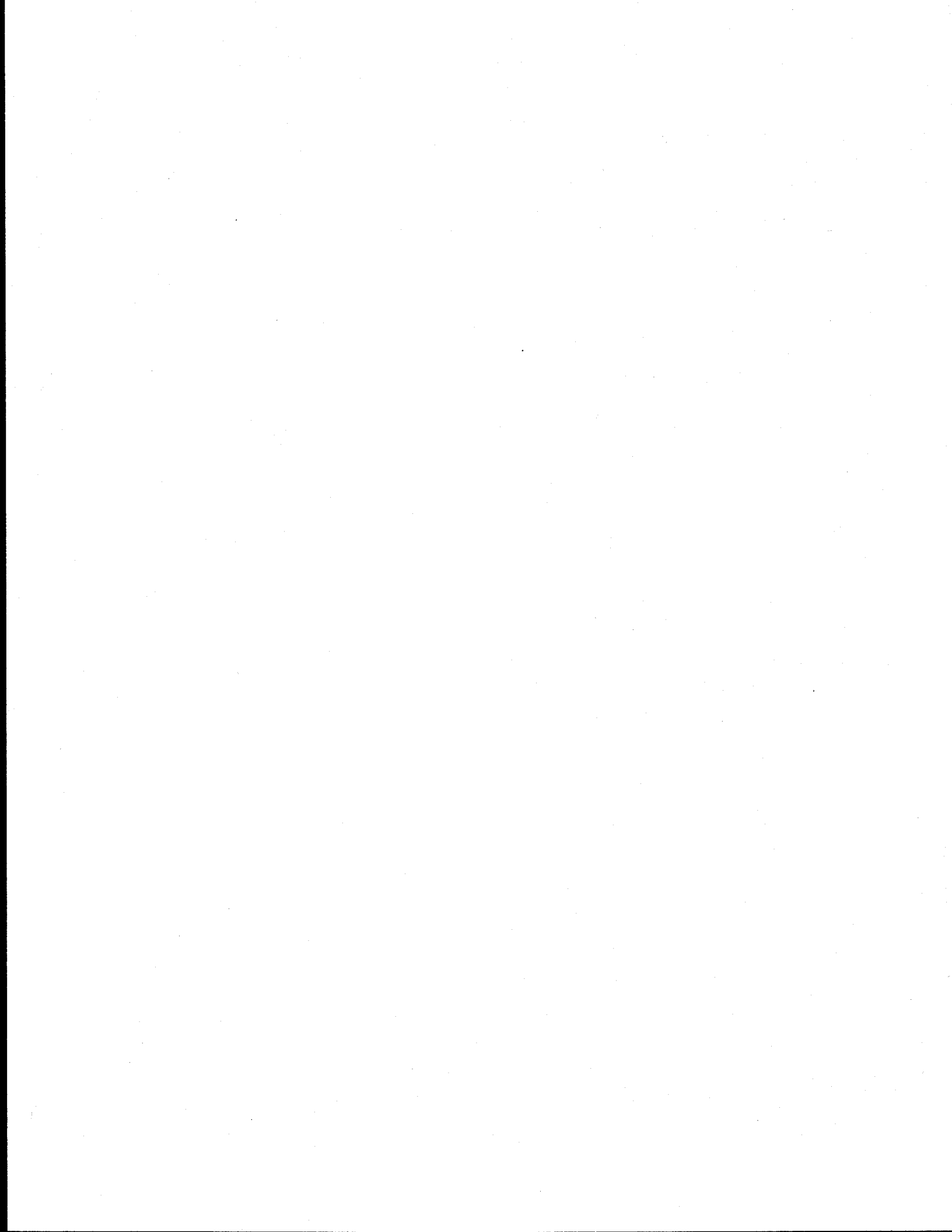
4. Lessees shall have the option to continue to pay fuel flowage fees at the former rate of 5% per gallon for the duration of the current lease or sublease.

5. Fuel sellers, prior to being subject to the new fuel flowage fee calculation, shall be required to enter into amendments of their current leases and/or subleases to reflect the provisions of this resolution.

6. Lessees must at all times comply with applicable local, state and federal laws and regulations, including applicable airport regulations established pursuant to Riverside County Ordinance No. 576.2.

7. The County reserves the right to review this Resolution from time to time, and by Resolution, make any and all such revisions as it deems necessary and appropriate.

FORM APPROVED COUNTY COUNSEL  
BY: *[Signature]* DATE: 7/18/08  
NEAL R. KIPNIS



PLAT - LEASE AREA  
DESERT RESORTS AVIATION, LLC

P.O.C.  
NW COR SEC 21,  
T6S, R8E

AIRPORT BLVD.

S89°49'49"E 1274.06'

67'

WLY LINEE 1/2 LOT 4

COUNTY YARD  
REC. MAY 27, 1975  
INSTRUMENT NO. 61056

LOT 4

MB 4/53

P.O.B.

S89°49'49"E 660.00'

S00°01'08"E 700.00'

S00°01'08"E 77.00'

S89°58'07"E 481.60'

HIGGINS DRIVE

DESERT RESORTS AVIATION, LLC  
LEASE AREA

S89°57'04"W  
349.72'

N00°01'08"W 617.81'

S00°01'53"W 613.72'

N00°01'20"E 75.00'

N89°58'07"W 791.39'

LIGHTNING STREET

MILLION AIR LA QUINTA  
LEASE AREA

66'

AVENGER BLVD.

INVADER AVENUE



PREPARED UNDER THE  
SUPERVISION OF:

MAY 25, 2005

DAVID L. WEDDLE, P.L.S. 5570

DATE

SCALE: 1" = 300'

**LEGAL DESCRIPTION  
HANGAR B**

A PARCEL FOR AIRPLANE HANGAR B OVER THAT PORTION OF SECTION 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, RIVERSIDE COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 21, SAID CORNER ALSO BEING THE CENTERLINE INTERSECTION OF AIRPORT BOULEVARD AND HIGGINS DRIVE;

THENCE S89°49'49"E ALONG THE NORTHERLY LINE OF SAID SECTION 21, SAID LINE ALSO BEING THE CENTERLINE OF SAID AIRPORT BOULEVARD, A DISTANCE OF 1274.06 FEET;

THENCE S00°01'08"E, A DISTANCE OF 700.00 FEET;

THENCE N89°49'49"W, A DISTANCE OF 168.94 FEET;

THENCE S00°10'11"W, A DISTANCE OF 279.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING S00°10'11"W, A DISTANCE OF 125.00 FEET;

THENCE N89°49'49"W, A DISTANCE OF 175.00 FEET;

THENCE N00°10'11"E, A DISTANCE OF 125.00 FEET;

THENCE S89°49'49"E, A DISTANCE OF 175.00 FEET TO THE TRUE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL OF LAND CONTAINS 21,875 SQUARE FEET, MORE OR LESS, AS SHOWN ON THE ATTACHED EXHIBIT B WHICH IS MADE A PART HEREOF BY THIS REFERENCE.

PREPARED UNDER THE SUPERVISION OF:

*Lydia R. Shinohara*

LYDIA R. SHINOHARA, RCE NO. 32182  
MY LICENSE EXPIRES 12/31/2008

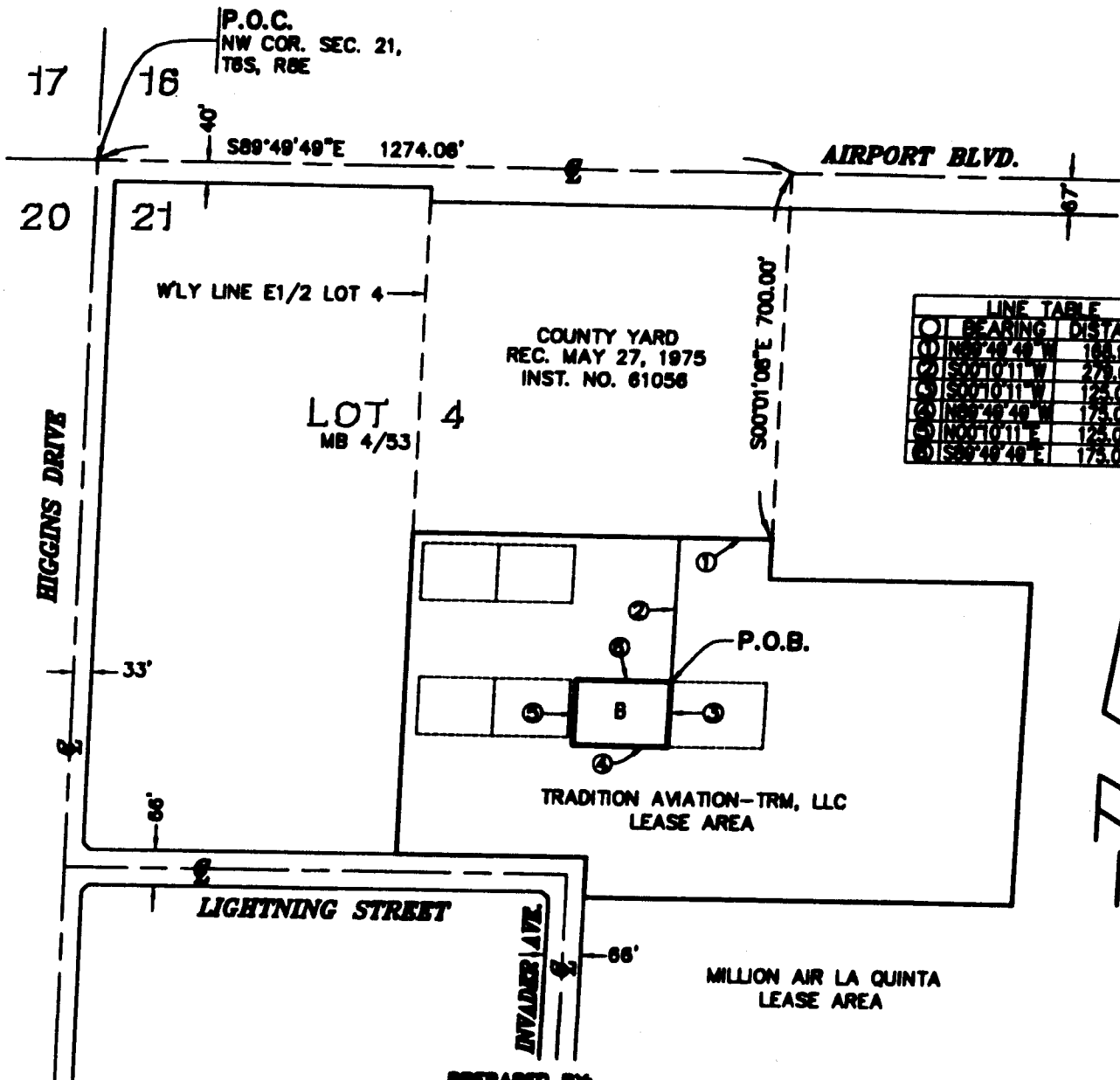


11/14/07  
DATE





**EXHIBIT "B"**  
 SEC. 21, T.8S., R.0E., S.B.M.  
**HANGAR B**



LINE TABLE		
POINT	BEARING	DISTANCE
1	N89°49'49" W	164.94
2	S00°10'11" W	278.00
3	S00°10'11" W	125.00
4	N89°49'49" W	173.00
5	N00°10'11" E	125.00
6	S89°49'49" E	173.00

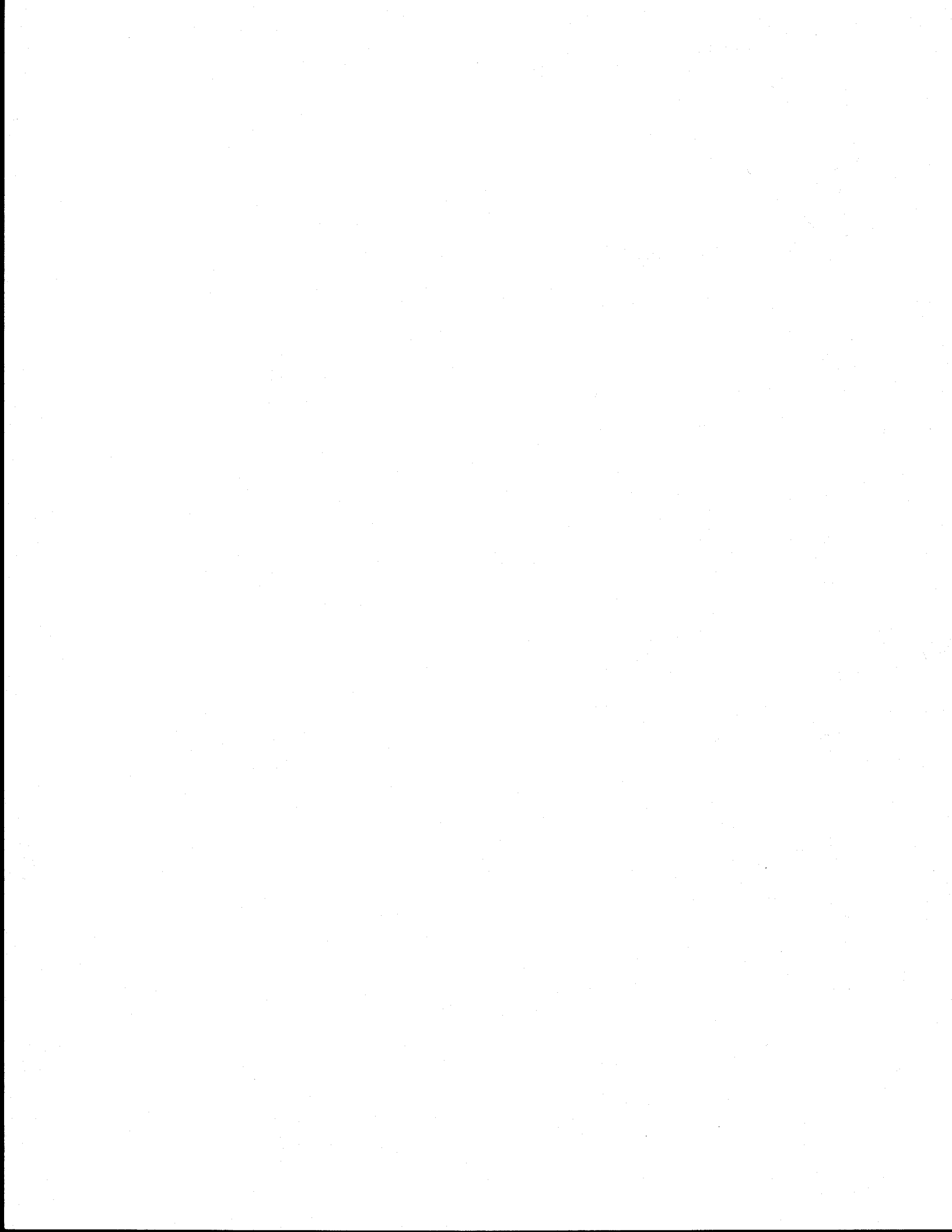
PREPARED BY:

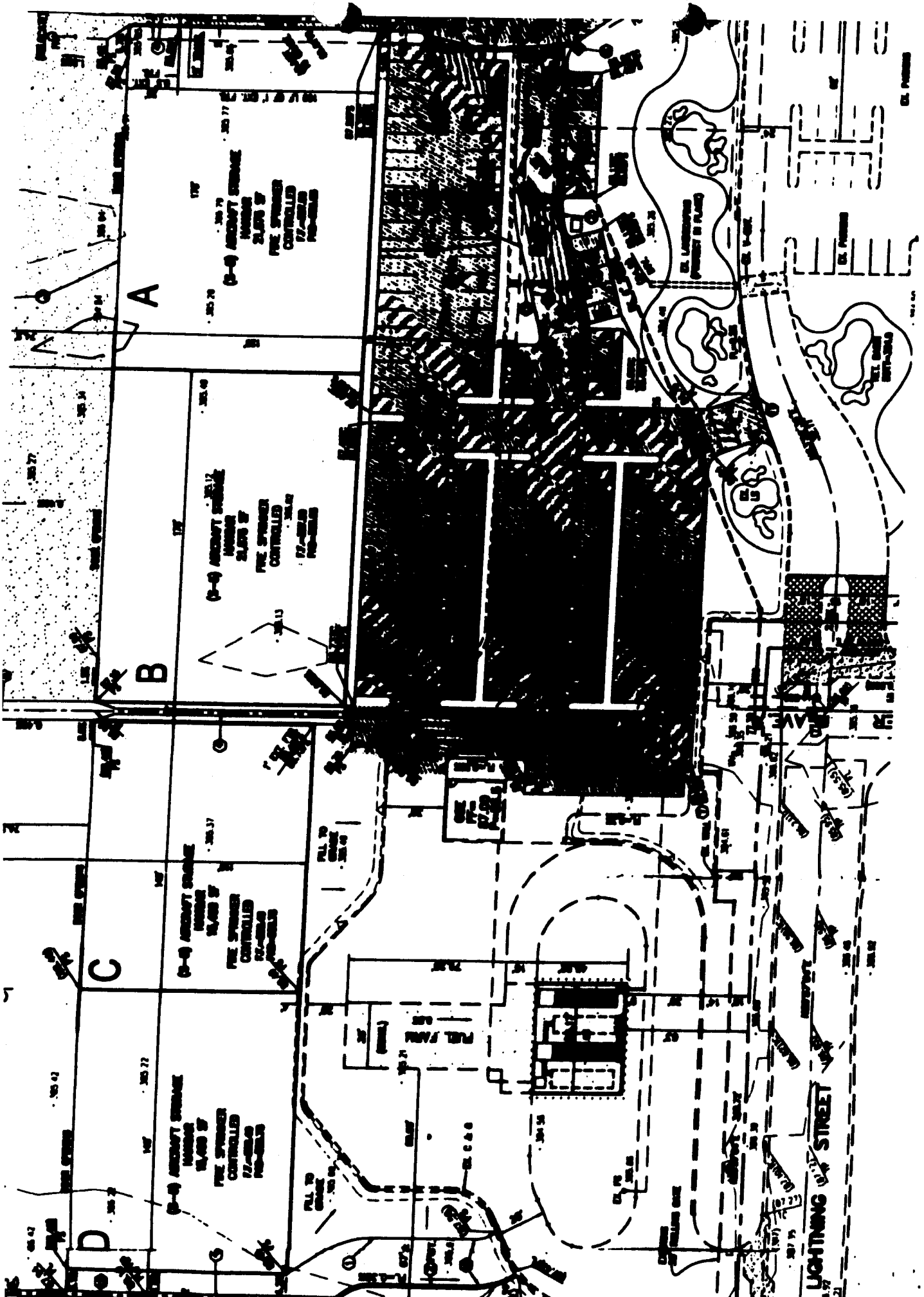
**PE** **PACIFIC ENGINEERING & ASSOCIATES**  
 CIVIL ENGINEERING · PLANNING · SURVEYING  
 41-230 CARLOTTA DRIVE  
 PALM DESERT, CA 92211  
 (760) 348-4284 FAX (760) 778-5884

PREPARED UNDER THE SUPERVISION OF:

*Lydia R. Shinohara*  
 LYDIA R. SHINOHARA, RCE 32182  
 MY LICENSE EXPIRES 12/31/08  
 11/14/07  
 DATE









## **SERVICES**

1. **Aircraft Fueling at Negotiated Price**
2. **Aircraft Towing**
3. **Aircraft Staging and Chocks**
4. **Marshaling Aircraft**
5. **Aircraft Support (i.e. papers, coffee, ice, catering, car rental, etc.)**