

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



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
June 9, 2016

**SUBJECT:** Approve Second Amended and Restated Ground Lease Agreement Jacqueline Cochran Regional Airport Between the County of Riverside and TRM CA Holdings, LLC, Jacqueline Cochran Regional Airport, Thermal, District 4 [\$0], CEQA Exempt

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

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 and Section 15061(b)(3);

Continued on Page 2

Robert Field  
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
<b>COST</b>	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0	
<b>SOURCE OF FUNDS:</b> N/A				<b>Budget Adjustment:</b> No	
				<b>For Fiscal Year:</b> 15/16	

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

APPROVE

BY:   
Rohini Dasika

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

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

**Ayes:** Jeffries, Tavaglione, Washington, Benoit and Ashley  
**Nays:** None  
**Absent:** None  
**Date:** June 21, 2016  
**xc:** EDA

Kecia Harper-Ihem  
Clerk of the Board

By:   
Deputy

**Prev. Agn. Ref.:** 3.23 of 8/20/13

**District:** 4

**Agenda Number:**

**3-87**

FORM APPROVED COUNTY COUNSEL  
BY:   
KARIN L. WATTS-BAZAN  
DATE: 6/17/16

Departmental Concurrence

A-30  
 4/5 Vote  
 Positions Added  
 Change Order

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

Economic Development Agency

**FORM 11:** Approve Second Amended and Restated Ground Lease Agreement Jacqueline Cochran Regional Airport Between the County of Riverside and TRM CA Holdings, LLC, Jacqueline Cochran Regional Airport, Thermal, District 4 [\$0], CEQA Exempt

**DATE:** June 9, 2016

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## **RECOMMENDED MOTION:** (Continued)

2. Consent to the attached Purchase Agreement dated March 29, 2016 between Ross Tradition LLC (Ross Tradition) and TRM CA Holdings, LLC, a Delaware limited liability company (TRM), assigning Ross Tradition's interests under the Amended and Restated Ground Lease Agreement Jacqueline Cochran Regional Airport, including any amendments and restatements thereto, dated July 1, 2013 between the County of Riverside as lessor and Ross Tradition as lessee;
3. Approve the attached Second Amended and Restated Ground Lease Agreement Jacqueline Cochran Regional Airport, including all exhibits, between the County of Riverside, as lessor, and TRM, as lessee (Second Amended Lease);
4. Authorize the Chairman of the Board of Supervisors to execute the attached Second Amended and Restated Ground Lease and Lessee Acknowledgement and Agreement attached to the Second Amended Lease as Exhibit H; and
5. Authorize the Assistant County Executive Officer /EDA, or designee, to take all necessary steps to implement the Second Amended and Restated Ground Lease, including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel.

## **BACKGROUND:**

### **Summary**

The County of Riverside (County) received a request from Ross Tradition, LLC, a Delaware limited liability company (Ross) to consent to an assignment of Ross' interest as lessee in that certain Amended and Restated Ground Lease Agreement Jacqueline Cochran Regional Airport, dated July 1, 2013 (Existing Ground Lease) to TRM CA Holdings, LLC, a Delaware limited liability company (TRM). The Existing Ground Lease relates to the lease of approximately 16.97 acres of land located at Jacqueline Cochran Regional Airport (Airport), as identified on the Site map attached (Leased Premises), and provides for, among other things, the development of aircraft storage hangars and construction of facilities necessary for conducting the business of a full service fixed base operator providing aircraft servicing, maintenance and fueling. Ross has completed all development and construction obligations under the Existing Ground Lease. The term of the Existing Ground Lease commenced on August 20, 2013, and terminates September 30, 2034, with an option to extend the term for 10 years.

Ross desires to assign its interest under the Existing Ground Lease to TRM pursuant to the attached Purchase Agreement dated March 29, 2016, wherein TRM will acquire, among other things, substantially all of Ross' assets used in its fixed base operations at the Airport, including, without limitation, all of Ross', rights, interests and obligations under the Existing Grounding Lease, including any amendments and restatements to the Existing Ground Lease, subject to approval by the County. TRM has also agreed to enter into the proposed Second Amended and Restated Ground Lease Agreement Jacqueline Cochran Regional Airport (Second Amended Lease) with the County, which will (i) amend and restate the Existing Ground Lease to ensure compliance with Federal Aviation Administration (FAA) rules and regulations,

(Continued)

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

Economic Development Agency

**FORM 11:** Approve Second Amended and Restated Ground Lease Agreement Jacqueline Cochran Regional Airport Between the County of Riverside and TRM CA Holdings, LLC, Jacqueline Cochran Regional Airport, Thermal, District 4 [\$0], CEQA Exempt

**DATE:** June 9, 2016

**PAGE:** 3 of 4

**BACKGROUND:**

**Summary**

(Continued)

Airport Sponsor Grant Assurances and current County Aviation Division policies, (ii) consent to the assignment set forth in the Purchase Agreement, and (iii) clarify and restate the uses permitted on the Leased Premises by TRM. A copy of the proposed Second Amended Lease, including exhibits, is attached.

The effective date of the proposed Second Amended Lease is subject to, and upon the closing of, the transactions under the Purchase Agreement. If the Purchase Agreement is terminated for any reason and the closing thereunder does not occur, then the Second Amended Lease will be null and void, the Existing Ground Lease will continue in full force and effect and Ross' tenancy and leasehold interest under the Existing Ground Lease shall be deemed to have continued uninterrupted. TRM is required to provide notice of the commencement of the effective date on or prior to August 30, 2016, or the Second Amended Lease will automatically become null and void.

Staff recommends that the Board consents to the assignment set forth in the Purchase Agreement and approves the Second Amended Lease, including all exhibits.

**Lease Summary**

Pertinent provisions of the proposed Second Amended Lease are set forth below:

- TRM shall be required to follow the Fixed Base Operator Minimum Standards. TRM shall have the right to use the Leased Premises for all allowable uses associated with a fixed base operator, including the right to sell fuel, provide aircraft servicing and charter services.
- The term of the lease shall commence on the first day of the month following the effective date and expire on September 30, 2034, unless earlier terminated. TRM will have 1 option to extend the term for an additional 10-year period. The Second Amended Lease does not change the term provided in the Existing Ground Lease.
- The Leased Premises will remain at approximately 16.97 acres of land.
- The base rent will remain the same at \$16,000.00 per month. The base rent is subject to annual increase based on consumer price index (CPI) adjustments and every 5<sup>th</sup> year the base rent is subject to an appraisal to allow for an increase to market rate.
- In addition to the base rent, TRM shall pay to the County a fuel flowage fee of 12% of the total net price of all aviation and automotive fuel lubricants received on the Leased Premises by TRM.
- The use of both the leased ramp area and public ramp area have been clarified and restated to comply with FAA Rules and Regulations and the Airport Sponsor Grant Assurances.

Except as otherwise amended, several of the lease terms contained in the Existing Ground Lease have been incorporated into the proposed Second Amended Lease.

(Continued)

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Economic Development Agency

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**DATE:** June 9, 2016

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## **BACKGROUND:**

### **Summary**

(Continued)

### **California Environmental Quality Act (CEQA)**

Pursuant to the California Environmental Quality Act (CEQA), the Second Amended Lease was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1 – Existing Facilities and State CEQA Guidelines 15061(b)(3), General Rule or “Common Sense” Exemption.

The proposed project, the Second Amended Lease, amends and restates an existing lease to consent to the assignment of the existing lessee’s interest to a new party, ensure compliance with FAA rules and regulations, Airport Sponsor Grant Assurances and County Aviation Division policies, and clarify and restate the uses permitted on the Leased Premises. The proposed amendments will only impact the parameters within which the new lessee will operate the existing FBO located on the leased premises and no expansion of an existing use will occur. In addition, it can be seen with certainty that there is no possibility that the Second Amended and Restated Ground Lease Agreement may have a significant effect on the environment since the impacts will be administrative and operation related. Notice of Exemption will be filed by staff with the County Clerk within 5 days of the approval of the Second Amended Lease.

County Counsel has reviewed and approved the attached Second Amended and Restated Ground Lease Agreement, including all exhibits. Staff recommends that the Board consents to the assignment set forth in the Purchase Agreement and approves the Second Amended Lease, including all exhibits.

### **Impact on Citizens and Businesses**

TRM CA Holdings, LLC, will continue to conduct the existing business of a full service fixed base operator on the leased premises, which will provide much needed aircraft servicing, maintenance, and fueling services at Jacqueline Cochran Regional Airport.

## **SUPPLEMENTAL:**

### **Additional Fiscal Information**

No additional information.

## **ATTACHMENTS:**

- Second Amended and Restated Ground Lease Agreement Jacqueline Cochran Regional Airport, including exhibits
- Purchase Agreement Memorandum

## PURCHASE AGREEMENT MEMORANDUM

This **PURCHASE AGREEMENT MEMORANDUM**, dated as of June 17, 2016 (this "Purchase Agreement"), is made by and among BBA U.S. Holdings, Inc., a Delaware corporation, Signature Flight Support Acquisition Co., LLC, a Delaware limited liability company, Signature Flight Support Holdings Co., LLC, a Delaware limited liability company, LM U.S. Member LLC, a Delaware limited liability company, Piedmont Hawthorne Aviation, LLC, a Delaware limited liability company, Panorama Flight Service, Inc., a New York corporation, Ross Aviation, LLC, a Delaware limited liability company, Landmark Aviation Scottsdale, Inc., a Pennsylvania corporation, Landmark FBO, LLC, a Delaware limited liability company, Era FBO LLC, a Delaware limited liability company, Ross Tradition LLC, a Delaware limited liability company, Ross Fresno LLC, a Delaware limited liability company, Fresno FBO LLC, a Delaware limited liability company (collectively, the "Sellers"), and Ross Aviation Holdings, LLC, a Delaware limited liability company (f/k/a Rabbit Aviation Holdings, LLC) ("Buyer" and, together with the Sellers, the "Parties").

WHEREAS, the Sellers and Buyer are parties to that certain Asset Purchase Agreement, dated as of March 29, 2016 and amended on June 10, 2016 (as further amended, restated or otherwise modified from time to time, the "Agreement"); and

WHEREAS, the Agreement contemplates the sale of six (6) fixed base operations (each, an "FBO"), as required by that certain Final Judgement filed June 9, 2016 in United States District Court for the District of Columbia Civil Action No. 16-0174 (ABJ), United States of America v. BBA Aviation, plc (the "Order");

WHEREAS, one of the aforementioned FBOs is located at the Jaqueline Cochran Regional Airport in Thermal, California ("TRM") which is owned and operated by the County of Riverside, California (the "County");

WHEREAS, as a condition to the approval of the sale and assignment of the FBO at TRM, the County has requested evidence of the Purchase Agreement and the Parties commitment to consummate the transaction evidenced thereby;

WHEREAS, the Parties desire to provide such evidence by executing and delivering this Purchase Agreement.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements referenced above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby, intending to be legally bound, agree as follows:

1. Agreement. Ross Tradition LLC ("Assignor") has agreed under the Agreement to sell to TRM CA Holdings, LLC, a wholly-owned subsidiary of Ross Aviation Holdings, LLC ("Assignee"), and Assignee has agreed to acquire from Assignor, the leasehold interests and the other assets, rights and certain liabilities of Assignor used by Assignor in its fixed base operations at TRM at the closing of the transactions under the Agreement (the "Closing") in consideration for the purchase price set forth in the Agreement. Assignor and Assignee hereby confirm to County that the Agreement is in full force and effect and the Parties are employing

commercially reasonable efforts to satisfy the outstanding conditions precedent thereunder, including delivery of the consent from the County.


2. Closing. The Parties intend to consummate the transaction contemplated by the Agreement on or before June 30, 2016 in order to comply with the Order.

3. Counterparts. This Purchase Agreement may be executed by one or more of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Purchase Agreement to be executed as of the date first above written by their respective duly authorized officers.

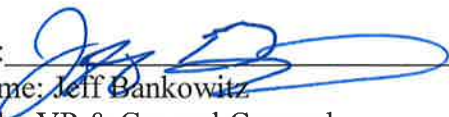
Ross Aviation Holdings, LLC

By:   
Name: STEVEN GAMP  
Title: CHIEF FINANCIAL OFFICER


BBA U.S. Holdings, Inc.

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel

Signature Flight Support Acquisition Co., LLC

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel


Signature Flight Support Holdings Co., LLC

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel

LM U.S. Member LLC


By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel

Piedmont Hawthorne Aviation, LLC


By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel




Panorama Flight Service, Inc.

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel

Ross Aviation, LLC

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel

Landmark Aviation Scottsdale, Inc.

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel


Landmark FBO, LLC

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel

Era FBO LLC

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel


Ross Tradition LLC

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel

Ross Fresno LLC

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel

Fresno FBO LLC

By:   
Name: Jeff Bankowitz  
Title: VP & General Counsel

**SECOND AMENDED AND RESTATED GROUND LEASE AGREEMENT  
JACQUELINE COCHRAN REGIONAL AIRPORT**

THIS SECOND AMENDED AND RESTATED GROUND LEASE AGREEMENT ("Lease" or "Amended and Restated Lease") dated June 21, 2016 is entered into by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, ("County" or "Lessor") and TRM CA Holdings, LLC, a Delaware limited liability company ("Lessee"), a wholly owned subsidiary of Ross Aviation Holdings, LLC, a Delaware limited liability company ("RAH"), (County and Lessee are individually referred to herein as a "Party" and collectively as the "Parties") with reference to the following:

**RECITALS**

WHEREAS, County owns that certain public airport located in Thermal, California, in the County of Riverside, commonly known as the Jacqueline Cochran Regional Airport, as more specifically depicted on the Site Map attached hereto as Exhibit C and incorporated herein by this reference ("Airport");

WHEREAS, the use and operation of the Airport is subject to the rules and regulations of the Federal Aviation Administration ("FAA");

WHEREAS, County and Ross Tradition LLC, a Delaware limited liability company, ("Ross Tradition") entered into that certain Amended and Restated Ground Lease Agreement Jacqueline Cochran Regional Airport dated July 1, 2013 ("Existing Ground Lease") relating to the lease of approximately 16.97 acres of land located on the Airport, as more specifically described in the Legal Description and depicted on the Survey and Site Map, each incorporated herein by this reference and attached hereto as Exhibits A, B, and C respectively ("Leased Premises), providing for, among other

things, the development of aircraft storage hangars and construction of facilities necessary for conducting the business of a full service fixed base operator providing aircraft servicing, maintenance and fueling;

WHEREAS, the use of the name, "Ross-Tradition Aviation, LLC, a Delaware limited liability company" in the Existing Lease to identify the lessee therein was used in error, and the correct name of the lessee thereunder is "Ross Tradition LLC, a Delaware limited liability company";

WHEREAS, Ross Tradition, lessee under the Existing Lease, and Lessee have entered into a Purchase Agreement dated March 29, 2016 ("Purchase Agreement") wherein Lessee will acquire, among other things, substantially all of Ross Tradition's, assets used in its fixed base operations at the Airport, including, without limitation, all of Ross Tradition's, rights, interests and obligations under the Existing Lease, including any amendments and restatements to the Existing Lease;

WHEREAS, as a condition to the Purchase Agreement, Ross Tradition and Lessee have requested the County's consent to the assignment of the Existing Lease contemplated therein, and County desires to provide such consent, provided Lessee and County amend and restate the Existing Lease;

WHEREAS, County and Lessee desire to enter into this Amended and Restated Lease for the following purposes (i) amending, supplementing and restating the Existing Lease, (ii) consenting to the assignment of the Existing Lease as amended and restated hereby, (iii) clarifying and restating the uses permitted on the Leased Premises by Lessee; and (iv) other modifications as more specifically set forth below; and

WHEREAS, County desires to lease the Leased Premises to Lessee for the purpose of conducting the business of a full service fixed base operator, which will provide aircraft servicing, maintenance, and fueling, and Lessee desires to lease the Leased Premises from the County for the aforementioned uses, as more specifically set forth below and effective subject to and upon the closing of the transactions under the Purchase Agreement ("Effective Date").

NOW THEREFORE, in consideration of the mutual promises contained herein and other good and sufficient consideration, the receipt and adequacy of which is hereby acknowledged, the County and Lessee hereto agree as follows:

1. Effect of Amended and Restated Lease. The foregoing Recitals are true and correct and incorporated herein by this reference. As of the Effective Date, the terms and conditions of the Existing Lease are amended and restated in their entirety and entirely superseded by this Lease (except to the extent of any liabilities that arose under the Existing Lease prior to the Effective Date); provided, however, that if the Purchase Agreement is terminated for any reason and the closing thereunder does not occur, then Lessee will immediately notify the County in writing, and this Lease will be null and void and the Existing Lease will continue in full force and effect and Ross Tradition's tenancy and leasehold interest under the Existing Lease shall be deemed to have continued uninterrupted. The exhibits attached hereto supersede and replace in their entirety the exhibits attached to the Existing Lease. Lessee acknowledges and agrees that as a condition precedent to the County's execution of this Lease, Lessee shall cause Ross Tradition to execute and deliver to County an Acknowledgment, substantially conforming in form and substance to Exhibit "H" attached hereto and incorporated herein by this reference, acknowledging the conditions precedent to the effective date of this Lease (as discussed in this section 1 and in section 47 below) and the continuance of the Existing Lease in the event the Purchase Agreement is terminated. Notwithstanding anything to the contrary contained herein, in the event the County does not receive written notice from Lessee on or prior to August 30, 2016 establishing the commencement of the Effective Date, this Lease shall automatically become null and void and the Existing Lease will continue in full force and effect.

2. Description. The premises leased pursuant to this Lease are located within the Jacqueline Cochran Regional Airport, County of Riverside, State of California and consists of approximately 16.97 acres of land located on the Airport, as more specifically described in the Legal Description and depicted on the Survey and Site

Map, each incorporated herein by this reference and attached hereto as Exhibits A, B, and C respectively, including all improvements located thereon ("Leased Premises"). County and Lessee herein acknowledge that Lessee has no fee title interest in or to the Leased Premises.

3. Term. This Lease shall commence on the first day of the month following the Effective Date (defined below), and shall terminate on September 30, 2034, unless earlier terminated and subject to paragraph 3(b) below, hereinafter referred to as the "Initial Term."

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

(b) Lessee shall have the option to extend the term of this Lease for an additional period of ten (10) years provided that (i) Lessee is not in default under the terms of this Lease, including any amendments or modifications hereto, (ii) County, in its discretion, provides written approval/consent to exercise of such option, which approval shall not be unreasonably withheld, conditioned, or delayed, (iii) Lessee notifies County in writing of its intention to exercise the option to extend not more than twelve (12) months or less than six (6) from the expiration date of the Initial Term, and (iv) the Federal Aviation Administration (FAA) does not object to Lessee's desired exercise of such option and extension of the Initial Term.

4. Use. The Leased Premises shall be used for the following purposes and no other without the written permission of County. All of the uses listed under paragraph 4(a) and 4(b) below are permitted uses within the Leased Premises. Lessee shall notify County in writing and provide a detailed description of any desired additional uses and proposed scope of operation prior to commencing such desired new use.

(a) Fixed Base Operator Permitted Uses:

(1) Sale, retail or wholesale or both, of new and used aircraft,

aircraft parts and accessories, including instruments, engines, electronic devices, aircraft fuels and lubricants, airman's navigational and personal supplies, and accessories.

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

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

(4) Painting and upholstering of aircraft.

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

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

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

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

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

(10) Operating a restaurant or cafe for the purpose of providing

meals and beverages to the general public. If alcoholic beverages are sold, Lessee shall maintain Liquor Liability insurance coverage or Lessee shall require restaurant or cafe sublessee to maintain Liquor Liability insurance coverage as part of sub-lessee's Commercial General Liability insurance.

(b) Federal Ramp Use Area/Apron

Lessee acknowledges that the County developed a public-use apron on the Airport utilizing Federal Aviation Administration's Airport Improvements Program grant funds and a portion of the public-use apron is located on the Leased Premises, as more particularly depicted on the Site Map attached hereto as Exhibit C and incorporated herein by this reference ("Leased Ramp"). The Leased Ramp, which is in the immediate vicinity of the fixed base operations of Lessee, is being included as part of this Lease to permit exercise of a proprietorship over the public use Leased Ramp area. Lessee shall have non-exclusive use of the Leased Ramp, and Lessee shall not use the Leased Ramp to limit competition. Lessee acknowledges and agrees that the County's lease of the Leased Ramp to Lessee shall not restrict the County from carrying out its obligations under Airport Sponsor Assurances dated March 2014 Lessee hereby agrees that the public shall be served by Lessee in a manner equal to that which the County, as Airport owner, is required under the FAA Airport Sponsor Assurances dated March 2014. The Leased Ramp shall be used as follows:

- (1) If airport fueling or self-fueling activities are included within the Leased Ramp area, the public shall have the right to access both services.
- (2) In addition to the maintenance requirements set forth herein, Lessee shall maintain the Leased Ramp in a safe and serviceable condition.
- (3) Lessee shall provide services on the Leased Ramp on a fair, equal and not unjustly discriminatory basis.
- (4) All charges for services on the Leased Ramp shall be fair, reasonable and not unjustly discriminatory, provided that Lessee may make reasonable and



nondiscriminatory discounts, rebates or similar types of price reductions to volume purchasers.

- (5) The Leased Ramp shall be made available at all times for public use, and Lessee shall engage in nondiscriminatory practices for assignment of tie-down space and provide for the accommodation of itinerant users.
- (6) Lessee shall not prohibit the ingress or egress of any aircraft by any party across the Leased Ramp.
- (7) Lessee shall not require any user of the Leased Ramp to secure goods and services only from Lessee, provided that Lessee is not required to allow a competitor to enter the Leased Ramp to perform a service, including fueling, so long as there is adequate capability for the user to secure the service at another location at the Airport. Lessee is not required to allow any competitor FBO's located at the Airport to drive or park any trucks, equipment or other vehicles on the Leased Ramp, except in the event driving or parking such truck, equipment or other vehicle is necessary to taxi or tow away an aircraft as authorized in clause 8 below, or for ingress and egress required by clause 11 below. The aforementioned restrictions shall not apply to members of the public.
- (8) Lessee shall not prohibit competitors from entering onto the Leased Ramp to assist the user of a disabled aircraft in placing the aircraft in a condition so as it can be taxied or towed away from the Leased Ramp area, to provide services at another location.
- (9) Lessee shall not prohibit or restrict those using the Leased Ramp from servicing their own aircraft provided such servicing is completed in accordance with all applicable laws and Airport rules and regulations.
- (10) Lessee shall not prohibit or prevent the County from using the Leased Ramp area for public airshow or other County events provided County provides a minimum of 30 days written notice.

(11) Lessee shall not park aircraft on any portions of the Airport not included as part of the Leased Premises prior to first utilizing all available space within the Leased Premises.

(12) Lessee shall not prohibit ingress and/or egress over and through the Leased Ramp by any new tenant, including, but not limited to such tenant's guests, employees, contractors, agents, representatives or other invitees, with a leasehold estate located directly to the north of the Leased Ramp if the only access to the leasehold site is via the Leased Ramp.

(c) Modular Building

As of the Effective Date of this Lease, a modular building ("Modular") is located on the Leased Premises as identified on the Site Map attached hereto as Exhibit C. Said Modular is presently vacant and not utilized by Lessee.

(i) Within one hundred Eighty (180) days of the Effective Date of this Lease Lessee shall submit to County a plan for the development and use of the Modular, which plan shall be reviewed and approved/disapproved by County in its sole discretion. In the event County disapproves Lessee's proposed plan for development and use of the Modular, and provided the Parties are unable to mutually agree on a plan for the development and use of the Modular no later than the date that is two hundred forty (240) days from the Effective Date of this Lease, Lessee shall remove/demolish, at its sole cost and expense, the Modular located on the Leased Premises.

(ii) In the event the Modular is removed, then within two (2) years of the Effective Date of this Lease, Lessee shall, at its sole cost and expense, submit a reuse site development plan ("Reuse Site Plan") to the County for approval, in County's discretion. The Reuse Site Plan shall be limited to that area and areas adjacent to the former Modular. Such Reuse Site Plan shall be prepared by a certified draftsman and provided to the County prior to Lessee's application for building permits,

and, such Reuse Site Plan shall be satisfactory and subject to County approval, in County's discretion. In the event the Modular is removed, a County approved Reuse Site Plan shall be attached hereto and incorporated herein as Exhibit "D":

(iii) Within ninety (90) days of approval by County of the Reuse Site Plan, Lessee shall submit a complete set of construction plans to County in order to obtain building permits.

(iv) Within sixty (60) days following issuance of the required County permits, Lessee shall commence construction of the improvements contained in the Reuse Site Plan.

(v) Lessee shall complete the design, entitlement and construction of the improvements contained in the Reuse Site Plan within five (5) years of the Effective Date of this Lease.

The Leased Premises shall not be used for any purpose other than those uses described in this Section 4 without first obtaining the written consent of County. The County's approval of any change in the use of the Leased Premises may, at County's sole election, place additional reasonable specific requirements on Lessee including, but not limited to, the types, limits, and conditions of insurance provided under this Lease.

In the event of a Force Majeure delay or delays caused by the negligence, willful misconduct or bad faith of County or delay in the permitting or County's approval process not caused by the negligence or lack of reasonable diligence of Lessee the time periods set forth in this Section 4(c) for seeking approvals and commencing and completing the improvements associated with the Reuse Site Plan identified herein, will be tolled as provided for below.

"Force Majeure" means fires, explosions, strikes being conducted on an industry-wide basis and that are not limited to Lessee's development, unusual adverse weather conditions, war, hostilities, invasion, riot, civil insurrection, civil war, terrorist acts, ionizing radiation, contamination by radioactivity on the Leased Premises from any

nuclear fuel, radioactive toxic explosive or nuclear explosive, epidemics, quarantine, plague, and any other event beyond the reasonable control of Lessee (other than bad weather generally, insufficiency of funds, or changes in the economic or business climate).

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

5. Rent. Lessee shall pay to County as base rent for the use and occupancy of the Leased Premises monthly rent ("Base Rent") of Sixteen Thousand Dollars and 00/100ths (\$16,000.00); provided that the Base Rent shall be adjusted pursuant to paragraphs 5(c) and 5(d) below. Said Base Rent is due and payable in advance on the first of each month. The Base Rent shall be considered delinquent, if not paid by the tenth (10<sup>th</sup>) of the month. If the Base Rent becomes delinquent, Lessee will be charged a late fee equivalent to ten percent (10%) of the delinquent rental amount, exclusive of late fees, for each month that rent is delinquent.

(a) In addition to the Base Rent required herein, Lessee shall pay to

County a fuel flowage fee in an amount equal to twelve cents (\$0.12) per gallon of fuel sold. The fee is subject to a timely payment discount of two cents (\$0.02) per gallon applied to the payments received within twenty (20) days of the date of invoice. A late fee of ten percent (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.

(b) Base Rent Adjustment - Beginning July 1, 2021 and every fifth (5th) year thereafter, the Base Rent shall be adjusted to one twelfth (1/12) of eight percent (8%) of the then-current fair market value of the Leased Premises. Said fair market value shall be for the land and shall not include the value of the structures placed on the Leased Premises. In no event will application of this paragraph result in a monthly rental amount lower than the highest previous monthly rental amount.

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

(c) Consumer Price Index - Beginning July 1, 2017, and at each July 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in 5(b) above, the Base Rent shall also 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 rental amount lower than the highest previous monthly rental amount.

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

(a) Observe and obey, and compel its employees, agents, invitees,

sublessees, and those doing business with it to observe and obey, all such rules and regulations of County which are now in effect or which may hereafter be promulgated, provided that such rules and regulations may not unduly interfere or conflict with the rights and privileges granted to Lessee in this Lease or any later amendments;

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

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

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

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

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

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

(h) Provide aircraft recovery and removal services within the airport air operating area, and have available and provide, as needed, standardized ground

service equipment for aircraft weighing eighty-thousand (80,000) pounds or less gross weight upon request of the aircraft owners or County (standardized ground service 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);

(i) Not engage in the painting of aircraft (other than small 'spot' painting jobs in connection with repairs) within any buildings, unless or until it has established therein a regular paint shop which is adequately enclosed and vented, and has been inspected and approved, in writing, by representatives of the Federal Aviation Administration and County's Fire and Building and Safety Departments, meet all other local, state and federal laws and regulations, and all applicable permits have been obtained; Maintain a comfortable, well-furnished pilot's lounge and clean sanitary restroom facilities for both men and women; such restroom facilities shall be properly and continuously supplied with soap, towels, toilet tissue and any other supplies required by state, federal or local laws and ordinances;

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

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

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

(m) On every January 1 and July 1 during the Term of this Lease, including any extensions, Lessee shall provide to County an Aircraft and Sublease Status Report, substantially conforming in form and substance to the Sublease Status Report attached hereto as Exhibit "G" and incorporated herein by this reference for all subleases and aircraft being stored on the Leased Premises. The report shall be supplied in a form and electronic format acceptable to County and contain at a minimum the following information: name of the sublessee, the beginning and ending date of the term of the sublease, the size/dimensions of the subleased land, the size/dimensions of the subleased space, the aircraft storage hangar number/address, the Aircraft Registration Number, the name of the owner of the aircraft, the type of aircraft and indicate whether or not an aircraft is "based" at the airport (aircraft that spend at least three months of the year at this Airport are to be identified in the report as "based aircraft"), and certification of compliance with the insurance requirements set forth in Sections 21 and 22 of this Lease and, except as otherwise provided herein, an executed copy of each sublease shall also be attached. In addition, as a condition precedent to Lessor's review of all proposed subleases pursuant to Section 24 below, Lessee shall provide to Lessor copies of all sublease agreements and proof of required insurance for all sublessees for Lessor review. County hereby authorizes Lessee to only submit a Sublease Status Report for subleases with a term of 6 months or less in lieu of an executed copy of such sublease, provided, however, County retains the right, in its discretion, to request executed copies of such short term subleases, and Lessee shall provide such documents to County no later than 10 business days after such request is made.

7. Permits, Licenses and Taxes. Lessee shall secure, at its expense, all necessary permits and licenses as it may be required to obtain regarding the construction, operation, maintenance, and termination or abandonment of activities upon the Leased Premises, and Lessee shall pay for all fees and taxes levied or required by any authorized public entity. Lessee recognizes and understands that this



Lease may create a possessory interest subject to property taxation and that Lessee may be subject to the payment of property taxes levied on such interest.

8. On-Site Improvements

(a) Any improvements, alterations, and installation of fixtures to be undertaken by Lessee shall be at the sole cost of the Lessee and shall have the prior written approval of the County. Improvements shall conform to the Riverside County Airports Minimum Standards for Fixed Based Operators and all applicable County Ordinances.

(b) Construction Obligations: Lessee shall obtain performance, material, and labor payment bonds in the amounts required by law and determined by County, and shall furnish County with copies thereof prior to the commencement of any such construction.

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

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

(e) During the term of this Lease, including any extensions, all improvements, alterations, and fixtures constructed by the Lessee on the Leased Premises shall be owned by Lessee until the Lease is terminated, legally relinquished,

abandoned or upon the expiration of the Lease including any hold-over period. Upon termination, relinquishment, abandonment or upon the expiration of the Lease (including any hold-over period), legal title to all improvements constructed by the Lessee shall cease to exist, and all interest associated therewith shall revert to the Lessor free and clear of any and all rights to possession and all claims to or against them by Lessee or any third person or entity. At the expiration or earlier termination of this Lease, Lessee shall also surrender to Lessor possession of the Leased Premises and all improvements constructed thereon free and clear of all liens, encumbrances and mortgages. Lessee shall have the full and exclusive use and enjoyment of such improvements, alterations, and fixtures during the Term of this Lease. At or prior to the expiration of this Lease, Lessee shall remove, at its expense, such trade fixtures (not including buildings and improvements affixed to the land), and restore the Leased Premises to their original shape and condition in good, safe and sanitary condition, subject to ordinary wear and tear. In the event Lessee does not remove such trade fixtures, they shall become the property of the Lessor for no further consideration of any kind, and Lessee acknowledges and agrees that Lessor shall have the right to charge Lessee for removal of any trade fixtures that so remain by Lessee upon the expiration or early termination of the Lease. At Lessor's request Lessee shall execute and deliver to Lessor assignments of leases and a quitclaim deed, in a form and substance first approved by Lessor. The quitclaim deed shall cause Lessee to quitclaim any right, title or interest which Lessee may have or claim to have in the improvements.

9. Off-Site Improvements

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

data/internet, cable and gas service.

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

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

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

10. Compliance with Law. Lessee shall, at its sole cost and expense, comply with all of the requirements of all governmental agencies now in force, or which may hereafter be in force, pertaining to the Leased Premises, and any improvements hereafter constructed or maintained thereon, and Lessee shall faithfully observe all laws and ordinances including but not limited to the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA), now or hereafter in force in the use of the Leased Premises. Lessee shall also comply with all applicable

federal, state and local laws or regulations, County ordinances, and rules and regulations promulgated by the FAA. In the event there is a conflict between the various laws or regulation that may apply, Lessee shall comply with the more restrictive law or regulation.

11. County's Reserved Rights.

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

(b) County reserves the right to further develop or improve the aircraft operating area of Jacqueline Cochran Regional Airport as it deems appropriate. County

reserves the right to take any action it considers necessary to protect the aerial approaches of the Jacqueline Cochran Regional Airport against obstruction, together with the right to prevent the Lessee from erecting or permitting to be erected, any building or other structure on the Jacqueline Cochran Regional Airport, which in the reasonable opinion of County, would limit usefulness of the Jacqueline Cochran Regional Airport or constitute a hazard to aircraft.

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

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

(e) This Lease is subject to the Federally Required Lease Provisions attached hereto as Exhibit E and incorporated herein by this reference.

12. Inspection of Premises. County, through its duly authorized agents, shall have, upon twenty-four (24) hours advance notice, during normal business hours, the right to enter the Leased Premises for the purpose of inspecting, monitoring and evaluating the obligations of Lessee hereunder and for the purpose of doing any and all things which it is obligated and has a right to do under this provided that the inspection

does not unreasonably interfere with Lessee's business, except in the event of an emergency impacting the health and safety of the public and/or the Airport.

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

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

15. Discrimination or Segregation

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

(b) Lessee shall not discriminate against or cause the segregation of any person or group of persons on account of race, religious creed, color, national origin, ancestry, sex, age, physical handicap, medical condition, or marital status in the occupancy, use, tenure or enjoyment of the Leased Premises, nor shall Lessee, or any

person claiming under or through Lessee, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of any persons within the Leased Premises.

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

16. Termination by County. County shall have the right to terminate this Lease forthwith, subject to any applicable cure periods in Section 37 below:

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

(b) In the event that Lessee sells, transfers, conveys or assigns its interest in the Leased Premises (or any portion thereof) or in this Lease, or there is a change in control of Lessee, in each case without Lessor approval pursuant to Section 24 below.

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

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

(e) In the event Lessee fails or refuses to perform, keep or observe any of Lessee's duties or obligations hereunder.

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

(g) If applicable pursuant to Section 4(c) above, if Lessee fails to complete construction of the development in accordance with a Reuse Site Plan within the time periods required herein.

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

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

(j) In the event Lessee is in default under the terms of this Lease, after notice and opportunity to cure as provided herein.

17. Termination by Lessee. Lessee shall have the right to terminate this Lease in the event County fails to perform, keep or observe any of its duties or obligations hereunder; provided, however, that County shall have the period of time set forth in Section 37 to correct its breach or default after written notice thereof has been served on it by Lessee; further provided, however, that in the event such breach or default is not corrected, Lessee may elect to terminate this Lease in its entirety or as to any portion of the premises affected thereby, and such election shall be given by an additional thirty (30) day written notice to County.

18. Eminent Domain. If any portion of the Leased Premises shall be taken by eminent domain and a portion thereof remains which is usable by Lessee, in its discretion, for the purposes set forth in Paragraph 4 herein, this Lease shall, as to the part taken, terminate as of the date title shall vest in the condemnor, or the date prejudgment possession is obtained through a court of competent jurisdiction, whichever is earlier, and the rent payable hereunder shall abate pro rata as to the part



taken; provided, however, in such event County reserves the right to terminate this Lease as of the date when title to the part taken vests in the condemnor or as of such date of prejudgment possession. If all of the Leased Premises are taken by eminent domain, or such part be taken so that the Leased Premises are rendered unusable for the purposes set forth in Paragraph 4 herein, this Lease shall terminate. If a part or all of the Leased Premises be so taken, all compensation awarded upon such taking shall be apportioned between County and Lessee according to law.

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

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

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

The specified insurance limits required in this Agreement shall in no way limit or

circumscribe Lessee's obligations to indemnify and hold harmless the Indemnified Parties herein from third party claims.

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

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

Lessee's obligations pursuant to this Paragraph 19 shall survive the expiration or earlier termination of this Lease.

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

(a) Workers Compensation. Lessee shall maintain statutory Workers' Compensation Insurance (Coverage A) as described 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 County of Riverside its Agencies, Boards, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials,

agents or representatives.

(b) Airport General Liability. Lessee shall maintain Airport General Liability Insurance coverage including, but not limited to, premises/operations liability, contractual liability, products and completed operations liability, independent contractors, personal and advertising injury liability covering all claims or lawsuits of any nature whatsoever which may arise from or out of Lessee's performance under the terms of the lease agreement. Policy shall name all the County of Riverside its Agencies, Boards, 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 \$25,000,000 per occurrence combined single limit and in the annual aggregate as applicable. The policy shall be endorsed to provide Hangar Keeper's Legal Liability Insurance (Ground and In-Flight) providing coverage for aircraft in the care, custody or control of the Lessee. Policy shall include coverage for the Named Insured's use of unlicensed vehicles on Airport Premises.

(c) Vehicle Liability. Lessee shall maintain liability insurance for all owned, non-owned, or hired vehicles used in the performance of this Lease in an amount not less than \$1,000,000 per occurrence combined single limit. The policy shall be endorsed to name all the County of Riverside, its Agencies, Boards, 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. Proof of the foregoing coverage will be required before issuing vehicle gate cards.

(d) Aircraft Hull and Liability Insurance.

1) Aircraft Hull: Lessee agrees to indemnify and hold harmless the County from any and all losses, claims, or damage to any aircraft owned by Lessee and all losses, claims, or damage to any aircraft where Lessee has agreed under contract to be responsible for any physical damage to the aircraft. Lessee hereby agrees that this

indemnification and hold harmless includes, but is not limited to, losses, claims or damage to any of Lessee's aircraft caused directly or indirectly by the County.

2) Aircraft Liability: Lessee shall provide Aircraft Liability insurance for all owned and non-owned aircraft operated by the Lessee 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 name all the County of Riverside, its Agencies, Boards, Districts, Special Districts, and Departments, its respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representative as Additional Insureds.

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

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

\$25,000.

(f) All Risk Property Insurance:

(1) All-Risk real and personal insurance coverage, including earthquake and flood if applicable, for the full replacement cost value of building, structures, fixtures, equipment, improvements/alterations and systems on the premises for property that the Lessee owns or is contractually responsible for. 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 coverage on a full replacement cost value basis. Policy shall provide Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for 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.

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

respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives.

(g) General Insurance Provisions - All Lines:

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

(2) Insurance deductibles or self-insured retentions must be declared by the Lessee's insurance carrier(s), and such deductibles and retentions shall have the prior written consent from 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, Lessee's carriers shall either: 1) reduce or eliminate such deductibles or self-insured retentions as respects this Lease with the County; or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

(3) Cause Lessee's insurance carrier(s) to furnish the County of Riverside with 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 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 of coverage or cancellation of such insurance. In the event of a material modification of coverage or cancellation of such insurance, this Lease shall terminate forthwith, unless the County of Riverside receives, 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.

Lessee 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 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 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 - Economic Development Agency's reasonable judgment, upon advice of the County Risk Manager, the amount or type of insurance carried by the Lessee has become inadequate. The Lessee agrees to notify the County of any plan or change of plan for the Lessee's operations and such notification shall occur prior to implementing any such change.

Beginning July 1, 2021, and every fifth year thereafter during the term of this Lease, or any extension thereof, County reserves the right to adjust the monetary limits of insurance coverage as required in Paragraph 20, 21 and 22.

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

give rise to a claim arising from this Lease.

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

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

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



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

(e) General Insurance Provisions - All lines: Lessee shall cause Supplier's insurance carrier(s) to furnish the Lessor and the County of Riverside with a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein. 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 Lessee and 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, the Supplier's Agreement shall terminate forthwith, unless the Lessee and the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or 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.

Supplier shall not commence operations until the County of Riverside has been furnished original Certificate(s) of Insurance and certified original copies of endorsements or 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.

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

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

23. Acceptance of Leased Premises Prior to the commencement of the Lease term, Lessee, at Lessee's sole expense, shall have investigated and approved the physical condition of, and the condition of title with respect to, the Leased Premises. County makes no representation or warranty, expressed or implied, regarding any conditions of the Leased Premises. Lessee acknowledges and agrees that County makes no representation or warranty, express or implied, written or oral, with respect to the condition of the Leased Premises, or its fitness, or availability for any particular use. Lessor makes no representations, express or implied, with respect to the legality, fitness, or desirability of the Leased Premises for Lessee's intended use. If Lessee desires to do so, Lessee shall have the right to conduct its own investigation, to its satisfaction, with respect to any matters affecting lessee's ability to use the Leased Premises for Lessee's intended use. The Lessee represents that it has inspected the Leased Premises and acknowledges and agrees that the Leased Premises shall be delivered from County to Lessee in an "as is" physical condition, with no warranty, express or implied by Lessor as to the presence of hazardous substances, or the condition of the soil, its geology or the presence of known or unknown faults, and fully assumes any and all risk associated with the use thereof. County shall not be liable to Lessee, its officers, agents, employees, subcontractors or independent contractors for

any bodily injury, personal injury or property damage suffered by them or others which may result from hidden, latent or other dangerous conditions in, on upon or within the Leased Premises. If the condition of the Leased Premises is not in all respects entirely suitable for the use or uses to which such Leased Premises will be put, then it is the sole responsibility and obligation of Lessee to place the Leased Premises in all respects in a condition entirely suitable for the development thereof, solely at Lessee's expense.

Effective at the commencement of the Lease term, Lessee waives, releases and discharges Lessor, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners, elected and appointed officials, employees, agents, representatives and attorneys, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including without limitation, attorneys' fees) arising out of in any way connected with Lessee's use, maintenance, ownership or operation of the Leased Premises, any hazardous substances on the Leased Premises, or the existence of hazardous substances contamination in any state on the Leased Premises, however the hazardous substances came to be placed there, except to the extent such damages, losses, costs, liabilities, fees or expenses are caused by or arises out of County's use of the Leased Ramp as contemplated by Section 4(b)(10). Lessee acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

To the extent of the release set forth in this Section 26, Lessee hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of California Civil Code.

Lessee Initials JR

Lessee's obligations pursuant to this Paragraph 23 shall survive the expiration or earlier termination of this Lease.

24. Assignment and Subletting.

(a) Lessee represents and agrees that its undertakings pursuant to this Lease are for the purpose of providing fixed based operation and maintenance services, and not for speculation in land holding. Lessee further recognizes that the qualifications and identity of Lessee are of particular concern to Lessor in light of the following: (1) the importance of the development of the Leased Premises to the community; and (2) the fact that a significant change in ownership or control of Lessee or any other act or transaction involving or resulting in a significant change in ownership or control of Lessee is for practical purposes a transfer or disposition of the property then leased by Lessee. Lessee further recognizes that it is because of Lessee's qualifications and identity that the Lessor is entering into the Lease with Lessee. Therefore, no voluntary or involuntary successor in interest of Lessee, or a sublessee, shall acquire any rights or powers under this Lease except as expressly permitted herein.

(b) Lessee shall not assign or attempt to assign all or any part of this Lease or any right or interest herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Lessee's interest in the Leased Premises or the Improvements thereon, or sublet or otherwise transfer in any manner any of its rights, duties or obligations hereunder to any person or entity without the prior written consent of Lessor being first obtained, in County's discretion, not to be unreasonably withheld, except in the event such sale, transfer, conveyance or assignment is to an Affiliate (defined below) of Lessee, provided Lessee (1) notifies County in writing of such sale, transfer, conveyance or assignment, (2) includes such new entities name and contact information, and (3) submits to County for review documentation reasonably demonstrating that the proposed transfer, sale or assignment to such

Affiliate complies with the standards set forth in this section 24. Notwithstanding the foregoing, County's prior written consent is not required for any sublease or tie down agreement entered into by Lessee in the ordinary course of business for a term of six (6) months or less. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Leased Premises. Lessee shall submit all documents pertaining to any such transaction referenced in the foregoing paragraph to Lessor for approval prior to entering into such agreements. Lessee shall submit executed subleases having terms greater than six (6) months and all required certificates of insurance and endorsements to insurance policies, as required herein, to Lessor for approval prior to such sublessees occupying the subleased premises.

(c) For the reasons cited above, and except as otherwise provided above, Lessee represents and agrees for itself and any successor in interest that without the prior written approval of the Lessor, which shall not be unreasonably withheld, there shall be no significant change in the ownership of Lessee, or in the relative ownership proportions of Lessee, or with respect to the identity of the parties in control of Lessee, by any method or means; provided, however, Lessor approval shall not be required upon the occasional admission, substitution, or deletion of a director or officer of Lessee or Lessee's general manager. To the extent the Lessor's approval of an assignment or transfer is required by this Lease, in granting or withholding its approval, Lessor shall base its decision upon the relevant experience, financial capability and reputation of the proposed assignee or transferee and the effect, if any, of such proposed transfer on the public purposes of this Lease.

(d) Any sublease, assignment or transfer of this Agreement or any interest herein, or significant change in ownership of Lessee after the Effective Date, shall require the written approval of the Lessor, not to be unreasonably withheld, except in the event such sublease, assignment or transfer of this Agreement or any interest herein, or significant change in ownership of Lessee is to an Affiliate of Lessee and except for sublease agreements with terms of six (6) months or less. Lessee shall promptly notify the Lessor of any proposed subleases requiring consent under this

Lease, and any significant changes in the identity of the parties in control of Lessee of which it or any of its officers have been notified or otherwise have knowledge or information. This Lease may be terminated by the Lessor if there is any significant change (voluntary or involuntary) in membership, management or control, of Lessee, not approved by Lessor, or sublease entered into after the Effective Date with a term of more than six (6) months not approved by Lessor, subject to the cure provisions of Section 37. In the event of the death or incapacity of any individual who controls Lessee, any resulting change in the management of the improvements or the control of the day-to-day operations of the Leased Premises and the improvements shall be subject to the approval of the Assistant CEO/EDA or designee, which shall not be unreasonably withheld.

(e) The term "Affiliate" used herein shall mean any Person directly or indirectly controlling, controlled by or under common control with another Person. The term "control" as used herein, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. It shall be a presumption that control, with respect to a corporation, limited liability company, partnership, trust, entity or other association, is the right to exercise or control, directly or indirectly, more than fifty (50%) of the voting rights attributable to the Person. The term "Person" used herein shall mean an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

(f) Assignments or transfers approved by the Lessor shall be evidenced by the Lessee's and assignee's execution of an assignment and assumption agreement approved as to form and substance by Lessor, not to be unreasonably withheld. Lessor approved subleases shall be approved as to form and substance by Lessor.

(g) No such sublease, sale, transfer, conveyance or assignment of this Lease or Lessee's interest in the Leased Premises (or any portion thereof), or approval by the Lessor of any such sublease, sale, transfer, conveyance or assignment, shall be deemed to relieve Lessee or any other party from any obligations under this Lease, unless approved in writing by Lessor.

(h) The restrictions on assignment, transfer and subleasing contained in this Section 24 shall be binding on any successors, assigns, or heirs of Lessee. The provisions of this Section 24 shall apply to each successive assignment and transfer in the same manner as initially applicable to Lessee under the terms set forth herein.

25. Right to Encumber/Right to Cure.

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

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

(2) 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 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 this Lease, together with a copy of the document by which such transfer was made.

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

Any subsequent transfer of this leasehold hereunder, except as provided for in

Paragraph 25(a) (2) above, shall not be made without the prior written consent of County and shall be subject to the conditions relating hereto as set forth in Paragraph 24 herein. Lessee shall give County prior notice of any such trust deed and shall accompany such notice with a true copy of the trust deed and note secured thereby.

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

(1) 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 Lease or other performance within such ninety (90) day period; 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 Lessee; or,

(2) 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 Lessee an assignment in lieu of foreclosure, and exercise any other remedies available to it under the trust deed, and keep and perform all of the covenants and conditions of this Lease requiring the payment or expenditure of money by Lessee(s) 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.

26. Estoppel Certificate. Each party shall, at any time during the term of the Lease, within ten (10) days of written Notice (or as soon as reasonably possible) from the other party, execute and deliver a statement in writing certifying that this Lease is unmodified and in full force and effect, or if modified, stating the nature of such



modification. The statement shall include other details requested by the other party as to the date to which rent and other charges have been paid, and the knowledge of the other party concerning any uncured defaults with respect to obligations under this Lease and the nature of such defaults, if they are claimed. Any such statement may be relied upon conclusively by any prospective purchaser, Encumbrancer, or Sublessee of the Demised Premises, the building or any portion thereof.

27. Toxic Materials. During the term of this Lease and any extensions thereof, Lessee shall not violate any federal, state, or local law, or ordinance or regulation relating to industrial hygiene or to the environmental condition on, under or about the Leased Premises including, but not limited to, soil, air, and groundwater conditions. Further, Lessee, its successors, assigns and Sublessee shall not use, generate, manufacture, produce, store or dispose of on, under, or about the Leased Premises or transport to or from the Leased Premises any flammable explosives, asbestos, radioactive materials, hazardous wastes, toxic substances or related injurious materials, whether injurious by themselves or in combination with other materials (collectively, "hazardous materials"), except fuel and other petroleum products used in Lessee's business in accordance with applicable law. For the purpose of this Lease, hazardous materials shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws now and in the future.

28. National Pollution Discharge Elimination System (NPDES) Permit. Lessee acknowledges, understands and agrees that it shall comply with California State Water

Resources Control Board general permit requirements now and in the future relating to storm water discharges associated with activities such as aircraft rehabilitation, mechanical repairs, fueling, lubrication, cleaning, painting and deicing. Lessee further acknowledges, understands and agrees that it shall participate as a co-permittee under said general permit, participate in the Jacqueline Cochran Regional Airport Storm Water Pollution Prevention Plan (SWPPP) as noted in Exhibit "F", attached hereto and by this reference made a part of this Lease, including without limitation, the Best Management Practices, Best Available Technology Economically Achievable, and Best Conventional Pollutant Control Technology.

29. Free from Liens; No Encumbrance of Lessor's Fee Estate. Lessee shall pay, when due, all sums of money that may become due for any labor, services, material, supplies, or equipment, alleged to have been furnished or to be furnished to Lessee, in, upon, or about the Leased Premises, and which may be secured by a mechanics, materialmen's or other lien against the Leased Premises or County's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by such lien matures or becomes due; provided, however, that if Lessee desire to contest any such lien, it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment, and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or is so stayed, and said stay thereafter expires, then and in such event, Lessee shall forthwith pay and discharge said judgment.

Lessee shall not encumber County's fee estate in the Airport property with any mortgage. Lessee shall not place, or allow to be placed, against the Airport property or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Lease. In addition, Lessee shall remove, or shall have removed, any levy or attachment made on title to the leasehold estate created by this Lease and/or the Airport property (or any portion thereof), or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Under no circumstances

whatsoever shall the Lessee allow any security instruments to be recorded against the County's fee interest in the Airport property.

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

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

32. Waiver of Performance. Any waiver by County of any breach of any one or more of the terms of this Lease shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term of this Lease. Failure on the part of County to require exact, full and complete compliance with any terms of this Lease shall not be construed as in any manner changing the terms or preventing County from enforcement of the terms of this Lease.

33. Severability. In the event any provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will never the less continue in full force without being impaired or invalidated in any way.

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

35. County's Nonresponsibility. Notwithstanding any language to the contrary herein, during the term of this Lease, including any extensions, County shall not be required to maintain or make any repairs or replacements of any nature or description whatsoever to the Leased Premises or the improvements thereon, other than as provided in Section 11(a) above.

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

**COUNTY:**  
County of Riverside, EDA  
Aviation Division  
3403 10<sup>th</sup> Street, Suite 300  
Riverside, CA 92501  
Attn: Assistant County Executive Officer/EDA

**LESSEE:**  
TRM California Holdings, LLC  
86-400 Lightening St.  
Thermal, CA 92274-  
Attn: General Manager  
With a copy to:  
Ross Aviation Holdings, LLC  
3033 East 1<sup>st</sup> Ave., Suite 515  
Denver, CO 80206  
Attn: Jeffrey Ross

or to such other addresses as from time to time shall be designated by the respective parties. A change of notification address is required in writing and must be delivered to the other party.

Formal notices, demands and communications between Lessor and Lessee shall be sufficiently given if dispatched to the principal offices of the Lessor and Lessee, as designated in this Section 36. Any such written notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, by personal service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), in which event notice shall be deemed given when actually received (or on the date rejected); and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the second day of delivery (or on the date rejected).

37. Default.

(a) Failure by either party to perform any term or provision of this Lease constitutes a default under this Lease. The party who fails must commence to cure, correct or remedy such failure and shall complete such cure, correction or remedy with reasonable diligence.

(b) The injured party shall give written notice of default to the party in default ("Notice of Default") pursuant to Section 36 above, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Lease, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies. Lessee hereby waives and releases any statute of limitation defense in connection with any County action or proceedings to protect, assist, or enforce any right or remedy contained herein.

(c) Except as otherwise provided herein, if a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of seven (7) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured party.

(d) If non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within thirty (30) days after such notice is received, and the party in default (1) initiates corrective action within said period, and (2) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the

injured party, but in no event more than sixty (60) days from receipt of such notice of default from the injured party.

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

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

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

41. No Partnership. Nothing contained in this Lease shall be deemed or construed to create a lending partnership, other partnership, joint venture, or any other relationship between the parties hereto other than lessor and lessee according to the provisions contained herein, or cause Lessor to be responsible in any way for the debts

or obligations of Lessee, or any other party.

42. Non-liability of Lessor Officials and Employees. No member, official, employee or consultant of County or Lessee shall be personally liable to the Lessee or to County, as applicable, or any successor in interest, in the event of any default or breach by the County or Lessee, as applicable, or for any amount which may become due to the Lessee or County, as applicable, or to Lessee's or County's successor, or on any obligations under the terms of this Lease.

43. FAA Lease Review and Compliance. Lessee acknowledges that the Airport was transferred to the County by the Federal government and, as such, this Lease shall be subordinate to the provision of any existing or future agreement between the County and the FAA relative to the operation or maintenance of the Airport, and/or the execution of any such agreement which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport which shall include, but not be limited to the FAA Grant Assurances now or in the future. This requirement shall be continuous obligation to remain in compliance with all FAA rules and regulations and Federal Grant Assurances. County shall submit this Lease to the FAA for FAA's review and advisement of compliance.

44. Right of First Refusal. If at any time during the term of this Lease, Lessor receives from a ready, willing and able third party a bona fide offer to lease, which Lessor intends to accept, or makes a bona fide offer to lease to such a third party, all or any portion of the area depicted on Exhibit "I" (the "ROFR Area"), then Lessor promptly shall give Lessee written notice (the "Notice"), specifying the name and address of the proposed lessee and the rental rate and other material terms of the offer, accompanied by a statement by Lessor that the proposed lease is in good faith. Lessee shall thereupon have the prior option (the "Right of First Refusal") to lease the ROFR Area or the portion thereof or the entire property covered by such offer, at the rental rate and on the same terms as specified in the Notice; provided, however, the Right of First Refusal

granted in this section 44 shall not apply in the event Lessor itself desires to develop or fund the development of the ROFR Area and thereafter lease the ROFR Area to a third party. Lessee may exercise the Right of First Refusal by giving Lessor written notice of its intent to exercise the Right of First Refusal within 30 days after Lessee's receipt of the Notice. Lessee's notice of intent shall specify a lease commencement date within six (6) months of the Notice. Lessee's failure at any time to exercise the Right of First Refusal shall not affect this Lease or the continuation of Lessee's rights and options under this paragraph or any other provision of this Lease. Notwithstanding anything to the contrary contained herein, if for any reason Lessee fails to satisfy the foregoing requirements, including, but not limited to providing notice of intent to exercise the Right of First Refusal within the aforementioned 30-day time period, the Lessee shall be deemed to have waived its rights under this section 44, the Right of First Refusal shall expire and be of no further force or effect, and Lessor may consummate the transactions described in the Notice to the new lessee. Upon the execution by Lessor of any lease of the ROFR Area pursuant to such Notice, the Right of First Refusal granted to Lessee herein shall expire and be of no further force or effect. Lessee shall not sell, transfer, convey or assign the Right of First Refusal granted herein.

45. Cost Recovery. As consideration and in order to alleviate Lessor's cost to process this Lease, Lessee acknowledges and agrees to pay, to County, Five Thousand Three Hundred Dollars (\$5,300) prior to the execution of this Lease by the County.

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



47. Construction of Lease. The Parties hereto negotiated this Lease at arm's length and with the advice of their respective attorneys, and no provisions contained herein shall be construed against County solely because it prepared this Lease in its executed form.

48. Effective Date. Lessee shall notify the County in writing of the closing date under the Purchase Agreement, and the parties shall execute an acknowledgement of the Effective Date of this Lease. Notwithstanding the foregoing, if the Purchase Agreement is terminated for any reason and the closing thereunder does not occur, then Lessee will immediately notify the County in writing, and this Lease will be null and void and the Existing Lease will continue in full force and effect. Notwithstanding anything to the contrary contained herein, in the event the County does not receive written notice from Lessee no later than August 1, 2016 establishing the commencement of the Effective Date, this Lease shall automatically become null and void and the Existing Lease will continue in full force and effect.

49. Consent to Purchase Agreement. County consents to the assignment and assumption of interests set forth in the Purchase Agreement.

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SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties have executed this Lease as of the dates set forth below.

**"COUNTY"**

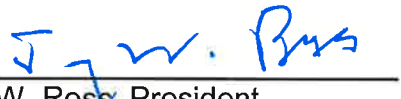
COUNTY OF RIVERSIDE, a political  
Subdivision of the State of California

By:   
JOHN J. BENOIT  
Chairman, Board of Supervisors

Date: JUN 21 2016

**"LESSEE"**

TRM CA Holdings, LLC, a Delaware  
limited liability company

By:   
Jeffrey W. Ross, President

Date: 6/16/16

**ATTEST:**

KECIA HARPER-ITEM  
Clerk of the Board

By:   
Deputy

**APPROVED AS TO FORM:**

Gregory P. Priamos, County Counsel

By:   
Jhaila R. Brown,  
Deputy County Counsel

**Attachments:**

Exhibit A	Legal Description
Exhibit B	Survey
Exhibit C	Site Plan
Exhibit D	Modular Re-Use Site Plan
Exhibit E:	Federally Required Lease Provisions
Exhibit F:	Storm Water Pollution Prevention Plan
Exhibit G:	Sublease Report
Exhibit H:	Ross Tradition Acknowledgment
Exhibit I:	Right of First Refusal Area