

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



ITEM
3.12
(ID # 5579)

MEETING DATE:

Tuesday, November 14, 2017

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Consent to Sublease and Sale of Hangar between Scott 2004 Family Limited Partnership and WAC Charter, Inc., at Jacqueline Cochran Regional Airport, 4th District [\$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 15601 (b)(3);
2. Approve and consent to the Bill of Sale Coupled with Sublease for hangar known as Building B, Hangar 14, located within Jacqueline Cochran Regional Airport in Thermal, California as more specifically set forth in the attached Bill of Sale Coupled with Sublease agreement between A. Wayne Scott, Scott Family Ltd. Partnership (Seller) and WAC Charters, Inc. (Buyer);

ACTION: Policy

Robert Field, Assistant County Executive Officer/EDA 10/31/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: November 14, 2017
xc: EDA

Kecia Harper-Ihem
Clerk of the Board

Deputy

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

RECOMMENDED MOTION: That the Board of Supervisors:

3. Approve and consent to the Sublease with Sale of Aviation Hangar between John Obradovich and Betty Obradovich (Sublessor) and WAC Charters, Inc. (Sublessee) as more specifically set forth in the attached Sublease with Sale of Aviation Hangar;
4. Authorize the Chairman of the Board of Supervisors to sign the attached Consent to Sublease with Sale of Aviation Hangar and Consent to Bill of Sale Coupled with Sublease; and
5. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents necessary to implement the County's consent to the Bill of Sale Coupled with Sublease and the Sublease with Sale of Aviation Hangar, subject to approval by County Counsel.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 2017/18	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside (County), as lessor, and John Obradovich and Betty Obradovich (collectively, Obradovich), as lessee, entered into that certain Lease Desert Resorts Regional Airport dated June 3, 2003, as amended by that certain First Amendment to Lease Jacqueline Cochran Regional Airport dated on or about September 14, 2004, by that certain Second Amendment to Lease Jacqueline Cochran Regional Airport dated September 12, 2006, and that certain Third Amendment to Lease Jacqueline Cochran Regional Airport dated March 17, 2009 (collectively, Lease). The Lease relates to 9.45 acres of real property located at the Jacqueline Cochran Regional Airport, as legally described in Exhibit A to the Lease (Leased Premises). Pursuant to section 24 of the Lease, Obradovich cannot sublease any rights, duties or obligations under the Lease without the written consent of the County. Obradovich desires to sublease a portion of the Leased Premises upon which an airport hangar, identified as Building B, Hangar No. 14 is located (Subleased Premises) to WAC Charter, Inc., an Oregon corporation, as more specifically set forth in the Sub-Lease with Sale of Aviation Hangar dated November 9, 2016 attached hereto as Attachment A (Sublease). If approved by the Board, the Sublease will be subject to the Lease. The Scott 2004 Family Limited Partnership (aka Scott Family Limited Partnership) was the prior Board of Supervisors approved sublessee for the Subleased Premises and their rights have been terminated pursuant to the Lease Cancellation Agreement attached hereto as Attachment B.

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

In connection with the Sublease, WAC Charter, Inc, (as buyer) and The Scott Family Limited Partnership (as seller) entered into that certain Bill of Sale Coupled with Sub-Lease dated November 9, 2016, relating to the sale of the airport hangar identified as Building B, Hangar No. 14 (Bill of Sale), the effectiveness of which is subject to the consent and approval by the County. A copy of the Bill of Sale is attached hereto as Attachment C. WAC Charter, Inc, will not change the existing use of the Subleased Premises. The Bill of Sale and the Sublease will not impact or modify the terms of the Lease.

Pursuant to the California Environmental Quality Act (CEQA), the Sublease and Bill of Sale were 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 Sublease and sale of the existing hangar (and the related County consents), is the subletting of property involving existing facilities and no expansion of an existing use will occur. In addition, it can be seen with certainty that there is no possibility that the proposed project may have a significant effect on the environment since it is merely a continuation of an existing use, and will not lead to any direct or reasonably indirect physical environmental impacts.

Staff recommends approval of the proposed Consent to Sublease with Sale of Aviation Hangar and proposed Consent to Bill of Sale Coupled with Sublease, each attached. Each consent has been approved as to form by County Counsel.

Impact on Residents and Businesses

Staff recommends approval of the proposed Consent to Sublease with Sale of Aviation Hangar and proposed Consent to Bill of Sale Coupled with Sublease, each attached.

Additional Fiscal Information

There is no net County cost and not budget adjustment required


ATTACHMENTS:

- Consent to Bill of Sale Coupled with Sublease
- Bill of Sale Coupled with Sublease
- Consent to Sublease with Sale of Aviation Hangar
- Sublease with Sale of Aviation Hangar
- Lease Cancellation Agreement
- Master Ground Lease

RF:HM:TM:JB:JV:mm 13628

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


Rekini Dasika, Principal Management Analyst 11/6/2017


Gregory H. Priamos, Director County Counsel 11/1/2017

CONSENT TO
BILL OF SALE COUPLED WITH SUBLEASE

The County of Riverside, (County) hereby consents to the Bill of Sale Coupled with Sub-Lease (Bill of Sale) dated November 9, 2016 between A. Wayne Scott, Scott Family Ltd. Partnership, (Seller), and WAC Charters, Inc. (Buyer), relating to the Hangar Building B, #14 located at the Jacqueline Cochran Regional Airport, Thermal, CA. The Bill of Sale Coupled with Sub-Lease including exhibits is attached hereto as Exhibit A and incorporated herein by this reference.

By consenting to the Bill of Sale, the County neither undertakes nor assumes nor will have any responsibility or duty to Buyer or to any third party to review, inspect, supervise, pass judgment upon or inform Buyer or any third party of any matter in connection with the subject aircraft storage hangar, whether regarding the quality, adequacy or suitability of the subject aircraft storage hangar for Buyer's proposed use, or otherwise. Buyer and all third parties shall rely upon its or their own judgment regarding such matters. The County makes no representations, express or implied, with respect to the legality, fitness, or desirability of the subject aircraft storage hangar for Buyer's intended use.

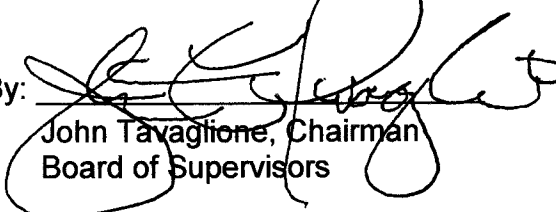
[Remainder of Page Intentionally Blank]

[Signatures on Following Page]

IN WITNESS WHEREOF, the County has caused its duly authorized representative to execute this Consent to Bill of Sale Coupled with Sublease as of the date set forth below.


Date: NOV 14 2017

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

By: 
John Tavaglione, Chairman
Board of Supervisors

ATTEST:
KECIA HARPER-JHEM, Clerk
By: 
DEPUTY

APPROVED AS TO FORM
GREGORY P. PRIAMOS, County Counsel

By: 
Jhaila R. Brown,
Deputy County Counsel

WAC Charter, Inc., an Oregon corporation, hereby acknowledges, agrees and consents to all of the terms set forth in this Consent to Bill of Sale Coupled with Sublease.

By: 
William A. Corn, President

Dated: 11/9/16

EXHIBIT A
BILL OF SALE
(behind this page)

BILL OF SALE COUPLED WITH SUB-LEASE

A. Wayne Scott, Scott Family Ltd. Partnership, hereinafter called the "Seller," hereby sells to WAC Charters, Inc. hereinafter called the "Buyer," and said Buyer hereby purchases from Seller the property described below, upon the following terms and conditions:

1. **RECITALS.** The Seller owns concrete floor structure and steel building labeled as Hangar B14 at Jacqueline Cochran Regional Airport, (formerly Desert Regional Resorts Airport) Thermal, California, Riverside County, as described on the attached **Exhibit "1"** also described as Bldg B, Hangar # 14, the sale of which is the subject of this Agreement and which is intended to convey title thereto for the sum of \$ 55,000.
2. **THIS BILL OF SALE IS SUBJECT TO MASTER LEASE AND COUPLED WITH SUB-LEASE.** This Bill of Sale is subject to that certain Master Lease executed by the County of Riverside and John and Betty Obradovich, dated April 24, 2003, executed June 3, 2003, and amended September 14, 2004, and September 12, 2006, and March 17, 2009, and which instruments affect directly the uses and purposes to which the aforesaid subject personal property may be put. Furthermore, Seller hereby incorporates in this instrument by reference the terms and conditions of that certain "Sub-Lease" executed by the parties hereto on November 9, 2016. This Bill of Sale shall be enforceable only on the condition that the parties have entered into the aforesaid Sub-Lease.
3. **WARRANTY OF TITLE.** Seller does hereby, for the benefit of Buyer, covenant and agree to warrant and defend title to the aforesaid personal property hereby conveyed, against the just and lawful claims and demands of all persons whomsoever, and Seller further covenants that the aforesaid real property is not subject to liens of any type, including but not limited to liens for unpaid taxes, nor is said personal property subject to a security agreement or financing statement.
4. **REVERSION OF PROPERTY TO SELLER.** The aforesaid Sub-Lease, with which this Bill of Sale is coupled provides for a sub-lease period of approximately 30 years with a 10-year option, during which time the Buyer hereto, subject to certain conditions precedent, may sell, rent, assign, convey, hypothecate, or encumber the personal property subject to is instrument, provided further, that upon the expiration of said Sub-Lease or 30 years with a 10-year option lease period, whichever shall first occur, the personal property subject to this Bill of Sale shall revert to the Seller hereunder, or to Seller's assignee, or to the County of Riverside, which reversion shall be governed by the terms and conditions of the aforesaid Master Lease and all of the aforesaid amendments thereto and the terms and conditions of the aforementioned Sub-Lease between Sub-Lessor and Sub-Lessee. Provided further that in accordance with the aforesaid Sub-Lease, Buyer hereunder shall not sell, rent, assign, hypothecate or encumber the personal property subject to this instrument except upon the express written consent of the county of Riverside and Seller or his assignee hereunder, which consent shall not be unreasonably withheld.
5. **TAX CLAUSE.** During the aforementioned period of possession of Buyer of the personal property, Buyer shall be solely responsible for the payment of the personal property and/or possessory interest taxes and all other taxes levied upon the specific structure by the County of Riverside and/or all other lawfully constituted taxing authorities, and said responsibility shall include real property taxes which may be assessed to Seller, to Seller's successor, or to Buyer in connection with the subject property.
6. **BUYER'S RIGHT TO TRANSFER PROPERTY AND SURVIVAL OF SUB-LEASE.**
 - a. **RIGHT TO TRANSFER.** Seller hereby consents to and agrees that Buyer may convey, assign, or transfer Buyer's interest in or to the subject personal property to one or more individuals; provided however, that such conveyance, assignment, or transfer includes the aforementioned sub-lease and shall be subject to the prior written approval of the Seller, County of Riverside, and Sub-Lessor. Provided further, that Seller shall have the right of first refusal to purchase, lease, rent, or receive Buyer's interest in the subject property and the subleasehold estate of Buyer on the same terms as offered by Buyer to any other individual or entity. Seller's failure to exercise right of first refusal within

sixty (60) days of written notice thereby by Buyer to Seller shall be deemed to be waiver of such right by Seller. Upon such waiver or rejection by Seller, and subject to the provisions contained in this Paragraph 6 (a) Buyer may proceed to convey, assign or transfer all of part of his/her interest in the subject property on the same terms and conditions offered to Seller; provided, however, that Buyer shall not, except with Seller's permission, convey, lease, rent or sell any portion of the premises to any commercial operations for the purpose of doing any business at Jacqueline Cochran Regional Airport (Thermal) other than if said sale is to the aforesaid Seller.

b. **SURVIVAL OF SUB-LEASE.** Subject to the provision of the aforesaid Master Lease, Buyer's rights, including the right of possession and all other rights not in conflict with the terms and conditions of the aforesaid Lease and amendments thereto, and all of the Buyer's obligations and duties under the aforementioned Sub-Lease and the Master Lease and amendments thereto, shall remain in effect, notwithstanding a termination of the aforesaid Master Lease, or an assignment or a transfer of the Seller's rights, duties and obligations hereunder, prior to the expiration of the aforementioned Sub-Lease, provided that the Buyer (as Sub-Lessee under the aforementioned Sub-Lease) has fully and faithfully performed the terms and conditions that it is required to perform under the aforementioned Sub-Lease and Master Lease and amendments thereto, and it otherwise is not in default hereunder.

7. **NOTICES.** Any notices required or desired to be served by either party upon the other shall be addressed to the respective party as set forth below:

SELLER:

Scott Family Ltd. Partnership
A. Wayne Scott
130 SW 2nd
Canby, OR 97013

BUYER:

WAC Charters, Inc.
8211 SE Lieser Point Dr.
Vancouver, WA 98664

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

8. **TERMS.** The terms of this Bill of Sale shall be governed by and construed in accordance with the laws of the State of California and the parties hereto stipulate to the jurisdiction of the Riverside County Courts.

9. **DISPUTES/DAMAGES.** In the event it is necessary to enforce or interpret any provision herein contained, the matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator shall be rendered in accordance with the laws of the State of California. The Arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by California Law, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the Arbitrator, which shall be final, shall not be appealable, and which shall allow for no trial de novo on the same issues. The Arbitrator's decision shall be rendered within 30 days following submission of the matter at issue, but the failure to comply with this provision shall in no way invalidate any decision or award as may be rendered more than 30 days after submission.

Judgment upon the decision rendered by the arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an Order of Enforcement. The parties hereby agree to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by California Law and are giving up any rights to have the dispute litigated in a court or jury trial, as well as judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. Your agreement to this arbitration provision is voluntary.

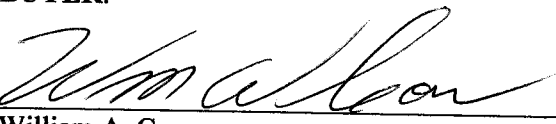
IN WITNESS WHEREOF, this Bill of Sale is executed on November 9, 2016.

SELLER:



A. Wayne Scott
for Scott Family Ltd. Partnership

BUYER:




William A. Corn
For WAC Charters, Inc.

LESSEE:



John Obradovich



Betty Obradovich

The COUNTY of Riverside hereby consents to the foregoing Bill of Sale.

LESSOR:

COUNTY OF RIVERSIDE, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

By: _____

Chairman, Board of Supervisors

By: _____

Date: _____

ATTEST:

Kecia Harper-Ihem,,
Clerk of the Board

FORM APPROVED:

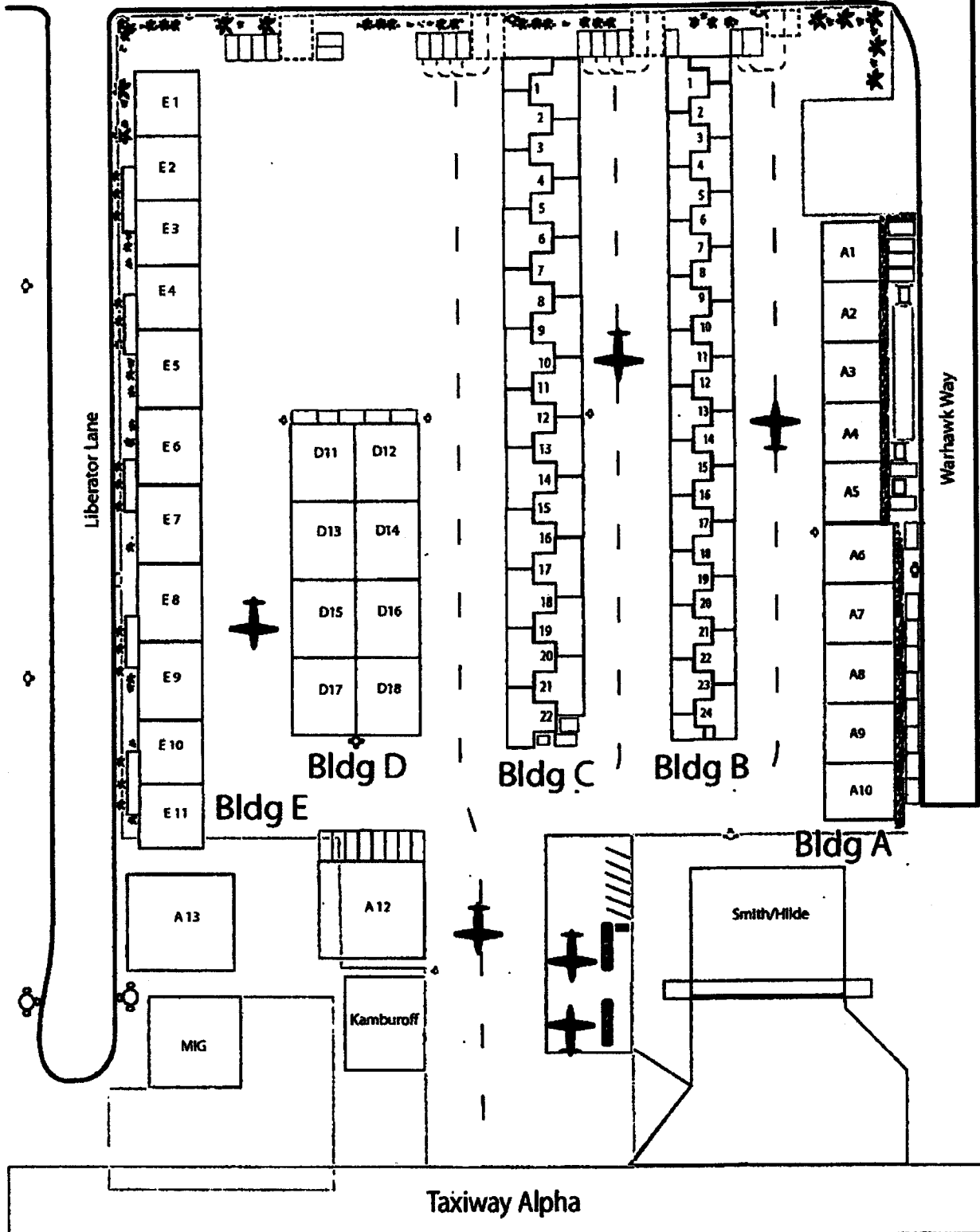
Pamela J. Walls,
County Counsel

By: _____

Deputy

By: _____

Deputy



Phase 1

24 Tee Hangars - 42x32' (1050')	=	25,200
2 Tee Ends	=	1,050
5 Mini Box Hangars - 46x45' (2070')	=	10,350
		<u>36,600 Sq Ft.</u>

Phase 2

22 Tee Hangars - 46x40' (1380)	=	30,360
5 Business Box Hangars - 46x55'	=	12,650
8 Large Box Hangars - 60x30'	=	24,000
		<u>67,010 Sq Ft.</u>

Phase 3

5 Corp. Box Hangars - 60x50'	=	15,000
5 Corp. Offices - 10x20'	=	1,000
6 Corp. Box Hangars - 50x50'	=	15,000
6 Corp. Offices - 10x25'	=	1,500
2 Large Box Hangar - 70x75'	=	11,700
		<u>44,200 Sq Ft.</u>

Jacqueline Cochran Regional Airport	
<small>Courtesy of Riverside, Thousand Oaks, California</small>	
Master Development 9 Acres	
All Inside AV Storage and Self Serve Fuel	
John & Betty Obcedovich All Inside AV Storage, Inc. 64-401 Cobson Center Drive Indio, CA 92201 (760) 399-3981, (760) 775-0028	10-28-04 Drawn by JD Sheet 1 of 1

LEGAL DESCRIPTION

THAT PORTION OF THE FOLLOWING DESCRIBED LAND WHICH IS INCLUDED WITHIN THE LEASED PREMISES AS SET OUT IN THE UNRECORDED SUB-LEASE WITH SALE OF AVIATION HANGAR EXECUTED BY JOHN OBRADOVICH AND BETTY OBRADOVICH AS SUB-LESSOR AND JEFF AND LISA CAMPBELL, HUSBAND AND WIFE, AS JOINT TENANTS AS SUB-LESSEE, RECORDED **May 24, 2005** AS INSTRUMENT NO. 2005-410815 OFFICIAL RECORDS.

THAT PORTION OF THE EAST HALF OF SECTION 20, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF VIC HIGGINS DRIVE AND AVENUE 56 (AIRPORT BOULEVARD), SAID POINT BEING THE NORTHEAST CORNER OF SAID SECTION 20;

THENCE SOUTH $00^{\circ} 00' 12''$ EAST, A DISTANCE OF 1,967.78 FEET TO THE CENTERLINE INTERSECTION OF VIC HIGGINS DRIVE AND AVENGER BOULEVARD;

THENCE NORTH $89^{\circ} 58' 40''$ WEST ALONG THE CENTERLINE OF AVENGER BOULEVARD, A DISTANCE OF 462.70 FEET TO THE CENTERLINE INTERSECTION OF AVENGER BOULEVARD AND WARHAWK WAY, THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE CONTINUING NORTH $89^{\circ} 59' 40''$ WEST ALONG THE CENTERLINE OF AVENGER BOULEVARD, A DISTANCE OF 668.58 FEET TO THE CENTERLINE INTERSECTION OF AVENGER BOULEVARD AND LIBERATOR LANE;

THENCE SOUTH ALONG THE CENTERLINE OF LIBERATOR LANE, A DISTANCE OF 658.00 FEET;

THENCE EAST, A DISTANCE OF 178.00 FEET;

THENCE SOUTH, A DISTANCE OF 85.00 FEET;

THENCE EAST, A DISTANCE OF 80.00 FEET;

THENCE SOUTH, A DISTANCE OF 185.00 FEET;

THENCE EAST, A DISTANCE OF 150.00 FEET;

THENCE NORTH, A DISTANCE OF 285.00 FEET;

THENCE EAST, A DISTANCE OF 260.58 FEET TO THE CENTERLINE OF WARHAWK WAY;

LEGAL DESCRIPTION

(continued)

THENCE NORTH 00° 00' 20" WEST, A DISTANCE OF 643.00 FEET TO THE CENTERLINE INTERSECTION OF AVENGER BOULEVARD AND WARHAWK WAY, THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE NORTHERLY 30.00 FEET.

ALSO EXCEPTING THEREFROM THE WESTERLY 30.00 FEET.

ALSO EXCEPTING THEREFROM THE EXISTING COUNTY MAINTENANCE AREA LOCATED AT THE NORTHEASTERLY CORNER OF THE SUBJECT PROPERTY.

END OF LEGAL DESCRIPTION

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189



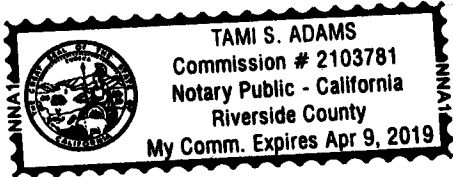
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of RIVERSIDE)
On 11/20/16 before me, Tami S. Adams, Notary Public,
Date Here Insert Name and Title of the Officer
personally appeared William A. Corn
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Tami S. Adams
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

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 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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State of California)
County of RIVERSIDE)

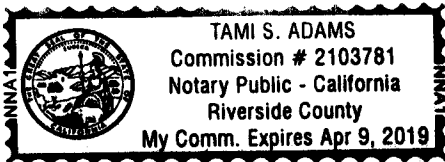
On 11/20/2016 before me, Tami S. Adams, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared A. Wayne Scott
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Tami S. Adams
Signature of Notary Public

Place Notary Seal Above

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Signer's Name: _____

- Corporate Officer — Title(s): _____
- Partner — Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer Is Representing: _____

Signer's Name: _____

- Corporate Officer — Title(s): _____
- Partner — Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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State of California)
County of Riverside)

On 11/9/16 before me, Tami S. Adams, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared John Obradovich and Betty Obradovich
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Tami S. Adams
Signature of Notary Public

Place Notary Seal Above

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 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

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 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

1 LEASE CANCELLATION AGREEMENT
2 JACQUELINE COCHRAN REGIONAL AIRPORT
3

4 WHEREAS, John Obradovich and Betty Obradovich, hereinafter Sublessor, and A.
5 Wayne Scott for Scott Family Ltd. Partnership herein after Sublessee, as entered into that
6 certain Sublease dated June 4, 2008, attached hereto as Exhibit A, and by this
7 reference incorporated herein, relating to land located at Jacqueline Cochran Regional Airport
8 (formerly Desert Resorts Regional Airport), Riverside County, California; and

9 WHEREAS, Sublessor improved the land with a 1,050 square
10 foot aircraft storage hangar; and

11 WHEREAS, Sublessor sold the improvements to Sublessee; and

12 WHEREAS, Sublessee has subsequently sold the improvements to a third party

13 WHEREAS, Sublessor and Sublessee find it in their mutual best interests to cancel the
14 Lease;

15 NOW, THEREFORE, the parties hereto for good and valuable consideration do mutually
16 agree to cancel the Lease effective the date of execution of this agreement by all parties.

17 Date: 11-9-16

SUBLESSEE

18 By: 
19

20 A. Wayne Scott
21 Scott Family Ltd. Partnership

22
23
24 Date: 11/9/14

SUBLESSOR

25 By: 
26

John Obradovich

27 By: 
28

Betty Obradovich

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of RIVERSIDE)

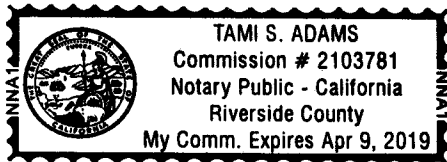
On 11/20/2016 before me, Tami S. Adams, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared A. Wayne Scott
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Tami S. Adams
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Corporate Officer — Title(s): _____
- Partner — Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer Is Representing: _____

Signer's Name: _____

- Corporate Officer — Title(s): _____
- Partner — Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Riverside)

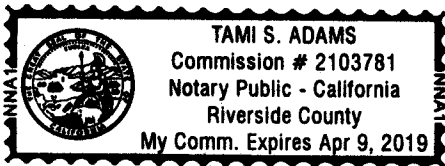
On 11/9/16 before me, Tami S. Adams, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared John Obradovich and Betty Obradovich
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Tami S. Adams
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
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 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

RECORDING REQUESTED BY
 CHICAGO TITLE COMPANY
 AND WHEN RECORDED MAIL TO:

Name SCOTT FAMILY LIMITED
 Street Address PARTNERSHIP
 214 SW 2ND.
 City & State CANBY, OR 97013
 Zip

Title Order No. 820084844 Escrow No. 4007-AL

Assessors Parcel Number: 009-617-577-4

TRA: 058-085

DOC # 2008-0437033
 08/08/2008 08:00A Fee:69.00
 Page 1 of 21
 Recorded in Official Records
 County of Riverside
 Larry W. Ward
 Assessor, County Clerk & Recorder



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SUB-LEASE WITH SALE OF AVIATION HANGER
 TITLE OF DOCUMENT

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
 (\$3.00 ADDITIONAL RECORDING FEE APPLIES)

SUBLEASE WITH SALE OF AVIATION HANGAR

John Obradovich and Betty Obradovich, herein called Sublessor, subleases to SCOTT FAMILY LIMITED PARTNERSHIP, a Oregon Limited, herein called Sublessee, the property described below, upon the following items and conditions.

RECITALS

Sublessor leases from the County of Riverside, approximately nine (9) acres located at the "Jacqueline Cochran Regional Airport, formerly Desert Resorts Regional Airport", Thermal, in the County of Riverside, State of California.

This and other subleases entered into by the Sublessor are intended to conform with, be compatible with, and be subject to the terms and conditions of the Master Lease, approved June 3, 2003, and amended September 14, 2004, and by Second Amendment on September 12, 2006, between the County of Riverside as Lessor, and John and Betty Obradovich, Husband and Wife, as Lessee which lease and amendments thereto shall be called the "Master Lease" and the County of Riverside shall be called the "County."

By separate document entitled, "Bill of Sale," a copy of which is attached hereto as Exhibit "A," Sublessee intends to convey, assign or transfer to Buyer herein,, its (Sublessee's) interest in certain facilities and improvements it owns within the premises subleased hereunder.

DESCRIPTION

The premises subleased hereby are located within Jacqueline Cochran Regional Airport, formerly Desert Resorts Regional Airport, generally, and within the area leased from County by Sublessor consisting of nine (9) acres and as more particularly shown on Exhibit "B," attached thereto and by this reference, made a part of this sublease. The portion of the nine acres being subleased is that portion of land occupied in Building B Hangar # 14, as depicted in Exhibit "B." In addition to the forgoing during the term of this lease Sublessor grants to Sublessee the right to ingress and ingress over that portion of the leasehold premises of Sublessor held under the Master Lease and a license to use the taxiway areas as designated by Sublessor.

USE

The premises are subleased hereby for the purposes of aircraft storage.

TERM

The term of this sublease, subject to any provisions in the Master Lease that may be applicable and take precedence, shall be for a period equal to the portion of thirty (30) years remaining under the Master Lease and terminating on June 30, 2033. Sublessor has an option to extend the term for an additional ten (10) years, as provided in the Master Lease. If the Sublessor extends the lease with the County for the additional ten years, this Sub-Lease shall extend as well for the additional ten years. Nothing in this Sublease shall be interpreted to obligate or require the Sublessor to so extend the term of the Master Lease and Sublessor or its successors and assigns may or may not so extend the term of the Master Lease in its sole and absolute discretion

RENT

Sublessee shall pay to Sublessor the sum of \$150.00 per month, payable in advance, on the first day of each month.

The monthly rent shall be subject to adjustment as of the dates and in the amounts as described in Section 5, paragraphs (d) and (e) of the Master Lease. In no event shall any adjustment be a negative adjustment.

The monthly rent is due and payable on or before the first of the appropriate month during the term of this lease agreement and shall be considered delinquent, if not paid by the 15th of the month. If the monthly 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.

ADDITIONAL OBLIGATIONS OF SUBLESSEE

Sublessee shall, during the terms of this sublease;

Observe and comply with all rules, regulations and laws which govern and are in effect adopted by Sublessor or the County of Riverside. Maintain premises and equipment in a clean, orderly, neat and safe condition.

Pay for all utilities, including trash disposal and a pro rata share of Sublessor's cost of maintaining and insuring the Project, as determined by Sublessor.

SUBLESSOR'S RESERVED RIGHTS

Sublessor and County, or either duly authorized agents, shall have the right to enter the subleased premises for inspections, repairs or for any other reasonable cause.

IMPROVEMENTS, REPAIRS & SIGNS

Sublessee shall not make any improvements, repairs or modifications, paint the exterior of the hangar or install any signs without prior written approval of Sublessor.

INSURANCE

Sublessee shall, during the term of this sublease, procure and maintain the following described insurance coverage and limits as indicated.

a. Procure and maintain comprehensive Airport Commercial General Liability Insurance coverage that shall protect Lessee from claims for damages for personal injury, including accidental and wrongful death, as well as from claims for property damage, which may arise from Lessee's use of the leased premises or the performance of its obligations hereunder, whether such use or performance be by Lessee, by a subcontractor, or by anyone employed directly or indirectly by either of them. Such insurance shall name Sublessor and all Agencies, 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 as Additional Insured's with respect to this sublease and obligations of Sublessee hereunder. Such insurance shall provide for limits of not less than \$1,000,000, per occurrence.

b. Furnish Sublessor and the County of Riverside with Certificates of Insurance showing that such insurance is in full force and effect, and that additional insured's are named as required in (a) above. Further, said certificates shall contain the covenant of the insurance carrier that 30 days written notice will be given to the County of Riverside and Sublessor prior to cancellation or reduction in coverage of such insurance.

c. The foregoing notwithstanding, this sublease is subject to Section 20 of the Master Lease and Sub-Lessee shall procure and maintain additional coverage's specified therein as may be required by County from time to time.

TERMINATION BY SUBLESSOR

Sublessor shall have the right to terminate this Sublease.

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sublessee as a debtor.

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

In the event of any act which operates to deprive Sublessee of the ability to perform its duties under this Sublease.

In the event of the abandonment of, or the discontinuance of the use of, the subleased premises by Sublessee.

In the event Sublessee fails to perform, keep or observe any of its duties or obligations hereunder, provided, however, that Sublessee shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sublessor.

In the event that the lease premises are rendered unfit for Sublessee's use and cannot be restored within a reasonable time.

TERMINATION BY SUBLESSEE

Sublessee shall have the right to terminate this Sublease;

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sublessor as a debtor.

In the event that Sublessor makes a general assignment for the benefit of creditors.

In the event of any act which operates to deprive Sublessee of the ability to perform its duties under this lease.

In the event of the abandonment of, or the discontinuance of, the use of the leased premises by Sublessor.

In the event Sublessor fails to perform, keep or observe any of its duties or obligations hereunder, provided, however, that Sublessor shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sublessee.

In the event that the leased premises are rendered unfit for Sublessor's use and cannot be restored within a reasonable time.

HOLD HARMLESS

Sublessee shall indemnify and hold Subessor and County, their officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted on any act or omission of Sublessee, its officers, agents, employees, subcontractors and independent contractors for property damage, bodily injury, or death (Sublessee's employees included) or any other element of damage or any kind or nature in any way connected with or arising from its use and responsibilities in connection therewith of the leased premises, or the condition thereof, and Sublessee shall defend at its expense, including attorney fees, Sublessor, County, its officers, agents, employees and independent contractors in any legal action based on any alleged acts or omissions.

ASSIGNMENT

Lessee cannot assign, sublet, mortgage, hypothecate or otherwise transfer in any manner any of its rights, duties and obligations hereunder to any person or entity without the written consent of Sublessor and County being first obtained.

BINDING ON SUCCESSORS

Sublessee, his heirs, assigns and successor in interest shall be bound by all the terms and conditions contained in this sublease, and all of the parties thereto shall be jointly and severely liable hereunder.

EMPLOYEES AND AGENTS OF SUBLESSEE

It is understood that all persons hired or engaged by Sublessee shall be considered to be employees or agents of Sublessee and not of Sublessor or County.

COMPLIANCE WITH LAW

Sublessee shall observe all statutes, rules, regulations, ordinances, and orders relating to the use of the subleased premises enacted or promulgated by County, the State of California, the United States of America and the agencies thereof.

WAIVER OF PERFORMANCE

No waiver by Sublessor at any time of any of the terms and conditions of his sublease shall be deemed or construed as a waiver at any time thereafter of the same or any other terms and conditions contained herein or of the strict and timely performance of such terms and conditions.

SEVERABILITY

The invalidity of any provision in this sublease as determined by a court of competent jurisdiction shall in no way effect the validity of any other provisions hereof.

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:

SUBLESSOR:

John and Betty Obradovich
84-401 Cabazon Center Drive
Indio, CA 92201

SUBLESSEE:

SCOTT FAMILY LIMITED PARTNERSHIP, a
Oregon Limited Partnership
214 SW 2ND.
CANBY, OR 97013

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

VENUE

Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right

or rights for by this sublease 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.

TAXES

Sublessee shall pay for all fees and taxes levied or required by any authorized public entity. Sublessee recognizes and understands that this Sublease will create a possessory interest subject to property taxation and that Sublessee will be subject to the payment of property taxes levied on such interest.

TOXIC MATERIALS

During the term of this sublease and any extension thereof, Sublessee 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 subleased premises including, but not limited to, soil and ground water conditions. Further, Sublessee, its successors and assigns shall not use, generate, manufacture, produce, store or dispose of, on, under or about the subleased premises or transport to or from the subleased 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"). For the purpose of this sublease, hazardous materials shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials" or "toxic substances," in the Comprehensive Environmental Response, Cleanup and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49, U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous wastes" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws.

FREE FROM LIENS

Sublessee 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 Sublessee, in, upon or about the subleased premises, and which may be secured by a mechanic's, materialmen's, or other lien against the subleased premises or County's interest therein, and will cause 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 Sublessee desires to contest any such lien provided that it either pays the lien or obtains a bond to allow release of said lien, and then it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event, Sublessee shall forthwith pay and discharge said judgment.

DISPUTES/DAMAGES

In the event it is necessary to enforce or interpret any provision herein contained, or to recover any rent due or to recover possession of the Premises for any default or breach of the Agreement, Sublessor and Sublessee agree the matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator shall be rendered in accordance with, the law of the State of California. The Arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by California Law, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the Arbitrator, which shall be final, shall not be appealable, and which shall allow for no trial de novo on the same issues. The Arbitrator's decision shall be rendered within 30 days following submission of the matter at issue, but the failure to comply with this provision shall in no way invalidate any decision or award as may be rendered more than 30 days after submission.

Judgment upon the decision rendered by the Arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an Order of Enforcement.

You are agreeing to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by California Law, and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. You are giving up your judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. If you refuse to submit to Arbitration after agreeing to this provision, you may be compelled to arbitrate under the authority of the California Code of Civil Procedure. Your agreement to this arbitration provision is voluntary.

MASTER LEASE/SURVIVAL OF SUBLEASE

a. Sublessee acknowledges and agrees that it shall be bound, and shall otherwise be subject to all of the terms and conditions contained in the Master Lease. In the event there is a conflict between the terms and conditions of the Master Lease and the Sublease the terms and conditions of the Master Lease shall control. In the event there is a conflict between the terms and conditions of the Master Lease and this Sublease the terms and conditions of the Master Lease shall control.

b. In the event the Master Lease is terminated, Sublessee agrees to keep, observe and perform all of the terms and conditions of the Master Lease on the part of the Sublessor to be kept, observed and performed, and Sublessee's right to possession shall remain in effect as provided in Paragraph 31, of the Master Lease to all intents and purposes as though Sublessee was the original Lessee thereunder; provided, however, that such assumption and agreement shall pertain only to the subleased premises and not to the entire leased premises under the Master Lease, and Sublessee, among other things, shall make rental payments to County in an amount equal to such payments which Sublessee is required to pay Sublessor under this sublease.

CONSENT BY COUNTY

The parties hereto understand and agree that this Sublease shall not be enforceable by either unless and until consent has been obtained from County in writing.

IN WITNESS WHEREOF, this Sublease is executed on June 11, 2008

SUBLESSOR:

John Obradovich
John Obradovich

Betty Obradovich
Betty Obradovich

SUBLESSEE:

SCOTT FAMILY LIMITED PARTNERSHIP,
A Oregon Limited Partnership

BY: *A. Wayne Scott*
A. WAYNE SCOTT
BY: *Jeffrey C. Scott*
JEFFREY C. SCOTT

BY: *THOMAS A.W. SCOTT*
THOMAS A.W. SCOTT

The COUNTY of Riverside hereby consents to the foregoing Sublease.

LESSOR:

COUNTY OF RIVERSIDE

By: *Roy Wilson*
Chairman, Board of Supervisors
ROY WILSON

By: _____

Date: JUL 29 2008

ATTEST:

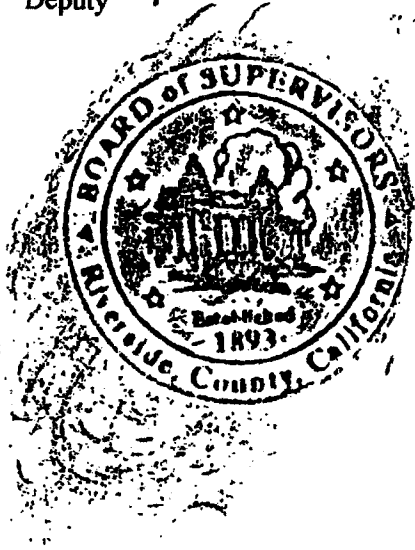
NANCY ROMERO
Clerk of the Board

By: *N. Romero*
Deputy

FORM APPROVED:

County Counsel

By: *Jordan V. Woo 7/15/08*
Deputy



STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

} §

On July 29, 2008, before me, Catherine Foley, Board Assistant, personally appeared Roy Wilson, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Nancy Romero
Clerk of the Board of Supervisors

By: _____

Deputy



ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }ss
}

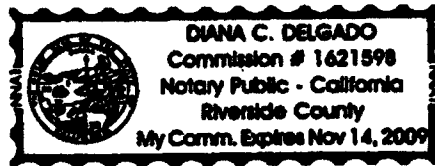
On June 11 2008 before me Diana C. Delgado, Notary Public, personally appeared JOHN OBRADOVICH AND BETTY OBRADOVICH

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

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

WITNESS my hand and official seal.

Signature *Diana C. Delgado*



(NOTARY SEAL)

ATTENTION NOTARY: Although the information requested below is **OPTIONAL**, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE **MUST** BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW.

Title of Document Type _____

Number of Pages _____ Date of Document _____

Signer(s) Other Than Named Above _____

Oregon
STATE OF CALIFORNIA)
Clackamas) SS.
COUNTY OF RIVERSIDE)

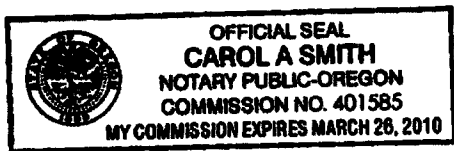
On June 23, 2008, before me,

Carol A. Smith personally appeared
A. Wayne Scott, Thomas A.W. Scott, Jeffrey C. Scott

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

I certify under PENALTY OF PERJURY under the laws of the State of ^{Oregon}~~California~~ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Carol A. Smith
Notary Public

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) SS.
)

On _____, 2008, before me,

_____ personally appeared

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

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

WITNESS my hand and official seal.

Notary Public

BILL OF SALE COUPLED WITH SUBLEASE

JUDSON BLAIR AND ELIZABETH FRANCES BLAIR, AS TRUSTEES OF THE JUDSON AND ELIZABETH FRANCES BLAIR LIVING TRUST DATED APRIL 15, 2008, WHO ACQUIRED TITLE AS JUDSON BLAIR AND ELIZABETH BLAIR, TRUSTEES OF THE BLAIR FAMILY TRUST DATED FEB. 6, 1991, hereinafter called the "Seller," hereby sells to, SCOTT FAMILY LIMITED PARTNERSHIP, a Oregon Limited Partnership, hereinafter called the "Buyer," and said Buyer hereby purchases from Seller the property described below, upon the following terms and conditions:

1. **RECITALS.** The Seller only owns HANGER #14, Building B, at the Jacqueline Cochran Regional Airport, formerly Desert Resorts Regional Airport, Thermal, California, Riverside County, as described on the attached Exhibit "B", the sale of which is the subject of this Agreement and which is intended to convey title thereto for the sum of \$105,000.00.
2. **THIS BILL OF SALE IS SUBJECT TO MASTER LEASE AND COUPLED WITH SUBLEASE.** This Bill of Sale is subject to that certain Master Lease executed by the County of Riverside and John and Betty Obradovich, approved by the Board of Supervisors on June 3, 2003, and amended by First Amendment on September 14, 2004, and by Second Amendment on September 12, 2006, and which instruments affect directly the uses and purposes to which the aforesaid subject personal property may be put. Furthermore, Seller hereby incorporates in this instrument by reference the terms and conditions of that certain "Sublease" executed by the parties hereto on February 15, 2005. This Bill of Sale shall be enforceable only on the condition that the parties have entered into the aforesaid Sublease.
3. **WARRANTY OF TITLE.** Seller does hereby, for the benefit of Buyer, covenant and agree to warrant and defend title to the aforesaid personal property hereby conveyed, against the just and lawful claims and demands of all persons whomsoever, and Seller further covenants that the aforesaid real property is not subject to liens of any type, including but not limited to liens for unpaid taxes, nor is said personal property subject to a security agreement or financing statement.
4. **REVERSION OF PROPERTY TO SELLER.** The aforesaid Sublease, with which this Bill of Sale is coupled provides for a sub-lease period of approximately 30 years with a 10-year option, during which time the Buyer hereto, subject to certain conditions precedent, may sell, rent, assign, convey, hypothecate, or encumber the personal property subject to is instrument, provided further, that upon the expiration of said Sublease or 30 years with a 10-year option lease period, whichever shall first occur, the personal property subject to this Bill of Sale shall revert to the Seller hereunder, or to Seller's assignee, or to the County of Riverside, which reversion shall be governed by the terms and conditions of the aforesaid Master Lease and all of the aforesaid amendments thereto and the terms and conditions of the aforementioned Sublease between Sublessor and Sublessee. Provided further that in accordance with the aforesaid Sublease, Buyer hereunder shall not sell, rent, assign, hypothecate or encumber the personal property subject to this instrument except upon the express written consent of the county of Riverside and Seller or his assignee hereunder, which consent shall not be unreasonably withheld.
5. **TAX CLAUSE.** During the aforementioned period of possession of Buyer of the personal property, Buyer shall be solely responsible for the payment of the personal property and/or possessory interest taxes and all other taxes levied upon the specific structure by the County of Riverside and/or all other lawfully constituted taxing authorities, and said responsibility shall include real property taxes which may be assessed to Seller, to Seller's successor, or to Buyer in connection with the subject property.
6. **BUYER'S RIGHT TO TRANSFER PROPERTY AND SURVIVAL OF SUBLEASE.**
 - a. **RIGHT TO TRANSFER.** Seller hereby consents to and agrees that Buyer may convey, assign, or transfer Buyer's interest in or to the subject personal property to one or more individuals; provided however, that such conveyance, assignment, or transfer includes the aforementioned sub-lease and shall be subject to the prior written

approval of the Seller, County of Riverside, and Sublessor. Provided further, that Seller shall have the right of first refusal to purchase, lease, rent, or receive Buyer's interest in the subject property and the subleasehold estate of Buyer on the same terms as offered by Buyer to any other individual or entity. Seller's failure to exercise right of first refusal within sixty (60) days of written notice thereby by Buyer to Seller shall be deemed to be waiver of such right by Seller. Upon such waiver or rejection by Seller, and subject to the provisions contained in this Paragraph 6 (a) Buyer may proceed to convey, assign or transfer all of part of his/her interest in the subject property on the same terms and conditions offered to Seller; provided, however, that Buyer shall not, except with Seller's permission, convey, lease, rent or sell any portion of the premises to any commercial operations for the purpose of doing any business at Jacqueline Cochran Regional Airport (Thermal) other than if said sale is to the aforesaid Seller.

b. **SURVIVAL OF SUBLEASE.** Subject to the provision of the aforesaid Master Lease, Buyer's rights, including the right of possession and all other rights not in conflict with the terms and conditions of the aforesaid Lease and amendments thereto, and all of the Buyer's obligations and duties under the aforementioned Sublease and the Master Lease and amendments thereto, shall remain in effect, notwithstanding a termination of the aforesaid Master Lease, or an assignment or a transfer of the Seller's rights, duties and obligations hereunder, prior to the expiration of the aforementioned Sublease, provided that the Buyer (as Sublessee under the aforementioned Sublease) has fully and faithfully performed the terms and conditions that it is required to perform under the aforementioned Sublease and Master Lease and amendments thereto, and it otherwise is not in default hereunder.

7. **NOTICES.** Any notices required or desired to be served by either party upon the other shall be addressed to the respective party as set forth below:

SELLER:

JUDSON BLAIR AND ELIZABETH FRANCES
BLAIR, AS TRUSTEES OF THE JUDSON AND
ELIZABETH FRANCES BLAIR LIVING TRUST,
DATED APRIL 15, 2008, WHO ACQUIRED TITLE
AS JUDSON BLAIR AND ELIZABETH BLAIR,
TRUSTEES OF THE BLAIR FAMILY TRUST
DATED FEB.6, 1991
12 MT. HOLYOKE
RANCHO MIRAGE, CA 92270

BUYER:

SCOTT FAMILY LIMITED PARTNERSHIP, a Oregon
Limited Partnership
214 SW 2ND.
CANBY, OR 97013

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

8. **TERMS.** The terms of this Bill of Sale shall be governed by and construed in accordance with the laws of the State of California and the parties hereto stipulate to the jurisdiction of the Riverside County Courts.

9. **DISPUTES/DAMAGES.** In the event it is necessary to enforce or interpret any provision herein contained, or to recover any rent due or to recover possession of the Premises for any default or breach of the agreement, Sublessor and Sublessee agree the matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator shall be rendered in accordance with the laws of the State of California. The Arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by California Law, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the Arbitrator, which shall be final, shall not be appealable, and which shall allow for no trial de novo on the same issues. The Arbitrator's decision shall be rendered within 30 days following submission of the matter at issue, but the failure to comply with this provision shall in no way invalidate any decision or award as may be rendered more than 30 days after submission.

Judgment upon the decision rendered by the arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an Order of Enforcement. The parties hereby agree to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by California Law and are giving up any rights to have the dispute litigated in a court or

jury trial, as well as judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. Your agreement to this arbitration provision is voluntary.

IN WITNESS WHEREOF, this Bill of Sale is executed on 4 June 2008

SELLER:

THE JUDSON AND ELIZABETH FRANCES BLAIR LIVING TRUST DATED APRIL 15, 2008

Judson Blair, Trustee

JUDSON BLAIR, TRUSTEE

Elizabeth Frances Blair Trustee

ELIZABETH FRANCES BLAIR, TRUSTEE

BUYER:

SCOTT FAMILY LIMITED PARTNERSHIP, a Oregon
Limited Partnership

BY: A. Wayne Scott
A. WAYNE SCOTT

BY: Thomas A. W. Scott
THOMAS A. W. SCOTT

BY: Jeffrey C. Scott
JEFFREY C. SCOTT

LESSEE:

John Obradovich
John Obradovich

Betty Obradovich
Betty Obradovich

The COUNTY of Riverside hereby consents to the foregoing Bill of Sale.

LESSOR:

COUNTY OF RIVERSIDE

By: Roy Wilson By: _____
Chairman, Board of Supervisors
ROY WILSON

Date: JUL 29 2008

ATTEST:

FORM APPROVED:

NANCY ROMERO
Clerk of the Board

County Counsel

By: Nancy Romero
Deputy



By: Gordon V. Ubo 7/15/08
Deputy

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

} §

On July 29, 2008, before me, Catherine Foley, Board Assistant, personally appeared Roy Wilson, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Nancy Romero
Clerk of the Board of Supervisors

By: _____


Deputy

(SEAL)

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
 }ss
COUNTY OF RIVERSIDE }

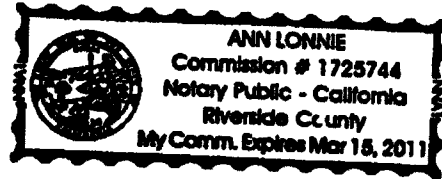
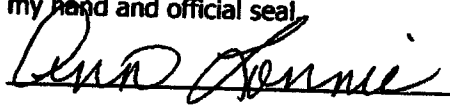
On JUNE 4, 2008 before me Ann Lonnie, Notary Public, personally appeared
JUDSON BLAIR AND ELIZABETH FRANCES BLAIR

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

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

WITNESS my hand and official seal

Signature



(NOTARY SEAL)

ATTENTION NOTARY: Although the information requested below is **OPTIONAL**, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE **MUST** BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW.

Title of Document Type _____

Number of Pages _____ Date of Document _____

Signer(s) Other Than Named Above _____

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
 }ss
COUNTY OF Riverside }

On June 11 2008 before me Diana C. Delgado, Notary Public, personally appeared JOHN OBRADOVICH AND BETTY OBRADOVICH

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

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

WITNESS my hand and official seal

Signature *Diana C. Delgado*



(NOTARY SEAL)

ATTENTION NOTARY: Although the information requested below is **OPTIONAL**, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE **MUST** BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW.

Title of Document Type _____

Number of Pages _____ Date of Document _____

Signer(s) Other Than Named Above _____

STATE OF CALIFORNIA)
) SS.
COUNTY OF RIVERSIDE)

On _____, 2008, before me, _____
personally appeared _____

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

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

STATE OF Oregon)
) SS.
COUNTY OF Clackamas)

On June 23, 2008, before me, Carol A. Smith
personally appeared A. Wayne Scott, Thomas B.W. Scott, Jeffrey C. Scott

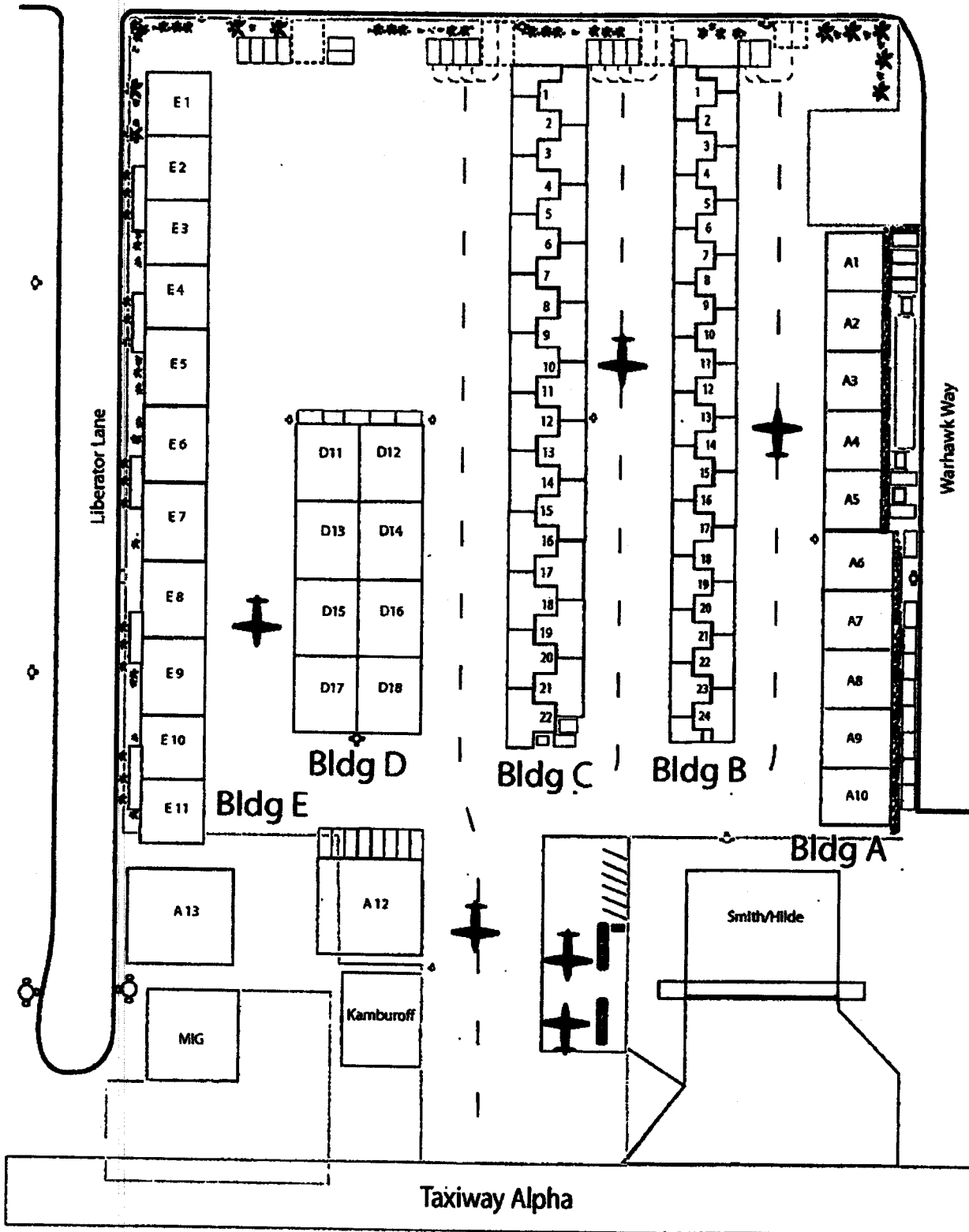
ersonally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the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

I certify under PENALTY OF PURJURY under the laws of the State of Oregon, that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Carol A. Smith
Notary Public





Phase 1

24 Tee Hangars - 42x32' (1050')	=	25,200
2 Tee Ends	=	1,050
5 Mini Box Hangars - 46x45 (2070')	=	10,330
		36,600 Sq Ft.

Phase 3

5 Corp. Box Hangars - 60x50	=	15,000
5 Corp. Offices - 10x20	=	1,000
6 Corp. Box Hangars - 50x50	=	15,000
6 Corp. Offices - 10x25	=	1,500
2 Large Box Hanger - 78x75	=	11,700
		44,200 Sq Ft.

Phase 2

22 Tee Hangars - 46x40' (1380)	=	30,360
5 Business Box Hangars - 46x55	=	12,650
8 Large Box Hangars - 60x50	=	24,000
		67,010 Sq Ft.

Jacqueline Cochran Regional Airport <small>County of Riverside, Thermal, California</small>	
Master Development 9 Acres	
All Inside AV Storage and Self Serve Fuel	
John & Betty Obradovich All Inside AV Storage, Inc. 64-481 Cabazon Center Drive Indio, CA 92201 (760) 399-3583, (760) 775-0828	10-28-04 Drawn by JO Sheet 1 of 1

LEGAL DESCRIPTION

THAT PORTION OF THE FOLLOWING DESCRIBED LAND WHICH IS INCLUDED WITHIN THE LEASED PREMISES AS SET OUT IN THE UNRECORDED SUB-LEASE WITH SALE OF AVIATION HANGAR EXECUTED BY JOHN OBRADOVICH AND BETTY OBRADOVICH AS SUB-LESSOR AND JEFF AND LISA CAMPBELL, HUSBAND AND WIFE, AS JOINT TENANTS AS SUB-LESSEE, RECORDED **May 24, 2005** AS INSTRUMENT NO. 2005-410815 OFFICIAL RECORDS.

THAT PORTION OF THE EAST HALF OF SECTION 20, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF VIC HIGGINS DRIVE AND AVENUE 56 (AIRPORT BOULEVARD), SAID POINT BEING THE NORTHEAST CORNER OF SAID SECTION 20;

THENCE SOUTH $00^{\circ} 00' 12''$ EAST, A DISTANCE OF 1,967.78 FEET TO THE CENTERLINE INTERSECTION OF VIC HIGGINS DRIVE AND AVENGER BOULEVARD;

THENCE NORTH $89^{\circ} 58' 40''$ WEST ALONG THE CENTERLINE OF AVENGER BOULEVARD, A DISTANCE OF 462.70 FEET TO THE CENTERLINE INTERSECTION OF AVENGER BOULEVARD AND WARHAWK WAY, THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE CONTINUING NORTH $89^{\circ} 59' 40''$ WEST ALONG THE CENTERLINE OF AVENGER BOULEVARD, A DISTANCE OF 668.58 FEET TO THE CENTERLINE INTERSECTION OF AVENGER BOULEVARD AND LIBERATOR LANE;

THENCE SOUTH ALONG THE CENTERLINE OF LIBERATOR LANE, A DISTANCE OF 658.00 FEET;

THENCE EAST, A DISTANCE OF 178.00 FEET;

THENCE SOUTH, A DISTANCE OF 85.00 FEET;

THENCE EAST, A DISTANCE OF 80.00 FEET;

THENCE SOUTH, A DISTANCE OF 185.00 FEET;

THENCE EAST, A DISTANCE OF 150.00 FEET;

THENCE NORTH, A DISTANCE OF 285.00 FEET;

THENCE EAST, A DISTANCE OF 260.58 FEET TO THE CENTERLINE OF WARHAWK WAY;

LEGAL DESCRIPTION
(continued)

THENCE NORTH 00° 00' 20" WEST, A DISTANCE OF 643.00 FEET TO THE CENTERLINE INTERSECTION OF AVENGER BOULEVARD AND WARHAWK WAY, THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE NORTHERLY 30.00 FEET.

ALSO EXCEPTING THEREFROM THE WESTERLY 30.00 FEET.

ALSO EXCEPTING THEREFROM THE EXISTING COUNTY MAINTENANCE AREA LOCATED AT THE NORTHEASTERLY CORNER OF THE SUBJECT PROPERTY.

END OF LEGAL DESCRIPTION

CONSENT TO
SUBLEASE WITH SALE OF AVIATION HANGAR

The County of Riverside, a political subdivision of the State of California (County) hereby consents to the Sub-Lease with Sale of Aviation Hangar ("Sublease") dated November 9, 2016, between John Obradovich and Betty Obradovich (Sublessor), and William A. Corn for WAC Charters, Inc. (Sublessee), a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference. The Sublease pertains to the real property located within the Jacqueline Cochran Regional Airport in Thermal, CA as more particularly described in the Sublease as Building B Hangar #14.

The Sublease is subject to that certain Lease Desert Resorts Regional Airport dated on or about June 3, 2003 by and between the County (as lessor) and John Obradovich and Betty Obradovich (as lessee), as amended by that certain First Amendment to Lease Jacqueline Cochran Regional Airport dated on or about September 14, 2004, that certain Second Amendment to Lease Jacqueline Cochran Regional Airport dated September 12, 2006, and that certain Third Amendment to Lease Jacqueline Cochran Regional Airport dated March 17, 2009 (collectively, "Lease") relating to the lease of approximately 9.45 acres of vacant land, located at the Jacqueline Cochran Regional Airport (formerly known as the Desert Resorts Regional Airport), as more fully described in Exhibit "A" to the Lease.

Consent hereof by the County to the Sublease shall not relieve or release John Obradovich and Betty Obradovich from their duty to comply with any and all obligations, covenants and conditions required under the Lease.

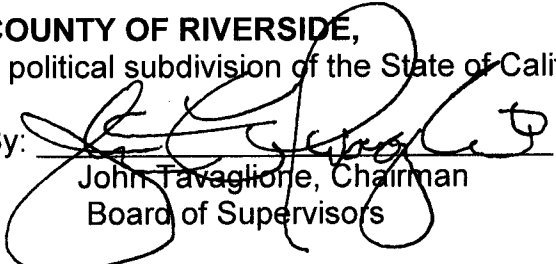
[Remainder of Page Intentionally Blank]

[Signatures on Following Page]

IN WITNESS WHEREOF, the County has caused its duly authorized representative to execute this Consent to Sublease with Sale of Aviation Hangar as of the date set forth below.

Date: NOV 14 2017

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

By: 
John Favagione, Chairman
Board of Supervisors

ATTEST:
KECIA HARPER-ITEM
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
GREG P. PRIAMOS, County Counsel

By: 
Jhaja R. Brown
Deputy County Counsel

EXHIBIT A

SUBLEASE

(behind this page)

SUB-LEASE WITH SALE OF AVIATION HANGAR

John Obradovich and Betty Obradovich, herein called Sub-Lessor, sub-leases to William A Corn for WAC Charters, Inc. herein called Sub-Lessee, the property described below, upon the following items and conditions.

RECITALS

Sub-Lessor leases from the County of Riverside, approximately nine (9) acres located at the Jacqueline Cochran Regional Airport, (formerly Desert Regional Resorts Airport), Thermal, in the County of Riverside, State of California.

This and other sub-leases entered into by the Sub-Lessor are intended to conform with, be compatible with, and be subject to the terms and conditions of the Master Lease dated April 24, 2003, executed June 3, 2003, and amended September 14, 2004, and September 12, 2006, and March 17, 2009, between the County of Riverside as Lessor, and John and Betty Obradovich, Husband and Wife, as Lessee which lease and amendments thereto shall be called the "Master Lease" and the County of Riverside shall be called the "County."

By separate document entitled, "Bill of Sale," a copy of which is attached hereto as **Exhibit "A,"** Sub-Lessor intends to convey, assign or transfer to Sub-Lessee its (Sub-Lessor's) interest in certain facilities and improvements it owns within the premises sub-leased hereunder.

DESCRIPTION

The premises sub-leased hereby are located within Desert Resorts Regional Airport generally, and within the area leased from County by Sub-Lessor consisting of nine (9) acres and as more particularly shown on **Exhibit "B,"** attached thereto and by this reference, made a part of this sub-lease. The portion of the nine acres being sub-leased is that portion of land occupied in **Building B Hangar # 14** as depicted in **Exhibit "B."** In addition to the forgoing during the term of this lease Sublessor grants to Sublessee the right to ingress and ingress over that portion of the leasehold premises of Sublessor held under the Master Lease and a license to use the taxiway areas as designated by Sublessor.

USE

The premises are sub-leased hereby for the purposes of aircraft storage.

TERM

The term of this sub-lease, subject to any provisions in the Master Lease that may be applicable and take precedence, shall be for a period equal to the portion of thirty (30) years remaining under the Master Lease and terminating on June 30, 2033. Sub-Lessor has an option to extend the term for an additional ten (10) years, as provided in the Master Lease. If the Sub-Lessor extends the lease with the County for the additional ten years, this Sub-Lease shall extend as well for the additional ten years. Nothing in this Sublease shall be interpreted to obligate or require the Sublessor to so extend the term of the Master Lease and Sublessor or its successors and assigns may or may not so extend the term of the Master Lease in its sole and absolute discretion

RENT

Sub-Lessee shall pay to Sub-Lessor the sum of \$ 66 per month, payable in advance, on the first day of each month.

The monthly rent shall be subject to adjustment as of the dates and in the amounts as described in Section 5, paragraphs (d) and (e) of the Master Lease. In no event shall any adjustment be a negative adjustment.

The monthly rent is due and payable on or before the first of the appropriate month during the term of this lease agreement and shall be considered delinquent, if not paid by the 15th of the month. If the monthly 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.

ADDITIONAL OBLIGATIONS OF SUB-LESSEE

Sub-Lessee shall, during the terms of this sub-lease;

Observe and comply with all rules, regulations and laws which govern and are in effect adopted by Sublessor or the County of Riverside. Maintain premises and equipment in a clean, orderly, neat and safe condition.

Pay for all utilities, including trash disposal and a pro rata share of Sublessor's cost of maintaining and insuring the Project, as determined by Sublessor.

SUB-LESSOR'S RESERVED RIGHTS

Sub-Lessor and County, or either duly authorized agents, shall have the right to enter the sub-leased premises for inspections, repairs or for any other reasonable cause.

IMPROVEMENTS, REPAIRS & SIGNS

Sub-Lessee shall not make any improvements, repairs or modifications, paint the exterior of the hangar or install any signs without prior written approval of Sub-Lessor.

INSURANCE

Sub-Lessee shall, during the term of this sub-lease, procure and maintain the following described insurance coverage and limits as indicated.

a. Procure and maintain comprehensive Airport Commercial General Liability Insurance coverage that shall protect Lessee from claims for damages for personal injury, including accidental and wrongful death, as well as from claims for property damage, which may arise from Lessee's use of the leased premises or the performance of its obligations hereunder, whether such use or performance be by Lessee, by a subcontractor, or by anyone employed directly or indirectly by either of them. Such insurance shall name Sublessor and all Agencies, 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 as Additional Insureds with respect to this sublease and obligations of Sublessee hereunder. Such insurance shall provide for limits of not less than \$1,000,000, per occurrence.

b. Furnish Sublessor and the County of Riverside with Certificates of Insurance showing that such insurance is in full force and effect, and that additional insureds are named as required in (a) above. Further, said certificates shall contain the covenant of the insurance carrier that 30 days written notice will be given to the County of Riverside and Sublessor prior to cancellation or reduction in coverage of such insurance.

c. The foregoing notwithstanding, this sublease is subject to Section 20 of the Master Lease and Sub-Lessee shall procure and maintain additional coverages specified therein as may be required by County from time to time.

TERMINATION BY SUB-LESSOR

Sub-Lessor shall have the right to terminate this Sub-Lease.

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sub-Lessee as a debtor.

In the event that Sub-Lessee makes a general assignment, or sub-lessee's interest hereunder is assigned involuntarily or by operation of law for the benefit of creditors.

In the event of any act which operates to deprive Sub-Lessee of the ability to perform its duties under this Sub-Lease.

In the event of the abandonment of, or the discontinuance of the use of, the sub-leased premises by Sub-Lessee.

In the event Sub-Lessee fails to perform, keep or observe any of its duties or obligations hereunder, provided, however, that Sub-Lessee shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sub-Lessor.

In the event that the lease premises are rendered unfit for Sub-Lessee's use and cannot be restored within a reasonable time.

TERMINATION BY SUB-LESSEE

Sub-Lessee shall have the right to terminate this Sub-Lease;

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sub-Lessor as a debtor.

In the event that Sub-Lessor makes a general assignment for the benefit of creditors.

In the event of any act which operates to deprive Sub-Lessee of the ability to perform its duties under this lease.

In the event of the abandonment of, or the discontinuance of, the use of the leased premises by Sub-Lessor.

In the event Sub-Lessor fails to perform, keep or observe any of its duties or obligations hereunder, provided, however, that Sub-Lessor shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sub-Lessee.

In the event that the leased premises are rendered unfit for Sub-Lessor's use and cannot be restored within a reasonable time.

HOLD HARMLESS

Sub-Lessee shall indemnify and hold Sub-Lessor and County, their officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted on any act or omission of Sub-Lessee, its officers, agents, employees, subcontractors and independent contractors for property damage, bodily injury, or death (Sub-Lessee's employees included) or any other element of damage or any kind or nature in any way connected with or arising from its use and responsibilities in connection therewith of the leased premises, or the condition thereof, and Sub-Lessee shall defend at its expense, including attorney fees, Sub-Lessor, County, its officers, agents, employees and independent contractors in any legal action based on any alleged acts or omissions.

ASSIGNMENT

Lessee cannot assign, sublet, mortgage, hypothecate or otherwise transfer in any manner any of its rights, duties and obligations hereunder to any person or entity without the written consent of Sub-Lessor and County being first obtained.

BINDING ON SUCCESSORS

Sub-Lessee, his heirs, assigns and successor in interest shall be bound by all the terms and conditions contained in this sub-lease, and all of the parties thereto shall be jointly and severally liable hereunder.

EMPLOYEES AND AGENTS OF SUB-LESSEE

It is understood that all persons hired or engaged by Sub-Lessee shall be considered to be employees or agents of Sub-Lessee and not of Sub-Lessor or County.

COMPLIANCE WITH LAW

Sub-Lessee shall observe all statutes, rules, regulations, ordinances, and orders relating to the use of the sub-leased premises enacted or promulgated by County, the State of California, the United States of America and the agencies thereof.

WAIVER OF PERFORMANCE

No waiver by Sub-Lessor at any time of any of the terms and conditions of his sub-lease shall be deemed or construed as a waiver at any time thereafter of the same or any other terms and conditions contained herein or of the strict and timely performance of such terms and conditions.

SEVERABILITY

The invalidity of any provision in this sub-lease as determined by a court of competent jurisdiction shall in no way effect the validity of any other provisions hereof.

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:

SUB-LESSOR:

John & Betty Obradovich
84-401 Cabazon Center Dr.
Indio, CA 92201

SUB-LESSEE:

William A. Corn
WAC Charters, Inc
8211 SE Lieser Point Dr
Vancouver, WA 98664

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

VENUE

Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights for by this sub-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.

TAXES

Sub-Lessee shall pay for all fees and taxes levied or required by any authorized public entity. Sub-Lessee recognizes and understands that this Sub-Lease will create a possessory interest subject to property taxation and that Sub-Lessee will be subject to the payment of property taxes levied on such interest.

TOXIC MATERIALS

During the term of this sub-lease and any extension thereof, Sub-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 sub-leased premises including, but not limited to, soil and ground water conditions. Further, Sub-Lessee, its successors and assigns shall not use, generate, manufacture, produce, store or dispose of, on, under or about the sub-leased premises or transport to or from the sub-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"). For the purpose of this sub-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, Cleanup and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49, U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous wastes" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws.

FREE FROM LIENS

Sub-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 Sub-Lessee, in, upon or about the sub-leased premises, and which may be secured by a mechanic's, materialmen's, or other lien against the sub-leased premises or County's interest therein, and will cause 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 Sub-Lessee desires to contest any such lien provided that it either pays the lien or obtains a bond to allow release of said lien, and then it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event, Sub-Lessee shall forthwith pay and discharge said judgment.

DISPUTES/DAMAGES

In the event it is necessary to enforce or interpret any provision herein contained, or to recover any rent due or to recover possession of the Premises for any default or breach of the Agreement, the matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator shall be rendered in accordance with, the law of the State of California. The Arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by California Law, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the Arbitrator, which shall be final, shall not be appealable, and which shall allow for no trial de novo on the same issues. The Arbitrator's decision shall be rendered within 30 days following submission of the matter at issue, but the failure to comply with this provision shall in no way invalidate any decision or award as may be rendered more than 30 days after submission.

Judgment upon the decision rendered by the Arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an Order of Enforcement.

You are agreeing to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by California Law, and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. You are giving up your judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. If you refuse to submit to Arbitration after agreeing to this provision, you may be compelled to arbitrate under the authority of the California Code of Civil Procedure. Your agreement to this arbitration provision is voluntary.

MASTER LEASE/SURVIVAL OF SUB-LEASE

a. Sub-Lessee acknowledges and agrees that it shall be bound, and shall otherwise be subject to all of the terms and conditions contained in the Master Lease.

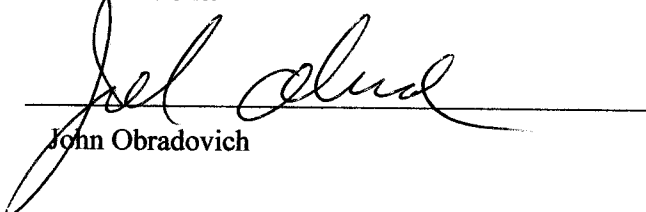
b. In the event the Master Lease is terminated, Sub-Lessee agrees to keep, observe and perform all of the terms and conditions of the Master Lease on the part of the Sub-Lessor to be kept, observed and performed, and Sub-Lessee's right to possession shall remain in effect as provided in Paragraph 29 of the Master Lease to all intents and purposes as though Sub-Lessee was the original Lessee thereunder; provided, however, that such assumption and agreement shall pertain only to the sub-leased premises and not to the entire leased premises under the Master Lease, and Sub-Lessee, among other things, shall make rental payments to County in an amount equal to such payments which Sub-Lessee is required to pay Sub-Lessor under this sub-lease.

CONSENT BY COUNTY

The parties hereto understand and agree that this Sub-Lease shall not be enforceable by either unless and until consent has been obtained from County in writing.

IN WITNESS WHEREOF, this Sublease is executed on November 9, 2016

SUB-LESSOR:




John Obradovich



Betty Obradovich

SUB-LESSEE:



William A. Corn
For WAC Charters, Inc.

The COUNTY of Riverside hereby consents to the foregoing Sub-Lease.

LESSOR:

COUNTY OF RIVERSIDE, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

By: _____

Chairman, Board of Supervisors

By: _____

Date: _____

ATTEST:

Kecia Harper-Ihem,
Clerk of the Board

FORM APPROVED:

Pamela J. Walls,
County Counsel

By: _____

Deputy

By: _____

Deputy

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of RIVERSIDE)

On 11/20/16 before me, Tami S. Adams, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared William A. Corn
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Tami S. Adams
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

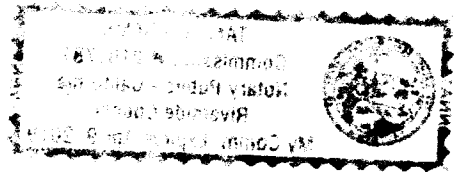
Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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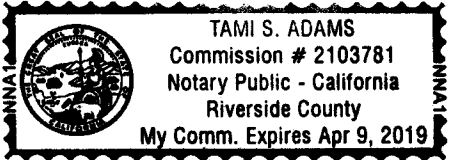
On 11/9/16 before me, Tami S. Adams, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared John Obradovich and Betty Obradovich
Name(s) of Signer(s)

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

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

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Signature Tami S. Adams
Signature of Notary Public

Place Notary Seal Above

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 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

1 LEASE

2 DESERT RESORTS REGIONAL AIRPORT

3 The COUNTY OF RIVERSIDE, herein called County, Leases to John Obradovich and
4 Betty Obradovich, Husband and Wife, herein called Lessee, the property described
5 below under the following terms and conditions:

6 1. Recitals.

7 (a) County owns approximately nine acres (9 acres) of vacant land at the
8 Desert Resorts Regional Airport, County of Riverside, California.

9 (b) County desires to lease said property to Lessee for the construction
10 of a facilities necessary for conducting the business of a Limited Fixed Base Operator,
11 including executive hangars, storage hangars, fueling station and other aviation
12 related buildings.

13 (c) Lessee desires to lease said property from the County, for the
14 construction of facilities necessary for conducting the business of a Limited Fixed
15 Base Operator, including executive hangars, storage hangars, fueling station and
16 other aviation related buildings.

17 2. Description. The premises leased hereby are located within the Desert
18 Resorts Regional Airport, 56-580 Higgins Drive, Thermal, California and consist of
19 approximately nine acres (9 acres) of vacant land, being described in Exhibit A
20 attached hereto and incorporated by reference herein. Said property is hereafter
21 referred to as the "Leased Premises."

22 3. Term. This Lease shall commence the first day of the month following
23 execution by all parties thereto and terminate thirty years (30 years) thereafter, a term
24 of thirty-years (30-years). Lessee shall have an option to extend the term for an
25 additional ten years (10 years) as provided in 3(b) below.

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

1 (b) Option to Renew. With respect to the Leased Premises and
2 subject to the provisions of paragraphs 5, 8 12(c), 17 and 18 hereof, and provided that
3 Lessee, at the time of exercising the option, is in full compliance with the terms of this
4 Lease, Lessee shall have the option to extend the term of this Lease on the same
5 terms and conditions for an additional ten (10) years. Lessee will notify County in
6 writing of its intention to exercise the option to extend not more than twelve (12)
7 months prior to nor less than six (6) from the expiration date of the initial term.

8 4. Use.

9 (a) The Leased Premises is leased hereby for the following purposes
10 provided appropriate governmental approvals and permits are obtained:

11 (1) Building, maintenance, repair, overhaul and modification of all
12 types of automatic flight systems, instruments, radio and other electronic equipment,

13 propellers and all other aircraft components;

14 (2) Upholstering of aircraft,

15 (3) Financing, leasing, renting and insuring of aircraft,

16 (4) Providing a self-service fueling station,

17 (5) Providing aircraft storage inside hangar buildings,

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

21 5. Rent.

22 (a) Commencing upon the first day of the month after lease
23 execution, Lessee shall pay to Lessor as base rent for the use and occupancy of the
24 Leased Premises, monthly rent equal to two thousand nine hundred eighty-eight
25 dollars (\$2,988.00) per month (Base Rent). Said rent is due and payable in advance
26 on the first of each month. The rent shall be considered delinquent, if not paid by the
27 15th of the month. If the monthly rent becomes delinquent, lessee will be charged a
28

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

3 (b) During construction of the Leased Premises, Lessee shall have a
4 monthly rent equal to one thousand four hundred ninety four dollars (\$1,494.00) per
5 month for a period not to exceed twelve (12) months from the date of Lease execution
6 by all parties. Rent shall then be paid as described in paragraph 5(a) above.

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

1 upon written request from County, Lessee shall make a separate accounting of such
2 fuel and lubricant deliveries.

3 (d) Beginning July 1, 2005 and every fifth (5th) year thereafter, the
4 Base Rent shall be one-twelfth (1/12) of eight percent (8%) of the appraised fair
5 market value of the land value portion of the Leased Premises. The appraised fair
6 market value shall not include the value of the improvements placed on the premises.
7 In no event will application of this paragraph result in a monthly rental amount lower
8 than the most previous monthly rental amount. A property appraisal for this purpose is
9 to be performed by an independent certified appraiser, knowledgeable in aviation
10 appraising, in good standing with the American Institute of Real Estate Appraisers and
11 to be procured and paid for by the County. Once established, said rent shall be
12 adjusted annually in the manner set forth in Paragraph 5 (e) below.

13 (e) Consumer Price Index. Beginning July 1, 2004 and at each July
14 1st thereafter, except for dates coinciding with the appraisals conducted every fifth
15 year as referenced in 5(d) above, the rent shall be adjusted by the percentage
16 change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-
17 Orange County, California Area index for the twelve month period ending two months
18 before the month of rent adjustment under this paragraph. In no event will application
19 of this paragraph result in a monthly rental amount lower than the most previous
20 monthly rental amount.

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

23 (a) Observe and obey, and compel its employees, agents, invitees
24 and those doing business with it to observe and obey all such rules and regulations of
25 County which are now in effect or which may hereafter be promulgated; provided that
26 such rules and regulations may not unduly interfere or conflict with the rights and
27 privileges granted to Lessee in this Lease or any later amendments.
28

1 (b) Operate the Leased Premises and the facilities thereon in a
2 progressive and efficient manner, charging fair and reasonable prices for each unit or
3 service, said prices being competitive with prices charged by other fixed based
4 operators at the Desert Resorts Regional Airport and other County airports. Upon
5 request from County, Lessee shall furnish County with a schedule of all prices for
6 each unit or service offered for sale or lease to the general public.

7 (c) Not engage in the painting of aircraft (other than small 'spot
8 painting' jobs in connection with repair(s) within any building unless, or until, it has
9 established therein a regular paint shop which is adequately enclosed and vented, and
10 has been inspected and approved, in writing, by representatives of the Federal Aviation
11 Administration and County's Fire and Building and Safety Departments, and all
12 applicable permits have been obtained.

13 (d) Provide aviation fuel for sale to the general public, unless Lessee
14 is precluded from providing such fuel due to causes beyond its control relating to its
15 suppliers' fuel shortages, work stoppages (excluding Lessee's employment force), acts
16 of God, acts of war, civil disorders or other similar acts.

17 (e) The Lessee shall observe the Taxiway Object Free Area adjacent
18 to their leasehold to allow the passage of taxiing aircraft. The Taxiway Object Free
19 Area boundary for Taxiway A is seventy-five feet (75') from the centerline of the
20 taxiway.

21 7. Permits, Licenses and Taxes. Lessee shall secure at its expense, all
22 necessary permits and licenses as it may be required to obtain, and Lessee shall pay
23 for all fees and taxes levied or required by any authorized public entity. Lessee
24 recognizes and understands that this Lease may create a possessory interest subject
25 to property taxation and that Lessee may be subject to the payment of property taxes
26 levied on such interest.

27 8. On-Site Improvements

28 (a) Lessee, at its expense, shall construct, or cause to be constructed,

1 improvements described in a plot plan, approved by County, showing the location and
2 dimensions of all planned improvements. Improvements will include executive
3 hangars, storage hangars, a self-service fueling station, other aviation-related
4 buildings, associated landscaping and improvements in accordance with County
5 requirements.

6 Within two months of lease execution, Lessee shall submit a plot plan to the Economic
7 Development Agency showing the location and dimensions of all planned
8 improvements. Upon approval of the layout by the Economic Development Agency,
9 Lessee shall submit plans to the County for building permits. Construction of said
10 improvements shall commence within thirty days (30 days) following issuance of the
11 requisite permits by the County.

12 The site may be developed in phases subject to the approval of the Economic
13 Development Agency, provided that all construction is completed within five years of
14 lease execution. In the event Lessee fails to complete all phases of the development
15 in the time allotted, either party shall have the option of reducing the size of the
16 leasehold by the amount of land in any phase in which development activity has not
17 commenced. For the purpose of this agreement development activity shall mean
18 activity that will result in the start of construction of the buildings approved for that
19 phase and the completion of those buildings within a reasonable time.

20 Said option shall be exercised by notifying the other party in writing within thirty days
21 (30 days) after the end of the fifth year (5th year) of the lease term. Upon delivery of
22 such notice the undeveloped phase(s) of the leasehold so identified (the "Returned
23 Phase(s)") will revert to the County and this Lease will be amended accordingly to
24 reflect the reduced acreage and rent.

25 Any such amendment shall include easements, satisfactory to County, through
26 Lessee's initial phase(s) providing access to Taxiway A from the Returned Phase(s)
27 (the "Taxiway Easement"). Provided however, County shall make provision in any
28 lease of a Returned Phase to a third party (the "Third Party Lease") that prior to use by

1 the Third Party Lessee of the Taxiway Easement the Third Party Lessee shall
2 reimburse Lessee for a proportionate share of the cost to improve the area of
3 approximately 150 feet by 260 feet, less the area allocated to the plane wash area and
4 fueling station, leading to Taxiway A (the "Delivery Apron", Exhibit G).

5 Upon completion of the improvements to the Delivery Apron, Lessee shall provide to
6 County a statement and supporting invoices evidencing the total cost to improve the
7 Delivery Apron, less the cost of plane wash area and fueling station, (the "Improvement
8 Cost"). The Third Party shall reimburse the Lessee that portion of the Improvement
9 Cost equal to the portion of the Leased Premises being leased by the Third Party
10 Lessee. (By way of example: If the Leased Premises totals five acres, and the Third
11 Party Lessee is leasing a phase totaling one acre, the Third Party Lessee would
12 reimburse Lessee 20% of the Improvement Cost.)

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

16 (b) All improvements to be at Lessee's sole cost. Lessee to pay for
17 construction of any required utility extensions and hookups and any access road
18 improvements. All improvements are to be submitted to County for approval prior to
19 start of any construction.

20 (c) Any improvements, alterations and installation of fixtures, to be
21 undertaken by Lessee, shall have the prior written approval of the Economic
22 Development Agency after Lessee has submitted to County proposed plot and building
23 plans, and specifications therefore, in writing. In addition, Lessee understands and
24 agrees that such improvements, alterations and installation of fixtures may be subject
25 to County Ordinance Nos. 348 and 457, as well as other applicable County ordinances,
26 and that Lessee shall fully comply with such ordinances prior to the commencement of
27 any construction in connection therewith.

28

1 (d) No later than thirty days (30 days) following completion of each
2 phase, Lessee shall submit two (2) sets of record (as-built) drawings to County.

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

14 9. Off-Site Improvements

15 (a) County and Lessee herein acknowledge that Lessee has no fee
16 title interest in or to the Leased Premises.

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

23 (c) It is understood by the parties hereto that utility services are
24 available in the general vicinity of the Leased Premises and it is the intention, as part of
25 the Airport Master Plan, to have all utilities underground at some future date. It is
26 further understood by the parties that in order for the on-site improvements required in
27 Paragraph 8 herein to be fully usable and operational, Lessee, at its expense, shall
28 extend and/or connect, or cause to be extended and/or connected, to such utility

1 service facilities that may be required or desired by Lessee in the use, operation and
2 maintenance of such on-site improvements. After such extensions and/or connections
3 have been made, Lessee shall be responsible for payment for the use of such utility
4 services, without limitation, all electricity, gas, telephone and water.

5 (d) Upon commencement of construction of Phase I, Lessee shall, at
6 its sole cost, install in-ground electrical service per the plans and specifications of the
7 Imperial Irrigation Districts' Master Electrical Plan for Desert Resorts Regional Airport
8 (Underground for County of Riverside S/O Airport Blvd. @ Vic Higgins Conduit Layout)
9 dated 12/13/01 along Warhawk Way on the eastern boundary of the Leased Premises
10 (Exhibit E). Upon commencement of construction of Phase III, Lessee shall pay the
11 cost of in-ground electrical conduit along Avenger Blvd adjacent to the northern border
12 of the Leased Premises. Lessee shall pay the cost of Imperial Irrigation District
13 electrical extension charges as required to provide electrical service to the Leased
14 Premises (Exhibit E).

15 (e) Lessee will provide an electrical service easement, at no cost, for
16 the benefit of Hi-Tech Aviation, Inc., hereinafter HTA, and John Kamburoff. The
17 location of said easement will be identified in the Phase I development site plan
18 approved by County.

19 (f) Lessee agrees to provide at Lessee's cost, at a location to be
20 agreed upon by Lessee and County, a transformer pad and electrical service line for
21 power to the existing hangar owned by HTA, at the southwest corner of the Leased
22 Premises, commonly known as the "MIG Museum".

23 (g) In place of the existing water service to HTA, Lessee will make
24 water service available, at the same rate that Lessee pays for water, to HTA until such
25 time as HTA establishes water service along Liberator Lane. Lessee will install a sub-
26 meter to properly measure the amount of water used by HTA and bill HTA every three
27 months for the amount of water provided.

28

1 (h) Lessee will allow John Kamburoff to use the electrical service
2 easement and transformer pad to provide power to his leasehold. John Kamburoff will
3 be responsible for any cost associated with bringing electrical service to his leasehold
4 from the transformer pad.

5 (i) Lessee shall be allowed to remove 4,000 cubic yards of soil from
6 County property as identified in Exhibit F, (the "Development Soil"). The Development
7 Soil shall be moved at Lessee's cost. Lessee will determine to its satisfaction that the
8 Development Soil designated can be efficiently extracted and moved by grading
9 scrapers. After removal of the Development Soil, lessee shall pay the cost to insure
10 that the extraction site is returned to a stable condition with appropriate dust control
11 measures in place. Lessee shall be responsible for returning Taxiway A to its original
12 condition prior to movement of the Development Soil and for the repair of any damage
13 caused by Lessee's in moving the Development Soil.

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

18 10. Additional Obligations of Lessee. The Lessee shall maintain the Leased
19 Premises, approaches thereto, and improvements now or hereafter located thereon, in
20 good and sanitary order, condition, and repair, and upon any termination of this Lease,
21 Lessee agrees to surrender said Leased Premises and improvements thereon in such
22 condition, reasonable use and wear thereof and damages by fire, acts of God, war, civil
23 insurrection, or by the elements excepted.

24 11. Compliance with Law. Lessee shall, at its sole cost and expense, comply
25 with all of the requirements of all governmental agencies now in force, or which may
26 hereafter be in force, pertaining to the Leased Premises, and any improvements
27 hereafter constructed or maintained thereon, and Lessee shall faithfully observe all
28 ordinances now or hereafter in force in the use of the Leased Premises.

1 12. County's Reserved Rights.

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

23 (b) County reserves the right to further develop, or improve the aircraft
24 operating area of Desert Resorts Regional Airport as it deems appropriate. County
25 reserves the right to take any action it considers necessary to protect the aerial
26 approaches of the Desert Resorts Regional Airport against obstruction, together with
27 the right to prevent the Lessee from erecting or permitting to be erected, any building
28 or other structure on the Desert Resorts Regional Airport, which in the reasonable

1 opinion of County, would limit usefulness of the Desert Resorts Regional Airport or
2 constitute a hazard to aircraft.

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

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

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

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

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

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

9 16. Discrimination or Segregation

10 (a) Lessee shall not discriminate in Lessee's recruiting, hiring,
11 promotion, demotion or termination practice on the basis of race, religious creed, color,
12 national origin, ancestry, sex, age, physical handicap, medical condition or marital
13 status with respect to its use of the Leased Premises hereunder, and Lessee shall
14 comply with the provisions of the California Fair Employment and Housing Act
15 (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964 (P. L.
16 88-352), and all amendments thereto, Executive Order No. 11246 (30 Federal Register
17 12319), as amended, and all Administrative Rules and Regulations issued pursuant to
18 said Acts and orders with respect to its use of the Leased Premises.

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

26 (c) Lessee assures that it will undertake an affirmative action program
27 as required by 49 CFR, Part 21, to insure that no person shall on the grounds of race
28 creed, color, national origin, or sex be excluded from participating in any employment

1 activities covered in 49 CFR, Part 21, with respect to its use of the Leased Premises.
2 Lessee further assures that no person shall be excluded on these grounds from
3 participating in or receiving services or benefits of any program or activity covered
4 herein with respect to its use of the Leased Premises. Lessee further assures that it
5 will require that its subcontractors and independent contractors provide assurance to
6 Lessee that they similarly will undertake affirmative action programs and that they will
7 require assurances from their subcontractors and independent contractors, as required
8 by 49 CFR, Part 21, to the same effect with respect to their use of the Leased
9 Premises.

10 17. Termination by County. County shall have the right to terminate this
11 Lease forthwith:

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

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

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

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

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

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

26 18. Termination by Lessee. Lessee shall have the right to terminate this
27 Lease in the event County fails to perform, keep or observe any of its duties or
28 obligations hereunder; provided, however, that County shall have thirty (30) days in

1 which to correct its breach or default after written notice thereof has been served on it
2 by Lessee; provided, further, however, that in the event such breach or default is not
3 corrected, Lessee may elect to terminate this Lease in its entirety or as to any portion
4 of the premises affected thereby, and such election shall be given by an additional
5 thirty (30) day written notice to County.

6 19. Eminent Domain. If any portion of the Leased Premises shall be taken by
7 eminent domain and a portion thereof remains which is usable by Lessee for the
8 purposes set forth in Paragraph 4 herein, this Lease shall, as to the part taken,
9 terminate as of the date title shall vest in the condemnor, or the date prejudgment
10 possession is obtained through a court of competent jurisdiction, whichever is earlier,
11 and the rent payable hereunder shall abate pro rata as to the part taken; provided,
12 however, in such event County reserves the right to terminate this Lease as of the date
13 when title to the part taken vests in the condemnor or as of such date of prejudgment
14 possession. If all of the Leased Premises are taken by eminent domain, or such part
15 be taken so that the Leased Premises are rendered unusable for the purposes set forth
16 in Paragraph 4 herein, this Lease shall terminate. If a part or all of the Leased
17 Premises be so taken, all compensation awarded upon such taking shall be
18 apportioned between County and Lessee according to law.

19 20. Insurance. Lessee shall procure and maintain or cause to be maintained,
20 at it sole cost and expense, the following insurance coverages during the term of this
21 Lease. The procurement and maintenance of the insurance required below will not
22 diminish or limit Lessee's obligation to indemnify or hold the County harmless.

23 (a) Workers Compensation. Workers Compensation Insurance
24 (Coverage A) as prescribed by the laws of the State of California. Policy shall include
25 Employers' Liability (Coverage B) including Occupational Disease with limits not less
26 that \$1,000,000 per person per accident. Policy shall be endorsed, if applicable, to
27 provide a Borrowed Servant/Alternate Employer Endorsement and Waiver of
28 Subrogation in favor of all Agencies, Districts, Special Districts, and Departments of the

1 County of Riverside, their respective directors, officers, Board of Supervisors,
2 employees, elected or appointed officials, agents or representatives.

3 (b) Airport Commercial General Liability. Airport Commercial General
4 Liability Insurance coverage including, but not limited to, premises liability, contractual
5 liability, products and completed operations, contingent liability, non-owned hull liability,
6 personal and advertising injury and, if liquor is sold, liquor law liability covering claims
7 which may arise from or out of Lessee's performance of its obligations hereunder.
8 Policy shall name all Agencies, Districts, Special Districts, and Departments of the
9 County of Riverside, their respective directors, officers, Board of Supervisors,
10 employees, elected or appointed officials, agents or representatives as Additional
11 Insureds. Policy's limit of liability shall not be less than \$3,000,000 per occurrence
12 combined single limit. If such insurance contains a general aggregate limit, it shall
13 apply separately to this agreement or be no less than two (2) times the occurrence
14 limit. Such insurance will include Medical Payments for a limit of \$5,000 and Fire Legal
15 Liability for a limit of \$300,000.

16 (c) Vehicle Liability. If Lessee's vehicles or mobile equipment are
17 used in the performance of the obligations under this Lease, then Lessee shall
18 maintain liability insurance for all owned, non-owned or hired vehicles so used in an
19 amount not less than \$1,000,000 per occurrence combined single limit. The policy
20 shall name all Agencies, Districts, Special Districts, and Departments of the County of
21 Riverside, their respective directors, officers, Board of Supervisors, employees, elected
22 or appointed officials, agents or representatives. This coverage may be included in the
23 Airport Commercial General Liability policy.

24 (d) Aircraft Hull and Liability Insurance. Aircraft hull coverage for the
25 full replacement value of all aircraft owned or operated by the Lessee in the Leased
26 Premises and the contents thereof. The policy will be endorsed to include all
27 Agencies, Districts, Special Districts, and Departments of the County of Riverside, their
28 respective directors, officers, Board of Supervisors, employees, elected or appointed

1 officials, agents or representatives as Additional Insureds. Lessee may elect to self-
2 insure or un-insure the hull portion of the coverage required herein; however, if Lessee
3 elects not to acquire commercial insurance for the hull, Lessee agrees to hold the
4 County of Riverside harmless and not make any claim against the County of Riverside
5 for loss or damage to the hull of his aircraft for any reason whatsoever regardless of
6 any negligence of the County that may have contributed to said loss or damage.
7 Aircraft Liability Coverage and commercial general liability insurance including, but not
8 limited to, premises liability and contractual liability with a limit of liability for bodily
9 injury (including death) and property damage of at least \$1,000,000 with a per seat limit
10 of not less than \$100,000. Coverage will apply to all owned aircraft and all non-owned
11 or hired aircraft operated by the Lessee.

12 (e) Products Liability Insurance. If Lessee provides maintenance and
13 repair services under the terms of this Lease, Lessee shall provide Products Liability
14 Insurance including completed operations not otherwise covered by the Airport
15 Commercial General Liability policy with a limit of not less than \$1,000,000 any one
16 occurrence combined single limit and in the annual aggregate.

17 (f) Hangars Keepers Liability Insurance (Ground Coverage). If
18 applicable, Lessee shall provide Hangar Keepers Liability Insurance providing
19 coverage for aircraft in the care, custody or control of the Lessee with a limit equal to
20 the replacement value of all aircraft hulls controlled by the Lessee while on the ground;
21 however, in no event, shall the limit of liability be less than \$1,000,000.

22 (g) Hangars Keepers Liability Insurance (Flight Coverage). If
23 applicable, Lessee shall provide Hangar Keepers Liability Insurance providing
24 coverage for aircraft in the care, custody or control of the Lessee with a limit equal to
25 the replacement value of the highest valued hull that may be flight tested by the
26 Lessee; however, in no event, shall the limit of liability be less than \$1,000,000.

27 (h) Pollution Liability Insurance. If Lessee provides aircraft
28 fueling service, they shall provide Pollution Liability Insurance covering gradual,

1 sudden and accidental pollution including first party clean up with a limit of no less than
2 \$1,000,000.

3 (i) Property (Physical Damage):

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

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

17 (j) General Insurance Provisions – All Lines:

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

22 (2) Insurance deductibles or self-insured retentions must be
23 declared by the Lessee's insurance carrier(s), and such deductibles and retentions
24 shall have the prior written consent from the County Risk Manager. Failure of the
25 Lessee's carriers to declare deductibles or self-insured retentions to the County shall
26 waive any obligation of the County, as an additional insured, to honor said deductibles
27 or self insured retentions in the event of Lessee's insolvency. Upon notification of
28 deductibles or self insured retentions unacceptable to the County, and at the election of

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

5 (3) Cause Lessee's insurance carrier(s) to furnish the County of
6 Riverside with either 1) a properly executed original Certificate(s) of Insurance and
7 certified original copies of Endorsements effecting coverage as required herein; or 2) if
8 requested to do so in writing in the County Risk Manager, provide original Certified
9 copies of policies including all Endorsements and all attachments thereto, showing
10 such insurance is in full force and effect. Further, said Certificate(s) and policies of
11 insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days
12 written notice shall be given to the County of Riverside prior to any material
13 modification, cancellation, expiration or reduction in coverage of such insurance. In the
14 event of a material modification, cancellation, expiration, or reduction in coverage, this
15 Lease shall terminate forthwith, unless the County of Riverside receives, prior to such
16 effective date, another properly executed original Certificate of Insurance and original
17 copies of endorsements or, if requested, certified original policies, including all
18 endorsements and attachments thereto evidencing coverages set forth herein and the
19 insurance required herein is in full force and effect. Lessee shall not commence
20 operations until the County of Riverside has been furnished original Certificate(s) of
21 Insurance and certified original copies of endorsements or, if requested, policies of
22 insurance including all endorsements and any and all other attachments as required in
23 this Section. An individual authorized by the insurance carrier to do so on its behalf
24 shall sign the original endorsements for each policy and the Certificate of Insurance.

25 (4) It is understood and agreed to by the parties hereto and the
26 insurance company(s), that the Certificate(s) of Insurance and policies shall so
27 covenant and shall be construed as primary insurance, and the County's insurance
28

1 and/or deductibles and/or self-insured retentions or self-insured programs shall not be
2 construed as contributory.

3 (l) Course of Construction Insurance. During construction of the
4 planned improvements, Lessee shall purchase and maintain or cause to be maintained
5 All Risk Builder's Risk insurance (Completed Value Form) including earthquake and
6 flood for the entire Project, and shall include coverage for materials and supplies
7 located offsite but earmarked for the Project. Policy shall also include as insured
8 property scaffolding, falsework, and temporary buildings located on the Project site,
9 and the cost of demolition and debris removal. Policy shall name all Agencies, Districts,
10 Special Districts, and Departments of the County of Riverside, their respective
11 directors, officers, Board of Supervisors, employees, elected or appointed officials,
12 agents or representatives as Additional Insured, and provide a Waiver of Subrogation
13 in favor of the County.

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

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

27 (a) Workers' Compensation. Workers' Compensation Insurance
28 (Coverage A) as prescribed by the laws of the State of California. Policy shall include

1 Employers' Liability (Coverage B) including Occupational Disease with limits not less
2 than \$1,000,000 per person per accident. Policy shall be endorsed, if applicable, to
3 provide a Borrowed Servant/Alternate Employer Endorsement and Waiver Of
4 Subrogation in favor of the Lessee and all Agencies, Districts, Special Districts, and
5 Departments of the County of Riverside, their respective directors, officers, Board of
6 Supervisors, employees, elected or appointed officials, agents or representatives.

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

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

26 (d) Pollution Liability Insurance. The Supplier shall provide Pollution
27 Liability Insurance covering gradual, sudden and accidental pollution including first
28 party clean up with a limit of no less than \$5,000,000.

1 (e) General Insurance Provisions – All lines: Lessee shall cause
2 Supplier's insurance carrier(s) to furnish the Lessor and the County of Riverside with a
3 properly executed original Certificate(s) of Insurance and certified original copies of
4 Endorsements effecting coverage as required herein. Further, said Certificate(s) and
5 policies of insurance shall contain the covenant of the insurance carrier(s) that thirty
6 (30) days written notice shall be given to the Lessee and the County of Riverside prior
7 to any material modification, cancellation, expiration or reduction in coverage of such
8 insurance. In the event of a material modification, cancellation, expiration, or reduction
9 in coverage, the Supplier's Agreement shall terminate forthwith, unless the Lessee and
10 the County of Riverside receives, prior to such effective date, another properly
11 executed original Certificate of Insurance and original copies of endorsements or
12 certified original policies, including all endorsements and attachments thereto
13 evidencing coverages set forth herein and the insurance required herein is in full force
14 and effect.

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

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

26 22. Insurance for Sub-Lesseees. Lessee shall require each of it Sub-Lesseees
27 to meet all insurance requirements imposed by the Lessee. These requirements, with
28

1 the approval of the County's Risk Manager, may be modified to reflect the activities
2 associated with the Sub-Lessee.

3 23. Indemnifications and Hold Harmless.

4 (a) Lessee represents that it has inspected the leased premises
5 accepts the condition thereof and fully assumes any and all risks associated to the use
6 thereof. County shall not be liable to Lessee, its officers, agents, employees,
7 subcontractors or independent contractors for any personal injury or property damage
8 suffered by them which may result from hidden, latent or other dangerous conditions in,
9 on, upon or within the leased premises; provided, however, that such dangerous
10 conditions are not caused by the sole negligence of County, its officers, agents or
11 employees.

12 (b) Lessee shall indemnify and hold harmless all Agencies, Districts,
13 Special Districts and Departments of the County of Riverside, its respective directors,
14 officers, Board of Supervisors, elected and appointed officials, employees, agents and
15 representatives from any liability whatsoever, based or asserted upon any acts, actions
16 or services of Lessee, its officers, employees, subcontractors, agents or
17 representatives arising out of or in any way relating to this Agreement, including but not
18 limited to property damage, bodily injury, or death or any other element of any kind or
19 nature whatsoever and resulting from any reason whatsoever arising from the
20 performance of Lessee, its officers, agents, employees, subcontractors, agents or
21 representatives from this Agreement.

22 Lessee shall defend at its sole expense, including but not limited to attorney fees, cost
23 of investigation, defense, settlements or awards all Agencies, Districts, Special Districts
24 and Departments of the County of Riverside, their respective directors, officers, Board
25 of Supervisors, elected and appointed officials, employees, agents and representatives
26 in any claim or action based upon such alleged acts or omissions.

27 With respect to any action or claim subject to indemnification herein by Lessee, Lessee
28 shall, at its sole cost, have the right to use counsel of their own choice and shall have

1 the right to adjust, settle, or compromise any such action or claim without the prior
2 consent of County provided, however, that any such adjustment, settlement or
3 compromise in no manner whatsoever limits or circumscribes Lessee's indemnification
4 to County as set forth herein.

5 Lessee's obligation to defend, indemnify and hold harmless County shall be subject to
6 County having given Lessee written notice within a reasonable period of time of the
7 claim or of the commencement of the related action, as the case may be, and
8 information and reasonable assistance, at Lessee's expense, for the defense or
9 settlement thereof. Lessee's obligation hereunder shall be satisfied when Lessee has
10 provided to County the appropriate form of dismissal relieving County from any liability
11 for the action or claim involved.
12

13 (c) County shall indemnify and hold Lessee, its officers, agents,
14 employees and independent contractors free and harmless from any liability
15 whatsoever, based or asserted upon any act or omission of County, its elected officials,
16 officers, agents, employees, subcontractors and independent contractors, for property
17 damage, bodily injury, or death or any other element of damage of any kind or nature,
18 relating to or in anyway connected with or arising from its use and responsibilities in
19 connection therewith of the leased premises or the condition thereof, and County shall
20 defend, at its expense, including without limitation attorney fees, expert fees and
21 investigation expenses, Lessee, its, agents, employees, and independent contractors
22 in any legal action based upon such alleged acts or omissions. The obligation to
23 indemnify and hold Lessee free and harmless herein shall survive until any and all
24 claims, actions and causes of action with respect to any and all such alleged acts or
25 omissions are fully and finally barred by the applicable statute of limitations.

26 (d) The specified insurance limits required in Paragraph 20 herein
27 shall in no way limit or circumscribe Lessee's obligations to indemnify and hold County
28 free and harmless herein.

1 24. Assignment. Lessee cannot assign, sublet, mortgage, hypothecate or
2 otherwise transfer in any manner any of its rights, duties or obligations hereunder to
3 any person or entity without the written consent of County being first obtained, which
4 consent shall not be unreasonably withheld. In the event of any transfer as provided in
5 this Paragraph, Lessee expressly understands and agrees that it shall remain liable
6 with respect to any and all the obligations and duties contained in this Lease.

7 25. Right to Encumber/Right to Cure.

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

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

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

27 Any Encumbrancer described in Paragraph 25(a)(2) above, which is the transferee
28 under the provisions of Paragraph 25(a)(1) above, shall be liable to perform the

1 obligations and duties of Lessee under this Lease only so long as such transferee
2 holds title to the leasehold.

3 Any subsequent transfer of this leasehold hereunder, except as provided for in
4 Paragraph 25(a)(2) above, shall not be made without the prior written consent of
5 County and shall be subject to the conditions relating hereto as set forth in Paragraph
6 24 herein.

7 Lessee shall give County prior notice of any such trust deed and shall accompany such
8 notice with a true copy of the trust deed and note secured thereby.

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

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

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

27 26. Estoppel Certificate. Each party shall, at any time during the term of the
28 Lease, within ten (10) days of written Notice (or as soon as reasonably possible) from

1 the other party, execute and deliver a statement in writing certifying that this Lease is
2 unmodified and in full force and effect, or if modified, stating the nature of such
3 modification. The statement shall include other details requested by the other party as
4 to the date to which rent and other charges have been paid, and the knowledge of the
5 other party concerning any uncured defaults with respect to obligations under this
6 Lease and the nature of such defaults, if they are claimed. Any such statement may be
7 relied upon conclusively by any prospective purchaser, Encumbrancer, or Sublessee of
8 the Demised Premises, the building or any portion thereof.

9 27. Toxic Materials. County has no actual knowledge of the Premises ever
10 having been used as a waste dump, of the past or present existence of any above or
11 below ground storage tanks on the Premises, or of the current existence on the
12 Premises of asbestos, transformers containing PCB's or any hazardous, toxic or
13 infectious substance whose nature and/or quantity of existence, use, manufacture or
14 effect, render it subject to Federal, state or local regulation, investigation, remediation
15 or removal as potentially injurious to public health or welfare.

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

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

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

13 28. National Pollution Discharge Elimination System (NPDES) Permit.

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

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

1 secured by such lien matures or becomes due; provided however, that if Lessee desire
2 to contest any such lien, it may do so, but notwithstanding any such contest, if such
3 lien shall be reduced to final judgment, and such judgment or such process as may be
4 issued for the enforcement thereof is not promptly stayed, or is so stayed, and said
5 stay thereafter expires, then and in such event, Lessee shall forthwith pay and
6 discharge said judgment.

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

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

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

28

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

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

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

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

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

21 <u>COUNTY</u>	21 <u>LESSEE</u>
22 County of Riverside	22 John Obradovich and
23 Economic Development Agency	23 Betty Obradovich
24 3525 Fourteenth Street	24 48-200 Casitas Drive
25 Riverside, CA 92501	25 La Quinta, CA 92253
26 Attn: Assistant County Executive Officer/EDA	

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

28 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

1 any manner affect the scope, meaning or intent of the provisions or language of this
2 Lease.

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

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

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

26 42. FAA Consent to Lease. Lessee acknowledges that Desert Resorts
27 Regional Airport was transferred to the County by the Federal Government and, as
28 such, may require FAA consent to the Lease.

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

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

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1 Date: _____

LESSEE

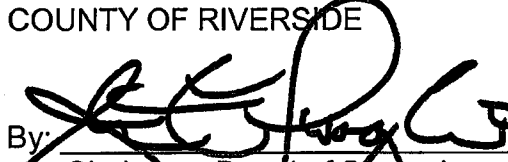
2 JOHN OBRADOVICH and BETTY OBRADOVICH,
3 Husband and Wife

4
5 By: 
6 John Obradovich

7
8 By: 
9 Betty Obradovich


10 Date: 4-24-03

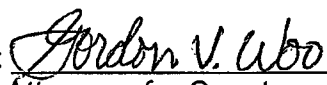
COUNTY OF RIVERSIDE

11
12 By: 
13 Chairman, Board of Supervisors
JOHN TAVAGLIONE

14 ATTEST:
15 NANCY ROMERO
16 Clerk of the Board

APPROVED AS TO FORM:
WILLIAM C. KATZENSTEIN, County Counsel
JOE S. RANK, Assistant County Counsel

17
18 By: 
19 Deputy

By:  5/13/03
Attorneys for County

20 (SEAL)

21 Attachments:

- 22 1. Exhibit A – Leased Premises
- 23 2. Exhibit B – Federally Required Lease Provisions
- 24 3. Exhibit C – Minimum Standards For Fixed Based Operators
- 25 4. Exhibit D – Storm Water Pollution Prevention Plan
- 26 5. Exhibit E – Imperial Irrigation District Underground Conduit Layout Plan
- 27 6. Exhibit F – Development Soil
- 28 7. Exhibit G – Delivery Apron

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

407



FROM: Economic Development Agency

SUBMITTAL DATE:
July 21, 2006

SUBJECT: Amendments to Aviation Ground Leases at Jacqueline Cochran Regional Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the First Amendment to Lease between the County of Riverside and Larry Gayler, as Lessee, and the **Second Amendment to Lease between the County of Riverside and John Obradovich and Betty Obradovich, as Lessee;**
2. Authorize the Chairman to execute the Amendments to Lease; and
3. Authorize the Assistant County Executive Officer/EDA or designee to execute any additional documents required by the Amendments.

BACKGROUND: The Economic Development Agency has received the following Amendments to Lease at Jacqueline Cochran Regional Airport between the County of Riverside and 1) Larry Gayler, as Lessee, First Amendment to Lease, dated July 4, 2006, to the 1.907 acre Lease dated September 12, 2000; 2) John Obradovich and Betty Obradovich, Husband and Wife, as Lessee, Second Amendment to Lease, dated June 14, 2006, to the 9.0 acre Lease, dated June 3, 2003, and Amended September 14, 2004.
(Continued page 2)

Robin Zimpfer

RZ:JC:DL:CC:DS:HO

S:\EDCOM\AIRPORTS\APPRAISAL\2005
Amendments Gayler Obrad 21 jul 06 doc

REAPPRAISAL\F11

Robin Zimpfer
Assistant County Executive Officer/EDA

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

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: N/A

Positions To Be Deleted Per A-30

Requires 4/5 Vote

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

FORM APPROVED
COUNTY COUNSEL

County Executive Office Signature

Gordon V. Ubo - AUG 22 2006

BY Gordon V. Ubo

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

Prev. Agn. Ref.: Sep 12, 2000 3.17; Jan 27 2004 3.20, Sep 14 2004 3.17, Jun3 2003 3.11

District: 4th

Agenda Number:

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

3 23
Form 11 (Rev 06/2002)

BACKGROUND (Continued):

The Amendments accomplish the following:

1. Increase the base monthly rent for each Lessee beginning July 1, 2005 (see Base Monthly Rent below).
2. Establish a per acre rent schedule for the period from July 1, 2005, through June 30, 2015, (see Rent Schedule below).
3. Establish July 1, 2016, as the start date for annual CPI adjustments.
4. Provide a procedure for the Lessees to participate in the selection of an appraiser for future rental rate adjustments.

Monthly Base Rent:

1. Larry Gayler: \$669.87
2. Obradovich: \$3,319.50

Rent Schedule:

July 1, 2005-June 30, 2006	\$351.27 per acre
July 1, 2006-June 30, 2007	\$371.66 per acre
July 1, 2007-June 30, 2008	\$393.24 per acre
July 1, 2008-June 30, 2009	\$416.06 per acre
July 1, 2009-June 30, 2010	\$440.21 per acre
July 1, 2010-June 30, 2011	\$479.74 per acre
July 1, 2011-June 30, 2012	\$522.74 per acre
July 1, 2012-June 30, 2013	\$569.76 per acre
July 1, 2013-June 30, 2014	\$620.91 per acre
July 1, 2014-June 30, 2015	\$639.54 per acre

SECOND AMENDMENT TO LEASE
Jacqueline Cochran Regional Airport

This Second Amendment to Lease ("Amendment") is entered into by and between the County of Riverside (hereinafter "County"), and John Obradovich and Betty Obradovich, Husband and Wife, (herein called "Lessee"), with reference to the following:

RECITALS

A. WHEREAS, County and Lessee, are parties to that certain lease (hereinafter the "Lease") dated June 3, 2003, wherein Lessee agreed to lease from County, approximately 9 acres of property ("Leased Premises") located at the Desert Resorts Regional Airport, now known as the "Jacqueline Cochran Regional Airport"; and

B. WHEREAS, the County and Lessee entered into that certain First Amendment to Lease dated September 14, 2004; and

C. WHEREAS, Lessee desires to lease additional property surrounding the Leased Premises from the County, and

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

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

1. Lessee desires to add the property depicted on Exhibit A to its Lease as described above.

2. Paragraph 2, page 1 shall be modified to read as follows:

"The premises leased hereby are located within the Jacqueline Cochran Regional Airport (formerly the Desert Resorts Regional Airport, 56-580 Higgins Drive, Thermal, California and consist of approximately 9.45 acres of vacant land, as depicted in Exhibit B

attached hereto and incorporated by reference herein. Said property is hereafter referred to as the "Leased Premises."

3. Paragraph 5 Rent, page 2, subparagraph (a) shall be modified by changing the word "Lessor" in line 23 to "County" and adding the following at the end of said paragraph 5(a):

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

July 1, 2005-June 30, 2006 (\$351.27 per acre) X (9.45 acres) = \$3319.50

July 1, 2006-June 30, 2007 (\$371.66 per acre) X (9.45 acres) = \$3512.19

July 1, 2007-June 30, 2008 (\$393.24 per acre) X (9.45 acres) = \$3716.19

July 1, 2008-June 30, 2009 (\$416.06 per acre) X (9.45 acres) = \$3931.77

July 1, 2009-June 30, 2010 (\$440.21 per acre) X (9.45 acres) = \$4159.98

July 1, 2010-June 30, 2011 (\$479.74 per acre) X (9.45 acres) = \$4533.54

July 1, 2011-June 30, 2012 (\$522.74 per acre) X (9.45 acres) = \$4939.89

July 1, 2012-June 30, 2013 (\$569.76 per acre) X (9.45 acres) = \$5384.23

July 1, 2013-June 30, 2014 (\$620.91 per acre) X (9.45 acres) = \$5867.60

July 1, 2014-June 30, 2015 (\$676.67 per acre) X (9.45 acres) = \$6394.53

On July 1, 2015 and July 1 of every fifth (5th) year thereafter the monthly rent will be adjusted according to the provisions of new paragraph 5(d) as set forth in paragraph 4 of this Amendment."

4. Subparagraph 5 (d), page 4 of the Lease, shall be deleted in its entirety and replaced with the following subparagraph:

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

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

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

No less than two hundred and forty (240) days prior to the rent adjustment date, County will notify by US Mail, potentially affected Lessees of its intent to issue a Request for Qualifications and Proposal ("RFQP") and submit a copy of the Draft RFQP form it intends to use. It will be the responsibility of the Lessees to establish amongst themselves a process for forming a committee to comment on the Draft RFQP and to select up to two-fifths (2/5) of the appraisers that will be invited to respond to the RFQP. In the event a majority of Lessees participating in the selection process are unable to form a committee, comment on the Draft RFQP, select the designated number of appraisers or give the County written notice thereof within two hundred ten (210) days prior to the rent adjustment date, then County will select all of the appraisers to which the RFQP is sent. No less than one hundred and eighty (180) days prior to the rent

adjustment date, County will give reasonable consideration to the comments received from the Lessee's Committee and shall issue a Final RFQP to a minimum of five (5) appraisers meeting the foregoing qualifications. Upon receipt of the responses to the RFQP, the County shall offer the responses to the Lessee's Committee for viewing and comment for a period of fourteen (14) days, and after reasonable consideration of the comments made, County shall select the appraiser pursuant to the County's established guidelines. The cost of the appraisal and related processes shall be borne by the County. The cost, if any, of forming and operating the Lessee's Committee shall be borne by the Lessee Committee members.

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

5. Subparagraph 5 (e), page 3, is hereby deleted in its entirety and replaced with the following subparagraph:

"(e) Beginning July 1, 2016 and at each July 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in paragraph 5(d) above, the Base Rent shall be adjusted by the percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the twelve month period ending three months before the month of rent adjustment under this paragraph. In no event will application of this paragraph result in an increase in the monthly base rent of greater than five percent (5%) nor a monthly Base Rent amount lower than the highest previous monthly Base Rent amount."

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

Dated: 6-14-06

LESSEE:

JOHN OBRADOVICH and BETTY OBRADOVICH, Husband and Wife

John Obradovich
John Obradovich

Betty Obradovich
Betty Obradovich

Dated: 9-12-06

COUNTY OF RIVERSIDE

By: Bob Buster
Chairman, Board of Supervisors
Bob Buster

(SEAL)

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

ATTEST:
Nancy Romero, Clerk of the Board

By: Gordon V. Ubo 8/22/06
Deputy

By: [Signature]
Deputy

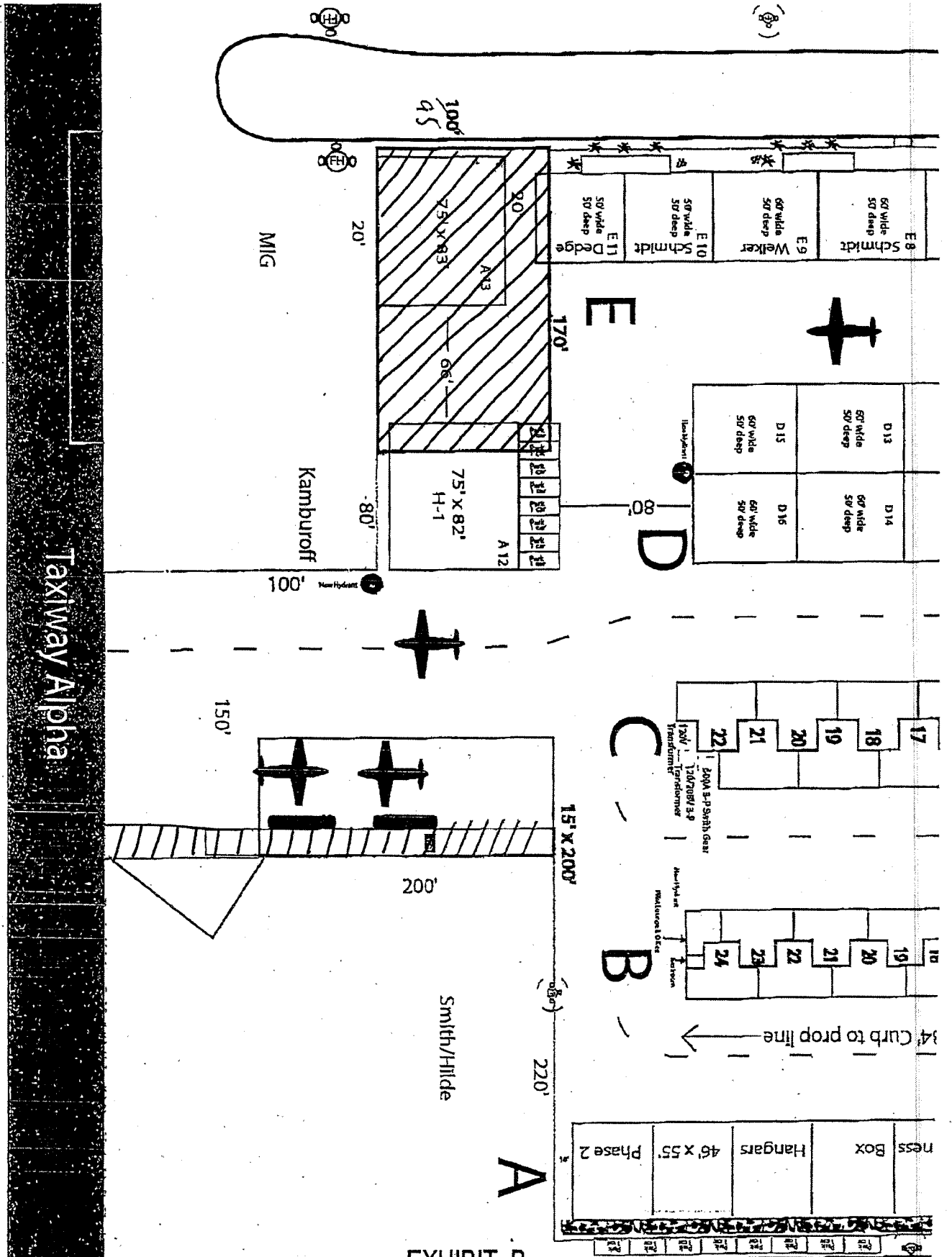


EXHIBIT B

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

702



FROM: Economic Development Agency

SUBMITTAL DATE:
February 24, 2009

SUBJECT: Amendments to Aviation Leases at County Airports

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Amendment to Lease between the County of Riverside, as Lessor and:
 - 1) Hemet-Ryan Aviation, Inc., as Lessee, First Amendment to Lease dated January 9, 2009, to the Lease dated December 1, 2000;
 - 2) FV Airport Hangars, LLC, as Lessee, Second Amendment to Lease dated January 19, 2009, to the Lease dated January 5, 2005, with French Valley Jet Center, LLC, as Lessee, as amended and assigned;
 - 3) French Valley Hangars, LLC, as Lessee, Fourth Amendment to Lease, dated January 10, 2009, to the Lease dated June 4, 2002, as amended;
 - 4) John Obradovich and Betty Obradovich, Husband and Wife, as Lessee, Third Amendment to Lease dated January 12, 2009, to the Lease dated June 3, 2003, as amended;
 - 5) Tradition Aviation-TRM, LLC, as Lessee, Second Amendment to Lease, dated February 24, 2009, to the Lease dated September 14, 2004, with Desert Resorts Aviation, LLC, as Lessee, as amended and assigned; and
2. Authorize the chairman of the Board of Supervisors to execute the Amendments to Lease.

(Background on next page)

Robin Zimpfer

Robin Zimpfer
Assistant County Executive Officer/EDA

RZ:DL:CC:DS:HO
S:\EDCOM\AIRPORTS\Fuel Flow Lease Amendments 12 17 08\FUEL FLOWAGE AMENDMENTS FORM 11 02.24.09.doc

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

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

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

C.E.O. RECOMMENDATION: APPROVE

BY: *Serena Chow*
Serena Chow

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: *Gordon V. Woo*
GORDON V. WOO
DATE: 3/4/09
Departmental Concurrence

Policy
 Consent

 Policy
 Consent

 Dept Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.: Nov 14, 2000 3.23; Jun 25, 05 3.12; Jun 4, 02 3.21; June 3, 03 3.11; Sep 14, 04 3.16
 District: 3rd and 4th
 Agenda Number:

3.16

BACKGROUND:

The Economic Development Agency has received Amendments to Lease from:

- 1) Hemet-Ryan Aviation, Inc., as Lessee,
- 2) FV Airport Holdings, LLC, as Lessee,
- 3) French Valley Hangars, LLC, as Lessee,
- 4) John Obradovich and Betty Obradovich, Husband and Wife, as Lessee, and
- 5) Tradition Aviation, LLC, as Lessee.

These Amendments relate to Resolution No. 2008-362, adopted by the Board of Supervisors on July 24, 2008, which modifies the method for calculation and collection of fuel flowage fees from fuel suppliers at County-owned airports. The Resolution requires that current leases and/or subleases for fuel sellers be amended to reflect the new fee. A copy of Resolution No. 2008-362 is attached as Exhibit A.

Agency staff recommends approval of the Amendments to Lease. County Counsel has reviewed the Amendments to Lease and approved them as to form.

EXHIBIT A

1 Board of Supervisors

County of Riverside

2
3 RESOLUTION NO. 2008-362

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

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

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

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

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

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

- 26 1. The fuel flowage fee will be assessed at the rate of \$0.12 per gallon of fuel sold
27 effective July 1, 2008. Payments shall be due within thirty (30) days of the County's
28 invoice. A timely payment discount of \$0.02 per gallon shall be applied to payments

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received within twenty (20) days of the date of the invoice. A late fee of ten percent (10%) shall be assessed to all payments received after the due date (30 days of invoice).

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

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

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

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

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

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

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