

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



ITEM
3.26
(ID # 7012)

MEETING DATE:

Tuesday, May 8, 2018

FROM : SUPERVISOR V. MANUEL PEREZ:

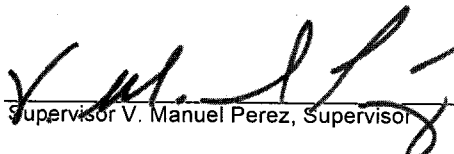
SUBJECT: SUPERVISOR V. MANUEL PEREZ: Approve the First Amendment to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement Between the County of Riverside and Desert Jet Center, LLC, Jacqueline Cochran Regional Airport, Thermal, District 4 [\$0], CEQA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3);
2. Approve the attached First Amendment to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement (First Amendment) , including all exhibits between County of Riverside as landlord (County) and Desert Jet Center, LLC, a California limited liability company (Desert Jet);

Continued on page 2

ACTION:



Supervisor V. Manuel Perez, Supervisor 5/4/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Perez 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: May 8, 2018
xc: Supvr. Perez, ECD

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

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

RECOMMENDED MOTION: That the Board of Supervisors:

3. Authorize the Chairman of the Board of Supervisors to execute the attached First Amendment; and
4. Authorize the Assistant County Executive Officer /ECD, or designee, to take all necessary steps to implement the First Amendment, including, but not limited to, signing subsequent necessary and relevant documents including the attached Estoppel Certificate and approving any non-substantive amendments and modifications to the First Amendment, subject to approval by County Counsel.

BACKGROUND:

Summary

County of Riverside, as lessor (County) and Desert Jet Center, LLC, a California limited liability company, as lessee (Lessee) entered into that certain Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement dated October 6, 2015 (Ground Lease Agreement), as amended by that certain First Implementation Agreement to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement dated December 8, 2016 (collectively, Lease). The Lease relates to, among other things, the lease of that certain real property consisting of 4.4 acres of vacant land, located at the Jacqueline Cochran Regional Airport in Thermal, California, as depicted on the attached Site Map, and the construction thereon, in three phases, of facilities and improvements for conducting the business and operation of a full service Fixed Base Operation (FBO). The term of the Lease commenced on November 1, 2015 and terminates on October 31, 2050, with an option to extend the term by 5 years provided Lessee is not in default under the Lease.

Pursuant to Section 9 of the Lease, Lessee is required to develop the following improvements in three phases: (i) Phase 1 includes an approximate 7,000 square foot office building, an approximate 22,500 square foot hangar building with approximately 2,700 square feet of maintenance shop to provide for servicing of aircraft, a fuel station, sufficient parking to accommodate both employee and customer parking, site development including but not limited to landscape, hardscape, security fencing, lighting, utility connections and additional site development; (ii) Phase II includes at a minimum the construction of an additional 10,000 square feet of hangar space; and (iii) Phase III includes at a minimum an approximate 11,000 square feet of additional hangar space and or offices per a mutually approved plan (collectively, Project). Lessee has not yet completed construction of the Project.

Lessor and Lessee are engaged in litigation in connection with the Lease and other ground lease agreements entered into between Lessor and Lessee at the Jacqueline Cochran Regional Airport (collectively the "Litigation"). As part of the settlement of the Litigation, the parties have entered into that certain Settlement Agreement and Mutual Release dated May 3, 2018 wherein the parties agreed, among things, to make certain amendments to the Lease. The attached proposed First

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

Amendment to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement (First Amendment) reflects the terms agreed to as part of the settlement.

First Amendment Summary

Pertinent provisions of the proposed First Amendment are set forth below:

The First Amendment provides for (i) a schedule of performance setting forth dates by which Lessee shall be required to provide proof of Project financing, evidence of a construction contract, pulling of permits and the commencement and completion of Phase I of the Project; (ii) a waiver of attorney's fees; (iii) a one (1) year extension of the term of the Lease and a modification to the construction period for Phase I of the Project; (iv) temporary reduced rent in the amount of \$636 per acre during the construction of Phase I of the Project; (v) an amendment to the Scope of Work (Exhibit I) to delete Phase II and Phase III of the Project; and (vi) modifications to certain other obligations of the parties, all on the terms and conditions of which are set forth in the attached First Amendment.

- **Construction Requirements.** Phase I shall be completed within eighteen (18) months from the effective date of the Settlement Agreement. The general scope of Phase I shall include an approximate 7,000 square foot office building with aviation related space and restrooms to accommodate Lessee's sales, dispatch and daily operations; an approximate 22,500 square foot hangar building with approximately 2,700 square foot maintenance shop designed and approved to provide for servicing of aircraft; a fuel station to serve both Lessee's and Lessee's customers; sufficient parking to accommodate both employee and customer parking; site development including but not limited to landscape, hardscape, security fencing, lighting, utility connections and additional site development as required for permits and construction approvals.

Other than the changes set forth in the proposed First Amendment, the existing terms and conditions of the Lease will remain unchanged, including, but not limited to payment to the County of fuel flowage fees.

California Environmental Quality Act (CEQA)

Pursuant to the California Environmental Quality Act (CEQA), the First Amendment was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15061(b)(3), General Rule or "Common Sense" Exemption. With certainty, there is no possibility that the First Amendment may have a significant physical effect on the environment. The First Amendment would be limited to administrative and operation related provisions within the Ground Lease Agreement which would not result in any physical direct or reasonably foreseeable indirect impacts to the environment. The potential indirect effects from this First Amendment were already evaluated under CEQA pursuant to the Jacqueline Cochran Regional Airport Master Plan and certified Mitigated Negative Declaration (MND) (SCH No. 2004081118). The First Amendment would delete phases II

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

and III of the original Project which would eliminate approximately 20,000 square feet of hangar space on the designated 4.4 acres of airport property within the Master Plan. The reduction in space would reduce the environmental effects of what was previously analyzed as part of the Master Plan and the change would be captured within the envelop of previously identified environmental effects in the Initial Study/MND. The Project will not result in any new information, new significant environmental effects, substantially increase the severity of the prior environmental effects, alter or include additional mitigation measures, or result in any other changes that may impact the prior significance determinations identified in the previously certified MND. The proposed FBO Ground Lease Agreement and the development and operation of the FBO contemplated therein was already covered by the Master Plan and associated MND. No significant direct or indirect environmental impacts would occur. A Notice of Exemption will be filed by staff with the County Clerk within 5 days of the approval of the First Amendment.

Impact on Residents and Businesses

Desert Jet will provide a full service fixed base operations on the leased premises, which will provide aircraft servicing, maintenance, and fueling services at Jacqueline Cochran Regional Airport. The operation will provide short term construction jobs and long-term aviation related jobs which will provide a positive impact for both citizens and businesses in this region of the County.

Additional Fiscal Information

All cost associated with this transaction will be funded through the Economic Development Agency's - Aviation Division Budget. There will be no cost to the general fund.

ATTACHMENTS:

- First Amendment to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement
- Estoppel Certificate
- Aerial image of the leasehold area

**FIRST AMENDMENT TO THE
JACQUELINE COCHRAN REGIONAL AIRPORT FIXED BASE OPERATION AND
MAINTENANCE GROUND LEASE AGREEMENT**

This FIRST AMENDMENT TO THE JACQUELINE COCHRAN REGIONAL AIRPORT FIXED BASE OPERATION AND MAINTENANCE GROUND LEASE AGREEMENT ("First Amendment") is dated as of MAY 8, 2018, and is entered into by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("Lessor") and DESERT JET CENTER, LLC, a California limited liability company ("Lessee"). Lessor and Lessee may be referenced herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Lessor and Lessee entered into that certain Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement, dated as of October 6, 2015 ("Original Lease"), as amended by that certain First Implementation Agreement to the Jacqueline Cochran Regional Airport Fixed Base Operation And Maintenance Ground Lease Agreement dated December 8, 2016 ("First Amendment" and together with the Original Lease, collectively, the "Lease") relating to, among other things, the lease of that certain real property consisting of 4.4 acres of vacant land, and located at the Jacqueline Cochran Regional Airport in Thermal, California, as more particularly described in the legal description attached hereto as Attachment No. 1 and incorporated herein by this reference ("Leased Premises"). All capitalized terms not defined herein shall have the meaning ascribed to such terms in the Lease;

WHEREAS, the Lease provides for the construction thereon, in three phases, of necessary facilities and improvements for conducting the business and operation of a full service Fixed Base Operation, as more particularly described in the Lease as the "Improvements";

WHEREAS, Lessee has not yet completed construction of the Improvements;

WHEREAS, Lessor and Lessee are engaged in litigation in connection with the Lease and other ground lease agreements entered into between Lessor and Lessee at the Jacqueline Cochran Regional Airport (collectively the "Litigation"), which other ground lease agreements are listed on Attachment No. 5 attached hereto . As part of the settlement of the Litigation, the Parties have entered into that certain Settlement Agreement and Mutual Release dated May 3, 2018 ("Settlement Agreement") wherein the Parties agreed, among things, to make certain amendments to the Lease; and

WHEREAS, the purpose of this First Amendment is to implement the Settlement Agreement and amend the Lease by providing for the following: (i) a schedule of performance setting forth dates by which Lessee shall be required to provide proof of Project financing, evidence of a construction contract, pulling of permits and the commencement and completion of Phase I of the Project; (ii) a waiver of attorney's fees; (iii) a one (1) year extension of the

MAY 08 2018 3:26

term of the Lease and a modification to the construction period for Phase I of the Project; (iv) temporary reduced rent in the amount of \$636 per acre during the construction of Phase I of the Project; (v) an amendment to the Scope of Work (Exhibit I) to delete Phase II and Phase III of the Project; and (vi) modifications to certain other obligations of the Parties, all on the terms and conditions of which are set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties agree as follows:

1. Recitals. The Recitals referenced above are true and correct and incorporated herein by reference into this First Amendment. All capitalized terms not defined herein shall have the meaning ascribed to such terms in the Lease.

2. Amendments to the Lease.

a. Term. Section 4 of the Lease titled "Term," shall be amended as follows:

i. The first paragraph in Section 4. of the Original Lease titled "Term," commencing with the words, "This Lease" and ending with the words, "(("Lease Term")) shall be deleted in its entirety and replaced with the following:

"This Lease shall commence the first day of the month following the Effective Date (Commencement Date) and shall terminate thirty-six (36) years thereafter ("Lease Term")."

ii. Section 4 (a) shall be amended to delete clause (2) which reads, "(2) Lessor, through its Assistant County Executive Officer (CEO) or designee, approves in writing of such exercise of the Option, "

iii. In addition, Section 4 (a) shall be amended to delete the last sentence thereof which reads, "The exercise of the Option and the subsequent extension of the term shall be evidenced by a Lessor approved amendment to this Lease" and the following sentences shall replace such deleted sentence:

"The Base Rent for such extended term shall be calculated and adjusted in accordance with Section 6 (c) and Section 6 (d) below, and all other terms and conditions of this Lease shall apply throughout such extended term, including, but not limited to Section 6. If requested by either Lessor or Lessee, the parties shall execute an amendment to this Lease memorializing such extension, in a form and substance approved by County Counsel to ensure compliance with this Section 4 (a)."

For the avoidance of doubt, the remainder of Section 4 (a) (except for Section 4 (a) (2) and the last sentence of Section 4) shall remain in effect and is not modified by this First Amendment.

- b. Rent. Section 6. of the Lease titled, "Rent" shall be amended as follows:
- i. Section 6 shall be amended in its entirety to delete subsection (6)(b) titled, "Construction Period Rent."
 - ii. Section 6 shall be amended to add a subsection (g) which shall read as follows:

"(g) Notwithstanding the first paragraph of this Section 6, during the eighteen (18) month period within which Lessee shall be required to complete the construction of Phase I (as defined in section 9 of this Lease), commencing on May 1, 2018 Lessee shall pay to Lessor rent for the use and occupancy of the Leased Premises in the total amount of \$2,798.40 per month (\$636.00 per acre x 4.4 acres) plus any late fees pursuant to Section 6 (a), if applicable ("Phase I Rent Reduction"). Commencing on July 1, 2018, the reduced rent paid by Lessee (defined herein as the "Phase I Rent Reduction") shall be increased by the percentage change in the Consumer Price Index pursuant to Section 6(d) of the Lease, and Lessee shall be required to pay such increased rent rate until the expiration of the eighteen (18) month period within which Lessee shall be required to complete the construction of Phase I. All other terms and provisions contained in section 6 shall be in full force and effect during the Phase I Rent Reduction. Lessee acknowledges and agrees that upon the expiration of the eighteen (18) month construction period for Phase I as set forth in section 9 of the Lease, rent shall automatically revert to the Base Rent set forth in section 6 and Lessee shall be required to pay to Lessor rent for the use and occupancy of the Leased Premises in the total amount of \$5,596.80 per month (\$1,272.00 per acre x 4.4 acres), plus any such increase in Base Rent pursuant to Section 6 (d) of the Lease."

For the avoidance of doubt, the remainder of section 6, including, but not limited to the introductory paragraph, and subsections 6(a), 6(c), 6(d), 6(e), and 6(f) shall remain in effect and is not modified by this First Amendment.

- c. Development of Improvements. Section 9. titled, "Development of Improvements" is hereby amended as follows:
- i. Section 9 is hereby amended to delete subsections (a), (b) and (c), and replace with the following language:

"(a) **Phases.** Without limiting Lessee's obligation to develop the Improvements as required herein, Lessee shall develop the Improvements on the Leased Premises in one (1) phase identified herein as "Phase I", subject to the approval of Lessor, provided that **all construction for Phase I shall be completed within eighteen (18) months from May 3, 2018,** which is the effective date of that certain Settlement Agreement and Mutual Release executed by Lessor and Lessee ("Settlement Agreement"). The Parties shall

retain the right to extend the eighteen (18) month construction period for Phase I only in the event of an unavoidable delay as mutually determined in writing by the Parties, which approval will not be unreasonably withheld, so long as Lessee has shown significant progress towards completion of construction and development of Phase I. The term, "substantially completed" as used herein shall mean the state in the progress of the Phase I Improvements as required under this Lease, the Amended Scope of Work and the Lessor approved plans and specifications (collectively, "contract documents") when the work or designated portion thereof is sufficiently complete in accordance with the contract documents so Lessee can occupy or utilize the Phase I Improvements for its intended use.

The general scope of Phase I shall include an approximate 7,000 square foot office building finished in a professional and workman like manner to include multiple demised general offices and restrooms to accommodate Lessee's sales, dispatch and daily operations; an approximate 22,500 square foot hangar building with approximately 2,700 square feet of maintenance shop designed and approved to provide for servicing of aircraft; a fuel station to serve both Lessee's and Lessee's customers; sufficient parking to accommodate both employee and customer parking; site development including but not limited to landscape, hardscape, security fencing, lighting, utility connections and additional site development as required for permits and construction approvals, as depicted on the Phase I Site Plan attached hereto as **Exhibit J** and incorporated herein by this reference.

Proof of Financing. Within sixty (60) days of May 3, 2018, which is the effective date of that certain Settlement Agreement, Lessee shall provide, to Lessor, the following written documentation evidencing Lessee's capacity to pay for the construction of the Improvements to be developed as part of Phase I:

1. A commitment (subject to commercially reasonable performance conditions) to fund the completion of the construction and development of Phase I in the form of either of the following: (i) if the financing source is a bank chartered in the State of California, by the U.S. Government, other government lender, Small Business Administration, savings and loan association, or insurance company, then such commitment may be in the form of a currently effective letter of credit, or bank commitment issued and signed by a bank chartered in the State of California, by the U.S. Government, other government lender, Small Business Administration, savings and loan association, or insurance company; or (ii) if the financing source is a private lender or financial company that is not described in clause (i) hereinabove, then such commitment shall be in the form of written evidence of the deposit of funds in the Dixie Line Fund Control Account for

the benefit of Lessee in the amount necessary to develop and construct Phase I pursuant to the Lease which includes a cost breakdown and ledger summary, certified by Lessee to be a true and accurate copy of what was received from Dixieline Builders Fund Control, Inc.

Construction Contract. Within ninety (90) days of May 3, 2018, which is the effective date of that certain Settlement Agreement, Lessee shall also provide to Lessor a certified copy of a guaranteed maximum price contract signed by, _____ Lessee's contractor, committing to complete the Improvements currently required under the Lease for Phase I for a specific agreed upon price and with appropriate sureties guaranteeing that such construction will be completed for such price.

(b) Reserved.

(c) **Construction of Improvements.** Lessee shall submit to Lessor, Lessor approved site plans for the Phase I Improvements which shall substantially conform to the site plans submitted to Lessor by Lessee on or about July 27, 2015 (attached hereto as Exhibit J) pull all building permits for the Phase I Improvements and commence construction of Phase I as required under this Lease, **within one hundred and twenty (120) days of May 3, 2018,** which is the effective date of that certain Settlement Agreement. Plans for all improvements are to be submitted to Lessor for approval prior to start of any construction.”

ii. Section 9 is hereby amended to add a new subsection (9) (j) as follows:

“(j) Lessee acknowledges and agrees that Lessee's failure to complete the construction obligations set forth in this Section 9 shall constitute a material breach under this Lease, and Lessor shall have the right to exercise all remedies available to it in law and equity.”

For the avoidance of doubt the introductory paragraph of section 9, commencing with the words, “Lessee, at its sole cost and expense,” and ending with the words, “commencement of construction in connection therewith,” shall remain in effect and is not modified by this First Amendment. In addition, the remainder of Section 6 of the Lease, including, but not limited to subsections 9 (d) through 9(i) shall remain in effect and are not modified by this First Amendment.

d. **Assignment and Subletting.** Section 27 of the Lease titled, “Assignment and Subletting” is hereby amended as follows:

- i. Section 27 (b) is hereby amended to add the following language to the end of the first sentence of Section 27 (b)"; provided however, that any assignment to or hypothecation by an Encumbrancer (defined below) shall be governed by Section 28 below."
- e. Right to Encumber/Right to Cure. Section 28 of the Lease, titled, "Right to Encumber/Right to Cure" is hereby amended as follows:
- i. The first paragraph in Section 28 (a) commencing with the words, "Notwithstanding provisions of Section 27 herein, Lessor does..." and ending with the words, "savings and loan association or insurance company, and the prior written consent of Lessor shall not be required:" is hereby deleted in its entirety and replaced with the following:

"Notwithstanding provisions of Section 27 herein, Lessor does hereby consent to and agree that Lessee may encumber or assign, or both, for the benefit of a senior (first priority) lender ("Encumbrancer"), this Lease, the leasehold estate and the improvements thereon (not including Lessor's fee title interest in the Airport property) by a deed of trust, mortgage or other security-type instrument, herein called "trust deed," to assure the payment of a promissory note evidencing any (i) acquisition financing, (ii) refinancing, or (iii) construction loan, for development of the improvements required herein by Lessee if the Encumbrancer is an established bank, government lender, Small Business Administration, savings and loan association or insurance company, and the prior written consent of Lessor shall not be required:"
 - ii. Section 28(a) (2) of the Lease is hereby amended to delete the three references to Section 27 (a) (2) and replace with references to Section 28(a) (1).
 - iii. Section 28(c) of the Lease is hereby amended as follows:
 1. Section 28(c) is amended to delete the three references to thirty (30) days' notice and replace with references to sixty (60) days' notice.
 2. The phrase "(including, without limitation, any default in connection with any bankruptcy proceeding involving Lessee)" shall be added after the phrase "If such Non-monetary Default" in the second sentence of Section 28 (c).
 3. Section 28(c) is amended to add the following language as the last paragraph:
"Provided Encumbrancer commences a foreclosure action on its leasehold deed of trust which shall be evidenced by Encumbrancer recording a notice of default in the Official Records of the County

of Riverside ("Official Records") and within four (4) months thereafter, recording a notice of trustee's sale in the Official Records, the 120 day limit to obtain title set forth in Section 28 (f) is waived provided all defaults of Lessee which do not require possession of the Leased Premises by Encumbrancer, as determined by Lessor in its reasonable discretion, are cured within the time periods set forth in this Section 28 (c)."

- iv. Section 28 is hereby amended to add new Sections 28 (d), (e) and (f) which shall read as follows:

"(d) Material Modifications. Any material amendment or other modification of this Lease, not already expressly anticipated in this Lease, shall not be enforceable against an Encumbrancer should it acquire Lessee's interest in the Lease, without the prior written consent of the Encumbrancer which consent shall not be unreasonably delayed, withheld, or conditioned, except in the event such material amendment or other modification of this Lease is required by the Federal Aviation Administration, impacts any of the grants received by Lessor in connection with the Airport, relates to a public health and safety issue, or is necessary to ensure compliance with Lessor's Airport Sponsor Grant Assurances or other FAA order or regulation, in which case prior written consent of the Encumbrancer shall not be required hereunder, but notice of such amendment shall be given to the Encumbrancer not less than thirty (30) days after such amendment was approved by County. In the event more than 14 business days pass without response from the Encumbrancer after notice of the proposed amendment or modification is delivered to it pursuant to a notice address provided by Lessee to Lessor, such Encumbrancer's approval shall be deemed to have been given.

(e) Additional Encumbrancer Rights. So long as a trust deed for the benefit of an Encumbrancer encumbers Lessee's leasehold interest, Lessor shall not accept a voluntary surrender of this Lease by Lessee or mutually terminate this Lease without prior written consent of the Encumbrancer under such trust deed. In addition, notwithstanding any provision of this Lease to the contrary, in the event an Encumbrancer acquires the leasehold interest of Lessee by foreclosure of the trust deed or by deed in lieu of foreclosure, said Encumbrancer may thereafter assign the leasehold interest and all further obligations to a transferee, provided such assignment to a transferee is first approved in writing by Lessor in its reasonable discretion.

(f) Curable and Noncurable Defaults by Encumbrancer Under the Lease; Lessor's Limited Covenant of Forbearance. As to the cure rights of an Encumbrancer only, Lessor, notwithstanding anything to the contrary in this Lease, shall not exercise its remedies under this Lease for Lessee's default for a period of no longer than 120 calendar days after the date the initial

notice of default was delivered to the Encumbrancer by Lessor, so long as the Encumbrancer takes the following actions (please note, any Encumbrancer cure periods set forth herein shall run concurrently with the Encumbrancer cure periods set forth in Section 28 (c)):

(1) If a curable breach of the Lease occurs, as determined by Lessor in its reasonable discretion, an Encumbrancer shall have the right to begin foreclosure proceedings and to obtain possession of the Leased Premises, so long as Encumbrancer complies with and/or performs the conditions set forth below:

(i) Cures Lessee's default within the time period allotted in Section 28 (c) herein.

(ii) Notifies Lessor in writing, within ten (10) days following delivery of Lessor's notice of Lessee's default, of its intention to effect this remedy;

(iii) Institutes immediate steps or legal proceedings to foreclose on or recover possession of the leasehold, and thereafter prosecutes the remedy or legal proceedings to completion with due diligence and continuity; and

(iv) Keeps and performs, during the period until the leasehold shall be either (a) sold upon foreclosure pursuant to the trust deed, or (b) released or reconveyed pursuant to the trust deed (such period being referred to hereinafter as the "Foreclosure Period"), all of the covenants and conditions of this Lease, including, without limitation, payment of all rent, taxes, assessments, utility charges and insurance premiums required by this Lease to be paid by Lessee and which become due during the Foreclosure Period.

(2) If a noncurable breach of the Lease occurs, as determined by Lessor in its reasonable discretion, (including, without limitation, an unapproved assignment of the Lease, sublease, or transfer of a controlling membership interest), an Encumbrancer shall have the right to begin foreclosure proceedings and to obtain possession of the Leased Premises, so long as Encumbrancer complies with the conditions set forth below:

(i) Notifies Lessor in writing, within ten (10) days after delivery of Lessor's notice of Lessee's default, of its intention to effect this remedy;

(ii) Institutes immediate steps or legal proceedings to foreclose on or recover possession of the leasehold, and thereafter prosecutes the remedy or legal proceedings to completion with due diligence and continuity; and

(iii) Keeps and performs, during the Foreclosure Period, all of the covenants and conditions of this Lease requiring the payment of money, including, without limitation, payment of all rent, taxes, assessments, utility charges and insurance premiums required by this Lease to be paid by Lessee and which become due during the Foreclosure Period.

(3) If Lessee fails to cure any curable default within the time period allowed for such cure in this Lease, no cure by an Encumbrancer of any such default in the manner allowed under this Section shall reinstate Lessee in good standing under this Lease. If, following expiration of 120 calendar days after the date the initial notice of default was delivered to the Encumbrancer by Lessor as specified in the introductory paragraph of this Section 28 (f), Encumbrancer shall fail to cure such default, then Lessor,

subject to Section 28 (c) shall be released from its covenant of forbearance hereunder, and may immediately terminate this Lease.”

For the avoidance of doubt, the remainder of section 28 shall remain in effect and is not modified by this First Amendment.

- f. Attorney’s Fees. Section 40 of the Lease, titled, “Attorney’s Fees” is hereby deleted in its entirety and replaced with the following:

“40. Attorney’s Fees. In any action or proceeding by Lessor arising from Lessee’s failure to construct Phase I in accordance with Section 9, as amended, Lessor shall be entitled to recover from Lessee the costs and expenses, including reasonable attorneys’ fees and costs, incurred by Lessor, should Lessor prevail in such action or proceeding.”

- g. Disclosure of Documents. The Lease is hereby amended to add a new section 52 which shall read as follows:

“52. Disclosure of Documents. Lessor shall comply with the California Public Records Act (Government Code Section 6250 et seq.) In the event a request for disclosure of this Lease or related documents is made under the California Public Records Act or any other legal mechanism or process, Lessor shall use best efforts to notify Lessee of such request. Lessee may obtain a protective order within five (5) days of notification of such request for records, otherwise such records that should be disclosed under the California Public Records Act or other legal mechanism or process shall be disclosed.”

3. Phase I Site Plan. The Lease is hereby amended in its entirety to add the Phase I Site Plan as Exhibit J to the Lease, which site plan is attached hereto as Attachment No. 6 and incorporated herein by this reference. Please note, Lessee shall not be required to develop those certain improvements designated as phase 2 and phase 3 on the Phase I Site Plan.
4. Scope of Work. The Scope of Work attached to the Lease as Exhibit I is hereby deleted in its entirety and replaced with the Amended Scope of Work attached hereto as Attachment No. 2 and incorporated herein by this reference.
5. Phasing Schedule. The Phasing Schedule attached to the Lease as Exhibit E is hereby deleted in its entirety.
6. Memorandum of First Amendment to Lease. No later than 15 days after the Effective Date of this First Amendment, Lessor shall execute (with a notary acknowledgment) and deliver to Silvergate Bank, a California state-chartered bank, or any other lender specified by Lessee, a Memorandum of First Amendment to Lease modified to reflect this First Amendment, substantially conforming in form and substance to the Memorandum of

Lease attached to the Lease as Exhibit G, attached hereto for purposes of reference as Attachment No. 3 and incorporated herein by this reference.

7. Estoppel Certificate. No later than 15 days after the Effective Date of this First Amendment, Lessor shall execute and deliver to Silvergate Bank, a California state-chartered bank, or any other lender specified by Lessee (collectively the "Lender"), an estoppel certificate, conforming in form and substance to the Estoppel Certificate attached hereto as Attachment No. 4 and incorporated herein by this reference. Lessee hereby acknowledges and agrees that, in addition to this First Amendment and the Memorandum of First Amendment to the Lease, Lessor's execution and delivery of the Estoppel Certificate to Lender shall satisfy any documentation requests of Lender to Lessor in connection with Lessee's financing of the Phase I Improvements.
8. Waiver of Performance. Any waiver by Lessor of any breach of any one or more of the terms of this First Amendment shall not be construed to be a waiver of any subsequent or other breach of the same or any other term of this First Amendment. Failure on the part of Lessor to require exact, full and complete compliance with any terms of this First Amendment shall not be construed as in any manner changing the terms or preventing Lessor from enforcement of the terms of this First Amendment.
9. Consultation with Counsel. The Parties represent and declare that they have carefully read this Agreement and know and understand its contents, and have had the advice of counsel regarding the same (or ample opportunity to consult with counsel of their choosing), and that they sign the same freely and voluntarily.
10. Binding on Successors and Assigns. This First Amendment and all of the terms and conditions herein shall be binding upon and inure to the benefit of the successors, assignees, personal representatives, heirs and legatees of the Parties.
11. Entire Understanding. This First Amendment and the Lease set forth and contain the entire understanding and agreement of the Parties hereto. There are no oral or written representations, understandings, or ancillary covenants, undertakings or agreements, which are not contained or expressly referred to within this First Amendment and the Lease.
12. Agreement in Full Force and Effect. Except as otherwise expressly modified herein, all other terms and conditions of the Lease remain unmodified and in full force and effect.
13. Effectiveness of First Amendment. The effective date of this First Amendment is the date the Parties execute this First Amendment. If the Parties execute this First Amendment on more than one date, then the last date this First Amendment is executed by a party shall be the Effective Date.
14. Further Assurances. The Parties agree to execute such other documents and to take such other actions as may be reasonably necessary to further the purposes of this First


Amendment. Lessee acknowledges and agrees that Lessee's failure to comply with the terms and provisions of this First Amendment shall constitute a material breach under the Lease, and Lessor shall have the right to exercise all remedies available to it in law and equity.

[Remainder of Page Intentionally Blank]

[Signatures on Following Page]

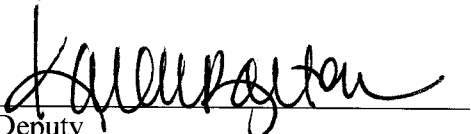
IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be duly executed as of the dates set forth below.

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

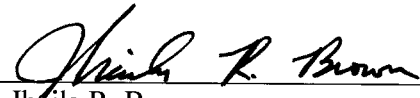
By: 
Chuck Washington, Chairman
Board of Supervisors

Date: MAY 08 2018

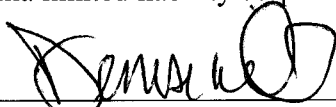
ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos, County Counsel

By: 
Jheila R. Brown,
Deputy County Counsel

DESERT JET CENTER, LLC, a
California limited liability corporation

By: 
Denise Wilson,
President and CEO

Date: May 3, 2018

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF LEASED PREMISES

(behind this page)

**LEGAL DESCRIPTION
LEASE AREA**

PARCEL "A", THE LEASE AREA OF DESERT JET, THAT CERTAIN PORTION OF LAND LOCATED IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING A PORTION OF SECTION 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, ALSO BEING A PORTION OF LOTS 5 AND 6 OF COACHELLA LAND & WATER COMPANY AS SHOWN BY MAP ON FILE IN BOOK 4 PAGE 53 OF MAPS, RECORDS OF SAID RIVERSIDE COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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

THENCE S89°49'49"E ALONG THE NORTHERLY LINE OF SAID SECTION 21, SAID LINE ALSO BEING THE CENTERLINE OF SAID AIRPORT BOULEVARD, A DISTANCE OF 614.06 FEET TO THE NORTHWEST CORNER OF THE WESTERLY LINE OF THE EASTERLY HALF OF SAID LOT 4;

THENCE S00°01'08"E ALONG SAID WESTERLY LINE OF THE EASTERLY HALF OF SAID LOT 4, A DISTANCE OF 1317.81 TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF LIGHTNING STREET;

THENCE N89°57'04"E ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF LIGHTNING STREET, A LINE LYING PARALLEL AND 33.00 FEET NORTH OF SAID CENTERLINE OF LIGHTNING STREET, A DISTANCE OF 349.72 FEET TO A POINT OF THE EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE;

THENCE S00°01'20"W ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE, A LINE LYING PARALLEL AND 33.00 FEET EAST OF SAID CENTERLINE OF INVADER AVENUE, A DISTANCE OF 505.09 FEET TO THE **TRUE POINT OF BEGINNING OF PARCEL "A"**;

THENCE S89°58'40"E, A DISTANCE OF 504.00 FEET;

THENCE S00°01'20"W, A DISTANCE OF 385.00 FEET;

THENCE N89°58'40"W, A DISTANCE OF 504.00 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE;

THENCE N00°01'20"E, ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE, ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE, A LINE LYING PARALLEL AND 33.00 FEET EAST OF SAID CENTERLINE OF INVADER AVENUE, A DISTANCE OF 385.00, TO THE **TRUE POINT OF BEGINNING OF PARCEL "A"**.

**LEGAL DESCRIPTION
LEASE AREA FOR DESERT JET
PAGE 2 OF 2**

THE ABOVE DESCRIBED PORTION OF LAND CONTAINS 4.45 ACRES, MORE OR LESS, AS SHOWN ON THE ATTACHED EXHIBIT B WHICH IS MADE A PART HEREOF BY THIS REFERENCE.

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

Note: This legal description and accompanying plat are prepared for modification of a lease agreement for industrial / commercial uses (aircraft hangar) pursuant to the exemption granted under Section 66412.1 of the Subdivision Map Act. This legal description and accompanying plat are not to be used for any other purpose.

PREPARED UNDER THE SUPERVISION OF:

Lydia R. Shinohara

LYDIA R. SHINOHARA, RCE NO. 32182
MY LICENSE EXPIRES 12/31/2016



09/01/2015
DATE

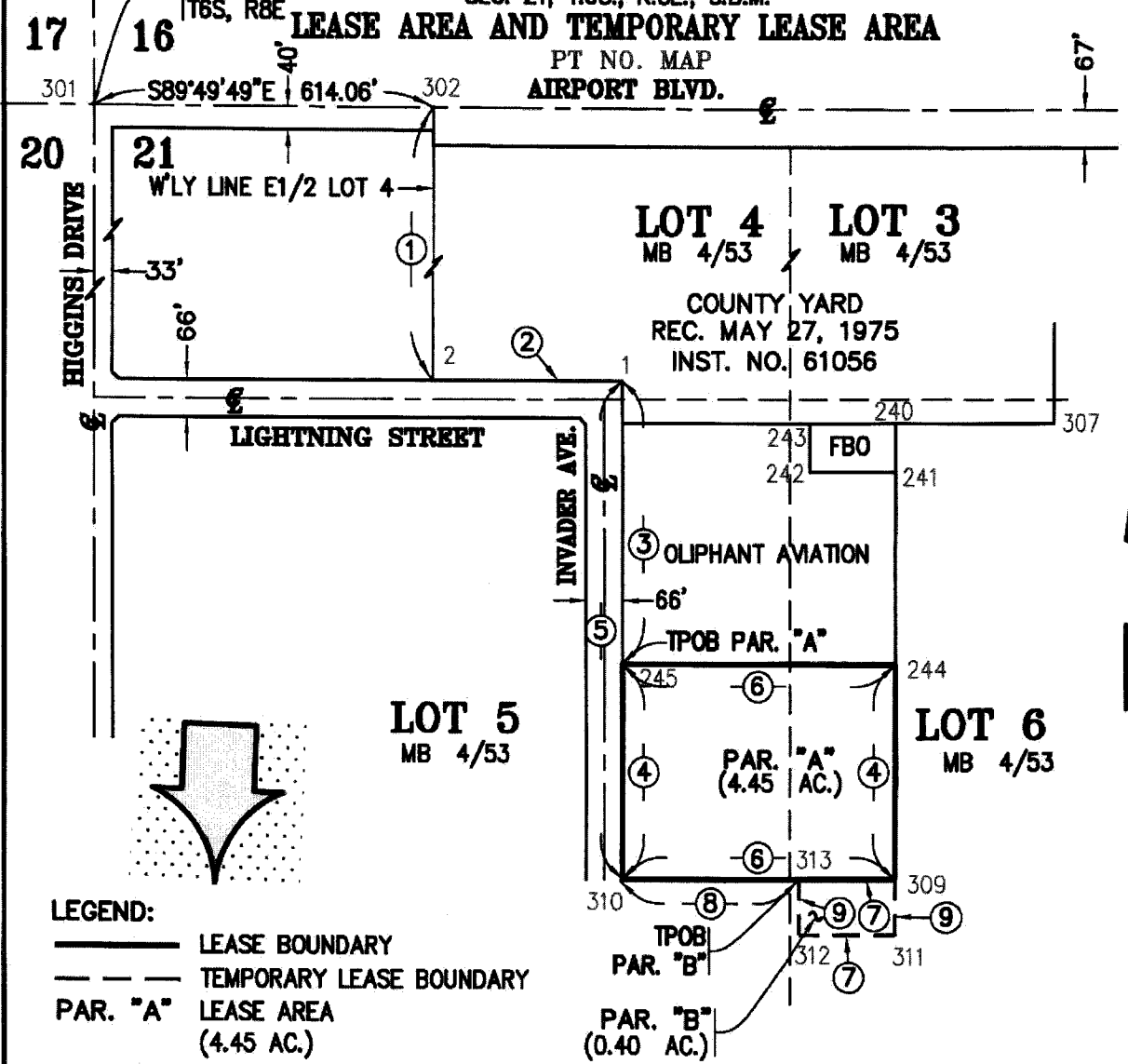
EXHIBIT "B"

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

LEASE AREA AND TEMPORARY LEASE AREA

PT NO. MAP
AIRPORT BLVD.

POC
NW COR. SEC. 21,
T6S, R8E

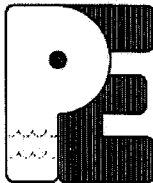


LEGEND:

- LEASE BOUNDARY
- - - TEMPORARY LEASE BOUNDARY
- PAR. "A" LEASE AREA (4.45 AC.)
- PAR. "B" TEMPORARY LEASE AREA (0.40 AC.)

THIS DOCUMENT REVIEWED BY
RIVERSIDE COUNTY SURVEYOR.
BY: _____
DATE: _____

LINE TABLE		
○	BEARING	DISTANCE
①	S00°01'08"E	1317.81'
②	N89°57'04"E	349.72'
③	S00°01'20"W	505.09'
④	S00°01'20"W	385.00'
⑤	S00°01'20"W	890.09'
⑥	N89°58'40"W	504.00'
⑦	N89°58'40"W	176.00'
⑧	N89°58'40"W	328.00'
⑨	S00°01'20"W	100.00'



PACIFIC ENGINEERING & ASSOCIATES
CIVIL ENGINEERING · PLANNING · SURVEYING
28-200 VIA LAS PALMAS
THOUSAND PALMS, CA 92276
(760) 346-4264

PREPARED UNDER THE SUPERVISION OF:
Lydia R. Shinohara 09/01/2015
LYDIA R. SHINOHARA, RCE 32182 DATE
MY LICENSE EXPIRES 12/31/16



CLOSURE AND AREA CALCULATIONS REPORT

Desert Jet
Parcel A (Lease Area) and Parcel B (Temporary Lease Area)

August 31, 2015
C:\COR\226PCC\226.REP

***** Closure: Parcel A *****

Start Point	Bearing	Distance	End Point	End Point Stored Coordinates	
				North	East
			245	9527.9427	10032.8169
245	S 89 58 40 E	504.00	244	9527.7472	10536.8169
244	S 00 01 20 W	385.00	309	9142.7472	10536.6676
309	N 89 58 40 W	504.00	310	9142.9427	10032.6676
310	N 00 01 20 E	385.00	245	9527.9427	10032.8169

Closure ERROR: 0.0000

LOT PERIMETER is 1778.00 feet.

AREA of Parcel A is 194040.01 SF.....or 4.4545 Acres

***** Closure: Parcel B *****

Start Point	Bearing	Distance	End Point	End Point Stored Coordinates	
				North	East
			313	9142.8155	10360.6676
313	S 89 58 40 E	176.00	309	9142.7472	10536.6676
309	S 00 01 20 W	100.00	311	9042.7472	10536.6288
311	N 89 58 40 W	176.00	312	9042.8155	10360.6288
312	N 00 01 20 E	100.00	313	9142.8155	10360.6676

Closure ERROR: 0.0000

LOT PERIMETER is 552.00 feet.

AREA of Parcel B is 17600.00 SF.....or 0.4040 Acres

ATTACHMENT NO. 2
EXHIBIT I TO LEASE
AMENDED SCOPE OF WORK

(behind this page)

ATTACHMENT NO. 2

EXHIBIT I TO LEASE

AMENDED SCOPE OF WORK

Lessee's development obligations under the Lease shall be as follows:

Lessee shall construct and/or cause the construction on the Leased Premises, at a minimum, of the following improvements, pursuant to a Lessor approved site plan as set forth in the Lease: during Phase I an approximate 7,000 square foot office building finished in a professional and workman like manner to include multiple demised general offices and restrooms to accommodate Lessee's sales, dispatch and daily operations; an approximate 22,500 square foot hangar building with approximately 2,700 square feet of maintenance shop designed and approved to provide for servicing of aircraft; a fuel station to serve both Lessee and Lessee's customers; sufficient parking to accommodate both employee and customer parking; site development including, but not limited to landscape, hardscape, security fencing, lighting, utility connections and additional site development as required for permits and construction approvals.

ATTACHMENT NO. 3

EXHIBIT G TO LEASE

FORM OF MEMORANDUM OF FIRST AMENDMENT TO LEASE

(behind this page)

MEMORANDUM OF LEASE

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

[insert]

MEMORANDUM OF LEASE

1. Parties. This Memorandum of Lease is entered into by _____ ("Landlord"), and _____, a California limited partnership ("Tenant"). The Lease (as defined below) was executed by Landlord on _____. The "Commencement Date" of the Lease is the date _____.

2. Grant of Lease: Term. For good and valuable consideration received, Landlord leases to Tenant, and Tenant leases from Landlord, that certain real property ("Property") located in the County of _____, State of California, described in Exhibit A attached hereto and incorporated herein by this reference, for a term ("Term") commencing on the Commencement Date and ending on the _____ (_____th) anniversary of the Commencement Date. All of the terms, provisions and covenants of the Lease are incorporated in this Memorandum of Lease by reference as though written out at length herein, and the Lease and this Memorandum of Lease shall be deemed to constitute a single instrument or document.

3. Purpose of Memorandum of Lease. This Memorandum of Lease is prepared for recordation purposes only, and it in no way modifies the terms, conditions, provisions and covenants of the Lease. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum of Lease and the Lease, the terms, conditions and covenants of the Lease shall prevail.

The parties hereto have executed this Memorandum of Lease on the dates specified immediately below their respective signatures.

“Tenant”

“Landlord”

Insert signature block

Insert signature block, with County Counsel signature block

Date: _____

Date: _____

ATTACHMENT NO. 4
FORM OF ESTOPPEL CERTIFICATE

(behind this page)

ESTOPPEL CERTIFICATE

THIS ESTOPPEL CERTIFICATE ("Certificate") is made as of _____, 2018, by the County of Riverside, California, a political subdivision of the State of California (the "County"), for the benefit of _____ (the "Lender").

RECITALS

WHEREAS, County owns fee title interest to the Jacqueline Cochran Regional Airport, located in the County of Riverside, State of California, identified as Assessor's Parcel Number 759-060-018, as depicted on the Site Map attached to the Ground Lease (defined below) as Exhibit A-1 and incorporated herein by this reference "Airport;"

WHEREAS, pursuant to the terms of that certain Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement, dated October 6, 2015, as amended by that certain First Implementation Agreement to the Jacqueline Cochran Regional Airport Fixed Base Operation And Maintenance Ground Lease Agreement dated December 8, 2016, and that certain First Amendment to Jacqueline Cochran Regional Airport Fixed Base Operation And Maintenance Ground Lease Agreement dated on or about the date hereof, each by and between County and Desert Jet Center LLC, a California limited liability company ("Tenant"), and all amendments thereto, if any (collectively the "Ground Lease"), County granted to Tenant a leasehold interest in a portion of the Airport as more specifically described in the legal description attached hereto as Exhibit A and incorporated herein by this reference (the "Leased Premises") to make use of certain facilities and the premises leased thereto at the Airport and to operate as a full service fixed base operator, all as more specifically set forth in the Ground Lease;

WHEREAS, County is advised that the Lender is providing a loan to Tenant in an amount not to exceed \$ _____ (the "Loan") to finance construction of certain leasehold improvements to be constructed under the Ground Lease and to purchase equipment for Tenant's operations, which Loan is to be secured by a Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents, Fixture Filing, and Financing Statement executed by Tenant for the benefit of the Lender and encumbering Tenant's interest in the Ground Lease and the Leased Premises (the "Deed of Trust"), to be recorded in the Riverside County Recorder's Office;

WHEREAS, the Deed of Trust shall not encumber the County's fee hold interest in the Airport; and

WHEREAS, as a condition to making the Loan, Lender requires that County execute and deliver this Certificate.

COUNTY'S CONSENT AND ESTOPPEL

County certifies, acknowledges, and represents as follows:

1. Exhibit B attached hereto sets forth a true, complete and accurate list of the Ground Lease and all amendments, modifications, supplements, waivers, renewals and extensions thereof, and any other instrument or agreement executed by County in connection therewith or relating thereto, together with all amendments or supplements. There are no modifications to the Ground Lease, except as set forth therein. Any capitalized term not defined herein shall have the meaning ascribed to such term in the Ground Lease.
2. Other than the Ground Lease, as amended, and that certain Settlement Agreement and Mutual Release executed by County and Tenant dated May 3, 2018 ("Settlement Agreement"), there are no agreements, arrangements or understandings between County and Tenant, or to which County or Tenant is bound, relating to the Ground Lease or to the Leased Premises.
3. The County is the Lessor, and Tenant is the Lessee, under the Ground Lease.
4. County is the sole owner of the Leased Premises. Tenant is in possession of the Leased Premises.
5. The Ground Lease is in full force and effect, in accordance with its terms.
6. County has not transferred or assigned any of its interest in the Ground Lease to any other person, entity or governmental agency or authority.
7. Except for unpaid back-rent in the total amount of \$131,182.46 which Tenant is required to repay to County pursuant to the schedule set forth in the Settlement Agreement, the rent and all other charges due and payable under the Ground Lease have been paid in full through _____, 2018.
8. To the best of County's actual knowledge, no Event of Default exists under the Ground Lease, and no fact or circumstance presently exists which, with the giving of notice or the lapse of an applicable cure period, or both, would constitute an Event of Default under the Ground Lease by either the County or the Tenant.
9. County certifies that it obtained any and all approvals of the Ground Lease and of Tenant's existing and planned (as set forth in the Ground Lease) operations at the Airport from the Federal Government or any of its agencies as set forth in the Ground Lease, and that to the best of County's actual knowledge as of the date of this Agreement no further approvals from the Federal Government or any of its agencies are required.
10. In connection with the Loan, County hereby consents to the encumbrance of Tenant's interest in the Ground Lease and the Leased Premises pursuant to the Deed of Trust. County does not consent to the encumbrance of County's fee title interest in the Airport.

11. County acknowledges that Lender may succeed to Tenant's interest under the Ground Lease by foreclosure of the Deed of Trust or as a result of the assignment of Tenant's interest under the Ground Lease in lieu of foreclosure, and Lender, or any Encumbrancer permitted under Section 28 of the Ground Lease, shall be deemed to be an assignee or transferee approved by County and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Tenant to be performed under the Ground Lease, including, but not limited to timely payment of rent, subject to the noticing and documentation requirements for the benefit of County required pursuant to Section 28 of the Ground Lease.

12. County shall give Lender notice of any Event of Default under the Ground Lease at the same time any such notice is given to Tenant, at the address listed for Lender in Paragraph 17 below, and Lender shall have the right, within the periods prescribed in the Ground Lease, to take such action or to make such payments as may be necessary to cure any such Event of Default to the same extent and with the same effect as though done by Tenant.

13. If there shall be an Event of Default by Tenant under the Ground Lease, County agrees that it will not terminate such Ground Lease or invoke its right to take possession of the related Leased Premises if Lender timely cures such Event of Default pursuant to the terms and provisions set forth in Section 28 of the Ground Lease.

14. If the Ground Lease shall be terminated by reason of the rejection of such Ground Lease by a debtor in possession or by a trustee or receiver appointed by a court of competent jurisdiction in bankruptcy or insolvency proceedings involving Tenant, then the County will enter into a replacement lease with Lender, at Lender's discretion with no obligation of Lender to do so, on the same terms as the rejected Ground Lease. In such event, Lender shall have the same rights as an Encumbrancer that becomes a transferee of the Lease under Section 28 thereof.

15. County will not prevent Lender access to the Leased Premises during the term of the Lease or during any period for cure of defaults under the Lease by Lender to inspect and remove the personal property of Tenant subject to Lender's security interest in such personal property, including but not limited to Tenant's trade fixtures. County's right to the trade fixtures under Section 10 of the Lease shall be subject to Lender's personal property security interest.

16. Any material amendment or other modification of the Ground Lease, not already expressly anticipated in the Lease, shall not be enforceable against an Encumbrancer (as defined in the Ground Lease) should it acquire Tenant's interest in the Lease, without the prior written consent of the Encumbrancer which consent shall not be unreasonably delayed, withheld, or conditioned, except in the event such material amendment or other modification of the Ground Lease is required by the Federal Aviation Administration, impacts any of the grants received by County in connection with the Airport, relates to a public health and safety issue, or is necessary to ensure compliance with County's Airport Sponsor Grant Assurances or other FAA order or regulation, in which case prior written consent of the Encumbrancer shall not be required, but notice of such amendment shall be given to Encumbrancer not less than 30 days after the approval of such amendment by the County. In the event more than 14 business days pass without response from the Encumbrancer after notice of the proposed amendment or modification is delivered to it pursuant to Paragraph 17 below, Encumbrancer's approval shall be deemed to have been given.

17. Notices to the Lender shall be given in the same fashion as for notices to the County and/or the Tenant as set forth in Section 41 of the Ground Lease. Lender's address for purposes of notice shall be:

[REDACTED ADDRESS]

18. County acknowledges that Lender will rely upon the information set forth in this Certificate, that such information is material to the making of a loan by Lender to be secured by Tenant's interest (or Tenant successor's interest) in the Leased Premises and that County is estopped from denying the validity of the statements made herein. County acknowledges and intends that this Certificate shall inure to the benefit of Lender and Lender's successors and assigns, and consents to the leasehold encumbrance referenced herein. FURTHER, County understands that the loan is to be made by Lender in the near future following delivery of this Certificate, and agrees that it will bring to Lender's immediate attention any changes in the information referenced above, to which County has actual knowledge, occurring within fourteen (14) calendar days following the date of this Certificate.

[Remainder of Page Intentionally Blank]

[Signatures on Following Page]

IN WITNESS WHEREOF, the undersigned has made and executed this Estoppel Certificate on the date first above written.

COUNTY OF RIVERSIDE, CALIFORNIA

By: _____
Robert Field,
Assistant County Executive Officer/EDA

APPROVED AS TO FORM:
GREGORY P. PRIAMOS
COUNTY COUNSEL

Jhaila R. Brown, Deputy County Counsel

EXHIBIT A
LEGAL DESCRIPTION OF THE LEASED PREMISES

[behind this page]

LEGAL DESCRIPTION
LEASE AREA

PARCEL "A", THE LEASE AREA OF DESERT JET, THAT CERTAIN PORTION OF LAND LOCATED IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING A PORTION OF SECTION 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, ALSO BEING A PORTION OF LOTS 5 AND 6 OF COACHELLA LAND & WATER COMPANY AS SHOWN BY MAP ON FILE IN BOOK 4 PAGE 53 OF MAPS, RECORDS OF SAID RIVERSIDE COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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

THENCE S89°49'49"E ALONG THE NORTHERLY LINE OF SAID SECTION 21, SAID LINE ALSO BEING THE CENTERLINE OF SAID AIRPORT BOULEVARD, A DISTANCE OF 614.06 FEET TO THE NORTHWEST CORNER OF THE WESTERLY LINE OF THE EASTERLY HALF OF SAID LOT 4;

THENCE S00°01'08"E ALONG SAID WESTERLY LINE OF THE EASTERLY HALF OF SAID LOT 4, A DISTANCE OF 1317.81 TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF LIGHTNING STREET;

THENCE N89°57'04"E ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF LIGHTNING STREET, A LINE LYING PARALLEL AND 33.00 FEET NORTH OF SAID CENTERLINE OF LIGHTNING STREET, A DISTANCE OF 349.72 FEET TO A POINT OF THE EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE;

THENCE S00°01'20"W ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE, A LINE LYING PARALLEL AND 33.00 FEET EAST OF SAID CENTERLINE OF INVADER AVENUE, A DISTANCE OF 505.09 FEET TO THE TRUE POINT OF BEGINNING OF PARCEL "A";

THENCE S89°58'40"E, A DISTANCE OF 504.00 FEET;

THENCE S00°01'20"W, A DISTANCE OF 385.00 FEET;

THENCE N89°58'40"W, A DISTANCE OF 504.00 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE;

THENCE N00°01'20"E, ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE, ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF INVADER AVENUE, A LINE LYING PARALLEL AND 33.00 FEET EAST OF SAID CENTERLINE OF INVADER AVENUE, A DISTANCE OF 385.00, TO THE TRUE POINT OF BEGINNING OF PARCEL "A".

**LEGAL DESCRIPTION
LEASE AREA FOR DESERT JET
PAGE 2 OF 2**

THE ABOVE DESCRIBED PORTION OF LAND CONTAINS 4.45 ACRES, MORE OR LESS, AS SHOWN ON THE ATTACHED EXHIBIT B WHICH IS MADE A PART HEREOF BY THIS REFERENCE.

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

Note: This legal description and accompanying plat are prepared for modification of a lease agreement for industrial / commercial uses (aircraft hangar) pursuant to the exemption granted under Section 66412.1 of the Subdivision Map Act. This legal description and accompanying plat are not to be used for any other purpose.

PREPARED UNDER THE SUPERVISION OF:

Lydia R. Shinohara

LYDIA R. SHINOHARA, RCE NO. 32182
MY LICENSE EXPIRES 12/31/2016



09/01/2015
DATE

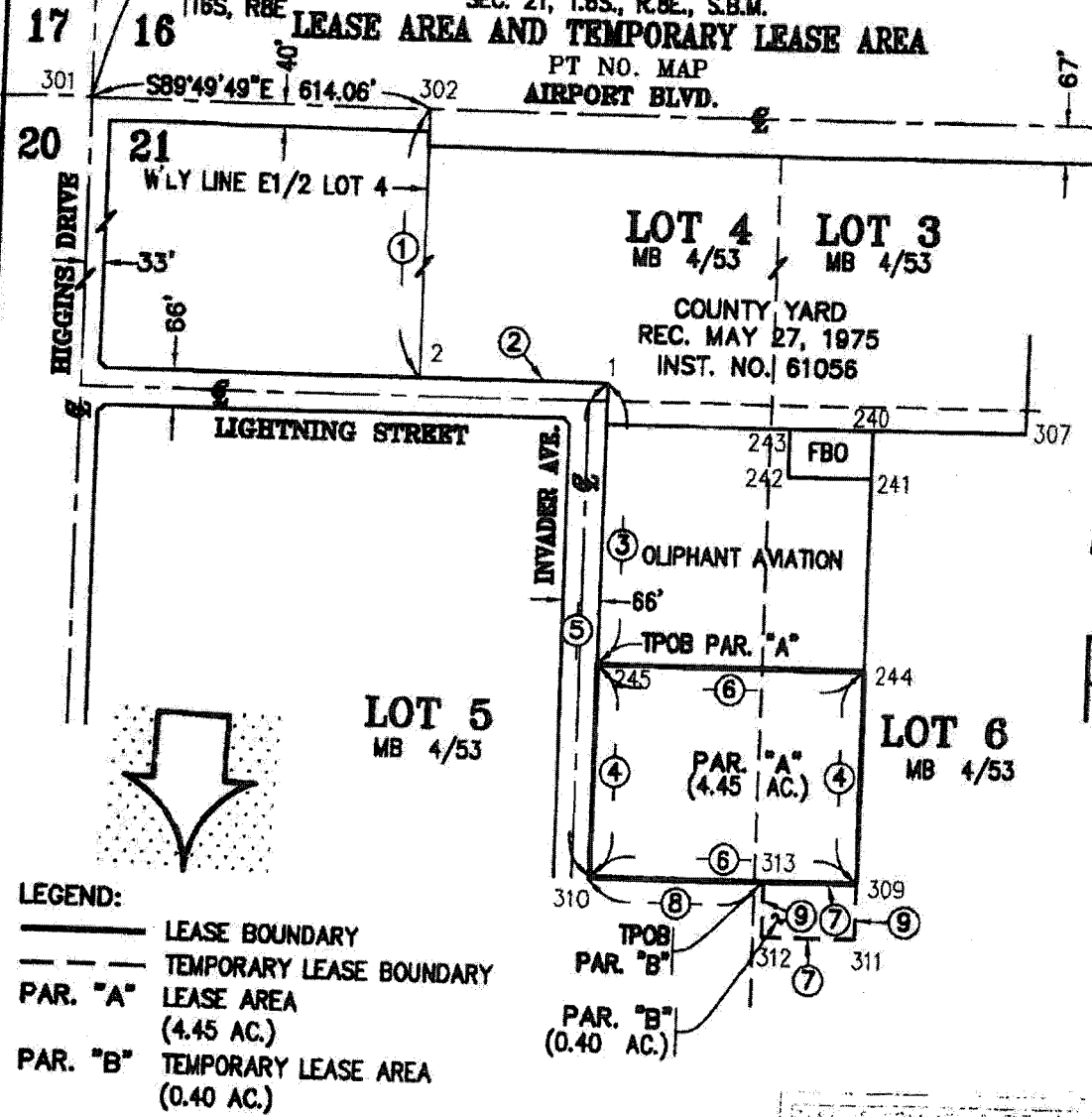
POC
NW COR. SEC. 21,
T6S, R8E

EXHIBIT "B"

SHEET 1 OF 1

SEC. 21, T.6S., R.8E., S.B.M.
LEASE AREA AND TEMPORARY LEASE AREA

PT NO. MAP
AIRPORT BLVD.



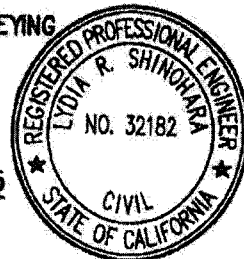
- LEGEND:**
- LEASE BOUNDARY
 - - - TEMPORARY LEASE BOUNDARY
 - PAR. "A" LEASE AREA (4.45 AC.)
 - PAR. "B" TEMPORARY LEASE AREA (0.40 AC.)

LINE TABLE		
○	BEARING	DISTANCE
①	S00°01'08"E	1317.81'
②	N89°57'04"E	349.72'
③	S00°01'20"W	505.09'
④	S00°01'20"W	385.00'
⑤	S00°01'20"W	890.09'
⑥	N89°58'40"W	504.00'
⑦	N89°58'40"W	176.00'
⑧	N89°58'40"W	328.00'
⑨	S00°01'20"W	100.00'



PACIFIC ENGINEERING & ASSOCIATES
CIVIL ENGINEERING · PLANNING · SURVEYING
28-200 VIA LAS PALMAS
THOUSAND PALMS, CA 92276
(780) 346-4264

PREPARED UNDER THE SUPERVISION OF:
Lydia R. Shinohara 09/01/2015
LYDIA R. SHINOHARA, RCE 32182 DATE
MY LICENSE EXPIRES 12/31/16



PLANNING & SURVEYING
RIVERSIDE COUNTY SURVEYORS
STATE

CLOSURE AND AREA CALCULATIONS REPORT

Desert Jet
Parcel A (Lease Area) and Parcel B (Temporary Lease Area)

August 31, 2015
C:\COR\226PCC\226.REP

***** Closure: Parcel A *****

Start Point	Bearing	Distance	End Point	End Point Stored Coordinates	
				North	East
245	S 89 58 40 E	504.00	244	9527.9427	10032.8169
244	S 00 01 20 W	385.00	309	9527.7472	10536.8169
309	N 89 58 40 W	504.00	310	9142.7472	10536.6676
310	N 00 01 20 E	385.00	245	9142.9427	10032.6676
				9527.9427	10032.8169

Closure ERROR: 0.0000

LOT PERIMETER is 1778.00 feet.

AREA of Parcel A is 194040.01 SF.....or 4.4545 Acres

***** Closure: Parcel B *****

Start Point	Bearing	Distance	End Point	End Point Stored Coordinates	
				North	East
313	S 89 58 40 E	176.00	309	9142.8155	10360.6676
309	S 00 01 20 W	100.00	311	9142.7472	10536.6676
311	N 89 58 40 W	176.00	312	9042.7472	10536.6288
312	N 00 01 20 E	100.00	313	9042.8155	10360.6288
				9142.8155	10360.6676

Closure ERROR: 0.0000

LOT PERIMETER is 552.00 feet.

AREA of Parcel B is 17600.00 SF.....or 0.4040 Acres

EXHIBIT B

Ground Lease

List of the Ground Lease and all amendments, modifications, supplements, waivers, renewals and extensions thereof, and any other instrument or agreement executed by County in connection therewith or relating thereto, together with all amendments or supplements:

1. Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement, including exhibits dated October 6, 2015, and executed by County of Riverside as lessor and Desert Jet Center, LLC, as lessee.
2. First Implementation Agreement to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement dated on or about December 8, 2016, and executed by County of Riverside as lessor and Desert Jet Center, LLC, as lessee.
3. First Amendment to Jacqueline Cochran Regional Airport Fixed Base Operation And Maintenance Ground Lease Agreement, including exhibits, dated _____, 2018, and executed by County of Riverside as lessor and Desert Jet Center, LLC, as lessee.
4. Settlement Agreement and Mutual Release dated May 3, 2018 and executed by County of Riverside and Desert Jet Center, LLC.

ATTACHMENT NO. 5

GROUND LEASE AGREEMENTS

1. Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement, including exhibits dated October 6, 2015, and executed by County of Riverside as lessor and Desert Jet Center, LLC, as lessee.
2. First Implementation Agreement to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement dated on or about December 8, 2016, and executed by County of Riverside as lessor and Desert Jet Center, LLC, as lessee.
3. First Amendment to Jacqueline Cochran Regional Airport Fixed Base Operation And Maintenance Ground Lease Agreement, including exhibits, dated _____, 2018, and executed by County of Riverside as lessor and Desert Jet Center, LLC, as lessee.
4. Jacqueline Cochran Regional Airport Ground Lease Agreement Temporary Location FBO dated as of October 6, 2015, and executed by County of Riverside as lessor and Desert Jet Center, LLC, as lessee.
5. Jacqueline Cochran Regional Airport Ground Lease Agreement Heavy Ramp Area dated as of June 28, 2016, and executed by County of Riverside as lessor and Desert Jet Center, LLC, as lessee.

ATTACHMENT NO. 6

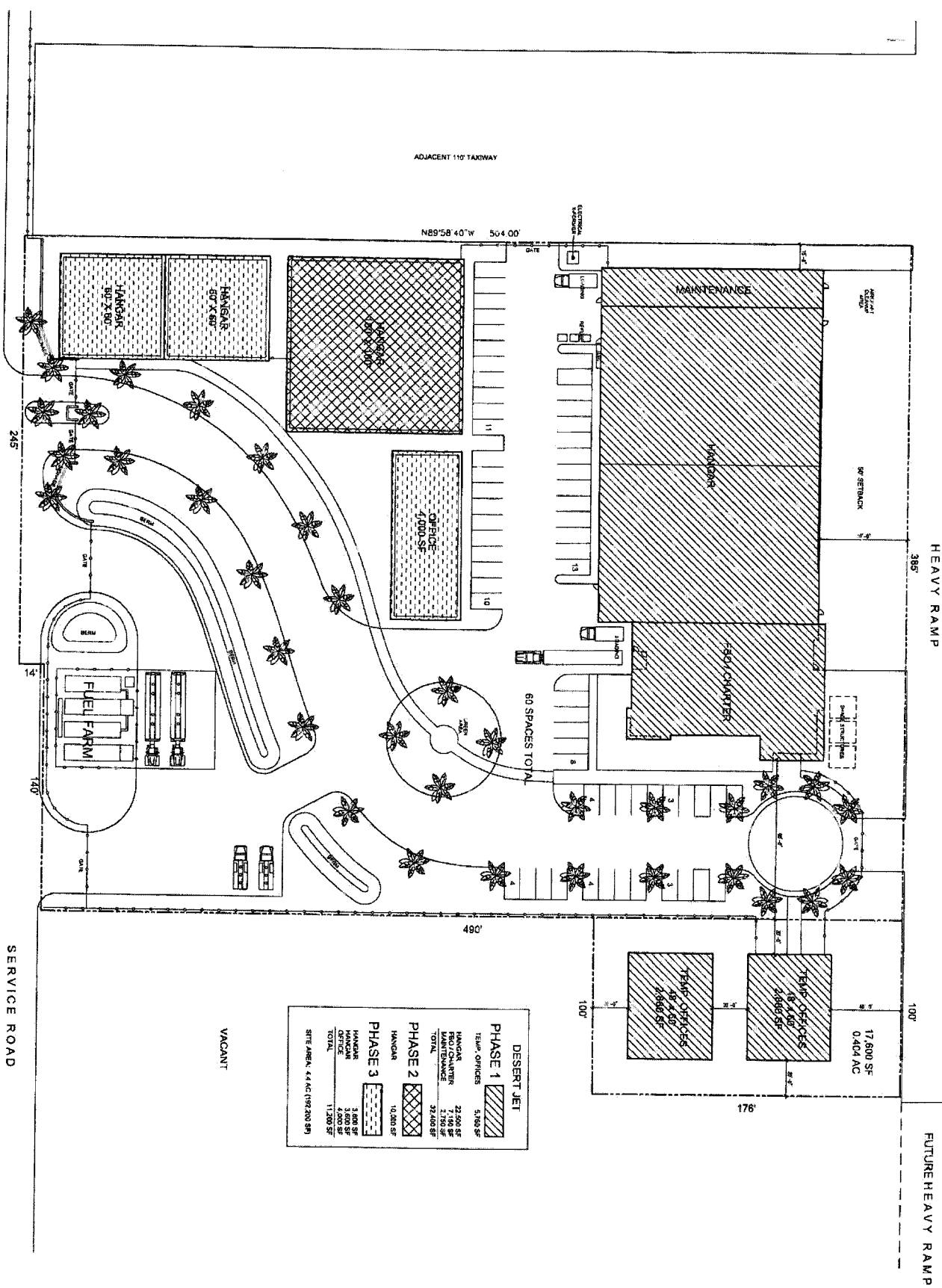
EXHIBIT J to LEASE

PHASE I SITE PLAN

(behind this page)

INVADER AVE

ADJACENT 110' TAKWAY

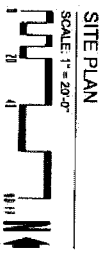


DESERT JET	
PHASE 1	5,300 SF
TEMP OFFICES	23,600 SF
HANGAR	7,100 SF
FUEL CHANGER	2,750 SF
MAINTENANCE	2,750 SF
TOTAL	32,500 SF
PHASE 2	10,000 SF
HANGAR	10,000 SF
PHASE 3	3,800 SF
HANGAR	3,800 SF
OFFICE	3,800 SF
TOTAL	11,200 SF
SITE AREA: 44 AC (197,200 SF)	

SERVICE ROAD

HEAVY RAMP

FUTURE HEAVY RAMP



SITE PLAN

SCALE: 1" = 20'-0"

A-0.1

DESERT JET HEADQUARTERS

Jacqueline Cochran Regional Airport
Thermal, California

McGEE · SHARON · ARCHITECTS

1530 WEST LEWIS STREET
SAN DIEGO - CALIFORNIA 92103
619-299-9111

DATE	
REVISION	
DESIGNED BY	
CHECKED BY	
DATE	Aug 27, 2014
SCALE	As Shown
PROJECT NUMBER	400

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



ITEM

~~(ID # 7012)~~

MEETING DATE:

~~Tuesday, May 6, 2016~~

FROM : SUPERVISOR V. MANUEL PEREZ:

SUBJECT: SUPERVISOR V. MANUEL PEREZ: Approve the First Amendment to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement Between the County of Riverside and Desert Jet Center, LLC, Jacqueline Cochran Regional Airport, Thermal, District 4 [\$0], CEQA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3);
2. Approve the attached First Amendment to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement (First Amendment) , including all exhibits between County of Riverside as landlord (County) and Desert Jet Center, LLC, a California limited liability company (Desert Jet);
3. Authorize the Chairman of the Board of Supervisors to execute the attached First Amendment; and
4. Authorize the Assistant County Executive Officer /ECD, or designee, to take all necessary steps to implement the First Amendment, including, but not limited to, signing subsequent necessary and relevant documents including the attached Estoppel Certificate and approving any non-substantive amendments and modifications to the First Amendment, subject to approval by County Counsel.

ACTION:

MINUTES OF THE BOARD OF SUPERVISORS

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

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: Airport Budget Fund			Budget Adjustment: No	
			For Fiscal Year: 17/18	

C.E.O. RECOMMENDATION: [CEO use]

BACKGROUND:

Summary

County of Riverside, as lessor (County) and Desert Jet Center, LLC, a California limited liability company, as lessee (Lessee) entered into that certain Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement dated October 6, 2015 (Ground Lease Agreement), as amended by that certain First Implementation Agreement to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement dated December 8, 2016 (collectively, Lease). The Lease relates to, among other things, the lease of that certain real property consisting of 4.4 acres of vacant land, located at the Jacqueline Cochran Regional Airport in Thermal, California, as depicted on the attached Site Map, and the construction thereon, in three phases, of facilities and improvements for conducting the business and operation of a full service Fixed Base Operation (FBO). The term of the Lease commenced on November 1, 2015 and terminates on October 31, 2050, with an option to extend the term by 5 years provided Lessee is not in default under the Lease.

Pursuant to Section 9 of the Lease, Lessee is required to develop the following improvements in three phases: (i) Phase 1 includes an approximate 7,000 square foot office building, an approximate 22,500 square foot hangar building with approximately 2,700 square feet of maintenance shop to provide for servicing of aircraft, a fuel station, sufficient parking to accommodate both employee and customer parking, site development including but not limited to landscape, hardscape, security fencing, lighting, utility connections and additional site development; (ii) Phase II includes at a minimum the construction of an additional 10,000 square feet of hangar space; and (iii) Phase III includes at a minimum an approximate 11,000 square feet of additional hangar space and or offices per a mutually approved plan (collectively, Project). Lessee has not yet completed construction of the Project.

Lessor and Lessee are engaged in litigation in connection with the Lease and other ground lease agreements entered into between Lessor and Lessee at the Jacqueline Cochran Regional Airport (collectively the "Litigation"). As part of the settlement of the Litigation, the parties have entered into that certain Settlement Agreement and Mutual Release dated May 3, 2018 wherein the parties agreed, among things, to make certain amendments to the Lease. The attached

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

proposed First Amendment to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement (First Amendment) reflects the terms agreed to as part of the settlement.

First Amendment Summary

Pertinent provisions of the proposed First Amendment are set forth below:

The First Amendment provides for (i) a schedule of performance setting forth dates by which Lessee shall be required to provide proof of Project financing, evidence of a construction contract, pulling of permits and the commencement and completion of Phase I of the Project; (ii) a waiver of attorney's fees; (iii) a one (1) year extension of the term of the Lease and a modification to the construction period for Phase I of the Project; (iv) temporary reduced rent in the amount of \$636 per acre during the construction of Phase I of the Project; (v) an amendment to the Scope of Work (Exhibit I) to delete Phase II and Phase III of the Project; and (vi) modifications to certain other obligations of the parties, all on the terms and conditions of which are set forth in the attached First Amendment.

- **Construction Requirements.** Phase I shall be completed within eighteen (18) months from the effective date of the Settlement Agreement. The general scope of Phase I shall include an approximate 7,000 square foot office building with aviation related space and restrooms to accommodate Lessee's sales, dispatch and daily operations; an approximate 22,500 square foot hangar building with approximately 2,700 square foot maintenance shop designed and approved to provide for servicing of aircraft; a fuel station to serve both Lessee's and Lessee's customers; sufficient parking to accommodate both employee and customer parking; site development including but not limited to landscape, hardscape, security fencing, lighting, utility connections and additional site development as required for permits and construction approvals.

Other than the changes set forth in the proposed First Amendment, the existing terms and conditions of the Lease will remain unchanged, including, but not limited to payment to the County of fuel flowage fees.

California Environmental Quality Act (CEQA)

Pursuant to the California Environmental Quality Act (CEQA), the First Amendment was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15061(b)(3), General Rule or "Common Sense" Exemption. With certainty, there is no possibility that the First Amendment may have a significant physical effect on the environment. The First Amendment would be limited to administrative and operation related provisions within the Ground Lease Agreement which would not result in any physical direct or reasonably foreseeable indirect impacts to the environment. The potential indirect effects from this First Amendment were already evaluated under CEQA pursuant to the Jacqueline Cochran Regional

Commented [BJ1]: Mike Sullivan to revise.

MS-Language revised

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

Airport Master Plan and certified Mitigated Negative Declaration (MND) (SCH No. 2004081118). The First Amendment would delete phases II and III of the original Project which would eliminate approximately 20,000 square feet of hangar space on the designated 4.4 acres of airport property within the Master Plan. The reduction in space would reduce the environmental effects of what was previously analyzed as part of the Master Plan and the change would be captured within the envelop of previously identified environmental effects in the Initial Study/MND. The Project will not result in any new information, new significant environmental effects, substantially increase the severity of the prior environmental effects, alter or include additional mitigation measures, or result in any other changes that may impact the prior significance determinations identified in the previously certified MND. The proposed FBO Ground Lease Agreement and the development and operation of the FBO contemplated therein was already covered by the Master Plan and associated MND. No significant direct or indirect environmental impacts would occur. A Notice of Exemption will be filed by staff with the County Clerk within 5 days of the approval of the First Amendment.

Impact on Residents and Businesses

Desert Jet will provide a full service fixed base operations on the leased premises, which will provide aircraft servicing, maintenance, and fueling services at Jacqueline Cochran Regional Airport. The operation will provide short term construction jobs and long-term aviation related jobs which will provide a positive impact for both citizens and businesses in this region of the County.

Additional Fiscal Information

All cost associated with this transaction will be funded through the Economic Development Agency's - Aviation Division Budget. There will be no cost to the general fund.

ATTACHMENTS:

- First Amendment to the Jacqueline Cochran Regional Airport Fixed Base Operation and Maintenance Ground Lease Agreement
- Estoppel Certificate
- Aerial image of the leasehold area