

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



ITEM
3.11
(ID # 10328)

MEETING DATE:

Tuesday, August 6, 2019

FROM: ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Consent to Assignment and Consent to the Assignment of Lease Between the County of Riverside and HITS, Inc. to CHP Land Company LLC, Consent to Assignment and Consent to the Assignment of the Sublease between Desert Resorts Aviation, LLC and HITS, Inc., to CHP Land Company LLC, Consent to Operating Agreements (Real Property) between CHP Land Company LLC and Coachella Horse Park LLC, Approval of Estoppel Certificate (Sublease Parcel) to be signed by County of Riverside and Desert Resorts Aviation, LLC, and Approval of Estoppel Certificate (Ground Lease) to be signed by County of Riverside, all Relating to a Non-Aviation Sublease and Lease at the Jacqueline Cochran Regional Airport, District 4 [S0], CEQA Exempt (Clerk of the Board to File the Notice of Exemption)

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 attached Assignment and Consent to the Assignment of Lease Between the County of Riverside and HITS, Inc. to CHP Land Company LLC (Assignment of Ground Lease), as more specifically set forth in the attached Assignment of Ground Lease;

ACTION: Policy

Robert Pella, Assistant County Executive Officer/ECD 7/2/2019

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington and Perez
Nays: None
Absent: Hewitt
Date: August 6, 2019
xc: EDA

Kecia R. Harper
Clerk of the Board

By:
Deputy

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3. Approve and Consent to the attached Assignment and Consent to the Assignment of the Sublease between Desert Resorts Aviation, LLC and HITS, Inc., to CHP Land Company LLC (Assignment of Sublease), as more specifically set forth in the attached Assignment of Sublease;
4. Approve and Consent to the attached Operating Agreement (Real Property) between CHP Land Company LLC, a Delaware limited liability company, as Sublandlord, and Coachella Horse Park LLC, as Subtenant, (Operating Agreement (Sublease)) relating to the sublease of 169.46 acres of land at Jaqueline Cochran Regional Airport, as more specifically set forth in the attached Operating Agreement (Sublease);
5. Approve and Consent to the attached Operating Agreement (Real Property) between CHP Land Company LLC, a Delaware limited liability company, as Sublandlord, and Coachella Horse Park LLC, as Subtenant, (Operating Agreement (Ground Lease)) relating to the sublease of 60 acres of land at Jaqueline Cochran Regional Airport, as more specifically set forth in the attached Operating Agreement (Ground Lease);
6. Approve the attached Estoppel Certificate (Ground Lease) to be executed by the County of Riverside, for the benefit of CHP Land Company LLC and CHP Funding 1 LLC, relating to that certain Ground Lease Jacqueline Cochran Regional Airport dated on or about November 14, 2006 between the County, as landlord, and HITS, Inc., a Delaware corporation, as tenant, as amended;
7. Approve the attached Estoppel Certificate (Sublease Parcel) to be executed by the County of Riverside and Desert Resorts Aviation, LLC, for the benefit of CHP Land Company LLC and CHP Funding 1 LLC, relating to that certain Ground Lease dated on or about November 14, 2006 between the County, as landlord, and Desert Resorts Aviation, LLC, as tenant, as amended;
8. Authorize the Chairman of the Board of Supervisors to sign the attached Consent to Assignment of Ground Lease, Consent to Assignment of Sublease, Consent to Operating Agreement (Sublease), and Consent to Operating Agreement (Ground Lease);
9. Authorize the Assistant County Executive Officer/ECD, or designee, to take all necessary steps to implement the Consent to Assignment of Ground Lease, Consent to Assignment of Sublease, Consent to Operating Agreement (Sublease), Consent to Operating Agreement (Ground Lease), Estoppel Certificate (Ground Lease), and Estoppel Certificate (Sublease Parcel), including, but not limited to signing the attached Estoppel Certificate (Ground Lease) and Estoppel Certificate (Sublease Parcel), and any additional subsequent, necessary and relevant documents, subject to approval by County Counsel; and

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10. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk within five (5) days of approval by the Board of Supervisors.

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: 2019/20	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside, as landlord, and Desert Resorts Aviation, LLC, a California limited liability company (DRA), as tenant, entered into that certain Ground Lease dated on or about November 14, 2006, as amended by that certain First Amendment to Ground Lease Jacqueline Cochran Regional Airport dated January 9, 2007, and that Second Amendment to Ground Lease Jacqueline Cochran Regional Airport dated April 10, 2007 (collectively, "DRA Ground Lease"). The DRA Ground Lease relates to the lease of approximately 169.46 acres of non-aeronautical land at the Jacqueline Cochran Regional Airport ("DRA Leased Premises"). DRA subleases the DRA Leased Premises in its entirety to HITS, Inc., a Delaware corporation ("HITS") pursuant to that certain Sublease dated on or about December 12, 2006, as amended by that certain First Amendment to Sublease dated April 10, 2007 (collectively, "Sublease"), which relates to the development, management, and operations of an equestrian center on the DRA Leased Premises. Both the DRA Ground Lease and Sublease have an initial term of fifteen years, with two options to extend for fifteen (15) years and ten (10) years, respectively, which can be exercised absent an existing default. The initial term of the DRA Ground Lease and Sublease will expire on November 30, 2021.

To accommodate additional space necessary to operate the equestrian center, HITS and the County entered into a separate direct Ground Lease (Jacqueline Cochran Regional Airport) dated November 14, 2006, as amended by that certain First Amendment to Ground Lease (Jacqueline Cochran Regional Airport) dated April 10, 2007 (collectively, "HITS Ground Lease"). The HITS Ground Lease relates to the lease of approximately 60 acres of non-aeronautical land at the Jacqueline Cochran Regional Airport ("HITS Ground Lease Premises"), and has an initial term of fifteen (15) years which will expire on November 30, 2021. Under the HITS Ground Lease, HITS was provided two options to extend the term, for an additional fifteen (15) years, and ten (10) years, respectively. The options can be exercised absent an existing default.

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On or about July 3, 2019, Coachella Horse Park LLC, a Delaware limited liability company (CHP) and its affiliate, CHP Land Company LLC, a Delaware limited liability company (CHP Land Company), collectively buyer, entered into that certain Asset Purchase Agreement with HITS as seller, for the acquisition of all of HITS' rights, title, and interests under the Sublease and HITS Ground Lease, and all the assets used in connection with the hunter/jumper horse shows.

The Sublease is subject to the DRA Ground Lease. Pursuant to Section 22 of the DRA Ground Lease, any assignments or subleases require prior written approval of the County. Staff recommends the Board of Supervisors consent to the attached Assignment and Consent to the Assignment of the Sublease between Desert Resorts Aviation, LLC and HITS, Inc., to CHP Land Company LLC (Assignment of Sublease). The County Consent to Assignment of Sublease is attached. The subject assignment does not modify the Sublease which also remains subordinate and subject to the DRA Ground Lease.

Additionally, pursuant to Section 22 of the HITS Ground Lease, all assignments require the prior written consent of the County. Staff recommends the Board of Supervisors consent to the attached Assignment and Consent to the Assignment of Lease between the County of Riverside and HITS, Inc. to CHP Land Company LLC (Assignment of HITS Ground Lease). The County Consent to Assignment of Ground Lease is attached. The subject assignment does not modify the HITS Ground Lease.

As a related action, CHP Land Company, as sub-landlord, and its affiliate CHP, as subtenant, have requested consent to the two attached Operating Agreements (Real Property) pertaining to the operation of the newly assigned Sublease and HITS Ground Lease. The Operating Agreements do not modify the HITS Ground Lease or the DRA Ground Lease and are subordinate and subject to their respective master ground leases.

As a condition to financing the sale under the Asset Purchase Agreement, the senior lender, CHP Funding 1 LLC, whose parent company is OZ Real Estate, has required the County and DRA execute estoppel certificates in favor of Lender and CHP relating to the HITS Ground Lease, the DRA Ground Lease and the Sublease. The proposed Estoppel Certificate (Ground Lease) and Estoppel Certificate (Sublease Parcel) are attached. Staff recommends approval of the Estoppel Certificates as to form. Under both Estoppel Certificates the senior lender is granted an additional 4 months to cure existing defaults. County also agrees to send concurrent notice of default to Senior Lender and related parties. Except for the aforementioned modifications, the estoppel certificates do not amend the DRA Ground Lease or the HITS Ground Lease. Staff recommends approval of the Estoppel Certificate (Ground Lease) and Estoppel Certificate (Sublease Parcel).

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Pursuant to the California Environmental Quality Act (CEQA), the Consent to Assignment of Sublease, Consent to Assignment of Ground Lease, Consent to Operating Agreements, Estoppel Certificate (Ground Lease) and Estoppel Certificate (Sublease Parcel) were reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1 – Existing Facilities exemption, and State CEQA Guidelines 15061(b)(3), General Rule or “Common Sense” exemption. The proposed project, the assignment and assumption of the HITS Ground Lease and Sublease, and related operating agreements and estoppel certificates, relate to the lease, sublease and operation 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 existing use and will only have administrative and operational impacts.

County Counsel has reviewed and approved as to form the attached Consent to Assignment of Sublease, Consent to Assignment of Ground Lease, the two Operating Agreements (Real Property), Estoppel Certificate (Sublease Parcel), and Estoppel Certificate (Ground Lease).

Impact on Citizens and Businesses

The Consent to Assignment of Sublease, Consent to Assignment of Ground Lease, Consent to the Operating Agreement and the estoppel certificates will not impact the existing operation of the equestrian center on the DRA Ground Lease premises and HITS Ground Lease premises. Citizens and businesses benefit from direct and indirect economic impact, resulting from the volume of patrons that attend the events at the equestrian center.

SUPPLEMENTAL:

Additional Fiscal Information

There is no net County cost and no budget adjustment required.


Attachments:

- Site Map (HITS Ground Lease and DRA Ground Lease)
- Consent to Assignment of Ground Lease and Assignment and Consent to the Assignment of Lease Between the County of Riverside and HITS, Inc. to CHP Land Company LLC
- Consent to Assignment of Sublease Lease and Assignment and Consent to the Assignment of the Sublease between Desert Resorts Aviation, LLC and HITS, Inc., to CHP Land Company LLC
- Operating Agreement (Real Property) Sublease, with County Consent attached
- Operating Agreement (Real Property) Ground Lease, with County Consent attached

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- Estoppel Certificate (Sublease Parcel)
- Estoppel Certificate (Ground Lease)
- Notice of Exemption (NOE)


Rohini Dasika, Principal Management Analyst 7/29/2019


Gregory T. Priamos, Director County Counsel 7/23/2019



Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.

8/10/19
Date

KB
Initial

NOTICE OF EXEMPTION

July 17, 2019

Project Name: County of Riverside Consent to Assignment of Sublease and Consent to Assignment of Ground Lease between HITS, Inc., as Assignor, and CHP Land Company LLC, as Assignee, Consent to the Sublease and Ground Lease Operating Agreements, CHP Land Company LLC, as Sublandlord, and Coachella Horse Park LLC, as Subtenant, at the Jacqueline Cochran Regional Airport, Thermal

Project Number: ED1910012

Project Location: 56850 Higgins Drive, south of Airport Boulevard, Assessor's Parcel Number (APN) 759-040-013; 759-050-004, Thermal, Riverside County, California, 92274 (See attached exhibit)

Description of Project: The County of Riverside (County) entered into a Ground Lease Agreement with Desert Resorts Aviation, LLC, (DRA Ground Lease) a California limited liability company (Lessee) on October 14, 2006, relating to approximately 169.46 acres of non-aeronautical land located at the Jacqueline Cochran Regional Airport in Thermal, California. The Ground Lease has been amended twice previously, and DRA subleases the entire area to HITS, Inc., for development, management, and operations of an equestrian center (Sublease). Both the DRA Ground Lease and Sublease had an initial term of fifteen years, with two options to extend. The first option is for an additional fifteen years, and the second option represents a ten-year term. The initial term of the DRA Ground Lease and Sublease will expire on November 30, 2021. Additionally, in support of their equestrian center, HITS and the County entered into a Ground Lease for the lease of an additional 60 acres, dated November 14, 2006 (Ground Lease) with an initial term of fifteen (15) years which will expire on November 30, 2021. Under the Ground Lease, HITS was provided two options to extend the term; the first option is for an additional fifteen-year term, and the second option is for ten years. On or about July 3, 2019, Coachella Horse Park LLC, a Delaware limited liability company (CHP) and CHP Land Company LLC, a Delaware limited liability company (CHP Land Company) collectively buyer, entered into that certain Asset Purchase Agreement with HITS as seller, for the acquisition of all of HITS rights, title, and interests to the Sublease and Ground Lease (Sublease and Ground Lease are referred to collectively as Real Estate Interests), and all the assets used in connection with the hunter/jumper horse shows (Operating Interests). In connection with the Asset Purchase Agreement, CHP obtained ownership of the Operating Interests, and CHP Land Company assumed the Real Estate Interests. The Sublease is subject to the DRA Ground Lease. Pursuant to Section 22 of the DRA Ground Lease, the assignment of sublessee's interest under the Sublease requires approval of the County. Additionally, effectiveness of the Assignment of the Ground Lease will require consent from the County, pursuant to Section 22. As a connected action, CHP Land Company, as Sublandlord, and CHP, as Subtenant, have requested consent to the two attached Operating Agreement's (Real Property) pertaining to the individual Sublease and Ground Lease. The Sublease Operating Agreement will enable CHP to manage the Operating Interests on the DRA Leased Premises, and will be legally bound to the terms and conditions of the DRA Ground Lease and Sublease. Similarly, the Ground Lease Operating Agreement allows CHP to manage the Operating Interests on the Ground Lease Premises, and will be legally bound to the terms and conditions of the Ground Lease. The Lender of CHP and CHP Land Company requested Estoppel Certificates for the Sublease Parcel and Ground Lease (Estoppel Certificates). The consent of the Assignment of Sublease and Ground Lease, Operating Agreements and Estoppel and issuance of Estoppel Certificates is identified as the proposed project under the California Environmental Quality Act (CEQA). No additional direct or indirect physical environmental impacts are anticipated.

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P.O. Box 1180 • Riverside, California • 92502 • T: 951.955.8916 • F: 951.955.6686

org

Administration
Aviation
Business Intelligence
Cultural Services
Community Services
Custodial

Housing
Housing Authority
Information Technology
Maintenance
Marketing

Economic Development
Edward-Dean Museum
Environmental Planning
Fair & National Date Festival
Foreign Trade
Graffiti Abatement

Parking
Project Management
Purchasing Group
Real Property
Redevelopment Agency
Workforce Development

Name of Public Agency Approving Project: County of Riverside, Economic Development Agency

Name of Person or Agency Carrying Out Project: County of Riverside, Economic Development Agency, Desert Resorts Aviation, LLC, a California limited liability company, HITS, Inc., a Delaware corporation, and Coachella Horse Park, LLC, a Delaware limited liability company

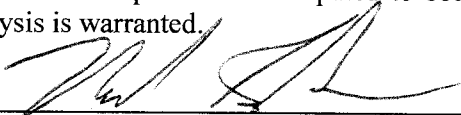
Exempt Status: Section 15301, Existing Facilities Exemption and Section 15061(b) (3), General Rule or "Common Sense" Exemption, Codified under Title 14, Article 5 Sections 15061 and Section 15300 to 15301.

Reasons Why Project is Exempt: The proposed project is categorically exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause an impact to an environmental resource of hazardous or critical concern nor would the project include unusual circumstances which would have a potentially significant effect on the environment. The project would not result in impacts to scenic highways, hazardous waste sites, historic resources, or other sensitive natural environments, or have a cumulative effect to the environment. The project is limited to administrative and operation related provisions within the Ground Lease, Sublease, and Operating Agreements, and issuance of Estoppel Certificates, which would not result in any physical direct or reasonably foreseeable indirect impacts to the environment. and no significant environmental impacts are anticipated to occur.

- **Section 15301 –Existing Facilities:** This Class 1 categorical exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site's use. The project, as proposed, is the consent to the Assignment of a Sublease, a Ground Lease, a Sublease Operating Agreement, a Ground Lease Operating Agreement, and Estoppel Certificates for the Sublease Parcel and Ground Lease. The consent by the County is a contractual requirement of the Agreements and no physical changes would result from the assignments. The consent to Assignments and operating agreements would result in the continued use of existing infrastructure. The approval of these agreements will have the same purpose and substantially similar capacity, would be within the existing property, would be consistent with the existing land use, and would not result in an increase in capacity. Therefore, the project is exempt as it meets the scope and intent of the Categorical Exemption identified in Section 15301, Article 19, Categorical Exemptions of the CEQA Guidelines.
- **Section 15061 (b) (3) – "Common Sense" Exemption:** In accordance with CEQA, the use of the Common Sense Exemption is based on the "general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment." State CEQA Guidelines, Section 15061(b) (3). The use of this exemption is appropriate if "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." *Ibid*. This determination is an issue of fact and if sufficient evidence exists in the record that the activity cannot have a significant effect on the environment; then the exemption applies and no further evaluation under CEQA is required. See *No Oil, Inc. v. City of Los Angeles* (1974) 13 Cal. 3d 68. The ruling in this case stated that if a project falls within a category exempt by administrative regulation or 'it can be seen with certainty that the activity in question will not have a significant effect on the environment', no further agency evaluation is required. With certainty, there is no possibility that the project may have a significant effect on the environment. The consent by the County of the Assignments, Operating Agreements, and Estoppel Certificates are administrative functions, and would result in the continued operation within Jacqueline Cochran Airport. No significant direct or indirect environmental impacts would occur. Therefore, in no way, would the project as proposed have the potential to cause a significant environmental impact and the project is exempt from further CEQA analysis.

Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed: _____



Date: _____

7/17/19

Mike Sullivan, Senior Environmental Planner
County of Riverside, Economic Development Agency

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Consent to Assignment of Sublease and Consent to Assignment of Ground Lease between HITS, Inc., as Assignor, and CHP Land Company LLC, as Assignee, Consent to the Sublease and Ground Lease Operating Agreements, CHP Land Company LLC, as Sublandlord, and Coachella Horse Park LLC, as Subtenant, at the Jacqueline Cochran Regional Airport, Thermal

Accounting String: 537080-22100-1910700000- ED1910012

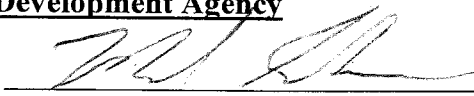
DATE: July 17, 2019

AGENCY: Riverside County Economic Development Agency

THIS AUTHORIZES THE COUNTY CLERK & RECORDER TO BILL FOR FILING AND HANDLING FEES FOR THE ACCOMPANYING DOCUMENT(S).

NUMBER OF DOCUMENTS INCLUDED: One (1)

AUTHORIZED BY: Mike Sullivan, Senior Environmental Planner, Economic Development Agency

Signature: 

PRESENTED BY: Jose Ruiz, Real Property Agent, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY:

DATE:

RECEIPT # (S)



Date: July 17, 2019

To: Kiyomi Moore/Josefina Castillo, Office of the County Clerk

From: Mike Sullivan, Senior Environmental Planner, Project Management Office

Subject: **County of Riverside Economic Development Agency Project # ED1910012**
Consent to Assignment of Sublease and Consent to Assignment of Ground Lease between HITS, Inc., as Assignor, and CHP Land Company LLC, as Assignee, Consent to the Sublease and Ground Lease Operating Agreements, CHP Land Company LLC, as Sublandlord, and Coachella Horse Park LLC, as Subtenant, at the Jacqueline Cochran Regional Airport, Thermal

The Riverside County's Economic Development Agency's Project Management Office is requesting that you post the attached Notice of Exemption. Attached you will find an authorization to bill by journal voucher for your posting fee.

After posting, please return the document to:

Mail Stop #1330

Attention: Mike Sullivan, Senior Environmental Planner,

Economic Development Agency,

3403 10th Street, Suite 400, Riverside, CA 92501

If you have any questions, please contact Mike Sullivan at 955-8009 or email at msullivan@rivco.org.

Attachment

cc: file

Site Map
(HITS Ground Lease and DRA Ground Lease)



OPERATING AGREEMENT
(Real Property)

This Operating Agreement (this "Operating Agreement"), dated as of August 6, 2019, is by and between CHP Land Company LLC, a Delaware limited liability company ("Sublandlord"), and Coachella Horse Park LLC, a Delaware limited liability company ("Subtenant" and together with Sublandlord, the "Parties" and each individually, a "Party").

WHEREAS, Sublandlord and Subtenant are each wholly-owned by the same parent company, Coachella Equestrian Holdings LLC, a Delaware limited liability company;

WHEREAS, the County of Riverside and Desert Resorts Aviation, LLC, a California limited liability company ("DRA") are parties to that certain Ground Lease (Jacqueline Cochran Regional Airport), last dated November 14, 2006, for approximately 169.46 acres of land at Jacqueline Cochran Regional Airport, County of Riverside, State of California, as amended by that First Amendment to Ground Lease (Jacqueline Cochran Regional Airport), last dated January 9, 2017, as further amended by that Second Amendment to Ground Lease (Jacqueline Cochran Regional Airport), last dated April 10, 2007 (the "Master Lease");

WHEREAS, Sublandlord and DRA are parties to that certain Sublease (Jacqueline Cochran Regional Airport), last dated December 12, 2006 (and consented to by the County of Riverside on January 9, 2007), for approximately 169.46 acres of land at Jacqueline Cochran Regional Airport, County of Riverside, State of California, as amended by that First Amendment to Sublease (Jacqueline Cochran Regional Airport), last dated April 10, 2007 (the "Master Sublease");

WHEREAS, except as provided in the Master Lease and the Master Sublease, Sublandlord cannot assign, sublet, mortgage, hypothecate or otherwise transfer in any manner any of its rights, duties or obligations under the Master Sublease to any person or entity without the written consent of the County of Riverside and DRA being first obtained; and

WHEREAS, by countersigning this Operating Agreement below, the County of Riverside and DRA desire to provide their consent to this Operating Agreement.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Party, the Parties hereto, intending to be legally bound, hereby covenant and agree as follows:

1. Capitalized Terms. Capitalized terms used herein, but not otherwise defined herein, shall have the respective meanings ascribed to such terms in the Master Lease and the Master Sublease.

2. Master Sublease. In addition to the provisions of this Operating Agreement, the Subtenant agrees to be bound by all of the terms and conditions of the Master Sublease. The terms of the Master Sublease are hereby incorporated into this Operating Agreement.

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3. Term. The term of this Operating Agreement shall be for the term of the Master Sublease and shall terminate or expire in accordance with the terms of the Master Sublease, when and if such Master Sublease terminates or expires.

4. Premises. Subtenant hereby subleases all of the Leased Premises from Sublandlord all in accordance with the terms of this Operating Agreement, the Master Lease, and the Master Sublease.

5. Rent. Rent, operating expenses, additional obligations, and any other fees, costs, expenses or additional rent due and payable under the Master Sublease shall be due and payable by Subtenant to Sublandlord hereunder in accordance with the terms of the Master Sublease.

6. Condition of the Premises. Sublandlord makes no representations or warranties to Subtenant as to the condition of the Leased Premises and Subtenant subleases the Leased Premises from Sublandlord on an on a "AS IS" and "WHERE IS" basis.

7. Subleasing and Assignment. Subtenant may not lease, sublease, or assign the Leased Premises without the prior written consent of Sublandlord, the County of Riverside, and DRA and in accordance with the terms of the Master Lease and the Master Sublease.

8. Subordination. This Operating Agreement, and all rights of Subtenant hereunder, are and shall be subject and subordinate in all respects to all mortgages which may now or hereafter affect the Master Sublease, whether or not such mortgages shall also cover other lands and/or buildings and improvements, to each and every advance made or hereafter to be made under such mortgages, and to all renewals, modifications, replacements and extensions of such leases and such mortgages and spreaders and consolidations of such mortgages. This Section 8 shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Subtenant shall promptly execute and deliver any instrument that the holder of any such mortgage or any of their respective successors in interest (each, a "Mortgagee") may reasonably request to evidence such subordination. In addition, each of Sublandlord and Subtenant agree not to amend, modify or terminate this Operating Agreement without the written consent of Mortgagee. Mortgagee is an express third party beneficiary of this Section, and shall have the power to enforce the same as if it were a party hereto.

9. Subordination – Master Lease & Master Sublease. This Operating Agreement, and all rights of Subtenant hereunder, are and shall be subject and subordinate in all respects to the Master Lease and the Master Sublease.

10. Indemnification. Subtenant shall indemnify Sublandlord for all matters under the Master Lease and the Master Sublease and in accordance therewith for which Sublandlord must indemnify the County of Riverside and DRA.

11. Entire Agreement. This Operating Agreement, the Master Lease, and the Master Sublease together with any exhibits or schedules hereto or thereto (which are incorporated herein by reference) and any agreements to be executed and delivered in connection herewith, together constitute the entire agreement and understanding between the Parties.

12. Amendment. Subject to the terms of the Master Lease and the Master Sublease, this Operating Agreement may only be amended or modified in a writing executed by the Parties.

13. Governing Law. This Operating Agreement shall be governed by and construed in accordance with the internal laws of the State of California (excluding application of any choice of law doctrines that would make applicable the law of any other state or jurisdiction).

14. Conflicts with Master Lease. In the event of any conflict or inconsistency between the terms and conditions of this Operating Agreement and the terms and conditions of the Master Lease or the Master Sublease, the terms and conditions of the Master Lease or the Master Sublease shall govern and control.

[SIGNATURE PAGE FOLLOWS]


IN WITNESS WHEREOF, the Parties have executed this Operating Agreement as of the date first written above.

"Sublandlord"

CHP LAND COMPANY LLC

By: Coachella Equestrian Holdings LLC,
its Sole Member

By: CHP Show Management
Company LLC,
its Manager

By: 
Name: Steve Hankin
Title: Sole Member

"Subtenant"

COACHELLA HORSE PARK LLC

By: Coachella Equestrian Holdings LLC,
its Sole Member

By: CHP Show Management
Company LLC,
its Manager

By: 
Name: Steve Hankin
Title: Sole Member

[DRA AND COUNTY OF RIVERSIDE SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO OPERATING AGREEMENT (REAL PROPERTY)]

Acknowledged, agreed and consented to:

"DRA"

DESERT RESORTS AVIATION, LLC

By: Matthew V. Johnson

Name: Matthew V. Johnson

Title: Managing Member

"County of Riverside"

Acknowledged, agreed and consented to:

COUNTY OF RIVERSIDE

By: _____

Name: _____

Title: _____

See attached


APPROVED AS TO FORM:
GREGORY P. PRIAMOS
COUNTY COUNSEL

Jhaila R. Brown, Deputy County Counsel

COUNTY OF RIVERSIDE CONSENT

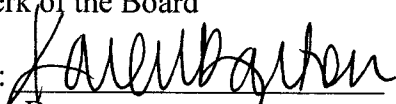
The County of Riverside hereby consents to the attached Operating Agreement (Real Property) between CHP Land Company LLC, a Delaware limited liability company and Coachella Horse Park LLC, a Delaware limited liability company, pursuant to Section 22 of the Master Lease (as defined in the Operating Agreement (Real Property)).

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


By: 
Kevin Jeffries, Chairman
Board of Supervisors

Date: AUG 06 2019

ATTEST:
KECIA ~~HEN~~ HARPER
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM
Gregory P. Priamos
County Counsel

By: 
Jhaila Brown,
Deputy County Counsel

OPERATING AGREEMENT
(Real Property)

This Operating Agreement (this "Operating Agreement"), dated as of August, 2019, is by and between CHP Land Company LLC, a Delaware limited liability company ("Sublandlord"), and Coachella Horse Park LLC, a Delaware limited liability company ("Subtenant" and together with Sublandlord, the "Parties" and each individually, a "Party").

WHEREAS, Sublandlord and Subtenant are each wholly-owned by the same parent company, Coachella Equestrian Holdings LLC, a Delaware limited liability company;

WHEREAS, Sublandlord and the County of Riverside are parties to that certain Ground Lease (Jacqueline Cochran Regional Airport), last dated November 14, 2006, for approximately 60 acres of land at Jacqueline Cochran Regional Airport, County of Riverside, State of California, as amended by that First Amendment to Ground Lease (Jacqueline Cochran Regional Airport), last dated April 10, 2007 (the "Master Lease");

WHEREAS, Section 22 of the Master Lease provides that Sublandlord cannot assign, sublet, mortgage, hypothecate or otherwise transfer in any manner any of its rights, duties or obligations under the Master Lease to any person or entity without the written consent of the County of Riverside being first obtained, which consent shall not be unreasonably withheld or delayed; and

WHEREAS, by countersigning this Operating Agreement below, the County of Riverside desires to provide its consent to this Operating Agreement.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Party, the Parties hereto, intending to be legally bound, hereby covenant and agree as follows:

1. Capitalized Terms. Capitalized terms used herein, but not otherwise defined herein, shall have the respective meanings ascribed to such terms in the Master Lease.
2. Master Lease. In addition to the provisions of this Operating Agreement, the Subtenant agrees to be bound by all of the terms and conditions of the Master Lease. The terms of the Master Lease are hereby incorporated into this Operating Agreement.
3. Term. The term of this Operating Agreement shall be for the term of the Master Lease and shall terminate or expire in accordance with the terms of the Master Lease, when and if such Master Lease terminates or expires.
4. Premises. Subtenant hereby subleases all of the Leased Premises from Sublandlord all in accordance with the terms of this Operating Agreement and the Master Lease.

AUG 06 2019 3.11

5. Rent. Rent, operating expenses, additional obligations, and any other fees, costs, expenses or additional rent due and payable under the Master Lease shall be due and payable by Subtenant to Sublandlord hereunder in accordance with the terms of the Master Lease.

6. Condition of the Premises. Sublandlord makes no representations or warranties to Subtenant as to the condition of the Leased Premises and Subtenant subleases the Leased Premises from Sublandlord on an on a "AS IS" and "WHERE IS" basis.

7. Subleasing and Assignment. Subtenant may not lease, sublease, or assign the Leased Premises without the prior written consent of Sublandlord and the County of Riverside and in accordance with the terms of the Master Lease.

8. Subordination – Mortgages. This Operating Agreement, and all rights of Subtenant hereunder, are and shall be subject and subordinate in all respects to all mortgages which may now or hereafter affect the Master Lease, whether or not such mortgages shall also cover other lands and/or buildings and improvements, to each and every advance made or hereafter to be made under such mortgages, and to all renewals, modifications, replacements and extensions of such leases and such mortgages and spreaders and consolidations of such mortgages. This Section 8 shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Subtenant shall promptly execute and deliver any instrument that the holder of any such mortgage or any of their respective successors in interest (each, a "Mortgagee") may reasonably request to evidence such subordination. In addition, each of Sublandlord and Subtenant agree not to amend, modify or terminate this Operating Agreement without the written consent of Mortgagee. Mortgagee is an express third party beneficiary of this Section, and shall have the power to enforce the same as if it were a party hereto.

9. Subordination – Master Lease. This Operating Agreement, and all rights of Subtenant hereunder, are and shall be subject and subordinate in all respects to the Master Lease.

10. Indemnification. Subtenant shall indemnify Sublandlord for all matters under the Master Lease and in accordance therewith for which Sublandlord must indemnify the County of Riverside.

11. Entire Agreement. This Operating Agreement and the Master Lease together with any exhibits or schedules hereto or thereto (which are incorporated herein by reference) and any agreements to be executed and delivered in connection herewith, together constitute the entire agreement and understanding between the Parties.

12. Amendment. Subject to the terms of the Master Lease, this Operating Agreement may only be amended or modified in a writing executed by the Parties.

13. Governing Law. This Operating Agreement shall be governed by and construed in accordance with the internal laws of the State of California (excluding application of any choice of law doctrines that would make applicable the law of any other state or jurisdiction).

14. Conflicts with Master Lease. In the event of any conflict or inconsistency between the terms and conditions of this Operating Agreement and the terms and conditions of the Master Lease, the terms and conditions of the Master Lease shall govern and control.

[SIGNATURE PAGE FOLLOWS]

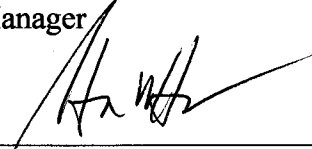
IN WITNESS WHEREOF, the Parties have executed this Operating Agreement as of the date first written above.

"Sublandlord"

CHP LAND COMPANY LLC

By: Coachella Equestrian Holdings LLC,
its Sole Member

By: CHP Show Management
Company LLC,
its Manager

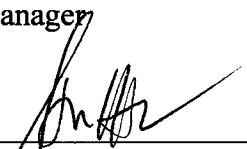
By: 
Name: Steve Hankin
Title: Sole Member

"Subtenant"

COACHELLA HORSE PARK LLC

By: Coachella Equestrian Holdings LLC,
its Sole Member

By: CHP Show Management
Company LLC,
its Manager

By: 
Name: Steve Hankin
Title: Sole Member


[COUNTY OF RIVERSIDE SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO OPERATING AGREEMENT (REAL PROPERTY)]

COUNTY OF RIVERSIDE CONSENT

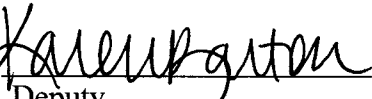
The County of Riverside hereby consents to the attached Operating Agreement (Real Property) between CHP Land Company LLC, a Delaware limited liability company and Coachella Horse Park LLC, a Delaware limited liability company, pursuant to Section 22 of the Master Lease (as defined in the Operating Agreement (Real Property)).

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

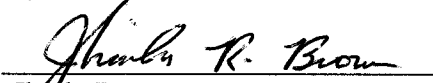
By: 
Kevin Jeffries, Chairman
Board of Supervisors

Date: AUG 06 2019

ATTEST:
KECIA ~~HEM~~ HARPER
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM
Gregory P. Priamos
County Counsel

By: 
Jhaila Brown,
Deputy County Counsel

CONSENT TO ASSIGNMENT OF SUBLEASE AGREEMENT


HITS INC, a Delaware corporation, ("Assignor"), and CHP LAND COMPANY LLC, a Delaware limited liability company ("Assignee") executed that certain Asset Purchase Agreement dated July 3, 2019 ("Agreement"), whereby, among other things, Assignor transferred and assigned to Assignee ("Assignment") all of Assignor's rights, title, interest and obligations ("Rights and Obligations") under that certain Sublease (Jacqueline Cochran Regional Airport) dated December 12, 2006 and as amended by that certain First Amendment to Sublease (Jacqueline Cochran Regional Airport) dated April 10, 2007 ("Sublease"). The Sublease pertains to that certain real property located within the Jacqueline Cochran Regional Airport and consists of approximately 169.46 acres of land, as more particularly described in Exhibit A of the Sublease.

The Sublease is subject to that certain Ground Lease (Jacqueline Cochran Regional Airport) by and between the County of Riverside, a political subdivision of the State of California (as Lessor) and Desert Resorts Aviation, LLC, a California limited liability company (as Lessee) dated November 14, 2006, as amended by that certain First Amendment to Ground Lease (Jacqueline Cochran Regional Airport) dated January 9, 2007, and as amended by that Second Amendment to Ground Lease (Jacqueline Cochran Regional Airport) dated April 10, 2007 (collectively, Ground Lease) relating to the lease of approximately 169.46 acres of vacant land, located at the Jacqueline Cochran Regional Airport.

In reliance upon the Agreement and the assumption by Assignee of all Rights and Obligations under the Sublease pursuant to the Assignment, the County does hereby consent to the Agreement and the assignment of the Rights and Obligations by Assignor to Assignee and Assignee's assumption thereof. Consent thereof by the County shall not be construed to relieve or release Assignor from its duty to comply with any obligations under the Ground Lease.

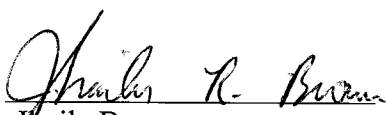
Date: AUG 06 2019

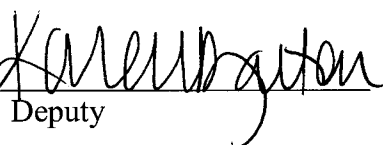
LESSOR
COUNTY OF RIVERSIDE

By: 
Kevin Jeffries, Chairman
Board of Supervisors

APPROVED AS TO FORM
Gregory P. Priamos
County Counsel

ATTEST:
KECIA ~~HEM~~ HARPER
Clerk of the Board

By: 
Jhaila Brown
Deputy County Counsel

By: 
Karen Barton
Deputy

AUG 06 2019 3.11

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

Wollmuth Maher & Deutsch LLP
500 Fifth Avenue
New York, New York 10110
Attention: Paul R. DeFilippo, Esq.

**ASSIGNMENT AND CONSENT TO THE ASSIGNMENT OF THE SUBLEASE
BETWEEN DESERT RESORTS AVIATION, LLC AND HITS, INC. TO
CHP LAND COMPANY LLC**

THIS ASSIGNMENT AND CONSENT TO ASSIGNMENT OF SUBLEASE (this "Assignment and Consent") is made on this ____ day of _____, 2019 (the "Closing Date"), by and among (i) HITS, INC., a Delaware corporation, as assignor of the Sublease (as defined in Recital C. below) ("Assignor"); (ii) CHP LAND COMPANY LLC, a Delaware limited liability company, as assignee to the Sublease ("Assignee"); and (iii) DESERT RESORTS AVIATION, LLC, a California limited liability company ("DRA"), as the original tenant under the Master Lease (as defined in Recital A. below) and sublessor under the Sublease (as defined below) to Assignor. The consent thereto of County (as defined below) is provided in the joinder attached hereto.

RECITALS:

A. WHEREAS, County of Riverside, a political subdivision of the State of California ("County") and DRA are parties to a Ground Lease (Jacqueline Cochran Regional Airport) dated November 14, 2006 (as amended from time to time, the "Master Lease"), which Master Lease is evidenced by that certain Memorandum of Lease dated July 3, 2007 and recorded in the Official Records of the County on August 23, 2007 with Document No. 2007-0543291 and which was amended by an Amended and Restated Memorandum of Lease last dated July 16, 2019 and recorded on July 16, 2019 in the Official Records of the County having Document No. 2019-0262589; and

B. WHEREAS, under the Master Lease, County leases to DRA certain premises consisting of approximately 169.46 acres of land at the Jacqueline Cochran Regional Airport, County of Riverside, State of California described in Exhibit A attached hereto (the "Premises"); and

C. WHEREAS, DRA subleases to Assignor, with the consent of County, the Premises, pursuant to a Sublease dated December 12, 2006, by and between DRA and Assignor, a copy of which is attached hereto as Exhibit B (as amended from time to time, the "Sublease"), which Sublease is evidenced by that certain Memorandum of Sublease dated July 3, 2007 and recorded August 23, 2007 in the Official Records of the County having Document No. 2007-0543292; and

D. WHEREAS, Assignor, Assignee, and Coachella Horse Park LLC, a Delaware limited liability company ("Coachella Horse Park"), an affiliate of Assignee, have entered into an Asset Purchase Agreement dated July 3, 2019 (the "Purchase Agreement" and the closing of the transactions contemplated by the Purchase Agreement, the "Closing" and the date of the Closing, the "Closing Date"), pursuant to which Assignor will transfer substantially all of its assets in California and Arizona (other than its interest in the Sublease and the Adjacent Lease) to Coachella Horse Park, and to assign its interests in the Sublease and the Adjacent Lease, to Assignee; and

E. WHEREAS, in connection with the Purchase Agreement, Assignor wishes to assign to Assignee and Assignee wishes to assume from Assignor the Sublease, as of the Closing Date;

F. WHEREAS, Assignor has asked County and DRA to consent to the assignment of the Sublease to Assignee.

NOW, THEREFORE, in consideration of the mutual covenants of the parties hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

County and DRA each consent to HITS's assignment of the Sublease of the Premises to Assignee, such consent being subject to the following terms and conditions to each of which Assignor and Assignee expressly agree. County's consent to the assignment of the Sublease is contained in the joinder attached hereto, and DRA shall consent to the assignment of the Sublease by signing at the end of this document.

1. Assignment of Sublease. Assignor hereby transfers and assigns to Assignee all of its right, title, and interest to and under the Sublease effective as of the Closing Date, subject to the covenants and conditions in the Sublease. The initial 15-year term of the Sublease ends on November 30, 2021. The Sublease allows for two additional extensions, the first for an additional 15 years and the second for an additional 10 years. For purposes of Assignee's assumption of the Sublease, wherever in the Sublease the terms "Sublessee" or "HITS" are used, it shall be deemed to mean Assignee. This Assignment and Consent is also conditioned on the assignment of the Ground Lease dated November 14, 2006 (as amended from time to time, the "Adjacent Lease"); which Adjacent Lease is evidenced by that certain Memorandum of Lease dated July 26, 2007 and recorded August 10, 2007 in the Official Records of the County with Document No. 2007-0519161, to Assignee, for an adjacent 60 acres (it being agreed that any party shall be entitled to rely on the recordation of an assignment and consent to assignment of such Adjacent Lease as evidence that the foregoing condition has been satisfied).

2. Rent. Assignee shall be subject to the same rent as set out in Paragraph 4 of the Sublease and shall pay the rent directly to DRA. Rent due under the Sublease at the time of the Closing shall be paid by Assignor on or before the Closing Date. After the Closing, Assignee shall be fully responsible for paying all rents and other fees that first accrue under the Sublease from and after the Closing Date.□

3. No Waiver of Obligations in the Sublease. Except as provided in this Assignment and Consent, neither the giving of this consent nor anything in this Assignment and Consent shall (i) modify, waive, impair or affect any of the covenants, agreements, terms, provisions, obligations

or conditions contained in the Master Lease or Sublease (except as may be herein expressly provided), (ii) waive any breach thereof, or any rights of County or DRA against any person or entity liable or responsible for performance under the Master Lease or Sublease, provided, however, County hereby agrees to look only to DRA and Assignor, and DRA hereby agrees to look only to Assignor, for any liability connected with breaches first arising prior to the Closing Date, (iii) increase or diminish the obligations or the rights of County under the Master Lease, (iv) increase or diminish the rights or the obligations of DRA under the Master Lease or Sublease, or (v) in any way be interpreted as giving Assignee any greater rights than Assignor is extended under the Sublease. All covenants, agreements, terms, provisions and conditions of the Master Lease and Sublease are mutually declared to be in full force and effect except as otherwise provided herein.

4. No Further Consent. This Assignment and Consent shall not be construed either as a consent by County or DRA to permitting any other or further subletting of the Premises, whether in whole or in part, or any further assignment of the Sublease or Master Lease, or as a waiver of any requirement in the Sublease of obtaining County's or DRA's consent for any further assignment or subletting. Assignee shall not, except as otherwise provided in the Sublease assign the Master Lease, Sublease, or this Assignment and Consent or sublet the Premises or any part of the Premises without the prior written consent of County and DRA, which consent shall not be unreasonably withheld or delayed.

5. No Release. The giving of this Assignment and Consent shall not be deemed or serve to release Assignor from any liability, obligation or duty it may have under the Sublease during the term of the Sublease unless the Sublease is (i) amended, or (ii) the term of the Sublease is extended beyond the initial 15 year period under amended terms that change the Sublease as it is now written. Accordingly, Assignor shall remain liable and responsible for all rent and other obligations imposed upon Assignor in the Sublease in the event Assignee fails to perform under the Sublease, but Assignor shall not be liable if the Sublease is amended or extended by Assignee for the additional periods provided under the Sublease (15 years and 10 years) or for other periods under amended Sublease terms.

6. Assignee's Obligation. Assignee for itself and its successors and assigns (i) accepts the Sublease as written, (ii) recognizes and assumes all of the covenants, agreements, terms, provisions, obligations and conditions contained in the Sublease with respect to the Premises first arising from and after the Closing Date, and (iii) agrees to keep and perform each and every covenant, agreement, term, provision, obligation and condition with respect to the Premises first arising from and after the Closing Date contained in the Sublease except as expressly provided by this Assignment and Consent.

7. Indemnification. Neither County nor DRA shall be responsible for the payment of any commissions or fees in connection with the assignment of Sublease, and Assignor agrees to indemnify and hold County and DRA harmless from and against any claims, liability, losses or expenses, including reasonable attorneys' fees incurred by County or DRA in connection with any claims for commission by any broker or agent in connection with the assignment of Sublease.

8. Notices. The following mailing addresses apply for purposes of giving notice under this Assignment and Consent and the Sublease:

County:

County of Riverside
Economic Development Agency
Attn: Vincent Yzaguirre, Assistant Director
3403 10th Street, Suite 400
Riverside, CA 92501
VYzaguirre@rivco.org

DRA:

Desert Resorts Aviation, LLC
Attn: Matthew V. Johnson, Managing Member
c/o Johnson Commercial Real Estate
72000 Magnesia Falls Drive, Suite 4
Rancho Mirage, CA 92270
Email: matt@johnsoncommercial.net

Assignor:

HITS, Inc.
Attn: Thomas Struzzieri
319 Main Street
Saugerties, NY 12477
Tom@Hitsshow.com

Assignee:

CHP Land Company LLC
2371 Outpost Drive
Los Angeles, CA 90068
Attn: Steve Hankin
Stevehankin1@gmail.com

9. Execution of Assignment and Consent. The parties agree that this Assignment and Consent may be signed and delivered by scanned and emailed signature and any number of separate counterparts each of which shall be an original and all of which taken together shall constitute one in the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Consent as of the date first written above.

"County"

County of Riverside, a political subdivision
of the State of the California

By: See separate County Executed Consent

"DRA"

Desert Resorts Aviation, LLC

By:

Name: Matthew V. Johnson

Title: Managing Member

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

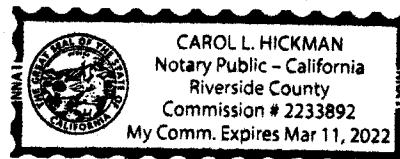
COUNTY OF Riverside

On July 15, 2019 before me, Carol L. Hickman, Notary Public (here insert name and title of the officer), personally appeared Matthew V. Johnson 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 Carol L. Hickman (Seal)



[SIGNATURE PAGE TO ASSIGNMENT AND CONSENT TO THE ASSIGNMENT OF THE
SUBLEASE BETWEEN DESERT RESORTS AVIATION, LLC AND HITS, INC. TO
CHP LAND COMPANY LLC]

"Assignor"

HITS, INC.

By: 

Name: Thomas G. Struzzieri


Title: President & CEO

STATE OF NEW YORK:

SS:

COUNTY OF ULSTER :

On this 15th day of JULY, 2019, before me the undersigned, a Notary Public in and for said State, personally appeared THOMAS G. STRUZZIERI personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she duly executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


Notary Public

JoANNE K. PARISIAN
Notary Public, State of New York
No. 4741954
Qualified in Ulster County
Commission Expires June 30, 2023

[SIGNATURE PAGE TO ASSIGNMENT AND CONSENT TO THE ASSIGNMENT OF THE
SUBLEASE BETWEEN DESERT RESORTS AVIATION, LLC AND HITS, INC. TO
CHP LAND COMPANY LLC]

"Assignee"

CHP LAND COMPANY LLC

By: Coachella Equestrian Holdings LLC,
its Sole Member

By: CHP Show Management Company LLC,
its Manager

By: [Signature]
Name: Steve Hankin
Title: Sole Member

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

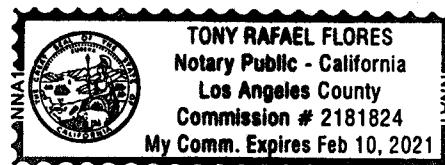
COUNTY OF Los Angeles

On 7-15-19 before me, Tony Rafael Flores (here insert name and title of the officer), personally appeared Steven M. Hankin 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 Tony Rafael Flores (Seal)



[SIGNATURE PAGE TO ASSIGNMENT AND CONSENT TO THE ASSIGNMENT OF THE
SUBLEASE BETWEEN DESERT RESORTS AVIATION, LLC AND HITS, INC. TO
CHP LAND COMPANY LLC]

EXHIBIT "A"

PARCEL "B"

A PORTION OF SECTION 20, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF PARCEL 11 OF LOT LINE ADJUSTMENT NO. 3843 RECORDED JUNE 27, 1996 AS INSTRUMENT NO. 239254, OFFICIAL RECORDS OF RIVERSIDE COUNTY;

THENCE SOUTH $89^{\circ}48'47''$ EAST ALONG THE NORTH LINE OF SAID PARCEL 11, A DISTANCE OF 630.10 FEET TO THE **TRUE POINT OF BEGINNING**;

THENCE NORTH $00^{\circ}01'27''$ EAST ALONG A LINE PARALLEL WITH AND DISTANT 660.00 FEET EASTERLY FROM, AS MEASURED AT RIGHT ANGLES, THE WEST LINE OF SAID SECTION 20, A DISTANCE OF 660.00 FEET;

THENCE NORTH $89^{\circ}58'33''$ WEST A DISTANCE OF 584.00 FEET TO A LINE PARALLEL WITH AND DISTANT 76.00 FEET EASTERLY FROM, AS MEASURED AT RIGHT ANGLES, SAID WEST LINE SAID SECTION 20;

THENCE NORTH $00^{\circ}01'27''$ EAST ALONG LAST SAID PARALLEL LINE, A DISTANCE OF 3874.43 FEET;

THENCE NORTH $44^{\circ}55'15''$ EAST A DISTANCE OF 19.76 FEET TO A LINE PARALLEL WITH AND DISTANT 76.00 FEET SOUTHERLY FROM, AS MEASURED AT RIGHT ANGLES, THE NORTH LINE OF SAID SECTION 20;

THENCE NORTH $89^{\circ}49'03''$ EAST ALONG LAST SAID PARALLEL LINE A DISTANCE OF 1892.80 FEET;

THENCE SOUTH $00^{\circ}10'57''$ EAST ALONG A LINE PERPENDICULAR WITH, AS MEASURED AT RIGHT ANGLES, THE NORTH LINE OF SAID SECTION 20 A DISTANCE OF 1835.09 FEET TO A POINT ON THE WESTERLY PROLONGATION OF THE SOUTH LINE OF THAT CERTAIN 80.1 ACRE PARCEL OF LAND SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 32 OF RECORDS OF SURVEY AT PAGE 33, RECORDS OF SAID COUNTY;

THENCE NORTH 89°59'21" WEST ALONG LAST SAID LINE A DISTANCE OF 340.62 FEET;

THENCE SOUTH 00°11'13" WEST A DISTANCE OF 2722.90 FEET TO A POINT ON THE NORTH LINE OF SAID PARCEL 11 OF SAID LOT LINE ADJUSTMENT;

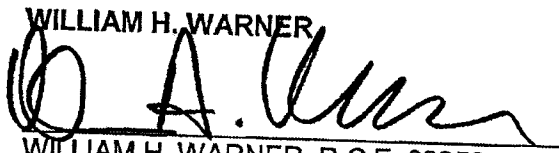
THENCE NORTH 89°48'47" WEST ALONG SAID NORTH LINE OF SAID PARCEL 11, A DISTANCE OF 981.00 FEET TO THE TRUE POINT OF BEGINNING.

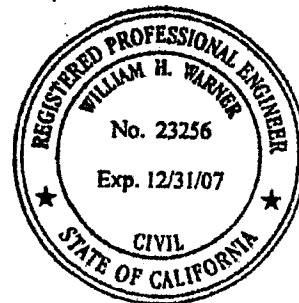
(CONTAINS 169.46 ACRES)

SEE EXHIBIT "B" ATTACHED

PREPARED UNDER THE SUPERVISION OF:

WILLIAM H. WARNER


WILLIAM H. WARNER, R.C.E. 23256

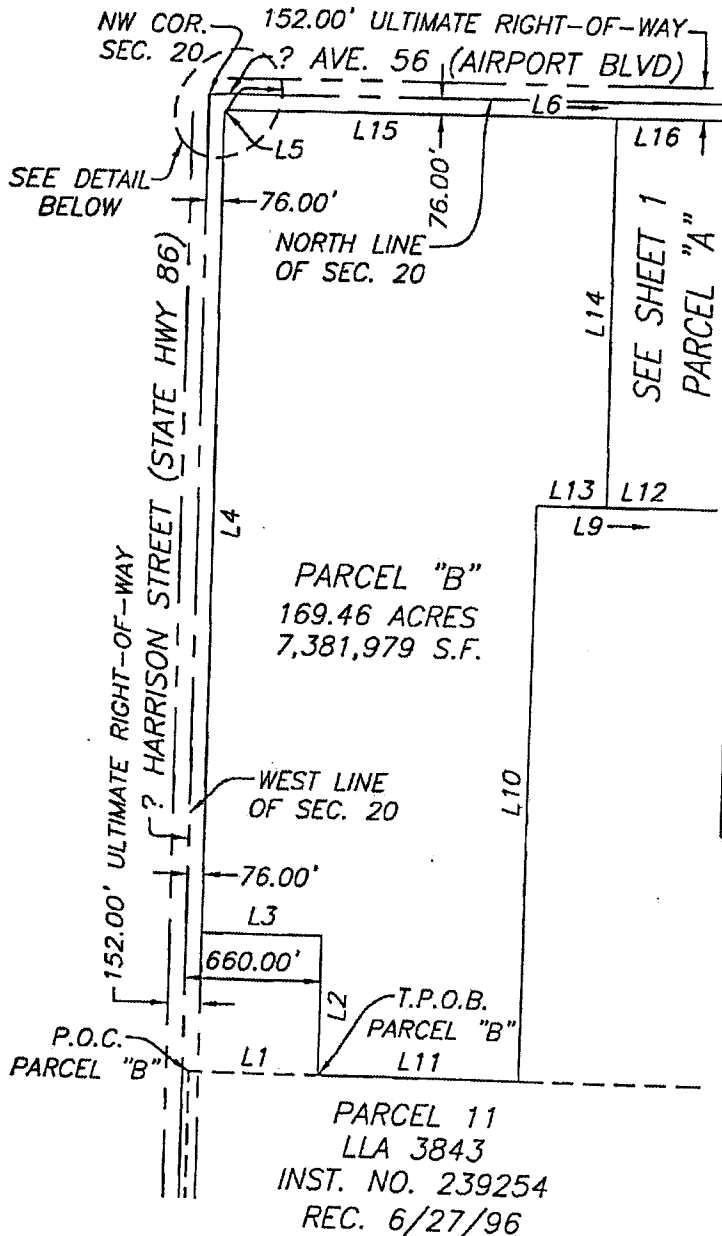


6/1/06
DATE

EXHIBIT "B"

SHEET 2 OF 2

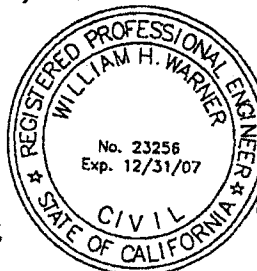
POR. OF SEC. 20, T. 6 S., R. 8 E., S.B.M.



LINE TABLE		
LINE	BEARING	LENGTH
L1	N89°48'47"W	630.10'
L2	N00°01'27"E	660.00'
L3	N89°58'33"W	584.00'
L4	N00°01'27"E	3874.43'
L5	N44°55'15"E	19.76'
L6	N89°49'03"E	3102.23'
L9	N89°59'21"W	2433.37'
L10	N00°11'13"E	2722.90'
L11	N89°48'47"W	981.00'
L12	N89°59'21"W	2092.75'
L13	N89°59'21"W	340.62'
L14	N00°10'57"W	1835.09'
L15	N89°49'03"E	1892.80'
L16	N89°49'03"E	1209.43'



- PROPOSED BOUNDARY
- EXISTING CENTERLINE
- PROPOSED ULTIMATE RIGHT-OF-WAY
- LOT LINE PER LOT LINE ADJUSTMENT NO. 3843, RECORDED JUNE 27, 1996, AS INST. NO. 239254



THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY SUPERVISION, BASED ON RECORD INFORMATION.

WILLIAM H. WARNER, R.C.E. 23256
LIC. EXP. 12/31/07

0602-015C

SUBLEASE
JACQUELINE COCHRAN REGIONAL AIRPORT

DESERT RESORTS AVIATION, LLC, a California limited liability company, herein called Sublessor, leases to HITS, Inc., a Delaware corporation, herein called Sublessee, the property described below under the following terms and conditions:

1. Recitals.

(a) The County of Riverside, herein called County, owns approximately one hundred sixty-nine and 46/100 (169.46) acres of vacant land at the Jacqueline Cochran Regional Airport, County of Riverside, State of California.

(b) County has leased said property to Sublessor pursuant to that certain Lease of even date herewith between County and Sublessor (the "Master Lease"), a copy of which is attached hereto as Exhibit "C" and incorporated by this reference herein. The Master Lease supersedes the lease previously entered into between County and Sublessor covering the Leased Premises (as hereinafter defined) and certain other land, which prior lease has been terminated. Sublessor desires to sublease the Leased Premises to Sublessee for the development of an equestrian center and related facilities for horse shows and other equestrian events.

(c) Sublessee desires to sublease said property for the development of an equestrian center and related facilities for horse shows and other equestrian events.

2. Description. The premises leased hereby are located within the Jacqueline Cochran Regional Airport, County of Riverside, State of California, and consist of approximately one hundred sixty-nine and 46/100 (169.46) acres of vacant land, being described in Exhibit "A" and depicted on Exhibit "B", both attached hereto and incorporated by this reference herein. Said property is hereafter referred to as the

"Leased Premises." Sublessor and Sublessee herein acknowledge that neither party has any fee title interest in or to the Leased Premises. The Leased Premises are adjacent to certain other land containing approximately sixty (60) acres that County is leasing to Sublessee concurrently herewith (the "Sixty-Acre Lease"). The execution and delivery of the Sixty-Acre Lease shall be a condition precedent to the obligations of the parties under this Sublease.

3. Term. This Lease shall commence December 1, 2006 and terminate November 30, 2021, a term of fifteen (15) years.

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

(b) With respect to the Leased Premises, provided that Sublessee at the time of exercising the option is not in default under the terms of this Lease after applicable notice and opportunity to cure, Sublessee shall have the option to extend the term of this Lease for two additional periods. The first option period shall be fifteen (15) years and the second for ten (10) years. Sublessee shall notify Sublessor in writing of its intention to exercise the first option to extend not more than twelve (12) months or less than six (6) before the expiration date of the initial term and the second option not more than twelve (12) months or less than six (6) before the expiration date of the first option period.

4. Rent. Sublessee shall pay to Sublessor in advance during the Sublease Term Base Rent determined as follows:

(a) Base Rent shall not accrue and Sublessee shall not owe rent until April 1, 2007 (the "Rent Commencement Date").

(b) From the Rent Commencement Date until March 31, 2022, Base Rent shall be Thirty Thousand Eight Hundred Ninety-Two Dollars (\$30,892) per month.

(c) If the first extended term option is exercised, from April 1, 2022 until March 31, 2037, Base Rent shall be Thirty Thousand Eight Hundred Ninety-Two Dollars (\$30,892) per month.

(d) If the second extended term option is exercised, from April 1, 2037 until March 31, 2047, Base Rent shall start at Thirty Thousand Eight Hundred Ninety-Two Dollars (\$30,892) per month, and shall be adjusted annually by the percentage change in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the twelve month period ending three months before the month of rent adjustment under this paragraph. In no event will application of this paragraph result in a Base Rent lower than the highest previous monthly rental amount. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, the index most nearly the same as the CPI shall be used to make such calculation. In the event the parties cannot agree on such alternative index, the matter shall be submitted to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of the Arbitration shall be paid equally by the parties.

(e) Said rent is due and payable quarterly in advance on January 1st, April 1st, July 1st and October 1st of each year. If the Rent Commencement Date falls on a day other than the first day of the calendar quarter, Base Rent for any partial quarter shall be prorated. The rent shall be considered delinquent if not paid by the 15th of the applicable month. If the monthly rent becomes delinquent, Sublessee 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.

(f) Concurrently with the execution of this Sublease, Sublessee shall deliver to Sublessor a security deposit in the amount of \$30,892. Upon faithful performance of the terms of this Sublease and provided that Sublessee is not then in

default hereunder, Sublessor will return said amount to Sublessee on or before April 15, 2008. If Sublessor does not return said amount on a timely basis, said amount shall be credited against the next rent to come due under this Sublease.

5. Master Lease

(a) This Sublease is and shall be at all times subject and subordinate to the Master Lease.

(b) (1) The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease. Therefore, for the purposes of the incorporation of the terms of the Master Lease into, and as part of, this Sublease, wherever in the Master Lease the word "County" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein, except that: (i) the obligations of the County in connection with the County's use of the Leased Premises for parking in connection with an air show or other aviation related event to indemnify, defend and hold harmless, etc., the Sublessor herein under the final sub-paragraph of paragraph 4 of the Master Lease (entitled "Use"), shall not run from the Sublessor to the Sublessee (but rather shall remain for the benefit of Sublessor); (ii) the rights reserved to the County under paragraph 11 of the Master Lease (entitled "County's Reserved Rights") shall not run in favor of the Sublessor, (but rather shall remain for the benefit the County); (iii) for purposes of notice(s) in connections with this Sublease, the addresses of Sublessor and Sublessee are set forth in paragraph 8 of this Sublease, rather than paragraph 35 of the Master Lease; and (iv) the obligations of the County under paragraph 30 (entitled "Right of First Refusal") in favor of Sublessor regarding the right of first refusal to enter into a new lease (which arise only should the County offer the Leased Premises for lease within the first twelve months following the expiration of term of the Master Lease) shall continue to bind the County (rather than Sublessor).

(2) Sublessor hereby agrees with Sublessee that if Sublessor fails to exercise such right of first refusal under said paragraph 30 of the Master Lease, then Sublessee may exercise such right, provided that Sublessee concurrently exercises the right of first refusal contained in the Sixty-Acre Lease.

(c) During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and County, each and every obligation of Sublessor under the Master Lease except for the obligation to pay rent under paragraph 5 of the Master Lease. In this regard, it is expressly understood and agreed that Sublessee is responsible for all monetary obligations and expenses of any type or nature arising out of or relating in any manner to the Leased Premises or the use thereof during the term of this Sublease and any extensions thereof, including but not limited to taxes, assessments, fees, fines, forfeitures, charges and costs, and Sublessee shall indemnify, defend and hold harmless Sublessor from any and all such obligations and expenses; provided, however, that Sublessee shall not be obligated to pay Sublessor's net income, franchise or estate tax or the premiums on any insurance carried by Sublessor; provided, further, that Sublessor shall cooperate with Sublessee to have the bills for all real property taxes and assessments and personal property taxes sent by the tax assessor directly to Sublessee.

(d) Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to any earlier termination of the Master Lease without the fault of the Sublessor. Without limiting the foregoing, if Sublessee exercises

the option to extend this Sublease in accordance with paragraph 3(b) above, Sublessor shall exercise the associated option to extend set forth in paragraph 3(b) of the Master Lease.

6. **Encumbrances of Leased Premises**

(a) **Sublessor's Right to Encumber.** Sublessor, at any time and from time to time during the term of this Sublease, may encumber by deed of trust or mortgage or other security instrument, all of Sublessor's interest under this Sublease and the Sublessor estate (referred to in this Sublease as a "Sublessor Encumbrance") for any purpose or purposes without the consent of Sublessee. However, no Sublessor Encumbrance shall constitute, in any way, a lien or encumbrance on the Sublessee's interest in the Leased Premises.

(b) **Sublessee's Right to Encumber.** Sublessee, at any time and from time to time during the term of this Sublease, may encumber by deed of trust or mortgage or other security instrument, all of Sublessee's interest under this Sublease and the Sublessee estate (referred to in this Sublease as a "Sublessee Encumbrance") for any purpose or purposes without the consent of Sublessor. However, no Sublessee Encumbrance shall constitute, and Sublessee shall not have power to incur any encumbrance that constitutes, in any way, a lien or encumbrance on the Sublessor's interest in the Leased Premises. Any Sublessee Encumbrance shall be subject to all covenants, conditions, and restrictions set forth in this Sublease and to all rights and interests of Sublessor, and to all covenants, conditions, and restrictions set forth in the Master Lease and to all rights and interests of County, except as is otherwise expressly and directly provided in this Sublease, and shall not conflict or interfere with in any manner Sublessor's right to encumber its interest as set forth herein. Sublessee shall promptly give Sublessor written notice of any Sublessee Encumbrance, together with a copy of the deed of trust, mortgage, or other security interest recorded in the Official Records of Riverside County following such recordation.

7. Default and Remedies

(a) **Continuation of Lease in Effect.**

Should Sublessee breach this Lease and abandon the premises before the natural expiration of the Lease's term, Sublessor may continue this Lease in effect by not terminating Sublessee's right to possession of the premises, in which event Sublessor shall be entitled to enforce all Sublessor's rights and remedies under this Lease, including the right to recover the rent specified in this Lease as it becomes due under this Lease.

(b) **Termination and Unlawful Detainer.**

In the event of a Sublessee default under this Lease after any applicable grace or cure period, Sublessor may terminate this Lease by written notice to Sublessee and may also do the following:

(1) Bring an action to recover the following from Sublessee:

(i) The worth at the time of award of the unpaid rent that had been earned at the time of termination of the Lease;

(ii) The worth at the time of award of the amount by which the unpaid rent that would have been earned after termination of the Lease until the time of award exceeds the amount of rental loss that Sublessee proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Sublessee proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate Sublessor for all detriment proximately caused by Sublessee's failure to perform Sublessee's obligation under this Lease; and

(2) Bring an action, in addition to or in lieu of the action described in subparagraph (a) of this Section, to reenter and regain possession of the premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

(c) Cumulative Remedies. The remedies given to Sublessor in this Article shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this lease.

8. Notices. The addresses of the parties are:

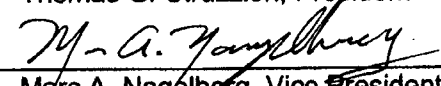
SUBLESSOR
Desert Resorts Aviation, LLC
c/o Matthew V. Johnson, Managing Member
45-445 Portola Avenue, Suite 5
Palm Desert, CA 92260

SUBLESSEE
HITS, Inc.
c/o Thomas Struzzieri
319 Main Street
Saugerties, NY 12477

Date: DECEMBER 8, 2006

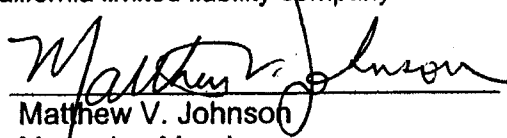
HITS, Inc.
a Delaware corporation

By: 
Thomas G. Struzzieri, President

By: 
Marc A. Nagelberg, Vice President

Date: 12/12, 2006

DESERT RESORTS AVIATION, LLC, a
California limited liability company

By: 
Matthew V. Johnson
Managing Member

CONSENT AND APPROVAL
OF COUNTY OF RIVERSIDE

The County of Riverside, as Master Lessor under the Master Lease (as defined herein) and Lessor under the Sixty-Acre Lease (as defined herein), hereby consents to, and approves the provisions of, this Sublease.


Date: JAN - 9 2007, 2006

COUNTY OF RIVERSIDE

By: 
Chairman, Board of Supervisors
JOHN TAVAGLIONE

ATTEST:

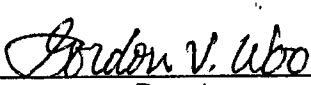
NANCY ROMERO, Clerk of the Board

By: 
Deputy

(SEAL)

FORM APPROVED:

JOE S. RANK, County Counsel.

By:  12/27/06
Deputy

Attachments:

1. Exhibit "A" - Legal Description
2. Exhibit "B" - Survey
3. Exhibit "C" - Ground Lease

EXHIBIT "A"

PARCEL "B"

A PORTION OF SECTION 20, TOWNSHIP 8 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF PARCEL 11 OF LOT LINE ADJUSTMENT NO. 3843 RECORDED JUNE 27, 1996 AS INSTRUMENT NO. 239254, OFFICIAL RECORDS OF RIVERSIDE COUNTY;

THENCE SOUTH 89°48'47" EAST ALONG THE NORTH LINE OF SAID PARCEL 11, A DISTANCE OF 630.10 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 00°01'27" EAST ALONG A LINE PARALLEL WITH AND DISTANT 660.00 FEET EASTERLY FROM, AS MEASURED AT RIGHT ANGLES, THE WEST LINE OF SAID SECTION 20, A DISTANCE OF 660.00 FEET;

THENCE NORTH 89°58'33" WEST A DISTANCE OF 584.00 FEET TO A LINE PARALLEL WITH AND DISTANT 76.00 FEET EASTERLY FROM, AS MEASURED AT RIGHT ANGLES, SAID WEST LINE SAID SECTION 20;

THENCE NORTH 00°01'27" EAST ALONG LAST SAID PARALLEL LINE, A DISTANCE OF 3874.43 FEET;

THENCE NORTH 44°55'15" EAST A DISTANCE OF 19.76 FEET TO A LINE PARALLEL WITH AND DISTANT 76.00 FEET SOUTHERLY FROM, AS MEASURED AT RIGHT ANGLES, THE NORTH LINE OF SAID SECTION 20;

THENCE NORTH 89°49'03" EAST ALONG LAST SAID PARALLEL LINE A DISTANCE OF 1892.80 FEET;

THENCE SOUTH 00°10'57" EAST ALONG A LINE PERPENDICULAR WITH, AS MEASURED AT RIGHT ANGLES, THE NORTH LINE OF SAID SECTION 20 A DISTANCE OF 1835.09 FEET TO A POINT ON THE WESTERLY PROLONGATION OF THE SOUTH LINE OF THAT CERTAIN 80.1 ACRE PARCEL OF LAND SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 32 OF RECORDS OF SURVEY AT PAGE 33, RECORDS OF SAID COUNTY;

THENCE NORTH 89°59'21" WEST ALONG LAST SAID LINE A DISTANCE OF 340.62 FEET;

THENCE SOUTH 00°11'13" WEST A DISTANCE OF 2722.90 FEET TO A POINT ON THE NORTH LINE OF SAID PARCEL 11 OF SAID LOT LINE ADJUSTMENT;

THENCE NORTH 89°48'47" WEST ALONG SAID NORTH LINE OF SAID PARCEL 11, A DISTANCE OF 981.00 FEET TO THE TRUE POINT OF BEGINNING.

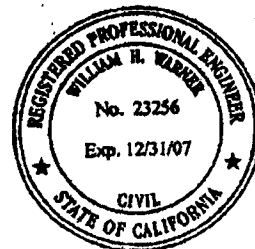
(CONTAINS 169.46 ACRES)

SEE EXHIBIT "B" ATTACHED

PREPARED UNDER THE SUPERVISION OF:

WILLIAM H. WARNER


WILLIAM H. WARNER, R.C.E. 23256

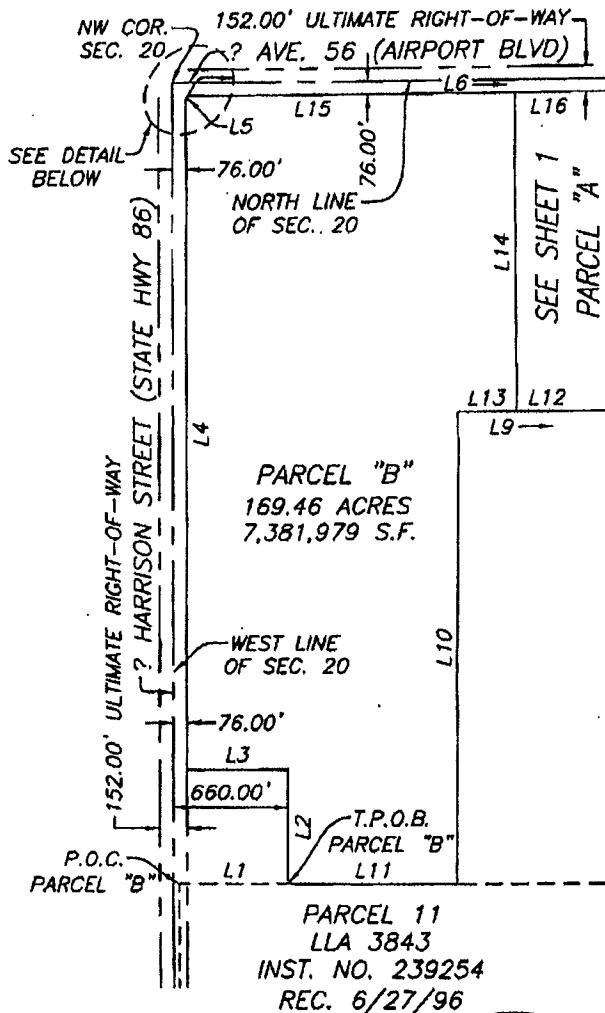



DATE

EXHIBIT "B"

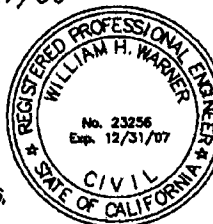
SHEET 2 OF 2

POR. OF SEC. 20, T. 6 S., R. 8 E., S.B.M.



LINE TABLE		
LINE	BEARING	LENGTH
L1	N89°48'47"W	630.10'
L2	N00°01'27"E	660.00'
L3	N89°58'33"W	584.00'
L4	N00°01'27"E	3874.43'
L5	N44°55'15"E	19.76'
L6	N89°49'03"E	3102.23'
L9	N89°59'21"W	2433.37'
L10	N00°11'13"E	2722.90'
L11	N89°48'47"W	981.00'
L12	N89°59'21"W	2092.75'
L13	N89°59'21"W	340.62'
L14	N00°10'57"W	1835.09'
L15	N89°49'03"E	1892.80'
L16	N89°49'03"E	1209.43'

- PROPOSED BOUNDARY
- EXISTING CENTERLINE
- PROPOSED ULTIMATE RIGHT-OF-WAY
- LOT LINE PER LOT LINE ADJUSTMENT NO. 3843, RECORDED JUNE 27, 1996, AS INST. NO. 239254



THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY SUPERVISION, BASED ON RECORD INFORMATION.

WILLIAM H. WARNER, R.C.E. 23256
LIC. EXP. 12/31/07

0602-015C

GROUND LEASE
JACQUELINE COCHRAN REGIONAL AIRPORT

The COUNTY OF RIVERSIDE, herein called County, leases to **DESERT RESORTS AVIATION, LLC**, a California limited liability company, herein called Lessee, the property described below under the following terms and conditions:

1. Recitals.

(a) County owns approximately one hundred sixty-nine and 46/100 (169.46) acres of vacant land at the Jacqueline Cochran Regional Airport, County of Riverside, State of California.

(b) County desires to lease said property to Lessee for the development of an equestrian center and related facilities for horse shows and other equestrian events.

(c) Lessee desires to lease said property for the development of an equestrian center and related facilities for horse shows and other equestrian events.

(d) This lease is contingent upon: (1) cancellation of the 60-acre Lease between the County and Desert Resorts Aviation dated September 13, 2005; (2) cancellation of the 440-acre Lease between County and Desert Resorts Aviation dated November 1, 2005; (3) County and HITS, Inc., entering into a Lease for 60 acres of land adjacent to this leasehold; and (4) Desert Resorts Aviation, LLC, and HITS, Inc., entering into a Sublease for the 169.46 acres of land.

2. Description. The premises leased hereby are located within the Jacqueline Cochran Regional Airport, County of Riverside, State of California, and consist of approximately one hundred sixty-nine 46/100 (169.46) acres of vacant land, being described in Exhibit "A-1" and depicted on Exhibit "A-2", both attached hereto and incorporated by this reference herein. Said property is hereafter referred to as the "Leased Premises." County and Lessee hereby acknowledge and agree that: (a) Lessee has no fee title interest in or to the underlying real property subject to this Lease

(the Leased Premises); and (b) the Leased Premises are subject to an Avigation Easement between County and Lessee, attached hereto as Exhibit "E" and incorporated herein by reference.

3. Term. This Lease shall commence the first day of the month following execution by all parties thereto and terminate fifteen (15) years thereafter, a term of fifteen (15) years.

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

(b) With respect to the Leased Premises, provided that Lessee at the time of exercising the option is not in default under the terms of this Lease after applicable notice and opportunity to cure, Lessee shall have the option to extend the term of this Lease for two additional periods. The first option period shall be fifteen (15) years and the second for ten (10) years. Lessee shall notify County in writing of its intention to exercise the first option to extend not more than twelve (12) months or less than six (6) before the expiration date of the initial term and the second option not more than twelve (12) months or less than six (6) before the expiration date of the first option period.

4. Use. The Leased Premises shall be used for the development of an equestrian center and related facilities for horse shows, equestrian events, and non-equestrian events agreed to in writing by the parties from time to time, and for no other purpose without the written consent of County, which consent shall not be unreasonably withheld or delayed. The County's approval of any change in the Use of the Leased Premises may, at County's sole election, place additional reasonable specific requirements on Lessee including, but not limited to, the types, limits, and conditions of insurance provided under this Lease.

Lessee and County acknowledge that Lessee intends to sublease the Leased Premises to HITS, Inc., for the entire term of this Lease and that

County is leasing sixty (60) acres adjacent to the Leased Premises to HITS, Inc. The Leased Premises and the sixty (60) acres are to be jointly developed by HITS, Inc., as an Equestrian Center. The Leased Premises will be used for parking and the construction of other improvements necessary for the operation of the Equestrian Center.

During the month of November of each year of the term of the Lease and any extension thereof HITS will make available to the County, on the two leaseholds, for two four day periods, 6,000 parking spaces for County's use in connection with an air show or other aviation related event. County shall indemnify, defend and hold harmless Lessee and its officers, employees, agents and representatives from any liability, damage, cost, expense, fee, penalty or action whatsoever, including without limitation attorneys' fees, costs of investigations, defense costs and any settlements or awards, including, but not limited to, property damage, bodily injury, death or any other element of any kind or nature whatsoever and resulting from any reason whatsoever arising from or out of the provision of parking under this Paragraph 4.

5. Rent. Commencing on the first day of the month following execution by all parties thereto, Lessee shall pay to County an annual Base Rent for the use and occupancy of the Leased Premises an annual rent equal to thirty-two thousand twenty and 38/100 dollars (\$32,020.38).

Said rent is due and payable quarterly, in advance on January 1st, April 1st, July 1st, and October 1st of each year. If rent payable for the first quarter is payable for less than a full quarter it shall be prorated as to the number of months remaining in the quarter. The rent shall be considered delinquent, if not paid by the 15th of the applicable 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.

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Beginning July 1, 2016, and on July 1st every tenth year thereafter during the term of this Lease or any extension thereof, the monthly Base Rent then in effect shall be adjusted by the percentage change in the Consumer Price Index (CPI), All Urban Consumers, Los Angeles-Riverside-Orange County Area for the ten (10) year period ending three months before the month of rent adjustment under this paragraph. In no event will application of this paragraph result in a monthly rental amount lower than the highest previous monthly rental amount.

In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, the index most nearly the same as the CPI shall be used to make such calculation. In the event the parties cannot agree on such alternative index, the matter shall be submitted to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of the Arbitration shall be paid equally by the parties.

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

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

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

with any applicable provisions of Exhibit B, Federally Required Lease Provisions attached hereto and by this reference incorporated herein;

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

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

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

(f) Adhere to and comply with all applicable provisions of Exhibit C, FBO Minimum Standards attached hereto and by this reference incorporated herein; and

(g) Adhere to and comply with the applicable provisions of Exhibit D, Storm Water Pollution Prevention Plan attached hereto and by this reference incorporated herein.

(h) County and Lessee agree to cooperate in efforts to manage wildlife on the Leased Premises that may from time to time pose a hazard to aviation activities at Jacqueline Cochran Regional Airport. Lessee agrees to undertake all measures necessary to prevent the creation of a wildlife attractants, habitat, or hazards and to eliminate and mitigate any such wildlife hazards resulting from Lessee's use of the Leased Premises.

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

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

8. On-Site Improvements

(a) Lessee, at its expense, shall construct, or cause to be constructed, the improvements described in the site plan approved by the County showing the location and dimensions of all planned improvements (the "Site Plan"). The improvements contemplated by Lessee will include the following: riding rings, barns, pads for tent stabling, paved and unpaved roads, bridges for people and horses, buildings for offices, food and beverage sales and vendors, RV spaces, truck and automobile parking, paddocks and other improvements as Lessee deems reasonably necessary to use on the Leased Premises in the manner contemplated by this Lease.

Within one hundred and twenty (120) days of Lease commencement, Lessee shall submit a full set of construction plans to the County to obtain building permits for all improvements contained in the site plan. County shall have sixty (60) days to provide Lessee with comments and required corrections to the construction plans. Lessee shall have sixty (60) to resubmit corrected construction plans. County shall then have thirty (30) days to issue building permits for the planned improvements. Construction of said improvements shall commence within one hundred and twenty (120) days following issuance of the requisite permits by the County. Development of the Leased Premises shall be completed within twenty-four months of commencement of construction.

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

County's customary plan-check and building permit procedures prior to start of any construction.

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

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

9. Off-Site Improvements

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

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

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

10. Intentionally Omitted.

11. County's Reserved Rights.

(a) The Leased Premises are accepted by Lessee subject to any and all existing easements or other encumbrances, and County shall have the right to enter upon the Leased Premises and to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections, water, oil and gas pipelines, and telephone and telegraph power lines and such other facilities and appurtenances necessary or convenient to use in connection therewith, over, in, upon, through, across and along the Leased Premises or any part thereof provided such facilities and appurtenances are installed below ground. County also reserves the right to grant franchises, easements, rights of way and permits in, over and upon, along or across any and all portions of said Leased Premises as County may

elect for the above purposes. Notwithstanding the foregoing, no right of the County provided for in this paragraph shall be executed so as to interfere unreasonably with Lessee's use hereunder, or impair the security of any secured creditor of Lessee. County shall cause the surface of the Leased Premises to be restored to its original condition (as they existed prior to any such entry) upon the completion of any construction by County or its agents. In the event such construction renders any portion of the Leased Premises unusable, the rent shall abate pro rata as to such unusable portion during the period of such construction. Any right of County set forth in this paragraph shall not be exercised unless a prior written notice of thirty (30) days is given to Lessee; provided, however, in the event such right must be exercised by reason of emergency, then County shall give Lessee such notice in writing as is reasonable under the existing circumstances.

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

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

extend and postpone the expiration thereof unless Lessee otherwise elects to terminate this Lease.

(d) Notwithstanding any provisions herein, and without limiting Lessee's rights to equitable rent abatement and other just compensation, this Lease shall be subordinate to the provisions of any existing or future agreement between County and the United States, relative to the operation or maintenance of the Jacqueline Cochran Regional Airport, the terms and execution of which have been or may be required as a condition precedent to the expenditure or reimbursement to County of Federal funds for the development of said airport.

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

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

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

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

violated any such statutes, regulations, rules, ordinances, or orders in the use of the Leased Premises, shall be conclusive of that fact as between County and Lessee.

15. Discrimination or Segregation

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

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

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

contractors provide assurance to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their subcontractors and independent contractors, to the same effect with respect to their use of the Leased Premises.

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

- (a) In the event a petition is filed for voluntary or involuntary bankruptcy for the adjudication of Lessee as debtors.
- (b) In the event that Lessee makes a general assignment, or Lessee's interest hereunder is assigned involuntarily or by operation of law, for the benefit of creditors.
- (c) In the event of abandonment of the Leased Premises by Lessee.
- (d) In the event Lessee fails or refuses to perform, keep or observe any of Lessee's duties or obligations hereunder; provided, however, that Lessee shall have thirty (30) days in which to correct Lessee's breach or default after written notice thereof has been served on Lessee by County.
- (e) In the event Lessee fails, or refuses, to meet its rental obligations, or any of its obligations hereunder, or as otherwise provided by law, subject to the cure rights provided in Paragraph 16(d).
- (f) Failure of Lessee to maintain insurance coverage required herein and to provide evidence of coverage to the County, subject to the cure rights provided in Paragraph 16(d).
- (g) Failure of the Lessee to require its sublessees and/or general contractor to indemnify the County and to have appropriate insurance coverages and/or failure by Lessee to monitor each sublessee and/or general contractor for current and correct Certificates of Insurance and required endorsements throughout the term of this lease, subject to the cure rights provided in Paragraph 16(d).

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

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

19. Hold Harmless/Indemnification.

(a) Subject to the provisions of Paragraph 20(i), Lessee represents that it has inspected the Leased Premises and accepts the condition thereof and fully assumes any and all risks and or claims of any nature whatsoever associated with the use thereof. County shall not be liable to Lessee, its officers, agents, employees, subcontractors, independent contractors or Sublessees for any personal injury, death or

property damage, construction defects, hidden, latent or other dangerous conditions in, on, upon or within the Leased Premises provided, however, that such circumstances or conditions are not caused by the gross negligence or willful misconduct of County, its officers, agents or employees.

(b) Subject to the provisions of Paragraph 20(i), Lessee shall indemnify, defend and hold harmless County and its directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives from any liability, cost, fee, penalty or action whatsoever, including without limitation attorneys' fees, costs of investigations, defense costs and any settlements or awards, including, but not limited to, property damage, bodily injury, death or any other element of any kind or nature whatsoever and resulting from any reason whatsoever arising from or out of the performance or non-performance of Lessee, its officers, agents, employees, subcontractors, Sublessee's agents or representatives, or from the possession, use and/or operations of the Leased Premises during the term of this Lease provided, however, that such is not caused by the gross negligence or willful misconduct of County, its officers, agents or employees.

With respect to any action or claim subject to indemnification herein by Lessee, Lessee shall, at its sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Lessee's indemnification to County as set forth herein. No such adjustment, settlement or compromise may negatively impact County's ownership of the underlying fee simple interest in the Leased Premises, the County's rights under this Lease or the County's ownership and operation of the Jacqueline Cochran Regional Airport and surrounding properties. Lessee's obligation to defend, indemnify and hold harmless County shall be subject to County having given Lessee written notice within a reasonable period of time of the claim or of the commencement of the related action, as the case may be, and information and

reasonable assistance, at Lessee's expense, for the defense or settlement thereof. Lessee's obligation hereunder shall be satisfied when Lessee has provided to County the appropriate form of dismissal relieving County and the Leased Premises from any liability for the action or claim involved.

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

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

(a) Workers Compensation. Workers Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B), including Occupational Disease, with limits of not less than \$1,000,000 per person per accident. Policy shall provide a Waiver of Subrogation in favor of County.

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

coverage with an aggregate limit of \$7,000,000. Such insurance will include Medical Payments for a limit of \$5,000.

(c) Intentionally Omitted.

(d) Property Insurance.

(i) All-Risk real and personal property insurance coverage, excluding earthquake and flood, for the full replacement cost value of building, structures, furniture and fixtures, equipment, improvements/alterations and all other systems including, but not limited to electronic or non-electronic systems which are on the Leased Premises that the Lessee owns or is contractually responsible for. Policy shall name County as a Loss Payee.

(ii) Intentionally Omitted.

(e) General Insurance Provisions – All Lines.

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

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

(iii) Prior to entering onto the Leased Premises, and prior to the renewal date for each policy of insurance, cause Lessee's insurance carrier(s) to furnish County with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein; and 2) if

requested to do so in writing by the Risk Manager of County, provide current original certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to County prior to any cancellation of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Lease shall terminate forthwith, unless County receives, prior to such effective date, a current properly executed original Certificate of Insurance and original copies of endorsements, and if requested, certified original policies, including all endorsements and attachments thereto evidencing coverages set forth herein and the insurance required herein is in full force and effect.

Lessee shall not take possession of the Leased Premises until County has been furnished original Certificate(s) of Insurance and certified original copies of endorsements and, if requested, policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

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

(f) Course of Construction Insurance. During construction of the planned improvements, Lessee shall purchase and maintain or cause to be maintained All Risk Builder's Risk insurance (Completed Value Form) excluding earthquake and flood for the entire Project, and shall include coverage for materials and supplies located offsite but earmarked for the Project. Policy shall also include as insured property scaffolding, falsework, and temporary buildings located on the Project site, and the cost of demolition and debris removal. Policy shall name County as an additional insured.

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

(h) Insurance for Sublessees. Lessee shall require each of its Sublessees to carry Commercial General Liability Insurance coverage, which limits shall be not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; provided, however, any Lessee leasing the entire Leased Premises shall be required to meet all insurance requirements imposed on the Lessee by this Lease. These requirements, with the approval of the Risk Manager of County, may be modified to reflect the activities associated with the Sublessee. Copies of Sublessee's Certificates of Insurance and if requested by County, certified copies of policies and all endorsements shall be provided to County upon their receipt by Lessee, or delivered directly to County from the insurance carrier, but in any event, prior to the relevant Sublessee taking possession of the applicable subleased premises.

With regard to County's right to use the Leased Premises or adjacent subleased land for parking during the month of November referred to in paragraph 4 of this Lease, County agrees to provide proof of insurance in a form acceptable to Lessee for the amounts specified above and to name Lessee as an Additional Insured.

(i) Intentionally Omitted.

21. Insurance for Sublessees and Contractors. Lessee shall require the General Contractor to carry Commercial General Liability Insurance coverage, which

limits shall be not less than \$1,000,000 per occurrence and \$2,000,000 aggregate. These requirements, with the approval of the County's Risk Manager, may be modified to reflect the activities associated with the General Contractor. On every sublease or contract the Lessee shall have the General Contractor name the Lessee and the County by endorsement as a specifically designated additional insured.

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

Lessee shall submit all documents pertaining to any such transaction referenced in the foregoing paragraph to County for approval prior to entering into such agreements. Lessee will submit executed subleases and all required certificates of insurance and endorsements to insurance policies, as specified in paragraphs 19, 20 and 21 of this Lease, to County for approval prior to sublessees occupying the subleased premises.

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

23. Right to Encumber/Right to Cure.

(a) Lessee's Right to Encumber. Notwithstanding provisions of Paragraph 23 herein, County does hereby consent to and agree that Lessee may encumber or assign, or both, for the benefit of a lender, herein called Encumbrancer, this Lease, the leasehold estate and the improvements thereof by a deed of trust, mortgage or other security-type instrument, herein called trust deed, to assure the payment of the promissory note of Lessee if the Encumbrancer is an established bank, savings and loan association or insurance company, and the prior written consent of County shall not be required:

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

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

Any Encumbrancer described in Paragraph 23(a)(2) above which is the transferee under the provisions of Paragraph 23(a)(1) above shall be liable to perform the obligations and duties of Lessee under this Lease only so long as such transferee holds title to the leasehold.

Any subsequent transfer of this leasehold hereunder, except as provided for in Paragraph 23(a)(2) above, shall not be made without the prior written consent of County and shall be subject to the conditions relating hereto as set forth in Paragraph 24 herein. Lessee shall give County prior notice of any such trust deed and shall accompany such notice with a true copy of the trust deed and note secured thereby.

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

(1) Cure such default or breach if the same can be cured by the payment or expenditure of money provided to be paid under the terms of this Lease;

provided, however, that for the purpose of the foregoing, the Encumbrancer shall not be required to pay money to cure the bankruptcy or insolvency of Lessee; or,

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

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

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

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

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

26. National Pollution Discharge Elimination System (NPDES) Permit. Lessee acknowledges, understands and agrees that it shall comply with California State Water Resources Control Board general permit requirements now and in the future

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

27. Free from Liens. Lessee shall pay, when due, all sums of money that may become due for any labor, services, material, supplies, or equipment, alleged to have been furnished or to be furnished to Lessee, in, upon, or about the Leased Premises, and which may be secured by a mechanics, materialmen's or other lien against the Leased Premises or County's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by such lien matures or becomes due; provided, however, that if Lessee desire to contest any such lien, it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment, and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or is so stayed, and said stay thereafter expires, then and in such event, Lessee shall forthwith pay and discharge said judgment.

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

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

30. Right of First Refusal. Providing Lessee faithfully performs all of the conditions and covenants contained herein, and is not in default of the Lease at the

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

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

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

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

34. Attorney's Fees. In the event of any litigation or arbitration between Lessee and County to enforce any of the provisions of this Lease or any right of either party hereto, the unsuccessful party to such litigation or arbitration agrees to pay to the

successful party all costs and expenses, including reasonable attorney's fees, incurred therein by the successful party, all of which shall be included in and as a part of the judgment or award rendered in such litigation or arbitration.

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

COUNTY

County of Riverside
Economic Development Agency
P.O. Box 1180
Riverside, CA 92502-1180
Attn: Assistant County Executive Officer/EDA

LESSEE

Desert Resorts Aviation, LLC
Matthew V. Johnson,
Managing Member
45-445 Portola Avenue, Suite 5
Palm Desert, CA 92260

Whenever any Party herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger or by mail postage prepaid, to the address set forth in this Agreement or by facsimile transmission.

Service of any such communication shall be deemed to be made on the date of the actual receipt if personally delivered. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. Communications transmitted by facsimile transmission shall be deemed delivered upon telephonic confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via courier or mail. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

Any Party hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional parties to whom, all communications are thereafter to be made.

36. Paragraph Headings. The paragraph headings herein are for the convenience of the parties only, and shall not be deemed to govern, limit, modify or in

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

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

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

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

40. FAA Consent to Lease. Jacqueline Cochran Regional Airport was transferred to the County by the Federal Government and, as such, will require FAA

review of the use specified in Paragraph 4. County will obtain written confirmation from the FAA that the use contemplated herein is consistent with the grant assurances made by County to the FAA.

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

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

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

Date: 9/15/6

DESERT RESORTS AVIATION, LLC

a California limited liability company

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

Date: NOV 14 2006

COUNTY OF RIVERSIDE

By: Bob Buster
Chairman, Board of Supervisors
BOB BUSTER

ATTEST:

NANCY ROMERO, Clerk of the Board

By: Nancy Romero
Deputy

FORM APPROVED:

JOE S. RANK, County Counsel

By: Gordon V. Ubo 11/01/06
Deputy

(SEAL)

Attachments:

1. Exhibit A-1 – Legal Description
2. Exhibit A-2 – Survey
3. Exhibit B – Federally Required Lease Provisions
4. Exhibit C – Minimum Standards
5. Exhibit D – Storm Water Pollution Prevention Plan
6. Exhibit E - Avigation Easement

EXHIBIT "A"

PARCEL "B"

A PORTION OF SECTION 20, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, IN THE UNINCORPORATED AREA OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF PARCEL 11 OF LOT LINE ADJUSTMENT NO. 3843 RECORDED JUNE 27, 1996 AS INSTRUMENT NO. 239254, OFFICIAL RECORDS OF RIVERSIDE COUNTY;

THENCE SOUTH $89^{\circ}48'47''$ EAST ALONG THE NORTH LINE OF SAID PARCEL 11, A DISTANCE OF 630.10 FEET TO THE **TRUE POINT OF BEGINNING**;

THENCE NORTH $00^{\circ}01'27''$ EAST ALONG A LINE PARALLEL WITH AND DISTANT 660.00 FEET EASTERLY FROM, AS MEASURED AT RIGHT ANGLES, THE WEST LINE OF SAID SECTION 20, A DISTANCE OF 660.00 FEET;

THENCE NORTH $89^{\circ}58'33''$ WEST A DISTANCE OF 584.00 FEET TO A LINE PARALLEL WITH AND DISTANT 76.00 FEET EASTERLY FROM, AS MEASURED AT RIGHT ANGLES, SAID WEST LINE SAID SECTION 20;

THENCE NORTH $00^{\circ}01'27''$ EAST ALONG LAST SAID PARALLEL LINE, A DISTANCE OF 3874.43 FEET;

THENCE NORTH $44^{\circ}55'15''$ EAST A DISTANCE OF 19.76 FEET TO A LINE PARALLEL WITH AND DISTANT 76.00 FEET SOUTHERLY FROM, AS MEASURED AT RIGHT ANGLES, THE NORTH LINE OF SAID SECTION 20;

THENCE NORTH $89^{\circ}49'03''$ EAST ALONG LAST SAID PARALLEL LINE A DISTANCE OF 1892.80 FEET;

THENCE SOUTH $00^{\circ}10'57''$ EAST ALONG A LINE PERPENDICULAR WITH, AS MEASURED AT RIGHT ANGLES, THE NORTH LINE OF SAID SECTION 20 A DISTANCE OF 1835.09 FEET TO A POINT ON THE WESTERLY PROLONGATION OF THE SOUTH LINE OF THAT CERTAIN 80.1 ACRE PARCEL OF LAND SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 32 OF RECORDS OF SURVEY AT PAGE 33, RECORDS OF SAID COUNTY;

THENCE NORTH 89°59'21" WEST ALONG LAST SAID LINE A DISTANCE OF 340.62 FEET;

THENCE SOUTH 00°11'13" WEST A DISTANCE OF 2722.90 FEET TO A POINT ON THE NORTH LINE OF SAID PARCEL 11 OF SAID LOT LINE ADJUSTMENT;

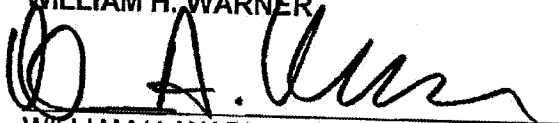
THENCE NORTH 89°48'47" WEST ALONG SAID NORTH LINE OF SAID PARCEL 11, A DISTANCE OF 981.00 FEET TO THE TRUE POINT OF BEGINNING.

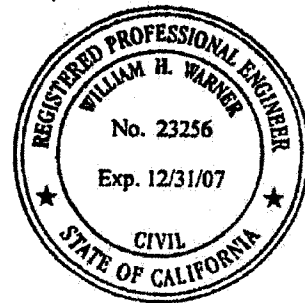
(CONTAINS 169.46 ACRES)

SEE EXHIBIT "B" ATTACHED

PREPARED UNDER THE SUPERVISION OF:

WILLIAM H. WARNER


WILLIAM H. WARNER, R.C.E. 23256

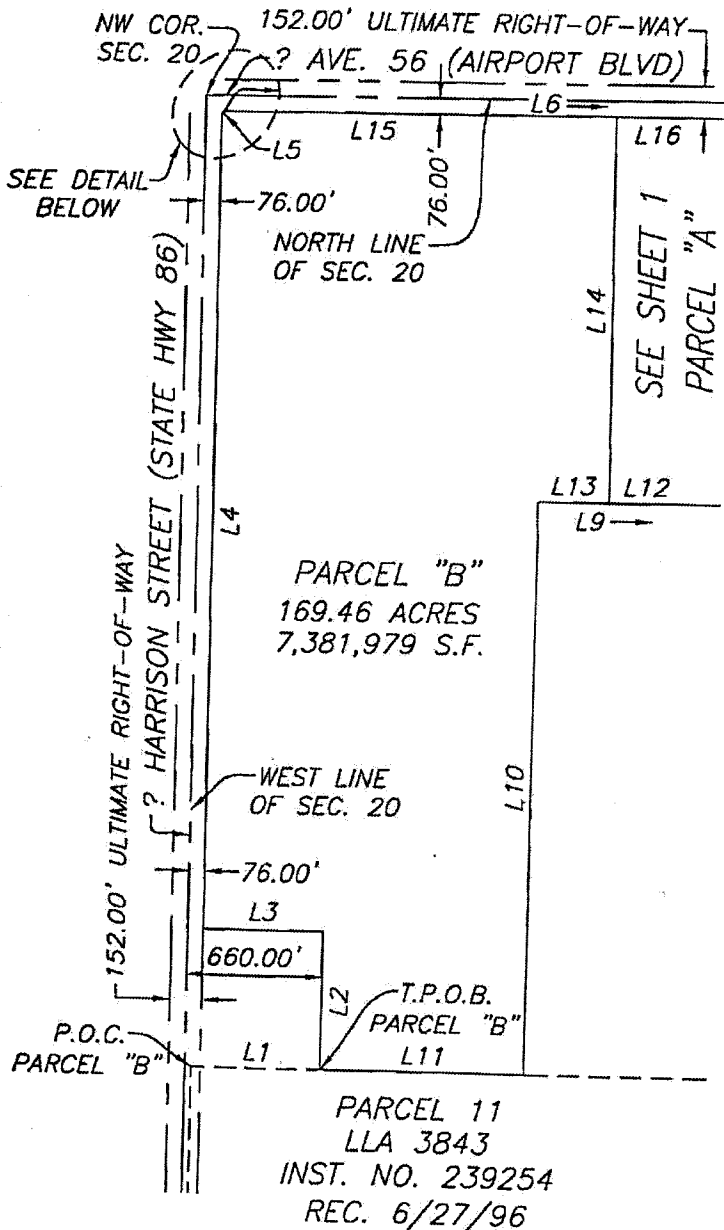


6/1/06
DATE

EXHIBIT "B"

SHEET 2 OF 2

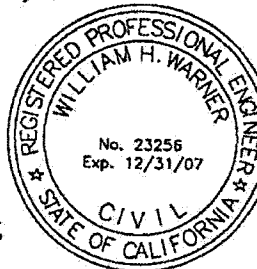
POR. OF SEC. 20, T. 6 S., R. 8 E., S.B.M.



LINE TABLE		
LINE	BEARING	LENGTH
L1	N89°48'47"W	630.10'
L2	N00°01'27"E	660.00'
L3	N89°58'33"W	584.00'
L4	N00°01'27"E	3874.43'
L5	N44°55'15"E	19.76'
L6	N89°49'03"E	3102.23'
L9	N89°59'21"W	2433.37'
L10	N00°11'13"E	2722.90'
L11	N89°48'47"W	981.00'
L12	N89°59'21"W	2092.75'
L13	N89°59'21"W	340.62'
L14	N00°10'57"W	1835.09'
L15	N89°49'03"E	1892.80'
L16	N89°49'03"E	1209.43'



- PROPOSED BOUNDARY
- EXISTING CENTERLINE
- PROPOSED ULTIMATE RIGHT-OF-WAY
- LOT LINE PER LOT LINE ADJUSTMENT NO. 3843, RECORDED JUNE 27, 1996, AS INST. NO. 239254



THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY SUPERVISION, BASED ON RECORD INFORMATION.

WILLIAM H. WARNER, R.C.E. 23256
LIC. EXP. 12/31/07

0602-015C

FEDERALLY REQUIRED LEASE PROVISIONS

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

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

EXHIBIT B

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

S:\EDCOM\AIRPORTS\Documents\Lease - Exhibit B - JCRA FAA Federally Required Lease Provisions.doc

EXHIBIT B

Minimum Standards for Fixed Base Operators

Riverside County Airports



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

Adopted January 30, 2001

EXHIBIT C

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I. INTRODUCTION

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

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

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

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

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

II. DEFINITIONS

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

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

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

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

ALP - Airport Layout Plan

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

CEQA - California Environment Quality Act

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

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

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

FAA - Federal Aviation Administration

FAR - Federal Aviation Regulation

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

FUEL - FAA authorized aviation fuel, including jet fuel

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

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

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

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

NEPA - National Environmental Policy Act

THE BOARD - The Riverside County Board of Supervisors

TLMA - Transportation and Land Management Agency

III. AIRPORT RULES AND REGULATIONS

A. Lease

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

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

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

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

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

B. Airport Layout

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

C. Signs

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

D. Building Design, Construction, and/or Alterations

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

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

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

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

E. Inspections

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

F. Flying Clubs

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

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

G. Waiver from Minimum Standards

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

H. Civil Rights

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

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

I. Insurance

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

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

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

J. Lot Size

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

K. Outdoor Storage

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

L. Maintenance

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

IV. SCOPE OF SERVICES

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

Table A - FULL SERVICE FBO

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

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

Table B - AIRCRAFT MAINTENANCE

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

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: ½ acre or 21,780 SF

Hangar area	6,000 SF	For aircraft storage
Tie-down or apron parking	One (1) per 1,000 SF of hangar space	Outside storage
Building space	400 SF	For offices, public phone, and restrooms
	200 SF	Office storage room
Automobile parking	One (1) per 1,000 SF of hangar area, with landscaping as required by Ord. 348	For employees per shift and customer parking
Landscaping	Specific plans to be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and building

CERTIFICATION:

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

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

HOURS OF OPERATION:

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

EQUIPMENT:

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

Refer to Appendix A

Table C - RADIO AND AVIONICS REPAIR STATION & SALES

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

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
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LOT SIZE: 150 SF

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

CERTIFICATION:

Station	Authorized repair station and certified under FAR Part 145	
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PERSONNEL:

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

HOURS OF OPERATION:

Business Hours	Available for appointment for at least 40 hrs/week	
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EQUIPMENT:

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

INSURANCE:

Refer to Appendix A

Table D - FLIGHT INSTRUCTION

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

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: 500 SF (not necessarily contiguous)

Classroom space	200 SF or as appropriate to the size of student population	For classroom instruction
Office and lobby areas	300 SF	For phones, restrooms, and space for adequate customer service
Automobile parking	3 spaces per aircraft, 2 for each additional for a maximum of 10 spaces, with landscaping as required by Ord. 348	For students and employees
Other	Any additional space necessary to house all owned or leased aircraft	

PERSONNEL:

Staff	One (1) certified flight instructor	To be available during normal hours of operation
	One (1) qualified ground school instructor	For classroom instruction

HOURS OF OPERATION:

Business Hours	Available for appointment for at least 40 hrs/week
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EQUIPMENT:

Aircraft	One (1) single-engine aircraft	Available for flight training
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INSURANCE:

Refer to Appendix A

Table E - AIRCRAFT SALES AND LEASING

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

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: 150 SF

Building space

150 SF

For offices, lobby area, public phone, and restrooms

Tie-down/Hangar space

Adequate number

Storage

Automobile parking

One (1) per employee

One (1) per 500 SF of leased space
With landscaping as required by Ord. 348

For employees per shift and customer parking

Landscaping

Specific plans to be determined during lease negotiations.

Landscaping required around vehicle parking, sidewalks, and buildings

CERTIFICATION:

New aircraft

Dealers must possess sales and/or distribution franchise from a recognized aircraft manufacturer

Aircraft available for sale and leasing

Aircraft must hold FAA registration and current airworthiness certificate

PERSONNEL:

Staff

One (1) commercial, qualified for aircraft type.

For demonstration of aircraft

HOURS OF OPERATION:

Business Hours

Available for appointment at least 40 hrs/week

EQUIPMENT:

Minimum equipment required shall be determined during lease negotiations.

INSURANCE:

Refer to Appendix A

Table F - AIRCRAFT STORAGE

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

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
LOT SIZE: 1acre or 43,560 SF		
Storage area of the following or proportionate combination of:	1. Minimum of ten (10) T-Hangars to max of fourteen (14) per acre, or 2. Apron tie-down space of a minimum of 15 aircraft per acre, or 3. Conventional hangar of 10,000 SF. 4. Box hangars - Plot Plan subject to EDA and BOS approval	
Automobile parking	One (1) for every two (2) hangars, with landscaping as required by Ord. 348	Automobile parking separate from aircraft storage area
Landscaping	Specific plans to be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and buildings
<u>PERSONNEL:</u>		
Staff	One (1) contact person	To be available during the normal work week (M-F, 8am-5pm)
<u>HOURS OF OPERATION:</u>		
Minimum via phone contact	5 days/week, 8 hrs/day	
<u>INSURANCE:</u>		
Refer to Appendix A		
<u>ADDITIONAL GUIDELINES:</u>		
The County and Full Service FBOs shall possess the right to provide and operate the public aircraft storage areas unless circumstances warrant otherwise. No business activities shall be operated from storage areas.		

Table G - AGRICULTURAL APPLICATION

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

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

CERTIFICATION:

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

PERSONNEL:

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

HOURS OF OPERATION:

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

To be determined during lease negotiations.

INSURANCE:

Refer to Appendix

Table G - AGRICULTURAL APPLICATION (continued)

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