

"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:

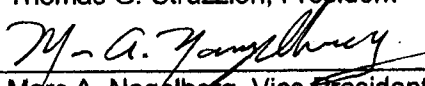
SUBLESSOR
Desert Resorts Aviation, LLC
c/o Matthew V. Johnson, Managing Member
45-445 Portola Avenue, Suite 5
Palm Desert, CA 92260

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

Date: DECEMBER 8, 2006

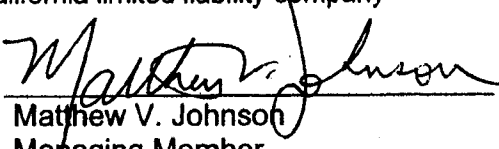
HITS, Inc.
a Delaware corporation

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.

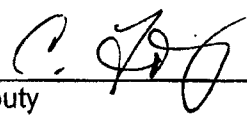
Date: JAN - 9 2007, 2006

COUNTY OF RIVERSIDE

By: 
Chairman, Board of Supervisors
JOHN TAVAGLIONE

ATTEST:

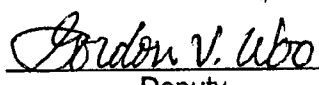
NANCY ROMERO, Clerk of the Board

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 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°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.

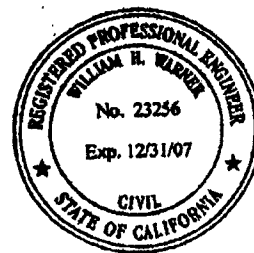
(CONTAINS 169.46 ACRES)

SEE EXHIBIT "B" ATTACHED

PREPARED UNDER THE SUPERVISION OF:

WILLIAM H. WARNER


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

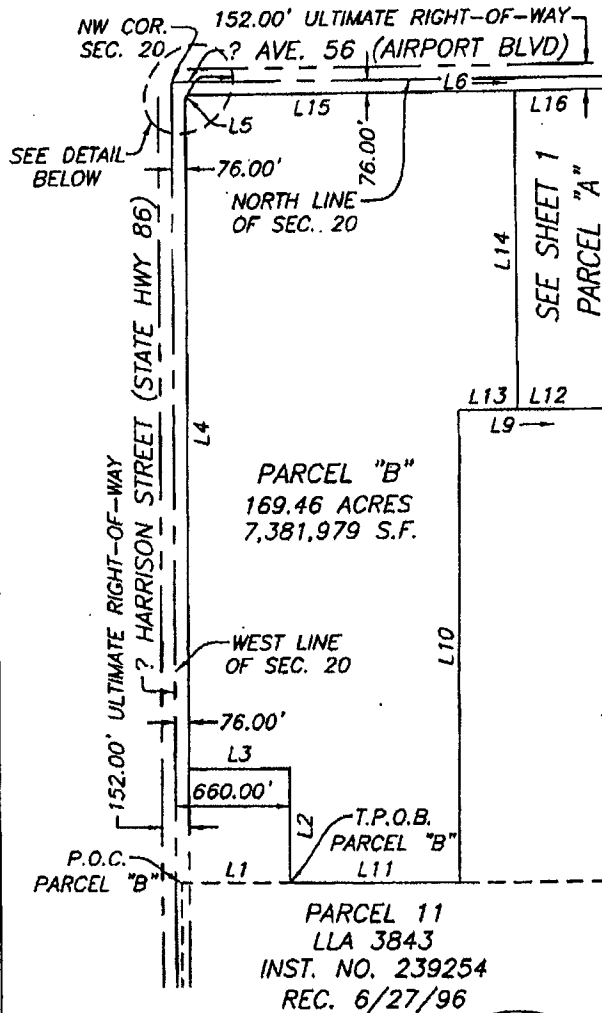



DATE

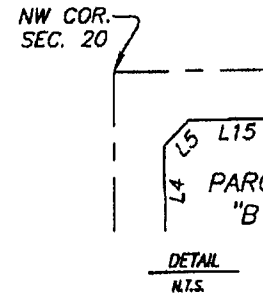
EXHIBIT "B"

SHEET 2 OF 2

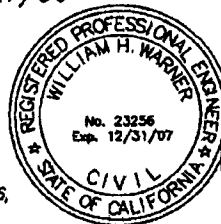
POR. OF SEC. 20, T. 6 S., R. 8 E., S.B.M.



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

FIRST AMENDMENT TO SUBLEASE
JACQUELINE COCHRAN REGIONAL AIRPORT

DESERT RESORTS AVIATION, a California limited liability company, herein called Sublessor, and HITS, INC., a Delaware Corporation, herein called Sublessee, enter into this First Amendment to Sublease (this "Amendment") under the following terms and conditions:

1. Recitals.

(a) Sublessor and Sublessee are parties to a Sublease dated by Sublessee on December 8, 2006, dated by Sublessor on December 12, 2006, and Consented to by Master Lessor County of Riverside on January 9, 2007, covering approximately one hundred sixty-nine 46/100 (169.46) acres of land located at the Jacqueline Cochran Regional Airport described in Exhibit "A" and depicted on Exhibit "B" to the Sublease.

(b) Paragraph 40 of the Master Lease for the 169.46-acres requires the County of Riverside to obtain written authorization from the Federal Aviation Administration, hereinafter FAA, for a land-use change for 229.46 acres, including the 169.46 acres subleased.

(c) County received a Land-Use Change Authorization letter signed by the FAA on August 25, 2006, and accepted County on the same date as this First Amendment.

(d) County, Sublessor and Sublessee desire to amend the Sublease on the terms and conditions hereinafter set forth.

2. Amendment.

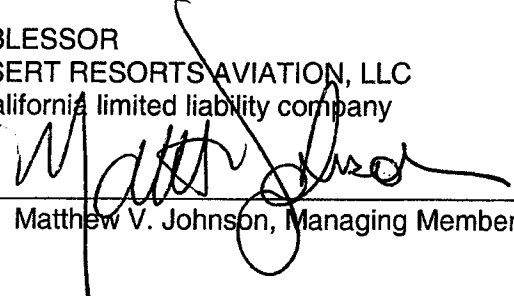
"Exhibit 'D' – Land Use Change Authorization" is added to the "Attachments" section of the Sublease. The Land-Use Change Authorization letter signed by the FAA on August 25, 2006, and accepted by County on the same date as this First Amendment, is attached hereto as Exhibit "D", and incorporated by this reference into the Sublease.

3. Sublease Otherwise Unchanged. Except as amended by this First Amendment, the Sublease shall remain unmodified.

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

Date: 2/21/7

SUBLESSOR
DESERT RESORTS AVIATION, LLC
a California limited liability company

By: 
Matthew V. Johnson, Managing Member

Date: _____

SUBLESSEE
HITS, INC.
a Delaware corporation

By: _____
Thomas G. Struzzieri, President

By: _____
Marc A. Nagelberg, Vice President

CONSENT TO FIRST AMENDMENT:

Date: APR 10 2007


COUNTY OF RIVERSIDE

By: 
Chairman, Board of Supervisors

ATTEST:
NANCY ROMERO, Clerk of the Board

JOHN TAVAGLIONE
FORM APPROVED:
JOE S. RANK, County Counsel

By: 
Deputy

By:  4/2/07
Deputy

FIRST AMENDMENT TO SUBLEASE
JACQUELINE COCHRAN REGIONAL AIRPORT

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1. Recitals.

(a) Sublessor and Sublessee are parties to a Sublease dated by Sublessee on December 8, 2006, dated by Sublessor on December 12, 2006, and Consented to by Master Lessor County of Riverside on January 9, 2007, covering approximately one hundred sixty-nine 46/100 (169.46) acres of land located at the Jacqueline Cochran Regional Airport described in Exhibit "A" and depicted on Exhibit "B" to the Sublease.

(b) Paragraph 40 of the Master Lease for the 169.46-acres requires the County of Riverside to obtain written authorization from the Federal Aviation Administration, hereinafter FAA, for a land-use change for 229.46 acres, including the 169.46 acres subleased.

(c) County received a Land-Use Change Authorization letter signed by the FAA on August 25, 2006, and accepted County on the same date as this First Amendment.

(d) County, Sublessor and Sublessee desire to amend the Sublease on the terms and conditions hereinafter set forth.

2. Amendment.

"Exhibit 'D' - Land Use Change Authorization" is added to the "Attachments" section of the Sublease. The Land-Use Change Authorization letter signed by the FAA on August 25, 2006, and accepted by County on the same date as this First Amendment, is attached hereto as Exhibit "D", and incorporated by this reference into the Sublease.

3. Sublease Otherwise Unchanged. Except as amended by this First Amendment, the Sublease shall remain unmodified.

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

Date: _____

SUBLESSOR
DESERT RESORTS AVIATION, LLC
a California limited liability company

By: _____
Matthew V. Johnson, Managing Member

Date: February 26, 2007

SUBLESSEE
HITS, INC.
a Delaware corporation

By: [Signature]
Thomas G. Struzzieri, President

By: [Signature]
Marc A. Nagelberg, Vice President

CONSENT TO FIRST AMENDMENT:

Date: APR 10 2007

COUNTY OF RIVERSIDE

By: [Signature]
Chairman, Board of Supervisors
JOHN TAVAGLIONE

ATTEST:
NANCY ROMERO, Clerk of the Board

FORM APPROVED:
JOE S. RANK, County Counsel

By: [Signature]
Deputy

By: [Signature] 4/2/07
Deputy



U.S. Department
of Transportation
**Federal Aviation
Administration**

Western-Pacific Region
Airports Division

Federal Aviation Administration
P.O. Box 92007
Los Angeles, CA 90009-2007

AUG 25 2006

Robin Zimpfer
Assistant County Executive Officer/EDA
Economic Development Agency
County of Riverside
5555 Arlington Avenue
Riverside, CA 92504

Dear Ms. Zimpfer:

**Jacqueline Cochran Regional Airport
Riverside County
Land-Use Change Authorization**

This letter is in response to Riverside County's request for a land-use change for a parcel of airport land at Jacqueline Cochran Regional Airport containing approximately 229.46 acres from the requirement that the land be used for aeronautical purposes.

This letter communicates the Federal Aviation Administration (FAA)'s authorization for a land-use change at Jacqueline Cochran Regional Airport for approximately 229.46 acres of land, described in the attached Land-Use Change Authorization, so the land may be used for revenue-producing purposes. Income produced from the fair market value rental or leasing of the land, which is not needed for aeronautical purposes, will benefit the airport and civil aviation by enhancing the airport's ability to be as self-sustaining as possible.

The FAA authorization does not represent a land release or the waiver of any other federal requirements. The land subject to the Land-Use Change Authorization remains part of the federally obligated airport. By accepting the land-use change, Riverside County agrees to abide its existing agreements with the FAA including the conditions and requirements stipulated in the Land-Use Change Authorization.

Follow-up Action


Enclosed are two FAA-approved Land-Use Change Authorizations, which have been signed by the FAA approving official. Please return one Land-Use Change Authorization after the two enclosed documents are executed, showing the original signature of the County official authorizing acceptance of the land-use change for the Riverside County.

EXHIBIT "D"

Please return the one fully executed Land-Use Change Authorization to:

Tony Garcia
FAA Airports Division
P.O. Box 92007
Los Angeles, CA 90009-2007

Sincerely,


Mark A. McClardy
Manager, Airports Division

cc: Harry Oliver



U.S Department
of Transportation

Federal Aviation
Administration

Western-Pacific Region
Airports Division

Federal Aviation Administration
P.O. Box 92007
Los Angeles, CA 90009-2007

**Land-Use Change Authorization
Jacqueline Cochran Regional Airport**

Riverside County, the owner and operator of the public Airport located in Thermal, Riverside County, California, requested a land-use change from the federal obligation for a portion of land at Jacqueline Cochran Regional Airport (Airport), Thermal, CA, that requires that it be used for aeronautical purposes.

This 2006 authorization made by the Federal Aviation Administration (FAA), pursuant to the provisions contained in Title 49 United States Code (USC) Section 47101 et seq and the criteria in FAA Order 5190.6A, Paragraph 4-18.d, hereby grants to Riverside County, a government body established under the laws of the State of California, an authorization to use airport property at Jacqueline Cochran Regional Airport for revenue-producing purposes from other than aviation uses. An airport purpose for this property is defined as revenue-producing land that may be used for non-aviation, commercial purposes and that is subject to fair market value rates and charges. Notwithstanding, this authorization does not prevent its use for aviation purposes or the restoration of the property to aeronautical uses.

The County is requesting authorization from the FAA for a land-use change for a portion of land as more particularly described in Exhibit A that is subject to the conditions and restrictions set forth in a Quitclaim Deed and Grant Agreements since the portion of land is not presently needed for aviation purposes.

The County will subsequently lease or rent the land that is subject to this land-use change for revenue-producing purposes. The fair market value income will be derived from leasing and renting, which will help make the airport as self-sustaining as possible. The proceeds from the leasing and renting property will be used exclusively for the improvement, development, and operations of the Airport and airport system, in accordance with the Riverside County certification dated and attached hereto as Exhibit B.

The FAA has determined that the portion of land herein described in Exhibit A is not presently needed for an aeronautical purpose and may be used to earn revenue from other uses. The FAA is authorized to approve a land-use change to permit airport land to serve a revenue-producing purpose on the condition that it produce income equal to its fair market value. Notwithstanding, the land-use change is not a release, as defined by the FAA, and does not relieve Riverside County

of any of the obligations it assumed under the Quitclaim Deed and Grant Agreements with the Federal government. The property affected by this authorization is airport land and this land-use change authorization does not alter its status as airport property.

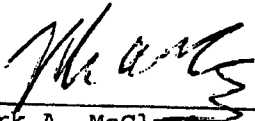
In consideration of the benefits to accrue to the Airport and to civil aviation, the FAA hereby authorizes a land-use change for the portion of land at Jacqueline Cochran Regional Airport, containing a total area of 229.46 acres, more or less, and more particularly described in Exhibit A, so it may be leased or rented for revenue-producing purposes and earn fair market value income. This authorization is granted without waiver of any other rights and interests reserved to the FAA at the Airport.

In addition, this land-use change authorization is subject to the following conditions and requirements:

1. Riverside County will include in all agreements for use of the land subject to this land-use change authorization the provisions contained in Exhibit C. The provisions should be incorporated into or appended to lease and rental agreements for the use of property subject to this land-use authorization.
2. Riverside County will retain sufficient rights and interests over future use of the land use to ensure that the property will only be used for purposes that are compatible with and do not interfere with airport and aircraft operations.
3. Riverside County will ensure that development on the land subject to this land-use change are evaluated in accordance with Title 14 Code of Federal Regulations Part 77 before a project is approved by the County. The County will require that FAA Form 7460-1, *Notice of Proposed Construction or Alteration*, be submitted and an FAA determination received before granting approval to proceed with construction of improvements or structures above ground level.
4. Riverside County will update the Airport Layout Plan to show the boundary of airport property subject to this land-use change as well as the location and nature of all existing and proposed improvements on the property.
5. The Runway Protection Zone is an integral part of the airport and in accordance with airport design needs has a clear and lasting airport purpose. Therefore, the RPZ remains part of the airport, serving a required airport purpose, and is not included in this land-use change authorization. The RPZ shall remain free of structures nor used for public gathering of people.

(Signatures follow)

The FAA has caused this Authorization to be executed on
the 25 day of AUGUST, 2006.

By: 
Mark A. McClardy
Manager, Airports Division
Western-Pacific Region
Federal Aviation Administration

FORM APPROVED
COUNTY COUNSEL

APR 02 2007

BY 

Riverside County

Acceptance by Riverside County of the terms and conditions of the 2006
land-use change authorization affecting certain lands at Jacqueline
Cochran Regional Airport owned by Riverside County;

On behalf of Riverside County, the undersigned official hereby
acknowledges the acceptance of the terms and conditions of the
Authorization for the governing body of the Riverside County.

By _____
Signature Date

Print Name Title

Exhibit A

Legal Description for Portion of Airport Land

The affected portion of land is approximately 229.46 acres.

The metes and bounds legal description and plot plan
follow on the next page

EXHIBIT "A"

PARCEL "A"

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:

BEGINNING AT A POINT ON THE WEST LINE OF THAT CERTAIN 80.1 ACRE PARCEL OF LAND SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED IN BOOK 33 OF RECORDS OF SURVEY AT PAGE 32, RECORDS OF SAID COUNTY, AND A DISTANCE OF 76.00 FEET SOUTHERLY FROM, AS MEASURED AT RIGHT ANGLES, THE NORTH LINE OF SAID SECTION 20;

THENCE SOUTH $00^{\circ}10'33''$ EAST ALONG SAID WEST LINE OF SAID PARCEL OF LAND, A DISTANCE OF 951.97 FEET TO AN ANGLE POINT SHOWN ON SAID RECORD OF SURVEY;

THENCE SOUTH $44^{\circ}57'52''$ EAST ALONG THE SOUTHWEST LINE OF SAID PARCEL OF LAND, A DISTANCE OF 1254.13 FEET TO THE SOUTH LINE OF SAID PARCEL OF LAND;

THENCE NORTH $89^{\circ}59'21''$ WEST ALONG THE WESTERLY PROLONGATION OF SAID SOUTH LINE, A DISTANCE OF 2092.75 FEET;

THENCE NORTH $00^{\circ}10'57''$ WEST ALONG A LINE PERPENDICULAR WITH, AS MEASURED AT RIGHT ANGLES, THE NORTH LINE OF SAID SECTION 20 A DISTANCE OF 1835.09 FEET TO THE INTERSECTION THEREOF WITH 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 1209.43 TO THE POINT OF BEGINNING.

(CONTAINS 60.00 ACRES)

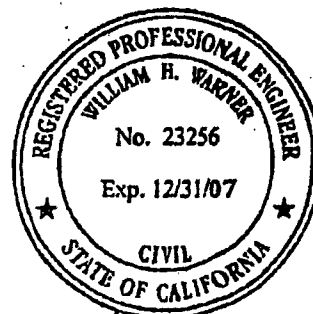
SEE EXHIBIT "B" ATTACHED

PREPARED UNDER THE SUPERVISION OF:

WILLIAM H. WARNER



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



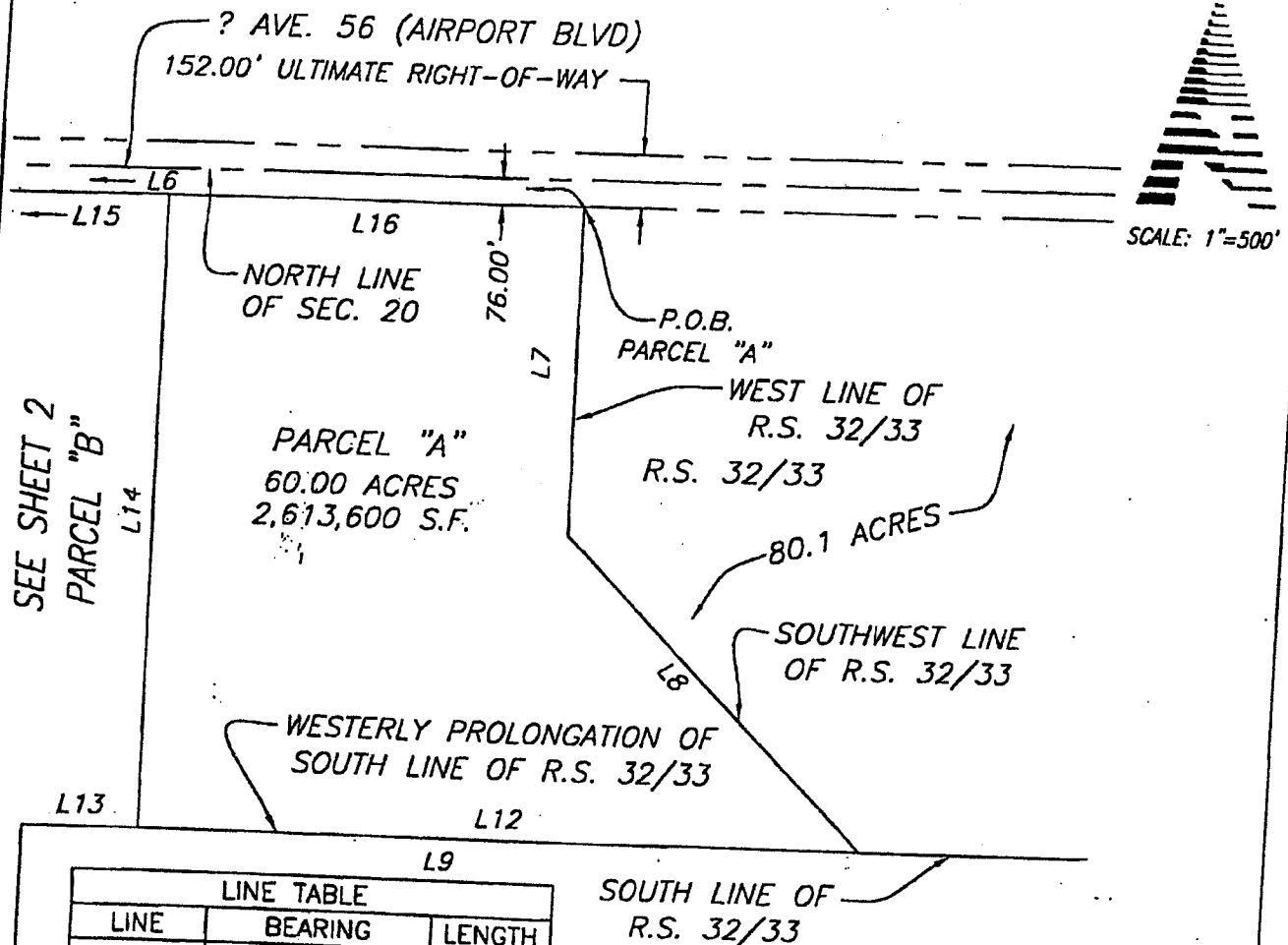
6/1/06
DATE

EXHIBIT A1

EXHIBIT "B"

SHEET 1 OF 2

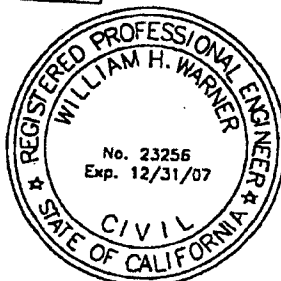
POR. OF SEC. 20, T. 6 S., R. 8 E., S.B.M.



LINE TABLE		
LINE	BEARING	LENGTH
L6	N89°49'03"E	3102.23'
L7	N00°10'33"W	951.97'
L8	N44°57'52"W	1254.13'
L9	N89°59'21"W	2433.37'
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'

SOUTH LINE OF
R.S. 32/33

- 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

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°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;

Exhibit A

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;

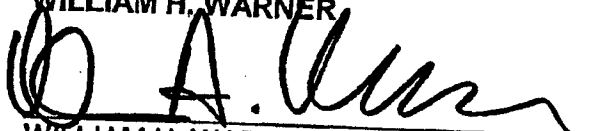
THENCE NORTH 89°48'47" WEST ALONG SAID NORTH LINE OF SAID PARCEL 11, A DISTANCE OF 981.00 FEET TO THE TRUE POINT OF BEGINNING.

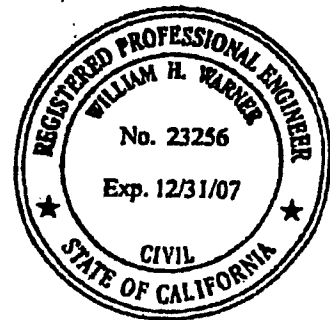
(CONTAINS 169.46 ACRES)

SEE EXHIBIT "B" ATTACHED

PREPARED UNDER THE SUPERVISION OF:

WILLIAM H. WARNER


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

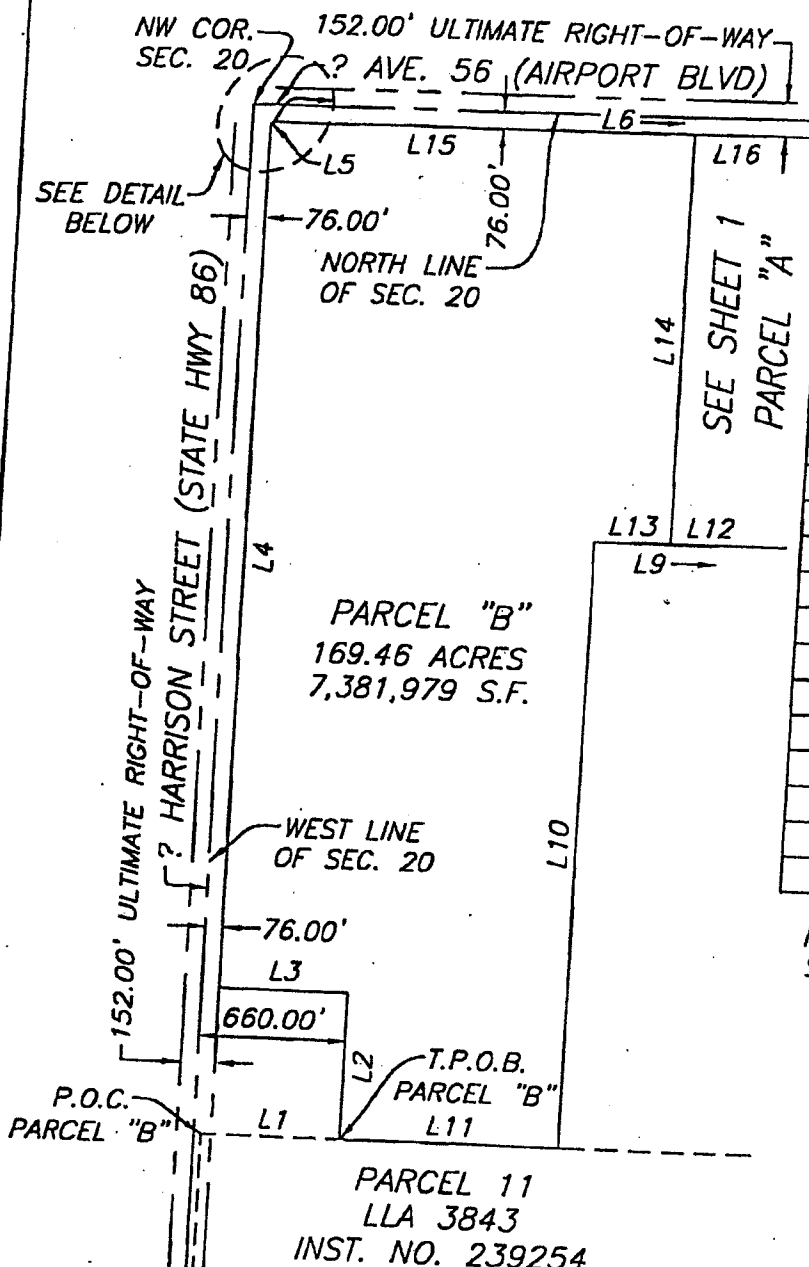


6/1/06
DATE

EXHIBIT "B"

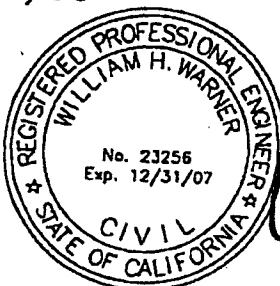
SHEET 2 OF 2

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

Exhibit B

**Riverside County Certification
Dated June 30, 2006**

Riverside County certification accepting the land-use change authorization from the Federal Aviation Administration for approximately 229.46 acres of land at Jacqueline Cochran Regional Airport and declaring that all proceeds received by the County and the Airport from the leasing and renting shall be used and applied to the Airport for its improvement, development, operation, and maintenance and used exclusively for airport purposes.

The certification follows on the next page

RIVERSIDE
COUNTY



June 30, 2006

Exhibit B

Economic &
Community
Development

◇
Housing

◇
Housing
Authority

◇
Redevelopment
Agency

◇
County Service
Areas

◇
Workforce
Development

◇
Edward-Dean
Museum
& Gardens

◇
Aviation

◇
County Fair &
Annual Date
Festival

Mr. Anthony Garcia
Airports Compliance Specialist # AWP-620.1
U.S. Department of Transportation
Federal Aviation Administration
Western Pacific Region, Airports Division
P.O. Box 92007
Los Angeles, CA 90009-2007

RE: Certification of Use of Lease Revenues
Equestrian Center Ground Leases
Jacqueline Cochran Regional Airport
Thermal, California

Dear Mr. Garcia:

The County of Riverside has negotiated two ground leases at Jacqueline Cochran Regional Airport for the purpose of establishing an Equestrian Center. One is for sixty (60) acres with HITS, Inc., and the other is for 169.42 acres with Desert Resorts Aviation, LLC. These leases will be sent to you by separate cover with a request that you find the permitted use contained in the leases consistent with the County of Riverside's Grant Assurances to the Federal Aviation Administration and the United States of America.

The purpose of this letter is to certify that all revenues received from these leases by the County of Riverside will be deposited into a separate Airports operating account and be expended for the capital or operating costs of the County's airports in accordance with applicable Federal law and FAA policy.

Sincerely,
RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

Daryl Shippy
Daryl Shippy
Airports Manager
Aviation Division

(760) 863-8247
dshippy@co.riverside.ca.us

cc: Robin Zimpfer
Deanna Lorson
Colby Cataldi

Exhibit C

Lease and Use Agreement Provisions

The instrument used by Riverside County to lease or rent real property described in the land-use change authorization shall include the following covenants, conditions, restrictions and reservations.

Lease And Use Agreement provisions follow on the next page

Exhibit C

Lease and Use Agreement Guide

1. The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "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 (deed, license, lease, permit, etc.) for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, the (grantee, licensee, lessee, permittee, etc.) shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said regulations may be amended.

The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "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 subjected to discrimination, (3) that the (grantee, licensee, lessee, permittee, etc.) shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said regulations may be amended.

The (contractor, tenant, concessionaire, lessee) assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This Provision obligates the (tenant, concessionaire, lessee) or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this Provision binds the contractors from the bid solicitation period through the completion of the contract.

(The airport sponsor shall insert the third paragraph above in all airport contracts, leases, subcontracts, subleases and other agreements at all tiers, AC 150/5100-15A.)

(Additional information regarding civil rights and Disadvantaged Business Enterprise obligations can be obtained from the FAA Civil Rights Office.)

2. The airport owner/sponsor reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or views of the (lessee, licensee, permittee, etc.) and without interference or hindrance.
3. The airport owner/sponsor reserves the right, but shall not be obligated to the (lessee, licensee, permittee), 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, licensee, permittee, etc.) in this regard.
4. This (lease, license, permit, etc.) shall be subordinate to the provisions and requirements of any existing or future agreement between the airport owner/sponsor and the United States, relative to the development, operation, or maintenance of the airport. Failure of the (lessee, licensee, permittee) or any occupant to comply with the requirements of any existing or future agreement between the lessor and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of (lessee's, licensee, permittee's) rights hereunder.
5. There is reserved to the airport owner/sponsor, 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 (leased, licensed, permitted) premises. 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 said airspace or landing at, taking off from, or operating on the airport premises.
6. The (lessee, licensee, permittee) 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, licensed, permitted) premises or in the event of any planned modification or alteration of any present or future building or structure situated on the (leased, licensed, permitted) premises.
7. The (lessee, licensee, permittee) by accepting this (lease, license, permit) agreement expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or building nor permit any natural growth or other obstruction on the land leased hereunder above a height as determined by the application of the requirements of Title 14 CFR Part 77. In the event the aforesaid covenants are breached, the owner reserves the right to enter upon the land hereunder and to remove the offending structure or object or cut the offending natural growth, all of which shall be at the expense of the (lessee, licensee, permittee).

8. The (lessee, licensee, permittee) by accepting this (lease, license, permit) agrees for itself, its successors and assigns that it will not make use of the (leased, licensed, permitted) premises in any manner which might interfere with the landing and taking off of aircraft or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the owner reserves the right to enter upon the premises hereby (leased, licensed, permitted) and cause the abatement of such interference at the expense of the (lessee, licensee, permittee).

9. 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 U.S. Code 40103 (e) and 47107(a)(4).

This requirement only applies to aeronautical commercial activities and does not need to be included in agreements with non-aeronautical lessees or tenants.

10. This (lease, license, permit) 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 nonexclusive use of the airport by the United States during a time of war or national emergency.

11. The (lessee, licensee, permittee) will furnish services on a reasonable and not unjustly discriminatory basis to all users, and charge reasonable and not unjustly discriminatory prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

(In accordance with Grant Assurance #22.b, this provision must be included in any agreement, contract, lease, license, permit to engage in any aeronautical activity at the airport.)

12. The (lessee, licensee, permittee) will conform to airport and Federal Aviation Administration safety and security rules and regulations regarding use of the airport operations area including runways, taxiways, aircraft aprons by vehicles, employees, customers, visitors, etc. in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; will complete and pass an airfield safe driving instruction program when offered or required by the airport; and will be subject to penalties as prescribed by the airport for violations of the airport safety and security requirements.