

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



ITEM: 3.24
(ID # 12081)

MEETING DATE:
Tuesday, April 07, 2020

FROM: FACILITIES MANAGEMENT AND Transportation:

SUBJECT: FACILITIES MANAGEMENT (FM) AND TRANSPORTATION AND LAND MANAGEMENT AGENCY (TLMA): Consent to Assignment and Assumption of Sublease and Bill of Sale between Desert Air Classics, LLC and Desert Dunes, LLC at the Jacqueline Cochran Regional Airport, District 4 [\$0], CEQA Exempt (Clerk to File 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, Existing Facilities exemption, and Section 15601(b)(3), "Common Sense" exemption;
2. Approve and consent to the Assignment and Assumption of Sublease between Desert Air Classics, LLC (Assignor) and Desert Dunes, LLC (Assignee), assigning Assignor's interest as sublessee under that certain Sublease, dated January 17, 2005, between TRM CA Holdings, LLC, successor-in-interest to La Quinta FBO Two, LLC dba Million Air La Quinta (original sublessor) and Desert Air Classics, LLC, successor-in-interest to Stephen Blue (original sublessee), relating to the leased premises located at 56850 Higgins Drive, located within the Jacqueline Cochran Regional Airport, Thermal, California;

ACTION: Policy


Rose Selgado, Director of Facilities Management 3/5/2020 Juan C. Lopez, Director of Transportation & Land Management 3/9/2020

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: April 7, 2020
xc: FM

Kecia R. Harper
Clerk of the Board

By: 
Deputy

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STATE OF CALIFORNIA**

3. Approve and consent to the Bill of Sale between Desert Air Classics, LLC (Seller) and Desert Dunes, LLC (Buyer) for hangar known as Hangar F-17, located within Jacqueline Cochran Regional Airport at 56850 Higgins Drive, Thermal, CA 92274;
4. Authorize the Chairman of the Board of Supervisors to sign the attached Consent to Assignment and Assumption of Sublease and Consent to Bill of Sale on behalf of the County; and
5. Authorize the Assistant County Executive Officer/TLMA Director, or designee, to execute any additional documents necessary to implement the consent to the Assignment and Assumption of Sublease and consent to Bill of Sale, subject to approval by County Counsel.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 2019/20	

C.E.O. RECOMMENDATION: Approve.

BACKGROUND:

Summary

The Facilities Management Department and TLMA have received a request to consent to an Assignment and Assumption of Sublease and Bill of Sale, both between Desert Air Classics ("Assignor"), LLC, a Washington limited liability company, and Desert Dunes, LLC ("Assignee"), an Idaho limited liability company, relating to the leased premises located at the Jacqueline Cochran Regional Airport at 56850 Higgins Drive, Thermal, CA 92274.

The original lease between the County of Riverside (as Lessor) and TRM CA Holdings, LLC (as Lessee), a Delaware limited liability company ("Ross Aviation") successor-in-interest to Signature Flight Support Corporation, successor-in-interest to La Quinta FBO Two, LLC, was dated January 13, 2004 and subsequently amended pursuant to a First Amendment to Lease, dated March 23, 2004, and Second Amendment to Lease, dated February 7, 2006, relating to the lease of approximately 18.44 acres of land. The original lease and its amendments were superseded and replaced by a First Amended Lease ("Lease") between the County and Ross Aviation, successor-in-interest to Signature Flight Corporation, whereby the size of the leased premises was reduced to 14.87 acres ("Premises"). Ross Aviation (as sublessor) and Desert Air Classics, LLC (as sublessee) entered into that certain Sublease, dated January 17, 2005, relating to the Premises ("Sublease"). The Sublease is subject to the Lease. Assignor entered into that certain Assignment and Assumption of Sublease with Assignee ("Assignment"), dated

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November 25, 2019, the effectiveness of which is subject to the written consent and approval by the County pursuant to Section 27 of the Lease.

In connection with the Sublease, Assignor entered into that certain agreement with Assignee, dated February 1, 2020, known as the "Bill of Sale", the effectiveness of which is subject to the written consent and approval by the County. The Bill of Sale relates to the sale of hanger number 17, identified as Hangar F-17 located on the Premises. The Assignment and Bill of Sale will not impact or modify the terms of the Lease, including the existing use of Premises. The Consent of Assignment and Assumption of Sublease and Consent to Bill of sale are attached.

Pursuant to the California Environmental Quality Act ("CEQA"), the Consent to Assignment and Assumption of Sublease and Consent to Bill of Sale were reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1 – Existing Facilities and State CEQA Guidelines 15061(b)(3), General Rule or "Common Sense" exemption. The proposed project, the Consent to Assignment and Assumption of Sublease and the Consent to Bill of Sale, is related to the subletting and sale 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.

Staff recommends approval of the proposed Consent to Assignment and Assumption of Sublease and proposed Consent to Bill of Sale, which have been approved as to form by County Counsel.

Impact on Citizens and Businesses

The Consent to Assignment and Assumption of Sublease and Consent to Bill of Sale will assist in the County's effort to increase airport operations, which in turn provides increased patron activities for local businesses.

SUPPLEMENTAL:

Additional Fiscal Information

There is no net county cost and not budget adjustment required.

Attachments:

- Attachment A – Consent to Assignment and Assumption of Sublease
- Attachment B – Consent to Bill of Sale
- Attachment C – First Amended Lease
- CEQA Notice of Exemption
- Site Map

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Steven Atkeson

3/12/2020


Gregory H. Priamos, Director County Counsel

3/11/2020

County of Riverside
Facilities Management
3403 10th Street, Riverside, CA 92501

FOR COUNTY CLERK USE ONLY	
Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.	
<u>4/14/2020</u> Date	<u>cb</u> Initial

NOTICE OF EXEMPTION

March 3, 2020

Project Name: Consent to Sale and Assignment between Desert Air Classics and Desert Dunes at Jacqueline Cochran Regional Airport, Thermal, County of Riverside

Project Number: ED1910012

Project Location: 37600 Sky Canyon Drive, east of State Route 79, Assessor's Parcel Number (APN) 963-030-010, Murrieta, Riverside County, California, 92563

Description of Project: The County of Riverside has received a request to consent to an assignment of sublease between Desert Air Classics, LLC, a Washington limited liability company (Assignor), and Desert Dunes, LLC, a Idaho limited liability company (Assignee) and also to consent to a hangar sale on the assigned subleased premises.

The original master Lease between County of Riverside (as Lessor) and TRM CA Holdings, LLC a California limited liability company, predecessor in interests to Signature Flight Services (as Lessee) was executed January 1, 2004 and amended by First Amendment on March 23, 2004 and also amended by a Second Amendment on February 7, 2006 relating to the lease of approximately 14.87 acres of vacant land. The sublease pertains to a portion of land within the Master Lease more specifically identified as Unit Number 17 and also identified as Hangar F-17 and more particularly depicted in Exhibit "B" to the Bill of Sale.

Assignor and Assignee entered into the certain Bill of Sale dated November 25, 2019 (Bill of Sale), the effectiveness of which is subject to the consent and approval by the County. Assignor and Assignee also entered into the certain Assignment and Assumption of Sublease Agreement dated November 25, 2019 (Assignment Agreement), the effectiveness of which is also subject to consent and approval by the County. The sublease and sale of the hangar will not impact or modify the terms of the Lease including the existing use of Premises.

The approval of the Bill of Sale and Assignment and Assumption of Sublease is identified as the proposed project under the California Environmental Quality Act (CEQA). The approval of the agreements is limited to a contractual obligation and will not result in any direct effects on the environment. The indirect effects of the approval of the agreements would result in the change of ownership at Cochran Regional Airport, which will also not result in any significant impacts.

Name of Public Agency Approving Project: Riverside County

Name of Person or Agency Carrying Out Project: Riverside County Facilities Management

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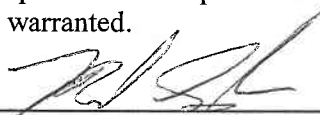
Exempt Status: State CEQA Guidelines Section 15301 Existing Facilities Exemption, Section 15061(b) (3), General Rule or "Common Sense" Exemption, Codified under Title 14, Article 5 Sections 15061.

Reasons Why Project is Exempt: The proposed 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 does the project involve any unusual circumstances that could potentially have a 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 approval of the agreements would have no direct effects on the environment and the indirect effects would result in continuing use of the site in a similar capacity. No significant environmental impacts would occur with the approval of the Bill of Sale, and Assignment and Assumption of Sublease.

- **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 limited to the approval of Assignment and Bill of Sale regarding an approximate 14.87-acre parcel and Hangar F-17. The changes are limited to the change in ownership and responsibility for the terms of the Lease. The Consent to Assignment and Bill of Sale will have the same purpose and substantially similar capacity on the existing facilities at the airport and would be consistent with the existing land use and contractual requirements for the use of the site. 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 to the Assignment and Assumption of Sublease and, Bill of Sale is an administrative function, that is required as part of the terms of the Sublease at the existing airport and would result in the continued operation of the airport on the leased premises under a different owner. 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, Facilities Management 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: _____

3/3/20

Mike Sullivan, Senior Environmental Planner
County of Riverside, Facilities Management

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Consent to Assignment and Sale, Cochran Regional Airport, Thermal

Accounting String: 537080-22100-1910700000- ED1910012


DATE: March 3, 2020

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, Facilities Management

Signature: 

PRESENTED BY: Jose Ruiz, Real Property Agent III, Facilities Management

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -

County of Riverside
Facilities Management
3403 10th Street, Riverside, CA 92501

Date: March 3, 2020
To: Kiyomi Moore/Josefina Castillo, Office of the County Clerk
From: Mike Sullivan, Senior Environmental Planner, Facilities Management
Subject: **County of Riverside Facilities Management Project # ED1910012
Consent to Sale and Assignment at Cochran Regional Airport, Thermal,
County of Riverside**

The Riverside County's Facilities Management'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,

Facilities Management,

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

Attachment A

(Desert Air Classics, LLC)

Consent to Assignment and Assumption of Sublease

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CONSENT TO ASSIGNMENT OF SUBLEASE

(Desert Air Classics, LLC dated November 25, 2019, Hangar F-17)

The County of Riverside hereby consents to the Assignment and Assumption of Sublease ("Assignment"), dated November 25, 2019, by and between Desert Air Classics LLC ("Assignor"), a Washington limited liability company, and Desert Dunes LLC ("Assignee"), a Idaho limited liability company, attached hereto as Attachment "A" and incorporated herein by this reference. Pursuant to the Assignment, the Assignor transferred and assigned to Assignee all of Assignor's rights, title, interest and obligations ("Rights and Obligations") under that certain Sublease, dated January 17, 2005, ("Sublease") between Assignor and TRM CA HOLDINGS, LLC ("Ross Aviation"), a California limited liability company, successor-in-interest to SIGNATURE FLIGHT SUPPORT CORPORATION ("Signature"), a Delaware corporation, successor-in-interest to La Quinta FBO Two, LLC ("La Quinta"), the original sublessee. The Sublease pertains to that certain Hangar number 17 (identified as Hangar F-17) located at Jacqueline Cochran Regional Airport, Thermal, California, as more particularly depicted in Exhibit "B" to the Sublease.

The Sublease is subject to that certain First Amended Lease (Jacqueline Cochran Regional Airport) ("Lease"), dated November 2, 2010, by and between the County of Riverside ("Lessor") and Ross Aviation, successor-in-interest to Signature ("Lessee"), relating to the lease of approximately 14.87 acres of improved land ("Leased Premises"), located at the Jacqueline Cochran Regional Airport, as more fully described in Exhibit "A" to the Lease. The Lease replaced and superseded the original lease relating to the Leased Premises, dated January 13, 2004, as amended thereafter, by and between Lessor and La Quinta, the original lessee and predecessor-in-interest to Signature.

In reliance upon the Assignment and the assumption by Assignee of all Rights and Obligations under the Sublease as set forth in the attached Assignment, the County does hereby approve and consent to the assignment of the Rights and Obligations under the Sublease by Assignor to Assignee and Assignee's assumption thereof. Approval and consent hereof by the County shall not be construed to relieve or release (i) Assignor from its duty to comply with any obligations under the Sublease, and (ii) Assignee from its duty to comply with any obligations under the Lease.

[Signatures on Following Page]

Date: APR 07 2020

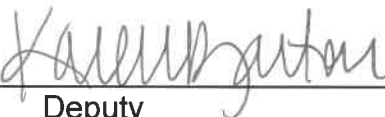
COUNTY OF RIVERSIDE, a political
subdivision of the State of California

By: 


V. Manuel Perez, Chairman
Board of Supervisors

ATTEST:

Kecia R. Harper
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM
Gregory P. Priamos, County Counsel

By: 
Thomas Oh
Deputy County Counsel

Attachment "A"
Assignment and Assumption of Sublease

(attached behind)

ASSIGNMENT AND ASSUMPTION OF SUBLEASE

THIS ASSIGNMENT AND ASSUMPTION OF SUBLEASE (this "Assignment"), is made this 25 day of November, 2019, by and between Desert Air Classics, LLC, a Washington limited liability company, hereinafter referred to as "Assignor," and Desert Dunes, LLC, an Idaho limited liability company, hereinafter referred to as "Assignee."

WITNESSETH:

WHEREAS, Assignor owns a subleasehold estate in the land described as Unit 17, Phase I of the La Quinta Jet Center, a master planned hangar community located at Jacqueline Cochrane Airport, Riverside County, California (the "Land"), that was created by an unrecorded Sublease dated January 17, 2005 between Signature Flight Support Corporation as successor in interest to La Quinta FBO Two, LLC ("Sublessor") and Assignor as successor in interest to Stephen Blue (the "Sublease"). The Sublease is subject to the terms of a Master Lease Agreement dated January 13, 2004, between Riverside County, California, as lessor and owner of the described property, and Sublessor as successor in interest to La Quinta FBO Two, LLC, as lessee, recorded in the official records of Riverside County on September 4, 2008 under Recording Number 20080485828 (the "Master Lease"). A copy of the Sublease, to which is attached all referenced exhibits including the Master Lease, is attached hereto as Exhibit A;

WHEREAS, Assignor owns a hangar approximately 3,600 square feet in size on Unit 17 (the "Hangar");

WHEREAS, concurrently with the execution of this Assignment Assignor is conveying and transferring the Hangar to Assignee by a Bill of Sale executed by Assignor, pursuant to that Hangar Purchase and Sale Agreement of even date between Assignor and Assignee (the "PSA");

WHEREAS, the Assignor desires to assign all of its right, title, and interest in and to, and duties and obligations under, the Sublease, and Assignee desires to accept such assignment and assume all of the Assignor's duties and obligations as sublessee under the Sublease.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Assignment. Assignor hereby gives, grants, bargains, sells, conveys, transfers and sets over unto Assignee, its successors and assigns, as of the date set forth above (the "Effective Date"), all of Assignor's rights under, and its interest as sublessee in and to, the Sublease.

2. Assumption. Assignee hereby accepts the foregoing assignment and, in consideration thereof, Assignee hereby covenants and agrees that, on and after the Effective Date, Assignee will assume the sublessee's duties under the Sublease arising and accruing on and after the Effective Date, and will assume, observe, perform, fulfill and be bound by all terms, covenants, conditions and obligations of the sublessee under the Sublease which arise and accrue on and after the Effective Date in the same manner and to the same extent as if the Assignee were the sublessee named therein.

3. Indemnification.

(a) Assignor hereby indemnifies Assignee, and agrees to defend and hold harmless Assignee from and against any and all liability, loss, damage and expense, including, without limitation, reasonable attorneys' fees, which Assignee may or shall incur under the Sublease by reason of any failure or alleged failure of Assignor to have complied with or to have performed, before the Effective Date, the duties of the sublessee thereunder which were to be performed before the Effective Date.

(b) Assignee hereby indemnifies Assignor, and agrees to defend and hold harmless Assignor from and against any and all liability, loss, damage and expense, including without limitation reasonable attorneys' fees which Assignor may or shall incur under the Sublease by reason of any failure or alleged failure of Assignee to comply with or to perform, on or after the Effective Date, all the duties of the sublessee thereunder which are to be performed on or after the Effective Date.

4. Successors and Assigns. The terms and conditions of this Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

5. Consent Required. This Assignment is expressly conditioned upon receipt of the prior written consent of the Sublessor and the County of Riverside and shall be effective upon the Closing Date as defined in the PSA.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first set forth above.


ASSIGNOR:

DESERT AIR CLASSICS, LLC, a
Washington limited liability company

By: 
Charles R. Hogan, Member

ASSIGNEE:

DESERT DUNES, LLC, an Idaho
limited liability company

By: 
Its Member



NOTARY PUBLIC
JAMES F. HAWLEY
1915-1918
DISTRICT OF COLUMBIA

CONSENT TO ASSIGNMENT AND ASSUMPTION OF SUBLEASE

The undersigned, TRM CA HOLDINGS, LLC, hereby consents to the attached Assignment and Assumption of Sublease dated November 25, 2019, between Desert Air Classics, LLC as Assignor and Desert Dunes, LLC as Assignee, pertaining to that Sublease dated January 17, 2005 between the undersigned, as successor in interest to La Quinta FBO Two, LLC ("Sublessor") and Assignor as successor in interest to Stephen Blue (the "Sublease").

Dated February 20, 2020

TRM CA HOLDINGS, LLC

By 
Tim Goulet
General Manager

SUBLEASE

This Sublease is made effective January 17, 2005 ("Commencement Date"), by and between La Quinta FBO Two, LLC, a Delaware limited liability company, ("FBO") DBA: Million Air La Quinta or ("Sublessor"), and Stephen Blue, ("Sublessee").

RECITALS

1. Sublessor is the tenant under a Lease effective January of 2004 (the "Lease" or "Master Lease"), by and between La Quinta FBO Two, LLC, a Delaware limited liability company DBA: Million Air La Quinta as Lessee and the County of Riverside ("County"), as Lessor covering an approximate 18.44 acre portion of the Jacqueline Cochrane Regional Airport. A copy of the Master Lease is attached hereto as Exhibit "A" and made a part hereof. (The Master Lease covers an area larger than 18.44 acres. The percentage of the rent due under the Master Lease relating to the 7.96 acre project is equal to 43.2 % of total rent under the Master Lease.)

2. Sublessor intends to sublease to Sublessee a portion of the premises covered by the Master Lease and has obtained or will obtain permission from the County to sublease to Sublessee. The hangar number applicable to such portion is E-17 (the "Premises"). Sublessee intends to sublease such portion from Sublessor.

AGREEMENT

1.0 Premises. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, upon the terms and conditions hereinafter set forth, the Premises, identified by the hangar number above, located at the Airport, including the real property described in Exhibit "B" said Premises being a portion of the premises currently leased to Sublessor under the Master Lease, to include the right to use certain portions of the Common Area as identified on Exhibit "B" as hereinafter further provided. "Common Area" is defined as any portion of the property referred to in Paragraph 3.2.

2.0 Term. This Sublease shall commence on the first day of the month following execution by all parties thereto, and shall terminate in accordance with the Master Lease. If the Sublessor exercises the option to extend the Master Lease as provided in Paragraph 3 of the Master Lease, then the Sublessee shall have the option to extend this sublease for a period of 10 years to coincide with the term of the Master Lease.

3.0 Use. The principal authorized use of the Premises is private, personal hangar facility and office use, and uses related thereto or associated with such private, personal occasional non-aviation related uses as may be approved by Sublessor in its sole and absolute discretion and by the County, all as set forth in Paragraph 4 of the Master Lease; as may be further restricted elsewhere in this Sublease and by the Rules and Regulations incorporated herein by reference ("Rules and Regulations"), all as set forth below.

3.1 Authorized Use. Sublessee is authorized to use the Premises for activities attendant to its private and personal hanger operation as may be approved by Sublessor and by the County, and in accordance with the provisions of the Master Lease and this Sublease, and not in conflict with the Sublease.

3.2 Non-Exclusive Use. Sublessor grants to Sublessee, its employees, officers, patrons, and guests jointly in common with others entitled to the use thereof including Sublessor, a non-exclusive license to use the roadways and other Common Areas on the Airport, including use of the landing area and the right of aircraft ingress and egress between the Premises and landing area, to include those areas immediately contiguous to the Premises, as further depicted on Exhibit "B".

4.0 Rent and Charges.

4.01 Initial Rent. Beginning on the Commencement Date, Sublessee shall pay initial rent of \$98.00 (Ninety-Eight Dollars) per month to be paid monthly to the Sublessor at the office of Sublessor without reduction, abatement, deduction, offset or any prior demand therefor in advance of the first day of each month of the term hereof and subject to adjustment, which shall equal one twenty-five (1/25) of the amount due from Sublessor to County under the Master Lease relating to the 6 acre project area only. Payments will be made to the office of the Sublessor at 56850 Higgins Drive Thermal, CA 92274.

4.02. Non-Aviation Related Use License. If Sublessee desires or, wishes to obtain a license from the County authorizing a non-aviation related use. Any such non-aviation use must first be approved by Sublessor prior to Sublessee making application to the County for such non-aviation related use.

4.03. Annual Adjustment. The rent shall be adjusted commencing on the July 1st following the Commencement Date, and each year thereafter during the term, including any extension thereof, as provided in Section 5 of the Master Lease.

5.0 Utilities. Sublessee shall pay all charges for all electricity, gas, water, sewer, trash disposal and other utility services used on or for the subleased Premises, including a pro rata share of the Common Area utilities, if any.

5.01 Common Area Payments. Sublessee shall pay on a one twenty-five (1/25) pro rata basis, all charges for all maintenance, landscaping, sweeping, to include security, common area insurance, management, and other Common Area costs to keep the Common Area in pristine condition on/or for the subleased Premises, including around the exterior of the Premises Sublessee's estimated portion of all utilities, common area sweeping, landscaping charges and other common area charges billed by Sublessor to maintain the Common Area ("Common Area Charges") are one hundred dollars (\$100.00). Said amount shall be subject to annual adjustment on January 1st of each year following the Commencement Date.

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6.0 Late Payments. If Sublessee shall fail to pay when due, any rent, amounts or charges payable by Sublessee under this Sublease or the Master Lease, then:

6.01 Interest on Past Due Obligations. Such unpaid amount shall bear interest, including common area payments, from the due date to the date of payment at the lesser of one percent (1%) per month or the maximum rate allowed under the applicable usury law.

6.02 Late Charges. Sublessee shall pay to Sublessor an additional sum of ten percent (10%) of any amount which remains due and unpaid 20 days after the due date. Sublessee acknowledges that late payment by Sublessee to Sublessor will cause Sublessor to incur costs not contemplated by this Sublease, including but not limited to, processing and accounting charges, and late charges which may be imposed upon Sublessor, and that the exact amount of such costs is extremely difficult and impracticable to fix. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Sublessor will incur by reason of late payment by Sublessee.

7.0 Use Conditions.

7.01 Non-Exclusive Use. To the extent granted to Sublessor in the Master Lease, Sublessor grants to Sublessee, its employees, officers, patrons and guests jointly and in common with others entitled to the use thereof, a non-exclusive license to use the roadways, and other common areas of the Airport, including the use of the landing area.

7.02 Compliance with Rules, Regulations, Ordinance, Codes and Law. Sublessee shall at Sublessee's sole cost and expense at all times during the term of this Sublease or any renewal or extension thereof comply with and observe all rules, regulations, ordinances, codes and laws which have been or may be promulgated by Sublessor, the County, and the Rules and Regulations attached hereto, or other jurisdictions that relate to the Premises and the use of the facilities of the Airport including, all fire regulations, safety regulations, noise control regulations and security regulations. Such rules, regulations, ordinances, codes, Rules and Regulations and laws are hereby made a part of this Sublease and Sublessee's failure to keep and observe the rules and regulations shall constitute a breach of the terms of this Sublease in like manner as if the same were contained herein. Sublessor and the County reserve the right to amend or supplement the rules, regulations, ordinances, codes and laws and to adopt additional rules, regulations, ordinances, codes and laws applicable to the Premises, to Sublessee's use of the Premises, and the use of the facilities of the Airport. Sublessor shall have no obligation to Sublessee as a result of the violation of any such rules by any other person. Sublessee shall at all times obey the statutes, codes, ordinances, laws and regulations of the United States of America, the State of California, the County and any other governmental entity having jurisdiction, as the same may from time to time be amended during the term of this Sublease.

7.03 Security. Sublessee will acquaint itself with the County's security plan and all Federal Aviation Administration and other security requirements and shall at all times fully abide by the same. If Sublessor or the County is fined for any breach of security as a result of Sublessee's negligence or failure to abide by applicable security requirements, Sublessee shall reimburse Sublessor or the County, as appropriate, for such fine immediately upon demand. Sublessee shall similarly be responsible for the negligence or non-compliance of any of its assignees, subtenants or their licensees, invitees or guests.

7.04 Other Use Restrictions. Sublessee shall not commit or suffer to be committed any waste or any public or private nuisance or any other act or thing which may disturb the quiet enjoyment of any other person or organization at the Airport or upon the Premises or Common Area. Sublessee's method of lighting the Premises and its installation of all exterior light fixtures shall be subject to Sublessor's sole and absolute discretion. Sublessee shall maintain access control to the Premises in conformance with Federal Airport Security regulations, the security plan of the County and other federal and County directives and regulations that may be issued. All motor vehicles parked or operated upon the Premises or Common Area by Sublessee, its officers, employees, guests, patrons, and invitees shall be parked or operated in accordance with the County's and Sublessor's traffic and parking regulations, ordinances and other directives. Sublessee shall at all times maintain the Premises of Sublessee, as well as Common Areas used by Sublessee, in a clean condition, free from any garbage, trash, litter, oil, grease, or any other solvents or any debris not related to the use of the Premises. Any items applicable to the maintenance and support of aircraft, automobiles or related uses to Sublessee's business or office shall not be stored on the exterior of said Premises and shall not be visible from the exterior of the Premises. All maintenance of aircraft shall be at all times for the private, personal use of Sublessee and shall not be for profit, or public use, or sale.

8.0 Maintenance of Premises.

8.01 Delivery. Sublessor agrees to deliver the Premises in working order and Sublessee agrees to accept the Premises in the delivered condition without further additions, modifications or improvements by the Sublessor. Sublessee agrees that Sublessor has made no warranties or representations of any kind respecting the condition of the Premises or utilities located thereon or the use to which the Premises may be put.

8.02 Maintenance Costs. Sublessee at its sole cost and expense shall at all times maintain the Premises and all buildings, structures and improvements thereon in a good state of repair and in a safe, clean, neat and sanitary condition. In the event Sublessee fails to make any repairs required to be made by Sublessee in accordance with the terms of this Sublease, Sublessor shall notify Sublessee of such failure, if within thirty (30) days of such notice, Sublessee has failed to make such repairs, Sublessor shall have the option but not the obligation to make such repairs at the expense of Sublessee. Sublessor shall have the option but not the obligation to make such repairs at the expense of Sublessee. Should Sublessor opt to make said repairs, Sublessor shall have the right to charge Sublessee, as additional rent due hereunder upon

demand, all costs of Sublessor for making such repairs on a pro rata basis. If Sublessee fails to pay all costs to Sublessor for making repairs, Sublessor shall have the right to lien the property for said costs, to include costs of any suit together with reasonable attorneys fees. Sublessor shall have no liability to Sublessee for any damage, inconvenience or interference with the use of the Premises by Sublessee as a result of the making of any repairs made by Sublessor and the rent shall not be abated by reason thereof.

9.0 Delivery of Possession And Completion of Sublessor's Work. Sublessor shall use its good faith efforts to substantially complete the work required to be completed by Sublessor for delivery of the Premises to Sublessee, as described in **Exhibit "C"** to this Sublease (the "Sublessor's Work"). If possession of the Premises (including, without limitation, substantial completion of the Sublessor's Work) is not delivered to Sublessee on or before January 17, 2005 (the "Commencement Date"), either party may thereafter terminate this Sublease by giving written notice to the other party before such possession is delivered (except that such date shall be extended to the extent the delay in possession is caused or contributed by Sublessee, or by force majeure or "Act of God" as set forth in **Exhibit "C"**). Sublessor shall not be liable for any damage caused by any delay in delivery of possession, and, except to the extent this Sublease is terminated in accordance with the preceding sentence, the delay will not affect the validity of this Sublease. Except for any items set forth on a "punch-list" of excepted items delivered to Sublessor on or before the Rent Start Date, Sublessee shall be deemed to have (i) acknowledged that Sublessor's Work has been substantially completed, (ii) accepted the Premises in its then as-is condition with no right to require Sublessor to perform any additional work therein, except for latent defects as to which Sublessor is given written notice within 90 days after Sublessee's knowledge of their existence and except as set forth on the punch list, and (iii) waived any express or implied warranties regarding the condition of the Premises, including any implied warranties of fitness for a particular purpose or merchantability. Following the Rent Start Date, Sublessor and Sublessee shall execute a letter agreement confirming the Rent Start Date and Sublessee's acceptance of the Premises.

10.0 Alterations and Improvements. Sublessee shall not install, make, or suffer to be made, any alterations or improvements to the interior or exterior of the Premises or any part thereof without the prior written consent of Sublessor, such consent shall not be unreasonably withheld or delayed. If in accordance with good construction practices, applicable governmental requirements, the special conditions, plans and specifications approved by Sublessor. Sublessee shall comply with all construction, and labor regulations of Sublessor, and the County and shall provide reasonable insurance coverage required by Sublessor and the County, or other means of surety, to the reasonable satisfaction of Sublessor and the County shall be provided to ensure that, in the event that the Sublessee defaults and is unable to complete construction, there will be funds provided to return the Premises to the original condition and to satisfy any liens for labor and materials that may be brought for work on the Premises. All alterations or improvements performed by Sublessee shall be carried out by licensed contractors and said alterations and improvements shall be carried out in accordance with all applicable laws and regulations. Sublessee shall at Sublessee's sole cost and expense obtain all necessary permits, licenses and

authorizations in connection with the construction. Sublessee's work shall be subject to the general inspection of Sublessor and the County. Sublessee shall provide proof satisfactory to Sublessor and the County that Sublessee's contractor will (a) provide warranties for not less than one year against defects in workmanship, materials, and equipment; (b) carry or cause to be carried worker's compensation insurance covering all of the contractor's and its subcontractor's employees; and (c) carry public liability and property damage insurance which names Sublessor as an additional insured and required thirty (30) days prior written notice to Sublessor before any change in or cancellation of coverage becomes effective. The policy or policies shall contain liability limits of not less than One Million Dollars (\$1,000,000) single limit coverage. All improvements, additions to or alterations of the Premises except movable furniture and trade fixtures shall at the termination of this Sublease remain attached to and become part of the Premises and be surrendered to Sublessor, in good condition, reasonable use and wear excepted, or at the option of Sublessor shall be removed by Sublessee and the Premises restored to the same condition which existed prior to the installation of any alterations, additions or improvements. Sublessor shall have the right to post a notice of non-responsibility for liens arising out of any work performed, materials furnished and obligations incurred by Sublessee. Sublessee agrees to advise Sublessor and the County in writing at least ten (10) business days in advance of the date upon which alterations will commence in order to permit Sublessor or County to post such a notice. Sublessee shall keep the Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by Sublessee. Sublessee shall indemnify, defend and hold Sublessor and County harmless against any claim, demand, liability or expense on account of claims for work done or materials supplied for Sublessee or person claiming under it.

11.0 Damage or Destruction. If the improvements to the Premises are damaged or destroyed during the term hereof, Sublessee may repair or rebuild said improvements to the condition immediately prior to the date of damage or destruction, within sixty (60) days after the occurrence of the event causing the damage or destruction. This Sublease shall continue and Sublessee shall diligently complete the repair or rebuilding of said improvements. Sublessee shall apply any insurance proceeds received as a result of damage to the improvements to the repair or replacement of said improvements.

12.0 Condemnation.

12.01 Total Taking. If all the Premises are taken or condemned for a public or quasi-public use, this Sublease shall terminate as of the date of condemnation and Sublessee shall thereupon be released from any liability thereafter occurring hereunder.

12.02 Partial Taking. If any part of the Premises are taken or condemned for a public or a quasi-public use by an entity and there is such a major change in the character of the property as to prevent Sublessee from using the Premises in substantially the same manner as theretofore used then in such event Sublessee may terminate this Sublease as of the date of condemnation by giving written notice to Sublessor within fifteen (15) days after the date of condemnation. If any

part of the Premises are taken or condemned for a public or quasi-public use and either party does not have the power to terminate this Sublease as hereinabove set forth, then this Sublease shall continue in full force and effect except that as to the part so taken this Sublease shall terminate as of the date of condemnation and the annual rent payable hereunder shall be adjusted so that Sublessee shall be required to pay for the remainder of the term only such portion of such rent as the value of the remaining part after condemnation bears to the value of the Premises at the date of condemnation. In the event that the parties are unable to agree upon an appropriate rate of rent, the rent shall be established by such arbitrators as may be agreed upon by the parties, or if there is no such agreement then by arbitration conducted pursuant to the then existing rules of the American Arbitration Association.

13.0 Assignments and Subleases.

13.01 Generally. No portion of the Premises or of Sublessee's interest in this Sublease may be acquired by any other person or entity, whether by sale, assignment, mortgage, sublease, transfer, without the express written approval of the Sublessor. Sublessor has the right to grant or withhold its consent as provided in Section 13.05 below. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Sublease. If Sublessee is a partnership or limited liability company any cumulative transfer of more than twenty percent (20%) of the partnership or limited liability company interests shall require Sublessor's consent. If Sublessee is a corporation, any change in the ownership of a controlling interest of the voting stock of the corporation shall require Sublessor's consent.

13.02 Sublessee Affiliate. Sublessee may assign this Sublease or sublease the Premises without Sublessor's consent, to any corporation which controls, is controlled by or is under common control with Sublessee, or to any corporation resulting from the merger of or consolidation with Sublessee ("Sublessee's Affiliate"). In such case, any Sublessee's Affiliate shall assume in writing all of Sublessee's obligations under this Sublease.

13.03 No Release of Sublessee. No transfer permitted by this Article Thirteen, whether with or without Sublessor's consent, shall release Sublessee or change Sublessee's primary liability to pay the rent and to perform all other obligations of Sublessee under this Sublease. Sublessor's acceptance of rent from any other person is not a waiver of any provision of this Article Thirteen. Consent to one transfer is not a consent to any subsequent transfer. If Sublessee's transferee defaults under this Sublease, Sublessor may proceed directly against Sublessee without pursuing remedies against the transferee. Sublessor may consent to subsequent assignments or modifications of this Sublease by Sublessee's transferee, without notifying Sublessee or obtaining its consent. Such action shall not relieve Sublessee's liability under this Sublease.

13.04 First Offer to Sublessor. At all times during the term of this Sublease, prior to making any transfer of Sublessee's interest other than as provided in Paragraph 13.01 or 13.02, any proposed transfer of the Sublease and the Premises shall first be offered to Sublessor, who

shall have three (3) days to accept or reject any offer to sublease or purchase the Sublease and/or Premises. Sublessee shall provide a copy of any offer to purchase the Sublease or Premises immediately upon receipt by Sublessee.

13.05 Sublessor's Consent. Sublessee's request for consent to any transfer described in Section 13.01 shall set forth in writing the details of the proposed transfer, including the name, business of the prospective transferee, financial details of the proposed transfer (e.g., the term of and the rent and security deposit payable under any proposed assignment or sublease), and any other information Sublessor deems relevant. Sublessor shall have the right to withhold consent, or to grant consent, in its sole and absolute discretion based on the following factors: (i) the business of the proposed assignee or Sublessee (ii) and the proposed use of the Premises; and (ii) Sublessee's compliance with all of its obligations under the Sublease. Sublessor's consent to any such transfer shall not be unreasonably withheld.

13.06 No Merger. No merger shall result from Sublessee's sublease of the Premises under this Article Thirteen, Sublessee's surrender of this Sublease or the termination of this Sublease in any other manner. In any such event, Sublessor may terminate any or all subleases or succeed to the interest of Sublessee as Sublessor under any or all subleases.

14.0 Default.

14.01 Event of Default. Each of the following events shall be an event of default hereunder by Sublessee and a breach of this Sublease: (a) the failure by Sublessee to pay Sublessor any rent or other charges due under this Sublease as and when the same become due; (b) the failure by Sublessee to perform or observe any other agreements, terms, covenants or conditions, or Rules and Regulations attached hereto and made a part hereof, as such Rules and Regulations may be amended from time to time by Sublessor; (c) the filing by or against Sublessee in any court pursuant to any statute of the United States or of any state of a petition in bankruptcy or insolvency or for reorganization or arrangement or for the appointment of a receiver or trustee of all or any portion of Sublessee's property if within thirty (30) days after the commencement of any such proceedings against Sublessee or after such assignment for the benefit of creditors such petition shall not have been dismissed or such assignment shall not have been revoked; (d) the transfer of Sublessee's interest in this Sublease to any person, firm or corporation whether voluntarily or by operation of law except in the manner expressly permitted in this Sublease; or (e) vacating or abandoning the Premises by Sublessee at any time during the term hereof.

14.02 Sublessor's Remedies. In the event of default as described in section 14.01, Sublessor shall notify Sublessee in writing that Sublessee is in default, and Sublessee will then have a cure period of thirty (30) days from date of notice from Sublessor to cure such an event. Sublessor shall have the following remedies if Sublessee fails to correct default. The remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law. Sublessor can continue this Sublease in full force and effect. Sublessor can enter the

Premises and relet them or any part of them to third parties for Sublessee's account. No act by Sublessor in reletting the Premises allowed by this section shall terminate this Sublease. In the event of Sublessee's default and Sublessor's reentering of the Premises Sublessee agrees to pay Sublessor as an additional item of damages, the cost of repairs, alterations, redecorating, Sublease commissions and Sublessor's other expenses incurred in reletting the Premises to a new tenant.

14.03 Sublessor's Default. In the event Sublessor fails to keep its Master Lease current with the County, to include failure to make any payments of rent to County as and when due, and Sublessee has been making payments directly to Sublessor, Sublessee shall have the right, after giving Sublessor thirty (30) days notice to cure, to make the payments, directly to County. If Sublessor does not cure within the applicable time period, Sublessee shall have the right to enter into a direct Lease with County.

14.04 Attorneys Fees. In the event of any action at law or in equity between Sublessor and Sublessee arising out of or concerning this Sublease or any right or obligation derived therefrom, then in addition to all other relief at law or in equity, the prevailing party shall be entitled to recover from the unsuccessful party reasonable attorneys fees and costs incurred therein by the prevailing party.

15.0 Indemnity and Insurance

15.01 Waiver. This Sublease is made upon the express condition that Sublessee hereby waives all claims against Sublessor for damages to property or for injuries or death to any person or persons from any cause.

15.02 Indemnity. Sublessee hereby agrees to and shall indemnify and defend Sublessor and the County of Riverside against and hold Sublessor and the County of Riverside harmless from any and all claims, demands, actions, damages, liability and expense in connection with or for loss of or damage to property or injury or death to any person from any cause whatsoever while in, upon, or about the Premises or any such claims, demands or the like, arising from or out of any occurrence in, upon or at the Premises from or in connection with the occupancy or use by Sublessee of the Premises or any part thereof or from or in connection with the business conducted by Sublessee in the Premises or occasioned wholly or in part by any act or omission of Sublessee, its agents, contractors, employees, licensees or concessionaires.

15.03 Insurance Coverage. During the term of this Sublease including any extension or renewal thereof, Sublessee at its cost shall at all times maintain in full force and effect comprehensive public liability insurance and property damage insurance (each more particularly described below) upon the Premises and upon all aircraft, and automobiles operated by Sublessee at the Airport.

15.03. Hangar keeper's Liability (Ground Coverage). Should Sublessee's operations

include care or custody of aircraft stored on the Premises, Sublessee shall maintain Hangar keeper's legal liability insurance in an amount sufficient to fully cover the replacement value of all aircraft however, in no event shall the limit of liability be less than \$1,000,000 for which said custody is assumed while on the ground.

15.03.02 Hangar keeper's Liability (Flight Coverage). Should Sublessee's operations include care, custody or custody of aircraft stored on the Premises that will be flight tested or used in commercial flight operations, Sublessee shall maintain Hangar keeper's legal liability insurance in an amount sufficient to fully cover the replacement value of all aircraft however, in no event shall the limit of liability be less than \$1,000,000 for which said custody is assumed while on the ground.

15.03.03 Aircraft Liability. Sublessee, and Sublessee's affiliates, sublessees, and licensees, shall maintain aircraft liability insurance which shall provide combined single limit for bodily injury and property damage for all aircraft owned, leased or operated by any of them from the Premises with minimum limits of One Million Dollars (\$1,000,000). Proof of insurance will be required to show Sublessor to be named as an additional insured.

15.03.04 Fire Insurance. Sublessee shall maintain fire insurance covering the Premises and all improvements, including protection against perils included within the classification standard fire and extended coverage together with insurance against vandalism and malicious mischief, in an amount sufficient to fully cover the replacement cost of all improvements.

15.04 Other Insurance Requirements. Sublessee, and Sublessee's affiliates, sublessees, and licensees, shall maintain any additional and applicable insurance coverage as required by the County. All policies shall name Sublessor, and the County as an additional insured. Insurance shall be with a company or companies satisfactory to Sublessor and the County in the amounts of not less than that specified herein or in minimum amounts as may be subsequently adjusted by Sublessor or the County in the exercise of their commercial business judgment and consistent with airport industry practice for similar kinds of activities. Sublessee shall at all times during the term of this Sublease, including any extension or renewal hereof, provide Sublessor and the County with a certificate from the insurance carrier or carriers insuring Sublessee as set forth therein. Insurance policies shall not be subject to cancellation except after notice to Sublessor and the County by registered mail at least thirty (30) days prior to such cancellation. Where policies have normal expirations during the term of this Sublease or any extension thereof written evidence of renewal shall be furnished to Sublessor and the County thirty (30) days prior to such expiration.

15.05 Waiver of Subrogation. The parties release each other and their respective authorized representatives from any claims for damage to any person or to the Premises and to the fixtures, personal property, Sublessee improvements and alterations by Sublessor or Sublessee in or on the Premises that are caused by or result from risks insured against under any insurance policy carried by either party and in force at the time of any such damage to the extent

of the insurance proceeds received from such policy. Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. If the insurance cannot be obtained or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged the other party is relieved of the obligation to obtain a waiver of subrogation right with respect to the particular insurance involved.

16.0 Hazardous Substances. The provisions of this section, which govern Sublessee's, obligations with regard to hazardous substances, as defined below, shall survive termination of this Sublease.

16.01 Responsibility for and Definition of Hazardous Substances. Sublessee agrees to indemnify, defend, protect and hold Sublessor free and harmless from and against any and all claims, liability, loss, damage, actions or causes of action, costs and expenses (including attorney's fees) arising from or in connection with the presence of any Hazardous Substances other than those which can be shown to have been present in, on or under the Premises prior to the Commencement Date. Furthermore, Sublessee shall, at Sublessee's sole cost and expense, be responsible for the receiving, use, storage, handling, transportation, generation, spillage, migration, discharge, release, and disposition of all hazardous waste, toxic substances, or related materials including, without limitation, gasoline, oil, grease, battery acid, diesel fuel, flammable, combustible, explosive, corrosive, caustic, carcinogenic or radioactive matter, or any other Hazardous Substances to the extent any such are used, stored, brought onto, located on or shipped from within the Premises in connection with Sublessee's occupancy and use thereof, in accordance with all applicable rules, regulations, orders, ordinances, statutes, codes and laws. For purposes of this Sublease, "Hazardous Substances" shall include, but not be limited to petroleum or petroleum related materials and/or substances defined as "hazardous substances", hazardous materials", "hazardous waste" or "toxic substances" in any federal, state or local laws or regulations adopted or publications promulgated pursuant to said laws (hereinafter collectively referred to as the "Laws"). Sublessee shall at Sublessee's sole cost and expense, comply fully with all requirements of the Laws applicable to Sublessee's use of the Premises and obligations contained herein.

16.02 Cleanup of Hazardous Substances. In the event of a release, leak, spill, or threatened or actual contamination or deterioration of the Premises or groundwater by a Hazardous Substance, other than those which can be shown to have been present in, on or under the Premises prior to the Commencement Date, whether the result of an act or omission of Sublessee or its agents, employees, contractors, licensees, or invitees or any other third parties, Sublessee shall, immediately notify Sublessor, the County, and all appropriate health, safety and environmental regulatory agencies. Sublessee hereby covenants and agrees to implement and complete, at its sole cost and expense, and to the satisfaction of Sublessor and the County, all investigation and remediation measures required by such agency or agencies. If Sublessee fails to take such action, Sublessor may, but shall not be obligated, to, take such action. In such event, all

costs incurred by Sublessor or the County with respect to such cleanup activities shall be for the account of Sublessee and Sublessee shall promptly make reimbursement therefore. Sublessee shall not take any remedial action in response to the presence of any Hazardous Substances in any way connected with the Premises, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Substances in any way connected with the Premises without first notifying the Sublessor and the County of Sublessee's intention to do so and affording Sublessor and the County ample opportunity to appear, intervene or otherwise appropriately assess and protect its interest and respect thereto.

16.03 Hazardous Substances from Subtenants or Assignees. As between Sublessor and Sublessee, Sublessee shall bear responsibility for the presence of any Hazardous Substances as a result of a subtenant's or assignee's activities, whether before, during or after construction, in or around any part of the Premises or the soil, groundwater or soil vapor on or under the Premises. Upon demand by Sublessor, Sublessee shall defend any investigation, action or proceeding alleging the presence of any Hazardous Substances in any such location, which affects the Premises or which is brought or commenced against Sublessor or the County, whether alone or together with Sublessee or any other person, all at Sublessee's own cost and by counsel to be approved by Sublessor. In the alternative, Sublessor or the County may elect to conduct its own defense at the expense of Sublessee.

16.04 Compliance Regarding Hazardous Substances. Sublessee shall comply and cause all occupants of the Premises to comply with all statutes, codes, regulations, rules, ordinances, orders and other laws governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other expert which apply or pertain to the Premises, Sublessee's use of the Premises or of the facilities of the Airport. Sublessee acknowledges that the presence of Hazardous Substances may permanently and materially impair the value and use of the Premises.

16.05 Notice Regarding Hazardous Substances. Sublessee shall promptly notify Sublessor and the County if Sublessee knows, suspects or believes that there may be any Hazardous Substances in or around the Premises, or in the soil, groundwater or soil vapor on or under the Premises, or that Sublessee or the Premises may be subject to any threatened or pending investigation by any governmental agency under any statute, code, regulation, rule, ordinance, order or other law pertaining to any Hazardous Substance.

16.06 Site Visits, Observations and Testing. Sublessor, the County, and their agents and representatives shall have the right from time to time to enter and visit the Premises to make observations of the Premises, take and remove soil or groundwater samples, and conduct tests. Sublessor is under no duty, however, to visit or observe the Premises or to conduct tests. No site visit, observation or testing by Sublessor shall result in a waiver of any default of Sublessee or impose any liability on Sublessor. In no event shall any site visit, observation or testing by Sublessor be a representation that Hazardous Substances are or are not present in, on or under the Premises or that there has been compliance with any statute, code, regulation, rule, ordinance,

order or other law pertaining to Hazardous Substances. Neither Sublessee nor any other party is entitled to rely on any site visit, observation or testing by Sublessor. Sublessor shall not be obligated to disclose to Sublessee or any other party any report or finding made as a result, or in connection with, any site visit, observation or testing by Sublessor. Sublessor shall not be obligated to disclose to Sublessee or any other party any report or finding made as a result, or in connection with, any site visit, observation or testing by Sublessor. In each instance, Sublessor shall give Sublessee reasonable notice before entering the Premises.

17.0 Sublessee Rights and Obligations. Sublessor grants to Sublessee all rights and benefits with respect to the Premises that are granted to Sublessor under the terms of the Master Lease. Sublessee assumes and agrees to perform all obligations and duties with respect to the Premises that have been assumed by Sublessor in the Master Lease. Sublessee shall have the right at any time to take any action required to be taken, but not timely taken, by Sublessor, which may be necessary to prevent or cure a default under the terms of the Master Lease. To the extent that the County fails or refuses to perform its obligations under the Master Lease with respect to the leased Premises, Sublessor shall perform such obligations. Further, Sublessor agrees not to modify or surrender the Master Lease as it relates to this Sublease and the Premises, without the prior consent of Sublessee, and any modification or surrender made without such consent shall be null and void and shall have no effect on the rights of Sublessee under this Sublease.

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

Sublessor

La Quinta FBO Two, LLC
DBA: Million Air La Quinta
56850 Higgins Drive
Thermal, CA 92274

Sublessee

Stephen Blue
77601 Ashberry Ct
Palm Desert, CA 92211

19.0 Taxes. In the event a possessory interest tax or property tax is levied by the appropriate County or State taxing authority, Sublessee shall be solely responsible for payment of Sublessee's pro rata share of such tax.

20.0 Protection of Lenders.

20.01 Subordination. Sublessor shall have the right to subordinate this Sublease to any deed of trust or mortgage encumbering the Premises, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Sublessee shall cooperate with Sublessor and any lender which is acquiring a security interest in the Premises or the Sublease. Sublessee shall execute such further documents and assurances as such lender may require, provided that Sublessee's obligations under this

Sublease shall not be increased in any material way (the performance of ministerial acts shall not be deemed material), and Sublessee shall not be deprived of its rights under this Sublease. Sublessee's right to quiet possession of the Premises during the Sublease Term shall not be disturbed if Sublessee pays the rent and performs all of Sublessee's obligations under this Sublease and is not otherwise in default. If any beneficiary or mortgagee elects to have this Sublease prior to the lien of its deed of trust or mortgage and gives written notice thereof to Sublessee, this Sublease shall be deemed prior to such deed of trust or mortgage whether this Sublease is dated prior or subsequent to the date of said deed of trust or mortgage or the date of recording itself.

20.02 Attornment. If Sublessor's interest in the Premises is acquired by any beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Sublessee shall attorn to the transferee of or successor to Sublessor's interest in the Premises and recognize such transferee or successor as Sublessor under this Sublease. Sublessee waives the protection of any statute or rule of law which gives or purports to give Sublessee any right to terminate this Sublease or surrender possession of the Premises upon the transfer of Sublessor's interest.

20.03 Signing of Documents. Sublessee shall sign and deliver any instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so. Sublessee has ten (10) days to do so after written request.

20.04 Estoppel Certificates.

20.04.01 Unless Sublessee has entered into a direct lease with the County, upon Sublessor's written request, Sublessee shall execute, acknowledge and deliver to Sublessor a written statement certifying: (i) that none of the terms or provisions of this Sublease have been changed (or if they have been changed, stating how they have been changed); (ii) that this Sublease has not been canceled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; (iv) that Sublessor is not in default under this Sublease (or, if Sublessor is claimed to be in default, stating why); and (v) such other representations or information with respect to Sublessee.

20.04.02 If Sublessee does not deliver such statement to Sublessor within ten (10) days, Sublessor, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Sublease have not been changed except as otherwise represented by Sublessor, (ii) that this Sublease has not been canceled or terminated except as otherwise represented by Sublessor; (iii) that not more than one year's Base Rent or other charges have been paid in advance, and (iv) that Sublessor is not in default under the Sublease. In such event, Sublessee shall be estopped from denying the truth of such facts.

21.0 Time. Time is of the essence.

22.0 Entire Agreement. This Sublease contains all agreements between Sublessor and Sublessee with respect to any matter mentioned herein. This Sublease may be modified only by a writing signed by the parties in interest at the time of the modification.

23.0 Applicable Law. This Sublease shall be governed by the laws of the State of California.

24.0 No Waiver. Sublessor's waiver of any provision of this Sublease shall not be deemed a waiver of any other provision hereof, or of any subsequent breach by Sublessee of the same or any other provision. Sublessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Sublessor's consent to, or approval of, any subsequent act by Sublessee.

25.0 Partial Invalidity. The invalidity or unenforceability of any provision of this Sublease or the application thereof to any person or circumstances shall in no way affect the validity of any other provision or its application to any other person or circumstances.

26.0 Interpretation. The captions of the Sections of this Sublease are to assist the parties in reading this Sublease and are not a part of the terms or provisions of this Sublease. Whenever required by the context of this Sublease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Sublessee, the term "Sublessee" shall include Sublessee's agents, employees, contractors, invitees, successors or others using the Premises with Sublessee's expressed or implied permission.

27.0 Corporate Authority; Partnership Authority. If Sublessee is a corporation, each person signing this Sublease on behalf of Sublessee represents and warrants that he or she has full authority to do so and that this Sublease binds the corporation. Within thirty (30) days after this Sublease is signed, Sublessee shall deliver to Sublessor a certified copy of a resolution of Sublessee's Board of Directors authorizing the execution of this Sublease or other evidence of such authority reasonably acceptable to Sublessor. If Sublessee is a partnership or limited liability company, each person or entity signing this Sublease for Sublessee represents and warrants that he or it is a general partner of the partnership or Manager of the limited liability company, that he or she has full authority to sign for the partnership and that this Sublease binds the partnership and all general partners of the partnership. Sublessee shall give written notice to Sublessor of any general partner's or manager's withdrawal or addition. Within thirty (30) days after this Sublease is signed, Sublessee shall deliver to Sublessor a copy of Sublessee's recorded statement of partnership, certificate of limited partnership or Articles of Organization.

28.0 Joint and Several Liability. All parties signing this Lease as Sublessee shall be jointly and severally liable for all obligations of Sublessee.

29.0 Force Majeure. If Sublessor cannot perform any of its obligations due to events

beyond Sublessor's control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond Sublessor's control include, but are not limited to, acts of God, war, terrorism, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, government regulation or restriction and weather conditions.

30.0 Execution of Lease. This Lease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument.

31.0 Negotiated Agreement. The parties hereby acknowledge, agree and understand that this Sublease and its wording have been arrived at through a process of negotiation between the parties in which each party participated to the fullest extent desired by that party and that neither party is to be deemed the party who prepared this Lease or the party who caused any uncertainty to exist within the meaning of California Civil Code Section 1654.

In witness whereof, the parties hereto have executed this Sublease as of the day and year first above written.

SUBLESSOR:

La Quinta FBO Two, LLC,
a Delaware limited liability company
DBA: Million Air La Quinta

By 
Eric Affeldt, President

Date 1/24/05

LESSEE

By 

Name/Title STEPHEN BLUE

Date 1-19-2005

EXHIBIT A

(Attach Master Lease)

RMBUS\RLP\225622 11/13/03 7:19 PM

Master Lease Agreement

between

La Quinta FBO II, LLC

and the

**County of Riverside
California**

1 LEASE

2 DESERT RESORTS REGIONAL AIRPORT

3 The COUNTY OF RIVERSIDE, herein called County, leases to La Quinta FBO Two,
4 LLC, a Delaware Limited Liability Company, herein called Lessee, the property
5 described below under the following terms and conditions:

6 1. Recitals.

7 (a) County owns approximately seventeen and one half acres (17.5
8 acres) of land and buildings at the Desert Resorts Regional Airport, County of
9 Riverside, California. The land is improved with a terminal office building and
10 maintenance hangar of approximately 36,000 square feet, an office building of 2,500
11 square feet, commonly known as the flight services building, a fueling station, and two
12 aircraft storage buildings of totaling approximately 25,000 square feet.

13 (b) Lessee has three leases at Desert Resorts Regional Airport, a
14 lease for ten (10) acres which expires on May 31, 2011, a lease for six (6) acres which
15 expires on March 31, 2032 and a lease for one and one-half (1.5) acres which expires
16 March 31, 2022.

17 (c) County desires to combine these three existing leases into one
18 lease.

19 (d) Lessee desires to combine these Leases and is in the process of
20 planning and obtaining building permits for the construction of executive aircraft storage
21 hangars on the six acres Leasehold which will be offered for sale or lease and operated
22 in conjunction with Lessee's existing Full Service Fixed Base Operation.

23 2. Description. The premises leased hereby, are located within the Desert
24 Resorts Regional Airport, County of Riverside, California and consist of approximately
25 seventeen and one-half (17.5) acres, being more fully described in Exhibit A, attached
26 hereto and incorporated herein by this reference. Said property is hereafter referred to
27 as the "Leased Premises."
28

1 3. Term. This lease shall commence the first day of the month following
2 execution by all parties thereto and terminate thirty years (30 years) thereafter, for a
3 term of thirty years (30 years).

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

7 (b) Lessee shall have the option to extend the term of this Lease on
8 the same terms and conditions for an additional period of ten (10) years commencing at
9 the end of the initial term, subject to the provisions of paragraphs 5, 8 12(c), 17 and 18
10 hereof, and provided that Lessee, at the time of exercising the option, is in full
11 compliance with the terms of this lease. Lessee shall notify County in writing of its
12 intention to exercise the option to extend not more than thirty-six (36) months prior to,
13 nor less than six (6) months from, the expiration date of the initial term. Should Lessee
14 fail to remain in compliance with the terms and conditions of this lease during the
15 period after exercising the option and prior to the end of the initial term, the option to
16 extend will become void.

17 4. Use.

18 (a) The Leased Premises is leased hereby for the following purposes
19 subject to the Minimum Standards for Fixed Base Operators Riverside County Airports,
20 Exhibit C, attached hereto and incorporated by this reference herein:

21 (1) Sale, retail or wholesale or both, of new and used aircraft,
22 aircraft parts and accessories, including instruments and engines and electronic
23 devices, aircraft fuels and lubricants, airman's navigational and personal supplies and
24 accessories,

25 (2) All flight operations, including, but not limited to, flight
26 training, demonstration of aircraft for sale, charter and air taxi, and flight testing of
27 aircraft following manufacturing or major modification or both,

28 ///

1 (3) Building, maintenance, repairs, overhaul and modification of
2 all types of aircraft, aircraft engines, airframes, automatic flight systems, instruments,
3 radio and other electronic equipment, propellers and all other aircraft components;

4 (4) Painting and upholstering of aircraft;

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

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

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

12 (8) Providing ground school instruction associated with flight
13 training,

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

17 (10) Providing a restaurant or café for the purpose of providing
18 meals and beverages to the general public.

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

22 5. Rent.

23 (a) Commencing upon lease execution, Lessee shall pay to Lessor as
24 base rent for the use and occupancy of the Leased Premises, monthly rent equal to
25 seven thousand seven hundred and fifteen dollars (\$7,715.00). Said rent is due and
26 payable in advance on the first of each month. The rent shall be considered
27 delinquent, if not paid by the 15th of the month. If the monthly rent becomes delinquent,
28

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

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

23 (c) Beginning July 1, 2005, and every fifth (5th) year thereafter, the
24 basic monthly rent shall be one-twelfth (1/12) of eight percent (8%) of the appraised fair
25 market value of the Leased Premises. The appraised fair market value of the land and
26 shall not include the value of the improvements placed on the premises. A property
27 appraisal for this purpose is to be performed by an independent certified appraiser,
28 procured by the County, knowledgeable in aviation appraising and in good standing

1 with the American Institute of Real Estate Appraisers. Once established, said rent shall
2 be adjusted annually in the manner set forth in Paragraph 5(d) below. In no event will
3 application of this paragraph result in a monthly rental amount lower than the most
4 recent previous monthly rental amount.

5 (d) Consumer Price Index. Beginning July 1, 2004 and at each July
6 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year
7 as referenced in 5(c) above, the rent shall be adjusted by the percentage change, in
8 the CPI, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the
9 twelve month-period ending three months before the month of rent adjustment under
10 this paragraph. In no event will application of this paragraph result in a monthly rental
11 amount lower than the most recent previous monthly rental amount.

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

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

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

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

26 d) Provide services to the general public seven (7) days per week
27 during the term of this lease on a minimum hourly basis each day from 8:00 A.M., local
28

1 time, to 5:00 P.M., local time. Lessee shall not make any changes relative to such
2 minimum hourly schedule unless approval is first obtained from County in writing.

3 e) Operate the Leased Premises and the facilities thereon in a
4 progressive and efficient manner, charging fair and reasonable prices for each unit or
5 service, said prices being competitive with prices charged by other fixed based
6 operators in the Southern California Area. Upon request from County, Lessee shall
7 furnish County with a schedule of all prices for each unit or service offered for sale or
8 lease to the general public.

9 f) Provide janitorial services at its own expense.

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

13 h) Have available and provide, as needed, standardized ground
14 service equipment for aircraft weighing twelve thousand five hundred (12,500) pounds
15 or less gross weight. Service equipment shall include, but not be limited to, wheel
16 chocks, tie-down ropes or chains, aircraft jacks, tow bars, auxiliary power units and
17 aircraft tugs on a routine and reasonable basis.

18 i) Not engage in the painting of aircraft (other than small "spot
19 painting" jobs in connection with repairs) within any buildings unless, or until, it has
20 established therein a regular paint shop which is adequately enclosed and vented, and
21 has been inspected and approved, in writing, by representatives of the Federal Aviation
22 Administration and County's Fire and Building and Safety Departments, and all
23 applicable permits have been obtained.

24 j) Maintain a comfortable, well furnished pilot's lounge and clean,
25 sanitary restroom facilities for both men and women. Such restroom facilities shall be
26 properly and continuously supplied with soap, towels, toilet tissue and any other
27 supplies required by state, federal or local laws and ordinances.

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

6 l) Observe the Taxiway Object Free Area adjacent to their leasehold
7 to allow the passage of taxiing aircraft. The Taxiway Object Free Area boundary for
8 Taxiway A is seventy-five (75) feet from the centerline of the taxiway.

9 m) Adhere to the provisions set forth in the Minimum Standards for
10 Fixed Base Operators Riverside County, EXHIBIT C.

11 7. Permits, Licenses and Taxes. Lessee shall secure at its expense, all
12 necessary permits and licenses as it may be required to obtain, and Lessee shall pay
13 for all fees and taxes levied or required by any authorized public entity. Lessee
14 recognizes and understands that this lease may create a possessory interest subject to
15 property taxation and that Lessee may be subject to the payment of property taxes
16 levied on such interest.

17 8. On-Site Improvements.

18 (a) Lessee, at its expense, shall construct, or cause to be constructed
19 the following improvements: Lessee has submitted a development plan to the
20 Economic Development Agency (EDA), and EDA has approved said plan, for the
21 development of executive hangars on six acres of the Leased Premises. The plan calls
22 for the development of the site in three phases: Phase I approximately 39,000 square
23 feet; Phase II approximately 36,000 square feet; and Phase III approximately 41,400
24 square feet.

25 By no later than October 1, 2003 Lessee shall submit construction
26 drawings to County for plan check and building permits. Construction of said
27 improvements shall commence within one (1) month following issuance of the requisite
28 permits by County. The site may be developed in phases subject to the approval of the

1 Economic Development Agency, provided that all construction is completed prior to
2 May 31, 2008.

3 In the event Lessee fails to complete all phases of the development in the
4 time allotted, either party shall have the option of reducing the size of the leasehold by
5 the amount of land in any phase in which development activity has not commenced.
6 For the purpose of this agreement, development activity shall mean activity that will
7 result in the start of construction of the buildings approved for that phase and the
8 completion of those buildings within a reasonable time.

9 Said option shall be exercised by notifying the other party in writing
10 between June 1, 2008 and to June 30, 2008. Upon delivery of such notice the
11 undeveloped phase(s) of the leasehold so identified (the "Returned Phase(s)") will
12 revert to the County and this Lease will be amended accordingly to reflect the reduced
13 acreage and rent. Any such amendment shall include easements satisfactory to
14 County through Lessee's initial phases providing access to future development of the
15 Returned Phase(s) and to Taxiway A from the Returned Phase(s) (the "Taxiway
16 Easement").

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

20 (b) All improvements are to be at Lessee's sole cost. Lessee is to pay
21 for construction of any required utility extensions and hookups and any access road
22 improvements. All improvements are to be submitted to County for approval prior to
23 the start of any construction.

24 (c) Any improvements, alterations and installation of fixtures, to be
25 undertaken by Lessee, shall have the prior written approval of the Economic
26 Development Agency after Lessee has submitted to County proposed plot and building
27 plans, and specifications therefore, in writing. In addition, Lessee understands and
28 agrees that such improvements, alterations and installation of fixtures may be subject

1 to County Ordinance Nos. 348 and 457, as well as other applicable County ordinances,
2 and that Lessee shall fully comply with such ordinances prior to the commencement of
3 any construction in connection therewith.

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

15 (e) No later than thirty days (30 days) following completion of any
16 facilities constructed pursuant to this Lease agreement, Lessee shall submit two (2)
17 sets of record (as-built) drawings to the county representative designated in Paragraph
18 37 hereof.

19 9. Off-Site Improvements

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

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

28

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

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

14 10. Additional Obligations of Lessee. Lessee shall maintain the Leased
15 Premises, approaches thereto, and Improvements now or hereafter located thereon, in
16 good and sanitary order, condition, and repair, and upon any termination of this Lease,
17 Lessee agrees to surrender said Leased Premises and Improvements thereon in such
18 condition, reasonable use and wear thereof and damages by fire, acts of God, war, civil
19 Insurrection, or by the elements excepted.

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

25 12. County's Reserved Rights.

26 (a) The Leased Premises are accepted by Lessee subject to any and
27 all existing easements or other encumbrances, and County shall have the right to enter
28 upon the Leased Premises and to install, lay, construct, maintain, repair and operate

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

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

27 (c) During the time of war or national emergency, County shall have
28 the right to lease the landing area of the Desert Resorts Regional Airport, or any part

1 thereof, to the United States Government for military use and, if such lease is executed,
2 the provisions of this lease insofar as they are inconsistent with the provisions of such
3 lease to the Government, shall be suspended. In that event, a just and proportionate
4 part of the rent hereunder shall be abated, and the period of such closure shall be
5 added to the term of this lease, or any extensions thereof, so as to extend and
6 postpone the expiration thereof unless Lessee otherwise elects to terminate this Lease.

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

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

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

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

24 15. Compliance with Government Regulations. Lessee shall, at Lessee's
25 sole cost and expense, comply with the requirements of all local, state and federal
26 statutes, regulations, rules, ordinances and orders now in force or which may be
27 hereafter in force, pertaining to the Leased Premises. The final judgment, decree or
28 order of any Court of competent jurisdiction, or the admission of Lessee in any action or

1 proceedings against Lessee, whether Lessee be a party thereto or not, that Lessee has
2 violated any such statutes, regulations, rules, ordinances, or orders, in the use of the
3 Leased Premises, shall be conclusive of that fact as between County and Lessee.

4 16. Discrimination or Segregation.

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

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

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

1 Lessee that they similarly will undertake affirmative action programs and that they will
2 require assurances from their subcontractors and independent contractors, as required
3 by 49 CFR, Part 21, to the same effect with respect to their use of the Leased
4 Premises.

5 17. Termination by County. County shall have the right to terminate this
6 lease forthwith:

7 (a) In the event a petition is filed for voluntary bankruptcy or a petition
8 for involuntary bankruptcy is filed and not dismissed within ninety days (90 days), for
9 the adjudication of Lessee as debtors.

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

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

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

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

20 (f) In the event Lessee fails to procure and maintain insurance
21 coverage required herein and fails to provide evidence of coverage to County.

22 18. Termination by Lessee.

23 (a) Lessee shall have the right to terminate this lease in the event
24 County fails to perform, keep or observe any of its duties or obligations hereunder;
25 provided, however, that County shall have thirty (30) days in which to correct its breach
26 or default after written notice thereof has been served on it by Lessee; provided,
27 further, however, that in the event such breach or default is not corrected, Lessee may
28 elect to terminate this lease in its entirety or as to any portion of the premises affected

1 thereby, and such election shall be given by an additional thirty (30) day written notice
2 to County.

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

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

20 (a) Workers Compensation. Workers Compensation Insurance
21 (Coverage A) as prescribed by the laws of the State of California. Policy shall include
22 Employers' Liability (Coverage B) including Occupational Disease with limits not less
23 than \$1,000,000 per person per accident. Policy shall be endorsed, if applicable, to
24 provide a Borrowed Servant/Alternate Employer Endorsement and Waiver of
25 Subrogation in favor of all Agencies, Districts, Special Districts, and Departments of the
26 County of Riverside, their respective directors, officers, Board of Supervisors,
27 employees, elected or appointed officials, agents or representatives.

28

1 (b) Airport Commercial General Liability. Airport Commercial General
2 Liability Insurance coverage including, but not limited to, premises liability, contractual
3 liability, products and completed operations, contingent liability, non-owned hull liability
4 if applicable, personal and advertising injury and, if liquor is sold, liquor law liability
5 covering claims which may arise from or out of Lessee's performance of its obligations
6 hereunder. Policy shall name all Agencies, Districts, Special Districts, and
7 Departments of the County of Riverside, their respective directors, officers, Board of
8 Supervisors, employees, elected or appointed officials, agents or representatives as
9 Additional Insureds. Policy's limit of liability shall not be less than \$3,000,000 per
10 occurrence combined single limit. If such insurance contains a general aggregate limit,
11 it shall apply separately to this agreement or be not less than two (2) times the
12 occurrence limit. Such insurance will include Medical Payments for a limit of \$5,000
13 and Fire Legal Liability for a limit of \$300,000.

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

22 (d) Aircraft Hull and Liability Insurance. Aircraft hull coverage for
23 the full replacement value of all aircraft owned or operated by the Lessee in the Leased
24 Premises and the contents thereof. Policy will be endorsed to include all Agencies,
25 Districts, Special Districts, and Departments of the County of Riverside, their respective
26 directors, officers, Board of Supervisors, employees, elected or appointed officials,
27 agents or representatives as Additional Insureds. Lessee may elect to self-insure or
28 un-insure the hull portion of the coverage required herein; however, if Lessee elects not

1 to acquire commercial insurance for the hull, Lessee agrees to hold the County of
2 Riverside harmless and not make any claim against the County of Riverside for loss or
3 damage to the hull of his aircraft for any reason whatsoever regardless of any
4 negligence of the County that may have contributed to said loss or damage.

5 Aircraft Liability Coverage and commercial general liability
6 insurance including, but not limited to, premises liability and contractual liability with a
7 limit of liability for bodily injury (including death) and property damage of at least
8 \$1,000,000, with a per seat limit of not less than \$100,000. Coverage will apply to all
9 owned aircraft and all non-owned or hired aircraft operated by the Lessee. Policy will
10 be endorsed to include the all Agencies, Districts, Special Districts, and Departments of
11 the County of Riverside, their respective directors, officers, Board of Supervisors,
12 employees, elected or appointed officials, agents or representatives as Additional
13 Insureds.

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

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

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

1 (h) Pollution Liability Insurance. If Lessee provides aircraft fueling
2 service, they shall provide Pollution Liability Insurance covering gradual, sudden and
3 accidental pollution including first party clean up with a limit of no less than \$1,000,000.

4 (i) Property (Physical Damage):

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

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

18 (j) General Insurance Provisions – All Lines:

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

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

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

6 (3) Cause Lessee's insurance carrier(s) to furnish the County of
7 Riverside with either 1) a properly executed original Certificate(s) of Insurance and
8 certified original copies of Endorsements effecting coverage as required herein; or 2) if
9 requested to do so in writing in the County Risk Manager, provide original Certified
10 copies of policies including all Endorsements and all attachments thereto, showing
11 such insurance is in full force and effect. Further, said Certificate(s) and policies of
12 insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days
13 written notice shall be given to the County of Riverside prior to any material
14 modification, cancellation, expiration or reduction in coverage of such insurance. In the
15 event of a material modification, cancellation, expiration, or reduction in coverage, this
16 Lease shall terminate forthwith, unless the County of Riverside receives, prior to such
17 effective date, another properly executed original Certificate of Insurance and original
18 copies of endorsements or, if requested, certified original policies, including all
19 endorsements and attachments thereto evidencing coverages set forth herein and the
20 insurance required herein is in full force and effect.

21 Lessee shall not commence operations until the County of
22 Riverside has been furnished original Certificate(s) of Insurance and certified original
23 copies of endorsements or, if requested, policies of Insurance including all
24 endorsements and any and all other attachments as required in this Section. An
25 individual authorized by the insurance carrier to do so on its behalf shall sign the
26 original endorsements for each policy and the Certificate of Insurance.

27 4) It is understood and agreed to by the parties hereto and the
28 insurance company(s), that the Certificate(s) of Insurance and policies shall so

1 covenant and shall be construed as primary insurance, and the County's insurance
2 and/or deductibles and/or self-insured retentions or self-insured programs shall not be
3 construed as contributory.

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

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

26 (m) Insurance for Sub-Lessees. Lessee shall require each of its
27 Sub-Lessees to meet all insurance requirements imposed by the Lessee. These
28

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

3 (n) Insurance for Fuel Suppliers. Lessee shall also require suppliers of
4 fuel to procure, maintain, show evidence and comply will all requirements of insurance
5 as follows:

6 (1) Workers' Compensation. Workers' Compensation Insurance
7 (Coverage A) as prescribed by the laws of the State of California. Policy shall include
8 Employers' Liability (Coverage B) including Occupational Disease with limits not less
9 than \$1,000,000 per person per accident. Policy shall be endorsed, if applicable, to
10 provide a Borrowed Servant/Alternate Employer Endorsement and Waiver Of
11 Subrogation in favor of the Lessee and the County of Riverside, Special Districts,
12 Directors, Officers, Board of Supervisors, elected officials, employee, agents and
13 representatives.

14 (2) Commercial General Liability. Commercial General Liability
15 Insurance coverage, including but not limited to, premises liability, contractual liability,
16 products and completed operations, personal and advertising injury covering claims
17 which may arise from or out of Supplier's performance of its obligations hereunder.
18 Policy shall name the Lessee, County of Riverside, Special Districts, their respective
19 Directors, Officers, Board of Supervisors, elected officials, employees, agents or
20 representatives as Additional Insureds. Policy's limit of liability shall not be less than
21 \$1,000,000 per occurrence combined single limit. If such insurance contains a general
22 aggregate limit, it shall apply separately to this agreement or be no less than two (2)
23 times the occurrence limit.

24 (3) Vehicle Liability. Supplier shall maintain liability insurance
25 for all owned, non-owned or hired vehicles so used in an amount not less than
26 \$1,000,000 per occurrence combined single limit. If such insurance contains a general
27 aggregate limit, it shall apply separately to this agreement or be no less than two (2)
28

1 times the occurrence limit. Policy shall name the Lessee and all Agencies, Districts,
2 Special Districts, and Departments of the County of Riverside, their respective
3 directors, officers, Board of Supervisors, employees, elected or appointed officials,
4 agents or representatives as Additional Insureds.

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

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

22 Supplier shall not commence operations until the County of
23 Riverside has been furnished original Certificate (s) of Insurance and certified original
24 copies of endorsements or policies of insurance including all endorsements and any
25 and all other attachments as required in this Section. An individual authorized by the
26 insurance carrier to do so on its behalf shall sign the original endorsements for each
27 policy and the Certificate of Insurance.
28

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

6 **21. Indemnifications and Hold Harmless.**

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

15 (b) Lessee shall indemnify and hold harmless all Agencies, Districts,
16 Special Districts and Departments of the County of Riverside, its respective directors,
17 officers, Board of Supervisors, elected and appointed officials, employees, agents and
18 representatives from any liability whatsoever, based or asserted upon any acts, actions
19 or services of Lessee, its officers, employees, subcontractors, agents or
20 representatives arising out of or in any way relating to this Agreement, including but not
21 limited to property damage, bodily injury, or death or any other element of any kind or
22 nature whatsoever and resulting from any reason whatsoever arising from the
23 performance of Lessee, its officers, agents, employees, subcontractors, agents or
24 representatives from this Agreement. Lessee shall defend at its sole expense, all costs
25 and fees including but not limited to attorney fees, cost of investigation, defense and
26 settlements or awards of all Agencies, Districts, Special Districts and Departments of
27 the County of Riverside, their respective directors, officers, Board of Supervisors,
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1 elected and appointed officials, employees, agents and representatives in any claim or
2 action based upon such alleged acts or omissions.

3 With respect to any action or claim subject to indemnification
4 herein by Lessee, Lessee shall, at its sole cost, have the right to use counsel of their
5 own choice and shall have the right to adjust, settle, or compromise any such action or
6 claim without the prior consent of County provided, however, that any such adjustment,
7 settlement or compromise in no manner whatsoever limits or circumscribes Lessee's
8 indemnification to County as set forth herein. Lessee's obligation to defend, indemnify
9 and hold harmless County shall be subject to County having given Lessee written
10 notice within a reasonable period of time of the claim or of the commencement of the
11 related action, as the case may be, and information and reasonable assistance, at
12 Lessee's expense, for the defense or settlement thereof. Lessee's obligation
13 hereunder shall be satisfied when Lessee has provided to County the appropriate form
14 of dismissal relieving County from any liability for the action or claim involved.
15

16 (c) County shall indemnify and hold Lessee, its officers, agents,
17 employees, members and affiliates and independent contractors free and harmless
18 from any liability whatsoever, based or asserted upon any act or omission of County, its
19 elected officials, officers, agents, employees, subcontractors and independent
20 contractors, for property damage, bodily injury, or death or any other element of
21 damage of any kind or nature, relating to or in anyway connected with or arising from
22 its use and responsibilities in connection therewith of the leased premises or the
23 condition thereof, and County shall defend, at its expense, including without limitation
24 attorney fees, expert fees and investigation expenses, Lessee, its agents, employees,
25 and independent contractors in any legal action based upon such alleged acts or
26 omissions. The obligation to indemnify and hold Lessee free and harmless herein shall
27 survive until any and all claims, actions and causes of action with respect to any and all
28

1 such alleged acts or omissions are fully and finally barred by the applicable statute of
2 limitations.

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

6 22. Assignment. Lessee cannot assign, sublet, mortgage, hypothecate or
7 otherwise transfer in any manner any of its rights, duties or obligations hereunder to
8 any person or entity without the written consent of County being first obtained, which
9 consent shall not be unreasonably withheld. In the event of any transfer as provided in
10 this paragraph, Lessee expressly understands and agrees that, unless otherwise
11 released by the County, it shall remain liable with respect to any and all of the
12 obligations and duties contained in this lease. Such release shall not to be
13 unreasonably withheld.

14 23. Right to Encumber/Right to Cure.

15 (a) Lessee Right to Encumber. Notwithstanding provisions of
16 Paragraph 22 herein, County does hereby consent to and agree that Lessee may
17 encumber or assign, or both, for the benefit of a lender, herein called Encumbrancer,
18 this lease, the leasehold estate and the improvements thereof by a deed of trust,
19 mortgage or other security-type instrument, herein called trust deed, to assure the
20 payment of the promissory note of Lessee if the Encumbrancer is an established bank,
21 savings and loan association or insurance company, and the prior written consent of
22 County shall not be required:

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

25 (2) To any subsequent transfer by the Encumbrancer if the
26 Encumbrancer is an established bank, savings and loan association, insurance
27 company or other commercial finance company with a minimum credit rating of A by
28 Standard and Poor's, Moody's or similar institutional rating service and is the purchaser

1 at such foreclosure sale, or is the assignee under an assignment in lieu of foreclosure;
2 provided, however, that in either such event the Encumbrancer forthwith gives notice to
3 County in writing of any such transfer, setting forth the name and address of the
4 transferee, the effective date of such transfer, and the express agreement of the
5 transferee assuming and agreeing to perform all of the obligations under this lease,
6 together with a copy of the document by which such transfer was made.

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

11 Any subsequent transfer of this leasehold hereunder, except as provided for in
12 Paragraph 23(a)(2) above, shall not be made without the prior written consent of
13 County and shall be subject to the conditions relating hereto as set forth in Paragraph
14 22 herein.

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

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

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

26 (2) If such default or breach is not so curable, cause the trustee
27 under the trust deed to commence and thereafter diligently to pursue to completion
28 steps and proceedings for judicial foreclosure, the exercise of the power of sale under

1 and pursuant to the trust deed in the manner provided by law, or accept from Lessee
2 an assignment in lieu of foreclosure, and keep and perform all of the covenants and
3 conditions of this lease requiring the payment or expenditure, of money by Lessee(s)
4 until such time as said leasehold shall be sold upon foreclosure pursuant to the trust
5 deed, be released or reconveyed thereunder, be sold upon judicial foreclosure or be
6 transferred by deed in lieu of foreclosure.

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

17 25. Toxic Materials. During the term of this lease and any, extensions thereof,
18 Lessee shall not violate any federal, state or local law, or ordinance or regulation,
19 relating to industrial hygiene or to the environmental condition on, under or about the
20 Leased Premises including, but not limited to, soil air and groundwater conditions.
21 Further, Lessee, its successors, assigns and Sublessees, shall not use, generate,
22 manufacture, produce, store or dispose of on, under or about the Leased Premises or
23 transport to or from the Leased Premises any flammable explosives, asbestos,
24 radioactive materials, hazardous wastes, toxic substances or related injurious
25 materials, whether injurious by themselves or in combination with other materials
26 (collectively, "hazardous materials"). For the purpose of this lease, hazardous
27 materials shall include, but not be limited to, substances defined as "hazardous
28 substances," "hazardous materials," or "toxic substances" in the Comprehensive

1 Environmental Response, Compensation and Liability Act of 1980, as amended, 42
2 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C.
3 Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C.
4 Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section
5 25117 of the California Health and Safety Code or as "hazardous substances" in
6 Section 25316 of the California Health and Safety Code; and in the regulations adopted
7 in publications promulgated pursuant to said laws.

8 **26. National Pollution Discharge Elimination System (NPDES) Permit.**

9 Lessee acknowledges, understands and agrees that it shall comply with California
10 State Water Resources Control Board general permit requirements relating to storm
11 water discharges associated with activities such as aircraft rehabilitation, mechanical
12 repairs, fueling, lubrication, cleaning, painting and deicing. Lessee further
13 acknowledges, understands and agrees that it shall participate as a co-permittee under
14 said general permit, participate in the Desert Resorts Regional Airport Storm Water
15 Pollution Prevention Plan (SWPPP) as noted in Exhibit D attached hereto and by this
16 reference made a part of this Lease, including without limitation, the Best Management
17 Practices, Best Available Technology Economically Achievable, and Best Conventional
18 Pollutant Control Technology."

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

1 thereafter expires, then and in such event, Lessee shall forthwith pay and discharge
2 said judgment.

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

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

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

24 31. Waiver of Performance. No waiver by County at any time of any of the
25 terms and conditions of this lease shall be deemed or construed as a waiver at any
26 time thereafter of the same or of any other terms or conditions contained herein or of
27 the strict and timely performance of such terms and conditions.
28

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

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

9 34. Attorneys' Fees. In the event of any litigation or arbitration between
10 Lessee and County to enforce any of the provisions of this lease or any right of either
11 party hereto, the unsuccessful party to such litigation or arbitration agrees to pay to the
12 successful party all costs and expenses, including reasonable attorneys' fees, incurred
13 therein by the successful party, all of which shall be included in and as a part of the
14 judgment or award rendered in such litigation or arbitration.

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

<u>COUNTY</u>	<u>LESSEE</u>
County of Riverside	La Quinta FBO Two, LLC
Economic Development Agency	145 South Gene Autry Trail
3525 14 th Street	Palm Springs, CA 92262
Riverside, CA 92501	Attn: President
Attn: Executive Director	

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

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

27 ///
28

1
2 37. County's Representative. County hereby appoints the Assistant
3 County Executive Officer/EDA or his designee as its authorized representative to
4 administer this lease.

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

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

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

28 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

1 complete and exclusive statement of the terms and conditions thereof and supersedes
2 any and all prior and contemporaneous leases, agreements and understandings, oral
3 or written, in connection therewith. This lease may be changed or modified only upon
4 the written consent of the parties hereto.

5 42. Construction of Lease. The parties hereto negotiated this lease at arms
6 length and with the advise of there respective attorneys; and no provisions contained
7 herein shall be construed against County solely because it prepared this lease in its
8 executed form.

9 Date: November 4, 2003

LA QUINTA FBO TWO, LLC,
a Delaware Limited Liability Company

By: [Signature]
Eric Affeldt, President

15 Date: JAN 13 2004

COUNTY OF RIVERSIDE

By: [Signature]
Chairman, Board of Supervisors
JOY WILSON

19 ATTEST:
20 NANCY ROMERO
21 Clerk of the Board

FORM APPROVED:
WILLIAM C. KATZENSTEIN
County Counsel

22 By: [Signature]
23 Deputy

By: [Signature] 12/10/03
Deputy

24 (SEAL)

- 25 Attachments:
26 1. Exhibit A - Legal Description
27 2. Exhibit B - Federally Required Lease Provisions
28 3. Exhibit C - Minimum Standards
4. Exhibit D - Storm Water Pollution Prevention Plan

F:\Shared\EDCOM\AIRPORTS\DRRA-Thema\William Air La Quinta\La Quinta\FBOTwo consil lee nov 04 03.DOC

EXHIBIT "A"**LEGAL DESCRIPTION
COUNTY OF RIVERSIDE - STATE OF CALIFORNIA
MILLION AIR LEASE****PARCEL "A"**

A PARCEL OF LAND LYING WITHIN THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER (SW1/4 NW1/4), THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER (NW1/4 SW1/4) OF SECTION 21, AND BEING A PART OF LOT 5 AND LOT 12 OF THE COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SAID SECTION 21, FILED IN MAP BOOK 4, PAGE 53, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND ALSO LYING WITHIN THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER (SE1/4 NE1/4) AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER (NE1/4 SE1/4) OF SECTION 20, ALL IN TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SECTION 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, SAID POINT BEING ON THE CENTERLINES OF AIRPORT BLVD. (56TH AVENUE) AND VIC HIGGINS DRIVE; THENCE S00°00'13"W ALONG THE WEST LINE OF THE NORTHWEST QUARTER (NW1/4) OF SAID SECTION 21 AND THE CENTERLINE OF SAID VIC HIGGINS DRIVE, A DISTANCE OF 2249.46 FEET; THENCE S89°58'13"E, A DISTANCE OF 33.00 FEET TO THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, AND THE TRUE POINT OF BEGINNING;

THENCE N00°00'13"E ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, A DISTANCE OF 257.56 FEET;

THENCE N45°01'36"E ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, A DISTANCE OF 19.93 FEET TO THE SOUTHERLY LINE OF AVENGER BOULEVARD (BLVD.), SAID POINT BEING 33.00 FEET SOUTHERLY OF THE CENTERLINE OF SAID AVENGER BLVD., AS MEASURED AT RIGHT ANGLES THERETO;

THENCE N89°59'44"E ALONG THE SOUTHERLY LINE OF SAID AVENGER BLVD., A DISTANCE OF 884.11 FEET;

THENCE S00°01'29"W, A DISTANCE OF 861.87;

THENCE N89°49'37"W, A DISTANCE OF 1095.51 FEET;

THENCE N00°01'11"E, A DISTANCE OF 130.02 FEET;

THENCE S89°49'37"E, A DISTANCE OF 100.09 FEET;

THENCE N01°31'09"W, A DISTANCE OF 155.69 FEET;

THENCE N89°57'32"E, A DISTANCE OF 136.16 FEET TO THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE;

THENCE N00°01'11"E ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE A DISTANCE OF 301.38 FEET;

THENCE N89°58'13"W ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, A DISTANCE 34.61 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 0.18.44 ACRES (803,443 SQUARE FEET), MORE OR LESS, AS SHOWN ON THE ATTACHED EXHIBIT "B" WHICH IS MADE A PART HEREOF BY THIS REFERENCE HEREON.

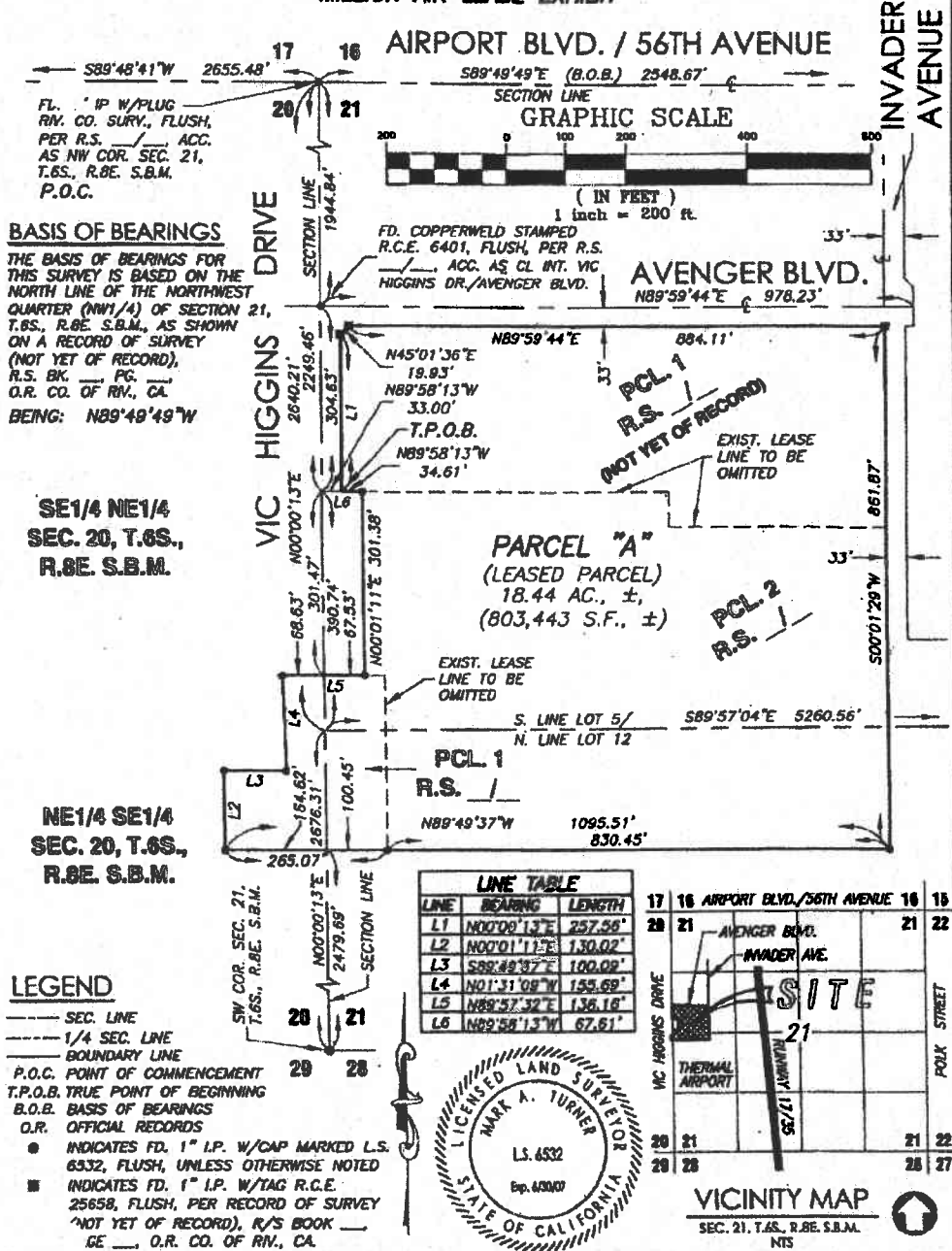
SUBJECT TO ALL COVENANTS, RIGHTS, RIGHTS OF WAY AND EASEMENTS OF RECORD, IF ANY.



Mark A. Turner

L. HIBIT "B"

PLAT TO ACCOMPANY LEGAL DESCRIPTION MILLION AIR LEASE EXHIBIT



MILLION AIR LEASE EXHIBIT

<p>Prepared by: TEL (760) 360-1280 FAX (760) 360-1284</p> <p> Coachella Valley Engineers</p> <p>77-499 Val Road, Suite 102, PALM DESERT, CA 92211</p> <p>03115 NOVEMBER, 2003 NO. DATE</p>	<p>Owner:</p> <p style="text-align: center;">MILLION AIR 56-650 HIGGINS DRIVE THERMAL, CA 92274</p>	<p>THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY DIRECTION, BASED ON FIELD INFORMATION.</p> <p style="text-align: center;"><i>Mark A. Turner</i></p> <p>MARK A. TURNER L.S. 6532 EXP. DATE: 6/30/07</p>
---	---	--

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 Desert Resorts Regional Airport.

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 Desert Resorts 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.

MILLION AIR LA QUINTA LA QUINTA JET CENTER

Features.....

- Steel Doors
- Fully Insulated
- All White Interiors
- Metal Liner Panel (No Drywall)
- Fire Sprinklers
- Private Gated Entrance
- 200 Amp Electrical Panels
- Plumbed For Water, Sewer, Phone
- Up To 9300 Sq. Ft.
- Door Height up to 28'
- Adjacent To The New Million Air Terminal Facility
- Accommodates Up To Gulfstream IV
- 40 Year Ground Lease

Options.....

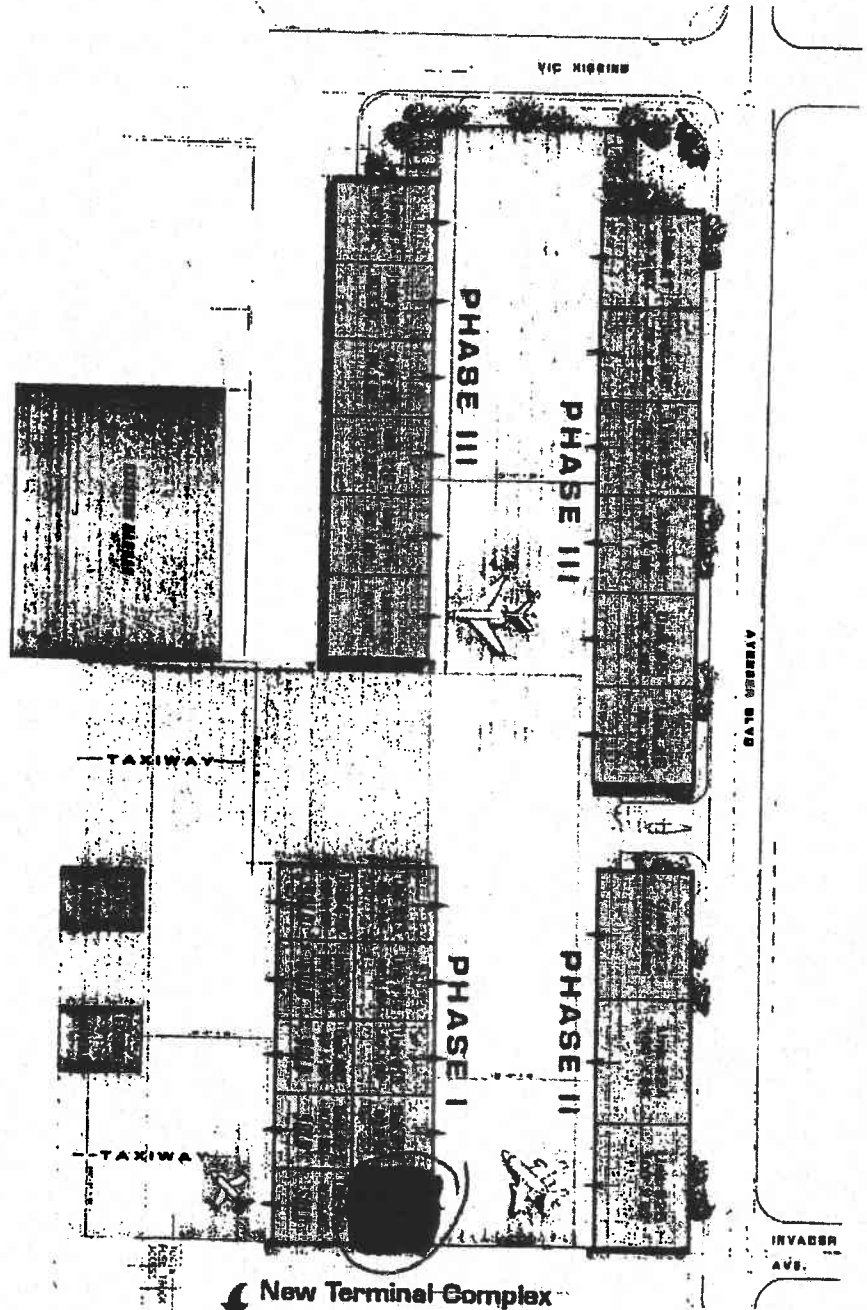
- Epoxy Floors
- Tenant Improvements May Include Offices, Crew Quarters, Restrooms

Programs Available.....

- Purchase
- Lease
- Management

For Information Call

Eric Affeldt
(760) 399-1855
(760) 320-7704



New Terminal Complex
17-35

DESERT RESORTS REGIONAL AIRPORT

Custom Hangar Sites For
Larger Aircraft Also Available

EXHIBIT C

DESCRIPTION OF SUBLESSOR'S WORK, AND SUBLESSEE'S PAYMENT THEREFOR

L SUBLESSOR'S WORK

Sublessor agrees to construct for Sublessee the Premises as set forth herein ("Sublessor's Work"). Sublessor has had prepared, at its sole cost and expense, plans and specifications, structural, energy, accessibility, fire and life safety calculations (if required) and Title 245 calculations (the "Plans") for the site work and improvements comprising the Premises. Sublessor's Work shall be completed in accordance with the Plans and Specifications already approved by Sublessee dated [insert date], prepared by Pacific Commercial Construction. Sublessor's Work shall be completed in accordance with all applicable governing codes, in a good and workmanlike manner, utilizing first quality new materials.

Sublessor's Work shall include, but not be limited to, the following:

- A. Building slab with one 4" sewer line stubbed into the hangar and one sewer clean-out on the outside of hangar;
- B. One concrete apron;
- C. Stubbed utilities to the building including 3 phase electric (Sublessor will provide the disconnect), gas, water, phone and cable lines pulled to the exterior of the Building;
- D. A basic hangar building with either one roll door or one electric bi-fold door;
- E. Each hangar will be insulated with builder-approved, quarter-inch low E insulation with foil/white backing. White side will be exposed;
- F. Windows will be from Window Master and will conform to the same criteria of material and color as selected for each hangar by Sublessor. Refer to specific window and door schedule for each basic hangar; and
- G. One pergola including a small patio slab (size specific per base plan).
In the event of a conflict between the above-referenced items and the Plans and Specification, provisions of this Exhibit "C" shall control.

In addition to the Sublessor's Work performed pursuant to the Plans, Sublessor will install

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and/or construct various improvements and/or upgrade ("Add-on") as may be requested by Sublessee and approved by Sublessor. Add-ons selected by Sublessee include those items set forth in Exhibit C-1 attached hereto, for which Sublessee agrees to pay Sublessor the referenced expense therefor in advance of Sublessor beginning construction.

II. SUBLESSEE'S PAYMENT FOR CONSTRUCTION OF IMPROVEMENTS.

In consideration for Sublessor undertaking to construct the hangar building pursuant to the Plans, Sublessee agrees to pay to Sublessor, in addition to any rent or additional rent due under the Sublease between them, the following:

Initial Deposit (includes 10% deposit given with Letter of Reservation)	\$	(25%)
Interim Deposit at 50% Completion:	\$	(25%)
Interim at Substantial Completion	\$	(25%)
Balance On Issuance of Certificate of Occupancy:	\$	(25%)
Total Price:	\$	(100%)

SB / _____ Sublessee's Initials

_____ / _____ Sublessor's Initials

The initial deposit is due upon execution of the Sublease by the parties and will be credited toward the Price to be paid by Sublessee as set forth above. The interim deposits shall be paid by Sublessee to Sublessor when Sublessor notifies Sublessee the Premises are 50% completed and upon Substantial Completion. The closing balance shall be due upon issuance of the Certificate of Occupancy. Upon the making of the final payment for construction of improvements, Sublessor will deliver the premises to Sublessee.

EACH DEPOSIT SHALL BE NONREFUNDABLE TO SUBLESSEE WHEN PAID TO SUBLESSOR, IN CONSIDERATION FOR SUBLESSOR INCURRING EXPENSE OF CONSTRUCTION OF THE RESPECTIVE IMPROVEMENT, EXCEPT UPON A BREACH BY SUBLESSOR OF THIS SUBLEASE WHICH RESULTS IN AN EARLY TERMINATION OF THIS SUBLEASE. IN THIS LATER EVENT, A PRORATED AMOUNT OF THESE DEPOSITS WOULD BE REFUNDABLE TO SUBLESSEE (SUBJECT TO WHATEVER OTHER OFFSETS MAY EXIST), BASED UPON A FRACTION, THE NUMERATOR OF WHICH SHALL BE THE AMOUNT OF TIME ELAPSED UNDER THE TERM OF THE SUBLEASE AT THE TIME OF TERMINATION, AND THE DENOMINATOR OF WHICH

SHALL BE THE TERM OF THE SUBLEASE PURSUANT TO SECTION 3.1 THEREOF. NOTHING HEREIN SHALL LIMIT THE DAMAGES SUBLESSOR MAY SEEK FROM SUBLESSEE IN THE EVENT SUBLESSEE SHOULD DEFAULT ON ITS OBLIGATIONS UNDER THE SUBLEASE.

_____/_____
_____/_____

Sublessee's Initials

Sublessor's Initials

"Substantial Completion" is defined as that phase in the progress of the construction of the hangar building pursuant to the Plans when such construction is sufficiently complete so that the Sublessee may begin all of its work pursuant to Section III, completion of which would allow Sublessee to occupy and utilize the hangar building for its intended use. The "total price" of \$_____ referenced above is inclusive of the Add-on expenses, which shall be paid by Sublessee to Sublessor separately, and in advance of any construction or installation related thereto. All sums due from Sublessee to Sublessor pursuant to this Exhibit "C" shall be considered "Additional Rent" under the Sublease.

III. SUBLESSEE'S WORK.

Sublessee shall construct such improvements to the interior of the hangar building, and connect to stubbed utilities, as Sublessee shall require, subject to Section 10 of the Sublease. Sublessee shall be responsible for the costs of all of Sublessee's work, including sales taxes and permit fees associated therewith. Sublessee may not begin work until Sublessee has paid all money due to Sublessor under Section II above.

Sublessee shall pay all sewer hookup fees due the Coachella Valley Water District respective to the hangar building. Sublessor cannot provide a certificate of occupancy to Sublessee until Sublessee pays these fees.

The Sublessee shall provide Sublessor proof of insurance required under the Sublease for liability, and damage to person and property, before commencing any construction and/or alteration on the Premises.

IV. SUBLESSOR'S CONSTRUCTION OF COMMON AREA IMPROVEMENTS.

Sublessor, at Sublessor's expense, will cause to have constructed the common area improvements as reflected on the Site Plan attached to the Sublease as Exhibit "A". Such improvements will include walkways, parking spaces, and ramp space.

V. FORCE MAJEURE.

In the event Sublessor is prevented, delayed, or stopped from performing any act, undertaking, or obligation by reason of an "event of force majeure," including excessive adverse

weather, strikes, lockouts, labor disputes, failure of power, acts of public enemies of this state or the United States of America, riots, insurrection, war, civil commotion, inability to obtain labor or materials, or the discovery of hazardous substances in the underlying ground requiring remediation that would interfere with construction of the improvements pursuant to the Plans, and/or any other cause (except financial) beyond its reasonable control, then the time for Sublessor's performance hereunder, and under Paragraph 9 of the Sublease, shall be extended one day for each day's prevention, delay, or stoppage by reason of such event of force majeure.

VI. ARBITRATION OF DISPUTES.

Sublessee and Sublessor agree that any dispute or claim in law or equity between them arising out of Sublessor's construction of improvements pursuant to this **Exhibit "C"** shall be decided by neutral, binding arbitration and not by court action, except as provided by California law for judicial review of arbitration proceedings. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association ("AAA"). The parties to an arbitration may agree in writing to use different rules and/or arbitrator(s). In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS "ARBITRATION OF DISPUTES" OR THE RULES AND PROCEDURES ANNOUNCED BY AAA. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, YOUR AGREEMENT TO THIS ARBITRATION PROVISIONS IS VOLUNTARY. WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

_____/_____ Sublessee's Initials

_____/_____ Sublessor's Initials

VII. INTERPRETATION.

This Exhibit "C" is made a part of the Sublease to which it is attached, and the rights of Sublessor and Sublessee hereunder shall be determined in accordance with and pursuant to the terms of the Sublease, which are incorporated herein. Notwithstanding the preceding sentence, in the event any term or terms of this Exhibit "C" are contrary to any provision of the Sublease, the provisions of this Exhibit "C" will control.

DATED: _____

SUBLESSOR:

LA QUINTA FBO TWO, LLC,
a Delaware limited liability company
DBA: Million Air La Quinta

By: 

Printed Name
Its:

DATED: 1-19-2005

SUBLESSEE:

By: 

Printed Name
Its: **STEPHEN BLUG**

EXHIBIT C-1

ADD-ONS

Attachment B
Depiction of Hangar
(attached behind)

MILLION AIR LA QUINTA LA QUINTA JET CENTER

Features.....

- Steel Doors
- Fully Insulated
- All White Interiors
- Metal Liner Panel (No Drywall)
- Fire Sprinklers
- Private Gated Entrance
- 200 Amp Electrical Panels
- Plumbed For Water, Sewer, Phone
- Up To 9300 Sq. Ft.
- Door Height up to 28'
- Adjacent To The New Million Air Terminal Facility
- Accommodates Up To Gulfstream IV
- 40 Year Ground Lease

Options.....

- Epoxy Floors
- Tenant Improvements May Include Offices, Crew Quarters, Restrooms

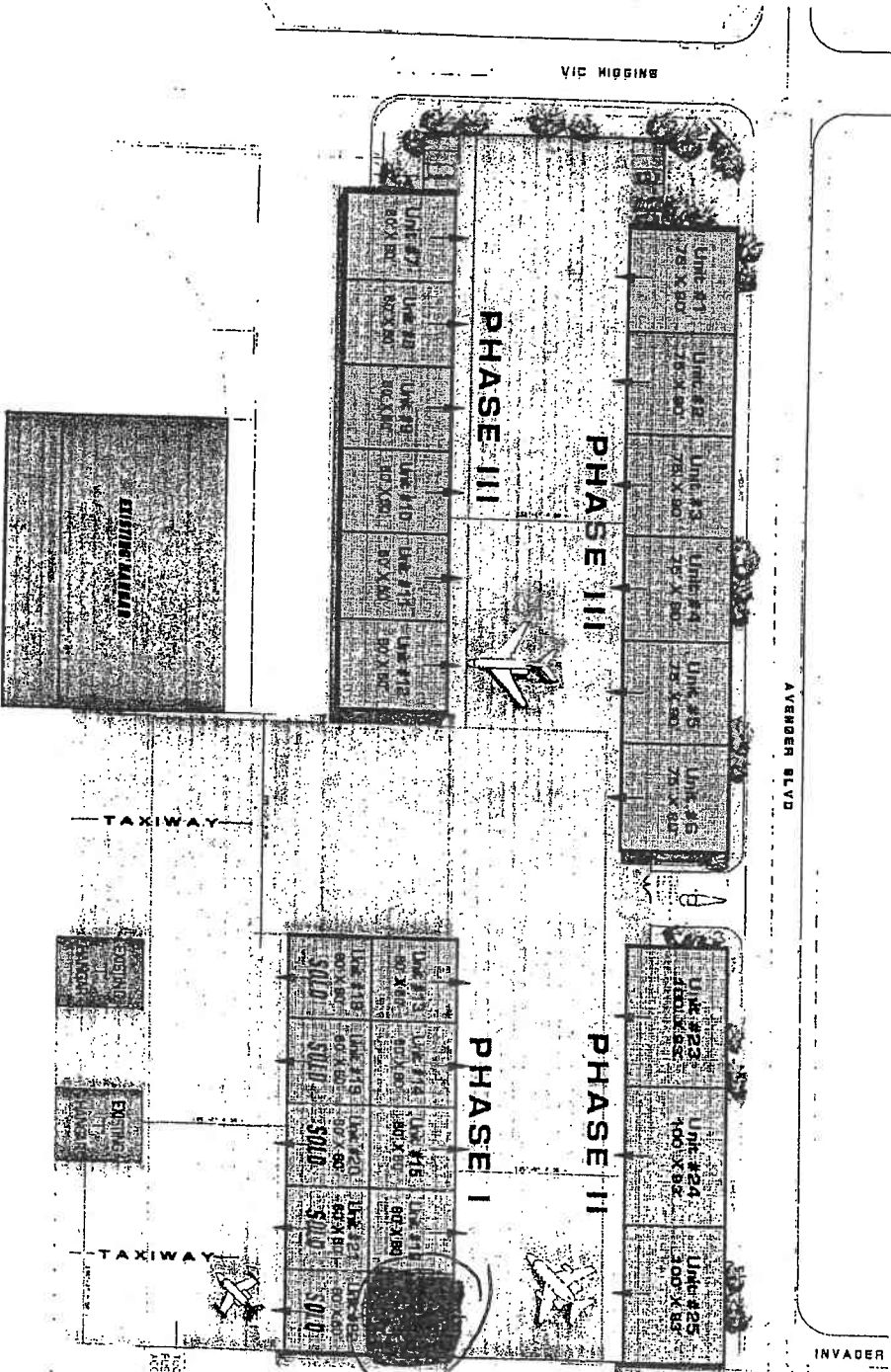
Programs Available.....

- Purchase
- Lease
- Management

For Information Call

Eric Affeldt

(760) 399-1855
(760) 320-7704



New Terminal Complex
17-35

DESERT RESORTS REGIONAL AIRPORT

Custom Hangar Sites For
Larger Aircraft Also Available

Attachment B
(Desert Air Classics, LLC)
Consent to Bill of Sale

APR 07 2020 3.24

CONSENT TO BILL OF SALE

The County of Riverside ("County") hereby consents to the Bill of Sale ("Bill of Sale"), dated February 1, 2020, between Desert Air Classics, LLC, a Washington limited liability company ("Seller") and Desert Dunes, LLC, an Idaho limited liability company ("Buyer"), relating to the Hangar number 17 (identified as Hangar F-17) located at Jacqueline Cochran Regional Airport, Thermal, California (Hangar). The Bill of Sale is attached hereto as Exhibit "A" and incorporated herein by this reference.

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


[Remainder of Page Intentionally Left Blank]

[Signatures on Following Page]

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

Date: APR 07 2020

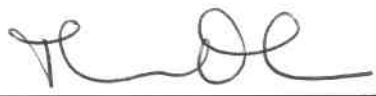
COUNTY OF RIVERSIDE, a political
Subdivision of the State of California

By: 
V. Manuel Perez, Chairman
Board of Supervisors

ATTEST:
Kecia R. Harper
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM
GREGORY P. PRIAMOS, County Counsel

By: 
Thomas Oh
Deputy County Counsel

[Desert Dunes, LLC Acknowledgement on Following Page]

Desert Dunes, LLC hereby acknowledges, agrees and consents to all of the terms set forth in this Consent to Bill of Sale.

DESERT DUNES, LLC

By:

A handwritten signature in black ink, appearing to read 'Greg Gervais', is written over a horizontal line.

Greg Gervais
Its Authorized Manager/Member

Dated: February 3, 2020

EXHIBIT "A"

Bill of Sale

(behind this page)

BILL OF SALE

DESERT AIR CLASSICS, LLC, a Washington limited liability company ("Seller"), hereby conveys and transfers to DESERT DUNES, LLC, an Idaho limited liability company ("Buyer"), the improvements to real property described below, upon the following terms and conditions:

RECITALS:

A. Seller owns an airplane hangar, including the steel building and concrete floor and all improvements that are a part of the hangar (collectively, the "Hangar"), that is a part of an airplane hangar development (the "Jet Center") at the Jacqueline Cochran Regional Airport, in Thermal, Riverside County, California (the "Airport"), located on the parcel of land described in Exhibit A attached hereto. A site plan of the Jet Center portion of the Airport, identifying the Hangar, is attached hereto as Exhibit B (the "Site Plan").

B. The Hangar is the hangar identified on the Site Plan as Unit 17 of Phase I (the "Hangar"). The land under that Hangar is leased to Seller pursuant to the terms of an unrecorded Sublease dated January 17, 2005, between Signature Flight Support Corporation ("Signature"), a Delaware limited liability company, successor in interest to La Quinta FBO Two, LLC ("La Quinta"), as Sublessor, and Seller, as successor to Stephen Blue, as Sublessee (the "Sublease"). The land is owned by Riverside County and is leased to Signature as successor to La Quinta pursuant to the terms of a Master Lease Agreement dated January 13, 2004, recorded in the Official Records of Riverside County on September 4, 2008, under recording no. 20080485828 (the "Master Lease").

C. This Bill of Sale is executed pursuant to that Hangar Purchase and Sale Agreement between Buyer and Seller of even date (the "PSA"), and concurrently with the execution of this Bill of Sale Seller is assigning its right, title and interest in and to the Sublease to Buyer, and Buyer is assuming all of the obligations of Seller under the Sublease.

NOW, THEREFORE, in consideration of the payment of Two Hundred Thousand Dollars (\$200,000) by Buyer, receipt of which is hereby acknowledged by Seller, Seller does hereby convey and transfer the Hangar and all improvements that are a part of the Hangar, together with

BUYER'S AGREEMENT TO AND ACCEPTANCE OF BILL OF SALE

DESERT DUNES, LLC, hereby confirms its agreement to and accepts the attached Bill of Sale.

Dated February 17th, 2020

DESERT DUNES, LLC, an Idaho
limited liability company

By



Its Member

EXHIBIT A

LEGAL DESCRIPTION

COUNTY OF RIVERSIDE - STATE OF CALIFORNIA
MILLION AIR LEASE

PARCEL "A"

A PARCEL OF LAND LYING WITHIN THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER (SW1/4 NW1/4), THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER (NW1/4 SW1/4) OF SECTION 21, AND BEING A PART OF LOT 5 AND LOT 12 OF THE COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SAID SECTION 21, FILED IN MAP BOOK 4, PAGE 53, OF OFFICIAL RECORDS (O.R.) COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND ALSO LYING WITHIN THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER (SE1/4 NE1/4) AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER (NE1/4 SE1/4) OF SECTION 20, ALL IN TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SECTION 21, TOWNSHIP 6 SOUTH, RANGE 8 EAST OF THE SAN BERNARDINO MERIDIAN, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, SAID POINT BEING ON THE CENTERLINES OF AIRPORT BLVD. (56TH AVENUE) AND VIC HIGGINS DRIVE; THENCE S00°00'13"W ALONG THE WEST LINE OF THE NORTHWEST QUARTER (NW1/4) OF SAID SECTION 21 AND THE CENTERLINE OF SAID VIC HIGGINS DRIVE, A DISTANCE OF 2249.46 FEET; THENCE S89°58'13"E, A DISTANCE OF 33.00 FEET TO THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, AND THE TRUE POINT OF BEGINNING;

THENCE N00°00'13"E ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, A DISTANCE OF 257.56 FEET;

THENCE N45°01'36"E ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, A DISTANCE OF 19.93 FEET TO THE SOUTHERLY LINE OF AVENGER BOULEVARD (BLVD.), SAID POINT BEING 33.00 FEET SOUTHERLY OF THE CENTERLINE OF SAID AVENGER BLVD., AS MEASURED AT RIGHT ANGLES THERETO;

THENCE N89°59'44"E ALONG THE SOUTHERLY LINE OF SAID AVENGER BLVD., A DISTANCE OF 884.11 FEET;

THENCE S00°01'29"W, A DISTANCE OF 861.87;

THENCE N89°49'37"W, A DISTANCE OF 1095.51 FEET;

THENCE N00°01'11"E, A DISTANCE OF 130.02 FEET;

THENCE S89°49'37"E, A DISTANCE OF 100.09 FEET;

THENCE N01°31'09"W, A DISTANCE OF 155.69 FEET;

THENCE N89°57'32"E, A DISTANCE OF 136.16 FEET TO THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE;

13/13/03
03115_600_LEASEBNDRY_X

THENCE N00°01'11"E ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE A
DISTANCE OF 301.38 FEET;

THENCE N89°58'13"W ALONG THE EASTERLY LINE OF SAID VIC HIGGINS DRIVE, A
DISTANCE 34.61 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 0.1844 ACRES (803,443 SQUARE FEET), MORE OR LESS, AS SHOWN
ON THE ATTACHED EXHIBIT "B" WHICH IS MADE A PART HEREOF BY THIS REFERENCE
HEREON.

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



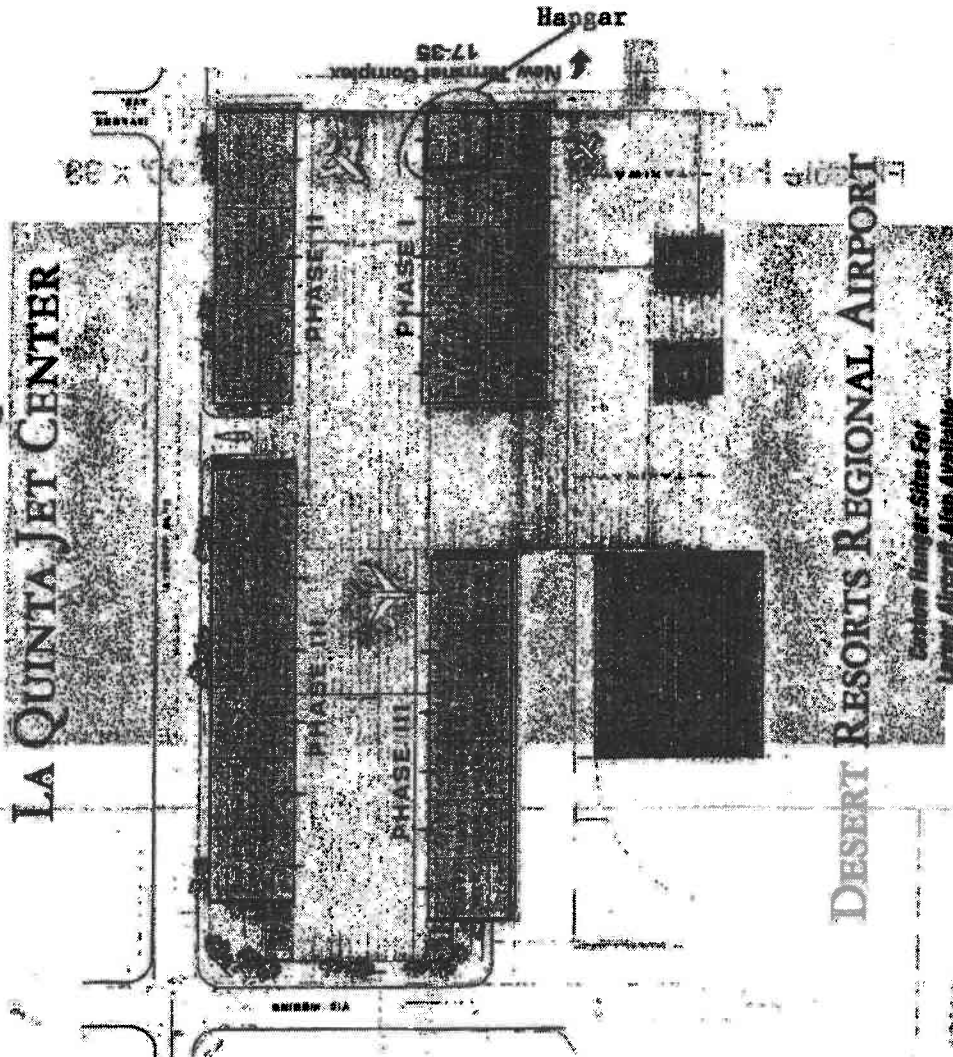
Mark A. Turner

11/13/03
03115_600_LEASEBNDRY_X

EXHIBIT B
SITE PLAN AND HANGAR

Attached

MILLION AIR LA QUINTA LA QUINTA JET CENTER



Features.....

- * Steel Doors
- * Fully Insulated
- * All Windows Insulated
- * Metal Floor Paint (No Drywall)
- * Fire Sprinklers
- * Private Gated Entrance
- * 200 Amp Electrical Panels
- * Piped For Water, Sewer, Phone
- * Up To 3200 Sq. Ft.
- * Door Height up to 28'
- * Adjacent To The New Million Air Terminal Facility
- * Accommodate Up To Gulfstream IV
- * 40 Year Ground Lease

Options.....

- * Epoxy Floors
- * Tenant Improvements May Include Offices, Crew Quarters, Restrooms

Programs Available.....

- * Purchase
- * Lease
- * Management

For Information Call

Eric Affeldt
(760) 399-1855
(760) 320-7704

Attachment C
(Desert Air Classics, LLC)
First Amended Lease

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FIRST AMENDED LEASE
JACQUELINE COCHRAN REGIONAL AIRPORT

This First Amended Lease ("Lease") is entered into by and between the County of Riverside, a political subdivision of the State of California, ("County"), and Signature Flight Support Corporation, a Delaware corporation, ("Lessee"), under the following terms and conditions:

1. Recitals.

(a) County owns approximately fourteen and 87/100 (14.87) acres of improved land and certain improvements located thereon and owned by County, including, but not limited to a terminal building/office building/maintenance hangar of approximately 36,000 square feet and an office building of approximately 2,500 square feet commonly referred to as the "flight services building" (collectively and hereinafter referred to as the "County Improvements"), as well as improvements made by Lessee, all located at the Jacqueline Cochran Regional Airport, County of Riverside, State of California ("Leased Premises").

(b) County desires to lease said property to Lessee for the operation of a Full Service Fixed Base Operator business.

(c) Lessee desires to lease said property from County for the operation of a Full Service Fixed Base Operator business.

(d) Lessee is the Assignee of that certain Lease dated January 13, 2004 ("Original Lease") by and between the County of Riverside, as Lessor, and LaQuinta FBO Inc., a Delaware corporation doing business as Million Air LaQuinta, as Lessee, as subsequently amended pursuant to that First Amendment to Lease dated February 7, 2006, and assigned to Signature Flight Support Corporation on January 20, 2006, with respect to approximately eighteen and 44/100 (18.44) acres of land, including existing improvements and an obligation to construct improvements, at the Jacqueline Cochran Regional Airport in Thermal, California.

(e) Pursuant to the terms and conditions of the Original Lease set forth in Section 1(d) herein, Lessee was required to develop certain property in a phased development.

1 If phases remained undeveloped as of May 31, 2008, the County had an option to take back
2 that undeveloped property hereinafter known as the "Returned Phases", described and
3 sometimes referred to as Parcel "A" on Exhibit "G", attached hereto and by this reference
4 incorporated herein. The County timely exercised its option to take back the Returned Phases,
5 and thus the Leased Premises in this First Amended Lease represents a reduction from 18.44
6 acres to 14.87 acres. Pursuant to the Original Lease, the Returned Phases reverted back to
7 the County and required this amendment to reflect the reduced acreage and rent. The Original
8 Lease further required that such amendment shall include easements satisfactory to the
9 County through Lessee's initial phases providing access to future development of the Returned
10 Phases and to Taxiway A from The Returned Phases. It is the intent of the Parties that the
11 Occupants of Parcel "A" shall have the same rights of ingress and egress to Taxiways A and F
12 as the Occupants on the Leased Premises. Occupants is defined as a party pursuant to a
13 fully-executed and approved written lease, sublease, tenant agreement or a month-to-month
14 agreement on Parcel "A" or Leased Premises.

15 (f) This First Amended Lease replaces and supersedes all prior leases for the
16 subject property, including any amendments thereto

17 2. Description. The premises leased hereby consist of approximately fourteen and
18 87/100 (14.87) acres of improved land and certain improvements located thereon and owned
19 by County, including, but not limited to a terminal building/office building/maintenance hangar
20 of approximately 36,000 square feet and an office building of approximately 2,500 square feet
21 commonly referred to as the "flight services building" (collectively and hereinafter referred to as
22 the "County Improvements"), all located at the Jacqueline Cochran Regional Airport, County of
23 Riverside, State of California, being more fully described in Exhibit "A", attached hereto and
24 incorporated herein by reference. All other improvements have been built by Lessee. Said
25 property is hereafter referred to as the "Leased Premises." County and Lessee herein
26 acknowledge that Lessee has no fee title interest in or to the Leased Premises.

27 3. Term. This Lease shall commence on the date the last party approves and
28 executes this Lease and expires on January 31, 2034. The Lease term for the Original Lease

1 dated January 13, 2004 was for thirty (30) years which commenced on February 1, 2004 and
2 was set to terminate on January 31, 2034. The Parties intend that the term for this Lease shall
3 not add any time and expire as originally agreed.

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

6 (b) With respect to the Leased Premises, subject to the provisions of
7 paragraphs 5, 9, 12(c), 19 and 21 hereof and provided that Lessee at the time of exercising the
8 option is in full compliance with the terms of this Lease, Lessee shall have the option to extend
9 the term of this Lease for an additional period of ten (10) years ("Renewal Term). Lessee shall
10 notify County in writing of its intention to exercise the option to extend not more than twelve
11 (12) months or fewer than six (6) months from the expiration date of the initial term.

12 4. Non Exclusive Right. It is understood and agreed that nothing herein contained
13 will be construed to grant or authorize the granting of an exclusive right within the meaning of
14 Section 308 of the Federal Aviation Act of 1958. (49 U.S.C.1349a). It is further understood that
15 nothing in this Agreement shall be construed to allow any Party to perform any act in
16 contravention and/or violation of FAA Order 5190.6A Airport Compliance Requirements, dated
17 October 2, 1989, as amended from time to time and the FAA Grant Assurances.

18 5. Use. Lessee shall make available the services of a "Full Service Fixed Base
19 Operator" ("FBO") in accordance with the Minimum Standards for Fixed Base Operators
20 Riverside County Airports, including any amendments thereto, attached hereto and
21 incorporated herein by this reference as Exhibit "C." The Leased Premises may be used for
22 the following purposes and for no other without the written consent of County.

23 (a) Storage and sale (retail or wholesale or both), of new and used aircraft,
24 aircraft parts and accessories, including instruments, engines, electronic devices, aircraft fuels
25 and lubricants, airman's navigational and personal supplies and accessories.

26 (b) Agreed to flight operations, including, but not limited to, flight
27 instruction/training, demonstration of aircraft for sale, charter, air taxi, and flight-testing of
28 aircraft following repair or modification. With regard to charter and air taxi operations, Lessee

1 will submit to County a complete description of the operations and scope of services provided
2 and County will establish insurance coverages and limits for these operations to be obtained by
3 Lessee prior to commencement of operations. Coverages and limits established for charter
4 and air taxi will be in addition to the coverages required herein.

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

8 (d) Painting and upholstering of aircraft.

9 (e) Financing, leasing, renting and insuring of aircraft.

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

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

15 (h) Providing ground school instruction associated with flight training.

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

18 (j) Providing catering services and associated provisioning (e.g.
19 newspapers, coffee, ice, catered meals for customers).

20 (k) Sale of advertising space inside the terminal buildings and other
21 buildings within the Leased Premises, subject to the consent of County, which shall not be
22 unreasonably withheld, conditioned or delayed.

23 (l) Leasing of office space for aviation related purposes.

24 (m) Operating a restaurant or cafe for the purpose of providing meals and
25 beverages to the general public. If alcoholic beverages are sold, Lessee shall maintain Liquor
26 Liability or Lessee shall require a restaurant or cafe sublessee to maintain Liquor Liability as
27 part of sublessee's Commercial General Liability insurance.
28