

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



ITEM: 3.24  
(ID # 14246)

MEETING DATE:  
Tuesday, January 26, 2021

FROM: TLMA - AVIATION:

SUBJECT: TRANSPORTATION AND LAND MANAGEMENT AGENCY/AVIATION: Approval of Second Amendment to Lease Form between the County of Riverside and Hi-Tech Aviation Inc., at Jacqueline Cochran Regional Airport, District 4. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. **Approve** the Second Amendment to Lease with Hi-Tech Aviation, Inc., a California Corporation, at Jacqueline Cochran Regional Airport to extend the term period for five years of the Lease, subject to approval as to form by County Counsel; and
2. **Authorize** the Assistant County Executive Officer, or designee, to execute the Second Amendment to Lease for the Lease at Jacqueline Cochran Regional Airport with Hi-Tech Aviation, Inc., a California Corporation.

ACTION: Policy

Charissa Leach, Interim TLMA Director

12/29/2020

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MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Hewitt, seconded by Supervisor Spiegel 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: January 26, 2021  
xc: Aviation

Kecia R. Harper  
Clerk of the Board  
By:   
Deputy

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

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$0	\$0	\$0	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS: N/A</b>			<b>Budget Adjustment: No</b>	
			<b>For Fiscal Year: 20/21</b>	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

The TLMA – Aviation Division has received a request for Second Amendment to Lease from Hi-Tech Aviation, Inc. The Second Amendment to Lease extends the term of the Lease from September 12, 2021 to September 11, 2026. The County of Riverside, as Lessor, entered into that certain lease with Hi-Tech Aviation, Inc., at Jacqueline Cochran Regional Airport on September 11, 2001, as amended by that First Amendment Lease Jacqueline Cochran Regional Airport dated October 17, 2006 (collectively "Lease").

**Impact on Citizens and Businesses**

The Lease extension will assist in the County's effort to increase airport operations which in turn provides increased patron activities for local businesses.

**Additional Fiscal Information**

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

**ATTACHMENTS:**

Original Lease  
First Amendment to Lease  
Second Amendment to Lease



Jason Farin, Principal Management Analyst 1/20/2021



Gregory E. Priamos, Director County Counsel 1/11/2021

CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010 **Second Amendment to Lease**

Post Office Box 1147, Riverside, Ca 92502-1147

Thank you.

**Jacqueline Cochran Regional Airport**

This SECOND AMENDMENT TO LEASE ("Second Amendment") is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 2021, by and between the **County of Riverside**, on behalf of its Transportation and Land Management Agency, Aviation Division, a political subdivision of the state of California, ("County") and Hi Tech Aviation, Inc. a California Corporation ("Lessee"), with reference to the following:

**RECITALS**

**WHEREAS**, County and Lessee entered into that certain Lease at Jacqueline Cochran Regional Airport, dated September 11, 2001, ("Original Lease"), whereby, among other things, Lessee agreed to lease from County approximately 1 acre of property ("Leased Premises") located at Jacqueline Cochran Regional Airport.

**WHEREAS**, the Lease was amended by that certain First Amendment to Lease dated October 17, 2006, by and between County and Lessee; and

**WHEREAS**, Lessee now desires, pursuant to Section 3 of the Original Lease, to exercise its option to extend the term of the Lease for an additional period of five (5) years on the same terms and conditions; and

**WHEREAS**, The Original Lease together with the First Amendment and this Second Amendment are collectively referred to herein as the "Lease;"

**WHEREAS**, County and Lessee now desire to amend the Lease to extend the Lease term for an additional five (5) years;

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

1. **Term.** Section 3 (Term) of the Lease is hereby amended by the following:

The term of the Lease shall be extended for five (5) years, commencing on September 12, 2021 ("Effective Date") and expiring on September 11, 2026. Any holding over by the Lessee after the expiration of the Lease shall be on a day-to-day basis strictly, and continuing tenancy rights shall not accrue to the Lessee.

JAN 26 2021 3:24



## **2. Miscellaneous**

a. Construction of Second Amendment. The parties hereto negotiated this Second Amendment at arm's length and with advice of their respective attorneys, and no provisions contained herein shall be construed against Lessor solely because it prepared this Second Amendment in its executed form.

b. Capitalized Terms/Second Amendment to Prevail. Unless defined herein or the context requires otherwise, all capitalized terms herein shall have the meaning defined in the Lease, as heretofore amended. The provisions of this Second Amendment shall prevail over any inconsistency or conflicting provisions of the Lease, as heretofore amended, and shall supplement the remaining provisions thereof.

c. Further Cooperation. The parties agree to execute such other instruments, agreements and amendments to documents as may be necessary or appropriate to effectuate the Lease as amended by this Second Amendment.

d. Interpretation. This Second Amendment, when combined with the Lease and all amendments hereto, sets forth and contains the entire understanding and agreement of the parties hereto and correctly sets forth the rights, duties and obligations of each to the other as of this date.

e. Waivers; Amendments. All waivers of the provisions of this Second Amendment and all amendments hereto must be in writing and signed by the appropriate authorities of County and Lessee.

f. Attachments. Each of the attachments and exhibits attached hereto are incorporated herein by this reference.

g. Effectiveness of Lease. Except as modified and amended by this Second Amendment all other terms and conditions of the Lease remain unmodified and in full force and effect. If any provisions of this Second Amendment or the Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of the Lease and all such other provisions shall remain in full force and effect. The language in all parts of the Lease shall be construed according to its normal and usual meaning and not strictly for or against either County or Lessee. Neither this Second Amendment, nor the Lease, nor any notice nor memorandum regarding the



terms hereof, shall be recorded by Lessee.

h. Counterparts. This Second Amendment may be signed by the different parties hereto in counterparts, each of which shall be an original but all of which together shall constitute one and the same agreement.

i. Effective Date. The Effective Date of this Second Amendment is the date provided above in Section 1 of this Second Amendment.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, County and Lessee hereto have executed this Second Amendment as of the dates set forth below.

COUNTY:

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

By: \_\_\_\_\_  
Charissa Leach  
Interim Assistant County Executive  
Officer/TLMA

Date: \_\_\_\_\_

LESSEE:

Hi Tech Aviation, Inc.

By: Libuse Hornak  
Libuse Hornak  
President

Date: 12/22/2020

APPROVED AS TO FORM:  
GREGORY P. PRIAMOS  
County Counsel

By: Synthia M. Gunzel  
Synthia M. Gunzel  
Chief Deputy County Counsel

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

822



RECEIVED

NOV 13 2006

**SUBMITTAL DATE:**  
August 24, 2006

**FROM:** Economic Development Agency

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

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the First Amendment to Lease between the County of Riverside and 1) Coachella Valley Aviation, Inc., as Lessee; 2) Desert Resorts Aviation, LLC, as Lessee; and 3) Hi-Tech Aviation, Inc., as Lessee;
2. Authorize the Chairman to execute the Amendments to Lease; and
3. Authorize the Assistant County Executive Officer/EDA or designee to execute any additional documents required by the Amendments.

**BACKGROUND:**

The Economic Development Agency has received the following Amendments to Lease at Jacqueline Cochran Regional Airport between the County of Riverside and 1) Coachella Valley Aviation, Inc., as Lessee, First Amendment to the 1-acre Lease dated October 29, 1996; 2) Desert Resorts Aviation, LLC, as Lessee, First Amendment to the 25-acre Lease dated September 14 2004; and 3) Hi-Tech Aviation, Inc., First Amendment to 1-acre Lease dated September 11, 2001.

(Continued page 2)

*Robin Zimpfer*

RZ:JC:DL:CC:DS:HO

S:\EDCOM\AIRPORTS\APPRAISAL\2005 REAPPRAISAL\11 Amend CVA DRA HTA  
24 aug 06.doc

Robin Zimpfer  
Assistant County Executive Officer/EDA

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

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

**SOURCE OF FUNDS:** N/A

Positions To Be Deleted Per A-30 ☐

Requires 4/5 Vote ☐

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

FORM APPROVED  
COUNTY COUNSEL

**County Executive Office Signature**

*[Signature]* SEP 29 2006

MINUTES OF THE BOARD OF SUPERVISORS BY *[Signature]*

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

Ayes: Buster, Tavaglione, Stone, Wilson and Ashley  
Nays: None  
Absent: None  
Date: October 17, 2006  
xc: EDA, E.O.

Nancy Romero  
Clerk of the Board  
By *[Signature]*  
Deputy

**Prev. Agn. Ref.:** Oct 29, 1996 3.27; Sep 14, 2004, 3.6; Sep 11, 2001

**District:** 4th

**Agenda Number:**

Dep't Recomm.: ☐ Consent ☐ Policy ☒ Per Exec. Ofc.: ☐ Consent ☐ Policy ☒



**BACKGROUND (Continued)**

The Amendments accomplish the following:

Coachella Valley Aviation, Inc.: Reduce the size of the Leased Premises from 1 acre to 0.94 acre.

Desert Resorts Aviation, LLC:

1. Reduces the size of the Leased Premises from 25 acres to 16.6 acres.
2. Increases the base monthly rent for each Lessee beginning July 1, 2005 (see Base Monthly Rent below).
3. Establishes a per acre rent schedule for the period from July 1, 2005, through June 30, 2015, (see Rent Schedule below).
4. Provides a procedure for the Lessees to participate in the selection of an appraiser for future rental rate adjustments.
5. Establishes July 1, 2016, as the start date for annual CPI adjustments.

Hi-Tech Aviation, Inc.:

1. Reduces the size of the Leased Premises from 1 acre to .41 acres.
2. Increases the base monthly rent for each Lessee beginning July 1, 2005 (see Base Monthly Rent below).
3. Establishes a per acre rent schedule for the period from July 1, 2005, through June 30, 2015, (see Rent Schedule below).
4. Provides a procedure for the Lessees to participate in the selection of an appraiser for future rental rate adjustments.
5. Establishes July 1, 2016, as the start date for annual CPI adjustments.

Monthly Base Rent:

- |                             |            |
|-----------------------------|------------|
| 1. Desert Resorts Aviation: | \$5,852.16 |
| 2. Hi-Tech Aviation:        | \$144.02   |

Rent Schedule:

July 1, 2005-June 30, 2006 \$351.27 per acre  
July 1, 2006-June 30, 2007 \$371.66 per acre  
July 1, 2007-June 30, 2008 \$393.24 per acre  
July 1, 2008-June 30, 2009 \$416.06 per acre  
July 1, 2009-June 30, 2010 \$440.21 per acre  
July 1, 2010-June 30, 2011 \$479.74 per acre  
July 1, 2011-June 30, 2012 \$522.74 per acre  
July 1, 2012-June 30, 2013 \$569.76 per acre  
July 1, 2013-June 30, 2014 \$620.91 per acre  
July 1, 2014-June 30, 2015 \$676.67 per acre

**FIRST AMENDMENT TO LEASE**  
Jacqueline Cochran Regional Airport

This First Amendment to Lease ("Amendment") is entered into by and between the County of Riverside (hereinafter "County"), and Hi-Tech Aviation, Inc., a California corporation, (herein called "Lessee"), with reference to the following:

**RECITALS**

A. WHEREAS, County and Lessee, are parties to that certain lease (hereinafter the "Lease") dated September 11, 2001, wherein Lessee agreed to lease from County, approximately 1 acre of property ("Leased Premises") located at the Desert Resorts Regional Airport, now known as the "Jacqueline Cochran Regional Airport"; and

B. WHEREAS, the Lessee desires to relinquish a portion of the Leased Premises to the County; and

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

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

1. On or about November 9, 2004, Lessee entered into a letter agreement with John Obradovich ("Obradovich"), to relinquish a portion of Lessee's property to Obradovich. A copy of said letter agreement is attached hereto as Exhibit "A".

2. Lessee relinquishes to the County that portion of the Leased Premises depicted on Exhibit "B" attached hereto.

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

"The premises leased hereby are located within the Jacqueline Cochran Regional Airport (formerly the Desert Resorts Regional Airport, and consist of approximately .41

acres of vacant land, as depicted in Exhibit C attached hereto and incorporated by reference herein. Said property is hereafter referred to as the "Leased Premises."

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

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

July 1, 2005-June 30, 2006	(\$351.27 per acre) X (.41 acres) =	\$144.02
July 1, 2006-June 30, 2007	(\$371.66 per acre) X (.41 acres) =	\$152.38
July 1, 2007-June 30, 2008	(\$393.24 per acre) X (.41 acres) =	\$161.23
July 1, 2008-June 30, 2009	(\$416.06 per acre) X (.41 acres) =	\$170.59
July 1, 2009-June 30, 2010	(\$440.21 per acre) X (.41 acres) =	\$180.49
July 1, 2010-June 30, 2011	(\$479.74 per acre) X (.41 acres) =	\$193.69
July 1, 2011-June 30, 2012	(\$522.74 per acre) X (.41 acres) =	\$214.32
July 1, 2012-June 30, 2013	(\$569.76 per acre) X (.41 acres) =	\$233.60
July 1, 2013-June 30, 2014	(\$620.91 per acre) X (.41 acres) =	\$254.57
July 1, 2014-June 30, 2015	(\$676.67 per acre) X (.41 acres) =	\$277.44

On July 1, 2015 and July 1 of every fifth (5<sup>th</sup>) year thereafter the monthly rent will be adjusted according to the provisions of new paragraph 5(d) as set forth in paragraph 3 of this Amendment."

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

"5 (b) Base Rent Adjustment - Beginning July 1, 2015 and on July 1 of every fifth (5<sup>th</sup>) year thereafter, that portion of the monthly Base Rent for the Land shall be adjusted to one-twelfth (1/12) of eight percent (8%) of the then-



current aviation fair market value of the Land. Said aviation fair market value shall be for the Land only and shall not include the value of the Improvements or other structures placed on the Leased Premises by Lessee. In no event will application of this paragraph result in a monthly Base Rent amount for the Land which is lower than the highest previous monthly Base Rent for the Land.

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

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

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

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

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

Dated: AUG 01, 2006

LESSEE:

HI-TECH AVIATION, INC., a  
California corporation

By: Libuse Hornak  
Libuse Hornak, President

By: Madi mi  
\_\_\_\_\_, Secretary

[Signature page continues.]

[Signature page continued.]

Dated: Oct. 17, 2006

COUNTY OF RIVERSIDE

By: Bob Buster  
Chairman, Board of Supervisors  
Bob Buster

(SEAL)

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

ATTEST:  
Nancy Romero, Clerk of the Board

By: Gordon V. Ubo 9/29/06  
Deputy

By: [Signature]  
Deputy



**ALL INSIDE STORAGE**

84-401 Cabazon Center Drive

Indio, California 92201

(760) 775-6808 / (877) 772-6808

Fax (760) 775-0144

John Obradovich: Cell (760) 861-1545

**All Inside  
RV Storage**Individual Garages  
for RVs, Boats & Toys**All Inside  
AV Storage**Desert Resorts Regional Airport  
Thermal

November 9, 2004

Libuse Hornack

Owner of the MIG Museum Hangar

Jacquelyn Cochran Regional Airport, Thermal

78-955 Skylight Road *STARLIGHT LN.*

Bermuda Dunes, CA 92203-1500

Phone 360-9752

Dear Lily:

There is approximately 120 feet behind your MIG hangar that is presently not utilized by you. I would like to take that vacant land onto my lease and have it removed from your lease. It is 100 x 170 feet, or 17,000 square feet, or .38 of an acre (approximately \$135 per month off of your lease). This would still leave you more than 20 feet behind your hangar to our new property line. *Minimum 25' to New Hangar*

See our enclosed Plot Plans. If agreed on and signed below, the County of Riverside would remove that much property and associated cost from your lease and add it to my lease.

Thank you very much.

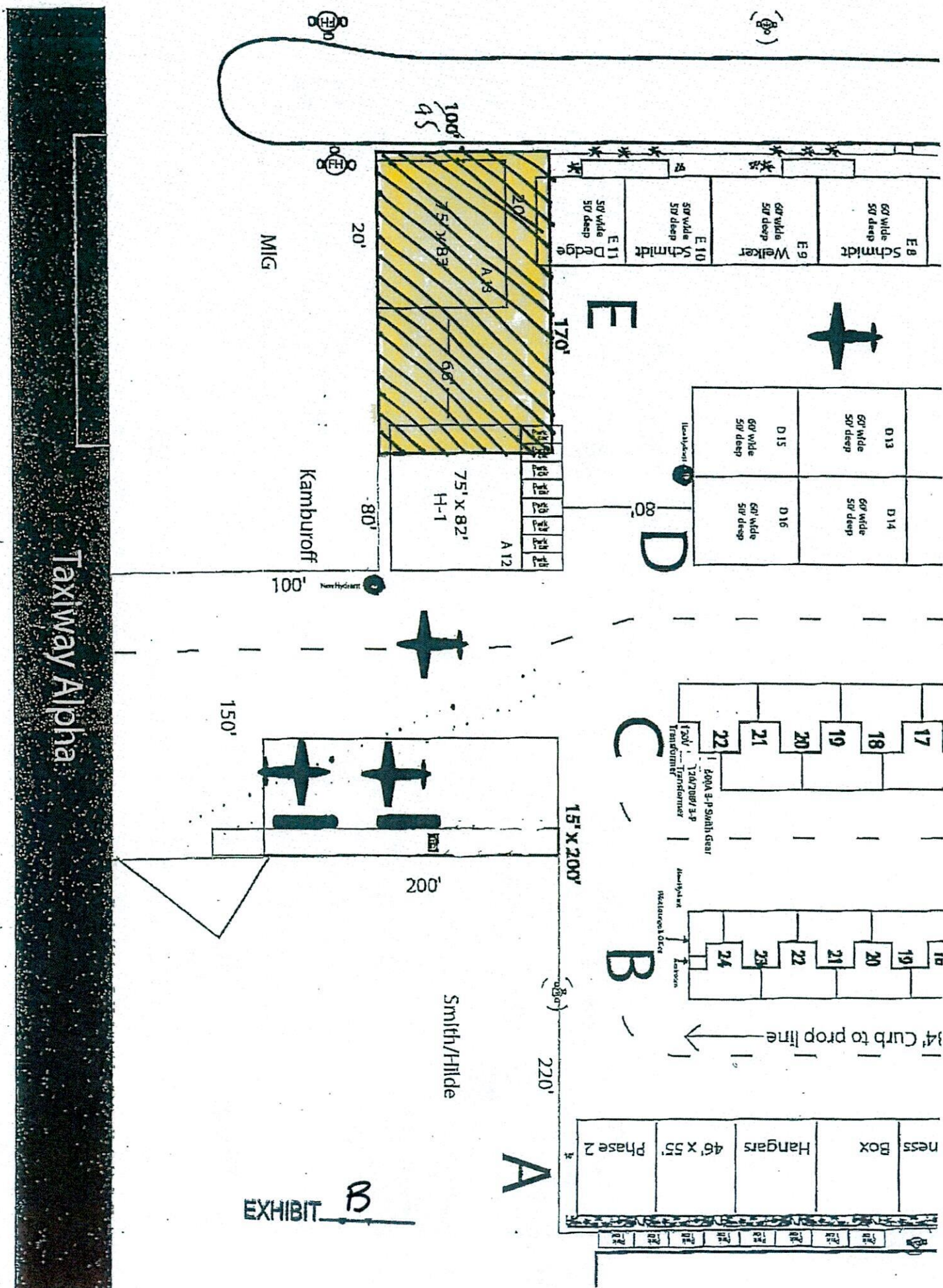
Sincerely,

John Obradovich

Libuse Hornack

Date

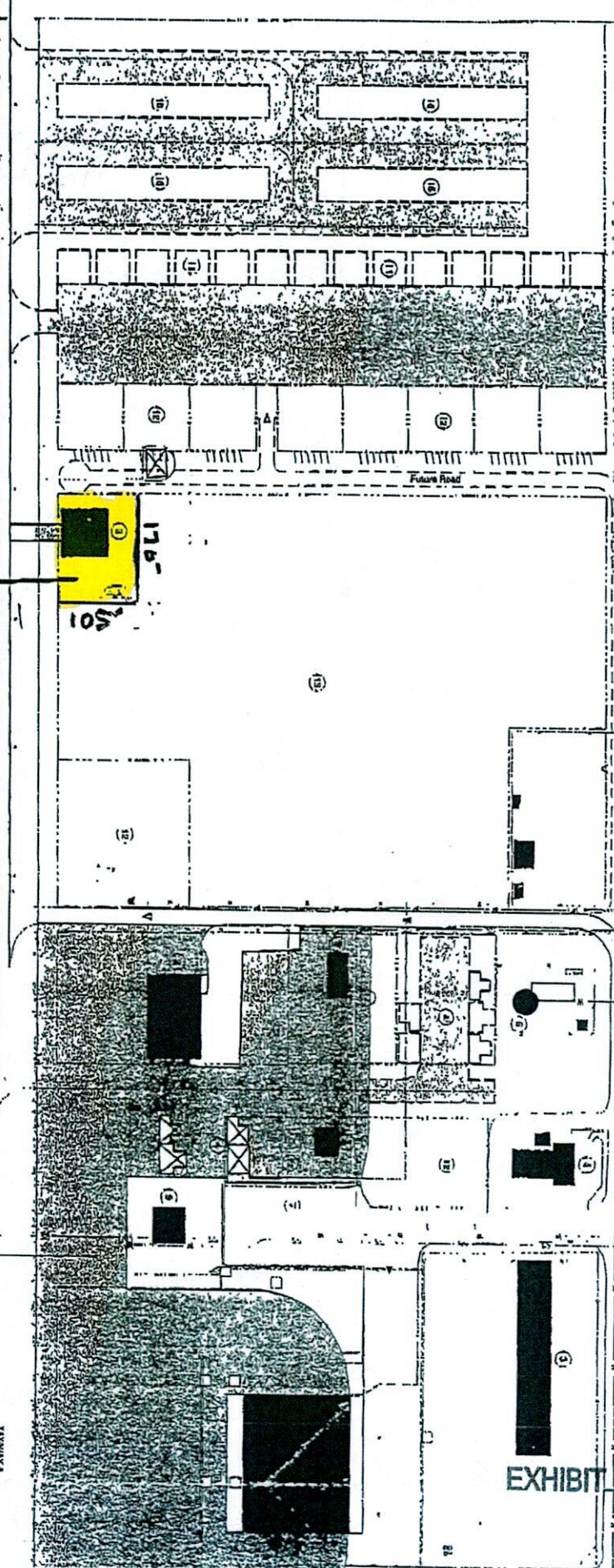
*11-18-04*EXHIBIT **A**





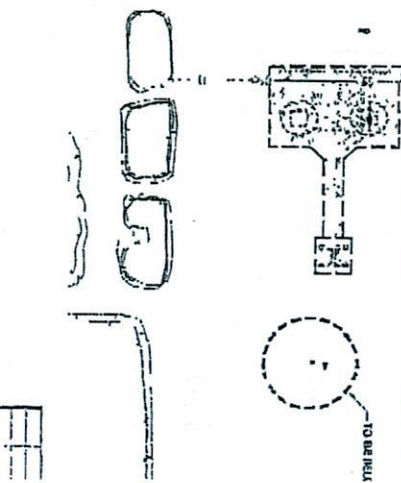
DRAWING LEGEND			
ACTIVE LUMINOUS ELEMENT	SHADING	SHADING	SHADING
OTHER ELEMENTS	SHADING	SHADING	SHADING

BUILDING AND FACILITY LEGEND	
1. General Building	2. Facility



141 Tech Associates

EXHIBIT C





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**LEASE**

**(DESERT RESORTS REGIONAL AIRPORT)**

The COUNTY OF RIVERSIDE, herein called County, leases to HI-TECH AVIATION INC., a California Corporation, herein called Lessee, the property described below under the following terms and conditions:

1. Recitals.

(a) County owns approximately 1 acre of vacant land at the Desert Resorts Regional Airport, County of Riverside, California.

(b) County desires to lease said property to Lessee for maintaining an existing aircraft storage hangar.

(c) Lessee desires to lease said property from the County, for maintaining an aircraft storage hangar, related aircraft tie down space(s), taxiway(s) and parking.

(d) Upon the execution of this lease agreement, the lease agreement by and between County and Stefan Hornak executed on February 29, 2000, agenda item number 3.33, shall terminate. As described in paragraph 42 of this lease, all terms and conditions of this lease shall supersede the terms and conditions of any and all prior leases.

2. Description. The premises leased hereby are located within the Desert Resort Regional Airport, County of Riverside, California, and consist of approximately 1 acre of land, being described in **Exhibit "A,"** attached hereto and incorporated by reference herein. Said property is hereafter referred to as the "Leased Premises."

3. Term. This lease shall commence the first day of the month following execution by all parties hereto and terminate twenty (20) years thereafter, term of twenty (20) years. Subject to the provisions of this lease, and provided that the lessee has fully complied with the provisions herein, Lessee shall have the option to extend this lease for a period of five (5) years. Lessee may exercise this option by giving written notice thereof to the County no earlier than two (2)

or no later than seven (7) months prior to the expiration of the initial term of this lease.

1           4.     Use.

2                 (a)     The Leased Premises is leased hereby for the purposes of providing  
3 aircraft storage inside existing hangar and on outside tie-downs.

4                 (b)     The leased premises shall not be used for any purpose other  
5 than in paragraph 4 (a) without first obtaining the written consent of County, which consent  
6 shall not be unreasonably withheld.

7           5.     Rent.

8                 (a)     Commencing upon Lease execution, Lessee shall pay to Lessor as  
9 base rent for the use and occupancy of the Leased Premises, monthly rent equal to Three  
10 Hundred Fifty Dollars (\$350.00). Said rent is due and payable in advance on the first of  
11 each month.

12                (b)     Beginning July 1, 2005, and every fifth (5<sup>th</sup>) year thereafter, the basic  
13 monthly rent shall be one-twelfth (1/12) of eight percent (8%) of the appraised fair market  
14 land value, excluding Lessee's improvements. A property appraisal for this purpose is to  
15 be performed by an independent certified appraiser, mutually acceptable to County and  
16 Lessee, knowledgeable in aviation appraising, in good standing with the American Institute  
17 of Real Estate Appraisers and to be procured by the County. Once established, said land  
18 rent shall be adjusted annually in the manner set forth in Paragraph 5 (c) below.

19                (c)     Consumer Price Index. Beginning July 1, 2001 and at each July 1<sup>st</sup>  
20 thereafter, except for dates coinciding with the appraisals conducted every fifth year as  
21 referenced in 5(b) above, the rent shall be adjusted by the percentage change, in the CPI,  
22 All Urban Consumers, LA-Anaheim Area for the twelve month period ending two months  
23 before the month of rent adjustment under this paragraph. In no event will application of  
24 this paragraph result in a monthly rental amount lower than the most previous monthly  
25 rental amount.

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

28                (a)     Observe and obey, and compel its employees, agents, invitees



1 and those doing business with it to observe and obey all such rules and regulations of  
2 County which are now in effect or which may hereafter be promulgated; provided that such  
3 rules and regulations may not unduly interfere or conflict with the rights and privileges  
4 granted to Lessee in this amendment or any later amendments.

5 (b) Operate the leased premises and perform services for the use  
6 and benefit of the general public without discrimination on the grounds of race, religion,  
7 color or national origin or in any manner prohibited by Part 15 of the Federal Aviation  
8 Administration Regulations.

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

15 (d) The Lessee shall observe the Taxiway Object Free Area adjacent to  
16 their leasehold to allow the passage of taxiing aircraft. The Taxiway Object Free Area  
17 boundary for Taxiway F is one hundred ten (110) feet from the center line of the taxiway.

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

23 8. On-Site Improvements.

24 (a) All improvements to be at lessees sole cost. Lessee shall pay for  
25 construction of any required utility extensions and hookups and any access road  
26 improvements. Lessee shall pay for all drainage improvements required to comply with  
27 Desert Resorts Regional Airport Master Drainage Plan. This Lease is subject to the  
28 provisions set forth in Exhibit "D", attached hereto and by this reference made apart of this



1 Lease. All improvements to be submitted to County for approval prior to start of any  
2 construction.

3 (b) Any improvements, alterations and installation of fixtures, to be  
4 undertaken by Lessee, shall have the prior written approval of the Economic Development  
5 Agency after Lessee has submitted to County proposed plot and building plans, and  
6 specifications therefore, in writing. In addition, Lessee understands and agrees that such  
7 improvements, alterations and installation of fixtures may be subject to County Ordinance  
8 Nos. 348 and 457, as well as other applicable County ordinances, and that Lessee shall  
9 fully comply with such ordinances prior to the commencement of any construction in  
10 connection therewith.

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

21 9. Off-Site Improvements

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

24 (b) It is understood by the parties hereto that utility services are available  
25 in the general vicinity of the leased premises, but in order for the on-site improvements  
26 required in Paragraph 7 herein to be fully usable and operational, Lessee, at its expense,  
27 shall extend and/or connect, or cause to be extended and/or connected, to any utility  
28 service facilities that may be required or desired by Lessee in the use, operation and

1 maintenance of such on-site improvements. After such extensions and/or connections  
2 have been made, Lessee shall be responsible for payment of the use of such utility  
3 services, without limitation, all electricity, gas, telephone, water and sewer.

4 If necessary, County shall grant right-of-way utility easements to the Lessee for telephone  
5 and/or electricity improvements. After such extensions and/or connections have been  
6 made, Lessee shall be responsible for payment of the use of any utility services, without  
7 limitation, all electricity, gas, telephone and water.

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

12 10. Additional Obligations of Lessee. The Lessee shall maintain the Leased  
13 Premises, approaches thereto, and improvements now or hereafter located thereon, in  
14 good and sanitary order, condition, and repair, and upon any termination of this Lease,  
15 Lessee agrees to surrender said Leased Premises and improvements thereon in such  
16 condition, reasonable use and wear thereof and damages by fire, acts of God, war, civil  
17 insurrection, or by the elements excepted. This Lease is subject to the provisions set forth  
18 in **Exhibit "B"** (Minimum Standards), attached hereto and by this reference made a part  
19 of this lease.

20 11. Compliance with Law. Lessee shall, at its sole cost and expense, comply  
21 with all of the requirements of all governmental agencies now in force, or which may  
22 hereafter be in force, pertaining to the Leased Premises, and any improvements hereafter  
23 constructed or maintained thereon, and Lessee shall faithfully observe all ordinances now  
24 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 all  
27 existing easements or other encumbrances, and County shall have the right to enter upon  
28 the leased premises and to install, lay, construct, maintain, repair and operate such



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

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

25 (c) During the time of war or national emergency, County shall have the  
26 right to lease the landing area of the Desert Resorts Regional Airport, or any part thereof,  
27 to the United States Government for military use and, if such lease is executed, the  
28 provisions of this lease insofar as they are inconsistent with the provisions of such lease



1 to the Government, shall be suspended. In that event, a just and proportionate part of the  
2 rent hereunder shall be abated, and the period of such closure shall be added to the term  
3 of this lease, or any extensions thereof, so as to extend and postpone the expiration  
4 thereof unless. Lessee otherwise elects to terminate this lease.

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

11 (e) This lease is subject to the provisions set forth in **Exhibit "C"**  
12 (Federally Required Lease Provisions), attached hereto and by this reference made a part  
13 of this lease.

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

19 14. Quiet Enjoyment. Lessee shall have, hold and quietly enjoy the use the  
20 leased premises so long as lessee shall fully and faithfully perform the terms and  
21 conditions that the lessee is required to do under this lease.

22 15. Compliance with Government Regulations. Lessee shall, at Lessee's sole  
23 cost and expense, comply with the requirements of all local, state and federal statutes,  
24 regulations, rules, ordinances and orders now in force or which may be hereafter in force,  
25 pertaining to the leased premises. The final judgment, decree or order of any Court of  
26 competent jurisdiction, or the admission of Lessee in any action or proceedings against  
27 Lessee, whether Lessee be a party thereto or not, that Lessee has violated any such  
28 statutes, regulations, rules, ordinances, or orders, in the use of the leased premises, shall

1 be conclusive of that fact as between County and Lessee.

2 16. Discrimination or Segregation.

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

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

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



1 from their subcontractors and independent contractors, as required by 49 CFR, Part 21,  
2 to the same effect with respect to their use of the leased premises.

3 17. Termination by County. County shall have the right to terminate this lease  
4 on 30 days written notice served on Lessee, provided Lessee has not cured or taken  
5 affirmative steps to cure the default within said 30 days:

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

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

11 (c) In the event of abandonment of the leased premises by Lessee.

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

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

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

20 18. Termination by Lessee(s).

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



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

13        20.    Indemnity. The Lessee covenants to hold County harmless from any and All  
14 loss, claims, or damages resulting from Lessee's violation of any term, provision, covenant,  
15 or condition of this lease, or the use, misuse, or neglect of said Leased Premises,  
16 improvements, and appurtenances, and from all claims arising out of any alleged defective  
17 or unsafe condition thereof, except with respect to any claims arising out of the conduct of  
18 County. County shall not be liable to Lessee, nor to any other person or entity, for any  
19 damage or injury occasioned by any defect in the Leased Premises, its improvements, or  
20 appurtenances. Without limiting or qualifying the foregoing, it is agreed that Lessee shall  
21 notify County immediately in writing, of any damage or injury to the Leased Premises, its  
22 improvements, or to any appurtenances, or to the sidewalk or curb abutting thereon, or as  
23 to any other condition which may expose the Lessee or County to public liability. The use  
24 of the term Lessee and County in this paragraph also includes their tenants, employees,  
25 agents, representatives, and invitees.

26        21.    Insurance. Lessee shall procure and maintain or cause to be maintained, at  
27 its sole cost and expense, the following insurance coverages during the term of this Lease.  
28

1 The procurement and maintenance of the insurance required below will not diminish or limit  
2 Lessee's obligation to indemnify or hold the County harmless.

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

10 (b) Airport Commercial General Liability Airport Commercial General  
11 Liability insurance coverage, including but not limited to, premises liability, contractual  
12 liability, products and completed operations, contingent liability, personal and advertising  
13 injury and, if liquor is sold, liquor law liability covering claims which may arise from or out  
14 of Lessee's performance of its obligations hereunder. Policy shall name the County of  
15 Riverside, Special Districts, Directors, Officers, Board of Supervisors, elected officials,  
16 employees, agents and representatives as Additional Insureds. Policy's limit of liability  
17 shall not be less than \$1,000,000 per occurrence combined single limit and \$300,000 in  
18 the aggregate. If such insurance contains a general aggregate limit, it shall apply  
19 separately to this agreement or be no less than two (2) times the occurrence limit. Such  
20 insurance will include Medical Payments for a limit of \$5,000 and Fire Legal Liability for a  
21 limit of \$300,000.

22 (c) Vehicle Liability If Lessee's vehicles or mobile equipment are used  
23 in the performance of the obligations under this Lease, then Lessee shall maintain liability  
24 insurance for all owned, non-owned or hired vehicles so used in an amount not less than  
25 \$1,000,000 per occurrence combined single limit. Policy shall name the County of  
26 Riverside, Special Districts, Directors, Officers, Board of Supervisors, elected officials,  
27 employees, agents and representatives as Additional Insureds. This coverage may be  
28 included in the Airport Commercial General Liability policy.



1           (d) Aircraft Hull and Liability Insurance Aircraft Hull for the full  
2 replacement value of all aircraft stored by the Lessee in the Leased Premises and the  
3 contents thereof. Policy will be endorsed to include the County of Riverside, Special  
4 Districts, Directors, Officers, Elected Officials, employees, agents and representatives as  
5 Additional Insureds. Lessee may elect to self-insure or un-insure the hull portion of the  
6 coverage required herein; however, if Lessee elects not to acquire commercial insurance  
7 for the hull, Lessee agrees to hold the County of Riverside harmless and not make any  
8 claim against the County of Riverside for loss or damage to the hull of his aircraft for any  
9 reason whatsoever regardless of any negligence of the County that may have contributed  
10 to said loss or damage. Aircraft Liability Coverage and commercial general liability  
11 insurance including, but not limited to, premises liability and contractual liability with a limit  
12 of liability for bodily injury (including death) and property damage of at least \$1,000,000  
13 with a per seat limit of not less than \$100,000. Coverage will apply to all owned aircraft  
14 and all non-owned or hired aircraft operated by the Lessee. Policy will be endorsed to  
15 include the County of Riverside, Special Districts, Directors, Officers, Elected Officials,  
16 employees, agents and representatives as Additional Insureds.

17           (e) Products Liability Insurance If Lessee Provides maintenance and  
18 repair services under the terms of this Lease, Lessee shall provide Products Liability  
19 Insurance including completed operations not otherwise covered by the Airport Commercial  
20 General Liability policy with a limit of not less than \$2,000,000 any one occurrence  
21 combined single limit and in the annual aggregate.

22           (f) Hangar Keepers Liability Insurance (Ground Coverage) Hangar  
23 Keepers Liability Insurance providing coverage for aircraft in the care, custody or control  
24 of the Lessee with a limit equal to the replacement value of all aircraft hulls controlled by  
25 the Lessee while on the ground however, in no event, shall the limit of liability be less than  
26 \$1,000,000.

27           (g) Hangar Keepers Liability Insurance (Flight Coverage) If applicable,  
28 Lessee shall provide Hangar Keepers Liability Insurance providing coverage for aircraft in

1 the care, custody or control of the Lessee with a limit equal to the replacement value of  
2 highest valued hull that may be flight tested by the Lessee however, in no event, shall the  
3 limit of liability be less than \$1,000,000.

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

7 (i) Property (Physical Damage)

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

14 (2) Boiler & Machinery insurance coverage on a full replacement  
15 cost value basis. Policy shall provide Business Interruption, Extra Expense, and  
16 Expediting Expense coverage as well as coverage for off-premises power failure.

17 (j) Insurance for Sub-Lessee's. Lessee shall require each of its Sub-  
18 Lessee's to meet all insurance requirements imposed by the Lessee. These requirements,  
19 with the approval of the County's Risk Manager, may be modified to reflect the activities  
20 associated with the Sub-Lessee.

21 (k) General Insurance Provisions - All lines

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

25 (2) Insurance deductibles or self-insured retentions must be  
26 declared by the Lessee's insurance carrier(s), and such deductibles and retentions shall  
27 have the prior written consent from the County Risk Manager. Failure of the Lessee's  
28 carriers to declare deductibles or self insured retentions to the County shall waive any

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

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

23 (4) It is understood and agreed to by the parties hereto and the  
24 insurance company(s), that the Certificate(s) of Insurance and policies shall so covenant  
25 and shall be construed as primary insurance, and the County's insurance and/or  
26 deductibles and/or self-insured retentions or self-insured programs shall not be construed  
27 as contributory.  
28

1 (l) The County of Riverside's Reserved Rights-Insurance If during the  
2 term of this Lease or any extension thereof, there is a material change in the scope of  
3 services or performance of work; or, there is a material change in the scope of services or  
4 performance of work the County of Riverside reserves the right to adjust the types of  
5 insurance required under this Lease and the monetary limits of liability for the insurance  
6 coverages currently required herein, if; in the EDA's Executive Director's reasonable  
7 judgment, upon advise of the County Risk Manager, the amount or type of insurance  
8 carried by the Lessee has become inadequate. The Lessee agrees to notify the County  
9 of any plan or change of plan for the Lessee's operations and such notification shall occur  
10 prior to implementing any such change.

11 22. Hold Harmless.

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

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



1 free and harmless herein shall survive until any and all claims, actions and causes of action  
2 with respect to any and all such alleged acts or omissions are fully and finally barred by the  
3 applicable statute of limitations.

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

17 (d) The specified insurance limits required in Paragraph 21 herein shall  
18 in no way limit or circumscribe Lessee's obligations to indemnify and hold County free and  
19 harmless herein.

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

24 24. Right to Encumber/Right to Cure.

25 (a) Lessee Right to Encumber. Notwithstanding provisions of Paragraph  
26 23 herein, County does hereby consent to and agree that Lessee may encumber or assign,  
27 or both, for the benefit of a lender, herein called Encumbrancer, this lease, the leasehold  
28 estate and the improvements thereof by a deed of trust, mortgage or other security-type

1 instrument, herein called trust deed, to assure the payment of the promissory note of  
2 Lessee if the Encumbrancer is an established bank, savings and loan association or  
3 insurance company, and the prior written consent of County shall not be required:

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

6 (2) To any subsequent transfer by the Encumbrancer if the  
7 Encumbrancer is an established bank, savings and loan association or insurance  
8 company, and is the purchaser at such foreclosure sale, or is the assignee under an  
9 assignment in lieu of foreclosure; provided, however, that in either such event the  
10 Encumbrancer forthwith gives notice to county in writing of any such transfer, setting forth  
11 the name and address of the transferee, the effective date of such transfer, and the  
12 express agreement of the transferee assuming and agreeing to perform all of the  
13 obligations under this lease, together with a copy of the document by which such transfer  
14 was made. Any Encumbrancer described in Paragraph 24 (a)(2) above which is the  
15 transferee under the provisions of Paragraph 24(a)(1) above shall be liable to perform the  
16 obligations and duties of Lessee under this lease only so long as such transferee holds title  
17 to the leasehold. Any subsequent transfer of this leasehold hereunder, except as provided  
18 for in Paragraph 24 (a)(1) above, shall not be made without the prior written consent of  
19 County and shall be subject to the conditions relating hereto as set forth in Paragraph 24  
20 herein. Lessee shall give County prior notice of any such trust deed, and shall accompany  
21 such notice with a true copy of the trust deed and note secured thereby.

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

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



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

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

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

26. Toxic Materials. During the term of this lease and any, extensions thereof, Lessee shall not violate any federal, state or local law, or ordinance or regulation, relating to industrial hygiene or to the environmental condition on, under or about the leased premises including, but not limited to, soil air and groundwater conditions. Further, Lessee, its successors, assigns and sublessees, shall not use, generate, manufacture, produce, store or dispose of on, under or about the leased premises or transport to or from the leased premises any flammable explosives, asbestos, radioactive materials, hazardous

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

12 27. National Pollution Discharge Elimination System (NPDES) Permit. Lessee  
13 acknowledges, understands and agrees that it shall comply with California State Water  
14 Resources Control Board general permit requirements relating to storm water discharges  
15 associated with activities such as aircraft rehabilitation, mechanical repairs, fueling,  
16 lubrication, cleaning, painting and deicing. Lessee further acknowledges, understands and  
17 agrees that it shall participate as a co-permittee under said general permit, participate in  
18 the Desert Resorts Regional Airport Storm Water Pollution Prevention Plan (SWPPP) as  
19 noted in **Exhibit "D"**, including without limitation, the Best Management Practices, Best  
20 Available Technology Economically Achievable, and Best Convention Pollutant Control  
21 Technology."

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



1 so, but notwithstanding any such contest, if such, lien shall be reduced to final judgment,  
2 and such judgment or such process as may be issued for the enforcement thereof is not  
3 promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event,  
4 Lessee shall forthwith pay and discharge said judgment.

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

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

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

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

1        33.    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        34.    Venue. Any action at law or in equity brought by either of the parties hereto  
5 for the purpose of enforcing a right or rights provided for by this lease shall be tried in a  
6 Court of competent jurisdiction in the County of Riverside, State of California, and the  
7 parties hereby waive all provisions of law providing for a change of venue in such  
8 proceedings to any other County.

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

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

17        COUNTY

17        LESSEE

18        County of Riverside  
19        Economic Development Agency  
20        3525 14<sup>th</sup> Street  
21        Riverside, CA 92501  
22        Attn: Executive Director

18        HI-TECH AVIATION INC.  
19        1036 Andreas Palms North  
20        Palm Springs, CA 92264  
21        Attn: Libuse Hornak

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

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

27        38.    County's Representative. County hereby appoints the Economic  
28 Development Agency's Executive Director or his designee as its authorized representative  
to administer this lease.



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

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

20       41.     FAA Consent to Lease. Lessee acknowledges that Desert Resorts Regional  
21 Airport was transferred to the County by the Federal Government and, as such, may  
22 require FAA consent to the Lease.

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

1 ///

2 43. Construction of Lease. The parties hereto negotiated this lease at arms  
3 length and with the advise of there respective attorneys, and no provisions contained  
4 herein shall be construed against County solely because it prepared this lease in its  
5 executed form.

6  
7 COUNTY OF RIVERSIDE

8 Date: 9/11/2001

(SEAL)

9  
10 By: [Signature]  
Chairman, Board of Supervisors  
James A. Venable

11  
12 Approved as to Form:

Attest:

4/26/01

13 By: [Signature]  
14 Joe S. Rank, Assistant County Counsel  
Deputy

By: [Signature]  
Gerald A. Maloney, Clerk of the Board

15 HI-TECH AVIATION INC.

16  
17 Date: 6/9/01

18 By: [Signature]  
19 Libuse Hornak, President

20  
21 By: \_\_\_\_\_

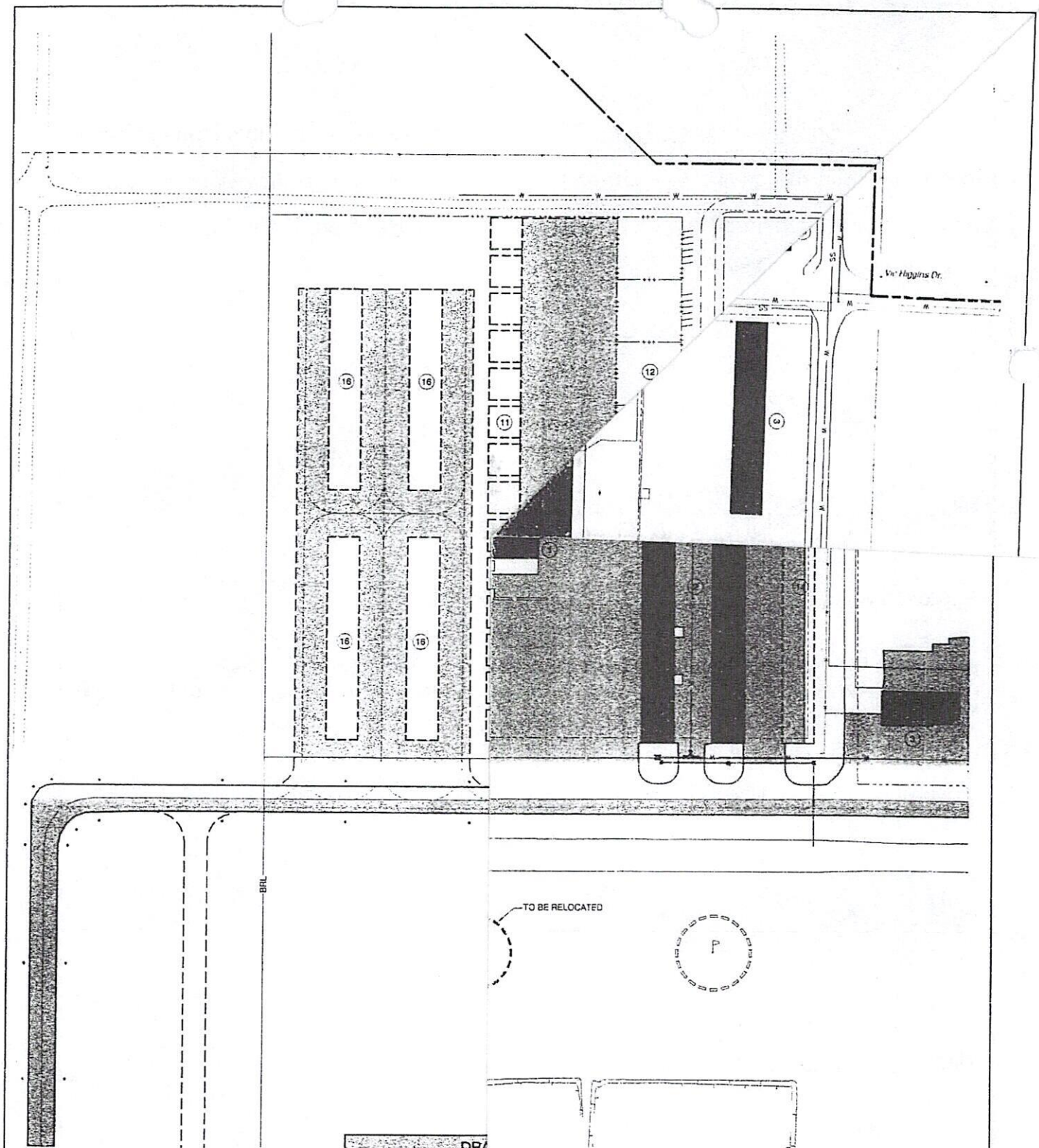
22 Title: \_\_\_\_\_

23 Attachments:

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

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DESERT RESORTS REGIONAL AIRPORT THERMAL, CALIFORNIA			
TERMINAL AREA PLAN WEST			
SHUTT MOEN ASSOCIATES AIRPORT CONSULTANTS & ENGINEERS 707 Avenida Blvd. Santa Rosa, California 95403		Exhibit A	
DESIGN:	DD	DRAWN:	TE
DATE:	January 2000	SHEET	1 OF 2