

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



**ITEM: 3.24
(ID # 14835)**

MEETING DATE:

Tuesday, April 13, 2021

FROM: TLMA - AVIATION:

SUBJECT: TRANSPORTATION AND LAND MANAGEMENT AGENCY/AVIATION: Consent to Assignment of Sublease and Bill of Sale between R.D. and Joan Dale Hubbard Foundation, Inc., a Texas Corporation, and Alscott Hangar, LLC, an Idaho limited liability company, at Jacqueline Cochran Regional Airport, CEQA Exempt, District 4. [\$0] (Direct the Clerk of the Board to file the Notice of Exemption)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301, Existing Facilities exemption, and Section 15601 (b)(3), "Common Sense" exemption;
2. Approve the attached Consent to Assignment of Sublease, relating to that certain Sublease Assignment, dated January 15, 2021 between R.D. and Joan Dale Hubbard Foundation, Inc., a Texas Corporation (Assignor) and Alscott Hangar, LLC, an Idaho Limited Liability Company (Assignee) for Hangar C at Jacqueline Cochran Regional Airport, as more specifically set forth in the attached Assignment, and authorize the Chair of the Board to execute the same on behalf of the County;

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ACTION: Policy

Charissa Leach, Interim TLMA Director

3/23/2021

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez, and Hewitt
Nays: None
Absent: None
Date: April 13, 2021
xc: Aviation, Recorder

Kecia R. Harper
Clerk of the Board

By:
Deputy

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

RECOMMENDED MOTION: That the Board of Supervisors:

3. Approve the attached Consent to Bill of Sale, relating to that certain Bill of Sale, dated January 15, 2021, between R.D. and Joan Dale Hubbard Foundation, Inc., a Texas Corporation (Seller) and Alscott Hangar, LLC, an Idaho Limited Liability Company (Buyer) for Hangar C at Jacqueline Cochran Regional Airport, as more specifically set forth in the attached Bill of Sale, and authorize the Chair of the Board to execute the same on behalf of the County;
4. Authorize the Assistant County Executive Officer/TLMA, or designee, to execute any additional documents necessary for the Consent to Assignment of Sublease and Consent to Bill of Sale, subject to approval as to form by County Counsel; and
5. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk within five (5) days of approval by the Board of Supervisors.

Continued on Page 3

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

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

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside, Transportation and Land Management Agency/Aviation received a request from Alscott Hangar, LLC (“Buyer” or “Assignee”) to consent to the assignment of R.D. and Joan Dale Hubbard Foundation, Inc.’s, a Texas Corporation (“Seller” or “Assignor”), interest as lessee in that certain sublease, dated June 10, 2008, between Tradition Aviation TRM, LLC, a California limited liability company, as successor in interest to Desert Resorts Aviation, LLC, a California limited liability company, sublessor, and R.D. and Joan Dale Hubbard Foundation, Inc., a Texas Corporation, sublessee. R.D. and Joan Dale Hubbard Foundation, Inc., Assignor, desires to assign, and Assignee desires to assume, all of Sublessee’s rights, title, interest, and obligations under the sublease.

The sublease pertains to that certain ground space identified as Hangar C (“Leased Premises”) located at 86400 Lightning St., Thermal, California 92274 at Jacqueline Cochran Regional Airport. R.D. and Joan Dale Hubbard Foundation, as assignor, and Alscott Hangar, LLC, as assignee, entered into the certain Sublease Assignment dated January 15, 2021 (“Assignment”) relating to the Sublease. Alscott Hangar, LLC, has also acquired from R.D. and Joan Dale Hubbard Foundation, Inc. an aircraft hangar space located on the Leased Premises, the sale of which is memorialized in that certain Bill of Sale dated January 15, 2021 (“Bill of Sale”). A copy of the Assignment and Bill of Sale are attached to the consent documents. The Assignment and Bill of Sale require County approval under the Master Lease. Alscott Hangar, LLC will not change the existing use of the Leased Premises. The Assignment and Bill of Sale will not impact the terms of the Sublease.

Pursuant to the California Environmental Quality Act (CEQA), the Assignment and Bill of Sale were reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15301, Class 1 – Existing Facilities exemption, and State CEQA Guidelines Section 15061(b)(3), General Rule or “Common Sense” exemption. The proposed project, the assignment of lease rights under an existing Lease and sale of the existing hangar, is the leasing 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.

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

Staff recommends approval of the attached Consent to Assignment of Sublease and Consent to Bill of Sale. The attached Consent to Assignment of Sublease and Consent to Bill of Sale have each been approved as to form by County Counsel.

Impact on Residents and Businesses

The Sublease and Bill of Sale 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:

Attachment A – Consent to Bill of Sale AATF

Attachment B – Consent to Assignment of Sublease AATF

Attachment C – Notice of Exemption



Jason Farin, Principal Management Analyst

4/6/2021



Gregory L. Priamos, Director County Counsel

3/23/2021



Ryan Yabko

3/23/2021

Attachment C

Notice of Exemption

County of Riverside
Facilities Management
3133 Mission Inn Avenue, Riverside, CA 92507

FOR COUNTY CLERK USE ONLY

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

4.14.21
Date

YRK
Initial

NOTICE OF EXEMPTION

February 23, 2021

Project Name: County of Riverside, Consent to Assignment of Sublease and Bill of Sale between R.D. and Joan Dale Hubbard Foundation, Inc. and Alscott Hangar, LLC at the Jacqueline Cochran Regional Airport, Thermal

Project Number: ED1910012

Project Location: Hangar C, 56850 Higgins Drive, south of Airport Boulevard, Assessor's Parcel Number (APN) 759-060-017, Thermal, Riverside County, California, 92274

Description of Project: The County of Riverside (County) Transportation and Land Management Agency/Aviation received a request from Alscott Hangar, LLC (Buyer or Assignee) to consent to the assignment of R.D. and Joan Dale Hubbard Foundation, Inc.'s, a Texas Corporation (Seller or Assignor), interest as lessee in that certain sublease, dated June 10, 2008, between Tradition Aviation, as successor of interest to Desert Resorts Aviation, sub-lessor, and R.D. and Joan Dale Hubbard Foundation, Inc., a Texas Corporation, sub-lessee. R.D. and Joan Dale Hubbard Foundation, Inc., Assignor, desires to assign, and Assignee desires to assume, all of Lessee's rights, title, interest, and obligations under the sublease.

The sublease pertains to that certain ground space identified as Hangar C (Leased Premises) located at 86400 Lightning St., Thermal, CA 92274 at Jacqueline Cochran Regional Airport. Joan Dale Hubbard Foundation, as assignor, and Alscott Hangar LLC, as assignee, entered into the certain Sublease Assignment dated January 15, 2021 (Assignment) relating to the Sublease. Alscott Hangar, LLC, has also acquired from R.D. and Joan Dale Hubbard Foundation, Inc. an aircraft hangar space located on the Leased Premises, the sale of which is memorialized in that certain Bill of Sale dated January 15, 2021 (Bill of Sale). The Assignment and Bill of Sale require County approval under the Master Lease. Alscott Hangar, LLC will not change the existing use of the Leased Premises. The consent of the Assignment of Sublease and Bill of Sale is identified as the proposed project under the California Environmental Quality Act (CEQA). No additional direct or indirect physical environmental impacts are anticipated.

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, Class 1, Existing Facilities Exemption; Section 15061(b) (3), General Rule or “Common Sense” Exemption. Codified under California Code of Regulations Title 14, Article 5, Section 15061.

Reasons Why Project is Exempt: The proposed project is categorically exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause an impact to an environmental resource of hazardous or critical concern nor would the project involve unusual circumstances that could potentially have a significant effect on the environment. The project is limited to administrative and operation related provisions within the Lease Agreement which would not result in any physical direct or reasonably foreseeable indirect impacts to the environment. and no significant environmental impacts are anticipated to occur.

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

Therefore, 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: 2-23-2021

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 of Sublease and Bill of Sale for Hangar C at
Cochran Regional Airport**

Accounting String: 523230-40710-1910700000 - ED1910012

DATE: February 23, 2021

AGENCY: Riverside County Facilities Management

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: Maggie Rofacil, County Aviation

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -

County of Riverside
Facilities Management
3133 Mission Inn Avenue, Riverside, CA 92507

Date: February 23, 2021
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 Assignment of Sublease and Bill of Sale for Alscott Hangar C at
Cochran Regional Airport

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 #2600

Attention: Mike Sullivan, Senior Environmental Planner,
Facilities Management,

3133 Mission Inn Avenue, Riverside, CA 92507

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

Attachment

cc: file

Attachment A
Consent to Bill of Sale

CONSENT TO BILL OF SALE

The County of Riverside, a political subdivision of the State of California, ("County") hereby consents to the Bill of Sale ("Bill of Sale") dated January 15, 2021 between R.D. and Joan Dale Hubbard Foundation, Inc. a Texas Corporation (Seller), and Alscott Hangar, LLC, an Idaho Limited Liability Company (Buyer), relating to Hangar C located within TRM CA Holdings, LLC, a California limited liability company's, leasehold, at 86400 Lightning St., Thermal, CA 92274 at Jacqueline Cochran Regional Airport. 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 Blank]

[Signatures on Following Page]

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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: 04.13.2021

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

By: Karen S. Spiegel
Karen Spiegel, Chair
Board of Supervisors

ATTEST:
Kecia R. Harper
Clerk of the Board


By: [Signature]
Deputy

APPROVED AS TO FORM
GREGORY P. PRIAMOS, County Counsel

By: [Signature]
Ryan Yabko
Deputy County Counsel

[Alscott Hangar, LLC Acknowledgement on Following Page]

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

By: 
Brady Panatopoulos
CFO of Manager
Alscott Hangar, LLC

Dated: 3.17.2021

EXHIBIT A
BILL OF SALE
(behind this page)

Bill of Sale

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged by execution of this document, the undersigned, **R.D and Joan Dale Hubbard Foundation, Inc.**, a Texas corporation ("Owner") effective as of the Close of Escrow, hereby grant, convey, transfer, assign, bargain, sell, deliver, and set over unto Alscott Hangar, LLC, an Idaho limited liability company ("Acquiror"), forever, to the extent assignable, without recourse, representation or warranty, all of the Owner's right, title, and interest in and to the following personal property located in and upon and used in connection with the operation of all the leasehold improvements, on the land situated in Riverside County, California, commonly described as "Hangar C", 86400 Lightning Street, Thermal, California, (the "Sublease Property"), including, without limitation: (a) all appliances, parts, instruments, equipment, personal property, appurtenances, accessories, furnishings, fixtures, and other property owned by Owner and incorporated or installed in or on and used in connection with the operation of or attached to the Subleased Property and including without limitation any reports, plans, renderings, permits, approvals, and maps related to the improvements or Sublease Property (collectively, the "Personal Property"), and (b) all warranties, guaranties and indemnities, whether those warranties, guaranties, and indemnities are express or implied, and all similar rights that Owner may have against any manufacturer, supplier, seller, engineer, contractor, or builder, in respect of the Improvements, or any portion of the Improvements (collectively, "Warranties"). Acquiror acknowledges that any and all Personal Property being assigned shall be in an "As Is" condition.

Owner shall indemnify, defend, and hold Acquiror harmless from and against any and all claims, demands, costs, liabilities, losses, damages, penalties, or expenses of any kind, including without limitation attorney and expert witness fees that may be brought or made against Acquiror or that Acquiror may incur by reason of any defect in Owner's title to the Personal Property or in the Warranties as represented and warranted in this document, or as a result of a lien or encumbrance on the Personal Property.

This Bill of Sale shall in all respects be governed by, and construed in accordance, with the laws of the State of California, including all matters of construction, validity, and performance. All capitalized terms not otherwise defined herein shall have the meaning given them in the Purchase and Leasehold Assignment Agreement and Joint Escrow Instructions, dated as of the January 15, 2021

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed and delivered on January 15, 2021.

R.D and Joan Dale Hubbard Foundation, Inc.,
a Texas corporation

By: 

Name: Edward A. Burger

Title: C.F.O.

ACCEPTED:

Alscott Hangar, LLC,
an Idaho limited liability company

By: 

Name: BRADY PANATIER

Title: CFO of Manager

Attachment B
Consent to Assignment to Sublease

CONSENT TO ASSIGNMENT OF SUBLEASE

(Alscott Hangar, LLC, dated January 15, 2021, Jacqueline Cochran Regional Airport)

The County of Riverside, a political subdivision of the State of California, ("County") hereby consents to the assignment of R.D. and Joan Dale Hubbard Foundation, Inc., a Texas Corporation's, ("Assignor") interest as sublessee in that certain Sublease (defined below) to Alscott Hangar, LLC, an Idaho Limited Liability Company, as ("Assignee"), as set forth in the Sublease Assignment, dated January 15, 2021, attached hereto as Exhibit A and incorporated herein by this reference ("Assignment"). 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 June 10, 2008 between Tradition Aviation TRM, LLC, a California limited liability company, as successor in interest to Desert Resorts Aviation, LLC, a California limited liability company, as sublessor, and R.D. and Joan Dale Hubbard Foundation, Inc., a Texas Corporation, as sublessee. On March 12, 2013, Tradition Aviation TRM, LLC assigned its rights, title and interest under the Master Lease, as well as the Sublease to Ross Tradition, LLC, a Delaware limited liability company. On March 29, 2016, Ross Tradition, LLC agreed to sell most of its assets, including its leasehold to TRM CA Holdings, LLC, a Delaware limited liability company. The Sublease, to which this Consent applies to, pertains to that certain real property, located within TRM CA Holdings, LLC, leasehold at 86400 Lightning St., Thermal, CA 92274 at Jacqueline Cochran Regional Airport, identified as Hangar C. The Sublease is attached hereto as Exhibit B.

In reliance upon 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 Assignor from its duty to comply with any obligations under the Sublease.

[Remainder of Page Intentionally Blank]

[Signature on Following Page]

IN WITNESS WHEREOF, the County of Riverside has executed this Consent to Assignment of Lease as of the date set forth below.

Date: 04.13.2021

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

By: Karen S. Spiegel
Karen Spiegel, Chair
Board of Supervisors

ATTEST:
Kecia R. Harper
Clerk of the Board

By: [Signature]
Deputy

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

By: [Signature]
Ryan Yabko
Deputy County Counsel

Exhibit A
Sublease Assignment

(behind this page)

ASSIGNMENT AND ASSUMPTION OF SUBLEASE

THIS ASSIGNMENT AND ASSUMPTION OF SUBLEASE ("Assignment") is entered into as of January 15, 2021 ("Effective Date") by and between R.D. and Joan Dale Hubbard Foundation, Inc., a Texas corporation ("Assignor"), and Aiscott Hangar, LLC, an Idaho limited liability company ("Assignee").

WITNESSETH:

WHEREAS, the County of Riverside ("Master Lessor") entered into that certain ground lease dated July 27, 2004 with Desert Resorts Aviation, LLC, a California limited liability company ("DRA"), as thereafter amended, for that certain property described on Exhibit "A" ("Master Lease"), which exhibit is attached hereto.

WHEREAS, DRA assigned its rights, title and interest in the First Master Lease to Tradition Aviation TRM LLC, a California limited liability company ("Tradition Aviation") on February 27, 2007.

WHEREAS, Seller entered into that certain sublease dated June 10, 2008 with Tradition Aviation ("Sublease"), as successor in interest to DRA, for that certain property commonly described as Hangar "C", 86400 Lightning Street, Thermal, California, and as more particularly described on Exhibit "B" ("Sublease Property"), which exhibit is attached hereto.

WHEREAS, on March 12, 2013, Tradition Aviation assigned its rights, title and interest under the Master Lease as well as the Sublease to Ross Tradition, LLC, a Delaware limited liability company ("Ross Tradition").

WHEREAS, on July 1, 2013, Ross Tradition entered into an Amended and Restated Ground Lease with the County of Riverside for the purpose of amending, restating and supplementing the Master Lease.

WHEREAS, on or about March 29, 2016, Ross Tradition agreed to sell most of its assets, including its leasehold position under the Master Lease, to TRM CA Holdings, LLC, a Delaware limited liability company ("Sublessor"). As part of that sale, Sublessor entered into a Second Amended and Restated Ground Lease Agreement with the Master Lessor dated June 21, 2016 (Second A&R Agreement). As a result of the Second A&R Agreement, Sublessor became the lessee under the terms of the Master Lease and Sublessor under the Sublease.

WHEREAS Assignor and Assignee have entered into that certain Purchase and Leasehold Assignment Agreement and Joint Escrow Instructions, as amended ("Purchase Agreement"), dated as of the January 15, 2021.

WHEREAS, pursuant to the Purchase Agreement, Assignor desires to transfer, assign and set over to Assignee and Assignee desires to acquire all of Assignor's right, title and interest in, to and under the Sublease.

ASSIGNMENT:

NOW THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, the parties hereby mutually consent as follows:

1. Definitions. All capitalized terms herein that are not defined shall have the meaning ascribed to them in the Purchase Agreement.
2. Assignment. Assignor hereby sells, transfers and assigns to Assignee all of Assignor's right, title and interest in and to the Sublease including, without limitation, the security deposit, if any, held by Sublessor.
3. Assumption. Assignee hereby accepts the foregoing assignment and transfer and specifically assumes and agrees to pay, perform and observe each and every covenant, agreement and condition to be paid, performed or observed by the Assignor pursuant to the Sublease from and after the Close of Escrow on the Purchase Agreement.
4. Notice to Master Tenant and Sublessor. At the Close of Escrow under the Purchase Agreement, Assignor shall give notice to the Master Lessor and to the Sublessor that Assignee has acquired the Sublease and owns Assignor's interest in the Sublease and the Sublease Property.
5. Indemnity. Assignor agrees to indemnify and hold harmless Assignee, and all of Assignee's agents or affiliates, for any liability, loss, cost, damage or expense, including reasonably attorney's fees and court costs, relating to the Sublease before the Close of Escrow, including, without limitation, any claims by any first party that Assignor does not have all right, title and interest as sublessee under the Sublease.
6. Successors. This Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.
7. Severability. If any term or provision of this Assignment shall be held invalid or unenforceable, the remainder of this Assignment shall not be affected.
8. Waivers. No waiver or breach of any covenant or provision shall be deemed a waiver of any other covenant or provisions, and no waiver shall be valid unless in writing and executed by the waiving party.
9. Construction. This Assignment shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Both parties are represented by legal counsel.
10. Counterparts. This Assignment may be executed in or more counterparts, each of which shall be deemed an First and all of which taken together shall constitute one and the same instrument.
11. Amendment. This Assignment may not be amended or altered except by a written instrument executed by Assignor and Assignee.

12. Further Assurances. Whenever reasonably requested to do so by the other party, each party shall execute, acknowledge, and deliver any further conveyances, assignments, confirmations, satisfactions, releases, powers of attorney, instruments of further assurance, approvals, consents, and any further instruments or documents that are necessary, expedient, or proper to complete any conveyances, transfers, sales, and assignments contemplated by this Assignment. In addition, each party shall do any other acts and execute, acknowledge, and deliver any requested documents in order to carry out the intent and purpose of this Assignment.

13. First-Party Rights. Nothing in this Assignment, express or implied, is intended to confer upon any person, other than the parties and their respective successors and assigns, any rights or remedies.

14. Attorney's Fees. In the event of any litigation between Assignor and Assignee arising out of the obligations under this Assignment or concerning interpretation of any of its provisions, the losing party shall pay the prevailing party's costs and expenses of the litigation, including reasonable attorney's fees and costs.

15. Governing Law. This Assignment shall be governed and construed in accordance with California law with jurisdiction and venue in the County of Riverside, California.

16. AS IS Condition. Assignee has inspected the Subleased Property, knows the present physical condition thereof, accepts same in current "as-is" physical condition, and confirms that other than as provided in the Purchase Agreement, Assignor has not made any representation or warranty to Assignee concerning the physical condition of the Sublease Property, or otherwise, expressed or implied.

(Signatures on next page.)

IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment as of the day and year first hereinabove written. This instrument may be executed in any number of counterpart copies, each of which counterpart copy shall be deemed an First for all purposes.

ASSIGNOR

Inc.,

R.D and Joan Dale Hubbard Foundation,
a Texas corporation

By: 

Name: Edward A. Burger

Title: C.F.O.

ASSIGNEE

Alscott Hangar, LLC,
an Idaho limited liability company

By: 

Name: BRADY PANATOPOULOS

Title: CFO of Manager

**Master Tenant Consent to Assignment
of Sublease**

CONSENT TO ASSIGNMENT OF SUBLEASE AGREEMENT

THIS CONSENT TO ASSIGNMENT OF SUBLEASE AGREEMENT (this "Agreement") is executed as of the 10th day of February, 2021, by TRM CA Holdings, LLC, a Delaware limited liability company ("TRM").

WITNESSETH:

A. WHEREAS, the County of Riverside ("Master Lessor") entered into that certain ground lease dated July 27, 2004 with Desert Resorts Aviation, LLC, a California limited liability company ("DRA"), as thereafter amended, for that certain property located in Thermal, California ("Master Lease").

B. WHEREAS, DRA assigned its rights, title and interest in the Master Lease to Tradition Aviation TRM LLC, a California limited liability company ("Tradition Aviation") on February 27, 2007.

C. WHEREAS, R.D. and Joan Dale Hubbard Foundation, Inc., a Texas corporation ("Seller") entered into that certain sublease dated June 10, 2008 with Tradition Aviation ("Sublease"), as successor in interest to DRA, for that certain property commonly described as Hangar "C", 86400 Lightning Street, Thermal, California ("Sublease Property").

D. WHEREAS, on March 12, 2013, Tradition Aviation assigned its rights, title and interest under the Master Lease as well as the Sublease to Ross Tradition, LLC, a Delaware limited liability company ("Ross Tradition").

E. WHEREAS, on July 1, 2013, Ross Tradition entered into an Amended and Restated Ground Lease with the Master Lessor for the purpose of amending, restating and supplementing the Master Lease.

F. WHEREAS, on or about March 29, 2016, Ross Tradition agreed to sell most of its assets, including its leasehold position under the Master Lease, to TRM CA Holdings, LLC, a Delaware limited liability company ("Sublessor"). As part of that sale, Sublessor entered into a Second Amended and Restated Ground Lease Agreement with the Master Lessor dated June 21, 2016 ("Second A&R Agreement"). As a result of the Second A&R Agreement, Sublessor became the lessee under the terms of the Master Lease and Sublessor under the Sublease.

G. WHEREAS, Seller is the owner of a personal aircraft hangar, including personal property, improvements and fixtures, for the maintenance and storage of personal aircraft located on the Sublease Property, as provided for under the terms of the Sublease.

H. WHEREAS, Seller has entered into a Purchase and Leasehold Assignment Agreement and Joint Escrow Instructions dated January 15, 2021 ("Purchase Agreement") for the sale of the Sublease to Alscott Hangar, LLC, an Idaho limited liability company ("Buyer").

I. **WHEREAS**, the Purchase Agreement requires the consent to assignment of the Sublease from the Sublessor ("Assignment").

NOW THEREFORE, TRM states and agrees as follows:

1. **Recitals and Definitions**. The above referenced recitals are incorporated herein by reference as though more fully set forth herein.

2. **Landlord's Consent; Certain Acknowledgements**, Sublessor hereby irrevocably grants its consent to the Assignment of the Sublease. From and after the close of escrow of the Purchase Agreement, all rights and options of Seller as "Sublessee" under the Sublease (including, without limitation, all renewal rights and early termination rights, if any) shall be automatically transferred to Buyer without any other or further action.

IN WITNESS WHEREOF, TRM has caused this Agreement to be duly executed and delivered as of the date first above written.

TRM CA HOLDINGS, LLC,
a Delaware limited liability company



By:

Its:

CONSENT TO SUBLEASE

Sublessor, TRADITION AVIATION-TRM, LLC, a California Limited Liability Company ("Sublessor" is the successor in interest under a Master Lease dated September 14, 2004, and a First Amendment to Lease dated September 29, 2006, executed by and between the County of Riverside ("County"), as Lessor, and Desert Resorts Aviation, LLC, a California Limited Liability Company ("Desert Resorts"), as Lessee, covering unimproved real property consisting of approximately 16.66 acres of real property ("Real Property") which are located within the Jacqueline Cochran Regional Airport ("Airport"). The legal description of such portion of the Real Property that is being subleased to the Sublessee is identified on Exhibit "B-1") ("Premises"), pursuant to that certain Sublease entered into by and between Sublessor and Sublessee, dated June 10, 2008, a copy of that Sublease which is attached hereto as Exhibit "A."

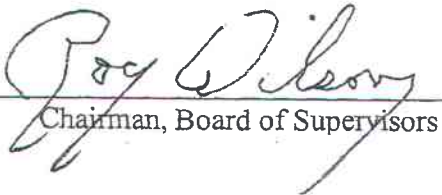
Pursuant to Section 24 of the Lease, Sublessor hereby agrees to sublease a portion of the Real Property to Sublessee, R. D. & JOAN DALE HUBBARD FOUNDATION, INC.

~~READ, APPROVED & AGREED:~~

CONSENT TO SUBLEASE OF HANGAR C:

COUNTY OF RIVERSIDE

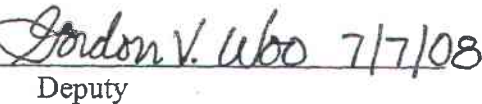
BY:


Chairman, Board of Supervisors

FORM APPROVED:

JOE S. RANK, County Counsel

BY:

 7/7/08
Deputy

ATTEST:

NANCY ROMERO, Clerk

BY:

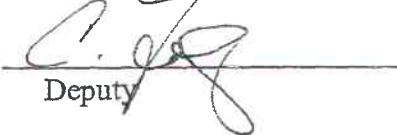

Deputy

Exhibit B
Sublease Agreement

(behind this page)

SUBLEASE

This Sublease is made effective JUNE 10TH, 2008 ("Commencement Date"), by and between TRADITION AVIATION TRM LLC, a California Limited Liability Company ("Sublessor") and R. D. & JOAN DALE HUBBARD FOUNDATION, INC. ("Sublessee").

RECITALS

A. Sublessor is successor in interest under a Lease dated September 14, 2004 and a First Amendment to Lease dated September 29, 2006 (the "Lease" or "Master Lease"), by and between DESERT RESORTS AVIATION LLC, a California Limited Liability Company, as Lessee and the County of Riverside ("County"), as Lessor, covering unimproved real property consisting of approximately 16.66 acres of real property ("Real Property") which are located within the Jacqueline Cochran Regional Airport ("Airport"). A copy of the Master Lease is attached hereto as Exhibit "A" and made a part hereof.

B. Sublessor intends to sublease to Sublessee a portion of the Real Property covered by the Master Lease and has obtained or will obtain permission from the County to sublease to Sublessee.

C. The parties acknowledge that in the event that there is ever a conflict between the terms and conditions of the Master Lease and Sublease, the terms of the Master Lease will be controlling on all issues.

D. This Sublease is executed in contemplation of the construction of an airport hangar as further described in Section 7.1 herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the receipt, adequacy, and sufficiency of which are acknowledged, the parties agree as follows:

AGREEMENT

ARTICLE 1 PREMISES

Section 1.1 Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor upon the terms and conditions hereinafter set forth, the Premises located at the Airport, including the non-exclusive right to use the Common Area of the Real Property as provided for herein. The legal description of such portion of the Real Property that is being subleased to the Sublessee is referenced as Hangar C on Exhibit B which is part of the Real Property identified on Exhibit "B-1" ("Premises"). "Common Area" is defined to include all areas depicted on Exhibit "C" except for the areas specifically designated as Airport Hangars A, B, C, D and/or E.

ARTICLE 2

TERM

Section 2.1 **Term.** This Sublease shall commence on the first day of the month following execution by all parties thereto, and shall terminate thirty (30) years after execution of the Master Lease, as provided for in Section 3 of the Master Lease. If the Sublessor exercises the option to extend the Master Lease for ten (10) years as provided by Section 3. (b) of the Master Lease, then the Sublessee shall have the option to extend this sublease for a period of ten (10) years to coincide with the Master Lease ("Ten Year Option").

Section 2.2 **Exercise of Option.** Sublessee may exercise the Ten Year Option by notifying Sublessor in writing of Sublessee's intent to exercise the Ten Year Option, within thirty (30) days after Sublessor provides written notice to Sublessee that Sublessor has exercised its option to extend the term of the Master Lease. Sublessor shall notify Sublessee of Sublessor's exercise of any option of the Master Lease, and Sublessee shall receive written notice of the Sublessor's exercise of the option at or about the time that the Sublessor provides written notice of the exercise of the option to the County.

ARTICLE 3

RENT AND CHARGES

Section 3.1 **Base Rent.** Sublessee will pay to the Sublessor on a monthly basis, Sublessee's pro rata share of the ground lease rent and charges paid by Sublessor to the County for the Premises which are identified in the Master Lease. In consideration for Sublessee's possession and use of the Premises, and the non-exclusive right to use the Common Areas as defined herein, Sublessee will pay to the Sublessor on a monthly basis, Sublessee's pro rata percentage share of the amounts paid by the Sublessor to the County for the Premises, as well as Sublessee's share of the Common Area Costs as defined herein. Sublessee's pro rata percentage share of the Ground Lease rent and Common Area Costs is 9.32%.

Section 3.2 **Option Rent.** During the Ten Year Option, Sublessee will pay to Sublessor on a monthly basis, Sublessee's pro rata share of the ground lease rent and charges paid by Sublessor to the County for the Premises which are identified in the Master Lease, as well as Sublessee's pro rata share of Common Area Costs as identified in Article 4.

ARTICLE 4

COMMON AREA COSTS

Section 4.1 Unless separately metered or billed to Sublessee, Sublessee shall pay all charges for all electricity, gas, water, sewer, trash disposal and other utility services used on or for the benefit of the Premises, including its/his pro rata share of the Common Area Costs as identified herein.

Section 4.2 Common Area Costs shall include without limitation, all sums expended in connection with the Common Areas for: general maintenance and repairs; resurfacing; painting; restriping; cleaning; fire protection systems and equipment (including fire sprinklers), security systems, lighting systems and fixtures (including replacement of tubes and bulbs), storm drainage systems, plumbing, electrical, and utility systems which do not exclusively serve the interior of Premises, and all mechanical equipment; personnel to implement the foregoing services, including, if Sublessor deems necessary, the cost of security guards; all on-site costs and personnel expenses of Sublessor incurred to manage the Common Area; all real and personal property taxes and assessments on the improvements and land comprising the Common Areas or any personalty in use on the Common Areas; any sums paid to third parties for the purpose of seeking reduction of property taxes; any governmental imposition or surcharge imposed upon Sublessor or assessed against any portion of the Common Areas; depreciation on maintenance and operating machinery and equipment (if owned) and rental paid for such machinery and equipment (if rented); and premiums for adequate comprehensive airport general liability insurance and property damage insurance covering Sublessor's possession and use and operation of the Common Areas, fire and extended coverage insurance on the Common Areas (which may include earthquake and flood damage endorsements) and vandalism covering the Common Areas. Common Area Costs shall also include a charge for appropriate reserves for the costs of repainting, re-roofing and resurfacing Common Areas. Common Area Costs shall also include all costs of any kind and/or nature incurred by sublessor in connection with its performance of the terms, conditions and covenants of the Master Lease. Sublessor may have any or all services and management performed in connection with the Common Areas provided by an independent contractor(s).

If Sublessor acquires, constructs or makes available for Common Area purposes land or improvements not presently available, then Common Area Costs shall also include all of the expenses itemized above incurred and paid in connection with such additional land or improvements.

Section 4.3 Sublessor shall keep the Common Areas neat, clean and orderly, and shall repair any damage to Common Area. Notwithstanding the foregoing, all expenses incurred by Sublessor in connection with the operation, repair, cleaning and maintenance of the Common Areas ("Common Area Costs") shall be prorated in the manner set forth in Section 4.4.

Section 4.4 Sublessee's pro rata percentage share of the Common Area Costs is 9.32% of the total common Area Costs as identified in Section 4.2.

Section 4.5 Sublessor shall have the right at all times to determine the nature and extent of the Common Areas and to make changes from time to time which in Sublessor's opinion are desirable and in the best interests of all persons using the Common Areas. Sublessor's rights hereunder include without limitation, the right to install, remove, relocate and change driveways, entrances, exists, automobile parking spaces, the direction and flow of traffic, prohibited areas, landscaped areas, utilities and all facilities of the foregoing but only so long as the visibility of and access to the Premises is not materially adversely affected.

ARTICLE 5
LATE PAYMENTS

Section 5.1 If Sublessee shall fail to pay when due, any amounts or charges payable by Sublessee under this Sublease, then:

5.1.1 **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.

5.1.2 **Late Charges.** Sublessee shall pay to Sublessor an additional sum of ten percent (10%) of any amount which remains due and unpaid 15 days after the due date. Sublessee acknowledges that the 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.

ARTICLE 6
USE CONDITIONS

Section 6.1 **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 and Real Property. Sublessee expressly acknowledges and agrees that Sublessee's rights to possession and use are subject to the restrictions, conditions and terms of the Master Lease.

Section 6.2 **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/or the United States government, or other jurisdictions that relate to either the Real Property and the Premises and/or 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 material 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 and Real Property. 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.

Section 6.3 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.

Section 6.4 Subordination and Incorporation of Master Lease. Sublessee acknowledges that it is familiar with all terms and conditions of the Master Lease to which the Sublease is subject and agrees to comply with all terms and conditions of same which apply to its use and occupancy of the Premises. Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands including attorney's fees arising out of Sublessee's failure to comply with or perform its obligations under the Master Lease. Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject, however, to earlier termination of the Master Lease without the fault of the Sublessor and to comply with the obligations under the Master Lease not assumed by Sublessee and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands including attorney's fees arising out of Sublessor's failure to comply with or perform its obligations under the Master Lease.

Section 6.5 Use Restriction. The Premises shall be used exclusively for the maintenance and storage of personal aircraft. The Premises shall not be used for any other purpose without first having obtained the written consent of both the County and Sublessor, which consent shall not be unreasonably withheld. The Sublessor and County's approval of any change in the use of the Premises may, at Sublessor and County's sole election, place additional reasonable specific requirements on Sublessee including, but not limited to, the types, limits, and conditions of insurance provided under this Sublease.

Section 6.6 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 or any portion of the Real Property. 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.

ARTICLE 7

MAINTENANCE AND SERVICE OF PREMISES

Section 7.1 **Delivery.** Sublessor agrees to deliver the Premises pursuant to the terms and conditions identified in the Purchase and Sale Agreement for Build to Suit Hangar (Purchase Agreement”), dated June 10, 2008, by and between Sublessor and Sublessee and Sublessee agrees to accept the Premises in the delivered condition without further additions, modifications or improvements by the Sublessor subject to the terms of this Sublease and the Purchase Agreement. 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.

Section 7.2 **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 in writing of such failure and, 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. 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.

Section 7.3 **Services Available to Premises.** Sublessor will provide for the benefit of the Premises, those services identified on Exhibit “D.” If a force majeure event occurs as defined in Section 27.1, Sublessor will retain the right to change, modify, amend, suspend and/or discontinue the services that it provides pursuant to the terms and conditions of this Sublease.

ARTICLE 8

ALTERATIONS AND IMPROVEMENTS

Section 8.1 **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 and the County and , such consent shall not

be unreasonably withheld or delayed. All alterations must be made in compliance with good construction practices, applicable governmental requirements, the special conditions, plans and specifications approved by Sublessor and the County. Sublessee shall comply with all construction and labor regulations of Sublessor and the County and shall provide insurance coverage required by Sublessor and the County, or other means of surety, to the satisfaction of Sublessor and the County. 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 and County 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. Sublessor and County reserve the right to adjust the limits of insurance in their sole and absolute discretion.

ARTICLE 9

DAMAGE OR DESTRUCTION

Section 9.1 If the improvements to the Premises are damaged or destroyed during the term hereof, Sublessee shall repair or rebuild said improvements to the condition immediately prior to the date of damage or destruction. Commencement of the repairs shall take place within one hundred twenty (120) 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.

ARTICLE 10
CONDEMNATION

Section 10.1 **Total Taking.** If all the Premises are taken or condemned for a public or quasi- public use, by an entity other than the County, this Sublease shall terminate as of the date of condemnation and Sublessee and Sublessor shall thereupon be released from any liability thereafter occurring hereunder.

Section 10.2 **Partial Taking.** If any party of the Premises are taken or condemned for a public or a quasi-public use by an entity other than the County and there is such a major change in the character of the Premises 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.

Section 10.3 **Limited Liability of Sublessor.** Sublessor shall have no liability of any kind or nature in the event of either a partial or total taking of any and/or all of the Premises. However, in the event Sublessor receives funds from a taking of either a part or all of the Premises, Sublessor will reimburse Sublessee up to an amount equal to the current fair market value of the then existing improvements which exist on the Premises at the time of the taking.

ARTICLE 11
ASSIGNMENTS AND SUBLEASES

Section 11.1 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, and/or transfer, without the County's express written consent. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Sublease. The County's consent will not be unreasonably withheld.

Section 11.2 **No Merger.** No merger shall result from Sublessee's sublease of the Premises under this Article 11.

Section 11.3 **Right to Encumber.** Notwithstanding the provisions of Section 11.1, the County and Sublessee consent and agree that Sublessee may either encumber or assign, for the benefit of a Lender ("Encumbrancer"), the subleasehold estate and/or improvements thereof, as security for a Deed of Trust, mortgage or other security type instrument, to assure the payment of monetary obligations owed by Sublessee to an established bank, savings and loan association or insurance company, and the prior written consent of either the County or Sublessor shall not be required:

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

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

Any Encumbrancer described in Section 11.3(a) and (b) which is the transferee under the provisions of Section 11.3 above shall be liable to perform the obligations and duties of Sublessee under this Sublease only so long as such transferee holds title to the Subleasehold estate.

Any subsequent transfer of this Subleasehold estate hereunder, except as provided for in Section 11.1, shall not be made without the prior written consent of Sublessor and County and shall be subject to the conditions relating hereto as set forth herein. Sublessee shall give the County and Sublessor prior written notice of any such trust deed and shall accompany such notice with a true copy of the trust deed and note secured thereby.

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

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

(ii) 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 Sublessee an assignment in lieu of foreclosure, and keep and perform all of the covenants and conditions of this sublease requiring the payment or expenditure of money by Sublessee 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.

ARTICLE 12

DEFAULT

Section 12.1 **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 referred to herein or such Rules and Regulations that may be amended from time to time by either the County and/or 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; or (f) failing to maintain all insurance obligations as required herein.

Section 12.2 Sublessor's Remedies. In the event of default as described in Section 12.1, 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 be entitled to pursue any and/or all remedies available to Sublessor, if Sublessee fails to correct the default. The remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law. Sublessor can make the election to 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.

Section 12.3 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.

Section 12.4 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.

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ARTICLE 13
INDEMNITY AND INSURANCE

Section 13.1 **Waiver.** This Sublease is made upon the express condition that Sublessee hereby waives all claims against Sublessor and County for damages to property or for injuries or death to any person or persons from any cause except for any injuries resulting from any intentional acts or gross negligence of Sublessor.

Section 13.2 **Indemnity.** Sublessee hereby agrees to and shall indemnify and defend Sublessor and County against and hold Sublessor and County 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 use of any portion of the Real Property or from or in connection with the business conducted by Sublessee in or on the Premises or occasioned wholly or in part by any act or omission of Sublessee, its agents, contractors, employees, licensees or guests.

Section 13.3 **Insurance.** Sublessee shall procure and maintain or cause to be maintained, at its sole cost and expense, the insurance coverages identified herein during the term of this Sublease. The procurement and maintenance of the insurance required below will not diminish or limit sublessee's obligation to indemnify or hold the County harmless.

(a) **Workers' Compensation.** If Sublessee has employees as defined by the State of California, Sublessee shall maintain Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. Policy shall be endorsed to provide a Waiver of Subrogation in favor of the Sublessee and the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives.

(b) **Airport General Liability.** Airport General Liability Insurance coverage including, but not limited to, premises liability, contractual liability, products and completed operations, independent contractors liability, contingent liability, and personal and advertising injury covering claims which may arise from or out of Sublessee's activities and/or its performance of/or its obligations hereunder. Policy shall name the Sublessor and the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds. Policy's limit of liability shall not be less than \$5,000,000 per occurrence and in the aggregate as applicable.

(c) Vehicle Liability. If vehicles and/or licensed or unlicensed mobile equipment are used in the performance of the obligations under this Sublease and driven on the airport premises, then Sublessee shall maintain liability insurance for all owned, non-owned or hired vehicles and/or licensed or unlicensed mobile equipment so used in an amount not less than \$1,000,000 per occurrence combined single limit. If the vehicle coverage contains an exclusion for claims arising from vehicle operations on an airport's premises, such exclusion shall be deleted by endorsement. The policy shall name the Sublessor and the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives. This coverage may be included in the airport General Liability policy. An application for an Airport Gate Card must be accompanied by proof of such insurance.

(d) Aircraft Hull and Liability Insurance. Aircraft hull coverage for all aircraft owned by Sublessee insured on a replacement value basis, or, at a minimum, on an agreed value basis, including all equipment and contents thereof. Sublessee may elect to self-insure the hull, equipment and contents of Sublessee's owned aircraft providing Lessee submits to County a letter, signed by the owner, stating that the owner has elected to self-insure the aircraft hull, equipment and contents and agrees to indemnify and hold harmless the Sublessor and the County of Riverside for any incidents, accidents or events that may give rise to a claim or lawsuit from any cause or nature whatsoever regardless of any negligence of the County that may have contributed to said loss or damage.

Sublessee shall also provide aircraft Liability Insurance for all owned and non-owned aircraft operated by the Sublessee in an amount not less than \$5,000,000 combined single limit per occurrence for bodily injury, including death and property damage and coverage shall include, but is not limited to, products/completed operations and contractual liability. The policy will be endorsed to include the Sublessor and the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional, Insureds.

(e) Products Liability Insurance. If Sublessee provides aircraft maintenance, aircraft repair services, aircraft fueling and/or oil services/products or any other similar products or services under the terms of this Sublease, Sublessee shall also provide Products Liability Insurance including completed operations if not otherwise covered by the Airport General Liability policy in an amount not less than \$5,000,000 any one occurrence combined single limit and in the annual aggregate.

(f) Hangars Keepers Liability Insurance (Ground Coverage). If this coverage is applicable to the Sublessee's operations and is not included as part of the airport General Liability coverage, Sublessee shall provide Ground Hangar Keepers Liability Insurance providing coverage for damage or destruction of aircraft, owned by others, in the Sublessee's care, custody or control for the purpose of sale, storage, safekeeping or any other reason. Lessee shall maintain a limit of liability equal to the combined replacement cost value of all aircraft hulls, their equipment and contents, in the care, custody or control of the Lessee at any one time, but in no event shall the limit of liability be less than \$2,000,000 in the Aggregate.

(g) Hangars Keepers Liability Insurance (Flight Coverage). If this coverage is applicable to the Sublessee's operations and is not included as part of the airport General Liability coverage, Sublessee shall provide Hangar Keepers Liability Insurance providing coverage for aircraft in the care, custody or control of the Sublessee, with a limit equal to the replacement value of the highest valued hull that may be flight tested by the sublessee; however, in no event shall the limit of liability be less than \$5,000,000.

(h) Property (Physical Damage):

(1) All-risk property insurance covering all real and personal property for its full replacement value, including coverage for the perils of earthquake and flood if applicable. The property covered shall include, but not be limited to: buildings, structures, furniture and fixtures, equipment, inventory, tenant's improvements and betterments, and tools, electronic systems, etc. that the sublessee owns and all property that the Sublessee is contractually or otherwise responsible for while such property is on the Leased Premises. Policy shall include Business Interruption, Extra Expense, and Expediting Expense to cover the actual loss of business income sustained during the restoration period. Policy shall name the County of Riverside as a Loss Payee and provide a Waiver of Subrogation in favor of the County of Riverside.

(2) Boiler & Machinery insurance on a full replacement cost basis covering all real and personal property owned by the Sublessee or for which the Sublessee is responsible for, while such property is on the Leased Premises. Policy shall provide Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for loss resulting from an off-premises power failure. Policy shall name the County of Riverside as a Loss Payee and contain a Waiver of Subrogation in favor of the County of Riverside

(i) General Insurance Provisions - All Lines:

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

(2) Insurance deductibles or self-insured retentions of \$500,000 or more must be declared by the Sublessee, and such deductibles and retentions shall have the prior consent of the County Risk Manager. Upon notification of deductibles or self-insured retentions unacceptable to the County, and at the election of the County's Risk Manager, Sublessee's carriers shall either: (a) reduce or eliminate such deductibles or self-insured retentions as respects this Lease with the County; or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

(3) Cause Sublessee's insurance carrier(s) to furnish the County of Riverside with either (a) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements affecting coverage as required herein; or (b) if requested to do so in writing in the County Risk Manager, provide original Certified copies of policies including all Endorsements and

all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Sublease shall terminate forthwith, unless the Sublessor and the County of Riverside receive, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or, if requested, certified original policies, including all endorsements and attachments thereto evidencing coverages set forth herein and the insurance required herein is in full force and effect. Sublessee shall not commence operations until the County of Riverside has been furnished original Certificate(s) of Insurance and certified original copies of endorsements or, if requested, policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

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

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

Section 13.4 Other Insurance Requirements. All policies shall name Sublessor, and the County as an additional insured and Sublessee shall obtain separate endorsements on the coverage identified herein for the benefit of the Sublessor and the County. 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.

Section 13.5 **Termination of Lease**. Notwithstanding any other term or condition of either the Master Lease or Sublease, Sublessor may immediately terminate this Sublease if Sublessee ever breaches in any way, any term and/or condition of Article 14. Sublessee acknowledges and agrees it will have no right to cure any breach of any term, condition and/or covenant contained within Article 14.

ARTICLE 14 **HAZARDOUS SUBSTANCES**

Section 14.1 The provisions of this section, which govern Sublessee's obligations with regard to hazardous substances, as defined below, shall survive termination of this Sublease.

Section 14.2 **Responsibility for and Definition of Hazardous Substances**. Sublessee agrees to indemnify, defend, protect and hold Sublessor and the County 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, transporting, 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.

Section 14.3 **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.

Section 14.4 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 party 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.

Section 14.5 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.

Section 14.6 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.

Section 14.7 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.

Section 14.8 **Business Response Plan.** Sublessee must conform with the Jacqueline Cochran Regional Airport "Business Response Plan" on file with the Airport Fire Marshall in accordance with the California Health and Safety Code.

ARTICLE 15
SUBLESSEE RIGHTS AND OBLIGATIONS

Section 15.1 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.

ARTICLE 16
NOTICES

Section 16.1 Any notice required or desired to be served by either party upon the other shall be addressed to the respective parties asset forth below:

SUBLESSOR:

Tradition Aviation TRM LLC,
a California Limited Liability Company
86-400 Lightning Street
Thermal, California 92274

SUBLESSEE:

R. D. & JOAN DALE HUBBARD FOUNDATION, INC.
72-980 Fred Waring Drive
Palm Desert, California 92260

ARTICLE 17
TAXES

Section 17.1 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.

ARTICLE 18
PROTECTION OF LENDERS

Section 18.1 **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 performs all of Sublessee's obligations under this Sublease and is not otherwise in default.

Section 18.2 **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.

Section 18.3 **Signing of Documents.** Sublessee shall sign and deliver any instrument or documents reasonably 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.

Section 18.4 **Estoppel Certificates.**

18.4.1 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 the Sublessee.

18.4.2 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 years 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.

ARTICLE 19
TIME

Section 19.1 Time is of the essence.

ARTICLE 20
ENTIRE AGREEMENT

Section 20.1 This Sublease and all referenced Exhibits and documents contain 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.

ARTICLE 21
APPLICABLE LAW

Section 21.1 This Sublease shall be interpreted and construed under and governed by the laws of California.

ARTICLE 22
NO WAIVER

Section 22.1 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.

ARTICLE 23
PARTIAL INVALIDITY

Section 23.1 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.

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ARTICLE 24
INTERPRETATION

Section 24.1 The captions of the Articles and 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 implied permission.

ARTICLE 25
CORPORATE AUTHORITY; PARTNERSHIP AUTHORITY

Section 25.1 If Sublessee is a corporation, each person signing this Sublease on behalf of Sublessee represents and warrants that he 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, each person or entity signing this Sublease for Sublessee represents and warrants that he or it is a general partner of the partnership, that he or it 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 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 or certificate of limited partnership.

ARTICLE 26
JOINT AND SEVERAL LIABILITY

Section 26.1 All parties signing this Lease as Sublessee shall be jointly and severally liable for all obligations of Sublessee.

ARTICLE 27
FORCE MAJEURE

Section 27.1 If Sublessor or Sublessee cannot perform any of their obligations due to events beyond their 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 or Sublessee'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 or weather conditions.

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ARTICLE 28
EXECUTION OF SUBLEASE

Section 28.1 This Sublease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument.

ARTICLE 29
NEGOTIATED AGREEMENT

Section 29.1 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:

TRADITION AVIATION TRM LLC,
a California Limited Liability Company

BY: Matthew Johnson Managing Member

Address: 86-400 LIGHTNING STREET
THERMAL, CA 92274

SUBLESSEE:

R. D. & JOAN DALE HUBBARD FOUNDATION, INC.

BY: Edward A. Burger

Address: 72980 Fred Waring
Palm Desert, CA 92260

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 Desert Resorts Aviation, LLC, a California limited liability company, (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 14, 2004, wherein Lessee agreed to lease from County, approximately 25 acres of property ("Leased Premises") located at the Jacqueline Cochran Regional Airport; and

B. 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. Lessee hereby relinquishes to the County approximately 8.34 acres of property contained within the Leased Premises.

2. The first paragraph of Paragraph 2, Description, page 1, shall be modified to read as follows:

"2. Description. The premises leased hereby are located within the Jacqueline Cochran Regional Airport, County of Riverside, State of California and consist of approximately 16.66 acres of vacant land, as described in Exhibit "A" attached hereto and incorporated by this reference herein. Said property is hereafter referred to

as the "Leased Premises." County and Lessee herein acknowledge that Lessee has no fee title interest in or to the Leased Premises."

2. The first paragraph of Paragraph 5 Rent, page 4, is hereby deleted, and replaced with the following:

"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 (16.66 acres) = \$5852.16
July 1, 2006-June 30, 2007	(\$371.66 per acre) X (16.66 acres) = \$6191.85
July 1, 2007-June 30, 2008	(\$393.24 per acre) X (16.66 acres) = \$6554.38
July 1, 2008-June 30, 2009	(\$416.06 per acre) X (16.66 acres) = \$6931.56
July 1, 2009-June 30, 2010	(\$440.21 per acre) X (16.66 acres) = \$7333.90
July 1, 2010-June 30, 2011	(\$479.74 per acre) X (16.66 acres) = \$7992.47
July 1, 2011-June 30, 2012	(\$522.74 per acre) X (16.66 acres) = \$8708.85
July 1, 2012-June 30, 2013	(\$569.76 per acre) X (16.66 acres) = \$9492.20
July 1, 2013-June 30, 2014	(\$620.91 per acre) X (16.66 acres) = \$10344.36
July 1, 2014-June 30, 2015	(\$676.67 per acre) X (16.66 acres) = \$11273.32

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

3. Subparagraph 5 (d), page 6 of the Lease, shall be deleted in its entirety and replaced with the following subparagraph:

"5 (d) Base Rent Adjustment - Beginning July 1, 2015 and on July 1 of every fifth (5th) 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."

4. Subparagraph 5 (e), page 6, is hereby deleted in its entirety and replaced with the following subparagraph:

"(e) Beginning July 1, 2016 and at each July 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in paragraph 5(d) above, the Base Rent shall be adjusted by the percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the twelve month period ending three months before the month of rent adjustment under this paragraph. In no event will application of this paragraph result in a monthly Base Rent amount lower than the highest previous monthly Base Rent amount."

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

Dated: 8-1-06

LESSEE:

Desert Resorts Aviation, LLC, a
California limited liability company

Matthew Johnson
By: _____
Its: MANAGING MEMBER

[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: J. Humm
Deputy