

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



ITEM: 3.72  
(ID # 26422)

**MEETING DATE:**

Tuesday, December 03, 2024

**FROM :** TLMA - AVIATION

**SUBJECT:** TRANSPORTATION AND LAND MANAGEMENT AGENCY/AVIATION: Consent to Assignment of Sublease between Mark Ritchart, an Individual, and Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022, at French Valley Airport, CEQA Exempt, District 3. [\$950 Total Cost - TLMA Aviation Fund 100%]

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

1. **Find** that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 and Section 15601 (b)(3);
2. **Approve** and Consent to the Assignment of Sublease between Mark Ritchart, an individual ("Assignor"), and Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022 ("Assignee"), assigning Assignor's interest as sublessee in that certain Sublease dated December 1, 2006, between French Valley Jet Center, LLC, a California limited liability company (as sublessor), and Assignor (as sublessee), as more specifically set forth in the attached Assignment, relating to the premises located at 37600 Sky Canyon Dr., Murrieta, CA 92563, California;
3. **Authorize** the Chairman of the Board of Supervisors to execute the attached Consent to Assignment; and
4. **Direct** the Clerk of the Board to file the attached Notice of Exemption with the County Clerk and the State Clearinghouse within five (5) working days of approval by the Board.

**ACTION:Policy**

Charissa Leach, TLMA Director

11/19/2024

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez  
Nays: None  
Absent: None  
Date: December 3, 2024  
xc: TLMA-Aviation, Recorder, State Clearinghouse

Kimberly A. Rector  
Clerk of the Board

By:   
Deputy

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

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$950	\$0	\$950	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS: TLMA Aviation Revenue Fund 100%</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	2024/25

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

**BACKGROUND:**

**Summary**

The County of Riverside, Transportation and Land Management Agency – Aviation Division has received a request to consent to an Assignment of Sublease between Mark Ritchart (“Assignor”) and Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022 (“Assignee”).

The Sublease pertains to that certain Hangar 8 located at French Valley Airport in Murrieta, California. The Sublease was entered into between French Valley Jet Center, LLC, a California limited liability company (“Jet Center”), and Mark Ritchart, and dated December 1, 2006 (“Sublease”). The Sublease is subject to that certain Lease dated January 25, 2005 between the County of Riverside (“County”), as lessor, and Jet Center, as lessee, as amended by that certain First Amendment to Lease dated June 27, 2006, and that certain Second Amendment to Lease dated March 17, 2009 (collectively, the “Lease”), relating to the lease of approximately 4.65 acres of vacant land, located at the French Valley Airport.

Mark Ritchart now desires to assign his rights, title, and interest to Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022 (“Assignment”). The Assignment requires County approval pursuant to the Lease. Assignee will not change the existing use of the subleased premises. The Assignment will not impact the terms of the Sublease.

Pursuant to the California Environmental Quality Act (CEQA), the Consent to Assignment was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines section 15301, Class 1 – Existing Facilities and State CEQA Guidelines section 15061(b) (3), General Rule or “Common Sense” exemption. The proposed project, the Consent to Assignment of Sublease, is related to the assignment 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**

**Summary**

Staff recommends approval of the proposed Consent to Assignment attached, which has been approved as to form by County Counsel.

**Impact on Citizens and Businesses**

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

**SUPPLEMENTAL:**

**Additional Fiscal Information**

No net County cost will be incurred, and no budget adjustment is necessary, however, the Transportation and Land Management Agency, Aviation Division has incurred costs associated with this transaction. County Counsel and Notice of Exemption filing fee costs to date in the approximate amount of \$950 will be reimbursed from the TLMA Aviation Revenue Fund.

County Counsel Review	\$ 900
CEQA NOE	\$ 50
<b>Total</b>	<b>\$ 950</b>

**Attachments:**

- Consent to Assignment of Sublease
- Master Lease and Amendments
- Notice of Exemption

  
\_\_\_\_\_  
Jason Farin, Principal Management Analyst 11/20/2024

  
\_\_\_\_\_  
Aaron Gettis, Chief of Deputy County Counsel 11/14/2024



County of Riverside  
TLMA Aviation  
4080 Lemon Street, 14<sup>th</sup> Floor, Riverside, CA 92501

**FILED / POSTED**  
County of Riverside  
Peter Aldana  
Assessor-County Clerk-Recorder  
E-202401276  
12/03/2024 04:06 PM Fee: \$ 50.00  
Page 1 of 2  
Removed: \_\_\_\_\_ By: \_\_\_\_\_ Deputy

**NOTICE OF EXEMPTION**

October 31, 2024

**Project Name:** Consent to Assignment of Sublease between Mark Ritchart and Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022, at French Valley Airport.

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

**Description of Project:**

**Name of Public Agency Approving Project:** The County of Riverside, Aviation Division has received a request to consent to an Assignment of Sublease that will enable Mark Ritchart (Assignor) to assign his rights, title and interest in the sublease to his trust, Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022 (“Assignee”). dated December 20, 2023.

The Sublease pertains to that certain Hangar 8 located at French Valley Airport in Murrieta, California. The Sublease was entered into between French Valley Jet Center, LLC, a California limited liability company (“Jet Center”), and Mark Ritchart December 1, 2006 (“Sublease”).

The Sublease is subject to that certain Lease (French Valley Airport) by and between the County of Riverside, (as Lessor) and FV Airport Hangars, LLC, a Delaware limited liability company successor in interest to French Valley Jet Center, LLC, a California limited liability company (as Lessee dated January 25, 2005, as amended by that certain First Amendment to Lease dated June 27, 2006, and that certain Second Amendment to Lease dated March 17, 2009 (collectively, the “Lease”), relating to the lease of approximately 4.65 acres of vacant land, located at the French Valley Airport.

The Assignor and Assignee, entered into the certain Assignment dated August 31, 2024 (Assignment) relating to the Sublease. The Assignment requires County approval pursuant to the Lease. Assignee will not change the existing use of the subleased premises. The Assignment will not impact the terms of the Sublease.

**Name of Person or Agency Carrying Out Project:** Riverside County Transportation and Land Management Agency (TLMA) Aviation Division

**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 assignment of an existing aircraft storage hangar and does not include a new development or improvements to the Leased Premises. Furthermore, this project would not result in any physical direct or reasonably foreseeable indirect impacts to the environment.

- **Section 15301-Class 1 Existing Facilities Exemption:** This Class 1 categorical exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site's use. The project, as proposed, is limited to the consent to a and the Assignment of the Sublease regarding Hangar Number 8 within the French Valley Airport. The changes are limited to the change in ownership and responsibility for the terms of the Sublease. The consent to Assignment will result in the same purpose and substantially similar capacity on the existing facilities at the airport and would be consistent with the existing land use and contractual requirements for the use of the site. Therefore, the project is exempt as it meets the scope and intent of the Categorical Exemption identified in Section 15301, Article 19, Categorical Exemptions of the CEQA Guidelines.
- **Section 15061 (b) (3) – “Common Sense” Exemption:** In accordance with CEQA, the use of the Common Sense Exemption is based on the “general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” State CEQA Guidelines, Section 15061(b) (3). The use of this exemption is appropriate if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” *Ibid.* This determination is an issue of fact and if sufficient evidence exists in the record that the activity cannot have a significant effect on the environment, then the exemption applies and no further evaluation under CEQA is required. See *No Oil, Inc. v. City of Los Angeles* (1974) 13 Cal. 3d 68. The ruling in this case stated that if a project falls within a category exempt by administrative regulation or 'it can be seen with certainty that the activity in question will not have a significant effect on the environment', no further agency evaluation is required. With certainty, there is no possibility that the project may have a significant effect on the environment. The consent to Assignment is an administrative function, that is required as part of the terms of the Lease at the existing airport and would result in the continued operation of the airport on the leased premises under modified contractual responsibilities. 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.

Signature: Kimberly Loomis

Date: 10.31.24

Kimberly Loomis  
Development Specialist II  
County of Riverside TLMA-Aviation Division

# Document Root (Read-Only)

## Selected Document

**2024120083 - NOE - Consent to Assignment of Sublease between Mark Ritchart and Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022, at**

Riverside County

Created - 12/4/2024 | Submitted - 12/4/2024 | Posted - 12/4/2024 | Received - 12/4/2024 | Published - 12/4/2024

**Naomy Sicra**

**Document Details****Public Agency**

Riverside County

**Document Type**

Notice of Exemption

**Document Status**

Published

**Title**

Consent to Assignment of Sublease between Mark Ritchart and Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022, at

**Document Description**

Title: Consent to Assignment of Sublease between Mark Ritchart and Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022, at French Valley Airport

The County of Riverside, Aviation Division has received a request to consent to an Assignment of Sublease that will enable Mark Ritchart (Assignor) to assign his rights, title and interest in the sublease to his trust, Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022 ("Assignee"). dated December 20, 2023. The Sublease pertains to that certain Hangar 8 located at French Valley Airport in Murrieta, California. The Sublease was entered into between French Valley Jet Center, LLC, a California limited liability company ("Jet Center"), and Mark Ritchart December 1, 2006 ("Sublease"). The Sublease is subject to that certain Lease (French Valley Airport) by and between the County of Riverside, (as Lessor) and FV Airport Hangars, LLC, a Delaware limited liability company successor in interest to French Valley Jet Center, LLC, a California limited liability company (as Lessee dated January 25, 2005, as amended by that certain First Amendment to Lease dated June 27, 2006, and that certain Second Amendment to Lease dated March 17, 2009 (collectively, the "Lease"), relating to the lease of approximately 4.65 acres of vacant land, located at the French Valley Airport. The Assignor and Assignee, entered into the certain Assignment dated August 31, 2024 (Assignment) relating to the Sublease. The Assignment requires County approval pursuant to the Lease. Assignee will not change the existing use of the subleased premises. The Assignment will not impact the terms of the Sublease.

**Attachments** (Upload Project Documents)**NOE\_Consent to Assignment of Sublease between Mark Ritchart.pdf**

## CONSENT TO ASSIGNMENT OF SUBLEASE

The County of Riverisde, a political subdivision of the State of California, hereby consents to the assignment of Mark Ritchart ("Assignor"), for his interest as sublessee in that certain Sublease (defined below) to Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust Dated December 6, 2022 ("Assignee"), pursuant to the Assignment of Sublease dated August 31, 2024, whereby, among other things, Assignor will transfer and assign to Assignee ("Assignment") all of Assignor's rights, title, interest and obligations ("Rights and Obligations") under that certain Hangar Sublease dated December 1, 2006 by and between French Valley Jet Center, LLC ("Jet Center"), as sublessor, and Mark Ritchart (as sublessee), relating to the sublease of approximately 3,100 square feet of gross floor area, including all improvements thereon, and located at the French Valley Airport ("Sublease"). The Assignment is attached hereto as Exhibit "A".

The Sublease is subject to that certain Lease (French Valley Airport) by and between the County of Riverside, (as Lessor) and FV Airport Hangars, LLC, a Delaware limited liability company, successor in interest to French Valley Jet Center, LLC, a California limited liability company (as Lessee) dated January 25, 2005, as amended by that certain First Amendment to Lease dated June 27, 2006, and that certain Second Amendment to Lease dated March 17, 2009, (collectively, the "Lease"), relating to the lease of approximately 4.65 acres of vacant land, located at the French Valley Airport.

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

(Signatures on following page)



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

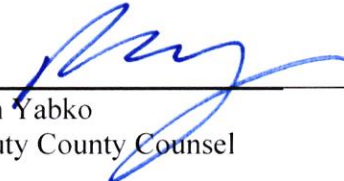
Date: 12/03/2024

LESSOR:  
COUNTY OF RIVERSIDE

By:   
Chuck Washington, Chairman  
Board of Supervisors

APPROVED AS TO FORM  
Minh C. Tran  
County Counsel

ATTEST:  
Kimberly Rector  
Clerk of the Board

By:   
Ryan Yabko  
Deputy County Counsel

By:   
Deputy

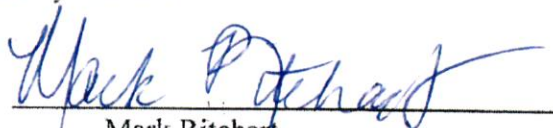
# EXHIBIT A

## ASSIGNMENT OF SUBLEASE

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, MARK RITCHART ("Assignor"), hereby transfers and assigns to MARK RITCHART AND MAUREEN RITCHART, TRUSTEES OF THE RITCHART LEGACY TRUST DATED DECEMBER 6, 2022 ("Assignee") all right, title and interest of the Assignor under that certain Sublease dated December 1, 2006 (the "Sublease") between FRENCH VALLEY JET CENTER, LLC as "Sublessor" and Assignor as "Sublessee", pertaining to the premises described therein as that certain airplane hangar space designated as Hangar Number 8 of the hangar project known as "French Valley Jet Center" located at the French Valley Airport, Murrieta, County of Riverside (the "County"), California consisting of 50 feet by 62 feet and containing approximately 3,100 square feet of gross floor area (the "Premises"). A copy of the Sublease is attached to this Assignment as Exhibit "1" and is incorporated herein by this reference.

The effectiveness of this Assignment and transfer of all Sublessee's right, title and interest under the Sublease from Assignor to Assignee is expressly subject to and conditioned upon the advance consent to such assignment by the County and by Sublessor.

Date: 8-31, 2024

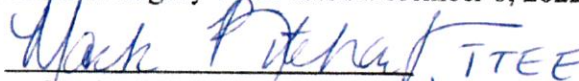
  
\_\_\_\_\_  
Mark Ritchart


## ASSUMPTION

Mark Ritchart and Maureen Ritchart, Trustees of the Ritchart Legacy Trust dated December 6, 2022 hereby accept the foregoing assignment and assume and agrees to be bound by and perform all obligations of Sublessee pursuant to the Sublease arising on or after the date of this Assignment and to abide by all of the terms, provisions, covenants and conditions of the Sublease.

Date: 8-31, 2024

The Ritchart Legacy Trust dated December 6, 2022

By:   
\_\_\_\_\_  
Mark Ritchart, Trustee

By:   
\_\_\_\_\_  
Maureen Ritchart, Trustee

## CONSENT OF SUBLESSOR

The Sublease is subject to the terms of that certain Master Lease between the County of Riverside as Master Lessor and French Valley Jet Center, LLC ("FVJC") as Master Lessee, dated January 25, 2005 (the "Master Lease"). FV Airport Hangers LLC ("FVAH") has

succeeded to the interest of FVJC as Master Lessee and as Sublessor under the Sublease. FVAH consents to the assignment of the Sublease by Assignor to Assignee.

Date: 7/30 \_\_\_\_\_, 2024

FV Airport Hangers LLC

By: 

Its: secretary

NAME: CHRISTINA MOLLER

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
COUNTY OF Ventura ) ss.

On 7/30/2024, 2024, before me, Khanum Mkrtchyan, Notary Public, Notary Public, personally appeared Christina Moller, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they/executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Khanum Mkrtchyan  
Notary Public

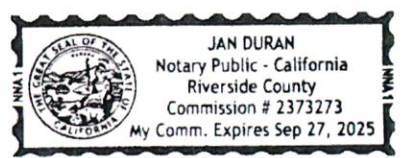
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 )  
COUNTY OF Riverside ) ss.

On 08-31-2024, 2024, before me, Jan Duran  
\_\_\_\_\_, Notary Public, personally appeared Mark Ritchart and Maureen Ritchart  
\_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they/executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Jan Duran  
Notary Public

# **EXHIBIT 1**

## HANGAR SUBLEASE

This Sublease ("Sublease") is entered into on December 1, 2006 by and between **French Valley Jet Center, LLC**, referred to in this Sublease as "Sublessor," and **Mark Ritchart** referred to in this Sublease as "Sublessee."

### ARTICLE I LEASED PREMISES

#### Agreement to Lease

Section 1.01 In consideration of the agreements and covenants contained in this Sublease to be kept and performed by both Sublessor and Sublessee, Sublessor leases to Sublessee and Sublessee leases from Sublessor the Premises described in Section 1.02 of this Sublease. All terms and conditions of this Agreement are subject to the "Master Lease" between the County of Riverside as Master Lessor ("County" or "Master Lessor") and French Valley Jet Center, LLC as Master Lessee dated January 25, 2005. (A true and correct copy of the Master Lease is attached hereto as Exhibit "A" and incorporated herein by this reference.)

#### "Premises" Defined

Section 1.02 "Premises" means the airplane hangar space that is designated as Hangar Number 8 of the hangar project known as "French Valley Jet Center" (the "Project"), located at the French Valley Airport, Murrieta, California. The Premises is 50' x 62' and contain approximately 3,100 square feet of gross floor area. The premises are subject to verification and measurement by Sublessor and Sublessee. The parties agree that the approximate number of square feet of gross floor area as referred to above, shall be used for purposes of determining Sublessee's pro-rata share of taxes and Common Area fees as hereinafter set forth.

#### Right to Use Common Areas

Section 1.03 Sublessee has the non-exclusive right to use, in common with others, the Common Areas of the Project. The term "Common Areas" is defined in Section 5.02 of this Sublease.

### ARTICLE II SUBLESSEE'S USE

#### Permitted Use

Section 2.01 Sublessee is leasing the Premises for the storage of aircraft and for that purpose only and for no other use or uses without the prior express written consent of Sublessor. Any such express written consent shall be signed by each of the parties and a copy thereof attached hereto.



### **Restrictions on Use**

Section 2.02 Notwithstanding the generality of the foregoing provisions, the following restrictions shall be applicable to Sublessee's use of the Premises:

(a) Only the use specified in Section 2.01 are authorized uses. Sublessee is expressly prohibited from using the Premises or any portion thereof for any other purpose, including, but not limited to, any activity likely to violate the nighttime curfew on aircraft takeoffs as established by the City of Murrieta (the "City").

(b) Sublessee shall not commit or permit the commission of any acts on the Premises nor use or permit any use of the Premises in any way that:

(i) Increases the existing rates for or causes cancellation of any fire, casualty, liability or other insurance policy insuring the Premises or its contents;

(ii) Violates or conflicts with any law, statute, ordinance or governmental rule or regulation, whether now in force or hereinafter enacted, governing the Premises or the Project;

(iii) Obstructs or interferes with the rights of other tenants or occupants of the Project or injures or annoys them; or

(iv) Constitutes commission of waste on the Premises or the commission or maintenance of a nuisance as defined by the laws of California.

### **Compliance with French Valley Airport Noise Abatement Program Ordinances**

Section 2.03 N/A

### **Cooperation with County**

Section 2.04 Sublessee shall cooperate with the Sublessor in the enforcement of the provisions of the Master Lease, the ordinances, rules and regulations promulgated thereunder, and in addition thereto, all noise abatement programs and ordinances now or hereinafter adopted by the County, including, without limitation, provisions requiring the delivery to the County of all information available to Sublessee concerning any violation of the terms of the Master Lease, the Sublease, the rules and regulations promulgated thereunder or any noise abatement programs or ordinances of any of Lessee's invitees, employees or customers; provided, however, Sublessee shall not be responsible for any costs or expenses in cooperating with County under this Section 2.04, except for Sublessee's proportionate share of Common Area Costs under Section 4.04.

### **No Restriction on Sublessor**

Section 2.05 Sublessor shall have the absolute right in its sole and arbitrary discretion to use for its own benefit or to lease any other hangar or any other portion of the Project to any person entity or business for any purpose allowed by the terms of the Master Lease.

### **Signs**

Section 2.06 Sublessee shall not place, install, or maintain any sign, awning, canopy advertising, or other matter on the exterior of the Premises (including any window or door), unless it obtains the prior written approval of Sublessor, which approval shall not be unreasonably withheld. Subsequent to Sublessor's written approval, Sublessee shall comply with all regulations and requirements of County relating to any such sign prior to the institution of the same. Any changes required by County in connection with Sublessee's application shall be subject to the prior written approval of Sublessor prior to the installation or display of any such sign.

## **ARTICLE III TERM OF LEASE**

### **Term of Lease**

Section 3.01 The term of this Sublease shall be for a period of the earlier to occur of either the expiration of 29 years or the expiration of the base term of the Master Lease, unless terminated earlier pursuant to the terms of this Sublease. The term shall commence on the date that a Certificate of Occupancy or other authorization is issued by the County for the use and occupation of the Premises (the "Commencement Date"). Notwithstanding any other provision of this Sublease, if the Commencement Date of this Lease does not occur on or before January 1, 2007, or the County has not expressly consented to this Sublease in writing on or before January 1, 2007, this Sublease shall, with no further action of the parties required, be void and of no effect and Sublessor shall promptly return to Sublessee any amounts paid by Sublessee to Sublessor.

### **Option to Extend Term**

Section 3.02 Sublessee shall have a one time option (the "Option") to extend the term of this Lease for an additional period of 10 years commencing upon expiration of the original term specified in Section 3.01 of this Sublease (the "Original Term") provided:

(a) Sublessor has exercised its option to extend the base term of the Master Lease for an additional 10 year period.

(b) Written notice of Sublessee's election to renew the term of this Sublease is delivered by Sublessee to Sublessor at least ninety (90) days before the expiration of the Original Term.

(c) The renewed term of this Sublease shall be subject to the same terms and conditions as are contained in this Sublease, except that the amount of rent payable under this

Sublease for the renewed term shall be equal to the then fair market value of the Premises. Provided, however, that in no event shall the rent in any such extended period be less than \$1,114 per month.

### **Effect of Default on Options.**

#### **Section 3.03**

(a) Sublessee shall have no right to exercise the Option: (i) during the period commencing with the giving of any notice of Default (as defined in Section 9.01) and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Sublessee), (iii) during the time Sublessee is in Default, or (iv) in the event that Sublessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Sublessee's inability to exercise an Option because of the provisions of subparagraph (a).

(c) The Option shall terminate and be of no further force or effect, notwithstanding Sublessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term, (i) Sublessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Sublessor to give notice thereof), or (ii) if Sublessee becomes in Default under this Sublease and such Default is not cured within the earlier of (A) 15 days after notice thereof from Sublessor, or (B) the end of the Original Term.

### **Holding Over**

Section 3.04 If Sublessee holds over and continues in possession of the Premises after termination of the term of this Sublease, including any extended term, Sublessee's continued occupancy of the Premises shall be deemed merely a tenancy from month to month at a minimum rental of \$1,670 per month, subject to all the terms and conditions of this Sublease, including the provisions for additional rent, but excluding the Option.

## **ARTICLE IV RENTS AND OTHER CHARGES**

### **Fixed Rent**

Section 4.01 Sublessee agrees to pay to Sublessor as base rent for the initial term of this Sublease, for the use and occupancy of the Premises, a single lump sum payment of \$387,500.00, upon the Commencement Date. Other additional rent pursuant to this Sublease shall be paid by Sublessee at the office of Sublessor at: 3401 Airport Drive, Torrance, CA 90505 or any other place or places that Sublessor may, from time to time, designate by written notice given to Sublessee.

## **Adjustment of Fixed Rent**

Section 4.02 Intentionally left blank.

## **Taxes to be Paid by Sublessee**

Section 4.03

(a) In addition to the base Rent specified in Section 4.01 of this Sublease, Sublessee shall pay all real property taxes (and general and special assessments) levied or assessed against the Premises during the term of this Sublease which taxes shall be estimated and be paid as a Common Area Cost as set forth hereinbelow.

(b) Sublessee's obligation to pay all real property taxes (and general and special assessments) on the Premises shall also include the obligation to pay any increases in real property taxes (and general and special assessments), whether the increase results from an increase in the property tax rate and/or increase in the valuation of the Premises.

(c) If the Premises is assessed and taxed as part of a larger parcel of real property leased by Sublessor (referred to in this Sublease as the "Tax Parcel"), the amount payable under this Section by Sublessee, shall be the portion of the tax bill for the Tax Parcel that bears the same ratio of the total tax bill for the Tax Parcel as the value of the Premises bears to the value of the Tax Parcel, determined from the work sheets of the County Assessor for the County in which Premises is located or if the same is not available, by appraisal by an independent real estate appraiser selected by the parties.

(d) The taxes and assessments levied against the Premises during the first and last years of the term of this Sublease shall be prorated between Sublessor and Sublessee for purposes of this Section as of 12:01 a.m. on the Commencement Date and termination respectively of this Sublease.

## **Common Area Costs**

Section 4.04

(a) Sublessee shall pay to Sublessor a proportionate share of Common Area Costs (defined below). For each calendar year (or portion thereof in the case of the first and last year of the Lease) Sublessee's proportionate share of these costs shall be a sum equal to the product obtained by multiplying (1) the total Common Area Costs for such calendar year (or portion thereof in the case of the first and last year of the Lease) by (2) a fraction, the numerator of which is the approximate number of square feet of gross floor area of the Premises (3,100 sq. feet), and the denominator of which is a number of total square feet of gross floor areas in all hangars in the Project (90,467 sq. feet).

(b) Sublessee shall pay its proportionate share of Common Area Costs in the amount determined and billed by Sublessor in on a monthly basis on the first day of each month of the term of the Sublease. The amount billed monthly shall be based on Sublessor's estimate of Common Area Costs for the current calendar year. That estimated amount of Common Area

Costs for the Premises shall be \$285.00 per month starting on the Commencement Date. Within ninety (90) days after the end of each calendar year, Sublessor shall deliver to Sublessee an itemized statement of the Common Area Costs for the preceding calendar year. If the statement discloses an underpayment by Sublessee for the calendar year covered by the statement, Sublessee shall pay Sublessor the amount of the underpayment within thirty (30) days from the date of the statement. If the statement discloses an overpayment by Sublessee, Sublessor shall pay to Sublessee the amount of the overpayment within thirty (30) days from the date of the statement; provided, however, that if Sublessee is in Default or otherwise indebted to Sublessor under the Sublease, Sublessor may deduct the amount owed it from the overpayment.

(c) "Common Area Costs" means any and all costs and expenses of owning (including Sublessor's Ground Rent as adjusted from time to time, under the Master Lease) operating, running, managing, leasing and maintaining the Common Areas in a manner deemed reasonable and appropriate by Sublessor, including all costs and expenses of or relating to the following: repairing, cleaning, replacing, lighting, painting, and maintaining the Common Areas; security services for the Project; trash removal from the Project; the insurance described in Section 7.01 of this Sublease; repairing and replacing paved surfaces, roofs, landscaping, drainage, operation, and maintenance of the Project; and measures undertaken by Sublessor to comply with any environmental or similar law, ordinance, or regulation; and real property taxes and assessments attributable to the buildings, Premises, hangers, land and Common Areas; provided, however, Common Area Costs shall not include the items listed on Exhibit A attached hereto.

(d) Sublessee shall have the right, at its own cost and expense (except as provided below), to audit or inspect Sublessor's records with respect to Common Area Costs, as well as all other additional rent payable by Sublessee hereunder for any calendar year. Sublessee shall give Sublessor not less than 30 days prior written notice of its intention to conduct any such audit. Sublessor shall cooperate with Sublessee during the course of such audit, which shall be conducted during normal business hours in Sublessor's offices at the Project. Sublessor agrees to make such records, personnel, copy machines and telephone available to Sublessee as is reasonably necessary for Sublessee or its agents, employees or audit consultants to conduct such audit. If such audit discloses that the amount paid by Sublessee as Common Area Costs, or of other additional rental payable by Sublessee hereunder, has been overstated by more than two percent (2%), then, in addition to immediately repaying such overpayment to Sublessee with interest at the rate of ten percent (10%), Sublessor shall also pay the reasonable costs incurred by Sublessee in connection with such audit.

### **Utilities**

Section 4.05 Sublessee shall make all arrangements for and pay for all utilities and services furnished to or used by it, including, without limitation, gas, electricity, telephone service, and for all connection charges which may be assessed against Sublessee relative thereto.

## Security Deposit

### Section 4.06

(a) Sublessee has deposited with Sublessor the sum of \$1,000.00, receipt of which is hereby acknowledged by Sublessor, as security for the full and faithful performance by Sublessee of the terms, conditions, and covenants of this Lease.

(b) If, at anytime during the term of this Sublease, Sublessee Defaults in the payment of rent, Common Area Costs or any portion thereof, under this Sublease, Sublessor may appropriate and apply any portion of the Security Deposit reasonably necessary to remedy any such default in the payment of rent.

(c) If, at anytime during the term of this Sublease, Sublessee or Sublessee's agents or employees damage the Premises through want of ordinary care or any greater degree of culpability, then Sublessor may appropriate and apply any portion of the Security Deposit reasonably necessary to fund the necessary repair. If insufficient funds are in the Security Deposit to cover the cost of such repairs, Sublessor reserves the right to demand the prompt payment of the difference.

(d) If, on termination of this tenancy, Sublessee fails to leave the Premises in a clean condition, then Sublessor may appropriate and apply any portion of the Security Deposit reasonably necessary to put the Premises in clean condition.

(e) Sublessor shall return to Sublessee the portion of the Security Deposit remaining after any deductions authorized by this Section 4.06 or otherwise authorized by law, if any, in the following manner. If the deduction has been made only for the non-payment of rent, the remaining portion, if any, shall be returned not later than two weeks after the date Sublessor receives possession of the Premises. If a deduction has been made for any other reason authorized by this Article or otherwise authorized by law, the remaining portion, if any, shall be returned not later than thirty (30) days from the date Sublessor receives possession of the Premises. Sublessee shall not be entitled to any interest on any portion of the Security Deposit.

(f) If, during the term of this Sublease, Sublessor applies all or any portion of the Security Deposit for a purpose authorized by this Section or otherwise authorized by law, Sublessee agrees to restore the amount of the Security so supplied by Sublessor with the next due payment of rent under this Sublease.

## Late Charge

Section 4.07 Sublessee and Sublessor acknowledge that late payment by Sublessee to Sublessor of any Common Area Costs due hereunder will cause Sublessor to incur costs not contemplated by this Sublease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs may include, but are not limited to, processing and accounting charges and late charges that may be imposed upon Sublessor by the terms of any encumbrance and note secured by any encumbrance covering the Premises. Therefore, if any Common Area Costs due hereunder are not received from Sublessee by Sublessor within ten (10) days after notice from Sublessor the date upon which it became due, Sublessee shall pay to Sublessor an

additional charge in an amount equal to five percent (5%) of the amount then due, which sum shall be immediately due and payable without demand. Additionally, if any monthly payment of increased rent or common area costs are paid by Lessee in the form of personal check, bank check, or otherwise, and such check is returned for insufficient funds or any reason whatsoever, Sublessee shall immediately pay to Sublessor the monthly amount and any applicable late charges then due, together with the additional sum of seventy-five dollars (\$75.00), and such payment, to include all monthly and any other payments called for by the herein Sublease, shall thereafter be paid by Sublessee to Sublessor by way of cashier's check and/or money order. The parties hereto agree that the late charge above stated represents a fair and reasonable estimate of the costs that Sublessor will incur by reason of such untimely payment by Sublessee. Acceptance of any such charge shall not constitute a waiver of Sublessee's default with respect to the monthly rent then due, nor will such acceptance prevent Sublessor from exercising any of the rights and remedies available to Sublessor. Further, the existence of the herein provisions in this Sublease shall not extend the time within which Sublessee is required to make monthly payments of rent or common area costs hereunder, and the failure to pay monthly rent or common area costs hereunder when due shall be a default under the terms of this Sublease, effective the date that the monthly payment originally became due and without extension.

## **ARTICLE V MAINTENANCE AND USE OF COMMON AREAS**

### **Maintenance and Control**

Section 5.01 All Common Areas (as defined in Section 5.02 of this Lease) of the Project are subject to the exclusive control of Sublessor. Sublessor shall construct, maintain, operate, illuminate and manage the Common Areas in a manner determined appropriate by Sublessor in its sole discretion.

### **"Common Areas" Defined**

Section 5.02 "Common Areas" means all areas, facilities, space, equipment and signs made available by Sublessor at any time for the common and joint use and benefit of Sublessor and Sublessee and other tenants and occupants of the Project, including their respective employees, agents, and invitees. "Common Areas" includes the following, to the extent provided by Sublessor: parking areas, driveways, access roads, landscaped areas, aircraft service ways, sidewalks, paved areas between hangar rows and that allow for the transition from a hangar to the ramp area as designated and maintained by the County in providing access to taxiways and runways.

## **ARTICLE VI ALTERATIONS, MAINTENANCE AND REPAIRS**

### **Conditions of Premises**

Section 6.01 Sublessee has inspected the Premises and accepts it in its "AS IS" condition.

### **Alterations by Lessee**

Section 6.02 No alteration, addition, or improvement to the Premises shall be made by Sublessee without the prior written consent of Sublessor. Concurrently with requesting Sublessor's consent to the proposed alteration, addition or improvement, Sublessee shall submit to Sublessor preliminary plans for the alteration, addition, or improvement. Sublessor shall, in its reasonable discretion, approve or disapprove of the proposed alteration, addition, or improvement, within thirty (30) days after its receipt of Sublessee's written request for approval. Sublessee shall obtain all necessary governmental permits required for any alteration, addition, or improvement approved by Sublessor and shall comply with all applicable governmental law, regulation, ordinances, and codes. Any alteration, addition, or improvement made by Sublessee after consent has been given, and any fixtures installed as part of the construction, shall, at Sublessor's option, become the property of Sublessor on the expiration or earlier termination of this Sublease; provided, however, Sublessor shall have the right to require Sublessee to remove the fixtures at Sublessee's cost on termination of this Sublease if Sublessor has provided notice of the same to Sublessee at the time of Sublessor's consent. If Sublessee is required by Sublessor to remove the fixtures on termination of this Sublease, Sublessee shall repair and restore any damages to the Premises caused by such removal.

### **Maintenance and Repairs by Sublessor**

Section 6.03 Except as provided in Section 6.04, Sublessor shall maintain, in good condition, the structural parts of the Hangar which include only the foundation, bearing and exterior walls, subroofing and roof, excluding glass and doors, the unexposed electrical, plumbing and sewage system, including, without limitation, those portions of the systems lying outside the Premises. These items shall be considered Common Area Costs as provided for in Section 4.04 of this Lease.

### **Sublessee's Maintenance and Repairs**

Section 6.04 Except as provided in Section 6.03, Sublessee, at its sole cost and expense, shall maintain, in good condition, all portions of the Premises, including, without limitation, all of Sublessee's personal property, windows and doors.

### **Rules and Regulations**

Section 6.05 Sublessor shall have the right to establish, modify, amend, and enforce reasonable rules and regulations with respect to the common areas. Sublessee shall fully and faithfully comply with and observe the rules and regulations for the common areas. Sublessor shall not be liable in any way for failure of any other Sublessee of the Project including any other occupant of a hangar to comply with and observe these rules and regulations.



## ARTICLE VII INSURANCE

### Insurance by Sublessor

Section 7.01 Sublessor shall procure and maintain during the entire term of this Sublease, the following insurance coverage: fire and extended coverage insurance in an amount equal to not less than one hundred percent (100%) of the full replacement value of all improvements constructed or to be constructed by Sublessor in the Project. In addition to the foregoing insurance, Sublessor, in its sole discretion, may but shall not be required by this Sublease to procure and maintain other insurance covering the Project, including liability insurance for personal injury, death and property damage. The cost of any insurance procured by Sublessor for the Project, whether mandatory or optional under this Section is a Common Area Cost for which Sublessee is obligated to contribute its proportionate share as described in Section 4.04 of this Lease. Sublessor may acquire other insurance which is required under the Master Lease. Evidence of insurance and of the payment of premiums shall be delivered to Sublessee each year of this Sublease.

### Sublessee's Liability Insurance

#### Section 7.02

(a) For the mutual benefit of Sublessor and the County, Sublessee shall, during the term of this Sublease, cause to be issued and maintained, public liability insurance in the sum of at least \$1,000,000.00 for injury to or death in any accident, insuring the Sublessee against liability for injury and/or death occurring in or on the Premises or the Common Areas. Sublessor and the County shall be named as an additional insured under all insurance policies required under this Section, and the policy shall contain cross-liability endorsement. The Sublessee shall maintain all such insurance in full force and effect during the entire term of this Sublease and shall pay at its sole cost all premiums for the insurance. Evidence of insurance and of the payment of premiums shall be delivered to Sublessor and County each year of this Sublease.

(b) Sublessee shall maintain or cause to be maintained insurance policies on each operational aircraft stored within the Premises showing the owner insured against liability of financial loss resulting from bodily injury, sickness or disease, including death, and damage to property caused by the ownership, operation and use of the aircraft in the amounts of not less than \$100,000.00 for bodily injury to each person, and \$100,000.00 for property damage.

(c) Sublessee shall provide current certificates of insurance to Sublessor showing compliance with the insurance requirements set forth in Sections (a) and (b) above upon demand.

(d) **Property Damage.** Sublessee shall obtain and maintain coverage on all of Sublessee's personal property, Trade Fixtures, and Sublessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Sublessee for the replacement of personal property, Trade Fixtures and Sublessee Owned Alterations and

Utility Installations. Sublessee shall provide Sublessor with written evidence that such insurance is in force.

(e) **Business Interruption.** If Sublessee uses the Premises for business purposes, Sublessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Sublessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent sublessees in the business of Sublessee or attributable to prevention of access to the Premises as a result of such perils.

(f) **No Representation of Adequate Coverage.** Sublessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Sublessee's property, business operations or obligations under this Sublease.

(g) **Insurance Policies.** Insurance required herein shall be by companies duly licensed or admitted to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least A-, VI, as forth in the most current issue of "Best's Insurance Guide", Sublessee shall not do or permit to be done anything which invalidates the required insurance policies. Sublessee shall, prior to the Commencement Date, deliver to Sublessor certified copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after "insurance binders" evidencing renewal thereof, or Sublessor may order such insurance and charge the cost thereof to Sublessee, which amount shall be payable by Sublessee to Sublessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Sublease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

(h) **Waiver of Subrogation.** Without affecting any other rights or remedies, Sublessee and Sublessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductible applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Sublessor and Sublessee, as the case may be, so long as the insurance is not invalidated thereby.

(i) **Indemnity.** Except for Sublessor's gross negligence or willful misconduct, Sublessee shall indemnify, protect, defend and hold harmless the Premises the Project, Sublessor and its agents, the Master Lessor, their partners and lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the negligent use of the Premises by Sublessee. If any action or proceeding is brought against Sublessor or its agents or members by reason of any of the foregoing matters, Sublessee shall upon notice defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor and Sublessor shall cooperate with Sublessee in such defense. Sublessor need not have first paid any such claim in order to be defended or indemnified.

(j) **Exemption of Sublessor and its Agents from Liability.**

Notwithstanding the negligence (other than gross negligence or willful misconduct) or breach of this Sublease by Sublessor or its agents, neither Sublessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Sublessee, Sublessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Project, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Sublessor or from the failure of Sublessor or its agents to enforce the provisions of any other lease in the Project, of (iii) injury to Sublessee's business or for any loss of income or profit therefrom. Instead, it is intended that Sublessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Sublessee is required to maintain pursuant to the provisions of this Sublease.

(k) **Failure to Provide Insurance.**

Sublessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Sublessor to risks and potentially cause Sublessor to incur costs not contemplated by this Sublease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Sublessee does not maintain the required insurance, the Rent and Common Area Costs shall be automatically increased, without any requirement for notice to Sublessee, by \$1,000. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Sublessor will incur by reason of Sublessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Sublessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Sublessee of its obligation to maintain the insurance specified in this Sublease.

**Destruction of Premises**

Section 7.03 If the Premises or the Project of which it is a part is damaged or destroyed by any cause not the fault of Sublessee, Sublessor shall, at Sublessor's sole cost and expense, promptly repair it and the rent payable under this Sublease shall be abated for the time and to the extent Sublessee is prevented from occupying the Premises in its entirety.

**ARTICLE VIII  
SUBORDINATION AND ESTOPPEL CERTIFICATES**

**Subordination**

Section 8.01

(a) This Sublease shall be subordinate to the lien of all mortgages and deeds of trust, which are hereafter placed and recorded on the Project by Sublessor to secure permanent financing for the Project and other improvements to be constructed by Sublessor on the Project.

(b) The subordination provided for under this Section is condition on and subject to the following:

(i) For each mortgage or deed of trust, Sublessor shall obtain from the mortgagee or beneficiary an agreement ("Nondisturbance Agreement") in writing that, in the event of foreclosure, or any sale thereunder, this Sublease shall not be terminated and Sublessee's right to possession under this Sublease shall not be disturbed, provided Sublessee has not been in default under the Sublease;

(ii) In consideration of the Nondisturbance Agreement described in subsection (1), Sublessee hereby agrees to attorn to the purchaser at any foreclosure, sale, or other action or proceeding (the subordination described in this Section shall be effective without the necessity of having any further instruments executed by Sublessee, but Sublessee agrees to execute on demand any such further instruments evidencing subordination that Sublessor or any mortgagee or beneficiary may reasonably request.

(c) In addition, Sublessor shall obtain a Nondisturbance Agreement from the Master Lessor for the benefit of the Sublessee.

### **Estoppel Certificates**

Section 8.02 Sublessee agrees to execute in recordable form, and deliver to Sublessor or any lender, when requested by Sublessor or lender, an Estoppel Certificate regarding the status of this Sublease. This certificate shall contain, at a minimum, the following: (1) a statement that the Sublease is in full force and effect with no modifications or a statement that the Sublease is in full force and effect as modified, together with a description of the modifications; (2) the commencement date and the expiration date of this Sublease; (3) the amount of advance rent, if any, paid by Sublessee, and the date to which the rent has been paid; the amount of any security deposit deposited with Sublessor; (4) a statement indicating whether or not Sublessor is, in Sublessee's good faith opinion, in default under any of the terms of this Sublease, and if so, a description of the alleged default and of any defenses or offsets claimed by Sublessee, and; (6) any other information reasonably required by Sublessor or lender. Such certificate shall be delivered to the requesting party not later than fifteen (15) days after the date of written request therefor. Sublessee's failure to deliver the certificate within the foregoing time period shall constitute an acknowledgment by the Sublessee that this Sublease has not been assigned or modified and that it is in full force and effect and that all rent payable has been fully paid up to the date of the Sublessor's or lender's request for the statement.

**ARTICLE IX  
DEFAULT AND TERMINATION**

**Acts Constituting Default by Sublessee**

Section 9.01 Sublessee shall be in default under this Sublease only if one or more of the following occurs and is continuing (each, a "Default"):

(a) The nonpayment of rent, common area costs or other monetary charges hereunder, when due, when the nonpayment continues for thirty (30) days after written notice to pay rent or Common Area Costs hereunder have been given by Sublessor to Sublessee;

(b) A failure to perform any provision, covenant, or condition of this Sublease other than one for the payment of rent or common area costs, when the failure is not cured within sixty (60) days after written notice of the specific failure is given by Sublessor to Sublessee; provided that if such failure cannot reasonably be cured within such sixty (60) day period and Sublessee shall have commenced to cure such failure within such sixty (60) day period and thereafter diligently and expeditiously proceeds to cure the same, such sixty (60) day period shall be extended for so long as it shall require Sublessee in the exercise of due diligence to cure such failure;

(c) A receiver is appointed to take possession of all or substantially all of Sublessee's property located at the Premises or Sublessee's interest in this Sublease, when possession is not restored to Sublessee within ninety (90) days;

(d) Sublessee makes a general assignment for the benefit of creditors;

(e) The execution, attachment or other judicial seizure of substantial or all of Sublessee's assets located at the Premises or of Sublessee's interest in this Sublease, when the seizure is not discharged within sixty (60) days; or

(f) The filing by or against Sublessee of a petition to have Sublessee adjudged of bankrupt or for a petition for reorganization or arrangement under the Federal Bankruptcy Law (unless, in the case of a petition filed against Sublessee, it is not dismissed within seventy-five (75) days).

**Sublessor's Remedies**

Section 9.02 If Sublessee breaches or is in default under this Sublease pursuant to Section 9.01, Sublessor, in addition to any other remedies given Sublessor by law or equity, may:

(a) Continue this Sublease in effect by not terminating Sublessee's right to possession of the Premises and thereby be entitled to enforce all of Sublessor's rights and remedies under this Sublease including the right to recover the rent and common area costs specified in Sections 4.03 and 4.04 of this Sublease as it becomes due under this Sublease; or

(b) Terminate this Sublease and all rights of Sublessee under the Sublease and recover from Sublessee:

(i) The worth at the time of award of the unpaid rent or common area costs that had been earned at the time of termination of the Sublease;

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

(iii) In lieu of or in addition to, bringing an action for any or all of the recoveries described in paragraph (b) of this paragraph, bring an action to recover and gain possession of the Premises in the manner provided by the California Law of Unlawful Detainer then in effect.

#### **Termination Notice**

Section 9.03 No act of Sublessor, including but not limited to Sublessor's entry of the Premises or efforts to relet the Premises, or the giving of Sublessor to Sublessee of a notice of default, shall be construed as an election to terminate this Sublease unless a written notice of Sublessor's election to terminate this Sublease is given to Sublessee

#### **Waiver of Breach**

Section 9.04 The waiver of Sublessor of any breach by Sublessee of any of the provisions of this Sublease shall not constitute a continuing waiver or a waiver of any subsequent default or breach by Sublessee either of the same or of a different provision of this Sublease.

Section 9.05 If Sublessor breaches its obligations under this Sublease and Sublessor fails to cure such breach within sixty (60) days after written notice of such breach is given by Sublessor to Sublessee, Sublessee shall have the right to terminate this Sublease. If Sublessee so terminates this Sublease, Sublessor shall pay Sublessee within thirty (30) days of Sublessee's notice of termination the amount equal to the product of (A) the number of full months remaining on the Original Term if Sublessee had not terminated the Sublease times (B) \$1,114.

### **ARTICLE X MISCELLANEOUS PROVISIONS**

#### **Notices**

Section 10.01 Except as otherwise expressly provided by law, any and all notices or other communications required are permitted by this Sublease or by law to be served on or given to either party to this Sublease by the other party shall be in writing, and shall be deemed duly served and given when personally delivered to the party to whom it is directed or any managing employee of that party or, in lieu of personal service, when deposited in the United States mail, first class postage prepaid, addressed to Sublessor at: 3401 Airport Drive, Torrance, CA 90505, or to Sublessee at the address set forth below his signature at the end of this Sublease. Either party may change its address for purposes of this paragraph by giving written notice of the change to the other party in the manner provided in this paragraph.

### **Inspection by Sublessor**

Section 10.02 Upon reasonable notice from Sublessor, Sublessee shall permit Sublessor or Sublessor's agents, representatives, or employees to enter the Premises at all reasonable times for the purpose of inspecting the Premises to determine whether Sublessee is complying with the terms of this Sublease and for purposes of doing other lawful acts that may be necessary to protect Sublessor's interest in the Premises under this Sublease.

### **Assignment or Sublease**

Section 10.03 Sublessee may sublet all or any portion of the Premises or assign all or any part of Sublessee's interest in this Sublease, provided that Sublessee first obtains the prior written consent of Sublessor to do so and the same is consented to in advance by the County pursuant to the terms of the Master Lease. Any such assignment or subletting shall not relieve Sublessee of its prior obligations under this Sublease. Sublessor shall not unreasonably withhold consent to such an assignment or subletting. Sublessor's consent to one assignment or subletting shall not be deemed a consent to any subsequent assignment or subletting. Any assignment or subletting without the prior written consent of Sublessor shall be void and shall, at the option of Sublessor, terminate this Sublease.

### **Binding on Heirs and Successors**

Section 10.04 This Sublease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties, but nothing in this paragraph shall be construed as a consent by Sublessor to any assignment of this Sublease or any interest therein by Sublessee.

### **Time of the Essence**

Section 10.05 Time is expressly declared to be of the essence in this Sublease.

### **Sole and Only Agreement**

Section 10.06 This instrument and its exhibits constitutes the sole and only agreement between Sublessor and Sublessee respecting the Premises or the leasing of the Premises to Sublessee, and correctly sets forth the obligations of Sublessor and Sublessee to each other as of its date. Any agreements or representations respecting the Premises or its leasing by Sublessor to Sublessee not expressly set forth in this Sublease are null and void.

### **Attorneys Fees**

Section 10.07 If any Party brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the

abandonment by the other Party of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Sublessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$350 is a reasonable minimum per occurrence for such services and consultation).

#### **Waiver of Jury Trial**

Section 10.08 THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PREMISES OR ARISING OUT OF THIS SUBLEASE.

#### **Americans with Disabilities Act**

Section 10.09 If Sublessee's specific use of the Premises (excluding the general use of the Premises as a hangar) requires modifications or additions to the Premises in order to be in compliance with the Americans with Disabilities Act ("ADA"), Sublessee agrees to make any such necessary modifications and/or additions at Sublessee's expense. If any other modifications or additions to the Premises are required so that the Premises will be in compliance with the ADA, Sublessor shall make any such necessary modifications and/or additions at Sublessee's expense.

#### **ARTICLE XI CONDEMNATION**

If all or a material portion of the Premises is taken by any lawful authority by exercise of the right of eminent domain, or sold to prevent a taking, either Sublessee or Sublessor may terminate this Lease effective as of the earlier of (i) the date possession is required to be surrendered to the authority, or (ii) the date actual possession is delivered to the authority. In the event of a taking or sale to prevent a taking, Sublessee shall be entitled to the entire amount of the condemnation award or sales proceeds with respect to the Premises.

*[signature page follows]*



Executed on December 1, 2006, at Murrieta, California.

SUBLEASE

Date: DECEMBER 20, 2006

SUBLESSEE

By:

Mark Ritchart  
Mark Ritchart

22169 EAGLES NEST CT.  
MURRIETA, CA 92562

Date: December 20, 2006

SUBLESSOR

French Valley Jet Center, LLC

By:

Mark Dessy  
Mark Dessy, Managing Member

The County of Riverside hereby Consents to the foregoing Sublease

COUNTY OF RIVERSIDE

By:

John Tavaglione  
Chairman, Board of Supervisors

JOHN TAVAGLIONE

FORM APPROVED

ATTEST:

NANCY ROMERO, Clerk of the Board

By:

Nancy Romero  
Deputy

JOE S. RANK, County Counsel

By:

Gordon V. Woo  
Deputy

5/16/07

## EXHIBIT A

### **Exclusions From Common Area Costs**

Notwithstanding anything in the Sublease to the contrary, Common Area Costs shall not include the following (and the provisions of this Exhibit A shall control over any contrary or conflicting provisions of the Sublease):

- (i) Costs of capital improvements and alterations, except for capital improvements and alterations which also improve the Premises;
- (ii) Expenses incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space exclusively for tenants or other occupants of the Project;
- (iii) Depreciation, amortization and interest payments, all as determined in accordance with generally accepted accounting principles, consistently applied;
- (iv) Marketing costs including leasing commissions, attorneys' fees and other consultant fees in connection with the negotiation and preparation of leases and related agreements;
- (v) Expenses in connection with services or other benefits which are not offered to Sublessee or for which Sublessee is charged directly by Sublessor or an independent contractor or a utility, but which are provided to another tenant or occupant of the Project the cost of which is included as Common Area Costs;
- (vi) Expenses incurred by Sublessor due to the violation by Sublessor or any tenant of the terms and conditions of any lease of space in the Project, and penalties or fines incurred as a result of Sublessor's negligence, inability or unwillingness to make payments and/or to file any tax or informational returns when due;
- (vii) Overhead and profit increment paid to Sublessor or to subsidiaries or affiliates of Sublessor for goods and/or services in the Project to the extent the overhead and profit increment exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis for similar projects;
- (viii) Sublessor's general corporate overhead and general and administrative expenses, and costs associated with the operation of the business of the Sublessor entity, including partnership accounting and legal matters, and any compensation paid to clerks, attendants or other persons in commercial concessions operated by or through Landlord.
- (ix) Expenses incurred in connection with modifying the Project to comply with handicap, life, fire and safety and any other laws and codes in effect on or prior to the Commencement Date;
- (x) Costs arising from the presence of hazardous or toxic wastes or substances in or about the Project (unless caused by Sublessee or his agent, employees, contractors, guests or

permittees), and costs arising from defects in the structure of the building (or improvements thereto) at the Project installed by Landlord or repair thereof;

(xi) Any bad debt loss, rent loss or reserves of any kind;

(xii) Wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-à-vis time spent on matters unrelated to operating and managing the Project; and in no event any wages or benefits attributable to personnel above the level of Project manager;

(xiii) Costs arising from the negligence or willful misconduct of Sublessor or its agents, employees or contractors;

(xiv) Management fees in excess of customary amounts for other similar airports in southern California, but not to exceed seven percent (7%) of the Common Area Costs;

(xv) in-house legal and/or accounting (as opposed to Project bookkeeping) fees;

(xvi) any expenses paid by any tenant directly to third parties, or as to which Sublessor is otherwise reimbursed by any third party or by insurance proceeds; and

(xvii) any brokerage fees.

Sublessor shall not collect or be entitled to collect Common Area Costs from all of its tenants in an amount which is in excess of 100% of the Common Area Costs actually paid by Sublessor in connection with the operation of the Project (inclusive of any management fee whether paid to Sublessor or a third party), and Sublessor will not "double recover" any Common Area Costs.

**WHEN RECORDED MAIL TO:**

Hewitt & O'Neil LLP  
1990 MacArthur Blvd., Suite 1050  
Irvine, California 92612  
Attention: John D. Hudson

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**RECOGNITION, NON-DISTURBANCE AGREEMENT**

RECOGNITION, NON-DISTURBANCE AGREEMENT

(MASTER GROUND LEASE)

THIS AGREEMENT is made and entered into as of the 1st day of December, 2006, by and among THE COUNTY OF RIVERSIDE (hereinafter "Primary Lessor"), MARK RITCHART (hereinafter "Ritchart"), and FRENCH VALLEY JET CENTER, LLC, a California limited liability company (hereinafter "French Valley").

WITNESSETH

WHEREAS, Primary Lessor is the lessor under that certain lease (the "Primary Lease") dated January 25, 2005, by and between Primary Lessor, as lessor, and French Valley, as lessee; and

WHEREAS, the premises demised under the Primary Lease are described in Paragraph 2 of the Primary Lease (collectively, the "Hangar Area"); and

WHEREAS, French Valley and Ritchart have entered into a lease (the "Lease"), dated December 1, 2006 for premises within the Hangar Area (the "Premises"); and

WHEREAS, it is the mutual desire of the Primary Lessor and Ritchart to assure Ritchart's possession of the Premises upon the terms and condition set forth in the Lease, irrespective of the termination or expiration of the Primary Lease, and, further, to establish certain contractual rights, obligations and agreements between each other relative to the Premises, the Primary Lease and the Lease, and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other valuable considerations, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. In the event of the termination or expiration of the Primary Lease prior to the end of the term of the Lease (as same may have been extended by the terms thereof), and provided that Ritchart is not then in default under the Lease beyond applicable notice and the expiration of cure periods. Ritchart's peaceful and quiet enjoyment and possession of the Premises shall not be disturbed, nor shall the rights and entitlements of Ritchart under the Lease be affected in any manner; and the Lease shall continue in full force and effect as a direct lease with the Primary Lessor upon the same terms and conditions thereof; and in such event Ritchart agrees to attorn to and recognize the Primary Lessor as the lessor under the Lease and to pay all rents and additional rents payable thereunder to the Primary Lessor; and the rights and obligations of Ritchart and the Primary Lessor, as to each other, shall be identical to those between French Valley and Ritchart (respectively) under the Lease, except that Primary Lessor shall not be:

(a) subject to any offsets or defenses which Ritchart might have against French Valley occurring on or prior to the date Primary Lessor succeeds to the interest of French Valley under the Lease, except the Primary Lessor shall be subject to any then existing rights of Ritchart to offset amounts paid to cure a default by French Valley, provided that Ritchart gave Primary Lessor notice of such default, and such default was not cured by either Primary Lessor

or French Valley under the Lease within the cure period set forth for curing such default set forth in the Lease;

(b) liable for any prepayment of rent for more than the current month or for any security deposit deposited with French Valley under the Lease and not delivered or credited to Primary Lessor;

(c) bound by any amendments to the Lease after execution and delivery of this Agreement which have not been consented to by Primary Lessor in writing; and

(d) liable for any act or omission of French Valley unless Ritchart shall have given notice to French Valley and Primary Lessor, and such default was not cured by either French Valley and Primary Lessor under the Lease within the cure period set forth for curing such default set forth in the Lease.

2. Primary Lessor hereby certifies to Ritchart, its successors and assigns, knowing that same will be relied upon by Ritchart, as follows:

(a) That (i) the Primary Lease is currently in full force and effect, and that no defaults exist thereunder nor has any event or circumstance occurred which with the giving of notice or passage of time would constitute a default under the Primary Lease, and (ii) there are no deeds of trust encumbering its interest in the Hangar Area.

(b) The Primary Lessor hereby grants its consent to the Lease.

3. Primary Lessor agrees that so long as the Lease shall remain in full force and effect:

(a) The Premises may be used in accordance with the terms of the Lease; and

(b) Primary Lessor shall permit insurance, eminent domain, condemnation and similar proceeds and/or awards relating to the Premises to be used as required or permitted by the provisions of the Lease.

4. Subject to the provisions of Section 1 above and notwithstanding anything to the contrary contained in the Primary Lease, Primary Lessor shall not in the exercise of any of the rights arising or which may arise out of the Primary Lease or any instrument modifying or amending the same or entered into in substitution and replacement thereof, disturb or deprive Ritchart in, or of, its possession or its right to possession of the premises or of any right or privilege granted to or enuring to the benefit of Ritchart under the Lease. Notwithstanding anything to the contrary contained herein or in the Primary Lease, Primary Lessor shall not terminate the Lease without following the notice and cure provisions in the Lease.

5. Primary Lessor agrees to simultaneously forward to Ritchart a copy of any and all notices and/or demands given to French Valley under the Primary Lease. Any notices, consents, approvals, submissions, demands or other communications (hereinafter a "Notice") given under this agreement shall be in writing. Unless otherwise required by law or governmental regulation, Notices shall be deemed given if sent by registered or certified mail, return receipt required,

postage prepaid or by an overnight courier service providing or delivery upon receipt: (i) to Primary Lessor, at the address of Primary Lessor as hereinbelow set forth or such other address as Primary Lessor may designate by Notice to the other parties hereto, (ii) to Ritchart, at the address of Ritchart as hereinbelow set forth or such other address or persons as Ritchart may designate by notice to the other parties hereto.

6. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7. Modifications. This Agreement may not be amended, modified or terminated except by agreement in writing duly executed by both parties hereto.

8. French Valley's Default. If French Valley should ever be in default beyond applicable notice and cure periods, if any, under the Primary Lease, and the Primary Lease shall be in jeopardy due to French Valley's failure to timely cure such default, and provided French Valley is not diligently contesting such default in good faith, then Ritchart shall have the right (but not the obligation) to cure the default on behalf of French Valley and at French Valley's cost and account. French Valley shall promptly reimburse Ritchart for any reasonable costs incurred by Ritchart in connection with Ritchart's efforts to cure French Valley's default and Ritchart shall have the right to deduct such costs from its rental obligations under the Lease if French Valley fails to so reimburse Ritchart within thirty (30) days after Ritchart's demand therefore accompanied by bills or receipts evidencing such costs.

*[signature page follows]*

IN WITNESS WHEREOF, the parties hereto have hereunto executed this Agreement as of the date first above written.

FORM APPROVED  
COUNTY COUNSEL

JUN 26 2007

BY Gordon V. Ibo

**PRIMARY LESSOR:**

COUNTY OF RIVERSIDE

By: [Signature]

JOHN TAVAGLIONE

Its: [Signature]

CHAIRMAN, BOARD OF SUPERVISORS

Address: County of Riverside  
Economic Development Agency  
3525 Fourteenth Street  
Riverside, CA 92501  
Attn: Assistant County Executive  
Officer/EDA

ATTEST  
NANCY SUMMERS, Clerk  
By: [Signature]  
DEPUTY

**RITCHART:**

[Signature]

Mark Ritchart

Address: 22169 Eagles Nest Court  
Murrieta, CA 92562

**FRENCH VALLEY:**

FRENCH VALLEY JET CENTER, LLC, a  
California limited liability company

By: ~~Gateway Aviation, Inc., its Managing  
Member~~

By: [Signature]

~~George Szabo, its President  
Mark Dessy, Managing Member~~

Address: French Valley Jet Center, LLC  
c/o Gateway Aviation, Inc.  
2006 Palomar Airport Road, #113  
Carlsbad, CA 92008



STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF RIVERSIDE )

On March 8, 2007, before me, Damian Schiller, a Notary Public, personally appeared Mark Dessy, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) (is/are) subscribed to the within instrument, and acknowledged to me that (he/she/they) executed the same in (his/her/their) authorized capacit(-y/-ies), and that by (his/her/their) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



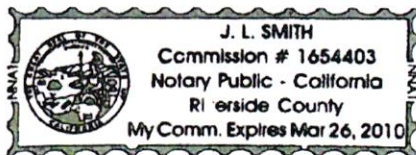
[Signature]  
Signature of Notary Public

[SEAL]

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF Riverside )

On 21 Dec 06, before me, S. L. Smith, a Notary Public, personally appeared Mark Andrew Ritchert, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) (is/are) subscribed to the within instrument, and acknowledged to me that (he/she/they) executed the same in (his/her/their) authorized capacit(-y/-ies), and that by (his/her/their) signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



[Signature]  
Signature of Notary Public

[SEAL]





LEASE  
FRENCH VALLEY AIRPORT

The COUNTY OF RIVERSIDE, herein called County, leases to French Valley Jet Center, LLC, a California Limited Liability Company, herein called Lessee, the property described below under the following terms and conditions:

1. Recitals

(a) County owns approximately four and <sup>65/100</sup> (4.65 acres) of vacant land at the French Valley Airport, County of Riverside, State of California. The parcel is currently leased to Lessee through the assignment of a Lease between the County of Riverside and Aircraft Hangar Management, dated December 19, 2000 referred to herein as the "AHM Lease"; and

(b) County and Lessee desire to execute a new lease to replace the AHM Lease in its entirety such that County and Lessee are relieved of all duties and obligations under the AHM Lease; and

(c) Upon execution of the new lease and its subsequent approval by the County Board of Supervisors, the AHM Lease shall become null and void and of no further effect; provided however that until the new Lease is fully executed and approved by the Board of Supervisors, the AHM Lease shall remain in full force and effect.

d) County desires to lease said property to Lessee for the development of aircraft storage hangars and the construction of facilities necessary for conducting the business of a Full Service Fixed Base Operator, which will provide aircraft servicing, maintenance, and fueling.

(e) Lessee desires to lease said property for the development of aircraft storage hangars and the construction of facilities necessary for conducting the business of a Full Service Fixed Base Operator, which will provide aircraft servicing, maintenance, and fueling.

2. Description The premises leased hereby are located within the French Valley Airport, County of Riverside, State of California and consist of a) approximately four and <sup>65/100</sup> (4.65) acres of vacant land, b) twenty-six tie-down spaces, spaces 190 through 216 and c) one fuel-storage tank pad in the Airport's fuel farm, as described in Exhibit A, A1 and A2 attached hereto and incorporated by this reference herein. Said property is hereafter referred to as the "Leased Premises." There are three un-leased fuel storage pads within the fuel farm. In addition to the foregoing, Lessee shall lease one of the remaining fuel storage-tank pads at such time as only one fuel storage-tank pad remains un-leased in the fuel farm, or sooner, at Lessee's option.

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

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

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

(b) Lessee shall have the option to extend the term of this Lease for an additional period of ten (10) years, subject to the provisions of paragraphs 5, 8 11(c), 17 and 18 hereof and provided that Lessee at the time of exercising the option is in full compliance with the terms of this Lease. Lessee shall notify County in writing of its intention to exercise the option to extend not more than nine (9) months or less than six (6) months from the expiration date of the initial term. Should Lessee default on any terms of this Lease after exercising the option to extend and prior to the expiration of the initial term of the Lease, the option shall become void.

4. Rent Lessee shall pay to County as Base Rent for the use and occupancy of the Leased Premises monthly rent equal three thousand nine hundred thirty-seven and <sup>37/100</sup> dollars (\$3,937.37)

Said Base Rent and the additional rents described in 4(a) 1) and 2) below, are due and payable in advance on the first of each month of the term of the Lease. The rent shall be considered delinquent, if not paid by the 15<sup>th</sup> of the month. If the monthly rent becomes delinquent, Lessee will be charged a late fee equivalent to ten percent (10%) of the delinquent rental amount, exclusive of late fees, for each month that rent is delinquent.

(a) In addition to the basic rent required herein, Lessee shall pay to County:

1) Tie-Down Rent - Monthly rent, beginning on the first day of the month following issuance of a certificate of occupancy for the improvements to be built on the Leased Premises, in an amount equal to seven hundred fifteen and <sup>no/100</sup> dollars (\$715.00) for tie-down spaces 190 through 216.

2) Fuel Farm Rent - Monthly rent in an amount equal to six hundred (\$600.00) dollars for one fuel-storage tank pad, capable of accommodating a 12,000-gallon aboveground fuel-storage tank. When Lessee leases the second fuel-storage tank pad the additional monthly rental shall be the same as then being paid for the first fuel-storage tank pad.

3) Fuel Flowage Fee - A fuel flowage fee in an amount equal to five percent (5%) of the total net price paid by Lessee for all aviation and automotive fuel and lubricants received on the Leased Premises by Lessee. Said fuel flowage fee is due and payable within thirty (30) days of delivery. If not paid within said period, the fuel flowage fee becomes delinquent and Lessee will be charged a late fee equivalent to ten percent (10%) of the delinquent fuel-flowage fee amount, exclusive of late fees, for each month that the fuel flowage fee is delinquent. The term "total net price" shall mean the net price per unit of such fuel and lubricants, excluding taxes imposed

thereon by any government or agency thereof, multiplied by the total number of units of such fuel and lubricants received.

Lessee reserves the right of selecting its own fuel and lubricant suppliers. Lessee's agreement with any such suppliers shall contain a provision therein obligating such suppliers to submit a duplicate invoice to County for any fuel and lubricant deliveries made to Lessee within thirty (30) days following each such delivery. Such invoice shall indicate the type of products delivered, the date of delivery, the quantity delivered, the per-unit cost, the total extended cost and the invoice number. Lessee shall submit such invoices, together with payment of the fuel flowage fee, to County within thirty (30) days of delivery.

(b) Base Rent Adjustments:

1) Beginning July 1, 2005 and every fifth (5<sup>th</sup>) year thereafter, the Base Rent shall be adjusted to one-twelfth (1/12) of eight percent (8%) of the then-current fair market value of the Leased Premises. Said fair market value shall be for the land and shall not include the value of the structures placed on the Leased Premises. In no event will application of this paragraph result in a monthly rental amount lower than the highest previous monthly rental amount.

A property appraisal for establishing the adjusted Base Rent is to be performed by an independent certified appraiser, knowledgeable in aviation appraising and in good standing with the American Institute of Real Estate Appraisers. The appraiser is to be procured and paid for by County. Once established, said rent shall be adjusted annually in the manner set forth in Paragraph 4 (b) 2) below.

2) Consumer Price Index - Beginning July 1, 2005, and at each July 1<sup>st</sup> thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in 4(b) 1) above, the 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 rental amount lower than the highest previous monthly rental amount.

c) Tie-Down and Fuel Farm Rent Adjustments: Beginning July 1, 2005 and every fifth (5<sup>th</sup>) year thereafter the Tie-Down rent will be adjusted by multiplying the published tie-down rate then in effect for the French Valley Airport times 26 and then dividing the product by two (2). Beginning July 1, 2005 the rental amount for the aboveground fuel-storage tank pads will be adjusted annually by change in the Consumer Price Index as provided for in 4 (b) 2) above.

5. Use The Leased Premises shall be used for the following purposes and no other without the written permission of County. All of the uses listed under paragraph 5(a) below are permitted uses within the Leased Premises. Lessee intends initially to use the Leased Premises for those uses listed in paragraph 5(b) below. Lessee shall notify County in writing and provide a detailed description of any additional use and scope of operation prior to commencing said use.

(a) Permitted Uses:

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

(2) Agreed to flight operations, including, but not limited to, flight instruction/training, demonstration of aircraft for sale, charter, air taxi, and flight-testing of aircraft following repair or modification. With regard to charter and air taxi operations, Lessee will submit to County a complete description of the operations and scope of services provided, and County will establish insurance coverages and limits for these operations to be obtained by Lessee prior to commencement of operations. Coverages and limits established for charter and air taxi will be in addition to the coverages required herein.



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

(4) Painting and upholstering of aircraft

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

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

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

(8) Providing ground school instruction associated with flight training.

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

(10) Operating a restaurant or café for the purpose of providing meals and beverages to the general public. If alcoholic beverages are sold, Lessee shall maintain Liquor Liability insurance coverage or Lessee shall require restaurant or café sublessee to maintain Liquor Liability insurance coverage as part of sub-lessee's Commercial General Liability insurance.

(b) Initial Uses:

(1) Construction of facilities, including a maintenance hangar suitable for the operations of a Full Service Fixed Base Operator, which will provide servicing, maintenance and fueling for aircraft

(2) Construction of buildings for the storage of aircraft

The Leased Premises shall not be used for any purpose other than those uses described in paragraph 4 (a) (1 through 10) without first obtaining the written consent of

County, which consent shall not be unreasonably withheld. The County's approval of any change in the Use of the Leased Premises may, at County's sole election, place additional reasonable specific requirements on Lessee including, but not limited to, the types, limits, and conditions of insurance provided under this Lease.

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

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

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

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

(d) Provide services to the general public seven (7) days per week during the term of this Lease on a minimum hourly basis each day from 8:00 A.M., local time, to 5:00 P.M., local time, and Lessee shall not make any changes relative to such minimum hourly schedule unless approval is first obtained from County in writing;

(e) Operate the Leased Premises and the facilities thereon in a progressive and efficient manner, charging fair and reasonable prices for each unit or service, said prices being competitive with prices charged by other fixed based operators at French Valley Airport and other County airports, and, upon request from County, Lessee shall furnish County with a schedule of all prices for each unit or service offered for sale or lease to the general public

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

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

(h) Provide aircraft recovery and removal services within the airport air operating area, and have available and provide, as needed, standardized ground service equipment for aircraft weighing sixty thousand (60,000) pounds or less gross weight upon request of the aircraft owners or County (standardized ground service equipment shall include, but not be limited to, wheel chocks, tie-down ropes or chains, aircraft jacks, tow bars, auxiliary power units, and aircraft tugs);

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

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

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

(l) Observe the Taxiway Object Free Area adjacent to their leasehold to allow the passage of taxiing aircraft; the Taxiway Object Free Area boundary for the taxiway adjoining the west side of the leasehold is one hundred ten (110) feet from the centerline of the taxiway.

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

7. Permits, Licenses and Taxes Lessee shall secure, at its expense, all necessary permits and licenses as it may be required to obtain regarding the construction, operation, maintenance, and termination or abandonment of activities upon the Leased Premises, and Lessee shall pay for all fees and taxes levied or required by any authorized public entity. Lessee recognizes and understands that this Lease may create a possessory interest subject to property taxation and that Lessee may be subject to the payment of property taxes levied on such interest.

8. On-Site Improvements

(a) Lessee, at its expense, shall construct, or cause to be constructed, improvements described in a site plan showing the location and dimensions of all planned improvements. Improvements shall conform to the Minimum Standards for Fixed Based Operators Riverside County Airports, Exhibit C, attached hereto and by this reference incorporated herein, and will include a terminal building, aircraft storage hangars, facilities necessary for conducting the business of a Full Service Fixed Base Operator such as a maintenance hangar, above ground fueling tanks, associated landscaping, and improvements, all in accordance with County requirements.

Within thirty (30) days of lease execution by all parties, Lessee shall submit a site plan to the Economic Development Agency showing the location and

dimensions of all planned improvements. Within sixty (90) days of approval of the site plan by the Economic Development Agency, Lessee shall submit a full set of construction plans to the County to obtain building permits. Construction of said improvements shall commence within sixty (60) days following issuance of the requisite permits by the County.

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

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

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

(d) All improvements, alterations, and fixtures shall remain or become, as the case may be, the property of County, with the exception of trade fixtures as that term is used in Section 1019 of the Civil Code; provided, however, that Lessee shall have the full and exclusive use and enjoyment of such improvements, alterations, and fixtures during the term of this Lease. At or prior to the expiration of this Lease, Lessee shall remove, at its expense, such trade fixtures and restore said Leased Premises to their original shape and condition as nearly as practicable. In the event Lessee does

not so remove such trade fixtures, they shall become the property of the County for no further consideration of any kind, and Lessee shall execute any documents that may be required or necessitated conveying its interest in such improvements, alterations, and fixtures to County.

9. Off-Site Improvements

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

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

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

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

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

11. County's Reserved Rights.

(a) The Leased Premises are accepted by Lessee subject to any and all existing easements or other encumbrances, and County shall have the right to enter upon the Leased Premises and to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections, water, oil and gas pipelines, and telephone and telegraph power lines and such other facilities and appurtenances necessary or convenient to use in connection therewith, over, in, upon, through, across and along the Leased Premises or any part thereof. County also reserves the right to grant franchises, easements, rights of way and permits in, over and upon, along or across any and all portions of said Leased Premises as County may elect; provided, however, that no right of the County provided for in this paragraph shall be executed so as to interfere unreasonably with Lessee's use hereunder, or impair the security of any secured creditor of Lessee. County shall cause the surface of the Leased Premises to be restored to its original condition (as they existed prior to any such entry) upon the completion of any construction by County or its agents. In the event such construction renders any portion of the Leased Premises unusable, the rent shall abate pro rata as to such unusable portion during the period of such construction. Any right of County set forth in this paragraph shall not be exercised unless a prior written notice of thirty (30) days is given to Lessee; provided,

however, in the event such right must be exercised by reason of emergency, then County shall give Lessee such notice in writing as is reasonable under the existing circumstances.

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

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

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

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



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

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

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

15. Discrimination or Segregation

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

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

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

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

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

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

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

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

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

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

(g) Failure of the Lessee to require all tiers of sublessees and/or contractors to indemnify the County and to have appropriate insurance coverages and/or failure by Lessee to monitor each sublessee and/or contractor for current and correct Certificates of Insurance and required endorsements throughout the term of this lease.

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

18. Hold Harmless/Indemnification Lessee shall indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts and

Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (the "Indemnified Parties") from any liability whatsoever, including but not limited to, property damage, bodily injury, or death, based or asserted upon any services of Lessee, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement and Lessee shall defend at its sole expense and pay all costs and fees, including but not limited to, attorney fees, cost of investigation, defense and settlements or awards, on behalf of the Indemnified Parties in any claim or action based upon such liability.

With respect to any action or claim subject to indemnification herein by Lessee, Lessee shall, at Lessee's sole cost, have the right to use counsel of their choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Lessee's indemnification to the Indemnified Parties as set forth herein.

Lessee's obligation hereunder shall be satisfied when Lessee has provided County the appropriate form of dismissal relieving County from any liability for the action or claim involved.

The specified insurance limits required in this Agreement shall in no way limit or circumscribe Lessee's obligations to indemnify and hold harmless the Indemnified Parties herein from third party claims.

In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the Lessee from indemnifying the Indemnified Parties to the fullest extent allowed by law.

Lessee shall require each sub-lessee and/or contractor of every tier to indemnify the County of Riverside as respects any claims arising from their sub-lease and/or contract.

19. Insurance Lessee shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverages during the term of this Lease. These requirements, with the approval of the County's Risk Manager, may be modified to reflect the activities associated with the Lessee provided that any changes are reasonable in nature and consistent with industry standards. The procurement and maintenance of the insurance required below will not diminish or limit Lessee's obligation to indemnify or hold the County harmless. Lessee agrees to have in place insurance coverage as it is required and applicable. This Paragraph shall not be construed to require Lessee to have all insurance required under this provision, in place from the date of Commencement of this Lease

(a) Workers Compensation Lessee shall maintain statutory Workers' Compensation Insurance (Coverage A) as described 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 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. Lessee shall maintain Airport General Liability Insurance coverage including, but not limited to, premises/operations liability, contractual liability, products and completed operations liability, independent contractor's, personal and advertising injury liability covering all claims or lawsuits of any nature whatsoever which may arise from or out of Lessee's performance under the terms of the lease agreement. Policy shall name all 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 combined single limit and in the annual aggregate as

applicable, and increasing to \$10,000,000 January 1, 2010. The policy shall be endorsed to provide Hangar Keeper's Legal Liability Insurance (Ground and In-Flight) providing coverage for aircraft in the care, custody or control of the Lessee. Policy shall include coverage for the Named Insured's use of unlicensed vehicles on Airport Premises.

(c) Vehicle Liability. Lessee shall maintain liability insurance for all owned, non-owned, or hired vehicles used in the performance of this Lease in an amount not less than \$1,000,000 per occurrence combined single limit. The policy shall be endorsed to name all 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. Proof of the foregoing coverage will be required before issuing vehicle gate cards.

(d) Aircraft Hull and Liability Insurance.

1) Aircraft Hull - Lessee agrees to indemnify and hold harmless the County from any and all losses, claims, or damage to any aircraft owned by Lessee and all losses, claims, or damage to any aircraft where Lessee has agreed under contract to be responsible for any physical damage to the aircraft. Lessee hereby agrees that this indemnification and hold harmless includes, but is not limited to, losses, claims or damage to any of Lessee's aircraft caused directly or indirectly by the County.

2) Aircraft Liability - Lessee shall provide Aircraft Liability insurance for all owned and non-owned aircraft operated by the Lessee 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 name all The County of Riverside, its Agencies, Districts, Special Districts and

Departments, its respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representative as Additional Insureds.

(e) Pollution Liability Insurance. Lessee shall, during the term of this lease, maintain or caused to be maintained Commercial Automobile Liability Insurance including an MCS-90 Endorsement covering all vehicles used to transport fuel to the Airport for Lessee's operations with limits of not less than \$5,000,000 each accident. If Lessee subcontracts this operation, then Lessee shall require the subcontractor to maintain this insurance.

Lessee shall also maintain site-specific Pollution Liability Insurance, covering both sudden and gradual pollution, with limits of not less than \$2,000,000 each pollution condition and \$2,000,000 annual aggregate covering third party claims for bodily injury, property damage and first and third party cleanup expense, for pollution conditions occurring or discovered on-site whether in the soil, water or air, which arise out of Lessee's activities at the Airport. The insurance shall include coverage for loss arising out of the handling of fuel, including the transportation of fuel and refueling of aircraft on-site, arising out of any storage tanks and associated piping, and arising out of the operation, parking and maintenance of aircraft, vehicles on the premises and operations that include any other hazardous materials, waste, and/or work. The policy shall name County as additional insured, and shall not contain "an insured v. insured" exclusion. The policy shall not contain a deductible or self-insured retention higher than \$500,000.

(f) All Risk Property Insurance:

(1) All-Risk real and personal insurance coverage, including earthquake and flood if applicable, for the full replacement cost value of building, structures, fixtures, equipment, improvements/alterations and systems on the premises for property that the Lessee owns or is contractually responsible for. 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 coverage on a full replacement cost value basis. Policy shall provide Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for 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.

(3) Course of Construction Insurance. During the full term of construction of the planned improvements, Lessee shall purchase and maintain or cause to be maintained All Risk Builder's Risk insurance (Completed Value Form) including earthquake and flood for the entire Project, if applicable, including coverage for materials and supplies located on and offsite but to be part of, or used in the construction of, the completed Project. Policy shall also include as insured property, scaffolding, falsework, and temporary buildings located on the Project site, and the cost of demolition and debris removal. If the contractor or others insure scaffolding, falsework and temporary buildings separately, evidence of such separate coverage shall be provided to County prior to the start of the work. The Course of Construction coverage limit of insurance shall equal or exceed the highest values exposed to loss at any one time during the project term. Policy shall waive subrogation in favor of all Agencies, Districts, Special Districts and Departments of the County of Riverside, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives.

(g) General Insurance Provisions – All Lines:

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



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

(3) Cause Lessee's insurance carrier(s) to furnish the County of Riverside with either: 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein; or 2) if requested to do so in writing by the 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 of coverage or cancellation of such insurance. In the event of a material modification of coverage or cancellation of such insurance, this Lease shall terminate forthwith, unless the County of Riverside receives, 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.

Lessee 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 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 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 – Economic Development Agency's reasonable judgment, upon advice of the County Risk Manager, the amount or type of insurance carried by the Lessee has become inadequate. The Lessee agrees to notify the County of any plan or change of plan for the Lessee's operations and such notification shall occur prior to implementing any such change.

Beginning July 1, 2010, except for Airport General Liability which may be adjusted beginning July 1, 2015, and every fifth year thereafter during the term of this Lease, or any extension thereof, County reserves the right to adjust the monetary limits of insurance coverage as required in Paragraph 19.

(6) Lessee shall notify County of any claim made by a third party or any incident or event that may give rise to a claim arising from this Lease.

20. Insurance for Fuel Suppliers. Lessee shall also require suppliers of fuel to procure, maintain, show evidence and comply with all requirements of insurance as follows:

(a) Workers' Compensation. Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include

Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. Policy shall be endorsed to provide a Waiver Of Subrogation in favor of 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) Commercial General Liability. Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations, personal and advertising injury covering claims which may arise from or out of Supplier's performance of its obligations hereunder. Policy shall name the Lessee, all the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective Directors, Officers, Board of Supervisors, elected officials, employees, agents or representatives as Additional Insureds. The policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

(c) Vehicle Liability. Supplier shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the Lessee, County of Riverside, Special Districts, their respective Directors, Officers, Board of Supervisors, elected officials, employees, agents, or representatives as Additional Insureds.

(d) Pollution Liability Insurance. Supplier shall, during the term of this lease, maintain Commercial Automobile Liability Insurance including an MCS-90 Endorsement covering all vehicles used to transport fuel to the Airport for Lessee's operations with limits of not less than \$5,000,000 each accident.

(e) General Insurance Provisions – All lines: Lessee shall cause Supplier's insurance carrier(s) to furnish the Lessor and the County of Riverside with a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein. 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 Lessee and 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, the Supplier's Agreement shall terminate forthwith, unless the Lessee and the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or 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.

Supplier shall not commence operations until the County of Riverside has been furnished original Certificate(s) of Insurance and certified original copies of endorsements or 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.

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

21. Insurance for Sublessees and Contractors. Lessee shall require each of its Sublessees and Contractors to meet all insurance requirements imposed by this Lease. These requirements, with the approval of the County's Risk Manager, may be

modified to reflect the activities associated with the Sublessee or Contractor. On every sublease or contract the Lessee shall have the Sublessee or Contractor name the Lessee and the County by endorsement as an additional insured and/or have the Sublessee or Contractor provide an endorsement waiving subrogation in favor of the Lessee and the County on every Sublessee's or Contractor's insurance policy, as applicable. Certificates and endorsements evidencing compliance with this section will be provided to the County prior to the Sublessee taking occupancy.

22. Acceptance of Leased Premises

(a) Lessee represents that it has inspected the Leased Premises, accepts the "as is" condition thereof, and fully assumes any and all risks associated to the use thereof. County shall not be liable to Lessee, its officers, agents, employees, subcontractors or independent contractors for any bodily injury, personal injury or property damage suffered by them or others which may result from hidden, latent or other dangerous conditions in, on, upon or within the Leased Premises.

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

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

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

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24. Right to Encumber/Right to Cure.

(a) Lessee's Right to Encumber. Notwithstanding provisions of Paragraph 24 herein, County does hereby consent to and agree that Lessee may encumber or assign, or both, for the benefit of a lender, herein called Encumbrancer, this Lease, the leasehold estate and the improvements thereof by a deed of trust, mortgage or other security-type instrument, herein called trust deed, to assure the payment of the promissory note of Lessee if the Encumbrancer is an established bank, savings and loan association or insurance company, and the prior written consent of County shall not be required:

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

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

Any Encumbrancer described in Paragraph 24(a)(2) above which is the transferee under the provisions of Paragraph 24(a)(1) above shall be liable to perform the obligations and duties of Lessee under this Lease only so long as such transferee holds title to the leasehold.

Any subsequent transfer of this leasehold hereunder, except as provided for in Paragraph 24(a)(2) above, shall not be made without the prior written consent of County and shall be subject to the conditions relating hereto as set forth in Paragraph

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

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

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

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

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

relied upon conclusively by any prospective purchaser, Encumbrancer, or Sublessee of the Demised Premises, the building or any portion thereof.

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

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

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



Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws now and in the future.

27. National Pollution Discharge Elimination System (NPDES) Permit. Lessee acknowledges, understands and agrees that it shall comply with California State Water Resources Control Board general permit requirements now and in the future relating to storm water discharges associated with activities such as aircraft rehabilitation, mechanical repairs, fueling, lubrication, cleaning, painting and deicing. Lessee further acknowledges, understands and agrees that it shall participate as a co-permittee under said general permit, participate in the French Valley Airport Storm Water Pollution Prevention Plan (SWPPP) as noted in Exhibit "D", attached hereto and by this reference made a part of this Lease, including with out limitation, the Best Management Practices, Best Available Technology Economically Achievable, and Best Convention Pollutant Control Technology.

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

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

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

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

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

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

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

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

35. Attorney's Fees. In the event of any litigation or arbitration between Lessee and County to enforce any of the provisions of this Lease or any right of either party hereto, the unsuccessful party to such litigation or arbitration agrees to pay to the successful party all costs and expenses, including reasonable attorney's fees, incurred therein by the successful party, all of which shall be included in and as a part of the judgment or award rendered in such litigation or arbitration.

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

COUNTY

County of Riverside  
Economic Development Agency  
3525 Fourteenth Street  
Riverside, CA 92501  
Attn: Assistant County Executive Officer/EDA

LESSEE

French Valley Jet Center, LLC  
c/o Gateway Aviation, Inc  
2006 Palomar Airport Road, # 113  
Carlsbad, CA 92008

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

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

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

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

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

41. FAA Consent to Lease. Lessee acknowledges that French Valley Airport was transferred to the County by the Federal Government and, as such, may require FAA consent to the Lease. If so required, the Federal government's approval shall be considered a condition precedent under this Lease.

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

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

Date: 11-22-04

French Valley Jet Center, LLC  
a California Limited Liability Company

By: *Mark Dessy*  
Sierra Nevada Ventures, Inc.  
Mark Dessy, President

By: *George Szabo*  
Gateway Aviation, Inc., Managing Member  
George Szabo, Its President

Date: JAN 25 2005

COUNTY OF RIVERSIDE

By: *Marion Ashley*  
Chairman, Board of Supervisors

**MARION ASHLEY**

ATTEST:

FORM APPROVED:

NANCY ROMERO, Clerk of the Board

WILLIAM C. KATZENSTEIN, County Counsel

By: *Shaul Lomf*  
Deputy

By: *Gordon V. Wbo* 12/27/04  
Deputy

(SEAL)

Attachments:

1. Exhibit A – Legal Description
2. Exhibit A - 1 – Tie Downs
3. Exhibit A – 2 – Fuel Farm Pads
4. Exhibit B – Federally Required Lease Provisions
5. Exhibit C – Minimum Standards
6. Exhibit D – Storm Water Pollution Prevention Plan
7. Exhibit E – Storm Drain Build-Over Agreement

**FIRST AMENDMENT TO LEASE**  
French Valley Airport

This First Amendment to Lease ("Amendment:") is entered into by and between the County of Riverside (hereinafter "County"), and French Valley Jet Center, 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") approved by the Board of Supervisors of the County of Riverside ("Board") on January 25, 2005, wherein Lessee agreed to lease from County approximately 4.65 acres of property ("Leased Premises") located at the French Valley 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. Paragraph 4 Rent, page 3, shall be modified by adding the following sentence at the end of the first paragraph:

"Beginning July 1, 2005, the monthly base rent shall be \$4,726.26."

2. Subparagraph 4 (b)(1), page 4 of the Lease, shall be deleted in its entirety and replaced with the following subparagraph:

"(1) 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 U.S. 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."

2. Subparagraph 4 (b)(2), page 4, is hereby deleted in its entirety and replaced with the following subparagraph:

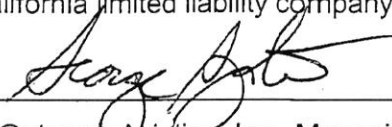
"(2) Beginning July 1, 2006 and at each July 1<sup>st</sup> thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in paragraph 5(d) above, the Base Rent shall be adjusted by the percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange 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."

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

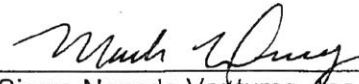
WHEREFOR, the parties hereto have executed this Amendment as of the dates set forth below.

Dated: \_\_\_\_\_

LESSEE:  
FRENCH VALLEY JET CENTER, LLC,  
a California limited liability company




By: Gateway Aviation, Inc., Managing Member  
George Szabo, Its President



By: Sierra Nevada Ventures, Inc  
Mark Dessy, President

Dated: JUN 27 2006

COUNTY OF RIVERSIDE

By: 


Chairman, Board of Supervisors

**BOB BUSTER**

(SEAL)

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

ATTEST:  
Nancy Romero, Clerk of the Board

By:  6/13/06  
Deputy

By:   
Deputy

# EXHIBIT A

1 Board of Supervisors

County of Riverside

2  
3 RESOLUTION NO. 2008-362

4 ESTABLISHING FUEL FLOWAGE FEES AND REQUIREMENTS  
5 FOR FUEL SELLERS AT COUNTY OWNED AIRPORTS

6 WHEREAS, the County has previously set fuel flowage fees for fuel sellers and self-  
7 fuelers (who are also lessees or sub-lessees on the airport who meet certain minimum requirements), at  
8 County owned airports as a percentage of the net delivered price, the current fee having been established  
9 at five percent (5%) of the total net price paid by Lessee for all aviation and automotive fuel and  
10 lubricants received on the Leased Premises by Lessee. The "total net price" shall mean the net price per  
11 unit of such fuel and lubricants, excluding taxes imposed thereon by any governmental agency. Said  
12 fuel flowage fees are due and payable within thirty (30) days of delivery. In some cases, these fuel  
13 flowage fees are subject to a late fee of ten percent of the delinquent amount.

14 WHEREAS, as a result of the current surge in fuel prices and the resultant negative  
15 economic impact on airport operations, as well as discussions with County Airport Lessees and fuel  
16 sellers, and a review of fuel flowage fees charged by other southern California airport operators, the  
17 County desires to change the method of calculating fuel flowage fees from a percentage basis to a fixed  
18 price per gallon basis, effective July 1, 2008.

19 WHEREAS, the new fuel flowage fee will continue to provide the County with  
20 reasonable revenue to support the maintenance and operation of the County airports, while providing  
21 relief to the airport Lessee/fuel seller.

22 WHEREAS, the adoption of the new fuel flowage fee calculation will require that the  
23 current leases and/or sub-leases for fuel sellers be amended to reflect the new fee at a subsequent date.

24 NOW, THEREFORE, BE IT RESOLVED that the fuel flowage fee at County owned  
25 airports shall be calculated as follows:

- 26 1. The fuel flowage fee will be assessed at the rate of \$0.12 per gallon of fuel sold  
27 effective July 1, 2008. Payments shall be due within thirty (30) days of the County's  
28 invoice. A timely payment discount of \$0.02 per gallon shall be applied to payments

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received within twenty (20) days of the date of the invoice. A late fee of ten percent (10%) shall be assessed to all payments received after the due date (30 days of invoice).

2. Lessee/fuel seller's fuel systems must comply with the County Airport requirements and specifications. The systems must have a meter according to the County's specifications, which allow the County to monitor and record fuel sales on a monthly basis. Lessee/fuel seller shall, at its own expense, be responsible for obtaining and installing the meter. The meter or metering device must be certified on an annual basis by the Riverside County Agricultural Department, Weights and Measures Division, or other service designated by the County. Such annual certification shall be at the expense of lessee.

3. The County shall take readings from the meters of all fuel systems during the first week of each month. The County shall issue an invoice to Lessee based upon the number of gallons of fuel sold during the previous monthly period. The County reserves the right to audit records of Lessee's fuel sales and receipts. Lessee shall make all such records available for inspection upon three (5) days notice from County to Lessee.

4. Lessees shall have the option to continue to pay fuel flowage fees at the former rate of 5% per gallon for the duration of the current lease or sublease.

5. Fuel sellers, prior to being subject to the new fuel flowage fee calculation, shall be required to enter into amendments of their current leases and/or subleases to reflect the provisions of this resolution.

6. Lessees must at all times comply with applicable local, state and federal laws and regulations, including applicable airport regulations established pursuant to Riverside County Ordinance No. 576.2.

7. The County reserves the right to review this Resolution from time to time, and by Resolution, make any and all such revisions as it deems necessary and appropriate.

FORM APPROVED COUNTY COUNSEL  
BY: *[Signature]* DATE: 7/19/08  
NEAL R. KIPNIS