

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



**ITEM:** 3.69  
(ID # 27642)

**MEETING DATE:**  
Tuesday, June 10, 2025

**FROM :** TLMA - AVIATION

**SUBJECT:** TRANSPORTATION AND LAND MANAGEMENT AGENCY/AVIATION: Approval and Consent to Bill of Sale Coupled with Sublease for the sale of Aviation Hangar B15 between Patrick J. Mathews and Debbie A. Mathews, as Seller, and Dean M. Holliday and Jean F. Holliday, Trustees of the Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020, as Buyer, and Consent to Sublease with Sale of Aviation Hangar between All Inside AV Storage, Inc., a California corporation, DBA Thermal Aviation (as Sublessor), successor-in-interest to John Obradovich and Betty Obradovich, and Dean M. Holliday and Jean F. Holliday, Trustees of The Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 (as Sublessee), Jacqueline Cochran Regional Airport, CEQA Exempt pursuant to State CEQA Guidelines Section 15301 and Section 15061(b)(3), District 4. [\$850 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 15061 (b)(3);
2. **Approve** the Consent to Bill of Sale Coupled with Sublease ("Bill of Sale") between Patrick J. Mathews and Debbie A. Mathews (as "Seller") and Dean M. Holliday and Jean F. Holliday, Trustees of the Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020, (as "Buyer"), for the airport hangar identified as Building B, Hangar No. 15 located within the Jacqueline Cochran Regional Airport at 56-850 Higgins Dr., Thermal, CA 92274 as more specifically set forth in the attached Bill of Sale;

Continued on page 2


**ACTION:Policy**

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez  
Nays: None  
Absent: None  
Date: June 10, 2025  
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**

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

3. **Approve** the Consent to the Sublease with Sale of Aviation Hangar (“Sublease”) between All Inside AV Storage, Inc., a California corporation, DBA Thermal Aviation (as Sublessor) successor-in-interest to John Obradovich and Betty Obradovich, as Sublessor, and Dean M. Holliday and Jean F. Holliday, Trustees of the Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020, as Sublessee, subleasing Sublessor’s interest under that certain lease Dated June 3, 2003, between the County of Riverside, as Lessor, and John Obradovich and Betty Obradovich, as Lessee, as more specifically set forth in the attached Sublease, relating to the premises located at 56-850 Higgins Dr., Thermal, CA 92274, California;
  
4. **Authorize** the Chairman of the Board of Supervisors to execute the attached Consent to Bill of Sale and Consent to Sublease and authorize the Assistant County Executive Officer/TLMA, or designee, to execute any additional documents necessary to implement the Consent to Bill of Sale and Consent Sublease, subject to approval by County Counsel; and
  
5. **Direct** the Clerk of the Board to file the attached Notice of Exemption with the County Clerk and State Clearinghouse within five (5) working days of approval by the Board.

<b>FINANCIAL DATA</b>	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
<b>COST</b>	\$ 850	\$ 0	\$ 850	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS:</b> TLMA Aviation Revenue Fund 100%			<b>Budget Adjustment: No</b>	
			<b>For Fiscal Year: 2024/25</b>	

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

**BACKGROUND:**

**Summary**

The County of Riverside (“County”), as lessor, and All Inside AV Storage, Inc., a California corporation, DBA Thermal Aviation, successor-in-interest to John Obradovich and Betty Obradovich (collectively, “All Inside Storage”), as lessee, entered into that certain Lease Desert Resorts Regional Airport dated June 3, 2003, as amended by that certain First Amendment to Lease Jacqueline Cochran Regional Airport dated on or about September 14, 2004, that certain Second Amendment to Lease Jacqueline Cochran Regional Airport dated September 12, 2006, and that certain Third Amendment to Lease Jacqueline Cochran Regional Airport dated March 17, 2009, assigned from John Obradovich and Betty Obradovich to All Inside AV Storage, Inc., a California Corporation, DBA Thermal Aviation on September 12, 2023 (collectively, “Lease”). The Lease relates to approximately 9 acres of real property located at the Jacqueline Cochran Regional Airport (“Leased Premises”) attached hereto as Attachment D. Pursuant to Section 24 of the Lease, All Inside Storage cannot sublease any rights, duties, or obligations under the Lease without the written

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

consent of the County. All Inside Storage desires to sublease a portion of the Leased Premises upon which an aircraft storage hangar has been constructed, and is identified as Building B, Hangar No. 5 (“Subleased Premises”) to Dean M. Holliday and Jean F. Holliday, Trustees of the Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020, as more specifically set forth in the Sublease dated January 21, 2025, and attached hereto as Attachment C (“Sublease”).

In connection with the Sublease, Dean M. Holliday and Jean F. Holliday, Trustees of the Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 (as Buyer) and Patrick J. Mathews and Debbie A. Mathews, (as Seller) entered into that certain Bill of Sale Coupled with Sublease dated February 18, 2025, relating to the sale of Building B, Hangar No. 15 (“Bill of Sale”), the effectiveness of which is subject to the consent and approval by the County. A copy of the Bill of Sale is attached hereto as Attachment A. The Dean and Jean Holliday Living Trust will not change the existing use of the Subleased Premises. The Bill of Sale and the Sublease will not impact the terms of the Lease.

Pursuant to the California Environmental Quality Act (CEQA), the Consent to Bill of Sale Coupled with Sublease and Sublease with Sale of Aviation Hangar were 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 Bill of Sale of Aviation Hangar, and Consent to Sublease with Sale of Aviation Hangar is related to the subletting 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.

**Impact on Citizens and Businesses**

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

**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 CEQA filing fees to date in the approximate amount of \$850 will be reimbursed from the TLMA Aviation Revenue Fund.

County Counsel Review	\$ 800
CEQA NOE	\$ 50
<b>Total</b>	<b>\$ 850</b>

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STATE OF CALIFORNIA

**ATTACHMENTS:**

Attachment A – Consent to Bill of Sale Coupled with Sublease  
Attachment B – Lease Cancellation Agreement  
Attachment C – Consent to Sublease with Sale of Aviation Hangar  
Attachment D – Master Lease and Amendments  
CEQA Notice of Exemption



Jason Farin, Principal Policy Analyst

6/3/2025



Aaron Gettis, Chief of Deputy County Counsel

5/31/2025



**Peter Aldana**  
**Riverside County**  
**Assessor-County Clerk-Recorder**  
2724 Gateway Drive  
Riverside, CA 92507  
(951) 486-7000  
www.rivcoacr.org

**Receipt: 25-175714**

<b>Product</b>	<b>Name</b>	<b>Extended</b>
FISH	CLERK FISH AND GAME FILINGS	\$50.00
	# Pages	3
	Document #	E-202500520
	Filing Type	7
	State Fee Prev Charged	false
	No Charge Clerk Fee	false
F&G Notice of Exemption Fee		\$50.00
<b>Total</b>		<b>\$50.00</b>
Tender (On Account)		\$50.00
Account#	TRANS	
Account Name	TRANS - TRANSPORTATION DEPT	
Balance	\$8,216.50	

6/10/25, 4:09 PM PST  
Gateway Clerk



State of California - Department of Fish and Wildlife  
**2025 ENVIRONMENTAL DOCUMENT FILING FEE**  
**CASH RECEIPT**  
 DFW 753.5a (REV. 01/01/25) Previously DFG 753.5a

RECEIPT NUMBER:  
 25-175714  
 STATE CLEARINGHOUSE NUMBER (If applicable)

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY.

LEAD AGENCY COUNTY OF RIVERSIDE	LEAD AGENCY EMAIL JRUIZ@RIVCO.ORG	DATE 06/10/2025
COUNTY/STATE AGENCY OF FILING RIVERSIDE	DOCUMENT NUMBER E-202500520	

PROJECT TITLE

APPROVAL AND CONSENT TO BILL OF SALE COUPLED WITH SUBLEASE FOR THE SALE OF AVIATION HANGAR B15 BETWEEN PATRICK J. MATHEWS AND DEBBIE A. MATHEWS, AS SELLER,

PROJECT APPLICANT NAME RIVERSIDE COUNTY TMLA AVIATION	PROJECT APPLICANT EMAIL JRUIZ@RIVCO.ORG	PHONE NUMBER (951) 955-5746
PROJECT APPLICANT ADDRESS 4080 LEMON STREET, 14TH FLOOR	CITY RIVERSIDE	STATE CA
		ZIP CODE 92501

PROJECT APPLICANT (Check appropriate box)

- Local Public Agency    
  School District    
  Other Special District    
  State Agency    
  Private Entity

CHECK APPLICABLE FEES:

- |   |            |          |
|---|------------|----------|
| <input type="checkbox"/> Environmental Impact Report (EIR)  | \$4,123.50 | \$ _____ |
| <input type="checkbox"/> Mitigated/Negative Declaration (MND)(ND)                                   | \$2,968.75 | \$ _____ |
| <input type="checkbox"/> Certified Regulatory Program (CRP) document - payment due directly to CDFW | \$1,401.75 | \$ _____ |

- Exempt from fee  
      Notice of Exemption (attach)  
      CDFW No Effect Determination (attach)  
 Fee previously paid (attach previously issued cash receipt copy)

- |   |          |                  |
|---|----------|------------------|
| <input type="checkbox"/> Water Right Application or Petition Fee (State Water Resources Control Board only) | \$850.00 | \$ _____         |
| <input checked="" type="checkbox"/> County documentary handling fee   |          | \$ _____ \$50.00 |
| <input type="checkbox"/> Other  |          | \$ _____         |

PAYMENT METHOD:

- Cash   
  Credit   
  Check   
  Other

TOTAL RECEIVED \$ \_\_\_\_\_ \$50.00

SIGNATURE X <i>C. Sandoval</i>	AGENCY OF FILING PRINTED NAME AND TITLE Deputy <b>Cassandra Sandoval</b>
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County of Riverside  
TLMA Aviation  
4080 Lemon Street, 14<sup>th</sup> Floor, Riverside, CA 92501

<b>FILED / POSTED</b>		
County of Riverside		
Peter Aldana		
Assessor-County Clerk-Recorder		
E-202500520		
06/10/2025 04:09 PM Fee: \$ 50.00		
Page 1 of 3		
Removed:	By:	Deputy

### NOTICE OF EXEMPTION

April 14, 2025

**Project Name:** Approval and Consent to Bill of Sale Coupled with Sublease for the sale of Aviation Hangar B15 between Patrick J. Mathews and Debbie A. Mathews, as Seller, and Dean M. Holliday and Jean F. Holliday, Trustees of the Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020, as Buyer, and Consent to Sublease with Sale of Aviation Hangar between All Inside AV Storage, Inc., a California corporation, DBA Thermal Aviation (as Sublessor), successor-in-interest to John Obradovich and Betty Obradovich, and Dean M. Holliday and Jean F. Holliday, Trustees of The Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 (as Sublessee).

**Project Location:** Hangar B15, 56-850 Higgins Dr., Thermal, CA 92274, California.

**Description of Project:** The County of Riverside ("County"), as lessor, and All Inside AV Storage, Inc., a California corporation, DBA Thermal Aviation, successor-in-interest to John Obradovich and Betty Obradovich (collectively, "All Inside Storage"), as lessee, entered into that certain Lease Desert Resorts Regional Airport dated June 3, 2003, as amended by that certain First Amendment to Lease Jacqueline Cochran Regional Airport dated on or about September 14, 2004, that certain Second Amendment to Lease Jacqueline Cochran Regional Airport dated September 12, 2006, and that certain Third Amendment to Lease Jacqueline Cochran Regional Airport dated March 17, 2009, assigned from John Obradovich and Betty Obradovich to All Inside AV Storage, Inc., a California Corporation, DBA Thermal Aviation on September 12, 2023 (collectively, "Lease"). The Lease relates to approximately 9 acres of real property located at the Jacqueline Cochran Regional Airport ("Leased Premises"). Pursuant to Section 24 of the Lease, All Inside Storage cannot sublease any rights, duties, or obligations under the Lease without the written consent of the County. All Inside Storage desires to sublease a portion of the Leased Premises upon which an aircraft storage hangar has been constructed, and is identified as Building B, Hangar No. 5 ("Subleased Premises") to Dean M. Holliday and Jean F. Holliday, Trustees of the Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020, as more specifically set forth in the Sublease dated January 21, 2025 ("Sublease").

In connection with the Sublease, Dean M. Holliday and Jean F. Holliday, Trustees of the Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 (as Buyer) and Patrick J. Mathews and Debbie A. Mathews, (as Seller) entered into that certain Bill of Sale Coupled with Sublease dated February 18, 2025, relating to the sale of Building B, Hangar No. 15 ("Bill of Sale"), the effectiveness of which is subject to the consent and approval by the County. A copy of the Bill of Sale is attached hereto as Attachment A. The Dean and Jean Holliday Living Trust will not change the existing use of the Subleased Premises. The Bill of Sale and the Sublease will not impact the terms of the Lease.

The consent to Bill of Sale Coupled with Sub-Lease and consent to Sublease have been identified as a proposed project under the California Environmental Quality Act (CEQA) because a discretionary action by the Riverside County Board of Supervisors is required for approval. The approval of the consent to Bill of Sale and consent to Sublease will not change the existing use of the Subleased premises, which will not result in any significant environmental impacts or include any mitigation measures.

**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 Sublease and Bill of Sale regarding Hangar B15 within the Jacqueline Cochran Regional Airport. The changes are limited to the change in ownership and responsibility for the terms of the Lease. The consent to Assignment and Bill of Sale will 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 Sublease and Bill of Sale and 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: Jose Ruiz Date: 4.14.25  
Jose Ruiz  
Supervising Development Specialists  
County of Riverside TLMA-Aviation Division

Attachment A

Consent to Bill of Sale Coupled with Sublease

CONSENT TO  
BILL OF SALE COUPLED WITH SUBLEASE

The County of Riverside, a political subdivision of the State of California ("County") hereby consents to the Bill of Sale Coupled with Sublease ("Bill of Sale"), dated February 18, 2025 between Patrick J. Mathews and Debbie A. Mathews (as "Seller"), and Dean M. Holliday and Jean F. Holliday, Trustees of The Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 (as "Buyer"), relating to the sale of the aircraft storage hangar known as Building "B", Hangar "15", located at the Jacqueline Cochran Regional Airport, Thermal, California. The Bill of Sale Coupled with Sublease, including exhibits, is attached hereto as Exhibit "A", and incorporated herein by this reference.

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

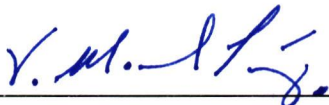
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[Signatures on Following Page]

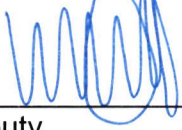
IN WITNESS WHEREOF, the County has caused its duly authorized representative to execute this Consent to Bill of Sale Coupled with Sublease as of the date set forth below.

Date: JUN 10 2025

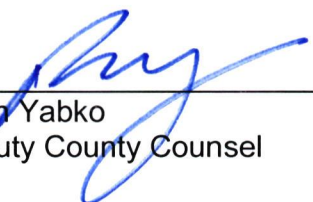
COUNTY OF RIVERSIDE, a political  
Subdivision of the State of California

By:   
V. Manuel Perez, Chairman  
Board of Supervisors

**ATTEST:**  
Kimberly Rector  
Clerk of the Board

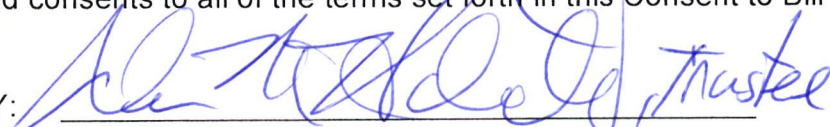
By:   
Deputy

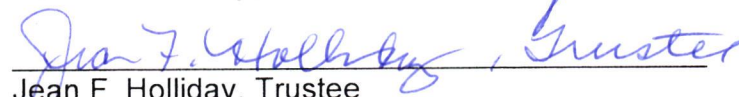
APPROVED AS TO FORM  
Minh C. Tran  
County Counsel

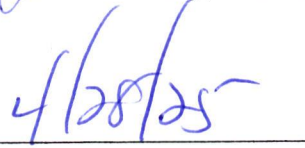
By:   
Ryan Yabko  
Deputy County Counsel

[Dean M. Holliday and Jean F. Holliday, Trustees of The Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 Acknowledgement on Following Page].

Dean M. Holliday and Jean F. Holliday, Trustees of The Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 hereby acknowledges, agrees and consents to all of the terms set forth in this Consent to Bill of Sale.

BY:   
Dean M. Holliday, Trustee

BY:   
Jean F. Holliday, Trustee

Dated: 

## ACKNOWLEDGMENT

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 Los Angeles )

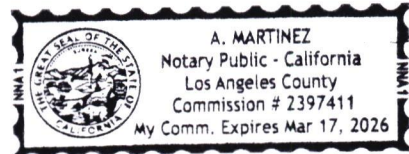
On April 28<sup>th</sup>, 2025 before me, A. MARTINEZ, Notary Public  
(insert name and title of the officer)

personally appeared Dean M. Holliday And Jean F. Holliday,  
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.

Signature [Handwritten Signature] (Seal)



**EXHIBIT A**  
**BILL OF SALE**  
**(behind this page)**

## BILL OF SALE COUPLED WITH SUB-LEASE

Patrick J. Mathews and Debbie A. Mathews, hereinafter called the "Seller," hereby sells to Dean M. Holliday and Jean F. Holliday, Trustees of The Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 hereinafter called the "Buyer," and said Buyer hereby purchases from Seller the property described below, upon the following terms and conditions:

1. **RECITALS.** The Seller owns concrete floor structure and steel building labeled as Bldg B , Hangar# 15 at Jacqueline Cochran Regional Airport, (formerly Desert Regional Resorts Airport) Thermal, California, Riverside County, as described on the attached **Exhibit "1"** also described as **Bldg. B** , **Hangar # 15** , the sale of which is the subject of this Agreement and which is intended to convey title thereto for the sum of \$100,000.00 .
2. **THIS BILL OF SALE IS SUBJECT TO MASTER LEASE AND COUPLED WITH SUB-LEASE.** This Bill of Sale is subject to that certain Master Lease executed by the County of Riverside and All Inside AV Storage, Inc, a California corporation, DBA Thermal Aviation, dated April 24, 2003, executed June 3, 2003, and amended September 14, 2004, and September 12, 2006, and March 17, 2009, and September 12, 2023, which instruments affect directly the uses and purposes to which the aforesaid subject personal property may be put. Furthermore, Seller hereby incorporates in this instrument by reference the terms and conditions of that certain "Sub-Lease" executed by the parties hereto on January 3, 2005 . This Bill of Sale shall be enforceable only on the condition that the parties have entered into the aforesaid Sub-Lease.
3. **WARRANTY OF TITLE.** Seller does hereby, for the benefit of Buyer, covenant and agree to warrant and defend title to the aforesaid personal property hereby conveyed, against the just and lawful claims and demands of all persons whomsoever, and Seller further covenants that the aforesaid real property is not subject to liens of any type, including but not limited to liens for unpaid taxes, nor is said personal property subject to a security agreement or financing statement.
4. **REVERSION OF PROPERTY TO MASTER LESSEE.** The aforesaid Sub-Lease, with which this Bill of Sale is coupled provides for a sub-lease period of approximately 8 years, terminating June 30, 2033, with a 10-year option, during which time the Buyer hereto, subject to certain conditions precedent, may sell, rent, assign, convey, hypothecate, or encumber the personal property subject to is instrument, provided further, that upon the expiration of said Sub-Lease or the Master Lease of 30 years, terminating June 30, 2033, with a 10-year option lease period, whichever shall first occur, the personal property subject to this Bill of Sale shall revert to the Master Lessee hereunder, or to Master Lessee's assignee, or to the County of Riverside, which reversion shall be governed by the terms and conditions of the aforesaid Master Lease and all of the aforesaid amendments thereto and the terms and conditions of the aforementioned Sub-Lease between Sub-Lessor and Sub-Lessee. Provided further that in accordance with the aforesaid Sub-Lease, Buyer hereunder shall not sell, rent, assign, hypothecate or encumber the personal property subject to this instrument except upon the express written consent of the county of Riverside and Master Lessee or his assignee hereunder, which consent shall not be unreasonably withheld.
5. **TAX CLAUSE.** During the aforementioned period of possession of Buyer of the personal property, Buyer shall be solely responsible for the payment of the personal property and/or possessory interest taxes and all other taxes levied upon the specific structure by the County of Riverside and/or all other lawfully constituted taxing authorities, and said responsibility shall include real property taxes which may be assessed to Sub-Lessor, to Sub-Lessor's successor, or to Buyer in connection with the subject property.
6. **BUYER'S RIGHT TO TRANSFER PROPERTY AND SURVIVAL OF SUB-LEASE.**
  - a. **RIGHT TO TRANSFER.** Master Lessee and Sub Lessor hereby consents to and agrees that Buyer may convey, assign, or transfer Buyer's interest in or to the subject personal property to one or more individuals;

provided however, that such conveyance, assignment, or transfer includes the aforementioned sub-lease and shall be subject to the prior written approval of the Master Lessee and County of Riverside. Subject to the provisions contained in this Paragraph 6 (a) Buyer may proceed to convey, assign or transfer all of part of his/her interest in the subject property on the same terms and conditions offered to Master Lessee; provided, however, that Buyer shall not, except with Master Lessee permission, convey, lease, rent or sell any portion of the premises to any commercial operations for the purpose of doing any business at Jacqueline Cochran Regional Airport (Thermal) other than if said sale is to the aforesaid Master Lessee.

b. **SURVIVAL OF SUB-LEASE.** Subject to the provision of the aforesaid Master Lease, Buyer's rights, including the right of possession and all other rights not in conflict with the terms and conditions of the aforesaid Lease and amendments thereto, and all of the Buyer's obligations and duties under the aforementioned Sub-Lease and the Master Lease and amendments thereto, shall remain in effect, notwithstanding a termination of the aforesaid Master Lease, or an assignment or a transfer of the Seller's rights, duties and obligations hereunder, prior to the expiration of the aforementioned Sub-Lease, provided that the Buyer (as Sub-Lessee under the aforementioned Sub-Lease) has fully and faithfully performed the terms and conditions that it is required to perform under the aforementioned Sub-Lease and Master Lease and amendments thereto, and it otherwise is not in default hereunder.

7. **NOTICES.** Any notices required or desired to be served by either party upon the other shall be addressed to the respective party as set forth below:

**SELLER:**

44840 Turnberry Lane  
Indian Wells, CA 92210

**BUYER:**

26970 Whitehorse Place  
Santa Clarita, CA 91387

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


8. **TERMS.** The terms of this Bill of Sale shall be governed by and construed in accordance with the laws of the State of California and the parties hereto stipulate to the jurisdiction of the Riverside County Courts.


9. **DISPUTES/DAMAGES.** In the event it is necessary to enforce or interpret any provision herein contained, the matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator shall be rendered in accordance with the laws of the State of California. The Arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by California Law, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the Arbitrator, which shall be final, shall not be appealable, and which shall allow for no trial de novo on the same issues. The Arbitrator's decision shall be rendered within 30 days following submission of the matter at issue, but the failure to comply with this provision shall in no way invalidate any decision or award as may be rendered more than 30 days after submission.

Judgment upon the decision rendered by the arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an Order of Enforcement. The parties hereby agree to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by California Law and are giving up any rights to have the dispute litigated in a court or jury trial, as well as judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. Your agreement to this arbitration provision is voluntary.

IN WITNESS WHEREOF, this Bill of Sale is executed on February 18, 2025.

**SELLER:**

  
\_\_\_\_\_  
Patrick J. Mathews

  
\_\_\_\_\_  
Debbie A. Mathews

**BUYER:**


Dean M. Holliday and Jean F. Holliday, Trustees  
of The Dean and Jean Holliday Living Trust dated April  
8, 2001 and amended June 10, 2020

\_\_\_\_\_  
Dean M. Holliday, Trustee

\_\_\_\_\_  
Jean F. Holliday, Trustee

**LESSEE:**

All Inside AV Storage, Inc,  
A California Corporation, DBA Thermal Aviation

  
\_\_\_\_\_  
Daniel Obradovich, President

IN WITNESS WHEREOF, this Bill of Sale is executed on February 18, 2025.

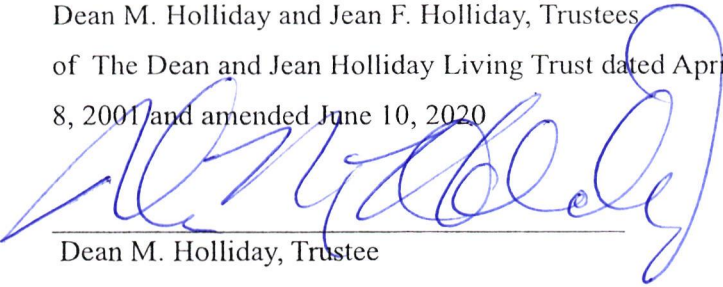
**SELLER:**

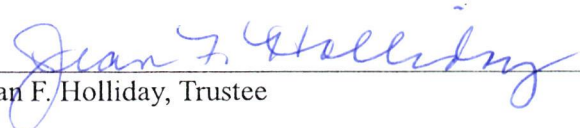
\_\_\_\_\_  
Patrick J. Mathews

\_\_\_\_\_  
Debbie A. Mathews

**BUYER:**

Dean M. Holliday and Jean F. Holliday, Trustees  
of The Dean and Jean Holliday Living Trust dated April  
8, 2001 and amended June 10, 2020

  
\_\_\_\_\_  
Dean M. Holliday, Trustee

  
\_\_\_\_\_  
Jean F. Holliday, Trustee

**LESSEE:**

All Inside AV Storage, Inc,  
A California Corporation, DBA Thermal Aviation

  
\_\_\_\_\_  
Daniel Obradovich, President

**ACKNOWLEDGMENT**

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

On February 26, 2025 before me, Kristy J. Cordell,

A Notary Public personally appeared Patrick J. Mathews and Debbie A. Mathews

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity(ies), and that by 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.

Signature 



(Seal)

Wm. C. Brown, Esq.,  
Attorney at Law,  
No. 100 N. 3rd St.,  
St. Paul, Minn.



**ACKNOWLEDGMENT**

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

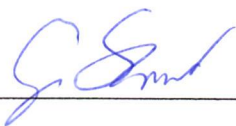
On February 24, 2025 before me, Cynthia Stewart,

A Notary Public personally appeared Dean M. Holliday and Jean F. Holliday

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.

Signature 



(Seal)

ACKNOWLEDGMENT

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

On March 12, 2025 before me, L. Duran

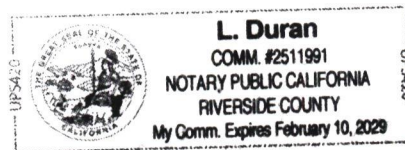
A Notary Public personally appeared Daniel Obradovich

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.

Signature L. Duran



(Seal)

U.S. DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION  
WASHINGTON, D.C. 20535



Attachment B  
Lease Cancellation Agreement

1 LEASE CANCELLATION AGREEMENT  
2 JACQUELINE COCHRAN REGIONAL AIRPORT  
3

4 WHEREAS, All Inside AV Storage, Inc., a California Corporation, DBA Thermal Aviation,  
5 hereinafter Sublessor, and Patrick J. Mathews and Debbie A. Mathews,  
6 herein after Sublessee, as entered into that certain Sublease dated January 3, 2005,  
7 attached hereto as Exhibit A, and by this reference incorporated herein, relating to land located  
8 at Jacqueline Cochran Regional Airport (formerly Desert Resorts Regional Airport), Riverside  
9 County, California; and

10 WHEREAS, Sublessor improved the land with a 1050 square foot aircraft storage  
11 hangar; and

12 WHEREAS, Sublessor sold the improvements to Sublessee; and

13 WHEREAS, Sublessee has subsequently sold the improvements to a third party

14 WHEREAS, Sublessor and Sublessee find it in their mutual best interests to cancel the  
15 Lease;


16 NOW, THEREFORE, the parties hereto for good and valuable consideration do mutually  
17 agree to cancel the Lease effective the date of execution of this agreement by all parties.

18 SUBLESSEE

19 Date: February 26, 2025

20 By   
Patrick J. Mathews

21 Date: February 26, 2025

22 By:   
Debbie A. Mathews

23  
24 Date: March 12, 2025

25 SUBLESSOR

26 By: All Inside AV Storage, Inc.,  
27 a California Corporation, DBA Thermal Aviation

28   
Daniel Obradovich, President

**ACKNOWLEDGMENT**

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

On February 26, 2025 before me, Kristy J. Cordell,

A Notary Public personally appeared Patrick J. Mathews and Debbie A. Mathews

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity(ies), and that by their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

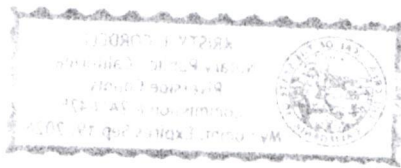
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 



(Seal)



**ACKNOWLEDGMENT**

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

On March 12, 2025 before me, L. Duran,

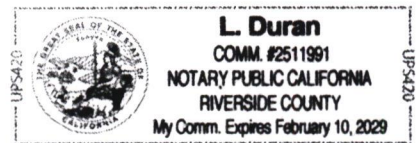
A Notary Public personally appeared Daniel Obradovich

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.

Signature L. Duran



(Seal)



Attachment C

Consent to Sub-Lease with Sale of Aviation Hangar

## CONSENT TO SUBLEASE

(Jacqueline Cochran Regional Airport)

The County of Riverside, a political subdivision of the State of California ("County"), hereby consents to that certain Sublease with Sale of Aviation Hangar dated February 18, 2025 by and between All Inside AV Storage, Inc., a California Corporation, DBA Thermal Aviation (as sublessor), and Dean M. Holliday and Jean F. Holliday, Trustees of The Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 (as sublessee), a copy of which is attached hereto as Exhibit "A" ("Sublease"). The Sublease pertains to real property located within Jacqueline Cochran Regional Airport in Thermal, California, as more particularly depicted and described on Exhibit "A" and Exhibit "B" to the Sublease.

The Sublease is subject to that certain Lease - Desert Resorts Regional Airport dated on or about June 3, 2003 by and between the County (as lessor) and John Obradovich and Betty Obradovich (as lessee), as amended by that certain First Amendment to Lease Jacqueline Cochran Regional Airport, dated on or about September 14, 2004, that certain Second Amendment to Lease Jacqueline Cochran Regional Airport, dated September 12, 2006, and that certain Third Amendment to Lease Jacqueline Cochran Regional Airport, dated March 17, 2009, assigned from John Obradovich and Betty Obradovich to All Inside AV Storage, Inc., a California Corporation, DBA Thermal Aviation on September 12, 2023 (collectively, the "Lease") relating to the lease of approximately 9 acres of vacant land, located at the Jacqueline Cochran Regional Airport (formerly known as the Desert Resorts Regional Airport), as more fully described in Exhibit "A" to the Lease.

Consent hereof by the County to the Sublease shall not relieve or release All Inside AV Storage, Inc., a California Corporation, DBA Thermal Aviation from their duty to comply with any and all obligations, covenants and conditions required under the Lease.

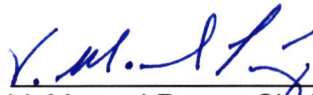
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[Signatures on Following Page]

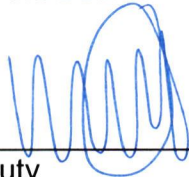
IN WITNESS WHEREOF, the County has caused its duly authorized representative to execute this Consent to Sublease as of the date set forth below.

Date: JUN 10 2025


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

By:   
V. Manuel Perez, Chairman  
Board of Supervisors

ATTEST:  
Kimberly Rector  
Clerk of the Board

By:   
Deputy

APPROVED AS TO FORM  
Minh C. Tran  
County Counsel

By:   
Ryan Yabko  
Deputy County Counsel

**EXHIBIT "A"**

**SUBLEASE**

(Attached on following page)

## SUB-LEASE WITH SALE OF AVIATION HANGAR

All Inside AV Storage, Inc., a California Corporation, DBA Thermal Aviation herein called Sub-Lessor, sub-leases to Dean M. Holliday and Jean F. Holliday, Trustees of The Dean and Jean Holliday Living Trust dated April 9, 2001 and amended June 10, 2020 herein called Sub-Lessee, the property described below, upon the following items and conditions.

### RECITALS

Sub-Lessor leases from the County of Riverside, approximately nine (9) acres located at the Jacqueline Cochran Regional Airport, (formerly Desert Regional Resorts Airport), Thermal, in the County of Riverside, State of California.

This and other sub-leases entered into by the Sub-Lessor are intended to conform with, be compatible with, and be subject to the terms and conditions of the Master Lease dated April 24, 2003, executed June 3, 2003, and amended September 14, 2004, and September 12, 2006, and March 17, 2009, and September 12, 2023 between the County of Riverside as Lessor, and All Inside AV Storage, a California Corporation, DBA Thermal Aviation, as Lessee which lease and amendments thereto shall be called the "Master Lease" and the County of Riverside shall be called the "County."

By separate document entitled, "Bill of Sale," a copy of which is attached hereto as **Exhibit "A,"** Sub-Lessor intends to convey, assign or transfer to Sub-Lessee its (Sub-Lessor's) interest in certain facilities and improvements it owns within the premises sub-leased hereunder.

### DESCRIPTION

The premises sub-leased hereby are located within Desert Resorts Regional Airport generally, and within the area leased from County by Sub-Lessor consisting of nine (9) acres and as more particularly shown on **Exhibit "B,"** attached thereto and by this reference, made a part of this sub-lease. The portion of the nine acres being sub-leased is that portion of land occupied in **Building B Hangar # 15** as depicted in **Exhibit "B."** In addition to the forgoing during the term of this lease Sublessor grants to Sublessee the right to ingress and ingress over that portion of the leasehold premises of Sublessor held under the Master Lease and a license to use the taxiway areas as designated by Sublessor.

### USE

The premises are sub-leased hereby for the purposes of aircraft storage.

### TERM

The term of this sub-lease, subject to any provisions in the Master Lease that may be applicable and take precedence, shall be for a period equal to the portion of thirty (30) years remaining under the Master Lease and terminating on June 30, 2033. Sub-Lessor has an option to extend the term for an additional ten (10) years, as provided in the Master Lease. If the Sub-Lessor extends the lease with the County for the additional ten years, this Sub-Lease shall extend as well for the additional ten years. Nothing in this Sublease shall be interpreted to obligate or require the Sublessor to so extend the term of the Master Lease and Sublessor or its successors and assigns may or may not so extend the term of the Master Lease in its sole and absolute discretion

### RENT

Sub-Lessee shall pay to Sub-Lessor the sum of \$ \_\_\_\_\_ per month, payable in advance, on the first day of each month.

The monthly rent shall be subject to adjustment as of the dates and in the amounts as described in Section 5, paragraphs (d) and (e) of the Master Lease. In no event shall any adjustment be a negative adjustment.

The monthly rent is due and payable on or before the first of the appropriate month during the term of this lease agreement and shall be considered delinquent, if not paid by the 15th 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.

#### **ADDITIONAL OBLIGATIONS OF SUB-LESSEE**

Sub-Lessee shall, during the terms of this sub-lease;

Observe and comply with all rules, regulations and laws which govern and are in effect adopted by Sublessor or the County of Riverside. Maintain premises and equipment in a clean, orderly, neat and safe condition.

Pay for all utilities, including trash disposal and a pro rata share of Sublessor's cost of maintaining and insuring the Project, as determined by Sublessor.

#### **SUB-LESSOR'S RESERVED RIGHTS**

Sub-Lessor and County, or either duly authorized agents, shall have the right to enter the sub-leased premises for inspections, repairs or for any other reasonable cause.

#### **IMPROVEMENTS, REPAIRS & SIGNS**

Sub-Lessee shall not make any improvements, repairs or modifications, paint the exterior of the hangar or install any signs without prior written approval of Sub-Lessor.

#### **INSURANCE**

Sub-Lessee shall, during the term of this sub-lease, procure and maintain the following described insurance coverage and limits as indicated.

a. Procure and maintain comprehensive Airport Commercial General Liability Insurance coverage that shall protect Lessee from claims for damages for personal injury, including accidental and wrongful death, as well as from claims for property damage, which may arise from Lessee's use of the leased premises or the performance of its obligations hereunder, whether such use or performance be by Lessee, by a subcontractor, or by anyone employed directly or indirectly by either of them. Such insurance shall name Sublessor and 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 as Additional Insureds with respect to this sublease and obligations of Sublessee hereunder. Such insurance shall provide for limits of not less than \$1,000,000, per occurrence.

b. Furnish Sublessor and the County of Riverside with Certificates of Insurance showing that such insurance is in full force and effect, and that additional insureds are named as required in (a) above. Further, said certificates shall contain the covenant of the insurance carrier that 30 days written notice will be given to the County of Riverside and Sublessor prior to cancellation or reduction in coverage of such insurance.

c. The foregoing notwithstanding, this sublease is subject to Section 20 of the Master Lease and Sub-Lessee shall procure and maintain additional coverages specified therein as may be required by County from time to time.

## **TERMINATION BY SUB-LESSOR**

Sub-Lessor shall have the right to terminate this Sub-Lease.

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sub-Lessee as a debtor.

In the event that Sub-Lessee makes a general assignment, or sub-lessee's interest hereunder is assigned involuntarily or by operation of law for the benefit of creditors.

In the event of any act which operates to deprive Sub-Lessee of the ability to perform its duties under this Sub-Lease.

In the event of the abandonment of, or the discontinuance of the use of, the sub-leased premises by Sub-Lessee.

In the event Sub-Lessee fails to perform, keep or observe any of its duties or obligations hereunder, provided, however, that Sub-Lessee shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sub-Lessor.

In the event that the lease premises are rendered unfit for Sub-Lessee's use and cannot be restored within a reasonable time.

## **TERMINATION BY SUB-LESSEE**

Sub-Lessee shall have the right to terminate this Sub-Lease;

In the event a petition is filed for voluntary or involuntary bankruptcy, for the adjudication of Sub-Lessor as a debtor.

In the event that Sub-Lessor makes a general assignment for the benefit of creditors.

In the event of any act which operates to deprive Sub-Lessee of the ability to perform its duties under this lease.

In the event of the abandonment of, or the discontinuance of, the use of the leased premises by Sub-Lessor.

In the event Sub-Lessor fails to perform, keep or observe any of its duties or obligations hereunder, provided, however, that Sub-Lessor shall have 30 days in which to correct its breach or default after written notice hereof has been served on it by Sub-Lessee.

In the event that the leased premises are rendered unfit for Sub-Lessor's use and cannot be restored within a reasonable time.

## **HOLD HARMLESS**

Sub-Lessee shall indemnify and hold Sub-Lessor and County, their officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted on any act or omission of Sub-Lessee, its officers, agents, employees, subcontractors and independent contractors for property damage, bodily injury, or death (Sub-Lessee's employees included) or any other element of damage or any kind or nature in any way connected with or arising from its use and responsibilities in connection therewith of the leased

premises, or the condition thereof, and Sub-Lessee shall defend at its expense, including attorney fees, Sub-Lessor, County, its officers, agents, employees and independent contractors in any legal action based on any alleged acts or omissions.

#### **ASSIGNMENT**

Lessee cannot assign, sublet, mortgage, hypothecate or otherwise transfer in any manner any of its rights, duties and obligations hereunder to any person or entity without the written consent of Sub-Lessor and County being first obtained.

#### **BINDING ON SUCCESSORS**

Sub-Lessee, his heirs, assigns and successor in interest shall be bound by all the terms and conditions contained in this sub-lease, and all of the parties thereto shall be jointly and severally liable hereunder.

#### **EMPLOYEES AND AGENTS OF SUB-LESSEE**

It is understood that all persons hired or engaged by Sub-Lessee shall be considered to be employees or agents of Sub-Lessee and not of Sub-Lessor or County.

#### **COMPLIANCE WITH LAW**

Sub-Lessee shall observe all statutes, rules, regulations, ordinances, and orders relating to the use of the sub-leased premises enacted or promulgated by County, the State of California, the United States of America and the agencies thereof.

#### **WAIVER OF PERFORMANCE**

No waiver by Sub-Lessor at any time of any of the terms and conditions of his sub-lease shall be deemed or construed as a waiver at any time thereafter of the same or any other terms and conditions contained herein or of the strict and timely performance of such terms and conditions.

#### **SEVERABILITY**

The invalidity of any provision in this sub-lease as determined by a court of competent jurisdiction shall in no way effect the validity of any other provisions hereof.

#### **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:

#### **SUB-LESSOR:**

All Inside AV Storage, Inc, a California Corporation,  
DBA Thermal Aviation  
84-401 Cabazon Center Dr.  
Indio, CA 92201

#### **SUB-LESSEE:**

Dean M. Holliday and Jean F. Holliday  
26970 Whitehorse Place  
Santa Clarita, CA 91387

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

## **VENUE**

Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights for by this sub-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.

## **TAXES**

Sub-Lessee shall pay for all fees and taxes levied or required by any authorized public entity. Sub-Lessee recognizes and understands that this Sub-Lease will create a possessory interest subject to property taxation and that Sub-Lessee will be subject to the payment of property taxes levied on such interest.

## **TOXIC MATERIALS**

During the term of this sub-lease and any extension thereof, Sub-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 sub-leased premises including, but not limited to, soil and ground water conditions. Further, Sub-Lessee, its successors and assigns shall not use, generate, manufacture, produce, store or dispose of, on, under or about the sub-leased premises or transport to or from the sub-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 sub-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, Cleanup and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49, U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous wastes" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws.

## **FREE FROM LIENS**

Sub-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 Sub-Lessee, in, upon or about the sub-leased premises, and which may be secured by a mechanic's, materialmen's, or other lien against the sub-leased premises or County's interest therein, and will cause 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 Sub-Lessee desires to contest any such lien provided that it either pays the lien or obtains a bond to allow release of said lien, and then it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event, Sub-Lessee shall forthwith pay and discharge said judgment.

## **DISPUTES/DAMAGES**

In the event it is necessary to enforce or interpret any provision herein contained, or to recover any rent due or to recover possession of the Premises for any default or breach of the Agreement, the matter shall be submitted to binding arbitration conducted by the American Arbitration Association ("AAA") who shall be selected by mutual agreement of the parties. The Arbitrator shall comply with, and the decision of the Arbitrator shall be rendered in accordance with, the law of the State of California. The Arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by California Law, but shall not have the power to award punitive damages. The parties agree to be bound by the decision of the Arbitrator, which shall be final, shall not be appealable, and which shall allow for no trial de novo on the same issues. The Arbitrator's decision shall be rendered within 30 days following submission of the matter at issue, but the failure to comply with this provision shall in no way invalidate any decision or award as may be rendered more than 30 days after submission.

Judgment upon the decision rendered by the Arbitrator may be entered in any court having proper jurisdiction or applications may be made to such court for judicial acceptance of the award and an Order of Enforcement.

You are agreeing to have any dispute arising out of the matters included in the "Arbitration of Disputes" provision decided by neutral arbitration as provided by California Law, and you are giving up any rights you might possess to have the dispute litigated in a court or jury trial. You are giving up your judicial rights to discovery and appeal, unless those rights are specifically included in the "Arbitration of Disputes" provision. If you refuse to submit to Arbitration after agreeing to this provision, you may be compelled to arbitrate under the authority of the California Code of Civil Procedure. Your agreement to this arbitration provision is voluntary.

## **MASTER LEASE/SURVIVAL OF SUB-LEASE**

a. Sub-Lessee acknowledges and agrees that it shall be bound, and shall otherwise be subject to all of the terms and conditions contained in the Master Lease.

b. In the event the Master Lease is terminated, Sub-Lessee agrees to keep, observe and perform all of the terms and conditions of the Master Lease on the part of the Sub-Lessor to be kept, observed and performed, and Sub-Lessee's right to possession shall remain in effect pursuant to the Master Lease, to all intents and purposes as though Sub-Lessee was the original Lessee thereunder; provided, however, that such assumption and agreement shall pertain only to the sub-leased premises and not to the entire leased premises under the Master Lease, and Sub-Lessee, among other things, shall make rental payments to County in an amount equal to such payments which Sub-Lessee is required to pay Sub-Lessor under this sub-lease.

**CONSENT BY COUNTY**

The parties hereto understand and agree that this Sub-Lease shall not be enforceable by either unless and until consent has been obtained from County in writing.

IN WITNESS WHEREOF, this Sublease is executed on \_\_\_\_\_, 20\_\_.

**SUB-LESSOR:**

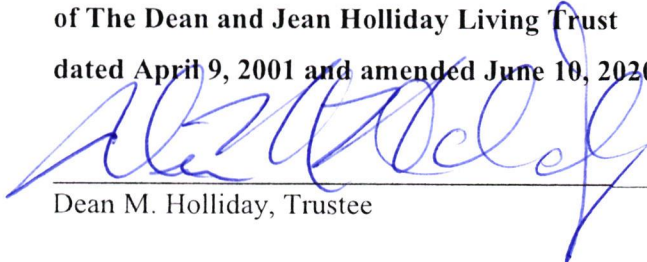
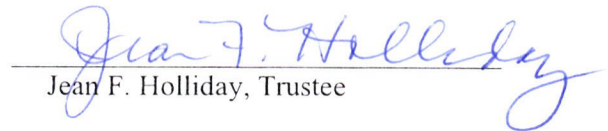
All Inside AV Storage, Inc., a California Corporation, DBA Thermal Aviation



\_\_\_\_\_  
Daniel Obradovich, President

**SUB-LESSEE:**

**Dean M. Holliday and Jean F. Holliday, Trustees  
of The Dean and Jean Holliday Living Trust  
dated April 9, 2001 and amended June 10, 2020**

  
\_\_\_\_\_  
Dean M. Holliday, Trustee  
\_\_\_\_\_  
Jean F. Holliday, Trustee

**ACKNOWLEDGMENT**

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

On February 24, 2025 before me, Cynthia Stewart,

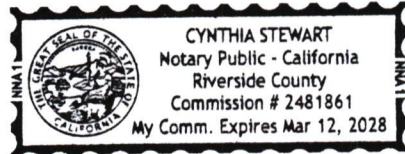
A Notary Public personally appeared Dean M. Holliday and Jean F. Holliday

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.

Signature 



(Seal)

ACKNOWLEDGMENT

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

On March 12, 2025 before me, L. Duran

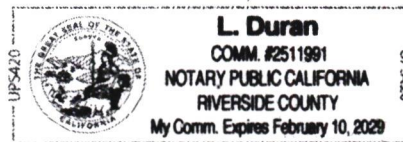
A Notary Public personally appeared Daniel Obradovich

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.

Signature L. Duran



(Seal)

My Order Expires February 10, 2009  
RIVERSIDE COUNTY  
NOTARY PUBLIC DAN BROWN  
19811259 AMCO  
1104571



Attachment D  
Master Lease and Amendments

Attachment D  
Master Lease and Amendments

1 LEASE

2 DESERT RESORTS REGIONAL AIRPORT

3 The COUNTY OF RIVERSIDE, herein called County, Leases to John Obradovich and  
4 Betty Obradovich, Husband and Wife, herein called Lessee, the property described  
5 below under the following terms and conditions:

6 1. Recitals.

7 (a) County owns approximately nine acres (9 acres) of vacant land at the  
8 Desert Resorts Regional Airport, County of Riverside, California.

9 (b) County desires to lease said property to Lessee for the construction  
10 of a facilities necessary for conducting the business of a Limited Fixed Base Operator,  
11 including executive hangars, storage hangars, fueling station and other aviation  
12 related buildings.

13 (c) Lessee desires to lease said property from the County, for the  
14 construction of facilities necessary for conducting the business of a Limited Fixed  
15 Base Operator, including executive hangars, storage hangars, fueling station and  
16 other aviation related buildings.

17 2. Description. The premises leased hereby are located within the Desert  
18 Resorts Regional Airport, 56-580 Higgins Drive, Thermal, California and consist of  
19 approximately nine acres (9 acres) of vacant land, being described in Exhibit A  
20 attached hereto and incorporated by reference herein. Said property is hereafter  
21 referred to as the "Leased Premises."

22 3. Term. This Lease shall commence the first day of the month following  
23 execution by all parties thereto and terminate thirty years (30 years) thereafter, a term  
24 of thirty-years (30-years). Lessee shall have an option to extend the term for an  
25 additional ten years (10 years) as provided in 3(b) below.

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

1 (b) Option to Renew. With respect to the Leased Premises and  
2 subject to the provisions of paragraphs 5, 8 12(c), 17 and 18 hereof, and provided that  
3 Lessee, at the time of exercising the option, is in full compliance with the terms of this  
4 Lease, Lessee shall have the option to extend the term of this Lease on the same  
5 terms and conditions for an additional ten (10) years. Lessee will notify County in  
6 writing of its intention to exercise the option to extend not more than twelve (12)  
7 months prior to nor less than six (6) from the expiration date of the initial term.

8 4. Use.

9 (a) The Leased Premises is leased hereby for the following purposes  
10 provided appropriate governmental approvals and permits are obtained:

- 11 (1) Building, maintenance, repair, overhaul and modification of all  
12 types of automatic flight systems, instruments, radio and other electronic equipment,  
13 propellers and all other aircraft components;
- 14 (2) Upholstering of aircraft,
- 15 (3) Financing, leasing, renting and insuring of aircraft,
- 16 (4) Providing a self-service fueling station,
- 17 (5) Providing aircraft storage inside hangar buildings,

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

21 5. Rent.

22 (a) Commencing upon the first day of the month after lease  
23 execution, Lessee shall pay to Lessor as base rent for the use and occupancy of the  
24 Leased Premises, monthly rent equal to two thousand nine hundred eighty-eight  
25 dollars (\$2,988.00) per month (Base Rent). Said rent is due and payable in advance  
26 on the first of each month. The rent shall be considered delinquent, if not paid by the  
27 15<sup>th</sup> of the month. If the monthly rent becomes delinquent, lessee will be charged a  
28

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

3 (b) During construction of the Leased Premises, Lessee shall have a  
4 monthly rent equal to one thousand four hundred ninety four dollars (\$1,494.00) per  
5 month for a period not to exceed twelve (12) months from the date of Lease execution  
6 by all parties. Rent shall then be paid as described in paragraph 5(a) above.

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

1 upon written request from County, Lessee shall make a separate accounting of such  
2 fuel and lubricant deliveries.

3 (d) Beginning July 1, 2005 and every fifth (5<sup>th</sup>) year thereafter, the  
4 Base Rent shall be one-twelfth (1/12) of eight percent (8%) of the appraised fair  
5 market value of the land value portion of the Leased Premises. The appraised fair  
6 market value shall not include the value of the improvements placed on the premises.  
7 In no event will application of this paragraph result in a monthly rental amount lower  
8 than the most previous monthly rental amount. A property appraisal for this purpose is  
9 to be performed by an independent certified appraiser, knowledgeable in aviation  
10 appraising, in good standing with the American Institute of Real Estate Appraisers and  
11 to be procured and paid for by the County. Once established, said rent shall be  
12 adjusted annually in the manner set forth in Paragraph 5 (e) below.

13 (e) Consumer Price Index. Beginning July 1, 2004 and at each July  
14 1<sup>st</sup> thereafter, except for dates coinciding with the appraisals conducted every fifth  
15 year as referenced in 5(d) above, the rent shall be adjusted by the percentage  
16 change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-  
17 Orange County, California Area index for the twelve month period ending two months  
18 before the month of rent adjustment under this paragraph. In no event will application  
19 of this paragraph result in a monthly rental amount lower than the most previous  
20 monthly rental amount.

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

23 (a) Observe and obey, and compel its employees, agents, invitees  
24 and those doing business with it to observe and obey all such rules and regulations of  
25 County which are now in effect or which may hereafter be promulgated; provided that  
26 such rules and regulations many not unduly interfere or conflict with the rights and  
27 privileges granted to Lessee in this Lease or any later amendments.  
28

1 (b) Operate the Leased Premises and the facilities thereon in a  
2 progressive and efficient manner, charging fair and reasonable prices for each unit or  
3 service, said prices being competitive with prices charged by other fixed based  
4 operators at the Desert Resorts Regional Airport and other County airports. Upon  
5 request from County, Lessee shall furnish County with a schedule of all prices for  
6 each unit or service offered for sale or lease to the general public.

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

13 (d) Provide aviation fuel for sale to the general public, unless Lessee  
14 is precluded from providing such fuel due to causes beyond its control relating to its  
15 suppliers' fuel shortages, work stoppages (excluding Lessee's employment force), acts  
16 of God, acts of war, civil disorders or other similar acts.

17 (e) The Lessee shall observe the Taxiway Object Free Area adjacent  
18 to their leasehold to allow the passage of taxiing aircraft. The Taxiway Object Free  
19 Area boundary for Taxiway A is seventy-five feet (75') from the centerline of the  
20 taxiway.

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

27 8. On-Site Improvements

28 (a) Lessee, at its expense, shall construct, or cause to be constructed,

1 improvements described in a plot plan, approved by County, showing the location and  
2 dimensions of all planned improvements. Improvements will include executive  
3 hangars, storage hangars, a self-service fueling station, other aviation-related  
4 buildings, associated landscaping and improvements in accordance with County  
5 requirements.

6 Within two months of lease execution, Lessee shall submit a plot plan to the Economic  
7 Development Agency showing the location and dimensions of all planned  
8 improvements. Upon approval of the layout by the Economic Development Agency,  
9 Lessee shall submit plans to the County for building permits. Construction of said  
10 improvements shall commence within thirty days (30 days) following issuance of the  
11 requisite permits by the County.

12 The site may be developed in phases subject to the approval of the Economic  
13 Development Agency, provided that all construction is completed within five years of  
14 lease execution. In the event Lessee fails to complete all phases of the development  
15 in the time allotted, either party shall have the option of reducing the size of the  
16 leasehold by the amount of land in any phase in which development activity has not  
17 commenced. For the purpose of this agreement development activity shall mean  
18 activity that will result in the start of construction of the buildings approved for that  
19 phase and the completion of those buildings within a reasonable time.

20 Said option shall be exercised by notifying the other party in writing within thirty days  
21 (30 days) after the end of the fifth year (5<sup>th</sup> year) of the lease term. Upon delivery of  
22 such notice the undeveloped phase(s) of the leasehold so identified (the "Returned  
23 Phase(s)") will revert to the County and this Lease will be amended accordingly to  
24 reflect the reduced acreage and rent.

25 Any such amendment shall include easements, satisfactory to County, through  
26 Lessee's initial phase(s) providing access to Taxiway A from the Returned Phase(s)  
27 (the "Taxiway Easement"). Provided however, County shall make provision in any  
28 lease of a Returned Phase to a third party (the "Third Party Lease") that prior to use by

1 the Third Party Lessee of the Taxiway Easement the Third Party Lessee shall  
2 reimburse Lessee for a proportionate share of the cost to improve the area of  
3 approximately 150 feet by 260 feet, less the area allocated to the plane wash area and  
4 fueling station, leading to Taxiway A (the "Delivery Apron", Exhibit G).

5 Upon completion of the improvements to the Delivery Apron, Lessee shall provide to  
6 County a statement and supporting invoices evidencing the total cost to improve the  
7 Delivery Apron, less the cost of plane wash area and fueling station, (the "Improvement  
8 Cost"). The Third Party shall reimburse the Lessee that portion of the Improvement  
9 Cost equal to the portion of the Leased Premises being leased by the Third Party  
10 Lessee. (By way of example: If the Leased Premises totals five acres, and the Third  
11 Party Lessee is leasing a phase totaling one acre, the Third Party Lessee would  
12 reimburse Lessee 20% of the Improvement Cost.)

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

16 (b) All improvements to be at Lessee's sole cost. Lessee to pay for  
17 construction of any required utility extensions and hookups and any access road  
18 improvements. All improvements are to be submitted to County for approval prior to  
19 start of any construction.

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

28

1 (d) No later than thirty days (30 days) following completion of each  
2 phase, Lessee shall submit two (2) sets of record (as-built) drawings to County.

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

14 9. Off-Site Improvements

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

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

23 (c) It is understood by the parties hereto that utility services are  
24 available in the general vicinity of the Leased Premises and it is the intention, as part of  
25 the Airport Master Plan, to have all utilities underground at some future date. It is  
26 further understood by the parties that in order for the on-site improvements required in  
27 Paragraph 8 herein to be fully usable and operational, Lessee, at its expense, shall  
28 extend and/or connect, or cause to be extended and/or connected, to such utility

1 service facilities that may be required or desired by Lessee in the use, operation and  
2 maintenance of such on-site improvements. After such extensions and/or connections  
3 have been made, Lessee shall be responsible for payment for the use of such utility  
4 services, without limitation, all electricity, gas, telephone and water.

5 (d) Upon commencement of construction of Phase I, Lessee shall, at  
6 its sole cost, install in-ground electrical service per the plans and specifications of the  
7 Imperial Irrigation Districts' Master Electrical Plan for Desert Resorts Regional Airport  
8 (Underground for County of Riverside S/O Airport Blvd. @ Vic Higgins Conduit Layout)  
9 dated 12/13/01 along Warhawk Way on the eastern boundary of the Leased Premises  
10 (Exhibit E). Upon commencement of construction of Phase III, Lessee shall pay the  
11 cost of in-ground electrical conduit along Avenger Blvd adjacent to the northern border  
12 of the Leased Premises. Lessee shall pay the cost of Imperial Irrigation District  
13 electrical extension charges as required to provide electrical service to the Leased  
14 Premises (Exhibit E).

15 (e) Lessee will provide an electrical service easement, at no cost, for  
16 the benefit of Hi-Tech Aviation, Inc., hereinafter HTA, and John Kamburoff. The  
17 location of said easement will be identified in the Phase I development site plan  
18 approved by County.

19 (f) Lessee agrees to provide at Lessee's cost, at a location to be  
20 agreed upon by Lessee and County, a transformer pad and electrical service line for  
21 power to the existing hangar owned by HTA, at the southwest corner of the Leased  
22 Premises, commonly known as the "MIG Museum".

23 (g) In place of the existing water service to HTA, Lessee will make  
24 water service available, at the same rate that Lessee pays for water, to HTA until such  
25 time as HTA establishes water service along Liberator Lane. Lessee will install a sub-  
26 meter to properly measure the amount of water used by HTA and bill HTA every three  
27 months for the amount of water provided.

28

1 (h) Lessee will allow John Kamburoff to use the electrical service  
2 easement and transformer pad to provide power to his leasehold. John Kamburoff will  
3 be responsible for any cost associated with bringing electrical service to his leasehold  
4 from the transformer pad.

5 (i) Lessee shall be allowed to remove 4,000 cubic yards of soil from  
6 County property as identified in Exhibit F, (the "Development Soil"). The Development  
7 Soil shall be moved at Lessee's cost. Lessee will determine to its satisfaction that the  
8 Development Soil designated can be efficiently extracted and moved by grading  
9 scrapers. After removal of the Development Soil, lessee shall pay the cost to insure  
10 that the extraction site is returned to a stable condition with appropriate dust control  
11 measures in place. Lessee shall be responsible for returning Taxiway A to its original  
12 condition prior to movement of the Development Soil and for the repair of any damage  
13 caused by Lessee's in moving the Development Soil.

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

18 10. Additional Obligations of Lessee. The Lessee shall maintain the Leased  
19 Premises, approaches thereto, and improvements now or hereafter located thereon, in  
20 good and sanitary order, condition, and repair, and upon any termination of this Lease,  
21 Lessee agrees to surrender said Leased Premises and improvements thereon in such  
22 condition, reasonable use and wear thereof and damages by fire, acts of God, war, civil  
23 insurrection, or by the elements excepted.

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

1           12.    County's Reserved Rights.

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

23           (b)    County reserves the right to further develop, or improve the aircraft  
24 operating area of Desert Resorts Regional Airport as it deems appropriate. County  
25 reserves the right to take any action it considers necessary to protect the aerial  
26 approaches of the Desert Resorts Regional Airport against obstruction, together with  
27 the right to prevent the Lessee from erecting or permitting to be erected, any building  
28 or other structure on the Desert Resorts Regional Airport, which in the reasonable

1 opinion of County, would limit usefulness of the Desert Resorts Regional Airport or  
2 constitute a hazard to aircraft.

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

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

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

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

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

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

9           16.    Discrimination or Segregation

10           (a) Lessee shall not discriminate in Lessee's recruiting, hiring,  
11 promotion, demotion or termination practice on the basis of race, religious creed, color,  
12 national origin, ancestry, sex, age, physical handicap, medical condition or marital  
13 status with respect to its use of the Leased Premises hereunder, and Lessee shall  
14 comply with the provisions of the California Fair Employment and Housing Act  
15 (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964 (P. L.  
16 88-352), and all amendments thereto, Executive Order No. 11246 (30 Federal Register  
17 12319), as amended, and all Administrative Rules and Regulations issued pursuant to  
18 said Acts and orders with respect to its use of the Leased Premises.

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

26           (c) Lessee assures that it will undertake an affirmative action program  
27 as required by 49 CFR, Part 21, to insure that no person shall on the grounds of race  
28 creed, color, national origin, or sex be excluded from participating in any employment

1 activities covered in 49 CFR, Part 21, with respect to its use of the Leased Premises.  
2 Lessee further assures that no person shall be excluded on these grounds from  
3 participating in or receiving services or benefits of any program or activity covered  
4 herein with respect to its use of the Leased Premises. Lessee further assures that it  
5 will require that its subcontractors and independent contractors provide assurance to  
6 Lessee that they similarly will undertake affirmative action programs and that they will  
7 require assurances from their subcontractors and independent contractors, as required  
8 by 49 CFR, Part 21, to the same effect with respect to their use of the Leased  
9 Premises.

10 17. Termination by County. County shall have the right to terminate this  
11 Lease forthwith:

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

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

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

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

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

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

26 18. Termination by Lessee. Lessee shall have the right to terminate this  
27 Lease in the event County fails to perform, keep or observe any of its duties or  
28 obligations hereunder; provided, however, that County shall have thirty (30) days in

1 which to correct its breach or default after written notice thereof has been served on it  
2 by Lessee; provided, further, however, that in the event such breach or default is not  
3 corrected, Lessee may elect to terminate this Lease in its entirety or as to any portion  
4 of the premises affected thereby, and such election shall be given by an additional  
5 thirty (30) day written notice to County.

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

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

23 (a) Workers Compensation. Workers Compensation Insurance  
24 (Coverage A) as prescribed by the laws of the State of California. Policy shall include  
25 Employers' Liability (Coverage B) including Occupational Disease with limits not less  
26 than \$1,000,000 per person per accident. Policy shall be endorsed, if applicable, to  
27 provide a Borrowed Servant/Alternate Employer Endorsement and Waiver of  
28 Subrogation in favor of all Agencies, Districts, Special Districts, and Departments of the

1 County of Riverside, their respective directors, officers, Board of Supervisors,  
2 employees, elected or appointed officials, agents or representatives.

3 (b) Airport Commercial General Liability. Airport Commercial General  
4 Liability Insurance coverage including, but not limited to, premises liability, contractual  
5 liability, products and completed operations, contingent liability, non-owned hull liability,  
6 personal and advertising injury and, if liquor is sold, liquor law liability covering claims  
7 which may arise from or out of Lessee's performance of its obligations hereunder.  
8 Policy shall name all Agencies, Districts, Special Districts, and Departments of the  
9 County of Riverside, their respective directors, officers, Board of Supervisors,  
10 employees, elected or appointed officials, agents or representatives as Additional  
11 Insureds. Policy's limit of liability shall not be less than \$3,000,000 per occurrence  
12 combined single limit. If such insurance contains a general aggregate limit, it shall  
13 apply separately to this agreement or be no less than two (2) times the occurrence  
14 limit. Such insurance will include Medical Payments for a limit of \$5,000 and Fire Legal  
15 Liability for a limit of \$300,000.

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

24 (d) Aircraft Hull and Liability Insurance. Aircraft hull coverage for the  
25 full replacement value of all aircraft owned or operated by the Lessee in the Leased  
26 Premises and the contents thereof. The policy will be endorsed to include all  
27 Agencies, Districts, Special Districts, and Departments of the County of Riverside, their  
28 respective directors, officers, Board of Supervisors, employees, elected or appointed

1 officials, agents or representatives as Additional Insureds. Lessee may elect to self-  
2 insure or un-insure the hull portion of the coverage required herein; however, if Lessee  
3 elects not to acquire commercial insurance for the hull, Lessee agrees to hold the  
4 County of Riverside harmless and not make any claim against the County of Riverside  
5 for loss or damage to the hull of his aircraft for any reason whatsoever regardless of  
6 any negligence of the County that may have contributed to said loss or damage.  
7 Aircraft Liability Coverage and commercial general liability insurance including, but not  
8 limited to, premises liability and contractual liability with a limit of liability for bodily  
9 injury (including death) and property damage of at least \$1,000,000 with a per seat limit  
10 of not less than \$100,000. Coverage will apply to all owned aircraft and all non-owned  
11 or hired aircraft operated by the Lessee.

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

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

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

27 (h) Pollution Liability Insurance. If Lessee provides aircraft  
28 fueling service, they shall provide Pollution Liability Insurance covering gradual,

1 sudden and accidental pollution including first party clean up with a limit of no less than  
2 \$1,000,000.

3 (i) Property (Physical Damage):

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

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

17 (j) General Insurance Provisions – All Lines:

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

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

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

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

25 (4) It is understood and agreed to by the parties hereto and the  
26 insurance company(s), that the Certificate(s) of Insurance and policies shall so  
27 covenant and shall be construed as primary insurance, and the County's insurance  
28

1 and/or deductibles and/or self-insured retentions or self-insured programs shall not be  
2 construed as contributory.

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

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

24 21. Insurance for Fuel Suppliers. Lessee shall also require suppliers of fuel to  
25 procure, maintain, show evidence and comply will all requirements of insurance as  
26 follows:

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

1 Employers' Liability (Coverage B) including Occupational Disease with limits not less  
2 than \$1,000,000 per person per accident. Policy shall be endorsed, if applicable, to  
3 provide a Borrowed Servant/Alternate Employer Endorsement and Waiver Of  
4 Subrogation in favor of the Lessee and all Agencies, Districts, Special Districts, and  
5 Departments of the County of Riverside, their respective directors, officers, Board of  
6 Supervisors, employees, elected or appointed officials, agents or representatives.

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

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

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

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

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

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

26           22. Insurance for Sub-Lessees. Lessee shall require each of it Sub-Lessees  
27 to meet all insurance requirements imposed by the Lessee. These requirements, with  
28

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

3 23. Indemnifications and Hold Harmless.

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

12 (b) Lessee shall indemnify and hold harmless all Agencies, Districts,  
13 Special Districts and Departments of the County of Riverside, its respective directors,  
14 officers, Board of Supervisors, elected and appointed officials, employees, agents and  
15 representatives from any liability whatsoever, based or asserted upon any acts, actions  
16 or services of Lessee, its officers, employees, subcontractors, agents or  
17 representatives arising out of or in any way relating to this Agreement, including but not  
18 limited to property damage, bodily injury, or death or any other element of any kind or  
19 nature whatsoever and resulting from any reason whatsoever arising from the  
20 performance of Lessee, its officers, agents, employees, subcontractors, agents or  
21 representatives from this Agreement.

22 Lessee shall defend at its sole expense, including but not limited to attorney fees, cost  
23 of investigation, defense, settlements or awards all Agencies, Districts, Special Districts  
24 and Departments of the County of Riverside, their respective directors, officers, Board  
25 of Supervisors, elected and appointed officials, employees, agents and representatives  
26 in any claim or action based upon such alleged acts or omissions.

27 With respect to any action or claim subject to indemnification herein by Lessee, Lessee  
28 shall, at its sole cost, have the right to use counsel of their own choice and shall have

1 the right to adjust, settle, or compromise any such action or claim without the prior  
2 consent of County provided, however, that any such adjustment, settlement or  
3 compromise in no manner whatsoever limits or circumscribes Lessee's indemnification  
4 to County as set forth herein.

5 Lessee's obligation to defend, indemnify and hold harmless County shall be subject to  
6 County having given Lessee written notice within a reasonable period of time of the  
7 claim or of the commencement of the related action, as the case may be, and  
8 information and reasonable assistance, at Lessee's expense, for the defense or  
9 settlement thereof. Lessee's obligation hereunder shall be satisfied when Lessee has  
10 provided to County the appropriate form of dismissal relieving County from any liability  
11 for the action or claim involved.  
12

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

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

1           24. Assignment. Lessee cannot assign, sublet, mortgage, hypothecate or  
2 otherwise transfer in any manner any of its rights, duties or obligations hereunder to  
3 any person or entity without the written consent of County being first obtained, which  
4 consent shall not be unreasonably withheld. In the event of any transfer as provided in  
5 this Paragraph, Lessee expressly understands and agrees that it shall remain liable  
6 with respect to any and all the obligations and duties contained in this Lease.

7           25. Right to Encumber/Right to Cure.

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

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

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

27 Any Encumbrancer described in Paragraph 25(a)(2) above, which is the transferee  
28 under the provisions of Paragraph 25(a)(1) above, shall be liable to perform the

1 obligations and duties of Lessee under this Lease only so long as such transferee  
2 holds title to the leasehold.

3 Any subsequent transfer of this leasehold hereunder, except as provided for in  
4 Paragraph 25(a)(2) above, shall not be made without the prior written consent of  
5 County and shall be subject to the conditions relating hereto as set forth in Paragraph  
6 24 herein.

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

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

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

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

27 26. Estoppel Certificate. Each party shall, at any time during the term of the  
28 Lease, within ten (10) days of written Notice (or as soon as reasonably possible) from

1 the other party, execute and deliver a statement in writing certifying that this Lease is  
2 unmodified and in full force and effect, or if modified, stating the nature of such  
3 modification. The statement shall include other details requested by the other party as  
4 to the date to which rent and other charges have been paid, and the knowledge of the  
5 other party concerning any uncured defaults with respect to obligations under this  
6 Lease and the nature of such defaults, if they are claimed. Any such statement may be  
7 relied upon conclusively by any prospective purchaser, Encumbrancer, or Sublessee of  
8 the Demised Premises, the building or any portion thereof.

9       27. Toxic Materials. County has no actual knowledge of the Premises ever  
10 having been used as a waste dump, of the past or present existence of any above or  
11 below ground storage tanks on the Premises, or of the current existence on the  
12 Premises of asbestos, transformers containing PCB's or any hazardous, toxic or  
13 infectious substance whose nature and/or quantity of existence, use, manufacture or  
14 effect, render it subject to Federal, state or local regulation, investigation, remediation  
15 or removal as potentially injurious to public health or welfare.

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

22 During the term of this Lease and any extensions thereof, Lessee shall not violate any  
23 federal, state, or local law, or ordinance or regulation relating to industrial hygiene or to  
24 the environmental condition on, under or about the Leased Premises including, but not  
25 limited to, soil, air, and groundwater conditions. Further, Lessee, its successors,  
26 assigns and Sublessee shall not use, generate, manufacture, produce, store or  
27 dispose of on, under, or about the Leased Premises or transport to or from the Leased  
28 Premises any flammable explosives, asbestos, radioactive materials, hazardous

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

13       28. National Pollution Discharge Elimination System (NPDES) Permit.  
14 Lessee acknowledges, understands and agrees that it shall comply with California  
15 State Water Resources Control Board general permit requirements relating to storm  
16 water discharges associated with activities such as aircraft rehabilitation, mechanical  
17 repairs, fueling, lubrication, cleaning, painting and deicing. Lessee further  
18 acknowledges, understands and agrees that it shall participate as a co-permittee under  
19 said general permit, participate in the Desert Resorts Regional Airport Storm Water  
20 Pollution Prevention Plan (SWPPP) as noted in Exhibit "D" including with out limitation,  
21 the Best Management Practices, Best Available Technology Economically Achievable,  
22 and Best Convention Pollutant Control Technology.

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

1 secured by such lien matures or becomes due; provided however, that if Lessee desire  
2 to contest any such lien, it may do so, but notwithstanding any such contest, if such  
3 lien shall be reduced to final judgment, and such judgment or such process as may be  
4 issued for the enforcement thereof is not promptly stayed, or is so stayed, and said  
5 stay thereafter expires, then and in such event, Lessee shall forthwith pay and  
6 discharge said judgment.

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

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

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

28

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

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

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

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

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

21 <u>COUNTY</u>	21 <u>LESSEE</u>
22           County of Riverside	22           John Obradovich and
23           Economic Development Agency	23           Betty Obradovich
24           3525 Fourteenth Street	24           48-200 Casitas Drive
Riverside, CA 92501	La Quinta, CA 92253
Attn: Assistant County Executive Officer/EDA	

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

27           38. Paragraph Headings. The paragraph headings herein are for the  
28 convenience of the parties only, and shall not be deemed to govern, limit, modify or in

1 any manner affect the scope, meaning or intent of the provisions or language of this  
2 Lease.

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

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

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

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

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

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

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

LESSEE

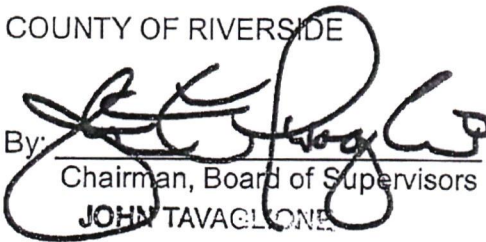
JOHN OBRADOVICH and BETTY OBRADOVICH,

Husband and Wife

5 By:   
John Obradovich

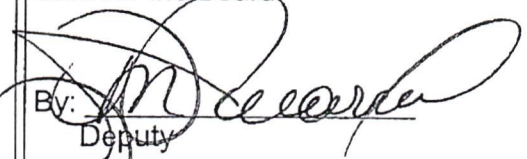
8 By:   
Betty Obradovich

10 Date: 4-24-03

COUNTY OF RIVERSIDE  
12 By:   
Chairman, Board of Supervisors  
JOHN TAVAGLIONE

14 ATTEST:  
15 NANCY ROMERO  
16 Clerk of the Board

APPROVED AS TO FORM:  
WILLIAM C. KATZENSTEIN, County Counsel  
JOE S. RANK, Assistant County Counsel

17   
18 By: \_\_\_\_\_  
Deputy

By: Gordon V. Ubo 5/13/03  
Attorneys for County

20 (SEAL)

21 Attachments:

- 22 1. Exhibit A – Leased Premises
- 23 2. Exhibit B – Federally Required Lease Provisions
- 24 3. Exhibit C – Minimum Standards For Fixed Based Operators
- 25 4. Exhibit D – Storm Water Pollution Prevention Plan
- 26 5. Exhibit E – Imperial Irrigation District Underground Conduit Layout Plan
- 27 6. Exhibit F – Development Soil
- 28 7. Exhibit G – Delivery Apron

4/2/03 2.11

1 FIRST AMENDMENT TO LEASE  
2 Jacqueline Cochran Regional Airport  
3 (formerly Desert Resorts Regional Airport)

4 The COUNTY OF RIVERSIDE, herein called County, and John Obradovich and Betty  
5 Obradovich, Husband and Wife, herein called Lessee, hereby agree to amend the  
6 Lease between the County of Riverside and John Obradovich approved by the Board  
7 of Supervisors of the County of Riverside on June 3, 2003, for 9 acres of land at Desert  
8 Resorts Regional Airport, County of Riverside, State of California, as follows:

9 1. Paragraph 9(d), on page 9 of 33, shall be replaced by the following:

10 (d) Upon commencement of construction of Phase I, Lessee  
11 shall, at its sole cost, install in-ground electrical service per the plans and specifications  
12 of the Imperial Irrigation Districts' Master Electrical Plan for Desert Resorts Regional  
13 Airport (Underground for County of Riverside S/O Airport Blvd. @ Vic Higgins Conduit  
14 Layout) dated 12/13/01 along Warhawk Way on the eastern boundary of the Leased  
15 Premises (Exhibit E). Lessee shall install at its sole cost in-ground electrical conduit  
16 along Avenger Blvd adjacent to the northern border of the Leased Premises upon the  
17 following: 1) notification by County that electrical service is needed for the development  
18 of property east of Warhawk Way and south of Avenger Boulevard, 2) the Imperial  
19 Irrigation District requires the electrical service for the development of any of Lessee's  
20 buildings on the Leased Premises 3) prior to completion of the last phase of Lessee's  
21 development, as approved by County, but in no event later than five (5) years from  
22 lease execution. Lessee shall pay the cost of Imperial Irrigation District electrical  
23 extension charges as required to provide electrical service to the Leased Premises  
24 (Exhibit E).

25 ///

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28 ///

1 2. Paragraph 22, Insurance for Sub-Lessees on page 22 shall be replaced by the  
2 following:

3 22. Insurance for Sub-Lessees. Lessee shall require each Sub-Lessee to  
4 meet all the insurance requirements imposed on Lessee by this Lease. These  
5 requirements, with the approval of the County's Risk Manager, may be modified to  
6 reflect the activities associated with the Sub-Lessee.

7 3. All other provisions of the Lease, not otherwise affected by this amendment, shall  
8 remain the same.

9 4. Construction of Amendment: The parties hereto negotiated this First  
10 Amendment at arms length and with the advice of the<sup>ir</sup> respective attorneys, and no  
11 provisions contained herein shall be construed against County solely because it  
12 prepared this First Amendment in its executed form.  
13

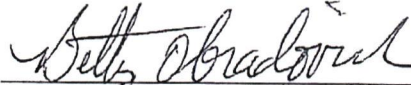
14 Date: 7-29-04

LESSEE

John Obradovich and Betty Obradovich  
Husband and Wife

17 By: 

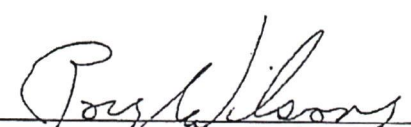
18 John Obradovich

17 By: 

18 Betty Obradovich

19 Date: 7-29-04

COUNTY OF RIVERSIDE

22 By: 

23 Chairman, Board of Supervisors  
ROY WILSON

24 ATTEST:

25 NANCY ROMERO, Clerk of the Board

FORM APPROVED:

26 WILLIAM C. KATZENSTEIN, County Counsel

27 By: 

28 Deputy

(SEAL)

By: Gordon V. Woo 8/12/04

Deputy

702

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



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
February 24, 2009

**SUBJECT:** Amendments to Aviation Leases at County Airports

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

1. Approve the Amendment to Lease between the County of Riverside, as Lessor and:
  - 1) Hemet-Ryan Aviation, Inc., as Lessee, First Amendment to Lease dated January 9, 2009, to the Lease dated December 1, 2000;
  - 2) FV Airport Hangars, LLC, as Lessee, Second Amendment to Lease dated January 19, 2009, to the Lease dated January 5, 2005, with French Valley Jet Center, LLC, as Lessee, as amended and assigned;
  - 3) French Valley Hangars, LLC, as Lessee, Fourth Amendment to Lease, dated January 10, 2009, to the Lease dated June 4, 2002, as amended;
  - 4) John Obradovich and Betty Obradovich, Husband and Wife, as Lessee, Third Amendment to Lease dated January 12, 2009, to the Lease dated June 3, 2003, as amended;
  - 5) Tradition Aviation-TRM, LLC, as Lessee, Second Amendment to Lease, dated February 24, 2009, to the Lease dated September 14, 2004, with Desert Resorts Aviation, LLC, as Lessee, as amended and assigned; and
2. Authorize the chairman of the Board of Supervisors to execute the Amendments to Lease.

(Background on next page)

*Robin Zimpfer*

Robin Zimpfer  
Assistant County Executive Officer/EDA

RZ:DL:CC:DS:HO  
S:\EDCOM\AIRPORTS\Fuel Flow Lease Amendments 12 17 08\FUEL FLOWAGE AMENDMENTS FORM 11 02.24.09.doc

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

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

**SOURCE OF FUNDS:** NA

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

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

BY: *Serena Chow*  
Serena Chow

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL  
BY: *Andrew V. Woo* 3/4/09  
DATE: 3/4/09  
GORDON V. WOO

Departmental Concurrence

Policy  Policy

Consent  Consent

Dep't Recomm.:  
Per Exec. Ofc.:

30047311 V#10: 12  
Prev. Agn. Ref.: Nov 14, 2000 3.23; Jun 25, 05 3.12;  
Jun 4, 02 3.21; June 3, 03 3.11; Sep 14, 04 3.16

District: 3<sup>rd</sup> and 4<sup>th</sup>

Agenda Number:

**3.16**

**BACKGROUND:**

The Economic Development Agency has received Amendments to Lease from:

- 1) Hemet-Ryan Aviation, Inc., as Lessee,
- 2) FV Airport Holdings, LLC, as Lessee,
- 3) French Valley Hangars, LLC, as Lessee,
- 4) John Obradovich and Betty Obradovich, Husband and Wife, as Lessee, and
- 5) Tradition Aviation, LLC, as Lessee.

These Amendments relate to Resolution No. 2008-362, adopted by the Board of Supervisors on July 24, 2008, which modifies the method for calculation and collection of fuel flowage fees from fuel suppliers at County-owned airports. The Resolution requires that current leases and/or subleases for fuel sellers be amended to reflect the new fee. A copy of Resolution No. 2008-362 is attached as Exhibit A.

Agency staff recommends approval of the Amendments to Lease. County Counsel has reviewed the Amendments to Lease and approved them as to form.

**EXHIBIT A**

1 Board of Supervisors

County of Riverside

2 RESOLUTION NO. 2008-362

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

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

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

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

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

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

- 25 1. The fuel flowage fee will be assessed at the rate of \$0.12 per gallon of fuel sold  
26 effective July 1, 2008. Payments shall be due within thirty (30) days of the County's  
27 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: *Neal R. Kipnis*  
DATE: 7/18/08

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

This Second Amendment to Lease ("Amendment") is entered into by and between the County of Riverside (hereinafter "County"), and John Obradovich and Betty Obradovich, Husband and Wife, (herein called "Lessee"), with reference to the following:

**RECITALS**

A. WHEREAS, County and Lessee, are parties to that certain lease (hereinafter the "Lease") dated June 3, 2003, wherein Lessee agreed to lease from County, approximately 9 acres of property ("Leased Premises") located at the Desert Resorts Regional Airport, now known as the "Jacqueline Cochran Regional Airport"; and

B. WHEREAS, the County and Lessee entered into that certain First Amendment to Lease dated September 14, 2004; and

C. WHEREAS, Lessee desires to lease additional property surrounding the Leased Premises from the County, and

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

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

1. Lessee desires to add the property depicted on Exhibit A to its Lease as described above.

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

"The premises leased hereby are located within the Jacqueline Cochran Regional Airport (formerly the Desert Resorts Regional Airport, 56-580 Higgins Drive, Thermal, California and consist of approximately 9.45 acres of vacant land, as depicted in Exhibit B

attached hereto and incorporated by reference herein. Said property is hereafter referred to as the "Leased Premises."

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

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

July 1, 2005-June 30, 2006	(\$351.27 per acre) X (9.45 acres) = \$3319.50
July 1, 2006-June 30, 2007	(\$371.66 per acre) X (9.45 acres) = \$3512.19
July 1, 2007-June 30, 2008	(\$393.24 per acre) X (9.45 acres) = \$3716.19
July 1, 2008-June 30, 2009	(\$416.06 per acre) X (9.45 acres) = \$3931.77
July 1, 2009-June 30, 2010	(\$440.21 per acre) X (9.45 acres) = \$4159.98
July 1, 2010-June 30, 2011	(\$479.74 per acre) X (9.45 acres) = \$4533.54
July 1, 2011-June 30, 2012	(\$522.74 per acre) X (9.45 acres) = \$4939.89
July 1, 2012-June 30, 2013	(\$569.76 per acre) X (9.45 acres) = \$5384.23
July 1, 2013-June 30, 2014	(\$620.91 per acre) X (9.45 acres) = \$5867.60
July 1, 2014-June 30, 2015	(\$676.67 per acre) X (9.45 acres) = \$6394.53

On July 1, 2015 and July 1 of every fifth (5<sup>th</sup>) year thereafter the monthly rent will be adjusted according to the provisions of new paragraph 5(d) as set forth in paragraph 4 of this Amendment."

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

"5 (d) Base Rent Adjustment - Beginning July 1, 2015 and on July 1 of every fifth (5th) year thereafter, that portion of the monthly Base Rent for the

Land shall be adjusted to one-twelfth (1/12) of eight percent (8%) of the then-current aviation fair market value of the Land. Said aviation fair market value shall be for the Land only and shall not include the value of the Improvements or other structures placed on the Leased Premises by Lessee. In no event will application of this paragraph result in a monthly Base Rent amount for the Land which is lower than the highest previous monthly Base Rent for the Land.

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

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

5. Subparagraph 5 (e), page 3, is hereby deleted in its entirety and replaced with the following subparagraph:

"(e) Beginning July 1, 2016 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 an increase in the monthly base rent of greater than five percent (5%) nor a monthly Base Rent amount lower than the highest previous monthly Base Rent amount."

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

Dated: 6-14-06

LESSEE:

JOHN OBRADOVICH and BETTY OBRADOVICH, Husband and Wife

John Obradovich  
John Obradovich

Betty Obradovich  
Betty Obradovich

Dated: 9-12-06

COUNTY OF RIVERSIDE

By: Bob Buster  
Chairman, Board of Supervisors  
Bob Buster

(SEAL)

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

ATTEST:  
Nancy Romero, Clerk of the Board

By: Jordan V. Ibo 8/22/06  
Deputy

By: [Signature]  
Deputy

