

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



FROM: Economic Development Agency

SUBMITTAL DATE:
June 21, 2012

SUBJECT: Assignment of Sublease and Sale of Aircraft Storage Hangar, Jacqueline Cochran Regional Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Assignment of Sublease dated March 26, 2012, from Conquest Charter, Inc., as Assignor to Harper Investments, as Assignee;
2. Approve the Bill of Sale dated February 22, 2012, from Conquest Charter, Inc. as Seller to Harper Investments, as Buyer;

(Continued)

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL
DATA

Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: N/A

Positions To Be Deleted Per A-30	☐
Requires 4/5 Vote	☐

C.E.O. RECOMMENDATION:

APPROVE

BY: *Jennifer L. Sargent*
Jennifer L. Sargent

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Stone and Benoit
Nays: None
Absent: Ashley
Date: July 3, 2012
xc: EDA

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref.: 6/3/03, 3.11; 9/14/04, 3.17; 9/12/06, 3.23;; District: 4/4
10/24/06, 3.12; 3/17/09, 3.16

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

Agenda Number

3.12

RECOMMENDED MOTION: (Continued)

3. Authorize the Chairman of the Board of Supervisors to sign and execute the Consent to Assignment and the Consent to Bill of Sale; and
4. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents required by the Assignment of Bill of Sale.

BACKGROUND:

The Economic Development Agency has received an Assignment of Sublease, dated March 26, 2012 and Bill of Sale, dated February 22, 2012, between Conquest Charter, Inc. as Assignor and Seller, and Harper Investments, as Assignee and Buyer. The Sublease is for the land occupied by an aircraft storage hangar, Hangar E8, and the Bill of Sale is for Hangar E8. The original sublease between John and Betty Obradivoch and Conquest Charter, Inc. went to the Board of Supervisors for approval October 24, 2006.

The Sublease is under the nine acre Ground Lease dated June 3, 2003, between County of Riverside as Lessor, and John and Betty Obradovich, as Lessee, and Amended by the First Amendment to Lease on September 14, 2004, and by the Second Amendment to Lease on September 12, 2006, and by the Third Amendment to Lease on January 12, 2009. Conquest Charter, Inc., sold Hangar E8 to Harper Investments and would like to assign it's Sublease to same, subject to the terms of the original Ground Lease.

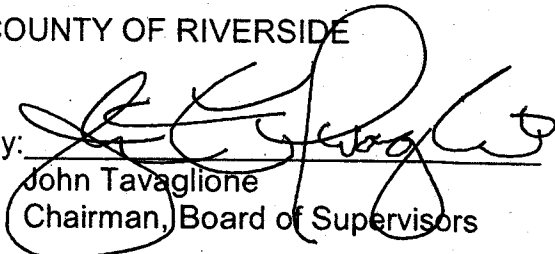
The Economic Development Agency recommends that the Board of Supervisors consent to the Assignment of Lease and the Bill of Sale. County Counsel has reviewed the Assignment and Consent to the Bill of Sale and approved the documents as to form.

CONSENT TO ASSIGNMENT

The County of Riverside (Lessor) hereby consents to the foregoing Assignment by Lessee with Consent of Sublessor, for Hangar E8, between Conquest Charter, Inc., as Assignor, and Harper Investments, as Assignee, without however waiving the restrictions contained in the Master Lease, between the County of Riverside, as Lessor, and John Obradovich and Betty Obradovich, as Lessee, dated June 3, 2003, and Amended by First Amendment to Lease on September 14, 2004, and by Second Amendment to Lease on September 12, 2006 and by Third Amendment to Lease on January 12, 2009, described as Nine (9) acres of land at the Jacqueline Cochran Regional Airport, with respect to any future assignments thereunder, and without releasing the Assignor under said lease from any obligations that are not performed by Harper Investments, and otherwise accepts the Assignee, Harper Investments, as Assignee under said Lease to all intents and purposes as though Assignee was the original Sublessee thereunder.

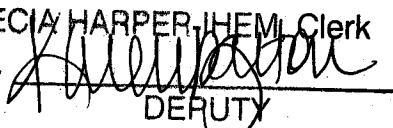
Date: JUL 03 2012

COUNTY OF RIVERSIDE

By: 
John Tavaglione
Chairman, Board of Supervisors

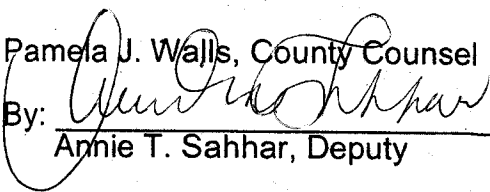
ATTEST:

KECIA HARPER, IHM, Clerk

By: 
DEPUTY

FORM APPROVED:

Pamela J. Walls, County Counsel

By: 
Annie T. Sahhar, Deputy

JUL 03 2012 3.12

ASSIGNMENT OF SUBLEASE

This ASSIGNMENT OF SUBLEASE ("Assignment") is made as of 3/26/12 between CONQUEST CHARTER, INC. ("Assignor"), and HARPER INVESTMENTS, a Utah Limited Liability Company ("Assignee").

RECITALS

- A. County of Riverside as Lessor and John and Betty Obradovich ("Obradovich") as Lessee, executed a Master Lease for Real Property located at the Jacqueline Cochran Regional Airport, Thermal, Riverside County, California ("Real Property"). A description of the Real Property is identified on Exhibit A. A copy of the Master Lease and Addendum are attached as Exhibit B.
- B. Obradovich as Sublessor and Conquest Charter Inc. as Sublessee entered into a Sublease of a portion of the Real Property ("Sublease"). A copy of the Sublease is attached hereto as Exhibit C.
- C. Assignor desires to assign the Sublease to Assignee, and Assignee desires to accept the assignment of the Sublease from the Assignor and assume the obligations under the Sublease.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, Assignor and Assignee agree as follows:

1. **Assignment.** Assignor assigns and transfers to Assignee all of Assignor's right, title, and interest in the Sublease, and Assignee accepts from Assignor all the right, title, and interest of Assignor in the Sublease, subject to the terms and conditions as set forth in this Assignment.
2. **Assumption of Lease Obligations.** Assignee assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor under the Master Lease, Addendum and Sublease.
3. **Assignor's Covenants.**
 - a. Assignor covenants that Exhibit B is a true and correct copy of the Master Lease and Addendum, and that Exhibit C is a true and correct copy of the Sublease.
 - b. Assignor covenants that the Master Lease, Addendum and Sublease are in full force effect and that no default exists under the Master Lease, Addendum and Sublease, and that no act or event which, with the passage of time or the giving of notice or both, could become defaults.
4. **Litigation Costs.** If any litigation between Assignor and Assignee arises out of this Assignment or concerning the meaning or interpretation of this Assignment, the losing party shall pay the prevailing party's costs and expenses of this litigation, including, without limitation, reasonable attorney's fees, costs and litigation expenses.
5. **Indemnification.** Assignor indemnifies Assignee from and against any loss, liability, cost, or expense, including attorney's fees and court costs relating to Assignor's breach of any term or condition of the Master Lease, Addendum or Sublease, which accrued prior to the date of this Assignment. Assignee indemnifies Assignor from and against any loss, liability, cost, or expense, including attorney's fees and court costs relating to the failure of Assignee to fulfill Assignee's

obligations under the Sublease, and which arise after the date of this Assignment.

6. **Successors and Assigns.** This Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

7. **Governing Law.** This Assignment shall be governed by and construed in accordance with California law.

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

DATED: 3/23/12

ASSIGNOR:

CONQUEST CHARTER, INC.

BY: Michael Bozell
Name: Michael Bozell
Its: OWNER

ASSIGNEE:

DATED: _____

HARPER INVESTMENTS, a Utah Limited Liability Company

BY: _____

obligations under the Sublease, and which arise after the date of this Assignment.

6. **Successors and Assigns.** This Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

7. **Governing Law.** This Assignment shall be governed by and construed in accordance with California law.

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

ASSIGNOR:

CONQUEST CHARTER, INC.

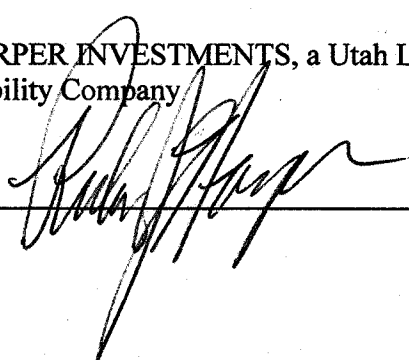
DATED: _____

BY: _____
Name: _____
Its: _____

ASSIGNEE:

HARPER INVESTMENTS, a Utah Limited
Liability Company

DATED: 3/26/12

BY:  _____

**CONSENT TO ASSIGNMENT
OF SUBLEASE**

Sublessor JOHN OBRADOVICH and BETTY OBRADOVICH ("Sublessor") hereby consents to the Assignment of Sublease by Sublessee CONQUEST CHARTER, INC., a California Corporation to HARPER INVESTMENTS, a Utah Limited Liability Company. A copy of the Sublease is attached hereto as Exhibit A and incorporated herein by reference. A copy of the Assignment of Sublease is attached hereto as Exhibit B and incorporated herein by reference.

DATED:

9-4-12

SUBLESSOR:



JOHN OBRADOVICH



BETTY OBRADOVICH

SUBLESSEE:

DATED:

CONQUEST CHARTER, INC.,
a California Corporation

BY: _____

ASSIGNEE:

DATED:

HARPER INVESTMENTS, a Utah
Limited Liability Company

BY: _____

The County of Riverside ("Lessor") hereby consents to the foregoing Assignment of Sublease, without however, waiving the restrictions contained in that Master Lease with respect to any future assignments, and otherwise accepts the Assignee as Sublessee under the Sublease.

COUNTY OF RIVERSIDE

BY: _____

FORM APPROVED:

Courty Counsel

BY: _____

ATTEST:

Clerk

Deputy

BY: _____

**CONSENT TO ASSIGNMENT
OF SUBLEASE**

Sublessor JOHN OBRADOVICH and BETTY OBRADOVICH ("Sublessor") hereby consents to the Assignment of Sublease by Sublessee CONQUEST CHARTER, INC., a California Corporation to HARPER INVESTMENTS, a Utah Limited Liability Company. A copy of the Sublease is attached hereto as Exhibit A and incorporated herein by reference. A copy of the Assignment of Sublease is attached hereto as Exhibit B and incorporated herein by reference.

DATED:

SUBLESSOR:

JOHN OBRADOVICH

BETTY OBRADOVICH

SUBLESSEE:

DATED:

3/23/12

CONQUEST CHARTER, INC.,
a California Corporation

BY: _____

Michael Boger

ASSIGNEE:

DATED:

HARPER INVESTMENTS, a Utah
Limited Liability Company

BY: _____

The County of Riverside ("Lessor") hereby consents to the foregoing Assignment of Sublease, without however, waiving the restrictions contained in that Master Lease with respect to any future assignments, and otherwise accepts the Assignee as Sublessee under the Sublease.

COUNTY OF RIVERSIDE

BY: _____

FORM APPROVED:

County Counsel

BY: _____

ATTEST:

Clerk

Deputy

BY: _____

**CONSENT TO ASSIGNMENT
OF SUBLEASE**

Sublessor JOHN OBRADOVICH and BETTY OBRADOVICH ("Sublessor") hereby consents to the Assignment of Sublease by Sublessee CONQUEST CHARTER, INC., a California Corporation to HARPER INVESTMENTS, a Utah Limited Liability Company. A copy of the Sublease is attached hereto as Exhibit A and incorporated herein by reference. A copy of the Assignment of Sublease is attached hereto as Exhibit B and incorporated herein by reference.

DATED:

SUBLESSOR:

JOHN OBRADOVICH

BETTY OBRADOVICH

SUBLESSEE:

DATED:

CONQUEST CHARTER, INC.,
a California Corporation

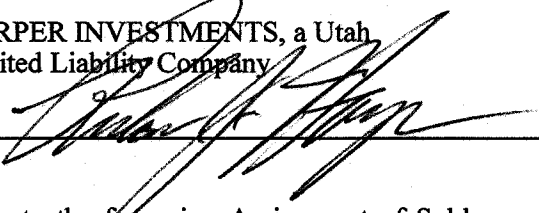
BY: _____

ASSIGNEE:

DATED:

2/26/12

HARPER INVESTMENTS, a Utah
Limited Liability Company

BY: _____


The County of Riverside ("Lessor") hereby consents to the foregoing Assignment of Sublease, without however, waiving the restrictions contained in that Master Lease with respect to any future assignments, and otherwise accepts the Assignee as Sublessee under the Sublease.

COUNTY OF RIVERSIDE

BY: _____

FORM APPROVED:

County Counsel

BY: _____

ATTEST:

Clerk

Deputy

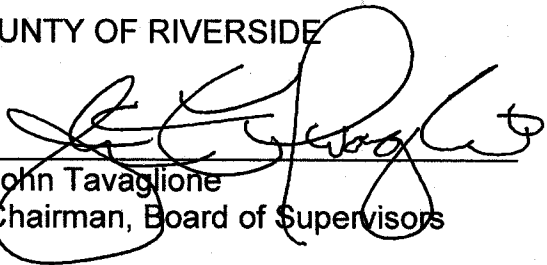
BY: _____

CONSENT TO BILL OF SALE

The County of Riverside (Lessor) hereby consents to the foregoing Bill of Sale, dated, February 22, 2012, for the aircraft storage hangar known as Hangar E8, located at Jacqueline Cochran Regional Airport, Thermal, California, between Conquest Charter, Inc. as Seller and Harper Investments, as Buyer.

Date: JUL 03 2012

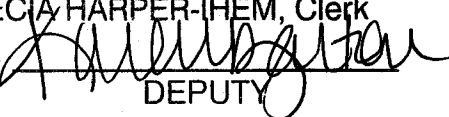
COUNTY OF RIVERSIDE

By: 

John Tavaglione
Chairman, Board of Supervisors

ATTEST:

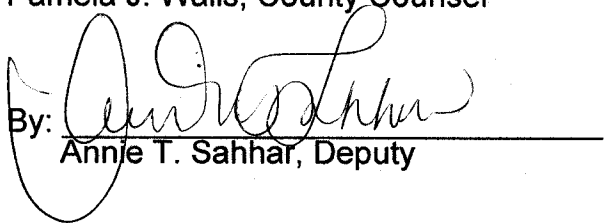
KECIA HARPER-IHEM, Clerk

By: 

DEPUTY

APPROVED AS TO FORM:

Pamela J. Walls, County Counsel

By: 

Annie T. Sahhar, Deputy

JUL 03 2012

3.12

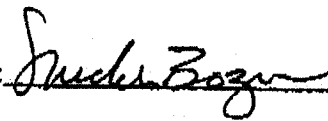
BILL OF SALE

For good and valuable consideration, receipt of which is hereby acknowledged, and in accordance with that certain Purchase and Sale Agreement for Hangar Number 8 entered into on February 22, 2012, by and between CONQUEST CHARTER, INC. ("Seller") and HARPER INVESTMENTS, a Utah Limited Liability Company ("Purchaser"), Seller hereby sells, conveys, remises, releases, transfers, assigns and delivers to Purchaser, all of Seller's right, title and interest in and to Hangar Number 8. The rights, title and interest of Seller in Hangar Number 8 are subject to all of the terms and conditions of that Master Lease ("Lease") dated May 3, 2003, and executed on June 3, 2003, and as amended on September 14, 2004 by and between the County of Riverside as Lessor, and John and Betty Obradovich, as Lessee. This Bill of Sale is also subject to the terms and conditions of that certain Sublease executed by and between John and Betty Obradovich, as Sublessor, and Conquest Charter, Inc. as Sublessee. This Bill of Sale shall be deemed binding and enforceable only upon the County of Riverside's approval of a Consent to Assignment of Sublease, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale effective as of February 22, 2012.

SELLER:

CONQUEST CHARTER, INC.

BY: 

PURCHASER:

HARPER INVESTMENTS, a Utah
Limited Liability Company

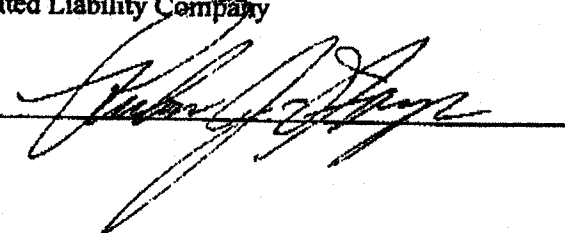
BY: 

EXHIBIT A

THAT PORTION OF THE FOLLOWING DESCRIBED LAND, WHICH IS INCLUDED WITHIN THE
LEASE FURNISHED AS SET OUT IN THE LEASE OR MEMORANDUM

THAT PORTION OF THE EAST HALF OF SECTION 20, TOWNSHIP 6 SOUTH, RANGE 3 EAST, 1ST
RECONSTRUCTION MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, MORE
PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF VIC HEDGECOCK DRIVE AND AVENUE 26
(AIRPORT BOULEVARD), SAID POINT BEING THE NORTHEAST CORNER OF SAID SECTION 20;

THENCE SOUTH $00^{\circ} 00' 15''$ EAST, A DISTANCE OF 1,307.78 FEET TO THE CENTERLINE
INTERSECTION OF VIC HEDGECOCK DRIVE AND AVENUE 26;

THENCE NORTH $89^{\circ} 59' 40''$ WEST ALONG THE CENTERLINE OF AVENUE 26, A
DISTANCE OF 401.75 FEET TO THE CENTERLINE INTERSECTION OF AVENUE 26 AND
WARRICK WAY, THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE CONTINUING NORTH $89^{\circ} 59' 40''$ WEST ALONG THE CENTERLINE OF AVENUE
BOULEVARD, A DISTANCE OF 600.00 FEET TO THE CENTERLINE INTERSECTION OF AVENUE
BOULEVARD AND LINCOLN LANE;

THENCE SOUTH ALONG THE CENTERLINE OF LINCOLN LANE, A DISTANCE OF 600.00 FEET;

THENCE EAST, A DISTANCE OF 170.00 FEET;
THENCE SOUTH, A DISTANCE OF 80.00 FEET;
THENCE EAST, A DISTANCE OF 80.00 FEET;
THENCE SOUTH, A DISTANCE OF 100.00 FEET;
THENCE EAST, A DISTANCE OF 100.00 FEET;
THENCE NORTH, A DISTANCE OF 200.00 FEET;

THENCE EAST, A DISTANCE OF 200.00 FEET TO THE CENTERLINE OF WARRICK WAY;

THENCE NORTH $00^{\circ} 00' 20''$ WEST, A DISTANCE OF 643.00 FEET TO THE CENTERLINE
INTERSECTION OF AVENUE BOULEVARD AND WARRICK WAY, THE TRUE POINT OF BEGINNING.

ENCLOSING THEREUPON THE NORTHERLY 30.00 FEET.
ALSO ENCLOSING THEREUPON THE WESTERLY 30.00 FEET.

ALSO ENCLOSING THEREUPON THE EXISTING COUNTY MAINTENANCE AREA LOCATED AT THE
NORTHEAST CORNER OF THE SUBJECT PROPERTY.



200-011300
00-10-1990 00-00
14 of 15

EXHIBIT B

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

This Third 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, and amended by First Amendment to Lease dated September 14, 2004, and Second Amendment to Lease dated September 12, 2006, wherein Lessee agreed to lease from County, approximately 9 acres of property ("Leased Premises") located at the Jacqueline Cochran Regional Airport; and

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

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

2. Section 5 (c), page 3, is hereby deleted, and replaced with the following:

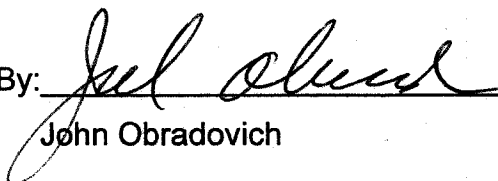
(c) Fuel Flowage Fee: Sublessee shall pay to County a fuel flowage fee in an amount established by the Board of Supervisors for the County of Riverside (the "Board") through a County Resolution, a County Ordinance or such other action as the Board may decide from time to time. The fuel flowage fee, the calculation of the fuel flowage fee, the time of payment and the method used to collect and report the amount of fuel transacted by Sublessee shall be subject to periodic review and adjustment by the Board of Supervisors to reflect conditions then existing and the financial needs of the County's airports system. The County may implement any such adjustments in the fuel flowage fee at any time. Such new or adjusted fuel flowage fees shall be effective upon adoption by the County Board of Supervisors. Implementation of the new or adjusted fuel flowage fees shall not be pre-conditioned upon amendment of any existing Lease. As of the date of this Lease Amendment fuel

flowage fees have been established according to County Resolution No. 2008-362, attached hereto as Exhibit "A" and incorporated by this reference herein. The current fuel flowage fee (which was effective as of July 1, 2008) is assessed at the rate of \$0.12 per gallon of fuel sold. The fee is subject to a timely payment discount of \$0.02 per gallon applied to payments received within twenty (20) days of the date of invoice. A late fee of ten per cent (10%) shall be assessed to all payments received after the due date (30 days of invoice date) and to any unpaid balance, exclusive of late fees.

All other terms and conditions of the Lease shall remain unchanged.

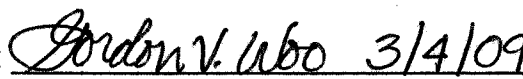
WHEREFORE, the parties hereto have executed this Amendment as of the dates set forth below.

Dated: 1-12-09

By: 
John Obradovich

Dated: MAR 17 2009

APPROVED AS TO FORM:
Pamela J. Walls, ~~Interim~~ County Counsel

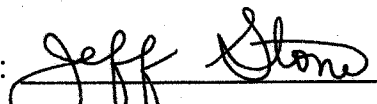
By:  3/4/09
Deputy

LESSEE:

John Obradovich and Betty Obradovich
Husband and Wife

By: 
Betty Obradovich

COUNTY OF RIVERSIDE

By: 
Chairman, Board of Supervisors
JEFF STONE

ATTEST:
Nancy Romero, Clerk of the Board

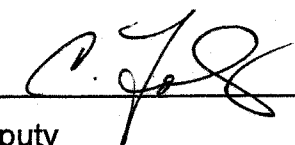
By: 
Deputy

EXHIBIT A

Board of Supervisors

County of Riverside

RESOLUTION NO. 2008-362

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

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

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

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

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

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

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

1 received within twenty (20) days of the date of the invoice. A late fee of ten percent
2 (10%) shall be assessed to all payments received after the due date (30 days of invoice).

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

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

16 4. Lessees shall have the option to continue to pay fuel flowage fees at the former rate of
17 5% per gallon for the duration of the current lease or sublease.

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

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

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

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 (5th) 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:

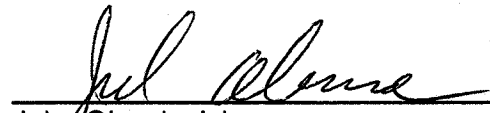
"(e) Beginning July 1, 2016 and at each July 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in paragraph 5(d) above, the Base Rent shall be adjusted by the percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange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

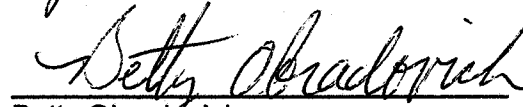
WHEREFOR, the parties hereto have executed this Amendment as of the dates set forth below.

Dated: 6-14-06

LESSEE:

JOHN OBRADOVICH and BETTY
OBRADOVICH, Husband and Wife


John Obradovich


Betty Obradovich

Dated: 9-12-06

COUNTY OF RIVERSIDE

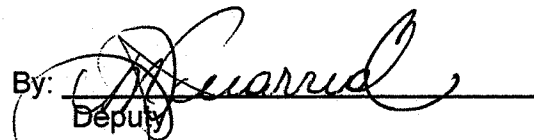
By: 
Chairman, Board of Supervisors
Bob Buster

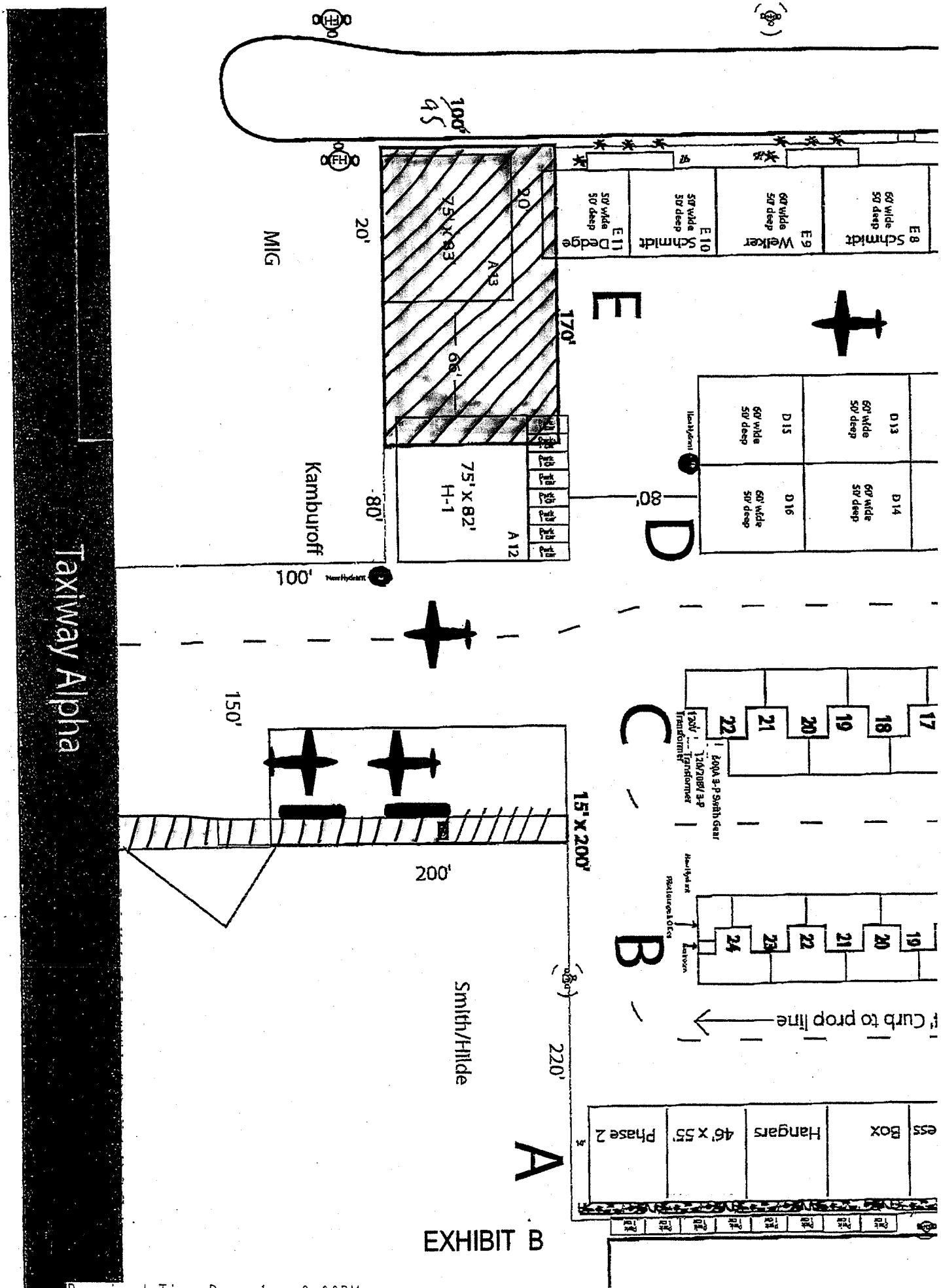
(SEAL)

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

ATTEST:
Nancy Romero, Clerk of the Board

By:  8/22/06
Deputy

By: 
Deputy



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

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

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

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

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

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

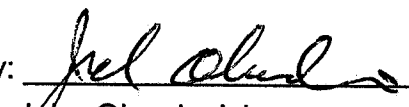
3. All other provisions of the Lease, not otherwise affected by this amendment, shall remain the same.

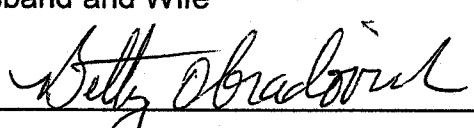
4. Construction of Amendment: The parties hereto negotiated this First Amendment at arms length and with the advice of their respective attorneys, and no provisions contained herein shall be construed against County solely because it prepared this First Amendment in its executed form.

Date: 7-29-04

LESSEE

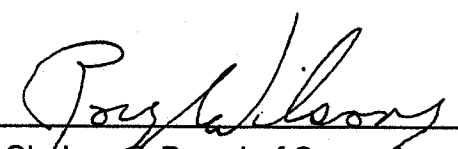
John Obradovich and Betty Obradovich
Husband and Wife

By: 
John Obradovich

By: 
Betty Obradovich

Date: 7-29-04

COUNTY OF RIVERSIDE

By: 
Chairman, Board of Supervisors
ROY WILSON

ATTEST:

NANCY ROMERO, Clerk of the Board

FORM APPROVED:

WILLIAM C. KATZENSTEIN, County Counsel

By: 
Deputy

By: Gordon V. Woo 8/12/04
Deputy

(SEAL)

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 15th 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 (5th) 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 1st 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 (5th 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.

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.

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 it 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 that \$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-Lesseees. Lessee shall require each of it Sub-Lesseees
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 (d) The specified insurance limits required in Paragraph 20 herein
27 shall in no way limit or circumscribe Lessee's obligations to indemnify and hold County
28 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 COUNTY

22 County of Riverside
23 Economic Development Agency
24 3525 Fourteenth Street
25 Riverside, CA 92501
26 Attn: Assistant County Executive Officer/EDA

21 LESSEE

22 John Obradovich and
23 Betty Obradovich
24 48-200 Casitas Drive
25 La Quinta, CA 92253

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

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

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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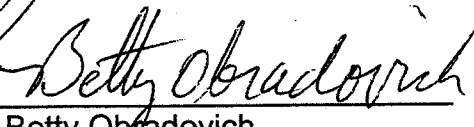
28 ///

1 Date: _____

LESSEE

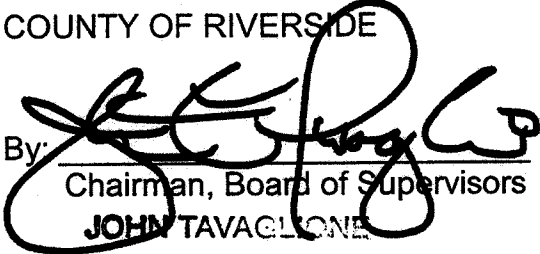
2 JOHN OBRADOVICH and BETTY OBRADOVICH,
3 Husband and Wife

4
5 By: 
6 John Obradovich

7 By: 
8 Betty Obradovich

9
10 Date: 4-24-03

COUNTY OF RIVERSIDE

11
12 By: 
13 Chairman, Board of Supervisors
JOHN TAVAGLIONE

14 ATTEST:

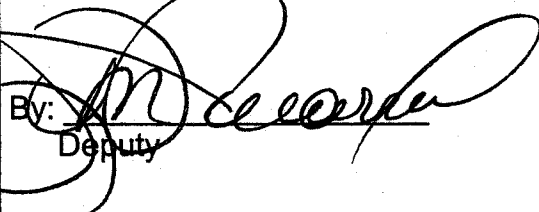
APPROVED AS TO FORM:

15 NANCY ROMERO

WILLIAM C. KATZENSTEIN, County Counsel

16 Clerk of the Board

JOE S. RANK, Assistant County Counsel

17
18 By: 
19 Deputy

By: Gordon V. Woo 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

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

This Third 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, and amended by First Amendment to Lease dated September 14, 2004, and Second Amendment to Lease dated September 12, 2006, wherein Lessee agreed to lease from County, approximately 9 acres of property ("Leased Premises") located at the Jacqueline Cochran Regional Airport; and

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

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

2. Section 5 (c), page 3, is hereby deleted, and replaced with the following:

(c) Fuel Flowage Fee: Sublessee shall pay to County a fuel flowage fee in an amount established by the Board of Supervisors for the County of Riverside (the "Board") through a County Resolution, a County Ordinance or such other action as the Board may decide from time to time. The fuel flowage fee, the calculation of the fuel flowage fee, the time of payment and the method used to collect and report the amount of fuel transacted by Sublessee shall be subject to periodic review and adjustment by the Board of Supervisors to reflect conditions then existing and the financial needs of the County's airports system. The County may implement any such adjustments in the fuel flowage fee at any time. Such new or adjusted fuel flowage fees shall be effective upon adoption by the County Board of Supervisors. Implementation of the new or adjusted fuel flowage fees shall not be pre-conditioned upon amendment of any existing Lease. As of the date of this Lease Amendment fuel

flowage fees have been established according to County Resolution No. 2008-362, attached hereto as Exhibit "A" and incorporated by this reference herein. The current fuel flowage fee (which was effective as of July 1, 2008) is assessed at the rate of \$0.12 per gallon of fuel sold. The fee is subject to a timely payment discount of \$0.02 per gallon applied to payments received within twenty (20) days of the date of invoice. A late fee of ten per cent (10%) shall be assessed to all payments received after the due date (30 days of invoice date) and to any unpaid balance, exclusive of late fees.

All other terms and conditions of the Lease shall remain unchanged.

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

Dated: 1-12-09

By: 
John Obradovich

Dated: MAR 17 2009

APPROVED AS TO FORM:
Pamela J. Walls, ~~Interim~~ County Counsel

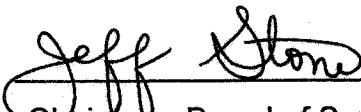
By:  3/4/09
Deputy

LESSEE:

John Obradovich and Betty Obradovich
Husband and Wife

By: 
Betty Obradovich

COUNTY OF RIVERSIDE

By: 
Chairman, Board of Supervisors
JEFF STONE

ATTEST:
Nancy Romero, Clerk of the Board

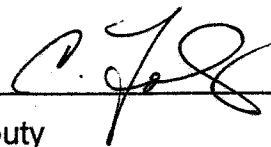
By: 
Deputy

EXHIBIT A

Board of Supervisors

County of Riverside

RESOLUTION NO. 2008-362

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

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

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

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

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

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

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

1 received within twenty (20) days of the date of the invoice. A late fee of ten percent
2 (10%) shall be assessed to all payments received after the due date (30 days of invoice).

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

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

16 4. Lessees shall have the option to continue to pay fuel flowage fees at the former rate of
17 5% per gallon for the duration of the current lease or sublease.

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

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

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

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 (5th) 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:

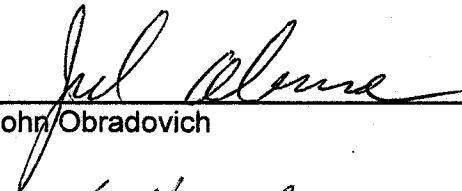
"(e) Beginning July 1, 2016 and at each July 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in paragraph 5(d) above, the Base Rent shall be adjusted by the percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange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

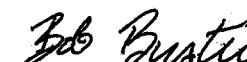
JOHN OBRADOVICH and BETTY
OBRADOVICH, Husband and Wife


John Obradovich


Betty Obradovich

Dated: 9-12-06

COUNTY OF RIVERSIDE

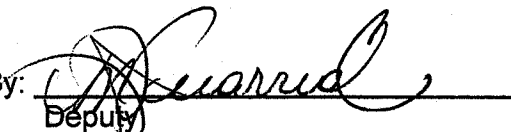
By: 
Chairman, Board of Supervisors
Bob Buster

(SEAL)

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

ATTEST:
Nancy Romero, Clerk of the Board

By:  8/22/06
Deputy

By: 
Deputy

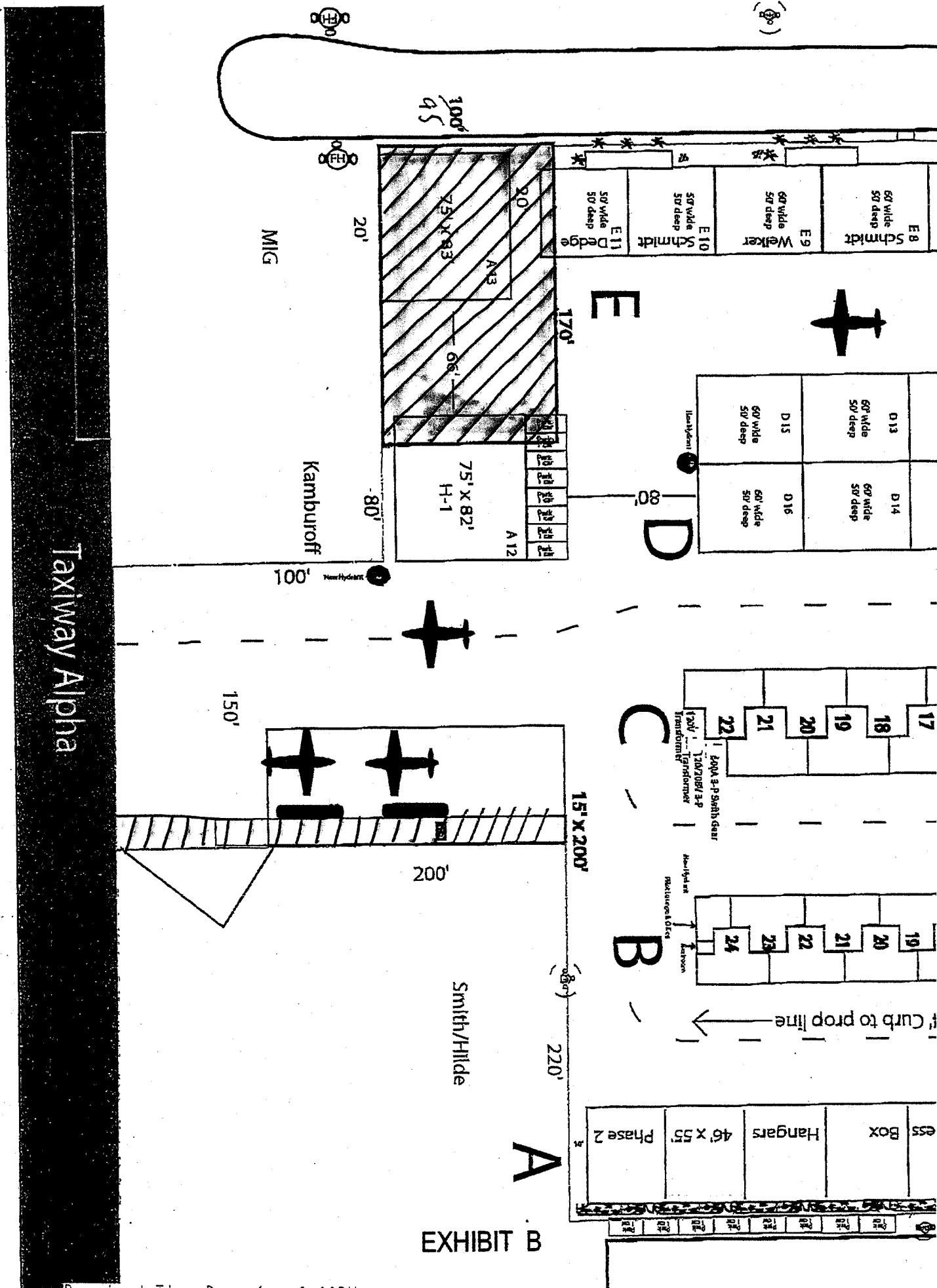


EXHIBIT B

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

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

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

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

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///

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///

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

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

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

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

Date: 7-29-04

LESSEE

John Obradovich and Betty Obradovich
Husband and Wife

By: [Signature]
John Obradovich

By: [Signature]
Betty Obradovich

Date: 7-29-04

COUNTY OF RIVERSIDE

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

ATTEST:

NANCY ROMERO, Clerk of the Board

FORM APPROVED:

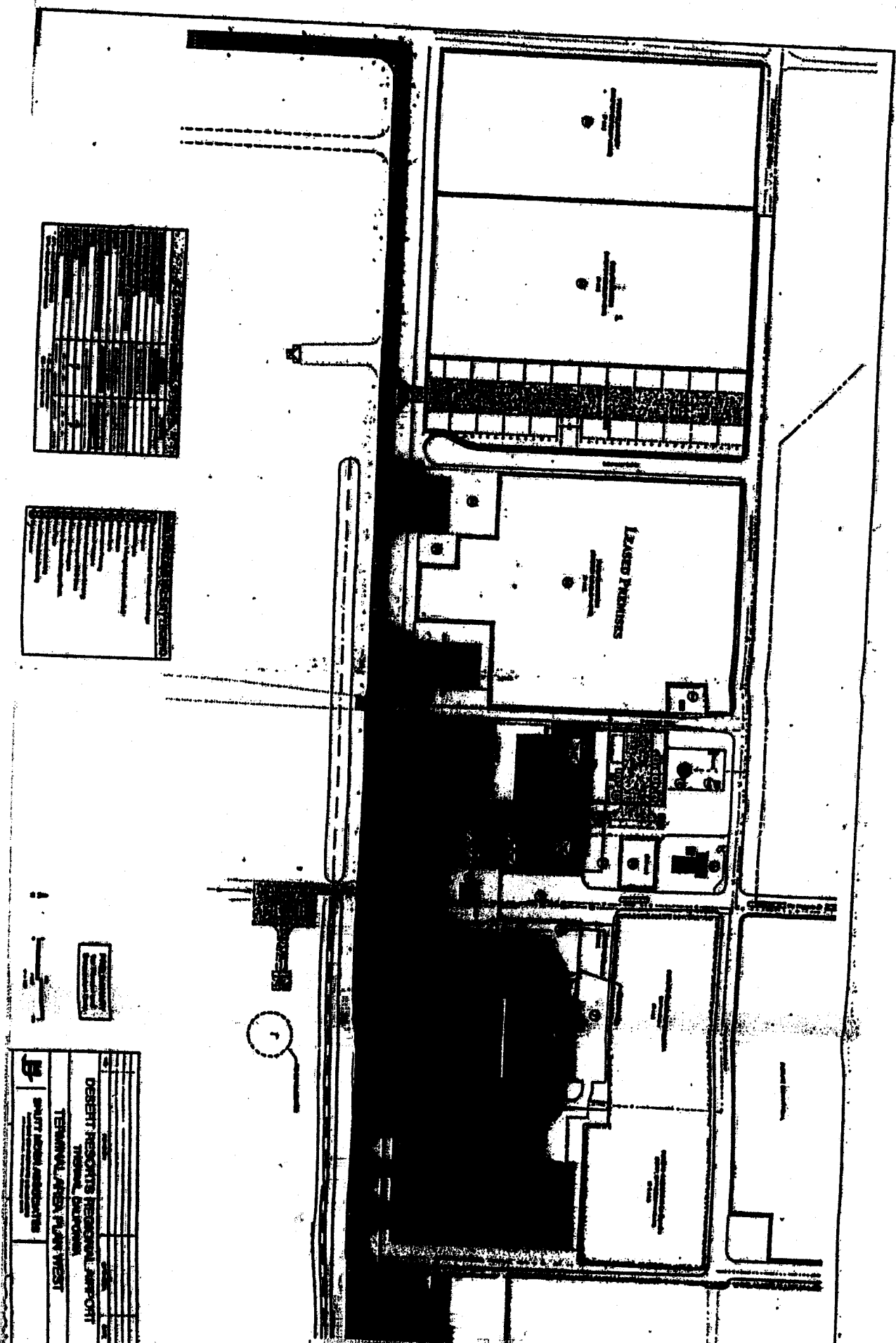
WILLIAM C. KATZENSTEIN, County Counsel

By: [Signature]
Deputy

By: Gordon V. Woo 8/12/04
Deputy

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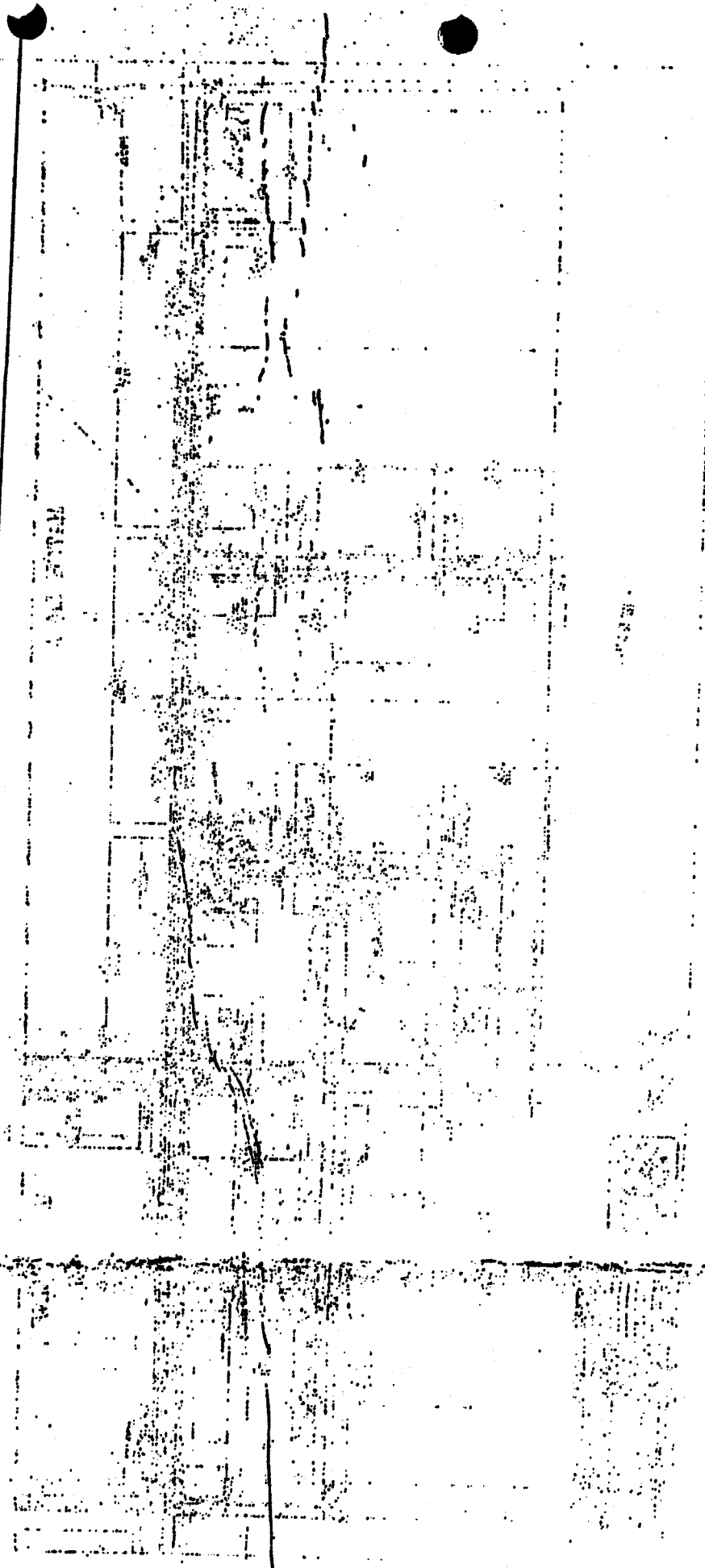
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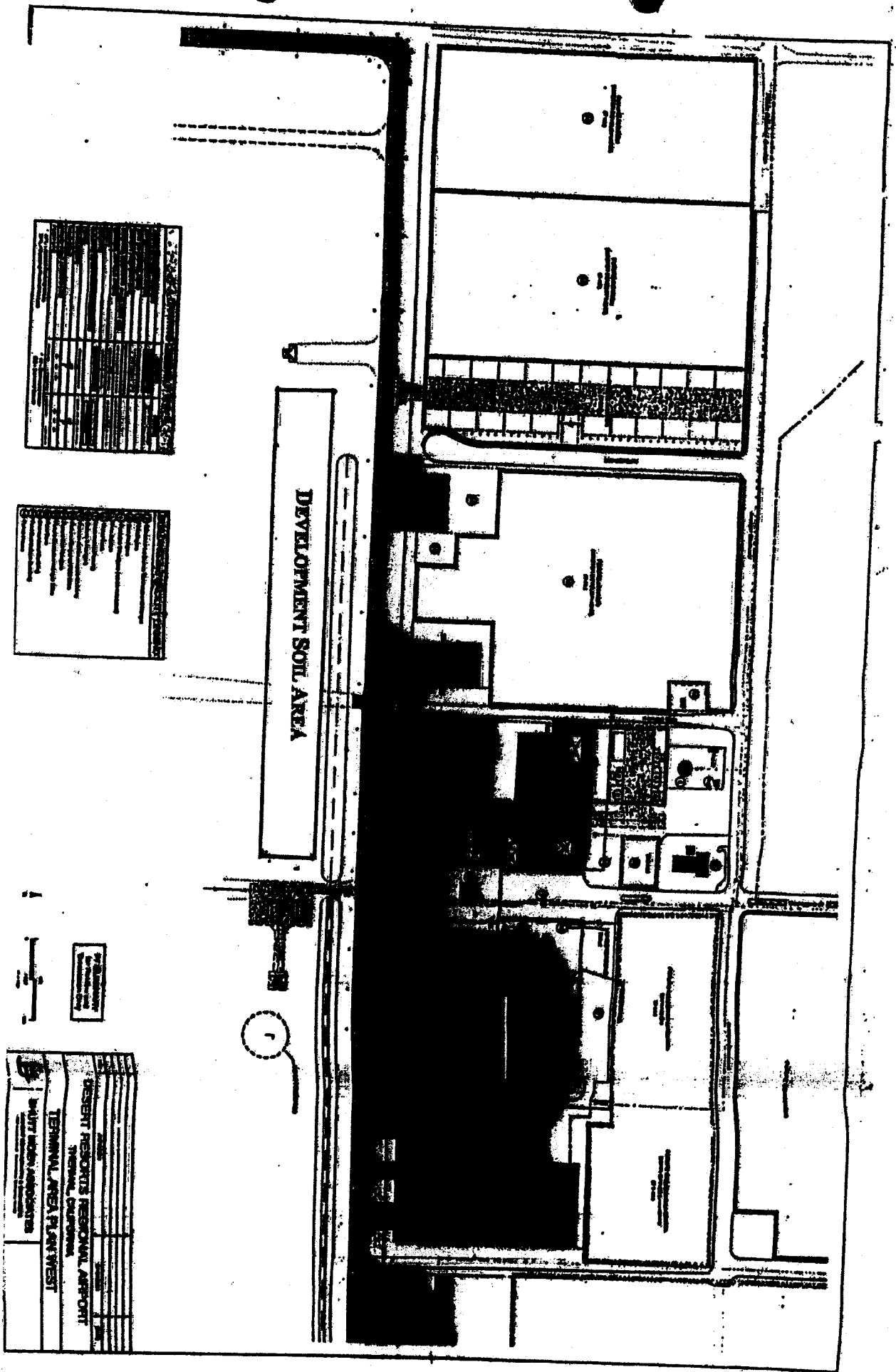
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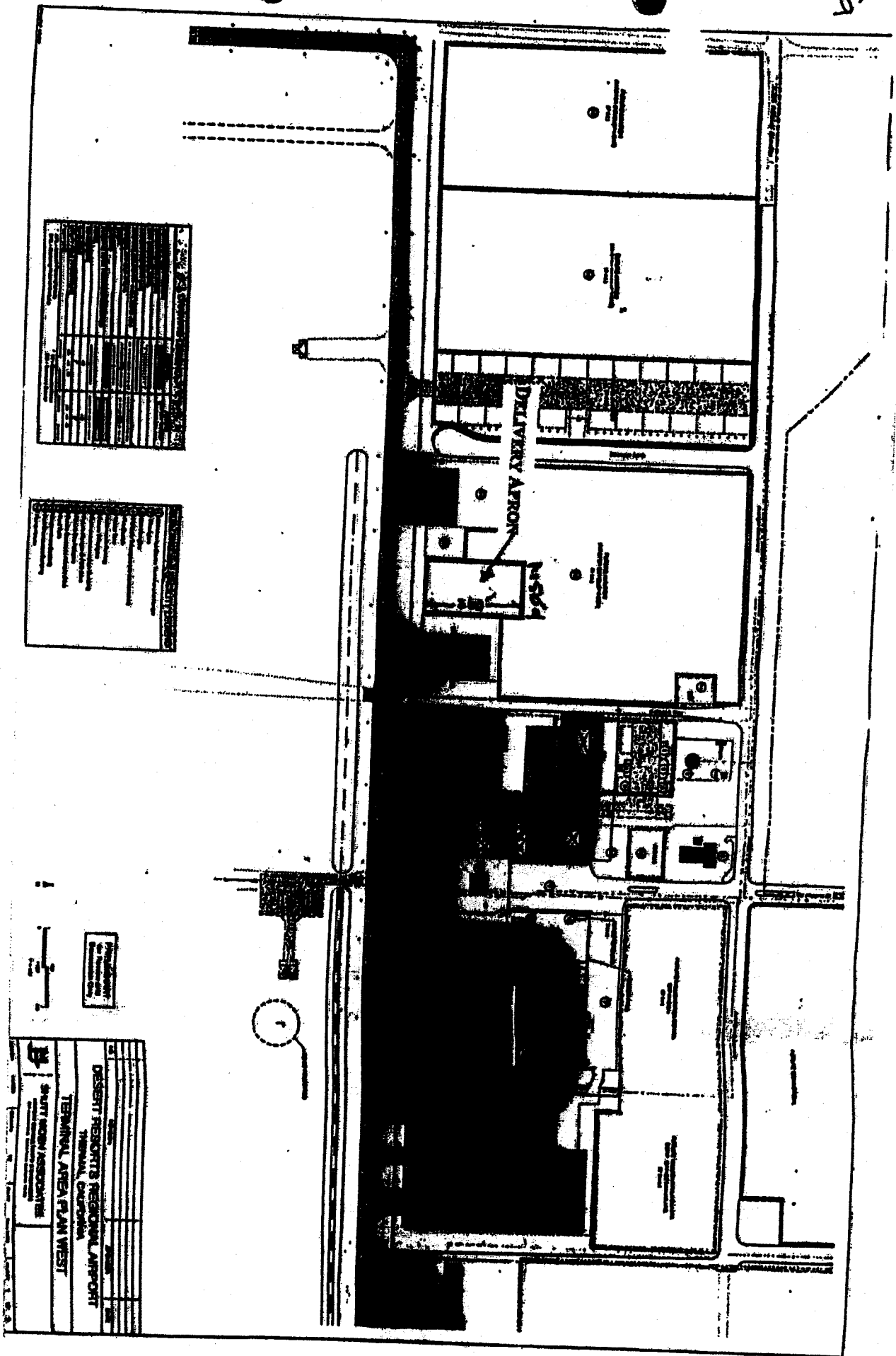
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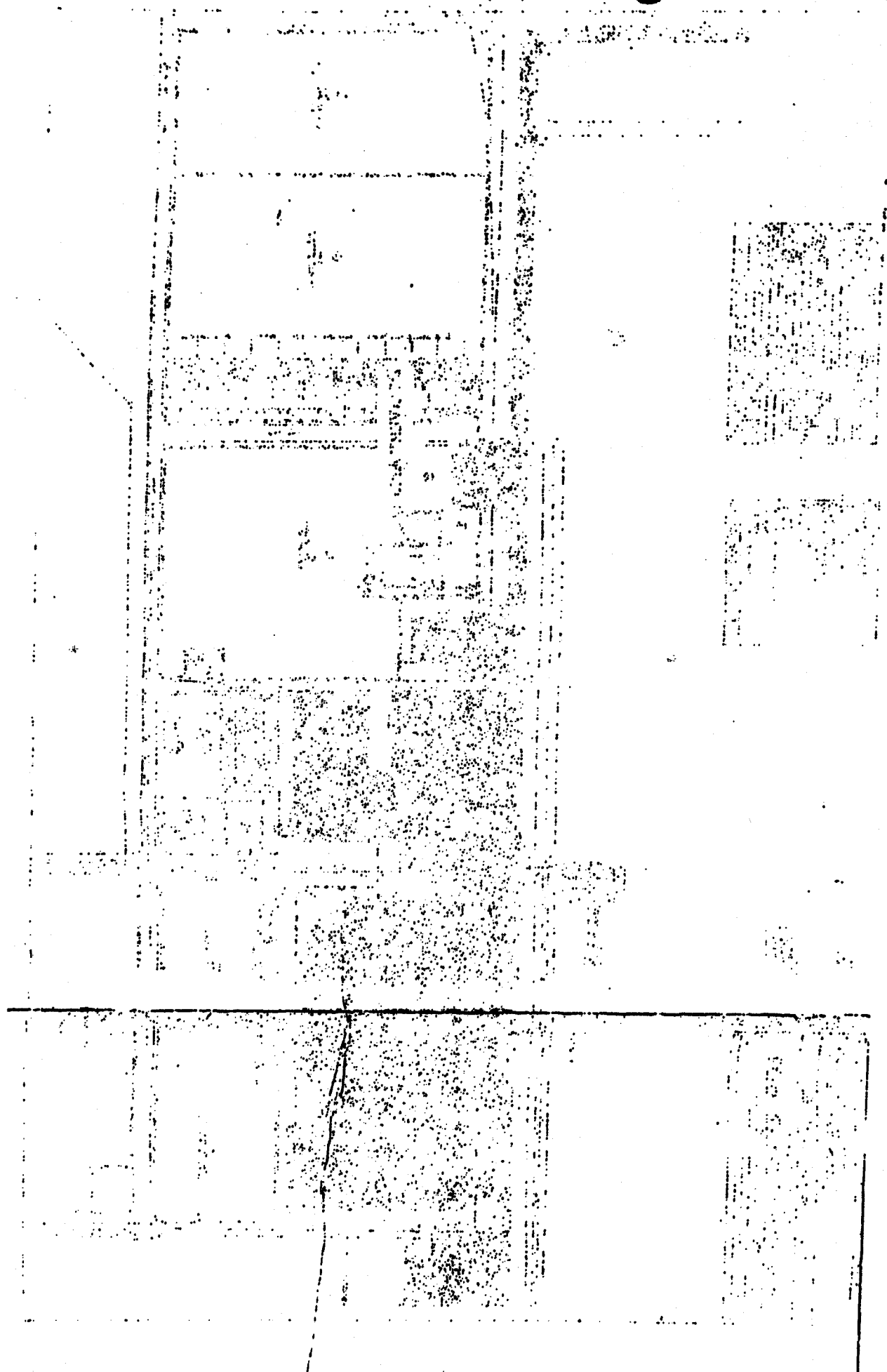
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DESERT RESORTS REGIONAL AIRPORT
TERMINAL, CHANDLER, ARIZONA

TERMINAL AREA PLAN WEST

SHUTTLE BUS ASSOCIATES



FEDERALLY REQUIRED LEASE PROVISIONS

1. The Lessee for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease agreement for a purpose for which a U.S. Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. The Lessee for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, and (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. That in the event of breach of any of the above nondiscrimination covenants, the County of Riverside, herein called the County, shall have the right to terminate the lease agreement and to reenter and repossess said land and the facilities thereon, and hold the same as if said lease agreement had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.
4. The Lessee shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service; provided, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach thereof, and in the event of such noncompliance, the County shall have the right to terminate this lease agreement and the estate thereby created without liability therefore or, at the election of the County or the United States, either or both said Governments shall have the right to judicially enforce these Provisions.
6. The Lessee agrees that it shall insert the above five provisions in any sublease agreement by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the premises herein leased.
7. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Par 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.
8. The County reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of the Lessee and without interference or hindrance.
9. The County reserves the right, but shall not be obligated to the Lessee, to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard.
10. This lease agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the County and the United States relative to the development, operation, or maintenance of the airport.
11. There is hereby reserved to the County, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on the Desert Resorts Regional Airport.

12. The Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased premises.
13. The Lessee, by accepting this lease agreement, expressly agrees for itself, its successors and assigns that it will neither erect nor permit the erection of any structure or object, nor permit the growth of any tree, on land leased hereunder with a height that exceeds the height limitation formula specified in Part 77 of the Federal Aviation Regulations without first obtaining the approval of the DOT and the County, which approval can be sought by submitting FAA Form 7460-1 (copy attached). In the event that the aforesaid covenants are breached, the County reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Lessee.
14. The Lessee, by accepting this lease agreement, agrees for itself, its successors and assigns that it will not make use of the leased premises in any manner, which might interfere with the landing and taking off of aircraft from Desert Resorts Regional Airport or otherwise constitute a hazard. In the event that the aforesaid covenant is breached, the County reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of the Lessee.
15. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 USC 1349a)
16. This lease agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of said airport or the exclusive or non-exclusive use of the airport by the United States during time of war or national emergency.

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Minimum Standards for Fixed Base Operators

Riverside County Airports



**County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside CA 92504
Phone: (909) 351-0700
Fax: (909) 688-6873**

Adopted January 30, 2001

EXHIBIT C

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	DEFINITIONS	1
III.	AIRPORT RULES AND REGULATIONS	3
	A. Lease	3
	B. Airport Layout	3
	C. Signs	3
	D. Building Design, Construction, and/or Alterations	4
	E. Inspections	4
	F. Flying Clubs	4
	G. Waiver from Minimum Standards	4
	H. Civil Rights	5
	I. Insurance	5
	J. Lot Size	5
	K. Outdoor Storage	5
	L. Maintenance	6
IV.	SCOPE OF SERVICES	6
	A. Full Service FBO	7
	B. Aircraft Maintenance	8
	C. Radio and Avionics Repair Station & Sales	9
	D. Flight Instruction	10
	E. Aircraft Sales, Rental, and Leasing	11
	F. Aircraft Storage	12
	G. Agricultural Application	13
	H. Other Aeronautical Activities	15

I. INTRODUCTION

Riverside County is the owner (sponsor) of the following six airports in Riverside County: Blythe, Chiriaco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan. The Riverside County Economic Development Agency (EDA) is the county agency responsible for operation of the County's airports.

Minimum standards are established to promote and attract a professional level of aviation services to the County's airports while safeguarding the public's interest. The Minimum Standards provide a framework that strengthens the relationship between the Sponsor and the Fixed Base Operator (FBO). They offer information, advice and, where necessary, they provide strict regulation so that both the prospective and experienced FBO may have a firmer understanding of the many considerations which contribute to a safe, successful, and useful operation. The standards are intended to be the minimum requirements for those wanting to provide aeronautical services to the public at Riverside County airports. Operators are encouraged to exceed the minimum requirements.

FBOs are responsible for complying with the Minimum Standards and shall be familiar with revisions made to the Standards. All FBOs on the airports must comply with the standards herein as well as all applicable government regulations; however, leases executed prior to August 16, 1988, are exempt until lease renegotiations. The County's airports are subject to federal, state, and local rules and regulations. The County has adopted local rules and regulations to implement Federal Aviation Administration (FAA) requirements and to provide for safe and orderly operation on the airports. Local rules and regulations governing airport activities include, but are not limited to, applicable portions of the following:

1. Ordinance No. 576 - Rules and Regulations for Operation of County Airports
2. Fixed Base Operator Minimum Standards
3. County Airport Fueling Standards
4. Special Event Permit Policy
5. Airport Design Standards

Federal and state rules and regulations include, but are not limited to: FAA Grant Assurances; FAA Order 5190.6A - Airport Compliance Requirements; Federal Airport Regulations (FAR's); State Aeronautics Act (PUC § 21000); Government Code § 50470 - 50478; ADA Regulations; the California Environmental Quality Act (CEQA); and the National Environmental Policy Act (NEPA).

II. DEFINITIONS

AERONAUTICAL ACTIVITY - Any activity or service that involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations.

AGREEMENT, LEASE, OR PERMIT - A contractual agreement between the EDA and an entity granting a concession or otherwise authorizing the conduct of certain activities which is in writing, executed by both parties, and enforceable by law.

AIRPORT - Includes the following six (6) airports owned by Riverside County: Blythe, Chiriaco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan, and its environs, such as, the property, buildings, facilities, and improvements within the exterior

boundaries of each airport as it now exists or as it may hereafter be extended, enlarged, or modified.

AIRPORT SPONSOR - The designated entity or duly authorized representative, appointed by the Board of Supervisors, to manage the operation and development of Blythe, Chiriac Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan airports.

ALP - Airport Layout Plan

APPLICANT - A person, persons, firm, partnership, or corporation desiring to acquire the use of a portion of an airport, or to establish or use any facility on an airport for an aeronautical activity or special event and who shall apply in writing and in the manner or form prescribed for authorization to establish such activities.

CEQA - California Environment Quality Act

COUNTY - County of Riverside, the FAA authorized airport sponsor.

EDA - Riverside County Economic Development Agency, the County agency designated to oversee and manage the County airports.

EQUIPMENT - All machinery, together with the supplies, tools, and apparatus necessary for the safe and proper procedure of the activity being performed.

FAA - Federal Aviation Administration

FAR - Federal Aviation Regulation

FIXED BASE OPERATOR (FBO) - Any person, firm, partnership, corporation, association, limited partnership, or any other legal entity duly licensed and authorized by written agreement with the Airport Sponsor (the County) to provide specific aeronautical services at an Airport, under strict compliance with such agreement and pursuant to these and all applicable regulations and standards.

FUEL - FAA authorized aviation fuel, including jet fuel

FUEL FARM - Any portion of an Airport, authorized by the Airport Sponsor, as an area in which gasoline or any other type of fuel may be stored.

FULL SERVICE FBO - An FBO which provides certain essential aeronautical services (e.g. aircraft maintenance and repair, flight instruction, fueling of aircraft, transient aircraft parking guidance, positioning of wheel chocks and tie-downs, fireguard for engine starts, baggage handling, standardized ground service and recovery equipment, pilots' lounge, and restrooms), subject to restrictions agreed to during lease negotiations (see Table A below for complete guidelines).

LIMITED SERVICE FBO - An FBO which provides certain of the aeronautical services provided by a Full Service FBO, subject to restrictions imposed by leasehold size requirements and to restrictions agreed to during lease negotiations (see Tables B through H below for complete guidelines).

MINIMUM STANDARDS - The qualifications and criteria set forth herein as the minimum requirements to be met as a condition for an FBO to conduct an aeronautical activity on an EDA sponsored airport.

NEPA - National Environmental Policy Act

THE BOARD - The Riverside County Board of Supervisors

TLMA - Transportation and Land Management Agency

III. AIRPORT RULES AND REGULATIONS

A. Lease

All revenue generating, commercial and/or business activities, at County operated airports are required to secure a lease approved by the County Board of Supervisors (the "Board") prior to commencement of any commercial activity.

Prospective lessees should begin the process by requesting a meeting with County staff. The purpose of the initial meeting is to introduce staff, show the available sites, and answer any questions. At the conclusion of this meeting the prospective lessee will be asked to submit a Lease Application and proposal.

Upon receipt of a lease application and proposal, County staff will review the proposal and will provide a written response. Once an agreement has been reached on the deal points and development proposal, a lease will be developed for execution by the lessee. The lease shall be executed in three counterparts and all three copies shall be returned to the County. The County will then schedule the lease for consideration at the next available Board of Supervisors' meeting. *Please be advised that the County Board of Supervisors is the only entity that can provide a binding lease commitment and development may not proceed until the Board has approved the lease.*

Exclusive rights for any aeronautical activity will not be issued at any County airport. This is to ensure that airport patrons are offered competitive market prices for services.

B. Airport Layout

All new leases and new airport development shall comply with the current FAA approved Airport Layout Plan (ALP) for each airport. In addition, Desert Resorts Regional, French Valley, and Hemet Ryan airports have adopted Airport Master Plans and all new development shall comply with those master plans. Lessee proposals that conflict with ALPs and Master Plans will not be approved.

C. Signs

All signs (commercial, traffic, services, advertising, etc.) must receive written approval from the EDA Executive Director or Designee prior to their placement. The request for approval should include the size, location, and design of sign. All outdoor advertising shall comply with County Ordinance No. 348 and applicable federal and state laws. FAA Form 7460-1, *Building Design*,

Construction, and/or Alteration, must be submitted to the FAA Western Pacific Region for review and determination, with a copy of the form sent to the EDA Executive Director.

D. Building Design, Construction, and/or Alterations

All design, construction, and/or alterations shall be in compliance with Airport Design Guidelines. The County reserves the right to review and approve all architectural design of all construction or alterations to be performed on County operated airports.

The County reserves the right to review and approve the construction methods of all development at the County operated airports. All buildings shall comply with local codes and regulations as to their construction. FAA Form 7460-1, *Building Design, Construction, and/or Alteration*, must be submitted to the FAA for their review and assessment with a copy of the form submitted to the EDA Executive Director.

The County reserves the right to require a Performance Bond or Letter of Credit prior to the construction of any facility for the return of funds expended by the County in the event that the applicant defaults on any obligations.

E. Inspections

The County reserves the right to make periodic inspections of the leased premises during reasonable hours to ensure lease compliance and Lessee's adherence with all applicable regulations. Inspections, under this provision, may be conducted by County staff, County contractors, the FAA, and/or the State of California.

F. Flying Clubs

All flying clubs located at Riverside County operated airports shall be nonprofit organizations. All rights shall be equally shared between members. No member shall share in profits, earnings, salaries, or other forms of compensation. The Flying Club shall not be engaged in any type of commercial operation. A copy of the Flying Club's Charter and By-laws, or other comparable documents, must be filed with the Aviation Division. Flying clubs must submit annual financial reports and furnish the County with proof of insurance of the types listed on Appendix A.

A minimum of one (1) aircraft, properly certified, is required for a flying club. Flight instruction shall only be offered to club members. The instructor must be a club member or an instructor who is a lessee on the airport for the purpose of flight instruction.

G. Waiver from Minimum Standards

Any tenant or prospective tenant wishing to waive any minimum standard set forth in the approved Minimum Standards must submit a letter to the EDA Executive Director expressing their hardship to conform with the Minimum Standards. The EDA Executive Director has the discretion of approving or disapproving the waiver as it would apply to the future viability of the airport, subject to applicable provisions which may be contained in the tenant's lease approved by the Board. Waivers may be granted on a temporary basis, and may be withdrawn or terminated at the Director's discretion.

H. Civil Rights

All individuals using the County operated airports must comply with all the provisions of the Federal Civil Rights Act of 1964. The tenant or prospective tenant shall ensure there shall be no discrimination in the availability of any services or commodities based on race, religious creed, color, national origin, ancestry, sex, age, physical handicap, medical condition, or marital status.

I. Insurance

The FBO shall procure, maintain, and pay premiums during the term of the agreement for insurance of the types and the minimum limits set forth by the County for each aeronautical activity. The FBO shall obtain and maintain insurance (See Appendix A), which contains an endorsement that the "County of Riverside, including its elected officials, officers, employees, and agents" are named as additional insured. Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California unless such requirement is waived, in writing, by the EDA Executive Director and/or the County Risk Manager. Each insurance company shall have an A.M. BEST rating of not less than A:VIII (A:8).

Proof of insurance must be submitted to the EDA Executive Director prior to commencement of operations and upon each insurance renewal. The FBO shall provide either 1) a properly executed original Certificate(s) of Insurance and 'certified original' copies of Endorsements effecting coverage as required herein, or 2) if requested to do so in writing by the EDA Executive Director and/or County Risk Manager, provide original Certified copies of policies including all endorsements and all attachments thereto, showing such insurance is in full force and effect. Certificate(s) shall contain the covenant that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration, or reduction in coverage of such insurance. Certificates of Insurance and the policies shall covenant that their coverage is primary and the County's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as primary.

If any policy contains a general aggregate limit, it shall apply separately to the Agreement with the County or be less than two (2) times the occurrence limit. All insurance policies are subject to review by the County's Department of Risk Management. The EDA Executive Director, upon the advice of the County Risk Manager, reserves the right to increase the limits, or require additional insurance coverage, beyond those set forth in these Minimum Standards, subject to applicable provisions of the tenant's lease.

J. Lot Size

Lot sizes may vary according to the type of operation. If available, aircraft tie-downs and hangar space, as well as automobile parking spaces, may be leased from the County to meet these minimum standards. The number of aircraft, hangar, or automobile parking spaces shall be determined during lease negotiations.

K. Outdoor Storage

No outside storage will be permitted except behind enclosed block walls, screened from public view, or as approved by the EDA Executive Director.

L. Maintenance

Lessee shall be responsible for the adequate maintenance of leased property and in compliance with all applicable Federal, State, and Local health and safety regulations.

IV. SCOPE OF SERVICES

Each aeronautical activity has a separate scope of services. The services required of a Full-Service FBO include the Minimum Standards for all combinations of aeronautical activities. The cumulative effect of the Minimum Standards will not equate to any minimum standard greater than that applicable to the Full-Service FBO.

Table A - FULL SERVICE FBO

Each airport shall have a minimum of one (1) Full Service FBO. **Mandatory Requirements:** Full Service FBOs shall provide: aircraft maintenance & repair; flight instruction; fueling of aircraft; transient aircraft parking guidance; positioning of wheel chocks and tie-downs; fireguard for engine starts; baggage handling upon request; have available and provide standardized ground service equipment and recovery equipment for aircraft weighing up to 30,000 lbs at FVA, 40,000 lbs at HRA, and 80,000 lbs at DRRA (service and recovery equipment shall include, but not be limited to, wheel chocks, tie-down ropes or chains, aircraft jacks, tow bars, auxiliary power units, and aircraft tugs); pilots' lounge; and restrooms. **Optional Requirements:** In addition to the required services listed in the preceding sentence, Full Service FBOs may provide: aircraft sales or leasing (including financing), sales of aircraft parts and supplies, radio and avionics sales and repair, aircraft storage hangars and tie-downs, painting and upholstering of aircraft, leasing or renting of automobiles, and operating a restaurant or café.

REQUIREMENT	MINIMUM STANDARD	PURPOSE / OTHER
LOT SIZE: 3 acres or 130,680 SF		
Hanger area	14,000 SF	For aircraft storage
Outside storage area	30,000 SF	For tie-down or apron parking
Building space	2,000 SF	For offices, pilots' lounge and briefing area, conference rooms, classrooms, and restrooms
Automobile parking	20 spaces, with landscaping as required by Ord. 348	For employees per shift and customer parking
Fuel farm	Refer to Fueling Standards	
Landscaping	To be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and building
CERTIFICATION:		
As applicable for each activity	FAA, State, and/or other responsible agency as applicable	For safe and efficient operation of airport and aeronautical activities
PERSONNEL:		
Staff	Adequate number	For safe and efficient operation of airport and aeronautical activities
Certification & training	Proper certification and training	To comply with all applicable regulations
HOURS OF OPERATION:		
Business Hours	7 days/week, 10 hrs/day	Or as demand may require
Fueling services	During business hours and emergency situations	One (1) hr response time during non-business hours
EQUIPMENT:		
Aeronautical operations	Refer to tables for equipment required for each activity	
FBOs providing aircraft fueling and servicing	Refer to Airport Fueling Standards	
INSURANCE:		
Refer to Appendix A		

Table B - AIRCRAFT MAINTENANCE

An aircraft airframe, engine, and accessory maintenance and repair FBO shall provide one or a combination of airframe, engine, and accessory overhauls and repair services on aircraft up to and may include business jet aircraft and helicopters. This category shall include the sale of aircraft parts and accessories.

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: ½ acre or 21,780 SF

Hangar area	6,000 SF	For aircraft storage
Tie-down or apron parking	One (1) per 1,000 SF of hangar space	Outside storage
Building space	400 SF	For offices, public phone, and restrooms
	200 SF	Office storage room
Automobile parking	One (1) per 1,000 SF of hangar area, with landscaping as required by Ord. 348	For employees per shift and customer parking
Landscaping	Specific plans to be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and building

CERTIFICATION:

Station	Authorized repair station and certified under FAR Part 145 or Holder of an FAA inspection authorization under FAR Part 43
---------	---

PERSONNEL:

Staff	Sufficient qualified technicians to meet proposal.	
Certification & training	Proper certification and training	To comply with all applicable regulations

HOURS OF OPERATION:

Services	5 days/week, 8 hrs/day	
	Services offered for emergency situations	One (1) hr response time during non-business hours

EQUIPMENT:

Sufficient inventory and equipment available to perform maintenance and repairs to manufacturers' specifications.	Should include but is not limited to tug, tow bar, jacks, and dollies	Operator is encouraged to have the capability of aircraft removal from the airport's operational areas
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INSURANCE:

Refer to Appendix A

Table C - RADIO AND AVIONICS REPAIR STATION & SALES

A radio and avionics repair station FBO engages in the business of and provides a shop for the repair of aircraft avionics, instruments, and accessories for general aviation aircraft. This category also includes the sale of new or used aircraft avionics, instruments, and accessories.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
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LOT SIZE: 150 SF

Repair station	150 SF	
Automobile parking	One (1) space per 150 SF, with landscaping as required by Ord. 348	

CERTIFICATION:

Station	Authorized repair station and certified under FAR Part 145	
---------	--	--

PERSONNEL:

Staff	One (1) FAA certified repairman	
Certification & training	Proper certification and training	To comply with all applicable regulations

HOURS OF OPERATION:

Business Hours	Available for appointment for at least 40 hrs/week	
----------------	--	--

EQUIPMENT:

Sufficient inventory and equipment available to perform maintenance and repairs to manufacturers' specifications.

INSURANCE:

Refer to Appendix A

Table D - FLIGHT INSTRUCTION

A flight instruction FBO engages in instructing pilots in dual and solo flight training, in fixed and/or rotary wing aircraft, and provides such related ground school instruction as is necessary preparatory to taking a written examination and flight check ride for the category or categories of pilots' licenses and ratings involved.

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: 500 SF (not necessarily contiguous)

Classroom space	200 SF or as appropriate to the size of student population	For classroom instruction
Office and lobby areas	300 SF	For phones, restrooms, and space for adequate customer service
Automobile parking	3 spaces per aircraft, 2 for each additional for a maximum of 10 spaces, with landscaping as required by Ord. 348	For students and employees
Other	Any additional space necessary to house all owned or leased aircraft	

PERSONNEL:

Staff	One (1) certified flight instructor	To be available during normal hours of operation
	One (1) qualified ground school instructor	For classroom instruction

HOURS OF OPERATION:

Business Hours	Available for appointment for at least 40 hrs/week
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EQUIPMENT:

Aircraft	One (1) single-engine aircraft	Available for flight training
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INSURANCE:

Refer to Appendix A

Table E - AIRCRAFT SALES AND LEASING

An aircraft sales and/or lease FBO engages in the sale and/or lease of aircraft to the public. New aircraft sales involves the sale of new aircraft through franchises or licensed dealerships (if required by local, county, or state authority) or distributorship (either on a retail or wholesale basis) of an aircraft manufacturer. Aircraft sales FBOs may also engage in the sale of used aircraft. This can be accomplished through various methods, including matching potential purchasers with an aircraft (brokering), assisting a customer in the purchase or sale of an aircraft, or purchasing used aircraft and marketing them to potential purchasers. An aircraft sales and/or leasing FBO must show capability to support maintenance agreements for aircraft sold or leased. A used aircraft sales FBO may also provide such repair, services, and parts as may be necessary to support the operation of aircraft sold. Some requirements may not be appropriate to the sale of used aircraft because of each aircraft's unique operational history. An aircraft sales FBO may also finance aircraft purchases, subject to the applicable licensing requirements.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> 150 SF		
Building space	150 SF	For offices, lobby area, public phone, and restrooms
Tie-down/Hanger space	Adequate number	Storage
Automobile parking	One (1) per employee One (1) per 50 SF of leased space With landscaping as required by Ord. 348	For employees per shift and customer parking
Landscaping	Specific plans to be determined during lease negotiations.	Landscaping required around vehicle parking, sidewalks, and buildings
<u>CERTIFICATION:</u>		
New aircraft	Dealers must possess sales and/or distribution franchise from a recognized aircraft manufacturer Aircraft must hold FAA registration and current airworthiness certificate	
Aircraft available for sale and leasing		
<u>PERSONNEL:</u>		
Staff	One (1) commercial, qualified for aircraft type.	For demonstration of aircraft
<u>HOURS OF OPERATION:</u>		
Business Hours	Available for appointment at least 40 hrs/week	
<u>EQUIPMENT:</u>		
	Minimum equipment required shall be determined during lease negotiations.	
<u>INSURANCE:</u>		
Refer to Appendix A		

Table F - AIRCRAFT STORAGE

An aircraft storage FBO engages in the construction, rental, and maintenance of conventional hangars or multiple T-hangars.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
LOT SIZE: 1acre or 43,560 SF		
Storage area of the following or proportionate combination of:	1. Minimum of ten (10) T-Hangars to max of fourteen (14) per acre, or 2. Apron tie-down space of a minimum of 15 aircraft per acre, or 3. Conventional hangar of 10,000 SF. 4. Box hangars - Plot Plan subject to EDA and BOS approval	
Automobile parking	One (1) for every two (2) hangars, with landscaping as required by Ord. 348	Automobile parking separate from aircraft storage area
Landscaping	Specific plans to be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and buildings
<u>PERSONNEL:</u>		
Staff	One (1) contact person	To be available during the normal work week (M-F, 8am-5pm)

HOURS OF OPERATION:

Minimum via phone contact	5 days/week, 8 hrs/day
---------------------------	------------------------

INSURANCE:

Refer to Appendix A

ADDITIONAL GUIDELINES:

The County and Full Service FBOs shall possess the right to provide and operate the public aircraft storage areas unless circumstances warrant otherwise. No business activities shall be operated from storage areas.

Table G - AGRICULTURAL APPLICATION

An agricultural application FBO engages in air transportation for hire for the purpose of providing the use of aircraft for agricultural operations such as, but not limited to, crop dusting, seeding, spraying, and bird chasing.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> ½ acre or 21,780 SF		
Apron, tie-down area	6,000 SF	Storage
Building space	400 SF	For offices, lobby, public phone, and restrooms
Chemical storage	400 SF	
Automobile parking	Minimum of five (5) parking spaces, with landscaping as required by Ord. 348	For number of employees per shift and average number customers
Landscaping	Specific plans to be determined during lease negotiations	Required around vehicle parking, sidewalks, and buildings
<u>CERTIFICATION:</u>		
Permits and certificates	Must be submitted to EDA Executive Director or Designee prior to operations. Furnished to EDA Executive Director or Designee as received. Procure and maintain FAR Part 137 Commercial Agricultural Operators Certificate. Possess Hazardous Materials Management Permit	County Ordinance No. 615
Renewals		
Agricultural Application Operator		
Hazardous Materials Management Permit		
<u>PERSONNEL:</u>		
Staff	Minimum number to be determined during lease negotiations. Personnel must be knowledgeable about the safe handling of poisons and agricultural chemicals and the proper disposal of substances intended to be used in operations.	
Certification & training		
<u>HOURS OF OPERATION:</u>		
Business Hours	Available for appointment for a minimum of 40 Hrs/week	Services offered 7 days/week
<u>EQUIPMENT:</u>		
To be determined during lease negotiations.		
<u>INSURANCE:</u>		
Refer to Appendix		

Table G - AGRICULTURAL APPLICATION (continued)

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
ADDITIONAL GUIDELINES: Storage and containment of Hazardous Materials		
a. Comply with California Regional Water Quality Control Board Resolution No. 79-38, dated March 14, 1979. b. Comply with County Ordinance No. 546, Division VIII-Fire Protection Requirement Buildings; and Division XIV-Fire Protection Requirements relating to storage of flammable or combustible liquids used as motor fuel. c. Comply with the 1982 Uniform Fire Code Article 80-Hazardous Materials (section 80.107, 80.108, 80.109, and 80.111); and Article 86-Pesticides storage (all sections). d. Comply with all hazardous waste regulations which can be found in Title 22 of the California Administrative Code and the California Health and Safety Code. e. Submit a waste management plan addressing the items mentioned below with an explicit clause stating that the applicant shall be held responsible for the safe and proper cleanup of any hazardous waste spills. f. Comply with Riverside County Ordinance No. 615 by completing the reporting form and obtaining a Hazardous Materials Management Permit. g. If hazardous wastes are treated and/or stored more than 90 days, or disposed or on-site, a hazardous waste facility must be obtained from the State Department of Health. h. If hazardous wastes are stored 90 days or less, storage area and containment shall meet the following: 1. Tanks and/or containers shall be of sound construction and compatible with waste stored (Title 22, California Administrative Code, Sections 66508, 67242, and 67247). 2. Tanks and/or containers shall be designed, constructed, maintained, and operated to minimize the possibility of fire, explosion, or any unplanned sudden, or non-sudden release of hazardous waste or any constituents to the soil, air, or surface waste which could threaten human health or the environment (Title 22, California Administrative Code, Sections 67241, 67243, 67244, 67257, and 67259). 3. Storage of on-site hazardous waste containers shall be in a structure that will prevent the contamination of the environment with hazardous waste. Design of the structure shall be submitted to the EDA Executive Director or Designee and Hazardous Material Division prior to construction. 4. If hazardous wastes or materials are to be stored underground, applicant must comply with County Ordinance No. 617 by completing the reporting form and obtaining the proper permits. 5. Underground tanks shall be of proper design and construction with approved monitoring systems. Records shall be maintained concerning operations, inspections, and monitoring pursuant to County Ordinance No. 617. 6. The applicant must take steps to minimize the quantity, toxicity, or other hazards of the waste generated. Such steps shall be submitted in writing to EDA Executive Director or Designee. 7. The facility shall be in compliance with all statutes, regulations, and ordinances pertaining to the management of hazardous waste. 8. Operator must submit a Letter of Credit or Performance Bond covering any clean-up or fines imposed caused by the actions or the operator.		

Table H - OTHER AERONAUTICAL ACTIVITIES

All aeronautical activities that were not included in previous sections are required to comply with these minimum standards. Activities include, but are not limited to, Air Tours, Air Charter, Banner Towing, Gliders, Ultra Lights, Parachuting, Airship Operations, and Ballooning.

<u>REQUIREMENT</u>		<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> ½ acre or 21,780 SF			
Building space	400 SF	For offices, lobby area, and restrooms. Additional space may be required depending on the operation	
Aircraft storage	To be determined during lease negotiations	Hangar or outside storage to accommodate the operational activities desired.	
Automobile parking	Minimum of five (5) parking spaces or 810 SF, with landscaping as required by Ord. 348	For number of employees per shift and average number customers.	
Landscaping	Specific plans to be determined during lease negotiations.	Required around vehicle parking, sidewalks, and buildings.	
<u>CERTIFICATION:</u>			
As applicable for each activity	FAA, State, and local certification and licensing as applicable	For safe and efficient operation of airport and aeronautical activities	
<u>PERSONNEL:</u>			
Staff	Sufficient number during normal hours of operation	To comply with all applicable regulations	
Certification & training	Properly trained and, if applicable, certified or licensed to perform the activities or a normal course of operation.		
<u>HOURS OF OPERATION:</u>			
Services	To be determined during lease negotiations.	Minimum requirements would be: normal telephone contact five (5) days a week (M-F) eight (8) hours a day.	
<u>EQUIPMENT:</u>			
	To be determined during lease negotiations depending on the type of activity proposed.		
<u>INSURANCE:</u>			
Refer to Appendix A			

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MINIMUM STANDARDS FOR FIXED BASE OPERATORS APPENDIX NO. 1 - INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS FROM ONE OF TWO TYPES									
ALL LIABILITIES MUST BE COVERED BY THE POLICY									
TYPE OF OCCURRENCE AND INSURANCE POLICY LIMIT AS ON A COMBINED SINGLE LIMIT BASIS	General Liability including products and completed operations liability	Fire Legal Liability (including liability for damages to property) liability for damages to property liability for damages to property	Vehicle Liability including liability for damages to property liability for damages to property liability for damages to property	Aviation Hull and Liability including liability for damages to property liability for damages to property liability for damages to property	Aviation Liability including liability for damages to property liability for damages to property liability for damages to property	Aviation Liability including liability for damages to property liability for damages to property liability for damages to property	Aviation Liability including liability for damages to property liability for damages to property liability for damages to property	Aviation Liability including liability for damages to property liability for damages to property liability for damages to property	Aviation Liability including liability for damages to property liability for damages to property liability for damages to property
Full Service (FO)	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Aviation Insurance	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Public and Aviation Repair Business and Sales	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Flight Instruction	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Aviation Sales, Rental and Leasing	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Aviation Storage	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Aviation Application	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Other Commercial Activities	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Flying Clubs	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Special Events	\$ 1,000,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

* Airport Commercial General Liability Insurance must also include Contingent Liability and non-owned liability. If figure is used, Airport Liability must be included.

** Includes Agriculture Endorsement on Airport Hull and Liability Insurance policy and provides the County with a certified original copy of the endorsement.

*** The limits and coverage required may vary depending upon the activity involved.

**** Workers' Compensation is required if flying Club has employees.

APPENDIX No. 1. - INSURANCE REQUIREMENTS (Continued, Page 2 of 2)

Workers' Compensation

1. Policy shall be endorsed to include, if applicable, Borrowed Servant / Alternate Employer.
2. Policy shall be endorsed to Waive Subrogation in favor of the County of Riverside'

All Policies (Other than Workers' Compensation)

1. Each policy shall be endorsed to name 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.
2. If any policy contains a general aggregate limit, it shall apply separately to the Agreement with the County or be no less than two (2) times the occurrence limit.

All Policies (Including Workers' Compensation)

1. Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California unless such requirement is waived, in writing, by the County Risk Manager.
2. Each insurance company shall have an A.M. BEST rating of not less than an: A:VIII (A-8)
3. Provide either 1) a properly executed original Certificate(s) of Insurance and 'certified original' copies of Endorsements effecting coverage as required herein, or 2) if requested to do so in writing by the County Risk Manager, provide original Certified copies of policies including all endorsements and all attachment thereto, showing such insurance is in full force and effect.
4. Certificates to contain the covenant that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance.
5. Operations shall not commence until the County of Riverside has been furnished evidence of coverage as described in Item 3.
6. Certificates of Insurance and the policies shall covenant that their coverage is primary and the County's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as primary.
7. The EDA Director, upon the advice of the County Risk Manager, reserves the right to increase the limits or required additional insurance coverage beyond that set forth herein.

**DESERT RESORTS REGIONAL
AIRPORT**

**STORM WATER POLLUTION PREVENTION
PLAN**

(S.W.P.P.P)

**A.A.A.E. CALIFORNIA AIRPORT GROUP
TO COMPLY WITH THE CALIFORNIA STORM WATER
GENERAL PERMIT**

PERMIT NUMBER W.D.I.D 733S006138

EXHIBIT 'D'

Percentage of Impervious Area (Impervious area/total area x 100): 2. % - 2.1%

Significant Spills or Leaks: Table 3-2 should be used to record the lists described above.

Summary of Sampling Data: Record the sampling event(s) information on Table 3-3 and include only a one-page summary from the sampling data report package.

SAMPLING EVENT RECORDS TABLE 3-3

Date Sampled	Outfall Sampled	Analysis Performed	Analysis Method	Sampling Team
Nov. 98	1			Tom Turner

Pollutant Lists

The airport is required to list any pollutants that have a reasonable potential to be present in the storm water discharge in significant quantities. The definition of significant quantities varies depending on the material. In general, a significant quantity of material larger than that consumed within a normal day's operations or a quantity resulting in spills beyond the immediate clean-up capabilities of the individual charged with the use of the materials. For regulated substances, a significant quantity is a "reportable" quantity of those substances. An estimate of the annual quantities of these pollutants in the discharge is also required. List substances and quantities in the following table (Table 3-1) and retain a copy in the SWPPP documentation.

POLLUTANT LIST

TABLE 3-1

Date	Pollutant Present	Use	Quantity Estimate
10/1	Aviation Fuels	20,000 gal. annually	
10/1	Motor oils	300	
10/1	Anti Freeze	Ground vehicles	No significant
10/1	Engine oil	Aircraft and Ground vehicles	Spill history

Airport Size

Airport Size (acres or square feet): 2,363 Acres

Impervious Area (acres or Square Feet): 35.5 Acres

Percentage of Impervious Area (Impervious area/total area x 100): 1.5%

Significant Spills or Leaks:

Table 3-2 should be used to record the lists described above.

Summary of Sampling Data:

Record the sampling event(s) information on Table 3-3 and include only a one-page summary from the sampling data report package.

Airport Size

Airport Size (acres or square feet): 2,363 acres

Impervious Area (acres or Square Feet): 45. Acres Amendment-10-26- 50.75 acres

Materials Management Practices:

- 1) All hazardous material spills must be reported to the airport manager, County Health and County Fire to insure immediate and proper cleanup and disposal. Liquid absorbent material is stored on site.
- 2) Areas where materials are stored and or have the possibility to spill are inspected monthly, with spot inspections during daily airport inspections.
- 3) Insure material handlers have proper licenses and or training for each product being used.

Equipment Management Practices:

- 1) All equipment inspected monthly.
- 2) Routine maintenance to repair leaks and preventive maintenance scheduled to prevent leaks.
- 3) Drip pans installed under areas where leaks may occur.

Vehicle Management Practices:

- 1) Scheduled preventative maintenance.
- 2) Cleaning vehicles with biodegradable solvents and soaps, in designated areas only.
- 3) Routine daily inspections of vehicles.

Material Loading, Unloading, and Access Areas:

- 1) Insure all personnel are trained and or have proper license.
- 2) Restrict material-handling areas to trained personnel only.
- 3) Inspect equipment monthly to insure it is in proper working order and notify the responsible party if not.

Existing Structural Controls (to reduce pollutants in storm water):

1) Monthly inspections of all aircraft tie downs, auto parking lots, streets and hangar areas.

2) Daily spot inspections done during routine airport safety inspections.

Existing Non-Structural Controls (to reduce pollutants in storm water):

1) Use of dirt roads restricted to airport employees for inspections and maintenance.

2) Monthly inspections of all drains, inlets, flood control berms for unauthorized water runoff.

Methods of On-Site Disposal of Significant Materials:

1) All hazardous materials are disposed of in State approved sites or recycled. No hazardous materials are disposed of on the airport.

Methods of On-Site Storage of Significant Materials:

1) Aviation fuels are stored in above ground and under ground tanks or in fuel trucks.

2) Motor vehicle oils are stored inside buildings.

3) All pesticides and fertilizers are stored in building or on covered concrete slabs.

Activities that Generate Significant Quantities of Dust or Particulates (unpaved access roads or emissions from industrial processes):

1) All main access roads and parking lots are paved. Some airport maintenance roads are dirt but rarely used.

2) There are no significant industrial processes on the airport.

3) Dirt roads are restricted to airport personnel only.

NPDES PERMIT REQUIREMENT CHECKLIST

THERMAL AIRPORT

Initial & Date

NOI & Fee Sent to SWRCB

3/26/92

SWPPP Complete

9/22/92

Monitoring Plan Complete

11/12/92

Group Monitoring Agreement (if appropriate)

A.A.A.E.

S/19/92
MO, 3E

Other: Permit # 7 235006138.

This is to certify that the above mentioned items have been prepared and completed under my direction and supervision in compliance with the NPDES General Industrial/Construction Permit.

Printed Name: Thomas L. Turner

Signature: *Thomas L. Turner* Date: 2/1/93

Title: Airport Operations & Maintenance Supervisor

SWPPP Certification

"I certify under penalty of law that this document and all attachments were prepared under my direction and supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment." In addition, I certify that the provisions of the permit, including the development and implementation of a Storm Water Pollution Plan and a Monitoring Program Plan, will be complied with.

Printed Name: Tek Tanaka

Signature: *Tek Tanaka* Date: 2-18-93

Title: Deputy Director of Transportation

STORM WATER POLLUTION PREVENTION PLAN INTRODUCTION AND PURPOSE

The California airport group members have submitted their Notices of Intent (NOI) and are now in the compliance phase of the California General Permit. The General Permit requires airport discharges to: eliminate non-storm water discharges; develop and implement a storm water pollution prevention plan; and perform monitoring of discharges to the storm water drainage system.

The required Storm Water Pollution Prevention Plan (SWPPP) must emphasize the storm water Best Management Practices (BMPs) and be designed to comply with Best Available Technology Economically Achievable (BAT) and Best Conventional Pollutant Control Technology (BCT). The SWPPP has two major objectives: 1) to identify the source of pollutants that affect the quality of the industrial storm water discharge; and 2) to describe practices which may be implemented to reduce the pollutants in the industrial storm water discharge.

The SWPPP is to be certified and implemented by October 1, 1992. Although the SWPPP is not submitted to the Regional Board, it must be retained on file at the airport for the duration of the permit. The SWPPP must be available for Regional Board and public review. The Regional Board may notify airport representatives if the SWPPP does not meet the minimal requirements. Within 30 days of the notice, the airport must submit a time schedule in which the required changes will be made. Once the changes have been made, the airport will provide written certification to verify the completed change. The documentation should then be retained as part of the SWPPP.

The airport is responsible for amending the SWPPP whenever there is a change in construction, operation, or maintenance, which will affect the quality or quantity of the industrial storm water discharge. The SWPPP should also be amended if the objective of controlling pollutants in the storm water discharge as not being achieved.

PLANNING AND ORGANIZATION

POLLUTION PREVENTION PERSONNEL

POLLUTION PREVENTION COMMITTEE MEMBERS

Airport Manager/Representative: Thomas Turner

DUTIES: Overall compliance; inspection of airports.

Phone: (909) 351-0700 x 358 24-hour Phone: (909) 412-3049

Designated Individuals

Name: Captain Heally, C.D.F. Fire Title: _____

Phone: (760) 399-5303 24-hour Phone: 9-1-1

Duties: County fire compliance with permit.

Name: Eric Affeldt Title: Manager, Million Air La Quinta F.B.O.

Phone: (760) 399-1855 24-hour Phone: _____

Duties: F.B.O. compliance.

Name: _____ Title: _____

Phone: _____ 24-hour Phone: _____

Duties: _____

Name: _____ Title: _____

Phone: _____ 24-hour Phone: _____

Duties: _____

Name: _____ Title: _____

Phone: _____ 24-hour Phone: _____

Duties: _____

FACILITY DATA COLLECTION

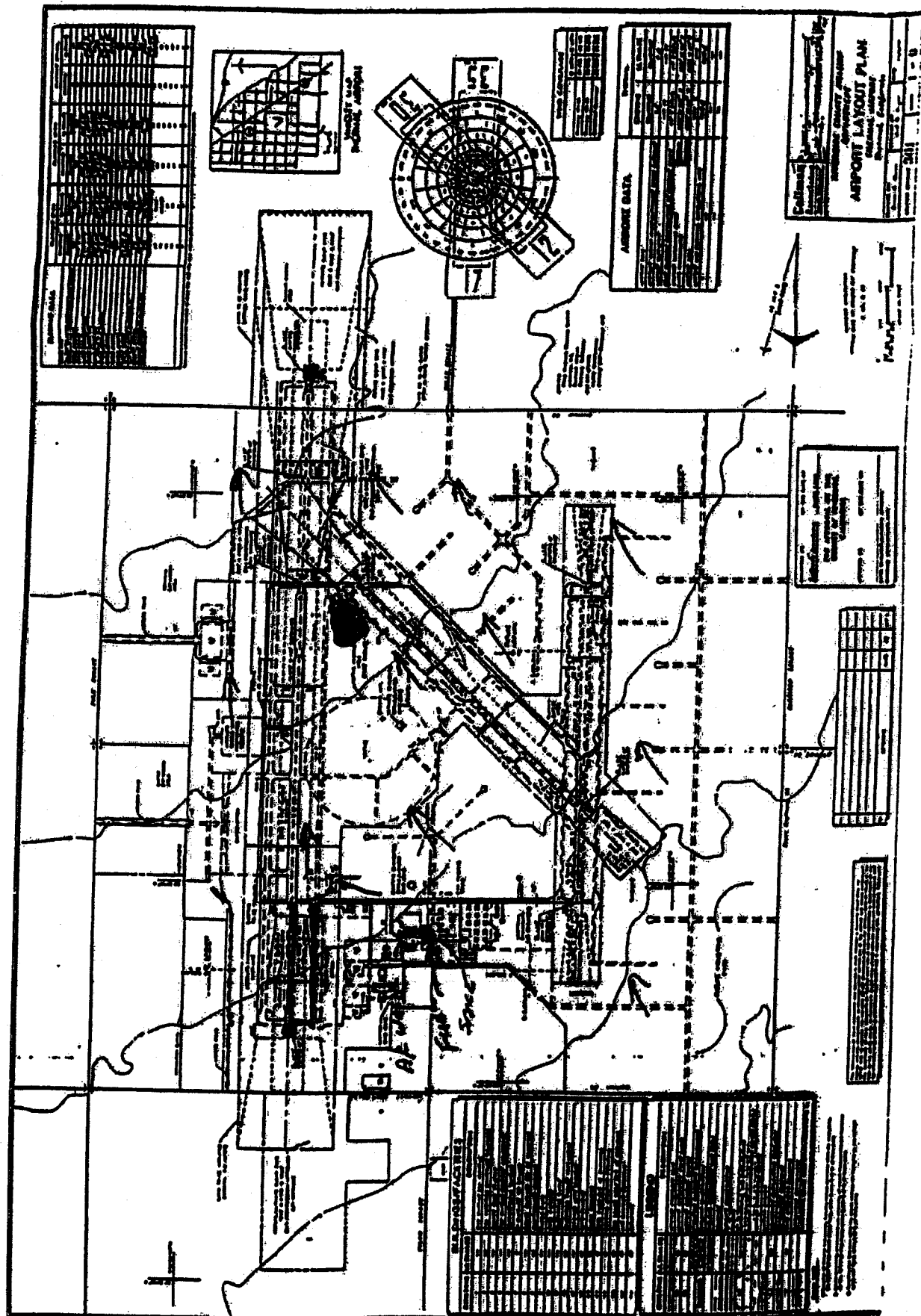
The general permit requires that the following information be gathered in order to determine and evaluate pollution sources:

- Site map
- Topographic map
- Description of significant material handling
- List of pollutants with potential to be present
- Size of airport and percentage of impervious areas
- Spill history
- Summary of existing sampling data

Topographic Map

THIS AIRPORT HAS NO
OUTFALLS. WATER IS TREATED IN DAMS.

Retention Basin. Flow →



7.15

APR 3-4-93.

ADD 10 ACRES.

Description of Significant Material Handling

Significant Materials Treated or Stored

Significant Materials Stored:

1) Jet-A and Avgas stored in underground and above ground tanks.

2) Used motor oil

Significant Materials Disposed:

1) Fuel from underground tank is used in aircraft. Underground and aboveground tanks are regulated by title 23 of the California Health and Safety Code, EPA underground Tank Regulations, and riverside County Ordinance No. 617

2) Fertilizer and pesticides are controlled by EPA, State, and county regulations.

Fertilizers and Pesticides are disposed of off airport property.

3) Used motor oil is recycled through a licensed contractor.

Significant Materials Spilled Or Leaked (In significant quantities to storm water after November 19, 1988):

1) To our knowledge, no materials of significant quantity have been leaked or spilled on airport property.

2) Fuel spill in 1995, overfilled fuel trucks. Topsoil removed by airport staff and disposed of by operator. County Haz - Mat called.

3) Site clean up completed in Feb. 1998

Airport Industrial Storm Water Treatment Facilities:

1) No facilities are now on the airport.

STORM WATER MANAGEMENT CONTROLS

This section of the SWPP describes storm water management controls, which are appropriate for the identified potential pollutant sources at the facility

The regulations require the following descriptions and information to be included in the storm water management control portion of the SWPPP:

- Prevention Maintenance and Inspections
- Good Housekeeping
- Spill Prevention and Response
- Storm Water Management Practices
- Sediment and Erosion Prevention
- Employee training

Preventative Maintenance

The preventative maintenance program should include the following:

- Identification of the equipment and systems targeted for the PM program
- Periodic inspections of identified equipment and systems
- Appropriate adjustments, repair, or replacement of parts
- Record keeping documenting inspections and follow-up action

Documentation and retention of records is a critical element of a good preventative maintenance and inspection program. A tracking and follow-up procedure is recommended to ensure that an appropriate response to the inspection findings has been made. All inspection documentation and records must be maintained with the SWPPP for a period of 5 years, Table 4-1 should be used to record inspection and maintenance activities, and any corrective actions implemented.

Good Housekeeping

Written Protocol

The protocols should be developed to meet the site-specific requirements of the airport.

The protocols should cover:

- 1) Daily inspections of tie down areas to look for leaks and spills.
- 2) Notices sent to F.B.O.s and aircraft owners to correct any problems.
- 3) Vehicle and equipment washing to be done in designated areas only.
- 4) No hangars, equipment storage or maintenance facilities are allowed to be hosed out. All oil and fuel will be cleaned by using oil absorbent materials or biodegradable solvents or soaps, then disposed of properly.

- 5) Drip pans and 100 pounds of absorbent material stored at each F.B.O. site near fuel storage and maintenance areas.
- 6) Drums and tanks containing used oil are to store in a covered area with retention.
- 7) The County and each co-Permittees will train all personnel on the proper handling of hazardous materials. List of agency's to notify if a spill occurs.
- 8) The designated airport representative will inspect the airport monthly to include co-Permittees areas to insure compliance with the S.W.P.P.P.
- 9) All unpaved roads restricted to necessary traffic.
- 10) All vehicle fueling to take place on paved areas to simplify clean up if a spill occurs. Also keeps cost down.

A protocol document should be included with the SWPPP document; Table 4-3 can be used for this purpose. Spill Prevention and Response

Table 4-4 will be used to record the spill control and countermeasures established by the airport. Please add any additional documentation relating to spill prevention countermeasures and control to this document.

See Protocols and Management Practices

Emergency Response Coordinator

The designated person will be named below. This information should be kept on file as part of the SWPPP documentation.

Designated Individual: Tom Turner
Title: Airport Manager
Phone: (909) 351-0700 x 358 24-hour Phone: _____

Alternate: Thomas Turner
Title: Airport Operation & Airport Manager
Phone: (909) 351-0700 x 358 24-hour Phone: _____

Storm Water Management Practices

- 1) Daily inspections of tie down areas to look for leaks.
- 2) Notices sent to lessees, aircraft and equipment owners to inform them of problems that need correcting.
- 3) Vehicle and equipment washing be done in designated areas. All loose oil needs to be wiped from all surfaces before washing.
- 4) No hangars, equipment storage, or maintenance facilities will be hosed out with water. All oil and fuel leaks will be cleaned up with liquid absorbent materials or biodegradable solvents and soap, then disposed of properly.
- 5) Drip pans of 100lbs. of liquid absorbent material stored at the airport near fueling facilities and maintenance areas.
- 6) Drums and tanks containing used oil, solvents, and coolants checked weekly for material levels. All full containers to be closed and secured to prevent overfilling.
- 7) The County and each Co-Permittee will train personnel in the proper handling, identification, and clean-up practices (List of agencies to notify when a spill does occur, etc.).
- 8) The designated airport representative to inspect the airport monthly to include Co-Permittees' leaseholds and notify responsible parties not in compliance with storm water plan.
- 9) All non-paved roads to be restricted to only necessary traffic.
- 10) All vehicle fueling is to take place on concrete or asphalt to simplify clean up if a spill does occur.
- 11) All hazardous material spills must be reported to airport management, County Health, and County Fire Dept. to insure immediate and proper clean-up and disposal. Liquid absorbent material is stored at the airport.
- 12) All equipment inspected monthly.
- 13) Routine maintenance to repair leaks and preventive4 scheduled maintenance to prevent leaks.
- 14) Drip pans installed under areas where leaks may occur.
- 15) Scheduled preventive maintenance.

- 16) Cleaning vehicles with only biodegradable solvents and soaps, in designated areas only.
- 17) Routine daily inspections on vehicles.
- 19) Insure all personnel are trained and /or have proper licensing.
- 20) Restrict material handling areas to trained personnel only.
- 21) Inspect equipment monthly to insure it is working properly and that the responsible party is noticed so that repair can be made on faulty equipment.
- 22) Require catch basins to be designed into all future construction projects where applicable.
- 23) Rip-rap all applicable outfalls, embankments and drain ditches.
- 24) Keep Cracks in parking lots and tie downs filled with crack fillers.

SEDIMENT CONTROL AND EROSION PREVENTION

- 1) Seed embankments where applicable to prevent erosion.
- 2) Monitor Sediment in basins and ditches; test annually and clean.

AMENDMENT SHEET

DATE	PURPOSE OF CHANGE	PAGES AMENDED	SIGNATURE
3-11-93	ADDED RUNWAY & TAXIWAY	7.B - 14	
10-26-98	ADDED TAXIWAY "F"	7.B - 14	
10-26-98	INCREASE SIZE, RETENTION BASIN TO 11 ½ ACERS.		

EMPLOYEE TRAINING SCHEDULE

TABLE 4 - 5

Workshop Topic	Dates	Personnel Attending

EMPLOYEE TRAINING

Training should be recorded on Table 4 - 5.

NON-STORM WATER DISCHARGES

The California General Permit requires non-storm water discharges to be eliminated prior to the implementation of the SWPPP on October 1, 1992. The airports must certify that there are no non-storm water discharges present in the storm water drainage system. All airports in the group must certify and monitor outfalls for dry weather discharges.

The certification page, for non-storm water certification, is provided in the "Non-Storm Water Discharge Screening and Detection Manual." This page should be signed and a copy inserted into the SWPPP documentation. All forms filled out while surveying and evaluating outfalls should also be inserted into this section of the SWPPP document. A record of methods used, dates, and time conducted should be listed on the form.

For methods of detection and screening for non-storm water discharges, the SWPPP Committee should refer to the above referenced document for complete guidance.

If certification is not feasible, due to the inability to eliminate the non-storm water discharge because of the need for significant structural changes, the airport must notify the Regional Board prior to the October 1, 1992 deadline. This notification should include a summary of why the extension in eliminating non-storm water discharges is required and a schedule indicating when non-storm water discharges will be eliminated. The schedule is subjected to modification by the regional board. This is also required if the airport has applied for an NPDES permit for a non-storm water discharge and has not yet received approval. If the airport is unable to eliminate the non-storm water discharge, then a schedule for elimination of the discharge must be submitted to the Regional Board for approval. In no case will the Board allow for the elimination of non-storm water discharges to take longer than 3 years from the date of the NOI submittal.

COMPLIANCE

Inspection

An annual inspection of the airport will be conducted by the Regional Board to verify elements of the SWPPP are accurate and have been implemented. The inspection may yield comments, which require a response to comments by the board and are required to be retained as part of the SWPPP. As listed under Section 311 of the Clean Water Act this SWPPP is considered a report that shall be available to the public.

Amendments to the SWPPP are required to include the signature and title of the person responsible for preparation of the SWPPP and the date.

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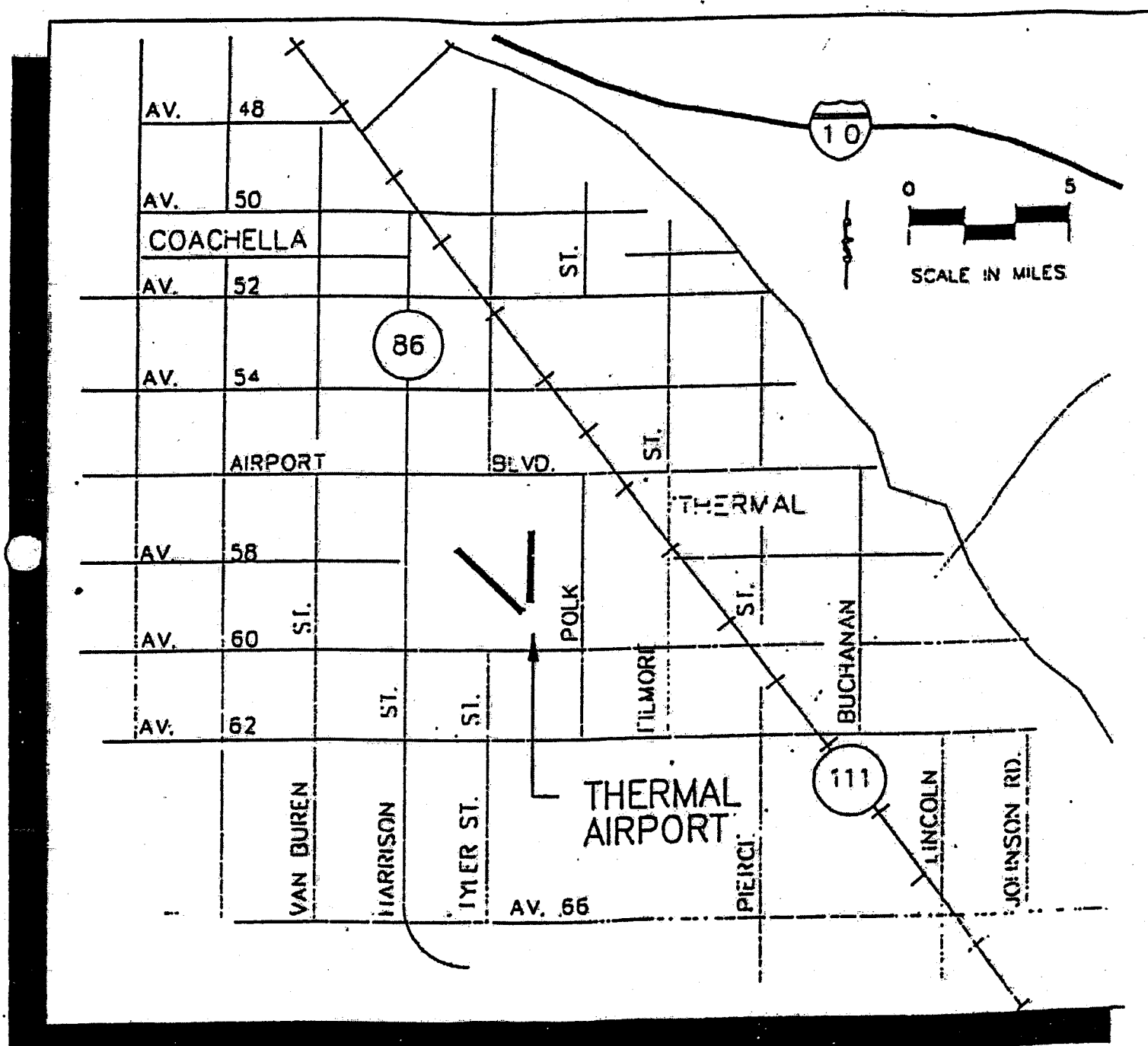


EXHIBIT C

RECORDING REQUESTED:

AND WHEN RECORDED MAIL TO:

MICHAEL BOLICK
PO BOX 698
MECCA, CA 92254

DOC # 2007-0113229
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Page 1 of 18

Recorded in Official Records
County of Riverside

Larry H. Ward
Assessor, County Clerk & Recorder



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Sub-Lease with Sale of Aviation Hangar

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SUB-LEASE WITH SALE OF AVIATION HANGAR

John Obradovich and Betty Obradovich, herein called Sub-Lessor, sub-leases to Conquest Charter, Inc. 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, 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 May 3, 2003, executed June 3, 2003, and amended September 14, 2004, between the County of Riverside as Lessor, and John and Betty Obradovich, Husband and Wife, 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 E Hangar # 8 as depicted in Exhibit "B." In addition to the foregoing during the term of this lease Sublessor grants to Sublessee the right to ingress and egress 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 \$ 77 per month, payable in advance, on the first day of each month.



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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 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.



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:

John and Betty Obradovich
84-401 Cabazon Center Drive
Indio, CA 92201

SUB-LESSEE:

Conquest Charter, Inc.
PO Box 698
Mecca, CA 92254

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 except as otherwise permitted by the provisions of Paragraph 29 of 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 as provided in Paragraph 29 of 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 February 21, 2006

SUB-LESSOR:

John Obradovich
John Obradovich

Betty Obradovich
Betty Obradovich

SUB-LESSEE:

CONQUEST CHAIRMAN

By: [Signature]
Signature

Michael Borucki
Printed Name and Title

OWNER

The COUNTY of Riverside hereby consents to the foregoing Sublease ~~Bill of Sale~~

LESSOR:

COUNTY OF RIVERSIDE

By:

Bob Buster

Chairman, Board of Supervisors
Bob Buster

By: _____

Date:

10-24-06

ATTEST:

Nancy Romero,
Clerk of the Board

FORM APPROVED:

Joe S. Rank,
County Counsel

By:

[Signature]
Deputy

By:

Brandon V. Ubo
Deputy

10/13/06



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6 of 18

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IN WITNESS WHEREOF, this Bill of Sale is executed on February 21, 2006.

SELLER:

All Inside AV Storage, Inc.

John Obradovich
John Obradovich, President

BUYER: CONQUEST CHANNEL

By Michael Benz
Signature

Michael Benz owner
Printed Name and Title

Signature

Printed Name

LESSEE:

John Obradovich
John Obradovich

Betty Obradovich
Betty Obradovich

The COUNTY of Riverside hereby consents to the foregoing Bill of Sale.

LESSOR:

COUNTY OF RIVERSIDE

By: Bob Buster
Chairman, Board of Supervisors
Bob Buster

By: _____

Date: 10-24-06

ATTEST:

Nancy Romero,
Clerk of the Board

FORM APPROVED:

Joe S. Rank,
County Counsel

By: Jordan V. Woo 10/13/06
Deputy



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STATE OF CALIFORNIA

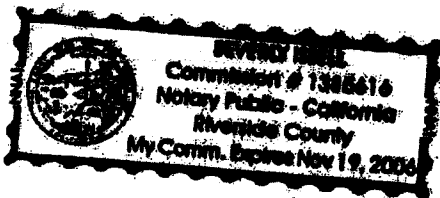
COUNTY OF RIVERSIDE

)
) SS.
)

On January 16, 2005, 2005, before me, Beverly Isbell
personally appeared Michael Bozick

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized 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.

WITNESS my hand and official seal.



Beverly Isbell
Notary Public

STATE OF CALIFORNIA

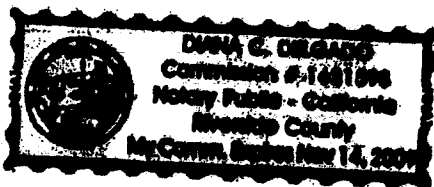
COUNTY OF RIVERSIDE

)
) SS.
)

On Feb 21, 2006, 2006, before me, Diana C. Delgado
personally appeared John Obradovich & Betty Obradovich

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized 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.

WITNESS my hand and official seal.



Diana C. Delgado
Notary Public



2007-0113229
02/18/2007 08:00
13 of 16



LARRY W. WARD
COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER

Recorder
P.O. Box 751
Riverside, CA 92502-0751
(951) 486-7000

www.riversidescr.com

NOTARY CLARITY

Under the provisions of Government Code 27361.7, I certify under the penalty of perjury that the notary seal on the document to which this statement is attached reads as follows:

Name of Notary: DANA C. DELGADO

Commission #: 1621598

Place of Execution: RIVERSIDE County

Date Commission Expires: 11/14/09

Date: 2/16/07

Signature: Michael Bozick

Print Name: MICHAEL BOZICK

