

Doc No. 20000351727
2:25pm 09/27/00

Recording requested by
and when recorded mail to:

No Fee

699

City Clerk
City of Redlands
PO Box 3005
Redlands, CA 92373

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**FEES NOT REQUIRED
PER GOVERNMENT CODE
SECTION 6103**

LEASE OF PROPERTY
LOCATED AT REDLANDS MUNICIPAL AIRPORT

This lease agreement for property located at the Redlands Municipal Airport ("Lease") is made and entered into this 5th day of September, 2000, by and between the City of Redlands, a municipal corporation ("City"), and Coyote Aviation, a Nevada corporation ("Tenant").

RECITALS

Whereas, City is the owner of certain real property commonly known as the Redlands Municipal Airport which is generally located at 1633 Scssums Drive, Redlands, California (the "Airport"); and

Whereas, Tenant has made a proposal to lease certain property located at the Airport for the purpose of constructing and operating an aviation complex, and City desires to lease such property to Tenant, all on the terms and conditions hereinafter set forth; and

Whereas, Tenant and City previously entered into a lease of the property identified herein and located at the Airport on April 4, 2000, and the parties now wish to rescind that lease and enter into this new lease in its place;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City of Redlands and Coyote Aviation hereby agree as follows:

AGREEMENT

1. Premises. City hereby leases to Tenant that certain real property located at the Airport consisting of approximately 36,000 square feet and which is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").

2. Term. This lease shall remain in full force and effect until April 4, 2020 at which time it shall terminate, unless extended as otherwise provided herein.

2.1 Tenant shall have two (2) successive options for extending the Term of this Lease for periods of fifteen (15) additional years each. Provided Tenant is in compliance with all terms of the Lease, Tenant may exercise such options by providing written notice to City forty-five (45) days prior to the termination date of this Lease. Any extension of the Term of this Lease pursuant to this section shall be on the same terms and conditions contained in this Lease.

3. Rent. During the Term of this Lease, Tenant shall pay to City annual base rent in the sum of five thousand seven hundred twenty-four dollars (\$5,724.00) for the Property (the "Rent"). The Rent shall be increased every three-year period on the anniversary date of this Lease by the percentage increase in the Consumer Price Index for Los Angeles - Riverside - Orange Counties. The Rent shall be paid to City in equal monthly installments, each installment payable in advance on the first day of each month during the Term of this Lease. Rent for any partial month, if applicable, shall be prorated based on the actual number of days of the month. All Rent shall be paid to City at the following address: City of Redlands, P.O. Box 3005, Redlands, CA 92373. Any Rent payment not received by City by 5:00 p.m. on the tenth day of the month in which it is due shall incur a late charge of twenty-five dollars (\$25).

3.1 Notwithstanding any other provision of this Lease, the Rent required to be paid by Tenant shall be subject to adjustment at the commencement of the 30th year of the Term of this Lease (if Tenant exercises the first option provided for in this Lease). The adjustment in Rent shall be based upon an appraisal of the fair market rental value of the Property, and shall be applicable to all square footage of the Airport then leased by Tenant under this Lease, and any other Lease resulting from Tenant's exercise of the options granted by this Lease. Notwithstanding any other provision of this Lease, the adjustment pursuant to this subsection shall not exceed ten percent (10%) of the then-existing rent.

4. **Option for Additional Property.** During the Term of this Lease, Tenant shall have the following two options to lease additional property located at the Airport:

A. For a period of five (5) years terminating on April 4, 2005, Tenant shall have the right to additionally lease, at the rate of \$0.159 per square foot, the property consisting of approximately 17,658 square feet and more particularly described in Exhibit "B," attached hereto and incorporated herein by reference. Such rent shall be subject to automatic increases every third year during the term of such additional lease by the percentage increase in the Consumer Price Index for Los Angeles - Riverside - Orange Counties.

B. For a period of ten (10) years terminating on April 4, 2010, Tenant shall have the right to additionally lease, at the rate of \$0.159 per square foot, the property consisting of approximately 45,603 square feet and more particularly described in Exhibit "C," attached hereto and incorporated herein by reference. Such rent shall be subject to automatic increases every third year during the term of such additional lease by the percentage increase in the Consumer Price Index for Los Angeles - Riverside - Orange Counties.

5. **Security Deposit.** Tenant has deposited with City a security deposit equal to three (3) months Rent in the sum of one thousand four hundred thirty one dollars (the "Security Deposit"). If at any time during this Lease any of the Rent payable by Tenant to City becomes overdue, City may in its sole discretion apply the Security Deposit to the payment of the overdue Rent. In such event, Tenant shall promptly, on receipt of written demand by City, restore the amount of the Security Deposit so applied. Tenant's failure to restore the Security Deposit within fifteen (15) days after receipt of the written demand of City shall constitute a material breach of this Lease.

5.1 Should Tenant at any time during this Lease default in the performance of any of the terms, covenants or conditions of this Lease, City may, after terminating this Lease, apply any portion of the Security Deposit, up to the whole amount of the Security Deposit, to compensate City for damages caused by Tenant's breach.

5.2 Should Tenant fully and faithfully perform all the terms, covenants and conditions of this Lease, City shall, on expiration or earlier termination of this Lease, return the full amount of the Security Deposit, without interest, to Tenant in accordance with the provisions of California Civil Code Section 1950.7.

6. No Partnership of Joint Venture. Nothing in this Lease shall be construed to cause City, in any way or for any purpose, to be a partner, joint venturer or associate in any relationship with Tenant other than that of Landlord and Tenant, nor shall this Lease be construed to authorize either party to act as agent for the other.

7. Termination. Either party may terminate this Lease as provided below:

7.1 City may terminate this Lease upon Tenant's failure to cure any Tenant Event of Default within thirty (30) days after City provides by certified mail, return receipt requested, written notice of default to Tenant setting forth in general terms the action necessary by Tenant to cure the Event of Default. As used herein, "Tenant Event of Default" shall mean nonpayment of Rent, or any portion thereof, Tenant's failure to construct and complete the improvements required to be made by Tenant under this Lease, the occurrence of any of the events described in Section 24 of this Lease, or any other material breach of any obligation imposed on Tenant under this Lease. City may additionally terminate this Lease for any other cause recognized by law.

7.2 Tenant may terminate this Lease upon City's failure to cure any City Event of Default within thirty (30) days after Tenant provides by certified mail, return receipt requested, written notice of default to City, setting forth in general terms the action necessary to cure the Event of Default. As used herein, "City Event of Default" shall mean the material breach of any obligation imposed upon City under this Lease.

8. Use of Property. The Property shall be used by Tenant for operation of an aviation complex and specifically the sole purposes described in the "construction and aviation operations plan" attached hereto as Exhibit "D" which is incorporated herein by this reference. Tenant shall not use the Property, or any part thereof, for any other purpose without the prior written consent of City.

8.1 Notwithstanding any other provisions of the Lease, Tenant shall not engage in the construction of fuel storage tanks, operate any fuel storage facilities or sell any fuel, without the prior written consent of City through written amendment to this Lease.

8.2 Tenant shall not commit, nor permit to be committed, any waste upon the Property, or any nuisance or other act which disturbs the quiet enjoyment of any other tenant at the Airport.

9. Environmental Laws. Tenant shall not engage in any activity on or about the Property that violates any Environmental Law and Tenant shall promptly, at Tenant's sole cost and expense, take all investigatory and remedial actions reasonably required by City, or required by any government agency, for clean-up and removal of any contamination involving any Hazardous Material created, caused or materially contributed to, either directly or indirectly, by Tenant. The term "Environmental Law," as used herein, shall mean any federal, state or local law, statute, ordinance or regulation pertaining to health, industrial hygiene or the environmental conditions on, under or about the Property, including without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Section 9601 et. seq.; (ii) the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et. seq.; (iii) California Health and Safety Code Section 25100 et. seq.; (iv) the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et. seq.; (v) The Federal Water Pollution Control Act, 33 U.S.C. Section 1151 et. seq.; (vi) The Porter-Cologne Water Quality Control Act, California Water Code Section 13000 et. seq.; and (vii) California Civil Code Section 3479 et. seq., as such laws are amended from time to time, and the regulations and administrative codes applicable thereto. The term "Hazardous Material," as used herein, includes without limitation any material or substance which is (a) defined or listed as a "hazardous waste," "extremely hazardous waste," "restrictive hazardous waste" or "hazardous substance," or considered a waste, condition of pollution or a nuisance under the Environmental Laws; (b) petroleum or a petroleum product or fraction thereof; (c) asbestos; and/or (d) substances known by the State of California to cause cancer and/or reproductive toxicity. It is the intent of the parties hereto to construe the terms "Hazardous Materials" and "Environmental Laws" in their broadest sense. Tenant shall provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986. Tenant shall further provide prompt written notice to City of the existence of any Hazardous Substances on the Property and all notices of violations of Environmental Laws received by Tenant. Tenant shall not bring onto, create, or dispose of, any Hazardous Substances or Material in or about the Property, including without limitation the release or disposal of such Hazardous Substances or Material into the sewage or storm drain systems.

10. Compliance with Laws. Tenant shall, at Tenant's sole cost and expense, comply with all statutes, ordinances, regulations and requirements of all governmental entities, both federal and state, and county, including those requiring improvements to the Property, relating to any use and occupancy of the Property (and specifically not limited to any particular use or occupancy by Tenant), whether those statutes, ordinances, regulations and requirements are now in force or are

subsequently enacted. If any license, permit or other government authorization is required for the lawful use or occupancy of the Property or any portion of the Property, Tenant shall procure and maintain the same throughout the Term of this Lease. The judgment of any court of competent jurisdiction, or the admission by Tenant in a proceeding brought against Tenant by any government entity, that Tenant has violated any such statute, ordinance, regulation or requirement shall be conclusive as between City and Tenant and shall constitute a material breach of this Lease and grounds for termination of this Lease by City.

11. Discrimination Prohibited.

11.1 Against Persons. Tenant shall not, either in the performance of its obligations under this Lease, or otherwise in the conduct of its operations or other use of the Airport, discriminate or permit discrimination against any person or class or persons by reason of race, color, creed, religion, sex, marital status, national origin or ancestry, or in any other manner prohibited by the Federal Aviation Regulations.

11.2 Price Discrimination. Tenant shall furnish its accommodations and/or services on a fair, equal and non-discriminatory basis to all users thereof, and Tenant shall further charge fair, reasonable and non-discriminatory prices for each unit of service.

11.3 Accommodations Discrimination. Tenant shall make its accommodations and services available to the public on fair and reasonable terms and shall not discriminate on the basis of race, color, creed, religion, sex, marital status, national origin or ancestry, or in any other manner prohibited by the Federal Aviation Regulations.

11.4 Judicial Enforcement Against Discrimination. Tenant's non-compliance with Sections 11.1, 11.2 and 11.3, above, constitutes a material breach of this Lease and City shall have the right to terminate this Lease or, at the election of City, have the right to judicially enforce the provisions of Sections 11.1, 11.2 and 11.3.

11.5 Non-Discrimination Clauses Binding on Successors. Tenant shall insert the substance of the four (4) preceding subsections (Sections 11.1, 11.2, 11.3, and 11.4) in any lease or sublease by which Tenant grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Property.

12. Maintenance and Repairs.

12.1 At all times during the Term of this Lease, Tenant shall, at Tenant's sole cost and expense, keep and maintain the Property in clean, good and sanitary order, condition and repair. By taking possession of the Property, Tenant accepts them as being in good and sanitary order, condition and repair, and shall surrender the Property on the last day of the Term, or at any sooner termination of this Lease, in the same condition as the Property existed at the commencement of the Term, reasonable wear and tear excepted.

12.2 At all times during the Term of this Lease, Tenant, at Tenant's sole cost and expense, shall do all of the following:

A. Make all alterations, additions, or repairs to the Property and any improvements located thereon required by any law, ordinance, statute, order or regulation now or hereafter made or issued by any federal, state, county, local or other government agency or entity;

B. Observe and comply with all laws, ordinances, statutes, orders and regulations now or hereafter made or issued respecting the Property or any improvements on the Property by any federal, state, county, local or other government agency or entity;

C. Defend, indemnify and hold City free and harmless from any and all liability, loss, damages, fines, penalties, claims and actions resulting from Tenant's failure to comply with and perform the requirements of this Section.

13. Tenant Improvements

13.1 Tenant is responsible for all construction of any improvements made to the Property, including but not limited to the installation of any trade improvements or trade fixtures which Tenant requires to operate its business at the Property. Tenant shall prepare plans and specifications for all improvements to be installed, and shall submit such plans to City for its review and approval prior to commencement of any construction of Tenant's improvements. "Construction" is defined as any modification, addition, alteration, change or deletion from the existing physical or structural condition of the Property. Tenant's work shall be performed by Tenant in accordance with plans and specifications approved by the City, and Tenant shall have the sole responsibility to arrange for and pay for the costs of all items included in Tenant's work. Tenant shall give City ten (10) days prior

written notice before commencing any construction requiring building permits at the Property. All construction work required or permitted by this Lease, shall be done in a good and workmanlike manner, and in compliance with all applicable laws and ordinances, regulations and orders of government authority and insurers of the Property. City may inspect the work at all reasonable times.

13.2 Before commencing any improvement work, Tenant shall:

- A. Obtain all required licenses and permits;
- B. Deliver to City the name of all contractors and subcontractors and the estimated costs of all labor and material to be furnished by them;
- C. Cause Tenant's contractors to obtain worker's compensation insurance, public liability insurance with limits of one million dollars (\$1,000,000.00) and property damage insurance with limits of five-hundred thousand dollars (\$500,000.00), both general and vehicular, written by companies licensed and admitted to do business in the State of California, insuring City and Tenant as well as the contractors, and;
- D. Deliver to City certificates of insurance, naming City, and each of its elected officials, officers and employees as additional insureds, and providing that such insurance shall be primary with respect to City and non-contributing to any insurance or self-insurance maintained by City. The insurance shall not be canceled without thirty (30) days' prior written notice to City. At all times Tenant shall keep the Property free and clear from any and all mechanics' or other creditor's liens.

14. Taxes. Tenant shall pay, without abatement, deduction or offset, any and all real and personal property taxes, general and special assessments, and other charges (including any increase caused by a change in the tax rate or by a change in assessed valuation) of any description levied or assessed during the Term of this Lease by any government agency or entity on or against the Property, any improvements located on the Property, and any personal property located on or in the Property or improvements, and the leasehold estate created by this Lease.

15. Possessory Interest. In accordance with California Revenue and Tax Code Section 107.6, City is hereby notifying Tenant that the leasehold interest created by this Lease may be subject

to property taxation and Lessee may be subject to the payment of property taxes levied on such interest. Tenant shall be solely responsible for the payment of such taxes and shall defend, indemnify and hold City harmless from and against any and all claims or actions for payment (or non-payment) of such taxes.

16. Utilities. Tenant shall pay for all public and other utilities and related services rendered or furnished to the Property, including without limitation water, gas, electricity, rubbish, cable television, sewer and telephone service. City shall not be liable in damages, consequential or otherwise, nor shall there be any abatement of rent, arising out of any interruption in utility services due to fire, accident, strike, governmental authority, acts of nature, or other causes beyond the reasonable control of City, or any temporary interruption in utility services necessary to make alterations, repairs or improvements to the Property or any part of them.

17. Signs. Tenant shall not place or permit to be placed, any sign, marquee, awning, decoration or other attachment on or to the roof, canopy, storefront, windows, doors or exterior walls of the Property, except with the prior, written consent of City. All proposed signs shall conform to all City laws.

18. City Business License Required. Tenant shall obtain and maintain a valid business license to do business within City at all times during the Term of this Lease.

19. Entry by City. City may enter the Property upon reasonable notice and at reasonable times for any of the following purposes: (i) to inspect the Property; or (ii) to post notices of non-responsibility for alterations, additions or repairs undertaken by Tenant. City's entry shall be without any abatement of Rent to Tenant. Tenant shall, at all times during the Term of this Lease, provide City with keys to all locks on exterior doors and the alarm code for all buildings, if any.

20. Assignment and Subletting.

20.1 Tenant shall not assign this Lease or any interest under it, nor lease or sublet all or any part of, or any right or privilege appurtenant to, the Property, nor shall Tenant permit the occupancy or use of any part of the Property by any other person, or mortgage or hypothecate the leasehold without first obtaining the prior written consent of City. City agrees not to unreasonably withhold any such consent, provided that the proposed assignee or subtenant shall use the Property

in a manner in compliance with this Lease, and in a manner that does not interfere with the quiet enjoyment of any other tenant at the Airport.

20.2 Any assignment or transfer of this Lease, or of any interest herein, or any subletting or hypothecation, either by voluntary or involuntary action of Tenant or by operation of law, or otherwise without the express, written consent of City, shall constitute a default by Tenant and any such purported assignment, transfer, subletting or hypothecation without City's consent shall be null and void and may, at City's election, result in the immediate termination of this Lease.

20.3 City's consent to any assignment, subletting, transfer of interest, occupancy, use or hypothecation shall not relieve Tenant from any of its obligations under this Lease, nor shall such consent be construed as consent to any subsequent assignment, subletting, transfer of interest, occupancy, use or hypothecation. Prior to giving its consent, if any, for any assignment, subletting, transfer of interest, occupancy, use or hypothecation of the Lease, City shall be fully and completely satisfied that the assignee or subtenant is of the same class and quality of business as tenant, holding all valid licenses, with a substantial history of profit-making, sound capitalization, sound management and business practices.

20.4 In the event City consents to the assignment of this Lease, then such assignment may include all of Tenant's rights hereunder, including without limitation any rights of Tenant acquired hereafter by amendment of this Lease.

21. Surrender of Possession and Holding Over.

21.1 Immediately upon the expiration of the Term or earlier termination of the Lease, Tenant shall peaceably and quietly vacate the Property and deliver possession of the same to City, with all of Tenant's improvements and alterations removed from the Property and with the Property surrendered in the same or better condition as it existed at the time of approval of this Lease.

21.2 If Tenant fails to vacate and deliver possession of the Property on the expiration or earlier termination of this Lease, as required under subparagraph A above, Tenant shall defend, indemnify and hold City harmless from all damages resulting from Tenant's failure to so vacate and deliver possession of the Property, including, without limitation, claims made by a succeeding tenant

resulting from Tenant's failure to vacate and deliver possession of the Property and any Rent lost by City.

21.3 If Tenant, with City's consent, remains in possession of the Property without negotiating a new lease, the continued possession by Tenant shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' written notice given at any time by either party. All provisions of this Lease, except those pertaining to the Term, shall apply to the month-to-month tenancy.

21.4 Tenant shall vacate and deliver possession of the Property free of all liens, charges or encumbrances resulting from any act or omission on Tenant's part and free and clear of all violations placed by any federal, state, municipal, or other authority, and shall defend and indemnify City against any claims, damages, loss, expense, costs or attorney's fees arising out of Tenant's failure to do so.

22. Waiver of Claims and Indemnification of City by Tenant. Tenant shall defend and indemnify and hold City and City's elected officials, officers, employees, free and harmless from any and all liability, claims, loss, damages or expenses resulting from Tenant's occupation and use of the Property, specifically including, without limitation, any liability, claim, loss, damage or expense arising by reason of the following:

22.1 The death or injury of any person including Tenant or any person who is an employee or agent of Tenant, or by reason of the damage to or destruction of any property, including property owned by Tenant or by any person who is an employee or agent of Tenant, from any cause whatsoever while that person or property is in or on the Property or in any way connected with the Property or with any of the improvements or personal property on the Property;

22.2 The death or injury of any person, including Tenant or any person who is an employee or agent of Tenant, or by reason of the damage to or destruction of any property, including property owned by Tenant or any person who is an employee or agent of Tenant, caused or allegedly caused by either (1) the condition of the Property or some building or improvement on the Property, or (2) some act or omission on the Property of Tenant or any person in, on, or about the Property with the permission and consent of Tenant;

22.3. Any work performed on the Property or materials furnished to the Property at the instance or request of Tenant or any person or entity acting for or on behalf of Tenant; or

22.4 Tenant's failure to perform any provision of this Lease or to comply with any requirement of law or any requirement imposed on Tenant or the Property by any duly authorized government agency or political subdivision.

22.5 City, and its elected officials, officers, employees, representatives and agents shall not be liable to Tenant, Tenant's officers, agents, employees, customers, invitees, or third parties for loss of or damage to property, including goods, wares, and merchandise, for lost profits, for injury or death to persons in, on, or about the Property, and Tenant waives and releases City and its elected officials, officers, employees, representatives and agents, and agrees to defend, indemnify and hold harmless the City, and its officers, employees, representatives and agents from and against any and all claims, actions, demands, lawsuits or other liability arising as a result of, or in connection with, the Tenant's operations pursuant to this Lease, no matter how arising or by whom caused, except for the loss or damage as may be caused by the gross negligence or willful act or omission of City, or its officers, employees, representatives or agents.

22.6 Tenant shall maintain in full force and effect during the Term of this Lease, at Tenant's sole cost and expense, sufficient insurance from a California licensed and admitted insurance company, as provided in Section 23 herein.

23. Insurance. Tenant shall, at its sole expense, procure and maintain during the Term of this Lease a policy of insurance as required by the State of California for workers' compensation, and a policy of public liability insurance that is reasonably acceptable to City. Tenant shall provide copies of such insurance policies to City prior to Tenant's occupancy of the Property. The amounts of the liability insurance shall not be less than \$2,000,000 for single limit coverage applying to bodily and personal injury and property damage. Furthermore, the following endorsements shall be attached to the liability policy:

A. The policy shall cover property damage and wrongful death as well as bodily injury.

B. The policy shall cover blanket contractual liability subject to the standard universal exclusions of contractual liability included in the carrier's standard endorsement as to bodily injuries, personal injuries wrongful death and property damage.

C. The policy shall afford broad form property damage liability.

D. The policy shall name City, its elected officials, officers and employees as additional insureds.

E. The policy shall include an endorsement which states that the coverage is primary insurance with respect to City and non-contributing to any insurance or self-insurance maintained by City.

F. The policy shall contain an endorsement stating that the policy shall not be canceled or modified without thirty (30) days' prior written notice to City.

24. Default By Tenant. The occurrence of any one or more of the following events shall constitute a default hereunder by Tenant:

A. The vacation or abandonment of the Property by Tenant. Abandonment is herein defined to include, without limitation, any absence by Tenant from the Property for five (5) business days or longer while in default of any provision of this Lease or any failure by Tenant to keep the Property open for business for fifteen (15) consecutive business days without the prior written consent of City.

B. The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged as bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within thirty (30) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at

the Property or of Tenant's interest in this Lease where such seizure is not discharged within thirty (30) days.

C. The use of the Property for any purpose other than as specifically authorized by this Lease.

24.1 In the event of any default by Tenant, City shall also have the right, with or without terminating this Lease to re-enter the Property and remove all persons and property from the Property; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Property by City pursuant to this Section shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant, or unless the termination thereof is decreed by a court of competent jurisdiction; provided, however, that City may, at any time thereafter, elect to terminate this Lease for such previous and uncured breach by notifying Tenant in writing that Tenant's right to possession of the Property has been terminated.

24.2 All rights, options and remedies of City contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and City shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by City of any rent or other payments due hereunder or any omission by City to take any action on account of such default if such default persists or is repealed, and no express waiver shall affect defaults other than as specified in said waiver. The consent or approval of City to or of any act by Tenant requiring City's consent or approval shall not be deemed to waive or render unnecessary City's consent or approval to or of any subsequent similar acts of Tenant.

24.3 Nothing in this Section shall be deemed to affect Tenant's indemnity of City for liability or liabilities based upon occurrences prior to the termination of this Lease for personal injuries or property damage under the indemnification clause or clauses contained in this Lease. Such covenants of indemnification shall survive the termination of this Lease.

25. Notices. Any notice required by this Lease shall, unless otherwise specified in this Lease, be served by deposit in the United States mail with first-class postage prepaid, addressed to

the person and address listed below, unless written notice is provided of a change of address as to either party.

Tenant: Gil Brown and Jerjes Y. Saliba
COYOTE AVIATION
15 Meadowbrook Lane
Redlands, California 92374

City: CITY OF REDLANDS, CITY CLERK
35 Cajon Street, Suite 200
PO Box 3005
Redlands, California 92373

26. **Waiver.** No waiver by either party of any breach of any condition or covenant of this Lease shall be deemed a waiver of any subsequent breach of the same or any other condition or covenant.

27. **Modification and Amendment.** This Lease may not be amended or modified except as expressly provided in this section. Any amendment, modification, waiver, consent or acquiescence with respect to any provision of this Lease shall be set forth in writing and duly executed by or on behalf of the party to be bound thereby.

28. **Attorney Fees.** If any action is commenced to enforce or interpret the terms or conditions of this Lease, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action which may be set by the Court in the same action or in a separate action brought for that purpose, in addition to any other relief to which the prevailing party may be entitled under law.

29. **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of California.

30. Integration. This Lease represents the entire and integrated agreement between the parties hereto with respect to the subject matter hereof, and supersedes any and all prior negotiations, representations, agreements and understandings, whether written or oral, between the parties with respect to the subject matter contained herein.

31. Incorporation by Reference. All exhibits attached to this Lease shall be deemed incorporated into the Lease by the individual reference to each such exhibit, and all exhibits shall be deemed part of this Lease as though set forth in full.

32. Severability. Wherever possible, each provision of this Lease shall be interpreted in such a manner as to be valid under applicable law. If any provision of the Lease, or the application of it to any person or circumstances, is determined by a court of competent jurisdiction to be unenforceable, such provision shall be severed from and shall not affect the remainder of this Lease.

33. Execution. This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

34. Binding Effect. All terms, covenants, and conditions of this Lease shall be binding on and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties, and in the case of Tenant, all amounts due and payable under this Lease shall be the obligation of the heirs, executors, administrators, and assigns, regardless of the time period to which these amounts relate. Nothing in this Section shall be deemed to permit any assignment, subletting, occupancy, or use contrary to the provisions contained in this Lease.

35. Time is of the Essence. Time is of the essence with respect to the performance of this Lease and each and every provision herein.

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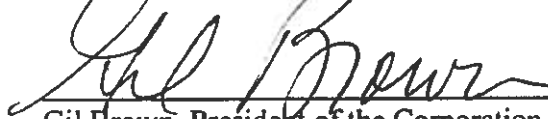
WHEREFORE, the parties have executed this Lease on the 5th day of September, 2000.

CITY OF REDLANDS




Mayor

COYOTE AVIATION



Gil Brown, President of the Corporation

Attest:



Lorrie Poyzer,
City Clerk, City of Redlands

Attest:



Secretary of the Corporation

STATE OF CALIFORNIA)
COUNTY OF) ss.

On 9-8-00 before me, Linda Emmerson

Notary Public for the State of California, personally appeared Eva Saliba
~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person whose name is
subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity,
and that by his signature on the instrument the person, or the entity upon behalf of which the person acted,
executed the instrument.

WITNESS my hand and official seal.



Linda Emmerson
Notary Public

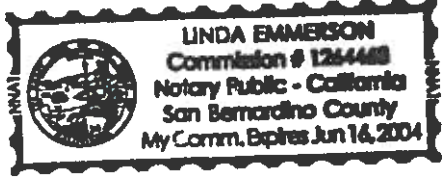
(Notary Seal)

STATE OF CALIFORNIA)
COUNTY OF) ss.

On 9-11-00 before me, Linda Emmerson

Notary Public for the State of California, personally appeared Gil Brown
~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person whose name is
subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity,
and that by his signature on the instrument the person, or the entity upon behalf of which the person acted,
executed the instrument.

WITNESS my hand and official seal.



Linda Emmerson
Notary Public

(Notary Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

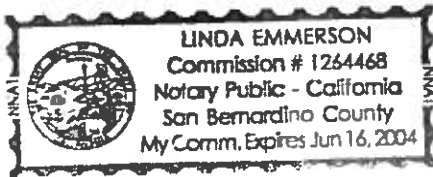
State of California

County of San Bernardino

On 9/6/00 before me, Linda Emmerson, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Pat Gilbreath and Lorrie Poyzer
Name(s) of Signer(s)

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.

Linda Emmerson
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Lease of Property Located at Redlands Municipal Airport

Document Date: 9/5/00 Number of Pages: 24

Signer(s) Other Than Named Above: Gil Brown and Eva Saliba

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Exhibit "A"

LEASE PARCEL FOR COYOTE AVIATION - PHASE I

That portion of Lot 1, Tract No. 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps, in the City of Redlands, County of San Bernardino, State of California, more specifically described as follows:

Beginning at the northeast corner of Lot 1, Tract 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps; thence southerly along the east lot line of said Lot 1, South 0° 03'49" East 322.91 Feet to a point on the northerly right-of-way line of Sessums Drive, said point also being the southeast corner of said Lot 1; thence westerly along said northerly right-of-way line, South 89°55'00" West 107.85 Feet; thence leaving said right-of-way line North 0°11'28" West 25.46 Feet; thence South 89°48'32" West 409.21 Feet; thence North 0°11'28" West 74.00 Feet; thence South 89°48'32" West 62.50 Feet to the True Point of Beginning;

Thence South 0°11'28" East 100.00 Feet; thence South 89°48'32" West 360.00 Feet; thence North 0°11'28" West 100.00 Feet; thence North 89°48'32" East 360.00 Feet, more or less, to the True Point of Beginning.

Described parcel contains 0.8264 Acres (36,000 s.f.)

TTF 1/05/31/00
COYOTE AVIATION

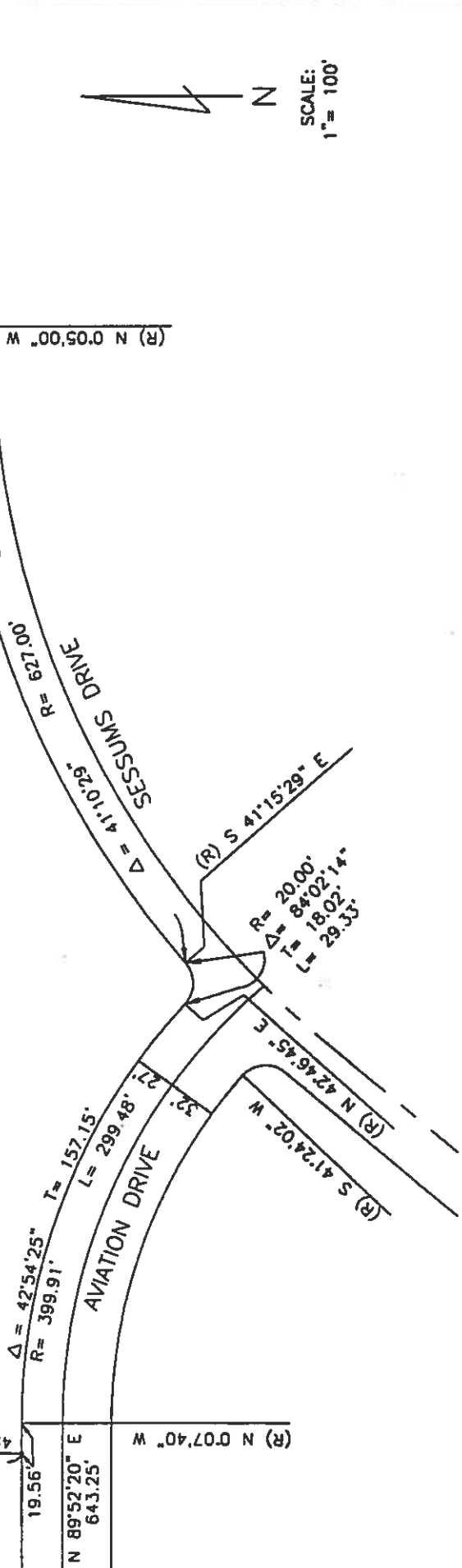
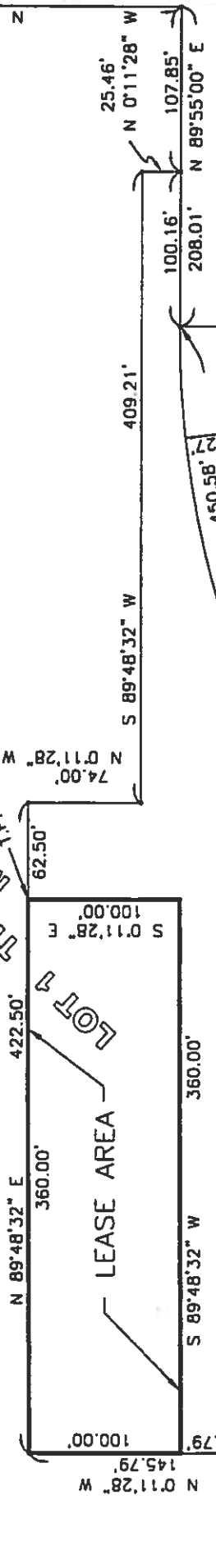


Tom T. Fujiwara

P.O.B.

TRACT NO. 12083-1
M.B. 176, PG. 63, 64

N 0°03'49" W 322.91'



SCALE:
1" = 100'

COYOTE AVIATION LEASE BOUNDARY

Exhibit "B"

LEASE PARCEL FOR COYOTE AVIATION - PHASE II

That portion of Lot 1, Tract No. 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps, in the City of Redlands, County of San Bernardino, State of California, more specifically described as follows:

Beginning at the northeast corner of Lot 1, Tract 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps; thence southerly along the east lot line of said Lot 1, South 0° 03' 49" East 322.91 Feet to a point on the northerly right-of-way line of Sessums Drive, said point also being the southeast corner of said Lot 1; thence westerly along said northerly right-of-way line, South 89° 55' 00" West 107.85 Feet; thence leaving said right-of-way line North 0° 11' 28" West 25.46 Feet; thence South 89° 48' 32" West 409.21 Feet; thence North 0° 11' 28" West 74.00 Feet, to the True Point of Beginning;

Thence South 0° 11' 28" East 127.00 Feet; thence South 89° 48' 32" West 422.50 Feet, thence North 0° 11' 28" West 27.00 Feet; thence North 89° 48' 32" East 360.00 Feet; thence North 0° 11' 28" West 100.00 Feet; thence North 89° 48' 32" East 62.50 Feet, more or less, to the True Point of Beginning.

Described parcel contains 0.4053 Acres (17,657 s.f.)

TTF 17 08 17 00
COYOTE AVIATION



Tom T. Fujiwara

P.O.B.

N 0°03'49" W 322.91'

25.46' N 0°11'28" W 107.85'
100.16' N 89°55'00" E 208.01'

409.21'

(R) N 0°05'00" W

27'

L = 450.58'

(R) N 16°11'44" W

135.00' S 89°48'32" W

74.00' N 0°11'28" W

127.00' N 0°11'28" W

100.00' N 0°11'28" W

62.50'

422.50' E

N 89°48'32" E

N 89°48'32" E 360.00'

422.50'

N 89°48'32" E

LEASE AREA

27.00'

N 0°11'28" W 145.79'

19.56' N 89°52'20" E 643.25'
(R) N 0°07'40" W

$\Delta = 42°54'25"$ R = 399.91' L = 299.48'
T = 157.15'

AVIATION DRIVE

$\Delta = 21°51'16"$ L = 2,356.25' R = 927.00'

SESUMS DRIVE

(R) S 38°03'30" E
(R) S 41°15'29" E

R = 20.00'
 $\Delta = 84°02'14"$
L = 18.02'
T = 29.33'

(R) S 41°24'02" W
(R) N 42°46'45" E



SCALE:
1" = 100'

TRACT NO. 12083-1
M.B. 176, PG. 63, 64
T.P.B.

LOT 1

COYOTE AVIATION LEASE BOUNDARY (PHASE II)

Exhibit "C"

LEASE PARCEL FOR COYOTE AVIATION - PHASE III

That portion of Lot 1, Tract No. 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps, in the City of Redlands, County of San Bernardino, State of California, more specifically described as follows:

Beginning at the northeast corner of Lot 1, Tract 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps; thence southerly along the east lot line of said Lot 1, South $0^{\circ} 03' 49''$ East 322.91 Feet to a point on the northerly right-of-way line of Sessums Drive, said point also being the southeast corner of said Lot 1; thence westerly along said northerly right-of-way line, South $89^{\circ} 55' 00''$ West 107.85 Feet to the True Point of Beginning;

Thence westerly along said northerly right-of-way line of Sessums Drive, South $89^{\circ} 55' 00''$ West 100.16 Feet to the beginning of a tangent 627.00-foot radius curve, concave southeasterly, a radial to which bears North $0^{\circ} 05' 00''$ West; thence continuing southwesterly along said northerly right-of-way line, along the arc of said curve, through a central angle of $41^{\circ} 10' 29''$, a distance of 450.58 Feet to the beginning of a tangent 20.00-foot radius reverse curve, concave northerly, a radial to which bears South $41^{\circ} 15' 29''$ East; thence westerly along the northerly right-of-way line of Aviation Drive, along the arc of said curve, through a central angle of $84^{\circ} 02' 14''$, a distance of 29.33 Feet, to the beginning of a tangent 399.91-foot radius reverse curve, concave southwesterly, a radial to which bears North $42^{\circ} 46' 45''$ East; thence northwesterly along said northerly right-of-way line of Aviation Drive, along the arc of said curve, through a central angle of $42^{\circ} 54' 25''$, a distance of 299.48 Feet; thence South $89^{\circ} 52' 20''$ West 19.56 Feet; thence leaving said northerly right-of-way line, North $0^{\circ} 11' 28''$ West 18.79 Feet; thence North $89^{\circ} 48' 32''$ East 422.50 Feet, thence North $0^{\circ} 11' 28''$ West 53.00 Feet; thence North $89^{\circ} 48' 32''$ East 409.21 Feet; thence South $0^{\circ} 11' 28''$ East 25.46 Feet, more or less, to the True Point of Beginning.

Described parcel contains 1.0469 Acres (45,604 s.f.)

TTF of 08/17/00
COYOTE AVIATION



Tom T. Fujiwara

**PUBLIC ACCESS EASEMENT
COYOTE AVIATION - PHASE III**

A 20-foot wide Public Access Easement within that portion of Lot 1, Tract No. 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps, in the City of Redlands, County of San Bernardino, State of California, the easterly sideline of which is described as follows:

Beginning at the northeast corner of Lot 1, Tract 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps; thence southerly along the east lot line of said Lot 1, South 0° 03'49" East 322.91 Feet to a point on the northerly right-of-way line of Sessums Drive, said point also being the southeast corner of said Lot 1; thence westerly along said northerly right-of-way line, South 89°55'00" West 107.85 Feet; thence leaving said right-of-way line North 0°11'28" West 25.46 Feet; thence South 89°48'32" West 274.21 Feet, to the True Point of Beginning;

Thence South 0°11'28" East 49.57 Feet to the terminus, said terminus being on the northerly right-of-way line of Sessums Drive. The westerly sideline of described easement is to be prolonged to intersect said northerly right-of-way line of Sessums Drive.

TTF 14 08-07-00
COYOTE AVIATION



Tom T. Fujiwara

P.O.B.

N 0°03'49" W 322.91'

25.46' N 0°11'28" W
107.85' N 89°55'00" E

T.P.O.B.

(R) N 0°05'00" W

T.P.O.B. FOR PUBLIC ACCESS EASEMENT

409.21'

S 0°11'28" E
49.57' L = 450.58'

27

N 0°11'28" W 74.00'

S 89°48'32" W

TRACT NO. 12083-1
M.B. 176, PG. 63, 64

422.50'

N 89°48'32" E

N 0°11'28" W 53.00'

N 89°48'32" E

N 0°11'28" W 145.79'

N 89°52'20" E 643.25'

(R) N 0°07'40" W

422.50'

LEASE AREA

N 89°48'32" E

18.79'

19.56'

N 89°52'20" E 643.25'

(R) N 0°07'40" W

$\Delta = 42°54'25"$ R = 399.91' L = 299.48'

T = 157.15'

AVIATION DRIVE

32'

27

(R) N 89°48'32" E

(R) S 41°24'02" W

(R) N 42°46'45" E

(R) S 41°10'29" W

(R) S 41°10'29" W

(R) S 41°10'29" W

(R) S 41°10'29" W

$\Delta = 41°10'29"$

R = 627.00'

ACCESS 20' PUBLIC

SESSUMS DRIVE

(R) S 41°10'29" W

(R) S 41°10'29" W

(R) S 41°10'29" W

(R) S 41°10'29" W

(R) S 41°10'29" W

(R) S 41°10'29" W

(R) S 41°10'29" W

(R) S 41°10'29" W

$\Delta = 16°06'44"$

R = 627.00'

(R) S 89°48'32" W

(R) S 89°48'32" W

(R) S 89°48'32" W

(R) S 89°48'32" W

(R) S 89°48'32" W

(R) S 89°48'32" W

(R) S 89°48'32" W

(R) S 89°48'32" W

(R) S 89°48'32" W

(R) S 89°48'32" W

$\Delta = 20°00'$

R = 84°02'14"

L = 18.02'14"

L = 29.33'

(R) S 41°24'02" W

(R) S 41°24'02" W

(R) S 41°24'02" W

(R) S 41°24'02" W

(R) S 41°24'02" W

(R) S 41°24'02" W

(R) S 41°24'02" W

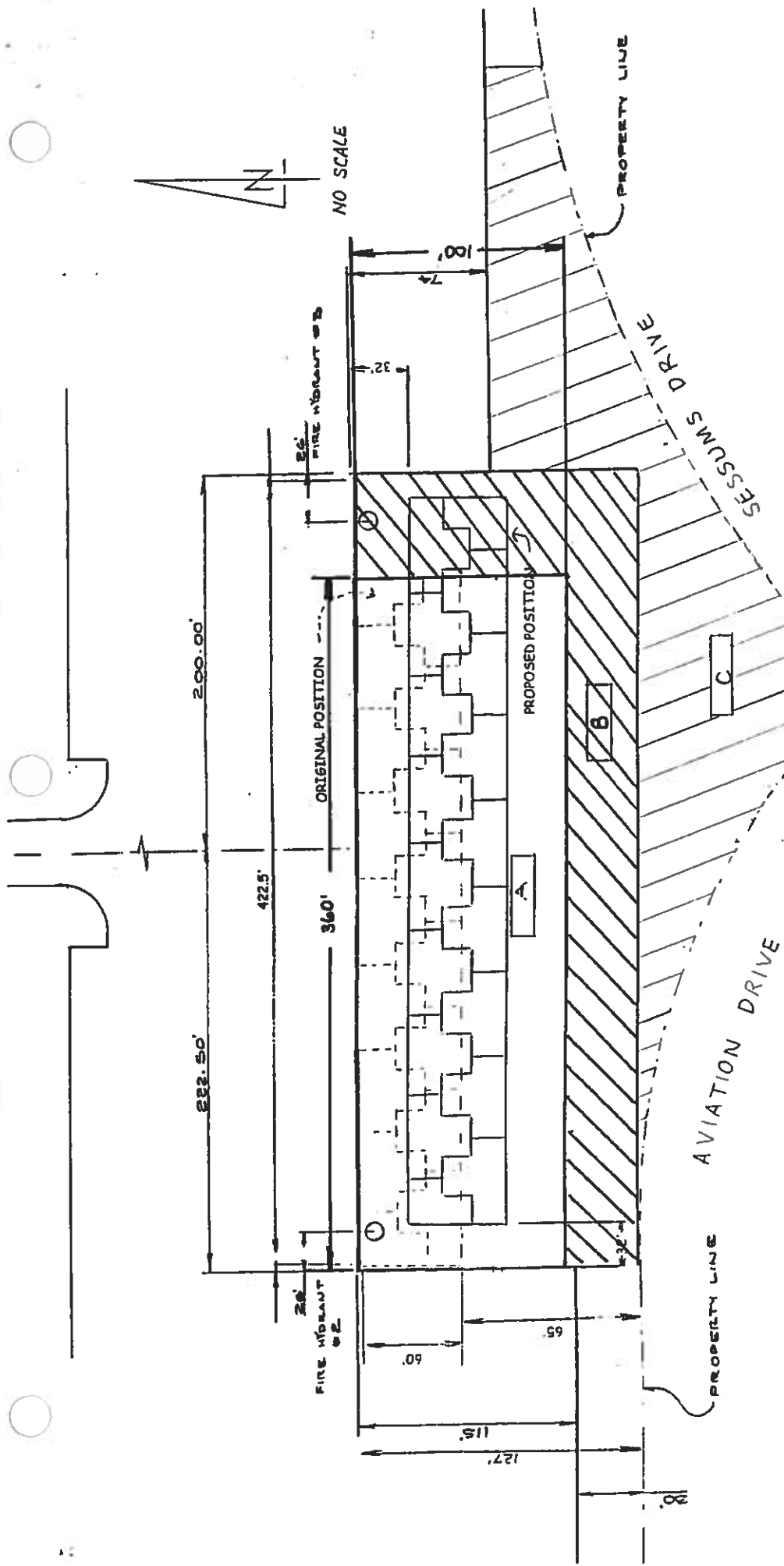
(R) S 41°24'02" W



SCALE:
1" = 100'

Symbol	BEARING	LENGTH	RADIUS
(A)	S 0°11'28" E	49.57'	627.00'
(B)	S 89°48'32" W	274.21'	--

COYOTE AVIATION LEASE BOUNDARY (PHASE III)



COYOTE AVIATION CORPORATION	
EXHIBIT "D" - CONSTRUCTION & AVIATION OPERATIONS PLAN	
APPROVED BY	REDLANDS MUNICIPAL AIRPORT
DATE	DRAWN BY
8/1/2000	JG, GB
SCALE	DRAWING NUMBER
	1

FIRST AMENDMENT TO AIRPORT LEASE AGREEMENT

This first amendment to the lease agreement ("Lease") dated September 5, 2000, by and between Coyote Aviation, a Nevada corporation ("Lessee") and the City of Redlands, a municipal corporation ("City") is made this 15th day of January 2013. City and Lessee are sometimes individually referred to herein as a "Party," and together, as the "Parties."

RECITALS

WHEREAS, on September 5th, 2000, the Parties entered into a Lease relating to real property located at the Redlands Municipal Airport which is more particularly described in Exhibit "A" of the Lease; and

WHEREAS, the Federal Aviation Administration has recently requested revisions to the Lease be made to address ingress and egress rights at the Redlands Municipal Airport;

NOW, THEREFORE, the Parties agree to amend their Lease as follows:

AGREEMENT

Section 1: Section 2 of the Lease is hereby amended to add the following subsection:

"2.1. Lessee shall have the non-exclusive right to use, in common with others, the access roads or designated taxiways or taxi lanes, inclusive of those contained within the Property for purposes of ingress and egress to the Property and the Public facilities of the Airport."

Section 2: All other terms and conditions of the Lease shall remain in full force and effect.

Executed this 15th day of January, 2013 in Redlands, California.

CITY OF REDLANDS

COYOTE AVIATION

By: Pete Aguilar
Pete Aguilar, Mayor

By: Gil Brown
Gil Brown, President

ATTEST:

By: Sam Irwin
Sam Irwin, City Clerk

