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**FILED**  
 SUPERIOR COURT OF CALIFORNIA  
 COUNTY OF SAN BERNARDINO  
 SAN BERNARDINO DISTRICT

NOV 04 2022

BY Jacqueline Harness  
 JACQUELINE HARNESS, DEPUTY

11 Attorneys for Plaintiff COYOTE AVIATION CORPORATION

12  
 13 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
 14 FOR THE COUNTY OF SAN BERNARDINO

15 COYOTE AVIATION CORPORATION, a  
 Nevada corporation,  
 16  
 17 Plaintiff,  
 18 v.  
 19 CITY OF REDLANDS, a municipal  
 corporation, and DOES 1-100, inclusive,  
 20  
 21 Defendants.

Case No. CIVSB2203398

**VERIFIED AMENDED  
 COMPLAINT FOR DAMAGES;  
 DEMAND FOR JURY**

- 1. BREACH OF CONTRACT / SPECIFIC PERFORMANCE
- 2. BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING
- 3. DECLARATORY RELIEF UNDER CAL. CCP § 1060
- 4. PROMISSORY ESTOPPEL / DETRIMENTAL RELIANCE

**UNLIMITED JURISDICTION  
 JURY DEMANDED**

Case Filed on: February 8, 2022  
 Trial Date: None  
 Case Assigned to: Hon. Winston Keh

FILED

RECEIVED  
MAY 04 2022  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SAN BERNARDINO

1 Plaintiff COYOTE AVIATION CORPORATION (“COYOTE AVIATION”), by  
2 and through its attorneys of record, files its Amended Complaint against the CITY OF  
3 REDLANDS (“REDLANDS”), a municipal corporation, and DOES 1-100, inclusive, and  
4 alleges as follows:

5 **THE PARTIES**

6 1. COYOTE AVIATION is a Nevada corporation in good standing, doing  
7 business in San Bernardino County, California.

8 2. REDLANDS is a municipal corporation doing business in San Bernardino  
9 County, California.

10 3. The true names and capacities of the Defendants named as DOES 1-100,  
11 inclusive, whether individual, proprietorship, partnership, associate, corporate, alter ego,  
12 or otherwise, are unknown to Plaintiff who therefore sues such Defendants by fictitious  
13 names pursuant to Cal. Code of Civ. P. Section 474. Plaintiff will amend this Amended  
14 Complaint to show such true names and capacities when they have been determined.

15 **JURISDICTION AND VENUE**

16 4. The Court has jurisdiction over the subject matter of this action pursuant to  
17 Cal. Code of Civ. P. Section 410.10.

18 5. Venue is proper in San Bernardino County because COYOTE AVIATION  
19 and REDLANDS do business in San Bernardino County in the State of California.

20 6. The violations of law described in this Complaint have been committed  
21 within the County of San Bernardino, State of California.

22 7. Further, this Court has personal jurisdiction over REDLANDS because it is  
23 domiciled in and/or conducts business in San Bernardino County and has purposely availed  
24 itself to the jurisdiction of the Court.

25 **GENERAL ALLEGATIONS**

26 8. REDLANDS owns the REDLANDS Municipal Airport.

1           9.     In 1999 Coyote Aviation, a minority-owned small business, approached  
2 REDLANDS about leasing land at REDLANDS Airport to construct a multi-hangar  
3 building on property that lay vacant and dormant for fifty-two (52) years (the "Property").

4           10.    The REDLANDS City Council unanimously approved Coyote Aviation's  
5 leasing of the Property, believing it would breathe new life into the Property and would  
6 provide steady, reliable, growing income for REDLANDS.

7           11.    The transaction would be extremely beneficial for REDLANDS and its  
8 residents, which is why the City Council unanimously approved the lease.

9           12.    On April 4, 2000, COYOTE AVIATION and REDLANDS entered into a  
10 twenty (20) year lease for the purpose of COYOTE AVIATION constructing and operating  
11 an aviation complex at 1633 Sessums Drive, REDLANDS California (the "April Lease").  
12 A true and correct copy of the lease is attached as **Exhibit 1**.

13           13.    The April Lease gave COYOTE AVIATION two successive options for  
14 extending the lease by fifteen (15) years each (the "Extension Option").

15           14.    Under the terms of the April Lease, in order to exercise the Extension Option,  
16 COYOTE AVIATION was required to provide notice to REDLANDS forty-five (45) days  
17 in advance of the **20-year** anniversary of execution.

18           15.    If COYOTE AVIATION exercised the Extension Option, the terms of the  
19 April Lease remained unchanged, except for the amount of rent.

20           16.    Under the April Lease, the annual base rent was \$5,724.00.

21           17.    Under the April Lease, the annual base rent would increase every three years  
22 on the anniversary of execution based on the Consumer Price Index ("CPI") for Los  
23 Angeles – Riverside – Orange Counties.

24           18.    In addition to the rental increase every three years, the April Lease also  
25 reserved the right for an annual base rent adjustment at commencement of the 30th year  
26 (the "30<sup>th</sup> Year Adjustment").

1           19.    The 30<sup>th</sup> Year Adjustment would be based on the fair market rental value,  
2 but in no case would the 30<sup>th</sup> Year Adjustment exceed 10% of the existing rent.

3           20.    Days after the parties executed the April Lease, REDLANDS notified  
4 COYOTE AVIATION that a “Mitigated Negative Declaration” (the “MND”) was required  
5 in order to comply with the California Environmental Quality Act.

6           21.    A “Mitigated Negative Declaration” (“MND”) is a time-consuming study to  
7 determine that a proposed project would not have a significant effect on the environment.

8           22.    Until the MND was completed, COYOTE AVIATION could not access the  
9 property and begin making improvements.

10          23.    For this reason, on April 17, 2000, COYOTE AVIATION requested  
11 REDLANDS to rescind the April Lease and begin the lease again when the land parcel  
12 could actually be used. A true and correct copy of that request is attached as **Exhibit 2**.

13          24.    REDLANDS agreed to COYOTE AVIATION’s request.

14          25.    On August 11, 2000, Public Works Director Ron Mutter pledged to return to  
15 COYOTE AVIATION any and all land-lease payments made before the new lease was  
16 executed. A true and correct copy of that letter is attached as **Exhibit 3**.

17          26.    Later, on October 3, 2000, REDLANDS City Council approved the crediting  
18 to COYOTE AVIATION all rent payments made before the September 5, 2000 land lease  
19 agreement (the “September Lease”) was executed because COYOTE AVIATION “had  
20 been unable to actively use the parcel in the lease agreement approved on April 4, 2000.”  
21 A true and correct copy of that portion of the October 3, 2000 City Council minutes is  
22 attached as **Exhibit 4**.

23          27.    The April 4, 2000 land lease was slightly modified to create the new lease  
24 agreement between the REDLANDS and COYOTE AVIATION.

25          28.    On September 5, 2000 Director of Public Works Ron Mutter (the lease  
26 author) described in a *Request for Council Action* (staff report), the only two specific

1 changes made to the April 4 lease to create the September 5, 2000 land lease agreement.  
2 A true and correct copy of that staff report is attached as **Exhibit 5**.

3 29. The *Request for Council Action* ends with “No other changes were made to  
4 this lease.”

5 30. The September 5, 2000 land lease agreement between COYOTE AVIATION  
6 and REDLANDS was approved by the REDLANDS’ City Council as a “Consent  
7 Calendar” item.

8 31. Upon information and belief, the September Lease was presented to City  
9 Council as part of its Consent Calendar instead of on the regular agenda because the terms  
10 of the September Lease and the April Lease were identical except for the commencement  
11 date and those changes specified in the *Request for Council Action*.

12 32. The new September 5, 2000 land lease agreement (the “September Lease”)  
13 expressly rescinded the April Lease and included a materially-identical Extension Option  
14 providing, in relevant part:

15  
16 2.1 Tenant shall have two (2) successive options for extending  
17 the Term of this Lease for periods of fifteen (15) years each.  
18 Provided Tenant is in compliance with all terms of the Lease,  
19 Tenant *may* exercise such options by providing written notice  
20 to City forty-five (45) days prior to the termination date of this  
21 Lease. (emphasis added)

22 33. Pursuant to the terms of Section 2.1 of the September Lease, COYOTE  
23 AVIATION was permitted, but not required, to utilize written notice to exercise its  
24 Extension Option.

25 34. The City Council unanimously approved the new agreement with no  
26 discussion. A true and correct copy of the September Lease is attached as **Exhibit 6**.

35. However, despite claiming that “no other changes were made” to the

1 September Lease, the new lease changed the term from a full twenty (20) years to only  
2 nineteen (19) years and seven (7) months by stating a certain termination date of April 4,  
3 2020 (the "Term Error"). In addition to the April Lease and September Lease, true and  
4 correct copies of the termination language for each lease is attached as **Exhibit 7**.

5 36. Stated differently, the Term Error reduced the lease length by five (5)  
6 months, despite the fact the parties had negotiated and agreed to a full twenty (20) year  
7 term.

8 37. Upon information and belief, the City Council, City Attorney, the Public  
9 Works Director who wrote the lease, and the three living city council members from 2000  
10 all believed that the September Lease was for a full twenty (20) year term ending on  
11 September 5, 2020 and was to be on the same terms as the April 4, rescinded lease with the  
12 exception of the two changes that were disclosed in the staff report.

13 38. On or about December 4, 2000, COYOTE AVIATION contacted  
14 REDLANDS regarding the Term Error.

15 39. After review, on or about December 5, 2000, REDLANDS – via its  
16 authorized representatives - acknowledged the Term Error, as well as an error regarding  
17 COYOTE AVIATION's stated parcel size, and made a clear and definite promise that  
18 REDLANDS would honor the full twenty-year term (ending on September 5, 2020) as well  
19 as an increase in COYOTE AVIATION's parcel size from 36,000 square feet to 53,658  
20 square.

21 40. COYOTE AVIATION relied on REDLANDS' clear and definite promise  
22 and, in May of 2001, began paying rent for the full 53,658 square feet. Also in 2001,  
23 COYOTE AVIATION constructed a 16-hangar aircraft storage building on the leased  
24 parcel at significant time, effort, and expense.

25 41. COYOTE AVIATION is currently utilizing all 53,658 square feet.

26 42. The parties never formally corrected the Term Error or the parcel size error

1 and, at all relevant times, COYOTE AVIATION continued to rely on REDLANDS'  
2 December 2000 promise that it would honor the full twenty-year term, thereby treating the  
3 September Lease as though it terminated on September 5, 2020 with an Extension Option  
4 deadline of July 22, 2020.

5 43. Further, prior to August of 2020, REDLANDS' actions and statements were,  
6 at all times, consistent with honoring and enforcing its promise that it would treat the  
7 September Lease as though it terminated on September 5, 2020 and *not* April 4, 2020.

8 44. Accordingly, on or about June 18, 2020, Airport Supervisor Shaffer  
9 contacted COYOTE AVIATION to schedule the lease extension option meeting. A true  
10 and correct copy of that email is attached as **Exhibit 8**.

11 45. At this time, COYOTE AVIATION already believed that it exercised its  
12 Extension Option via several alternative forms of notice provided in December of 2019  
13 and January of 2020. However, on June 22, 2020, COYOTE AVIATION sent  
14 REDLANDS additional written notice that it was indeed exercising its Extension Option  
15 under Section 2.1 of the September Lease (the "Written Notice"). A true and correct copy  
16 of the Written Notice is attached as **Exhibit 9**.

17 46. On June 23, 2020, Supervisor Shaffer and the REDLANDS Assistant  
18 Director of Facilities and Services, Tim Sullivan, expressly accepted COYOTE  
19 AVIATION's Written Notice and made clear and definite promises that REDLANDS  
20 would disregard the written deadline and honor the September 5, 2020 termination date as  
21 represented to COYOTE AVIATION in December of 2000.

22 47. COYOTE AVIATION's Written Notice was therefore timely and, on June  
23 23, 2020, Tim Sullivan directed Bruce Shaffer to prepare amendments to the lease adding  
24 an additional 15-year Extension Option, changing the CPI adjustment to a more local  
25 reference, and *changing the Term date from April 4, 2020 to September 5, 2020*. A true  
26 and correct copy of that email is attached as **Exhibit 10**.



1           48.    On August 31, 2020, however, Bruce Shaffer notified COYOTE AVIATION  
2 via telephone that REDLANDS would not honor the exercised Extension Option; indeed,  
3 until that moment COYOTE AVIATION had received no indication of any issue with the  
4 Extension Option.

5           49.    According to Mr. Shaffer, REDLANDS was taking the position that – despite  
6 its clear and definite promises to the contrary and COYOTE AVIATION’s multiple other  
7 forms of notice (alleged below) – the September Lease expired on April 4, 2020 and  
8 COYOTE AVIATION had been in a month-to-month tenancy since that time.

9           50.    On or about September 25, 2020, REDLANDS’ attorney further confirmed  
10 in writing (email) that REDLANDS would not honor the exercised Extension Option and  
11 that COYOTE AVIATION’s tenancy had fallen to month-to-month. A true and correct  
12 copy of that email is attached as **Exhibit 11**.

13           51.    Upon information and belief, REDLANDS acted intentionally and in bad  
14 faith by rejecting COYOTE AVIATION’s exercised Extension Option in an attempt to  
15 obtain COYOTE AVIATION’s facilities and improvements and to increase city revenue  
16 for REDLANDS.

17           52.    But even if COYOTE AVIATION’s Written Notice was legally ineffective,  
18 it still exercised the Extension Option by providing multiple forms of effective notice to  
19 REDLANDS in December of 2019 and January of 2020; long before the claimed February  
20 19, 2020 deadline.

21           53.    Specifically, and without limitation, COYOTE AVIATION provided notice  
22 that it was exercising its Extension Option by:

- 23                   a. Expressly notifying Bruce Shaffer, on multiple occasions, that
- 24                   COYOTE AVIATION was exercising its Extension Option;
- 25                   b. Tendering land lease payments, which were accepted without
- 26                   reservation and deposited by REDLANDS, for the entirety of 2020;

- 1 c. Renewing its required liability insurance for the entirety of 2020 and
- 2 2021 and providing notice of same to REDLANDS;
- 3 d. Renewing its required gate cards for the entirety of 2020 and
- 4 providing notice of same to REDLANDS;
- 5 e. Paying the lease-required fire suppression system monitoring through
- 6 September of 2020 and providing notice of same to REDLANDS;
- 7 f. Completing lease-required 2020 backflow device testing and
- 8 providing notice of same to REDLANDS;
- 9 g. Renewing its lease-required storm water compliance permit for the
- 10 entirety of 2020 (this permit was not required of short term tenants;
- 11 only long term tenants) and providing notice of same to REDLANDS;
- 12 h. Obtaining lease-required business license for 2020;
- 13 i. Tendering property tax payment on the land parcel and improvements;
- 14 j. Submitting to REDLANDS annual lists of tenants, aircraft owners and
- 15 aircraft utilizing the COYOTE AVIATION hangars.

16 54. Accordingly, even if COYOTE AVIATION's Written Notice was  
17 ineffective, COYOTE AVIATION still exercised its Extension Option no later than  
18 January of 2020.

19 55. Nonetheless, and consistent with REDLANDS' and its representatives' bad  
20 faith tactics, on or about October 27, 2020, REDLANDS ordered a secret real estate  
21 appraisal of the Property. A true and correct copy of email correspondence between  
22 REDLANDS and Joe Fiandaca Appraisal Services is attached as **Exhibit 12**.

23 56. On or about December 15, 2020, an email exchange between Tim Sullivan  
24 and Supervisor Shaffer shows Shaffer's prediction of how much annual revenue the  
25 COYOTE AVIATION hangars could produce for REDLANDS. **Exhibit 13**.

26 57. On December 31, 2020, an email exchange between Airport Supervisor

1 Shaffer and Tim Sullivan mentions the possibility of purchasing existing (COYOTE  
2 AVIATION) hangars for only \$850,000. A true and correct copy of that email is attached  
3 as **Exhibit 14**.

4 58. On January 6, 2021, while ostensibly helping COYOTE AVIATION attempt  
5 to work with REDLANDS, Chris Boatman, who serves as Director of Facilities and  
6 Community Services, which oversees the Redlands Municipal Airport, sent to Airport  
7 Supervisor Shaffer an email directing Shaffer to prepare a spreadsheet with a realistic  
8 estimate of how much revenue REDLANDS could generate with the COYOTE  
9 AVIATION hangars. A true and correct copy of that email is attached as **Exhibit 15**.

10 59. On or about March 2, 2021, REDLANDS' staff were calculating how much  
11 revenue the COYOTE AVIATION hangars could produce for the city. A true and correct  
12 copy of that email is attached as **Exhibit 16**.

13 60. Upon information and belief, REDLANDS then conducted a public  
14 campaign portraying COYOTE AVIATION as having an unfair-to-the-city land lease  
15 agreement.

16 61. On April 23, 2021, REDLANDS spokesperson Carl Baker characterized  
17 COYOTE AVIATION's lease with REDLANDS as unfavorable by claiming without  
18 evidence the terms were significantly below today's market rates, "and COYOTE  
19 AVIATION had the unilateral ability to prolong the lease with two additional 15-year  
20 extensions for a total of 50 years." See **Exhibit 17**.

21 62. On June 1, 2021, Baker again incorrectly characterized the COYOTE  
22 AVIATION lease as being "significantly below market rates." See **Exhibit 18**.

23 63. On or about January 21, 2021, Chris Boatman attended an Airport Advisory  
24 Board Meeting and represented that the airport operators, including COYOTE  
25 AVIATION, were not paying a fair share of the land lease revenue.

26 64. Chris Boatman's representations were incorrect and based on incorrect

1 figures and without considering other costs paid by airport operators, such as property  
2 taxes, permits and licenses, fire monitoring, utilities, maintenance, and insurance.

3 65. Indeed, COYOTE AVIATION pays the most per square foot of any of the  
4 REDLANDS Airport hangar facilities.

5 66. During REDLANDS City Council's closed session on March 16, 2021, the  
6 City Council officially voted to terminate COYOTE AVIATION's tenancy.

7 67. On March 17, 2021, REDLANDS sent COYOTE AVIATION a "Notice of  
8 Termination" claiming that COYOTE AVIATION was a "hold over tenant." A true and  
9 correct copy of the termination letter is attached as **Exhibit 19**.

10 68. Upon information and belief, REDLANDS' characterization that COYOTE  
11 AVIATION is a "hold over tenant" has resulted in a significant decline in COYOTE  
12 AVIATION's business value because no one will purchase long-term rights to tenancy.

13 69. Upon information and belief, such a move is part of REDLANDS'  
14 premeditated strategy to trick COYOTE AVIATION into providing written notice after the  
15 claimed February 19, 2020 deadline so that REDLANDS could take over COYOTE  
16 AVIATION's valuable property and airplane hangar facilities or, in the very least, to un-  
17 cap COYOTE AVIATION's annual base rent.

18 70. For example, on June 1, 2021, COYOTE AVIATION's CPI-adjusted yearly  
19 rent on a 1.23-acre parcel of what was unimproved land was \$13,215.72.

20 71. Under the 30-Year Adjustment provision of the September Lease,  
21 REDLANDS could not increase the rent more than 10%.

22 72. However, after improperly refusing COYOTE AVIATION's Extension  
23 Option and claiming that the September Lease terminated on April 4, 2020, REDLANDS  
24 then proposed a new 15-year lease raising the yearly rent from \$13,215.72 to **\$95,020.00**;  
25 an over 618% increase over its current annual base rent. A true and correct copy of the  
26 proposal is attached as **Exhibit 20**.

1           73.    Upon information and belief, REDLANDS' first offer was an intentional  
2 attempt to drive COYOTE AVIATION out of business.

3           74.    On or about September 23, 2021, REDLANDS presented COYOTE  
4 AVIATION with a second land lease offer.

5           75.    REDLANDS' second 15-year land lease proposed a yearly land lease rent of  
6 \$30,000.00 on the 1.23-acre parcel. See **Exhibit 21**.

7           76.    Under the terms of REDLANDS' latest offer, REDLANDS seeks to retain  
8 the building and improvements after fifteen (15) years. Over that period, REDLANDS  
9 would net over \$5,000,000 from COYOTE AVIATION, leaving the small business with  
10 nothing at the end of the 15-year lease.

11          77.    COYOTE AVIATION's buildings were recently appraised at over \$2.8  
12 Million.

13          78.    Upon information and belief, REDLANDS refuses to honor the exercised  
14 Extension Option because it is dissatisfied with the originally negotiated CPI-adjusted base  
15 rent and because the September Lease does not transfer ownership of COYOTE  
16 AVIATION's valuable buildings and improvements.

17          79.    On January 4, 2022, REDLANDS served COYOTE AVIATION with a "30-  
18 Day Notice to Vacate the Premises." A true and correct copy of that notice is attached as  
19 **Exhibit 22**.

20          80.    COYOTE AVIATION and its tenants will suffer immediate and irreparable  
21 harm if it is forced to vacate the Property.

22          81.    Paragraph 21.1 of the September Lease provides that when COYOTE  
23 AVIATION vacates the Property, it must do so "with all of Tenant's improvements and  
24 alterations removed from the Property..." **Exhibit 6**.

25          82.    The removal of the hangar and improvements will take a significant amount  
26 of time (far more than thirty (30) days), will cost COYOTE AVIATION hundreds of

1 thousands of dollars, and will constitute needless and significant waste on the property.

2 83. If it prevails, COYOTE AVIATION will likely remain in the Property for at  
3 least another thirty (30) years.

4 84. The wrongful conduct of Defendants set forth in the General Allegations and  
5 various Causes of Action proximately caused Plaintiff to suffer damages, loss and/or harm,  
6 warranting a judgment ordering specific performance, declaratory relief, temporary  
7 restraining order and/or injunction, and reformation of contract, along with attorneys' fees  
8 and costs (to the extent not precluded under the California Government Claims Act).

9  
10 **FIRST CLAIM FOR RELIEF**

11 **(Breach of Contract)**

12 **By Plaintiff Against Defendant REDLANDS and DOES 1-100**

13 85. COYOTE AVIATION incorporates the foregoing paragraphs as if set forth  
14 fully herein.

15 86. The September Lease is a valid and existing contract between the parties.

16 87. COYOTE AVIATION has fully performed all duties and obligations under  
17 the September Lease

18 88. In relevant part, COYOTE AVIATION complied with Section 2.1 of the  
19 September Lease by providing notice to REDLANDS as alleged in Paragraph 53 above.

20 89. COYOTE AVIATION's notice was effective according to the express terms  
21 of Section 2.1 of the September Lease or, in the alternative, Section 2.1 is ambiguous and  
22 must be construed against REDLANDS.

23 90. REDLANDS breached the September Lease by refusing to honor COYOTE  
24 AVIATION's exercised Extension Option and by voting to terminate the lease.

25 91. Further, and only to the extent not precluded by the California Government  
26 Claims Act, COYOTE AVIATION seeks recovery of its attorneys' fees as permitted under  
the September Lease.







1 110. Additionally and/or alternatively, COYOTE AVIATION seeks a declaration  
2 that the notice provision contained in Section 2.1 of the September Lease is ambiguous and  
3 unenforceable against COYOTE AVIATION.

4 111. Additionally and/or alternatively, COYOTE AVIATION seeks a declaration  
5 that its singular written notice was effective to exercise the Extension Option due to  
6 REDLANDS' clear and definite promise that it would disregard the express deadline and  
7 accept notice of the Extension Option any time on or before July 22, 2020.

8 112. COYOTE AVIATION seeks recovery of its attorneys' fees under the  
9 September Lease.

10 **FIFTH CLAIM FOR RELIEF**  
11 **(Promissory Estoppel/Detrimental Reliance)**  
12 **By Plaintiff Against Defendant REDLANDS and DOES 1-100**

13 113. COYOTE AVIATION incorporates the foregoing paragraphs as if set forth  
14 fully herein.

15 114. REDLANDS made a promise that it would honor a full 20 year term and,  
16 therefore, permit Coyote to exercise its Extension Option any time on or before July 22,  
17 2020.

18 115. COYOTE AVIATION reasonably relied on that promise by, among other  
19 things, making significant improvements to the leased property, paying rent on the 53,658  
20 square feet of leased space, and by foregoing its opportunity to seek formal reformation of  
21 the September Lease in the Fall and Winter of 2000.

22 116. Enforcing REDLANDS' clear and definite promises prevents the injustice of  
23 having COYOTE AVIATION's business suffer financial loss due to a wrongful eviction  
24 as well as losing the benefit of its multi-million dollar airplane hangar facilities.

25 117. COYOTE AVIATION seeks recovery of its attorneys' fees under the  
26 September Lease.

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**PRAYER FOR RELIEF**

COYOTE AVIATION prays for judgment in its favor and against REDLANDS as follows:

- A. For specific performance of REDLANDS' obligation under the Exercised Option;
- B. For reasonable attorneys' fees and costs incurred pursuant to the contract;
- C. For declaratory relief; and
- D. For any such other and further relief as the Court deems just.

Dated: November 4, 2022



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Timothy I. McCulloch, Esq.  
Attorney for Plaintiff  
COYOTE AVIATION  
CORPORATION

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**DEMAND FOR JURY**

Plaintiff COYOTE AVIATION CORPORATION hereby demands a jury trial.

Dated: November 4, 2022



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Timothy I. McCulloch, Esq.  
Attorney for Plaintiff  
COYOTE AVIATION  
CORPORATION

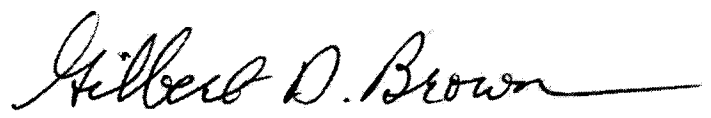
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**VERIFICATION**

I, Gil Brown, am an owner of COYOTE AVIATION CORPORATION, Plaintiff in the above-entitled action. I have read the foregoing Verified Amended Complaint, and know the contents thereof. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief. As to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on November 4 , 2022 in San Bernardino County, California.



\_\_\_\_\_  
Gil Brown

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**Proof of Service**

I am at least 18 years old and not a party to this action. I am a resident of or employed in the county where the mailing took place, and my residence or business address is: 1850 North Central Avenue, Suite 1400, Phoenix, Arizona 85004.

I served a copy of the foregoing *Verified Amended Complaint for Damages; Demand for Jury* by enclosing it in a sealed envelope with first-class postage fully prepaid and deposited the sealed envelope with the United States Postal Service.

The foregoing was mailed on **November 4, 2022** from Phoenix, Arizona, and the envelope was addressed and mailed as follows:

Name of Person Served: Scott W. Ditfurth  
Jessica K. Lomakin  
Dustin J. Nirschl  
Best, Best & Krieger LLP  
3390 University Avenue, 5th Floor  
P. O. Box 1028  
Riverside, CA 92502  
Attorneys for Defendant City of Redlands

I declare under penalty of perjury under the laws of the State of Arizona that the foregoing is true and correct.

Executed on November 4, 2022.



---

Timothy I. McCulloch



EXHIBIT "1"



Exhibit 1 – April 4, 2000 Land Lease Agreement

Recording requested by  
and when recorded mail to:

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

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 4th day of April, 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 Sessums 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;

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. The term of this Lease shall be for a period of twenty (20) years and shall commence on the date first written above. This Lease shall remain in full force and effect during its Term, unless earlier terminated as provided for herein, or as otherwise terminated or superseded by mutual written agreement of City and Tenant.

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. Except for the terms and conditions related to Rent, which shall be renegotiated as hereinafter provided, 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 from the date of City's approval of this Lease, Tenant shall have the right to lease, at the rate of \$ 0.159 per square foot, the property consisting of approximately 14,200 square feet and more particularly described in Exhibit "B," attached hereto and incorporated herein by this reference.

B. For a period of ten (10) years from the date of City's approval of this Lease, Tenant shall have the right to lease, at the rate of \$0.159 per square foot, the property consisting of approximately 49,117 square feet and more particularly described in Exhibit "C," attached hereto and incorporated herein by this reference.

C. The terms and conditions for any subsequent lease entered into as a result of Tenant's exercise of the options described in this section shall be the subject of negotiation and subsequent approval by the parties hereto.

5. Security Deposit. Concurrent with Tenant's execution of this Lease, Tenant shall deposit 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  
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.

WHEREFORE, the parties have executed this Lease on the 4th day of April, 2000.

CITY OF REDLANDS

  
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
Lorrie Poyzer,  
City Clerk, City of Redlands

COYOTE AVIATION

  
\_\_\_\_\_  
Gil Brown, President of the Corporation

Attest:


  
\_\_\_\_\_  
Secretary of the Corporation - Eva Saliba



EXHIBIT "2"





Exhibit 2 – Re-start Request

.....

15 Meadowbrook Lane  
Redlands, California 92374  
(909) 794-9579  
Fax (909) 794-9579

*Coyote Aviation*

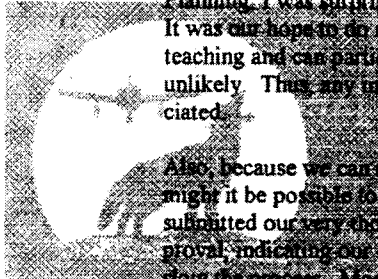
April 17, 2000

Mr. Gary Luebbers  
Manager, City of Redlands  
35 Cajon Street, Suite 200  
Redlands, California 92373

Dear Gary:

How exciting to see our dream of an aviation complex at Redlands Airport becoming a reality! We have negotiated a deal with an outstanding hangar manufacturer and City Planning is now processing our application. Thank you very much for helping *Coyote Aviation* get to this point. We look forward to a long and productive relationship with the City of Redlands.

Might you be able to aid us one last time? Upon submitting our application to Planning, I was surprised to see the length of time required for the approval process. It was our hope to do most of the construction during the summer, when I will not be teaching and can participate in the work. With the timeline I was given, that appears unlikely. Thus, any impetus to the process you could offer would be greatly appreciated.



Also, because we can utilize the land only after we have a conditional use permit, might it be possible to begin the lease period at that point? You will note that we submitted our very thorough application and fee immediately upon City Council approval, indicating our desire to move rapidly. I assure you we will do nothing to slow the process. Moral and financial obligations compel *Coyote* to expedite construction. I hope that the intent of the agreement, to have us compensate the City for use of the land, might allow you to respond favorably.

Thanks again for your help in starting our new business in Redlands. We pledge our best to Redlands Airport and the community.

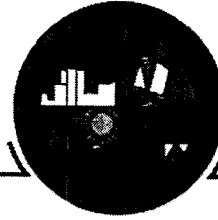
Sincerely,  
  
Gil

*Committed to Excellence*

EXHIBIT "3"

**Exhibit 3 – Return of all Payments**

*City of Redlands*



August 11, 2000

Gil Brown  
Coyote Aviation  
15 Meadowbrook Lane  
Redlands, CA 92374

**Amended Lease Agreement**

Pursuant to our discussion, I have initiated the process of amending the lease agreement between Coyote Aviation and the City of Redlands regarding the area of the three parcels and the rental rates (timing of CPI adjustments) over the first 20-year period of the lease. These amendments are currently being reviewed by the City Attorney and will be forwarded to you as soon as the review is complete. You can then review these changes and if you agree, return a signed copy of the lease to the City. We will place it before the City Council for final approval.

I further agree to credit your lease payments for the months of April through August, 2000. Your next payment of \$477.00 for Parcel "A" will be due February 1, 2001. Payments for Parcel "B" shall be due and payable on the effective date of the entitlements (building permits) to grade and/or construct facilities on Parcel "B". The annual rate for Parcel "B" shall be \$0.159 per square foot for 24,369 square feet, or \$322.89 per month. This payment may be prorated for the first month based on the date of entitlements.

Thank you for your consideration. We look forward to the completion of this exciting airport project. If you have any further questions, please contact this office at 798-7655.

  
**RONALD C. MUTTER**  
Public Works Director

rm

FILE: AIRPORT - COYOTE AVIATION

P.O. BOX 3005

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REDLANDS, CA 92373



EXHIBIT "4"

Exhibit 4 – City Council Acknowledgment on Non-Use of Land by Coyote Aviation

Funds - COPS Grant - On motion of Councilmember Haws, seconded by Councilmember Freedman, the City Council unanimously accepted the Office of Community Oriented Policing Services' "Value-Based Initiative" grant and authorized an additional appropriation of \$215,000.00 to the Police Department.

Resolution No. 5805 - Municipal Volunteer Program - On motion of Councilmember Haws, seconded by Councilmember Freedman, the City Council unanimously approved Resolution No. 5805 adopting guidelines for a Municipal Volunteer Program for participation of volunteers with City government.

Resolution No. 5800 - Redlands Historical Museum - On motion of Councilmember Haws, seconded by Councilmember Freedman, the City Council unanimously adopted Resolution No. 5800 designating the Board of Trustees for the A. K. Smiley Public Library as the administrator of the Redlands Historical Museum.

Funds - Fire Prevention Vehicle - On motion of Councilmember Haws, seconded by Councilmember Freedman, the City Council unanimously approved a special appropriation of gift donations in the amount of \$31,969.54 for the purchase of a fire prevention vehicle and the installation of necessary equipment; said vehicle will have the capability of towing the fire prevention safety demonstration trailer.

Lease - Coyote Aviation - On motion of Councilmember Haws, seconded by Councilmember Freedman, the City Council unanimously granted a five-month lease fee credit to Coyote Aviation for the period September 2000 through January 2001 as Coyote Aviation has been unable to actively use the parcel in their lease agreement approved on April 4, 2000.

Friends of Redlands Trails - On motion of Councilmember Haws, seconded by Councilmember Freedman, the City Council unanimously approved the formation of a non-profit group to be named "Friends of Redlands Trails" as recommended by the Parks Commission.

Street Tree Donation - ESRI - On motion of Councilmember Haws, seconded by Councilmember Freedman, the City Council unanimously accepted the donation of street trees and irrigation facilities from ESRI for the planting of trees along the north side of Redlands Boulevard between New York Street and Colton Avenue and along Tennessee Street between Redlands Boulevard and the I-10 Freeway, and also unanimously waived the encroachment permit fee required for street trees.

Crafton Park - Restroom/Snack Bar Building - On motion of Councilmember Haws, seconded by Councilmember Freedman, the City Council unanimously approved a modification of the snack bar window at the restroom/snack bar

EXHIBIT "5"

Exhibit 5 – Request for Council Action

COUNCIL AGENDA ITEM 3x  
COUNCIL MEETING OF 09/05/00

REQUEST FOR COUNCIL ACTION

**SUBJECT:** Amended Lease Agreement - Coyote Aviation

**MOTION:** I move to approve the revised Lease Agreement between the City of Redlands and Coyote Aviation.

**DISCUSSION:**

On April 4, 2000 the City Council approved a Lease Agreement between the City of Redlands and Coyote Aviation for use of a portion of the property at Redlands Municipal Airport. Coyote Aviation was proposing to construct hangars, office areas, rest rooms, a lobby area and possible restaurant, over a three-phase project.

Through the course of design for the first phase of the project, several design changes were required in the area proposed for the hangars. A request was made to amend the description of the areas in the various phases. This was necessary to appropriately fit the proposed building on the site due to slopes and grades. Staff also suggested several minor modifications to the language regarding the rental terms of the three phases. The original lease fixed the annual rental rate at \$0.159 per square foot. Staff suggested that the rate follow the CPI Index inflation factors to be calculated every three years. Both staff and Coyote Aviation agree to these amendments.

Since the original Lease Agreement had not yet been recorded, a new lease was prepared with the amendments as indicated. No other changes were made to the lease.

**ALTERNATIVES:**

Not to approve the revised Lease Agreement.

**FISCAL IMPACT:**

There is no change to the current lease rate. Future lease rates will be based on the CPI Index inflation factors adjusted from the date of this lease, in lieu of being fixed at \$0.159 per square foot per year.

**ATTACHMENTS:**

Attached is a copy of the revised Lease Agreement. The revisions were prepared by the City Attorney.

Prepared by:

  
RONALD C. MUTTER  
Public Works Director

Recommended by:

  
LARRY H. BURGESS  
Interim City Manager

EXHIBIT "6"



**Exhibit 6 – September 5, 2000 Land Lease Agreement**

Recorded in Official Records, County of San Bernardino, Larry Walker, Recorder

**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

1	2	3	4	5	6	7	8	9	0
PG	FEE	APP	CHMS	PR	CHT	ADD	PER	PR	PCOR
270			5				6		
TRANS TAX DA CHRG <b>FEES NOT REQUIRED</b> 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 Sessums 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.

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

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.

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



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

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.

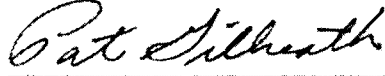
34. Binding Effect. All terms, covenants, and conditions of this Lease shall be binding on and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties, and in the case of Tenant, all amounts due and payable under this Lease shall be the obligation of the heirs, 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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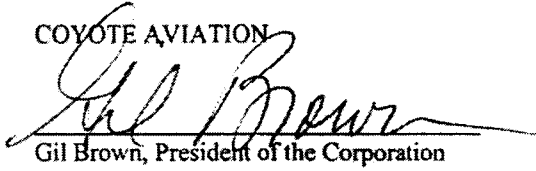
WHEREFORE, the parties have executed this Lease on the 5th day of September, 2000.

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

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

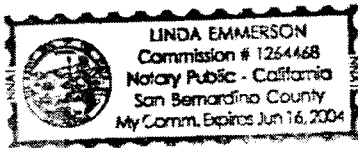
State of California

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: \_\_\_\_\_

RIGHT THUMBPRINT OF SIGNER  
Top of thumb here

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

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

RIGHT THUMBPRINT OF SIGNER  
Top of thumb here

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  $0^{\circ} 03' 49''$  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; thence leaving said right-of-way line North  $0^{\circ} 11' 28''$  West 25.46 Feet; thence South  $89^{\circ} 48' 32''$  West 409.21 Feet; thence North  $0^{\circ} 11' 28''$  West 74.00 Feet; thence South  $89^{\circ} 48' 32''$  West 62.50 Feet to the True Point of Beginning;

Thence South  $0^{\circ} 11' 28''$  East 100.00 Feet; thence South  $89^{\circ} 48' 32''$  West 360.00 Feet; thence North  $0^{\circ} 11' 28''$  West 100.00 Feet; thence North  $89^{\circ} 48' 32''$  East 360.00 Feet, more or less, to the True Point of Beginning.

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

TTF # 05/31/00  
COYOTE AVIATION



*Tom T. Fujiwara*



**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  $0^{\circ} 03' 49''$  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; thence leaving said right-of-way line North  $0^{\circ} 11' 28''$  West 25.46 Feet; thence South  $89^{\circ} 48' 32''$  West 409.21 Feet; thence North  $0^{\circ} 11' 28''$  West 74.00 Feet, to the True Point of Beginning;

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

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

TTF:08/17/09  
COYOTE AVIATION



*Tom T. Fujiwara*



Exhibit "C"

LEASE PARCEL FOR COYOTE AVIATION - PHASE III

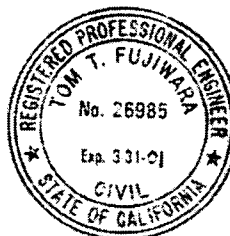
That portion of Lot 1, Tract No. 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps, in the City of Redlands, County of San Bernardino, State of California, more specifically described as follows:

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.)

TFP # 06/17/00  
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:

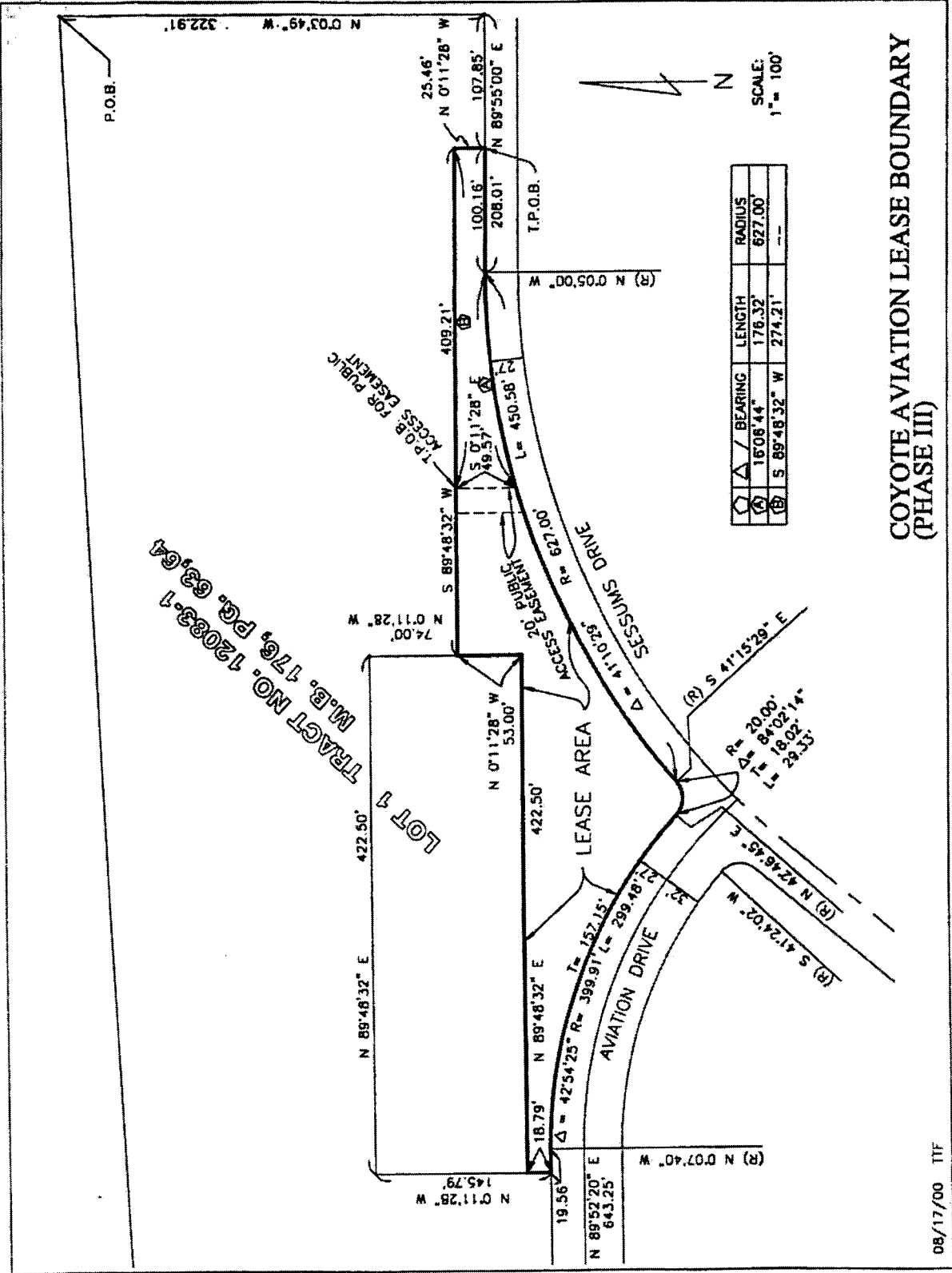
Beginning at the northeast corner of Lot 1, Tract 12083-1, filed in the County Recorder's Office of San Bernardino County in Book 176, Pages 64 and 65 of Maps; thence southerly along the east lot line of said Lot 1, South  $0^{\circ} 03' 49''$  East 322.91 Feet to a point on the northerly right-of-way 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; thence leaving said right-of-way line North  $0^{\circ} 11' 28''$  West 25.46 Feet; thence South  $89^{\circ} 48' 32''$  West 274.21 Feet, to the True Point of Beginning;

Thence South  $0^{\circ} 11' 28''$  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# 08/07/00  
COYOTE AVIATION



*Tom T. Fujiwara*



95-00

Approved: 9/5/00

AMENDED LEASE AGREEMENT

Coyote Aviation

Use of a portion of property at Redlands  
Municipal Airport for construction of an  
aviation complex

Initial approval 4/4/00

ORIGINALS FILED WITH AIRPORT LEASES

EXHIBIT "7"

**Exhibit 7 – Comparison of Termination Date Language**

April 4, 2000 Lease, p. 2.

2. Term. The term of this Lease shall be for a period of twenty (20) years and shall commence on the date first written above. This Lease shall remain in full force and effect during its Term, unless earlier terminated as provided for herein, or as otherwise terminated or superseded by mutual written agreement of City and Tenant.

September 5, 2000 Lease, p. 2

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.

EXHIBIT "8"

Exhibit 8 – Shaffer (not Coyote Aviation) initiates meeting for lease renewal.

Re: Lease renewal

Yahoo/Original ...



**Brown, Gil** <flyer41w@yahoo.com>  
To: Carl Bruce Shaffer  
Bcc: George & Eva Saliba, Eva Saliba



Thu, Jun 18, 2020 at 3:07 PM

Thank you, Bruce. Next week is pretty open for me. How about Tuesday @ 11:00 a.m? If that doesn't work, name a good time for you and I'll be there.

Thanks again. Looking forward to seeing you.

Gil

On Thursday, June 18, 2020, 1:53:43 PM PDT, Carl Bruce Shaffer <cshaffer@cityofredlands.org> wrote:

Gil, would please give me some dates and times you can meet to renew?

**Carl Bruce Shaffer, MEP**

Airport Supervisor

Facilities and Community Services

909-557-8520 cell

909-798-7573

[cshaffer@cityofredlands.org](mailto:cshaffer@cityofredlands.org)

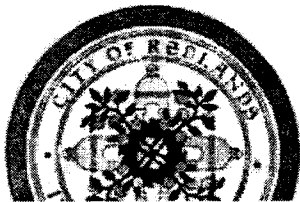


EXHIBIT "9"



**Exhibit 9 – Coyote Aviation’s written notice to extend its land lease.**

Lease Extension Request PDF Attached

Yahoo/Clty of R...



**Brown, Gil** <flyer41w@yahoo.com>



Mon, Jun 22 2020 at 5:58 PM

To: Carl Bruce Shaffer  
Cc: Carol Brown, Gil Brown, Eva Saliba  
Bcc: Ted and Cindy, Bill Ingraham,  
Gil Brown

I'm looking forward to seeing you tomorrow, Bruce! I'll bring the hard copy of this request. Also attached is our original mission statement from 1999. It's very important for me to always honor that vision.

Have a good evening!

Gil



Coyote Leas... .pdf  
763.4KB



Sent as attachment to June 22 email.

.....  
*Coyote Aviation*

June 23, 2020

Airport Supervisor Carl Bruce Shaffer  
Tim Sullivan  
(City of) Redlands Municipal Airport  
1755 Sessums Drive  
Redlands, California 92374

Dear Mr. Shaffer and Mr. Sullivan:

As the authorized representative for *Coyote Aviation* tenants at Redlands Municipal Airport, I hereby request to exercise our option for continuation of our land lease agreement with the City of Redlands. *Coyote Aviation* also plans to repeat this request fifteen years from now, exercising our second extension option as allowed by the original lease.

Additionally, we ask now for the addition of a third 15-year lease extension option. Allowing us such consideration will help to stabilize our flagging property value brought about by the COVID-19 pandemic, sporadic economy and unemployment, and concern by prospective long-term tenants about the decrease in remaining lease time. Those issues have reduced property values and will likely lower property tax revenues. The addition of another extension opportunity will not only protect our business from declining value, but give the local aviation community the confidence that the City of Redlands recognizes the airport as an asset to be valued for the long term.

Thank you very much for your consideration and especially for allowing *Coyote Aviation* to be a valued and vibrant contributor to Redlands Airport and the City of Redlands.

Very sincerely,



Gil Brown

President, *Coyote Aviation*

.....  
*Committed to Excellence*

EXHIBIT "10"

**Exhibit 10 – Sullivan's email to Shaffer regarding lease amendments**

**From:** Tim Sullivan  
**Sent:** Tuesday, June 23, 2020 4:52 PM  
**To:** Carl Bruce Shaffer <[cshaffer@cityofredlands.org](mailto:cshaffer@cityofredlands.org)>  
**Subject:** Coyote Aviation - Gil Brown Agreement

Bruce,

Do you want to give the amendment a crack while I am on vacation? I've attached the most recent amendment that I work on that you can use as a template. If you mirror the language in the First amendment from Coyote I think you'll be on a good path.

Add an addition 15 year term  
Change CPI to San Bernardino  
Change Term date to September 5, 2020

Thanks,  
**Timothy Sullivan**  
Assistant Director  
Facilities and Community Services  
City of Redlands  
909-798-7655  
[TSullivan@cityofredlands.org](mailto:TSullivan@cityofredlands.org)



EXHIBIT "11"

Exhibit 11 – On September 25, 2020, Coyote is notified of new status for first time in writing.

Coyote Aviation/Redlands Municipal Airport lease

Yahoo/Original...



**Dan McHugh** <dmchugh@cityofredlands.org>

To: 'flyer41w@yahoo.com'

Cc: Charles Duggan, Janice McConnell,  
Christopher Boatman, Jimmy Nguyen



Fri, Sep 25, 2020 at 1:23 PM

Hello Gil,

I received your attached letter, and yes, of course I recall our “long ago” collaboration to bring your then- new facility to the Airport. Those were enjoyable negotiations. Scrolling forwards today, after receiving your letter, I spoke with Chris Boatman to obtain background information and determine precisely where we stand today.

As you note in your letter and as I presently understand matters, for various reasons, a clause permitting the extension of your lease was not exercised by you, some time has passed since the operative date of that clause, and we now find ourselves in the position of Coyote Aviation being a “hold over” tenant under the provisions of the lease.

Mr. Boatman and I have also spoken to Charlie Duggan, the City Manager, to inform him of your letter inquiry to me. As the City reviews this matter, I suggest your better source of contact information than the City Attorney is Chris Boatman. He is the Director of the City’s Facilities and Community Services Department, and oversees the Airport operations. He has the best current knowledge of your situation and, if you call him, he can best tell you where matters stand today and answer any questions you might have ...or he can start the process of getting the answers for you.

It was good hearing from you; albeit with a slightly problematic set of facts we will have to work though. As always, if you have questions which venture into the legal realm of the City’s business, always feel free to call or email me.

Regards, Dan

Daniel J. McHugh

City Attorney

City of Redlands



EXHIBIT "12"



## Exhibit 12 – Secret facility appraisal

Hi Chris,

Yes, we can help you. What is the purpose of buying the hangers? We would need to know the size of the improvements, quality, material and age? We would consider the Cost Approach minus the land. Try to find rented hangars and then use the Income Approach and deduct for the land value.

Thanks..... Joe

### ***FIANDACA APPRAISAL SERVICES***

"When Values Count"

4260 Maplewood Place

Riverside, CA 92506-1706

Cell No.: 951-202-7379

E-Mail: [joe\\_daca@yahoo.com](mailto:joe_daca@yahoo.com)

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**From:** [Tim Sullivan](#)  
**To:** [Joseph Fiandaca](#)  
**Cc:** [Christopher Boatman](#)  
**Subject:** RE: Hangar Project  
**Date:** Thursday, October 29, 2020 4:55:40 PM  
**Attachments:** [Coyote Aviation Hangar Measurement.pdf](#)  
[image001.jpg](#)

---

Joe,

Please see the responses to the questions below. Let me know if you have any questions or need additional information.

1. 2000-2001
2. 16 hangars, 1 half-hangar, 1 office equal to the square footage of 1 half-hangar
3. Size of 1 hangar is approximately 1,270 square feet. See attachment for square footage measurements
4. Approximately 52,500 square feet. See attached Exhibit A.
5. No – unable to locate permits. Permits exist for a Sessums Drive address, but may not relate to these particular hangars
6. No interior photos of these specific hangars – there are inspection reports from 2019, but none contain interior photos

Thanks,  
Tim Sullivan  
909-798-7655  
X7304

---

**From:** Joseph Fiandaca [[mailto:joe\\_daca@yahoo.com](mailto:joe_daca@yahoo.com)]  
**Sent:** Wednesday, October 28, 2020 10:01 AM  
**To:** Tim Sullivan <[tsullivan@cityofredlands.org](mailto:tsullivan@cityofredlands.org)>  
**Cc:** Christopher Boatman <[cboatman@cityofredlands.org](mailto:cboatman@cityofredlands.org)>  
**Subject:** Re: Hangar Project

Tim,

Thank you for the lease and map. Here are the answers I need:

- 1) Year Built?
- 2) No of Hangars?
- 3) Sizes of Hangars?
- 4) Total Improvements SF?
- 5) Any supporting permits or job cards?
- 6) Any interior photos?

Answers from our phone call:

- 1) Metal constructed buildings

- 2) Standard Power and no sewer service
- 3) Well-maintained
- 4) Site improvements were in place
- 5) Any office build-out was not permitted
- 6) All hangars have ground level metal access doors
- 7) No access to the property

Thanks..... Joe

## ***FIANDACA APPRAISAL SERVICES***

"When Values Count"

4260 Maplewood Place

Riverside, CA 92506-1706

Cell No.: 951-202-7379

E-Mail: [joe\\_daca@yahoo.com](mailto:joe_daca@yahoo.com)

Notice: This e-mail (including attachments) is covered by the Electronic Communications Privacy Act, 18 U.S.C. 2510-2521, is confidential and may be legally privileged. If you are not the intended recipient, you are hereby notified that any retention, dissemination, distribution, or copying of this communications is strictly prohibited. Please reply to the sender that you have received the message in error, and then delete it. Thank you.

On Wednesday, October 28, 2020, 09:49:25 AM PDT, Tim Sullivan <[tsullivan@cityofredlands.org](mailto:tsullivan@cityofredlands.org)> wrote:

Joe,

Thanks for taking my call this morning. I've attached a portion of the agreement outlining the items we discussed.

- 36,000 square foot ground lease (see attached map – blue area in lower left).
- Initial rent was \$5,724. Rent is increased every three years based on CPI. Today Coyote pays the City approximately \$13,000 per year.

**From:** [Tim Sullivan](#)  
**To:** [Joseph Fiandaca](#)  
**Cc:** [Christopher Boatman](#)  
**Subject:** RE: Hangar Project  
**Date:** Wednesday, November 04, 2020 10:27:32 AM  
**Attachments:** [image001.jpg](#)

---

Joe – please use SF92699

Thanks,  
Tim Sullivan  
909-798-7655  
X7304

---

**From:** Joseph Fiandaca [[mailto:joe\\_daca@yahoo.com](mailto:joe_daca@yahoo.com)]  
**Sent:** Wednesday, November 4, 2020 9:40 AM  
**To:** Tim Sullivan <[tsullivan@cityofredlands.org](mailto:tsullivan@cityofredlands.org)>  
**Cc:** Christopher Boatman <[cboatman@cityofredlands.org](mailto:cboatman@cityofredlands.org)>  
**Subject:** Re: Hangar Project

Tim,

The fee will be \$1,500 for the Cost Approach minus the land value (structures only).  
Let me know ASAP please.

Thanks.... Joe

On Tuesday, November 3, 2020, 05:01:40 PM PST, Tim Sullivan <[tsullivan@cityofredlands.org](mailto:tsullivan@cityofredlands.org)> wrote:

Joe – What is the fee amount for this service? I'll have staff work on getting a number to you asap. We have a new financial system so things are not as quick as they used to be.

Thanks,

Tim Sullivan  
909-798-7655  
X7304

---

**From:** Joseph Fiandaca [[mailto:joe\\_daca@yahoo.com](mailto:joe_daca@yahoo.com)]  
**Sent:** Tuesday, November 3, 2020 9:02 AM  
**To:** Tim Sullivan <[tsullivan@cityofredlands.org](mailto:tsullivan@cityofredlands.org)>  
**Cc:** Christopher Boatman <[cboatman@cityofredlands.org](mailto:cboatman@cityofredlands.org)>

EXHIBIT "13"

**Exhibit 13** – Sullivan and Shaffer calculate annual revenue for city from Coyote Aviation hangars.

**From:** Tim Sullivan  
**Sent:** Tuesday, December 15, 2020 10:31 AM  
**To:** Carl Bruce Shaffer <cshaffer@cityofredlands.org>  
**Subject:** Hangar Rental - Construction Projection

Bruce,  
If the City were to construct 16 t-hangars and two ½ hangars (assuming we turn one of those ½ hangars into an office) what would the rent be for each location? I've created a spreadsheet (attached) that I would like you to put the 2021 rental rates into for me.

Thanks,  
Tim

**Exact description of Coyote Aviation facility.**

**From:** Carl Bruce Shaffer  
**Sent:** Tuesday, December 15, 2020 1:01 PM  
**To:** Tim Sullivan <tsullivan@cityofredlands.org>  
**Subject:** FW: Hangar Rental - Construction Projection

City T Hangers average 1188 sq ft at .326 = \$388 per month X 11 = \$4268 per month or \$51,216 annually  
Office 600 sq ft at \$.50 to \$1.25 = \$300 to 750 month based on conditions and improvements.

Coyote T Hangers average 1400 sq ft at .326 = \$456 per month X16 = \$7296 per month or \$87,552 annually  
Office 700 sq ft at \$.50 to \$1.25 = \$350 to \$875 month based on conditions and improvements.

Rent

T-Hangar	2021 Estimated Rent
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
Office	
1/2 Hangar	



EXHIBIT "14"



**Exhibit 14 – Possible purchase for \$850,000.**

**From:** Carl Bruce Shaffer  
**Sent:** Thursday, December 31, 2020 11:47 AM  
**To:** Tim Sullivan <tsullivan@cityofredlands.org>  
**Cc:** Christopher Boatman <cboatman@cityofredlands.org>  
**Subject:** Revenue Generation Discussion

Tim, here is my summary views on revenue generation for REI in the next five to ten years. My view are based on the following assumptions.

Assumptions:

REI airport planning and development dollars will remain low

City Airport revenue will remain flat – \$340,000 (not counting fire agreement revenue)

Federal Fire Agency agreements, \$200 per day + fuel flowage \$.04 when fires are

local – based on FY 2020 rates, (note received approx. \$9,000 in 2020) **Should be**

FBOs Land Leases **\$95,415.65**

Redlands Aviation

Land Lease - \$81,000 annual

Fuel Flowage \$.02 per gallon, approx. \$2,100 per year

Coyote Aviation

Land Lease - \$5,800 annual

Redlands Hangar Assoc.

Land Lease – \$19,100 annual

City Hangars

Leases & Tie Downs – Projected for 2021, \$234,000

CA State Aviation Loan and Grant dollars will remain limited – ref. Shannon Montano

FAA Grants \$150K per year – 2021 to 2023 Planning only

FAA Discretionary funds – 2024 to 2025 security and wildlife fence

State Grants – \$10k per year – Shannon Montano

State Loans – limited, will compete with other GA in CA

Recommended Revenue Generation (in priority order)

1. Fuel Vender – Titan Aviation Fuel Proposal, (request state Loan dollars if available)

Kyle Voorhees

[kyle@titanfuels.aero](mailto:kyle@titanfuels.aero)

801-556-6096

2. Wash Rack – Local Company bids, (request state loan dollars if available)
  - ✓ Equipment Building \$4,000.00
  - ✓ Wash Pad 85X75X4' thick = 6,375 square feet @ \$12.00per square foot \$76,500.
  - ✓ Automatic Drain valves. \$10,000.00
  - ✓ Left side wash station \$2,000.00
  - ✓ Right side wash station \$2,000.00
  - ✓ Selector switch hot or cold water. \$500.00
  - ✓ Pressure washer heated 240/3/480/3, \$15,000.00
  - ✓ Oil water separator \$5,000.00
  - ✓ Architect fee \$10,000.00
  - ✓ Engineering fee \$10,000.00
  - ✓ Water Reclaim System if required \$30,000.00
  - ✓ Utilities \$5,000.00

Note you can check to see if the pad size needs for be reduced. I added 20' of working space on the length and width of your largest aircraft. My Architect agreed but you have the final decision. Please let me know if you need additional information.

**Edward B. Rieskamp**

U.S. Sales Manager

New Wash System Specialist

DuBois Fleet Wash

[ed.rieskamp@duboischchemicals.com](mailto:ed.rieskamp@duboischchemicals.com)

3. Hangar Developer – Local Company bids, (request state loan dollars if available)
4. Purchase Existing Hangar(s) at REI - \$850,000

Summary Points:

City's offer on the Coyote Hangars?

- Fuel and Wash Rack will less upfront cost to get operational
- Developer built hangars would be no cost to City
  - o if we continue to land lease with more current sq. ft. costs
  - o attract developer for north side of runway where wash rack and fuel pits could go based on Airport Layout Plan
- Purchasing existing hangars will increase airport budget and maintenance costs.

**Carl Bruce Shaffer, MEP**

Airport Supervisor

Facilities and Community Services

909-557-8520 cell

909-798-7573

[cshaffer@cityofredlands.org](mailto:cshaffer@cityofredlands.org)



EXHIBIT "15"

**Exhibit 15 – How much money can we make with the Coyote hangars?**

**From:** Christopher Boatman  
**To:** Carl Bruce Shaffer; Tim Sullivan  
**Cc:** Sara White  
**Subject:** Fwd: Coyote Aviation Land Lease  
**Date:** Wednesday, January 06, 2021 9:25:54 AM  
**Attachments:** image001.jpg  
image001.jpg

Bruce- In addition to the list below **I also need you to send me your estimate of how much revenue that we can realistically generate per year with the Coyote Hangars.** A spreadsheets breaking it down by hangar would be helpful. I would like this by the end of the week please. Sorry about the tight timelines but I'm working to have a strategy together for February.  
Sent from my iPad



EXHIBIT "16"



**Exhibit 16 – City still eyeing Coyote’s potential revenue stream.**

**From:** [Tim Sullivan](#)  
**To:** [Christopher Boatman](#)  
**Subject:** Hangar Rental  
**Date:** Tuesday, March 02, 2021 1:15:31 PM  
**Attachments:** Market Research \_Jan 2021.xlsx  
ATT00001.txt

---

We are estimating about \$3.10 / Sqft. for Coyotes hangar rental. This puts us lower than Riverside by a little but more than the others in Kim’s survey.

EXHIBIT "17"

James Folmer, editor (909) 335-6100

# COMMUNITY

Email: editor@redlandscommunitynews.com

## Fate of Coyote Aviation is up in the air

By **DINA COLUNGA**

REPORTER

REDLANDS COMMUNITY NEWS

Redlands Municipal Airport business Coyote Aviation received a notice of termination of its land lease from the city, and co-owner Gil Brown said he is stunned.

"It was an absolute surprise to get that letter," said Brown. "I have been told often by city personnel that we are wonderful tenants. No one expected this."

Coyote Aviation has operated a small hangar facility on the western airport ramp for 21 years. Brown said it was built entirely with private funds by the Browns, co-owners George

and Eva Saliba and investors.

"We run a building that has 16 aircraft hangers," said Brown. "People store airplanes in our hangers. One tenant is a flight instructor. We also have a flying club there. There are two businesses that operate out of our building."

Brown said the airport has 197 hangars and 130 tie downs, where people can secure their planes if they don't have a hangar.

According to Brown, in the letter he received from the city on March 20, the city contended that Coyote Aviation did not provide timely written notice (45 days prior) to the termination date of the lease to exer-



COURTESY PHOTO

Coyote Aviation co-owner Gil Brown.

cise an option to extend the agreement for 15 more years. The city said Coyote Aviation remained in possession of the

property (month-to-month tenancy) without negotiating a new lease.

City spokesman Carl Baker

said the city entered into a ground lease allowing Coyote Aviation to construct an aviation hangar on city property in September 2000.

"The length of the lease was 20 years at terms that today are significantly below market rates," said Baker. "Further, Coyote Aviation had the unilateral ability to prolong the lease with two additional 15-year extensions for a total of 50 years."

Brown disputes the city's claims.

"Coyote Aviation signed two early leases, one on April 4, 2000, and one on Sept. 5, 2000," said Brown. "The second lease rescinded the first one, but that

See COYOTE on page 8

# Coyote

Continued from page 3

document retained April 4 as the termination date. We at Coyote believed this to be an error. More importantly, the two city representatives we worked with also believed it was an error. The written renewal request was submitted 77 days before Sept. 5, 2020. Coyote believed it was timely, and so did the two city reps. In fact, we included notes to amend the ambiguity of the lease dates in the lease-extension paperwork."

Baker said Coyote Aviation's lease expired in April 2020 because of its failure to comply with the terms of the agreement that required written notification to the city to trigger the first 15-year option.

"Pursuant to the terms of the lease, Coyote Aviation is required to return the property to its original state or better," said Baker. "Coyote Aviation, with the city's permission, remains onsite as a month-to-month tenant with the same terms as in their expired lease. Coyote Aviation has requested to resume their expired lease, along with the extremely beneficial terms, including a potential thirty ad-

ditional years. After reviewing all of the facts, including a business plan prepared for the airport in 2016, the Redlands City Council determined it was not in the best interest of the city or its residents to provide Coyote Aviation with another thirty years at the terms of the old agreement."

Brown said he believes Sept. 5 was the correct termination date.

"The required triennial Consumer Price Index (CPI) adjustment referenced Sept. 5 as its anniversary date," said Brown. "The city's position is that our 20-year lease began on April 4, 2000. If that were true, why did the three-year CPI adjustment use Sept. 5 instead of April 4?"

Brown said Coyote Aviation was first notified of a change in lease status in an email on Sept. 25, 2020.

"It was over seven months after the city says our renewal submission was due and over three months after our lease-extension request was filed," said Brown. "The city took so much time to let us know. Of course, we'd be considered untimely."

Brown said he could document through emails at least 13 attempts to engage the city in dialogue, but none led to interaction with the city.

"No one ever contacted us to ask questions or learn our point of view in over a year," he said.

Baker said the city has been in contact.

"Despite public claims to the contrary, the city has been in regular communication with Coyote's president since the expiration of the lease," said Baker. "City staff has met with Coyote Aviation's president to discuss the best way to move forward, and staff is awaiting a response from Coyote Aviation."

Brown said he hasn't met with anyone from the city.

"Since Feb. 13, 2020, representatives have not been in regular contact with me regarding this issue," said Brown. "I did not know of our designated late-ness until Aug. 31, 2020, and it was not confirmed in writing until Sept. 25. I initiated all city contact afterward. Never was I

guided or helped or encouraged. The city simply responded to my questions, mostly by telling me to wait for City Council. Since the termination letter, we've had only a single contact, a Zoom meeting with our attorney on March 24. We responded by letter to the city on March 14, and to my knowledge, we haven't received a response."

Brown said he thinks the city is using a lease technicality to take the hangars or force Coyote Aviation to renegotiate its lease.

"In 2005, the city took over another hangar business, Aerodynamics," said Brown. "That group of hangars is now the highest revenue producer for the city on the airfield. At first, we believed the city wanted to take our hangars and rent them out. Now, it looks like the action is motivated by a desire to drive us to accept new land lease terms that will be far less favorable to us. Coyote Aviation already pays the highest land lease rates on the airport. Apparently, that's not enough. We are upset because this is right in the middle of a pandemic, and there has been no opportunity to communicate. There are a lot of people wondering what is going on."

Brown said this is the first time Coyote Aviation has had a problem with the city.

"We had a perfect relationship," he said. "This is the only time there has been any snag. The business is not a money-maker for us. I designed it to make enough for people to have hangars. We want tenets to be happy. That's the ultimate goal."

Brown said he is hopeful about the outcome.

"I am certain the pandemic made it difficult for the city to gather all of the facts before making a decision," he said. "With more time and consideration of our perspective, I hope the City Council will recognize the value of our privately built, privately funded small business. I hope Redlands will facilitate our continued operation on the city-friendly terms originally approved in 2000."

**E**

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EXHIBIT "18"



Exhibit 18 – 6-1-2021 City spokesperson Baker confirms September lease was twenty years.

## **City of Redlands - City Hall**

### **City of Redlands offers new lease to airport tenant-**

Following several months of discussion and more than a year of working to accommodate the tenant, the City of Redlands on Tuesday, June 1, extended an offer for a new lease to Coyote Aviation on City property at the Redlands Municipal Airport.

Dismissing much of the public misinformation regarding the expiration of the previous lease and Coyote Aviation's failure to renew their previous land lease with the City at the airport, the City Council offered a new agreement that addresses the council's fiduciary responsibilities to Redlands taxpayers and the needs of the airport.

In September 2000, Coyote Aviation entered into a 20-year agreement to lease approximately 36,000 square feet within the Redlands Municipal Airport. The current rent is approximately 37 cents per square foot, an amount considerably below today's market rates. A copy of the lease is available to view here:

[https://www.cityofredlands.org/.../coyote\\_aviation...](https://www.cityofredlands.org/.../coyote_aviation...)

Section 2 of the lease agreement expressly states that the "lease shall remain in full force and effect until April 4, 2020, at which time it shall terminate, unless otherwise provided herein." The terms provided Coyote Aviation the option to extend the lease by notifying the City of their intention at least 45 days prior to the lease expiration. The option to extend provided an additional two 15-year terms, for a possible 50-year maximum term.

However, Coyote Aviation failed to meet their obligations under the lease to notify the City of their desire to extend the agreement. Nearly four months after the required notification period, Coyote Aviation informed the City that they wished to extend the lease, along with their extremely beneficial terms, for a potential 30 additional years. By that time, the agreement was no longer valid and the City Council recognized it now had a fiduciary obligation to taxpayers to review any new agreement in light of current market rates and terms.

Since April 2020, Coyote Aviation, with the City's permission, has remained onsite as a month-to-month tenant with the same terms as in their expired lease. It is the City's desire to reach a new agreement with Coyote Aviation to allow them to continue business while also protecting the public's interest by bringing the lease terms up to modern standards.

The Redlands Municipal Airport is a public facility owned by the residents and managed by the City of Redlands. Information regarding Redlands Municipal Airport is available at <https://www.cityofredlands.org/redlands-municipal-airport...>


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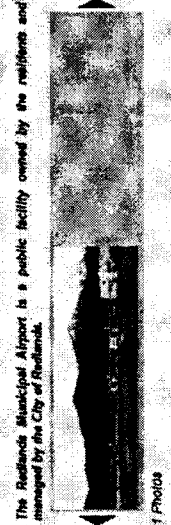
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### City of Redlands Offers New Lease to Airport Tenant

By Carl Baker  
 PIO  
 2021-06-08 at 10:45:52



Following several months of discussion and more than a year of working to accommodate the tenant, the City of Redlands on Tuesday, June 1, extended an offer for a new lease to Coyote Aviation on City property at the Redlands Municipal Airport.



The Redlands Municipal Airport is a public facility owned by the residents and managed by the City of Redlands.

Dismissing much of the public misinformation regarding the expiration of the previous lease and Coyote Aviation's failure to renew their previous land lease with the City at the airport, the City Council offered a new agreement that addresses the council's fiduciary responsibilities to Redlands taxpayers and the needs of the airport.

In September 2000, Coyote Aviation entered into a 20-year agreement to lease approximately 36,000 square feet within the Redlands Municipal Airport. The current rent is approximately 37 cents per square foot, an amount considerably below today's market rates. A copy of the lease is available to view here: [https://www.cityofredlands.org/sites/main/files/file-attachments/coyote\\_aviation\\_agreement\\_-\\_airport.pdf?1621891989](https://www.cityofredlands.org/sites/main/files/file-attachments/coyote_aviation_agreement_-_airport.pdf?1621891989).

Section 2 of the lease agreement expressly states that the "lease shall remain in full force and effect until April 4, 2020, at which time it shall terminate, unless otherwise provided herein." The terms provided Coyote Aviation the option to extend the lease by notifying the City of their intention at least 45 days prior to the lease expiration. The option to extend provided an additional two 15-year terms, for a possible 50-year maximum term.

However, Coyote Aviation failed to meet their obligations under the lease to notify the City of their desire to extend the agreement. Nearly four months after the required notification period, Coyote Aviation informed the City that they wished to extend the lease, along with their extremely beneficial terms, for a potential 30 additional years. By that time, the agreement was no longer valid and the City Council recognized it now had a fiduciary obligation to taxpayers to review any new agreement in light of current market rates and terms.

Since April 2020, Coyote Aviation, with the City's permission, has remained onsite as a month-to-month tenant with the same terms as in their expired lease. It is the City's desire to reach a new agreement with Coyote Aviation to allow them to continue business while also protecting the public's interest by bringing the lease terms up to modern standards.

The Redlands Municipal Airport is a public facility owned by the residents and managed by the City of Redlands. Information regarding Redlands Municipal Airport is available at <https://www.cityofredlands.org/redlands-municipal-airport-1-01>.

For more local news and information click [here](#).



EXHIBIT "19"



Exhibit 19 – Notice of lease termination.



City of  
**REDLANDS**

Incorporated 1888  
P.O. Box 3005, Redlands, CA 92373  
909-798-7655  
[cboatman@cityofredlands.org](mailto:cboatman@cityofredlands.org)

Christopher Boatman,  
Facilities and Community  
Services Director

March 17, 2021

Attn: Gil Brown and Jerjes Y. Saliba  
Coyote Aviation  
15 Meadowbrook Lane  
Redlands, CA 92374

Re: Notice of Termination of “Hold Over” status and Lease with Coyote Aviation Corporation

Dear Mr. Brown,

On September 5, 2020, the City of Redlands approved a lease agreement (“Lease”) with Coyote Aviation Corporation (“Coyote Aviation”) for certain property located at the Redlands Municipal Airport, a copy of which is enclosed with this letter. The term of the Lease commenced on September 5, 2000, and on April 4, 2020, the Lease expired. The Lease did provide an option for Coyote Aviation to extend its term for up to two, successive, fifteen (15) year periods. However, Coyote Aviation did not provide timely written notice to the City, forty-five (45) days prior to the termination date of the Lease, to exercise that option.

Currently, Coyote Aviation occupies the property as a “hold over” tenant pursuant to Section 21 of the Lease. Sub-section 21.3 of the Lease states “...if the Tenant, with City’s consent, remains in possession of the Property without negotiating a new lease, the continued possession by Tenant shall be deemed month-to-month tenancy terminable on thirty (30) days written notice given at any time by either party. All provisions of the Lease, except those pertaining to the term continue to apply.”

As described in my October 23, 2020, letter to Coyote Aviation, the City Council discussed your request that the City “extend” the term of your expired Lease during the closed session posted of its October 20<sup>th</sup> meeting, and did not take action at the time. The City Council again discussed your request yesterday, and this time directed staff to inform Coyote Aviation that the City is terminating your “hold over” status.

Please accept this letter as Coyote Aviation’s thirty (30) day notice of such termination. As further stated in section 21.1 of the Lease, Coyote Aviation must “...surrender the property in the same or better condition as it existed at the time of approval of the Lease, with all [Coyote Aviation’s] improvements removed from the Property.” Please feel free to contact me by telephone at 909-798-7655 or by email at [cboatman@cityofredlands.org](mailto:cboatman@cityofredlands.org).

March 17, 2021  
Notice of Termination of Lease  
Page 2 of 2

The City appreciates Coyote Aviation's past contributions to the Redlands Municipal Airport, and I, personally, appreciate your patience while the City Council has given due and careful consideration to your requests.

Sincerely,



Chris Boatman  
Facilities and Community Services Director

CC: Charles M. Duggan, Jr., City Manager  
Daniel J. McHugh, City Attorney

EXHIBIT "20"

Exhibit 20 – Redlands' first land lease offer to Coyote Aviation



FACILITIES & COMMUNITY  
SERVICES DEPARTMENT

City of  
**REDLANDS**  
Incorporated 1888  
City of Redlands  
35 Cajon Street, Suite 222, Redlands, CA 92373  
909-798-7655

CHRISTOPHER BOATMAN  
Facilities and Community  
Services Director

June 1, 2021

Attn: Gil Brown and Jeries Y. Saliba  
Coyote Aviation  
15 Meadowbrook Lane  
Redlands, CA 92374

Re: Coyote Aviation Ground Lease

Dear Mr. Brown,

On March 24, 2021, City staff met with you and your legal counsel, Timothy McCulloch, to discuss your ground lease at the Redlands Airport. At the conclusion of the meeting, McCulloch indicated that he would provide further correspondence with respect to the expired agreement. Staff received a response from Mr. McCulloch on April 20, 2021 conveying his opinion that the expiration date was erroneous. Mr. McCulloch further proposed the following:

- Coyote requests to discuss a resolution with the City to remain a tenant. To that end, Coyote acknowledges that its continued presence at the Airport will not be deemed as a recognition by the City that Coyote validly extended its lease, but rather that the City is permitting Coyote to remain at the Airport as a month-to-month tenant while the parties attempt to reach a resolution.
- Neither side will attempt to take legal action against the other while the parties are engaged in good faith discussions.
- Coyote will remain as a tenant at the Airport and will be permitted to run its business in its normal course.
- The City agrees that any and all applicable statute of limitations on any claims that could be asserted by each side against the other be tolled for a period of six (6) months from April 20, 2021.
- In the event good faith discussions break down between the parties and the City wishes to evict or otherwise take legal action against Coyote, the City agrees to provide Coyote with thirty (30) days advance written notice of its intent to take such legal action before the City is permitted to take legal action against Coyote.

On May 18, 2021, the City Council reviewed the letter and authorized staff to present you with proposed terms for a new agreement. The proposed terms are attached and reflect fair market rent and other industry standards provisions. The City requests that you review the proposed terms and provide a response within fifteen (15) days. During this time, the City authorizes Coyote to remain a tenant in accordance with the hold-over provisions contained within Section 21.3 of the previous agreement.

I would also like to make you aware that the City has been contacted by a number of your tenants and their legal representatives, who have expressed a belief that they own hangars within the Coyote lease area. The City is not aware of such agreements, and as you are aware, per Section

20 – Assignment and Subletting, any such activity requires prior written consent of the City. The City requests that you provide any background regarding the claims made by your tenants so that we can appropriately respond to these concerns.

The City appreciates Coyote Aviation's contributions to the Redlands Municipal Airport and we are hopeful that a new agreement is executed that proves mutually beneficial to both Coyote, the City, and its residents.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Boatman". The signature is written in a cursive, flowing style.

Chris Boatman  
Facilities and Community Services Director

Attachment A: Proposed Lease Terms

CC: Charles M. Duggan, Jr., City Manager  
Daniel J. McHugh, City Attorney



ATTACHMENT A- PROPOSED LEASE TERMS

Agreement Elements	Proposed Lease
Terms	fifteen (15) years
Rent	\$95,040 base rent
Escalation Clause (Compensation for inflation)	Rent adjustment annually based on CPI.
Surrender of Possession	All permanent improvements become property of the City upon expiration.
Termination	City may terminate upon Tenant's failure to cure a violation of the agreement.
Use of Property (Permitted Uses)	Specialized aeronautical service operations (SASO), maintain commercial and non-commercial hangars and office spaces.
Compliance with Laws (use, occupancy, environmental)	Compliance with statutes, ordinances, regulations and requirements of all government entities (local, state, and federal).
Tenant Improvements	Tenant must obtain City approval for all improvements.
Taxes	Tenant is responsible for payment of all applicable taxes.
Utilities	Tenant is responsible for payment of utilities.
Entry by City	City reserves the right to inspect the facility without prior notice.
Assignment and Subletting	Tenant may not assign or sublet without consent of the City.



EXHIBIT "21"

**Exhibit 21 – City finally recognizes correct parcel size.**



FACILITIES & COMMUNITY  
SERVICES DEPARTMENT

City of  
**REDLANDS**

Incorporated 1888  
City of Redlands  
35 Cajon Street, Suite 222, Redlands, CA 92373  
909-798-7655

CHRISTOPHER BOATMAN  
Facilities and Community  
Services Director

September 23, 2021

Attn: Gil Brown and Jeries Y. Saliba  
Coyote Aviation  
15 Meadowbrook Lane  
Redlands, CA 92374

Re: Coyote Aviation Ground Lease

Dear Mr. Brown,

On June 1<sup>st</sup>, 2021, the City presented you with terms of a new agreement and requested that you provide a response within 15 days. Although no response was received, the City has continued to allow you to reside as a hold-over tenant at the Airport on a month-to-month basis. On July 29, 2021, Airport Supervisor Bruce Shaffer proactively contacted you by phone and encouraged you to respond to the City's offer. He also explained that we are happy to meet with you in person to further discuss terms of a new agreement. Despite our effort, no response was received until August 26, 2021, when we received the attached letter from your legal counsel, Dickinson Wright PLLC. In the letter, Coyote Aviation demanded the following:

- The City immediately recognize that Coyote rightfully exercised its initial fifteen year option, and that the lease continue as provided in the September 5, 2000 agreement with the changes discussed below.
- An additional fifteen-year term to following the second fifteen-year option in compensation for the financial and emotional stress it has been subjected to as the result of the City's ill-judged attempt to take Coyote's property.
- The City align the payment and other terms of the lease to correspond with the protections offered in similar situated operators.
- Repayment of all reasonable legal expenses incurred to date.
- A refund of excess ground lease payments at 7% compounded interest over 20 years equaling approximately \$155,612.54
- A public apology from staff and the City Council for the reputational harm done to Coyote Aviation.

On September 21, 2021, the City Council reviewed the aforementioned letter and rejected Coyote Aviation's demands. Despite Coyote's Aviation's failure to respond to the previous offer, it remains the City's desire to reach an amicable and fair agreement. To this end, the City has thoroughly reviewed its initial offer and has determined to offer you the following revised terms of a new agreement:

- 15 year term
- 53,658 square foot land lease
- \$30,048 annual rent
- Annual rent increase based on CPI
- Readjustment to fair market rent level every five years
- City retains all improvements

This offer represents the City's best and final offer. As we have previously stated, the City has a fiduciary responsibility to charge fair market rent; anything less would represent a burden to the taxpayers of Redlands. We are hopeful that this adjusted offer demonstrates our desire to negotiate in good faith. We request that you notify us in writing of your acceptance of the terms of this offer within fifteen calendar days. Failure to provide a timely response will result in the City taking further action to terminate your status as a "hold-over tenant" and pursue its legal remedies to protect the interests of the City and its residents.

Sincerely,



Chris Boatman  
Facilities and Community Services Director

Attached: August 26, 2021, Letter from Dickinson Wright PLLC

CC: Charles M. Duggan, Jr., City Manager  
Daniel J. McHugh, City Attorney

EXHIBIT "22"

**Exhibit 22 – 30-day notice given to Coyote Aviation.**

**THIRTY-DAY NOTICE TO VACATE PREMISES**

**TO: JOSEPH SCARCELLA, as (1) a sub-tenant or lessee of COYOTE AVIATION or (2) occupant in possession of the premises located at 1551 Sessums Drive, Redlands, California 92374; Unit EO/East Office (the "Premises")**

According to records in the City of Redlands' (the "City") possession, JOSEPH SCARCELLA has an interest in the Premises in the form of a sub-tenancy or right to occupy the Premises. It is the City's understanding that this sub-tenancy or right to occupy the Premises is predicated on a lease agreement, written or oral, between the City and Coyote Aviation. As set forth in detail below, the City intends to remove from possession of the Premises Coyote Aviation and all of its sub-tenants and occupants. As such, your review and compliance with this notice is necessary and appreciated.

**PLEASE TAKE NOTICE** that Coyote Aviation's Lease of Property Located at Redlands Municipal Airport, entered into between Coyote Aviation and the City on September 5<sup>th</sup> 2000 ("Lease"), expired on April 4, 2020. Since that time, Coyote Aviation has occupied the Premises as a "hold over" tenant pursuant to Section 21 of the Lease. Thereafter, on March 17, 2021, the City issued Coyote Aviation a thirty (30) day notice of termination of the "hold over" tenancy pursuant to Section 21.3 of the Lease ("Notice of Termination").

**PLEASE TAKE FURTHER NOTICE** that as of this time, Coyote Aviation and its sub-tenants and occupants have not vacated the Premises pursuant to the expiration of the Lease or the Notice of Termination issued by the City. Indeed, Coyote Aviation and its sub-tenants and occupants continue to access and occupy the Premises. While the City presented Coyote Aviation with terms for a new lease agreement, no acceptable response was received from Coyote Aviation. Accordingly, there is no operable lease extension in place, and Coyote Aviation and its sub-tenants and occupants have been occupying the Premises as unlawful "hold over" tenants and occupants.

This NOTICE is being sent in compliance with the 30-day notice requirement for the purpose of terminating your tenancy in accordance with California Civil Code 1946, as well as the understanding reached by the parties as memorialized in the City's June 1, 2021 letter.

**Within thirty (30) days after service of this notice upon you, you must vacate the Premises, including removal of all equipment and structures presently thereon, and return it to the City in a satisfactory condition.**

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///

**PLEASE TAKE FURTHER NOTICE** that your failure to deliver possession of the Premises within thirty (30) days after service of this notice will cause the undersigned to (1) recover possession of the Premises and (2) recover damages for each day that you occupy the Premises after the periods covered by this notice, plus statutory damages if applicable, and costs of suit.

Dated: December 17, 2021

CITY OF REDLANDS

By:   
CHRISTOPHER BOATMAN

RECEIVED

NOV 14 2022

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SAN BERNARDINO  
SAN BERNARDINO DISTRICT

CLERK OF SUPERIOR COURT  
COUNTY OF SAN BERNARDINO  
SAN BERNARDINO DISTRICT

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RECEIVED