

CITY OF BUCKEYE
AIRPORT PROPERTY LEASE AGREEMENT

with

Effective Date: _____

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AIRPORT PROPERTY LEASE AGREEMENT

This Property Lease Agreement (the "Lease") is executed to be effective the First (1st) day of _____, _____ (the "Effective Date") between the CITY OF BUCKEYE, an Arizona municipal corporation ("Lessor"), and _____, a _____ ("Lessee"). Lessor and Lessee may be referred to jointly as "Parties," and each separately may be referred to as a "Party."

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Buckeye Municipal Airport generally located at the intersection of Yuma and South Palo Verde Road, City of Buckeye, Maricopa County, Arizona (the "Airport"); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 3000 South Palo Verde Road, and described as _____, consisting of a total of approximately ____ (____) square feet of hangar space as set forth in Exhibit A attached hereto (the "Premises"); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE.

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all of its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specifically acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an "as is, where is" condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee's sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor has the right (but not the obligation) to substitute Comparable Areas for all or any portion of the Premises, and any additions, alternations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to any portion of the Premises taken shall immediately vest in Lessor. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this Section 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this Section 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessor to conduct its business operations permitted herein at and on the Premises. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate.

1.4 Permitted Uses. Subject to the provisions of this Section 1.4, Lessee may use the Premises for the storage and operation of its airplane, related ancillary storage and office administrative uses related to the aircraft storage and specialized commercial flying services.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the Airport Rules and Regulations, the Airport Minimum Standards, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation that does not have advance, written approval of Lessor's Airport Manager. Lessee's use of the Premises is subject to all applicable laws, rules and regulations of any governmental authority, and to Lessee's compliance with the Airport Minimum Standards and Lessor's applicable code and regulations. Lessee shall not perform maintenance or repairs that would include use or exposure of petroleum products (oil, fuel, hydraulics, etc.) within the hangar. All such activities shall only be permitted outside of the hangar in a designated area as determined by mutual agreement of the Lessor and Lessee.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers during normal business hours. Lessee also shall provide its services and operate its business, at a minimum, during normal business days, and otherwise as necessary to accommodate customer and special event requirements.

1.7 Lessee Acknowledgement. Lessee acknowledges and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM.

2.1 Initial Term. The term of this Lease shall be for a period of ____ () years, commencing at 12:00 A.M. on the Effective Date, _____, _____, and terminating 11:59 P.M. on _____, _____ thereafter (the "Term").

2.2 Renewal Term(s). Provided Lessee is not then in default of this Lease and subject to approval of Lessor, Lessee shall have the option of extending the Term for ____ () additional periods of ____ () years each (an "Extension"). Lessee may exercise an Extension by giving written notice to Lessor of its desire to do so no later than sixty (60) days prior to the expiration of the Term, as set forth in Section 2.1 herein. If Lessee has properly notified Lessor of its desire to exercise an Extension and Lessor approves in writing, then Lessee's Extension of the Term of this Lease shall become effective and all references herein to the "Term" shall mean the initial term as extended.

3. NONEXCLUSIVE RIGHTS.

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee's use of the Premises.

4. RENT.

4.1 **Base Rent.** Lessee agrees to pay Lessor rental for the use of the Premises at the annual amount of _____ (\$_____) (or approximately _____ (\$0.25) per square foot per month) for the _____ space (the “Base Rent”), payable in equal monthly installments of _____ (\$_____). The Base Rent shall be payable in advance and without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer.

- (a) Lessee shall receive credit against the Base Rent for Lessee funds expended on improvements and repairs to the Premises with the prior written permission of the Public Works Director, provided the Public Works Director finds the improvements and repairs are reasonable in his professional opinion, Lessee provides quotes for repairs prior to executing any work, and Lessee provides paid invoices reflecting the expenditures of funds related to the necessary repairs to the Premises.
- (b) Lessee shall only pay for the premises as described in Section 4.1 above as part of the rent to the Lessor. Lessee shall pay all other fees as listed in the Airport Schedule of Fees in Exhibit B of this agreement, including, but not limited to Fuel Flowage, FBO and/or SASO permits, aircraft storage (outside of leased hangar space), etc.

4.2 **CPI Increases.** The annual Base Rent paid by Lessee shall be increased (but never decreased) on every TWELVE (12) month anniversary of the Effective Date of this Lease by the percentage equal to the greater of THREE PERCENT (3%) or the percentage that the Consumer Price Index (CPI) (as defined below) increased during the immediately preceding twelve (12) month period ending ninety (90) days prior to the adjustment period; except, however, that in no case shall any single, 12-month rate of increase exceed FIVE PERCENT (5%). For purposes of this Lease, CPI means the United States Department of Labor, Bureau of Statistics Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average (1982-1984=100). If at any time CPI ceases to exist, Lessor may substitute any official index published by the Bureau of Labor Statistics or by a successor or similar government agency as may then exist and which in Lessor’s reasonable business judgment shall be most nearly equivalent to the CPI.

4.3 **Market Adjustments to Base Rent.** *Reserved*

4.4 **Airport Rates and Charges Schedule.** Lessee or its subtenants, as applicable, shall pay the most current Airport Rates and Charges at the time of receipt of service or use of covered facilities and/or services unless specifically outlined in this Lease. The current Airport Rates and Charges Schedule is included as Exhibit B and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the Airport Rates and Charges Schedule at any time at Lessor’s sole discretion, and that no fee shall apply to the use of the Premises or access to the Premises.

4.5 **Payment.**

4.5.1 The first payment of Base Rent shall be paid upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated on the basis of the number of such days to the total number of days in said month. Thereafter all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month (the "Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments and reports required by this Section 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

City of Buckeye
530 East Monroe Avenue
Buckeye, Arizona 85326
Facsimile: (623) 349-6000
Attn: Finance Department - Airport

or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of eighteen percent (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent is paid more than ten (10) days after the due date, a late penalty of ten percent (10%) of the amount of such delinquent Base Rent installment shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder or the receipt of such payments by Lessor, then Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes. Lessee's obligation to pay such amounts together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE.

5.1 On or before the Effective Date, Lessee shall pay to Lessor an amount equivalent to two (2) months Base Rent, or _____ (\$_____), as a security deposit to insure the faithful performance of all of Lessee’s obligations hereunder (the “Performance Guarantee”). The Performance Guarantee shall be adjusted annually, as required, and Concessionaire shall pay Lessor, within five (5) business days of Airport Manager’s written request therefor, such additional monies as may be necessary to maintain the Performance Guarantee as a sum equal to two (2) month’s Base Rent.

5.2 The Performance Guarantee, at the election of Lessor, may be applied in reduction of any loss and/or damage sustained by Lessor by reason of the occurrence of any breach, nonperformance or default by Lessee under this Lease without the waiver of any other right or remedy available to Lessor at law, in equity or under the terms of this Lease. If any portion of the security deposit is so used or applied, Lessee shall, within five (5) days after written notice from Lessor, deposit with Lessor immediately available funds in an amount sufficient to restore the security deposit to its original amount. In the event of a sale or other transfer of the Premises by Lessor, Lessor shall transfer the remaining balance (if any) of the Performance Guarantee to Lessor’s successor in interest, whereupon the transferor Lessor shall be released from liability to Lessee for the return of such Performance Guarantee. Unless this Lease is terminated as a result of Lessee’s default, upon termination, Lessor shall return to Lessee all portions of the Performance Guarantee which were not applied by Lessor as permitted above. Lessor shall have no obligation to maintain a separate account for such security deposit and shall have no obligation to pay interest thereon.

6. AIRCRAFT OPERATIONS GUIDELINES.

If and to the extent that Lessee operates aircraft at or on the Airport, Lessee shall be subject to the provisions of Exhibit C. If any subtenant of Lessee on or at the Premises operates aircraft at the Airport, such subtenant also shall be subject to the provisions of Exhibit C, which Lessor may enforce directly against such subtenant.

7. IMPROVEMENTS.

7.1 Construction by Lessee. *Reserved.*

7.2 Construction Milestones. *Reserved.*

7.3 No Alterations. Lessee shall make no exterior improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor’s Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required

7.4 Title to Alterations and Improvements. Title to all improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within ten (10) days after Lessor's request therefor, a quitclaim deed confirming that title to such improvement and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and any/all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within thirty (30) days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building codes or building permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Buckeye (the "City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on the Premises and all improvements and personal property located on and within the Premises. In the event that all or any portion of the Premises is destroyed or rendered unusable, Lessee shall be entitled to replace, repair, restore, modify or improve the Premises, subject to the provisions of Section 7.6, using insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the Premises to Lessor.

7.8 Fire Department Approval. Lessee shall provide for approval of the City Fire Marshall a fire protection plan for the premises prior to commencing operations. The Fire Marshall has provided guidance to the Lessee for the proper protection of the premises prior to the execution of this lease. The Lessee shall maintain the approved fire protection plan throughout the life of the lease.

8. MAINTENANCE.

8.1 Maintenance by Lessee. Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair. Lessee shall prepare, maintain and follow a preventative maintenance schedule for all mechanical, electrical, plumbing, drain, piping and air conditioning systems on the Premises, and, upon request, provide a copy of such schedule to Lessor and, if required by Lessor, a list of the dates on which such maintenance was actually done.

8.2 Damage to Lessor Property. Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 Trash Removal. Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of off the Airport. Prior to its removal from the Airport, Lessee shall deposit all trash and debris only at collection stations located on the Premises, in accordance with City Code.

8.4 Emergency Repairs. Within fifteen (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS.

9.1 Right to Transfer. Lessee may freely transfer, assign, encumber, pledge or hypothecate its interest in this Lease or any right or interest hereunder, or sublet the Premises or any part thereof, without the prior consent of Lessor; provided, however, any assignment other than an assignment as security in conjunction with or as part of a mortgage or deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder shall require Lessor's reasonable prior written consent. In the case of an assignment (other than an assignment as security), the assignee must expressly assume in writing all of Lessee's obligations under this Lease, and in the case of a sublease, the sublease shall expressly provide that it is subject to all of the terms and conditions of this Lease. Upon an assignment of all of its interest in this Lease, the assignor shall be released from all liability and obligation under this Lease from and after the effective date of the assignment.

9.2 Consent Not Required. Lessee may, without Lessor's consent, cause a Transfer to an Affiliate (as hereinafter defined) if Lessee: (i) notifies Lessor at least thirty (30) days prior to such transfer; (ii) delivers to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. For purposes of this paragraph, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include the following: (i) if Lessee is a corporation, partnership, limited liability company, or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on

a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of twenty-five percent (25%) or more in value of the assets of Lessee.

9.4 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect notwithstanding the termination as direct leases between Lessor and the subtenants and all such subtenants upon request shall attorn in writing to Lessor.

10. IDENTIFICATION SIGNS.

Lessee may install on the Premises, a sign or signs identifying its business, provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR.

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee (an "Event of Default"):

11.1.1 The failure of Lessee to pay any installment of Base Rent or any other amount due from Lessee hereunder, provided that Lessee does not cure such failure within ten (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 The failure of Lessee to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within thirty (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than thirty (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien or any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within thirty (30) days of receipt of actual notice thereof by Lessee.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of Sections 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises and terminate Lessee's right of access or occupancy to the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises or removing and storing the property of Lessee and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within five (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the term if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called the "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of six percent (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts is may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of

loss that could reasonably be provided, rents to be paid by subtenants pursuant to Section 9.4 and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on notice as to the nature and extent of such default, and is made in accordance with Section 19 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in Section 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay the Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages and nothing in this Section 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

11.10 Cancellation. This Lease may be cancelled pursuant to the provisions of Arizona Revised Statutes Section 38-511.

**12. ASSUMPTION OF CRITICAL OPERATIONS.
RESERVED**

13. INDEMNIFICATION.

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as the "Lessor" for purposes of this Section 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this Section 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any

consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION.

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this section shall, for all purposes of this Lease and of any amendments, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 *Environmental Laws.* The term "Environmental Laws" shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC § 9601 *et seq.*; the Resource Conservation and Recovery Act, 42 USC § 6901, *et seq.*; the Toxic Substances Control Act, 15 USC § 2601 *et seq.*; the Safe Drinking Water Act, 42 USC § 300h *et seq.*; the Clean Water Act, 33 USC § 1251 *et seq.*; the Clean Air Act, 42 USC § 7401 *et seq.*; the Arizona Hazardous Waste Management Act, A.R.S. § 49-921 *et seq.*, the Arizona Environmental Quality Act, Title 49 of the Arizona Revised Statutes, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, hazardous waste and hazardous substances and petroleum products.

14.1.2 *Hazardous Material.* The term "Hazardous Material" shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessee is not responsible or liable for any environmental damage of any kind or for the effects of Hazardous Material on the environment or on any person or property, if any, which have been caused by the use of, or releases from, the Premises prior to Lessee's occupancy of any part of the Premises. Lessee is not liable for any claims or damages arising from environmental damage resulting or to result from contamination of any kind existing on the site or surrounding sites prior to Lessee's occupancy of the Premises.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee's own expense, comply with all present and hereafter enacted Environmental Laws, and any amendments thereto, affecting Lessee's operation on and property interest in the Premises during the period of Lessee's occupancy of the Premises under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Airport by Lessee, its agents, employees, contractors or invitees in

violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and use Hazardous Materials that are ordinarily and customarily used in aircraft servicing and maintenance, provided that such use shall fully comply with all applicable Environmental Laws.

14.3.3 If Lessee desires to install upon the Premises, any underground storage tanks ("USTs"), Lessee shall submit the plans for such USTs to Lessor for prior approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 280, as adopted by the State of Arizona ("Part 280"), and Lessee shall be the owner of such USTs for statutory purposes. Installation of USTs shall comply with the "code of practice" set forth in Part 280. Lessee is solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all USTs, including any connected piping and/or dispensing apparatus. Lessee shall provide to Lessor a copy of the Arizona Department of Environmental Quality Notification of Underground Storage Tank Registration that Lessee submits to the state. All USTs shall meet or exceed the tank performance standard for USTs installed after December 22, 1998, including corrosion protection, leak detection and spill/overflow protection. Any UST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all USTs in compliance with all UST closure requirements under all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee's activities or operations on or discharged on or from the Premises during the Term of this Lease. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee's obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material located on the property or present in the soil

or ground water on or under the Airport. If Lessor's right to enforce Lessee's promise to indemnify is not an adequate remedy at law for Lessee's failure to abide by the provision of this Section 14.4, Lessor shall have the right to injunctive relief in the event of any violation or threatened violation by Lessee.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as is necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, except in emergency, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this Section 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this Section 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Government") under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's operations or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any significant change in Lessee's operation on the Premises that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Lessee's operation thereon. A "significant violation of Environmental Law" shall be any violation that requires more than thirty (30) calendar days to resolve.

14.7.2 Lessee shall install on any UST that it installs pursuant to Section 14.3.3, a method or a combination of methods for Release detection that can detect a Release from any portion of the UST and the connected underground piping. Lessee shall immediately notify the

Airport Department of Operations upon discovering a Release or Suspected Release of any amount of material that is stored inside the UST. For purposes of this Section, a "Suspected Release" is any discovery of released Hazardous Material at the UST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, an unexplained presence of water in the UST, or when monitoring indicates that a Release has occurred. In the case of inventory control, Lessee shall notify the airport operations department when the second consecutive month of inventory reconciliation data indicates that there is a discrepancy in the figures recorded.

14.8 Sublease. Lessee shall insert provisions substantially identical to the provisions of this Section 14 in any sublease agreement or contract by which it grants a right or privilege to any person, firm or corporation under this Lease.

14.9 Actions of Lessee. The activities or actions of Lessee under this Section 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System ("NPDES") permit, or requesting coverage under and complying with any applicable multi-sector permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan ("SWPPP") or any revisions to an SWPPP, with respect to Lessee's operations or activities on the Premises. At Lessee's discretion, Lessee may choose to be added to Lessor's Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of Exhibit E attached hereto.

14.11 Environmental Assessments.

14.11.1 If, during the term of this Lease, any of Lessee's USTs are suspected of or known to be leaking, Lessee shall perform, or cause to be performed, a site characterization of the Premises using all appropriate sections of the LUST Site Characterization Manual dated January 15, 1999, or the most current edition, including tables 1 through 6, as applicable (a "Site Characterization").

14.11.2 Within thirty (30) calendar days immediately preceding the expiration of this Lease or within thirty (30) calendar days of any earlier termination of the Lease, Lessee shall:

a. Deliver to Lessor: (i) a Phase I environmental site assessment that conforms to the standards set forth in 42 USC § 9601(35)(B), as amended, and any regulations thereunder; and (ii) an environmental compliance audit assessing the status of regulatory compliance of the Premises and all operations and activities thereon; both prepared by a qualified engineer licensed by the State of Arizona; and

b. In the event Lessee installs upon the Premises any USTs, perform or cause to be performed a Site Characterization of the Premises in the event there is evidence that there has been or may be a leak or Release of the UST contents; and

c. If either the assessment described in Section 14.11.2a (i) above or the Site Characterization described in Section 14.11.2a (ii) above identifies any "recognized environmental condition" or any other condition indicating a known or potential liability, including, but not limited to, a known or potential violation of any Environmental Law or a past, present, or material threat of a future release of a hazardous substance or a petroleum product into the environment, Lessor reserves the right, at Lessor's sole discretion, to require Lessee to conduct, at Lessee's sole expense and with a scope of work subject to Lessor's approval, further reasonable investigations and reasonable remediation.

14.12 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire (the "Questionnaire") to the City and promptly provide Lessor with updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on the Premises, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall at all times post a notice in a prominent place on the Premises advising employees what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.13 Right to Enter Premises. Lessor's rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee's compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee twenty-four (24) hours prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against the United States, EPA, ADEQ, the Arizona ADOSH or Lessor, or any officer, agent, employee, or contractor thereof on account of any such entries.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Government interfere with Lessee's use of the Premises. Lessee shall have no

claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of operations on the Premises. Such plan shall comply with all applicable requirements and shall be updated from time to time as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Airport Manager within thirty (30) calendar days of receipt of a CofO from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting firefighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any new drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 During Lessee's construction of improvements on the Premises, if any, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are found, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's Improvements on the Premises, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS.

Lessee shall minimize the destruction, loss, or degradation of wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the Clean Water Act. For purposes of this Section 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

SPECIAL PROVISIONS.

15.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

15.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

16. INSURANCE.

16.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 As set forth in the Buckeye Minimum Standard Requirements for Airport Aeronautical Services.

17.1.2 *Reserved.*

17.1.3 *Worker's Compensation* insurance, as required by law, and Employer's Liability insurance in the amount stated in the Buckeye Minimum Standard Requirements for Airport Aeronautical Services.

16.2 Form. Each insurance policy obtained pursuant to this Section, except for Worker's Compensation and Employer's Liability policies, shall: (i) name Lessor as an additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than thirty (30) days before such cancellation or modification takes effect ten (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A - VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

16.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance for each policy to Lessor, in standard ACORD form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

16.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this Section 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

16.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

16.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this Section. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within ten (10) business days after Lessor advises Lessee of the cost thereof.

17. SURRENDER OF POSSESSION.

17.1 Condition of Property. Upon the expiration or termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted under this Lease shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport, and that Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within the thirty (30) day period immediately following Lease termination shall become a part of the Premises, and ownership thereof shall vest in Lessor.

17.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term and in such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at one hundred fifty percent (150%) of the amount payable during the last year of the Term and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

18. INSPECTION BY LESSOR.

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purposes including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions such as fire protection or security purposes.

19. NOTICES.

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR: City of Buckeye
530 East Monroe Avenue
Buckeye, Arizona 85326
Telephone: 623-349-6880
Attn: Ryan Reeves, Airport Coordinator

TO LESSEE:

20.2 Any notice shall be deemed to have been received two (2) days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this Section.

20. SEVERABILITY.

Should a court of competent jurisdiction declare any provision of this Lease invalid, the remaining terms shall remain effective.

21. SALES AND PROPERTY TAXES.

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fees or other tax assessed as the result of its occupancy of Premises or conduct of business at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

22. APPROVALS, CONSENTS AND NOTICES.

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate party, and may not be established solely by oral testimony.

23. LIENS AND MORTGAGES.

23.1 General Provisions.

24.1.1 Except as provided in this Section 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or

attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance, or lien shall be deemed to be a violation of this Section, constituting a failure to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in Section 9 herein, Lessee shall be entitled from time to time during the Term of this Lease to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and refinancings thereof, subject to the restrictions of Section 24.1.3, and provided, however, that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as a "Mortgage" and the holder thereof a "Mortgagee". The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this Section 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter collectively "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given seventy two (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this Section 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to notice as provided in this Section 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease or incompatible with the Lessor's selection of available remedies in the event of default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this Section 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to Section 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to Section 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Lessor agrees that, in the event of termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within sixty (60) days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor at the time of the execution and delivery of the new lease any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Leased Premises as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this Section 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this Section 24.4 or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall demand a new lease as provided in this Section 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

24. GOVERNING LAW; ATTORNEY’S FEES.

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona. In the event of any litigation or arbitration between Lessor and Lessee arising under this Lease, the successful party shall be entitled to recover its attorney’s fees, expert witness fees and other costs incurred in connection with such litigation or arbitration.

25. RULES AND REGULATIONS.

Lessee shall at all times comply with all Federal, State and local laws, ordinances, rules, and regulations which are applicable to its operations, the Premises itself (including but not limited to the Americans with Disabilities Act), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport Minimum Standards and Airport Rules and Regulations, as the same may be amended from time to time. Copies of the current Airport Minimum Standards and Rules and Regulations are attached hereto as Exhibit D. Lessee acknowledges and agrees that Lessor may amend the Airport Minimum Standards and

Rules and Regulations at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its business. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

26. CORPORATE AUTHORIZATION.

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

27. UTILITY LINES AND SERVICE CHARGES.

28.1 Lessee shall, at no cost or expense to Lessor, provide or arrange for any public utility, water and sewage lines and connections that are needed in connection with any building(s), structure(s) or other improvement(s) placed on the Premises by Lessee and shall be responsible for the maintenance of such lines and connections from where they enter the Premises. If requested in advance to do so by Lessee, Lessor will grant reasonable rights-of-way on or across the Airport to suppliers of public utility services for the purpose of supplying Lessee with such services, but Lessor reserves the right to designate the lands along which such rights-of-way shall be granted so as to cause the least inconvenience in the operation of the Airport and other Airport tenants.

28.2 Lessee shall pay for all utilities used in its operations at the Airport and the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's operations.

28. RESERVATIONS TO LESSOR.

The Premises are accepted "as is, where is" by Lessee subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on or across the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on or across any portions of the Premises for the same purposes, provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's operations on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

29. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS.

29.1 Lessee agrees that in the event facilities are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

29.2 Lessee agrees that: (i) no person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination on the grounds of race, color, creed, disability, age, sex or national origin in the use of the Premises; (ii) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, color, or national origin; and (iii) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, as it may be amended.

29.3 Lessee assures that it will comply with pertinent statutes, Executive Orders, and rules promulgated to assure that no person shall on the grounds of race, creed, color, national origin, or sex, age or handicap be excluded from participating in any activity.

29.4 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.

29.5 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport or any publicly owned facilities of the Airport.

29.6 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

29.7 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

29.8 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

29.9 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

29.10 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

29.11 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §§ 40103(e) and 47107 (a)(4).

29.12 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

29.13 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

29.14 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport operations area including runways, taxiways, aircraft aprons by vehicles, employees, customers, visitors, etc. in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; shall complete and pass airfield safe driving instruction program when offered or required by Lessor; and shall be subject to penalties as prescribed by Lessor for violations of the Airport safety and security requirements.

30. [RESERVED].

31. REQUIRED PROVISIONS..

31.1 The following provisions are included in this Lease:

32.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

32.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service, provided, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

32. ARCHEOLOGICAL OR CULTURAL RESOURCES.

In the event any archeological or cultural resources are discovered during the construction contemplated by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon ten (10) days prior written notice to Lessor.

33. AIRPORT SECURITY. [If applicable.]

Lessor has implemented an Airport Security Plan (the "Security Plan") in a form acceptable to the Transportation Security Administration pursuant to 49 CFR Parts 1540, 1542, and 139. Lessee shall at all times comply with the Security Plan and shall indemnify, defend and hold Lessor harmless from any violations of the Security Plan committed by any agents, employees, invitees, subcontractors or independent contractors of the Lessee. Lessor reserves the right to modify the Security Plan from time to time as it deems necessary.

34. DEFAULT BY LESSOR.

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by written notice of such alleged default, and Lessor has not cured such default within the thirty (30) day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such thirty (30) day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or to abate or offset any installment of Base Rent or any other payments to be made by Lessee hereunder.

35. BROKERS.

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns

harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

36. SALE BY LESSOR.

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed neither Lessor nor the holders of the equity interests of Lessor nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

37. ESTOPPEL CERTIFICATE.

Lessee shall, without charge, at any time and from time to time hereafter, within ten (10) days after written request of Lessor to do so, certify by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

38. MISCELLANEOUS.

39.1 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

39.2 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

39.3 Amendment. Only a written instrument executed by the Parties may amend this Lease.

39.4 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

39.5 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

39.6 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

39.7 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

39. INCORPORATION OF RECITALS.

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGE]

DATED this ____ day of _____, 2018.

EXECUTED to be effective on the date specified above.

LESSOR
CITY OF BUCKEYE, an Arizona municipal corporation

By _____
Jackie A. Meck, Mayor

ATTEST:

Lucinda J. Aja, City Clerk

ACKNOWLEDGEMENT

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on _____, 2018, by Jackie A. Meck, Mayor of the CITY OF BUCKEYE, an Arizona municipal corporation, on behalf of the City of Buckeye.

Notary Public in and for the State of Arizona

My Commission Expires:

[ADDITIONAL SIGNATURE ON FOLLOWING PAGE]

DATED this ____ day of _____, ____.

EXECUTED to be effective on the date specified above.

LESSEE

By _____

Name: _____

Title: _____

ACKNOWLEDGEMENT

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on _____, 2018, by _____
the _____ of _____, a _____, on behalf of the _____.

Notary Public in and for the State of Arizona

My Commission Expires:

Exhibit A

DESCRIPTION OF PREMISES

Exhibit B

AIRPORT RATES & CHARGES SCHEDULE

On file with City Clerk.

Exhibit C

AIRCRAFT OPERATIONS GUIDELINES

Lessees who operate aircraft at the City of Buckeye (the “Airport”) are subject to the provisions of this Exhibit C.

C1. Use of Airport. Lessee is engaged in the storage and operation of the aircraft for its lease-related and approved purposes, and desires to use the Airport landing facilities for certain types of operations for commercial purposes including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches (“touch and go”, “stop and go”); and 3) low approaches.

C2. Fees. Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee:* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current Airport Rates and Charges Schedule at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current Airport Rates and Charges Schedule at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee’s Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee’s non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor’s standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in Section C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within ten (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines*.

C6. Fly Friendly Procedures. Lessee acknowledges receipt of Lessor's *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

Exhibit D

AIRPORT MINIMUM STANDARDS
&
RULES AND REGULATIONS

On file with the City Clerk.

Exhibit E

STORM WATER PERMIT COMPLIANCE

E1. Acknowledgments.

E1.1 The Lessee acknowledges that as a consequence of its activities, operations or location at the City of Buckeye Airport, the Lessee, may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (the “Permit”), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor’s current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this Exhibit.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with “significant materials” (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor’s NPDES storm water discharge permit, and agrees that said Permit, as it is issued by the EPA, and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this Exhibit and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor’s Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee’s relocation, noncompliance with Permit requirements or exercise of choice; provided that, in no event shall Lessee be relieved of its obligation to comply with the requirements of the NPDES permit program with regard to its occupation and use of the Premises, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee’s removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of the Permit.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee's compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have ten (10) days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor's Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity(ies) for permit modifications.

E5. Material Condition. Full compliance with the NPDES permit program, 40 C.F.R. Part 122, is a material condition of this EXHIBIT and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity. Lessor may terminate this Exhibit without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor's Permit, to the end that the purposes of Section 402(P) of the Federal Water Pollution control Act (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this Exhibit shall extend to, and are incorporated into, the provisions of this Exhibit.

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NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of _____, being duly authorized to do so, acknowledge that I am fully informed of our obligations under the National pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal Water Pollution Control Act (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122.

I further acknowledge that we have been offered the opportunity to join with the City of Buckeye Airport as a co-permittee of the NPDES permit issued by the Environmental Protection Agency as it pertains to the City of Buckeye Airport (the "Airport"), in accordance with the terms and conditions set forth above.

I, on behalf of _____ and being duly authorized to do so, desire to decline to (please check the appropriate box) join the City of Buckeye Airport as a co-permittee. I understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to our activities and operations at the Airport.

Dated this _____ day of _____, 2018.

By:

Name:

Its:
