

**SCOTTSDALE AIRPORT ADVISORY COMMISSION
MEETING NOTICE AND *AMENDED***



**AGENDA
[REVISED LEASES ON ITEM NO. 4]**



**Tuesday, March 8, 2016
6:00 p.m.
Scottsdale Airport Terminal Lobby
15000 N. Airport Drive, Scottsdale, AZ**

AIRPORT ADVISORY COMMISSION

Brad Berry, Chair

John Celigoy, Vice Chair

Michael Goode

William Schuckert

Ken Casey

Bob Hobbi

Steve Ziomek

Call to Order

Roll Call

Pledge of Allegiance

Aviation Director's Report

The public body may not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

Approval of Minutes

Regular Meeting: February 10, 2016

Public Comment

Citizens may complete one Request to Speak "Public Comment" card per night and submit it to Aviation Staff. Public Comment time is reserved for citizen comment regarding non-agendized items. No official action can be taken on these items. Public Comment is limited to a total of 15 minutes at the beginning and 15 minutes at the end of the meeting. **Speakers are limited to three minutes to address the Commission during "Public Comment."**

Persons with a disability may request a reasonable accommodation by contacting Airport Administration (480-312-2321). Requests should be made 24 hours in advance or as early as possible to allow time to arrange accommodation. For TTY Users, the Arizona Relay Service (1-800-367-8939) may contact the Aviation Department (480-312-2321).

REGULAR AGENDA

ITEMS 1-12

How the Regular Agenda Works: The Commission takes a separate action on each item on the Regular Agenda. If you wish to address the Commission regarding any or all of the items on the Regular Agenda, please complete a Comment Card for each topic you wish to address and submit it to Aviation Staff. Speakers will be given three minutes to speak per item. Additional time may be granted to speakers representing two or more persons. Cards for designated speakers and the persons they represent must be submitted together. **Comment cards must be submitted before public testimony has begun on any Regular Agenda or Public Hearing item.**

1. Discussion and possible action regarding application for Airport Aeronautical Business for Jet Fleet LLC to conduct Aircraft Sales Services
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 480-312-8475, shjohnson@scottsdaleaz.gov
2. Discussion and possible action regarding application for Airport Aeronautical Business for Appearance Group LLC to conduct Mobile Aircraft Washing Services
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 480-312-8475, shjohnson@scottsdaleaz.gov
3. Discussion and input regarding the new opening of the self-serve fuel island at Landmark Aviation
Contact: Rick Wieblebski, General Manager, 480-948-2400, rwieblebski@landmarkaviation.com
- * 4. Discussion and possible action to recommend adoption of Resolution No. 10368 authorizing multiple lease agreement located at the future redevelopment of the terminal area at Scottsdale Airport.
 1. 2016-028-COS with Gemini Air Group, LLC, a hangar facility lease agreement
 2. 2016-030-COS with Maza Concepts, LLC dba The Brick, a restaurant lease agreement
 3. 2016-031-COS with Maza Concepts, LLC dba The Brick, an office lease agreement
 4. 2016-032-COS with The Hertz Corporation, an office lease agreement
 5. 2016-033-COS with Enterprise Leasing Company of Phoenix, an office lease agreementStaff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, gmascaro@scottsdaleaz.gov
5. Discussion and input regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations or Revocations
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 480-312-8475, shjohnson@scottsdaleaz.gov
6. Discussion and input regarding the Monthly Construction Report
Staff contact: Chris Read, Airport Operations Manager, 480-312-2674, cread@scottsdaleaz.gov
7. Discussion and input regarding Monthly Operations Reports for February
Staff contact: Chris Read, Airport Operations Manager, 480-312-2674, cread@scottsdaleaz.gov
8. Discussion and input regarding Financial Reports for January
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 480-312-8475, shjohnson@scottsdaleaz.gov

9. Discussion and input regarding Public Outreach Programs and Planning Projects
Staff contact: Sarah Ferrara, Aviation Planning & Outreach Coordinator, 480-312-8482,
sferrara@scottsdaleaz.gov
10. Discussion and input regarding status of Aviation Items to City Council
Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, gmascaro@scottsdaleaz.gov
11. Discussion and possible action regarding Airport Advisory Commission By-Laws
Pursuant to the By-Laws of the Scottsdale Airport Advisory Commission, Section IV, Rules and Amendments, Paragraph 401. Amended Procedures.
Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, gmascaro@scottsdaleaz.gov
12. Discussion and possible action to Modify the Airport Advisory Commission Meeting
Schedule and Commission Item Calendar
Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, gmascaro@scottsdaleaz.gov

Public Comment

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Future Agenda Items

Discussion and possible action to add Commissioner requested item on a future agenda.

Adjournment



Meeting Date: 03/08/16

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

ACTION

Approval of Minutes – Regular Meeting
February 10, 2016

Attachment(s): 1. Draft minutes of the February 10, 2016 Regular Meeting

Action taken:



DRAFT

**SCOTTSDALE AIRPORT ADVISORY COMMISSION
PUBLIC MEETING
Scottsdale Airport Terminal Lobby
15000 N. Airport Drive, Scottsdale, AZ
February 10, 2016**

MINUTES

PRESENT: Brad Berry, Chairman
John Celigoy, Vice Chair
Ken Casey
Michael Goode
Bob Hobbi (arrived at 6:29 p.m.)
William Schuckert
Steve Ziomek

STAFF: Sarah Ferrara, Aviation Planning & Outreach Coordinator
Shannon Johnson, Management Analyst
Gary Mascaro, Aviation Director
Chris Read, Airport Operations Manager
Matt Thompson, Scottsdale Aviation Intern
Keith Niederer, Senior Planner

GUESTS: Mark Hiegel, President and CEO, Scottsdale Chamber of Commerce
Mr. Freneau, Arizona Jet Services, LLC
Mr. Newman, Desert Aircraft Leasing
Kurt Jones, Tiffany & Bosco
Karin Taylor, Arizona Strategies
Jill Hegardt, DMB
Mike Burke, DMB
Trevor Barger, Espiritu Loci

CALL TO ORDER

Chairman Berry called the meeting to order at 6:00 p.m.

ROLL CALL

A formal roll call confirmed the presence of Commissioners as noted above.

PLEDGE OF ALLEGIANCE

Chairman Berry led the meeting in the pledge of allegiance.

AVIATION DIRECTOR'S REPORT

Aviation Director Mr. Gary Mascaro provided an update on two items.

Signature Flight Support's parent company, BBA Aviation, received approval from the Department of Justice to purchase all the Landmark Facilities in the world. However, the Department of Justice is requiring Signature to divest six facilities. This will occur in the next 90 days and includes Scottsdale Airport as one of the bases. There is no information at this time of who the purchaser may be. BBA controls Landmark and created a Landmark holding company for which the COO, Ted Hamilton is responsible. There is no connection per se between Signature Flight Support and Landmark Aviation at this time. An update will be provided as information is received.

The RFP bids are closed for the hangar redevelopment project; two bids were received. The Evaluation Committee met which included Vice Chair Celigoy and a recommended bid has been selected by the Committee. However, the information remains confidential while negotiations continue. If these are successful, there will be a presentation to the Commission in March. The full project package includes all office space leases, restaurant leases, package of the construction budget review report for the cost of the project and the hangar lease agreements.

In response to a question from Commissioner Goode, Mr. Mascaro stated that bidders could bid on one or both hangers. Commissioner Goode asked whether the adjacent 11-acre parcel has been sold. Mr. Mascaro replied that it is currently owned by a private investment company.

APPROVAL OF MINUTES

1. Approval of Minutes

Regular Meeting: January 13, 2016

Vice Chairman Celigoy made a motion to approve the minutes of the January 13, 2016 regular meeting as corrected. Commissioner Ziomek seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Hobbi was not yet present.

PUBLIC COMMENT

No members of the public wished to address the Commission.

REGULAR AGENDA ITEMS 1 - 13

1. Discussion and Possible Action Regarding Application for Airport Aeronautical Business Permit for Jet Services, LLC to Conduct Aircraft Maintenance and Repair Services

Management Analyst Ms. Shannon Johnson stated that Arizona Jet Services seeks ratification of its permit to conduct aircraft maintenance and repair services. They have met all the requirements. Mr. Freneau of Jet Services, LLC, described the mobile services offered as light maintenance as well as inspections. They operate in one location at this time and have been in business since 2004.

Commissioner Schuckert made a motion to ratify the Airpark Aeronautical Business Permit for Jet Services, LLC to conduct aircraft maintenance and report services. Commissioner Ziomek seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Hobbi was not yet present.

2. Discussion and Possible Action Regarding Application for Via Linda-Ancala, LLC to conduct Hangar/Shade Leasing Services

Ms. Johnson stated that Via Linda-Ancala, LLC seeks ratification of its permit to conduct aircraft maintenance and repair services. They have met all the requirements.

Mr. Newman was present and stated that he represents Desert Aircraft Leasing, which has entered into a lease with Via Linda-Ancala. Desert Aircraft Leasing will be using the hangar leased from Via Linda-Ancala to store a Cessna 206, which is leased out seasonally. There will be no operations out of the hangar other than off-season storage.

In response to a question from Commissioner Ziomek, Ms. Johnson stated that the business permit is for Via Linda-Ancala, however since the owner just leases out space to one owner, he has Mr. Newman as a representative this evening.

Vice Chairman Celigoy made a motion to ratify the Airpark Aeronautical Business Permit for Via Linda-Ancala, LLC to conduct hangar shade leasing services. Commissioner Goode seconded the motion, which carried by a vote of six (6) to zero (0). Commissioner Hobbi was not yet present.

3. Introduction by New President/CEO of the Scottsdale Area Chamber of Commerce

Mark Hiegel, President and CEO introduced himself and provided a summary of his educational and professional background.

4. Discussion and Possible Action for a recommendation to the Planning Commission and City Council on Case 20-ZN-2002#3, a request to modify the existing Planned Community (P-C) District, with comparable Planned Regional Center (PRC) Zoning and development plan to increase residential units, allowable height and non-residential square footage

Chairman Berry recused himself from the meeting due to a conflict of interest.

Mr. Keith Niederer, Senior Planner, provided the presentation. Highlights included:

- The site of the amendment is generally bound by the Loop 101 freeway to the south, Scottsdale Road to the west, Thompson Peak Parkway on the north and the undeveloped Arizona State Land to the east.
- In 2002, the City Council approved a rezoning of the property to a planned community district on 129 acres.
 - Zoning approval was for 1,100 residential units, 1.8 million square feet of commercial office space and 400 hotel units.
 - Allowable building heights range from 36 to 60 feet.
 - Currently there are three developed properties, including apartments on the north side of Legacy Boulevard, between Legacy and Thompson Peak and the Henkel Building located at the northeast corner of Scottsdale Road and the 101.
- The current request is to amend zoning entitlements approved in 2002 as follows:
 - Increase the total number of residential units from 1,100 to 2,466, including the existing apartments.
 - Increase allowable amount of commercial office area from 1.8 million to 2,866,145 square feet.
 - Increase allowable building heights to a maximum of 90 feet.
- The subject property is located within the AC1 Airport Influence Area.
- The proposed office, retail and residential uses were permitted with the original case and are also permitted in the AC1 Airport Influence Area with the conditions that the owner submit a fair disclosure statement and an avigation easement.
- Properties located within AC1 typically come before this Commission for a recommendation to the Planning Commission and City Council when there is an increase in residential density or a change in zoning to a residential use.
- The subject property is located approximately 2.5 miles northwest of the approach end to runway 21, outside the 55 DNL noise contour line.

Vice Chair Celigoy asked whether adjustments were made on the noise study relative to the height above ground with respect to the Airport traffic departing to the north. Mr. Mascaro replied that the contours shown are approved Contours by the FAA based on evaluation of the traffic patterns in 2004. It is an average day/night noise level. It does not take into account single events. Vice Chair Celigoy stated that traffic departing to the north has to be at 2000 MSL at the Henkel Building on the corner of Scottsdale Road and the 101. He asked about impacts going from a maximum height of 60 feet or approximately 1,600 feet elevation level, going over the 90-foot structure at approximately 300 feet for departing traffic and whether this was considered. Mr. Mascaro stated that one of the zoning requirements is to file the FAA 7460-1 form, which evaluates these factors. Results will be provided to the City.

Kurt Jones, Tiffany & Bosco was present, representing DMB and the rezoning entitlement for the One Scottsdale project. Also present was Karin Taylor, Arizona Strategies, Jill Hegardt and

Mike Burke with DMB and Trevor Barger, Espiritu Loci. Highlights of Mr. Jones presentation included:

- Meetings have been conducted with the Grayhawk Board, the Village Board, Discount Tire representatives and Scottsdale Healthcare representatives.
- The subject property is 120 acres in partnership with the Marley-Corrigan family.
- The parcel south of Legacy Boulevard down to the Henkel Building is in a partnership with Macerich and is currently entitled for 1,100 residential units.
- It is 1.8 million square feet and entitled for non-residential commercial square footage as well as 400 hotel rooms.
- Existing apartments range from three to four stories.
- With regard to the Development Review Board case, proposals include:
 - On the north side of Legacy Boulevard between Thompson Peak and Legacy Boulevard an office and commercial development that conforms to all the zoning standards currently allowed under the 2002 entitlements.
 - Four three-story office buildings, two parking structures and pads for future commercial use.
 - All entitlements conform to the height requirements with everything north of Legacy Boulevard stipulated to 36, 45 or 60 feet.
 - Deed restriction stipulates a 1715 elevation, which matches the roof of the Discount Tire building.
 - The amendment to zoning today and the request to the City conforms with the City's character area and plan.
- When the general plans were approved, the Zoning Ordinance was changed to allow for a PCP district, which is the planned Airpark Core District, which allows for heights of 84 feet and up to 134 feet.
- In 2002, 60 feet was the maximum height for the existing zoning district, or PRC district. Currently, the maximum height is 90 feet. The intent is to be in conformance with the General Plan and also to bring the zoning in conformance with allowed heights. The only area that is increasing to 90 feet is an area previously approved for 60 feet.
- Requests for additional height, square footage and residential units all pertain to the area south of Legacy Boulevard. The percentage of residential units above the 60-foot level would be approximately 25 to 40 percent.
- The idea is to create an employment campus with support residential areas.
- There will be no more residential builds north of Legacy Boulevard, other than 750 units already allocated for existing apartments.
- For 90-foot structures, the building has an allowable height of up to 100 feet, to allow for required mechanical units on top of the building.

Commissioner Ziomek noted that at the previous meeting, there was extensive discussion concerning noise complaints, primarily from the Grayhawk area. The approach path coming into Runway 21 is directly over the development area. He asked about flight path studies. Mr. Jones replied that he has graphics that the City of Scottsdale has posted on their website showing all the flight paths.

Vice Chair Celigoy asked about community outreach. Mr. Jones stated that meetings were held in December and January with all adjacent neighbors. There has not been negative feedback, with the exception of emails that have been sent to City Council members when the proposal was reported in the Arizona Republic. Vice Chair Celigoy concurred with the frequent receipt of negative feedback regarding noise complaints around the Airport.

Commissioner Ziomek commented that he did not have a problem endorsing a program that takes commercial buildings to 90 feet. Based on the feedback and complaints from residents, he would be hesitant to increase the residential portion to 90 feet. Ms. Sarah Ferrara, Aviation Planning & Outreach Coordinator, provide flight track data based on location.

Commissioner Hobbi arrived.

Mr. Mascaro clarified that the request increases total residential units from 1,100 to 2,466. He asked about the nature of the residences, whether condo rentals or homes, adding that the Airport rarely receives noise complaints from apartments. Mr. Jones replied that some of those details are not yet known. He noted that although entitled for 1,100 units since 2002, only recently were the 750 apartments built.

Mr. Mascaro asked about sound attenuation, noting that the AC1 regulations do not require enforcement or input of sound attenuation. Mr. Jones replied that they would investigate what sound attenuation standards are appropriate for the buildings.

Commissioner Hobbi stated that many of the Commissioners volunteered to serve on the basis of protecting the Airport. He agreed with Commissioner Ziomek that zoning changes to commercial property were acceptable, since commercial properties do not generate noise complaints. However, there are various committees formed around Scottsdale specifically to address noise issues at the Airport. It is difficult to agree to this zoning change for residential properties. Commissioner Hobbi stressed that the Commission is pro-business. He asked about the possibility of separating the zoning change requests into commercial and residential zoning. Commissioner Ziomek said he could support commercial and temporary residences or apartments above 60 feet. He would have difficulty support permanent residences above 60 feet, due to sound issues. Mr. Mascaro stated that the Commission will provide a recommendation to the Planning Commission and to City Council, however, a final decision will be made by City Council.

Karin Taylor, Arizona Strategies and DMB, referred to the company's work adjacent to Phoenix Mesa Gateway Airport, Verrado, and Marley Park in Surprise, near Luke Air Force Base. DMB has spent significant time working on capability issues and has often been held out as the standard for how to develop in close proximity to airports. They are willing to work with the City on any residential development over 90 feet, including sound attenuation. Their intent is to conform existing zoning to the intent of the City of Scottsdale with the updates to the General Plan and zoning ordinances.

Commissioner Hobbi recommended a case by case approach, as opposed to agreeing to permanent changes without a specific plan. Mr. Mascaro clarified that this involves one project and developer, and so in essence, represents a case by case scenario.

Ms. Taylor asked whether there is a noise attenuation standard that could be agreed to which would satisfy the concern on minimizing noise issues for residential use buildings over 60 feet. Vice Chair Celigoy commented that this would be contingent on the noise study. Mr. Mascaro stated that current regulations state that building in AC2 must include noise attenuation. This is spelled out in the building code. Any stipulation could specify that residential buildings higher than 60 feet will have the same noise attenuation standards as those located in AC2. Ms. Taylor clarified that this would apply to residences, such as condos, and not rentals, such as apartments. Commissioner Schuckert commented that in the past, there have been requests

that apartments that were not noise attenuated not be allowed to be converted to condos. Commissioner Ziomek suggested this be included in the recommendation. Commissioner Schuckert clarified that his recommendation would be that both rental and for sale properties be noise attenuated.

Commissioner Schuckert made a motion to approve the recommendation to the Planning Commission and City Council on Case 20-ZN-2002#3, to modify the existing Planned Community (P-C) District, with comparable Planned Regional Center (PRC) Zoning and Development Plan to increase residential units, allowable height and non-residential square footage, with all residential units to have sound attenuation consistent with AC2. Commissioner Goode seconded the motion.

Commissioner Goode suggested the addition of language specifying that these criteria apply to residential buildings higher than 60 feet. Commissioner Schuckert amended his motion to include addition of this language. The motion was to approve the recommendation to the Planning Commission and City Council on Case 20-ZN-2002#3, to modify the existing Planned Community (P-C) District, with comparable Planned Regional Center (PRC) Zoning and Development Plan to increase residential units, allowable height and non-residential square footage, with all residential units above 60 feet in height to have sound attenuation consistent with the standards currently required by AC2. Commissioner Goode seconded the motion.

Commissioner Ziomek suggested changing the motion to reflect approval of the plan only to commercial above 60 feet with no application to residential buildings.

The motion failed by a vote of two (2) to four (4). Commissioners Casey, Ziomek, Schuckert and Hobbi dissented. Chairman Berry was recused.

Commissioner Ziomek made a motion to approve the recommendation to the Planning Commission and City Council on Case 20-ZN-2002#3, to modify the existing Planned Community (P-C) District, with comparable planned Regional Center (PRC) Zoning and Development Plan to increase residential units, allowable height and non-residential square footage, with all residential units to have sound attenuation consistent with AC2 with the stipulation that there can only be commercial between 60 and 90 feet and no residential. Commissioner Hobbi seconded the motion, which carried by a vote of six (6) to zero (0). Chairman Berry was recused.

Chairman Berry returned.

5. Scottsdale Aviation Intern Will Provide an Overview of the Navigable Airspace Obstruction Initiative

Sarah Ferrara, Aviation Planning & Outreach Coordinator introduced Mr. Matt Thompson, who provided a report on the recent airspace analysis performed during the Master Plan update to identify any obstructions in navigable airspace. Highlights included:

- Analysis is performed to identify objects that exceed the height standards set by the FAA with Part 77.
- This airspace analysis was last completed in 1997.
- Objectives of a clear, navigable airspace:

- Provide a safe flying environment for all aircraft operating in and out of Scottsdale Airport.
- FAA applies departure and approach procedures in and out of airports and if it deems that an obstruction is a hazard to the approach, it can shut down the approach until the obstruction is cleared.
- The approach surface where most obstructions were identified has a slope of 34:1, meaning a one-foot rise in elevation for every 34 feet horizontally from the end of the runway. If anything penetrates this zone, it would be considered an obstruction.
- The majority of the 179 obstructions identified were trees and buildings. Property owners were identified and notified via written notice, including location of obstruction and were advised on how to file Form 7460 for permanent obstructions. Trees identified as obstructions would have to be topped or removed.

In response to a question from Chairman Berry, Mr. Thompson explained that Form 7460 is a one page form that can be completed electronically online. Thus far, only two percent of the owners have submitted form 7460.

Commissioner Casey asked who was responsible for the measurements. Mr. Thompson replied that the measurement analyses were completed by Coffman Associates when they completed the Master Plan update. In response to a question from Commissioner Casey, Mr. Mascaro stated that as part of the Airport Master Plan, the FAA typically recommends airports update their Master Plan every ten years, however there is no hard and fast requirement. There is no requirement for the obstructions to be resolved in a certain period of time, however, if the penetration is significant enough and is identified by the FAA, they could shut down the approach.

Commissioner Ziomek asked about the high volume of obstructions. Mr. Mascaro replied that the owners, particularly of older buildings, likely submitted a Form 7460-1 and received a determination, but the record was lost. Others have not yet submitted Form 7460-1. For 99.9 percent of cases involving buildings, the owners are advised to place a red safety light on top of the building. Trees grow into obstruction areas over time.

Mr. Thompson stated that 86 percent of the property owners have been notified of the obstruction. Of these, 27 have responded and are working on resolving the obstruction. Eight percent have provided a previous FAA determination or have topped or removed trees.

Commissioner Ziomek inquired as to ramifications for noncompliance. Mr. Mascaro referred Commissioners to Appendix A to the Airport Zoning Code, where the requirements are listed. Noncompliance could result in code enforcements by the City.

6. Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations or Revocations

Ms. Johnson referred to the list of Airport and Airpark business permits and major tenants. The only change to the Airport list is the addition of Arizona Jet Services for aircraft maintenance and Via Linda-Ancala in the Airpark.

7. Discussion and Input Regarding Banner Tow Operation around Scottsdale Airport

Vice Chair Celigoy asked whether Banner Tow is being allowed inside Class D airspace. He added that according to witness statements, Banner Tow was not complying with altitude over large crowds over the weekend. Mr. Mascaro confirmed that the air traffic control tower controls Class D. The City does not have jurisdiction. He was unable to comment about heights. Banner Tow was operating during the event. In response to a question from Vice Chair Celigoy, Mr. Mascaro stated that he did not know where Banner Tow originates from. Commissioner Ziomek surmised that they originated from Falcon Field, as they are coming from south of the Talking Stick Resort over the Salt River Pima-Maricopa Indian Community. Vice Chair Celigoy asked about opportunities to discuss this as a safety item during meetings with the FAA. Mr. Mascaro confirmed that staff could share the concerns of the Commission to the FAA. Another suggestion is to contact the Flight Standards District Office, which holds enforcement authority for pilots.

8. Discussion and Input Regarding Monthly Construction Report

Mr. Chris Read, Airport Operations Manager, provided updates. Highlights included:

- Bravo Taxiway is progressing smoothly, approximately two to three weeks ahead of schedule and approximately 90 percent complete. Phase 4 is complete and Phase 5 is underway. Impacts include 15 runway closures.
- The Airport Ops building is approximately 90 percent complete. In response to a question from Commissioner Ziomek, Mr. Read stated that there is no observation deck on the building.
- The pull box project and placement of rock at the end of the runway went to City Council last night and was approved. The next steps are getting the contracts signed and beginning work.

Commissioner Ziomek asked about the status of the self-serve and asked about any damage caused by the Falcon 20 that ran down the runway. Mr. Read stated that he met with a Landmark representative today regarding the self-serve. Everything is in place to pump gas, however the computer components for billing are not yet complete. It should be completely functional by the end of the month. As far as the Falcon 20, 15 runway and taxiway lights were destroyed and two taxiway guidance signs were destroyed. The repairs were completed promptly.

In response to a question from Commissioner Ziomek on fuel rates, Mr. Mascaro stated that he could not go into detail, except to say that it will be very competitive.

9. Discussion and Input Regarding Monthly Operations Reports for January

Chris Read referred to the written report, covering based aircraft numbers, operational comparisons for total and IFR operations, alerts, incidents, enforcements, actions, customs update and PPRs over 75,000, of which there are two this calendar year.

10. Discussion and Input Regarding Financial Reports for December 2015

Ms. Johnson provided the report. Highlights included:

- Revenue is down 7 percent in revenue year-to-date, due to late payments not received until January; however, in reviewing January numbers, total revenue is tracking right on par.
- Revenues are on target for January.
- Expenses are down 21 percent.
- The Aviation Fund cash balance is approximately \$9.2 million, inclusive of both funds.
- For accounts receivable, the account overdue 120 days is a tenant of a small office space that left some time ago. The amount due is a small dollar amount and collection procedures are underway.
- For flowage in December, the total was up 11 percent in jet fuel compared with the same period last year.
- Avgas and Airpark were up 8.1 percent compared with the same period last year.
- Total year to date is up approximately 2 percent.

11. Discussion and Input Regarding Public Outreach Programs and Planning Projects

Ms. Ferrara stated that as staff was preparing the report, they found out that the draft Reauthorization Bill for the FAA had just been unveiled. It included interesting language on the FAA flight path changes, some of which may be beneficial to some Scottsdale residents. Notable bullet points included:

- RNAV departure procedures. They would like the FAA to consider the feasibility of splaying out the tracks when possible, so that a single corridor is not affected greatly.
- Notify and consult the Airport and communities impacted by new flight path changes. This involves providing more public outreach.
- Require FAA to review any procedures that were implemented between February 14, 2012 and September 30th, 2014 to determine if the procedure has significant effect on the community.

The Bill was presented to the House and will need to continue to the Senate.

- The Metroplex project has been officially suspended. Valley airport directors are getting together to send a letter to the FAA to request a seat at the table when the project begins again.
- Media was managed well in regards to the Falcon 20 incident.
- Twitter follows are increasing with beneficial exchanges taking place.
- Department staff attended the 2016 Schedulers and Dispatchers event in Tampa Bay.
- Commissioners were gifted with a passport holder as a sample of a gift that is provided to visitors.
- A meeting was held the previous week with a resident regarding noise issues. Another meeting is scheduled tomorrow with Grayhawk residents.
- One project was listed in the Airport influence area under the planning and zoning report. No voluntary curfew letters were sent in January.

Commissioner Hobbi said the reauthorization bill will have enormously negative consequences for business in general aviation.

12. Discussion and Input Regarding Public Status of Aviation Items to City Council.

Mr. Mascaro referred to the list of items that have gone to the City Council. The first two items have been approved. The third item is scheduled for March 15.

13. Discussion and Possible Action to Modify the Airport Advisory Commission Meeting Schedule and Commission Item Calendar

Chairman Berry addressed changing the Commission's next meeting from Wednesday, March 9 to Tuesday, March 8 since Mr. Mascaro will be out of town. Commissioners also agreed to switch their meeting times to the third Wednesday of each month. Mr. Mascaro stated that the March meeting change could be made by motion. Changing the recurring meeting time might require action via the bylaws. He offered to bring the bylaws forward to the next meeting and the Commission could make an adjustment at that point.

Commissioner Casey made a motion to move the next meeting from March 9 to March 8. Commissioner Ziomek seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

FUTURE AGENDA ITEMS

No agenda items were added.

PUBLIC COMMENT

No members of the public wished to address the Commission

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 7:35 p.m.

Recorded and Transcribed by AVTronics Inc., d/b/a AVTranz Transcription and Reporting Services



COMMISSION ACTION REPORT

Ratification of Airport Aeronautical Business Permit for Jet Fleet LLC

Agenda Item No.: 1

Meeting Date: 03/08/16

Staff Contact: Shannon Johnson,
Management Analyst

Phone: (480) 312-8475

ACTION

Ratification of Airport Aeronautical Business Permit for Jet Fleet LLC to conduct aircraft sales services at the Scottsdale Airport.

PURPOSE

Pursuant to Scottsdale Revised Code, Chapter 5, Article 3, commercial aeronautical activity conducted at the Airport requires a valid Airport Aeronautical Business Permit. In addition, the Airport Minimum Operating Standards outlines the process for obtaining such a permit. Jet Fleet LLC has requested an Airport Aeronautical Business Permit to conduct aircraft sales services at the Scottsdale Airport.

APPLICANT(S)

Steve Gage
Jet Fleet LLC
15041 N. Airport Dr., Suite 114
Scottsdale, AZ 85260

KEY CONSIDERATIONS

Jet Fleet LLC has provided the appropriate documentation as required in the Airport Minimum Operating Standards.

Attachment(s): 1. Completed Airport Aeronautical Business Permit
2. Vicinity Map

Action taken:



SCOTTSDALE AIRPORT AERONAUTICAL BUSINESS PERMIT



(Required to conduct commercial aeronautical activity on the airport)
Fields in RED are required fields.

Business or activity to be conducted (check all that apply):

- Aircraft Charter Services
- Aircraft Leasing or Rental Services
- Aircraft Maintenance and Repair Services
- Aircraft Management
- Aircraft Washing Services
- Aircraft Sales Services
- Aircraft Mobile Maintenance and Repair Services
- Specialized Aircraft Repair Services (list service): _____
- Specialized Commercial Flying Service (list service): _____
- Hangar/Shade Leasing Services
- Flight Training Services
- Fixed Base Operator
- On-Airport Rental Car Concession
- Other (list service): Consulting

These activities are limited to the airport by ordinance. Please refer to the Airport Minimum Operating Standards for further information on each type of business.

Applicant (Business Name): Jet Fleet LLC

Authorized Representative, title: Steve Gage, Managing Member Email Address: SteveGageAZ@aol.com

Work Phone: 480-286-0029 Cell Phone: _____ Fax: _____

Mailing Address: 15041 N. Airport #114,

City: Scottsdale State: AZ Zip Code: 85260

Billing Address: 15041 N. Airport #114,

City: Scottsdale State: AZ Zip Code: 85260

Billing Phone: 480-286-0029 Billing Email: SteveGageAZ@aol.com

The Applicant hereby requests the above action(s), and in consideration of this request being granted, agrees to the following:

1. FEE PAYMENT: The Applicant agrees to pay all applicable fees on time, and all required fees including late fees, interest and penalties without deduction of any kind.
2. PERMIT LIMITATIONS: This permit may not be assigned or transferred, and is limited to the approved business activity listed above
3. INFORMATION CHANGES: The Applicant shall notify Airport Administration, in writing within fifteen (15) days, of any change to the information provided.
4. RELEASE OF LIABILITY: The City assumes no liability for damage or loss to personal property while operating at Scottsdale Airport.
5. INDEMNIFICATION: The Applicant and invitees shall indemnify the City pursuant to Chapter 5 of the Scottsdale Revised Code. As required by the Airport Minimum Operating Standards, permit holder shall endorse all liability insurance policies to include the City of Scottsdale as an additional insured. Applicant further agrees to waive their insurers' subrogation rights against the City of Scottsdale, and its Officers, Directors, Commissioners, and Employees.
6. COMPLIANCE WITH THE LAW: The Applicant shall comply with all applicable laws, ordinances, rules and regulations. To view regulations, go to <http://www.scottsdaleaz.gov/airport/regulatorydocs>

Please check the box for each item attached and submitted with the application:

Lease/License Agreement

Certificates of Insurance

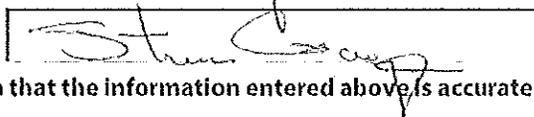
FAA Certificates

Sublease Agreement

Business/ Privilege Tax License

The undersigned representative certifies he/she is authorized to sign for the business and acknowledges receipt of a copy of this permit.

Applicant Signature (print name):



Date:

2-4-16

By checking this box, I affirm that the information entered above is accurate and that the name typed above represents my official signature.

Please save the form to your documents, submit the form with an electronic signature to shjohnson@scottsdaleaz.gov
OR print, sign and return to: 15000 N. Airport Drive, Suite 200, Scottsdale, AZ 85260.

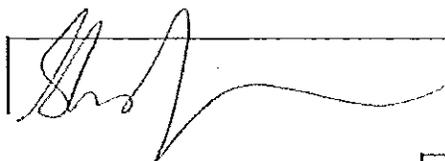
Staff Use Only

Application, permits and insurance reviewed by:

Aviation
Director's
Comments/
Stipulations:

Permit #2016-275

Approved by Aviation
Director or designee:

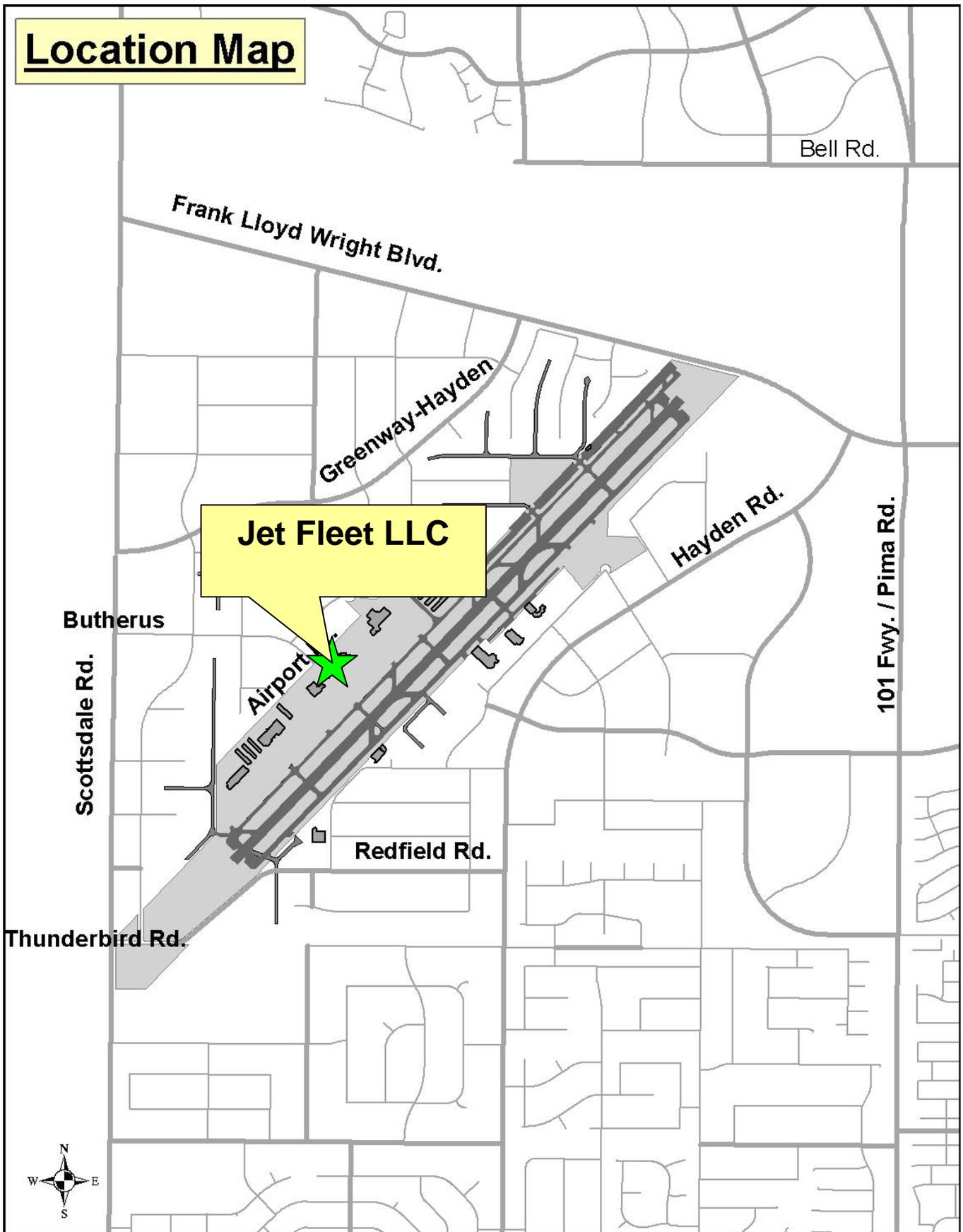


2/9/16

Date Ratified by the Airport Advisory Commission:

August 2014

Location Map





COMMISSION ACTION REPORT

Ratification of Airport Aeronautical Business Permit for Appearance Group, Inc.

Agenda Item No.: 2

Meeting Date: 03/08/16

Staff Contact: Shannon Johnson,
Management Analyst

Phone: (480) 312-8475

ACTION

Ratification of Airport Aeronautical Business Permit for Appearance Group, Inc. to conduct mobile aircraft washing services at the Scottsdale Airport.

PURPOSE

Pursuant to Scottsdale Revised Code, Chapter 5, Article 3, commercial aeronautical activity conducted at the Airport requires a valid Airport Aeronautical Business Permit. In addition, the Airport Minimum Operating Standards outlines the process for obtaining such a permit. Appearance Group, Inc. has requested an Airport Aeronautical Business Permit to conduct mobile aircraft washing services at the Scottsdale Airport.

APPLICANT(S)

Donald Henry
Appearance Group, Inc.
PO Box 782585
Wichita, KS 67278

KEY CONSIDERATIONS

Appearance Group, Inc. has provided the appropriate documentation as required in the Airport Minimum Operating Standards.

Attachment(s): 1. Completed Airport Aeronautical Business Permit
2. Vicinity Map

Action taken:



SCOTTSDALE AIRPORT AERONAUTICAL BUSINESS PERMIT



(Required to conduct commercial aeronautical activity on the airport)
Fields in RED are required fields.

Business or activity to be conducted (check all that apply):

- Aircraft Charter Services
- Aircraft Leasing or Rental Services
- Aircraft Maintenance and Repair Services
- Aircraft Management
- Aircraft Washing Services
- Aircraft Sales Services
- Aircraft Mobile Maintenance and Repair Services
- Specialized Aircraft Repair Services (list service): _____
- Specialized Commercial Flying Service (list service): _____
- Hangar/Shade Leasing Services
- Flight Training Services
- Fixed Base Operator
- On-Airport Rental Car Concession
- Other (list service): _____

These activities are limited to the airport by ordinance. Please refer to the Airport Minimum Operating Standards for further information on each type of business.

Applicant (Business Name): Appearance Group, Inc.

Authorized Representative, title: Donald E. Henry CEO Email Address: dhenry@appearancegroup.com

Work Phone: (316)945-2575 Cell Phone: _____ Fax: (316)943-0820

Mailing Address: PO Box 782585

City: Wichita State: Ks Zip Code: 67278

Billing Address: 9424 E. 37th St. N., Ste. 100

City: Wichita State: Ks Zip Code: 67226

Billing Phone: (316)945-2575 Billing Email: lnavrat@appearancegroup.com

The Applicant hereby requests the above action(s), and in consideration of this request being granted, agrees to the following:

1. FEE PAYMENT: The Applicant agrees to pay all applicable fees on time, and all required fees including late fees, interest and penalties without deduction of any kind.
2. PERMIT LIMITATIONS: This permit may not be assigned or transferred, and is limited to the approved business activity listed above
3. INFORMATION CHANGES: The Applicant shall notify Airport Administration, in writing within fifteen (15) days, of any change to the information provided.
4. RELEASE OF LIABILITY: The City assumes no liability for damage or loss to personal property while operating at Scottsdale Airport.
5. INDEMNIFICATION: The Applicant and invitees shall indemnify the City pursuant to Chapter 5 of the Scottsdale Revised Code. As required by the Airport Minimum Operating Standards, permit holder shall endorse all liability insurance policies to include the City of Scottsdale as an additional insured. Applicant further agrees to waive their insurers' subrogation rights against the City of Scottsdale, and its Officers, Directors, Commissioners, and Employees.
6. COMPLIANCE WITH THE LAW: The Applicant shall comply with all applicable laws, ordinances, rules and regulations. To view regulations, go to <http://www.scottsdaleaz.gov/airport/regulatorydocs>

Please check the box for each item attached and submitted with the application:

Lease/License Agreement

Certificates of Insurance

FAA Certificates

Sublease Agreement

Business/ Privilege Tax License

The undersigned representative certifies he/she is authorized to sign for the business and acknowledges receipt of a copy of this permit.

Applicant Signature (print name):

Donald E. Henry
DONALD E. HENRY

Date:

02-01-2016

By checking this box, I affirm that the information entered above is accurate and that the name typed above represents my official signature.

Please save the form to your documents, submit the form with an electronic signature to shjohnson@scottsdaleaz.gov
OR print, sign and return to: 15000 N. Airport Drive, Suite 200, Scottsdale, AZ 85260.

Staff Use Only

Application, permits and insurance reviewed by:

Aviation
Director's
Comments/
Stipulations:

Permit # 2011-197

Approved by Aviation
Director or designee:

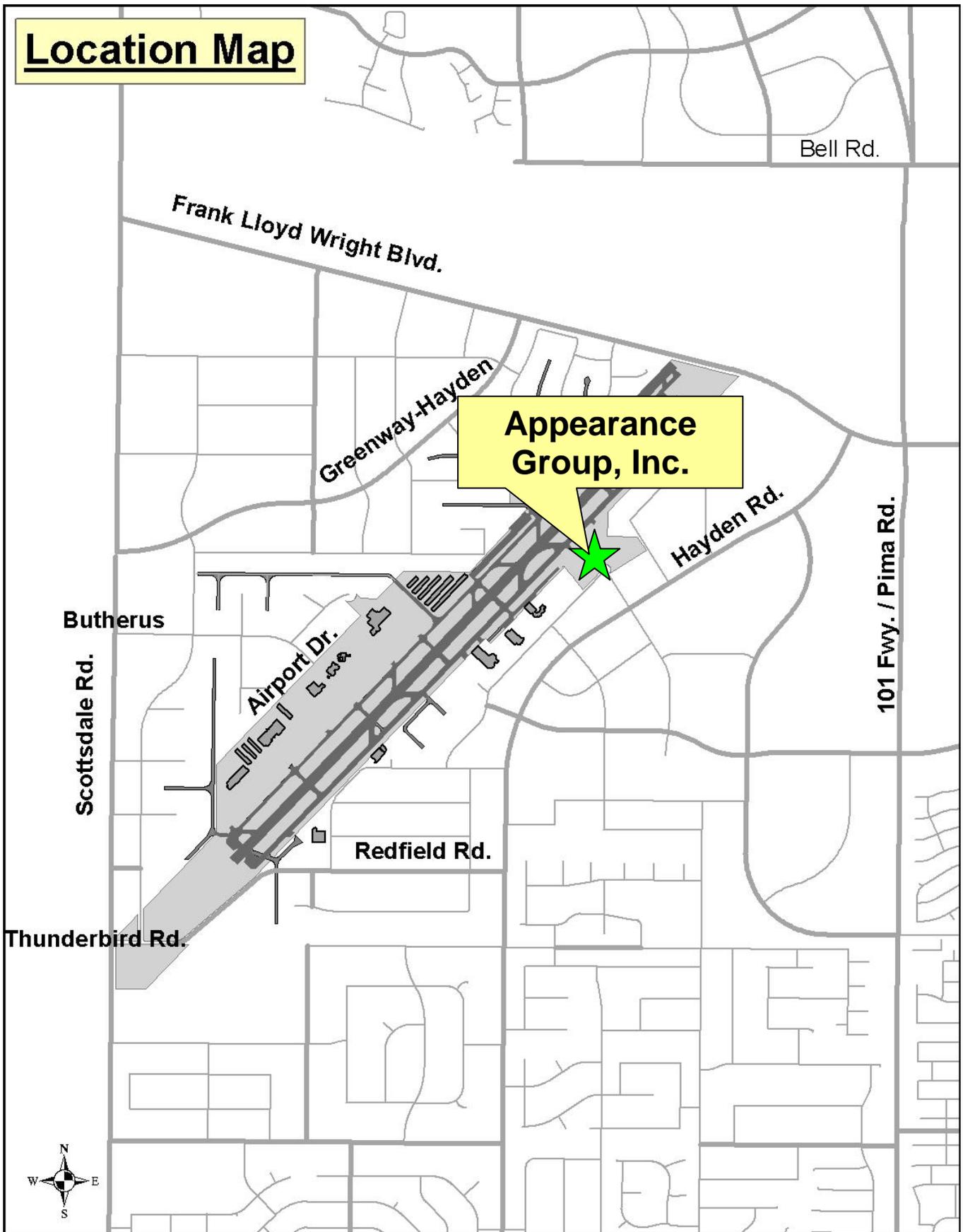
[Signature]

2/11/16

Date Ratified by the Airport Advisory Commission:

August 2014

Location Map





COMMISSION INFORMATION REPORT

Discussion and input regarding the new opening of the self-serve fuel island at Lankmark Aviation

Agenda Item No.: 3

Meeting Date: 03/08/16

Contact: Rick Wieblebski,
Landmark Aviation

Phone: (480) 948-2400

INFORMATON

The General Manager of Landmark will provide an update regarding the self-serve fuel island.



COMMISSION ACTION REPORT

Discussion and possible action to recommend adoption of Resolution No. 10368, multiple lease agreements, for the terminal area redevelopment project

Agenda Item No.: 4

Meeting Date: 03/08/16

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

ACTION

Discussion and possible action to recommend adoption of Resolution No. 10368 authorizing multiple lease agreements located at the future redevelopment of the terminal area at Scottsdale Airport.

1. 2016-028-COS with Gemini Air Group, LLC, a hangar facility lease agreement
2. 2016-030-COS with Maza Concepts, LLC dba The Brick, a restaurant lease agreement
3. 2016-031-COS with Maza Concepts, LLC dba The Brick, an office lease agreement
4. 2016-032-COS with The Hertz Corporation, an office lease agreement
5. 2016-033-COS with Enterprise Leasing Company of Phoenix, an office lease agreement

PURPOSE

The Aviation Department will provide an update on the terminal area redevelopment project. Specifically, it shall include a detailed presentation on the:

- Site Plan
- Draft conceptual elevations
- Estimated project costs
- Estimated revenue
- Next steps

KEY CONSIDERATIONS

- The Request for Proposal (RFP) for the hangar facility resulted in two proposal submittals.
- The evaluation committee selected and recommends awarding the lease agreement to Gemini Air Group, Inc. .
- Gemini Air Group, Inc. requested two 30,000 SF hangars with a total of 5,000 SF of ancillary office space and one fuel farm.
- The existing airport restaurant submitted a detailed response to a questionnaire for the new facility. The City has reviewed and accepted their response to the questionnaire and incorporated it as an exhibit to the new lease agreement.
- The City negotiated lease agreements with the majority of our existing tenants under new terminal and rental rates to recover costs of the new development.
- A Municipal Property Corporation (MPC) bond will be issued to cover the costs of the development.
- Associated revenues received from the above referenced lease agreements will cover the costs of the debt service of the bond.

- Attachments:**
1. 2016-028-COS with Gemini Air Group, LLC, a hangar facility lease agreement
 2. 2016-030-COS with Maza Concepts, LLC dba The Brick, a restaurant lease agreement
 3. 2016-031-COS with Maza Concepts, LLC dba The Brick, an office lease agreement
 4. 2016-032-COS with The Hertz Corporation, an office lease agreement
 5. 2016-033-COS with Enterprise Leasing Company of Phoenix, an office lease agreement
 6. Resolution No. 10368

Action taken:

WHEN RECORDED RETURN TO:
CITY OF SCOTTSDALE
ONE STOP SHOP/RECORDS
(Gary Mascaro)
7447 East Indian School Road, Suite 100
Scottsdale, AZ 85251

City of Scottsdale Contract No. 2016-028-COS
(Resolution No. 10368)

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, 2016, by and between the City of Scottsdale, an Arizona municipal corporation ("Lessor"), and Gemini Air Group, Inc., an Arizona corporation ("Lessee").

RECITALS

A. Lessor is the owner of the Scottsdale Airport (the "Airport") located northeast of the intersection of Scottsdale Road and Thunderbird Road in Maricopa County, Arizona.

B. Lessor holds fee title and various other interests in the Airport pursuant to various documents (the "Site Documents").

C. The Airport hangar facility parcel includes certain real property (the "Premises") that comprises the leased Premises, all within the Airport of the City of Scottsdale, Arizona.

D. The Premises includes certain hangar facility improvements and an above-ground fuel farm constructed by Lessor and made available for lease hereunder. As a part of this Agreement, Lessee will be granted the non-exclusive use of the aircraft parking apron located directly in front of the leased Premises.

E. Lessee desires to use the Premises as a hangar operation, in accordance with the provisions of Article 7 of the Airport Minimum Operating Standards, and subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing, the amounts hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. **RECITALS**

1 **Recitals.** The foregoing recitals are incorporated into this Agreement.

II. **TERM OF AGREEMENT**

2 **Term of Agreement.** Lessor hereby leases the Premises to Lessee subject to and conditioned upon Lessee's full, timely, complete and faithful performance of all performances
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and things to be performed or done hereunder by Lessee, and Lessee hereby accepts the Premises and this Agreement.

2.1 Term. The term of this Agreement shall be for a period of twenty (20) years unless sooner terminated as set forth in this Agreement, provided, however that the twenty (20) year term hereof shall not begin to run until 30 days after the date Lessor receives a Certificate of Occupancy and Lessor delivers possession of the Premises to Lessee with the Lessor's Work as described in Exhibit "F" substantially completed. Substantially completed is the date Lessor notifies Lessee that Lessor's Work of constructing the Hangar(s) are complete and have been approved by the City of Scottsdale and a Certificate of Occupancy has been issued for the Hangar(s). The effective date of this Agreement, and the date both parties are bound by the terms and conditions of this Agreement, shall be the date on which the parties hereto sign this Agreement, and the Lessee delivers to Lessor (a) the Security Deposit required by Section 4.5 hereof, and (b) a Letter of Credit in the amount of Two Hundred Thousand & No/100 Dollars (\$200,000), that complies with the terms and conditions of Section 7.15.2.2 hereof. The Letter of Credit is given to assure Lessor that Lessee will take possession of and will comply with the terms and conditions of this Agreement.

2.2 Extended Term. Provided Lessee is not in default under the terms of this Agreement, the parties may elect to extend the term of this Agreement for an additional ten (10) years. Lessee must give to Lessor, written notice of its desire to extend the term of this Agreement. Such notice must be given not less than eighteen (18) months before the end of the initial term. If Lessor determines, in its sole discretion, to extend the term of this Agreement, Lessor will provide a form of extension agreement to be signed by the Aviation Director of Lessor and by Lessee.

2.3 Holding Over. In any circumstance whereby Lessee would remain in possession of the Premises after the expiration of this Agreement, such holding over shall not be deemed to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon thirty (30) days notice to Lessee, or by Lessee upon sixty (60) days notice to Lessor.

2.4 Airport Closure. Lessor does not warrant that the Airport will remain open during the entire term of this Agreement, but Lessor does not presently have intentions to close the Airport. If the Airport is closed for more than a six (6) month period, Lessee's obligation to pay rent shall abate at the end of the six (6) month period until such time as the Airport is reopened. Thereafter, Lessee shall have a six (6) month period (the "Decision Period") to give Lessor notice that Lessee elects to terminate this Agreement without penalty. The Decision Period shall commence on the date (the "Determination Date") which is the end of the said first six (6) month period of Airport closure and ends six (6) months thereafter. In the event the Airport is permanently closed, the Lessee shall have the option of terminating this Agreement with 30-days prior notice to the Lessor. If Lessee does not so elect to terminate this Agreement by giving such notice then the following shall apply:

2.4.1 The Permitted Uses shall be expanded to include all uses then allowed under applicable zoning and other laws.

2.4.2 Lessee may elect by notice to Lessor during the Decision Period to extend this Agreement for an additional ten (10) year period.

III. PREMISES

3 Premises. Lessee's rights to use the Premises are limited as follows:

3.1 Reservation. Lessor specifically reserves to itself and excludes from this Agreement a non-exclusive easement (the "Reserved Easement") over the entire Premises for the exercise of all of Lessor's rights under this Agreement and for any and all purposes that do not in Lessor's reasonable discretion materially interfere with Lessee's lawful conduct of the Permitted Uses under this Agreement. The Reserved Easement does not give the general public a right to enter upon the Premises. Without limitation, the Reserved Easement also includes:

3.1.1 An underground utility easement.

3.1.2 A non-exclusive easement for pedestrian and vehicular access upon all vehicular, aircraft taxiways, runways, and pedestrian driveways, plazas, sidewalks, and maneuvering areas existing from time to time.

3.1.3 The right to install antennas upon the roofs of the buildings. Lessee shall not install, operate, or allow use of equipment, methodology, or technology for its antennas at the Premises that may or would interfere with the optimum effective use or operation of Lessor's antennas now or hereafter at the Premises. Lessor shall have the right to reject antennas which are visible from the parking spaces within the Premises or which interfere with other permitted uses of the roofs by Lessor and cannot be reasonably accommodated by such uses.

3.2 Public Agency Access. Lessor reserves the right for Lessor and other public agencies to enter the Premises or any part thereof at all reasonable times, for the purposes of inspection, construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located within or without the Premises. Any such entry shall be made only after reasonable notice to Lessee, and after Lessor or the other public agency has agreed to be responsible for any claims or liabilities pertaining to any entry. Any damage or injury to the Premises or to the part thereof resulting from such entry shall be promptly repaired at the sole expense of the public agency responsible for the entry. Such reserved rights do not include the interior space of any buildings that Lessee may lease or construct upon the Premises. Lessor or the other public agency shall take commercially reasonable steps to minimize any disruption of the conduct of business on the Premises caused by the inspection, construction, reconstruction, repair, operation, maintenance and replacement of such improvements and facilities.

3.3 Rights in Adjacent Premises. Lessee's rights are expressly limited to the real property defined as the "Premises" in this Agreement. Without limitation, in the event any public right-of-way or other public or private property adjacent to the Premises is owned, dedicated, abandoned or otherwise acquired, used, improved or disposed of by Lessor, such property shall not accrue to this Agreement but shall be Lessor's only. In addition, and severable from the preceding sentence, upon any such event, Lessee shall execute and deliver to Lessor without compensation a quit-claim deed of such right-of-way or other property.

3.4 Variation in Area. In the event the Premises consists of more or less than any stated acreage, this Agreement shall nevertheless continue and Lessee's obligations hereunder shall not be increased or diminished.

3.5 Condition of Title. Lessee's rights hereunder are subject to all covenants, conditions, restrictions, easements, agreements, liens, reservations and encumbrances upon, and all other recorded or unrecorded conditions of title to, the Premises. Lessee has obtained any title insurance or information Lessee deems appropriate. Lessor does not warrant its own or Lessee's title to the Premises. Lessee's rights hereunder are further subject to all present and future building restrictions, regulations, zoning laws, ordinances, resolutions, and orders of all bodies, bureaus, commissions, and regulatory agencies of any municipal, county, state, or federal authority, now or hereafter having jurisdiction over the Premises or Lessee's use thereof.

3.6 Site Documents. Lessee shall do nothing at the Premises that the Site Documents would not allow Lessor to do. The Site Documents are such documents affecting the Premises as are recorded in the office of the Maricopa County Recorder as of the date of this Agreement. Lessee shall timely, fully and faithfully perform all obligations of Lessor and Lessee under the Site Documents with respect to the Premises. Lessee shall not have power to amend, modify, terminate or otherwise change the Site Documents. Lessee shall pay, indemnify, defend and hold harmless the Lessor and its agents and representatives of, from and against any and all claims, demands, damages, expenses, interest or penalties of any kind or nature whatsoever, including attorneys', arbitrators' and experts' fees and court costs, which arise from or relate to violations of the Site Documents by Lessee or those claiming through Lessee. In the event the Site Documents impose affirmative duties to be performed on land outside the Premises, Lessee is not obligated to perform such duties unless the Site Documents specifically impose such duties upon the land included within the Premises.

3.7 Condition of Premises. Lessee has examined, studied and inspected the Premises, the Airport, and all other property associated with this Agreement and its environs. All of such property is being made available in an "as is" condition without any express or implied warranties of any kind, including without limitation any warranties or representations as to their condition or fitness for any use. Lessee has obtained such information and professional advice as Lessee has determined to be necessary related to this Agreement or this transaction.

3.8 Lessor's Fixtures and Personalty. No fixtures or personal property owned by Lessor upon or within the Premises are included in this Agreement. Any and all of Lessor's property as may come into the possession of Lessee or be used by Lessee, shall be returned to Lessor by Lessee at termination of this Agreement and shall be maintained in good working condition by Lessee from time to time at Lessee's expense and replaced by Lessee at Lessee's expense when worn out and shall be owned at all times by Lessor with Lessee being solely responsible for the condition thereof. All such personal property shall be provided "as is" and Lessee shall accept all responsibility for its condition and shall thoroughly inspect the same before use.

IV. LEASE PAYMENTS

4 Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

IV. LEASE PAYMENTS

4 Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable one month in advance on the twenty-fifth (25th) day of the preceding month. In the event an amount is not known in advance, Lessor shall have the right to estimate the amount, with an adjustment to be made within sixty (60) days after the actual amount becomes known. For example, the Rent for September shall be payable on or before August 25. Rent is deemed paid only when good funds are actually received by Lessor.

4.2 Base Rent. The rental amount (the "Base Rent") Lessee shall pay to Lessor at the beginning of each month of this Agreement shall be \$72,200.

4.3 Base Rent Adjustment. The Base Rent shall be automatically adjusted upward on the anniversary date that is 30-days after Lessor is issued a Certificate of Occupancy for the Premises, beginning in 2021 and every third (3rd) year thereafter. The adjustment shall be made on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average, all items, published by the United States Bureau of Labor Statistics (the "Cost of Living Index"). The amount of each new adjusted monthly installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the new Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the original Cost of Living Index number for the month during which this Agreement commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Base Rent amount (represented by the letter "B" in the formula set forth below). This computation is expressed by the following formula:

$$R = C/M \times B$$

provided, that in no event shall any Rent be adjusted downward from any previous period. If the Cost of Living Index has not been published on any adjustment date, Lessor shall have the right to estimate the Cost of Living Index and to make the adjustments based on such estimate. Any correction due to an error in Lessor's estimate shall be paid by Lessee to Lessor (or by Lessor to Lessee, as the case may be) within thirty (30) days after notice by either party to the other that the Cost of Living Index has been published. If such Cost of Living Index shall, for any reason whatsoever, not be published or readily identifiable at the adjustment date, then an index published by any state or federal agency or an index, formula or table accepted generally by the real estate profession shall be used as chosen by Lessor in Lessor's reasonable discretion. Any delayed adjustment shall be effective retroactively. In the event of a holdover, all Rent and every element thereof shall be increased by an additional fifty percent (50%) over the amount of Rent that would otherwise be payable under this Agreement.

4.4 Aeronautical Business Permit. To the extent required by law, all persons occupying and providing a service at the Premises shall obtain an Aeronautical Business Permit. This paragraph applies to any type of permit or other rule or requirement that may supplement or replace the Aeronautical Business Permit. In addition to all other Rent payment hereunder, if Lessee does not from time to time hold an Aeronautical Business Permit covering all activities relating to its own operations, activity and business at the Premises and pay all fees related

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Permit; provided, however, that because the Permitted Uses are otherwise limited to certain aviation related uses and Lessor desires to ensure an appropriate overall mix of aviation and non-aviation related office space on the Premises, any and all such non-aviation related office subleases are subject to Lessor's prior written consent (which consent Lessor shall not unreasonably withhold or delay).

4.5 Security Deposit and Letter of Credit. Upon execution of this Agreement, Lessee shall provide to Lessor, and maintain with Lessor at all times during the term of this Agreement, a cash security deposit in the amount equal to Twenty Thousand Dollars (\$20,000) guaranteeing the faithful performance of this Agreement. Any funds or property of Lessee held by or available to Lessor or any issuer of a letter of credit, receiver, escrow agent or other third party under or related to this Agreement shall also stand as a security deposit guaranteeing Lessee's faithful performance of this Agreement. Any portion of any security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee, shall be paid to Lessee by the then owner of the fee title to the Premises within sixty (60) days after the later of termination of this Agreement or complete satisfaction of all of Lessee's obligations. Lessee shall maintain a Letter of Credit in the amount of Two Hundred Thousand Dollars (\$200,000) with Lessor for a period of 3-years after the date that is 30-days after the Lessor is issued a Certificate of Occupancy for the Premises. On that 3-year anniversary date, provided Lessee is not in default under the terms of this Agreement, the amount of the Letter of Credit will be reduced to \$100,000. Provided Lessee is not in default under the terms of this Agreement, the final \$100,000 of the Letter of Credit will be released on the anniversary date that is 5-years after the date that is 30-days after the date the Lessor was issued a Certificate of Occupancy on the Premises.

4.6 Late Fees. Should any Rent not be paid on or before the date due, a late fee shall be added to the amount due in the amount of ten percent (10%) of the amount due. Furthermore, any Rent that is not timely paid shall accrue interest at the rate of .25 percent (.0025%) per month, every month thereafter until paid. Lessee expressly agrees that the foregoing represent fair and reasonable estimates by Lessor and Lessee of Lessor's costs (such as accounting and processing costs, administrative costs, etc.) in the event of a delay in payment of Rent. Lessor shall have the right to allocate payments received from Lessee among Lessee's obligations.

4.7 Rent Amounts Cumulative. All amounts payable by Lessee under any provision of this Agreement or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.8 No Setoffs. Lessee shall pay all Rent directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

V. USE RESTRICTIONS

5 Use Restrictions. Lessee's use and occupation of the Premises shall in all respects conform to all and each of the following cumulative provisions:

5.1 Permitted Uses. Lessee and those claiming through Lessee shall use the Premises solely for a hangar leasing operation as described below, and (the "Permitted Uses")

in accordance with Article 7 of the Airport Minimum Operating Standards. Lessee shall conduct no other activity at or from the Premises. The Permitted Uses are limited to the following:

5.1.1 Commercial offices as reasonably required for conduct of the Permitted Uses.

5.1.2 Flight instruction.

5.1.3 Aircraft charter service.

5.1.4 Aircraft sales and leasing.

5.1.5 Major aircraft maintenance and repair.

5.1.6 Aircraft storage and parking.

5.1.7 Aircraft related warehousing.

5.1.8 Aircraft lubrication.

5.1.9 Aircraft management services.

5.1.10 Aircraft parts, avionics and equipment sales.

5.1.11 Aircraft fueling subject to the limits of this Agreement and the Airport Rules and Regulations.

5.1.12 Fuel Farm: Any fuel farm shall be constructed by Lessor. All aircraft fueling/defueling shall be performed outdoors. Aircraft fueling/defueling on the Premises may only be conducted by: (a) an approved on-airport fixed based operator; (b) Lessee fueling its based aircraft at the aircraft based location and pursuant to an airport approved self-fueling permit. Fueling/defueling of non-based aircraft at the Premises is prohibited.

5.1.13 Based Aircraft:

As used herein, "based" location means an aircraft which the owner physically locates on the Premises at the Airport with the intent and purpose to remain for an undetermined period; and whose presence at the Premises is not transitory in nature. "Based" includes an aircraft that is located at the Airport for a limited or seasonal duration.

5.1.14 Visiting aircraft.

Non-based aircraft (i.e. transient or visiting aircraft based in another location) may only access the Premises upon the Aviation Director's prior written approval of a request from: (i) the Lessee or (ii) aircraft owner/operator based at the premises, in accordance with the following:

5.1.14.1 Visiting aircraft may not receive fuel from the Premises, receive maintenance, unless by an approved Aeronautical Business Permittee that is allowed to conduct maintenance, or remain overnight more than ten (10) consecutive calendar days;

5.14.1.2 The Aviation Director will not accept any application to base a visiting aircraft permanently at the Premises while the aircraft is parked under an Aircraft Visiting Notice.

5.14.1.3 The Lessee receiving the visitor must notify Airport Operations in writing via the Aircraft Visiting Notice or email in advance of the visiting aircraft's arrival at the Airport;

5.15.1 Prerequisites to registration and licensing of aircraft at the Premises.

Each person owning, operating, leasing, or otherwise controlling aircraft based at the Premises shall:

5.15.1.1 Prior to basing the aircraft, obtain an Aircraft Storage Agreement approved by the Aviation Director for each aircraft and submit evidence satisfactory to the City of registration and/or aircraft leasehold interest.

5.15.1.2 Convey in writing any changes to information contained within the Aircraft Storage Agreement to the Aviation Director within fifteen (15) calendar days of the change.

5.15.1.3 If conducting storage of aircraft primarily used in conjunction with the commercial aeronautical uses at the Premises, provide evidence reasonably satisfactory to the City that:

5.15.1.3.1 The operator has been granted an approved Aeronautical Business Permit to conduct such activity at the Premises; and

5.15.1.3.2 The permitted aeronautical business occupies the amount of enclosed non-hangar gross floor area at the Premises required by the Airport Minimum Operating Standards.

5.16.1 Based aircraft storage requirements.

5.16.1.1 A based aircraft shall only park at the Premises in its "slot".

5.16.1.2 The maximum number of aircraft that may be lawfully based at Premises is calculated by the number of aircraft that can physically and operationally fit into the hangar at any one time if all based aircraft were present. The Lessee shall:

5.16.1.2.1 Submit a dimensional plan-view drawing of the hangar and associated aircraft for approval or denial by the Aviation Director.

5.16.1.2.2 If, in the determination of the Aviation Director, the dimensional plan-view drawing is insufficient to demonstrate the ability to base all aircraft in the hangar location, at the Aviation Director's discretion, all or some of the based and proposed

based aircraft will be required to be simultaneously placed in the hangar location for review by the Aviation Director.

5.16.1.3 A slot is considered occupied by a based aircraft for a minimum of six (6) months or, if in excess of six (6) months, as long as the aircraft is based at the Premises.

5.16.1.4 Replacement aircraft may be substituted for a slot aircraft only if the Aviation Director approves a replacement aircraft:

(a) For an aircraft sold by the owner, and the replacement aircraft is based in the same slot at the Premises. The replacement aircraft begins a new six (6) month period for the slot.

(b) For a specified period of time, to replace the slot aircraft while it is undergoing maintenance, repair or specialized aircraft repair services as they are described in the Airport Minimum Operating Standards. The replacement aircraft does not begin a new six (6) month period for the slot.

5.16.1.5 Except as provided in subsection 5.16.1.4, replacement aircraft shall not be substituted for aircraft no longer based by Lessee or sublessee at the Premises.

5.1.17 Such other aviation related uses to which Lessor may give or retract consent from time to time. Such uses may only be conducted following Lessor's giving to Lessee notice of such consent. Lessor may impose conditions and limitations on such consent.

5.2 Additional Restrictions. The Permitted Uses are further restricted as follows:

5.2.1 Except from vending machines, no food shall be sold at the Premises. The preceding sentence does not preclude sales of in-flight meals prepared outside the Premises.

5.2.2 No gambling activities of any sort whatsoever are permitted at the Premises.

5.2.3 Sales, sale signs, and merchandise storage and display are confined to the interior of the Premises within the building.

5.2.4 No alcohol is permitted at the Premises. The preceding sentence does not apply to the minimum quantities of alcohol provided by building occupants for their own use (and guests) or to infrequent social parties conducted by Premises occupants for their staff or customers.

5.3 Height Limitation. Lessee shall not direct, permit, or maintain upon the Premises any structure, tree, or other stationary or attached object (except an aircraft) that penetrates the Federal Aviation Regulation Part 77 surface without consent of the Federal Aviation Administration.

5.4 Signs. Lessee shall install all signs and markings required for safe use of the Premises. Lessee shall have the right to install and maintain not more than five (5) appropriate exterior signs per building to identify Lessee's operations at the Premises provided that all of the following conditions are met:

5.4.1 Each sign shall be made of metal and match the color, materials, content, construction, lettering, style, appearance and function of other signs installed by Lessor in the operation areas of the Airport, all as reasonably determined by Lessor.

5.4.2 Lessee shall design, make, install and maintain all signage in a first class professional manner.

5.4.3 Lessee shall not erect, install, apply for a permit for, or display any sign until Lessee has submitted to Lessor, a written request, together with descriptions and drawings showing the intended locations, size, style and colors of such signs, and has received notice of Lessor's approval. Proposed Lessee signs shall also be subject to the same plans review and other requirements that apply to other construction work by Lessee under this Agreement.

5.4.4 Lessee shall bear all costs pertaining to the erection, installation, operation, maintenance and removal of all signs including, but not limited to, the application for and obtaining of any required building or other permits.

5.4.5 The requirements of this paragraph apply to all signs, designs, monuments, decals, graphics, banners and other manner of signage.

5.4.6 Lessee shall provide signage and other markings on the Premises as directed by Lessor from time to time to cause parking, deliveries and other vehicle uses to comply with this Agreement.

5.5 Publicity. Upon special or standing requests made by Lessor from time to time and not in the absence of such requests, Lessee shall include in its promotional materials and other information distributed, sent, or made available to the public or others a notation that all or any part of Lessee's activities at the Premises are accomplished "with the assistance of the City of Scottsdale" or other words of support as Lessor may reasonably select from time to time.

5.6 Prohibited Names. Lessee shall not allow use in connection with any operations at the Premises any name that directly or indirectly refers to or contains any part of Lessor's name or the Airport's name or otherwise suggests a connection between Lessor and Lessee or Lessee's activities. Lessee shall also not use in connection with its operations at the Premises any name associated with products or purveyors of any sort of alcohol, tobacco, adult entertainment or gambling related products or services.

5.7 Name of Business. Lessee shall operate the Permitted Uses at the Premises under Lessee's trade name, Gemini Air Group, or if such name is not available or if Lessor and Lessee desire otherwise, such other aviation related name as Lessor may approve in Lessor's reasonable discretion.

5.8 Nonexclusive Uses. Lessee understands and agrees that Lessor, Lessor's other tenants, and other persons within and without the Airport and the surrounding vicinity will

conduct from time to time business activities in direct competition with Lessee. Lessee has no exclusive rights to conduct any activity anywhere at the Airport. Nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C. § 1349).

5.9 Communications Operations Restriction. Lessee shall not install, operate, or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's existing or future fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment). If such interference should occur, Lessee shall immediately discontinue using the equipment, methodology, or technology that causes the interference until Lessee takes corrective measures. Any such corrective measures shall be made at no cost to Lessor.

5.10 Outdoor Uses. Except to the extent, if any, approved by Lessor in writing in advance from time to time, all uses other than automobile and aircraft parking, aircraft fueling, pedestrian, aircraft and vehicular access, and similar incidental uses are confined to the interior of buildings at the Premises. The preceding sentence does not prohibit minor aircraft servicing outside the Premises on other portions of the Airport as may be allowed from time to time.

5.11 Coordination Meetings. Lessee shall meet with Lessor and other Airport users from time to time as requested by Lessor to coordinate and plan construction and operation of the Premises and all matters affected by this Agreement.

5.12 Governmental Relations. Lessee shall conduct its activities in coordination with Lessor as necessary to maintain good relations with all governmental and other entities having jurisdiction over the Premises. The preceding sentence does not prohibit Lessee from asserting its legal rights against such entities. Lessee shall immediately give to Lessor notice of any actual or threatened dispute, violation or other disagreement relating to the Premises. Lessee is not an agent for Lessor. Without limitation, such entities (who are not third party beneficiaries to this Agreement) include (to the extent that such entities have jurisdiction over the Premises):

- 5.12.1 State of Arizona
- 5.12.2 Maricopa County
- 5.12.3 Arizona Department of Environmental Quality
- 5.12.4 Arizona Department of Transportation
- 5.12.5 Federal Aviation Administration

5.13 Conduct at Premises. In entering into this Agreement, Lessor and Lessee have foremost in mind providing the public with a professional atmosphere devoid of unruly, inebriated, disorderly, or sexually oriented behavior. Lessee shall cause persons exhibiting such behavior to leave the Premises.

5.14 Quality Service. Lessee shall operate the Premises in a first-class manner; shall furnish prompt, clean and courteous service; and shall keep the Premises attractively

maintained, orderly, clean, sanitary and in an inviting condition at all times, all to Lessor's reasonable satisfaction.

5.15 Lessee's Agent. Lessee shall at all times when the Premises are occupied retain on call available to Lessor upon the Premises an active, qualified, competent and experienced manager to supervise all activities upon and operation of the Premises and who shall be authorized to represent and act for Lessee in matters pertaining to all emergencies and the day-to-day operation of the Premises and other matters affecting this Agreement. Lessee shall also provide notice to Lessor of the name, street address, electronic mail address, and regular and after hours telephone and telefax numbers of a person to handle Lessee's affairs and emergencies at the Premises.

5.16 Operations and Staff Qualifications and Requirements. Lessee shall provide to the Premises adequate qualified personnel to conveniently conduct all operations at the Premises.

5.17 Hazardous Materials. Lessee's use upon or about the Premises shall be subject to the following provisions regarding any hazardous waste or materials or toxic substance or any substance now or hereafter subject to regulation under the Arizona Hazardous Waste Management Act, A.R.S. § 49-901 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. 6901 *et seq.*, or the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, or any other federal, state, county, or local law pertaining to hazardous waste or toxic substances (collectively "Toxic Substances"):

5.17.1 Lessee shall not produce, dispose, transport, treat, use or store any Toxic Substances upon or about the Premises. The prohibitions of the preceding sentence shall not apply to:

5.17.1.1 Aircraft fuel lawfully contained in proper tanks and dispensing equipment and offered for tenants based at the Premises as permitted by this Agreement.

5.17.1.2 Materials necessary for aircraft servicing and restoration, provided such materials are present only in the minimum quantities reasonably necessary for such uses.

5.17.1.3 Janitorial supplies and similar materials in the minimum quantities necessary for first class modern hangar operator uses permitted by this Agreement.

5.17.1.4 Ordinary gasoline, diesel fuel or other fuels or lubricants necessary for ordinary use in aircraft, motor vehicles and ordinary construction or landscaping machinery serving the Premises when such materials are properly and lawfully contained in ordinary quantities in ordinary tanks and receptacles installed in such vehicles and machinery.

5.17.2 Lessee shall dispose of any Toxic Materials away from the Premises as required by law and as reasonably required by Lessor.

5.17.3 Lessee shall not use the Premises in a manner inconsistent with regulations issued by the Arizona Department of Health Services.

5.17.4 In addition to any other indemnities or obligations, Lessee shall pay, indemnify, defend and hold Lessor harmless against any loss or liability incurred by reason of any Toxic Substance on or affecting the Premises attributable to or caused by Lessee or anyone using the Premises or acting or claiming under Lessee or this Agreement or otherwise relating to this Agreement. Lessee shall immediately notify Lessor of any prohibited Toxic Substance at any time discovered or existing upon the Premises.

5.17.5 Lessee understands the hazards presented to persons, property and the environment by dealing with Toxic Substances.

5.18 Chemical Containers. Lessee shall capture, control and dispose of waste oil and other waste materials from equipment and other activities at the Premises. Lessee's disposal of such items shall be according to law and away from the Premises and other property of Lessor.

5.19 Fixtures and Personalty. Lessee shall provide to and maintain at the Premises all equipment and other items necessary for the Premises to be conveniently used for the Permitted Uses.

5.20 Required Operation. During the entire term of this Agreement and any renewals or extensions, Lessee shall keep the Premises open to the public with service adequate to meet public demand. If Lessor determines in Lessor's reasonable discretion that public demand requires additional operating hours, Lessor shall have the right to require additional hours of operation. The operating requirements of this paragraph shall be suspended during the allowed period of repair work to the Premises under this Agreement when and to the extent operation is prevented by damage to the Premises. During the required hours of operations, Lessee shall provide all of the following services:

5.20.1 Aircraft hangar leasing services.

5.20.2 All hangar leasing services are required to meet the minimum standards for hangar leasing service operators as set forth in Article 7 of the Scottsdale Airport Minimum Operating Standards, as the same may be amended from time to time.

5.21 Parking off the Premises. Lessor is not required to provide any parking. Parking is allowed only in marked parking stalls on the Premises. Vehicle loading, unloading, parking and standing is not allowed on any other area of the Airport or upon adjacent streets or lands. The preceding sentence does not prohibit use of motor vehicles upon the Airport ramp or other areas as may be permitted from time to time. Lessee shall take such measures as Lessor may reasonably request (including but not limited to installing, maintaining and operating card controlled access gates) to control non-aircraft access to areas accessible to aircraft.

5.22 Parking on the Premises. To reduce effects on surrounding parking, and to encourage full use of parking at the Premises by persons visiting the Premises, Lessee shall make no charge for parking at the Premises. For purposes of the preceding sentence, parking charges do not include charges for automobile storage while a person is using an aircraft based at the Premises. Except as Lessor may consent from time to time, Lessee shall provide all parking on site in compliance with current and future laws and regulations.

5.23 Airport Operations. Lessee acknowledges that Lessee's use of the Premises shall be subject and subordinate to Lessor's operation of the Airport, which will necessarily

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directly and indirectly affect Lessee and the Premises. Lessee shall not use the Premises in a way that in Lessor's reasonable discretion adversely affects Lessor's use or operation of the Airport. Cumulatively and without limitation:

5.23.1 This Agreement does not give Lessee any rights to park aircraft at any location at the Airport other than the Premises or to use any other portion of the Airport. Any use of any portion of the Airport other than the Premises by Lessee shall be only as a member of the public and subject to all rules and regulations affecting the Airport from time to time.

5.23.2 Lessor reserves the right to further develop, diminish, close, remove or otherwise change the landing area and other areas of the Airport. Lessor reserves the right, but shall not be obligated to Lessee to maintain, operate or repair the landing or other areas of the Airport and all publicly-owned facilities of the Airport. Should the Lessor diminish, close, remove or otherwise change the landing areas and other areas of the Airport in such a manner as to prohibit the use of the Airport by corporate jet aircraft, the Lessee shall have the right to terminate this Agreement on 30-days prior notice to Lessor.

5.23.3 There is hereby reserved to Lessor, its successors and assigns, and for the use and benefit of Lessor and the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This right of flight shall include the right to cause within or without said airspace any noise, vibrations or other effects relating to the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating at, the Airport.

5.23.4 Lessee shall not interfere with or endanger or obstruct the flight, taxiing, landing and taking off of aircraft, the loading or unloading of passengers or cargo, or other Airport operations.

5.24 Actions by Others. Lessee shall be responsible to ensure compliance with this Agreement by all persons using the Premises or claiming through or under Lessee or this Agreement. Lessee shall prevent all such persons from doing anything that this Agreement prohibits Lessee from doing.

VI. IMPROVEMENTS BY LESSOR

6 Improvements by Lessor. Lessor will finance, design, and construct a corporate jet hangar facility consisting of approximately two (2) 30,000 square foot hangars, including 3,000 square feet of support space in one hangar and 2,000 square feet of support space in the second hangar, and an above-ground fuel farm on airport real property as depicted on the Site Plan attached hereto as Exhibit "A", and certain architectural elevations and renderings depicted in Exhibits "D" and "E", attached and made a part hereof. The legal description for the Premises is being developed and will be added subsequently, as an amendment to this Agreement. The Amendment will be signed by the Aviation Director on behalf of Lessor, and by Lessee. The hangar and fuel farm will be designed and constructed in conformance with Lessor's Zoning and Building Codes at a cost not to exceed the engineer's estimate of \$12,200,000. Lessor may authorize the payment of additional sums over and above the engineer's estimated, upon the written approval of both Lessor's Aviation Director and the Public Works Director. Lessor and Lessee will cooperate in good faith in designing a hangar facility that reasonably conforms, subject to funds available and regulatory requirements, to Lessee's desired design parameters for Lessee's hanger operations, as described in its Proposal. If requested by Lessee in its 14330124v1

Proposal, Lessor will design and construct, as a part of the Premises, a fuel farm for Jet A fuel, adjacent to the hangar that will consist of an above-ground, 20,000 gallon storage tank and all necessary plumbing and pumps. The design of the hangar facility and the fuel farm, together "the Premises," will substantially conform to the design description, attached as Exhibit "F," and made a part hereof. The design and construction of the Premises will be in compliance with the requirements of the Arizona Revised Statutes, Title 34. Lessor will contract with such architects and/or engineers as it deems necessary to complete the design of the hangar facility and fuel farm, and will contract with such qualified contractors as it may select, to construct the required hangar facility and fuel farm improvements. If there is a conflict between the parties as to the design and construction of the Premises, and such conflict is as a result of Lessee's request for a change in the design or construction of the Premises that would result in a cost overrun, or nonconformance with relevant design, zoning or building requirements, then in that event, the parties contract administrators will meet and attempt to arrive at an acceptable resolution to the conflict, provided, however, that if the parties cannot resolve the conflict to the mutual satisfaction of both parties, the ultimate and final decision on any such design and/or construction issues shall be solely that of Lessor. It is Lessor's intent that the Premises will be ready for occupancy in the Spring, 2018, subject to Force Majeure acts beyond Lessor's control. These acts include, but are not limited to, acts of God, riots, acts of war or terrorism, epidemics, governmental regulations imposed after the fact, fire, communication line failures, or power failures.

VII. LESSEE'S TENANT IMPROVEMENTS GENERALLY

7 Lessee's Tenant Improvements Generally. Lessee shall not perform any improvements, repairs, installation, construction, grading, structural alterations, utility alterations, parking or traffic alterations, removal, demolition or other cumulatively significant construction or similar work of any description whether or not specifically described herein upon or related to the Premises (collectively "Lessee's Tenant Improvements") except in compliance with the following:

7.1 Approval Required. Lessee shall not perform any construction work requiring a building permit without having first received the written consent of Lessor.

7.2 Cost of Lessee Improvements. Should Lessee wish to make Tenant Improvements to the Premises, all Lessee's Tenant Improvements shall be designed and constructed by Lessee at Lessee's sole cost and expense. In no event, including without limitation termination of this Agreement for any reason, shall Lessor be obligated to compensate Lessee in any manner for any of Lessee's Tenant Improvements or other work provided by Lessee during or related to this Agreement. Lessee shall timely pay for all labor, materials, work and all professional and other services related thereto and shall pay, indemnify, defend and hold harmless Lessor and Lessor's employees, officer's, contractors and agents against all claims related thereto. Lessee shall bear the cost of all work required from time to time to cause the Premises to comply with local zoning rules, the Americans with Disabilities Act, building codes and similar rules. Lessee shall also bear the cost of all work required from time to time to cause any other property owned by Lessor to comply with all such rules implicated by work performed by Lessee, by Lessee's use of the Premises, or by any exercise of the rights granted to Lessee under this Agreement.

7.3 Design and Construction Professionals. All construction and plans preparation for all Lessee's Tenant Improvements from initial proposals through final construction documents and

completion of construction shall be performed by professionals selected and paid by Lessee. All of Lessee's design and construction contractors shall have substantial experience in timely and successfully constructing projects similar to Lessee's Tenant Improvements.

7.4 Improvement Quality. Any and all work performed on the Premises by Lessee shall be performed in a workman-like manner as reasonably determined by Lessor and shall be diligently pursued to completion and in conformance with all building codes and similar rules. All of Lessee's Tenant Improvements shall be high quality, safe, modern in design, and attractive in appearance, all as approved by Lessor's Aviation Direction and through the plans approval processes described in this Agreement in addition to any zoning, building code or other regulatory processes that may apply.

7.5 Ownership of Lessee's Tenant Improvements. All Lessee's Tenant Improvements shall be and become part of the real property of Lessor as constructed or installed. Notwithstanding Lessor's ownership of the land and improvements, during the term of this Agreement Lessee and its permitted sublessees and other permitted successors and assignees shall have the right to occupy and use the land and improvements as set forth in this Agreement, including the right to impose liens upon Lessee's leasehold interest to the extent permitted by this Agreement.

7.6 Time for Completion. Lessee shall diligently and expeditiously pursue to completion the construction of all approved Lessee's Tenant Improvements and shall complete construction of all of Lessee's Tenant Improvements, if any, no later than the earlier of i) three (3) months after commencement of such construction, or ii) any earlier date required by this Agreement or by Lessor's approval of the plans. Notwithstanding anything in this paragraph to the contrary, the time period for completing restoration work in the event of damage to the premises is twenty-four (24) months after the damage.

7.7 Construction Coordination. Lessee shall conduct all of its construction activities at and about the Premises so as not to materially interfere with activities, operation, and other construction upon the Airport or surrounding properties.

7.8 Effect of Approval. Lessor's approval of plans submitted shall be irrevocable for purposes of this Agreement and shall constitute approval (but only at the level of detail of the applicable stage of the review process) of the matters plainly shown on the plans approved. Lessor shall not reject subsequent plans to the extent the matter to which Lessor objects was clearly included in plans previously approved by Lessor and plainly shown on plans previously approved by Lessor. However, Lessor is not precluded from objecting to refinements or implementation of matters previously approved or treatment of matters previously not approved.

7.9 Utility Modifications. Any changes to utility facilities shall be strictly limited to the Premises and shall be undertaken by Lessee at its sole cost and expense.

7.10 Design Requirements. All Lessee's Tenant Improvements shall comply with the following design requirements:

7.10.1 All Lessee's Tenant Improvements shall be contained entirely within the Premises and without any encroachment or dependence upon any other property, except that Lessee's Tenant Improvements shall include construction of related curbs, gutters, pavement, landscaping, and other street improvements Lessor determines to be appropriate.

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7.10.2 All Lessee Improvements shall be designed so as to present uniformity of design, function, appearance and quality throughout and consistency with other buildings and improvements located at the Airport.

7.10.3 All Lessee's Tenant Improvements shall comply with all requirements of law, any applicable insurance contracts, all Site Documents and this Agreement.

7.10.4 Lessee shall be responsible to directly obtain all necessary permits and approvals from any and all governmental or other entities having standing or jurisdiction over the Premises.

7.10.5 To the extent requested by Lessor, Lessee's plans shall include a description of construction methods employed to address environmental issues affecting or affected by the Premises and protect other facilities at the Airport and surrounding properties.

7.11 Disturbance of Toxic Substances. Prior to undertaking any construction or maintenance work, Lessee shall cause the Premises to be inspected to ensure that no potential asbestos or other Toxic Substances are disturbed. Prior to any work of any description that bears a material risk of disturbing potential asbestos or other Toxic Substances, Lessee shall cause the contractor or other person performing such work to give to Lessor notice by the method described in this Agreement to the effect that the person will inspect for such materials, will not disturb such materials and will indemnify, defend and hold Lessor harmless against any disturbance of such materials in the course of the contractor's or other person's work. Lessee shall cause any on-site or off-site storage, inspection, treatment, transportation, disposal, handling, or other work involving Toxic Substances by Lessee in connection with the Premises to be performed by persons, equipment, facilities and other resources who are at all times properly and lawfully trained, authorized, licensed, permitted and otherwise qualified to perform such services.

7.12 Plans Required. If the level of Lessee's design require working construction documents, Lessee's design of all Lessee's Tenant Improvements shall occur in three stages culminating in final working construction documents for the Lessee's Tenant Improvements (the "Final Plans"). The three stages are, in order of submission and in increasing order of detail, as follows:

7.12.1 Conceptual plans showing the general layout, locations, elevations, configuration, and capacities of all significant improvements, topographical features, pedestrian and vehicular ways, buildings, utilities, water systems, and other features significantly affecting the appearance, design, function and operation of each element of Lessee's Tenant Improvements. The conceptual plans must also show general locations and dimensions of all rooms, hallways and other areas together with the number of square feet of building and other area that all significant uses and facilities will respectively occupy.

7.12.2 Preliminary plans showing all building finishes and treatments, finished elevations, general internal and external building design and decoration schemes (including without limitation colors, textures and materials), mechanical, communications, electrical, plumbing and other utility systems, building materials, landscaping and all other elements necessary prior to preparation of final working construction documents and showing compliance with all requirements of this Agreement. The preliminary plans shall show all detail necessary prior to preparation of Final Plans.

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7.12.3 Final Plans.

7.13 Approval Process. The following procedure shall govern Lessee's submission to Lessor of all plans for Lessee's Tenant Improvements, including any proposed changes by Lessee to previously approved plans:

7.13.1 Upon execution of this Agreement, Lessor and Lessee shall each designate a construction manager to coordinate the respective party's participation in designing and constructing the Lessee's Tenant Improvements. Each construction manager shall devote such time and effort to the Lessee's Tenant Improvements as may be necessary for timely, good faith, and convenient coordination among the parties and their representatives involved with the Lessee's Tenant Improvements and compliance with this Agreement. Lessor's construction manager will not be exclusively assigned to this Agreement or Lessee's Tenant Improvements.

7.13.2 All plans submitted under this Agreement shall show design, appearance, style, landscaping, mechanical, utility, communication and electrical systems, building materials, layout, colors, streets, sidewalks, transportation elements, views, and other information reasonably deemed necessary by Lessor for a complete understanding of the work proposed, all in detail reasonably deemed appropriate by Lessor for the level of plans required by this Agreement.

7.13.3 All submissions by Lessee under this Agreement shall be delivered directly to Lessor's construction manager and shall be clearly labeled to indicate that they are submitted pursuant to this Agreement and not for building permits, zoning or other approvals. Each submittal of plans by Lessee for Lessor's review shall include two (2) complete sets of the plans on paper together with one (1) copy of AutoCAD file, delivered electronically to Lessor.

7.13.4 Lessee shall coordinate with Lessor as necessary on significant design issues prior to preparing plans to be submitted hereunder.

7.13.5 In addition to other submissions required under this Agreement, Lessee shall simultaneously deliver to Lessor's construction manager copies of all applications and supplemental, supporting and related materials for all zoning, development review and similar processes for the Lessee's Tenant Improvements (excluding building permits).

7.13.6 No plans shall be deemed approved by Lessor until stamped "APPROVED PER ARTICLE 7 OF LEASE AGREEMENT" (or other words clearly evidencing Lessor's approval pursuant to this Agreement as distinguished from any regulatory or other approval) and dated and initialed, by Lessor's construction manager (collectively "Stamped").

7.13.7 Construction shall not commence until Lessee delivers to Lessor a formal certification in favor of Lessor by a qualified registered engineer acceptable to Lessor to the effect that the Lessee's Tenant Improvements are properly designed to be safe and functional and comply with this Agreement. Such certification shall be accompanied by and refer to such supporting information and analysis as Lessor may require. Such certification shall be on the face of the plans themselves.

7.13.8 Lessee acknowledges that Lessor's construction manager's authority with respect to the Premises is limited to the administration of the requirements of this Agreement. No oral approval, consent or direction by Lessor's construction manager or other persons

affiliated with Lessor inconsistent with this Agreement shall be binding upon Lessor. Lessee shall be responsible for securing all zoning approvals, development review, and other governmental approvals and for satisfying all governmental requirements pertaining to Lessee's Tenant Improvements and shall not rely on Lessor or Lessor's construction manager for any of the same.

7.13.9 Lessor's issuance of building permits or zoning clearances, or any other governmental reviews or actions shall not constitute approval of any plans for purposes of this Agreement. Lessee's submission of plans under this Agreement, Lessor's approval of plans for purposes of this Agreement, and the plans approval process under this Agreement, shall be separate and independent of all zoning, design review and other regulatory or similar plans submittal and approval processes, all of which shall continue to apply in addition to the requirements of this Agreement and its approvals.

7.13.10 Lessor has the right to require Lessee to obtain approval for any Lessee Tenant Improvements from the City of Scottsdale Development Review Board and any similar body.

7.13.11 Lessee shall hand deliver all plans to Lessor no later than each submission date. Submission dates shall be such dates as are necessary for Lessee to timely obtain the approvals required by this Agreement. Lessee is responsible to allow adequate time for all communications and plans revisions necessary to obtain approvals and shall schedule its performances hereunder and revise its plans as necessary to timely obtain all approvals.

7.13.12 Within thirty (30) days after Lessor's receipt of plans from Lessee, Lessor shall make available to Lessee one (1) copy of the plans Lessee submitted either Stamped or marked to indicate the reasons that Lessor does not approve the plans.

7.13.13 If changes are required, Lessee shall revise the plans incorporating the changes requested by Lessor and shall within thirty (30) days after Lessor returns the marked up plans to Lessee submit revised plans to Lessor. Within twenty (20) days after Lessor's receipt of the revised plans, Lessor shall make available to Lessee one (1) copy of the revised plans either Stamped or marked to indicate the reasons that Lessor does not approve the plans.

7.13.14 Lessee shall provide to Lessor copies of any and all designs or plans for improvements upon the Premises for Lessor's unrestricted use at the Premises or elsewhere.

7.14 Minor Changes. Lessor's consent shall not be required for minor changes discovered by Lessee during the course of construction to be necessary to complete construction as contemplated by the latest plans approved by Lessor. For purposes of the preceding sentence, "minor changes" are those that do not materially alter the structure, size, layout, location, quality, appearance, functionality or other aspects of any hangar, area, feature, structure, or other aspects of any improvements. Lessee shall give to Lessor as much advance notice of any minor changes as is reasonably possible. In the event advance notice to Lessor is not possible, Lessee shall as soon as possible, and in no event later than three (3) days after the change, give Lessor notice of any such minor change. Such notice shall refer specifically to this paragraph.

7.15 Funding Assurances. In addition to the security deposit, letter of credit, and any other payment or performance required under this Agreement, Lessee shall at least two weeks prior to the commencement of any construction work by Lessee having an estimated cost of more than Ten Thousand Dollars (\$10,000) provide to Lessor the following assurances that Lessee will timely pay for the work to be completed (the "Funding Assurances") as follows:

7.15.1 Funding Assurances Amount. The Funding Assurance shall be in an amount (the "Funding Assurances Amount") equal to eighty percent (80%) of the full contract amounts payable directly or indirectly to all persons for the construction work. In the event the contract amounts increase, the Funding Assurances Amount shall increase by the same proportion.

7.15.2 Funding Assurances Alternatives. All Funding Assurances shall consist of one of the following:

7.15.2.1 A fully executed construction loan commitment or agreement legally obligating a reputable federally insured financial institution to fund construction.

7.15.2.2 A letter of credit meeting the requirements listed on Exhibit "B" attached hereto. The following provisions apply to any and all letters of credit provided by Lessee under this Agreement:

7.15.2.2.1 Lessee shall cause the original letter of credit to be delivered to Lessor's financial services general manager.

7.15.2.2.2 Lessee shall pay all costs associated with the letter of credit, regardless of the reason or manner such fees are required.

7.15.2.2.3 Within fourteen (14) days after Lessor gives Lessee notice that Lessor has drawn on the letter of credit, Lessee shall cause the letter of credit to be replenished to its prior amount.

7.15.2.2.4 Lessor may draw on the letter of credit upon any Event of Default, and in the following circumstances whether or not they are an Event of Default:

7.15.2.2.4.1 Lessee fails to cause the letter of credit to be renewed, extended, increased in amount or otherwise maintained as required by this Agreement.

7.15.2.2.4.2 Lessee fails to make monetary payments required under this Agreement.

7.15.2.2.4.3 The issuer of the letter of credit fails to immediately honor a draft on the letter of credit or otherwise repudiates or fails to honor the letter of credit.

7.15.2.2.5 Lessor shall also have such additional rights regarding the letter of credit as may be provided elsewhere in this Agreement.

7.15.2.3 Written confirmation from a federally insured financial institution chosen by Lessor having offices in Maricopa County, Arizona to the effect that said institution is holding for Lessor funds (the "Construction Account") in the Funding Assurances Amount. Such funds shall be held in an interest bearing account in Lessor's name only. All interest shall remain in the Construction Account. All funds shall be owned by Lessor upon deposit in the Construction Account. Funds shall be disbursed to anyone other than Lessor only upon Lessor's notice to the institution that Lessor has received unrelated third party invoices for actual hard costs of construction labor or materials together with notice from Lessee that such funds may be disbursed. The invoices must be accompanied by a certificate from the third party that the third party has actually supplied the labor or materials to the Premises and by such additional information and things as Lessor may reasonably deem necessary to determine compliance with this Agreement. All distributions from the Construction Account shall be by check payable to Lessor or jointly payable to Lessee and the third party. Lessee shall provide to Lessor no later than the tenth day of each month a detailed statement of Construction Account activity during the preceding month. All funds will be immediately available to Lessor upon demand. At no time is Lessor required to pay or advance any funds not previously deposited by Lessee.

7.16 Contractor Assurances. In addition to the Funding Assurances, the security deposit and any other payment or performance required under this Agreement, Lessee shall at least two weeks prior to the commencement of any construction work by Lessee having an estimated cost of more than Thirty Thousand Dollars (\$30,000) provide to Lessor evidence of the following assurances in favor of Lessee that Lessee's contractors will timely and properly complete and pay all suppliers and subcontractors for the work completed (the "Contractor Assurances") as follows:

7.16.1 Contractor Assurance Amount. Each Contractor Assurance shall be in an amount (the "Contractor Assurance Amount") equal to one hundred percent (100%) of the full contract amount payable directly or indirectly to all persons for the construction work.

7.16.2 Contractor Assurances Required. Lessee's obligation to cause its contractors to provide Contractor Assurances includes both of the following:

7.16.2.1 A payment bond in favor of Lessee covering all of the contracted work.

7.16.2.2 A performance bond in favor of Lessee covering all of the contracted work.

7.16.3 Contractor Assurance Qualifications. The issuer of each Contractor Assurance must be qualified to do business and in good standing in the State of Arizona and in its home state and must have a net worth of at least three times the Contractor Assurance amount. Each Contractor Assurance shall be issued by a person acceptable to Lessor and shall also at a minimum meet the requirements of A.R.S. §§ 34-222 to 34-223, and other applicable laws.

7.17 Rules Applicable to Both Funding Assurances and Contractor Assurances. The following rules shall be applicable to both all Funding Assurances and all Contractor Assurances (collectively "Improvement Assurances"):

7.17.1 Amount Adjustment. In the event the required amount of an Tenant Improvement Assurance increases from time to time by more than ten percent (10%) above the prior amount, Lessee shall, on or before the date of the increase, deliver to Lessor an additional Tenant Improvement Assurance in the amount of such increase, or cause the existing Tenant Improvement Assurance held by Lessor to be amended to increase its amount.

7.17.2 Improvement Assurance Form. Each Tenant Improvement Assurance must be in form and substance acceptable to Lessor. The scope of Lessor's approval is to assure that the Tenant Improvement Assurance complies with this Agreement. Lessee shall deliver directly to Lessor's legal department (together with a copy to Lessor as provided for notices under this Agreement) a full and complete draft form of each Improvement Assurance and all related and supporting documentation at least thirty (30) days prior to the date the actual Tenant Improvement Assurance is required. Lessor shall give its comments concerning the draft form no later than twenty-one (21) days after receiving the draft form.

7.17.3 Tenant Improvement Assurance Claims. Lessor shall not make demand on an Improvement Assurance contrary to the provisions of this Agreement; but in the event of a dispute over Lessor's obtaining and using the benefits of an Tenant Improvement Assurance, neither Lessee, the Tenant Improvement Assurance issuer, nor any third party shall be entitled to interfere in any way (including without limitation, restraining order, injunctions or other judicial remedies, all of which are hereby unconditionally and irrevocably waived) with Lessor's obtaining or using the funds or other benefits of the Tenant Improvement Assurance. This paragraph does not apply to a construction loan commitment or the Contractor Assurances.

7.17.4 Lessor's Tenant Improvement Assurance Claim. In the event Lessee is in default or the construction is not completed or timely progressing for any reason, Lessor shall have the right to set-off, deduct and withhold an amount or otherwise make claim upon any Tenant Improvement Assurance sufficient to complete the construction and to pay all other costs and expenses related to such construction. Additionally, in such event, Lessor shall have the right to claim an amount sufficient to pay all costs of litigation, attorneys' fees and costs required by a judgment or decision relating to any contingent liability that, in the opinion of Lessor, may be outstanding at the time of termination. Further, Lessor may draw on any Tenant Improvement Assurance at any time whatsoever to satisfy any of Lessee's obligations under this Agreement. This paragraph does not apply to a construction loan commitment or the Contractor Assurances.

7.17.5 Tenant Improvement Assurance Term. Lessee shall give Lessor not less than thirty (30) days nor more than sixty (60) days advance notice of expiration or other termination of an Tenant Improvement Assurance. Any replacement Tenant Improvement Assurance must be delivered to Lessor at least thirty (30) days before expiration of the Tenant Improvement Assurance being replaced. Any replacement Tenant Improvement Assurance must meet all requirements of this Agreement. No Tenant Improvement Assurance may be modified without Lessor's consent.

7.18 Release of Tenant Improvement Assurance. Within thirty (30) days after the last to occur of the following, Lessor shall deliver to Lessee notice that the Tenant Improvement Assurance is released: i) Lessee's completion of the Lessee Tenant Improvements, ii) Lessee's payment of all design, construction, and all other amounts to be paid in connection with construction of the Lessee Tenant Improvements, iii) Lessee's performance and payment of all

other obligations related to the Tenant Improvement Assurance and the construction, payment and other obligations thereto, and iv) Lessee's giving to Lessor notice requesting the release stating that the preceding conditions have been satisfied along with such supporting documentation as Lessor may reasonably require. This paragraph does not apply to a construction loan commitment or the Contractor Assurances.

VIII. LESSEE'S INITIAL PROJECT CONSTRUCTION

8 Lessee's Initial Project Construction. As of the date of this Agreement, Lessee does not propose to construct new Lessee Tenant Improvements.

IX. MAINTENANCE AND UTILITIES

9 Maintenance and Utilities. Except as expressly provided below, Lessee shall be solely responsible for all maintenance, repair and utilities for the Premises during the term of this Agreement.

9.1 Temporary Maintenance by Lessor. In order to assure proper construction of the Premises, during the Warranty Period granted as a part of the Construction Contract, Lessor shall be responsible for any structural repairs considered necessary, including, but not limited to, repairs to walls, the roof, plumbing, electrical, and HVAC. Lessee is responsible to maintain and repair any other utilities Lessee may install upon the Premises. Upon expiration of the Construction Contract Warranty period, Lessee shall be responsible for all repairs to the hangar facility, including repairs to walls, the roof, plumbing, electrical, and HVAC. Lessor will assign to Lessee, if permitted under the warranty documents, any mechanical warranties that extend beyond the construction warranty period.

9.2 Utility Interruptions. Lessor is not responsible for any interruption of utilities to or upon the Premises or other difficulties related to utilities at the Premises. Without limitation:

9.2.1 Lessor is not responsible for utility interruptions caused outside the Premises.

9.2.2 Lessor is not responsible for utility interruptions not caused directly by Lessor's negligence.

9.2.3 Lessor is not responsible for the acts, breach, errors or omissions of any provider or consumer of electrical service or other utilities to the Premises.

9.3 Utility Costs. Lessee shall pay all charges, fees, deposits and other amounts for all water and sewer services, natural gas, air conditioning, heating, electricity, and other utilities used at the Premises during the term of this Agreement.

9.4 Maintenance by Lessee. Lessee shall at all times repair, maintain and replace the Premises and all of Lessee's facilities thereat at Lessee's sole expense in a first-class, sound, clean and attractive manner, meeting or exceeding the manner of maintenance at first class comparable facilities in the western United States as determined in Lessor's reasonable discretion. Such Lessee obligations extend to any improvements Lessee may construct on public lands outside the Premises unless Lessor expressly gives Lessee written notice

otherwise. By way of example and not limitation, Lessee shall be responsible for the following minimum requirements:

9.4.1 General. Lessee shall perform all irrigation, landscape, building and other maintenance required to operate the Premises in a first class manner and appearance, landscaping, upkeep, repair and refurbishing, cleanliness and healthy vegetation.

9.4.2 Trash. Adequate and sanitary handling and disposal, away from the Premises and the Airport, of all trash, garbage and other refuse related to Lessee's use of the Premises. Without limitation, Lessee shall provide and use suitable covered receptacles for all trash and other refuse related to Lessee's use of the Premises. Piling of boxes, cartons, barrels, debris or other items outside the Premises or in a manner visible from outside the Premises or in a manner visible to areas open to the public is prohibited. Lessee shall contract for a large metal roll-off dumpster service at the Premises. The area in which trash containers are stored shall be kept clean and free of all trash and debris and shall be shielded from public view.

9.4.3 Recycling. Lessee shall comply with such paper, plastic or other recycling or conservation programs Lessor may establish for the Airport from time to time.

9.5 Common Areas. Lessee shall maintain and repair, at its sole expense, and in a first-class, sound, clean, and attractive manner that meets or exceeds the manner of maintenance at first class comparable facilities in the western United States as determined in Lessor's reasonable discretion, all parking areas, driveways, entrances and exits thereto, sidewalks, ramps, landscaped areas, replacing plants and shrubs when necessary, sprinkler systems, exterior stairways, restrooms and all other Common Areas and facilities provided by Lessor for the common use of Lessee, its officers, agents, employees and customers.

X. BREACH BY LESSEE

10 Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and shall cause all persons using the Premises or claiming through or under Lessee or this Agreement to do the same. Lessee's failure to do so shall be a breach by Lessee of this Agreement.

10.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

10.1.1 If Lessee shall be in arrears in the payment of Rent and shall not cure such arrearage within ten (10) days after Lessor has notified Lessee in writing of such arrearage.

10.1.2 The occurrence of any default or other failure by Lessee to perform all obligations under any of the Site Documents.

10.1.3 If Lessee shall fail to operate the facilities as herein required for a period of three (3) consecutive days or a total of five (5) days within any calendar year without Lessor's prior written approval.

10.1.4 If Lessee shall abandon the Premises or this Agreement.

10.1.5 If Lessee shall be the subject of a voluntary or involuntary bankruptcy, insolvency or similar Proceeding or if any general assignment of any of Lessee's property shall be made for the benefit of creditors (collectively a "Lessee Insolvency").

10.1.6 If any representation or warranty made by Lessee in connection with this Agreement or the negotiations leading to this Agreement shall prove to have been false in any material respect when made.

10.1.7 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals pertaining to the Premises or timely pay any taxes pertaining to the Premises and shall not cure such failure within thirty (30) days. If Lessee fails to assure that its sublessee(s) have, at all times under any sublease, the necessary licenses, permits, or other governmental approvals pertaining to their operations or occupancy of the Premises.

10.1.8 If Lessee shall fail to replace with a new Letter of Credit, the Letter of Credit that the issuer has elected not to renew, on or before the expiration date.

10.1.9 If Lessee shall fail or neglect to do or perform or observe any other provisions contained herein on its part to be kept or performed and such failure or neglect to do or perform or observe any of such other provisions shall continue for a period of thirty (30) days after Lessor has notified Lessee in writing of Lessee's default hereunder. In the event of a cure which cannot be completed within thirty (30) days, Lessee shall have an extended cure period as follows:

10.1.9.1 Lessee shall complete the cure within the shortest period that may be possible, but in no event later than ninety (90) days after Lessor's initial notice.

10.1.9.2 As soon as reasonably possible, but in no event later than the end of the initial thirty (30) day period, Lessee shall give to Lessor notice describing the non-performance, Lessee's proposed cure, the time required for the proposed cure and the reason the cure cannot be effected within the initial thirty (30) day period. Lessee shall thereafter give to Lessor such notices as are necessary to keep Lessor thoroughly apprised of the status of the cure.

10.1.10 If Lessee shall repeatedly fail to perform any requirement of this Agreement.

10.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

10.2.1 Lessor's right to terminate this Agreement for nonpayment of Rent or for any other Event of Default is hereby specifically provided for and agreed to.

10.2.2 Without demand or notice, enter into and upon the Premises or any part thereof, and repossess the same of its former estate, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

10.2.3 Claim and enforce a lien upon Lessee's property at the Premises securing all of Lessee's obligations hereunder.

10.2.4 Cause a receiver to be appointed for the Premises and for the continuing operation of Lessee's business thereon.

10.2.5 Pay or perform, for Lessee's account and at Lessee's expense, any or all payments, or performances required hereunder to be paid or performed by Lessee.

10.2.6 Abate at Lessee's expense any violation of this Agreement.

10.2.7 Pursue at Lessee's expense any and all other remedies, legal or equitable, to which Lessor may be entitled.

10.2.8 Refuse without any liability to Lessee therefore to perform any obligation imposed on Lessor by this Agreement.

10.2.9 Be excused from further performance under this Agreement.

10.2.10 Insist upon Lessee's full and faithful performance under this Agreement and upon Lessee's full and timely payment of all Rent during the entire remaining term of this Agreement.

10.2.11 Assert or exercise any other right or remedy permitted by law.

10.3 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent Lessor from declaring a default for any succeeding or continuing breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or paragraph) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS PARAGRAPH.

10.4 Reimbursement of Remedies Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

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10.5 Inspection. Lessor shall have access to the Premises at all times and upon reasonable notice (except, in the event of an emergency without notice) for the purpose of examining, inspecting, evaluating, planning, repairing, designing, maintaining or showing the Premises or exercising Lessor's other rights hereunder. Lessee shall promptly undertake appropriate action to rectify any deficiency (identified by Lessor during such inspections or otherwise) in Lessee's compliance with this Agreement.

XI. TERMINATION

11 Rights at Termination. Termination of this Agreement due to Lessee's breach or for any other reason does not terminate Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or in any way terminate any of Lessee's liability related to this Agreement.

11.1 Delivery of Possession. At the expiration of the term hereof or upon any sooner termination thereof, Lessee shall without demand, peaceably and quietly quit and deliver up the Premises to Lessor thoroughly cleaned, in good repair, and with all utilities operating, with the Premises maintained and repaired and in as good order and condition, reasonable use and wear excepted, with the Premises as the same now are or in such better condition as the Premises may hereafter be placed. Upon termination, Lessee shall deliver to Lessor any security deposits, prepaid rents, or other amounts for which Lessor deems a claim may be made respecting the Premises.

11.2 Confirmation of Termination. Upon expiration or termination of this Agreement for any reason, Lessee shall provide to Lessor upon demand quit claim deeds covering the Premises executed by Lessee and by all persons claiming through this Agreement or Lessee any interest in or right to use the Premises.

11.3 Disposition of Lessee's Equipment. All personal property owned or used by Lessee (excluding money and business records) at the Premises under this Agreement shall be divided into two categories ("Attached Items" and "Unattached Items").

11.3.1 Attached Items are any and all fixtures and structural or permanent improvements placed upon the Premises together with all pipes, fences, conduits, traffic bumpers, pumps, valves, sprinklers, meters, controls, air conditioners, heaters, water heaters and all other mechanical systems and their components, monitors, timers, utility lines and all other equipment and personal property of every description attached in any way to the Premises or installed at a fixed location upon the Premises together with every part of the utility systems serving the Premises, whether or not located upon the Premises. The Attached items include all fuel tanks, pumps, hoses, nozzles, and related items except fuel trucks. The Attached Items exclude air compressors, even if they are installed at a fixed location at the Premises.

11.3.2 Unattached Items are all fixtures, furniture, furnishings, equipment and other personal property located at the Premises excluding Attached Items.

11.4 Fixtures and Improvements. Upon termination of this Agreement through expiration, default or otherwise, if the same has not occurred earlier, title to any and all Attached Items shall automatically vest in Lessor without any payment by Lessor or any compensation to Lessee and without requirement of any deed, conveyance, or bill of sale. However, if Lessor shall request any documents in confirmation thereof, Lessee shall promptly execute, 14330124v1

acknowledge, and deliver the same. Unattached Items owned by Lessee shall continue to be owned by Lessee.

XII. INDEMNITY AND INSURANCE

12 Indemnity and Insurance. Lessee shall insure the Premises and its property and activities at and about the Premises and shall provide insurance and indemnification as follows:

12.1 Insurance Required. Prior to entering, occupying or using the Premises in any way at all times thereafter, and in any event not later than the date thirty (30) days after the date of this Agreement, and at all times thereafter Lessee shall obtain and cause to be in force and effect the following insurance:

12.1.1 Commercial General Liability. Commercial general liability insurance with a limit of Five Million Dollars (\$5,000,000) for each occurrence and a Five Million Dollar (\$5,000,000) general aggregate limit per policy year. If a loss is reported to or becomes known by Lessee that has an impact on the annual aggregate, Lessee shall cause the annual aggregate limit to be reinstated for the remainder of the policy term affected by the impairment. The policy shall cover liability arising from premises, operations, independent contractors, products, completed operations, personal injury, bodily injury, advertising injury, any medical professionals based on the Premises, and liability assumed under an "insured contract" including this Agreement. The policy will cover Lessee's liability under the indemnity provisions of this Agreement. The policy shall contain a "separation of insureds" clause.

12.1.2 Automobile Liability. Commercial business automobile liability insurance with a limit of Five Million Dollars (\$5,000,000) for each occurrence covering any and all owned, hired, and non-owned vehicles assigned to or used in any way in connection with Lessee's use of the Premises. Without limitation, all of such insurance shall cover hazards of motor vehicle use for loading and off-loading. If applicable, an MCS 90 endorsement covering Toxic Substances is required providing Five Million Dollars (\$5,000,000) per occurrence limits of liability for bodily injury and property damage.

12.1.3 Workers' Compensation. Such workers' compensation and similar insurance as is required by law and employer's liability insurance with a minimum limit of Five Hundred Thousand Dollars (\$500,000) for each accident, Five Hundred Thousand Dollars (\$500,000) disease for each employee, One Million Dollars (\$1,000,000) policy limit for disease.

12.1.4 Special Perils or All Risk Property Coverage. Lessee shall maintain Special Risk Causes of Loss Property coverage, as defined by Insurance Services Office, Inc., in an amount per occurrence equal to the full replacement cost of the Premises and all personal property used in connection with the Premises. Property coverage shall include Pollutant Clean Up and Removal with minimum limits of coverage of \$50,000.

12.1.5 Environmental Impairment Liability. Lessee shall maintain Environmental Impairment Liability coverage for any fuel storage facility, tank, underground or aboveground piping, ancillary equipment, containment system or structure used, controlled, constructed or maintained by Lessee in the amount of \$1,000,000 Each Incident, \$2,000,000 Aggregate. The policy shall cover on-site and off-site third party bodily injury and property damage including expenses for defense, corrective action for storage tank releases and clean up for storage tank releases.

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12.1.6 Boiler and Machinery Insurance. Boiler and machinery insurance in the amount of the full replacement cost of all machinery and mechanical equipment.

12.1.7 Contractor's Protective. With respect to any construction involving the Premises, Lessor's and contractor's protective insurance covering the interests of contractors, Lessor and Lessee, with a minimum limit of One Million Dollars (\$1,000,000) for each occurrence and a Two Million Dollars (\$2,000,000) general aggregate limit per policy year. This coverage may be included with the commercial general liability coverage.

12.1.8 Builders' Risk Property Insurance. If applicable, Builders' risk insurance in the amount of the entire cost of the Project or other construction work at or related to the Premises as well as subsequent modifications thereto. Such builder's risk insurance shall be maintained until final payment for the construction work and materials has been made and until no person or entity other than Lessee and Lessor has an insurable interest in the Premises, whichever is later. This insurance shall include the interests of Lessor, Lessee, and all subcontractors and sub-subcontractors involved in any Lessee's Tenant Improvements or other construction work at or related to the Premises during the course of any construction, and shall continue until all work is completed and accepted by Lessee and Lessor. Lessee bears full responsibility for loss or damage to all work being performed and to works under construction. Builders' risk insurance shall be on special form (all-risk) policy form and shall also cover false work and temporary buildings and shall insure against risks of direct physical loss or damage from external causes including debris removal and demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for architect's service and expenses required as a result of such insured loss and other "soft costs". Builders' risk insurance must provide coverage from the time any covered property comes under Lessee's control and/or responsibility, and continue without interruption during construction or renovation or installation, including any time during which the covered property is being transported to the construction installation site, and while on the construction or installation site awaiting installation. The policy will continue to provide coverage when the covered Premises or any part thereof is occupied. Builders' risk insurance shall be primary and not contributory.

12.1.8.1 Lessor shall carry Builders' Risk Property insurance for all construction work required to be undertaken by Lessor under the terms of this Agreement in accordance with the provisions of Section 12.1.8 hereof.

12.1.9 Rental Insurance. Insurance against loss of rental income from the Improvements arising out of fire or the perils covered by the broad form of extended coverage, in an amount which is not less than the greater of One Hundred Fifty Thousand Dollars (\$150,000) or six times the average monthly Rent paid by Lessee during the immediately preceding twelve (12) months. In the event that the Improvements shall be destroyed or damaged, the proceeds of such insurance shall be applied in payment of the Rent until such time as the Improvements shall have been restored and placed in operation. The amount of such proceeds to be applied to the monthly Rent for a given month shall be equal to the difference between the amount of monthly Rent (if any) paid by Lessee for such month, and the amount of monthly Rent paid by Lessee for the same month of the year immediately preceding.

12.1.10 Hangar Keeper's Liability. Lessee shall carry Hangar Keeper's Liability coverage covering the portions of the Premises used for aircraft storage in an amount

equal to the full replacement cost of aircraft subject to loss or damage while in the care, custody, or control of Lessee for safekeeping, storage, service, or repair.

12.1.11 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers, directors, and agents (collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises. Likewise, Lessor may elect by notice to Lessee to increase the amount of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent amount of insurance to be provided.

12.2 Form of Insurance. All insurance policies shall meet the following requirements:

12.2.1 All policies except workers' compensation must name Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement. Lessor may give Lessee notice of Lessor's election from time to time that any or all the Additional Insureds not be named as Additional Insureds with respect to specific insurance coverages.

12.2.2 All property policies must name Lessor as a loss payee.

12.2.3 Lessee or Lessee's Insurer shall provide Lessor with at least thirty (30) days prior notice of any cancellation, reduction or other material change in coverage.

12.2.4 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

12.2.5 "Occurrence" coverage is required. "Claims made" insurance is not permitted except for Environmental Impairment Liability and employment liability insurance.

12.2.6 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted from the Premises.

12.2.7 All insurance policies shall contain a waiver of any transfer rights of recovery (subrogation) against Lessor and all other Additional Insureds.

12.2.8 No deductibles, retentions, or "self-insured" amounts shall exceed Seven Hundred Fifty Thousand Dollars (\$750,000) in the aggregate per year, per policy. If Lessee desires higher deductibles, retentions, or "self-insured" amounts, Lessee shall notify Lessor in writing not more often than once per year requesting a change in the amount. Lessor shall have the right to accept, modify, limit, or reject Lessee's request. Lessee shall be solely responsible for any self-insurance amount or deductible. Lessor may require Lessee from time to time to secure payment of such deductible or self-insured retention by a surety bond or irrevocable and unconditional letter of credit.

12.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor certificates of insurance annually and with each change in insurance. Certificates must evidence that the policy referenced by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, certificates must indicate that Lessor and the other Additional Insureds are additional insureds and that

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insurance proceeds will be paid as required by this Agreement. Certificates must be in a form acceptable to Lessor. All certificates are in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

12.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified unlicensed non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++ 6.

12.5 Primary Insurance. Lessee's insurance shall be primary insurance. Any insurance or self-insurance maintained by Lessor shall not contribute to Lessee's insurance.

12.6 Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this paragraph are completely resolved, Lessee shall pay, indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises and/or this Agreement (the "Indemnity"). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings) which may arise in any manner out of any use of the Premises or Lessor's property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation, claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. The Indemnity shall also include and apply to any environmental, personal injury or other liability relating to Lessor's or Lessee's acquisition, ownership or use of real property developed, operated, owned, used, controlled or possessed by Lessor or Lessee under this Agreement.

Notwithstanding the foregoing, the Indemnity does not apply to:

12.6.1 Claims arising only from the sole negligence of Lessor.

12.6.2 Claims that the law prohibits from being imposed upon Lessee.

12.7 Risk of Loss. Lessor is not required to carry any insurance covering or affecting the Premises or use of Lessor's property related to this Agreement. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessor expressly disclaims any representation that required insurance is adequate to protect any person or property against any risks related to the Premises or any activities, uses or improvements related to the Premises. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance

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are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. Lessee shall be responsible for any and all damages to its property and equipment related to this Agreement and shall hold harmless and indemnify Lessor regardless of the cause of such damages. In the event Lessee secures other insurance related to the Premises or any improvements, property or uses related thereto, Lessee shall effect an endorsement under such policy waiving any and all insurer's rights of subrogation against Lessor and the other Additional Insureds.

12.8 Insurance to be Provided by Lessees, Sublessees, and Others. Any sublessees, contractors, or other persons occupying, working on or about, or using the Premises pursuant to this Agreement must also provide for the protection of Lessor and all other Additional Insureds all of the insurance and indemnification required by this Agreement. The preceding sentence does not require such persons to provide insurance that merely duplicates insurance Lessee provides. Lessee shall cause any persons basing aircraft at the Premises to name Lessee, Lessor, and the Additional Insureds as additional insureds under their aircraft liability policies. Such policies shall contain waivers of subrogation as to Lessee and Lessor and the other Additional Insureds. Lessee shall execute a written agreement with Subcontractors, Sublessees, or others occupying, working on or about, or using the Premises pursuant to this Agreement containing the same Indemnification Clause and Insurance Requirements set forth herein protecting Lessor and Lessee. Lessee shall be responsible for executing the agreement with any Sub-Lessees, Subcontractors or others occupying the Premises and obtaining Certificates of Insurance verifying the insurance requirements.

XIII. CONDEMNATION

13 Condemnation. The following shall govern any condemnation of any part of or interest in the Premises (the "Part Taken") and any conveyance to a condemnor in avoidance or settlement of condemnation or a threat of condemnation:

13.1 Termination as to Part Taken. This Agreement shall terminate as to the Part Taken on the date (the "Condemnation Date"), which is the earlier of the date title to the Part Taken vests in the condemnor, or the date upon which the condemnor is let into possession of the Part Taken. Lessee shall execute and deliver to Lessor deeds or other instruments reasonably requested by Lessor conveying and assigning to Lessor Lessee's entire interest in the Part Taken. In the event of a partial taking, this Agreement shall continue in full force and effect as to the part of the Premises not taken.

13.2 Determining Partial or Total Condemnation. A condemnation of the Premises which renders the Premises unsuitable for the Permitted Uses (an "Interfering Condemnation"), or which takes the entire Premises, shall be deemed to be a total condemnation. Any other condemnation shall be a partial condemnation. Within fifteen (15) days after the commencement of any condemnation, Lessee and Lessor shall each give to the other a notice stating its respective opinion as to whether the condemnation is total or partial and the reasons for the opinion. Within fifteen (15) days thereafter, Lessor shall determine in Lessor's reasonable discretion whether the condemnation is total or partial.

13.3 Rent Adjustment. In the event of a partial condemnation, Base Rent shall be reduced by a percentage equal to the percentage of the Premises land area taken. The effective date of the Base Rent adjustment shall be the Condemnation Date.

13.4 Condemnation Proceeds. Lessee hereby assigns and transfers to Lessor Lessee's entire interest in all condemnation damages, interest, severance damages, and any other payments or proceeds of any kind relating to the condemnation (collectively the "Condemnation Proceeds"). Lessee shall execute and deliver to Lessor assignments or other instruments reasonably requested by Lessor confirming such assignment and transfer. Lessee shall immediately pay to Lessor any Condemnation Proceeds Lessee may receive. The Condemnation Proceeds shall not include relocation benefits awarded specifically to Lessee to cover expenses of relocating Lessee's business located at the Premises at the time of the condemnation. Such relocation benefits shall be owned by and paid directly to Lessee only.

13.5 Proceeds Account Deposit. Separate and apart from any condemnation action, Lessor shall deposit into the Proceeds Account (the "Condemnation Deposit") a portion of the Condemnation Proceeds (the "Condemnation Deposit Amount") as follows:

13.5.1 The Condemnation Deposit Amount shall be calculated as follows:

13.5.1.1 First, begin with the actual original capital cost paid by Lessee to construct the Lessee's Tenant Improvements condemned.

13.5.1.2 Second, adjust such actual cost based on the Cost of Living Index in the same manner provided for adjustment of Base Rent.

13.5.1.3 Third, reduce said adjusted actual cost by five percent (5%) for each year or portion of a year having passed from the time of construction.

13.5.1.4 Fourth, subtract any amount necessary to insure that the Condemnation Deposit Amount does not exceed the net amount actually received by Lessor with respect to such Lessee's Tenant Improvements.

13.5.2 Lessor shall make the Condemnation Deposit within ten (10) days after Lessor receives the condemnation proceeds.

13.6 Lessee's Condemnation Work. In the event of a partial condemnation, Lessee shall restore the remainder of the Premises to its condition at the time of such condemnation less the portion lost in the taking. In the event of an Interfering Condemnation, Lessee shall perform such demolition or restorative work upon the remaining Premises as Lessor may direct, except that the cost of such work shall not exceed the cost of demolishing the improvements then existing upon the remaining Premises. Disbursements from the Proceeds Account shall be subject to the rules applicable to the Proceeds Account. Notwithstanding the preceding sentence, any portion of the Condemnation Deposit remaining in the Proceeds Account after the work is completely paid for and any claims by Lessor against Lessee are satisfied shall be disbursed to Lessee.

13.7 Power to Condemn. Lessee acknowledges that Lessor and others from time to time may use the power to condemn the Premises or any interest therein or rights thereto. Lessor has not relinquished any right of condemnation or eminent domain over the Premises. Lessor does not warrant that Lessor will not condemn the Premises during the term of this Agreement, but Lessor does not presently have intentions to condemn the Premises.

XIV. DAMAGE TO OR DESTRUCTION OF PREMISES

14 Damage to or Destruction of Premises. The following provisions shall govern damage to the Premises:

14.1 Damage to Entire Premises. If the Premises are partially damaged by fire, explosion, the elements, the public enemy, or other casualty, and the cost of restoring the damage would exceed fifty percent (50%) of the then estimated cost of constructing all improvements upon the Premises, Lessee shall have a ninety (90) day period following such damage to notify Lessor that Lessee elects to terminate this Agreement. Such notice shall not be effective unless it is also signed by the Primary Lienholder, if any. Lessee's failure to give such notice shall constitute Lessee's election not to terminate this Agreement. In the event of damage to the Premises to a lesser degree or extent this Agreement shall not terminate.

14.2 Restoration Work. Whether or not this Agreement is terminated, Lessee shall perform certain construction work at Lessee's expense ("the Restoration Work"). If this Agreement is terminated, the Restoration Work shall be all engineering, design and construction work necessary to demolish, clear and clean the Premises to the extent and as directed by Lessor. If this Agreement is not terminated, then the Restoration Work shall be all engineering, design and construction work necessary to restore the Premises to the condition existing prior to the damage.

14.3 Restoration Process. Lessee's performance of the Restoration Work shall be subject to the same approval process and other requirements as for Lessee's Tenant Improvements. Lessee shall perform the Restoration Work with due diligence and at Lessee's sole cost and expense.

14.4 Insurance Proceeds. All property insurance proceeds (whether actually paid before or after termination of this Agreement) shall be paid directly to Lessor and owned by Lessor. Lessor shall deposit said proceeds in an account (the "Proceeds Account") with a federally insured financial institution having offices in Maricopa County, Arizona. The preceding sentence does not apply to insurance proceeds of aircraft, vehicles or other personalty not attached to the Premises. The Proceeds Account shall be an interest bearing account in Lessor's name only. All interest shall remain in the Proceeds Account. All funds will be immediately available to Lessor upon demand. At no time is Lessor required to pay or advance any funds not in the Proceeds Account.

14.5 Proceeds Account Use Priorities. The Proceeds Account funds shall be used for the following purposes:

14.5.1 Funds in the Proceeds Account shall be used only for paying for the Restoration Work until the cost of the Restoration Work has been disbursed by Lessor to Lessee or to third parties in connection with the Restoration Work. Inadequacy of funds in the Proceeds Account does not excuse Lessee from Lessee's obligation to perform the Restoration Work.

14.5.2 A certain payment (the "Regulatory Payment") to Lessee, if required by this Agreement.

14.5.3 Funds in the Proceeds Account shall next be used for compensating Lessor for the loss of the Premises and use of the Premises, protecting Lessor, the Premises

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and Lessor's property from every other loss or exposure suffered by Lessor due to the damage, and satisfying any of Lessee's obligations then due hereunder.

14.5.4 Any remaining funds in the Proceeds Account shall be distributed as follows:

14.5.4.1 If this Agreement is not terminated, then any remaining funds in the Proceeds Account (the "Type 2 Funds") shall be distributed to Lessee and any other interested parties as their interests may appear.

14.5.4.2 If this Agreement is terminated, then any remaining funds in the Proceeds Account shall be distributed to Lessor.

14.6 Regulatory Payment. Lessee shall receive a Regulatory Payment if and only if certain regulatory changes ("Major Regulatory Changes") occur. Whether Lessee receives the Regulatory Payment, and the amount of the Regulatory Payment, shall be determined as follows:

14.6.1 Major Regulatory Changes are one or more additional future regulatory burdens (such as future increased burdens under the Americans with Disabilities Act or a future outright prohibition on reconstructing the damaged improvement) that, after the date the damaged improvement was constructed (or construction was stopped because of the damage), are imposed upon the Restoration Work that would be necessary to restore the damaged improvement and which in the aggregate either:

14.6.1.1 Prohibit the Restoration Work that would be required to restore the damaged improvement; or

14.6.1.2 Increase the cost of such work such that the uninsured portion of the cost of such work exceeds more than the greater of i) Five Hundred Thousand Dollars (\$500,000) or ii) twenty percent (20%) of the total amount that such work would have cost in the absence of the Major Regulatory Changes. Lessor in Lessor's sole and absolute discretion may elect to contribute to the cost of such work in order to reduce the uninsured portion of the cost of the work to twenty percent (20%) or to Five Hundred Thousand Dollars (\$500,000), as the case may be.

14.6.2 In the event Lessee receives a Regulatory Payment due to a Major Regulatory Change, the amount of the Regulatory Payment shall be calculated as follows:

14.6.2.1 Begin with the lesser of the actual original cost to construct the damaged improvement which is not rebuilt because of the Major Regulatory Change, or the amount of insurance proceeds deposited into the Proceeds Account with respect to such improvements.

14.6.2.2 Calculate an amortization figure by dividing said original cost or amount deposited by the number of whole years (not calendar years) that were remaining in the term of this Agreement (including any extensions) at the time the improvements were completed (or construction was stopped because of the damage).

14.6.2.3 Calculate the amount of the Regulatory Payment by subtracting from said original cost or amount of insurance proceeds deposited a number that is derived by multiplying the amortization figure by the number of whole years that passed from the date of completion to the date of destruction.

14.6.3 The portion of the Regulatory Payment attributable to each building or other improvement shall be calculated separately.

14.5.4 The Regulatory Payment shall not be Type 2 Funds.

14.7 Use of Proceeds Account for Restoration Work. The following shall govern disbursement of funds from the Proceeds Account for the Restoration Work:

14.7.1 All distributions from the Proceeds Account shall be by check payable to Lessor or jointly payable to Lessee and the third party.

14.7.2 Lessee's applications for payment shall be prepared according to a schedule of values for the work prepared by Lessee's architect, subject to Lessor's reasonable approval.

14.7.3 Funds shall be disbursed within fourteen (14) days after Lessor has received notice from Lessee requesting that such funds be disbursed. Such notice shall be accompanied by the following:

14.7.3.1 A description of the work completed.

14.7.3.2 Unrelated third party invoices for design, engineering or related professional services rendered or actual hard costs of demolition or construction labor or materials.

14.7.3.3 Certificates from the third party payee that the third party has actually supplied the labor or materials to the Premises.

14.7.3.4 Appropriate mechanics and materialmen's lien waivers.

14.7.3.5 Such additional documentation and confirmations as Lessor may reasonably deem necessary to confirm compliance with this Agreement.

14.7.4 The Proceeds Account shall qualify as a satisfactory Funding Assurance.

14.8 Accelerated Funding. In order to avoid delay in completing the Restoration Work due to time constraints of the Proceeds Account, Lessee may do either or both of the following:

14.8.1 Advance its own funds (the "Reimbursable Funds") for the Restoration Work from time to time and subsequently obtain reimbursement from the Proceeds Account subject to compliance with the requirements for disbursements from the Proceeds Account. If Lessee provides receipts showing Lessee has already paid the third party payee, then checks reimbursing Reimbursable Funds to Lessee shall name only Lessee as payee.

14.8.2 Unilaterally request that Lessor make a one-time single disbursement to Lessee (the "Working Funds"). Lessee shall hold the Working Funds in a separate bank account and shall use the Working Funds only during the course of the Restoration Work to make progress payments to third parties for the Restoration Work. The amount of the Working Funds shall not exceed the greater of One Hundred Fifty Thousand Dollars (\$150,000) (which amount shall be adjusted from time to time according to the Cost of Living Index in the same manner provided for adjustment of Base Rent) or ten percent (10%) of the estimated cost of the Restoration Work. Upon completion of the Restoration Work, Lessee shall return any excess Working Funds to the Proceeds Account.

14.9 Monthly Restoration Work Report. Lessee shall provide to Lessor no later than the tenth day of each month a written report of the progress of the Restoration Work along with detailed statement of Proceeds Account, Reimbursable Funds and Working Funds activity during the preceding month.

14.10 Proceeds Account Variations. Lessee's city manager or designee shall have the authority to cooperate with Lessee's lienholder to implement variations to the requirements and administration of the Proceeds Account. Any such variations must provide to Lessor the substantive protections of the Proceeds Account afforded by this Agreement in said city manager or designee's sole and absolute discretion, must not allow insurance proceeds (except any Type 2 Funds that may be disbursed to Lessee) to be used to pay the debt, must be approved in writing in advance by said city manager or designee and by Lessor's city attorney in their sole and absolute discretion, and must otherwise be acceptable to Lessor's city manager or designee and Lessor's city attorney in their sole and absolute discretion.

XV. LESSEE'S RECORDS

15 Lessee's Records. Lessee will maintain in a secure place at Lessee's corporate headquarters within the continental United States or at a secure location within Maricopa County, Arizona proper and accurate books, records, ledgers, correspondence, and other papers and repositories of information, relating in any manner to this Agreement and to all of Lessee's obligations hereunder.

15.1 Standards for Records. Lessee shall keep and maintain all books and records relating to the Premises in accordance with generally accepted accounting principles applied on a consistent basis. Lessee shall retain all records related to this Agreement or Lessee's performances hereunder for a period of seven (7) years after the period reported in the record.

15.2 Reporting. Lessee will furnish or cause to be furnished to Lessor, as soon as the same are available, and in any event within one hundred twenty (120) days after the end of each calendar year a certificate signed by the chief financial officer or managing general partner, as the case may be, of Lessee stating that the rental revenues and related information provided during the preceding year is correct and there exists no Event of Default and no condition, event or act, which with notice or lapse of time or both, would become an Event of Default or, if any such Event of Default or any such condition, event or act exists, specifying the nature and period of existence thereof and what action Lessee proposes to take with respect thereto. Lessee shall furnish, from time to time, such financial and other information as Lessor may reasonably request pertaining to Lessee's and Lessor's respective rights and obligations with respect to this Agreement as reasonably determined by Lessor.

15.3 Right of Inspection. Until the date three (3) years after termination of this Agreement, Lessee will (i) permit and assist Lessor and its representatives at all reasonable times to inspect, audit, copy and examine, as applicable, Lessee's facilities, activities and records, (ii) cause its employees, agents and, if reasonably necessary, accountants to give their full cooperation and assistance in connection with any such visits or inspections, (iii) make available such further information concerning Lessee's business and affairs relating to the Premises as Lessor may from time to time reasonably request, and (iv) make available to Lessor at the Premises (or at the offices of Lessor within the corporate limits of the City of Scottsdale) any and all records and reasonable accommodations for Lessor's audit and inspection. The preceding sentence does not require Lessee to pay for copies Lessor requests or Lessor's employees' or other agents' time or travel expenses. Such inspection shall be limited to matters relevant to Lessor's and Lessee's rights and obligations under this Agreement and activities related to the Premises as reasonably determined by Lessor.

15.4 Records Included. Lessee's records subject to this Agreement include, but are not limited to, any and all information, materials and data of every kind and character, including without limitation, records, books, papers, documents, subscriptions, recordings, agreements, purchase orders, computer data, invoices, cash register tapes and similar records, contracts, logs, accounts, commitments, arrangements, notes, diaries, ledgers, correspondence, reports, drawings, receipts, vouchers, memoranda and any and all other agreements, sources and repositories of information and matters that may in Lessor's reasonable judgment bear on any matters, rights, duties or obligations under or covered by this Agreement or any performance hereunder. Lessee need not disclose information that does not concern the Premises or Lessor's or Lessee's rights and obligations related to the Premises in Lessor's reasonable judgment.

15.5 Costs of Audit. If an audit, inspection or examination of Lessee's performance discloses underpayments (or other adjustments in favor of Lessor) of any nature in excess of three percent (3%) of any payments or single payment, Lessee shall pay to Lessor Lessor's actual cost (based on the amount paid by Lessor, or based on reasonable charges charged by private auditors and other service providers for comparable work if the audit is performed by Lessor's employees) of the audit, inspection or examination, together with late fees, interest, and other amount payable in connection with such adjustments or payments. Any adjustments and/or payments which must be made as a result of any such audit, inspection or examination (whether or not performed in-house by Lessor), shall be made within a reasonable amount of time (not to exceed 30 days) after Lessor gives to Lessee notice of Lessor's findings.

15.6 Monthly Reports. No later than the due date for each Rent Payment for each month, but in no event later than the end of each month, Lessee shall deliver to Lessor a report containing the information described on Exhibit "C" attached hereto. Except for fuel flowage information, each such report shall indicate by highlighting or similar marking any changes from the preceding month's report.

15.7 Applicable to Sublessees. By claiming under this Agreement, sublessees and others conducting a business based at the Premises shall also be deemed to have agreed to provide to Lessor upon request information relevant to compliance with this Agreement by Lessee or others.

XVI. COMPLIANCE WITH LAW

16 Compliance with Law. Lessee shall conduct only lawful operations and activities at the Premises and at the Airport in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended and shall use and occupy the Premises in conformance with all of the same. The provisions of this Agreement obligating Lessee to comply with applicable law do not deny Lessee such right, if any, as Lessee may have under applicable law to continue a use of the Premises which was lawful (and permitted by this Agreement) when commenced. Lessee acknowledges that this Agreement does not constitute, and Lessor has not promised or offered, any type of waiver of, or agreement to waive (or show any type of forbearance or favoritism to Lessee with regard to), any law, ordinance, power, regulation, tax, assessment or other legal requirement now or hereafter imposed by the City of Scottsdale or any other governmental body upon or affecting Lessee, the Premises, the Airport or Lessee's use of the Premises or Airport. Lessee acknowledges that all of Lessee's obligations hereunder are in addition to, and cumulative upon (and not to any extent in substitution or satisfaction of), all laws and regulations applicable to Lessee. Lessee further agrees that this Agreement is not intended to diminish any performances to the City of Scottsdale that would be required of Lessee by law if this Agreement had been made between Lessee and a private citizen. Lessor has not relinquished any right of condemnation or eminent domain over the Premises. This Agreement does not impair the City of Scottsdale power to enact, apply or enforce any laws or regulations, or exercise any governmental powers, affecting in any way Lessee or the Premises. Without limiting in any way the generality of the foregoing, Lessee shall comply with all and each of the following:

16.1 Government Property Lease Excise Tax. Lessee shall be responsible for any and all property taxes and all government property lease excise taxes described in A.R.S. § 42-6201 *et seq.* or similar laws in force from time to time that are lawfully assessed against the Premises or against Lessor or Lessee with respect to the Premises. Pursuant to A.R.S. § 42-6206, failure by Lessee to pay the taxes after notice and an opportunity to cure is an event of default that could result in divesting Lessee of any interest in or right of occupancy of the Premises.

16.2 Taxes, Liens, and Assessments. In addition to all other amounts herein provided, Lessee shall pay, when the same become due and payable, all taxes and general and special fees, charges and assessments of every description which during the term of this Agreement may be lawfully levied upon or assessed against Lessee, the Premises, the operations conducted therein, any amounts paid or other performances under this Agreement by either party, and all possessory interest in the Premises and improvements and other property thereon, whether belonging to Lessor or Lessee. The preceding sentence does not apply to obligations of Lessee not related to the Premises. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes, and assessments. Lessee shall pay all sales, transaction privilege, and similar taxes which it is legally obligated to pay.

16.3 Special Supplemental Indemnity. Without limitation, the indemnities of this Agreement require Lessee to pay, indemnify, defend and hold Lessor harmless against fines or penalties for any breach of security arising from the unauthorized entry of any persons from the Premises (or their vehicles or aircraft) onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport. The preceding sentence

does not apply to persons not conducting business at the Premises or who enter the Premises using a password or gate entry card issued by Lessor.

16.4 Federal Agreements. This Agreement shall be subordinate to the provisions and requirements of any existing or future grant assurances and other agreements between the Lessor and the United States, relative to the development, operation, or maintenance of the Airport.

16.5 Based Aircraft. Lessee shall not allow to be based at the Premises any aircraft that has not been registered with the Airport to the extent required by applicable laws and regulations.

XVII. ASSIGNABILITY

17 Assignability. This Agreement is not assignable by Lessee and any assignment shall be void and create in the assignee no rights except in strict compliance with the following:

17.1 Assignments Prohibited. Every assignment of Lessee's interest in the Premises or this Agreement or any of Lessee's rights or interests hereunder is prohibited unless Lessor's consent to the assignment is contained in this Agreement or Lessee first receives from Lessor a separate notice of Lessor's consent to the assignment. References in this Agreement to assignments by Lessee shall be deemed also to apply to all of the following transactions, circumstances, and conditions:

17.1.1 Any voluntary or involuntary assignment, conveyance, transfer or sublease of the Premises or any interest therein or any rights under this Agreement.

17.1.2 Any voluntary or involuntary pledge, lien, mortgage, security interest, judgment, deed of trust, claim or demand, whether arising from any contract, any agreement, any work of construction, repair, restoration, maintenance or removal, or otherwise (collectively "Liens").

17.1.3 The use, occupation, management, control, or operation of the Premises or any part thereof by others.

17.1.4 Any transfer of membership interests, corporate stock or any other direct or indirect transfer of the majority of the ownership, management or control of Lessee except transfers caused by the death of a shareholder or other owner.

17.1.5 Any assignment by Lessee for the benefit of creditors, voluntary or involuntary.

17.1.6 Any bankruptcy or reorganization of Lessee not completely resolved in Lessee's favor within one hundred twenty (120) days after it is initiated.

17.1.7 The occurrence of any of the foregoing by operation of law or otherwise.

17.1.8 The occurrence of any of the foregoing with respect to any assignee or other successor to Lessee except for sublessees.

17.2 Effect of Assignment. No action or inaction by Lessor shall be deemed a waiver of the prohibition on assignments or any other provision of this Agreement or the acceptance of the assignee, sublessee, or occupant as Lessee, or a release of Lessee from the further performance by Lessee of the provisions of this Agreement. The consent by Lessor to an assignment shall not relieve Lessee from obtaining Lessor's consent to any further assignment. No assignment shall release Lessee from any liability hereunder except that Lessee shall be released from future obligations under this Agreement in the event of a complete assignment of Lessee's entire interest made with Lessor's consent. This Agreement shall also run with the land and continue to be a burden upon the Premises and every interest therein in favor of Lessor.

17.3 Enforceability after Assignment. This Agreement shall control any conflict between this Agreement and the terms of any assignment. Upon execution of this Agreement, and upon each subsequent assignment, Lessee shall provide a complete copy of this Agreement and any amendments to each sublessee or other assignee.

17.4 Grounds for Refusal. No assignments of this Agreement are contemplated or bargained for except for those to which Lessor has given consent in this Agreement. Lessor has the absolute right for any reason or for no reason in its sole discretion to give or withhold consent to any assignment or to impose any conditions upon any assignment, except as expressly provided in this Agreement.

17.5 Form of Assignment. Any permitted assignment or subletting shall be by agreement in form and content acceptable to Lessor. Assignees other than sublessees shall assume this Agreement. In the event Lessor terminates this Agreement due to a default by Lessee, Lessor at Lessor's sole option may succeed to the position of Lessee as to any sublessee or assignee of Lessee without liability for any prior breaches or performances.

17.6 Employees. Lessee's hiring and discharging of employees shall not constitute a change of management amounting to an assignment of this Agreement by Lessee.

17.7 Liens Prohibited. Notwithstanding the prohibition on Liens, Lessee is permitted with Lessor's consent to impose a single mortgage or deed of trust (the "Primary Lien") upon Lessee's leasehold interest in the Premises under this Agreement to secure a loan obtained by Lessee to obtain funds for Lessee to use to construct Tenant Improvements.

17.8 Lien Payment. Lessee shall pay all Liens as the same become due, and in any event before any action is brought to enforce the Lien. Lessee agrees to pay, indemnify, defend, and hold Lessor and the Premises free and harmless from all liability and against any and all Liens, together with all costs and expenses in connection therewith, including attorney's fees. Lessor shall have the right at any time to post and maintain on the Premises such notices, pay such amounts, file or record such notices, or take such other actions, as Lessor may deem necessary to protect Lessor and its property interests against all Liens. Every Lien shall cover Lessee's entire leasehold interest in this Agreement and the Premises.

17.9 Lien Priorities. In no event shall any Lien (whether arising before, concurrent with, or after the date of this Agreement) cover, affect or have any priority higher than or equal to any of Lessor's rights in the Premises or under this Agreement at any time.

17.10 Lessor's Rights to Pay Lienholder. Prior to foreclosure, deed in lieu, or the conclusion of other enforcement of a Lien, Lessor shall have the right at any time to purchase any Lien, by payment to the holder of the Lien the amount of the unpaid debt, plus any accrued and unpaid interest.

17.11 Primary Permitted Lien. The Primary Lien is subject to the following provisions:

17.11.1 Until Lessee's Tenant Improvements are completed, the Primary Lien shall not be cross-collateralized or cross defaulted with any debt or lien related to property other than the Premises. Until Lessee's Tenant Improvements are completed, the Primary Lien shall cover no interests in any real property other than Lessee's interests in the Premises and the rents and profits under any permitted subleases.

17.11.2 The holder of the Primary Lien (the "Primary Lienholder") shall promptly give notice to Lessor of the creation of the Primary Lien and any modification, renewal, termination, default or enforcement of the Primary Lien, and any notices to Lessee related thereto. Such notices shall be accompanied by true copies of the Primary Lien or other correspondence or instruments pertaining to the notice. Primary Lienholder shall notify Lessor of the address to which notices to Primary Lienholder shall be sent.

17.11.3 The Primary Lien shall contain no provisions inconsistent with or purporting to alter in any way the provisions of this Agreement. This Agreement shall control any inconsistent terms or provisions in the Primary Lien or in any document of any description related to the Primary Lien.

17.11.4 Primary Lienholder shall have a limited right to cure deficiencies in Lessee's performance under this Agreement (the "Cure Right") as follows:

17.11.4.1 The Cure Right is that, in the event of an Event of Default:

17.11.4.1.1 Lessor shall not terminate this Agreement without first giving Primary Lienholder notice of the Event of Default; and

17.11.4.1.2 Upon Lessor's giving such notice, Primary Lienholder shall have an opportunity to cure the Event of Default as specifically described herein.

17.11.4.2 The Cure Right only applies to Events of Default that are capable of cure by Primary Lienholder within one hundred eighty (180) days after Lessor's notice to Primary Lienholder. In the event of an Event of Default that cannot be cured within that time period, Primary Lienholder and/or Lessee shall have the right to call for a meeting to consult with Lessor's city manager and/or aviation director to develop a plan for curing the Event of Default. Lessor's city manager and aviation director shall each have authority to consider such a plan and give notice on behalf of Lessor extending the time period for curing the particular Event of Default in accordance with the plan.

17.11.4.3 If an event or circumstance occurs which will become an Event of Default with the passage of time or giving of notice or both, Lessor may elect to provide Primary Lienholder's notice of the Event of Default prior to, after, or

simultaneously with any notice Lessor may give to Lessee, and prior to, after, or simultaneously with the expiration of any applicable cure or grace period.

17.11.4.4 Primary Lienholder may elect to exercise the Cure Right by giving Lessor notice (a "Cure Notice") of such election not later than forty-five (45) days after Lessor's notice to Primary Lienholder. Primary Lienholder's failure to timely give a Cure Notice shall be Primary Lienholder's rejection and waiver of the Cure Right. Primary Lienholder's giving of a Cure Notice shall constitute Primary Lienholder's promise to Lessor that Primary Lienholder shall immediately undertake and diligently pursue to completion on Lessee's behalf all payments and performances necessary to cure an Event of Default and otherwise cause Lessee's performance to comply in all respects with the requirements of this Agreement. Each Cure Notice shall include payment of any and all amounts then payable to Lessor under this Agreement.

17.11.4.5 In the event Primary Lienholder exercises the Cure Right, Primary Lienholder shall immediately commence and thereafter diligently prosecute the cure to completion no later than thirty (30) days after Primary Lienholder's Cure Notice to Lessor. In the event of a cure that cannot be completed within thirty (30) days, Primary Lienholder shall complete the cure within the shortest period that may be possible, but in no event later than one hundred eighty (180) days after Primary Lienholder's Cure Notice exercising the Cure Right (or such longer period as Lessor's city manager or aviation director may allow). In the case of a Lessee Insolvency, if the Premises are operating as required by this Agreement and all payments by Lessee are current and all other defaults are cured, then the one hundred eighty (180) day period specified in the preceding sentence shall be extended to eighteen (18) months to cure the Lessee Insolvency. Such extension applies only to the Lessee Insolvency.

17.11.5 If this Agreement is terminated due to rejection by a bankruptcy trustee for Lessee, then Primary Lienholder shall have a thirty (30) day period after such rejection to give notice to Lessor that Lessee elects to obtain from Lessor a new replacement lease. Primary Lienholder's rights and obligations under the replacement lease shall be the same as those applicable to Lessee at the time of the rejection. A default by Lessee under the Primary Lien shall not amount to a default by Lessee under this Agreement.

17.11.6 Until completion of Lessee's Tenant Improvements, the Primary Lien must be held by an FDIC insured financial institution having offices in Maricopa County, Arizona, a pension fund or insurance company authorized to do business in Arizona, or sophisticated investors qualified under federal securities law to purchase unregistered securities in private placements.

17.11.7 This Agreement's provisions relating to the Primary Lien are for the sole benefit of Lessor and Primary Lienholder, and are not for the benefit of Lessee.

17.11.8 Lessee shall immediately give notice to Lessor and Primary Lienholder of any notice Lessee may receive relating to this Agreement or to the Primary Lien.

17.11.9 Primary Lienholder shall immediately give notice to Lessor and Lessee of any notice Primary Lienholder may receive relating to this Agreement or to the Primary Lien.

17.11.10 The provisions of this Agreement permitting the Primary Lien shall apply to any subsequent refinancing of the Primary Lien so long as the following requirements are satisfied:

17.11.10.1 Any replacement Primary Lien must satisfy all requirements of this Agreement.

17.11.10.2 No new Primary Lien may be created while a Primary Lien exists or is of record.

17.11.10.3 Only one Primary Lien may exist or be of record at a time.

17.11.11 Primary Lienholder shall become personally liable to perform Lessee's obligations hereunder only if and when Primary Lienholder gives a Cure Notice, becomes the owner of all or part of the leasehold estate pursuant to judicial or non-judicial foreclosure, assignment or transfer in lieu of foreclosure or otherwise, or takes possession of all or part of the Premises. The occurrence or existence of any of the foregoing shall constitute an assumption by Primary Lienholder of Lessee's obligations under this Agreement.

17.12 Confirmation of Status. By notice to the other (a "Confirmation Request Notice"), either Lessor or Lessee (the "Requesting Party") may request that the other provide to the Requesting Party written confirmation of certain matters (an "Estoppel Certificate") as follows:

17.12.1 Lessee may give a Confirmation Request Notice only when a Primary Lien is being created or assigned, when Lessee's entire interest in the Premises is being assigned, or as otherwise reasonably necessary for Lessee's business purposes. Any Confirmation Notice by Lessee must meet the following additional requirements:

17.12.1.1 The Confirmation Request Notice shall be executed and joined in by the prospective Primary Lienholder, assignee of a Primary Lien, or assignee of Lessee's entire interest in the Premises (the "Confirmation Assignee").

17.12.1.2 The Confirmation Request Notice shall describe the proposed transaction between Lessee and the Confirmation Assignee.

17.12.1.3 The Confirmation Request Notice must include warranties and representations by the Confirmation Assignee that the matters to be confirmed are true to the best of its knowledge.

17.12.1.4 The Confirmation Request Notice must include warranties and representations by Lessee that the matters to be confirmed are true and that the information contained in the Confirmation Request Notice is complete and true.

17.12.1.5 If a Primary Lien is being created or assigned, the Confirmation Request Notice must warrant and represent that the proposed Primary Lienholder and its Lien qualify in every way for Primary Lien status under this Agreement.

17.12.2 The Confirmation Request Notice must specify the matters the other party is requested to confirm. The Confirmation Request Notice shall request only that the

other party confirm whether or not one or more of the following matters are true, to the best of such other party's knowledge:

17.12.2.1 That this Agreement is in effect and has not been amended except as stated in the Confirmation Request Notice.

17.12.2.2 If Lessee is the Requesting Party, that an Event of Default by Lessee does not exist (except that Estoppel Certificates by Lessor shall exclude matters of zoning or other regulatory compliance). If Lessor is the Requesting Party, that Lessor has performed its obligations and is in compliance with this Agreement.

17.12.2.3 If a Primary Lien is being created, that upon Primary Lienholder's providing to Lessor copies of the recorded instrument creating Primary Lienholder's Primary Lien and a recorded instrument releasing any prior Primary Lien, Lessor will acknowledge Primary Lienholder as the Primary Lienholder under this Agreement.

17.12.2.4 If Lessee is the Requesting Party, that Lessor consents to the proposed transaction between Lessee and the Confirmation Assignee.

17.12.2.5 That Rent has been paid through the date set forth in the Confirmation Request Notice.

17.12.3 The other party shall provide the Estoppel Certificate to the Requesting Party not less than thirty (30) days after a proper Confirmation Request Notice.

17.13 Assignment Payment. In addition to all other Rent payable hereunder, in the event of any assignment (including without limitation a Lien enforcement) which transfers possession of more than 30% of the interior building space of the Premises or has a duration of five (5) or more years, Lessee shall pay to Lessor the amount of Ten Thousand Dollars (\$10,000). Lessor's contract administrator shall have authority to waive or reduce such payment in the event of an assignment to an affiliate of Lessee. Lessee shall pay to Lessor the sum of One Thousand Five Hundred Dollars (\$1,500) as a fee for legal and administrative expenses related to creation of a Primary Lien or any assignment or request for consent to an assignment. Lessee shall pay to Lessor the sum of Seven Hundred Fifty Dollars (\$750) as a fee for legal and administrative expenses related to any request for an Estoppel Certificate.

17.14 Aircraft Storage Agreement. If an aircraft is to be stored or based at the Premises or the Airport more than fourteen (14) days, then Lessor's consent to an assignment is not effective until an Aircraft Storage Agreement is in effect between the City of Scottsdale and the aircraft owner.

17.15 Approved Assignments. Lessee shall attach to each assignment not described in this paragraph, a copy of Lessor's notice to Lessee of Lessor's consent to the assignment. No consent by Lessor to an assignment shall be effective unless and until Lessee receives notice of Lessor's consent pursuant to this Agreement. This Agreement shall continue to be enforceable according to its terms in spite of any provisions of any Estoppel Certificate or other documents relating to an Assignment. Lessor hereby consents to the following assignments:

17.15.1 The creation of a Primary Lien that meets all of the requirements of this Agreement.

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17.15.2 Lessee's granting to its customers in the ordinary course of its business rights of incidental use of small lockers at the Premises for temporary storage of miscellaneous personalty provided such rights are terminable by Lessee upon not more than thirty (30) days' notice.

17.15.3 Lessee's complete assignment of all of Lessee's rights and interests in the Premises and this Agreement to a single assignee that meets the following requirements, as determined by Lessor in Lessor's reasonable discretion (a "Qualified Hangar Operator"):

17.15.3.1 The assignee must have a net worth in excess of Five Million Dollars (\$5,000,000) adjusted upward from the date of this Agreement based on changes in the Cost of Living Index in the same manner as Base Rent is adjusted.

17.15.3.2 The assignee must provide to Lessor a written assumption of Lessee's obligations under this Agreement.

17.15.3.3 The assignee must have the management and financial capacity and other resources necessary to successfully perform under this Agreement.

17.15.3.4 The assignee or its core management team must have substantial recent experience in successfully operating a first-class, hangar operator operation comparable to the Premises.

17.15.3.5 The assignee must have active, involved executive, managerial, and production-level leadership staff with substantial recent experience in successfully operating a first-class, hangar operator operation comparable to the Premises.

17.15.3.6 The assignee shall provide to Lessor such information and materials (including presentations) as Lessor may reasonably request to confirm the assignee's qualifications and to assist Lessor to make such determination. Without limitation, Lessor may require the assignee to provide an information package containing all of the information required of Lessee in connection with the original granting of this Agreement. Lessor may take into account any such information and factors in determining the assignee's qualifications.

17.15.4 Retail subleases by Lessee in the ordinary course of business to occupants of hangar space for individual aircraft so long as no rent (excluding amounts Lessee uses for tenant improvements) shall be prepaid more than twelve (12) months.

17.16 Assignment by Lessor. Lessor's interests in this Agreement shall be automatically deemed to be assigned to and assumed by any person who acquires fee title to the Premises. Upon any such assignment, Lessor's liability with regard to this Agreement shall terminate.

XVIII. MISCELLANEOUS

18 Miscellaneous.

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18.1 Severability. If any provision of this Agreement is declared void or defective, that declaration shall not affect the validity or any other provision of this Agreement.

18.2 Amendments. This Agreement may not be amended except by a formal writing executed by all of the parties. Amendments shall require Primary Lienholder consent to the amendment which consent shall not be unreasonably withheld or delayed.

18.3 Conflicts of Interest. No member, official, or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement that is prohibited by law.

18.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture, or similar relationship between the parties.

18.5 Nonliability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any amount which may become due to any party or successor, or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement.

18.6 Notices. Except as otherwise indicated, all notices, waivers, demands, requests and other communications required or permitted by this Agreement (collectively, "Notices") shall be in writing and shall be effective only if sent by one or more of the following methods: (a) personal delivery; (b) generally-recognized overnight commercial courier regularly providing proof of delivery, with delivery charges prepaid or duly charged; or (c) United States registered or certified mail, return-receipt requested, postage prepaid, or (d) electronic mail (email) addressed to the parties at the respective addresses set forth opposite their names below, or to any other address or addresses as any party shall designate from time to time by notice given to the other in the manner provided in this paragraph:

If to Lessor: Scottsdale Aviation Director
15000 N. Airport Dr., Suite 200
Scottsdale, AZ 85260

City of Scottsdale
3939 Drinkwater Blvd.
Scottsdale, AZ 85251
Attn: City Attorney

If to Lessee: Gemini Air Group, LLC
15827 N. 80th St., Suite 100
Scottsdale, AZ 85260
Attn: Tim Carpay

Notices to Lessee may also be hand-delivered to Lessee's management office at the Premises. Notices given or served by personal delivery shall be deemed to have been received upon tender to the respective party. Notices given or served by mail or commercial courier shall be deemed to have been given or served as of the date of delivery (whether accepted or refused)

established by the United States Postal Service return-receipt or the overnight courier's proof of delivery, as the case may be.

18.7 Time of Essence. Time is of the essence of each and every provision of this Agreement.

18.9 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement was negotiated on the basis that it shall be construed according to its plain meaning and neither for nor against any party, regardless of their respective roles in preparing this Agreement. The terms of this Agreement were established in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

18.10 Lessee Payments Cumulative. All amounts payable by Lessee to Lessor hereunder or under any tax, assessment or other existing or future ordinance or other law of City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other by Lessee in any manner.

18.11 Paragraph Headings. The paragraph headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

18.12 No Third Party Beneficiaries. Except for the limited provisions expressly stated to be for the benefit of a Primary Lienholder, no person or entity shall be a third party beneficiary to this Agreement or shall have any right or cause of action hereunder. Lessor shall have no liability to third parties for any approval of plans, Lessee's construction of improvements, Lessee's negligence, Lessee's failure to comply with the provisions of this Agreement (including any absence or inadequacy of insurance required to be carried by Lessee), or otherwise as a result of the existence of this Agreement.

18.13 Exhibits. All attached Is, which are specifically referenced in this Agreement, are hereby incorporated into and made an integral part of this Agreement for all purposes.

18.14 Attorneys' Fees. In the event any action or suit or proceeding is brought by Lessor to collect the Rent due or to become due hereunder or any portion hereof or to take possession of the Premises or to enforce compliance with this Agreement or for Lessee's failure to observe any of the covenants of this Agreement or to vindicate or exercise any of Lessor's rights or remedies hereunder, Lessee agrees to pay all costs of such action or suit and all expenses of such action or suit together with such sum as the court may adjudge reasonable as attorneys' fees to be allowed in said suit, action or proceeding.

18.15 Choice of Law. This Agreement shall be governed by the internal laws of the State of Arizona without regard to choice of law rules. Exclusive proper venue for any action regarding this Agreement shall be Maricopa County.

18.16 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for the benefit of Lessee, its contractors, engineers or other consultants or agents, or any other person.

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18.17 Recording. Within ten (10) days after the effective date of this Agreement, Lessee shall cause this Agreement to be recorded in the office of the Maricopa County Recorder.

18.18 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the rights specified in A.R.S. § 38-511.

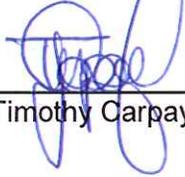
18.19. Controlling Documents. Lessor's Request for Proposals (RFP) dated November 11, 2015, and Lessee's Proposal in response to that RFP are, by this reference, made a part of this Agreement. If there is a conflict between Lessee's Proposal and the RFP, the RFP shall control. If there is a conflict between the RFP and this Agreement, this Agreement shall control.

18.20. Integration. This Agreement constitutes the entire agreement between Lessor and Lessee with respect to the subject matter hereof and supersedes any prior agreement, understanding, negotiation, draft agreements, discussion outlines, correspondence and memoranda or representation regarding the Premises.

[SIGNATURE PAGES FOLLOW]

EXECUTED as of the date first given above.

LESSEE: GEMINI AIR GROUP, INC.,
an Arizona corporation

By: 

Timothy Carpay, President

LESSOR: CITY OF SCOTTSDALE,
an Arizona municipal corporation

By: _____
W.J. "Jim" Lane, Mayor

ATTEST:

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

Bruce Washburn, City Attorney
By: Clifford J. Frey
Senior Assistant City Attorney

Gary P. Mascaro, Aviation Director

Katie Callaway, Risk Management Director

STATE OF)
) ss.
County of)

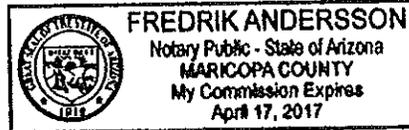
The foregoing instrument was acknowledged before me this 29th day of February 2016, by Timothy Carpay of Gemini Air Group, Inc., an Arizona corporation.

[Handwritten Signature]

Notary Public

My Commission Expires:

April 17, 2017

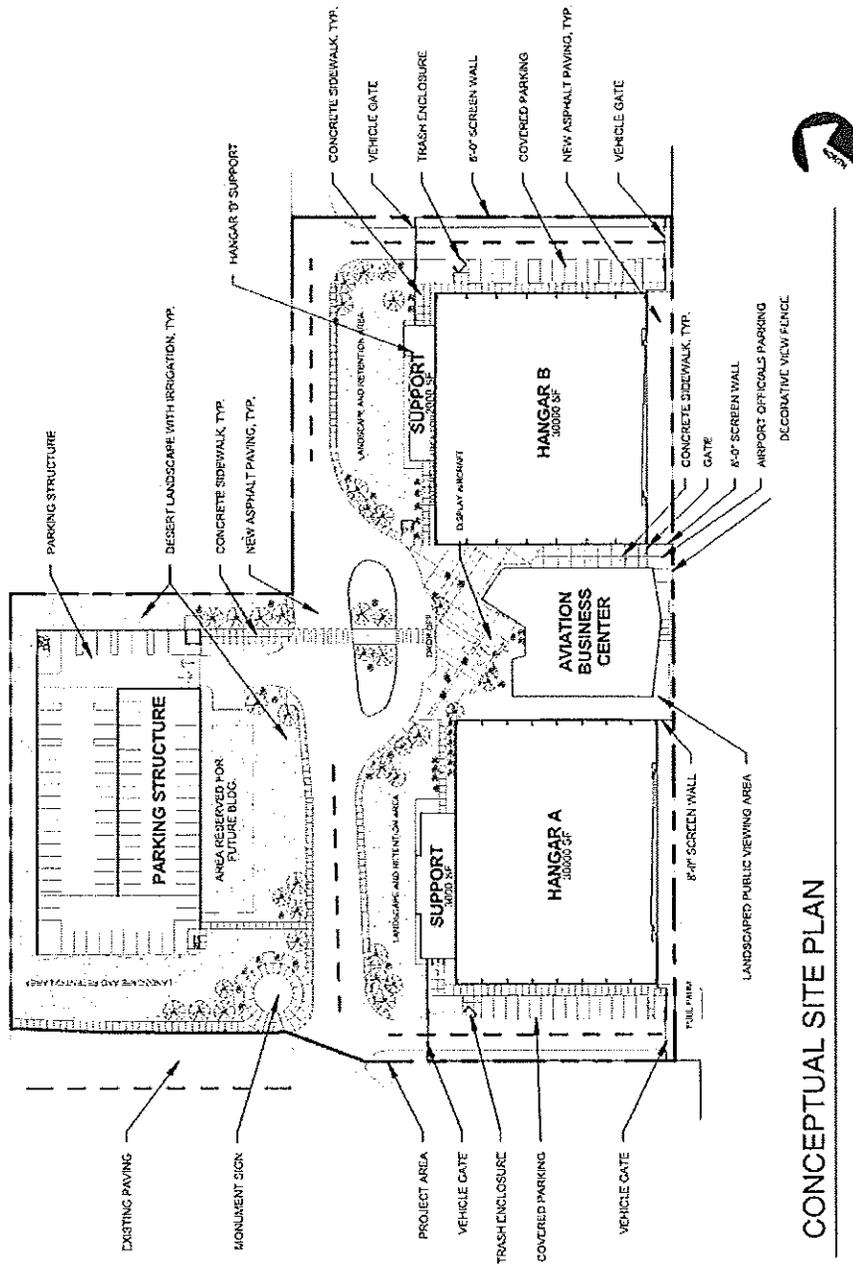


STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this _____ day of _____ 2016, by W.J. "Jim" Lane, Mayor of the City of Scottsdale, an Arizona municipal corporation.

Notary Public

My Commission Expires:



CONCEPTUAL SITE PLAN

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Standards for Letters of Credit

In addition to any other requirements imposed upon a letter of credit (the "Letter of Credit") issued pursuant to this Agreement, each Letter of Credit shall meet and be governed by the following additional standards and requirements

Letter of Credit Requirements. The Letter of Credit shall be printed on Bank Safety Paper. The following terms and no others shall be stated on the face of the Letter of Credit:

- 1.1. The Letter of Credit is clean, unconditional, and irrevocable.
- 1.2. The Letter of Credit is payable to City upon presentation of the City's draft.
- 1.3. City may make partial draws upon the Letter of Credit.
- 1.4. The Letter of Credit is conditioned for payment solely upon presentation of a sight draft and a copy of the Letter of Credit.
- 1.5. Within ten (10) days after City's draft on the Letter of Credit is honored, City must make the original of the Letter of Credit available to the issuer in Maricopa County, Arizona upon which the issuer may endorse its payments.
- 1.6. The issuer specifies a telefax number, email address, and street address at which City may present drafts on the Letter of Credit at a specified.
- 1.7. The Letter of Credit is valid until a specified date.
- 1.8. The Letter of Credit will be automatically renewed for successive one (1) year periods, unless at least one hundred twenty (120) days prior to expiration the issuer notifies City in writing, by either registered or certified mail, that issuer elects not to renew the Letter of Credit for the additional period. In the event of such notification, any then unused portion of the Letter of Credit shall be available by draft on or before the then current expiration date. The Lessor will obtain a new Letter of Credit from a different issuer on or before the date the existing Letter of Credit expires. Lessor's failure to replace the Letter of Credit that has not been renewed on or before the expiration date shall be considered an Event of Default under Section 10.1.8 of the Lease Agreement.
- 1.9. The Letter of Credit is otherwise subject to the most recent edition of the Uniform Customs and Practices for Documentary Credits published by the International Chamber of Commerce.
- 1.10. The Letter of Credit need not be transferable.

2. Approved Forms. The form of the Letter of Credit and of drafts upon the Letter of Credit shall be as follows:

- 2.1. Except as approved in writing by City's Chief Financial Officer or designee, the form of the Letter of Credit shall be in the form set out below.
- 2.2. Except as approved in writing by City's Chief Financial Officer or designee, the form of drafts upon the Letter of Credit shall be in the form set out below.

3. Issuer Requirements. The issuer of the Letter of Credit shall meet all of the following requirements:

- 3.1. The issuer shall be a federally insured financial institution with offices in Maricopa County, Arizona, at which drafts upon the Letter of Credit may be presented.

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3.2. The issuer shall be a member of the New York Clearing House Association or a commercial bank or trust company satisfactory to City.

3.3. The issuer shall have a net worth of not less than \$1 billion.

FORM OF LETTER OF CREDIT

Date _____, 20__

Letter of Credit No.: _____

City Treasurer
City of Scottsdale
Suite 210
7447 E. Indian School Road
Scottsdale, AZ 85253

Dear Sir or Madam:

We hereby establish our clean, unconditional and irrevocable Letter of Credit in your favor at the request and for the account of _____ in the aggregate amount of Two Hundred Thousand & No/100 Dollars (\$200,000), available upon presentation of your draft in the form attached hereto as **Schedule "1"**.

We will honor each draft presented to us at our above office in compliance with the terms of this Letter of Credit. Partial draws are permitted. Each draft must be accompanied by a copy of this Letter of Credit. Within ten (10) days after we honor your draft, you must make the original of this Letter of Credit available to us in Maricopa County, Arizona upon which we may endorse our payment. Drafts may be presented by any of the following means:

1. By telefax to (____) _____.
2. By email to _____.
3. By hand or overnight courier service delivery to:

This Letter of Credit is valid until _____, 20__ and shall thereafter be automatically renewed for successive one (1) year periods, unless at least one hundred twenty (120) days prior to expiration we notify you in writing, by either registered or certified mail, that we elect not to renew the Letter of Credit for such additional period. In the event of such notification, any then unused portion of the Letter of Credit shall be available upon your presenting to us your draft on or before the then current expiration date.

This Letter of Credit is subject to the most recent edition as of the date of this Letter of Credit of the Uniform Customs and Practices for Documentary Credits published by the International Chamber of Commerce. This Letter of Credit is not assignable.

By _____ [bank name]_____, a _____
_____ [bank officer's signature]_____
_____ [bank officer's name printed]_____
Its _____ [bank officer's title]_____
Phone: ____ [bank officer's phone number] _____

Schedule 1

FORM OF DRAFT ON LETTER OF CREDIT

To: _____

From: City Treasurer
City of Scottsdale
Suite 210
7447 E. Indian School Road
Scottsdale, Arizona 85253

Date: _____, 20____

Ladies and Gentlemen:

Pursuant to your Letter of Credit No. _____, the City of Scottsdale hereby demands cash payment in the amount of _____ & No/100 Dollars (\$_____).

Please make your payment to the City of Scottsdale in the form of a wire deposit to:

If such deposit cannot be accomplished immediately for any reason, please make your payment in the form of a cashier's check issued by your institution and delivered to me at the address listed above.

I certify that I am the Financial Services General Manager of the City of Scottsdale.

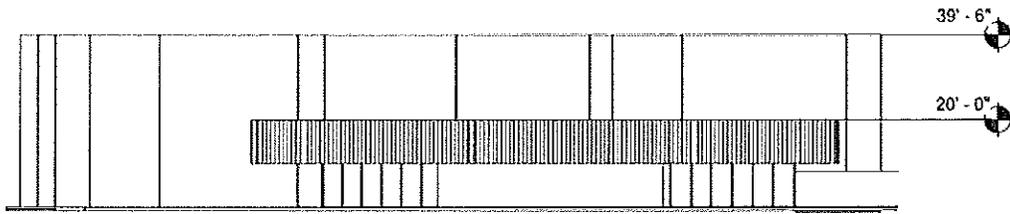
If there is any imperfection or defect in this draft or its presentation, please inform me immediately at 480-312-2427 so that I can correct it. Also, please immediately notify the City Attorney at 480-312-2405.

Thank you.

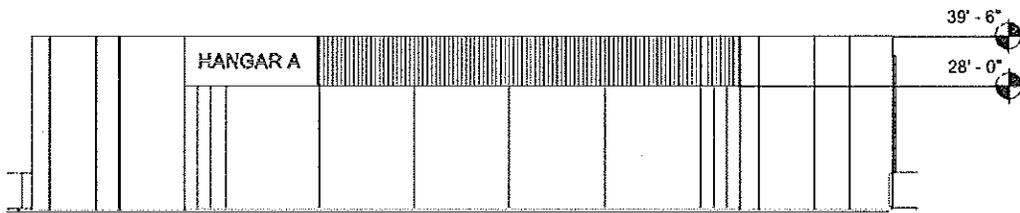
City of Scottsdale, Financial Services General Manager

MONTHLY REPORT ITEMS

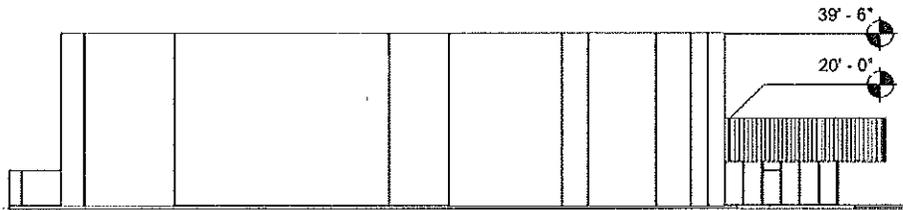
1. For each portion of the Premises:
 - 1.1 The name of the user or occupant.
 - 1.2 The name and date of the agreement permitting such use or occupancy.
 - 1.3 The names of the parties to such agreement.
 - 1.4 The suite number, location and square footage of the space used or occupied.
 - 1.5 The name and business phone number of the user or occupant and the name and after hours phone number of a responsible representative for such user or occupant.
 - 1.6 The business name and type of business activity being conducted.
2. For any new use or occupancy commenced, a complete copy of the executed agreement permitting such use or occupancy, together with copies of all permits, licenses or similar permissions, registrations or agreements related to such use or occupancy.
3. For each portion of the Premises capable of aircraft storage:
 - 3.1 The number of aircraft based at such portion of the Premises.
 - 3.2 For each aircraft based at such portion of the Premises:
 - 3.2.1 Make, model, year and registration number.
 - 3.2.2 Owner's name, address and telephone number.



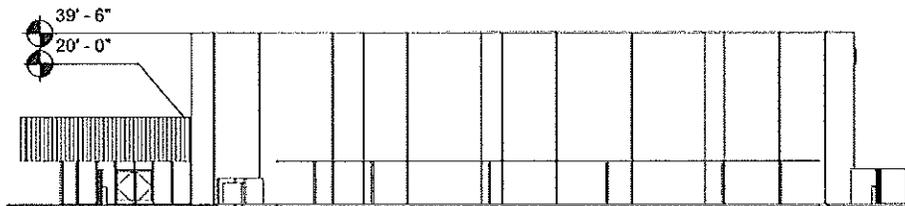
HANGAR A - NORTH ELEVATION



HANGAR A - SOUTH ELEVATION

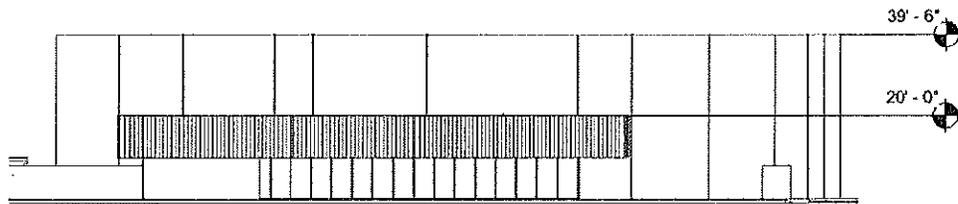


HANGAR A - EAST ELEVATION

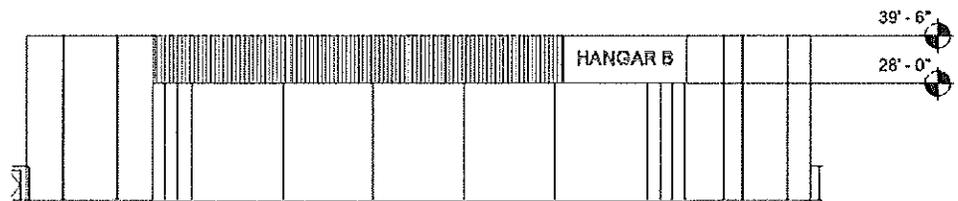


HANGAR A - WEST ELEVATION

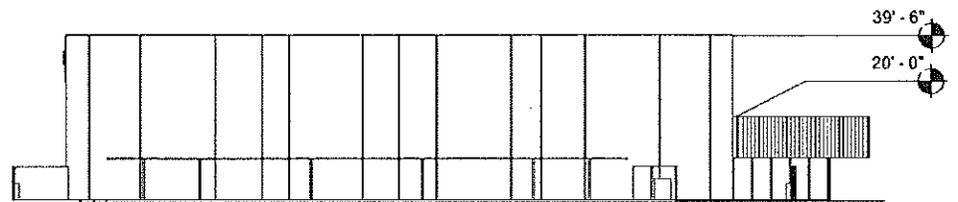
CONCEPTUAL ELEVATIONS



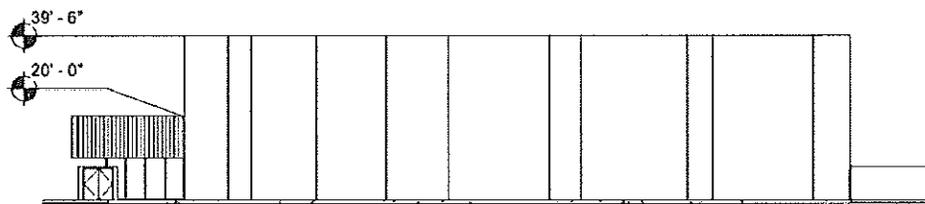
HANGAR B - NORTH ELEVATION



HANGAR B - SOUTH ELEVATION



HANGAR B - EAST ELEVATION



HANGAR B - WEST ELEVATION

CONCEPTUAL ELEVATIONS

Architect's Design Description

Scottsdale Airport's two customizable Executive Hangar Opportunities with the potential to be identical in size and construction type. The minimum Hangar size for lease is approximately 165' wide x 125' deep (20,000 SF) and the other options are available up to approximately 195' wide x 154' deep (30,000 SF). Additional space is available for Hangar support functions. Along with the Airport Office Complex building, the design will follow LEED®/Green Building principles.

Each Hangar is a long-span, steel-framed structure with concrete walls and architectural metal panel cladding at the support areas and covered entry/patio areas. The approximate 40' structure height is topped with a membrane system roof. Each hangar has sliding doors with a 28' clear height opening with direct apron and runway access. Hangar Construction type is IIB, and the fire suppression is comprised of a foam-water system. The interior is finished with durable walls and coated concrete floors.

The exterior site is well landscaped with Native and Desert Adapted species that complement the unique Architecture of the Airport Campus. Private gated ramp access and shaded parking are located adjacent to the facility.

WHEN RECORDED, RETURN TO:

City of Scottsdale
City Clerk
(Aviation Director)
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

Contract No. 2016-030-COS
Resolution No. 10368

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this ___ day of _____, 2016, by and between the CITY OF SCOTTSDALE, an Arizona municipal corporation ("Lessor"), and MAZA CONCEPTS, LLC d/b/a The Brick, an Arizona limited liability company ("Lessee").

W I T N E S S E T H

A. Lessor is the owner of certain real property (the "Premises") on which it intends to construct a new building to be known as the Aviation Business Center (the "Aviation Business Center") at Scottsdale Airport (the "Airport"). The Aviation Business Center will be located at 15000 N. Airport Drive, Scottsdale, Arizona.

B. Lessor desires to lease to Lessee, and Lessee desires to lease space in the new Aviation Business Center solely for sit-down food and beverage service (including alcohol if permitted by law) only for immediate consumption at the Premises (the "Permitted Uses"), subject to the requirements of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing, the rent hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1. Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2. Premises.

2.1 Limitations. Lessor intends to construct at the Scottsdale Airport, a new 3-story Aviation Business Center as described and depicted on Exhibit A, attached hereto, which includes the street side and air side elevations. Lessee desires to lease restaurant space within that new Aviation Business Center upon completion of the construction project. Exhibit A-1 depicts the floor plan for the first level of the Aviation Business Center, Exhibit A-2 depicts the floor plan for the second level, and Exhibit A-3 depicts the floor plan for the third level of the Aviation Business Center. These Exhibits A-1, A-2, and A-3 are preliminary designs, and are subject to change upon approval of the final design drawings. Lessor hereby leases to Lessee and Lessee hereby leases and accepts from Lessor, subject to the terms and conditions of this Agreement, the Premises (the "Premises") depicted on the site plan attached hereto as Exhibit B, as marked in pink, and by reference made a part hereof. It is understood and agreed that the site plan does not constitute a representation, covenant or warranty of any kind by Lessor, and is preliminary and may be modified at any time until construction is completed, in one or more respects, without Lessee's consent, at the option of Lessor, but the size, dimensions, signage, and relative location of the Premises within the Aviation Business Center consisting of approximately 3,450 rentable square feet shall not be substantially altered.

2.1.1 The Premises shall have approximately 3,019 rentable square feet of floor area, and 625 square feet of exterior patio area for a total of with approximately 2,625 usable square feet of floor area located inside on the third level of the Aviation Business Center and consisting of restaurant space. As used herein, "floor area" means Lessor's estimate of the total enclosed rentable square footage on all three (3) levels of the Aviation Business Center, measured from the exterior faces of all exterior walls, service corridors and fire walls, and from the center line of the common demising walls separating the Premises from other spaces. No deduction shall be made for columns or interior construction or equipment.

2.1.2 Lessor will also make available to Lessee, approximately 1,325square feet of outdoor common area space, the use of which is subject to the prior approval of LESSOR. Despite anything to the contrary, Lessor may elect to open this outdoor common area patio at any time, or all time, without compensation to Lessee or excusing Lessee from any Lease obligations, for unrestricted passage by all passengers, pilots and other persons using the Airport. Lessor will have the unilateral right to augment, abandon, convey and otherwise modify the configuration of the outdoor common area patio from time to time during the term of this Agreement. Lessor may also unilaterally regulate, re-route, close and otherwise alter use of the common area patio.

2.1.3 Lessee shall have the right to install and use a single communications dish antenna or whip antenna upon the roof of the Aviation Business Center, but only if such antenna complies with all of the requirements of all applicable laws and this Agreement, and subject to such conditions and requirements as Lessor may impose.

2.2 Rights in Adjacent Premises. Lessee's rights are expressly limited to the real property defined as the "Premises" in this Agreement. Without limitation, in the event any public or private property adjacent to the Premises is owned, dedicated, abandoned or otherwise acquired, used, improved or disposed of by Lessor, such property shall not accrue to this Agreement but shall be Lessor's only. In addition, and severable from the preceding sentence, upon any such event, Lessee shall execute and deliver to Lessor without compensation a quit-claim deed to such

property. In the event the Premises consists of more or less than the stated area, this Agreement shall nevertheless continue and Lessee's obligations hereunder shall not be diminished.

2.3 Title. Lessee's rights hereunder are subject to all covenants, restrictions, easements, agreements, reservations and encumbrances upon, and all other conditions of title to, the Premises. Notwithstanding the preceding sentence, Lessor agrees that on the commencement date there will be no mortgage lien or deed of trust covering the Premises, other than current taxes or liens, resulting from the acts or omissions of Lessee. Lessee's rights hereunder are further subject to all present and future building restrictions, regulations, zoning laws, ordinances, resolutions, and orders of all bodies, bureaus, commissions and bodies of any municipal, county, state, or federal authority, now or hereafter having jurisdiction over the Premises or Lessee's use thereof. Lessee shall have no right under this Agreement to do (or fail to do) anything prohibited (or required) by any documents affecting legal title to the Premises.

2.4 Lessor's Fixtures and Property Included. The Premises also includes the fixtures and personal property owned by Lessor listed on Exhibit D attached to this Agreement. This property will be maintained in good working condition by Lessee from time to time at Lessee's expense. If and when, during the term of this Agreement, any of this property wears out, Lessor may dispose of it at Lessee's expense. Lessee at Lessee's expense will replace all worn out property listed on Exhibit D, which Lessor owns at all times. Lessee is solely responsible for the condition of this personal property. Upon commencement of this Agreement, Lessee will inventory the property and determine that it is all within the Premises and in serviceable condition. This personal property will be provided "as is" and Lessee will accept all responsibility for its condition.

2.5 Lessee's Fixtures and Property. Lessee will provide the fixtures and personal property owned by Lessee and listed on Exhibit E, attached to this Agreement. This property will be maintained in good working condition by Lessee at Lessee's expense. Lessee will replace all worn out property listed on Exhibit E as necessary, at Lessee's sole expense.

III. TERM OF LEASE

3. Term of Lease. This Agreement is subject to the following provisions and conditioned upon Lessee's full, timely, complete and faithful performance of all obligations and things to be performed or done hereunder by Lessee and Lessee shall accept the Premises in writing at the time possession of the Premises is delivered to Lessee.

3.1 Term. The term of this Agreement shall be for a period of 10 years, commencing upon the date, 30 days after Lessor receives a Certificate of Occupancy and Lessor delivers possession of the Premises to Lessee with the work required to be performed by Lessor as described in Exhibit C, and the tenant improvements desired by Lessee, as agreed to in accordance with Article 7.1 below, are substantially completed. Substantially completed is the date Lessor notifies Lessee that Lessor's Work of constructing the Aviation Business Center pursuant to Exhibit C and Lessee's tenant improvements constructed in accordance with Article 7.1 hereof, are complete and have been approved by the City of Scottsdale and a Certificate of Occupancy has been issued for the Aviation Business Center.

3.2 Option to Extend. Provided (i) Lessee has not at any time been in default under any of the terms, covenants, or conditions of this Agreement, which default remained uncured after the applicable cure period, through and including the commencement date of an Extension Term set forth below, (ii) the Premises are continually operated for the use specifically permitted by this

Agreement, and in accordance with other applicable provisions of this Agreement, and (iii) Lessee is not in bankruptcy or receivership, and has not made an assignment for the benefit of creditors pursuant to applicable state law, then Lessee shall have the option to extend the term of this Agreement for two (2) periods of five (5) years each (the "Extension Term"). The option for the second Extension Term shall not be exercisable unless Lessee exercised the option for the first Extension Term. Lessee shall exercise each such option by providing Lessor with written notice of such exercise not later than 180 days or earlier than 365 days before the commencement of the applicable Extension Term. Lessee shall have no right to further extend or renew this Lease other than for the Extension Terms. Time is of the essence with respect to the exercise of any such option by Lessee. If Lessee fails to exercise an option when required, such option shall thereafter be of no force or effect.

3.3 Extended Term Rental. If an option to extend the term for an Extension Term as described above is properly exercised by Lessee, then all of the covenants and agreements contained in this Agreement shall apply during the applicable Extension Term, except that the Base Rent for the first and each subsequent lease year of an Extension Term shall be increased on an annual basis in accordance with the provisions of Article 4.3 below.

3.4 Option Personal. The options set forth herein are strictly personal to the original entity executing this Agreement ("Original Lessee") only, and may be exercised only so long as the Original Lessee occupies the Premises without assigning this Agreement or subletting the Premises or any part thereof, and may not be exercised or be assigned, voluntarily or involuntarily, by or to any person or entity other than the Original Lessee. The Options are not assignable separate and apart from this Agreement, nor may the Option be separated from this Agreement in any manner, either by reservation or otherwise.

3.5 Holding Over. In any circumstance whereby Lessee would hold over and remain in possession of the Premises after the expiration of this Agreement, such holding over shall not be considered to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon 10 days notice to Lessee. During any such hold over period, Base Rent shall increase to 150% of its previous rate and shall be prorated to the date Lessee vacates the Premises.

IV. LEASE PAYMENTS

4. Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable one month in advance on the twenty-fifth day of the preceding calendar month. For example, the Rent for September shall be payable on or before August 25th. The first installment of Rent prorated for the portion of the month remaining in the month in which this Agreement is executed is due immediately upon execution of this Agreement.

4.2 Base Rent. The rental amount (the "Base Rent") Lessee shall pay to Lessor each of the first 12 months from the commencement of the term of this Agreement shall be based on an annual rent of \$25.00 per rentable square foot, one twelfth (1/12th) of which is due and payable each month during the term hereof. Lessee will pay to Lessor at the beginning of each calendar month of this Agreement an amount (the "Base Rent") equal to \$6,289.58.

4.3 Base Rent Adjustment. The Base Rent shall be automatically adjusted upward on each annual anniversary of the commencement of the term of this Agreement on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics as of the date two (2) months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Base Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

provided, that in no event shall the Base Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index published by any federal agency shall be substituted by Lessor in Lessor's reasonable discretion. In the event of a holdover without Lessor's consent, Base Rent shall be increased by an additional one hundred fifty percent (150%) over the amount of Base Rent otherwise payable.

4.4 Percentage Rent. "Percentage Rent" is a percentage of gross sales ("Gross Sales") calculated for each calendar month during the term of this Agreement. The percentage used to calculate Percentage Rent after Lessee takes possession of the Premises will be 7% of Gross Sales. Lessee has the obligation to occupy, operate and conduct its business upon the Premises so as to maximize the Percentage Rent payable. "Gross Sales" means any and all receipts, rents, credits, payments in kind, amounts collected or billed, invoiced or attempted to be collected, accounts receivable, (excluding complimentary goods or services provided or amounts rebated) or other sources of revenue arising directly or indirectly from business or activity conducted at the Premises by the Lessee or any sublessee or other person using the Premises during the term of or under this Agreement.

4.5 Correlation of Base Rent and Percentage Rent. In addition to all other payments and performances required of Lessee during the term of this Agreement, Lessee will pay to Lessor each month the Base Rent or the Percentage Rent, whichever is greater. Because the Percentage Rent cannot be calculated in advance at the beginning of a month, Lessee will include in each monthly installment of Rent the Base Rent for the coming month together with the amount, if any, by which the Percentage Rent exceeded the Base Rent for the preceding month and a reconciliation in a form acceptable to Lessor showing the manner in which the Percentage Rent was calculated. The reconciliation will be accompanied by dated and signed cash register tapes and other documentation substantiating Gross Sales as requested by Lessor from time to time. For example, the Rent installment payable on the 25th day of June will include the Base Rent for the month of July together with the amount, if any, by which the Percentage Rent exceeded the Base Rent for the month of May and a reconciliation showing the manner in which the Percentage Rent for the month of May was calculated. Within 20 days after termination of this Agreement for any reason, Lessee will pay to Lessor any and all unpaid Percentage Rent and any and all unpaid Additional Rent.

4.6 Additional Rent. In addition to Base Rent, all other amounts to be paid by Lessee to Lessor pursuant to this Lease (including amounts to be paid by Lessee pursuant to Article 5 below), if any, shall be deemed to be Additional Rent, irrespective of whether designated as such, and shall be due and payable within five (5) days after receipt by Lessee of Lessor's statement or together with the next succeeding installment of Base Rent, whichever shall first occur. Lessor shall have the same remedies for the failure to pay Additional Rent as for the nonpayment of Base Rent.

4.7 Aeronautical Business Permit. To the extent required by law, all persons occupying or operating at the Premises shall obtain an Aeronautical Business Permit. This article applies to any type of permit or other rule or requirement that may supplement or replace the Aeronautical Business Permit. In addition to all other Rent payable hereunder, if Lessee does not from time to time hold an Aeronautical Business Permit covering all activities relating to its own operations, activity and business at the Premises and pay all fees related thereto, Rent shall include an additional amount equal to the amount that would be payable to obtain such an Aeronautical Business Permit.

4.8 Security Deposit. At the time of execution of this Agreement Lessee shall provide to, and maintain with Lessor at all times during the term of this Agreement, a security deposit guaranteeing the faithful performance of this Agreement, or in lieu thereof, a cash bond or certificate of deposit acceptable to Lessor in Lessor's sole and absolute discretion in the name of Lessor, in the sum of \$12,579.16. Any portion of said security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee to Lessor, shall be paid to Lessee by the then owner of the fee title to the Premises within 60 days after termination of this Agreement.

4.9 Taxes, Liens and Assessments. In addition to all other Rent herein provided, Lessee shall pay, when due and as the same become due and payable all taxes and general and special fees, charges and assessments of every description which during the term of this Agreement may be levied upon or assessed against the Premises, the operations conducted therein, any Rent paid or other performances under this Agreement by either party, and all possessory interest in the Premises and improvements and other property thereon, whether belonging to the Lessor or Lessee; and Lessee agrees to indemnify, defend and hold harmless Lessor and the Premises and such property and all interest therein and improvements thereon from any and all such taxes and assessments, including any interest, penalties and other expenses that may be imposed, and from any lien therefor or sale or other proceedings to enforce payment thereof. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessor shall have the right from time to time to require that all of the foregoing payments be made by Lessee through Lessor. Lessee shall pay all sales, transaction privilege, and similar taxes.

4.10 Government Property Lease Excise Tax. Lessee shall be responsible for any and all property taxes and all government property lease excise taxes described in A.R.S. § 42-6201 *et seq.* or similar laws in force from time to time. Pursuant to A.R.S. § 42-6206, failure by Lessee to pay the taxes after notice and an opportunity to cure is an event of default that could result in divesting Lessee of any interest in or right of occupancy of the Premises.

4.11 Late Fees. Should any installment of Rent not be paid on or before the date due, a ten percent (10%) late fee shall be added to the amount due, or found to be due. Furthermore, any and all amounts payable by Lessee under this Agreement that are not timely paid shall accrue interest at the rate of 1% per month from the date the amount first came due until paid. Lessee

expressly agrees that the foregoing represent reasonable estimates of Lessor's costs in the event of a delay in payment of Rent.

4.12 Rent Amounts Cumulative. All amounts payable by Lessee hereunder or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.13 No Setoffs. All Rents shall be paid in full directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

4.14 Utilities. Lessee will pay all charges, fees, deposits and other amounts for gas, electricity, water, sewer, waste disposal services, telephone and all other utilities at the applicable rates. With respect to shared expenses such as garbage disposal, Lessee will pay a prorated portion of all such costs as determined in Lessor's reasonable discretion.

V. LESSEE'S OPERATING PLAN, ORGANIZATION, AND MARKETING PLAN

5 Lessee hereby represents to Lessor that it will use best efforts to operate the restaurant in accordance with the Operating Plan, Organization, Staffing Chart, and Marketing Plan as provided to Lessor by Lessee, and set forth in Exhibit F, attached hereto.

VI. USE RESTRICTIONS

6 Use Restrictions. Lessee's use and occupation of the Premises shall in all respects conform to all and each of the following cumulative provisions:

6.1 Permitted Uses. Lessee will use the Premises for the Permitted Uses. No other activity will be conducted at or from the Premises.

6.2 Food Service. The Permitted Uses are further restricted as follows:

6.2.1 Lessee shall use the Premises solely for the preparation and serving to Lessee's invitees and guests of fully prepared food and beverages (including alcoholic beverages if permitted by law) for immediate consumption upon the Premises. Subject to the prior approval of Lessor, Lessee shall have access to the exterior common area patio and the meeting/banquet room. The preceding sentence does not prohibit a customer who purchases a bottle of wine from drinking only a portion of the wine and taking the remainder home in the bottle if the bottle has been resealed, if permitted, and in the manner prescribed by law. No other activity shall be conducted at or from the Premises.

6.2.2 The business at the Premises must be operated as a restaurant and not as a bar or other type of establishment. For purposes of this Agreement, a business serving food is a restaurant and not a bar if it serves food but does not serve alcohol, or if it serves food and alcohol and satisfies all of the following requirements:

6.2.2.1 The business has in operation at the Premises a full service kitchen preparing and cooking (and not just heating or warming) entrees ordered by individual customers.

6.2.2.2 When the kitchen is open, the business' main menu offers at least 10 different entrees cooked in the kitchen and offered at prices comparable to prices for similar entrees offered by other restaurants in Maricopa County, Arizona.

6.2.2.3 The kitchen is open and offering the entrees at the Premises at all times the business is open for business, except that the kitchen may close 1 hour before the business closes.

6.2.3 Animals. No animals are allowed on the Premises other than seeing-eye dogs and similar animals providing health assistance to disabled persons. Customers' dogs on leashes are also permitted, if allowed by applicable laws and regulations from time to time.

6.2.4 Governmental Relations. Lessee shall conduct its activities in coordination with Lessor as necessary to maintain good relations with all governmental and other entities having jurisdiction over the Premises. The preceding sentence does not prohibit Lessee from asserting its legal rights against such entities. Lessee shall immediately give to Lessor notice of any actual or threatened dispute, violation or other disagreement relating to the Premises. Lessee is not an agent for Lessor. Without limitation, such entities (who are not third party beneficiaries to this Agreement) include (to the extent that such entities have jurisdiction over the Premises), the State of Arizona, Maricopa County, Arizona Department of Environmental Quality, Arizona Department of Transportation, and Federal Aviation Administration.

6.2.5 Lighting. Exterior lighting must be shielded and otherwise configured to minimize spillover outside the specific lighted area within the Premises.

6.2.6 Noise. Except as Lessor may specifically allow from time to time, outdoor music and sound equipment is prohibited at the Premises. The doors to the restaurant must be kept closed when music is playing, except that doors may remain open at Lessor's sole discretion, from time to time. In exercising this discretion, Lessor may take into account any and all factors that Lessor determines influence or may influence the effect of the music or other noise upon the Premises and surrounding areas, and any activity or condition in the surrounding area, including without limitation, Lessor's desire to maintain a quiet and calm ambiance in surrounding areas.

6.2.7 Liquor License. Lessee may not hold a Series 6 liquor license for the Premises. Any liquor license that Lessee holds at the Premises must be limited to the Premises. This Agreement does not create in Lessee any rights with respect to liquor service outside the Premises. Upon termination of this Agreement for any reason, Lessee will cause the Premises to be removed from the scope of its liquor license. Lessee will cause all alcohol served at the Premises to be consumed on the Premises, except as provided in Article 6.2.1 above.

6.2.8 Hours of Operation. Lessee will keep the restaurant open for service to the public 7 days per week for the following hours of operation: Monday-Thursday: 6 A.M. – 8 P.M.; Friday: 6 A.M. – 10 P.M.; Saturday: 10 A.M. – 10 P.M.; Sunday: 10 A.M. – 6 P.M. with service adequate to meet public demand, provided that Lessee has the right to close the restaurant on the following holidays: New Year's Day, Easter Sunday, Thanksgiving Day, and Christmas Day.

6.3 Lessee's Agent. Lessee shall at all times during normal business hours or when the Premises are otherwise occupied retain on call available to Lessor upon the Premises an active, qualified, competent and experienced manager to supervise all activities upon and

operation of the Premises and who shall be authorized to represent and act for Lessee in matters pertaining to all emergencies and the day-to-day operation of the Premises and all activities under this Agreement. During any temporary periods of absence by said manager, an assistant manager or designated representative of Lessee with like authorization must be present upon the Premises. Lessee shall also provide notice to Lessor of the name, address, and regular and after-hours telephone numbers of a person to handle Lessee's affairs and emergencies at the Premises.

6.4 Exclusive Restaurant Use. Lessee has the exclusive right to operate a general restaurant business serving food and beverages within the Aviation Business Center. This exclusive right is limited to the existing Aviation Business Center and does not apply to vending machines or to any area or location other than the existing Aviation Business Center or to any use other than restaurant use. Nothing in this Agreement will prohibit Lessor or others from conducting any other business or activity of any type, including catering or other non-restaurant food or beverage businesses, at the Aviation Business Center or from operating any restaurant or other activity of any description elsewhere at the Airport. Nothing in this Agreement will be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C. §1349).

6.4.1 Nonexclusive Uses. Lessee's right to prepare food upon the Premises includes the nonexclusive right when and if ordered by aircraft operators, crews or passengers to prepare and sell "in-flight meals" for immediate consumption aboard aircraft. This right, however, is not to be construed to prohibit any aircraft operators, crews or passengers from obtaining in-flight meals from other sources. Lessee also has the right to provide off-airport catering services, provided that Lessee first obtains any and all licenses and permits and tax registrations required by law and all these services must comply with this Agreement.

6.5 Operations and Staff Qualifications and Requirements. Lessee shall provide to the Premises adequate qualified personnel to professionally conduct all operations at the Premises.

6.6 Security Requirements. Lessee shall participate in any public safety program promulgated from time to time by the City of Scottsdale Aviation Department and Police Department or other law enforcement agency selected by Lessor from time to time. Lessee shall reasonably cooperate with Lessor and the City of Scottsdale Police regarding concerns and countermeasures affecting security and related risks of business and other operations and activities at and near the Premises.

6.7 Conduct at Premises. In entering into this Agreement, Lessor and Lessee have foremost in mind providing the public with an orderly atmosphere devoid of any act by any person contrary to the highest standards of community sensitivity, and avoiding any substance or appearance of any noisy, unruly, inebriated, disruptive, disorderly, lewd, nude, partially nude, adult oriented, unwholesome or sexually oriented behavior, business, entertainment, or other activity of any description or to any degree at the Premises. Any such behavior, business or activity at the Premises by Lessee, any customer of Lessee or anyone else using the Premises pursuant to this Agreement is strictly prohibited. The requirements of this article are specifically acknowledged to be a requirement of this Agreement independent of and in addition to any zoning or other governmental regulation affecting the Premises. Any violation of this article by any person using the Premises pursuant to or under this Agreement shall be an "Unruly Behavior Occurrence" by Lessee under this Agreement. To that end and without limitation, all of the following shall apply:

6.7.1 Prohibited Behavior. No materials shall be displayed, viewed or produced upon the Premises depicting specified anatomical areas or specified sexual activities. Also, no person upon the Premises shall make visible his or her specified anatomical areas. "Specified anatomical areas" shall mean less than completely and opaquely covered human genitals, pubic region, buttock and female breast below a point immediately above the top of the areola; and human male genitals in a discernible turgid state, even if completely and opaquely covered, or any simulation or portrayal of any of the foregoing. All specified sexual activities are prohibited without exception. Specified sexual activities shall mean human genitals in a state of sexual stimulation or arousal; acts of masturbation, sexual intercourse or sodomy; fondling or other erotic touching of human genitals, pubic region, buttock or female breast, or any simulation or portrayal of any of the foregoing.

6.7.2 Except as Lessor may specifically allow from time to time, patron dancing outdoors and any direct or indirect physical contact involving customers, employees, performers and other persons outdoors is prohibited.

6.7.3 Lessee shall immediately cause to be removed from the Premises any person who:

6.7.3.1 Is obviously intoxicated or under the influence of any narcotic or chemical.

6.7.3.2 Commits any act of violence.

6.7.3.3 Acts in a loud or unusually boisterous manner.

6.7.3.4 Harms or threatens harm to any person or thing.

6.7.3.5 Uses profanity that can be heard by users of the Premises or the public.

6.7.3.6 Violates any law or any regulation applicable to the Premises.

6.7.3.7 Commits or causes, directs or encourages any person to commit an Unruly Behavior Occurrence.

6.7.4 The requirements of this article only are for the benefit of Lessor and for the benefit of all real property located within 300 feet of the Premises. The owners and occupants of such real property and their successors and assigns are third party beneficiaries of this article throughout the term of this Agreement. Such third party beneficiaries' sole remedy is injunctive relief against Lessee and other occupants of the Premises to enforce the requirements of this article.

6.8 Common Areas. Subject to current and future regulations and policies governing the use of, and access to, the Aviation Business Center and the airport, Lessee, its officers, employees, agents, patrons and invitees, and its suppliers of services and furnishers of materials shall have the right of ingress to and egress from the Premises through such portions of the Aviation Business Center as are open to the public from time to time. Such right is strictly limited to ingress and egress. There shall be absolutely no office activity or storage, however temporary, in the halls, steps, porches or other areas of or surrounding the Aviation Business Center or the

Airport. Lessee shall immediately clean up any spills or debris caused by Lessee or its suppliers or customers. Lessor may from time to time make available to Lessee and/or other users a conference room for use by reservation subject to conflicting uses by Lessor and others and subject to Lessee's payment of a fee established by Lessor.

6.8.1 Control of Common Areas. All parking areas, driveways, entrances and exits thereto, sidewalks, ramps, landscaping areas, exterior stairways, restrooms, elevators, and all other Common Areas and facilities provided by Lessor for the common use of the tenants of the Aviation Business Center and their officers, agents, employees and customers, shall at all times be subject to the exclusive control and management of Lessor, and Lessor shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to the use of all the Common Areas and facilities. Lessor shall have the right to operate and maintain the same in such manner as Lessor, in its sole discretion, shall determine from time to time, including without limitation the right to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the Common Areas and facilities. Lessor shall have the exclusive right at any and all times to alter, construct, re-construct, enlarge, contract, modify or relocate any of the Common Areas, to close any portion of the Common Areas for the purpose of making repairs, changes or additions thereto and may change the size, area, layout or arrangement of the parking areas or the number of spaces or the lighting thereof, within or adjacent to the existing areas and may enter into agreements with adjacent owners for cross-easements for parking, ingress or egress. The Lessor shall also have the right to place vending or amusement devices in the Common Areas, to utilize the Common Areas for promotions, exhibits, rides, shows, displays, kiosks, carts, decorative items and landscaping, and any other use which, in the Lessor's judgment, tends to benefit the Aviation Business Center and the Airport.

6.9 Parking. Parking shall be subject to current and future regulations governing parking at the Aviation Business Center and the Airport. There shall be no guaranteed number of parking places available to the Premises. Lessee's customers, patrons and invitees shall only park motor vehicles in such parking spaces as may be designated at the Airport from time to time as public parking areas, and that are available for parking by the general public. Lessee's employees shall park in areas designated by Lessor from time to time. Vehicles making deliveries to the Premises shall park only in areas specifically designated by Lessor from time to time as delivery areas.

6.10 Airport Operations. Lessee acknowledges that Lessee's use of the Premises shall be subject and subordinate to Lessor's operation of the Airport, which will necessarily directly and indirectly affect Lessee, the Premises, and Lessee's use of the Premises. Lessee's use of the Premises shall not be permitted by Lessee to in any way adversely affect Lessor's use or operation of the Airport. Without limitation:

6.10.1 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.

6.10.2 There is hereby reserved to Lessor, its successors and assigns, for the use and benefit of Lessor and the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the Airport.

6.10.3 Lessee by accepting this Agreement agrees for itself, its successors and assigns that it will not make use of the Premises in any manner that might interfere with the taxing, landing and taking off of aircraft from the Airport, the loading or unloading of passengers or cargo or other aircraft operations or otherwise constitute a hazard. Whether any particular conduct complies with the foregoing shall be determined by Lessor.

6.11 Signs. Lessee shall have the right to install and operate 2 appropriate signs at the Aviation Business Center to identify Lessee's restaurant business provided that all of the following conditions are met (Lessor in its sole discretion may authorize the placement of additional signs from time to time):

6.11.1 That the location, size and style of each such sign shall be subject to the provisions of the applicable sign ordinance and shall be in keeping with the Airport sign program as the same may change from time to time and with the overall aesthetics and utility of the Airport facilities and grounds, as determined by Lessor, and shall be designed, made and installed in a professional manner; and

6.11.2 That no sign shall be erected, installed or operated until Lessee has submitted written request, together with descriptions and drawings showing the intended locations, size, style and colors of such signs, to the aviation director, and has received prior written approval from the aviation director; and

6.11.3 That regardless of signage existing from time to time, Lessor shall have the absolute right from time to time and without compensation to Lessee or any other person to require Lessee to conform to a new Airport sign program and to limit or reduce the amount of signage for the Premises to: (a) 1 single-faced, exterior sign facing the roadway west of the Aviation Business Center; and (b) 1 single-faced interior sign on the door in the Premises as directed by Lessor. At Lessor's election, Lessee shall cause said exterior sign to be combined with other signage at the Aviation Business Center. Without Lessor's consent, such exterior sign shall not exceed two square feet in gross sign area. Without Lessor's consent, said interior signs shall not exceed two square feet in gross sign area.

6.11.4 That Lessee shall bear all costs pertaining to the erection, installation and operations, maintenance and removal of all signs including, but not limited to, the application for and obtaining of any required building permits.

6.12 Hazardous Materials. Lessee shall not produce, dispose, transport, treat, use or store any hazardous waste or materials or toxic substance upon or about the Premises or any substance now or hereafter subject to regulation under the Arizona Hazardous Waste Management Act, A.R.S. § 49-901 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*, or the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, or any other federal, state, county, or local law pertaining to hazardous waste or toxic substances (collectively "Toxic Substances"). The preceding sentence does not prohibit use of ordinary janitorial supplies used to clean and maintain the Premises. Lessee shall pay, indemnify, defend and hold Lessor harmless against any loss or liability incurred by reason of any Toxic Substance on or affecting the Premises caused by Lessee or its invitees occurring after the date of this Agreement, and shall immediately notify Lessor of any Toxic Substance at any time discovered or existing upon the Premises. Lessee understands the hazards presented to persons, property and the environment by dealing with Toxic Substances. Lessee shall cause any on-site or off-site storage, treatment,

transportation, disposal or other handling of Toxic Substance by Lessee in connection with the Premises to be performed by persons, equipment, facilities and other resources who are at all times properly and lawfully trained, authorized, licensed and otherwise permitted to perform such services.

6.13 Name of Business. Lessee shall conduct the Permitted Uses at the Premises under Lessee's name given at the beginning of this Agreement, or if such name is not available or if Lessor and Lessee desire otherwise, such other name as Lessor may approve in Lessor's reasonable discretion. Following termination of this Agreement for any reason, Lessor has the exclusive right to use or allow others to use any name used to identify Lessee's business at the Premises and at other locations within and without the Airport, so long as Lessor does not use Lessee's name as stated at the beginning of this Agreement.

6.14 Publicity. Upon special or standing requests made by Lessor from time to time and not in the absence of such requests, Lessee shall include in its promotional materials and other information distributed, sent, or made available to the public or others a notation that all or any part of Lessee's activities at the Premises are accomplished "with the assistance of the City of Scottsdale" or other words of support as Lessor may reasonably select from time to time.

6.15 Quality Service. Lessee shall operate the Premises in a first-class manner, shall furnish prompt, clean and courteous service; and shall keep the Premises attractively maintained, orderly, clean, sanitary, and in an inviting condition at all times, all to Lessor's reasonable satisfaction.

6.16 Communications Operations Restriction. Lessee shall not install, operate, or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment) that is presently in use or could be in use in the future. If such interference should occur, Lessee shall immediately discontinue using such equipment, methodology or technology that causes the interference until corrective measures are taken. Any such corrective measures shall be made at no cost to Lessor.

6.17 Prohibited Names. Lessee shall not allow use in connection with any operations at the Premises any name that directly or indirectly refers to or contains any part of Lessor's name or the Airport's name or otherwise suggests a connection between Lessor and Lessee or Lessee's activities. Lessee shall also not use in connection with its operations at the Premises any name associated with products or purveyors of any sort of alcohol, tobacco, adult entertainment or gambling related products or services.

6.18 Staff Qualifications and Requirements. Except as Lessor may specifically allow from time-to-time, Lessee will provide to the Premises at least the following level of staffing and expertise:

6.18.1 Lessee will not allow any employee or other representative to work upon the Premises or in the vicinity of the Premises without first causing that person to confirm to Lessee in writing that he/she has not been convicted of a felony crime.

6.18.2 If Lessor requests, Lessee will make its employees available to Lessor from time to time for safety training and environmental training.

6.18.3 Lessee will immediately contact the Scottsdale Police Department, the Scottsdale Fire Department, or paramedics when any situation arises outside the capacity and training of Lessee's on-site employees.

6.18.4 Lessee is responsible for all aspects of security and safety at the Premises regardless of whether Lessor influences or participates in Lessee's security or safety programs.

6.19 E-Verify Program. Under the provisions of A.R.S. §41-4401, the Lessee warrants to the Lessor that the Lessee and all its Subcontractors will comply with all Federal Immigration laws and regulations that relate to their employees and that the Lessee and all its Subcontractors now comply with the E-Verify Program under A.R.S. §23-214(A).

A breach of this warranty by the Lessee or any of its Subcontractors will be considered a material breach of this Agreement and may subject the Lessee or Subcontractor to penalties up to and including termination of this Agreement or any subcontract.

The Lessor retains the legal right to inspect the papers of any employee of the Lessee or any Subcontractor who works on this Agreement to ensure that the Lessee or any Subcontractor is complying with the warranty given above.

The Lessor may conduct random verification of the employment records of the Lessee and any of its Subcontractors to ensure compliance with this warranty. The Lessee agrees to indemnify, defend and hold the Lessor harmless for, from and against all losses and liabilities arising from any and all violations of these statutes.

The Lessor will not consider the Lessee or any of its Subcontractors in material breach of this Agreement if the Lessee and its Subcontractors establish that they have complied with the employment verification provisions prescribed by 8 USCA §1324(a) and (b) of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. §23-214(A). The "E-Verify Program" means the employment verification pilot program as jointly administered by the United States Department of Homeland Security and the Social Security Administration or any of its successor programs.

The provisions of this Article must be included in any contract the Lessee enters into with any and all of its Subcontractors who provide services under this Agreement or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property. The Lessee will take appropriate steps to assure that all Subcontractors comply with the requirements of the E-Verify Program. The Lessee's failure to assure compliance by all its Subcontractors with the E-Verify Program may be considered a material breach of this Agreement by the City.

6.20 Compliance with Americans with Disabilities Act. Lessee acknowledges that, in accordance with the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Lessee will provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Lessee agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and

further agrees that any violation of this prohibition on the part of Lessee, its employees, agents or assigns will constitute a material breach of this Agreement.

6.21 No Preferential Treatment or Discrimination. In accordance with the provisions of Article II, Section 36 of the Arizona Constitution, the City will not grant preferential treatment or discriminate against any individual or group on the basis of race, sex, color, ethnicity or national origin.

6.22 Standards of Service. In entering into this Agreement, Lessor and Lessee have foremost in mind providing the public and air travelers with food and beverage services and facilities of the highest quality. To accomplish this end, Lessee will serve and dispense only high quality foods and beverages, with portions and at prices at least comparable to, or more favorable to the customer than those maintained at other similar restaurant facilities in the City of Scottsdale and at comparable airports, all as reasonably determined by Lessor. Lessee's initial price, quality and portion schedules will be subject to approval by the aviation director before Lessee's beginning of operations. Lessor may at any time, review Lessee's price, quality and portion schedules then in effect and may require that Lessee make any changes necessary for compliance with this article. Lessee will operate the Premises in a first-class manner; will furnish prompt, clean and courteous service; and will keep the Premises attractively maintained, orderly, clean, sanitary and in an inviting condition at all times, all to the satisfaction of Lessor. Lessee will not employ any person or persons in or about the Premises who fail to be clean, courteous, efficient and neat in appearance or who use improper, obnoxious, profane or rude language or act in a loud or boisterous or otherwise improper manner.

VII. LESSOR'S CONSTRUCTION OF IMPROVEMENTS

7 Initial Construction. Lessor shall be responsible for the design, financing, and construction of the Aviation Business Center consisting of approximately 35,000 square feet, in conformance with the requirements of Arizona Revised Statutes, Title 34, and in accordance with the general floor plans as set forth in Exhibits A-1, A-2, and A-3, attached hereto, and the description of Lessor's Work set forth in Exhibit C, attached hereto ("Lessor's Work"). The legal description of the location of the Aviation Business Center is being developed and will be added subsequently as an amendment to this Agreement, which will be approved and signed on behalf of the Lessor by the Lessor's Aviation Director and Lessee. The Aviation Business Center will be designed and constructed at an engineer's estimated not-to-exceed cost of \$5,200,000, provided, however, that Lessor may authorize the payment of additional sums over and above the engineer's estimate upon written approval by the Aviation Director, the Public Works Director, and the City Manager. By accepting possession of the Premises, Lessee shall be deemed to have accepted the Premises and Lessor's Work in the condition delivered by Lessor, except for any express representation or warranty made by Lessor under this Article 7. Lessor represents and warrants that Lessor's Work shall be performed in a good and workmanlike manner and in compliance with all applicable laws pertaining to the performance of Lessor's Work, and that upon delivery of the Premises to Lessee the utility systems serving the Premises shall be in good operating condition. Except as expressly set forth in this Lease, Lessee has not relied upon any representations or warranties regarding the condition of the Premises or Airport or any other matter or thing affecting or related to the Premises or Airport.

Lessor shall notify Lessee of the date of Lessor's substantial completion of Lessor's Work, and Lessee shall have the right to participate in a walk-through of the Premises with Lessor within five (5) days following the date of such substantial completion, to confirm such substantial completion

and to assist Lessor in the preparation of a punch-list of any incomplete items. Lessor shall diligently complete such punch-list items (if any).

Lessor agrees as follows with respect to the design, construction and delivery to Lessee of Lessor's Work: (a) Lessor shall submit the initial application for Lessor's Work to the City of Scottsdale ("City") Development Services Department after the full execution and delivery of this Lease; (b) upon receipt of approval from the City Development Services Department of the initial application, Lessor shall submit construction documents to the applicable City department and diligently pursue the issuance of all permits for the construction of Lessor's Work; and (c) Lessor shall use its diligent efforts to commence construction of Lessor's Work as soon as reasonably possible following receipt of all permits for the construction of Lessor's Work, and use its diligent efforts to substantially complete such construction by the Spring of 2018, subject to Force Majeure events beyond the control of Lessor. These events include, but are not limited to, Acts of God, riots, acts of war or terrorism, epidemics, excessive weather, changes in governmental regulations imposed after the fact, fire, communication line failures, or power failures. If Lessor is unable to substantially complete construction of Lessor's Work and deliver possession of the Premises to Lessee on or before June 30, 2018, as such date may be extended by delays incurred by Lessor in the permitting, design and construction of Lessor's Work for reasons beyond the reasonable control of Lessor, then Lessee shall have the right to terminate this Lease by written notice to Lessor at any time prior to Lessor's substantial completion of Lessor's Work and delivery of possession of the Premises to Lessee; provided, however, that if Lessor substantially completes Lessor's Work and delivers possession of the Premises to Lessee within twenty (20) days after Lessee's termination notice, then such termination notice shall be rendered null and void and this Lease shall remain in effect.

7.1 Lessee's Tenant Improvements. Prior to completion of 100% design plans, Lessee shall meet with the Lessor's Aviation Director and Lessor's Architect to determine the location of the Premises desired by Lessee, its usable square footage, and Lessee's desired tenant improvements. The Lessee, the Aviation Director, and the Architect will agree on the location of interior walls, the color of carpeting selected from the Lessor's pre-approved carpet selections, the interior wall paint colors selected from the Lessor's pre-approved color palette, and other interior improvements as may be requested and approved by Lessor. Upon mutual agreement of the requested tenant improvements, Lessee and Lessor's Aviation Director will sign a letter agreement setting forth their understanding. The letter agreement will be subject to all the terms and conditions of this Lease Agreement. All tenant improvements will be constructed by Lessor as a part of Lessor's Work on the Aviation Business Center. The cost of Lessee's tenant improvements shall not exceed the sum of \$45.00 per usable square foot of Floor Area within Lessee's selected Premises. The cost of any tenant improvements requested by Lessee that exceeds the sum of \$45.00 per square foot shall be paid by Lessee to Lessor prior to Lessor's commencement of the Work. Upon delivery of possession of the Premises to Lessee, Lessee shall be responsible, at Lessee's sole cost and expense for performing the installation of any additional improvements it may desire, as approved by Lessor, and of all telecommunications and computer services necessary to render the Premises, as delivered with Lessor's Work, suitable for Lessee's permitted use. Lessor shall be responsible for all utility development or connection fees charged in connection with the construction by Lessor of Lessor's Work.

7.2 Maintenance by Lessor. Lessor will maintain the structural integrity of the portions of the Aviation Business Center comprising the Premises (including without limitation doors, roof, main air conditioning and heating units, interior and exterior walls). Lessor is not responsible for maintenance of a routine or minor nature or of Lessee's furnishings, fixtures or improvements.

7.3 Maintenance by Lessee. Lessee is responsible for the following:

7.3.1 Janitor and all other cleaning service in the Premises.

7.3.2 Interior washing of all windows and interior and exterior washing of all lamps.

7.3.3 Adequate and sanitary handling and disposal of all trash, garbage and other refuse related to Lessee's use of the Premises.

7.3.4 Cleaning and servicing of all drains, grease traps, sewers and plumbing within the Premises together with cleaning of drains and sewers to the point of connection with the main public sewer system. During the term of this Lease, Lessee shall provide a maintenance contract for the care and upkeep of all drains, grease traps and sewer services.

7.3.5 Service and maintenance of the HVAC system serving the Premises, and the cleaning of all HVAC ducts within or serving the Premises.

7.3.6 All other repairs and maintenance of the Premises not specifically required to be performed by Lessor, except that if it is determined by the Lessor that the failure of any of the systems described in this Section is due to the negligence of the Lessee, the Lessee will be responsible for the costs of any such repairs.

7.4 Trash Receptacles. Lessee will provide and use suitable covered receptacles for all trash and other refuse related to Lessee's use of the Premises. Piling of boxes, cartons, barrels or other items outside the Premises or in a manner visible from outside the Premises or in a manner visible to areas open to the public is forbidden. Lessee will keep the area in which trash containers are stored clean and free of all trash and debris and shielded from public view. Lessee acknowledges that any dumpster located near the Aviation Business Center will likely be relocated from time to time to other locations in the general vicinity of the Aviation Business Center.

7.5 Sanitation, Hygiene, and Cleanliness.

7.5.1 Lessee shall keep the Premises, along with any service pathways used by Lessee, clean, well-maintained and free of garbage, unpleasant odors, and hazardous conditions and notify Lessor promptly of hazardous conditions in the public areas outside the Premises.

7.5.2 Lessee shall provide a complete and sanitary handling of all garbage and recyclables generated as a result of operations on the Premises, and shall provide for its timely removal to the central collection point provided by Lessor. At no time shall Lessee accumulate garbage or recyclables outside the Premises or within passenger view.

7.5.3 Lessee shall keep all garbage and recyclable materials in durable, fly and rodent-proof, fireproof containers that are easily cleaned. The containers shall have tight-fitting lids, doors, or covers, and shall be kept covered when material is not being deposited in them and shall be cleaned as necessary to prevent odors. Boxes, cartons, barrels, or other conveyance items shall be disposed of promptly by Lessee and not remain within passenger

view. Lessor shall be responsible for handling and removal of garbage deposited by customers in public areas.

7.5.4 Lessee is responsible for the regular and routine cleaning, inspection and maintenance of used cooking oil tallow bins and their surrounding areas, sewer lines, grease traps and interceptors, exhaust hood and vents, and all unit drains associated with the Premises.

7.5.5 Lessee shall retain within the premises, and available upon Lessor's request, all equipment servicing schedules, maintenance logs and invoices documenting any and all routine inspections, services and cleanings of any equipment including, but not limited to: used cooking oil tallow bins; grease traps and interceptors and their associated pumping(s); jetting/augering of sewer lines; exhaust hood and vents; fire suppression equipment inspections; and pest control services.

7.5.6 Lessor recommends, at a minimum, grease traps and interceptors be serviced quarterly, sewer lines be jetted and augered semi-annually, used cooking oil tallow bins be pumped as needed, and the areas surrounding the used cooking oil tallow bins be cleaned monthly or more frequently if needed. Lessor reserves the right to require Lessee to increase the frequency of these cleanings if found necessary by Lessor. Lessor reserves the right to establish and implement "line-jetting" protocols to be implemented by Lessee. Lessee shall use a "Liquid Wastewater Treatment" or "Bio-Augmentation Treatment" for all drain lines (sinks, mop sinks, floor drains, etc.) monthly or in accordance with manufacturer's specifications.

7.5.7 Lessor reserves the right to require Lessee to increase the frequency of inspections and services based on Gross Sales and the condition in which the restaurant is kept. Lessee shall also be responsible for any emergency grease interceptor cleanings and/or grease interceptor line jettings.

7.5.8 Lessee shall take appropriate action to exterminate and prevent the presence of rodents and other vermin within the Premises and within all Lessee on-Airport support space areas.

7.5.9 Lessee shall provide for Lessor's approval a schedule for the routine inspections, services, and cleanings required in Article 7.2.4.6 along with a Quality Control/Quality Assurance (QC/QA) plan that covers these services and the regular and routine cleaning of the Premises and any service pathways leading to and from the Premises. The schedule shall be updated accordingly with Lessor when changes are made. Lessor reserves the right to add items as necessary to Lessee's QC/QA plan to ensure Lessee is conducting regular and routine cleanings, inspections and maintenance.

7.5.10 Lessee shall retain, within the premises, copies of all Maricopa County Environmental Services Department (MCESD) or State of Arizona health inspection reports and provide copies upon Lessor's request. If a health inspection results in a poor inspection report, Lessee shall prepare and submit to Lessor, within twenty-four (24) hours, a written summary of the nature of the inspection and the inspector's findings, as communicated to Lessee and provide copies of any and all report documents.

7.5.11 Lessor's Fixtures and Personality. Lessee shall not remove, alter or damage in any way any improvements or any personal property of Lessor upon the Premises without Lessor's prior written approval. In all cases, Lessee will repair any damage or other alteration to Lessor's property to as good or better condition than existed before the damage or alteration.

VIII. LESSEE'S FIXTURES AND IMPROVEMENTS GENERALLY

8 Lessee's Improvements Generally. It is anticipated that most, if not all, of Lessee's tenant improvements will be completed as a part of Lessor's Work. However, should Lessee require additional improvements after substantial completion of Lessor's Work and Lessee's required tenant improvements, the following provisions will govern all fixtures, improvements, repairs, installation, removal, demolition and other construction work of any description by Lessee whether or not specifically described in this Agreement (collectively "Lessee's Improvements") upon or related to the Premises:

8.1 Lessee's Furnishings, Fixtures and Improvements. Lessee's furnishings, fixtures and improvements shall include all, furnishings, fixtures, equipment, draperies, wall treatments, communications cabling, and decorations. Lessee's corporate colors are acceptable as a part of the general design of the Premises. All such furnishings shall be first-class, which shall be defined as being of the most superior or excellent grade and quality, and shall be of high quality, safe, fire resistant, modern in design, attractive in appearance, all as approved by Lessor. Lessee shall diligently and expeditiously pursue the installation of all approved Lessee's furnishings, fixtures and improvements, and shall complete installation of all of Lessee's furnishings, fixtures and improvements within such time frame as is authorized by the Lessor. Any and all installations performed on the Premises by Lessee shall be performed in a workman-like manner as reasonably determined by Lessor and shall be diligently pursued to completion and in conformance with all building codes and similar rules. All Lessee's permanent improvements affixed to the Premises shall be and become part of the realty and the real property of Lessor "brick by brick" as constructed. In any event, the Premises must be left in as good or better condition as it may be on the date of this Agreement, or such better condition as the Premises may hereafter be placed.

8.2 Zoning and Similar Approval Processes. The zoning processes, building permit processes, and similar regulatory requirements that apply to Lessee's Fixtures and Improvements are completely separate from the plans approval processes under this Agreement. Lessee's satisfaction of any requirement of this Agreement does not count toward any compliance with any regulatory requirement. Lessee's satisfaction of any regulatory requirement does not count toward compliance with any requirement of this Agreement. Lessee must make all submittals and communications regarding the requirements of this Agreement through Lessor's contract administrator for this Agreement and not through planning, zoning, building safety or other staff. Lessee is responsible to directly obtain all necessary permits and approvals from any and all governmental or other entities having standing or jurisdiction over the Premises. Lessee bears sole responsibility to comply with all stipulations and conditions that are required in order to secure rezoning and other approvals.

8.3 Relationship of Plans Approval to Regulatory Processes. Lessee's submission of plans under this Agreement, Lessor's approval of plans for purposes of this Agreement, and the plans approval process under this Agreement, are separate and independent of all development, zoning, design review and other regulatory or similar plans submittal and approval processes, all of which will continue to apply in addition to the requirements of this Agreement and its approvals. BUILDING PERMITS, ZONING CLEARANCES, OR ANY OTHER GOVERNMENTAL REVIEWS

OR ACTIONS DO NOT CONSTITUTE APPROVAL OF ANY PLANS FOR PURPOSES OF THIS AGREEMENT.

8.4 Contract Administrators. Upon execution of this Agreement, Lessor and Lessee will each designate a contract administrator to coordinate the respective party's participation in designing and constructing the Lessee's Improvements. Each contract administrator will devote such time and effort to the Lessee's Improvements as may be necessary for timely, good faith, and convenient coordination among the parties and their representatives involved with the Lessee's Improvements and compliance with this Agreement.

8.5 Lessor's Contract Administrator. Lessor's contract administrator will not be exclusively assigned to this Agreement or the Lessee's Improvements. Lessor's initial contract administrator is Lessor's Aviation Management Analyst. Lessor's contract administrator's authority with respect to the Premises is limited to the administration of the requirements of this Agreement. No approval, consent or direction by Lessor's contract administrator or other persons affiliated with Lessor inconsistent with this Agreement is binding upon Lessor. Lessee is responsible for securing all zoning approvals, development review, and other governmental approvals and for satisfying all governmental requirements pertaining to Lessee's Improvements and will not rely on Lessor or Lessor's contract administrator for any of the same.

8.6 Lessor's Fixtures and Personalty. Lessee will not remove, alter or damage in any way any improvements or any personal property of Lessor upon the Premises without Lessor's prior written approval. In all cases, Lessee will repair any damage or other alteration to Lessor's property to as good or better condition than existed before the damage or alteration.

8.7 Design Requirements. All Lessee's Improvements will comply with the following design requirements:

8.7.1 All Lessee's Improvements must be contained entirely within the Premises and without any encroachment or dependence upon any other property.

8.7.2 All Lessee's Improvements must be designed and made at Lessee's sole cost and expense.

8.7.3 Lessee will perform any and all construction work on the Premises in a workman-like manner as reasonably determined by Lessor and in conformance with all building codes and similar rules. All Lessee's Improvements will be and become part of the realty and the real property of Lessor "brick by brick" as constructed. In any event, Lessee must leave the Premises in as good or better condition as it may be on the date of this Agreement, or such better condition as the Premises may subsequently be placed.

8.7.4 All work beyond that constructed by Lessor as a part of Lessor's Work and the requirements of Article 7.1 must be done strictly at Lessee's expense and paid for by Lessee. In no event, including without limitation termination of this Agreement for any reason, will Lessor be obligated to compensate Lessee in any manner for any of Lessee's Improvements or other work provided by Lessee during or related to this Agreement.

8.7.5 Lessee's Improvements include improvements, equipment, fixtures, paint, decorations, lighting and other construction work as described in plans delivered by Lessee to Lessor. All plans and construction for Lessee's tenant improvements beyond that constructed by

Lessor as a part of Lessor's Work and the requirements of Article 7.1 are subject to inspection and final approval by Lessor as to colors, fabrics, materials, site plan, etc., as well as design, function and appearance.

8.7.6 Lessee will make no alterations, modifications or additions to the Premises without having first received the written consent of Lessor that Lessor may withhold in Lessor's sole and absolute discretion.

8.7.7 Any changes to utility facilities are strictly limited to the Premises.

8.7.8 All Lessee Improvements will be designed so as to present uniformity of design, function, appearance and quality throughout and consistency with the design of the restaurant.

8.7.9 All of Lessee's Improvements must be of high quality, safe, modern in design, and attractive in appearance, all as approved by Lessor.

8.8 Plans Required. Lessee's design of all additions or modifications to the Premises requiring building permits will occur in 3 stages culminating in final working construction documents for the Lessee's Improvements (the "Final Plans"). The 3 stages are, in order of submission and in increasing order of detail, as follows:

8.8.1 Conceptual plans showing the general layout, locations, configuration, and capacities of all significant improvements, utilities, and other features significantly affecting the appearance, design, function or efficient operation of each element of the Lessee's Improvements to the Premises.

8.8.2 Preliminary plans showing the floor plans of the Premises, general internal building design of the Premises and decoration schemes, mechanical, electrical and plumbing systems in the Premises, and all other elements necessary before preparation of final working construction documents and showing compliance with all requirements of this Agreement. The preliminary plans must show all detail necessary before preparation of final plans.

8.8.3 Final working construction documents for the Lessee's Improvements (collectively the "Final Plans").

8.9 Approval Process. The following procedure will govern Lessee's submission to Lessor of all plans, including any proposed changes by Lessee of previously approved plans:

8.9.1 All plans submitted under this Agreement must show design, appearance, style, mechanical, utility, communication and electrical systems, building materials, layout, colors, views, and other information reasonably considered necessary by Lessor for a complete understanding of the work proposed, all in detail reasonably considered appropriate by Lessor for the level of plans required by this Agreement.

8.9.2 Lessee must deliver all plan submissions for non-regulatory approvals directly to Lessor's contract administrator and will clearly label the submissions to indicate that they are submitted in accordance with this Agreement and not for building permits, zoning or other approvals. Each submittal of plans by Lessee for Lessor's review will include 5 complete sets of the plans on paper together with 2 copies of the plans in electronic form. If required by Lessor,

within 30 days after completion of any Lessee's Improvements, Lessee will deliver to Lessor 1 copy of "as-built" plans for the Lessee's Improvements, on paper and 2 copies in electronic form. All plans in electronic form must include vector line drawings of the improvements and any other information as this Agreement requires, all in a machine readable and manipulateable form. The format of this data and the media upon which this data is supplied must be in a reasonably common data format and media as specified from time to time by Lessor.

8.9.3 All plans must comply with all requirements of law and this Agreement. No plans will be considered approved by Lessor until Lessor's contract administrator stamps them "APPROVED AS OF _____, 2016 ONLY FOR PURPOSES OF THE PLANS APPROVAL REQUIREMENTS OF ARTICLE EIGHT OF LEASE AGREEMENT," and dates them (collectively "Stamped").

8.9.4 All sheets of engineering work for Lessee's Improvements must bear these words: "The engineer has performed this work for the benefit and reliance of the City of Scottsdale and assures the City of Scottsdale that the engineer's work is properly performed and that it complies with any engineering requirements set out in the Lease Agreement No. 2016-____-COS."

8.9.5 Lessee acknowledges that Lessor has a substantial interest in the design, construction and operation of the Lessee's Improvements. No construction, reconstruction, alteration or other individually or cumulatively significant work will occur upon the Premises except in compliance with plans approved by Lessor in accordance with this Agreement.

8.9.6 Lessor has the right to require Lessee to submit any Lessee Improvements to the City of Scottsdale Design Review Board or any similar body for approval.

8.9.7 Lessee will coordinate with Lessor as necessary on significant design issues before preparing plans to be submitted.

8.9.8 Submission dates will be the dates as are necessary for Lessee to timely obtain the approvals required by this Agreement.

8.9.9 Within 10 days after Lessor's receipt of plans from Lessee, Lessor will hand deliver to Lessee 1 copy of the plans submitted Stamped, or marked to indicate the changes that would be necessary in order for Lessor to approve the plans.

8.9.10 If changes are required, Lessee will revise the plans incorporating the changes requested by Lessor and will, within 5 days after Lessor returns the marked up plans to Lessee, submit to Lessor the revised plans. Within 5 days after Lessor's receipt of the plans, Lessor will hand deliver to Lessee 1 copy of the revised plans Stamped.

8.9.11 The parties will endeavor to resolve any design and construction issues to their mutual satisfaction but, in the event of an impasse for any reason or however arising, as a condition of Lessor's entering into this Agreement, final decision authority regarding all design and construction issues rests with Lessor.

8.9.12 Lessee will provide copies of any and all designs or plans for improvements upon the Premises to Lessor for Lessor's unrestricted use at the Premises or elsewhere.

8.10 Time for Completion. Lessee will diligently and expeditiously pursue to completion the construction or installation of all approved Lessee's Improvements. Lessee will complete initial construction of the Project no later than 30-days after the commencement of this Agreement, unless such time is extended in writing by Lessor. Any future Improvements by Lessee must be done in accordance with the terms of this Agreement, must have the prior written approval of Lessor, must be completed at Lessee's sole cost and expense, and must be completed within the time-frame authorized by Lessor. All Lessee's permanent improvements affixed to the Premises shall be and become part of the realty and the real property of Lessor "brick by brick" as constructed.

8.11 Design and Construction Professionals. All construction and plans preparation for the Lessee's Improvements beyond those constructed by Lessor as a part of Lessor's Work and the requirements of Article 7.1, from initial proposals through final construction documents and completion of construction or installation will be performed by licensed professionals selected and paid by Lessee. All of Lessee's design and construction contractors must have substantial experience in timely and successfully constructing projects similar to the Project.

8.12 Construction Assurances. In addition to any other payment or performance required under this Agreement, at Lessor's exclusive option, Lessee will, before beginning any construction work by Lessee at the Premises, provide to Lessor bonds, letters of credit, or other assurances acceptable to Lessor in Lessor's sole and absolute discretion that the contractor will properly and timely complete the work and that Lessee will pay for the work. Lessee will deliver directly to Lessor's legal department (together with a copy to Lessor as provided for notices under this Agreement) a full and complete draft of all bonds or other assurances and all related and supporting documentation at least 30 days before the date the actual bond or assurance is required.

IX. BREACH

9 Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

9.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

9.1.1 If Lessee shall be in arrears in the payment of Rent and shall not cure such arrearage within 10 days after Lessor has notified Lessee in writing of such arrearage.

9.1.2 If Lessee shall abandon the Premises before the end of the term hereof without Lessor's consent.

9.1.3 If Lessee shall fail to maintain the Premises as required in this Agreement.

9.1.4 If Lessee shall fail to operate the facilities herein required for a period of 3 consecutive days or a total of 5 days within any calendar year without Lessor's prior written approval.

9.1.5 If any assignment of any of Lessee's property shall be made for the benefit of creditors, Lessee files a voluntary bankruptcy or is forced to file an involuntary petition in bankruptcy and such petitions are not dismissed within 30 days after filing.

9.1.6 If any representation or warranty made by Lessee in connection with this Agreement or the negotiations leading to this Agreement shall prove to have been false in any material respect when made.

9.1.7 If Lessee shall fail to observe and comply with all bidding requirements of Lessor with respect to this Agreement and with all performances promised by Lessee with respect to Lessee's bid submitted in connection therewith.

9.1.8 If Lessee shall fail to timely pay any taxes or other amounts herein required to be paid by Lessee to Lessor or to any other person.

9.1.9 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals from Lessor or any other governmental body or timely pay any taxes with respect to this Agreement, the Premises or Lessee's use of the Premises.

9.1.10 If any environmental, health or similar inspector issues any formal notice of investigation or violation of health, environmental or similar regulations in connection with Lessee's use of the Premises or determines during any two or more consecutive inspections that the same deficiency has been repeated or that the overall operation falls materially below standards for first rate well operated similar facilities in Maricopa County.

9.1.11 If Lessee shall engage in a pattern of repeated failure (or neglect) to timely do or perform or observe any provision contained herein. Three (3) or more failures to comply with any provision of this Agreement during any 12 month period constitutes a repeated failure by Lessee to comply with such provision.

9.1.12 If Lessee shall fail to or neglect to do or perform or observe any other provisions contained herein on its part to be kept or performed and such failure or neglect to do or perform or observe any of such other provisions shall continue for a period of 30 days after Lessor has notified Lessee in writing of Lessee's default hereunder.

9.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, without further demand or notice, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

9.2.1 Terminate this Agreement.

9.2.2 Enter into and upon the Premises or any part thereof, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

9.2.3 Enforce a lien (which is hereby granted to Lessor) upon Lessee's property now or at any time hereafter at the Premises securing all of Lessee's obligations hereunder.

9.2.4 Cause a receiver to be appointed for the Premises and for the continuing operation of Lessee's business thereon.

9.2.5 Pay or perform, for Lessee's account and at Lessee's expense, any or all payments or performances required hereunder to be paid or performed by Lessee.

9.2.6 Abate at Lessee's expense any violation of this Agreement.

9.2.7 Pursue at Lessee's expense any and all other remedies, legal or equitable, to which Lessor may be entitled.

9.2.8 Refuse without any liability to Lessee therefore to perform any obligation imposed on Lessor by this Agreement.

9.2.9 Be excused from further performance under this Agreement.

9.2.10 Notwithstanding anything in this Agreement to the contrary, unilaterally and without Lessee's or any other person's consent or approval, draw upon, withdraw or otherwise realize upon or obtain the value of any letter of credit, escrowed funds, insurance policies, or other deposits, sureties, bonds or other funds or security held by Lessor or pledged or otherwise obligated to Lessor by Lessee or by any third party (whether or not specifically mentioned herein) and use the proceeds for any remedy permitted by this Agreement.

9.2.11 Insist upon Lessee's full and faithful performance under this Agreement and upon Lessee's full and timely payment of all Rent during the entire remaining term of this Agreement, including a continuing obligation to pay the agreed Rent for the remaining term of this Agreement upon the early termination of the Lease as a result of Lessee's default under the terms of this Agreement.

9.2.12 Assert or exercise any other right or remedy permitted by law.

9.3 Notice of Breach. Lessee shall promptly give notice to Lessor of any event or circumstance that is (or with the passing of time or the giving of notice or both will become) an Event of Default under this Agreement.

9.4 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or otherwise prevent Lessor from declaring a default for any breach or succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or article) shall be effective against Lessor

unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS ARTICLE.

9.5 Reimbursement of Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

9.6 Inspection. Lessor shall have access to the Premises at all times upon reasonable prior notice (except, in the event of an emergency, without notice) for the purpose of examining, inspecting, evaluating, planning, repairing, designing, maintaining or showing the Premises or exercising Lessor's other rights hereunder. Lessee shall promptly undertake appropriate action to rectify any deficiency (identified by Lessor during such inspections or otherwise) in Lessee's compliance with this Agreement. This article does not limit Lessor's other rights of access to the Premises elsewhere in this Agreement or otherwise.

9.7 Default by Lessor. Notwithstanding anything in this Agreement to the contrary, in the event Lessor at any time is required to render any performance, such performance is not due until 30 days after notice by Lessee to Lessor that that the performance is due. If a cure cannot be affected during that period, Lessor shall not be in default so long as Lessor commences cure during the period and diligently prosecutes the cure to completion provided such cure must be completed within 60 days after it is due.

X. TERMINATION

10 Rights at Termination. The following provisions shall apply upon expiration or other termination of this Agreement at any time for any reason:

10.1 Surviving Obligations. Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or events leading to or occurring before termination shall survive and not terminate.

10.2 Delivery of Possession. Lessee shall, without demand, peaceably and quietly quit and deliver up the Premises to Lessor thoroughly cleaned, in good repair, maintained and repaired and in as good order and condition, reasonable use and wear excepted, as the same now are or in such better condition as the Premises may hereafter be placed by Lessee or Lessor.

10.3 Confirmation of Termination. Lessee shall provide to Lessor, upon demand, quit claim deeds covering the Premises executed by Lessee and by all persons who claim that they have received from or through Lessee any interest in or right to use the Premises or any interest in Lessee's rights under this Agreement.

10.4 Fixtures and Improvements. If the same has not occurred earlier, title to any and all fixtures and structural or permanent improvements placed upon the Premises by Lessee together with all other equipment and personal property of every description attached or affixed to the Premises shall automatically vest in Lessor without any payment by Lessor or any compensation to Lessee and without requirement of any deed, conveyance, or bill of sale. The preceding sentence does not apply to other personal property that is not physically attached in any way to the Premises. However, if Lessor shall request any documents in confirmation thereof, Lessee shall

promptly execute, acknowledge and deliver the same. Lessee shall assign and deliver to Lessor all operating manuals, warranties and similar materials pertaining to all personal property transferred to Lessor. Further, Lessee shall at its own expense, but only to the extent requested by Lessor in writing, remove and dispose of any said property and any fixtures and structural or permanent improvements placed upon the Premises by Lessee and completely repair the Premises to match adjacent finishes. Lessor may, in the exercise of its sole and absolute discretion, consider any Lessee property remaining on or about the Premises after the time for removal, abandoned and subject to removal, storage and disposal by Lessor at Lessee's expense and without compensation or accounting.

XI. INSURANCE

11 Insurance. During the entire term of this Agreement, Lessor shall insure the Premises and all property and activities at and about the Premises as follows:

11.1 Insurance Required. Prior to granting occupancy to the Premises, and at all times thereafter, Lessee shall obtain and cause to be in force and effect the following insurance:

11.1.1 Commercial General Liability. Commercial general liability insurance with a limit of \$1,000,000 for each occurrence and a limit of \$2,000,000 general aggregate limit per policy year. The policy shall cover liability arising from Premises, operations, independent contractors, products, completed operations, personal injury, bodily injury, advertising injury, and liability assumed under an "insured contract" including this Agreement. The policy shall contain a "separation of insureds" clause. The policy shall include a Fire Damage Liability limit sufficient to cover the replacement of the portions of the building in the Lessee's care, custody, and control. The Premises liability portion of the policy shall extend to the entire building premises and all ingress and egress routes used by the Lessee's customers.

11.1.2 Automobile Liability. If any vehicle is used in the performance of the Lessee's business or the Premises that is subject to this Agreement, the Lessee must maintain Automobile liability insurance with a combined single limit of \$1,000,000 for each accident covering any and all owned, hired, and non-owned vehicles assigned to or used in any way in connection with Lessee's use of the Premises. Without limitation, such insurance shall cover hazards of motor vehicle use for loading and offloading.

11.1.3 Liquor Liability. If the lessee is in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages, the Lessee shall purchase liquor liability insurance in an amount of not less than \$5,000,000 for each occurrence and \$5,000,000 aggregate.

11.1.4 Workers' Compensation. Such workers' compensation and similar insurance as is required by law and employer's liability insurance with a minimum limit of \$100,000 for each accident, \$100,000 disease for each employee, \$500,000 policy limit for disease. All contractors and subcontractors must provide like insurance.

11.1.5 Personal Property. Lessee shall maintain special causes of loss personal property coverage, as defined by Insurance Services Office, Inc., in an amount per occurrence equal to full replacement cost of all personal property used in connection with the Premises. In addition, Lessee shall maintain special causes of loss property insurance coverage for the full replacement value of the Lessee's betterments and improvements.

11.1.6 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers and agents (all of whom, including Lessor, are collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises.

11.1.7 Limit and Other Adjustments. Lessor may elect by notice to Lessee to increase the amount or type of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent type or amount of insurance to be provided.

11.2 Form of All Insurance. All insurance provided by Lessee with respect to the Premises, whether required by this Agreement or not, and all insurance provided by third parties under this Agreement, shall meet the following requirements:

11.2.1 "Occurrence" coverage is required. "Claims made" insurance is not permitted.

11.2.2 If Lessee uses any excess insurance then such excess insurance shall be "follow form" equal to or broader in coverage than the underlying insurance.

11.2.3 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted away from the Premises.

11.2.4 Lessee must clearly show by providing copies of insurance policies, certificates, formal endorsements or other documentation acceptable to Lessor that all insurance coverage required by this Agreement is provided.

11.2.5 Lessee's insurance shall be primary insurance.

11.2.6 All policies, including workers' compensation, shall waive transfer rights of recovery (subrogation) against Lessor, and the other Additional Insureds.

11.2.7 No deductibles, retentions, or "self-insured" amounts shall exceed \$100,000.00 in the aggregate per year, per policy. Lessee shall be solely responsible for any self-insurance amount or deductible.

11.2.8 No deductible shall be applicable to coverage provided to Lessor.

11.2.9 Lessor may require Lessee from time to time to secure payment of any deductible or self-insured retention by a surety bond or by a clean, irrevocable and unconditional letter of credit in content and form satisfactory to the city attorney's office.

11.2.10 All policies shall contain provisions that neither Lessee's breach of a policy requirement or warranty, nor inadvertent failure to follow claims reporting procedures, shall affect coverage provided to Lessor.

11.2.11 All policies except workers' compensation must cover Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement.

11.2.12 All policies must be endorsed to provide Lessee with at least 30 days prior notice of cancellation or 10 days prior notice of cancellation for non-payment of premiums.

11.2.13 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

11.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor the Standard ACORD certificate of insurance annually and with each change in insurance coverage. The Certificate must evidence that the policy described by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, the certificate must evidence that Lessor and the other Additional Insureds are additional insureds. All certificates are in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

11.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++6.

11.5 Lessor's Election to Provide Insurance. Lessor is not required to carry any insurance covering or affecting the Premises or use of Lessor's property related to this Agreement. Lessor may elect to acquire all or any part of the insurance required by this Agreement (with or without any other real property Lessor may own, or control) and Lessee shall pay to Lessor the costs of such insurance as reasonably determined by Lessor. Lessee shall provide all required insurance not so provided by Lessor. Any insurance or self-insurance maintained by Lessor shall not contribute to Lessee's insurance.

11.6 Insurance Proceeds. All insurance proceeds (whether actually paid before or after termination of this Agreement) shall be paid to Lessee and Lessor jointly and shall be allocated among Lessor, Lessee and other interested parties as their interests may appear.

11.7 No Representation of Coverage Adequacy. By requiring insurance herein, Lessor does not represent that coverage and limits will be adequate to protect Lessee. Lessor reserves the right to review any and all of the insurance policies and/or endorsements cited in this Agreement, but have no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Lessee from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times.

11.8 Use of Subcontractors. If Lessee subcontracts or otherwise delegates any work or use of the Premises under this Agreement, Lessee shall cause the delegatee to execute and provide to Lessor a writing executed by the delegatee containing the same indemnification clauses and insurance requirements set forth herein protecting Lessor and Lessee.

11.9 Lessee's Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this article are completely resolved, Lessee (and all other persons using, acting, working or claiming through or for Lessee or this Agreement (if they or their subcontractor, employee or other person or entity hired or directed by them participated in any way in causing the claim in question) shall jointly

and severally indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises or this Agreement (the "Indemnity"). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use, financial harm, or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings and all other costs and expenses of litigation or resolving the claim) that may arise in any manner out of any use of the Premises or other property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including without limitation any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. As a condition to Lessor's executing this Agreement, Lessee specifically agrees that to the extent any provision of this article is not fully enforceable against Lessee for any reason whatsoever, this article shall be deemed automatically reformed to the minimal extent necessary to cause it to be enforceable to the fullest extent permitted by law. The Indemnity shall also include and apply to any environmental injury, personal injury or other liability relating to Lessor's or Lessee's acquisition, lessorship or use of real property developed, operated, owned, used, controlled or possessed by Lessor or Lessee under this Agreement. This indemnity includes any claim or amount arising out of, or recovered under, the Worker's Compensation Law or statute, ordinance, rule, regulation, or court decree. It is agreed that the Lessee will be responsible for primary investigation, defense, and judgment costs where this indemnification is applicable. The Lessee agrees to waive all rights of subrogation against the City, its officers, agents, representatives, directors, officers, and employees for losses arising from the actions of the Lessee.

Notwithstanding the foregoing, the Indemnity does not apply to:

11.9.1 Claims arising only from the sole gross negligence of Lessor.

11.9.2 Claims that the law prohibits from being imposed upon the indemnitor.

11.10 Risk of Loss. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessee shall be responsible for any and all damage to its property and equipment related to this Agreement and shall hold harmless and indemnify Lessor and all other Additional Insureds, regardless of the cause of such damages.

11.11 Indemnities and Insurance Cumulative. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. The amount and type of insurance coverage required by this Agreement will in no way be construed as limiting the scope of the indemnities or other requirements of this Agreement.

11.12 Insurance to be Provided by Others. Lessee shall cause its contractors or other

persons occupying, working on or about, or using the Premises pursuant to this Agreement to be covered by their own or Lessee's insurance meeting the requirements of this Agreement. The preceding sentence does not require such persons to provide insurance that merely duplicates insurance Lessee provides.

XII. CONDEMNATION

12 Condemnation. If any part of the Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, and in the event that such taking or condemnation shall render the Premises unsuitable for use as a rental car concession, then the term of this Agreement shall cease and terminate as of the date of taking of possession in such proceeding and Lessee shall have no claim for the value of any unexpired term of this Agreement. In the event of such an acquisition, Lessor shall pay to Lessee separate and apart from any condemnation action an amount equal to the lesser of i) the actual original cost of Lessee's improvements acquired less depreciation on a straight line basis from the time of construction of Lessee's Improvements so acquired through the remaining original term of this Agreement, or ii) if Lessor is not the condemnor, the net amount actually received by Lessor with respect to such Lessee's Improvements. In the event of a partial taking or condemnation which is not extensive enough to render the Premises unsuitable for use as a rental car concession, Lessor shall promptly restore the Premises to a condition comparable to its condition at the time of such condemnation less the portion lost in the taking, this Agreement shall continue in full force and effect, and the Base Rent (but not the Percentage Rent) shall be reduced in proportion to the gross rentable area of the Premises so taken. In the event of any taking or condemnation, Lessee shall not be entitled to any part of the award, as damages or otherwise. Lessor is entitled to receive the full amount of the award or other payment and Lessee hereby waives any right thereto. Nothing in this article shall be construed to permit the abatement in whole or in part of the Percentage Rent.

XIII. DAMAGE TO OR DESTRUCTION OF PREMISES

13 Damage to or Destruction of Premises. If the Premises are partially damaged by fire, explosion, the elements, the public enemy, or other casualty, but not rendered untenable, and provided that such damage is not caused by the act or omission of Lessee or its officers, employees, representatives, agents or customers, any such damage shall be repaired with due diligence by Lessor at its own cost and expense, provided however, that Lessee shall, at its' sole cost and expense, be responsible for repairing or replacing any tenant improvements, fixtures, furnishings, or equipment constructed or installed by Lessee beyond those tenant improvements made by Lessor pursuant to Article 7.1. There shall be no reduction of Rent. If such damage shall be so extensive as to render the Premises untenable, but capable of being repaired in 90 days, the same shall be repaired with due diligence by Lessor at its own cost and expense, and the Rent payable herein shall be proportionately paid up to the time of such damage and thereafter cease until such time as the Premises are restored. In the event the Premises are completely destroyed by fire, explosion, the elements, the public enemy or other casualty; or so damaged that they will remain untenable for more than 90 days, Lessor shall be under no obligation to repair and reconstruct the Premises, and Rent payable hereunder shall be proportionately paid up to the time of such damage or destruction, and shall thenceforth cease until such time as the Premises may be fully restored. If within 12 months after the time of such damage or destruction said Premises shall not have been repaired or reconstructed, Lessee may give Lessor written notice of its intention to cancel this Agreement in its entirety as of the date of such damage or destruction. Notwithstanding all of the foregoing provisions, all repairs required of Lessor shall be limited to the building structure, roof and outer walls. Repairs to finished improvements including, but not limited

to, decorations, furnishings, floor and wall coverings, fixtures and equipment, shall be accomplished by Lessee at its cost and expense within 90 days of the completion of Lessor's restoration of the Premises.

XIV. LESSEE'S RECORDS

14 Lessee's Financial Records. During the entire term of this Agreement, Lessee shall keep records and provide information to Lessor as follows:

14.1 Scope of Information. Unless otherwise specified, all of Lessee's recordkeeping and disclosure obligations under this article include and are limited to the following cumulative topics as reasonably determined by Lessor (collectively the "Covered Information"):

14.1.1 All information about this Agreement.

14.1.2 All information about Lessor's and Lessee's rights, obligations and performances under this Agreement.

14.2 Reports. Lessee shall deliver to Lessor written reports (and, if requested by Lessor, a presentation to Lessor's governing council or designee) covering such Covered Information as Lessor may request from time to time.

14.3 Records Inspection. At Lessee's expense, Lessee shall:

14.3.1 Permit and assist Lessor and its representatives at all reasonable times to inspect, audit, and copy Lessee's records of Covered Information.

14.3.2 Make the records of Covered Information (and reasonable accommodations for Lessor's audit and inspection) available to Lessor at Lessee's offices in the City of Scottsdale in Maricopa County, Arizona or at another location requested by Lessor within the corporate limits of the City of Scottsdale.

14.3.3 Cause Lessee's employees and agents and accountants to give their full cooperation and assistance in connection with Lessor access to the Covered Information.

14.4 Standards for Records. Lessee shall maintain a standard, modern system of recordkeeping for the Covered Information and shall keep and maintain proper and accurate books and other repositories of information relating to the Covered Information in accordance with generally accepted accounting principles applied on a consistent basis. If Lessor does not receive Covered Information, Lessor shall have the right to estimate the information that is not provided, which estimate shall be binding upon Lessee.

14.5 Record Retention. Lessee shall preserve records of the Covered Information in a secure place within the City of Scottsdale, Maricopa County, Arizona for a period ending 7 years after the time period reported by the records.

14.6 Record Media Included. Lessor's and Lessee's rights and obligations regarding the Covered Information encompass media, materials, and data repositories of every kind and character that may contain Covered Information. Such repositories include, without limitation, records, books, papers, documents, subscriptions, recordings, agreements, purchase orders, computer data, invoices, cash register tapes, contracts, logs, accounts, commitments,

arrangements, notes, diaries, ledgers, correspondence, reports, drawings, receipts, vouchers and memoranda, and any and all other sources, records and repositories of Covered Information.

14.7 Access after Termination. Lessee's access to Covered Information shall continue for 6 years after termination of this Agreement for any reason.

14.8 Costs of Audit. If an audit, inspection or examination discloses underpayments (or other matters adjusted in favor of Lessor) of any nature that exceed three percent (3%) of any payments or single payment, Lessee shall pay to Lessor Lessor's actual cost (based on the amount paid by Lessor, or based on reasonable charges charged by private auditors and other service providers for comparable work if the audit is performed by Lessor's employees) of the audit, inspection or examination, together with late fees, interest, and other amounts payable in connection with such adjustments or payments. Any adjustments and/or payments due as a result of any such audit, inspection or examination shall be made within a reasonable amount of time (not to exceed 30 days) after Lessor gives to Lessee notice of Lessor's findings.

XV. COMPLIANCE WITH LAW

15 Compliance with Law. Lessee shall perform its obligations under this Agreement in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended. Without limiting in any way the generality of the foregoing, Lessee shall comply with all and each of the following:

15.1 Applicability of Municipal Law. Without limitation, Lessee shall comply with municipal laws as follows:

15.1.1 Lessee acknowledges that this Agreement does not constitute, and Lessor has not promised or offered, any type of waiver of, or agreement to waive (or show any type of forbearance, priority or favoritism to Lessee with regard to) any law, ordinance, power, regulation, tax, assessment or other legal requirement now or hereafter imposed by the City of Scottsdale or any other governmental body upon or affecting Lessee or the Premises, or Lessee's use of the Premises.

15.1.2 All of Lessee's obligations hereunder are in addition to, and cumulative upon (and not to any extent in substitution or satisfaction of), all existing or future laws and regulations applicable to Lessee.

15.1.3 In the case of an ordinance or other law of the City of Scottsdale authorizing a credit, reduction in tax or amount charged or assessed, or any other benefit as a result of performances rendered under this Agreement, Lessee expressly waives, relinquishes and repudiates all such benefits with respect to performances rendered under this Agreement.

15.1.4 This Agreement is not intended to diminish any performances that would be required of Lessee by law if this Agreement had been made between Lessee and a private citizen.

15.1.5 Lessor has not relinquished or limited any right of condemnation or eminent domain over the Premises or any other property related to this Agreement.

15.1.6 This Agreement does not impair City of Scottsdale's power to enact, apply or enforce any laws or regulations, or exercise any governmental powers affecting in any way Lessee or the Premises.

15.1.7 Lessor's rights and remedies hereunder for Lessee's failure to comply with all applicable laws supplement and are in addition to and do not replace otherwise existing powers of the City of Scottsdale or any other governmental body.

15.2 Building Permits. If applicable, Lessee shall obtain at its own expense all building or other permits in connection with all construction performed by Lessee and shall comply with all zoning, building safety, fire and similar laws and procedures of every description.

15.3 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the Airport, including the Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith.

15.4 Aviation Regulations. Lessee shall comply with any and all rules, regulations, laws, ordinances, statues or orders of the FAA and any other governmental authority, whether Federal, State, County, or Lessor, lawfully exercising authority over the Airport.

15.5 Liability and Indemnity. Lessee shall be liable to Lessor, and shall pay, indemnify, defend and hold harmless Lessor against, any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon Lessor, including attorneys fees, arising from any violation of law caused directly or indirectly by act, omission, negligence, abuse or carelessness on the part of Lessee, its employees, agents, customers, visitors, suppliers, or invitees. Without limitation, the preceding sentence requires the payment by Lessee of any fines or penalties for any breach of security arising from the unauthorized entry of any of the aforementioned persons or their vehicles onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport.

15.6 Grant Agreement Assurances. Lessee shall observe and comply with the following covenants and conditions:

15.6.1 No person shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises on the grounds of race, color, handicap, or national origin. No person shall be excluded on the grounds of race, color, handicap, or national origin from participation in, denied the benefits of, or otherwise be subject to discrimination in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon.

15.6.2 Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

15.6.3 Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to

make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchases.

15.6.4 Lessee agrees that it shall insert this article and all of the other provisions of this article titled "Grant Agreement Assurances" in any agreement, lease, contract, etc. by which Lessee grants a right or privilege to any persons, firm or corporation to render accommodations and/or services to the public on the Premises together with a provision that the "Grant Agreement Assurances" shall constitute a material breach thereof, and in the event of such non-compliance Lessor shall have the right to terminate the agreement and the estate thereby created without liability therefore. Either or both Lessor or the United States shall have the right to enforce the "Grant Agreement Assurances."

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

15.8 Construction Regulations. Lessee shall comply with the notification and review requirements covered on Part 77 of the Federal Aviation Regulations in the event any future structure or 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.

15.9 War or National Emergency. This Agreement 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.

15.10 Affirmative Action. Lessee assures that it will undertake an affirmative action program if and as required by 14 CFR, Part 152, subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered sub-organizations provide assurances to Lessor that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as and if required by 14 CFR, Part 152, Subpart E, to the same effect.

XVI. ASSIGNABILITY

16 Assignability. This Agreement is not assignable by Lessee except in strict compliance with the following:

16.1 Assignments Prohibited. References in this Agreement to assignments or subleases by Lessee shall be deemed to apply to all of the following transactions, circumstances and conditions:

16.1.1 Any voluntary or involuntary assignment, conveyance, or transfer of the Premises or any interest therein or any rights under this Agreement, in whole or in part.

16.1.2 Any voluntary or involuntary pledge, lien, mortgage, security interest, judgment, deed of trust, claim or demand, whether arising from any contract, any agreement, any work of construction, repair, restoration, maintenance or removal, or otherwise affecting the Premises (collectively "Liens").

16.1.3 The use, occupation, management, control or operation of the Premises or any part thereof by others.

16.1.4 Any transaction (or series of related or unrelated transactions) transferring a substantial part of the corporate stock (or other evidence of ownership, as applicable) or any other direct or indirect transfer of any substantial part of the ownership, management or control of Lessee or the Premises.

16.1.5 Any assignment for the benefit of creditors, voluntary or involuntary.

16.1.6 Any bankruptcy or reorganization.

16.1.7 The occurrence of any of the foregoing by operation of law.

16.2 Assignment Remedies. Any prohibited assignment shall be void and vest no rights in the assignee. Nevertheless, Lessor may, in its sole discretion and in addition to all other remedies available to Lessor under this Agreement or otherwise and in any combination, collect Rent from the assignee, sublessee or occupant and apply the net amount collected to the Rent required to be paid thereunder and/or void the assignment, all without prejudicing any other right or remedy of Lessor under this Agreement. No cure or grace periods shall apply to assignments prohibited by this Agreement or to enforcement of this Agreement against an assignee who did not receive Lessor's consent. Lessor may elect to increase Rent as a condition to consenting to an assignment.

16.3 No Waiver. No consent or collection or other action or inaction by Lessor shall be deemed a waiver of the prohibition on assignments or any other provision of this Agreement, or the acceptance of the assignee, sublessee or occupant as Lessee, or a release of Lessee from the further performance by Lessee of the provisions of this Agreement. The consent by Lessor to an assignment or subletting shall not relieve Lessee from obtaining the consent in writing of Lessor to any further assignment or sublease. Upon assigning, transferring or subletting the Premises, Lessee shall not be released of any liability hereunder but shall remain fully and personally obligated under this Agreement.

16.4 Enforceability after Assignment. This Agreement shall be enforceable personally and in total against Lessee and each successor, partial or total, and regardless of the method of succession, to Lessee's interest hereunder. Each successor having actual or constructive notice of this Agreement shall be deemed to have agreed to the preceding sentence.

16.5 Grounds for Refusal. No assignments of this Agreement are contemplated or bargained for. Lessor has the absolute right for any reason or for no reason in its sole discretion to give or withhold consent to any assignment or to impose any conditions upon any assignment. Lessee shall pay to Lessor the sum of \$500 for legal and administrative expenses related to any request for consent.

16.6 Form of Assignment. Any assignment shall be by agreement in form and content acceptable to Lessor. Without limitation, any assignment shall specify and require that each assignee acquiring any interest under this Agreement shall assume and be bound by, and be obligated to perform the terms and conditions of this Agreement, and that in the event Lessor terminates this Agreement because of default by Lessee, Lessor at Lessor's sole option may succeed to the position of Lessee as to any assignee of Lessee without liability for any prior breaches or performances by persons other than Lessor.

16.7 Lien Payment. Lessee shall pay all Liens as the same become due, and in any event before any judicial or non-judicial action or proceeding is commenced to enforce a Lien. Lessee shall pay, indemnify, defend and hold Lessor and the Premises free and harmless for, from and against any and all Liens, together with all liability, costs and expenses in connection therewith, including attorney's fees. Lessor shall have the right at any time to post and maintain on the Premises such notices, pay such amounts, file or record such notices, or take such other actions as Lessor may deem necessary to protect Lessor and its property interests against all Liens.

XVII. MISCELLANEOUS

17 Miscellaneous. The following additional provisions shall apply:

17.1 Amendments. This Agreement may not be amended except by a formal writing executed by the parties.

17.2 Limited Severability. In the event any term, condition, covenant, stipulation, agreement or provision herein contained is held to be invalid or unenforceable for any reason, the invalidity of such term, condition, covenant, stipulation, agreement or provision shall in no way affect any other term, condition, covenant, stipulation, agreement or provision herein contained. Further, this Agreement shall be deemed automatically reformed to secure to Lessor the legal, equitable, practical and other benefits of the provisions of this Agreement as written to the very maximum extent permitted by law.

17.3 Conflicts of Interest. No member, official or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement, that is prohibited by law.

17.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

17.5 Time of Essence. Time is of the essence of each and every provision of this Agreement. Any payments due on Saturday, Sunday or an Arizona legal holiday shall be due on the next succeeding day that is not a Saturday, Sunday or an Arizona legal holiday.

17.6 Non Liability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any performance or amount that may become due to any party or successor or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement.

17.7 Notices. Except as otherwise indicated, all notices, waivers, demands, requests and other communications required or permitted by this Agreement (collectively, "Notices") shall be in writing and shall be effective only if sent by one or more of the following methods: (a) personal delivery; (b) generally recognized overnight commercial courier regularly providing proof of delivery, with delivery charges prepaid or duly charged; (c) United States registered or certified mail, return receipt requested, postage prepaid, or (d) electronic mail (email) addressed to the parties at the respective addresses set forth opposite their names below, or to any other address or addresses as any party shall designate from time to time by notice given to the other in the manner provided in this article:

If to Lessor: Scottsdale Aviation Director
15000 North Airport Drive, Suite 200
Scottsdale, AZ 85260

City of Scottsdale
3939 Drinkwater Boulevard
Scottsdale, AZ 85251
Attn: City Attorney

If to Lessee: Maza Concepts, LLC, d/b/a the Brick
6854 E. Ivyglen Circle
Mesa, Arizona 85207
Attn: Dondra Maza

Notices to Lessee may also be hand delivered to Lessee's management office at the Premises. Notices given or served by personal delivery shall be deemed to have been received upon tender to the respective party. Notices given or served by mail or commercial courier shall be deemed to have been given or served as of the date of delivery (whether accepted or refused).

17.8 Funding. This article shall control notwithstanding any provision of this Agreement or any exhibit or other agreement or document related hereto. If funds necessary to fulfill Lessor's obligations under this Agreement are not appropriated by the Scottsdale City Council, Lessor may terminate this Agreement by 30 days notice to Lessee. Termination in accordance with this provision shall not constitute a breach of this Agreement by Lessor. No person will be entitled to any compensation, damages or other remedy from Lessor if this Agreement is terminated pursuant to the terms of this subsection.

17.9 Article Headings. The article headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

17.10 Lessor's Right of Entry. Lessor reserves the right at all reasonable times during the Term for Lessor or Lessor's agents to enter the Premises for the purpose of inspecting and examining the same, and to show the same to actual or prospective tenants or lenders, and to make such repairs, alterations, improvements or additions as Lessor may deem necessary or desirable, and for any other purposes Lessor deems necessary. During the ninety (90) days prior to the expiration of the Term or any renewal term, Lessor may exhibit the Premises to prospective tenants, and place upon the Premises customary "For Lease" signs, as the case may be, which signs Lessee shall permit to remain thereon without molestation. If Lessee shall not be personally present to open and permit entry into said Premises, at any time, when for any reason an entry

therein shall be necessary or permissible, Lessor or Lessor's agents may forcibly enter the same, without rendering Lessor or such agents liable therefor, and without any manner affecting the obligations and covenants of this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon Lessor any obligation, responsibility or liability whatsoever for the care, maintenance or repair of the building or any part thereof, except as otherwise herein specifically provided. No exercise by Lessor of any rights under this Article 16 shall entitle Lessee to any damages for inconvenience, disturbance, constructive eviction, loss of business or other damage to Lessee occasioned thereby, nor to any abatement of rent.

17.11 Attorneys' Fees. In the event any action or suit or proceeding is brought by Lessor to collect the Rent due or to become due hereunder or any portion hereof or to take possession of the Premises or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement or to vindicate or exercise any of Lessor's rights or remedies hereunder, Lessee agrees to pay Lessor all costs of such action or suit and all expenses of such action or suit together with such sum as the Court may adjudge reasonable as attorneys' fees to be allowed in said suit, action or proceeding.

17.12 No Third Party Beneficiaries. Except as otherwise expressly provided, no person or entity shall be a third party beneficiary to this Agreement or shall have any right or cause of action hereunder.

17.13 Exhibits. All exhibits attached hereto are incorporated into this Agreement by this reference.

17.14 Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreement, understanding, negotiation or representation regarding the Premises.

17.15 Further Assurances. Lessee agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as Lessor may reasonably require to consummate, evidence, confirm or carry out the agreement contained herein.

17.16 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement shall be construed according to its plain meaning and neither for nor against any party hereto. Lessee acknowledges that the Rent payable hereunder was negotiated in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

17.17 Survival of Liability. All obligations of Lessee hereunder and all warranties and indemnities of Lessee hereunder shall survive termination of this Agreement for any reason.

17.18 Choice of Law. This Agreement shall be governed by the internal laws of the State of Arizona without regard to choice of law rules. Lessor has not waived its claims procedures as respects this Agreement. Exclusive proper venue for any action regarding this Agreement shall be Maricopa County Superior Court. City and Lessee consent to personal jurisdiction in such court. Any such action must be filed, tried and remain in this Court for any and all proceedings. For this purpose, each party expressly and irrevocably consents to the jurisdiction and venue of this Court, and the Lessee hereby waives the right to have such action removed to Federal District Court.

17.19 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for Lessee's benefit.

17.20 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the cancellation rights specified in A.R.S. § 38-511.

17.21 Recording. Within 10 days after the date of this Agreement, Lessor shall cause this Agreement to be recorded in the office of the Maricopa County Recorder.

[SIGNATURES ON NEXT PAGE]

EXECUTED as of the date first given above.

LESSEE: MAZA CONCEPTS, LLC, d/b/a The Brick,
an Arizona limited liability company

By: *Dendra Maza*
Dendra Maza
Its: Manager

LESSOR: CITY OF SCOTTSDALE,
an Arizona municipal corporation

By: _____
W.J. "Jim" Lane, Mayor

ATTEST:

Carolyn Jagger, City Clerk

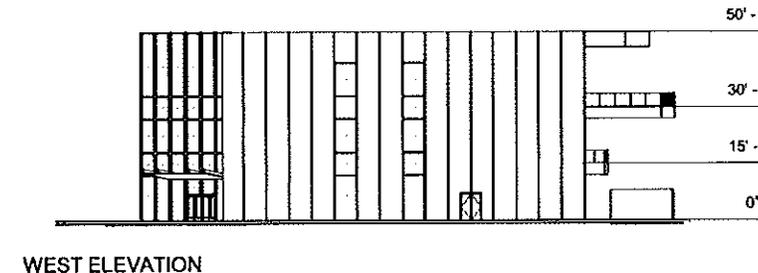
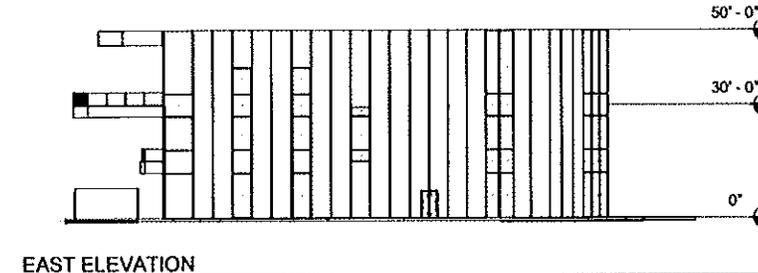
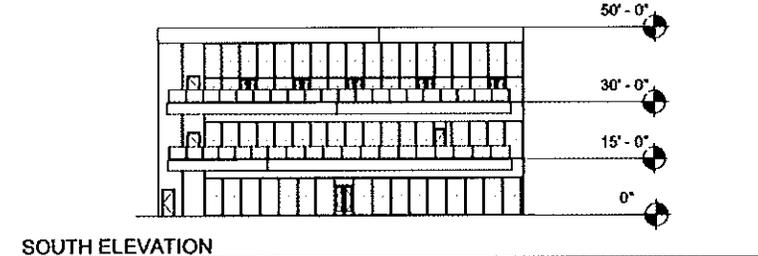
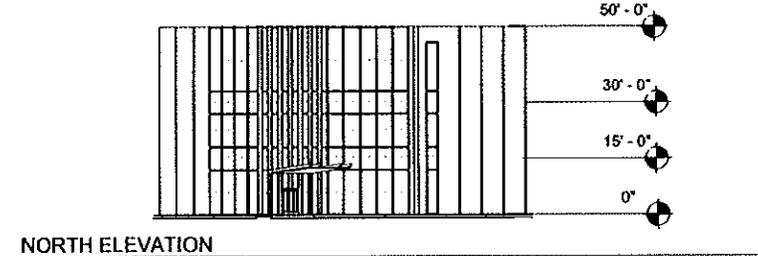
APPROVED AS TO FORM:

Bruce Washburn, City Attorney
By: Clifford J. Frey
Senior Assistant City Attorney

Gary P. Mascaro, Aviation Director

Katie Callaway, Risk Management Director

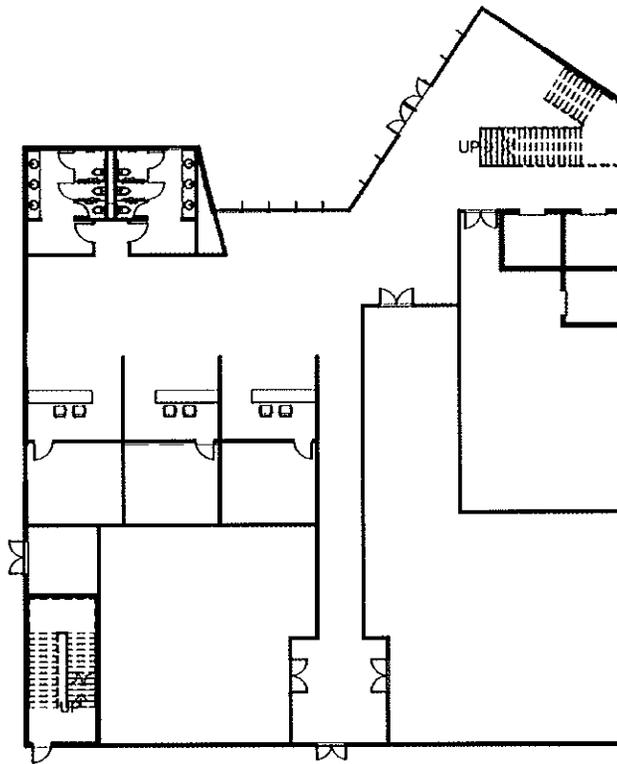
Exhibit A
Aviation Business Center
Street Side and Air Side Elevations



CONCEPTUAL ELEVATIONS

**Exhibit A-1
First Floor Plan
(Subject to completion of Final Plans)**

CONCEPTUAL FLOOR PLAN

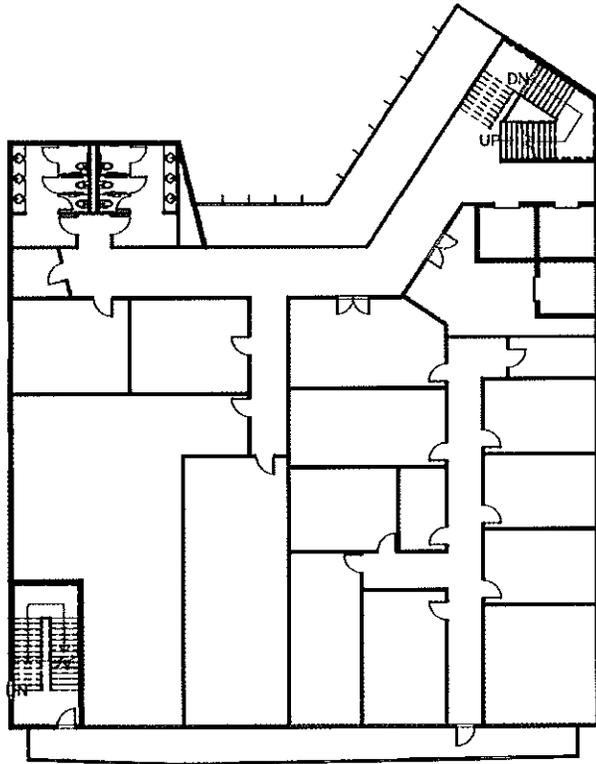


LEVEL 1



**Exhibit A-2
Second Floor Plan
(Subject to completion of Final Plans)**

CONCEPTUAL FLOOR PLAN

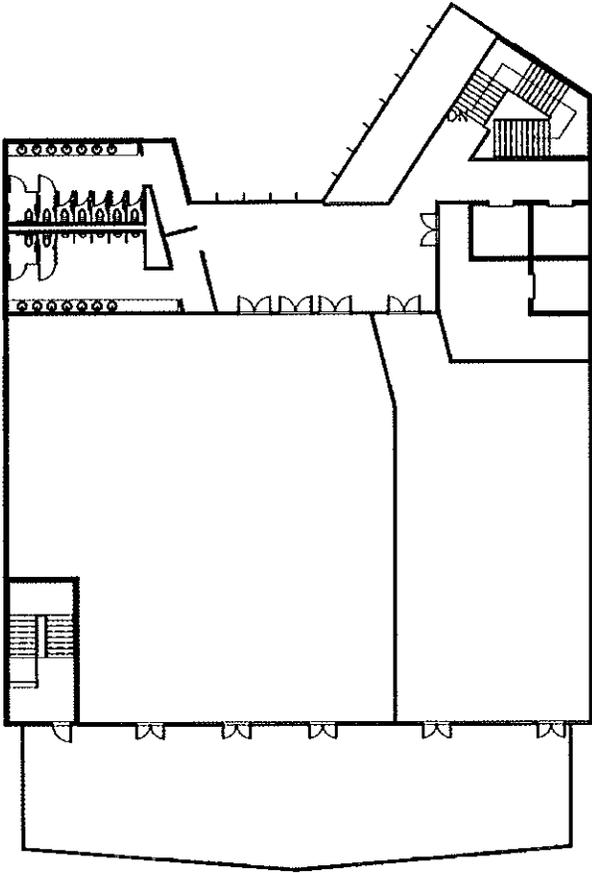


LEVEL 2



**Exhibit A-3
Third Floor Plan
(Subject to completion of Final Plans)**

CONCEPTUAL FLOOR PLAN

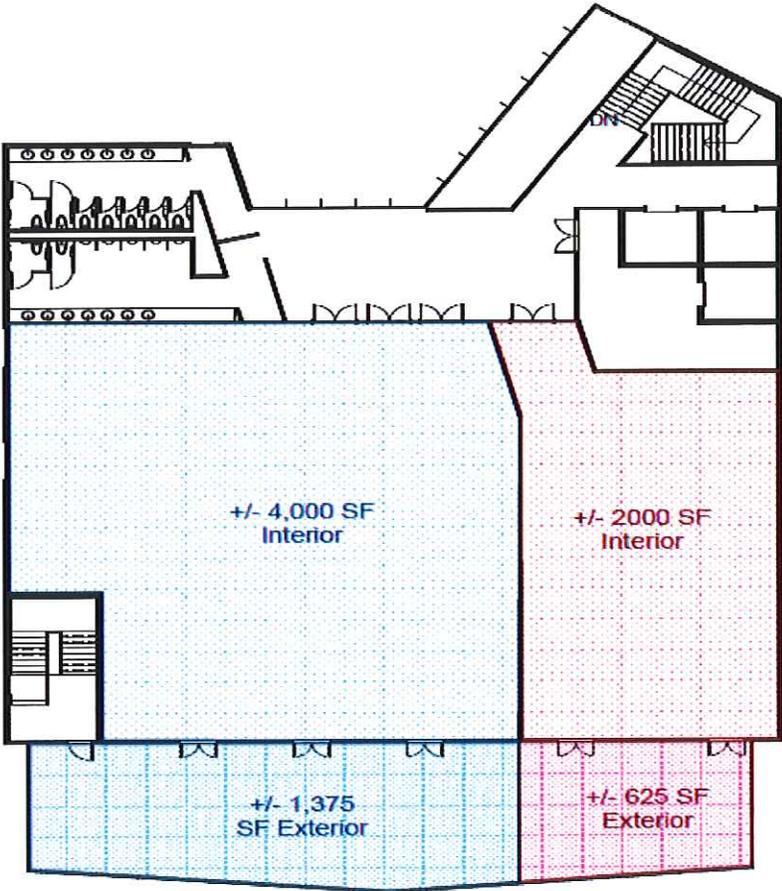


LEVEL 3



**Exhibit B
Leased Premises**

CONCEPTUAL FLOOR PLAN



LEVEL 3



**Exhibit C
Aviation Business Center
Lessor's Work**

The Aviation Business Center is a new, three (3) level steel Structure consisting of approximately 35,000 square feet. The building envelope consists of precast concrete and architectural metal panels, along with insulated glass wall systems. The approximate 50-foot structure height is topped with a membrane system roof and is approximately 96-feet wide X 96-feet deep. Construction is type IIB, and the building will have the required life safety and fire suppression systems. The design will follow LEED®/Green Building principles at a minimum. The building will be situated between 2 executive hangars with a triple height glass façade and accent shades, which will establish a primary entry for the building. Each level of the building will have common use restrooms. Each level will have an outdoor area of varying size from which to view the airfield.

**Exhibit D
Lessor's Equipment**

Hood
Ansel System
Walk-in Cooler
Light Fixtures

**Exhibit E
Lessee's Equipment**

Ovens
Grills
Steam Tables
Cold Prep Tables
Reach-ins
Freezers
Shelving
Dishwasher
Bar sink
Bar coolers
Tables
Chairs
Bar Stools
Patio Furniture

Exhibit F
Operating Plan, Organization, and Marketing

Operating Plan

A. Hours of Operation

Monday-Thursday: 6am – 9pm

Friday: 6am – 10pm

Saturday: 10am – 10pm

Sunday: 10am – 6pm

B. Theme and Décor

Welcome to The Brick Restaurant

The motto behind the name...

"You can't build the highest wall, if you never lay down the first brick."

The idea of all that The Brick is to Scottsdale, to the airport, and to us is how you can learn a little bit about our broken bricks to "build your wall." We're not just a restaurant... because here with your colleagues, family, and friends, you lay down your first bricks – the foundation of a business deal or personal relationship.

The Brick is conveniently located in the Scottsdale Airport. Whether you are looking to grab an espresso or sit down for a casual lunch, a more contemporary dinner, or our weekend brunch, The Brick is the place for you! It is *your* place; an extension of your home or office. The setting, overlooking the tarmac coupled with the McDowell Mountain views, and the option for outdoor seating make this an ideal location for any kind of event. We are Scottsdale's hidden gem. The Brick will be a place adaptable to your needs. You can come and go with ease, hold court, or simply sit back and bask in the beauty of the Valley and enjoy live music most evenings and every Sunday for Brunch.

The design will be a sleek, clean, and classic look. Silver, gray, eggplant and black will be the primary colors so the view can take center stage. Modern, fresh floral arrangement

will further add to the ambiance.

The menu is designed to mirror that of the décor – simple, timeless, and elegant. From chop salads, and classic burgers, to steak and seafood, everything will be presented and prepared to the highest standards. We believe all of these elements will combine to create an industrial and sleek space that bursts with energy.

The Brick Marketplace

For some, the day doesn't start unless it starts at The Brick Marketplace. The aroma of fresh-baked muffins, one of a kind cookies and Danishes, and dark rich espresso will get your motor running. Overflowing displays of fresh food will be ready to grab and go or available while you sit and eat, read the paper, work on a business proposal or just simply watch the sunrise over the McDowell Mountains while the jets take off and land. Start the day right...at the Marketplace.

C. Use of Current Services

It is our intention that The Brick will only benefit from our current services. We will utilize our food inventory and chefs from Inflight Catering and NSV. This will enable us to keep our prices lower than our competition, drive more business to the restaurant and yield higher margins.

D. Expansion of Current Services

We are already expanding our catering services through North Scottsdale Venues (www.northscottsdalevenues.com). This company is key to furthering our catering and venue businesses. Not only do we represent approximately 15 hangars at the Scottsdale Airpark but we are also working with multiple other venues to bring groups to their locations. By adding The Brick and the multi-purpose meeting / event space at the new building to our portfolio of venues, there will be an immediate revenue opportunity to The Airpark. Our off-site catering and events produces \$5 - \$500K per event with group sizes ranging from 100 attendees to north of 1000. *(As an aside, we are currently working with two groups of 1000 attendees on events to be held within the year.)*

Additionally, we are expanding our market outside of Arizona. We have already hired a team of Sales Executives and a Production Company to further our brand. We plan to leverage the relationships we have cultivated with our existing customer base to help build excitement about both revenue opportunities – The Brick and the new meeting / event space.

In 2014, we proudly sold and operated 11 off-site events that welcomed 8500 attendees. We also sold and operated 144 events at Venue 8600 that welcomed 7700

attendees to the Venue. These are all types of events that we could bring to The Brick or the new meeting facility, depending on the size of the group.

What are our current customers saying about us?

They know their business inside and out!

"NSV's team is one of the most high-energy, bright, competent groups I've ever had the pleasure of working with in this industry. They know their business inside and out, and are a delight to work with. They have the ability to take full responsibility for a project and really get things done when that is what is necessary, but also knows when key decisions really need to be brought back to the client. There is a fine line there which requires experienced finesse, and NSV just "gets it". They have helped me work on the tightest of budgets, and has held other vendors feet to the fire to make sure I was not taken advantage of. I appreciate having someone with their knowledge and expertise in my court during those times. I would recommend North Scottsdale Venues wholeheartedly to others who are planning large, complicated events or meetings they are top notch."
~Sr. Sales Director / Solutions Consultant at Systems Global

Deeply Passionate and Detailed Pro

I've had the opportunity to work with Karen on several occasions. She is a deeply passionate and detailed pro who will work hard to ensure your event is well planned and executed. Plus, she is a lot of fun and makes the process of event planning enjoyable and effortless.
~Gene, Urban Corporate Empowerment

Their Corporate Hospitality Packages Go Beyond All Others!

Nobody can put on an event like NSV. From start to finish they handle all of the details and come up with creative solutions for any challenges. They always have a way of making every event memorable. North Scottsdale Venues know what is important to the client and know how to make it happen. Their corporate hospitality packages go beyond all others with the five-star food, fine wine and extraordinary service they provide.
~Michael, Director of Meetings & Incentives

E. Equipment and Improvements

We ask that the city provide the following: a hood, ansel system, grease trap, walk-in cooler, and light features.

We will provide the following: ovens, grills, steam tables, cold prep tables, reach-ins, freezers, shelving, dishwasher, bar sink, bar coolers, tables, chairs, bar stools, and patio furniture.

Once the design of The Brick is complete and approved, other equipment and improvements may be identified.

F. Proposed Menu



The Brick
MARKETPLACE

LOCAL COFFEE	\$1.5
LOCAL TEAS	\$2.5
LATTES	\$3
CAPPUCINOS	\$3
ESPRESSO	\$3
FRESH BAKERIES	\$2-\$3
OATMEAL	\$5
QUICHE	\$6
FRIITATA	\$6
BREAKFAST BURRITOS	\$7
BREAKFAST SANDWICHES	\$7
WRAPS	\$7
ASSORTED SANDWICHES	\$7
PROTEIN BOXES	\$7
HOUSE-MADE TRAIL MIXES	\$3
BROWNIES	\$3
COOKIES	\$2

LUNCH

Appetizers

- MARINATED OLIVES \$5**
Oregano, Fennel, Rosemary, Roasted Garlic
- WARM POTATO CHIP STACK \$6**
Appleswood Bacon, Green Onions, Warm Blue Cheese Fondue
- ROSEMARY & ROASTED GARLIC HUMMUS \$7**
Garbanzo Beans, Feta Cheese, Served with Seasonal Vegetables & Grilled Flatbread
- ARTISANAL CHEESE BOARD \$12**
Fresh & Dried Fruit, Nuts, Crostini, Local Cheeses

Soups and Salads

- SCRATCH-MADE SOUP OF THE DAY**
Ask your server about the Chef's creations
- STRAWBERRY SALAD \$10**
Strawberries, Baby Greens, Candied Almonds, Feta Cheese, Cranberries, Agave Nectar Vinaigrette
- FLAT IRON STEAK SALAD* \$13**
Grilled Romaine, Gorgonzola, Gala Apples, Tomatoes, Crispy Onions, Mustard Vinaigrette
- THE BRICK CHOPPED CHICKEN SALAD \$11**
Romaine Lettuce, Achide Chicken, Black Beans, Tomatoes, Feta Cheese, Frazzled Tortilla Strips, Chipotle Ranch Dressing
- ASIAN CHOPPED CHICKEN SALAD \$11**
Napa Cabbage, Shredded Carrots, Red & Green Peppers, Almonds, Scallions, Sesame Ginger Vinaigrette
- ROASTED BEET & GOAT CHEESE SALAD \$11**
Ficelle Greens, Goat Cheese, Candied Walnuts, Apple Cider Vinaigrette

Sandwiches and Entrees

- Come with your choice of side salad, daily side or French fries*
- THE BRICK BLEF \$9**
Pesto Aioli, Appleswood Bacon, Tomatoes, Aged Cheddar Cheese, Arugula on 9-Grain Bread
 - 3 CHEESE & TOMATO PANINI \$8**
Muenster, Provolone, Aged Cheddar, Roasted Tomatoes, Bait on Sour Dough Bread
 - PORK SHOULDER PRESS \$10**
Provolone Cheese, Pickled Onions, Salsa Verde, Grain Mustard Aioli on Ciabatta
 - ROASTED TURKEY PANINI \$10**
Provolone Cheese, Arugula, Tomato, Cranberry Mayo on 9-Grain Bread
 - ACHOTE CHICKEN WRAP \$9**
Avocado, Tomatoes, Pickled Lemons, Black Bean Hummus, Chipotle Aioli wrapped with a Flour Tortilla
 - "THE BOMB" BUREN \$10**
Caramelized Onion, Swiss Chard, Boursin Cheese, Thousand Island, Fried Jalapenos
 - CLASSIC ANGUS BURGER* \$11**
Aged Cheddar Cheese, Pickled Onions, Arugula, Tomatoes, Appleswood Bacon, Chipotle Aioli
 - THE BRICK BLUE BURGER* \$12**
Caramelized Onions, Appleswood Bacon, Gorgonzola, Aged Cheddar, Fried Egg, Chipotle



Breakfast and Lunch Price Comparisons

Breakfast Menu Sample	The Keg	Sapporo	Deer Valley	The Brick
Frittata	N/A	N/A		\$6.00
Cheese Omelet			\$7.49	
Breakfast Burrito			\$7.99	\$7.00
Breakfast Sandwich			\$8.49	\$7.00
Coffee			\$1.79	\$2.50
Tea			\$1.79	\$2.50

Lunch Menu Sample	The Keg	Sapporo	Deer Valley	The Brick
Potato Skins / Warm Potato Chlp Stack			\$8.49	\$6.00
Mozzarella Sticks			\$6.99	
Artisan Cheese Board				\$12.00
Bowl of Soup	\$5-\$9		\$4.49	\$5.00
Burger	\$12.00	\$11.00	\$9.99	\$11.00
BLT			\$6.69	\$9.00
Chicken Caesar Pita			\$9.99	
Roasted Turkey Panini				\$10.00
Edamame		\$3.00		
Rosemary & Garlic Hummus				\$7.00
Chicken Salad (or similar)	\$16.00	\$10.00		\$11.00
Steak Salad	\$19.00			
Sushi		\$6-\$9		
Green Chili Mac 'n Cheese				\$10.00
Lobster Mac 'n Cheese	\$18.00			



LOCATION • PHONE • WEB

Appetizers

- MARINATED OLIVES \$5**
Oregano, Fenugreek, Rosemary, Roasted Garlic
- VEAL MEATBALLS \$8**
Served with House-made Marinara and Crustini
- WARM POTATO CHIP STACK \$8**
Applewood Bacon, Green Onions, Warm Blue Cheese Dressing
- ROSEMARY & ROASTED GARLIC HUMMUS \$7**
Caramelized Onions, Feta Cheese, Served with Seasonal Vegetables & Grilled Flatbread
- ARTISANAL CHEESE BOARD \$12**
Fresh & Dried Fruit, Nuts, Crustini-Local Cheeses
- ALL YOU CAN EAT TACO TOWER \$14**
Served with Warm Tort Chips

Soups and Salads

- SCRATCH-MADE SOUP OF THE DAY**
Ask your server about the Chef's creation
- STRAWBERRY SALAD \$10**
Strawberries, Baby Greens, Candied Almonds, Feta Cheese, Crispbread, Agave Nectar Vinaigrette

DINNER

Dining under the stars on the Bricks open Patio overlooking Scottsdale's Elite Private Airport watching private jets fly in listening to quiet live music enjoying casual trendy cuisine.

Soups and Salads

- FLAT IRON STEAK SALAD* \$13**
Grilled Borsini, Caramelized Onions, Tomato, Crispy Onions, Mustard Vinaigrette
- THE BRICK CHOPPED CHICKEN SALAD \$11**
Arugula Lettuce, Achiole Chicken, Black Beans, Tomatoes, Feta Cheese, Truffled Tortilla Strips, Chipotle Ranch Dressing
- ASIAN CHOPPED CHICKEN SALAD \$11**
Rapa Cabbage, Shredded Carrots, Red & Green Peppers, Almonds, Scallions, Sesame Ginger Vinaigrette
- ROASTED BEET & GOAT CHEESE SALAD \$11**
Feta Cheese, Goat Cheese, Candied Walnuts, Apple Cider Vinaigrette

Sandwiches and Entrees

- THE BRICK BEEF \$9**
Pesto Aioli, Applewood Bacon, Tomatoes, Aged Cheddar Cheese, Arugula on 9-Grain Bread
- 3 CHEESE & TOMATO PANINI \$8**
Muenster, Provolone, Agriol Cheddar, Roasted Tomatoes, Basil on Sourdough Bread
- PORK SHOULDER PRESS \$10**
Provolone Cheese, Pickled Onions, Salsa Verde, Green Mustard Aioli on Calabrese
- ROASTED TURKEY PANINI \$10**
Provolone Cheese, Arugula, Tomato, Cranberry Mayo on 9-Grain Bread
- ACHIOLE CHICKEN WRAP \$9**
Avocado, Tomatoes, Iceberg Lettuce, Black Bean Hummus, Chipotle Aioli wrapped with a Flour Tortilla
- "THE BOMB" BURGER \$10**
Corned Beef, Sauteed Onions, Havard Cheese Thousand Island, Fried Jalapenos
- CLASSIC ANGUS BURGER \$11**
Aged Cheddar Cheese, Pickled Onions, Arugula, Tomatoes, Applewood Bacon, Chipotle Aioli
- THE BRICK BLUE BURGER \$12**
Caramelized Onions, Applewood Bacon, Gorgonzola, Aged Cheddar, Fried Egg, Chipotle
- CHICKEN CHIPOTLE PASTA \$12**
Pasta Pasta with Grilled Chicken in a Spicy Cream Sauce
- 5 SPICE BRAISED PORK BELLY TACOS \$12**
Bibb Lettuce, Pickled Watermelon Rind Salsa
- "STREET" TACOS \$12**
Marinated Steak, Cabbage Salsa, Cilantro Crabme Fraiche, Tomatillo and Chili Tepal Salsa, Corn Tortillas
- MISO CHICKEN BREAST \$14**
Wild Rice, Grilled Carrots
- PAN ROASTED SEA BASS \$22**
Butternut Squash Purée, Roasted Root Vegetables
- GRILLED RIBEYE STEAK \$22**
Potatoes Au gratin, Cebrates Sauce and Grilled Seasonal Vegetable
- DIVER SCALLOPS \$22**
Coconut Knots, Vegetable Hash
- GREEN CHILI MAC 'N' CHEESE \$10**
Roasted Pobano Peppers, Scallions, Garnished with Buttermilk Bread Crumb



Dinner Menu Price Comparisons

Dinner Menu Sample	The Keg	Sapporo	Deer Valley	The Brick
Steak Salad	\$19.00	\$11.00	\$11.99	\$13.00
Chopped Chicken Salad (or similar)			\$9.99	\$11.00
Chicken Breast Dinner (or similar)	\$22.00	\$15.00	\$12.99	\$14.00
New York Strip Steak	\$30.00		\$17.99	
Grilled Ribeye Steak	\$36.00			\$22.00
Scallops				\$22.00
Seafood Platter			\$14.99	
Cashew Chicken				
Grilled Salmon		\$16.00		
Tacos	\$13.00			\$12.00



LOCATION • PHONE • WEB

7% NOSH BAR
 A Rotating Bar of All you can Eat Appetizers \$14.99 with purchase of a drink from the bar

Cheese Displays (Daily)
 Vegetable Crudités (Daily)
 Bread Bar (Daily)

Daily Dip to include one the following
 Spinach and Artichoke, Hummus, Salsa, Jamón, Cheese
 Served with Lahvosh, Pita, Breads and Chips

A rotating menu of two of the following
 Meatballs
 Chicken Satay
 Street Focia
 Mac and Cheese
 Mini Sliders with French Fries
 Salt and Pepper Wings
 Assorted Quesadillas

DRINKS
 Domestic Beers \$4
 Local Beers/Imports \$5
 Cocktails \$4
 Specialty Martini \$6
 House Made Sangria \$4
 House Wine \$4
 Premium Wine \$8-12
 Premium Liquors \$8-10

HAPPY HOUR

(Full Dinner Menu Also Available)

BRUNCH

Featuring LIVE Music on Sundays

Saturday & Sundays \$15 per person

BRUNCH BAR

Assortment of Breakfast Pastries and Breads

Fresh Fruit Display

Daily Frittata Special

Chefs Favorite Choice of the Day to include:
 Waffles, Bananas Foster's French Toast, Specialty Pancakes, Crêpes

Made to Order Omelet Bar

Applewood Smoked Bacon Sausage

Chefs Choice Carving Station

Bloody Mary Bar

House Vodka Piscole \$4

Premium Vios, Absolut, Kettle \$6

Mimosas \$4

Beer \$4

Sangria \$6

Happy Hour Price Comparisons

Happy Hour Sample	The Keg	Sapporo	Deer Valley	The Brick
Beer - Happy Hour	\$4.00	\$5.00	N/A	\$4.00
Premium / Imports		\$6.00		\$6.00
Cocktails	\$6.00			\$6.00
Wine by the Glass	\$6.00			\$6.00
Snacks	\$4.00			
Shares (loaded nachos, baked brie)	\$6.00			
Shares (tuna tacos, prime rib sliders)	\$8.00			
Edamame		\$5.00		
Crab Puffs		\$7.00		
BBQ Ribs		\$9.00		
Lobster Potstickers	\$9.00			
Thai Steamed Black Mussels	\$9.00			
Rotating Bar with All You Can Eat Apps				\$10.00

Section IV

Organizational Charts and Staff

Ciao Baby Catering Org Chart



The Brick Org Chart



Proposed Staffing Levels:
The Brick Marketplace 6am – 10am
1 Barista/Hostess
1 Chef

Lunch 10am-2pm
1 Manager
1 Hostess
3 Servers
2 Chefs
1 Dishwasher / Busser

Dinner
1 Manager
1 Hostess
2 Bartenders
3 Servers
3 Chefs
1 Dishwasher / Busser

Roles & Responsibilities:

General Manager - Cost Accounting, Developing Budgets, Financial Planning and Strategy, Decision Making, Process Improvement, Strategic Planning, Verbal Communication, Customer Focus, Management Proficiency, Managing Profitability, Quality Focus

Assistant Manager - Direct employees through their daily routines and interact with customers make sure that they have a perfect experience. Quality control, ensuring customer satisfaction through training employees properly and adhering to company policy. Oversee employees' performance from preparing food, stocking supplies, and serving, charging customers for their food, handling cash, credit cards, cleaning tables and counters, resetting tables, greeting customers and answering questions.

Executive Chef - Review food and beverage purchases, develop and standardize recipes, maintain safety and sanitation in the kitchen, maintain equipment, design food presentation aesthetics, plan and prepare special menu items, choose menu designs and determine menu prices. Supervise all kitchen workers. Conduct performance reviews, grant pay increases and take disciplinary action when necessary. Executive chefs may also help prepare meals in the kitchen and delegate work to other chefs and cooks during the restaurant's busy times.

Line Cooks - Prepare food, help kitchen workers in the preparation of food items and set up allocated stations for menu, as instructed by Chef and compliant with standards.

Hostess - Greet guests and patrons personally and on the telephone, offers appropriate seating arrangements, Present menus and take orders Set up dining rooms and make reservations.

Servers - Communicating and Customer Service, Resolving Conflict, Teamwork, Persistence, Energy Level, Selling to Customer Needs, Thoroughness, Professionalism, Client Relationships.

Bussers - Clean tables, taking plates, utensils and drink ware to the kitchen to be washed, make sure diners' water glasses are full, and reset tables for the next service, help waiters and waitresses bring food out to a table, restock utensils, napkins and other dining room needs.

Dishwasher & Bartender – self explanatory

Marketing

Marketing Objectives:

Quite simply, our primary marketing objective is to make The Brick the “go to” restaurant for travelers and locals alike. Whether it’s a quick bite, business meal, meeting friends for Happy Hour, celebrating a special occasion or perhaps even a first date, The Brick should be *the place*.

About Ciao Baby...Why Us?

Ciao Baby Catering has operated in North Scottsdale for over 15 years. We have deep community roots and enjoy a special connection to The Scottsdale Airport where we have operated Zulu Caffè within the terminal for the past 4 years. Throughout those 4 years and during times of minimal airport activity, we have continued to flourish. We credit much of that success to the relationships we have built in and around the airport. We formed partnerships with other companies through Zulu’s in-flight catering services. We also now serve as the preferred event manager for the majority of the hangars in the area.

The Ciao Baby team has taken events in Arizona to a new level. We are strongly dedicated to providing a personalized experience for each client as we continue to exceed all expectations. We continue to evolve, learn, and train to better our company as a whole. We have carefully selected each member of the Ciao Baby team to produce a high quality experience - second to none!

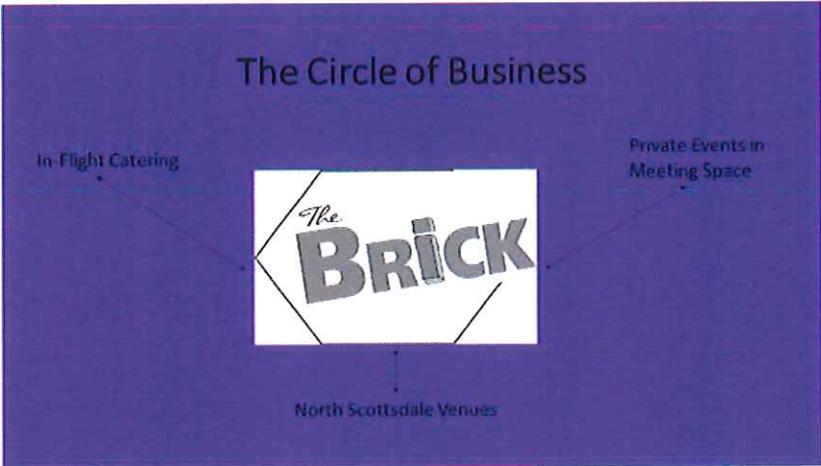
In the past year, we have enjoyed success as the exclusive in-house caterer at Venue 8600, owned and operated by the Scottsdale Area Association of Realtors (SAAR). As such, we provide catering and event services to associations and corporate groups that conduct meetings at Venue 8600. Those groups range in size from 10 – 800 attendees. We provide everything from a basic, inexpensive continental breakfast to customized plated dinners for elite clientele. Additionally, we operate the Café at 8600 located inside the Venue. The café includes a coffee bar, and our menu caters to meeting attendees as well as local businesses in the area. Over the past year in café operation, we have identified our most popular menu items and continue to add seasonal favorites. The café is open weekdays from 8am – 3pm.

The other significant component to our business is our off-site catering and events, billed under our DBA, North Scottsdale Venues. This revenue stream produces events from \$5K - \$500K per event and services groups ranging from 100 attendees to north of 1000.

Our businesses naturally feed each other. In-flight catering customers who enjoy our food while flying may build in time either prior to departure or after landing to eat at

The Brick. Patrons who conduct business meetings over lunch or dinner and enjoy their meal and experience are potential customers to bring staff to The Brick for a holiday lunch, an off-site meeting, or another celebration. If the group is large enough, they may look at the event space. Those attending an event are potential future customers at The Brick.

Our local off-site event customers will also feed The Brick. We often produce events through North Scottsdale Venues where attendees ask if we have a local restaurant or if we're "just a caterer." We proudly promote Zulu and will do so for The Brick as the grand opening approaches.



SWOT ANALYSIS



SWOT ATTACK

Weaknesses:

1. Just like any new restaurant, we will need to market, market, market to launch our brand effectively.
 - a. Brand launch will be key to our initial success. Studying our audience / potential customer base instead of studying our competition will be a major factor in our brand launch. We will draw inspiration from them. Thinking like them, talking like them, and finding the right words to communicate with them and attract them will be areas of focus.
 - b. Positioning will be another key area for us. We can't simply tell our customers that we're the best restaurant in town. Rather we will need to define *why* we are different and the best. Obtaining quick, positive reviews and blasting social media with them will be part of our strategy.
 - c. Branding absolutely everything is very important. Our logo and a tagline will be everywhere prior to opening. Every email we send will contain our standard signature complete with our logo and an "opening soon" message.
 - d. Once we have a solid opening date, we will announce the date on social media, create an ad campaign, and hold a special restaurant preview for business leaders in the Scottsdale Airpark. The excitement we generate pre-opening will springboard us into immediate success upon opening.

2. Hiring, training and retaining high quality staff can be a challenge for most businesses in today's market.
 - a. We will commence the hiring process several months prior to our grand opening. This will give us the opportunity to place key personnel in their positions and not rush to hire a warm body. The General Manager will be the first hire so he/she can have a direct impact on all other hires.
 - b. We will develop a comprehensive, engaging training program to ensure our staff are not only trained properly but also as excited as we are to launch our new brand to the public.
 - c. In order to retain talented staff, the work environment we cultivate must be enjoyable, challenging, and rewarding. We plan to pay above our competitors to attract the quality of employee we require at The Brick.

Threats:

1. In the restaurant business, competition is always the biggest threat.
 - a. While needing to always remain aware of our competition, our focus will remain on building and sustaining our brand. We will do so at The Brick by offering the following:
 - i. Daily, weekly, monthly specials
 - ii. Seasonal menu refreshes
 - iii. Live entertainment
 - iv. Competitive pricing
 - v. A dining experience rather than just good food
 - b. Keeping an eye on our competition will always be important. We will monitor their pricing, menus, service, and reviews, but devote significantly more time to focusing on us.
2. Economic conditions; ensuring our position deep within the community to weather any potential economic storms
 - a. Building a loyal customer base will be critical to our success and sustainability should economic conditions warrant customers' necessity to make cuts in their personal spending habits.
 - b. While maintaining the quality of our brand, we will also infuse a flexible approach to our pricing in the event of an economic downturn.

Target Market:

- Local Audience – individuals who work at The Scottsdale Airpark as well as those who work in the surrounding area, companies who have corporate events / meetings, hotels near The Scottsdale Airpark who can recommend The Brick to their guests.
- The Scottsdale Airpark Patrons – individuals, companies, families, who fly into / out of the Airpark. The Scottsdale Airpark is the third largest employer in Arizona with nearly 54,000 employees working in 3000 companies. As such, there is a built in target market. Easy freeway access to/from the Loop 101 allows us to expand our customer base exponentially.

Marketing Mix:

- Proposed Menu
 - The Brick patrons will enjoy an expansive menu, rich with southwestern flavors combining locally grown ingredients with an abundance of healthy eating options along with some favorite classics. The menu will change seasonally and will include daily / weekly specials. The specials will be marketed to our customers via:
 - A message board inside the restaurant
 - Servers will promote the specials to every customer they serve
 - We will develop an email list of loyal customers who will receive email notifications of specials.
 - Specials will be available via social media on our Facebook, Instagram, and Pinterest pages.
- Price
 - The value of the menu and service provided at The Brick is reflected in our price points. Our goal is not to be the least expensive restaurant in town but rather to be an affordable option for locals as well as the hip, trendy jet setters who use The Scottsdale Airpark as either a destination or springboard to other parts of the world.
- Promotion
 - We anticipate a blended focused promotion between travelers and locals alike. Many travelers have experienced our savory, culinary expertise via our inflight catering services. We plan to launch a targeted campaign to draw those individuals into The Brick pre or post flight. Simultaneously, we will launch a campaign focused on local clientele via our website, social media, personal visits from our management team and/or Executive Chef, and hard copy marketing materials.

Marketing Activity Timeline:

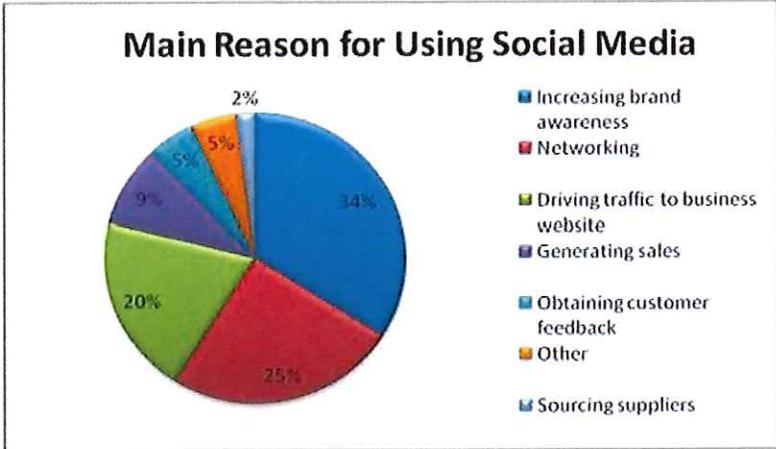
- Create / Launch Website
 - Home page mock up already complete; launch site 4 months prior to opening
- Create / Launch Facebook page and actively work page
 - 4 months prior to opening
- Create / Launch LinkedIn Page
 - 4 months prior to opening and actively work page
- Invite local business leaders and press to pre-opening lunch and/or dinner tastings to create brand loyalty and promote sense of community and ownership
 - Several tasting events to be held within the 4 weeks prior to opening
- Print "Coming Soon" signs and menus; distribute to aviation / car rental companies at airport
 - 3 weeks prior to opening
- Draft and distribute press release to local media and online outlets
 - 3 weeks prior to opening
- Distribute menus and opening specials to local businesses
 - 2 weeks prior to opening
- Press to cover Grand Opening
 - Day of Grand Opening

A Digital Foundation:

A common misconception is that customers are the only target audience. However, every time The Brick content is shared on social media (blog post, Facebook page, Pinterest, Instagram page, etc...) there is an opportunity for it to be picked up by an industry publication. It's as though we're sending regular press releases when we post on social media. By doing so, we'll increase our Search Engine Optimization (SEO) and increase our visibility.

Social Media Marketing primarily has two objectives:

- 1. To generate brand awareness; to get people talking about the restaurant
- 2. To retain customers and measure their satisfaction



Source: www.visibleinteractive.com Interactive Marketing

Many social media platforms exist, and as new ones arrive on the scene, it will be important to establish our social media strategy and spend time focusing on ROI. It isn't feasible nor does it make practical sense to participate in every social media platform. We have identified Instagram, Facebook and Pinterest as our focus platforms. This does not mean that we will post everyday on each. Rather it does mean that we will actively engage with our customer base (potential and existing) via these mediums. Once we create our pages, we will add a call to action on each. We not only want to communicate with our customers, but we want them to take action – to visit The Brick; thus building our brand.

Establishing our social media goals and answering the questions below prior to creating any pages will help ensure our success. Additionally, walking the fine line between actively marketing to and reaching our audience and inundating them will be a delicate balance.

Social Media Platforms

The newest trend to hit social media is food porn. It may sound coy, but let's face it, people are talking about it, and that's exactly what we want – people talking about The Brick. There are several ways to use Instagram to market The Brick. They include:

- ❖ Contests – Allow our customers to connect on a regular basis with our brand in a very personal way. Create a hashtag and ask customers to post pictures to that hashtag. The contest will generate buzz and draw more customers into The Brick.
- ❖ Behind the Scenes Look – We can give followers a peek into the kitchen and food preparation as well as an exclusive preview of upcoming new menu items or daily specials. This can create an intimate bond with our customer base so they feel like they're part of The Brick family.
- ❖ Community and Culture – Posting pictures that aren't just food or drink items will position our brand as a way of life. *Imagine the possibilities discovered while drinking a cup of coffee at The Brick Marketplace.*

In today's digital age, everyone has a Facebook page. For many of us who have very limited down time, it's how we stay connected. It's easy to create a Facebook page; however, if it's not maintained or actively engaging with customers or promoting your brand, then what purpose does it really serve? Several examples of our Facebook marketing will include:

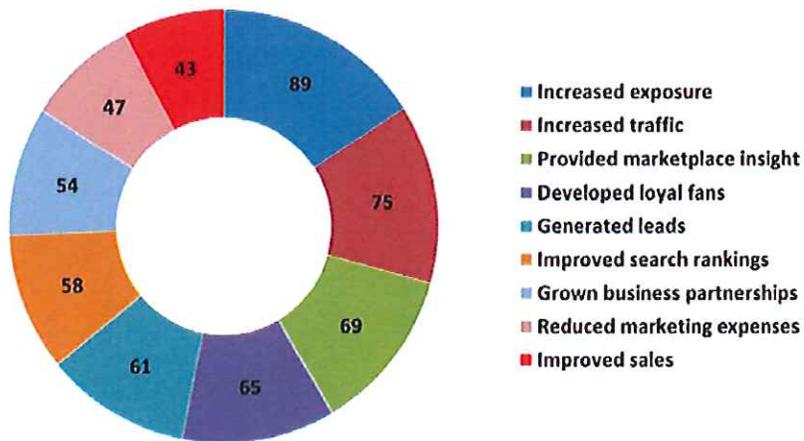
- ❖ Posting daily, weekly, or monthly specials
- ❖ Listing a code for a free cup of coffee available exclusively to our Facebook fans
- ❖ Upload food collages to create an appetite for our cuisine
- ❖ Post our menu on our Facebook page; make it easy for fans to see what we have to offer
- ❖ Post a link to our web site directly on our Facebook page
- ❖ Create a cover photo that makes our fans drool! We want to not only wet their appetite, but create a photo so appetizing that fans jump into their cars and head to The Brick.
- ❖ Highlight our live entertainment and post a sample so fans can listen to a clip and imagine themselves satisfying their palate while being entertained.

Businesses today are still learning how to use Pinterest as a marketing tool. In fact, one could argue that some are scared to use it. Creating a Pinterest account is just as simple as Facebook or Instagram. There are 4 easy ways to market The Brick on Pinterest.

- ❖ Create a board and location
- ❖ Create pins
- ❖ Repinning other's content
- ❖ Engage with other pinners

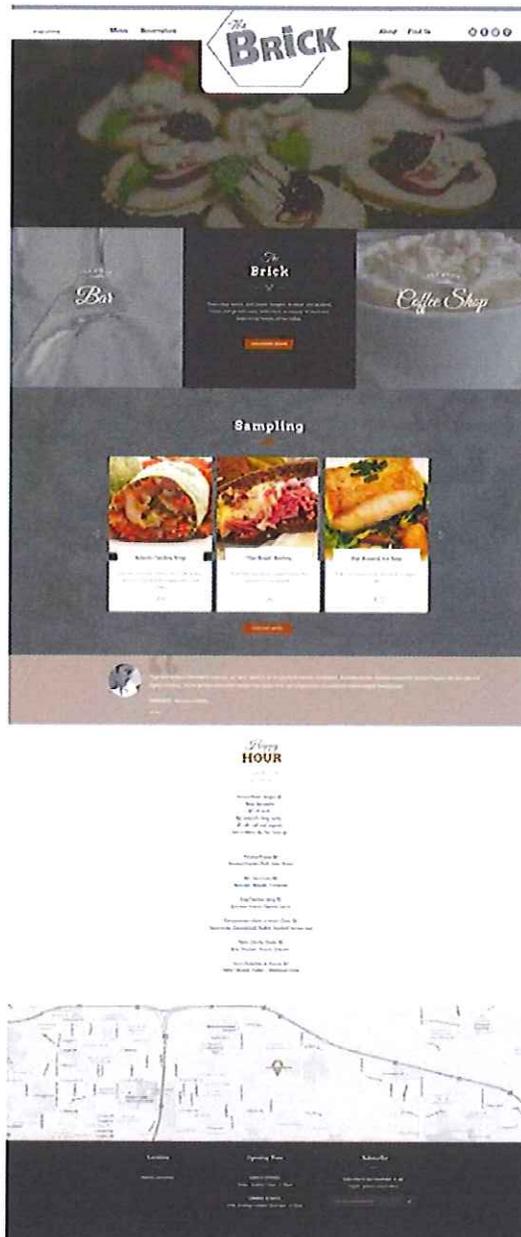
Boards contain all of the content you pin and repin will live. The more boards you have up, the more places you have to put the great pins you create and find. We will post numerous photos of every part of our restaurant so followers will get a real feel for The Brick, not just the food, but also the atmosphere. *Remember, we are creating an experience.* Videos of food preparation, service, live entertainment, and engaging customers will also be posted on Pinterest.

Benefits of social media marketing



Source: www.milton-contactblog.com

The following is a concept for homepage for The Brick web site.



WHEN RECORDED, RETURN TO:

City of Scottsdale
City Clerk
(Aviation Director)
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

Contract No. 2016-031-COS
Resolution No. 10368

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this ___ day of _____, 2016, by and between the CITY OF SCOTTSDALE, an Arizona municipal corporation ("Lessor"), and MAZA CONCEPTS, LLC, dba THE BRICK, an Arizona limited liability company ("Lessee").

W I T N E S S E T H

A. Lessor is the owner of certain real property (the "Premises") on which it intends to construct a new building to be known as the Aviation Business Center (the "Aviation Business Center") at Scottsdale Airport (the "Airport"). The Aviation Business Center will be located at 15000 N. Airport Drive, Scottsdale, Arizona.

B. Lessor desires to lease to Lessee, and Lessee desires to lease space in the new Aviation Business Center for an office, solely for the purpose of conducting the administrative offices of The Brick at the Airport (the "Permitted Uses"), subject to the requirements of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing, the rent hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1. Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2. Premises.

2.1 Limitations. Lessor intends to construct at the Scottsdale Airport, a new 3-story Aviation Business Center as depicted on the street side and air side elevations on Exhibit "A," attached hereto. Lessee desires to lease office space within that new Aviation Business Center upon completion of the construction project. Exhibit "A-1" depict the floor plan for the first level of the Aviation Business Center, Exhibit "A-2" depicts the floor plan for the second level, and Exhibit "A-3" depicts the floor plan for the third level of the Aviation Business Center. These Exhibits A-1, A-2, and A-3 are preliminary designs, and are subject to change upon approval of the final design drawings. Lessor hereby leases to Lessee and Lessee hereby leases and accepts from Lessor, subject to the terms and conditions of this Agreement, the Premises (the "Premises") depicted on the site plan attached hereto as Exhibit B, as labeled as Premises, and by reference made a part hereof. It is understood and agreed that the site plan does not constitute a representation, covenant or warranty of any kind by Lessor, and is preliminary and may be modified at any time until construction is completed, in one or more respects, without Lessee's consent, at the option of Lessor, but the size, dimensions, signage, and relative location of the Premises within the Aviation Business Center consisting of 863 square feet shall not be substantially altered.

2.1.1 The Premises shall have approximately 863 rentable square feet of floor area, and approximately 750 usable square feet of floor area for the premises inside on the second level of the Aviation Business Center and to be used as the administrative offices of The Brick. As use herein, "floor area" means Lessor's estimate of the total enclosed rentable square footage on all three (3) levels of the Aviation Business Center, measured from the exterior faces of all exterior walls, service corridors and fire walls, and from the center line of the common demising walls separating the Premises from other spaces. No deduction shall be made for columns or interior construction or equipment.

2.1.2 Lessee shall have the right to install and use a single communications dish antenna or whip antenna upon the roof of the Aviation Business Center, but only if such antenna complies with all of the requirements of all applicable laws and this Agreement, and subject to such conditions and requirements as Lessor may impose.

2.2 Rights in Adjacent Premises. Lessee's rights are expressly limited to the real property defined as the "Premises" in this Agreement. Without limitation, in the event any public or private property adjacent to the Premises is owned, dedicated, abandoned or otherwise acquired, used, improved or disposed of by Lessor, such property shall not accrue to this Agreement but shall be Lessor's only. In addition, and severable from the preceding sentence, upon any such event, Lessee shall execute and deliver to Lessor without compensation a quit-claim deed to such property. In the event the Premises consists of more or less than the stated area, this Agreement shall nevertheless continue and Lessee's obligations hereunder shall not be diminished.

2.3 Title. Lessee's rights hereunder are subject to all covenants, restrictions, easements, agreements, reservations and encumbrances upon, and all other conditions of title to, the Premises. Notwithstanding the preceding sentence, Lessor agrees that on the commencement date there will be no mortgage lien or deed of trust covering the Premises, other than current taxes or liens, resulting from the acts or omissions of Lessee. Lessee's rights hereunder are further

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subject to all present and future building restrictions, regulations, zoning laws, ordinances, resolutions, and orders of all bodies, bureaus, commissions and bodies of any municipal, county, state, or federal authority, now or hereafter having jurisdiction over the Premises or Lessee's use thereof. Lessee shall have no right under this Agreement to do (or fail to do) anything prohibited (or required) by any documents affecting legal title to the Premises.

III. TERM OF LEASE

3. Term of Lease. This Agreement is subject to the following provisions and conditioned upon Lessee's full, timely, complete and faithful performance of all obligations and things to be performed or done hereunder by Lessee, and Lessee shall accept the Premises in writing at the time possession of the Premises is delivered to Lessee.

3.1 Term. The term of this Agreement shall be for a period of 5 years, commencing upon the date, 30 days after Lessor receives a Certificate of Occupancy and Lessor delivers possession of the Premises to Lessee with the Work required to be performed by Lessor as described in Exhibit C, and the tenant improvements desired by Lessee, as agreed to in accordance with Article 7.1 below, are substantially completed. Substantially completed is the date Lessor notifies Lessee that Lessor's Work of constructing the Aviation Business Center pursuant to Exhibit C and Lessee's tenant improvements are complete and have been approved by the City of Scottsdale and a Certificate of Occupancy has been issued for the Aviation Business Center.

3.2 Option to Extend. Provided (i) Lessee has not at any time been in default under any of the terms, covenants, or conditions of this Agreement, which default remained uncured after the applicable cure period, through and including the commencement date of an Extension Term set forth below, (ii) the Premises are continually operated for the use specifically permitted by this Agreement, and in accordance with other applicable provisions of this Agreement, and (iii) Lessee is not in bankruptcy or receivership, and has not made an assignment for the benefit of creditors pursuant to applicable state law, then Lessee shall have the option to extend the term of this Agreement for two (2) periods of five (5) years each (the "Extension Term"). The option for the second Extension Term shall not be exercisable unless Lessee exercised the option for the first Extension Term. Lessee shall exercise each such option by providing Lessor with written notice of such exercise not later than 180 days or earlier than 365 days before the commencement of the applicable Extension Term. Lessee shall have no right to further extend or renew this Lease other than for the Extension Terms. Time is of the essence with respect to the exercise of any such options by Lessee. If Lessee fails to exercise an option when required, such option shall thereafter be of no force or effect.

3.3 Extended Term Rental. If an option to extend the term for an Extension Term as described above is properly exercised by Lessee, then all of the covenants and agreements contained in this Agreement shall apply during the applicable Extension Term, except that the Base Rent for the first and each subsequent lease year of an Extension Term shall be increased on an annual basis in accordance with the provisions of Article 4.3 below.

3.4 Option Personal. The options set forth herein are strictly personal to the original entity executing this Agreement ("Original Lessee") only, and may be exercised only so long as the Original Lessee occupies the Premises without assigning this Agreement or subletting the Premises or any part thereof, and may not be exercised or be assigned, voluntarily or involuntarily,

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by or to any person or entity other than the Original Lessee. The Options are not assignable separate and apart from this Agreement, nor may the Option be separated from this Agreement in any manner, either by reservation or otherwise.

3.5 Holding Over. In any circumstance whereby Lessee would hold over and remain in possession of the Premises after the expiration of this Agreement, such holding over shall not be considered to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon 10 days notice to Lessee. During any such hold over period, Base Rent shall increase to 150% of its previous rate and shall be prorated to the date Lessee vacates the Premises.

IV. LEASE PAYMENTS

4. Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable one month in advance on the twenty-fifth day of the preceding calendar month. For example, the Rent for September shall be payable on or before August 25th. The first installment of Rent prorated for the portion of the month remaining in the month in which this Agreement is executed is due immediately upon execution of this Agreement.

4.2 Base Rent. The rental amount (the "Base Rent") Lessee shall pay to Lessor each of the first 12 months from the commencement of the term of this Agreement shall be \$2,192.51 per month, not including Operating Costs due and payable under Article 5.1.

4.3 Base Rent Adjustment. The Base Rent shall be automatically adjusted upward on each annual anniversary of the commencement of the term of this Agreement on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics as of the date two (2) months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Base Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

provided, that in no event shall the Base Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index published by any federal agency shall be substituted by Lessor in Lessor's reasonable

discretion. In the event of a holdover without Lessor's consent, Base Rent shall be increased by an additional twenty-five percent (25%) over the amount of Base Rent otherwise payable.

4.4 Additional Rent. In addition to Base Rent, all other amounts to be paid by Lessee to Lessor pursuant to this Lease (including amounts to be paid by Lessee pursuant to Article 5 below), if any, shall be deemed to be Additional Rent, irrespective of whether designated as such, and shall be due and payable within five (5) days after receipt by Lessee of Lessor's statement or together with the next succeeding installment of Base Rent, whichever shall first occur. Lessor shall have the same remedies for the failure to pay Additional Rent as for the nonpayment of Base Rent.

4.5 Aeronautical Business Permit. To the extent required by law, all persons occupying or operating at the Premises shall obtain an Aeronautical Business Permit. This paragraph applies to any type of permit or other rule or requirement that may supplement or replace the Aeronautical Business Permit. In addition to all other Rent payable hereunder, if Lessee does not from time to time hold an Aeronautical Business Permit covering all activities relating to its own operations, activity and business at the Premises and pay all fees related thereto, Rent shall include an additional amount equal to the amount that would be payable to obtain such an Aeronautical Business Permit.

4.6 Security Deposit. At the time of execution of this Agreement Lessee shall provide to, and maintain with Lessor at all times during the term of this Agreement, a security deposit guaranteeing the faithful performance of this Agreement, or in lieu thereof, a cash bond or certificate of deposit acceptable to Lessor in Lessor's sole and absolute discretion in the name of Lessor, in the sum of \$3,306.26. Any portion of said security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee to Lessor, shall be paid to Lessee by the then owner of the fee title to the Premises within 60 days after termination of this Agreement.

4.7 Taxes, Liens and Assessments. In addition to all other Rent herein provided, Lessee shall pay, when due and as the same become due and payable all taxes and general and special fees, charges and assessments of every description which during the term of this Agreement may be levied upon or assessed against the Premises, the operations conducted therein, any Rent paid or other performances under this Agreement by either party, and all possessory interest in the Premises and improvements and other property thereon, whether belonging to the Lessor or Lessee; and Lessee agrees to indemnify, defend and hold harmless Lessor and the Premises and such property and all interest therein and improvements thereon from any and all such taxes and assessments, including any interest, penalties and other expenses that may be imposed, and from any lien therefor or sale or other proceedings to enforce payment thereof. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessor shall have the right from time to time to require that all of the foregoing payments be made by Lessee through Lessor. Lessee shall pay all sales, transaction privilege, and similar taxes.

4.8 Government Property Lease Excise Tax. Lessee shall be responsible for any and all property taxes and all government property lease excise taxes described in A.R.S. § 42-6201 *et seq.* or similar laws in force from time to time. Pursuant to A.R.S. § 42-6206, failure by Lessee to pay the taxes after notice and an opportunity to cure is an event of default that could result in divesting Lessee of any interest in or right of occupancy of the Premises.

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4.9 Late Fees. Should any installment of Rent not be paid on or before the date due, a ten percent (10%) late fee shall be added to the amount due, or found to be due. Furthermore, any and all amounts payable by Lessee under this Agreement that are not timely paid shall accrue interest at the rate of 1% per month from the date the amount first came due until paid. Lessee expressly agrees that the foregoing represent reasonable estimates of Lessor's costs in the event of a delay in payment of Rent.

4.10 Rent Amounts Cumulative. All amounts payable by Lessee hereunder or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.11 No Setoffs. All Rents shall be paid in full directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

V. OPERATING COSTS

5.1 Lessee's Obligation. The Base Rent does not include amounts attributable to increase in the Operating Cost for the use, management, repair, service, insurance, condition, operation and maintenance of the Aviation Business Center. Therefore, in order that the Base Rent payable throughout the Lease Term shall reflect any such Operating Costs, Lessee shall pay to Lessor, in addition to Base Rent, in accordance with the further provisions of this Article 5, an amount per rentable square foot of the Leased Premises equal to the difference between the Operating Costs (as hereinafter defined) per rentable square foot and the Base Year Costs. Lessee acknowledges that the Base Year Costs do not constitute a representation by Lessor as to the Operating Costs per rentable square foot that may be incurred during any calendar year. Base Year Costs shall be understood to be the Operating Costs incurred during the first full year that Lessee is in possession of the Premises after the commencement of the term of this Agreement. The Base Year Operating Cost is \$539.38 per month with the Base Rent.

5.2 Lessor's Estimate. Lessor shall furnish Lessee an estimate of the Operating Costs per rentable square foot for each Fiscal Year (as hereinafter defined) commencing with the Fiscal Year in which the Commencement Date occurs. During the first Fiscal Year, the Lessor's expense stop for Operating Costs shall be an annual cost of \$7.50 per square foot of rentable floor area, payable monthly in addition to Base Rent. Lessor may, from time to time, furnish Lessee a revised estimate of Operating Costs should Lessor anticipate any increase in Operating Costs from that set forth in a prior estimate. Commencing with the first month to which an estimate applies, Lessee shall pay, in addition to the monthly installments of Base Rent, an amount equal to one-twelfth (1/12th) of the product of the rentable square footage of the Leased Premises multiplied by the difference (but not less than zero (0)), if any, between such estimate and the Base Year Costs; provided, however, if less than ninety-five percent (95%) of the rentable area of the Aviation Business Center shall be occupied by tenants during the period covered by such estimate, the estimated Operating Costs for such period shall be, for the purposes of this Article 5, increased to an amount reasonably determined by Lessor to be equivalent to the Operating Costs that would be incurred if occupancy would be at least ninety-five percent (95%) during the entire period. Within one hundred twenty (120) days after the expiration of each Fiscal Year or such longer period of time as may be necessary to compile such statement, Lessor shall deliver to Lessee a statement of

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the actual Operating Costs for such Fiscal Year. If the actual Operating Costs for such Fiscal Year are more or less than the estimated Operating Costs, a proper adjustment shall be made; provided, however, if less than ninety-five percent (95%) of the rentable area of the Aviation Business Center shall have been occupied by tenants at any time during such period, the actual Operating Costs for such period shall be, for the purposes of this Article 5, increased to an amount reasonably determined by Lessor to be equivalent to the Operating Costs that would have been incurred had such occupancy been at least ninety-five percent (95%) during the entire period. Any excess amounts paid by Lessee shall be, at Lessor's option, applied to any amounts then payable by Lessee to Lessor or to the next maturing monthly installments of Base Rent or Additional Rent. Any deficiency between the estimated and actual Operating Costs shall be paid by Lessee to Lessor concurrently with the monthly installment of Base Rent next due. In no event shall the monthly Operating Costs exceed the then applicable Expense Stop. Any amount owing for the fractional Fiscal Year in the first or final Lease Years of the Lease Term shall be prorated. For the purposes of this Lease, the term "Fiscal Year" means the fiscal year (or portion of the fiscal year) of Lessor. Lessor's Fiscal Year currently commences on July 1 and ends on June 30; provided, however, Lessor reserves the right to change the Fiscal Year at any time or times, but no such change shall result in an increase in the amounts otherwise payable by Lessee pursuant to the provisions of this Article 5.

5.3 Operating Costs – Defined. For the purposes of this Lease, "Operating Costs" shall mean all costs and expenses accrued, paid or incurred by Lessor, or on Lessor's behalf, in respect of the use, management, repair, service, insurance, condition, operation and maintenance of the Aviation Business Center including, but not limited to the following: (a) salaries, wages and benefits of all persons who perform duties in connection with landscaping, parking, janitorial and general cleaning services, security services and any and all other employees engaged by or on behalf of Lessor that perform duties in connection with the operation and maintenance of the Aviation Business Center; (b) payroll taxes, workmen's compensation, uniforms and related expenses for such employees; (c) the cost of all charges for oil, gas, steam, electricity, any alternate source of energy, heat, ventilation, air-conditioning, refrigeration, water, sewer service, trash collection, pest control and all other utilities, together with any taxes on such utilities; (d) the cost of painting non-tenant space; (e) the cost of all charges for rent, casualty, liability, fidelity and other insurance maintained by Lessor, including any deductible amounts incurred with respect to an insured loss; (f) the cost of all supplies (including cleaning supplies), tools, materials, equipment and personal property, the rental of the personal property and sales, transaction privilege, excise and other taxes on the personal property; (g) depreciation of hand tools and other moveable equipment; (h) the cost of all charges for window and other cleaning, janitorial, and security services; (i) the cost of charges for independent contractors; (j) the cost of repairs and replacements made by Lessor at its expense and the fees and other charges for maintenance and service agreements; (k) the cost of exterior and interior landscaping; (l) costs relating to the operation and maintenance of all real property and improvements appurtenant to the Aviation Business Center including, without limitation, all parking areas, service areas, walkways and landscaping; (m) the cost of alterations and improvements made by reason of the laws and requirements of any public authorities or the requirements of insurance policies; (n) all management fees and other charges for management services and overhead costs (including travel and related expenses), whether provided by an independent management company, Lessor or an affiliate of Lessor, all of which shall not exceed, the prevailing range of rates charged in comparable office buildings in the Phoenix metropolitan area; (o) the cost of any capital improvements or additions which improve the comfort or amenities available to tenants of the

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Aviation Business Center, provided, however, that any such costs shall be amortized with interest over the useful life of the improvement or addition; (p) the cost of any capital improvements or additions which are intended to enhance the safety of the Aviation Business Center or reduce (or avoid increases in) Operating Costs, provided, however, that any such costs shall be amortized with interest over the useful life of the improvement or addition; (q) the cost of licenses and permits, inspection fees and reasonable legal, accounting and other professional fees and expenses; (r) taxes (as defined above); and (s) all other charges properly allocable to the use, management, repair, service, insurance, condition, operation and maintenance of the Aviation Business Center in accordance with generally accepted accounting principles.

5.4 Operating Costs – Exclusions. Excluded from Operating Costs shall be the following: (a) depreciation, except to the extent expressly included pursuant to Article 5.3 above; (b) interest on and amortization of debts, except to the extent expressly included pursuant to Article 5.3 above; (c) leasehold improvements, including redecorating made by tenants of the Aviation Business Center; (d) brokerage commissions and advertising expenses for procuring tenants for the Building or the Property; (e) refinancing costs; (f) the cost of any repair, replacement or addition which would be required to be capitalized under general accepted accounting principles, except to the extent expressly included pursuant to Article 5.3 above; and (g) the cost of any item included in Operating Costs under Article 5.3 above to the extent that such cost is reimbursed or paid directly by an insurance company, condemnor, a tenant of the Aviation Business Center or any other party.

5.5 Adjustment of Expense Stop. Within 60 days after the commencement of the third fiscal year after the Lessee takes possession of the Premises, and every 2 years thereafter, the Lessor may, if necessary, adjust upward the expense stop based on the average of all Operating Costs incurred during the previous 2 fiscal years, divided by the total rentable square footage area of the Aviation Business Center. Lessor shall give Lessee written notice of the increase, if any. Under no circumstances shall the expense stop be reduced below that of the previous expense stop.

5.6 No Waiver. The failure by Lessor to furnish Lessee with a statement of Operating Costs shall not constitute a waiver by Lessor of its right to require Lessee to pay excess Operating Costs per rentable square foot.

VI. USE RESTRICTIONS

6 Use Restrictions. Lessee's use and occupation of the Premises shall in all respects conform to all and each of the following cumulative provisions:

6.1 Permitted Uses. Lessee shall use the Premises solely for the Permitted Uses. No other activity shall be conducted at or from the Premises. The Permitted Uses are limited to the following: Commercial offices as reasonably required for conduct of the Permitted Uses, but only in the Office Space. Such other aviation related uses as Lessor may, from time to time, give or retract consent in its sole and absolute discretion. Such uses may only be conducted following Lessor's giving to Lessee written notice of such consent. Lessor may impose conditions and limitations on such consent in its sole and absolute discretion.

6.1.1 Food catering services for flight operations and private parties.

6.2 Required Operation. During the entire term of this Agreement and any renewals or extensions, Lessee shall keep the Premises open to the public with service adequate to meet public demand. If Lessor determines in Lessor's reasonable discretion that public demand requires additional operating hours, Lessor shall have the right to require additional hours of operation. Lessee shall conduct its customary business activities throughout all business hours and days as reasonable for the type of business being operated by Lessee in the Aviation Business Center; provided that Lessee agrees to be open for business at least 40 hours per week and shall not be open prior to 7:00 a.m. or after 11:00 p.m. without Lessor's prior written consent. Lessee's obligation to operate under this Article 6.2 shall be subject to prevention due to strikes, fire, casualty, or other comparable cause, and shall be subject to reasonable periods for legal holidays, repairing, cleaning and decorating the Premises. Notwithstanding anything contained in this article to the contrary, the operation requirements of this article shall be effective commencing on the date Lessor delivers possession of the Premises as described in Article III, and shall continue through the date this Agreement terminates or expires for any reason. The operating requirements of this article shall be suspended during the allowed period of repair work to the Premises under this Agreement when and to the extent operation is prevented by damage to the Premises. During the required hours of operations, Lessee shall provide all of the following services:

6.3 No Exclusive Uses. This Agreement does not give Lessee any exclusive right to conduct any type of business at the Aviation Business Center or the Airport and nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C. § 1349).

6.4 Fixtures and Personal Property. Lessee shall provide to the Premises all equipment and other items necessary for the Premises to be conveniently used for the Permitted Uses.

6.5 Lessee's Agent. Lessee shall at all times during normal business hours or when the Premises are otherwise occupied retain on call available to Lessor upon the Premises an active, qualified, competent and experienced manager to supervise all activities upon and operation of the Premises and who shall be authorized to represent and act for Lessee in matters pertaining to all emergencies and the day-to-day operation of the Premises and all activities under this Agreement. During any temporary periods of absence by said manager, an assistant manager or designated representative of Lessee with like authorization must be present upon the Premises. Lessee shall also provide notice to Lessor of the name, address, and regular and after-hours telephone numbers of a person to handle Lessee's affairs and emergencies at the Premises.

6.6 Standards of Service. In entering into this Agreement, Lessor and Lessee have foremost in mind providing the public food catering services and facilities of the highest quality. Lessee shall operate the Premises in a first-class manner; shall furnish prompt, clean and courteous service; and shall keep the Premises attractively maintained, orderly, clean, sanitary and in an inviting condition at all times, all to the satisfaction of Lessor. Lessee shall not employ any person or persons in or about the Premises who shall fail to be clean, courteous, efficient and neat in appearance or who shall use improper, obnoxious, profane or rude language or act in a loud or boisterous or otherwise improper manner. No nudity or adult entertainment of any sort is permitted.

6.7 Operations and Staff Qualifications and Requirements. Lessee shall provide to the Premises adequate qualified personnel to professionally conduct all operations at the Premises.

6.8 Security Requirements. Lessee shall participate in any public safety program promulgated from time to time by the City of Scottsdale Aviation Department and Police Department or other law enforcement agency selected by Lessor from time to time. Lessee shall reasonably cooperate with Lessor and the City of Scottsdale Police regarding concerns and countermeasures affecting security and related risks of business and other operations and activities at and near the Premises.

6.9 Animals. No animals are allowed on the Premises other than seeing-eye dogs and similar animals providing health assistance to disabled persons. Customers' dogs on leashes are also permitted, if allowed by applicable laws and regulations from time to time.

6.10 Governmental Relations. Lessee shall conduct its activities in coordination with Lessor as necessary to maintain good relations with all governmental and other entities having jurisdiction over the Premises. The preceding sentence does not prohibit Lessee from asserting its legal rights against such entities. Lessee shall immediately give to Lessor notice of any actual or threatened dispute, violation or other disagreement relating to the Premises. Lessee is not an agent for Lessor. Without limitation, such entities (who are not third party beneficiaries to this Agreement) include (to the extent that such entities have jurisdiction over the Premises), the State of Arizona, Maricopa County, Arizona Department of Environmental Quality, Arizona Department of Transportation, and Federal Aviation Administration.

6.11 Conduct at Premises. In entering into this Agreement, Lessor and Lessee have foremost in mind providing the public with an orderly atmosphere devoid of any act by any person contrary to the highest standards of community sensitivity, and avoiding any substance or appearance of any noisy, unruly, inebriated, disruptive, disorderly, lewd, nude, partially nude, adult oriented, unwholesome or sexually oriented behavior, business, entertainment, or other activity of any description or to any degree at the Premises. Any such behavior, business or activity at the Premises by Lessee, any customer of Lessee or anyone else using the Premises pursuant to this Agreement is strictly prohibited. The requirements of this paragraph are specifically acknowledged to be a requirement of this Agreement independent of and in addition to any zoning or other governmental regulation affecting the Premises. Any violation of this paragraph by any person using the Premises pursuant to or under this Agreement shall be an "Unruly Behavior Occurrence" by Lessee under this Agreement. To that end and without limitation, all of the following shall apply:

6.11.1 Prohibited Behavior. No materials shall be displayed, viewed or produced upon the Premises depicting specified anatomical areas or specified sexual activities. Also, no person upon the Premises shall make visible his or her specified anatomical areas. "Specified anatomical areas" shall mean less than completely and opaquely covered human genitals, pubic region, buttock and female breast below a point immediately above the top of the areola; and human male genitals in a discernible turgid state, even if completely and opaquely covered, or any simulation or portrayal of any of the foregoing. All specified sexual activities are prohibited without exception. Specified sexual activities shall mean human genitals in a state of sexual stimulation or arousal; acts of masturbation, sexual intercourse or sodomy; fondling or other erotic touching of human genitals, pubic region, buttock or female breast, or any simulation or portrayal of any of the foregoing.

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6.11.2 Patron dancing outdoors and any direct or indirect physical contact involving customers, employees, performers and other persons outdoors is prohibited.

6.11.3 Lessee shall immediately cause to be removed from the Premises any person who:

6.11.3.1 Is obviously intoxicated or under the influence of any narcotic or chemical.

6.11.3.2 Commits any act of violence.

6.11.3.3 Acts in a loud or unusually boisterous manner.

6.11.3.4 Harms or threatens harm to any person or thing.

6.11.3.5 Uses profanity that can be heard by users of the Premises or the public.

6.11.3.6 Violates any law or any regulation applicable to the Premises.

6.11.3.7 Commits or causes, directs or encourages any person to commit an Unruly Behavior Occurrence.

6.11.4 The requirements of this paragraph only are for the benefit of Lessor and for the benefit of all real property located within 300 feet of the Premises. The owners and occupants of such real property and their successors and assigns are third party beneficiaries of this paragraph throughout the term of this Agreement. Such third party beneficiaries' sole remedy is injunctive relief against Lessee and other occupants of the Premises to enforce the requirements of this paragraph.

6.12 Common Areas. Subject to current and future regulations and policies governing the use of, and access to, the Aviation Business Center and the Airport, Lessee, its officers, employees, agents, patrons and invitees, and its suppliers of services and furnishers of materials shall have the right of ingress to and egress from the Premises through such portions of the Aviation Business Center as are open to the public from time to time. Such right is strictly limited to ingress and egress. There shall be absolutely no office activity or storage, however temporary, in the halls, steps, porches or other areas of or surrounding the Aviation Business Center or the Airport. Lessee shall immediately clean up any spills or debris caused by Lessee or its suppliers or customers. Lessor may from time to time make available to Lessee and/or other users a conference room for use by reservation subject to conflicting uses by Lessor and others and subject to Lessee's payment of a fee established by Lessor.

6.12.1 Control of Common Areas. All parking areas, driveways, entrances and exits thereto, sidewalks, ramps, landscaping areas, exterior stairways, restrooms, elevators, and all other Common Areas and facilities provided by Lessor for the common use of the tenants of the Aviation Business Center and their officers, agents, employees and customers, shall at all times be subject to the exclusive control and management of Lessor, and Lessor shall have the right

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from time to time to establish, modify and enforce reasonable rules and regulations with respect to the use of all the Common Areas and facilities. Lessor shall have the right to operate and maintain the same in such manner as Lessor, in its sole discretion, shall determine from time to time, including without limitation the right to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the Common Areas and facilities. Lessor shall have the exclusive right at any and all times to alter, construct, re-construct, enlarge, contract, modify or relocate any of the Common Areas, to close any portion of the Common Areas for the purpose of making repairs, changes or additions thereto and may change the size, area, layout or arrangement of the parking areas or the number of spaces or the lighting thereof, within or adjacent to the existing areas and may enter into agreements with adjacent owners for cross-easements for parking, ingress or egress. The Lessor shall also have the right to place vending or amusement devices in the Common Areas, to utilize the Common Areas for promotions, exhibits, rides, shows, displays, kiosks, carts, decorative items and landscaping, and any other use which, in the Lessor's judgment, tends to benefit the Aviation Business Center and the Airport.

6.13 Parking. Parking shall be subject to current and future regulations governing parking at the Aviation Business Center and the Airport. There shall be no guaranteed number of parking places available to the Premises. Lessee's customers, patrons and invitees shall only park motor vehicles in such parking spaces as may be designated at the Airport from time to time as public parking areas, and that are available for parking by the general public. Lessee's employees shall park in areas designated by Lessor from time to time. Vehicles making deliveries to the Premises shall park only in areas specifically designated by Lessor from time to time as delivery areas. Lessor will construct a three-level parking garage immediately north of, and across the street from, the Aviation Business Center.

6.14 Airport Operations. Lessee acknowledges that Lessee's use of the Premises shall be subject and subordinate to Lessor's operation of the Airport, which will necessarily directly and indirectly affect Lessee, the Premises, and Lessee's use of the Premises. Lessee's use of the Premises shall not be permitted by Lessee to in any way adversely affect Lessor's use or operation of the Airport. Without limitation:

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

6.14.2 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.

6.14.3 There is hereby reserved to Lessor, its successors and assigns, for the use and benefit of Lessor and the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the Airport.

6.14.4 Lessee by accepting this Agreement agrees for itself, its successors and assigns that it will not make use of the Premises in any manner that might interfere with the taxiing, landing and taking off of aircraft from the Airport, the loading or unloading of passengers or cargo or other aircraft operations or otherwise constitute a hazard. Whether any particular conduct complies with the foregoing shall be determined by Lessor.

6.15 Signs. Lessee shall have the right to install and operate 2 appropriate signs at the Aviation Business Center to identify Lessee's food catering business provided that all of the following conditions are met (Lessor in its sole discretion may authorize the placement of additional signs from time to time):

6.15.1 That the location, size and style of each such sign shall be subject to the provisions of the applicable sign ordinance and shall be in keeping with the Airport sign program as the same may change from time to time and with the overall aesthetics and utility of the Airport facilities and grounds, as determined by Lessor, and shall be designed, made and installed in a professional manner; and

6.15.2 That no sign shall be erected, installed or operated until Lessee has submitted written request, together with descriptions and drawings showing the intended locations, size, style and colors of such signs, to the aviation director, and has received prior written approval from the aviation director; and

6.15.3 That regardless of signage existing from time to time, Lessor shall have the absolute right from time to time and without compensation to Lessee or any other person to require Lessee to conform to a new Airport sign program and to limit or reduce the amount of signage for the Premises to: (a) 1 single-faced, exterior sign facing the roadway west of the Aviation Business Center; and (b) 1 single-faced interior sign on the door in the Premises as directed by Lessor. At Lessor's election, Lessee shall cause said exterior sign to be combined with other signage at the Aviation Business Center. Without Lessor's consent, such exterior sign shall not exceed 2 square feet in gross sign area. Without Lessor's consent, said interior signs shall not exceed 2 square feet in gross sign area.

6.15.4 That Lessee shall bear all costs pertaining to the erection, installation and operations, maintenance and removal of all signs including, but not limited to, the application for and obtaining of any required building permits.

6.16 Hazardous Materials. Lessee shall not produce, dispose, transport, treat, use or store any hazardous waste or materials or toxic substance upon or about the Premises or any substance now or hereafter subject to regulation under the Arizona Hazardous Waste Management Act, A.R.S. § 49-901 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*, or the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, or any other federal, state, county, or local law pertaining to hazardous waste or toxic substances (collectively "Toxic Substances"). The preceding sentence does not prohibit use of ordinary janitorial supplies used to clean and maintain the Premises. Lessee shall pay, indemnify, defend and hold Lessor harmless against any loss or liability incurred by reason of any Toxic Substance on or affecting the Premises caused by Lessee or its invitees occurring after the date of this Agreement, and shall immediately notify Lessor of any Toxic Substance at any time discovered or existing upon the Premises. Lessee understands the hazards presented to persons, property and the environment

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by dealing with Toxic Substances. Lessee shall cause any on-site or off-site storage, treatment, transportation, disposal or other handling of Toxic Substance by Lessee in connection with the Premises to be performed by persons, equipment, facilities and other resources who are at all times properly and lawfully trained, authorized, licensed and otherwise permitted to perform such services.

6.17 Name of Business. Lessee shall conduct the Permitted Uses at the Premises under Lessee's name given at the beginning of this Agreement, or if such name is not available or if Lessor and Lessee desire otherwise, such other name as Lessor may approve in Lessor's reasonable discretion.

6.18 Publicity. Upon special or standing requests made by Lessor from time to time and not in the absence of such requests, Lessee shall include in its promotional materials and other information distributed, sent, or made available to the public or others a notation that all or any part of Lessee's activities at the Premises are accomplished "with the assistance of the City of Scottsdale" or other words of support as Lessor may reasonably select from time to time.

6.19 Quality Service. Lessee shall operate the Premises in a first-class manner, shall furnish prompt, clean and courteous service; and shall keep the Premises attractively maintained, orderly, clean, sanitary, and in an inviting condition at all times, all to Lessor's reasonable satisfaction.

6.20 Communications Operations Restriction. Lessee shall not install, operate, or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment) that is presently in use or could be in use in the future. If such interference should occur, Lessee shall immediately discontinue using such equipment, methodology or technology that causes the interference until corrective measures are taken. Any such corrective measures shall be made at no cost to Lessor.

6.21 Prohibited Names. Lessee shall not allow use in connection with any operations at the Premises any name that directly or indirectly refers to or contains any part of Lessor's name or the Airport's name or otherwise suggests a connection between Lessor and Lessee or Lessee's activities. Lessee shall also not use in connection with its operations at the Premises any name associated with products or purveyors of any sort of alcohol, tobacco, adult entertainment or gambling related products or services.

VII. LESSOR'S CONSTRUCTION OF IMPROVEMENTS

7 Initial Construction. Lessor shall be responsible for the design, financing, and construction of the Aviation Business Center consisting of approximately 35,000 square feet, in conformance with the requirements of Arizona Revised Statutes, Title 34, and in accordance with the general floor plans as set forth in Exhibits A-1, A-2, and A-3, attached hereto, and the street side and air side elevations set forth in Exhibit A, attached hereto ("Lessor's Work"). The legal description of the location of the Aviation Business Center is being developed and will be added subsequently as an amendment to this Agreement, which will be approved and signed on behalf of the Lessor by the Lessor's Aviation Director and Lessee. The Aviation Business Center will be designed and

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constructed at an engineer's estimated not-to-exceed cost of \$5,200,000, provided, however, that Lessor may authorize the payment of additional sums over and above the engineer's estimate upon written approval by the Aviation Director, the Public Works Director, and the City Manager. By accepting possession of the Premises, Lessee shall be deemed to have accepted the Premises and Lessor's Work in the condition delivered by Lessor, except for any express representation or warranty made by Lessor under this Article 7. Lessor represents and warrants that Lessor's Work shall be performed in a good and workmanlike manner and in compliance with all applicable laws pertaining to the performance of Lessor's Work, and that upon delivery of the Premises to Lessee the utility systems serving the Premises shall be in good operating condition. Except as expressly set forth in this Lease, Lessee has not relied upon any representations or warranties regarding the condition of the Premises or airport or any other matter or thing affecting or related to the Premises or airport.

Lessor shall notify Lessee of the date of Lessor's substantial completion of Lessor's Work, and Lessee shall have the right to participate in a walk-through of the Premises with Lessor within five (5) days following the date of such substantial completion, to confirm such substantial completion and to assist Lessor in the preparation of a punch-list of any incomplete items. Lessor shall diligently complete such punch-list items (if any).

Lessor agrees as follows with respect to the design, construction and delivery to Lessee of Lessor's Work: (a) Lessor shall submit the initial application for Lessor's Work to the City of Scottsdale ("City") Development Services Department after the full execution and delivery of this Lease; (b) upon receipt of approval from the City Development Services Department of the initial application, Lessor shall submit construction documents to the applicable City department and diligently pursue the issuance of all permits for the construction of Lessor's Work; and (c) Lessor shall use its diligent efforts to commence construction of Lessor's Work as soon as reasonably possible following receipt of all permits for the construction of Lessor's Work, and use its diligent efforts to substantially complete such construction by the Spring of 2018, subject to Force Majeure events beyond the control of Lessor. These events include, but are not limited to, Acts of God, riots, acts of war or terrorism, epidemics, excessive weather, changes in governmental regulations imposed after the fact, fire, communication line failures, or power failures. If Lessor is unable to substantially complete construction of Lessor's Work and deliver possession of the Premises to Lessee on or before June 30, 2018, as such date may be extended by delays incurred by Lessor in the permitting, design and construction of Lessor's Work for reasons beyond the reasonable control of Lessor, then Lessee shall have the right to terminate this Lease by written notice to Lessor at any time prior to Lessor's substantial completion of Lessor's Work and delivery of possession of the Premises to Lessee; provided, however, that if Lessor substantially completes Lessor's Work and delivers possession of the Premises to Lessee within twenty (20) days after Lessee's termination notice, then such termination notice shall be rendered null and void and this Lease shall remain in effect.

7.1 Lessee's Tenant Improvements. Prior to completion of 100% design plans, Lessee shall meet with the Lessor's Aviation Director and Lessor's Architect to determine the floor on which the Premises will be located, its usable square footage, and Lessee's desired tenant improvements. The Lessee, the Aviation Director, and the Architect will agree on the location of interior walls, the color of carpeting selected from the Lessor's pre-approved carpet selections, the interior wall paint colors selected from the Lessor's pre-approved color palette, and other interior improvements as may be offered by Lessor. Upon mutual agreement of the requested tenant

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improvements, Lessee and Lessor's Aviation Director will sign a letter agreement setting forth their understanding. The letter agreement will be subject to all the terms and conditions of this Lease Agreement. All tenant improvements will be constructed by Lessor as a part of Lessor's Work of constructing the Aviation Business Center. The cost of Lessee's tenant improvements shall not exceed the sum of \$45.00 per usable square foot of Floor Area within Lessee's selected Premises. The cost of any tenant improvements requested by Lessee that exceeds the sum of \$45.00 per usable square foot shall be paid by Lessee to Lessor prior to Lessor's commencement of the Work. Upon delivery of possession of the Premises to Lessee, Lessee shall be responsible, at Lessee's sole cost and expense for performing the installation of all telecommunications and computer services necessary to render the Premises, as delivered with Lessor's Work, suitable for Lessee's permitted use. Lessor shall be responsible for all utility development or connection fees charged in connection with the construction by Lessor of Lessor's Work.

7.2 Lessee's Furnishings.

7.2.1 Lessee's Furnishings shall include all, furnishings, furniture, equipment, draperies, wall treatments, communications cabling, and decorations. Lessee's corporate colors are acceptable as a part of the general design of the Premises. All such furnishings shall be considered first-class, which shall be defined as being of the most superior or excellent grade and quality, and shall be of high quality, safe, fire resistant, modern in design, attractive in appearance, all as approved by Lessor. Lessee shall diligently and expeditiously pursue the installation of all approved Lessee's Furnishings and shall complete installation of all of Lessee's Furnishings no later than 30 days after the date occupancy is delivered by Lessor to Lessee.

7.2.2 Any and all installations performed on the Premises by Lessee shall be performed in a workman-like manner as reasonably determined by Lessor and shall be diligently pursued to completion and in conformance with all building codes and similar rules. All Lessee's permanent improvements affixed to the Premises shall be and become part of the realty and the real property of Lessor "brick by brick" as constructed. In any event, the Premises must be left in as good or better condition as it may be on the date of this Agreement, or such better condition as the Premises may hereafter be placed.

7.3 Maintenance by Lessor. As required by the provisions of Article 5, Lessor shall perform indoor janitorial services for the entire Aviation Business Center, including the Premises, any exterior landscaping, and sweeping and maintenance of the parking areas. As required by the provisions of Article 5, Lessee shall pay to Lessor an amount reasonably determined by Lessor to be the costs of the forgoing services. Lessor shall also be responsible to maintain the structural integrity of the Aviation Business Center and the Premises, exterior windows, exterior and interior doors, roof, exterior and interior walls, sewers, air conditioning, heating and plumbing within or serving the Aviation Business Center and the Premises. Lessor shall at all times repair and maintain the interior of the Premises in a first-class, sound, clean and attractive manner, as determined in Lessor's reasonable discretion.

7.3.1 Without limitation, Lessee shall be responsible for the following:

7.3.1.1 Cleanup of any spills or other debris or damage to the Premises or to nearby areas of the airport caused by Lessee or its agents and customers or others claiming under Lessee including, without limitation, spills, debris and damage.

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7.3.1.2 All other repairs and maintenance of the Premises not specifically required hereunder to be performed by Lessor.

7.4 Recycling. Lessee shall comply with such paper, plastic or other recycling or conservation programs as Lessor may establish for the airport from time to time.

7.5 Lessor's Fixtures and Personalty. Lessee shall not remove, alter or damage in any way any improvements or any personal property of Lessor upon the Premises without Lessor's prior written approval. In all cases, Lessee will repair any damage or other alteration to Lessor's property to as good or better condition than existed before the damage or alteration.

7.6 Alterations Required by Law. In the event that any Legal Requirements from time to time shall require alterations or installations of any kind to the Aviation Business Center, including but not limited to, handicap access, fire sprinklers, emergency lighting, sound proofing, emergency exists, or restroom facilities, the installation, operation and maintenance of the same, including related utilities, shall be the responsibility of Lessor.

VIII. BREACH

8. Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

8.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

8.1.1 If Lessee shall be in arrears in the payment of Rent and shall not cure such arrearage within 10 days after Lessor has notified Lessee in writing of such arrearage.

8.1.2 If Lessee shall abandon the Premises before the end of the term hereof without Lessor's consent.

8.1.3 If Lessee shall fail to maintain the Premises as required in this Agreement.

8.1.4 If Lessee shall fail to operate the facilities herein required for a period of 3 consecutive days or a total of 5 days within any calendar year without Lessor's prior written approval.

8.1.5 If any assignment of any of Lessee's property shall be made for the benefit of creditors, Lessee files a voluntary bankruptcy or is forced to file an involuntary petition in bankruptcy and such petitions are not dismissed within 30 days after filing.

8.1.6 If any representation or warranty made by Lessee in connection with this Agreement or the negotiations leading to this Agreement shall prove to have been false in any material respect when made.

8.1.7 If Lessee shall fail to observe and comply with all bidding requirements of Lessor with respect to this Agreement and with all performances promised by Lessee with respect to Lessee's bid submitted in connection therewith.

8.1.8 If Lessee shall fail to timely pay any taxes or other amounts herein required to be paid by Lessee to Lessor or to any other person.

8.1.9 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals from Lessor or any other governmental body or timely pay any taxes with respect to this Agreement, the Premises or Lessee's use of the Premises.

8.1.10 If any environmental, health or similar inspector issues any formal notice of investigation or violation of health, environmental or similar regulations in connection with Lessee's use of the Premises or determines during any two or more consecutive inspections that the same deficiency has been repeated or that the overall operation falls materially below standards for first rate well operated similar facilities in Maricopa County.

8.1.11 If Lessee shall engage in a pattern of repeated failure (or neglect) to timely do or perform or observe any provision contained herein. Three (3) or more failures to comply with any provision of this Agreement during any 12 month period constitutes a repeated failure by Lessee to comply with such provision.

8.1.12 If Lessee shall fail to or neglect to do or perform or observe any other provisions contained herein on its part to be kept or performed and such failure or neglect to do or perform or observe any of such other provisions shall continue for a period of 30 days after Lessor has notified Lessee in writing of Lessee's default hereunder.

8.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, without further demand or notice, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

8.2.1 Terminate this Agreement.

8.2.2 Enter into and upon the Premises or any part thereof, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

8.2.3 Enforce a lien (which is hereby granted to Lessor) upon Lessee's property now or at any time hereafter at the Premises securing all of Lessee's obligations hereunder.

8.2.4 Cause a receiver to be appointed for the Premises and for the continuing operation of Lessee's business thereon.

8.2.5 Pay or perform, for Lessee's account and at Lessee's expense, any or all payments or performances required hereunder to be paid or performed by Lessee.

8.2.6 Abate at Lessee's expense any violation of this Agreement.

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8.2.7 Pursue at Lessee's expense any and all other remedies, legal or equitable, to which Lessor may be entitled.

8.2.8 Refuse without any liability to Lessee therefore to perform any obligation imposed on Lessor by this Agreement.

8.2.9 Be excused from further performance under this Agreement.

8.2.10 Notwithstanding anything in this Agreement to the contrary, unilaterally and without Lessee's or any other person's consent or approval, draw upon, withdraw or otherwise realize upon or obtain the value of any letter of credit, escrowed funds, insurance policies, or other deposits, sureties, bonds or other funds or security held by Lessor or pledged or otherwise obligated to Lessor by Lessee or by any third party (whether or not specifically mentioned herein) and use the proceeds for any remedy permitted by this Agreement.

8.2.11 Insist upon Lessee's full and faithful performance under this Agreement and upon Lessee's full and timely payment of all Rent during the entire remaining term of this Agreement, including a continuing obligation to pay the agreed Rent for the remaining term of this Agreement upon the early termination of the Lease as a result of Lessee's default under the terms of this Agreement.

8.2.12 Assert or exercise any other right or remedy permitted by law.

8.3 Notice of Breach. Lessee shall promptly give notice to Lessor of any event or circumstance that is (or with the passing of time or the giving of notice or both will become) an Event of Default under this Agreement.

8.4 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or otherwise prevent Lessor from declaring a default for any breach or succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or paragraph) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS PARAGRAPH.

8.5 Reimbursement of Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

8.6 Inspection. Lessor shall have access to the Premises at all times upon reasonable prior notice (except, in the event of an emergency, without notice) for the purpose of examining, inspecting, evaluating, planning, repairing, designing, maintaining or showing the Premises or exercising Lessor's other rights hereunder. Lessee shall promptly undertake appropriate action to rectify any deficiency (identified by Lessor during such inspections or otherwise) in Lessee's compliance with this Agreement. This paragraph does not limit Lessor's other rights of access to the Premises elsewhere in this Agreement or otherwise.

8.7 Default by Lessor. Notwithstanding anything in this Agreement to the contrary, in the event Lessor at any time is required to render any performance, such performance is not due until 30 days after notice by Lessee to Lessor that the performance is due. If a cure cannot be affected during that period, Lessor shall not be in default so long as Lessor commences cure during the period and diligently prosecutes the cure to completion provided such cure must be completed within 60 days after it is due.

IX. TERMINATION

9. Rights at Termination. The following provisions shall apply upon expiration or other termination of this Agreement at any time for any reason:

9.1 Surviving Obligations. Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or events leading to or occurring before termination shall survive and not terminate.

9.2 Delivery of Possession. Lessee shall, without demand, peaceably and quietly quit and deliver up the Premises to Lessor thoroughly cleaned, in good repair, maintained and repaired and in as good order and condition, reasonable use and wear excepted, as the same now are or in such better condition as the Premises may hereafter be placed by Lessee or Lessor.

9.3 Confirmation of Termination. Lessee shall provide to Lessor, upon demand, quit claim deeds covering the Premises executed by Lessee and by all persons who claim that they have received from or through Lessee any interest in or right to use the Premises or any interest in Lessee's rights under this Agreement.

9.4 Fixtures and Improvements. If the same has not occurred earlier, title to any and all fixtures and structural or permanent improvements placed upon the Premises by Lessee together with all other equipment and personal property of every description attached or affixed to the Premises shall automatically vest in Lessor without any payment by Lessor or any compensation to Lessee and without requirement of any deed, conveyance, or bill of sale. The preceding sentence does not apply to other personal property that is not physically attached in any way to the Premises. However, if Lessor shall request any documents in confirmation thereof, Lessee shall promptly execute, acknowledge and deliver the same. Lessee shall assign and deliver to Lessor all operating manuals, warranties and similar materials pertaining to all personal property transferred to Lessor. Further, Lessee shall at its own expense, but only to the extent requested by Lessor in writing, remove and dispose of any said property and any fixtures and structural or

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permanent improvements placed upon the Premises by Lessee and completely repair the Premises to match adjacent finishes. Lessor may, in the exercise of its sole and absolute discretion, consider any Lessee property remaining on or about the Premises after the time for removal, abandoned and subject to removal, storage and disposal by Lessor at Lessee's expense and without compensation or accounting.

X. INSURANCE

10. Lessee's Insurance and Indemnity. During the entire term of this Agreement, Lessee shall insure the Premises and all property and activities at and about the Premises and provide indemnification as follows:

10.1 Insurance Required. Prior to the commencement of the term of this Agreement and the granting of occupancy to the Premises, and at all times thereafter, Lessee shall obtain and cause to be in force and effect the following insurance:

10.1.1 Commercial General Liability. Commercial general liability insurance with a limit of \$1,000,000 for each occurrence and a limit of \$2,000,000 general aggregate limit per policy year. The policy shall cover liability arising from Premises, operations, independent contractors, products, completed operations, personal injury, bodily injury, advertising injury, and liability assumed under an "insured contract" including this Agreement. The policy shall contain a "separation of insureds" clause. The policy shall include a Fire Damage Liability limit sufficient to cover the replacement of the portions of the building in the Lessee's care, custody, and control. The Premises liability portion of the policy shall extend to the entire building premises and all ingress and egress routes used by the Lessee's customers.

10.1.2 Automobile Liability. If any vehicle is used in the performance of the Lessee's business or the Premises that is subject to this Agreement, the Lessee must maintain Automobile liability insurance with a combined single limit of \$1,000,000 for each accident covering any and all owned, hired, and non-owned vehicles assigned to or used in any way in connection with Lessee's use of the Premises. Without limitation, such insurance shall cover hazards of motor vehicle use for loading and off loading.

10.1.3 Liquor Liability. If the Lessee is in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages, the Lessee shall purchase liquor liability insurance in an amount of not less than \$5,000,000 for each occurrence and \$5,000,000 aggregate.

10.1.4 Workers' Compensation. Such workers' compensation and similar insurance as is required by law and employer's liability insurance with a minimum limit of \$100,000 for each accident, \$100,000 disease for each employee, \$500,000 policy limit for disease. All contractors and subcontractors must provide like insurance.

10.1.5 Personal Property. Lessee shall maintain special causes of loss personal property coverage, as defined by Insurance Services Office, Inc., in an amount per occurrence equal to full replacement cost of all personal property used in connection with the Premises. In addition, Lessee shall maintain special causes of loss property insurance coverage for the full replacement value of the Lessee's betterments and improvements.

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10.1.6 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers and agents (all of whom, including Lessor, are collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises.

10.1.7 Limit and Other Adjustments. Lessor may elect by notice to Lessee to increase the amount or type of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent type or amount of insurance to be provided.

10.2 Form of All Insurance. All insurance provided by Lessee with respect to the Premises, whether required by this Agreement or not, and all insurance provided by third parties under this Agreement, shall meet the following requirements:

10.2.1 "Occurrence" coverage is required. "Claims made" insurance is not permitted.

10.2.2 If Lessee uses any excess insurance then such excess insurance shall be "follow form" equal to or broader in coverage than the underlying insurance.

10.2.3 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted away from the Premises.

10.2.4 Lessee must clearly show by providing copies of insurance policies, certificates, formal endorsements or other documentation acceptable to Lessor that all insurance coverage required by this Agreement is provided.

10.2.5 Lessee's insurance shall be primary insurance.

10.2.6 All policies, including workers' compensation, shall waive transfer rights of recovery (subrogation) against Lessor, and the other Additional Insureds.

10.2.7 No deductibles, retentions, or "self insured" amounts shall exceed \$100,000.00 in the aggregate per year, per policy. Lessee shall be solely responsible for any self-insurance amount or deductible.

10.2.8 No deductible shall be applicable to coverage provided to Lessor.

10.2.9 Lessor may require Lessee from time to time to secure payment of any deductible or self-insured retention by a surety bond or by a clean, irrevocable and unconditional letter of credit in content and form satisfactory to the city attorney's office.

10.2.10 All policies shall contain provisions that neither Lessee's breach of a policy requirement or warranty, nor inadvertent failure to follow claims reporting procedures, shall affect coverage provided to Lessor.

10.2.11 All policies except workers' compensation must cover Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement.

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10.2.12 All policies must be endorsed to provide Lessee with at least 30 days prior notice of cancellation or 10 days prior notice of cancellation for non-payment of premiums.

10.2.13 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

10.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor the Standard ACORD certificate of insurance annually and with each change in insurance coverage. The Certificate must evidence that the policy described by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, the certificate must evidence that Lessor and the other Additional Insureds are additional insureds. All certificates are in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

10.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++6.

10.5 Lessor to Provide Insurance. Lessor will carry insurance on the Aviation Business Center and its improvements and fixtures covering or affecting the use of Lessor's property related to this Agreement. Lessor may elect to acquire all or any part of the insurance required by this Agreement (with or without any other real property Lessor may own, or control) and Lessee shall pay to Lessor the costs of such insurance as provided in Article 5. Lessee shall provide all required insurance not so provided by Lessor. Any insurance or self insurance maintained by Lessor shall not contribute to Lessee's insurance.

10.6 Insurance Proceeds. All insurance proceeds (whether actually paid before or after termination of this Agreement) shall be paid to Lessee and Lessor jointly and shall be allocated among Lessor, Lessee and other interested parties as their interests may appear.

10.7 No Representation of Coverage Adequacy. By requiring insurance herein, Lessor does not represent that coverage and limits will be adequate to protect Lessee. Lessor reserves the right to review any and all of the insurance policies and/or endorsements cited in this Agreement, but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Lessee from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times.

10.8 Use of Subcontractors. If Lessee subcontracts or otherwise delegates any work or use of the Premises under this Agreement, Lessee shall cause the delegatee to execute and provide to Lessor a writing executed by the delegatee containing the same indemnification clauses and insurance requirements set forth herein protecting Lessor and Lessee.

10.9 Lessee's Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this paragraph are completely resolved, Lessee (and all other persons using, acting, working or

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claiming through or for Lessee or this Agreement (if they or their subcontractor, employee or other person or entity hired or directed by them participated in any way in causing the claim in question) shall jointly and severally indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises or this Agreement (the "Indemnity"). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use, financial harm, or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings and all other costs and expenses of litigation or resolving the claim) that may arise in any manner out of any use of the Premises or other property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including without limitation any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. As a condition to Lessor's executing this Agreement, Lessee specifically agrees that to the extent any provision of this paragraph is not fully enforceable against Lessee for any reason whatsoever, this paragraph shall be deemed automatically reformed to the minimal extent necessary to cause it to be enforceable to the fullest extent permitted by law. The Indemnity shall also include and apply to any environmental injury, personal injury or other liability relating to Lessor's or Lessee's acquisition, lessorship or use of real property developed, operated, owned, used, controlled or possessed by Lessor or Lessee under this Agreement. This indemnity includes any claim or amount arising out of, or recovered under, the Worker's Compensation Law or statute, ordinance, rule, regulation, or court decree. It is agreed that the Lessee will be responsible for primary investigation, defense, and judgment costs where this indemnification is applicable. The Lessee agrees to waive all rights of subrogation against the City, its officers, agents, representatives, directors, officers, and employees for losses arising from the actions of the Lessee.

Notwithstanding the foregoing, the Indemnity does not apply to:

10.9.1 Claims arising only from the sole gross negligence of Lessor.

10.9.2 Claims that the law prohibits from being imposed upon the indemnitor.

10.10 Risk of Loss. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessee shall be responsible for any and all damage to its property and equipment related to this Agreement and shall hold harmless and indemnify Lessor and all other Additional Insureds, regardless of the cause of such damages.

10.11 Indemnities and Insurance Cumulative. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. The amount and type of insurance coverage

required by this Agreement will in no way be construed as limiting the scope of the indemnities or other requirements of this Agreement.

10.12 Insurance to be Provided by Others. Lessee shall cause its contractors or other persons occupying, working on or about, or using the Premises pursuant to this Agreement to be covered by their own or Lessee's insurance meeting the requirements of this Agreement. The preceding sentence does not require such persons to provide insurance that merely duplicates insurance Lessee provides.

XI. CONDEMNATION

11. Condemnation. If any part of the Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, and in the event that such taking or condemnation shall render the Premises unsuitable for use as a rental car concession, then the term of this Agreement shall cease and terminate as of the date of taking of possession in such proceeding and Lessee shall have no claim for the value of any unexpired term of this Agreement. In the event of such an acquisition, Lessor shall pay to Lessee separate and apart from any condemnation action an amount equal to the lesser of i) the actual original cost of Lessee's Improvements acquired less depreciation on a straight line basis from the time of construction of Lessee's Improvements so acquired through the remaining original term of this Agreement, or ii) if Lessor is not the condemner, the net amount actually received by Lessor with respect to such Lessee's Improvements. In the event of a partial taking or condemnation which is not extensive enough to render the Premises unsuitable for use as a rental car concession, Lessor shall promptly restore the Premises to a condition comparable to its condition at the time of such condemnation less the portion lost in the taking, this Agreement shall continue in full force and effect, and the Base Rent (but not the Percentage Rent) shall be reduced in proportion to the gross rentable area of the Premises so taken. In the event of any taking or condemnation, Lessee shall not be entitled to any part of the award, as damages or otherwise. Lessor is entitled to receive the full amount of the award or other payment and Lessee hereby waives any right thereto. Nothing in this paragraph shall be construed to permit the abatement in whole or in part of the Percentage Rent.

XII. DAMAGE TO OR DESTRUCTION OF PREMISES

12. Damage to or Destruction of Premises. If the Premises are partially damaged by fire, explosion, the elements, the public enemy, or other casualty, but not rendered untenable, and provided that such damage is not caused by the act or omission of Lessee or its officers, employees, representatives, agents or customers, any such damage shall be repaired with due diligence by Lessor at its own cost and expense, and there shall be no reduction of Rent. If such damage shall be so extensive as to render the Premises untenable, but capable of being repaired in 90 days, the same shall be repaired with due diligence by Lessor at its own cost and expense, and the Rent payable herein shall be proportionately paid up to the time of such damage and thereafter cease until such time as the Premises are restored. In the event the Premises are completely destroyed by fire, explosion, the elements, the public enemy or other casualty; or so damaged that they will remain untenable for more than 90 days, Lessor shall be under no obligation to repair and reconstruct the Premises, and Rent payable hereunder shall be proportionately paid up to the time of such damage or destruction, and shall thenceforth cease until such time as the Premises may be fully restored. If within 12 months after the time of such damage or destruction said Premises shall not have been repaired or reconstructed, Lessee may

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give Lessor written notice of its intention to cancel this Agreement in its entirety as of the date of such damage or destruction. Notwithstanding all of the foregoing provisions, all repairs required of Lessor shall be limited to the building structure, roof and outer walls. Repairs to finished improvements including, but not limited to, decorations, furnishings, floor and wall coverings, fixtures and equipment, shall be accomplished by Lessee at its cost and expense within 90 days of the completion of Lessor's restoration of the Premises.

XIII. LESSEE'S RECORDS

13. Lessee's Financial Records. During the entire term of this Agreement, Lessee shall keep records and provide information to Lessor as follows:

13.1 Scope of Information. Unless otherwise specified, all of Lessee's recordkeeping and disclosure obligations under this article include and are limited to the following cumulative topics as reasonably determined by Lessor (collectively the "Covered Information"):

13.1.1 All information about this Agreement.

13.1.2 All information about Lessor's and Lessee's rights, obligations and performances under this Agreement.

13.2 Reports. Lessee shall deliver to Lessor written reports (and, if requested by Lessor, a presentation to Lessor's governing council or designee) covering such Covered Information as Lessor may request from time to time.

13.3 Records Inspection. At Lessee's expense, Lessee shall:

13.3.2 Permit and assist Lessor and its representatives at all reasonable times to inspect, audit, and copy Lessee's records of Covered Information.

13.3.3 Make the records of Covered Information (and reasonable accommodations for Lessor's audit and inspection) available to Lessor at Lessee's offices in the City of Scottsdale in Maricopa County, Arizona or at another location requested by Lessor within the corporate limits of the City of Scottsdale.

13.3.4 Cause Lessee's employees and agents and accountants to give their full cooperation and assistance in connection with Lessor access to the Covered Information.

13.4 Standards for Records. Lessee shall maintain a standard, modern system of recordkeeping for the Covered Information and shall keep and maintain proper and accurate books and other repositories of information relating to the Covered Information in accordance with generally accepted accounting principles applied on a consistent basis. If Lessor does not receive Covered Information, Lessor shall have the right to estimate the information that is not provided, which estimate shall be binding upon Lessee.

13.5 Record Retention. Lessee shall preserve records of the Covered Information in a secure place within the City of Scottsdale, Maricopa County, Arizona for a period ending 7 years after the time period reported by the records.

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13.6 Record Media Included. Lessor's and Lessee's rights and obligations regarding the Covered Information encompass media, materials, and data repositories of every kind and character that may contain Covered Information. Such repositories include, without limitation, records, books, papers, documents, subscriptions, recordings, agreements, purchase orders, computer data, invoices, cash register tapes, contracts, logs, accounts, commitments, arrangements, notes, diaries, ledgers, correspondence, reports, drawings, receipts, vouchers and memoranda, and any and all other sources, records and repositories of Covered Information.

13.7 Access after Termination. Lessee's access to Covered Information shall continue for 6 years after termination of this Agreement for any reason.

13.8 Costs of Audit. If an audit, inspection or examination discloses underpayments (or other matters adjusted in favor of Lessor) of any nature that exceed three percent (3%) of any payments or single payment, Lessee shall pay to Lessor Lessor's actual cost (based on the amount paid by Lessor, or based on reasonable charges charged by private auditors and other service providers for comparable work if the audit is performed by Lessor's employees) of the audit, inspection or examination, together with late fees, interest, and other amounts payable in connection with such adjustments or payments. Any adjustments and/or payments due as a result of any such audit, inspection or examination shall be made within a reasonable amount of time (not to exceed 30 days) after Lessor gives to Lessee notice of Lessor's findings.

XIV. COMPLIANCE WITH LAW

14. Compliance with Law. Lessee shall perform its obligations under this Agreement in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended. Without limiting in any way the generality of the foregoing, Lessee shall comply with all and each of the following:

14.1 Applicability of Municipal Law. Without limitation, Lessee shall comply with municipal laws as follows:

14.1.1 Lessee acknowledges that this Agreement does not constitute, and Lessor has not promised or offered, any type of waiver of, or agreement to waive (or show any type of forbearance, priority or favoritism to Lessee with regard to) any law, ordinance, power, regulation, tax, assessment or other legal requirement now or hereafter imposed by the City of Scottsdale or any other governmental body upon or affecting Lessee or the Premises, or Lessee's use of the Premises.

14.1.2 All of Lessee's obligations hereunder are in addition to, and cumulative upon (and not to any extent in substitution or satisfaction of), all existing or future laws and regulations applicable to Lessee.

14.1.3 In the case of an ordinance or other law of the City of Scottsdale authorizing a credit, reduction in tax or amount charged or assessed, or any other benefit as a result of performances rendered under this Agreement, Lessee expressly waives, relinquishes and repudiates all such benefits with respect to performances rendered under this Agreement.

14.1.4 This Agreement is not intended to diminish any performances that would be required of Lessee by law if this Agreement had been made between Lessee and a private citizen.

14.1.5 Lessor has not relinquished or limited any right of condemnation or eminent domain over the Premises or any other property related to this Agreement.

14.1.6 This Agreement does not impair City of Scottsdale's power to enact, apply or enforce any laws or regulations, or exercise any governmental powers affecting in any way Lessee or the Premises.

14.1.7 Lessor's rights and remedies hereunder for Lessee's failure to comply with all applicable laws supplement and are in addition to and do not replace otherwise existing powers of the City of Scottsdale or any other governmental body.

14.2 Building Permits. If applicable, Lessee shall obtain at its own expense all building or other permits in connection with all construction performed by Lessee and shall comply with all zoning, building safety, fire and similar laws and procedures of every description.

14.3 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the Airport, including the Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith.

14.4 Aviation Regulations. Lessee shall comply with any and all rules, regulations, laws, ordinances, statues or orders of the FAA and any other governmental authority, whether Federal, State, County, or Lessor, lawfully exercising authority over the Airport.

14.5 Liability and Indemnity. Lessee shall be liable to Lessor, and shall pay, indemnify, defend and hold harmless Lessor against, any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon Lessor, including attorneys fees, arising from any violation of law caused directly or indirectly by act, omission, negligence, abuse or carelessness on the part of Lessee, its employees, agents, customers, visitors, suppliers, or invitees. Without limitation, the preceding sentence requires the payment by Lessee of any fines or penalties for any breach of security arising from the unauthorized entry of any of the aforementioned persons or their vehicles onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport.

14.6 Grant Agreement Assurances. Lessee shall observe and comply with the following covenants and conditions:

14.6.1 No person shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises on the grounds of race, color, handicap, or national origin. No person shall be excluded on the grounds of race, color, handicap, or national origin from participation in, denied the benefits of, or otherwise be subject to discrimination in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon.

14.6.2 Lessee shall use the Premises in compliance with all other requirements

imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

14.6.3 Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchases.

14.6.4 Lessee agrees that it shall insert this subparagraph and all of the other provisions of this paragraph titled "Grant Agreement Assurances" in any agreement, lease, contract, etc. by which Lessee grants a right or privilege to any persons, firm or corporation to render accommodations and/or services to the public on the Premises together with a provision that the "Grant Agreement Assurances" shall constitute a material breach thereof, and in the event of such non-compliance Lessor shall have the right to terminate the agreement and the estate thereby created without liability therefore. Either or both Lessor or the United States shall have the right to enforce the "Grant Agreement Assurances."

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

14.8 Construction Regulations. Lessee shall comply with the notification and review requirements covered on Part 77 of the Federal Aviation Regulations in the event any future structure or 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.

14.9 War or National Emergency. This Agreement 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.

14.10 Affirmative Action. Lessee assures that it will undertake an affirmative action program if and as required by 14 CFR, Part 152, subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered sub-organizations provide assurances to Lessor that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as and if required by 14 CFR, Part 152, Subpart E, to the same effect.

XV. ASSIGNABILITY

15. Assignability. This Agreement is not assignable by Lessee except in strict compliance with the following:

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15.1 Assignments Prohibited. References in this Agreement to assignments or subleases by Lessee shall be deemed to apply to all of the following transactions, circumstances and conditions:

15.1.1 Any voluntary or involuntary assignment, conveyance, or transfer of the Premises or any interest therein or any rights under this Agreement, in whole or in part.

15.1.2 Any voluntary or involuntary pledge, lien, mortgage, security interest, judgment, deed of trust, claim or demand, whether arising from any contract, any agreement, any work of construction, repair, restoration, maintenance or removal, or otherwise affecting the Premises (collectively "Liens").

15.1.3 The use, occupation, management, control or operation of the Premises or any part thereof by others.

15.1.4 Any transaction (or series of related or unrelated transactions) transferring a substantial part of the corporate stock (or other evidence of ownership, as applicable) or any other direct or indirect transfer of any substantial part of the ownership, management or control of Lessee or the Premises.

15.1.5 Any assignment for the benefit of creditors, voluntary or involuntary.

15.1.6 Any bankruptcy or reorganization.

15.1.7 The occurrence of any of the foregoing by operation of law.

15.2 Assignment Remedies. Any prohibited assignment shall be void and vest no rights in the assignee. Nevertheless, Lessor may, in its sole discretion and in addition to all other remedies available to Lessor under this Agreement or otherwise and in any combination, collect Rent from the assignee, sublessee or occupant and apply the net amount collected to the Rent required to be paid thereunder and/or void the assignment, all without prejudicing any other right or remedy of Lessor under this Agreement. No cure or grace periods shall apply to assignments prohibited by this Agreement or to enforcement of this Agreement against an assignee who did not receive Lessor's consent. Lessor may elect to increase Rent as a condition to consenting to an assignment.

15.3 No Waiver. No consent or collection or other action or inaction by Lessor shall be deemed a waiver of the prohibition on assignments or any other provision of this Agreement, or the acceptance of the assignee, sublessee or occupant as Lessee, or a release of Lessee from the further performance by Lessee of the provisions of this Agreement. The consent by Lessor to an assignment or subletting shall not relieve Lessee from obtaining the consent in writing of Lessor to any further assignment or sublease. Upon assigning, transferring or subletting the Premises, Lessee shall not be released of any liability hereunder but shall remain fully and personally obligated under this Agreement.

15.4 Enforceability after Assignment. This Agreement shall be enforceable personally and in total against Lessee and each successor, partial or total, and regardless of the method of

succession, to Lessee's interest hereunder. Each successor having actual or constructive notice of this Agreement shall be deemed to have agreed to the preceding sentence.

15.5 Grounds for Refusal. No assignments of this Agreement are contemplated or bargained for. Lessor has the absolute right for any reason or for no reason in its sole discretion to give or withhold consent to any assignment or to impose any conditions upon any assignment. Lessee shall pay to Lessor the sum of \$500 for legal and administrative expenses related to any request for consent.

15.6 Form of Assignment. Any assignment shall be by agreement in form and content acceptable to Lessor. Without limitation, any assignment shall specify and require that each assignee acquiring any interest under this Agreement shall assume and be bound by, and be obligated to perform the terms and conditions of this Agreement, and that in the event Lessor terminates this Agreement because of default by Lessee, Lessor at Lessor's sole option may succeed to the position of Lessee as to any assignee of Lessee without liability for any prior breaches or performances by persons other than Lessor.

15.7 Lien Payment. Lessee shall pay all Liens as the same become due, and in any event before any judicial or non-judicial action or proceeding is commenced to enforce a Lien. Lessee shall pay, indemnify, defend and hold Lessor and the Premises free and harmless for, from and against any and all Liens, together with all liability, costs and expenses in connection therewith, including attorney's fees. Lessor shall have the right at any time to post and maintain on the Premises such notices, pay such amounts, file or record such notices, or take such other actions as Lessor may deem necessary to protect Lessor and its property interests against all Liens.

XVI. MISCELLANEOUS

16. Miscellaneous. The following additional provisions shall apply:

16.1 Amendments. This Agreement may not be amended except by a formal writing executed by the parties.

16.2 Limited Severability. In the event any term, condition, covenant, stipulation, agreement or provision herein contained is held to be invalid or unenforceable for any reason, the invalidity of such term, condition, covenant, stipulation, agreement or provision shall in no way affect any other term, condition, covenant, stipulation, agreement or provision herein contained. Further, this Agreement shall be deemed automatically reformed to secure to Lessor the legal, equitable, practical and other benefits of the provisions of this Agreement as written to the very maximum extent permitted by law.

16.3 Conflicts of Interest. No member, official or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement, that is prohibited by law.

16.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

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16.5 Non-liability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any performance or amount that may become due to any party or successor, or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement.

16.6 Notices. Except as otherwise indicated, all notices, waivers, demands, requests and other communications required or permitted by this Agreement (collectively, "Notices") shall be in writing and shall be effective only if sent by one or more of the following methods: (a) personal delivery; (b) generally-recognized overnight commercial courier regularly providing proof of delivery, with delivery charges prepaid or duly charged; or (c) United States registered or certified mail, return-receipt requested, postage prepaid, or (d) electronic mail (email) addressed to the parties at the respective addresses set forth opposite their names below, or to any other address or addresses as any party shall designate from time to time by notice given to the other in the manner provided in this paragraph:

If to Lessor: Scottsdale Aviation Director
15000 N. Airport Dr., Suite 200
Scottsdale, AZ 85260

City of Scottsdale
3939 Drinkwater Blvd.
Scottsdale, AZ 85251
Attn: City Attorney

If to Lessee: Maza Concepts, LLC d/b/a The Brick
6854 E. Ivyglen Circle
Mesa, Arizona 85207
Attn: Dondra Maza

Notices to Lessee may also be hand-delivered to Lessee's management office at the Premises. Notices given or served by personal delivery shall be deemed to have been received upon tender to the respective party. Notices given or served by mail or commercial courier shall be deemed to have been given or served as of the date of delivery (whether accepted or refused) established by the United States Postal Service return-receipt or the overnight courier's proof of delivery, as the case may be.

16.7 Time of Essence. Time is of the essence of each and every provision of this Agreement. Any payments due on Saturday, Sunday or an Arizona legal holiday shall be due on the next succeeding day that is not a Saturday, Sunday or an Arizona legal holiday.

16.8 Funding. This subparagraph shall control notwithstanding any provision of this Agreement or any exhibit or other agreement or document related hereto. If funds necessary to fulfill Lessor's obligations under this Agreement are not appropriated by the Scottsdale City Council, Lessor may terminate this Agreement by 30 days notice to Lessee. Termination in accordance with this provision shall not constitute a breach of this Agreement by Lessor. No

person will be entitled to any compensation, damages or other remedy from Lessor if this Agreement is terminated pursuant to the terms of this subsection.

16.9 Article Headings. The article headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

16.10 Lessor's Right of Entry. Lessor reserves the right at all reasonable times during the Term for Lessor or Lessor's agents to enter the Premises for the purpose of inspecting and examining the same, and to show the same to actual or prospective tenants or lenders, and to make such repairs, alterations, improvements or additions as Lessor may deem necessary or desirable, and for any other purposes Lessor deems necessary. During the ninety (90) days prior to the expiration of the Term or any renewal term, Lessor may exhibit the Premises to prospective tenants, and place upon the Premises customary "For Lease" signs, as the case may be, which signs Lessee shall permit to remain thereon without molestation. If Lessee shall not be personally present to open and permit entry into said Premises, at any time, when for any reason an entry therein shall be necessary or permissible, Lessor or Lessor's agents may forcibly enter the same, without rendering Lessor or such agents liable therefor, and without any manner affecting the obligations and covenants of this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon Lessor any obligation, responsibility or liability whatsoever for the care, maintenance or repair of the building or any part thereof, except as otherwise herein specifically provided. No exercise by Lessor of any rights under this Article 16 shall entitle Lessee to any damages for inconvenience, disturbance, constructive eviction, loss of business or other damage to Lessee occasioned thereby, nor to any abatement of rent.

16.11 Attorneys' Fees. In the event any action or suit or proceeding is brought by Lessor to collect the Rent due or to become due hereunder or any portion hereof or to take possession of the Premises or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement or to vindicate or exercise any of Lessor's rights or remedies hereunder, Lessee agrees to pay Lessor all costs of such action or suit and all expenses of such action or suit together with such sum as the Court may adjudge reasonable as attorneys' fees to be allowed in said suit, action or proceeding.

16.12 No Third Party Beneficiaries. Except as otherwise expressly provided, no person or entity shall be a third party beneficiary to this Agreement or shall have any right or cause of action hereunder.

16.13 Exhibits. All exhibits attached hereto are incorporated into this Agreement by this reference.

16.14 Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreement, understanding, negotiation or representation regarding the Premises.

16.15 Further Assurances. Lessee agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as Lessor may reasonably require to consummate, evidence, confirm or carry out the agreement contained herein.

16.16 Construction. Whenever the context of this Agreement requires, the singular shall

include the plural, and the masculine shall include the feminine. This Agreement shall be construed according to its plain meaning and neither for nor against any party hereto. Lessee acknowledges that the Rent payable hereunder was negotiated in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

16.17 Survival of Liability. All obligations of Lessee hereunder and all warranties and indemnities of Lessee hereunder shall survive termination of this Agreement for any reason.

16.18 Choice of Law. This Agreement shall be governed by the internal laws of the State of Arizona without regard to choice of law rules. Lessor has not waived its claims procedures as respects this Agreement. Exclusive proper venue for any action regarding this Agreement shall be Maricopa County Superior Court. City and Lessee consent to personal jurisdiction in such court. Any such action must be filed, tried and remain in this Court for any and all proceedings. For this purpose, each party expressly and irrevocably consents to the jurisdiction and venue of this Court, and the Lessee hereby waives the right to have such action removed to Federal District Court.

16.19 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for Lessee's benefit.

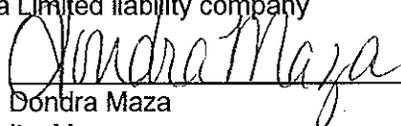
16.20 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the cancellation rights specified in A.R.S. § 38-511.

16.21 Recording. Within 10 days after the date of this Agreement, Lessor shall cause this Agreement to be recorded in the office of the Maricopa County Recorder.

[Signatures on Next Page]

EXECUTED as of the date first given above.

LESSEE: MAZA CONCEPTS, LLC, DBA THE BRICK
Arizona Limited liability company

By: 
Dondra Maza
Its: Manager

LESSOR: CITY OF SCOTTSDALE,
an Arizona municipal corporation

By: _____
W.J. "Jim" Lane, Mayor

ATTEST:

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

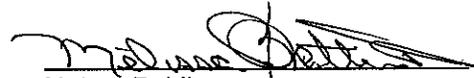
Bruce Washburn, City Attorney
By: Clifford J. Frey
Senior Assistant City Attorney

Gary P. Mascaro, Aviation Director

Katie Callaway, Risk Management Director

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 29 day of February 2016, Dondra Maza of the Maza Concepts, LLC, an Arizona corporation, d/b/a The Brick, its Manager.


Notary Public

My Commission Expires:
4-1-16



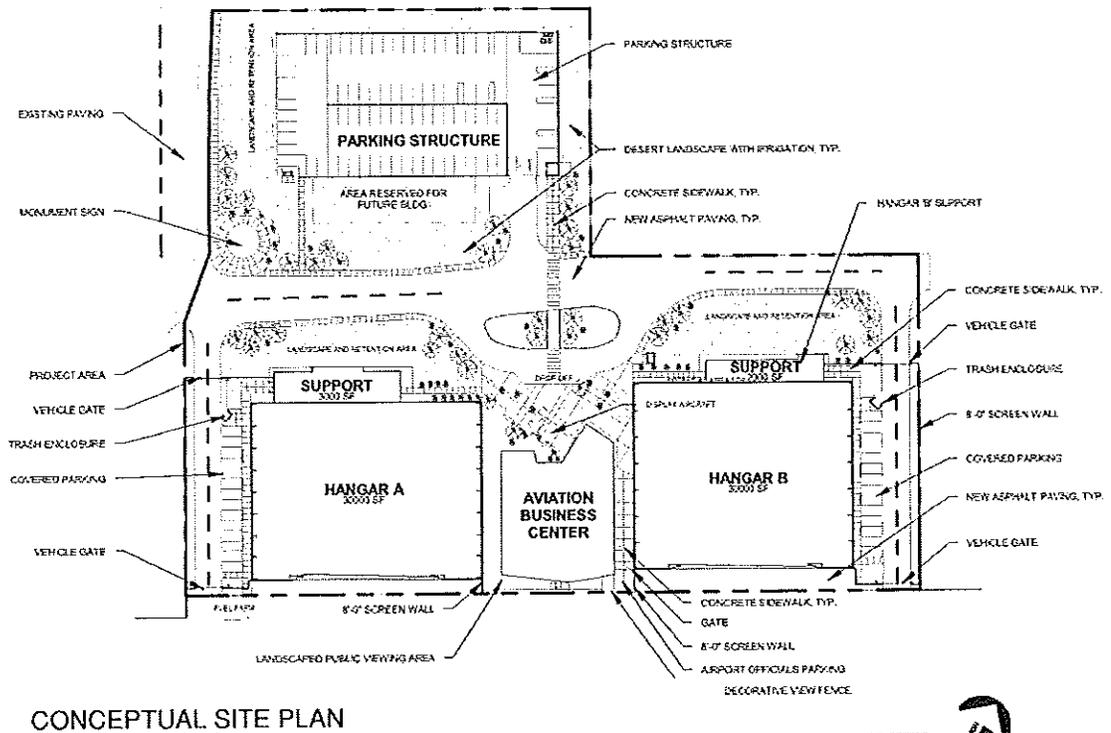
STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016, by W.J. "Jim" Lane, Mayor of the City of Scottsdale, an Arizona municipal corporation.

Notary Public

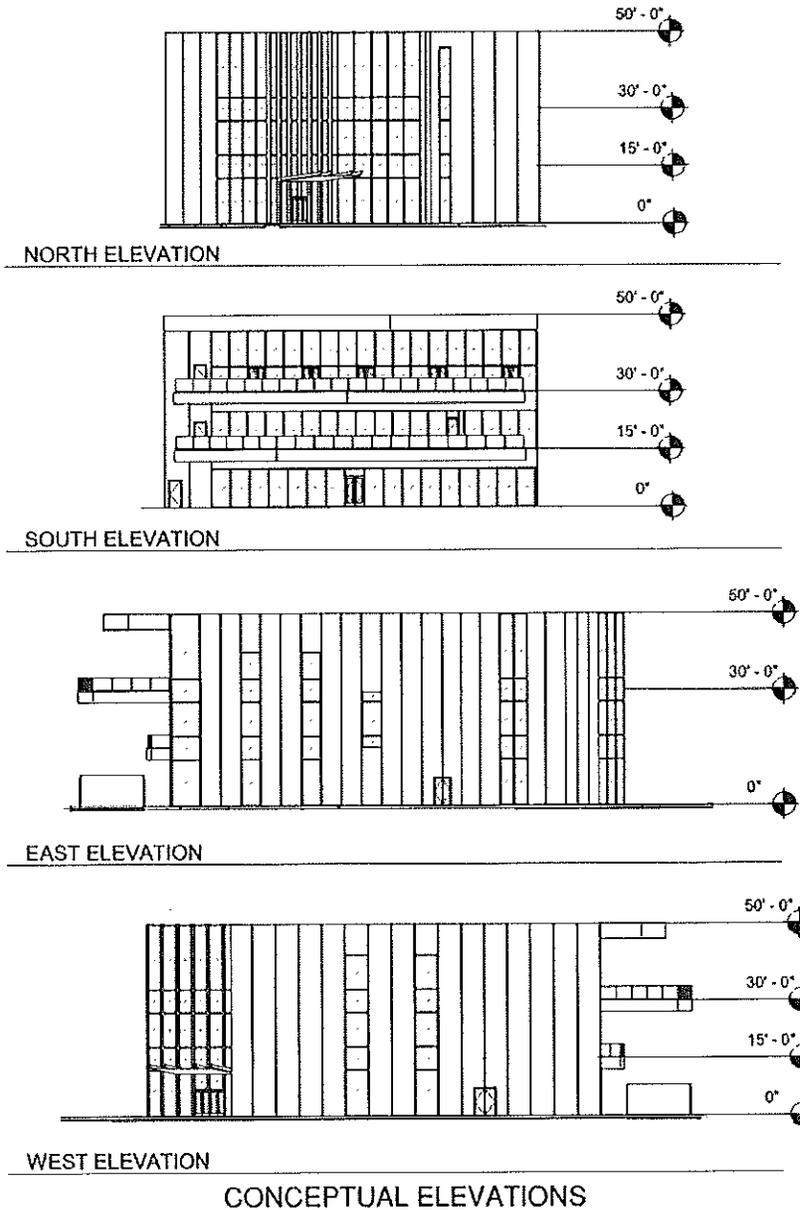
My Commission Expires:

Exhibit A Aviation Business Center Street Side and Air Side Elevations



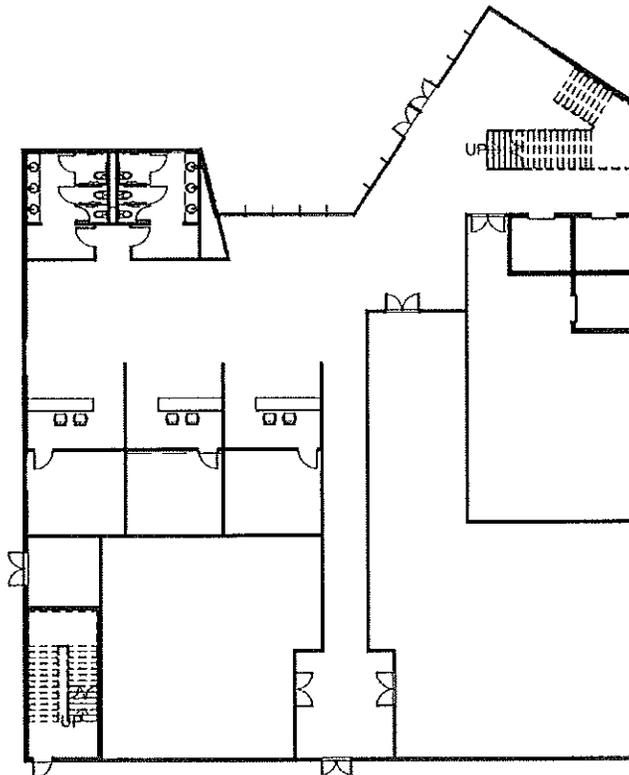
CONCEPTUAL SITE PLAN

Exhibit A
Aviation Business Center
Street Side and Air Side Elevations



**Exhibit A-1
First Floor Plan
(Subject to completion of Final Plans)**

CONCEPTUAL FLOOR PLAN

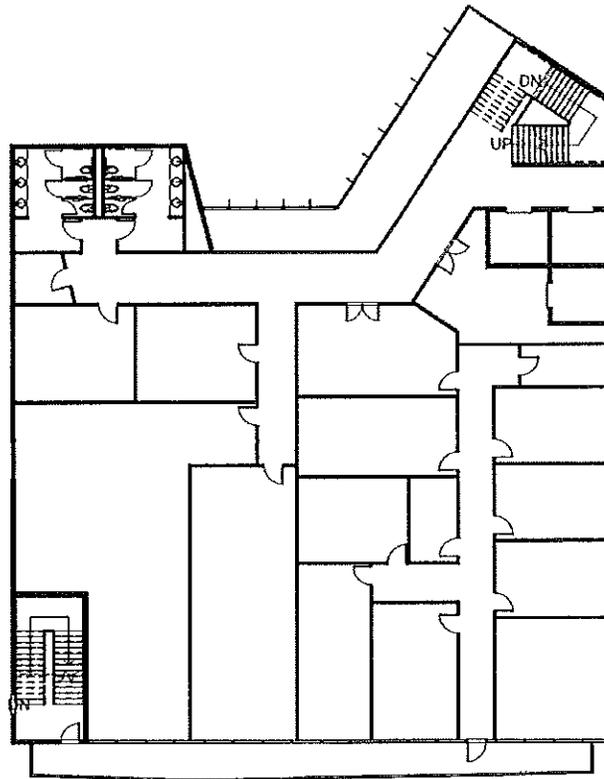


LEVEL 1



Exhibit A-2
Second Floor Plan
(Subject to completion of Final Plans)

CONCEPTUAL FLOOR PLAN

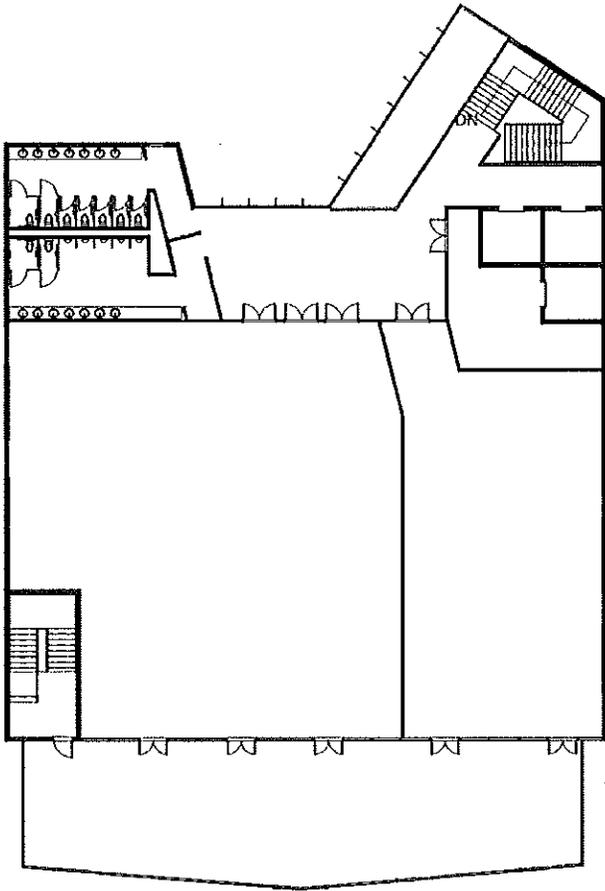


LEVEL 2



**Exhibit A-3
Third Floor Plan
(Subject to completion of Final Plans)**

CONCEPTUAL FLOOR PLAN

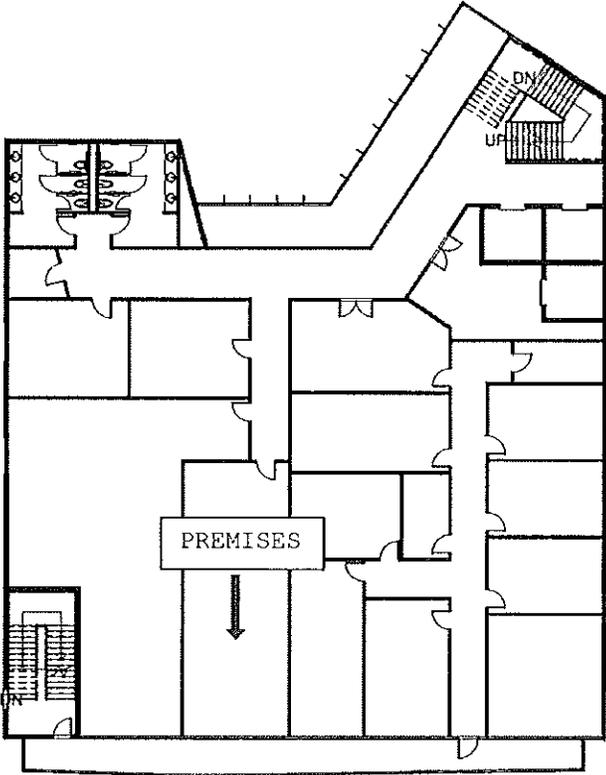


LEVEL 3



**Exhibit B
Leased Premises**

CONCEPTUAL FLOOR PLAN



LEVEL 2



**Exhibit C
Aviation Business Center
Lessor's Work**

The Aviation Business Center is a new, three (3) level steel Structure consisting of approximately 35,000 square feet. The building envelope consists of precast concrete and architectural metal panels, along with insulated glass wall systems. The approximate 50-foot structure height is topped with a membrane system roof and is approximately 96-feet wide X 96-feet deep. Construction is type IIB, and the building will have the required life safety and fire suppression systems. The design will follow LEED® Green Building principles at a minimum. The building will be situated between 2 executive hangars with a triple height glass façade and accent shades, which will establish a primary entry for the building. Each level of the building will have common use restrooms. Each level will have an outdoor area of varying size from which to view the airfield.



February 29, 2016

Jackie Agan
Hertz Corporation
8501 Williams Rd
Estero, Florida 33928

Re: *Proposal for Aviation Business Center – 15000 N. Airport Drive, Scottsdale, AZ*

Jackie:

On behalf of The City of Scottsdale I am pleased to present the following proposal to you for the leasing of the premises at the above-referenced property:

Premises:	15000 N Airport Drive, Scottsdale AZ
Tenant:	The Hertz Corporation, a Delaware Corporation
Use:	Motor Vehicle Rental Business
Square Footage:	<u>Premises</u> : 1 st Floor consisting of Approximately 500 Usable Square Feet and 600 Rentable Square Feet.
Load Factor:	Premises is assessed with a 20% Load Factor which includes a percentage for common areas for circulation, exiting and services including but not limited to Restrooms, Stairwells, Elevators, Utility rooms, etc.
New Lease Term:	Ten (10) years
Amended Lease Commencement:	Within 30 days following receipt by Lessor of Certificate of Occupancy.



Base Rental Rate:

The following rates are Annual rates, month shall be paid monthly as follows:

Months 1-12: \$47.50/sqft/year or \$2,375.00/month

Lease type: Full Service

Additional Expenses: *See parking Charges below

Annual increases:

The Base Rent shall be automatically adjusted upward on each annual anniversary of the commencement of the term of this Agreement on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics as of the date two (2) months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Base Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

Provided, that in no event shall the Base Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index published by any federal agency shall be substituted by Lessor in Lessor's reasonable discretion

Security Deposits:

\$4,000.00 due at the time of Lease Execution.



Operating Expenses & Real Estate Taxes:

During the first Fiscal Year, the Lessor's expense stop for Operating Costs shall be an annual cost of \$7.50 per square foot of rentable floor area, payable monthly in addition to Base Rent. Lessor may, from time to time, furnish Lessee a revised estimate of Operating Costs should Lessor anticipate any increase in Operating Costs from that set forth in a prior estimate. Commencing with the first month to which an estimate applies, Lessee shall pay, in addition to the monthly installments of Base Rent, an amount equal to one-twelfth (1/12th) of the product of the rentable square footage of the Leased Premises multiplied by the difference (but not less than zero (0)), if any, between such estimate and the Base Year Costs; provided, however, if less than ninety-five percent (95%) of the rentable area of the Aviation Business Center shall be occupied by tenants during the period covered by such estimate, the estimated Operating Costs for such period shall be, for the purposes of this Article 5, increased to an amount reasonably determined by Lessor to be equivalent to the Operating Costs that would be incurred if occupancy would be at least ninety-five percent (95%) during the entire period.

Option to Renew:

Provided (i) Lessee has not at any time been in default under any of the terms, covenants, or conditions of this Agreement, which default remained uncured after the applicable cure period, through and including the commencement date of an Extension Term set forth below, (ii) the Premises are continually operated for the use specifically permitted by this Agreement, and in accordance with other applicable provisions of this Agreement, and (iii) Lessee is not in bankruptcy or receivership, and has not made an assignment for the benefit of creditors pursuant to applicable state law, then Lessee shall have the option to extend the term of this Agreement for two (2) periods of five (5) years each (the "Extension Term"). The option for the second Extension Term shall not be exercisable unless Lessee exercised the option for the first Extension Term. Lessee shall exercise each such option by providing Lessor with written notice of such exercise not later than 180 days or earlier than 365 days before the commencement of the applicable Extension Term. Lessee shall have no right to further extend or renew this Lease other than for the Extension Terms. Time is of the essence with respect to the exercise of any such options by Lessee. If Lessee fails to exercise an option when required, such option shall thereafter be of no force or effect.



Tenant Improvements:

It is Landlord's intent to deliver the premises Turn Key but in no event shall exceed \$45.00 Per Usable Square Foot. All Telecommunications, computer services, furniture, fixtures, furnishings or equipment will be at Lessee's sole cost and expense.

Parking:

Lessor shall provide Twenty-Five (25) reserved garage spaces designated for rental car parking at a cost of ninety-five (\$95.00) dollars per space per month (\$2,375.00/month). Employee or visitor parking shall be in common in the parking structure at no cost at a ratio not to exceed 4 spaces per 1000 of Rentable Square Feet Leased.

This proposal is an outline of the major lease provisions only and is neither a binding legal agreement nor should it be construed as a legal offer to lease. This proposal is for discussion purposes only and neither Landlord nor Tenant shall have any obligation resulting from this proposal, including without limitation, an obligation to enter into or execute a lease related hereto, nor shall any obligation or liability be incurred by either party unless and until such time as a lease is fully executed by both parties, at which time, the terms of said lease shall supersede this proposal which shall be of no force or effect. This proposal shall remain valid until March 3, 2016 at 11:00am Arizona Time.

Sincerely,

Shane McCormick
Sales & Leasing - Office Group

LANDLORD

TENANT

The Hertz Corporation

By: _____

By: *M. Holdgrater*

Date: _____

Date: 3-MAR-2016

**Michael E. Holdgrater
Vice President
Real Estate & Concessions**



February 29, 2016

Michael Arcuri
Enterprise
1444 W. Auto Drive
Tempe, AZ 85284

Re: *Proposal for Aviation Business Center - 15000 N. Airport Drive, Scottsdale, AZ*

Michael:

On behalf of The City of Scottsdale I am pleased to present the following proposal to you for the leasing of the premises at the above-referenced property:

Premises:	15000 N Airport Drive, Scottsdale AZ
Tenant:	Enterprise Leasing Company of Phoenix, LLC
Use:	Motor Vehicle Rental Business
Square Footage:	<u>Premises:</u> 1 st Floor consisting of Approximately 500 Usable Square Feet and 600 Rentable Square Feet.
Load Factor:	Premises is assessed with a 20% Load Factor which includes a percentage for common areas for circulation, exiting and services including but not limited to Restrooms, Stairwells, Elevators, Utility rooms, etc.
New Lease Term:	Ten (10) years
Amended Lease Commencement:	Within 30 days following receipt by Lessor of Certificate of Occupancy.

4980 S. Alma School Road, Suite A2-439, Chandler, AZ 85248

602.432.9900



Base Rental Rate:

The following rates are Annual rates and shall be paid monthly as follows:

Months 1-12: \$47.50/sqft/year or \$2,375.00/month

Lease type: Full Service

Additional Expenses: *See parking Charges below

Annual Increases:

The Base Rent shall be automatically adjusted upward on each annual anniversary of the commencement of the term of this Agreement on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics as of the date two (2) months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Base Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

Provided, that in no event shall the Base Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index published by any federal agency shall be substituted by Lessor in Lessor's reasonable discretion

Security Deposits:

\$4,000.00 due at the time of Lease Execution.

4980 S. Alma School Road, Suite A2-439, Chandler, AZ 85248

602.432.9900



Operating Expenses & Real Estate Taxes:

During the first Fiscal Year, the Lessor's expense stop for Operating Costs shall be an annual cost of \$7.50 per square foot of rentable floor area, payable monthly in addition to Base Rent. Lessor may, from time to time, furnish Lessee a revised estimate of Operating Costs should Lessor anticipate any increase in Operating Costs from that set forth in a prior estimate. Commencing with the first month to which an estimate applies, Lessee shall pay, in addition to the monthly installments of Base Rent, an amount equal to one-twelfth (1/12th) of the product of the rentable square footage of the Leased Premises multiplied by the difference (but not less than zero (0)), if any, between such estimate and the Base Year Costs; provided, however, if less than ninety-five percent (95%) of the rentable area of the Aviation Business Center shall be occupied by tenants during the period covered by such estimate, the estimated Operating Costs for such period shall be, for the purposes of this Article 5, increased to an amount reasonably determined by Lessor to be equivalent to the Operating Costs that would be incurred if occupancy would be at least ninety-five percent (95%) during the entire period.

Option to Renew:

Provided (i) Lessee has not at any time been in default under any of the terms, covenants, or conditions of this Agreement, which default remained uncured after the applicable cure period, through and including the commencement date of an Extension Term set forth below, (ii) the Premises are continually operated for the use specifically permitted by this Agreement, and in accordance with other applicable provisions of this Agreement, and (iii) Lessee is not in bankruptcy or receivership, and has not made an assignment for the benefit of creditors pursuant to applicable state law, then Lessee shall have the option to extend the term of this Agreement for two (2) periods of five (5) years each (the "Extension Term"). The option for the second Extension Term shall not be exercisable unless Lessee exercised the option for the first Extension Term. Lessee shall exercise each such option by providing Lessor with written notice of such exercise not later than 180 days or earlier than 365 days before the commencement of the applicable Extension Term. Lessee shall have no right to further extend or renew this Lease other than for the Extension Terms. Time is of the essence with respect to the exercise of any such options by Lessee. If Lessee fails to exercise an option when required, such option shall thereafter be of no force or effect.

4980 S. Alma School Road, Suite A2-439, Chandler, AZ 85248

602.432.6900



Tenant Improvements: It is Landlord's intent to deliver the premises Turn Key but in no event shall exceed \$45.00 Per Usable Square Foot. All Telecommunications, computer services, furniture, fixtures, furnishings or equipment will be at Lessee's sole cost and expense.

Parking: Lessor shall provide Twenty-Five (25) reserved garage spaces designated for rental car parking at a cost of ninety-five (\$95.00) dollars per space per month (\$2,375.00/month). Employee or visitor parking shall be in common in the parking structure at no cost at a ratio not to exceed 4 spaces per 1000 of Rentable Square Feet Leased.

This proposal is an outline of the major lease provisions only and is neither a binding legal agreement nor should it be construed as a legal offer to lease. Neither Landlord nor Tenant shall have any obligation resulting from this proposal nor shall any obligation or liability be incurred by either party until such time as a lease is fully executed by both parties. This proposal shall remain valid until March 3, 2016.

Sincerely,

Shane McCormick
Sales & Leasing - Office Group

LANDLORD

By:
Date: 3/11/16

TENANT

By:
Date: 3/11/16

4980 S. Alma School Road, Suite A2-439, Chandler, AZ 85248

602.432.9900

RESOLUTION NO. 10368

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA AUTHORIZING LEASE AGREEMENT NO. 2016-028-COS WITH GEMINI AIR GROUP, INC. FOR TWO (2) CORPORATE JET HANGARS TO BE CONSTRUCTED BY THE CITY ON EITHER SIDE OF THE PROPOSED AVIATION BUSINESS CENTER; LEASE AGREEMENT NO. 2016-030-COS WITH MAZA CONCEPTS, LLC, D/B/A THE BRICK, FOR ADMINISTRATIVE OFFICES; LEASE AGREEMENT NO. 2016-031-COS WITH MAZA CONCEPTS, LLC D/B/A THE BRICK, FOR A RESTAURANT; LEASE AGREEMENT NO. 2016-032-COS WITH HERTZ CORPORATION, FOR A RENTAL CAR CONCESSION; AND LEASE AGREEMENT NO. 2016-033-COS WITH ENTERPRISE LEASING COMPANY OF PHOENIX, FOR A RENTAL CAR CONCESSION ALL WITHIN THE NEWLY TO BE CONSTRUCTED AVIATION BUSINESS CENTER.

The City is the owner of certain real property known as the Scottsdale Airport on which is located a Terminal Building and office complex, which the City desires to replace with a new Aviation Business Center consisting of approximately 35,000 square feet; and

Adjacent to the east and west of the new Aviation Business Center, the City will construct two (2) corporate jet hangars of approximately 30,000 square feet each, 5,000 square feet of ancillary office space attached to the hangars, together with a 20,000 gallon fuel farm; and

To the north of the Aviation Business Center, the City will construct a three (3) level parking garage for the use and benefit of Tenants of the Aviation Business Center and patrons of the Airport; and

The certain tenants have committed to lease portions of the Aviation Business Center and the corporate jet hangars prior to completion of the construction project; and

The City desires to enter into leases with the following tenants, subject to the timely completion of the construction projects:

A Lease Agreement with Gemini Air Group, Inc. for the two (2) corporate jet hangars, ancillary office space, and the aviation fuel farm; and

A Lease Agreement with Maza Concepts, LLC, d/b/a the Brick, for catering service administrative offices in the Aviation Business Center; and

A Lease Agreement with Maza Concepts, LLC, d/b/a the Brick, for a restaurant in the Aviation Business Center; and

A Lease Agreement with Hertz Corporation for a rental car concession in the Aviation Business Center

A Lease Agreement with Enterprise Leasing Company of Phoenix, for a rental car concession in the Aviation Business Center.

NOW, THEREFORE, be it resolved by the Council of the City of Scottsdale as follows:

The Mayor is authorized and directed to execute on behalf of the City of Scottsdale, the following Airport Lease Agreements:

1. Lease Agreement No. 2016-028-COS with Gemini Air Group, Inc. for two (2) corporate jet hangars to be constructed by the City on either side of the proposed Aviation Business Center;
2. Lease Agreement No. 2016-029-COS with the Michael Lewin Corporation, d/b/a Southwest Flight Center located in the Aviation Business Center;
3. Lease Agreement No. 2016-030-COS with Maza Concepts, LLC, d/b/a The Brick, for administrative offices for catering services located in the Aviation Business Center;
4. Lease Agreement No. 2016-031-COS with Maza Concepts, LLC d/b/a The Brick, for a restaurant located in the Aviation Business Center;
5. Lease Agreement No. 2016-032-COS with Hertz Corporation, for a rental car concession located in the Aviation Business Center;
6. Lease Agreement No. 2016-033-COS with Enterprise Leasing Company of Phoenix, for a rental car concession all within the newly to be located in the Aviation Business Center.

(Signatures on next page.)

PASSED AND ADOPTED by the Council of the City of Scottsdale this _____ day of April, 2016.

CITY OF SCOTTSDALE, an Arizona
municipal Corporation

W. J. "Jim" Lane, Mayor

ATTEST:

By: _____
Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

Bruce Washburn, City Attorney
By: Clifford J. Frey
Senior Assistant City Attorney



COMMISSION INFORMATION REPORT

Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations, and Revocations

Agenda Item No.: 5

Meeting Date: 03/08/16

Staff Contact: Shannon Johnson,
Management Analyst

Phone: (480) 312-8475

INFORMATION

Review of Airport and Airpark permittees and major tenant Aeronautical Business Permit additions, cancellations, and revocations.

PURPOSE

Per the request of the Airport Advisory Commission, a report will be provided as needed indicating additions, cancellations, and revocations of Aeronautical Business Permits.

KEY CONSIDERATIONS

- Attached are the current lists of Airport and Airpark permittees.
- List provides what type of aeronautical activity the business is conducting and the contact information.
- Any additions, cancellations, suspensions, and revocations will be highlighted on the tenant list.

Attachments(s): 1. Current Airport Permittee List by Category
2. Current Airpark Permittee List by Category

**Airport Aeronautical Business Permittees & Major Tenants
March 2016**

**Aircraft Charter /
Management & Sales**

BUSINESS NAME	ACTIVITY	LOCATED	CONTACT	PHONE	FAX
ALANTE AIR CHARTER	A/C CHARTER / MGMT	LMSC	KEVIN LIPPERT	605-593-8960	605-593-8964
ALL ACCESS MOTORSPORTS DBA ALL ACCESS JETS	A/C CHARTER BROKERAGE	SFS	BRADLEY CRAIG	480-483-7867	480-483-7866
AVIATION RESOURCE GROUP (AERODYNE)	A/C SALES	ACC	LAWRENCE BARNA	480-359-7979	N/A
AVIATION WEST CHARTERS	A/C CHARTER / MGMT	SFS	BRANDON KEARNS	480-559-6901	888-941-4823
BUSINESS AIRCRAFT MGMT	A/C SALES, MGMT, CHARTER	SFS	GORDON JOHNSON	480-905-8659	480-905-9365
CRITICAL AIR RESPONSE DBA AIRCARE1	A/C CHARTER	LM	DENISE WAYE	505-242-7760	505-796-8999
EMPIRE AVIATION	A/C SALES	ACC	GARY WRIGHT	480-659-0808	480-659-0363
FALCON EXECUTIVE AVIATION	A/C CHARTER / MGMT	SFS	PAUL LESSAONGANG	800-237-2359	480-830-8688
G.G.R. AVIATION	A/C MGMT	SFS	GUY MILANOVITS	480-614-1166	N/A
GLOBALJET NA	A/C MGMT	LMSC	TYLER HORN	480-350-7927	480-719-8869
HOBO JET	A/C CHARTER BROKERAGE	SFS	JOSH ALLEN	480-773-0952	N/A
J & S AVIATION	A/C MGMT	MOBILE	SEAN FOWLER	480-241-9437	623-780-8484
JET FLEET LLC	A/C SALES	ABC	STEVE GAGE	480-286-0029	N/A
JET PROS, LLC	A/C CHARTER BROKERAGE, MGMT & CHARTER	MOBILE	MARGARET PIONTEK	480-444-2452	480-575-9920
JOHN HOPKINSON & ASSOCIATES	A/C SALES	SFS	CHRISTINA HOPKINSON	403-637-2250	N/A
LANDMARK AVIATION – CHARTER	A/C CHARTER	LM	RICK WIELEBSKI	480-948-2400	480-948-3874
MEMLEY AVIATION	A/C CHARTER / MGMT	SFS	ALAN MEMLEY	559-233-5165	N/A
PACIFIC AIR CENTER	A/C SALES	LM	RICH MANOR	562-513-5222	562-513-5230
SAWYER CHARTER SERVICE	A/C SALES & CHARTER	LMNC	CHAD & MARY VERDAGLIO	480-922-2723	480-922-5653
SCOTT AIR - ISLAND AIR EXPRESS	A/C CHARTER	LMNC	SCOTT CURRIER	602-274-4370	602-285-9295
SET JET	A/C CHARTER BROKERAGE	LMNC	WILLIAM SMITH	480-264-6500	N/A
SOJOURN AVIATION	A/C SALES	ACC	EDWARD MCDONALD	216-797-8523	216-797-3323
SOLAIRUS AVIATION	A/C MGMT	LMSC	JOHN KING	707-775-2760	N/A
TEMPUS JETS	A/C CHARTER BROKERAGE & CHARTER	SFS	JOSHUA ALLEN	480-304-5093	602-325-4031

**Aircraft Rental / Leasing &
Flight Training**

AVIATION RESOURCE GROUP (AERODYNE)	FLIGHT TRAINING/ A/C RENTAL	ACC	LAWRENCE BARNA	480-359-7979	N/A
ALLIANCE AIRCRAFT SERVICES	A/C RENTAL / TRAINING	ABC	GUY MILANOVITS	480-614-1166	480-048-1230
BONESTEEL, JUNE	GROUND SCHOOL TRAINING	LMSC	JUNE BONESTEEL	602-569-0200	602-569-1296

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension pending revocation

Red indicates revocation

ELITE FLIGHT TRAINING	FLIGHT TRAINING	LMSC	CHARLES LAPMARDO	480-305-0911	N/A
G.G.R. AVIATION	FLIGHT TRAINING / A/C RENTAL	SFS	GUY MILANOVITS	480-614-1166	N/A
LEGACY FLIGHT TRAINING	FLIGHT TRAINING	ACC	WILLIAM INGLIS	772-539-0420	N/A
PLUS 5 SPORT AERO	FLIGHT TRAINING	LMNC	BUD DAVISON	602-971-3991	602-971-3896
SAWYER AVIATION, LLC	A/C RENTAL / TRAINING	LMNC	CHAD & MARY VERDAGLIO	480-922-5221	480-922-5653
SCOTTSDALE EXECUTIVE FLIGHT TRAINING	FLIGHT TRAINING / A/C RENTAL	SFS	GUY MILANOVITS	480-614-1166	N/A
SDL HOLDINGS	FLIGHT TRAINING	LMSC	JIM KOZIARSKI	904-273-3018	904-273-1511
SIERRA CHARLIE AVIATION	A/C RENTAL / TRAINING	ABC	SCOTT CAMPBELL	480-390-2346	N/A
SOUTHWEST FLIGHT CENTER	A/C RENTAL / TRAINING	ABC	GARY LEWIN	480-991-2880	480-991-2968
UNIVERSAL HELICOPTERS INC.	TRAINING, LEASING/PHOTO	LMSC	GORDON JIROUX	480-951-6283	480-951-6285
VERTICAL WORKS	FLIGHT TRAINING	LMNC	CHARLES CHADWICK	732-865-1610	N/A
Aircraft Maintenance & Repair					
AERO JET SERVICES LLC	A/C MAINTENANCE	SFS	MIKE AABY	480-922-7441	480-922-8297
ARIZONA AIRCRAFT INTERIOR DESIGN	SPECIALIZED A/C REPAIR	SFS	MICHAEL BRYANT	480-832-1330	480-832-1186
AZ JET SERVICES	A/C MAINTENANCE	SFS	DAVE FERNEAU	602-380-5555	N/A
CENTERLINE AIRCRAFT	A/C MAINTENANCE	SFS	LARRY AFANA	480-243-9001	N/A
CESSNA AIRCRAFT COMPANY	A/C MAINTENANCE	MOBILE	RANDALL SOUTIERE	480-840-9430	N/A
DALLAS AIRMOTIVE	A/C MAINTENANCE	SFS	KEVIN BANG	623-824-7961	N/A
DUNCAN AVIONICS	AVIONICS REPAIR	SFS	JIM DAVIS	480-922-3575	480-951-9234
EXECUTIVE AIRCRAFT MTC.	A/C MAINTENANCE	SFS	GORDON JOHNSON	480-991-0900	480-991-3067
FRUECHTNICHT, WILLIAM	A/C MAINTENANCE	MOBILE	WILLIAM FRUECHTNICHT	480-227-7796	N/A
HORIZON PAINT REPAIR	SPECIALIZED A/C REPAIR	LMSC	PAUL SUNBURY	480-565-7821	N/A
LONE STAR AOG	A/C MAINTENANCE	LM	PHILLIP LAWRENCE	972-743-1141	N/A
PDR SERVICES	SPECIALIZED A/C REPAIR	SFS	PHILIP CHAPMAN	480-202-2908	N/A
SOUTHWEST FLIGHT CENTER	A/C MAINTENANCE	ACC	GARY LEWIN	480-991-2880	480-991-2968
TEMPUS JETS	A/C MAINTENANCE	SFS	JOSH ALLEN	480-304-5093	N/A
TIMMY SHINES	SPECIALIZED A/C REPAIR	LMSC	TIM ARMSTEAD	480-789-1683	N/A
WEST COAST WASH STATION	SPECIALIZED A/C REPAIR	LMNC	MIKE ADAMS	480-443-7320	N/A
Aircraft Washing / Detailing					
AERO PANACHE	AIRCRAFT WASHING	MOBILE	TODD PUCKETT	602-531-5505	N/A
CLASSIC AIR AVIATION	AIRCRAFT WASHING	MOBILE	JON MARPLE	602-574-5376	440-664-3568
APPEARANCE GROUP	AIRCRAFT WASHING	MOBILE	DONALD HENRY	480-580-1658	N/A
THE ALLEN GROUPE	AIRCRAFT WASHING	MOBILE	ROBERT KOPEC	317-525-6091	317-227-2770
TIME FOR SALE	AIRCRAFT WASHING	MOBILE	CAROLYN NELSON	602-295-7181	N/A
WEST COAST WASH STATION	AIRCRAFT WASHING	MOBILE	MIKE ADAMS	480-443-7320	N/A

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension pending revocation

Red indicates revocation

Auto Rental Services					
ALAMO/NATIONAL CAR RENTAL	RENTAL CARS	TERM	MIKE ROLLINS	480-948-4884	480-948-7444
AVIS RENT A CAR SYSTEMS	RENTAL CARS	APK	PETER SERENA	480-948-4993	602-273-3215
ENTERPRISE RENT A CAR	RENTAL CARS	TERM	ERIC BULLIS	480-315-8051	480-315-1938
GO RENTALS	RENTAL CARS	APK	KAVOVS GITIBIN	480-991-0117	949-222-1909
HERTZ RENT-A-CAR	RENTAL CARS	TERM	SIMON ELLIS	480-609-6657	480-609-4318
Fixed Base Operators					
LANDMARK AVIATION	FIXED BASE OPERATOR (FBO)	LM	RICK WIELEBSKI	480-948-2400	480-948-3874
SIGNATURE FLIGHT SUPPORT	FIXED BASE OPERATOR (FBO)	SFS	GREG GIBSON	480-951-2525	N/A
Hangar / Shade & Office Leasing Services					
AIR COMMERCE CENTER	OFFICE/HANGAR RENTALS	ACC	JOHN MEYER	480-483-1985	480-483-1726
GREENWAY HANGARS/SHADES	HANGAR/SHADE RENTALS	GRNWY	JOHN MEYER	480-483-1985	480-483-1726
LANDMARK SOUTH COMPLEX	OFFICE/HANGAR RENTALS	LMSC	RICK WIELEBSKI	480-948-2400	480-948-3874
In-Flight Catering Services					
BASHAS' INC. DBA AJ'S FINE FOODS	IN FLIGHT CATERING	MOBILE	MICHAEL BASHA	480-940-6731	480-940-2245
IN-FLIGHT CONCIERGE	IN FLIGHT CATERING	MOBILE	DEBRA EVANS	602-956-8512	480-683-2893
ZULU CAFFE DBA CIAO BABY CATERING	IN FLIGHT CATERING	TERM	DEE DEE MAZA	480-636-1634	N/A
U.S. Government					
FAA CONTROL TOWER	SDL AIR TRAFFIC CONTROL	TOWER	GEORGE SANT	480-609-7585	480-922-4982
US CUSTOMS	US CUSTOMS	ABC	OFFICER KENNEDY	480-312-8483	480-312-8485

- ABC = Aviation Business Center, 15041 N. Airport Drive, Scottsdale, AZ 85260
- ACC = Air Commerce Center, 14605 N. Airport Drive, Scottsdale, AZ 85260
- APK = Various Locations in Airpark
- LM = Landmark Aviation, 14600 N. Airport Drive, Scottsdale, AZ 85260
- LMSC = Landmark South Complex, 14700 N. Airport Drive, Scottsdale, AZ 85260
- SFS = Signature Flight Support, 15290 N. 78th Way, Scottsdale, AZ 85260
- LMNC = Landmark North Complex, 15115 N. Airport Drive, Scottsdale, AZ 85260
- TERM = Scottsdale Airport Terminal, 15000 N. Airport Drive, Scottsdale, AZ 85260
- TOWER = FAA Air Traffic Control Tower, 14960 N. 78th Way, Scottsdale, AZ 85260
- GRNWY = Greenway Hangars & Shades , 15135 N. Airport Dr., Scottsdale, AZ 85260

Green indicates new permittee Yellow indicates cancellation Orange indicates suspension pending revocation Red indicates revocation

**Airpark Aeronautical Business Permittees & Tenants
March 2016**

**Aircraft Charter / Sales
& Management**

BUSINESS NAME	ACTIVITY	LOCATED	CONTACT	PHONE	FAX
AERO CARE MEDICAL TRANSPORT	A/C CHARTER	AIRPARK	JOSEPH CECE	630-466-0800	630-466-1336
AERO JET SERVICES	A/C CHARTER/MGMT	AIRPARK	MIKE AABY	480-922-7441	480-922-8297
ARIZTAR DBA POCKET JETS	A/C CHARTER/MGMT	AIRPARK	EDDIE OCHOA	480-600-8004	480-553-8667
AXIS AVIATION	A/C MANAGEMENT	AIRPARK	MATTHEW BOSCO	916-391-5000	916-391-5001
DELTA PRIVATE JETS	A/C CHARTER/MGMT	AIRPARK	REX BEVINS	859-534-4314	859-334-6547
EXECUTIVE JET MANAGEMENT	A/C MANAGEMENT	AIRPARK	CHRISTINE LEBER	513-979-6709	N/A
GEMINI AIR GROUP	A/C MANAGEMENT	AIRPARK	TIM CARPAY	480-991-5387	480-991-3373
JET LINX SCOTTSDALE	A/C CHARTER/MGMT	AIRPARK	JON HULBURD	866-538-5469	888-398-3189
NORTH CENTRAL AVIATION	A/C CHARTER/MGMT	AIRPARK	BRIAN HAHN	651-842-8453	N/A
PHOENIX HELI SUPPORT	A/C SALES	AIRPARK	TINA CANNON	480-985-7994	480-776-2238
PINNACLE AIR GROUP	A/C CHARTER/MGMT & SALES	AIRPARK	SCOTT GUETTI	480-998-8989	480-998-7993
PRIME JET	A/C CHARTER/MGMT	AIRPARK	CHERYL JANKE	310-486-2088	303-648-4685
PULVER AVIATION	A/C MANAGEMENT	AIRPARK	DAVID PULVER	480-249-4154	480-249-4155
SCOTTSDALE HANGAR ONE	A/C MANAGEMENT	AIRPARK	ANDY SHAFER	480-624-9000	480-659-6051
THE COFFMAN COMPANIES	A/C MANAGEMENT	AIRPARK	JEFF COFFMAN	480-393-0770	480-393-7774
TWC AVIATION	A/C CHARTER/MGMT & SALES	AIRPARK	BOB OLIVER	818-441-0100	N/A
VERTICAL AVIATION	H/C CHARTER/MGMT & SALES	AIRPARK	JOHN CASTROGIOVANNI	480-991-6558	480-907-2759

**Aircraft Rental / Leasing &
Flight Training**

SUNSTATE HELICOPTERS	H/C SPEC COMM'L FLYING & H/C FLIGHT TRAINING	AIRPARK	CHRIS DOBKINS	602-469-3182	N/A
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**Helicopter Maintenance &
Repair**

PHOENIX HELI SUPPORT	H/C MAINTENANCE	AIRPARK	TINA CANNON	480-985-7994	480-776-2238
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**Hangar / Shade &
Office Leasing Services**

AERO CARE MEDICAL TRANSPORT	HANGAR/SHADE LEASING	AIRPARK	JOSEPH CECE	630-466-0800	630-466-1336
AIRE LANE	HANGAR/SHADE LEASING	AIRPARK	MOSHE BAR	480-483-8107	480-483-8172
ALTA VISTA RADIOLOGY	HANGAR/SHADE LEASING	AIRPARK	ROBERT ORTEGA	480-443-9391	N/A
ASTOR AIRPARK HOLDINGS	HANGAR/SHADE LEASING	AIRPARK	REG COOPER	480-483-1999	480-443-7776
AVALON ONE	HANGAR/SHADE LEASING	AIRPARK	SAMIR KANUGA	480-718-2412	N/A

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension/pending revocation

Red indicates revocation

BATES FAMILY TRUST	HANGAR/SHADE LEASING	AIRPARK	AUSTIN BATES	480-443-8287	480-443-8385
BCO	HANGAR/SHADE LEASING	AIRPARK	LYNN BABCOCK	480-922-0490	480-922-0839
BUILDING D	HANGAR/SHADE LEASING	AIRPARK	SCOTT LYON	480-367-6200	
COURTHOUSE COMMERCIAL	HANGAR/SHADE LEASING	AIRPARK	JOSEPH ODDO	480-998-1444	480-951-1392
CWIE MANAGEMENT RESOURCES	HANGAR/SHADE LEASING	AIRPARK	FRANK CADWELL	480-449-7751	480-449-8814
DEVELOPMENT SERVICES	HANGAR/SHADE LEASING	AIRPARK	RICHARD WILSON	480-927-4888	480-927-4889
EDWARD JANKOWSKI	HANGAR/SHADE LEASING	AIRPARK	JOANNE JANKOWSKI	480-575-8185	480-575-8183
GRAYSTAR CORPORATION	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
GREAT AMERICAN HANGAR	HANGAR/SHADE LEASING	AIRPARK	MARK BOSCO	916-391-5000	916-391-5001
HANGAR THREE	HANGAR/SHADE LEASING	AIRPARK	JIM KEELEY	480-596-9000	480-948-0502
JEST ENTERPRISES	HANGAR/SHADE LEASING	AIRPARK	STEVE MORALES	480-948-9969	N/A
JET LINX SCOTTSDALE	HANGAR/SHADE LEASING	AIRPARK	JON HULBURD	866-538-5469	888-398-3189
JON VESELY REVOCABLE TRUST	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
KNIGHT DAME	HANGAR/SHADE LEASING	AIRPARK	DAVID GRIMM	480-948-2910	N/A
LARRY COFFEY	HANGAR/SHADE LEASING	AIRPARK	LARRY COFFEY	480-607-0140	N/A
LEX CAPITAL	HANGAR/SHADELEASING	AIRPARK	WILL SCHUCKERT	480-922-0460	480-483-8409
MOBILE INN ASSOCIATES	HANGAR/SHADE LEASING	AIRPARK	MARTIN DEHAAN	480-483-1985	480-483-1726
NDS	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
PACIFIC MARINE MANAGEMENT	HANGAR/SHADE LEASING	AIRPARK	AL CHITTENDEN	360-653-4266	360-659-4216
PHOENIX HELI SUPPORT	HANGAR/SHADE LEASING	AIRPARK	TINA CANNON	480-985-7994	480-776-2238
PLO PROPERTIES	HANGAR/SHADE LEASING	AIRPARK	LYN OLIVIER	480-948-3789	480-948-3610
SCOTTSDALE HANGAR ONE	HANGAR/SHADE LEASING	AIRPARK	ANDY SHAFER	480-624-9000	480-659-6051
SKY PEAK	HANGAR/SHADE LEASING	AIRPARK	TONYA COLE	480-483-8107	480-483-8172
SOUTHWEST JET CENTER	HANGAR/SHADE LEASING	AIRPARK	JEFF SCHLUETER	480-845-0715	N/A
SUNSTATE AVIATION	HANGAR/SHADE LEASING	AIRPARK	MICHAEL FESSENDEN	602-683-0283	602-683-0321
TC HANGAR 3	HANGAR/SHADE LEASING	AIRPARK	JIM KEELEY	602-254-7457	602-252-8236
TC HANGAR GIANT	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
VIA-LINDA ANCALA	HANGAR/SHADE LEASING	AIRPARK	DAVE CHRISTENHOLZ	480-585-3790	480-585-9373
WALLACE HOLDINGS	HANGAR/SHADE LEASING	AIRPARK	BOB WALLACE	480-998-8861	480-998-0388
22B AIRPARK /former TBird Properties	HANGAR/SHADE LEASING	AIRPARK	CINDY ADAMS	480-483-1985	480-483-1726
7689, LLC	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-289-5715	480-751-1559

Green indicates new permittee | Yellow indicates cancellation | Orange indicates suspension/pending revocation | Red indicates revocation



COMMISSION INFORMATION REPORT

Discussion and input regarding the Monthly Airport Construction Report for March 2016

Agenda Item No.: 6

Meeting Date: 03/08/16

Staff Contact: Chris Read,
Airport Operations Manager

Phone: (480) 312-2674

INFORMATION

Airport Construction Update for March 2016.

PURPOSE

The purpose of this item is to keep the Airport Advisory Commission informed as to the status of all construction activity at the City's airport.

PROJECTS RECENTLY COMPLETED

Taxiway B Rehabilitation - (\$5,366,927.20)

July 6th 2015 to March 1st 2016

<u>% Complete</u>	<u>Completed Work - January</u>	<u>Anticipated Work - March</u>	<u>Operational Impacts</u>
100	Phase 5 demolition, light fixture installation, drain pipe insulation, crack filling and pavement patching.	Final striping of phase 5.	March - 2 overnight runway closures for final striping in late March.

PROJECTS UNDER CONSTRUCTION

Airport Operations Center Building - (\$3,968,000.00)

January 26th 2015 to February 29th 2016

<u>% Complete</u>	<u>Completed Work - February</u>	<u>Anticipated Work - March</u>	<u>Operational Impacts</u>
99	Painting, computer network installation, door installation, plumbing fixtures installation, landscaping, final details and address punch list items.	Punch list items.	Northernmost part of Landmark North ramp closed, North Airport Drive vehicle gate closed.





Runway 03 Erosion Control/Wildlife Mitigation Project
- (\$392,000.00)
 February 23rd 2016 to March 18th 2016

<u>% Complete</u>	<u>Completed Work - February</u>	<u>Anticipated Work - March</u>	<u>Operational Impacts</u>
30	Grading, placement of millings.	Grading placement of millings, concrete work.	South perimeter road closed from 9 p.m. to 6 a.m.



PLANNED PROJECTS

Parking Apron Pull Box Replacement Project				
Description	Cost	<u>Status</u>	<u>Estimated Start Date</u>	<u>Estimated Completion Date</u>
Replace 8 old pull cement cover pull boxes with new steel covered boxes along the west side aircraft parking aprons.	\$68,000	Award Phase	April 15, 2016	May 13, 2016



COMMISSION INFORMATION REPORT

Discussion and input regarding Operations Report for February 2016

Agenda Item No.: 7

Meeting Date: 03/08/16

Staff Contact: Chris Read,
Airport Operations Manager

Phone: (480) 312-2674

INFORMATION

Airport Monthly Operations Update for February 2016.

PURPOSE

The purpose of this item is to keep the Airport Advisory Commission informed as to the operational status of the Airport.

BASED AIRCRAFT

	<u>Helicopter</u>	<u>Single Engine</u>	<u>Twin Engine</u>	<u>Jet</u>	<u>Total</u>
Current Month	17	212	44	129	402
February 2015	17	199	47	128	391

OPERATIONS

	<u>February 2015</u>	<u>February 2016</u>	<u>% Δ</u>	<u>2015 YTD</u>	<u>2016 YTD</u>	<u>% Δ</u>
Total	12,992	14,256	9.7	25,082	27,234	8.6
IFR	4,498	4,315	-4.1	9,241	8,741	-5.4

ALERTS

<u>Date</u>	<u>Type</u>	<u>Description</u>
02/05/16	2	Cirrus SR-22, radio failure
02/17/16	2	Falcon 900, cabin door warning light
02/17/16	2	Falcon 2000, hydraulic system problem

INCIDENTS

<u>Date</u>	<u>Description</u>
02/05/16	RV-7, flat main tire upon landing
02/21/16	Falcon 2000, fuel leak at Landmark maintenance ramp
02/25/16	Cirrus Sr-22, flat main tire upon landing

Commission Information Report
 Airport Monthly Operations Update for February 2016

Agenda Item No.: 7

ENFORCEMENT ACTIONS

<u>Date</u>	<u>Violation</u>	<u>Enforcement Method Used</u>	<u>Comments</u>
02/02/16	Aircraft parked on based aircraft tie-down without a permit	N.O.V.	1 st Violation
02/02/16	Aircraft accessed airpark without a visiting aircraft notice	Verbal	1 st Violation

U.S. CUSTOMS UPDATE

<u>*Revenue (FYTD)</u>	<u>**Anticipated/Actual Expense</u>	<u>Total Uses Month</u>	<u>Total Uses (FYTD)</u>	<u>U.S. Visit Uses (flights/current month)</u>	<u>Comments</u>
\$310,175	\$176,509	111	550	9	U.S. Visit Summary 24 Mexican, 1 French, 1 Canadian, 1 British, 1 Dominican, 1 Italian

<u>*Revenue (FYTD)</u>	<u>Total Uses Month</u>	<u>Total Uses (FYTD)</u>
2015/16 (\$310,175)	FEB 2016 (111)	2015/16 (550)
2014/15 (\$295,550)	FEB 2015 (109)	2014/15 (532)

**Revenue = User Fees and Overtime Fees Charged to Users*

***Anticipated/Actual Expense = Includes Average Monthly Cost for US Customs Agent, Overtime Charges, Agent Training, Technology Equipment Upgrades, Maintenance/Connectivity Charges, Regulated Garbage, Value of Lost Rent, Staff Time and Utilities*

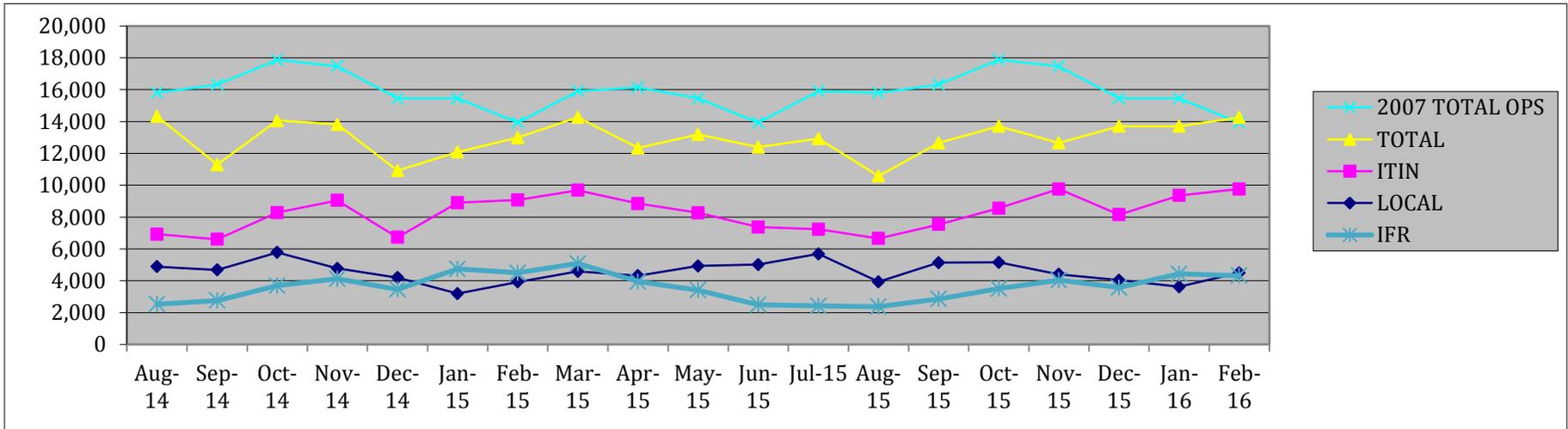
75,000 lbs. + PPR = 10 (calendar year 2016)

Attachment(s): 1. Scottsdale Airport Operations Counts 2014-2016

SCOTTSDALE AIRPORT OPERATIONS 2014-2016



	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
ITIN	6,921	6,607	8,279	9,046	6,722	8,899	9,074	9,682	8,849	8,263	7,373	7,233	6,652	7,530	8,560	9,764	8,149	9,357	9,760
LOCAL	4,881	4,683	5,781	4,771	4,196	3,191	3,918	4,586	4,318	4,926	5,015	5,689	3,928	5,131	5,149	4,401	4,033	3,621	4,496
IFR	2,531	2,755	3,689	4,122	3,457	4,743	4,498	5,084	3,946	3,403	2,496	2,421	2,371	2,860	3,500	4,038	3,566	4,426	4,315
TOTAL	14,333	11,290	14,060	13,817	10,918	12,090	12,992	14,268	12,338	13,189	12,388	12,922	10,580	12,661	13,709	12,661	13,709	13,709	14,256



PRE-RECESSION COMPARISON

	Feb-07	Feb-16	% change
ITIN	10,726	9,760	-9.0%
LOCAL	3,206	4,496	40.2%
IFR	4,596	4,315	-6.1%
TOTAL	13,932	14,256	2.3%



COMMISSION INFORMATION REPORT

Discussion and Input Regarding Monthly
Financial Reports for January 2016

Agenda Item No: 8

Meeting Date: 03/08/16

Staff Contact: Shannon Johnson,
Management Analyst

Phone: (480) 312-8475

AVIATION OPERATING BUDGET FISCAL YEAR 2015/16

	FY 2015/16		FY 2015/16		FY 2015/16 Year to Date (through January 2016)			
	Adopted Budget		Approved Budget		Approved Budget	Actual	Dollar Variance	% Variance
Revenue	\$3,904,685		\$3,904,685		\$2,062,248	\$2,052,376	-\$9,872	0%
Expenses	\$2,107,032		\$2,133,475		\$1,386,994	\$1,060,783	-\$326,211	-24%
Net	\$1,797,653		\$1,771,210		\$675,254	\$991,593	\$316,339	47%

AVIATION FUND CASH BALANCE

	Operating	CIP Funds	Total
As of 1/31/16	\$6,244,482	\$1,508,890	\$7,753,372
As of 12/31/15	\$6,019,417	\$2,575,576	\$8,594,993

MONTHLY REVENUE AND EXPENDITURE COMPARISON (ACTUALS)

	January		January		Dollar Variance	% Variance
	2015		2016			
Revenue	\$357,467		\$443,889		\$86,422	24%
Expenses	\$229,832		\$180,402		-\$49,430	-22%
Net	\$127,635		\$263,487		\$135,852	106%

ACCOUNTS RECEIVABLE AGING REPORT

Jan-16

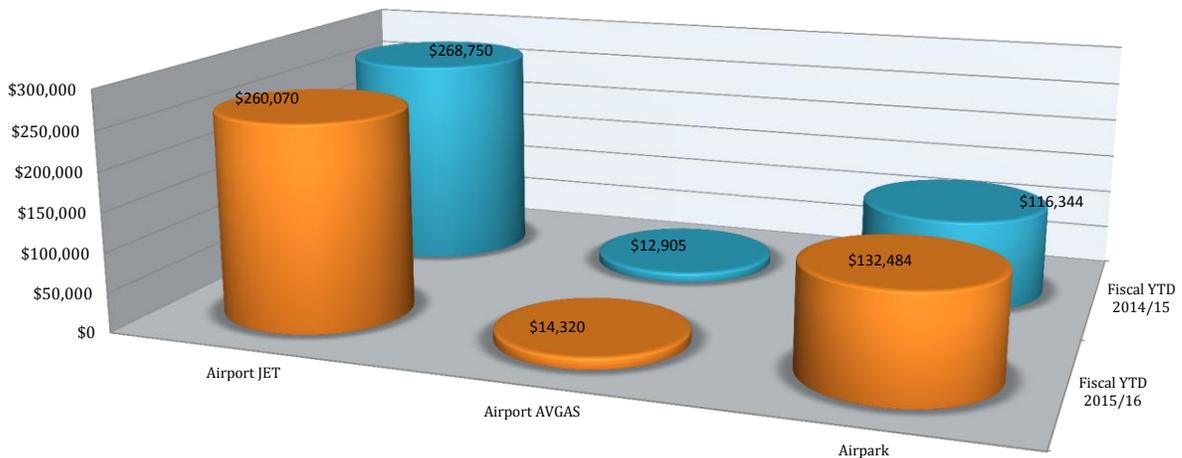
	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	>120 Days	Total Amt Due
All Accounts Total	26,216.26	12,072.63	394.01	235.77	-35.06	526.94	39,410.55

Fuel Flowage (@ \$0.08 per gallon)

	January 2015			January 2016			% Change From Last Yr
	Revenue	Gallons	% Total	Revenue	Gallons	% Total	
Airport JET	\$59,519	743,991	74.6%	\$59,399	742,489	72.2%	-0.2%
Airport AVGAS	\$1,865	23,312	2.3%	\$2,012	25,151	2.4%	7.9%
Airpark	\$18,403	230,034	23.1%	\$20,803	260,033	25.3%	13.0%
Total	\$79,787	997,337	100.0%	\$82,214	1,027,673	100.0%	3.0%

	Fiscal YTD 2014/15			Fiscal YTD 2015/16			% Change From Last Yr
	Revenue	Gallons	% Total	Revenue	Gallons	% Total	
Airport JET	\$268,750	3,359,373	67.5%	\$260,070	3,250,874	63.9%	-3.2%
Airport AVGAS	\$12,905	161,318	3.2%	\$14,320	179,006	3.5%	11.0%
Airpark	\$116,344	1,454,302	29.2%	\$132,484	1,656,050	32.6%	13.9%
Total	\$397,999	4,974,993	100.0%	\$406,874	5,085,930	100.0%	2.2%

Scottsdale Airport Fuel Flowage (@ \$0.08 per gallon) - Fiscal Year-to-Date





COMMISSION INFORMATION REPORT

Discussion and Input Regarding
Public Outreach Programs and Planning Projects

Agenda Item No: 9

Meeting Date: 03/08/16

Staff Contact: Sarah Ferrara,
Aviation Planning and Outreach
Coordinator

Phone: (480) 312-8482

INFORMATION

Monthly update of the marketing, community, planning and pilot outreach programs at Scottsdale Airport.

PURPOSE

The purpose of this item is to keep the Airport Advisory Commission informed of the airport’s marketing, outreach and planning projects efforts.

FAA Flight Path Changes			
#	Description	Purpose	Status
1	Next Gen / RNAV	Senators Flake and McCain are cosponsoring a bill to establish an airspace management advisory committee “to review and provide comments on proposed changes in regulations, policies or guidance of FAA relating to airspace that affects airport operations, airport capacity, the environment or communities in the vicinity of the airport.” Updates and other related information are posted to the airport website.	In progress
2	Phoenix Metroplex	The Phoenix Metroplex was officially suspended on Dec. 11, 2015. Valley airport directors drafting another letter to put pressure on FAA about the Metroplex and requesting involvement in process.	Suspended
Marketing Program			
#	Description	Purpose	Status
1	Media and Social Media	An article on the Scottsdale Airport and Airpark as dynamic economic engines is featured in ADOT’s AZ Flyer News Winter edition.	Completed
2	List serves	Working on a list serve notice for the wrap up of Taxiway “B” project as well as the upcoming FAA Safety Team meeting.	In progress
3	Tradeshows	Registered for the next National Business Aviation Association Conference in Orlando, Florida next fall. Planning to update graphics and overall branding for the next show.	In progress
Community Outreach			
#	Description	Purpose	Status
1	Brochures, flyers, other print materials & videos	Create and/or edit collateral materials for the airport as needed.	As needed

2	Realtor/ Homeowner Assoc. Outreach	Available to present to homeowner associations and realtor groups as needed.	As needed
3	Noise Outreach	Three meetings were held in February with residents from Grayhawk, DC Ranch and Phoenix regarding aircraft overflights, airport operations, flight paths and noise over their neighborhoods. Another letter was sent to Flight Schools operating out of Phoenix Deer Valley Airport to employ mitigation efforts to reduce noise over residential areas.	In process
4	Community Outreach	The airport welcomed about 20 seniors from the Via Linda Senior Center for a tour and overview of the airport. USMC held a military recruitment event at Scottsdale Airport showcasing two F18s and an Osprey. Save the date for the next Run the Runway event scheduled for Saturday, April 2, 2016.	In process
Planning Projects			
#	Description	Purpose	Status
1	Monitor property development through the Planning Department	Working with the Planning Department to protect the airspace and development uses near Scottsdale Airport. There were no projects within the Airport Influence Area listed in the Planning and Zoning reports for February.	In progress
Pilot Outreach			
#	Description	Purpose	Status
1	Pilot Briefing & Outreach	The FAA Safety Team together with the ATCT will hold a safety meeting open to all pilots from 6 to 8 p.m. on March 15, Airport Terminal Lobby	In progress
2	Voluntary Curfew Outreach (10:00 p.m. - 6:00 a.m.)	Communicate with aircraft operators and remind pilots that noise sensitive communities surround Scottsdale Airport. Promote the voluntary curfew of 10:00 p.m. - 6:00 a.m. If noise complaints during the voluntary curfew hours are received, aviation staff will work to make contact with the pilot to remind them of the voluntary curfew procedures. There was one voluntary curfew letter sent in February.	As needed



COMMISSION INFORMATION REPORT

Discussion and Input Regarding Status of Aviation Items to City Council

Agenda Item No: 10

Meeting Date: 03/08/16

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

INFORMATION

Discussion and input regarding status of the Airport Advisory Commission's 2016 items to City Council, and aviation-related items approved by Planning Commission, Design Review Board, or City Council.

- Attachment(s):
1. Airport Advisory Commission Items to City Council – 2016
 2. Aviation-related items to Planning Commission , Design Review Board, or City Council - 2016
 3. City Council Meeting Calendar – 2016

**AIRPORT ADVISORY COMMISSION AVIATION ITEMS TO CITY COUNCIL
2016**

AIRPORT COMMISSION DATE	APPROVED	ITEM DESCRIPTION	CITY COUNCIL DATE	APPROVED
01/13/16	7-0	Discussion and Possible Action to Recommend to City Council Adoption of Resolution No. 10303, Authorizing Construction Bid Award No. 16PB011 to Fortis Networks, Inc. the lowest responsive bidder in the amount of \$68,608.98 to construct the Airport Pull Box Replacement Project and Increase the Budget Authority for Aviation Capital Improvement Center No. AB58A from \$70,000 to \$115,000.	02/09/16	Approved on consent
01/13/16	6-0	Discussion and Possible Action to Recommend to City Council Adoption of Resolution No. 10319, Authorizing Construction Bid Award No. 16PB014 to Rummel Construction, Inc. the lowest responsive bidder in the amount of \$392,535 to construct the Airport Runway 03 Erosion Protection/Wildlife Mitigation Project	02/09/16	Approved on consent
01/13/16	6-0	Discussion and Possible Action to Adopt Resolution No. 10333 approving and authorizing contract 2016-014-COS with Cherokee Aviation Holdings, LLC a ground lease agreement located on and adjacent to Taxiway Charlie	04/05/16	?
03/08/2016	?	Discussion and possible action to recommend adoption of Resolution No. 10368 authorizing multiple lease agreements located at the future redevelopment of the terminal area at Scottsdale Airport.	04/05/16	?

AVIATION-RELATED ITEMS TO PLANNING COMMISSION, DESIGN REVIEW BOARD OR CITY COUNCIL
(Projects that may be on airport, have taxi lane access, have height implications, or have sensitive noise uses)
2016

AIRPORT COMMISSION DATE	APPROVED	ITEM DESCRIPTION	PLANNING, DRB, OR CITY COUNCIL AGENDA DATE	APPROVED
?	?	Greenway-Hayden Loop Apartments Kaplan Acquisitions, LLC is seeking to redevelop 8.84 acres for a 5-story (i.e., 4-story over podium), luxury apartment development. They are proposing 765 units (i.e., 86.5 du/ac) at 15501 N Dial Blvd. Rezoning/Minor GP required. Pre-App: 733-PA-2015.	?	?
02/20/16	6-0	One Scottsdale Request by owner to amend the existing Planned Community District (P-C) with comparable Planned Regional Center (PRC) zoning approved in case 20-ZN-2002 to allow building height up to 90 feet, 1,366 additional residential units & 1,066,145 additional square feet of non-residential area, on a +/- 76 acre site located at the northeast corner of Scottsdale Road and the Loop 101 freeway.	04/13/16	?
?	?	Assumption Greek Orthodox Church - Fellowship Hall Request for approval of the site plan, landscape plan, and building elevations for a new two story fellowship hall and classroom office building on a 5.2 +/- acre site located at 8202 E. Cactus Road with Single-family Residential (R1-35) zoning. Case #67-DR-2015.	?	?
?	?	Levitz Hangar Request to build aircraft hangar at 14818 N. 74 th Street. Case #72-PA-2016.	?	?
?	?	Apogee Medical Hangar door widening at 15100 N. 78 th Way. Case #87-PA-2016.	?	?

2016 City Council Meeting Calendar

JANUARY						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY						
S	M	T	W	T	F	S
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

MARCH						
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		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

APRIL						
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17	18	19	20	21	22	23
24	25	26	27	28	29	30

MAY						
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

JUNE						
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5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

JULY						
S	M	T	W	T	F	S
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3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

AUGUST						
S	M	T	W	T	F	S
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7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
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Key

	Council Meetings
	Optional Additional Mtg and/or Study Session
	General Plan
	Events
	City of Scottsdale Holidays
	Election
	No meetings will be scheduled
	Strategic Planning Workshop - TBD
	Agenda Review Staff Meetings

Jan: 12 - MLK Dinner
 Feb: 2 - Waste Management Opening Party
 25 - State of the City Address
 Mar: 5-9 - NLC Conference
 Apr:
 May: 17 - Tentative Budget Adoption
 June: 7 - Final Budget Adoption

Aug: 23-26 - League Conference
 30 - Primary Election
 Sept:
 Oct:
 Nov: 8 - General Election
 15-19 - NLC Conference
 Dec: 1-5 Major General Plan Amendments and Reg Council Mtgs



COMMISSION ACTION REPORT

Discussion and Possible Action Regarding Airport Advisory
Commission By-Laws

Agenda Item No.: 11

Meeting Date: 03/08/16

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

ACTION

Discussion and Possible Action regarding Airport Advisory Commission By-Laws.

Pursuant to the By-Laws of the Scottsdale Airport Advisory Commission, Section IV, Rules and Amendments, Paragraph 401. Amendment Procedure *"Amendments to these by-laws may be made by the Commission upon the affirmative vote of four (4) members, provided any such amendment is proposed at a preceding meeting, or is submitted in writing at a prior regular meeting of the Commission and is noted in the minutes of such meeting. Amendments adopted as above shall become effective at the next regular meeting of the Commission."*

Attachment(s): 1. Section of By-Laws pertaining to meeting schedule

Action Taken:

BY-LAWS OF THE SCOTTSDALE AIRPORT ADVISORY COMMISSION

II. MEETINGS

201. Study Sessions

Study sessions of the Commission shall be held on the ~~second~~ **third** Wednesday of each month at 5:00 p.m., unless otherwise scheduled by majority vote of its members.

202. Regular Meetings

Regular meetings of the Commission shall be held on the ~~second~~ **third** Wednesday of each month immediately following the study session, unless otherwise scheduled by majority vote of its members. In the event the Commission desires not to hold the preceding study session, the regular meeting shall begin at 6:00 p.m., unless otherwise scheduled by majority vote of its members.



COMMISSION ACTION REPORT

Discussion and possible action to modify the Airport Advisory Commission meeting schedule and Commission item calendar

Agenda Item No.: 12

Meeting Date: 03/08/16

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

ACTION

Review Airport Advisory Commission meeting schedule for 2016.

PURPOSE

Pursuant to By-Laws of the Scottsdale Airport Advisory Commission, Section 202, *“Regular meetings of the Commission shall be held on the second Wednesday of each month immediately following the study session, unless otherwise scheduled by majority vote of its members. In the event the Commission desires not to hold the preceding study session, the regular meeting shall begin at 6:00 p.m., unless otherwise scheduled by majority vote of its members.”*

Attachment(s): 1. Airport Advisory Commission schedule of meetings/items – 2016

Action taken:

AIRPORT ADVISORY COMMISSION SCHEDULE OF MEETINGS - 2016
(Including anticipated topics and timeline for discussion)

JANUARY						
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- Election of Officers
- By-Laws Review
- Quarterly Noise Program Update

FEBRUARY						
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MARCH						
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- Meeting moved to Tuesday

APRIL						
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- Quarterly Noise Program Update
- Aviation Enterprise Fund Five-Year Financial Plan

MAY						
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- Risk Management Insurance Update

JUNE						
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JULY						
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- Quarterly Noise Program Update

AUGUST						
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SEPTEMBER						
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- CVB Update

OCTOBER						
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- Quarterly Noise Program Update
- Chamber Update

NOVEMBER						
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- AZ Business Aviation Assn. Update

DECEMBER						
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