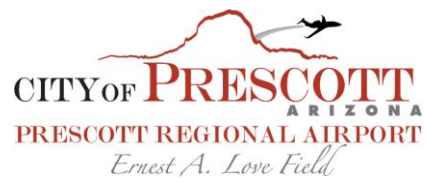


CITY Contract: ** TBD
Effective Date: ** TBD
LESSEE: ** TBD



City Contract #

Airport Lease between the

CITY OF PRESCOTT

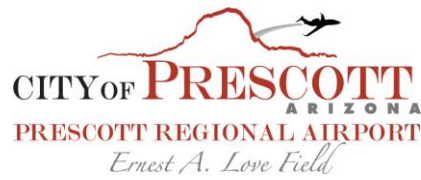
AND

LEASE AGREEMENT

EFFECTIVE DATE

 , 20

CITY Contract: ** TBD
Effective Date: ** TBD
LESSEE: ** TBD



AIRPORT LEASE AGREEMENT

This Lease Agreement is made and entered into this (FILL IN) day of (FILL IN MONTH &), between the CITY OF PRESCOTT- Prescott Regional Airport, hereinafter designated “LESSOR” or “CITY”, and (), hereinafter designated “LESSEE”.

GENERAL CONDITIONS

Throughout the term of this Lease Agreement, LESSEE will be expected to understand, follow, and be in compliance with all applicable Federal, state and local laws, statutes, regulations, rules, rulings, orders, ordinances, directives, and policies, unless amended, including without limitation of the Federal Aviation Administration Advisory Circulars, Airport Rules and Regulations, Airport Policies, and Environmental Laws. LESSEE is only to conduct lawful activities and operations at the premises and the airport according to the laws stated before.

LESSEE will be expected to understand that according to Grant Assurance 24 that the airport sponsor will maintain a fee and LESSEE fee structure for the facilities and services at the airport so it can be self-sustaining. The airport sponsor must set rates, charges, and Lease Payments in a matter that will ensure financial self-sustainability of the airport. Moreover, Federal funds will not be included in rates basis for fees, rates and charges to airport users.

RECITALS

The parties recite and declare:

1. LESSOR is the owner of the airport know as Prescott Regional Airport – Ernest A. Love Field in Prescott, Yavapai County, Arizona, together with the improvements located thereon, referred to as the “Airport”.
2. LESSEE is engaged in the business of operation of a public airport and related activities, and desires to use CITY facilities in the conduct of such business.
3. LESSOR is willing to allow LESSEE to use a portion of the Airport together with such rights and privileges as are set forth in this Agreement.

In consideration of the above recitals, the terms and covenants of this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

AGREEMENT

1. Description of Property.

- A. Location Duration and Termination: The “Leased Premises” or “property” shall consist of that property located on Airport grounds generally described as (FILL IN DESCRIPTION OF PROPERTY) and more particularly described in Exhibit “A” to this Agreement, which is attached hereto and incorporated herein by reference. The duration of this Lease Agreement shall be for a period of (FILL IN PERIOD) (**) years commencing on (FILL IN MONTH) (DAY), (YEAR) and terminating on (FILL IN MONTH) (DAY), (YEAR). Either party may terminate this Lease Agreement for convenience with (FILL IN TIME TO PROVIDE WRITTEN NOTICE) (**) days’ prior written notice to the other party, or for cause as provided in this Agreement.

This Lease Agreement considers the following as exclusive-use area for LESSEE (as shown on Exhibit A):

- ** Information
- LESSEE agrees that the Lease fee shall be paid monthly in advance for the remainder of the Lease Agreement, as described in the first paragraph of Section 2(A).

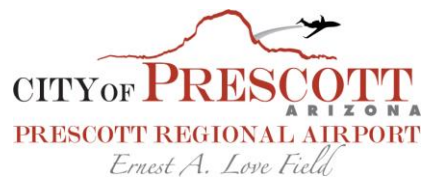
- B. **Right of Ingress/Egress:** LESSEE, its employees, customers, passengers, guests, and other invitees, shall have the right of ingress to and egress from the leased premises. Such right shall also extend to persons or organizations supplying materials or furnishing services to LESSEE, to include vehicles, machinery, and equipment reasonably required by such persons or organizations. The above-described rights of ingress and egress shall be exercised only in accordance with Airport Rules and Regulations and as further identified in Section 7(G) of this Agreement, which are in effect and may be amended from time to time.

- C. **Use of Premises:** LESSEE covenants and agrees to use the leased premises for aviation related activities as set forth in EXHIBIT XX, attached hereto and made a part hereof, and for no other purpose without prior written permission of the Airport Director. LESSEE agrees to conduct only lawful activities and operations at the leased premises and understands that any use of the leased premises for any purpose not expressly allowed under this Lease Agreement is grounds for termination of this Agreement.

- D. **Condition:** At the commencement of the term, LESSEE shall accept the leased premises and fixtures in their existing condition. No representations, statements, or warranties, express or implied, have been made by or on behalf of the LESSOR as to the condition thereof. In no event shall the LESSOR be liable for any defect in such property or any limitations on its use.

2. Lease Payment; Payment Adjustment; and Demand

CITY Contract: ** TBD
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- A. **Fee:** The LESSEE agrees to pay to the LESSOR for the use of the Leased premises herein described a Base Lease Fee of \$(FILL IN DOLLAR AMOUNT) monthly (\$(FILL IN DOLLAR AMOUNT) annually) and any applicable taxes; as further outlined on Exhibit B, until this Lease Agreement terminates. Payments shall be due and payable in advance of the first day of each month prior to the month to which it applies without further notice from the Airport or City. Failure to pay the amount of the monthly payment by the twentieth (20th) day of the month in which it is due shall be grounds for termination of this Agreement.

In Addition to the monthly Base Lease Fee described above, and further outlined in Exhibit B, LESSEE agrees to pay the following initial and recurring fees, which may be amended by City Council from time to time:

- I. **Shared common apron @ \$0.50 psf x 6,600 sf = \$275.00 mo.**
 - II. **Non-Exclusive Apron @ \$0.41 psf x 6,600 sf = \$225.50 mo.**
 - III. **Shared parking @ \$0.40 psf x 6,600 sf = \$220.00 mo.**
- B. **Rates, Fees, and Charges:** Federal Aviation Administration guidelines require Prescott Regional Airport – Ernest A. Love Field to make the Airport as financially self-sustaining as possible. To the extent feasible, aeronautical facilities and/or services must be based on fair market value.
- C. **Fee Adjustments:** Effective as of each anniversary date of the commencement of the term, the Base Lease Fee shall be increased with an annual Consumer Price Index (CPI) adjustment based on CPI-Urban with no less than a three (3%) percent annual increase and no greater than a six (6%) percent annual increase. LESSEE shall continue paying the current Base Lease Fee until the increased Base Lease Fee has been calculated. Upon such calculation, LESSOR shall give notice to LESSEE of the new Base Lease Fee which shall be payable effective of the anniversary date. LESSEE shall pay LESSOR any shortage in Base Lease Fee accruing between the anniversary date and the date of notice.

D. **Utilities**

The LESSEE shall be responsible for payment of all of its utility expenses (gas, electric, water, telephone, heat, etc.). All utilities, as applicable, must be set up in the name of the LESSEE. The LESSEE shall not have its utility bills placed in the name of the LESSOR, without the LESSOR's prior written consent.

** If needed – The Airport will maintain an active fire monitoring service and conduct annual fire inspections of the hangars under this Lease Agreement. LESSEE agrees to pay a monthly cost of \$50.00 for their pro-rata share of the Airport's fire monitoring services.

3. **Hangar Use:**

Hangar use shall be used for aeronautical purpose, specifically aircraft storage, aircraft maintenance, air charter operations and flight training operations. Hangar use shall not:

- A. Impede the movement of other aircraft in and out of other hangars;
- B. Displace the aeronautical contents of the hangar with the storage of vehicles, equipment and materials not essential to the aeronautical purposes described above;
- C. Impede access to other aeronautical contents of the hangar; or
- D. Violate building codes or local ordinances.

LESSEE must submit a LESSOR-approved written Hazardous Material Handling Plan in order to store any flammable material, including but not limited to explosives or other dangerous or hazardous materials, that are contained in or around the hangar.

4. **Non-exclusive Rights:**

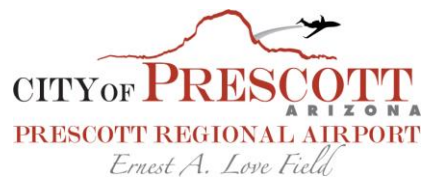
LESSEE shall have the non-exclusive right, in common with others so authorized:

- A. To use the common areas of the airport, including runways, taxiways, aprons, roadways, floodlights, landing lights, signals and other conveniences for the take-off, flying and landing of aircraft.
- B. To use the airport automobile and aircraft parking areas, appurtenances and improvements thereon, though this shall not restrict the right of the LESSOR to charge fees for the use of such areas within its Schedule of Rates and Charges that may be amended by the City from time to time.
- C. To use all access ways to and from the Leased premises, limited to streets, driveways or sidewalks designated for such purposes by the LESSOR, and which right shall extend to LESSEE's employees, passengers, guests, invitees, and patrons.

5. **LESSEE Responsibilities**

- A. **Maintenance.** The LESSEE will maintain its Leased premises and keep in good repair the interior structure, including but not limited to, *floors, ceilings, walls, doors, glass, cleaning, partitions and electrical fixtures, HVAC system, water heater, filters, plumbing, and roof*, as well as maintain the surrounding land in a sage, useful, clean, painted, neat and orderly

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condition, and LESSEE shall perform such repairs, maintenance, and upkeep as the LESSOR shall reasonably deem necessary and appropriate to maintain the safety of the Airport and to maintain the attractive, professional appearance of the Airport, provided that such standards are applied uniformly for all similar Leases at the Airport. In the event of fire or any other damage or casualty to structures owned by the LESSOR, and which LESSEE is liable for, the LESSEE shall repair, replace or remove the damaged structure, and restore the Leased premises to its original condition, within one-hundred twenty (120) days of the date the damage occurred. Upon petition by the LESSEE, the LESSOR may grant an extension of time to the extent such extension is warranted. In the event of fire or any other damage or casualty to structures owned by the LESSEE and which LESSOR is liable for, the LESSOR shall repair, replace, or remove the damaged structure, and restore the Leased premises to its original condition within one-hundred twenty (120) days of the date the damage occurred. Upon petition by the LESSOR, the LESSEE may grant an extension of time to the extent such extension is warranted.

LESSEE shall maintain in the Leased premises during the entire Lease term, not less than the minimum number of fire extinguishers required by law and LESSEE shall inspect all such fire extinguishers not less frequently than once each month to assure that the same are fully charged and in good operational condition. Annually the LESSEE shall have all fire extinguishers inspected by an authorized and qualified inspector who shall certify that each such fire extinguisher complies with all applicable requirements of the National Fire Protection Association (NFPA). If any such fire extinguishers fail to obtain such certification, then within three (3) business days after such failure such fire extinguishers shall be replaced, or repaired, and re-inspected and a certification shall be issued certifying that all such fire extinguishers comply with all applicable requirements of the NFPA.

LESSOR may perform routine inspections of Leased premises and may elect to have third-party assessments of major systems such as roof, mechanical and plumbing, at its discretion, to validate that appropriate maintenance of Leased premises being performed by LESSEE.

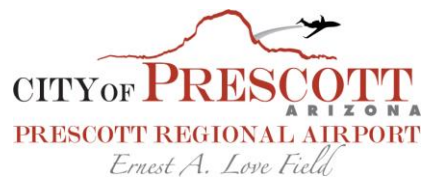
- B. **Hazardous Materials.** LESSEE must submit a LESSOR-approved written Hazardous Materials Handling Plan in order to store any flammable material, including but not limited to explosives or other dangerous or hazardous material, that are contained in or around the hangar or Leased premises.
- C. **Electronic Interference.** LESSEE shall not make use of the Leased premises in any manner which might create electrical or electronic interference with navigational signals or radio communications, impair the ability of pilots to visually distinguish the airfield, or otherwise endanger the landing, taking off, or maneuvering of aircraft. LESSOR reserves the right to enter upon the Leased premises and abate any such hazard at the expense of the LESSEE. LESSEE shall not conduct or permit any action or activity that constitutes a nuisance,

interferes with the use of any airport property or other tenants and LESSEEs, or disturbs or endangers the public in any way.

- D. **Obstruction Lights.** Whenever determined necessary by the LESSOR, LESSOR reserves the right to install obstruction lights and LESSEE agrees to maintain and operate proper obstruction lights on the tops of all buildings or structures Leased by the LESSEE and, at LESSEE's sole cost.
- E. **Signs.** No signs or advertising matter may be erected on the leased premises without the prior written consent of the LESSOR and any signage will be governed by the provisions of the City of Prescott Land Development Code.
- F. **Compliance with Regulatory Requirements.** LESSEE shall comply with all current Airport Rules, Regulations, Policies, and Minimum Standards. In addition, LESSEE shall not use the leased premises in a manner that constitutes a violation of applicable law and policies. A copy of the most recent Airport Rules and Regulations are available at flyprescott.com. LESSEE shall comply with all present and future federal, state, county and local laws, ordinances, requirements, rules, and regulations of all governmental authorities having jurisdiction over the leased premises or any part thereof. LESSEE shall comply with all applicable provisions of the Prescott City Code, Prescott Fire Code, Prescott Building Code, Federal and State Grant Programs, Airport Movement/Non-Movement Area Restrictions ([Exhibit C](#)), Federal grant compliance provisions (as further outlined in [Exhibit D](#) and incorporated herein by reference), state and local environmental regulations, Surplus Property Instruments, Federal Aviation Administration (FAA) policies, Advisory Circulars, rules and regulations, and Transportation Security Administration (TSA) policies, rules, and regulations.
- G. **Safety and Security (FAR Part 139.329).** LESSEE shall comply at all times with all federal and state security and safety regulations and mandates. LESSEE agrees to comply with all security requirements as necessary to meet the current and future Airport Security Requirements as mandated by 49 CFR Part 1542. Hangar(s) shall be locked at all times when an aircraft is stored within the hangar and LESSEE, or LESSEE's agent, is not present at the hangar(s). Keys shall not be left in any unattended aircraft whether or not the aircraft is located within a hangar(s).

LESSEE acknowledges that the leased premises are located within a secured airfield and shall ensure that all employees; customers; and agents accessing the leased premises have been trained and have obtained the appropriate airport credentials to access Movement/Non-Movement areas as depicted in [Exhibit XXX](#). Credentials shall be issued, and security access plans shall be approved by Airport Administration, for consistency with airport rules and security protocols, which change and evolve from time to time.

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Any violations are subject to applicable fines up to the approved amounts listed in the Airport Rates & Fees. Violations may result in termination of airfield access privileges.

H. **Damaged to or Destruction of Property.** LESSEE agrees to repair or replace without delay and at its sole cost, expense, and risk, any and all portions of the leased premises that may be damaged by theft, burglary, vandalism or by malicious mischief. Such repairs and replacements shall be made properly and restored to its original condition within one hundred twenty (120) days of the date the damage occurred. All repairs and replacements shall be in quality and class at least equal to the original work. Any default of the LESSEE in making such repairs and replacements, shall be chargeable to the LESSEE's account, and the expense thereof shall constitute and be collectable as additional rent.

6. **Based Aircraft.**

agrees to provide quarterly a current list of their Based Aircraft/Fleet to LESSOR. Further, LESSEE agrees that only those aircraft which have been reported to Airport Administration may occupy the leased premises as depicted on **Exhibit A**.

7. **Airport Maintenance.**

LESSOR reserves the right, but shall not be obligated to LESSEE, to maintain and keep in repair the landing and taxi areas 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.

8. **Obstruction.**

LESSOR reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right prevent LESSEE from erecting, or permitting to be erected, any building or other structure on the Airport which, in the opinion of the LESSOR, would limit the usefulness of the Airport or constitute a hazard to aircraft. LESSEE shall upon approval by LESSOR and prior to any construction of any nature within the boundaries of the Airport, prepare and submit to the Federal Aviation Administration, FAA Form 7460-1, "Notice of Proposed Construction or Alteration", as required by Federal Aviation Regulation Part 77.

9. **Airport Development.**

The LESSOR reserves the right to further develop and improve the Airport as LESSOR sees fit, regardless of the desires or views of the LESSEE and without interference or hindrance from the LESSEE. If the development of the Airport requires the removal and/or relocation of the LESSEE's hangar or building(s), the LESSOR and LESSEE agree that such removal and/or relocation shall occur pursuant to the following terms and conditions:

- A. The LESSOR will provide the LESSEE with written notice at least one-hundred twenty (120) days prior to said removal and/or relocation.

10. **Snow Removal.**

LESSEE has sole responsibility for snow removal for all leased premises as shown on **Exhibit A**. The LESSOR agrees to plow and remove snow, at no extra charge, from the taxiways and runways in accordance with the Airport Snow and Ice Plan. The manner, speed and timeliness of snow removal of runways and taxiways shall be at the sole discretion of the LESSOR and may vary from year-to-year and from snowfall-to-snowfall, provided that such the manner of snow removal is applied in fair measure to all surfaces at the Airport.

11. **Special Events.**

LESSEE agrees that the LESSOR expressly reserves the right to impose reasonable limitations on LESSEE's use of leased premises and to restrict access to public areas during periods prior to, during, and after special events or emergencies which may occur at the airport. Prior notification of restrictions from LESSOR to LESSEE is not guaranteed.

12. **Right to Inspect.**

LESSOR reserves the right to enter upon the leased premises at any reasonable time for the purpose of making any inspection it may deem expedient to the proper enforcement of any of the covenants or conditions of this Lease, or to the operation of the Airport, subject to prior coordination of such inspections with LESSEE. LESSEE shall not unreasonably delay any inspections requested by the LESSOR.

13. **Insurance**

LESSEE and subcontractors of LESSEE shall procure and maintain during the term of this Lease, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work and permitted activities hereunder by the LESSEE, his/her/its agents, representatives, employees or subcontractors.

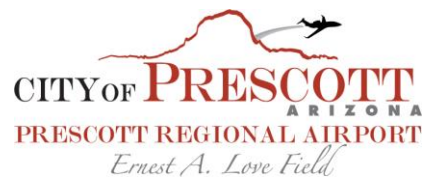
The insurance requirements herein are minimum requirements for this Lease and in no way limit the indemnity covenants contained in this Lease.

The CITY in no way warrants that the minimum limits contained herein are sufficient to protect the LESSEE from liabilities that might arise out of the performance of the permitted activities under this Lease by the LESSEE, his/her/its agents, representatives, employees, or subcontractors. LESSEE is free to purchase such additional insurance as may be determined necessary.

- A. **Additional Insurance Requirements.** Except for Workers Compensation and Employers Liability, LESSEE's policies shall include, or be endorsed to include the following provisions:
- i. On insurance policies where the City of Prescott is named as an additional insured, the City of Prescott shall be an additional insured to the full limits of liability purchased by the LESSEE even if those limits of liability are in excess of those required by this LESSOR. LESSEE's insurance coverage shall state that LESSEE's insurance shall apply separately to each insured except with respect to the limits of the liability and shall contain no cross-liability exclusions.
 - ii. The LESSEE's insurance coverage shall be primary insurance and non-contributory with respect to all other available sources. Any insurance or self-insurance maintained by the City of Prescott is excess of and non-contributing with LESSEE's insurance.
 - iii. In insurer agrees to waive all rights of subrogation against the City of Prescott and its elected officials, officers, members, employees and agents.
- B. **Notice of Cancellation.** With the exception of a ten (10) day notice of cancellation for non-payment, any changes material to compliance with this contract in the insurance policies above shall require a thirty (30) day written notice to be given to the City prior to any such action by the insurance company.
- C. **Acceptability of Insurers.** Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-VII, unless otherwise approved by the City of Prescott Risk Management Division.
- D. **Verification of Coverage and Endorsements.** LESSEE shall furnish the LESSOR with Certificates of Insurance (ACORD from or equivalent approved by the LESSOR) and associated policy endorsements as required by this Lease. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and required endorsements are to be received and approved by the LESSOR before this Lease Agreement commences. Each insurance policy required by this Lease must be in effect at or prior to commencement of occupying of Leased premises under this Agreement and must remain in effect for the duration of the Lease. Failure to maintain the insurance policies as required by this Lease or to provide evidence of renewal is a material breach of this Lease Agreement.

All certificates and cancellation notices as required by this Lease shall be sent directly to Airport Administration at 6630 Airport Ave., Prescott, AZ 86301 and by email to airport.administration@prescott-AZ.gov. The City Contract Number shall be noted on the

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certificate of insurance. The LESSOR reserves the right to require LESSEE to produce complete, certified copies of all insurance policies required by this Lease at any time.

E. **Insurance Requirements.** LESSEE shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a following form basis. LESSEE shall be solely responsible for insuring LESSEE's trade fixtures and other personal property within the Property. LESSOR may adopt a Schedule of Insurances in the future, so that insurance limits are updated from time to time to keep pace with risk management and industry best practices. If LESSOR adopts a Schedule of Insurances in the future, LESSEE will comply with those minimum Insurance Requirements from that point forward, and as amended from time to time, throughout the term of this Agreement.

F. **Commercial General Liability – Occurrence Form.** The policy shall include bodily injury, property damage (including loss of use), personal injury, broad form contractual liability coverage.

• Premises Liability (Per Occurrence)	\$5,000,000
• Premises Liability (General Aggregate)	\$10,000,000
• Personal and Advertising Injury	\$1,000,000
• Each Occurrence	\$1,000,000
• Fire Legal Liability (Damage to Rented Premises)	\$ 100,000

G. **Business Automobile Liability.** Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this contract.

• Combined Single Limit (CSL)	\$1,000,000
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H. **Worker's Compensation and Employer's Liability.**

• Worker's Compensation	Statutory
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I. **Employer's Liability.**

• Each Accident	\$1,000,000
• Disease – each person	\$1,000,000
• Disease – policy limits	\$1,000,000

J. **Pollution/Environmental Liability.**

• Each Occurrence	\$1,000,000
• Aggregate	\$2,000,000

The City of Prescott to be named an additional insured on the pollution liability policy.

- K. **Builder's Risk Insurance.** During any construction on the leased premises undertaken by LESSEE (whether new construction or remodeling, renovation, restoration or repair), LESSEE shall keep, or cause the contractor performing such construction to keep, the improvements being built, remodeled, or restored, insured under builder's risk insurance (or similar insurance) in the amount of the cost of construction of the improvements.
- L. **Property Insurance.** Insurance against loss or damage to any improvements on the leased premises, covering all risks of damage or loss. The amount of such insurance shall be at least equal to the repair or replacement value of the improvements on the leased premises, if available, with no coinsurance penalty provision, and otherwise to the full insurable value of the improvements.
- M. **State Authorization.** All insurance required pursuant to this Agreement must be written by an insurance company authorized to do business in the State of Arizona, to be evidenced by a Certificate of Authority as defined in A.R.S. 20-217, a copy of which certificate is to be attached to each applicable bond or binder.
- N. **Worker's Compensation.** Prior to occupying the leased premises under this Agreement, the LESSEE shall provide the LESSOR with evidence that it is either a "self-insured employer" or a "carrier insured employer" for Worker's Compensation as required by A.R.S. 23-901 et. seq., or that it employs no persons subject to the requirement for such coverage.
- O. **Modification of Requirements.** These insurance amounts and requirements may be adjusted or increased as LESSOR deems reasonably necessary, or as may be required because of changes in the insurance requirements imposed by the LESSOR's insurer or by applicable law. LESSEE shall comply with such adjustments or increases within such reasonable time period as is requested by the LESSOR.
- P. **Use of Proceeds.** Proceeds of any liability and property damage insurance required under this Section shall be applied toward extinguishing, satisfying or remedying the liability, loss or damage with respect to which such proceeds may be paid.
- Q. **Additional Insureds.** All insurance required by this Agreement shall be procured and maintained in the name of the LESSEE and shall add the City of Prescott/Prescott Regional Airport and its elected officials, officers, members, employees, and agents as additional insureds as their interests appear. All policies required under this Agreement for property and builder's risk insurance shall provide for payment of those losses to LESSEE and LESSOR as their respective interest may appear; provided that during the period of any construction, any builder's risk insurance carried pursuant hereto may provide for payment to the contractor, as its interest may appear.

14. Abandonment.

If the LESSEE fails to use the hangar or leased premises, for the purpose delineated in this Lease Agreement for a continuous period of twelve (12) months, then the LESSOR may, in LESSOR's sole discretion, terminate this Lease. LESSEE must claim and remove all personal property and assets within thirty (30) days of termination. Personal property and assets not reclaimed and removed from the subject leased premises within thirty (30) days shall automatically become the property of the LESSOR.

15. Liens and Encumbrances.

The LESSEE shall neither create, nor cause or permit to be created, any lien, encumbrance, security interest or other charge, including liens for work, labor or materials furnished, or alleged to have been furnished, on the leased premises, without the express written permission of LESSOR.

16. Additional Terms.

A. **Default and Termination.** LESSEE shall be deemed in default upon:

- i. Failure to pay Lease payments or any other properly imposed fee within thirty (30) days after due date and after written notice of failure to pay has been served.
- ii. The filing of any petition under the Federal Bankruptcy Act or any amendment thereto, including a petition for re-organization.
- iii. The commandment of any proceeding for dissolution or for the appointment of a receiver.
- iv. The making of an assignment for the benefit of creditors.
- v. Violation of any of the other terms or conditions of this Lease Agreement after written notice to cease and/or correct such violation has been served upon the LESSEE by the LESSOR, and after the LESSEE has failed to correct such violation within thirty (30) days of service of such notice (or such later deadline as may be established in the Notice by the LESSEE). Mailing notice by regular U.S. Mail, email to the designated representative for the LESSEE as identified in -Paragraph 17(R), or personal service shall constitute "service" of notice. In the case of a violation which cannot with due diligence be cured within a period established,

the LESSEE may apply to the LESSOR for an extension of time with which to cure said violation.

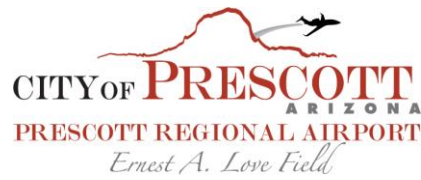
- vi. This Default and Cure provision does not apply to the automatic termination provisions otherwise contained in this Lease.

- B. **Effect of Default.** Default by the LESSEE shall authorize the LESSOR, at its sole option, to declare this Lease void, to cancel the same, and to re-enter and take possession of the leased premises.
- C. **Remedies.** Except otherwise provided herein, no right or remedy herein conferred shall be considered exclusive of any other right or remedy and each and every right and remedy shall be cumulative and in addition to any other right and remedy give hereunder, or now or hereafter existing at law or in equity or by statute.
- D. **Restoration of Property.** Upon termination of this LEASE, the LESSEE shall restore premises to original vacant condition and remove all of its personal property, and at its sole expense, repair any damage to the premises occasioned by the removal of its trade fixtures, furnishings and equipment, which shall include the patching and filling of holes, painting of walls and repair of any structural, architectural or visual damage within thirty (30) days, unless the LESSOR agrees, in writing, to accept all or any part of the property which the LESSEE wishes to abandon. All structures and improvements shall become the property of the LESSOR upon termination of this Lease Agreement. Any personal property left in the leased premises becomes the property of the LESSOR if not removed within the thirty (30) day period.
- E. **Non-waiver.** Any intentional or intentional waiver by the LESSOR of any violation of this Agreement by the LESSEE shall not be construed or interpreted to be a waiver of any other prior, subsequent, or contemporaneous violation.
- F. **Title.** Title to any building(s), structure(s), fixture, or improvements to the leased premises automatically vests with the LESSOR upon termination of this Lease.
- G. **Sublease/Subleasing Policy.** LESSEE shall not sublease the leased premises without the prior written permission of the LESSOR.
- H. **Third Party Transfers for Value.** Each time a LESSEE sells, assigns, conveys, sublets or otherwise transfers for value more than 50% of the leased premises or interest in this Lease to another entity or person, then a conveyance fee equal to five (5%) percent of the sales price for the transferred interest shall be paid to the City, provided however, that in no event shall the conveyance fee be less than \$15,000.00.

- I. **Subordination.** This lease shall be subordinate to the provisions of any existing or future agreement between the LESSOR and the United States of the State of Arizona relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal or state funds for the development of the airport. Furthermore, this Lease may be amended to include provisions required by those agreements with the United States or the State of Arizona.
- J. **Nondiscrimination.** The LESSEE, as part of the consideration hereof, does hereby covenant and agree that:
- i. No person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the leased premises or LESSEE's improvements.
 - ii. In the construction of any improvements on, over, or under such leased premises and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination.
 - iii. The LESSEE shall use the leased premises and LESSEE's improvements 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.
- K. **National Emergency.** During time of War or other State or National emergency, the LESSOR shall have the right to suspend this Lease, and to turn over operation and control to the Airport to the State of Arizona and/or the United States Government during any period when the airport shall be closed by any lawful authority, thereby restricting the use of the airport in such a manner as to interfere with the use of the same by the LESSEE, the lease payments shall abate, and the period of such closure shall be added to the term of this Lease so as to extend and postpone the expiration thereof.
- L. **Severability.** This Lease shall be construed under the laws of the State of Arizona, without reference to its conflict of laws of the State of Arizona, without reference to its conflict of law's provisions. Any covenant, condition, or provisions herein contained that is held to be invalid by any court of competent jurisdiction shall be considered deleted from this Lease, but such deletion shall in no way affect any other covenant, condition, or provision herein contained so long as such deletion does not materially prejudice LESSOR or LESSEE in their respective rights and obligations contained in the valid remaining covenants, conditions and provisions of this Lease, and when such occurs, only such other covenants, conditions or provisions shall be deleted as are incapable of enforcement.

- M. **LESSEE's Indemnity.** LESSEE shall, to the fullest extent permitted by law, defend, indemnify, and hold harmless LESSOR, its elected or appointed officials, employees, agents, contractors, subcontractors, boards, and commissions (hereinafter referred to collectively as "LESSOR" for the purposes of this Section) for, from, and against any and all third-party claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages, or claims of any nature to the extent such arise out of or in connection with (i) any accident, injury, or actual damages occurring within the leased premises during the term of this Lease; (ii) any negligence or intentional misconduct on the part of the LESSEE, its guests, or invitees on the leased [remises of the Airport and which directly or indirectly result in the injury or death of any persons or the damage to or loss of any property or other damages or losses to LESSOR; and/or (iii) the failure of LESSEE to comply with any provisions of this Lease. This indemnification shall survive the termination of this Lease.
- N. **LESSOR's Indemnity.** LESSOR shall, to the fullest extent permitted by law, defend, indemnify and hold harmless LESSEE for, from, and against any and all third-party claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages, or claims of any nature to the extent such arise out of or in connection with (i) any gross negligence or intentional misconduct on the part of LESSOR on the leased premises and which result in the injury or death of any persons or the damage to or loss of any property or other damages or losses to LESSOR; and/or (ii) the failure of LESSOR to comply with any provisions of this Lease. This indemnification shall survive the termination of this Lease. This indemnification shall exclude responsibility for any damages and for claims to the extent arising by reason of the acts or omissions of LESSEE.
- O. **Conflict of Interest.** Pursuant to A.R.S. 38-511, LESSOR may cancel this Agreement without penalty or further obligation, if any person significantly involved in initiating, negotiation, securing, drafting or creating the Agreement on behalf of the LESSOR, is at any time while this Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement in any capacity or a consultant to any other party to the Agreement with respect to the subject matter of the Agreement. In the event of the foregoing, the LESSOR further elects to recoup any fee or commission paid or due to any person significantly involved in initiation, negotiating, securing, drafting or creating this Agreement on behalf of the LESSOR from any other party to the Agreement, arising as a result of this Agreement.
- P. **Ambiguity.** This Agreement is the result of negotiations by and between the parties. Although it has been drafted by the Prescott City Attorney, it is the result of the negotiations between the parties. Therefore, any ambiguity in this Agreement is not to be construed against either party.

CITY Contract: ** TBD
Effective Date: ** TBD
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- Q. **Dispute Resolution.** The parties hereto expressly covenant and agree that in the event of a dispute arising from this Agreement, each of the parties hereto waives any right to trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court. The parties agree that venue for any litigation shall be in Yavapai County Superior Court or in the Federal District Court for Arizona if jurisdiction is proper there. The LESSEE further agrees that this provision shall be contained in all subcontracts or subleases related to this Lease Agreement.
- R. **Attorney's Fees.** The parties hereto expressly covenant and agree that in the event of litigation arising from this Agreement, neither party shall be entitled to an award of attorney fees, wither pursuant to this Agreement, pursuant to A.R.S. 12-341.01 (A) and (B), or pursuant to any other state or Federal statue, court rule, case law or common law. The LESSEE further agrees that this provision shall be contained in all subcontracts and subleases related to the Lease Agreement.
- S. **Notice.** Any notices to be given by either party to the other must be in writing, and delivered by electronic mail or mailed via the United States Postal Service at the following addresses:

LESSOR

City of Prescott
Prescott Regional Airport
6630 Airport Ave.
Prescott, AZ 86301
airport.administration@prescott-az.gov

LESSEE

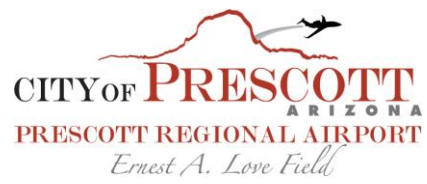
IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

LESSOR: _____

City of Prescott
Philip R. Goode, Mayor

LESSEE: _____

CITY Contract: ** TBD
Effective Date: ** TBD
LESSEE: ** TBD



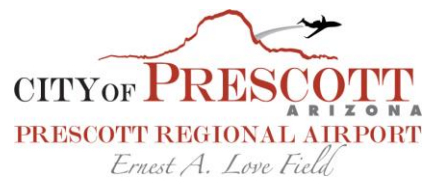
ATTEST:

APPROVED AS TO FORM:

Sarah M. Seip
City Clerk

Joseph D. Young
City Attorney

CITY Contract: ** TBD
Effective Date: ** TBD
LESSEE: ** TBD



EXHIBITS

Exhibit A – Legal Description of Leased Premises

Exhibit B – Base Lease Fee Description

Exhibit C – Movement/Non-Movement Areas

Exhibit D – Federal Provisions

CITY Contract: ** TBD
Effective Date: ** TBD
LESSEE: ** TBD

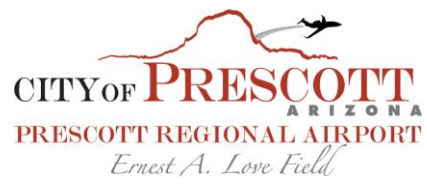


EXHIBIT A – Legal Description of Leased Premises

CITY Contract: ** TBD
Effective Date: ** TBD
LESSEE: ** TBD

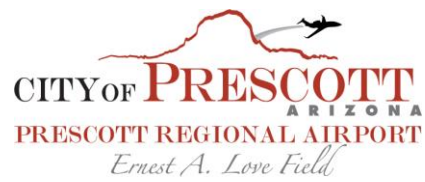


Exhibit B – Base Lease Fee

Base Rent: \$XXXX.XX monthly (\$XX,XXX.XX annually)

Additional Charges:

- Shared common apron @ \$0.50 psf x 6,600 sf = \$275.00 mo.
- Non-Exclusive Apron @ \$0.41 psf x 6,600 sf = \$225.50 mo.
- Shared parking @ \$0.40 psf x 6,600 sf = \$220.00 mo.

LESSEE agrees to pay the initial and recurring additional fees, which may be amended by City Council from time to time.

CITY Contract: ** TBD
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 LESSEE: ** TBD

EXHIBIT C – Movement/Non-Movement Areas

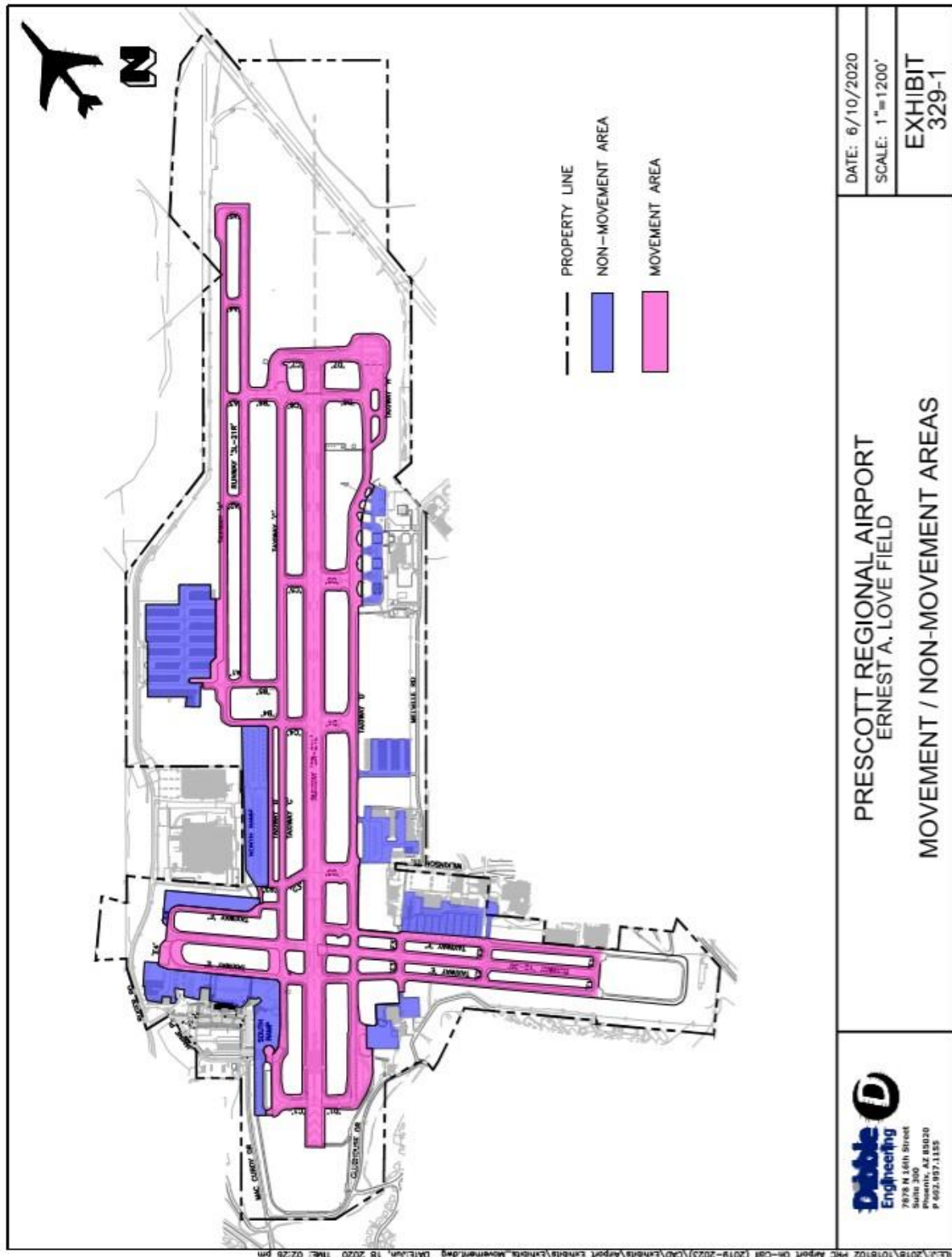


EXHIBIT D – Federal Provisions

ARTICLE 1

FEDERAL AVIATION ADMINISTRATION (FAA) REQUIRED PROVISIONS

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

1.2 LESSEE agrees that: (a) no person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination on the grounds of race, color, creed, disability, age, sex (including sexual orientation and gender identity) or national origin (including limited English proficiency) in the use of the Property; (b) that in the construction of any improvements on, over, or under the Property and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, color, creed, disability, age, sex (including sexual orientation and gender identity) or national origin (including limited English proficiency); and (c) that Lessee shall use the Property in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, as it may be amended.

1.3 Lessee assures City of Prescott/Prescott Regional Airport that it will comply with pertinent statutes, Executive Orders, and rule promulgated to assure that no person shall, on the grounds of race, color, creed, disability, age, sex (including sexual orientation and gender identity) or national origin (including limited English proficiency), be excluded from participating in any activity.

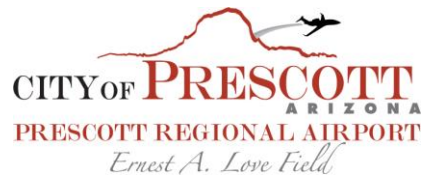
1.4 City of Prescott/Prescott Regional Airport reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hinderance therefrom.

1.5 City of Prescott/Prescott Regional Airport 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. City of Prescott/Prescott Regional Airport and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

1.6 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between City of Prescott/Prescott Regional Airport and the United States relative to the development, operation or maintenance of the Airport.

1.7 There is reserved unto City of Prescott/Prescott Regional Airport, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Property, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now

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known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

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

1.9 Lessee shall not erect or permit the erection of any structure or building, no permit the growth of any tree on the Property, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, City of Prescott/Prescott Regional Airport reserves the right to enter upon the Property and to remove the offending structure or object at the expense of Lessee.

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

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

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

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

1.14 Lessee shall conform to City of Prescott/Prescott Regional Airport and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxi lanes and aircraft incursions and vehicle/pedestrian deviations. Additionally, in the event the City of Prescott/Prescott Regional Airport requires airport users to lessees to complete and pass an airfield safe driving instruction program, Lessee agrees to participate in that program and shall be subject to penalties and prescribed by City of Prescott/Prescott Regional Airport for violations of Airport safety and security requirements.

ARTICLE 2

TITLE VI

2.1 **General Civil Rights Provision.** In all its activities within the scope of its airport program, the Lessee agrees to comply with pertinent statutes, Executive Orders and such rules as

identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI of the Civil Rights Act of 1964 (78 Stat, 252, 42 U.S.C. §2000d to 2000d-4) ("Title VI") in all airport/aviation lease agreements where City of Prescott/Prescott Regional Airport receives federal funding, including the Lease in this instance.

2.2 Compliance With Nondiscrimination Requirements. During the term of this Lease, Lessee, or itself, its assignees, and successors in interest (hereinafter referred to as "Lessee"), agrees as follows:

2.2.1 Compliance with Regulations. Lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2.2.2 Nondiscrimination in Performance of Work. Lessee, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

2.2.3 Solicitations for Subcontracts, Including Procurements of Materials and Equipment.
In all solicitation, either by competitive bidding or negotiation made by Lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Lessee of the contractor's obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age or disability.

2.2.4 Information and Reports. Lessee will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, Lessee will so certify to the sponsor or the FAA, as appropriate, and will set forth what efforts it has made to obtain the information.

2.2.5 Sanctions for Noncompliance. In the event of a Lessee's noncompliance with the non-discrimination provisions of this Lease, the sponsor will impose such contract sanctions as it or the FAA may determine to be appropriate, including, but not limited to:

2.2.5.1 Withholding payments to Lessee under the Lease until Lessee complies; and/or

2.2.5.2 Canceling, terminating, or suspending the Lease, in whole or in part.

2.2.6 **Incorporation of Provisions.** Lessee will include the provisions of Paragraph 2.2 in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. Lessee will take action with respect to any subcontract or procurement as the sponsor or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Lessee becomes involved in, or is threatened with litigation to protect the interests of the sponsor. In addition, Lessee may request the United States to enter into the litigation to protect the interests of the United States.

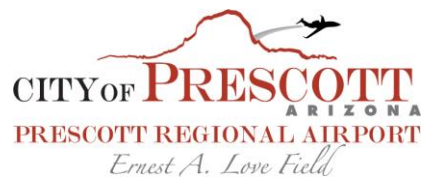
2.3 **Nondiscrimination.** Lessee for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Property, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Lessee will use the Property in compliance with all other requirements imposed by or pursuant to the List of Discrimination Acts and Authorities.

In the event of breach of any of the above nondiscrimination covenants, City of Prescott/Prescott Regional Airport will have the right to terminate this Lease and to enter or re-enter and repossess said land and the facilities thereon and hold the same as if said Lease had never been made or issued.

Title VI List of Pertinent Nondiscrimination Acts and Authorities. During the term of this Lease, Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*), as amended (prohibits discrimination on the bases of disability); and 49 CFR part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);
- The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 *et seq.*) (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982 (49 U.S.C. § 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);

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- The Civil Rights Restoration Act of 1987 (PL 100-259) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities of Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, *et seq.*) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Nondiscrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination against minority populations by discouraging programs, policies and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations);
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [(70 Fed. Reg. 74087 (2005))];
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. § 1681, *et seq.*).

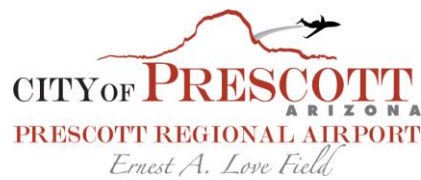
2.4 Nondiscrimination in Department of Transportation Programs. Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Property for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving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

2.5 Federal Fair Labor Standards Act. This Lease incorporates by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part-time workers.

Lessee has full responsibility to monitor compliance to the referenced statute or regulation. Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

2.6 Occupational Safety and Health Act. This Lease incorporates by reference the requirements of 29 CFR part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. Lessee retains full responsibility to monitor its compliance and their

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subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

2.7 Termination Provisions. Pursuant to the terms and conditions of the Lease Agreement which this Exhibit is attached, the Lease may be terminated for cause and may be terminated for convenience only as specifically provided in the Lease Agreement.

ARTICLE 3

ENVIRONMENTAL STANDARDS

3.1 Definitions.

3.1.1 Environmental Laws. The term "Environmental Laws" shall mean all applicable Federal, state, and local environmental laws and regulations, including, as amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 *et seq.*; the Solid Waste Disposal Act, 42 U.S.C. § 6901 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*; the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*; the Clean Water Act, 33 U.S.C. § 1251 *et seq.*; the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; A.R.S. Title 49; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or Federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including ambient (including indoor and outdoor) air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, hazardous waste and hazardous substances and petroleum products.

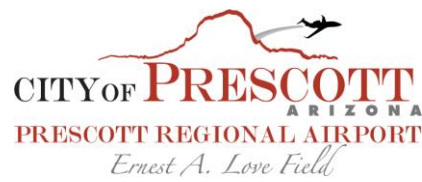
3.1.2 Hazardous Material. The term "Hazardous Material" shall mean any toxic or hazardous material, substance, waste, pollutant, or contaminant as defined or regulated under any Environmental Law.

3.2 Compliance with Environmental Laws.

3.2.1 Compliance. Lessee and its employees, agents, contractors, and invitees shall, at its own expense, comply with all Environmental Laws presently in force or hereafter enacted.

3.2.2 Hazardous Materials. Lessee shall not, nor cause or permit its employees, agents, contractors, and invitees to, bring, store, use, or dispose of upon the Property or the Airport any Hazardous Material in actual or suspected violation of Environmental Laws. Prior to Lessee bringing or causing to be brought any Hazardous Material upon the Property, Lessee shall notify and obtain consent from City of Prescott/Prescott Regional Airport, which shall not unreasonably be withheld.

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3.2.3 **Remediation.** Without limiting the foregoing, if, during the term of this Lease, Lessee causes or permits any violation of Environmental Laws or allows the presence of any Hazardous Material on the Property or the Airport in violation of the Environmental Laws or this Lease, Lessee shall promptly take action to remediate the violation at Lessee's sole cost and expense in order to return the affected area to its condition existing prior to the violation. Lessee shall obtain the Lessor's approval prior to taking such remedial actions, which approval shall not be unreasonably withheld. Notwithstanding the approval required under this Section, City of Prescott/Prescott Regional Airport is not responsible for overseeing or directing any remedial measures. This Section shall also apply to Lessee's remediation of any contamination or Hazardous Materials present on the Property or Airport prior to the Effective Date of this Agreement, including such contamination that may be first discovered after the Effective Date of this Agreement but not caused by Lessee. City of Prescott/Prescott Regional Airport assumes no liability to Lessee should remediation or other environmental cleanups cause delay or interferences with Lessee's activities on the Property.

3.2.4 **Governmental Submittals.** Lessee shall be responsible for making all submissions to the appropriate governmental authorities as required under all applicable Environmental Laws, at Lessee's sole expense. Should such governmental authorities determine that a site characterization or site assessment and/or cleanup should be prepared and/or undertaken because of the presence of any Hazardous Materials on the Property or Airport by reason of Lessee's activities or actions, then Lessee shall, at Lessee's own expense, prepare and submit the required plans and financial assurances and carry out the approved plans.

3.3 **Indemnification.** Lessee shall, to the fullest extent permitted by law, indemnify, defend, protect, and hold harmless City of Prescott/Prescott Regional Airport, its employees, and its agents for, from, and against any and all liability, loss, damage, expense, penalties, and legal and investigation fees or costs arising from any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity, or governmental body, alleging or arising in connection with contamination of the environment, the presence of Hazardous Materials on the Property, Airport, or neighboring properties, or violation of any Environmental Laws, ordinances, judgments, governmental order, or judicial order ("Environmental Damages") which are incurred or assessed as a result of Lessee's activities on the Property or Airport. The obligations under this Section shall survive termination of this Lease. This section excludes Lessee's duty, liability, or indemnity to City of Prescott/Prescott Regional Airport for any claims or Environmental Damages of any kind arising from or in connection with any contamination existing on the Property prior to the Effective Date of this Agreement, except and only to the extent known contamination is caused or exacerbated by Lessee or unknown contamination is caused by or exacerbated by Lessee's negligence.

3.4 **Information Sharing and Notification.** Lessee shall immediately notify City of Prescott/Prescott Regional Airport in writing of any of the following: (i) Lessee's receipt of notification from any governmental entity that Lessee has been or will be charged with the violation of any Environmental Law; and (ii) any significant change in Lessee's activities on the Property or Airport that may adversely change Lessee's obligations or liabilities under the Environmental Laws. Lessee shall provide non-privileged copies of all reports and documents reflecting the physical condition of the Property. These reports and documents shall include but not be limited to any environmental testing of

soil and groundwater and any existing, non-privileged information reasonably requested by City of Prescott/Prescott Regional Airport to determine the applicability of the Environmental Laws to the Property or Airport or to assist in the response to any governmental investigation or claim of liability by a third party that is related to environmental contamination of the Property or Airport.

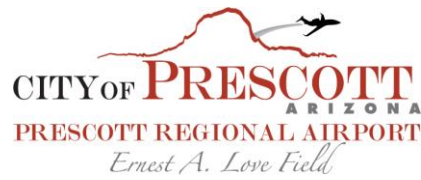
3.5 Protective Devices and Plans. Lessee shall complete and return an Industrial *Wastewater Discharge Questionnaire* ("Questionnaire") to City of Prescott/Prescott Regional Airport and promptly provide City of Prescott/Prescott Regional Airport with updated to the Questionnaire as they arise. Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Material into domestic or industrial drains on or near the Property and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Property. Lessee shall post a notice in a prominent place on the Property advising employees what actions to take and whom to call in the event of said discharge and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide City of Prescott/Prescott Regional Airport with immediate notice of any spill.

3.6 Spill Protection Plan. If Lessee undertakes any activities on the Property involving Hazardous Materials regulated by any Environmental Laws, Lessee shall maintain a plan for responding to spills of any such Hazardous Material on the Property or on the Airport. Such plan shall comply with all applicable Environmental Laws and shall be updated from time to time in compliance with applicable laws. Lessee shall not rely on City of Prescott/Prescott Regional Airport or any of the Lessor's personnel or equipment in order to execute its plan. Lessee shall file a copy of such plan with City of Prescott/Prescott Regional Airport within thirty (30) days of finalization or update of the plan. Notwithstanding the foregoing, should City of Prescott/Prescott Regional Airport provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of City of Prescott/Prescott Regional Airport, conducting firefighting, containment or timely cleanup actions, Lessee agrees to reimburse City of Prescott/Prescott Regional Airport for its actual costs in accordance with all applicable laws and regulations, except to the extent that City of Prescott/Prescott Regional Airport was responding to conditions caused by events occurring at the Airport (not including the Property) or by the negligence or omission of City of Prescott/Prescott Regional Airport or its employees, agents or contractors.

3.7 Right to Enter Property. City of Prescott/Prescott Regional Airport, the United States Government, the Environmental Protection Agency (EPA), Arizona Department of Environmental Quality (ADEQ), and the Arizona Department of Occupational Safety and Health (ADOSH) have the right to enter the Property upon reasonable notice to Lessee in order to inspect Lessee's compliance with Environmental Laws, as well as occupational safety and health laws; to conduct environmental investigation and remediation (including but not limited to testing, surveys, drillings, test-pitting, borings, compiling data, and other environmental investigations); and to carry out remedial or removal actions as required or necessary under applicable laws.

3.8 Clean Water Act. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation,

CITY Contract: ** TBD
Effective Date: ** TBD
LESSEE: ** TBD



obtaining and complying with an individual National Pollutant Discharge Elimination System permit, or requesting coverage under and complying with any applicable Multi-Sector General Permit (MSGP). If applicable, Lessee shall also prepare and comply with a site specific MSGP with an individual Storm Water Pollution Prevention Plan (SWPPP) or any revisions to a SWPPP, with respect to Lessee's operations or activities on the Property or Airport. Proof of individual compliance shall be provided in the form of both the Lessee's Notice of Intent (NOI) that has been received by the ADEQ and the individual Arizona Multi-Sector General Permit (AZMSGP) number associated with the NOI, within the times prescribed by law.

3.9 Surface Disturbances. Lessee shall not conduct or cause any subsurface excavation, digging, drilling, or other disturbance of the surface other than what is customary and usual for the permitted activities under this Lease without the prior written consent of City of Prescott/Prescott Regional Airport, which shall not be unreasonably withheld.

3.10 Subleases and Contracts. In the event City of Prescott/Prescott Regional Airport gives permission for a sublease, Lessee shall insert provisions substantially identical to those in this Environmental Standards Article in any sublease agreement or contract by which it grants a right or privilege to any entity under this Lease.