

HANGAR SUBLEASE

(Triple Net)

THIS HANGAR SUBLEASE (the “Sublease”) is entered into effective as of the Effective Date set forth herein, between **HANGER 12, LLC**, an Arizona limited liability company, whose principal company address is 6565 Crystal Lane, Prescott, Arizona 86301 (the “Master Tenant”), and **CITY OF PEORIA, ARIZONA**, whose principal municipal address is 8401 W. Monroe, Peoria, Arizona 85345 (the “Subtenant”). Master Tenant and Subtenant are collectively referred to herein as the “Parties,” or individually as a “Party.”

RECITALS

A. Master Tenant is the successor lessee of certain real property (the “Premises” defined below) located at the Glendale Municipal Airport, more particularly described on Exhibit A attached hereto, pursuant to a lease from the City of Glendale dated April 28, 2015, and designated as City Contract No. C 9949, as amended and assigned from time to time, and attached hereto as Exhibit B (the “Master Lease”), and within which Hangar 12, the “Hanger Structure” is located, as shown in the photographic diagram attached hereto as Exhibit C.

B. Subtenant desires to sublease the Premises on the terms and conditions set forth in this Sublease, and subject to all provisions of the Master Sublease.

AGREEMENTS

ARTICLE 1: DEFINITIONS, EXHIBITS AND RELATION TO OTHER AGREEMENTS

1.1 Definitions. In addition to the terms which are defined elsewhere in this Sublease, the following defined terms are used in this Sublease. If any other provision of this Sublease contradicts any definition of this Article 1, the other provision will prevail.

1.1.1 Premises: The Premises consist of the Hangar Structure (which is a building approximately 4,890 square feet, with the footprint dimensions of 64’x60’x24 with two-story interior improvements), and landscaped areas, (but excluding all personal property) as generally shown in Exhibit C located at 6575 N. Glen Harbor Blvd., Glendale, Arizona 85307.

1.1.2 Effective Date: **November 1, 2023**

1.1.3 Controlled Access Area: The controlled area within the Glendale Airpark and Municipal Airport, outside the curtilage of the Premises, and outside the control of the Master Tenant, that the Subtenant shall comply with during the term of the Sublease.

1.1.4 Prime Rate: The rate of interest from time to time announced by *Bank of America, NA*, (West Coast) or any successor to it, as its prime rate. If that bank or any successor to it ceases to announce its prime rate, the Prime Rate will be a comparable interest rate designated by the Master Tenant which replaces the Prime Rate.

1.2 Exhibits. The following exhibits are attached to this Sublease, incorporated by reference, and are made part of this Sublease: Exhibit A: Legal Description of the Hangar Structure; Exhibit B: Master Lease; Exhibit C: Photographic Diagram of Hangar Structure showing location and size of buildings within the Hangar Structure; and Exhibit D: Master Lease -Mandatory Federal Provisions -FAA Required Provisions.

1.3 Relation of Agreements. In the event of any conflict between the terms of this Sublease and the terms of the Master Lease, the terms of the Master Lease shall control.

ARTICLE 2: SUBLEASE AND LIMITATIONS ON USE

2.1 Sublease. Master Tenant agrees to sublease the Premises to Subtenant, and Subtenant subleases the Premises from Master Tenant, according to this Sublease, and subject to the terms of the Master Lease, for a term of 10 (ten) years (the “Term”), commencing on **December 1, 2023** (the “Commencement Date”). Master Tenant further grants Subtenant an exclusive license to limited parking, and to use space very limited space surrounding the Hanger as granted to it by the City of Glendale. Subtenant assumes all responsibilities for maintenance, limitations, and use of the apron space as provided under the terms of the Master Lease.

2.2 Permitted Uses. The Premises are hereby leased, and shall be used solely for the Subtenant’s police air support and surveillance operations, along with aircraft maintenance, training, and air support recruitment activities. Subtenant shall maintain the Premises in a safe, neat, and sanitary condition during the term(s) of this Sublease. Any act or use of the Premises by Subtenant not expressly authorized by this Sublease, including storage of any flammable liquid or gel in the hangar or in the aircraft and/or storage of other than aircraft fuel and oil in the aircraft’s tanks is unauthorized use. Hazardous materials are strictly prohibited.

2.3 Manner of Use. Subtenant will use the Premises in a careful, safe, and professional manner, consistent with local, state, and federal rules, law, and regulation. Subtenant will not use or permit the Premises to be used or occupied for any purpose or in any manner prohibited by any applicable laws. Subtenant will not commit waste or suffer or permit waste to be committed in, on, or about the Premises. Subtenant will conduct its activities and control its employees, agents, and invitees in such a manner as not to create any nuisance or interfere with, annoy, or disturb any adjacent hangers.

2.4 Mandatory Provisions of Master Lease. Subtenant acknowledges that the mandatory Federal provisions as set forth at paragraph 23 in the Master Lease attached hereto as Exhibit B are a material term of this Sublease and Subtenant shall comply with all such provisions during the Term.

ARTICLE 3: DELIVERY AND ACCESS TO PREMISES

3.1 Delivery. Master Tenant shall deliver possession of the Premises to Subtenant on the **Commencement Date**. Subtenant has visually inspected the Premises and is accepting possession of the Premises as is, in its present condition on the Commencement Date provided that the Premises is broom-clean, clear of debris with all lighting and fixtures in good working condition (which shall be deemed to be the case unless Subtenant provides written Notice to Master Tenant

within thirty (30) days after the Commencement Date). Master Tenant and Subtenant will jointly document the condition of the premises at delivery in a manner reasonably acceptable to both parties. Subtenant acknowledges that neither Master Tenant nor its agents or employees have made any representations or warranties as to the suitability or fitness of the Premises for the conduct of Subtenant's business or for any other purpose, nor has Master Tenant or its agents or employees agreed to undertake any alterations or construct any Subtenant improvements to the Premises except as expressly provided in this Sublease. If for a reason beyond the control of Master Tenant (e.g., failure of Master Tenant and or Subtenant to obtain timely approvals for this Sublease from the City of Glendale, Act of God, etc.), Master Tenant cannot deliver possession of the Premises to Subtenant on the Commencement Date, this Sublease will not be void or voidable, and Master Tenant will not be liable to Subtenant for any resultant loss or damage. Subtenant will be deemed to have made all appropriate notices to the City of Glendale concerning the use of the premises, with all authority to operate as herein indicated.

3.2 Access. The Premises are located within the Controlled Access Area of the Glendale Municipal Airport operated by the City of Glendale. All vehicular and aircraft access to the Premises must comply with City of Glendale rules and regulations for access.

ARTICLE 4: RENT

4.1. Amount of Rent.

4.1.1 Rate. Monthly Rent shall be Seven Thousand, Five Hundred and 00/100 Dollars (\$7,500), plus any applicable airport use fees, transaction, sales, or other taxes on that amount. Monthly Rent shall increase by 3% over the current rate at the end of each year during the Term of this Sublease, and likewise on any Option term. For example, year two Rent shall be \$7,725, year three Rent shall be \$7,956, and so on.

4.2 Payment of Rent.

4.2.1 Due Date. Beginning the Commencement Date, the Subtenant will pay Monthly Rent to Master Tenant as rent for the Premises, on a monthly basis throughout the Term of this Sublease. Monthly Rent will be paid in advance on or before the first day of each calendar month of the Term; provided, however, that Subtenant shall pay the Monthly Rent for the first full calendar month of the Term concurrently with Subtenant's execution of this Sublease.

4.2.2 Annual Payment. Subtenant shall have the option of paying Monthly Rent in advance for a full year, in which case the Monthly Rent shall be discounted by five percent (5%) for the period paid in advance. Advance Rent payments are not refundable in any manner.

4.2.3 Proration. If the Commencement Date occurs on a day other than the first day of a calendar month, then Monthly Rent for the first and last partial months will be appropriately prorated by Master Tenant based on the actual number of calendar days in such month.

4.2.4 Manner of Payment. Monthly Rent and any additional Rent will be paid to Master Tenant, without written Notice or demand, and without deduction or offset, in lawful money of the

United States of America, delivered by airmail or wire to **Hanger 12, LLC**, or in such manner as Master Tenant shall designate in writing, or Email from time to time.

ARTICLE 5: MAINTENANCE, REPAIRS AND UTILITIES

5.1 Master Tenant's Duties. Except for damage caused by any negligent or intentional acts or omission of Subtenant, or its employees, contractors, suppliers, shippers, customers, or invitees, in which event Subtenant shall repair such damage, Master Tenant, at its expense, shall retain responsibility of the structural portion of exterior walls, and roof, as well as replacement of the primary electrical, plumbing and HVAC of the Hanger Structure, when certainly inoperable. Master Tenant shall not, however, be obligated to paint the exterior or interior surface of any walls, nor shall Master Tenant be required to maintain, repair, or replace the 24'X60' main door, and the Subtenant shall take specific, special care, maintenance and if need be, replacement of such door, at its expense, in its present working condition. Subtenant shall have the door inspected, and serviced quarterly. All maintenance of the main door shall be done by a licensed contractor with specific experience in the inspection, repair and replacement of such doors, and all service done pursuant to manufacturer specification. Subtenant shall also maintain and replace windows, interior or exterior doors, plate, and other glass of the Premises. All repairs and maintenance not specifically addressed in this Section 5.1 are the responsibility of the Master Tenant who shall make such repairs within thirty (30) days after receipt of written Notice from Subtenant of the need for such repairs.

5.2 Subtenant's Duties/Additional Rent. This is a triple net lease, and in addition to monthly Rent, the Subtenant shall be responsible for, and pay as additional rent, all costs of liability insurance (unless covered by Subtenant's self-insurance policy), the costs of the airport ground lease, all taxes associated with this Lease, and maintenance of the landscaped areas, as further expanded in this instrument.

5.2.1 Subtenant shall maintain and service HVAC semi-annually using the services of a licensed contractor; and, when necessary, timely repair the HVAC systems, electrical, plumbing, interior walls and interior surfaces of exterior walls, ceiling, windows, interior and exterior doors, interior and exterior plate and other glass located in the Premises, floors, floor coverings, light fixtures, & aircraft hangar doors, using the services of a licensed contractor, or a qualified employee of Subtenant. Subtenant shall ensure that Master Tenant receives copies of all service repairs and reports.

5.2.2 Subtenant shall keep the Premises and all grounds clean and neat, and shall be responsible for all interior janitorial services. Subtenant shall pay all grounds maintenance costs, including those imposed under the Master Lease. Subtenant shall not permit the accumulation of waste or refuse material and shall dispose of all garbage arising from the conduct of its business at such times and in such manner as may reasonably be prescribed by Master Tenant. Subtenant agrees to keep all garbage and similar substances retained in air-tight receptacles, so as to avoid the escape of offensive, dangerous or noxious odors, and to comply with all applicable

governmental laws, regulations and orders. Subtenant at its own cost and expense shall provide any and all reasonable safeguards so as to prevent the accumulation of such refuse and garbage. The removal of refuse and garbage shall be performed in accordance with such regulations and requirements as, in Master Tenant's reasonable judgment, are necessary for the proper operation and maintenance of the Premises.

5.2.3 Subtenant shall be responsible for the cost of all utilities and pest control serving the Premises, including but not limited to electricity, gas, phone, cable, internet, pest control and refuse disposal, and shall have such utilities registered in Subtenant's name and kept current and in good standing. Subtenant shall maintain its own casualty insurance on Subtenant's contents.

5.2.4 Subtenant shall be responsible to provide, maintain and repair any and all locks and other security devices and systems, for all buildings included in the Premises, and to provide keys or codes to Master Tenant to allow Master Tenant reasonable access to those buildings.

5.2.5 Subtenant shall pay all taxes associated with this Sublease, and pay those timely (withing thirty (30) days Notice to Subtenant) to Master Tenant in such manner as proscribed by this Sublease.

5.2.6 Subtenant shall pay all costs of the ground lease subject of the Master Lease as monthly additional Rent.

53 Other Charges, Costs or Expenses. Subtenant shall pay all other charges, costs and expenses not otherwise described in this Article 5, and arising out of or in any way connected with the Premises, occurring during the Term of this Sublease.

54 Additional Rent. Amounts payable by Subtenant according to this Article 5 will be payable as Rent, without deduction or offset. If Subtenant fails to pay any amounts due according to this Article 5, Master Tenant will have all the rights and remedies available to it on account of Subtenant's failure to pay Rent.

55 Limitation on Liability. Master Tenant will not be in default under this Sublease or be liable to Subtenant or any other person, for direct or consequential damage, or otherwise, for any failure to the Premises of any heat, air conditioning, elevator, cleaning, lighting, security, surges or interruptions of electricity, or other utilities unless caused by Master Tenant's negligence or willful misconduct. Master Tenant reserves the right temporarily to discontinue such services at such times as may be necessary by reason of accident, repairs, alterations or improvements, strikes, lockouts, riots, acts of God, governmental preemption in connection with a national or local emergency, any rule, order or regulation of any governmental agency, conditions of supply and demand which make any product unavailable, Master Tenant's compliance with any mandatory governmental energy conservation or environmental protection program, or any voluntary governmental energy conservation program at the request of or with consent or acquiescence of Subtenant, or any other happening beyond the control of Master Tenant. Master Tenant will not be liable to Subtenant or

any other person or entity for direct or consequential damages resulting from the admission to or exclusion from the Premises of any person. In the event of invasion, mob, riot, public excitement, strikes, lockouts, or other circumstances rendering such action advisable in Master Tenant's sole opinion, Master Tenant will have the right to prevent access to the Premises during the continuance of the same by such means as Master Tenant, in its sole discretion, may deem appropriate, including, without limitation, locking doors and closing parking areas and other common areas. Master Tenant will not be liable for damages to person or property or for injury to, or interruption of, business for any discontinuance permitted under this Article 5, nor will such discontinuance in any way be construed as an eviction of Subtenant or cause an abatement of Rent or operate to release Subtenant from any of Subtenant's obligations under this Sublease. Notwithstanding the foregoing subsection of this Sublease, the Master Tenant will not in any manner, upon demand of Subtenant, interfere with Subtenant's access to the Premises in order that Subtenant may undertake its police function with the understanding that Subtenant shall release, indemnify, and hold Master Tenant liable for all damage to the Premises resulting directly from that access under such emergent circumstances.

ARTICLE 6: INSURANCE

6.1 Subtenant's Insurance. At all times during the Term, Subtenant will carry and maintain, at Subtenant's expense, the following insurance, in the amounts specified below, or such other amounts as Master Tenant may from time to time reasonably request, with insurance companies and on forms satisfactory to Master Tenant: All insurance policies shall be endorsed to name Master Tenant and the City of Glendale, each as insured for the full amount of the policy limits.

- 6.1.1 Aircraft Liability Insurance with a minimum limit of \$5,000,000 per occurrence, occurrence, including Premises Liability for no less than \$5,000,000.
- 6.1.2 Commercial general bodily injury and property damage liability insurance, with a combined single occurrence limit of not less than \$2,000,000. All such insurance will be equivalent to coverage offered by a Commercial General Liability form including, without limitation, personal injury and contractual liability coverage for the performance by Subtenant of the indemnity agreements set forth in Article 16 of this Sublease.
- 6.1.3 Property insurance covering all of Subtenant's aircraft, furniture and fixtures, machinery, equipment, and any other personal property owned and used in Subtenant's operations and found in, on or about the Hanger Structure, and any leasehold improvements to the Premises in an amount not less than the full replacement cost. Property forms will provide coverage on a broad form basis insuring against "all risks of direct physical loss." All policy proceeds will be used for the repair or replacement of the property damaged or destroyed; however, if this Sublease ceases under the provisions of Article 13, Subtenant will be entitled to any proceeds resulting from damage to Subtenant's furniture and fixtures, machinery and equipment, and any other personal property;

- 6.1.4 Worker's compensation insurance insuring against and satisfying Subtenant's obligations and liabilities under the worker's compensation laws of the state of Arizona, including employer's liability insurance in the limits required by the laws of the state of Arizona, but not less than \$1,000,000;
- 6.1.5 If Subtenant operates owned, hired or non-owned vehicles, comprehensive automobile liability will be carried at a limit of liability not less than \$1,000,000 combined bodily injury and property damage; and
- 6.1.6 Pollution/environmental liability insurance in the amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
- 6.1.7 Self Insurance Certificates. Any self-insurance certificates of Subtenant shall be fully endorsed, funded and bonded in the amounts herein set forth, naming the Master Tenant and City of Glendale as additional insured, during the entire term of the Sublease.

62 Forms of the Policies and Notice. Certificates of insurance, together with copies of the endorsements naming Master Tenant and the City of Glendale as additional insureds, will be delivered to Master Tenant prior to Subtenant's occupancy of the Premises and from time to time at least thirty (30) days prior to the expiration of the term of each such policy. The certificates of insurance, including additional insureds and waiver of subrogation, may be emailed to John Stonecipher or Cathy Stonecipher, Managers, at 6565 Crystal Lane, Prescott, Arizona 86301. All policies described in Section 6.1 above will name Master Tenant, the City of Glendale, and such other persons or firms as Master Tenant specifies from time to time as additional insureds entitling them to recover under such policies for any loss sustained by them, their agents, and employees as a result of the negligent acts or omissions of Subtenant. All such policies maintained by Subtenant will provide that they may not be terminated, nor may coverage be reduced except after 30 days' prior written Notice to Master Tenant, and the City of Glendale -Airport Administration. All policies described in Section 6.1 above will be written certified, and bonded as primary policies. Subtenant shall provide Master Tenant with certification or proof of current insurance upon each year's renewal of the insurance policy required herein.

63 Waiver of Subrogation. Master Tenant and Subtenant each waives any and all rights to recover against the other, or against the elected officials, officers, directors, shareholders, partners, joint venturers, employees, agents, customers, invitees or business visitors of such other party for any loss or damage to such waiving party arising from any cause covered by any property insurance required to be carried by such party pursuant to this Article 6 or any other property insurance actually carried by such party to the extent of the limits of such policy. Master Tenant and Subtenant, from time to time, will cause their respective insurers to issue appropriate waiver of subrogation rights endorsements to all property insurance policies carried in connection with the Premises or the contents of the Premises. Subtenant agrees to cause all other occupants of the Premises claiming by, under or through Subtenant to execute and deliver to Master Tenant such a waiver of claims and to obtain such waiver of subrogation rights endorsements.

64 Adequacy of Coverage. Master Tenant, its agents, and employees, make no representation that the limits of liability specified to be carried by Subtenant pursuant to this Article 6 are adequate to protect Subtenant. If Subtenant believes that any of such insurance coverage is inadequate, Subtenant will obtain such additional insurance coverage as Subtenant deems adequate, at Subtenant's sole expense.

ARTICLE 7: REQUIREMENTS OF LAW

7.1 Glendale Municipal Airport, FAA and Master Lease. Subtenant shall comply with all statutes, rules, and regulations in effect at the Glendale Municipal Airport, and the Master Lease, and certifies herein its covenant of compliance, without deferral to Master Tenant. Subtenant shall not engage in any conduct that may put Master Tenant in violation of its obligations pursuant to the Master Lease.

7.2 Generally. At its sole cost and expense, Subtenant will promptly comply with Applicable Laws insofar as they relate to (a) Subtenant's use, occupancy, or possible alteration of the Premises; (b) the condition of the Premises resulting from Subtenant's use, occupancy, or alteration of the Premises; or (c) alterations to the Premises required as a result of Subtenant's status under Applicable Laws. Subtenant will not be required to comply with Applicable Laws with respect to structural changes or changes to areas outside the Premises unless related to (i) Subtenant's use or occupancy of the Premises or (ii) improvements or alterations made by or for Subtenant. For the purposes of this Section 7.2, "Applicable Laws" means all laws, statutes, ordinances and governmental rules, regulations, or requirements now in force or in force after the Effective Date, including but not limited to the requirements of any board of fire underwriters or other similar body constituted now or after the Effective Date, and any direction or permanent occupancy certificate issued pursuant to any law by any public officer or officers, as well as the provisions of all recorded documents affecting the Premises.

7.3 Hazardous Materials.

7.3.1 Subtenant will not cause, or allow any of Subtenant's employees, agents customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause, use or conduct operations on or at the Premises or manufacture, store, sell, use, dispose of, release, or discharge or permit the manufacture, storage, sale, use, disposal, release, or discharge of Hazardous Materials on the Premises in any manner which violates Environmental Law or which causes there to be any liability under Environmental Law. Subtenant will indemnify, defend, and hold Master Tenant and its officers, employees, and agents harmless from any and all claims, suits, judgments, actions, proceedings, damages, penalties, fines, costs, expenses, liabilities, or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees (consultants and experts to be selected by Master Tenant) which arise during or after the Sublease Term as a result of contamination by Hazardous Materials due to the negligence or

willful misconduct of Subtenant or of Subtenant's agents or contractors. This indemnification of Master Tenant by Subtenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Materials present in the soil or groundwater on or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises caused or permitted by the negligence or willful misconduct of Subtenant or its agents or contractors results in any contamination of the Premises, Subtenant will promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior to the release of any such Hazardous Materials to the Premises, provided that Master Tenant's written approval of such actions will first be obtained, which approval will not be unreasonably withheld. Subtenant's obligations under this Section 7.3.1 will survive the expiration or prior termination of this Sublease. Subtenant shall be deemed to have inspected the Premises prior to accepting the Premises as of the Commencement Date.

7.3.2 For purposes of this Sublease, "Hazardous Materials" means any explosives, radioactive materials, petroleum products, hazardous wastes, or hazardous or toxic substances, including, without limitation, substances defined as "hazardous substances" or those substances, materials, and wastes listed in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601-9657; the Hazardous Materials Transportation Act of 1975, 49 U.S.C. § 1801-1812; the Resource Conservation and Recovery Act of 1976, 42 USC. § 6901-6987; the United States Department of Transportation Hazardous Materials Table (49 CFR 172 101); the United States Environmental Protection Agency Listing (40 CFR Part 302); or any other federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning hazardous materials, waste, or substances now or at any time hereafter in effect (collectively, "Environmental Law").

7.4 Certain Insurance Risks. Subtenant will not do or permit to be done any act or thing upon the Premises which would (a) jeopardize or be in conflict with fire insurance policies covering the Premises, and fixtures and property in the Premises, (b) increase the rate of fire insurance applicable to the Premises to an amount higher than it otherwise would be for general industrial use of the Premises, or (c) subject Master Tenant to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being carried on upon the Premises.

ARTICLE 8: ASSIGNMENT AND SUBLETTING

8.1 General. Subtenant, for itself, legal representatives, successors and assigns, covenants that it will not assign, mortgage or encumber this Sublease, nor further sublease, or permit the Premises or any part of the Premises to be used or occupied by others, without the prior written consent of Master Tenant in each instance, which consent shall not be unreasonably withheld, and without

such consents as may be required by the Master Lease. Any assignment or sublease in violation of this Article 8 will be void if this Sublease is assigned, or if the Premises or any part of the Premises are subleased or occupied by anyone other than Subtenant, Master Tenant may, after default by Subtenant, collect rent from the assignee, subtenant, or occupant, and apply the net amount collected to Rent. No assignment, sublease, occupancy, or collection will be deemed a waiver of the provisions of this Section 8.1, the acceptance of the assignee, subtenant or occupant as Subtenant, or a release of Subtenant from the further performance by Subtenant of covenants on the part of Subtenant contained in this Sublease. The consent by Master Tenant to an assignment or sublease will not be construed to relieve Subtenant from liability under this Sublease, or obtaining Master Tenant's prior written consent in writing to any further assignment or sublease. No permitted subtenant may assign or encumber its sublease or further sublease all or any portion of its subleased space, or otherwise permit the subleased space or any part of its subleased space to be used or occupied by others, without Master Tenant's prior written consent in each instance.

8.2 Submission of Information. If Subtenant requests Master Tenant's consent to a specific assignment or subletting, Subtenant will submit in writing to Master Tenant (a) the name and address of the proposed assignee or subtenant; (b) the business terms of the proposed assignment or sublease; (c) reasonably satisfactory information as to the nature and character of the business of the proposed assignee or subtenant, and as to the nature of its proposed use of the space; (d) banking, financial, or other credit information reasonably sufficient to enable Master Tenant to determine the financial responsibility and character of the proposed assignee or subtenant; and (e) the proposed form of assignment or sublease for Master Tenant's approval.

8.3 Payments to Master Tenant. If Master Tenant consents to a proposed assignment or sublease, then Master Tenant will have the right to require Subtenant to pay to Master Tenant a sum equal to (a) any rent or other consideration paid to Subtenant by any proposed transferee which (after deducting the costs of Subtenant, if any, in effecting the assignment or sublease, including reasonable alteration costs, commissions and legal fees) is in excess of the Rent allocable to the transferred space which is then being paid by Subtenant to Master Tenant pursuant to this Sublease; (b) any other profit or gain (after deducting any necessary expenses incurred) realized by Subtenant from any such sublease or assignment; and (c) Master Tenant's reasonable attorneys' fees and costs incurred in connection with negotiation, review and processing of the transfer. All such sums payable will be payable to Master Tenant at the time the next payment of Monthly Base Rent is due.

8.4 Permitted Transfer. Master Tenant consents to an assignment of this Sublease, or sublease of all or part of the Premises, to a wholly-owned subsidiary of Subtenant or the parent of Subtenant or to any corporation into or with which Subtenant may be merged or consolidated or to any other corporate entity established by the current Subtenant; provided that (a) the transferee has a direct corporate management of Subtenant as of the Commencement Date, and (b) Subtenant promptly provides Master Tenant with a fully executed copy of such assignment or sublease and that Subtenant is not released from liability under the Sublease.

ARTICLE 9: RULES AND REGULATIONS

9.1 Subtenant and its employees, agents, licensees and visitors will at all times observe faithfully, and comply strictly with, (a) any rules and regulations set or established from time to time by the City of Glendale for operations at the Glendale Municipal Airport, and (b) such rules and regulations as Master Tenant may reasonable adopt, amend, delete or modify for the use, safety, cleanliness and care of the Premises, and the comfort, quiet and convenience of occupants of adjacent hangers. Modifications or additions to the rules and regulations will be effective upon thirty (30) days' prior written Notice to Subtenant from Master Tenant. In the event of any breach of any rules or regulations or any amendments or additions to such rules and regulations, Master Tenant will have all remedies which this Sublease provides for default by Subtenant, and will, in addition, have any remedies available at law or in equity, including the right to enjoin any breach of such rules and regulations. Master Tenant will not be liable to Subtenant for violation of such rules and regulations by any other Subtenant, its employees, agents, visitors or licensees or any other person. In the event of any conflict between the provisions of this Sublease and the rules and regulations, the provisions of this Sublease will govern.

ARTICLE 10: COMMON AREAS

10.1 General. As used in this Sublease, the term "common areas" means, without limitation, the taxiways, driveways, walkways, landscaped acres, irrigation systems, and all other exterior areas and facilities in or around the Premises. Master Tenant grants Subtenant, its employees, invitees, licensees, and other visitors a nonexclusive license for the Term to the extent it has power, to use the common areas in common with others entitled to use the common areas, subject to the terms and conditions of this Sublease.

ARTICLE 11: ALTERATIONS

11.1 General (a) During the Term, Subtenant will not make or allow to be made any alterations, additions or improvements to or of the Premises or any part of the Premises, or attach any fixtures or equipment to the Premises, without first obtaining Master Tenant's written consent which consent will not be unreasonably withheld. Master Tenant's consent to such alterations, additions, or improvements or Master Tenant's approval of the plans, specifications, and working drawings for such alterations, additions, or improvements will create no responsibility or liability on the part of Master Tenant for the completeness, design sufficiency, or compliance with all laws, rules, and regulations of governmental agencies or authorities with respect to such alterations, additions, or improvements. All such alterations, additions and improvements consented to by Master Tenant, as a result of the nature of Subtenant's use of the Premises will be performed by contractors approved by Master Tenant and subject to conditions specified by Master Tenant (which may include requiring the posting of a mechanic's or materialmen's lien bond). (b) Subject to Subtenant's rights in Article 11, all alterations, additions, fixtures and improvements, whether temporary or permanent in character, made in or upon the Premises either by Subtenant or Master Tenant, will immediately become Master Tenant's property and, at the end of the Term will remain on the Premises without compensation to Subtenant, unless when consenting to such alterations, additions, fixtures, or improvements, Master Tenant has advised Subtenant in writing that such alterations, additions, fixtures, or improvements must be removed at the expiration or other termination of this Sublease. (c) As a condition to Master Tenant's approval of any alterations,

additions, fixtures, and improvements to be constructed by Subtenant and prior to any work relating to alterations, fixtures and improvements to be constructed by or on behalf of Subtenant, Subtenant shall cause its contractor(s) for such work to provide Master Tenant with certificates of insurance (in a form and substance acceptable to Master Tenant). As part of such insurance, Subtenant shall cause its contractors to name Master Tenant as additional insureds on such liability insurance policies of such contractor(s).

11.2 Removal. If Master Tenant has required Subtenant to remove any or all alterations, additions, fixtures and improvements which are made in or upon the Premises pursuant to this Article 11, prior to the Expiration Date, Subtenant will remove such alterations, additions, fixtures and improvements at Subtenant's sole cost and will restore the Premises to the condition in which they were before such alterations, additions, fixtures, improvements and additions were made, reasonable wear and tear excepted.

ARTICLE 12: MECHANIC'S LIENS

12.1 Subtenant will pay or cause to be paid all costs and charges for work (a) done by Subtenant or caused to be done by Subtenant, in or to the Premises, and (b) for all materials furnished for or in connection with such work. Subtenant will indemnify Master Tenant against and hold Master Tenant, the Premises free, clear and harmless of and from all mechanic's liens and claims of liens, and all other liabilities, liens, claims and demands on account of such work by or on behalf of Subtenant. If any such lien, at any time, is filed against the Premises, Subtenant will cause such lien to be discharged of record within 10 days after the filing of such lien, except that if Subtenant desires to contest such lien, it will furnish Master Tenant, within such 10-day period, security reasonably satisfactory to Master Tenant of at least 150% of the amount of the claim, plus estimated costs and interest or comply with such statutory procedures as may be available to release the lien. If a final judgment establishing the validity or existence of a lien for any amount is entered, Subtenant will pay and satisfy the same at once. If Subtenant fails to pay any charge for which a mechanic's lien has been filed, and has not given Master Tenant security as described above, or has not complied with such statutory procedures as may be available to release this lien, Master Tenant may, at its option, pay such charge and related costs and interest, and the amount so paid, together with reasonable attorneys' fees incurred in connection with such lien, will be immediately due from Subtenant to Master Tenant as Additional Rent. Nothing contained in this Sublease will be deemed the consent or agreement of Master Tenant to subject Master Tenant's interest in the Premises to liability under any mechanic's or other lien law. If Subtenant receives written Notice that a lien has been or is about to be filed against the Premises or any action affecting title to the Premises has been commenced on account of work done by or for or materials furnished to or for Subtenant, it will immediately give Master Tenant written Notice of such Notice. At least 15 days prior to the commencement of any work (including, but not limited to, any maintenance, repairs, alterations, additions, improvements, or installations) in or to the Premises, by or for Subtenant, Subtenant will give Master Tenant written Notice of the proposed work and the names and addresses of the persons supplying labor and materials for the proposed work. Master Tenant will have the right to post notices of non-responsibility or similar written notices on the Premises in order to protect the Premises against any such liens.

ARTICLE 13: END OF TERM

13.1 At the end of this Sublease, Subtenant will promptly quit and surrender the Premises broom-clean, in good order and repair, ordinary wear and tear excepted. If Subtenant is not then in default, Subtenant may remove from the Premises any trade fixtures, equipment and movable furniture placed in the Premises by Subtenant, whether or not such trade fixtures or equipment are fastened to the buildings within the Premises; Subtenant will not remove any trade fixtures or equipment without Master Tenant's prior written consent if such fixtures or equipment are used in the operation of the buildings within the Premises, or if the removal of such fixtures or equipment will result in impairing the structural strength of any building within the Premises. Whether or not Subtenant is in default, Subtenant will remove such alterations, additions, improvements, trade fixtures, equipment and furniture as Master Tenant has requested. Subtenant will fully repair any damage occasioned by the removal of any trade fixtures, equipment, furniture, alterations, additions, and improvements. All trade fixtures, equipment, furniture, inventory, effects, alterations, additions, and improvements on the Premises after the end of the Term will be deemed conclusively to have been abandoned and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Master Tenant without written notice to Subtenant or any other person and without obligation to account for them. Subtenant will pay Master Tenant for all expenses incurred in connection with the removal of such property, including, but not limited to, the cost of repairing any damage to the Premises caused by the removal of such property. Subtenant's obligation to observe and perform this covenant will survive the expiration or other termination of this Sublease.

ARTICLE 14: EMINENT DOMAIN

14.1 If all of the Premises are taken by exercise of the power of eminent domain (or conveyed by Master Tenant in lieu of such exercise) this Sublease will terminate on a date (the "Termination Date") which is the earlier of the date upon which the condemning authority takes possession of the Premises or the date on which title to the Premises is vested in the condemning authority. In the event of any such taking, the entire award will be paid to Master Tenant and Subtenant will have no right or claim to any part of such award; however, Subtenant will have the right to assert a claim against the condemning authority, so long as Master Tenant's award is not otherwise reduced by such claim, for (a) Subtenant's moving expenses and (b) leasehold improvements and personal property owned by Subtenant.

ARTICLE 15: DAMAGE AND DESTRUCTION

15.1 If the Premises or buildings within the Premises are damaged by fire or other insured casualty, Master Tenant will give Subtenant written Notice of the time which will be needed to repair such damage, as determined by Master Tenant in its reasonable discretion and the election (if any) which Master Tenant has made according to this Article 15. Such Notice will be given before the 30th day (the "Notice Date") after the fire or other insured casualty.

15.2 If all or part of the Premises is damaged by fire or other insured casualty to an extent which in Master Tenant's sole opinion can be repaired within 120 days after the notice date, Master Tenant will promptly begin to repair the damage after the notice date and will diligently pursue the

completion of such repair. In that event this Sublease will continue in full force and effect except that Monthly Rent will be abated on a pro rata basis from the date of the damage until the date of the completion of such repairs (the "repair period") based on the proportion of the area of the buildings included in the Premises which Subtenant is unable to use during the repair period.

15.3 If all or a substantial part of the Premises is damaged by fire or other insured casualty to an extent which may not be repaired within 120 days after the notice date, as reasonably determined by Master Tenant, then (i) Master Tenant may cancel this Sublease as of the date of such damage by written notice given to Subtenant on or before the notice date or (ii) Subtenant may cancel this Sublease as of the date of such damage by written notice given to Master Tenant within 10 days after Master Tenant's delivery of a written notice that the repairs cannot be made within such 120-day period. If neither Master Tenant nor Subtenant so elects to cancel this Sublease, Master Tenant will diligently proceed to repair the Premises and Monthly Rent will be abated on a pro rata basis during the repair period based on the proportion of the area of the buildings included in the Premises which Subtenant is unable to use during the repair period.

15.4 If all or a substantial part of the Premises is damaged by fire or other insured casualty to such a material extent that in the reasonable opinion of Master Tenant any building within the Premises must be totally or partially demolished, whether or not to be reconstructed in whole or in part, Master Tenant may elect to terminate this Sublease by written notice delivered to Subtenant by the Notice Date.

15.5 Notwithstanding the provisions of subparagraphs 15.1 through 15.4 above, if the Premises are damaged by uninsured casualty, or if the proceeds of insurance are insufficient to pay for the repair of any damage to the Premises, Master Tenant will have the option to repair such damage or cancel this Sublease as of the date of such casualty by written notice to Subtenant on or before the notice date.

15.6 If any such damage by fire or other casualty is the result of the willful conduct or negligence or failure to act of Subtenant, its agents, contractors, employees or invitees, there will be no abatement of Monthly Rent as otherwise provided for in this Article 15, and Subtenant will have no rights to terminate this Sublease on account of any damage to the Premises, except as set forth in this Sublease.

ARTICLE 16: SUBORDINATION

16.1 General. The Lease and Subtenant's leasehold interest under the Lease shall be and shall remain, at all times, and in each and every respect, subject and subordinate to the security instrument, and to any and all renewals, amendments, modifications, supplements, extensions, consolidations, and replacements thereof, including without limitation, amendments which increase the amount of the indebtedness secured by the security instrument. Notwithstanding the foregoing, as between Master Tenant and Subtenant, nothing contained in this Sublease shall be deemed to: (a) excuse or reduce any obligation owed by Master Tenant to Subtenant under the Lease; or (b) waive, in whole or part, any of Subtenant's rights or remedies against Landlord under the Lease.

162 Attornment and Non-Disturbance. Master Tenant covenants that the leasehold estate granted by the Lease, and Subtenant's right to quiet enjoyment, possession, and any other rights under the Lease, shall not be disturbed or terminated by any transfer of Master Tenant's interest in the Property by foreclosure, deed in lieu of foreclosure, sale, or other action or proceeding initiated to enforce any loan documents (individually and collectively referred to as an "Enforcement Event") provided that: (i) the Lease is in full force and effect; and (ii) there exist no uncured default by Subtenant. Without limiting any of the foregoing, Master Tenant agrees that Subtenant shall not be named or joined in any foreclosure, sale, or other proceeding by or on behalf of Master Tenant unless the joinder is required by law.

ARTICLE 17: ENTRY BY MASTER TENANT

17.1 Master Tenant, its agents, employees, and contractors may enter the Premises with 72 hours advanced Notice to Subtenant to: (a) Inspect the Premises (b) Supply any service to be provided by Master Tenant to Subtenant according to this Sublease; or (c) Make repairs required of Master Tenant under the terms of this Sublease or repairs to any adjoining space or utility services or make repairs, alterations or improvements to any other portion of the Premises; however, all such work will be done as promptly as reasonably possible and so as to cause as little interference to Subtenant as reasonably possible.

17.2 Subtenant, by this Article 17, waives any claim against Master Tenant, its agents, employees or contractors for damages for any injury or inconvenience to or interference with Subtenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned by any entry in accordance with this Article 17. Master Tenant will at all times have and retain a key with which to unlock all of the doors in, on or about the Premises (excluding Subtenant's vaults, safes and similar areas designated in writing by Subtenant in advance). Master Tenant will have the right to use any and all means which Master Tenant in Master Tenant's reasonable discretion may deem necessary to open doors in and obtain entry to the Premises when in Master Tenant's reasonable discretion, Master Tenant's entry is necessary to address, prevent, or mitigate an imminent threat to human life or the Master Tenant's property, provided that Master Tenant will promptly repair any damages caused by such means. Any entry to the Premises by Master Tenant in accordance with this Article 17 will not be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Subtenant from the Premises, or any portion of the Premises, nor will any such entry entitle Subtenant to damages or an abatement of Monthly Base Rent, Additional Rent, or other charges which this Sublease requires Subtenant to pay, unless such entry unreasonably interferes with Subtenant's use of the Premises.

ARTICLE 18: INDEMNIFICATION, WAIVER, AND RELEASE

18.1 During the Term of this Sublease, Subtenant will defend, indemnify and hold Master Tenant harmless for, from and against (a) any loss, cost, or expense of any sort or nature (including but not limited to attorneys' fees and court costs), (b) any liability to any person on account of any injury or damage to persons or property arising out of the use or occupancy of the Premises by Subtenant, including but not limited to injury to, or caused by, Subtenant's agents, employees,

business invitees or guests, and (c) any failure of Subtenant to perform and comply in any respect with any of the requirements and provisions of this Sublease, provided that such damage does not result from the negligence or willful misconduct of Master Tenant, its agents and employees. Master Tenant shall have no liability to Subtenant for any damage to the Premises, any aircraft stored in the Premises, or any contents of the Premises, including but not limited to Subtenant's solely negligent or intentional conduct and the carrying on of unauthorized activities in the Premises or the storage of flammable or other hazardous materials. It is expressly agreed and understood that under no circumstances shall either party be liable to the other for indirect, incidental, consequential, special, or exemplary damages, whether in contract or tort.

ARTICLE 19: SECURITY DEPOSIT

19.1 Security Deposit. Subtenant shall deposit with Master Tenant, upon execution of this Sublease, the sum of Fifteen Thousand and 00/100 Dollars (\$15,000.00)(the "Security Deposit"). The Security Deposit will not be held in a separate account and shall be deposited in Master Tenant's general fund, without interest bearing. If Subtenant fails to pay Rent, or any other amount when due under this Sublease, or fails to perform any other obligation hereunder, Master Tenant may use or apply all or any portion' of the Security Deposit to cure such failure. If Master Tenant so uses any portion of the Security Deposit, Subtenant shall restore the Security Deposit to the full amount originally deposited within thirty (30) days after written demand by Master Tenant. Master Tenant shall not be required to keep the Security Deposit separate from its general accounts, and shall have no obligation or liability for payment of interest on the Security Deposit. Within thirty (30) days after the Term has expired, or Subtenant has vacated the Premises, and all outstanding amounts owing to Master Tenant hereunder have been paid, and provided that Subtenant is not then in default of any of its obligations hereunder, the Security Deposit, or so much thereof as had not theretofore been applied by Master Tenant, shall be returned to Subtenant.

ARTICLE 20: QUIET ENJOYMENT

20.1 Master Tenant covenants and agrees with Subtenant that so long as Subtenant pays the Rent, and observes and performs all the terms, covenants and conditions of this Sublease on Subtenant's part to be observed and performed, Subtenant may peaceably and quietly enjoy the Premises subject, nevertheless, to the terms and conditions of this Sublease and Subtenant's possession will not be disturbed by anyone claiming by, through or under Master Tenant.

ARTICLE 21: EFFECT OF SALE

21.1 Upon written approval from Subtenant, which will not be unreasonably withheld, a sale, conveyance or assignment of Master Tenant's interest in the Premises will operate to release the Master Tenant from liability from and after the effective date of such sale, conveyance or assignment upon all of the covenants, terms and conditions of this Sublease, express or implied, except those liabilities which arose prior to such effective date, and, after the effective date of such sale, conveyance or assignment, Subtenant will look solely to Master Tenant's successor-in-interest in and to this Sublease. This Sublease will not be affected by any such sale, conveyance or assignment, and Subtenant will attorn to Master Tenant's successor-in-interest to this Sublease, so

long as such successor-in-interest assumes Master Tenant's obligations under the Sublease from and after such effective date.

ARTICLE 22: DEFAULT

22.1 Events of Default. The following events are referred to, collectively, as "Events of Default" or, individually, as an "Event of Default": (a) Subtenant fails to pay Rent or any other amount required to be paid to Master Tenant under the terms of this Sublease within ten (10) days of when it is due; (b) Subtenant abandons the Premises; (c) This Sublease or the Premises or any part of the Premises are taken upon execution or by other process of law directed against Subtenant, or are taken upon or subject to any attachment by any creditor of Subtenant or claimant against Subtenant, and said attachment is not discharged or disposed of within fifteen (15) days after its levy; (d) Subtenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or admits the material allegations of any such petition by answer or otherwise, or is dissolved or makes an assignment for the benefit of creditors; (e) Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Subtenant are instituted against Subtenant, or a receiver or trustee is appointed for all or substantially all of the property of Subtenant, and such proceeding is not dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment; (f) Master Tenant causes a condition of default on the Master Lease; or (g) either Party (the "Breaching Party") breaches any of the other agreements, terms, covenants or conditions which this Sublease requires Breaching Party to perform, and (i) such breach continues for a period of thirty (30) days after written Notice of the breach from the other Party (the "Non-Breaching Party") or; (ii) if such breach cannot be cured reasonably within such thirty (30)-day period and Breaching Party fails to diligently commence to cure such breach within thirty (30) days after written Notice from Non-Breaching Party.

22.2 Remedies. If any one or more Events of Default set forth in Section 22.1 occurs then in the case of any Master Tenant's uncured Event of Default, Subtenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity. Subtenant shall further have the right to cure such default and, if such default involves the expenditure of money, Subtenant shall have the right to deduct the cost thereof from the Rent due or accruing hereunder. Any award from a court or arbitrator in favor of Subtenant requiring payment by Master Tenant which is not paid by Master Tenant within the time period directed by such award, may be offset by Subtenant from Rent next due and payable under this Lease. In the case of Subtenants uncured Event of Default, Master Tenant has the right, at its election: (a) To give Subtenant written Notice of Master Tenant's intention to terminate this Sublease, in which case Subtenant's right to possession of the Premises will cease and this Sublease will be terminated thirty (30) days after Subtenant's receipt of Notice, except as to Subtenant's liability, as if the expiration of the term fixed in such Notice were the end of the Term; (b) Upon providing thirty (30) days' Notice, to reenter and take possession of the Premises or any part of the Premises, repossess the same, expel Subtenant and those claiming through or under Subtenant, and remove the effects of both or either, without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Monthly Rent or other amounts payable under this

Sublease or as a result of any preceding breach of covenants or conditions; or (c) Upon providing thirty (30) days Notice to cure any Event of Default and to charge Subtenant for the cost of effecting such cure, including, without limitation, reasonable attorneys' fees and interest on the amount so advanced at the Prime Rate, provided that Master Tenant will have no obligation to cure any such Event of Default of Subtenant. Should Master Tenant elect to reenter as provided in Subsection 22.2(b), or should Master Tenant take possession pursuant to legal proceedings or pursuant to any notice provided by law, Master Tenant may, from time to time, without terminating this Sublease, re-let the Premises or any part of the Premises in Master Tenant's or Subtenant's name, but for the account of Subtenant, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and on such conditions and upon such other terms (which may include concessions of free rent and alteration and repair of the Premises) as Master Tenant, in its reasonable discretion, may determine and Master Tenant may collect and receive the rent. Master Tenant will in no way be responsible or liable for any failure to re-let the Premises, or any part of the Premises, or for any failure to collect any rent due upon such re-letting. No such reentry or taking possession of the Premises by Master Tenant will be construed as an election on Master Tenant's part to terminate this Sublease unless a written Notice of such intention is given to Subtenant. No Notice from Master Tenant under this Section 22.2 or under a forcible or unlawful entry and detainer statute or similar law will constitute an election by Master Tenant to terminate this Sublease unless such Notice specifically so states. Master Tenant reserves the right following any such reentry or re-letting to exercise its right to terminate this Sublease by giving Subtenant such written Notice, in which event this Sublease will terminate.

22.3 Certain Damages. In the event that Master Tenant does not elect to terminate this Sublease as permitted in Section 22.2(a), but on the contrary, elects to take possession as provided in Section 22.2(b), Subtenant will pay to Master Tenant: (a) Monthly Base Rent and other sums as provided in this Sublease, which would be payable under this Sublease if such repossession had not occurred, less (b) the net proceeds, if any, of any reletting of the Premises after deducting all of Master Tenant's reasonable expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, attorneys' fees, expenses of employees, alteration and repair costs and expenses of preparation for such reletting. If in connection with any re-letting, the new lease term extends beyond the existing Term, or the premises covered by such new lease include other premises not part of the Premises, a fair apportionment of the rent received from such re-letting as provided in this Section 22.3 will be made in determining the net proceeds from such re-letting, and any rent concessions will be equally apportioned over the term of the new lease. Subtenant will pay such rent and other sums to Master Tenant monthly on the day on which the Monthly Base Rent would have been payable under this Sublease if possession had not been retaken and Master Tenant will be entitled to receive such rent and other sums from Subtenant on each such day.

22.4 Cumulative Remedies. Any suit or suits for the recovery of the amounts and damages set forth in Sections 22.3 and 22.4 may be brought by either Party, from time to time, at Party's election, and nothing in this Sublease will be deemed to require Parties to await the date upon which this Sublease or the Term would have expired had there occurred no Event of Default. Each right and

remedy provided for in this Sublease is cumulative and is in addition to every other right or remedy provided for in this Sublease or now or after the Effective Date existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by either Party of any one or more of the rights or remedies provided for in this Sublease or now or after the Effective Date existing at law or in equity or by statute or otherwise will not preclude the simultaneous or later exercise by either Party of any or all other rights or remedies provided for in this Sublease or now or after the Effective Date existing at law or in equity or by statute or otherwise. All costs incurred by a Party in collecting any amounts and damages owing by pursuant to the provisions of this Sublease or to enforce any provision of this Sublease, including reasonable attorneys' fees from the date any such matter is turned over to an attorney, whether or not one or more actions are commenced by either Party, will also be recoverable.

ARTICLE 23: OPTION TO RENEW

23.1 Option to Renew. Provided Subtenant is not in default of any term or condition of the Sublease and that an event has not occurred which, with the giving of Notice or passage of time, would constitute default, Subtenant shall be entitled to renew this lease (the "Option to Renew") for three (3) additional terms of five (5) years (the "Option Term") the following terms and conditions: (a) Subtenant shall Notify Master Tenant in writing of its election to exercise this Option to Renew not less than one hundred and twenty (120) days prior to the expiration of the Term of this Sublease. (b) The Option Term shall be upon the same terms and conditions set forth in this Sublease, including the Rent escalation provisions of Section 4.2 (c). The Option to Renew shall not be exercisable by any subtenant or assignee other than Subtenant and is not transferable by Subtenant to any person or entity except for a permitted transfer pursuant to Section 8.4.

ARTICLE 24: RIGHT OF FIRST REFUSAL

24.1 If, during the Lease Term, Master Tenant decides to sell the Master Lease (a "Proposed Transfer"), Subtenant shall have a right of first refusal to purchase the Master Lease in accordance with this Article 24, and Master Tenant shall not consummate the sale unless Master Tenant shall first deliver to Subtenant a notice (the "First Refusal Notice") attaching a copy of a proposed purchase and sale agreement (the "PSA") with the proposed purchaser (the "Offeree") outlining the sale price and each of the material financial terms of the proposed transaction (the "Purchase Terms") and the proposed closing date of the Proposed Transfer (the "Closing Date"). Subtenant shall, for the thirty (30) day period commencing upon receipt of the First Refusal Notice (the "ROFR Response Period"), have the exclusive right to purchase the Master Lease on the terms set forth in the PSA, by notifying Master Tenant of Subtenant's intent to exercise this right to purchase, whereupon Master Tenant shall be bound to sell to Subtenant the Master Lease on the Purchase Terms. Master Tenant and Subtenant shall promptly execute a purchase and sale agreement to sell the Master Lease to Subtenant on the Purchase Terms and upon other terms typical to commercial real estate transactions in Maricopa County, State of Arizona.

ARTICLE 25: MISCELLANEOUS

25.1 Signs. Subtenant shall have the right to install such signs (consisting of signage above Subtenant's store front and/or exterior doors) as permitted by and which conform with all

applicable governmental requirements, and which are reasonably acceptable to Master Tenant. All costs of installing the signs and securing permits for such signs shall be borne by the Subtenant.

25.2 No Offer. This Sublease is submitted to Subtenant on the understanding that it will not be considered an offer and will not bind Master Tenant in any way until Subtenant has duly executed and delivered duplicate originals to Master Tenant and Master Tenant has executed and delivered one of such originals to Subtenant.

25.3 Construction Against Drafting Party. Master Tenant and Subtenant acknowledge that each of them and their counsel have had an opportunity to review this Sublease and that this Sublease will not be construed against Master Tenant merely because Master Tenant has prepared it.

25.4 Time of the Essence. Time is of the essence of each and every provision of this Sublease.

25.5 No Recordation. Subtenant's recordation of this Sublease or any memorandum or short form of it will be void and a default under this Sublease.

25.6 No Waiver. The waiver by either party of any agreement, condition or provision contained in this Sublease will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition or provision contained in this Sublease, nor will any custom or practice which may grow up between the parties in the administration of the terms of this Sublease be construed to waive or to lessen the rights of the Parties to insist upon performance by the other Party in strict accordance with the terms of this Sublease. The subsequent acceptance of Rent by Master Tenant will not be deemed to be a waiver of any preceding breach by Subtenant of any agreement, condition, or provision of this Sublease, other than the failure of Subtenant to pay the particular Rent so accepted, regardless of Master Tenant's knowledge of such preceding breach at the time of acceptance of such Rent.

25.7 Estoppel Certificates. At any time and from time to time but within thirty (30) days after prior written request by Master Tenant, Subtenant will execute, acknowledge and deliver to Master Tenant, promptly upon request and if actually true, a certificate certifying (a) that this Sublease is unmodified and in full force and effect, or if there have been modifications, that this Sublease is in full force and effect, as modified, and stating the date and nature of each modification; (b) the date, if any, to which Rent and other sums payable under this Sublease have been paid; (c) that no written Notice of any default has been delivered to Master Tenant which default has not been cured, except as to defaults specified in said certificate; (d) there is no Event of Default under this Sublease or an event which, with Notice or the passage of time, or both, would result in an Event of Default under this Sublease, except for defaults specified in said certificate; and (e) such other matters as may be reasonably requested by Master Tenant. Any such certificate may be relied upon by any prospective purchaser or existing or prospective mortgagee or beneficiary under any deed of trust of the Premises.

25.8 Waiver of Jury Trial. Master Tenant and Subtenant by this Section 25.8 waive trial by jury in any action, proceeding or counterclaim brought by either of the parties to this Sublease against the other on any matters whatsoever arising out of or in any way connected with this Sublease, the relationship of Master Tenant and Subtenant, Subtenant's use or occupancy of the Premises, or any

other claims (except claims for personal injury or property damage), and any emergency statutory or any other statutory remedy.

25.9 No Merger. The voluntary or other surrender of this Sublease by Subtenant or the cancellation of this Sublease by mutual agreement of Subtenant and Master Tenant or the termination of this Sublease on account of Subtenant's default will not work a merger, and will, at Master Tenant's option, (a) terminate all or any subleases and subtenancies or (b) operate as an assignment to Master Tenant of all or any subleases or subtenancies. Master Tenant's option under this Section 25.9 will be exercised by written Notice to Subtenant and all known sublessees or subtenants in the Premises or any part of the Premises.

25.10 Holding Over. Subtenant will have no right to remain in possession of all or any part of the Premises after the expiration of the Term. If Subtenant remains in possession of all or any part of the Premises after the expiration of the Term, with the express or implied consent of Master Tenant: (a) such tenancy will be deemed to be a periodic tenancy from month-to-month only; (b) such tenancy will not constitute a renewal or extension of this Sublease for any further terms; and (c) such tenancy may be terminated by Master Tenant upon the earlier of thirty (30) days' prior written Notice or the earliest date permitted by law. Such month-to-month tenancy will be subject to every other term, condition, and covenant contained in this Sublease. Subtenant shall indemnify, defend and hold harmless Master Tenant for any claims, losses, liabilities, damages, costs and expenses arising out of any holdover tenancy by Subtenant that is done without the prior written consent of Master Tenant.

25.11 Notices. Notices hereunder (each, a “**Notice**”) shall only be given in writing delivered, mailed by registered or certified mail, return receipt requested, postage prepaid, or mailed by FedEx or other reliable overnight offering delivery confirmation, to the applicable person or entity listed below. With respect to the Parties, a Notice shall be addressed to a Party as follows:

If to Subtenant: City of Peoria
 Attn: City Attorney
 8401 West Monroe Street
 Peoria, AZ 85345

If to Master Tenant: John Stonecipher or Cathy Stonecipher,
 Manager
 6565 Crystal Lane,
 Prescott, Arizona 86301

Service of any Notice in accordance with the foregoing shall be deemed to be complete three (3) days (excluding Saturday, Sunday, and legal holidays) after the Notice is deposited in the United States mail. Service of any Notice by overnight courier in accordance with the foregoing shall be deemed to be complete upon receipt or refusal to receive.

25.12 Severability. If any provision of this Sublease proves to be illegal, invalid or unenforceable, the remainder of this Sublease will not be affected by such finding, and in lieu of each provision of this Sublease that is illegal, invalid or unenforceable, a provision will be added as a part of this Sublease as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

25.13 Written Amendment Required. No amendment, alteration, modification of or addition to the Sublease will be valid or binding unless expressed in writing and signed by Master Tenant and Subtenant.

25.14 Entire Agreement. This Sublease and Attached Exhibits contain the entire agreement between Master Tenant and Subtenant. No promises or representations, except as contained in this Sublease, have been made to Subtenant respecting the condition or the manner of operating the Premises.

25.15 Captions. The captions of the various Articles and Sections of this Sublease are for convenience only and do not necessarily define, limit, describe or construe the contents of such Articles or Sections.

25.16 Authority. Parties represent that each such Party is authorized to execute this Sublease, as an official action or otherwise as the case may be. Subtenant agrees that upon written request from Master Tenant, Subtenant will deliver to Master Tenant a document evidencing City Council, and Mayoral authority and approval to enter into this Sublease.

25.17 No Brokers. Master Tenant and Subtenant respectively represent and warrant to each other that neither of them has consulted or negotiated with any broker or finder with regard to the Premises. Each of them will indemnify the other against and hold the other harmless from any claims for fees or commissions from anyone with whom either of them has consulted or negotiated with regard to the Premises.

25.18 Governing Law. This Sublease will be governed by and construed pursuant to the laws of the State of Arizona. Arizona Law Provisions:

1. No member, official or employee of Subtenant shall have any direct or indirect interest in this Sublease, nor participate in any decision relating to the Sublease, that is prohibited by law. This Sublease shall be subject to cancellation pursuant to the provisions of A.R.S. § 38-511 relating to conflicts of interest.
2. To the extent applicable, Master Tenant certifies that it is not currently engaged in, and agrees for the duration of this Sublease that it will not engage in a “boycott,” as that term is defined in § 35-393, Arizona Revised Statutes, of Israel.
3. To the extent applicable under A.R.S. § 41-4401, Master Tenant warrants compliance with all federal immigration laws and regulations that relate to their employees and contractors and their compliance with the e-verify requirements under A.R.S. § 23-214(A). The failure by Master Tenant to comply with such warranty shall be deemed a material breach of this Sublease and may result in the termination of this Sublease by the Subtenant.

4. To the extent applicable under A.R.S. § 35-394, Master Tenant hereby certifies it does not currently, and for the duration of this Sublease shall not use: (a) the forced labor of ethnic Uyghurs in the People's Republic of China, (b) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (c) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If Master Tenant becomes aware during the duration of this Sublease that it is not in compliance with such certification, Master Tenant shall take such actions as provided by law, including providing the required Notice to the Subtenant. If the Subtenant determines that the Master Tenant is not in compliance with the foregoing certification, such failure to comply with the certifications in this Section 25.18 shall be deemed a material breach of this Sublease and may result in the termination of this Sublease by the Subtenant.

25.19 Late Payments. If Subtenant fails to pay any Rent when due, Subtenant shall pay to Master Tenant a late charge in the amount of five percent (5%) of the late amount. In addition, any Rent which is not paid when due will accrue interest at ten percent (10%) per annum (but in no event in an amount in excess of the maximum rate allowed by applicable law) from the date on which it was due until the date on which it is paid in full with accrued interest.

25.20 No Easements for Air or Light. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Premises will in no way affect this Sublease or impose any liability on Master Tenant.

25.21 Americans with Disabilities Act. Subtenant shall be responsible for any and all costs to comply with the Americans with Disabilities Act ("ADA") of 1990, as amended, 42 U.S.C. §§ 12, 101 et seq ("ADA") that are (a) not attributable to the shell of the buildings in the premises or the existing improvements in the Premises and/or (b) attributable to alterations made by Subtenant and/or Subtenant's use of the Premises.

25.22 Binding Effect. The covenants, conditions and agreements contained in this Sublease will bind and inure to the benefit of Master Tenant and Subtenant and their respective successors, and, except as otherwise provided in this Sublease, their assigns.

25.23 Master Tenant's Reservation of Rights. Notwithstanding any provision in the Sublease to the contrary, Subtenant acknowledges and understands that Master Tenant is expressly reserving the following rights with respect to the Premises: (a) The right to install solar, wind and other energy producing equipment for the purpose of (i) servicing the Premises and/or (ii) producing power, as may be mandated in the future, or (b) the right to place, maintain, repair, alter, and replace such utility lines, pipes, and other utility structures on, over and under the Premises as may be reasonably necessary for the servicing of the Premises and other portions of the Hanger Structure.

25.24 No Liability of City Officials. No City Council Member, official, representative, agent, attorney, or employee of the Subtenant shall be personally liable to Master Tenant, or to any successor in interest to Master Tenant, in the event of Default by the Subtenant or for any amount that may be come due to Master Tenant or its successors, or with respect to any obligation of the Subtenant under the terms of this Sublease.

25.25 Jurisdiction and Governing Law. Legal actions regarding this Sublease shall be instituted in the Superior Court of the County of Maricopa, State of Arizona, or in the Federal District Court in the District of Arizona sitting in Maricopa County. Subtenant and Master Tenant agree to the exclusive jurisdiction of such courts. Claims by Master Tenant shall comply with time periods and other requirements of Subtenant's claims procedures from time to time.

25.26 No Third-Party Beneficiaries. No person or entity shall be a third-party beneficiary to this Sublease or shall have any right or cause of action hereunder. Subtenant shall have no liability to third parties as a result of the existence of this Sublease.

25.27 Amendment. This Sublease may not be amended except by a formal writing executed by both Parties. The Subtenant's City Manager may exercise his or her administrative authority to correct scrivener's errors in this Sublease, interpret and administer this Sublease, and to approve amendments, or extensions to this Sublease.

Parties agree to all the foregoing as of the **Effective Date.**

**[REMAINDER OF PAGE INTENTIONALLY BLANK;
SIGNATURES FOLLOW ON NEXT PAGES]**

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date(s) written below.

MASTER TENANT:

HANGER 12, LLC, an Arizona limited liability company

By: Guidance Management Group, LLC, an Arizona limited liability company, its Manager

By: _____

Name: John Stonecipher

Title: Manager, Guidance Management Group, LLC

STATE OF ARIZONA

County of Maricopa

On this _____ day of _____, 2023, before me personally appeared John Stonecipher, manager of Guidance Management Group, LLC, an Arizona limited liability company, the Manager of Hangar 12, LLC, an Arizona limited liability company, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be and acknowledged that he signed the above/attached document.

[Affix notary seal here]

Notary Public

:

Subtenant:

CITY OF PEORIA, an Arizona municipal corporation

By: _____
Henry Darwin, City Manager

ATTEST:

Agnes Goodwine, City Clerk

APPROVED AS TO FORM:

Emily Jurmu, City Attorney

Exhibit A:

Legal Description of the Premises

Exhibit B:

Master Lease

Exhibit C

Photographic Diagram of Hangar Structure

Exhibit D:

Master Lease -FAA Required Provisions