

**COMMERCIAL LEASE**

**Letson Partners, LLC a  
Arizona Limited Liability Company,**

**And**

**City of Bisbee**

**(24 Main Street, Bisbee, AZ)**

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**OFFICE LEASE**

THIS LEASE is made and entered into this 3rd day of October, 2018, by and between Letson Partners, LLC, a Arizona Limited Liability Company, (hereinafter referred to as "Landlord"), and City of Bisbee, (hereinafter referred to as "Tenant").

W I T N E S S E T H:

For and in consideration of the covenants hereinafter mentioned, the Landlord leases to the Tenant and the Tenant hereby leases from the Landlord, certain premises located in that certain building known as 24 Main Street, City of Bisbee, County of Cochise, State of Arizona, said building being hereinafter referred to as the "Building".

1. **DESCRIPTION OF PROPERTY.** For and in consideration of the agreement of Tenant to pay the rental and other sums herein provided for and to perform the terms, covenants and conditions on its part herein contained, the full performance and observance of which and all thereof being hereby agreed by Tenant to be conditions precedent and subsequent to the covenants on the part of the Landlord, and, at the option of Landlord, to the continuance of this Lease, Landlord hereby leases to Tenant, and Tenant hereby hires and takes from Landlord, those certain Premises consisting of approximately 1044 rentable square feet, known and described as 24 Main Street, on the first(1st) floor of the Building.

2. **TERM.** This Lease is for a 12 Month rental commencing on the fifteenth (15th) day of October, 2018 through October 14, 2019.

3. **BASE RENT/SECURITY DEPOSIT.** In consideration for the leasing of said Premises and the Landlord's agreements hereunder, the Tenant agrees to pay the Landlord as follows:

One Thousand Dollars (\$1000.00) on the first (1<sup>st</sup>) day of each month

Security Deposit in the amount of One Thousand Dollars (\$1,000.00) payable within the initial 90 days of occupancy

4. **BASE RENT ADJUSTMENT.** There will be no Base Rent Adjustment for the one year term of this Lease. If the City opts to renew this Lease for an additional year, the Base Rent shall be subject to upward revision at the beginning of October 15, 2019, which amount shall be \$1550.00 monthly, which includes any Base Rent Adjustment.. Should tenant decide to exercise its Option to Renew under the terms of this agreement for subsequent years, each subsequent year of the lease term thereafter Landlord will notify tenant of increases, if any, in property taxes, insurance premiums, including but not limited to fire and other casualty insurance and public liability insurance, repairs and maintenance and operating costs of the Building, herein collectively referred to as "Building Costs".

5. **LATE CHARGES.** Tenant acknowledges that the late payment by Tenant to Landlord of Base Rent due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impractical to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of Base Rent due from Tenant is not received by Landlord or Landlord's agent within ten (10) business days after notice of such

Handwritten signatures of the Landlord and Tenant. The Landlord's signature is a stylized 'L' and the Tenant's signature is 'DMS'.

amount is due, Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount. A return check due to insufficient funds will be treated as a late payment. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of any late charge by Landlord shall not constitute a waiver of Tenant's default with respect to the overdue amount, or prevent Landlord from exercising any of the other rights and remedies available to Landlord.

6. **INTEREST ON PAST-DUE OBLIGATIONS.** Any Base Rent or Base Rent Adjustments due to Landlord not paid when due shall bear interest from the date due until paid at the rate of twelve percent (12%) per annum; provided, however, that interest shall not be payable on late charges pursuant to Paragraph 5.

7. **USE OF PREMISES.** Tenant shall use the Premises for a retail business specializing in **retail store** and for no other purpose. Tenant shall not commit, or suffer to be committed, any nuisance or other act or thing against public policy, or which may disturb the quiet enjoyment of any other tenant of the Building. Tenant agrees not to deface or damage the Building in any manner or overload the floors of the Premises, it being mutually agreed that in no event shall any weight placed upon said floors exceed fifty (50) pounds per square foot of floor space. Tenant agrees not to use or permit the use of the Premises or any part thereof for any purpose prohibited by law, and Tenant agrees, at its sole expense, to comply with and conform to all of the requirements of all governmental authorities having jurisdiction thereof, present or future, relating in any way to the condition, use and occupancy of the Premises throughout the entire term of this Lease. No goods, merchandise or materials shall be kept, stored or sold by Tenant on or about the Premises which are in any way hazardous, and Tenant shall not suffer or permit any acts of omission or commission to be done on or about the Premises which will increase the existing rate of fire insurance. If the said insurance rate is increased by such an act, then the increased cost of such insurance on the Building shall be paid by Tenant to Landlord with the next succeeding installment of rental. Tenant, at its sole expense, shall comply with any and all requirements of any insurance organization or company necessary for the maintenance of reasonable fire and public liability insurance covering the Premises and the Building relative to the Tenant and/or its agents, employees or invitees.

8. **COMMON AREAS AND PARKING.** It is understood that the employees of Tenant and the other Tenants of Landlord within the Building and employees of other owners of the Building shall not be permitted to park their automobiles in the automobile parking area which may from time to time be designated for patrons of the Building. Tenant and its employees shall park their cars only in those portions of the parking areas, if any, provided by the City of Bisbee within its right-of-way.

9. **SERVICES AND UTILITIES:** Tenant to be responsible for the following utilities: Arizona Water Company, Arizona Public Service and Cable and/or Internet services.

10. **ACCEPTANCE OF PREMISES.** Tenant hereby accepts said Premises "as-is" and acknowledges that they are in good and tenantable condition. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Tenant's business. At the expiration or sooner termination of this Lease, Tenant shall deliver the Premises to Landlord, reasonable wear and tear excepted.

11. **LANDLORD'S REPAIRS.** Landlord agrees to maintain the following portions of the Building in good condition and repair: exterior walls, roofing and exterior painting, but not including wall coverings on the interior thereof and the ceiling in the Premises if damaged by Tenant, Tenant's contractors, agents, employees, servants or invitees. Any specialized janitorial requirements of Tenant will be the

responsibility of Tenant. Landlord shall repair and maintain the structural portions of the Building, including the basic plumbing (but not toilet, water heater or sink fixtures which shall be the tenant's sole responsibility), unless such maintenance and repairs are caused by the act, neglect, fault or omission of any duty by the Tenant, its agents, servants, employees or invitees, in which case Tenant shall pay to Landlord the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any repairs for which it is responsible or to perform any maintenance for which it is obligated unless such failure shall persist for ten (10) business days after receipt of written notice of the need of such repairs or maintenance is given to Landlord by Tenant. If such repairs cannot be made within the ten (10) business day period, this period shall be extended provided that Landlord commences to cure such repairs within such ten (10) business day period and proceeds diligently thereafter to affect such repair. There shall be no abatement of rent and no liability of Landlord by reason of injury to or interference with Tenant's business arising from the making of any repairs, maintenance, alterations or improvements in or to any portion of the Building or the Premises or in or to fixtures, appurtenances and equipment therein, unless the repairs persist beyond the time stated above. Except for acts of negligence by Landlord, its agents, or employees, Landlord shall not be responsible or liable to Tenant for any injury or damage from acts or omissions of persons occupying the property adjoining the Premises or any part of the Building of which the Premises is a part, or for any injury or damage resulting to the Tenant, or its property, from bursting, stoppage, or leaking of water, gas, sewer, or steam pipes, or from any structural defects in the roof, exterior walls or the like.

12. **TENANT'S REPAIRS AND ALTERATIONS.** Tenant shall at all times throughout the Lease term, at its sole cost and expense, keep the interior of the Premises including the interior walls, non-structural portions of the Premises, interior doors and windows, floor coverings, sills, door closures, moldings, trim of all doors and windows, door surfaces, fixtures, and HV/AC equipment exclusively serving the Premises in good order, condition and repair, subject to ordinary wear and tear. Without limiting the generalities thereof, if any loss or damage occurs to the Premises as a result of any direct or indirect act of Tenant, its employees, agents, servants or invitees, Tenant shall, at its expense, replace all broken glass in the Premises; keep all electrical fixtures clean and in a good state of repair and make any necessary repairs or replacements within ten (10) business days after written demand by Landlord. If the Tenant fails to make the necessary repairs or replacements, the Landlord may have the necessary work done and the Tenant shall pay to the Landlord the cost thereof. Said amount shall be payable in full within fifteen (15) days after Tenant receives a statement from the Landlord, and any unpaid portion thereof shall bear interest at the rate of twelve percent (12%) per annum from the date of said statement.

Tenant may make no alterations, improvements, additions, or utility installations in, on or about the Premises costing in excess of One Thousand Dollars and No/100 Dollars (\$1000.00), including the office layout, location of fixtures and general décor, without Landlord's prior written consent, which consent may be conditioned upon such bonds, other assurances or completion as Landlord may reasonably require. Tenant shall give Landlord not less than ten (10) business days' notice prior to the commencement of any work in the Premises. The term "utility installations" shall include bus ducting, power panels, fluorescent fixtures, space heaters, conduits and wiring. Tenant agrees not to permit any liens to stand against the Premises for work done or materials furnished in connection with such alterations or improvements and Landlord may post notice of non-responsibility on the Premises. Any such mechanic's or material men's liens against the Premises shall be a breach of this Lease by Tenant. Landlord may require Tenant to provide Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1.5) times the estimated cost of such improvements, to insure Landlord against any liability for mechanics' and material men's liens and to insure completion of the work.

All interior construction by the Tenant, including original installations of trade fixtures and other tenant improvements and remodeling and repair, shall not be commenced until Landlord has consented thereto in writing. The term "interior construction" as used herein shall include construction and installation of any kind in the interior of the Premises, except movable furniture and furnishings.



Unless Landlord requires their removal, all alterations, improvements, additions and utility installations (whether or not such utility installations constitute trade fixtures of Tenant) which may be made on the Premises shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph, Tenant's machinery and equipment other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Tenant and may be removed by Tenant subject to the provisions of this Paragraph.

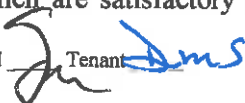
13. **INSURANCE. Tenant's Insurance Requirement.** Tenant shall purchase and maintain, at its sole cost and expense, during the term of this Lease and any extension thereof, comprehensive general liability insurance coverage, on an occurrence basis, in an amount not less than One Million and No/100 Dollars (\$1,000,000) combined single limit for personal injury, bodily injury and/or death, sickness, disease of any person and property damage or destruction (including loss of use thereof). Said liability insurance shall cover Tenant, its agents, employees, independent contractors and customers use of the Premises or any subsequent use of any other property facilities or means of access owned or controlled by the Landlord at the Premises, or the Building. Tenant shall cause the required liability insurance to include: the Landlord, Owner (if the Owner is other than the Landlord) and Property Manager as additional named insured's with respect to all coverage's required under this Paragraph as to the extent of the indemnification set forth in Paragraph 21; blanket or specific contractual liability endorsement, which shall provide coverage for the indemnification clause contained in this Lease under Paragraph 21 and a severability of interest clause, which shall apply to both the primary liability policy and any excess liability policy, in the event that the required coverage is arranged through the use of multiple policies. Tenant shall promptly reimburse Landlord for any increase in Landlord's premium caused by Tenant's activities and as established by a letter from the Landlord's insurance carrier setting forth the reason for the premium increase and the additional premium arising from Tenant's activities.

Prior to the commencement of any work, whether construction, remodeling, or repair, in or about the Premises, Tenant shall cause each of the Tenant's subcontractors to obtain insurance with limits and specifications as provided herein.

Tenant shall purchase and maintain, at its sole cost and expense, during the term of this Lease and any extension thereof, Property insurance for the Premises, which shall include coverage for all Tenant's personal property and all Tenant's improvements and betterments, permanently installed/attached to the Building, in an amount not less than the actual replacement cost of such property. The required building coverage shall consist of: all risk coverage or its equivalent including business interruption or loss of income there from and which may exclude the perils of earthquake and flood; shall contain a replacement cost endorsement; shall contain a loss payee clause to the benefit of the Landlord as respects its interest in the Tenant improvements and betterments.

Tenant shall, as a condition of this Lease, deliver Certificates of Insurance to the Landlord, evidencing the insurance coverages as required under this Paragraph no later than ten (10) business days prior to occupancy and ten (10) business days prior to the expiration of any policy, as evidenced by any Certificate of Insurance. All insurance policies required herein shall state that the coverage's provided shall not be canceled prior to the Landlord receiving ten (10) business days written notice of the cancellation. Landlord may, at its option, require, and Tenant agrees to provide, true and certified copies of any insurance policy maintained by the Tenant to satisfy the requirements of this Paragraph. Tenant shall deliver, or cause to be delivered, the described copies within twenty (20) business days from the written request of the Landlord.

Tenant shall cause the placement and purchase of all insurance coverages required under this Paragraph with insurance carriers authorized and licensed to do business in Arizona and which are satisfactory to the

Handwritten signatures of the Landlord and Tenant. The Landlord's signature is a stylized 'J' and the Tenant's signature is 'JMS'.



Landlord/Owner and any Lender having a security interest in the Premises. Said insurance carriers shall have a minimum rating of "A" as established by the most current edition of "Bests Key Rating Guide".

Landlord, upon Tenant's prior written request, shall within ten (10) business days of receipt of such request provide Tenant with a copy of the Landlord's certificate of "Proof of Insurance" for the Building.

14. **ASSIGNMENT AND SUBLETTING.** This Lease may not be assigned nor the Premises sublet in whole or in part without the express written consent of Landlord, which consent shall not be unreasonably withheld. The Tenant shall not have nor allow any concessionaries or licensees on the Premises without the written consent of the Landlord.

15. **PLATE GLASS REPAIR.** The Tenant shall be responsible for and shall, at Tenant's sole cost and expense, replace any cracked or broken glass, including plate glass or other breakable materials used in structural portions and in windows and doors of the Premises occurring as a result of any act of negligence in whole or in part by Tenant, its agents, servants, employees, or invitees. Tenant shall be responsible for the maintenance of and for any damage caused by Tenant's machinery or equipment on the Premises.

16. **BUILDING RULES.** The Tenant hereby promises and agrees to keep and perform each and all of the rules and regulations of said Building attached hereto as Exhibit "D" and incorporated herein by this reference. The Landlord shall have the right to amend said rules and to make other and different reasonable rules and regulations limiting, restricting and regulating the privileges of tenants in said Building, and all such rules and regulations so made by the Landlord, after notice thereof to the Tenant, shall be binding upon the Tenant and become conditions of the Tenant's tenancy and covenants on the part of and to be performed by the Tenant.

17. **BANKRUPTCY.** If at any time during the term of this Lease in any judicial action or proceeding in any court against Tenant or any of the Tenant's heirs or assigns, a receiver or other officer or agent be appointed to take charge of said Premises or the business conducted therein, and shall be in possession thereof, or if this Lease or the interest or estate created thereby vest in any other person or persons by operation of law or otherwise, except by consent, as aforesaid, of Landlord, or in the event of any action taken by or against Tenant under the Federal Bankruptcy Laws or other applicable statutes of the United States, or any State, or if Tenant shall make an assignment for the benefit of creditors, or if an attachment or execution is levied upon the Tenant's property or interest under this Lease, the occurrence of any such event shall be deemed to be a breach of this Lease by Tenant, and Landlord shall have the rights herein provided in the event of any such breach, including the right at Landlord's option to terminate this Lease immediately and enter said Premises and remove all persons and property there from.

18. **RENTAL TAXES.** The Landlord shall be responsible for any taxes due on rental payments and any other taxes.

19. **EMINENT DOMAIN.** In the event all of the Premises shall be taken by direct or inverse condemnation or eminent domain proceedings, then this Lease shall thereupon terminate as of the date of vesting of title in such proceedings and the parties hereto shall have no claim against each other and the Tenant shall have no claim against the condemning authority for the value of any unexpired term of this Lease. Tenant shall, however, have the right to claim from the condemning authority, but not from the Landlord, such compensation as may be separately awarded to Tenant on account of damage to Tenant's

business and the cost of removing such business and Tenant's merchandise, furniture and equipment to a new location.

In the event condemnation as aforesaid results in a partial taking of the Premises which renders such Premises unsuitable for the business of the Tenant, then this Lease shall terminate in the same manner set forth for total condemnation. In the event that such partial condemnation does not render the Premises unsuitable, the Landlord shall restore the Premises to a condition as closely comparable to its former condition as possible and this Lease shall continue in effect without any reduction or abatement of rent.

20. **ABANDONMENT OF PREMISES.** Tenant shall not vacate or abandon the Premises at any time during the term of this Lease; and if Tenant shall abandon or surrender the Premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Tenant and left on the Premises shall be deemed to be abandoned, at the option of Landlord. Failure to operate Tenant's business on the Premises for seven (7) consecutive business days without Landlord's consent, and whether or not rent is tendered, shall be deemed to be abandonment of the Premises for the purposes of this Paragraph. Abandonment shall constitute a breach of this Lease. Either the appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or a general assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency or bankruptcy act shall constitute a breach of this Lease by Tenant, with the Landlord having priority as the first lien holder. Neither this Lease nor any interest herein, nor any estate thereby created, shall pass to any trustee or receiver in bankruptcy, or any assignee for the benefit of creditors, or by operation of law.

21. **INDEMNITY.** Tenant agrees to indemnify and save Landlord, Owner (if Owner is other than the Landlord), and Property Manager harmless against any and all claims, demands, costs, damages, and/or expenses, including attorney's fees for the defense thereof, and court costs in connection therewith arising from the conduct or management of the business conducted by Tenant in the Premises or from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or from any act or negligence of Tenant, its agents, invitees, contractors, servants, employees, sub lessees, concessionaires, or licensees in or about the Premises, the parking areas and common sidewalks, and the loading platform area, if any, allocated to the use of Tenant. In case of any action or proceeding brought against Landlord, Landlord's contractors, agents, employees, servants, or invitees, Owner (if Owner is other than the Landlord), and Property Manager by reason of any such claim, upon notice from Landlord, Owner (if Owner is other than Landlord), and/or Property Manager, Tenant covenants to defend such action or proceeding by counsel, at Tenant's expense. All property kept, stored or maintained in the Premises shall be so kept, stored or maintained at the sole risk of Tenant. Tenant agrees to pay and discharge any mechanic's, material men's and/or any other lien against the Premises or Landlord's and/or the Owner's (if Owner is other than the Landlord) interest therein claimed in respect to any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or upon the request of Tenant, except for tenant improvements for which Landlord is responsible, provided that Tenant may contest such lien claim, upon furnishing to Landlord and/or Owner (if Owner is other than Landlord) such indemnification for the payment and discharge thereof, together with the costs and expenses of defending the same, as Landlord may require. Landlord, Owner (if Owner is other than Landlord), and Property Manager shall not be liable except for the negligence of Landlord, Landlord's contractors, agents, employees, servants, or invitees, Owner (if Owner is other than Landlord), and Property Manager, its agents, or employees, and Tenant waives all claims, unless resulting from such negligence, for personal or property damages sustained by Tenant resulting from the condition of the Building in which the Premises are located, or any part thereof, or the Premises or resulting from the disrepair of any equipment or appurtenances thereunto appertaining, or resulting from the acts or omissions of persons occupying adjoining Premises or



any part of the Building of which the Premises are a part or any persons transacting any business in the Building or present therein for any other purpose, or for loss or damage resulting to Tenant or its property from burst, stopped or leaking water, gas, sewer or other pipes or conduits or plumbing fixtures, or from any failure of or defect in any electric line, circuit or facility, or resulting from any accident in or about the Premises, the Building in which the same are situated or resulting directly or indirectly from any act of neglect of any other tenant or person in said Building. Landlord agrees to mutually indemnify and hold Tenant harmless.

22. **UNTENANTABILITY.** In the event the Premises are damaged or destroyed by fire, or the elements, or any other casualty so that they are unusable by the Tenant, the Landlord shall within forty-five (45) days thereafter make an election to either construct and repair the Premises or may terminate this Lease. Written notice shall be given by the Landlord to the Tenant as to this election. In the event of the termination of this Lease pursuant to this Paragraph, rents shall be proportioned on a per diem basis and shall be paid in full to the date of the fire or other casualty. In the event the Landlord restores and repairs the Premises, then the rent payable by the Tenant shall be abated for the number of days in which the Tenant is prevented from operating his business because of such damage or destruction. In the event the Premises are partly damaged or destroyed by casualty, but are still usable by the Tenant, the Landlord shall cause such damage to be repaired and the minimum rent payable by Tenant shall be proportionately abated during the period of construction. In the event fifty (50%) or more of the rentable area of the entire Building shall be damaged or destroyed by any casualty, regardless of whether the demised Premises described herein are affected by such casualty, the Landlord may, at its option, terminate this Lease by giving the Tenant sixty (60) days prior written notice, and further provided that said notice is delivered to Tenant within forty-five (45) days following the date of such casualty. Rent shall then be adjusted to date of termination unless the Premises are unusable by Tenant as a result of the casualty, in which event rent shall be adjusted to the date of casualty. In the event the Premises are damaged or destroyed by fire or any other casualty caused by the negligence of Tenant or Tenant's agents, employees, or invitees, Landlord shall, in addition to all other rights and causes of action available to Landlord at law or in equity and all rights under the Lease, have the right to terminate the Lease and/or exercise any other remedy available to Landlord hereunder in the event of Tenant's default.

23. **SUBROGATION.** The parties hereto agree to use their best efforts to have any and all fire, extended coverage or any and all material damage insurance which may be carried endorsed with the following subrogation clause: "This insurance shall not be invalidated should the insured waive in writing prior to a loss, any or all right of recovery against any party for loss occurring to the property described herein;" and each party hereto hereby waives all claims for recovery from the other party for any loss or damage to any of its property insured under valid and collectable insurance policies to the extent of any recovery collectable under such insurance, subject to the limitation that this waiver shall apply only when it is either permitted or by the use of such best efforts could have been so permitted by the applicable policy of insurance. The foregoing notwithstanding, this Paragraph shall have no effect upon and shall not nullify the waivers set forth in Paragraph 21 hereof.

24. **DEFAULT BY TENANT.** The Tenant agrees with the Landlord that upon the nonpayment of the whole or any part of the Base Rent or Adjusted Base Rent at the time when the same is hereby promised to be paid by the Tenant, the Landlord may, at the Landlord's election, either distrain for said rent due or declare this Lease at an end and recover possession of said Premises as though the same were held by forcible detainer; and further, that in the event of the breach of any of the terms, covenants or agreements herein contained and by the Tenant to be kept and performed, the Landlord may declare this Lease at an end and become entitled to the immediate possession of said Premises and recover such damages as the Landlord may have sustained, or the Landlord may treat this Lease as continuing and take, have and recover any damage it may have sustained by reason of such breach; provided, however, that Landlord will not declare this Lease terminated without first giving Tenant the full period of ten (10) business days from and after the giving of such notice within which to remedy the same or in good faith commence the remedying thereof

and thereafter diligently proceed therewith, to completion within thirty (30) business days of commencement of remedial effort; except that as to the payment of rent, Landlord shall only be obligated to give Tenant ten (10) business days' notice, the ten (10) business days' notice to commence upon Tenant's receipt of such notice. The failure of the Landlord to avail itself of any of its rights hereunder upon default by the Tenant or the acceptance of any delinquent payments after default shall not constitute a waiver or be construed to be an acquiescence therein or prejudice any rights of the Landlord to insist upon strict future performance of the terms of this Lease; nor shall any notice of the intention of the Landlord to insist upon strict future performance be required. In the event of Tenant's failure to pay rent or any other breach by Tenant hereunder, the Landlord may relet the Premises after taking possession, and the Tenant shall be responsible to the Landlord for any deficiency. The rights and remedies given to the Landlord hereunder shall be cumulative and shall be in addition to, and not in lieu of, any right or remedy as provided by law. In the event that Landlord or Tenant commences a lawsuit to enforce payment hereunder or to enforce or recover under any of the terms and conditions of this Lease, and in the further event that either party prevails in such lawsuit, or in the event that either party engages an attorney because of any default or violation of the Tenant of Landlord hereunder, then the losing party agrees to pay for all attorney's fees and costs incurred by the prevailing party in connection with such default or violation of the losing party.

25. **SURRENDER OF POSSESSION.** At the expiration of the tenancy created hereunder, whether by lapse of time or otherwise, Tenant shall surrender the Premises to the Landlord in good condition and repair.

26. **HOLDING OVER.** The Tenant shall have the right to hold over for a period of up to four (4) months following the expiration of the initial lease term at a rental equal to the last month's Base Rent and Base Rent Adjustment. If without Landlord's consent, the Tenant or any other person claiming for, through or under the Tenant holds the Premises for any time after they should have been surrendered under the provisions of this Lease, the Tenant shall be deemed guilty of unlawful detainer of the Premises, and shall be subject to eviction and removal with or without process of law; provided, however, if the holding over is with Landlord's consent, such holding over shall be from month to month and Tenant shall pay as rent one and two tenths (1.2) times the Base Rental plus the applicable Base Rental Adjustments, if any.

27. **REMOVAL OF FIXTURES.** Except as provided in Paragraph 12 hereof, at the expiration of the term of this Lease, Tenant may remove from the Premises any trade fixtures (excluding light fixtures, exit lighting, track light fixtures and the track lights) not affixed to the floors, walls, columns or ceiling therein by the Tenant only with the Landlord's written consent not later than the time when, under the provisions hereof, the Tenant is required to surrender possession of the Premises to the Landlord; provided, however, that the Tenant shall have no right to remove its trade fixtures as aforesaid if it be in default hereunder. The removal of such trade fixtures shall be affected solely at the cost and expense of the Tenant and in such manner as will not injure or damage the Premises, and as approved by the Landlord. In case of such injury or damage, the Tenant covenants and agrees, at the Tenant's own cost and expense, to repair the same immediately. Tenant shall have the right during the term of this Lease to replace its trade fixtures with fixtures of equal or greater cost and quality, after receiving written consent from the Landlord.

28. **ACCESS TO PREMISES.** Landlord shall have the right to enter upon the Premises at all hours with reasonable notice during the term hereof for the purpose of inspecting the same and/or of making repairs, additions or alterations thereto and/or to the Building in which the same are located and/or during the last thirty (30) days of the lease term or any renewals thereof to exhibit the Premises to prospective tenants, purchasers or others and/or for the purpose of serving or posting, and keeping posted thereon, notices which Landlord may deem to be for the protection of Landlord and/or the Premises. Landlord shall not be

liable to Tenant in any manner for any expense, loss or damage by reason thereof, nor shall the exercise of such right be deemed an eviction or disturbance of Tenant's use or possession.

29. **CHANGES AND ADDITIONS TO BUILDING.** Landlord hereby reserves the right at any time to make alterations or additions to and to build additional stories on the Building in which the Premises are contained and to build adjoining the same; and to construct other buildings or improvements from time to time; and to make alterations thereof or additions thereto; and to build additional stories on any such building or buildings, providing that such changes or additions shall not substantially impede access to the Premises.

30. **LOCATION OF COMMON AREAS.** Landlord reserves the right at any time to relocate the designated or reserved parking areas and may reconfigure or redesign the common areas of the Building.

31. **SUBORDINATION AND ESTOPPEL CERTIFICATE.** Tenant agrees that this Lease shall be subordinate to any mortgages or trust deeds that may hereafter be placed upon the Building or any part thereof, and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacements and extensions thereof. The Tenant covenants and agrees to execute and deliver upon demand such further instrument or instruments subordinating this Lease to the lien of any such mortgage or deed of trust (but containing a non-disturbance clause) as shall be desired by the Landlord and/or any mortgagees or trustees. Tenant consents to the assignment or pledging of this Lease by Landlord as security for the payment of any loans that Landlord may have or shall obtain for the purpose of improving and/or repairing the said improvements of which the Premises are a part, or for constructing other improvements on said Premises.

Tenant further agrees at any time, upon not less than ten (10) days prior written request by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and is in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and the date to which the rental and other charges have been paid in advance, if any, it being intended that any such statement may be relied upon by any prospective purchasers of the Premises, or any holder or assignee of a mortgage or deed of trust encumbering the Premises.

32. **QUIET ENJOYMENT.** Tenant, upon paying the rent and performing the covenants hereunder, shall and may peaceably and quietly have, hold and enjoy the Premises for the term of this Lease, and any extensions or renewals thereof.

33. **NOTICES.** Any notices or demands required to be given to the Landlord hereunder shall be in writing and shall be delivered personally or by an express delivery service, or deposited in the United States mail sent certified, return receipt requested, addressed to the Landlord at:

**Letson Partners, LLC  
P.O. Box 35274  
Tucson, AZ 85740**

or such other place or places as the Landlord may designate in writing. Any notices or demands required to be given to the Tenant hereunder shall be in writing and shall be delivered personally or by an express delivery service, or deposited in the United States mail sent certified, return receipt requested, addressed to the Tenant at:

**City of Bisbee  
City Clerk  
1415 Melody Lane  
Building G**

**Bisbee, AZ 85603**

or such other place or places as the Tenant may designate in writing.

Notice sent in compliance with this Paragraph shall be deemed given and received on the date it is delivered to the other party if sent by an express delivery service or certified mail, return receipt requested.

34. **LANDLORD'S RIGHTS**. The Landlord may exercise the following rights without Tenant's consent and without affecting the Tenant's other obligations hereunder:

- a. To change the name or street address of the Building;
- b. To install and maintain a sign or signs on the exterior of the Building;
- c. During the last three (3) months of the term or any part thereof, if Tenant has provided 90 days' notice to vacate the Premises, to place a sign on the front window of the space advertising for lease;
- d. To retain at all times pass keys to the Premises;
- e. To grant to anyone the exclusive right to conduct any particular business or undertaking in the Building;
- f. To show prospective tenants the space during the final ninety (90) days of the initial lease term or any renewals thereof;
- g. To approve the weight, size and location of safes or other heavy equipment or articles, which articles may be moved in, about, or out of the Building or Premises only at such times and in such manner as Landlord shall direct and in all events, however, at Tenant's sole risk and responsibility;
- h. To take any and all measures, including inspections, repairs, alterations, decorations, additions and improvements to the Premises or to the Building as may be necessary or desirable for the safety, protection or preservation of the Premises or the Building or the Landlord's interests, or as may be necessary or desirable in the operation of the Building.

35. **AMERICANS WITH DISABILITIES ACT OF 1990 AND ARIZONANS WITH DISABILITIES ACT OF 1992**. Tenant agrees to assume sole responsibility for conforming its accommodations and facilities, with respect to its (i) furniture, fixtures and equipment and (ii) services, to the requirements of the Americans with Disabilities Act of 1990 and Arizonans with Disabilities Act of 1992 and further covenants not to discriminate against disabled persons on the basis of disability in the full and equal enjoyment of goods, services, facilities, privileges, advantages or accommodations. Tenant shall hold Landlord harmless and indemnify Landlord from any and all consequences, including, without limitation, all judgments, claims, costs, liability, damages, expenses, attorney's fees and consultant's fees in defending any claims or alleged violations resulting from Tenant's violation of the Americans with Disabilities Act of 1990 and Arizonans with Disabilities Act of 1992, whether such violation is unintentional or intentional.



36. **TENANT'S WARRANTY AS TO HAZARDOUS OR TOXIC MATERIALS.** Landlord represents that to the best of its knowledge, that prior to the lease commencement, the Premises are free of any Hazardous Substances. Tenant hereby agrees that all of its (and its agents', employees' or contractors') operation or activities upon, and their use and occupancy of, the Premises throughout the term of this Lease shall be in compliance at all times with all applicable laws then governing or in any way relating to the generation, handling, use, release or spillage of Hazardous Substances. Tenant agrees that it will not (and it will take all reasonable steps necessary to assure that its employees, agents, invitees and licensees do not) violate applicable law, maintain, carry, spill, release, discharge or dispose of any Hazardous Substances in, on, onto or into the Premises. Tenant shall defend, indemnify and hold Landlord harmless from and against all direct or indirect costs, claims, obligations, liability and damages as a result of Tenant's breach of the foregoing provision, including, without limitation, any consultant's or attorney's fees incurred in the investigation or defense of any claim against Landlord. Landlord may, but shall not be obligated to, duly clean up and dispose of such substances or any tanks or storage facilities and repair any damages resulting therefrom at the sole cost of the Tenant. Any violation by Tenant of this Paragraph is a default under the Lease. This warranty and indemnity shall survive any termination, cancellation, surrender or expiration of this Lease.

37. **RESERVED PARKING.** None

38. **SIGNAGE.** Tenant shall have the option to install, at its expense, identification signage on the North building façade (*Main Street*) of Building 24 Main Street in conformance with both the City of Bisbee Sign Code and the Building Standard Sign Criteria.

39. **RIGHT OF FIRST REFUSAL.** None

40. **OPTION TO RENEW.** Tenant may renew this lease, upon providing written notice to landlord no later than July 14, 2019. The new monthly rent shall be \$1550 monthly, plus estimated adjusted CAM charges, if applicable.

41. **LEASE TERMINATION.** The Tenant shall have the right to terminate the lease upon ninety (90) days prior written notice to the Landlord, no earlier than July 14, 2019.

42. **GENERAL PROVISIONS.**

a. Nothing herein contained shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto, it being understood and agreed that neither the method or computation of rent nor any other provision contained herein, nor any acts of the parties hereto, shall be deemed to create any relationship between parties hereto other than the relationship of Landlord and Tenant. Whenever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders. If "Tenant" consists of more than one person, the obligations of "Tenant" shall be the joint and several obligations of such persons. If "Landlord" consists of more than one person, the obligations of "Landlord" shall be the joint and several obligations of such persons.

b. The various rights and remedies herein contained and reserved to each of the parties shall not be considered as exclusive of any other right or remedy of such party, but shall be construed as



cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity, or by statute. No delay or omission of the right to exercise any power by either party shall impair any such right or power, or shall be construed as a waiver of any default or as acquiescence therein. One or more waivers of any covenant, term or condition of this Lease by either party shall not be or be deemed to be a waiver of a subsequent breach of the same or any other covenant, term or condition. The consent or approval by either party to or of any act by the other party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary consent to approval of any subsequent similar act.

c. The laws of the State of Arizona shall govern the validity, performance and enforcement of this Lease.

d. The headings of the several paragraphs and sections contained herein are for convenience only and do not define, limit or construe the contents of such paragraphs and sections. All negotiations, considerations, representations and understandings between the parties are incorporated and expressly stated herein and may be modified or altered only by agreement in writing between the parties.

e. The covenants, agreements and obligations herein contained, and each of them, shall extend to, bind and inure to the benefit of, as the case may require, not only the parties hereto, but as well, their respective personal representatives, successors and assigns, subject at all times nevertheless to assignment or other transfer of the Tenant's interest herein.

f. In the event that, during the term of this Lease, the Landlord shall sell its interests in the Premises, then from and after the effective date of such sale, Landlord shall be released and discharged from any and all further obligations and responsibilities under this Lease except those already accrued.

g. This Lease shall not be recorded without the consent of both parties. A Memorandum of Lease may be recorded at Landlord's election in a form satisfactory to both Landlord and Tenant.

h. The Landlord may install lines, walkways, drainage ways, landscape and planter island, lighting facilities, parking striping, directional signs, common purpose signs, loading docks, and other facilities which are and shall be generally beneficial to the Building and Landlord may, if deemed necessary by Landlord, even install some or all of the said facilities underground, notwithstanding the fact that there shall be some temporary disruption within the common areas, and a temporary impairment to the Tenant's business. The interpretation of this Paragraph shall be broad and non-restrictive and a great deal of latitude shall be given to the Landlord.

i. Any provision of this Lease which is prohibited, unenforceable, or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective as to the extent of such prohibition, unenforceability or non-invalidation without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

44. EXHIBIT REFERENCE. NONE

IN WITNESS WHEREOF, the Landlord and the Tenant have signed this Office Lease on the day and year first hereinabove written.

LANDLORD:

By: [Signature]  
Tom Firth, Manager, Letson Partners, LLC

STEVE RELTH, MANAGER  
LETSON PARTNERS LLC

TENANT:

By: [Signature]  
for City of Bisbee, Tenant