

REAL ESTATE LEASE

THIS REAL ESTATE LEASE (hereinafter referred to as the "Lease") is made and entered into as of this 3rd day of November, 2020 ("Effective Date"), by and between **Freeport Minerals Corporation** ("Landlord"), and **City of Bisbee** ("Tenant").

Section 1. Defined Basic Terms. Terms beginning with initial capitalized letters defined in this Section 1 and elsewhere in this Lease shall have the same definition throughout the Lease unless otherwise expressly provided or the context otherwise requires. As used in this Lease, the following terms shall have the following meanings:

1.1. "Landlord's Address" shall mean:

Freeport Minerals Corporation – Copper Queen Branch
36 W. Highway 9
Bisbee, AZ 85603
Attn: Robert Quintanar, Manager
Tel: 520.432 6209
Email: rquintan@fmi.com

1.2. "Tenant's Address" shall mean:

City of Bisbee
76 Erie Street
Bisbee, AZ 85603
Attn: Mayor David Smith
Tel: 520.405.2811
Email: dsmith@bisbeeaz.gov

1.3. "Property" shall mean collectively that certain real property located at 76 Erie Street, Bisbee, Arizona, as more particularly described in Exhibit "A" hereto, together with the building ("Building") located on the Property, all leasehold improvements located at the Property, and landscaping, parking facilities and all other improvements and appurtenances thereto (the "Improvements"), and all equipment and personal property located at the Property on the Commencement Date.

1.4. "Lease Term" shall mean a period beginning on the Commencement Date and continuing for a period of twelve (12) consecutive months, unless sooner terminated as provided herein (the "Initial Term"). Provided Tenant is not then in default in the performance of any term or condition of this Lease and is current in all monetary obligations to Landlord, then Tenant shall have the option to renew this Lease (the "Renewal Option") for four (4) additional periods of twelve (12) months each (each a "Renewal Term", and collectively, the "Renewal Terms") pursuant to the terms of Section 24 hereof. The Lease Term shall include the Renewal Terms, if exercised.

1.5. "Commencement Date" shall mean November 1, 2020.

1.6. "Basic Rent" shall mean One and No/100 Dollars (\$1.00) per year for the Initial Term of the Lease. For the first subsequent Renewal Term, the Basic Rent shall be equal to the then fair market rental rate for similar non-subleased office/commercial space as determined by a mutually agreed upon local real estate broker or appraiser, the cost for such determination shall be split between the Landlord and Tenant. If either the Landlord or Tenant disagree on the fair market rent determination by the local real

estate broker / appraiser, each party shall retain their own local real estate broker / appraiser, at their sole cost and expense, and the Basic Rent will be the average of the two (2) brokers / appraisers fair market rent determination. For any subsequent Renewal Term, the Basic Rent shall increase at a fixed rate of three percent (3%).

1.7. “Security Deposit” shall mean Three Thousand and No/100 Dollars (\$3,000.00) during the Initial Term of the Lease. During any Renewal Term, the Security Deposit shall be equal to the greater of Three Thousand and No/100 Dollars (\$3,000.00) or three (3) months’ Basic Rent.

Section 2. Grant of Lease The Landlord hereby leases and rents to Tenant, and Tenant does hereby accept, lease and rent from Landlord the Property. The Lease of the Property by Landlord to Tenant is granted subject to the terms and conditions set forth in this Lease, all easements, all covenants, conditions and restrictions affecting the Property, and all zoning regulations, rules, ordinances, building restrictions and other laws and regulations now in effect or hereafter adopted by any governmental authority having jurisdiction over the Property or any portion thereof.

Section 3. Term; Early Termination; Holding Over.

3.1. Term and Commencement. The Lease Term is for the period specified in Section 1.4 above commencing on the Commencement Date. During any Renewal Term, either Landlord or Tenant, for any reason or no reason, may terminate this Lease with sixty (60) days’ prior written notice to the other party. Tenant is hereby given the Renewal Options specified in Section 24 below.

3.2 Holding Over It is agreed that the date of termination of this Lease and the right of the Landlord to recover immediate possession of the Property upon termination is a material term affecting the parties hereto and the rights of third parties. Tenant shall vacate the Property upon the expiration or earlier termination of this Lease. If Tenant continues to occupy or possess any portion of the Property following the expiration or earlier termination of this Lease without Landlord’s express written consent (in whole or in part, or by leaving property on the Property), Tenant’s occupancy of the Property may be deemed a holdover tenancy at will. Any holdover tenancy shall be subject to all of the terms of this Lease, except those relating to the Lease Term and except that the Basic Rent and the Additional Rent (as defined in Section 4.3 hereof) shall be one hundred and fifty percent (150%) of the Basic Rent at the time of termination or Three Thousand and No/100 Dollars (\$3,000.00)/month, whichever is greater. Tenant shall also be liable, without limitation, for all other charges or payments contemplated by this Lease and any other costs, expenses, damages and liabilities, including, without limitation, all attorneys’ fees incurred by Landlord, on account of Tenant’s holding over. Landlord’s acceptance during any such holdover period of Basic Rent and/or Additional Rent payments from Tenant of less than the full amounts to which Landlord is entitled under this Section 3.2 shall not be deemed a waiver of Landlord’s right to later collect from Tenant the difference between the amounts actually paid by Tenant and the full amount due hereunder.

Section 4. Rent; Other Charges.

4.1 Basic Rent, Time and Manner of Payment. Beginning on the Commencement Date and on or before the first (1st) day of the succeeding year thereafter until this Lease is terminated, Tenant shall pay to Landlord the Basic Rent for that year together with all other sums which may be then due under this Lease without deduction or offset whatsoever, without prior notice or demand, and in lawful money of the United States of America to Landlord at the Landlord’s address set forth in Section 1.1 hereof, or to such other persons or at such other address or addresses as may be designated to Tenant in writing from time-to-time by Landlord.

4.2. Security Deposit. Upon execution of this Lease, Tenant shall deposit with Landlord the Security Deposit specified in Section 1.7 hereof. Landlord may apply all or any part of the Security Deposit to any unpaid rent or other charges due from Tenant or to cure any other defaults of Tenant. If Landlord uses any part of the Security Deposit, Tenant shall restore the Security Deposit to its full amount within ten (10) days after Landlord's written request. Tenant's failure to do so shall be a material default under this Lease. Landlord shall not be required to keep the Security Deposit separate from its other accounts and no trust relationship is created with respect to the Security Deposit. Upon termination of this Lease not resulting from Tenant's default and after Tenant has vacated the Property in the manner required by this Lease, Landlord shall refund or credit to Tenant (or Tenant's successor) the unapplied portion of the Security Deposit, if any, within thirty (30) days.

4.3. Additional Rental and Impounds. All amounts and charges payable by Tenant under this Lease, in addition to the Basic Rent, shall be considered additional rent for the purposes of this Lease ("Additional Rent") and the word "rent" in this Lease shall include such Additional Rent unless the context specifically or clearly implies that only the Basic Rent is referenced. Unless otherwise stated, all Additional Rent shall be paid at the same time and in the same manner as the Basic Rent.

4.3.1 Real Property Taxes and Association Dues. Tenant shall pay all real property taxes with respect to the Property during the term of this Lease. For the purposes of this Lease, "real property taxes" shall mean: (a) all taxes or assessments imposed, levied or assessed against, or attributable to, the Property or Improvements by any taxing authority to which the Property may be subject, (b) any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Property by any governmental authority; and (c) any charge or fee replacing any tax previously included within the definition of real property taxes. In order to ensure the prompt and complete payment of the real property taxes, Tenant shall pay to Landlord in monthly installments, an amount equal to one twelfth (1/12) of the real property taxes based upon the most recently available tax information. When the actual real property taxes for a particular period are ascertained, appropriate adjustments shall be made by Landlord providing written notice to Tenant of any increase or decrease in monthly real property taxes paid by Tenant to Landlord pursuant to this Section 4.3.1 ("Landlord Adjustment Notice"). If Landlord determines that any amounts theretofore paid by Tenant are insufficient for payment of the real property taxes for the Property in full when due, Tenant shall pay to Landlord, within ten (10) days of receipt of written notice, such funds as may be required to satisfy the real property taxes in full when due. No interest shall be paid by Landlord to Tenant for any amounts received by Landlord pursuant to this Section 4.3.1. Landlord shall not be required to keep such funds separate from its other accounts and no trust relationship is created with respect to such funds. Landlord may, in its sole and absolute discretion, upon receipt of any tax bill or assessment payable by Tenant hereunder, promptly deliver a copy of such tax bill or assessment to Tenant, and Tenant shall pay the real property taxes and association dues directly to the taxing or assessing authority before such real property taxes dues become delinquent, and Tenant shall submit to the Landlord prompt proof of timely payment of such amounts.

4.3.2. Rental Taxes Tenant shall pay as Additional Rent to Landlord any and all sales taxes, rent tax, excise tax, privilege tax, use tax and other taxes levied or assessed by any federal, state or local governmental authority upon the Landlord's right to receive, or the receipt of, rent or income from the Property or against Landlord's leasing of the Property, but expressly excluding Landlord's federal or state income tax (collectively, "Rent Taxes") If Landlord is required to pay any Rent Taxes and has not previously received amounts from Tenant sufficient to make such payment, Landlord may demand in writing that Tenant reimburse Landlord for the payment of such Rent Taxes, and Tenant shall, within five (5) days of such demand, pay the amount of such Rent Taxes to Landlord.

4.3.3 Personal Property Taxes Tenant shall pay prior to delinquency all taxes assessed against and levied upon fixtures, furnishings, equipment and all other personal property of Tenant

located on the Property, and when possible Tenant shall cause said fixtures, furnishings, equipment and other personal property to be assessed and billed separately from the Property. If any or all of Tenant's fixtures, furnishings, equipment and other personal property shall be assessed and taxed with the Property, Tenant shall pay as Additional Rent to Landlord its share of such taxes within five (5) days after written demand by Landlord to Tenant setting forth the amount of such taxes applicable to Tenant's personal property. Landlord may estimate the amount of such taxes next due and impound as Additional Rent from Tenant on a monthly basis Tenant's estimated obligation as set forth herein

4.3.4 Utilities. Tenant shall pay directly to the appropriate supplier the cost of all natural gas, electricity, telephone, water and any and all other utilities and services used, or provided to, the Tenant in connection with the Property. All telephone and utility accounts shall be placed in the name of Tenant, and Tenant shall be responsible for the payment of all deposits in connection therewith. Tenant shall not, by virtue of this Lease, have any right or interest in or be entitled to receive any refund of any utility deposits of the Landlord.

Section 5. Use

5.1. Permitted Use of Property. The Property shall be used and occupied by Tenant throughout the Term solely for office and administrative uses, and for no other purpose without the prior written consent of the Landlord, which consent may be withheld in Landlord's sole discretion. Tenant acknowledges that the permitted use of the Property is a material condition to this Lease.

5.2. Manner of Use. Tenant shall not cause or permit the Property to be used in any way which constitutes (a) a violation of any law, ordinance or governmental regulation or order, (b) a violation of any easement, encumbrance, covenant, condition or restriction affecting the Property, or (c) which constitutes a nuisance or waste. Tenant shall obtain and pay for all permits required by Tenant's occupancy and use of the Property and shall promptly take all actions necessary, at Tenant's sole cost and expense, to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use by Tenant of the Property.

5.3. Signs. Tenant shall not place any signs on the Building or Property without Landlord's prior written consent; provided, however, subject to Tenant's compliance with Section 6.5 hereof with respect to such signs, Landlord shall not unreasonably withhold its consent to the placement of any signs on the Building or Property that comply with all applicable laws. Unless otherwise agreed in writing, Tenant shall remove all signage it has placed on the Property prior to the expiration or termination of the Lease.

5.4. Abandonment. Tenant agrees that throughout the Lease Term it will continuously occupy the Property and conduct its business therefrom during all normal business hours. Tenant shall not abandon or vacate the Property at any time during the Term. Any period of ten (10) successive days during which the Property is not regularly open for business shall be deemed an abandonment for purposes of this Section 5.4, without regard to whether Tenant is or is not in default in the payment of rent

Section 6 Condition of Property; Maintenance Repairs and Alterations.

6.1 Existing Conditions. Tenant has viewed or inspected and accepts the Property in its condition as of the Commencement Date. Except as expressly stated in this Lease in Section 10, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation as to the condition of the Property. Landlord has made no representation about the suitability of the Property for Tenant's intended use. Except as expressly stated in this Lease, Tenant represents and warrants that Tenant has made its own inspection of and inquiry regarding the condition of the Property and is not relying on

Landlord or any agent of Landlord with respect thereto. Landlord has no obligation to improve any portion of the Property. Tenant's taking possession of the Property shall be conclusive evidence that Tenant: (a) accepts the Property as suitable for the purposes for which they were leased; (b) accepts the Property and every part and appurtenance thereof as being in good and satisfactory condition; and (c) waives any defects in the Property and its appurtenances existing now or in the future

6.2. Exemption of Landlord from Liability. Landlord shall not be liable for any damage or injury to the person, business (or any loss of income therefrom), goods, equipment, supplies, inventory or other property whatsoever of Tenant, Tenant's employees, invitees, customers or any other person in or about the Property from any cause whatsoever; provided, however, Landlord shall not be exempt from liability for Landlord's gross negligence or willful misconduct.

6.3. Maintenance and Repair Obligations. Except for portions of the Building Landlord is required to maintain and repair under Section 6.4 below, Tenant shall at all times during the term of this Lease, and at Tenant's sole cost and expense, keep, maintain and repair the Property in good and sanitary order, condition and repair, including, without limitation, the Improvements. If any portion of the Property or any system or equipment in the Property which Tenant is obligated to repair cannot be fully repaired or restored, Tenant shall promptly replace such system or equipment, regardless of whether the benefit of such replacement extends beyond the Lease Term. If any maintenance or repairs required to be made by Tenant herein are not made within ten (10) days after notice delivered to Tenant (except that no notice shall be required in case of an emergency), Landlord may at its option enter the Property and make such maintenance or repairs without liability to Tenant for any loss or damage which may result to its business by reason of same, other than damage caused by or resulting from Landlord's gross negligence or willful misconduct. Tenant shall pay to Landlord, within ten (10) days of written demand, as Additional Rent hereunder, the cost of said maintenance or repairs. All maintenance and repairs shall comply with the requirements of Section 6.5 hereof.

6.4. Landlord's Obligations Landlord shall repair and maintain in good order, condition and repair and replace as necessary the roof, foundation, exterior walls, and structural portions of the Building. Tenant shall maintain and repair all plumbing, heating, ventilation and air conditioning systems serving the Building; provided, however, in no event will Landlord be required to replace any portion of the Building, plumbing, or HVAC systems serving the Building if the damage or disrepair results from the negligence or intentional acts or omissions of Tenant or Tenant's agents, contractors, employees or invitees. Tenant hereby waives the right to repair the Property at Landlord's expense or to terminate the Lease due to the condition of the Property. Notwithstanding any of the above, Landlord shall have no obligation to replace the HVAC systems during any Renewal Term of this Lease

6.5. Alterations, Additions and Improvement Tenant shall not make or suffer to be made any improvements, alterations or additions to the Property, or any part thereof, (whether interior or exterior) without the prior written consent of Landlord, which consent shall not be unreasonably withheld provided that Tenant is not in breach of this Lease and has complied with this Section 6.5. Any improvements, additions to or alterations of the Property, except movable furniture and trade fixtures as Tenant may purchase, shall at once become a part of the Property and shall belong to Landlord unless Landlord and Tenant otherwise mutually agree in writing prior to such improvements, additions or alterations. At least thirty (30) days prior to the commencement of any construction of any improvements, additions, or alterations to the Property, Tenant shall provide to Landlord and its designated representatives for their review and approval the following: (a) copies of all plans and specifications for the contemplated work; (b) the identity of the architect and contractor(s) selected by the Tenant to perform the work; (c) copies of all construction contracts (including any contracts with architects or contract supervisors relating to the improvements or alterations); (d) evidence of the contractor's workers' compensation, liability and property damage insurance (naming Landlord as an additional insured), in a form and amount, and issued

by an insurer satisfactory to Landlord; and (e) evidence that Tenant's architect and/or contractor has procured the necessary permits, certificates and approvals from the appropriate governmental authorities. Landlord will exercise reasonable efforts and cause its designated representatives to exercise reasonable efforts, to review, approve and/or disapprove of any proposed additions, alterations or improvements to the Property within fifteen (15) days following delivery of all of the items specified in Subsections 6.5(a) through (e) above. With regard to any additions, alterations or improvements approved by the Landlord, Tenant shall provide to Landlord at least fifteen (15) days prior to commencement of construction of such additions, alterations, or improvements, security adequate, in Landlord's judgment, so that the additions, improvements and alterations will be completed in a good and workmanlike manner and free of all liens. Such security may include lien and completion bonds in form and amount satisfactory to Landlord and/or an escrow of funds. Tenant shall promptly upon Landlord's written request, remove any alterations, additions and improvements constructed in violation of this Section 6.5. All alterations, additions and improvements shall be done in a good and workmanlike manner, and in conformity with all applicable laws and regulations. Upon completion of any additions, improvements and alterations, Tenant shall provide Landlord with proof of payment for all labor and materials. Tenant shall pay, when due, all claims for labor and material furnished to the Property. Landlord may elect to record and post notices of non-responsibility on the Property. Tenant is solely responsible for all costs associated with any improvements, additions or alterations to the Property performed by or for Tenant, including any and all permit fees, license fees, utility charges, labor, material costs, and all other fees or charges. Tenant shall not permit any mechanics, materialmen's or other liens to be filed against the Property nor against Tenant's leasehold interest in the Property, by reason of any act or omission of Tenant or any of Tenant's employees, contractors, invitees, licensees or agents. Tenant acknowledges and agrees that any review by Landlord of Tenant's plans and specifications and/or right of approval exercised by Landlord with respect to Tenant's architect and/or contractor is for Landlord's benefit only and Landlord shall not, by virtue of such right of review and approval, be deemed to make any representation, warranty or acknowledgment to Tenant or any other person or entity as to the adequacy of Tenant's plans and specifications or as to the ability, capability or reputation of Tenant's architect and/or contractor.

6.6 Condition Upon Termination.

6.6.1. Surrender. Upon the termination of this Lease, Tenant shall peaceably surrender to Landlord the Property, including the fixtures, equipment and all other personal property that the Landlord is providing at the Commencement Date, as well as the alterations, improvements and additions (except as provided in Section 6.6.2), broom-clean and in the same condition it was in on the Commencement Date, subject only to ordinary and customary wear and tear, and excluding only the Tenant's trade fixtures which shall remain the property of Tenant. Tenant shall, upon the expiration or earlier termination of this Lease in any manner whatsoever, excepting only termination because of Tenant's default under this Lease (unless Landlord elects the contrary in writing), remove Tenant's furniture, trade fixtures and equipment, computers, telephones and switches, data and telecommunications wiring, and telecommunications equipment (only to the extent the same was installed by Tenant) and Tenant's other property, equipment, furniture, and other personal property and those of any other person claiming under Tenant, and deliver the Property to Landlord peaceably in as good order and condition as the same are now in or hereafter may be put in by Landlord or Tenant, excepting only reasonable use and wear of the Property and repairs that are Landlord's obligation. Furniture, fixtures, equipment and all other property not removed by Tenant at the termination of this Lease shall be considered abandoned, and Landlord may dispose of it, as Landlord deems expedient.

6.6.2. Removal of Alterations and Tenant's Property.

(a) Notwithstanding anything in this Lease to the contrary, all permanent or built-in fixtures or improvements, other than signage, and all mechanical, electrical, and

plumbing equipment in the Property shall be the property of Landlord upon the termination of this Lease. Except as otherwise provided, all signage and all furnishings, equipment, furniture, trade fixtures and other removable equipment installed in the Property by Tenant and paid for by Tenant shall remain the property of Tenant and shall be removed by Tenant upon the expiration or termination of this Lease. Tenant shall repair any damage caused by such removal.

(b) Except as provided herein, if any furnishings, equipment, furniture, trade fixtures, personal property or other removable equipment are not removed within five (5) business days after the expiration of this Lease, then Tenant hereby grants to Landlord the option, exercisable at anytime thereafter without the requirement of any notice to Tenant, (i) to treat such property, or any portion thereof, as being abandoned by Tenant to Landlord, whereupon Landlord shall be deemed to have full rights of ownership thereof; (ii) to elect to remove and store such property, or any portion thereof, on Tenant's behalf (but without assuming any liability to any person) and at Tenant's sole cost and expense, with reimbursement for same to be made to Landlord upon demand; and/or (iii) to sell, give away, donate or dispose of as trash or refuse any or all of such property without any responsibility to deliver to Tenant any proceeds therefrom. If (A) Landlord elects not to exercise its contractual and/or statutory lien rights covering Tenant's property as may be granted herein, (B) Tenant ceases to occupy the Property, or its rights to occupy the Property are terminated by Landlord, prior to Landlord's termination or the expiration of this Lease, and (C) any of Tenant's furnishings, equipment, furniture, trade fixtures, personal property or other removable equipment are not removed within five (5) business days thereafter, then Tenant hereby grants to Landlord the option, exercisable at any time thereafter without the requirement of notice to Tenant, (x) to treat such property, or any portion thereof, as being abandoned by Tenant to Landlord, whereupon Landlord shall be deemed to have full rights of ownership thereof; (y) to elect to remove and store such property, or any portion thereof, on Tenant's behalf (but without assuming any liability to any person) and at Tenant's sole cost and expense, with reimbursement for same to be made to Landlord upon demand; and/or (z) to sell, give away, donate or dispose of as trash or refuse any or all of such property without responsibility to deliver to Tenant any proceeds therefrom. Landlord shall have no liability of any kind whatsoever to Tenant in respect to the exercise or failure to exercise the options set forth in this Section 6.6.2. Specifically, Tenant shall not have the right to assert against Landlord a claim either for the value, or the use, of any such property, either as an offset against any amount of money owing to Landlord or otherwise.

6.7. Entry by Landlord Landlord reserves and shall have the right, at any and all times to enter the Property and inspect the same, to post notices of non-responsibility, and to alter, improve or repair the Property, and may for that purpose erect any structures reasonably necessary where required by the character of the work to be performed, always providing that access to the Property shall not be blocked thereby. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business or any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock doors in, upon or about the Property, and Landlord shall have the right to use any means which Landlord deems proper to open such doors or to otherwise gain access to the Property in the event of an emergency. Nothing in this Section 6.7 shall be deemed to create any obligation on the part of the Landlord to perform any alteration, repair, or maintenance. Landlord may enter the Property, upon twenty-four (24) hours advance notice, to show the Property to prospective tenants or purchasers.

Section 7. Indemnity To the extent permitted by law, Tenant hereby agrees to indemnify, defend and hold harmless Landlord, its parents, subsidiaries, employees, agents, successors, assigns, trustees, managers, and beneficiaries (collectively, "Indemnified Parties" and individually an "Indemnified Party") for, from and against any and all costs, claims, fines, penalties, damages, liens, suits and expenses or liability arising from or relating to, directly or indirectly, in whole or in part: (a) any breach or default in the performance of Tenant's obligations under this Lease, (b) any act, omission, negligence, or willful

misconduct of Tenant or any of Tenant's employees, contractors, subcontractors, invitees, licensees, assignees or agents; or (c) damage to Tenant's property, or the property of Tenant's agents, employees, contractors, invitees or licensees, located in or about the Property (collectively, the "Liabilities"), except to the extent such Liabilities are caused by the gross negligence or willful misconduct of Landlord or other Indemnified Party. Tenant shall defend the Indemnified Parties against any such liabilities at Tenant's expense with counsel reasonably acceptable to the Indemnified Party or, at the Indemnified Party's election, Tenant shall reimburse the Indemnified Party for any legal fees or costs incurred by the Indemnified Party in connection with any such claim. As a material part of the consideration to Landlord to enter into this Lease, Tenant hereby assumes all risk of damage to property or injury to persons in or about the Property arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, except for any claim resulting from Landlord's gross negligence or willful misconduct. This indemnification shall not be limited to or by any coverage provided under insurance policies, workers' compensation laws or any employees benefit acts and shall survive the expiration or earlier termination of this Lease.

Section 8. Insurance.

8.1 Liability Insurance. During the Lease Term, Tenant shall, at its sole cost and expense, maintain an occurrence policy of commercial general liability insurance, with a broad form comprehensive general liability endorsement, insuring Tenant and Landlord against liability for bodily injury, personal injury, death and property damage (including loss of use of property). Tenant shall name Landlord as an additional insured under such policy. The amount of such insurance shall be at least \$2,000,000.00 per occurrence, with aggregate limits of no less than \$2,000,000.00, on a claims made basis, and shall be subject to periodic increase based upon inflation, increased liability awards, recommendation of Landlord's professional insurance advisers and other relevant factors, and shall not have a deductible in excess of \$5,000.00 per occurrence. The liability insurance obtained by Tenant under this Section 8.1 shall (a) be primary and non-contributing; (b) contain cross-liability endorsements; and (c) include contractual liability coverage insuring Tenant's performance of its indemnification obligations under Section 7. The amount and coverage of such insurance shall not limit Tenant's liability to Landlord or any other Indemnified Party, nor relieve Tenant of any other obligation under this Lease. Landlord may also obtain comprehensive general liability insurance in an amount and with coverage determined by Landlord insuring Landlord against liability arising out of ownership, operation, use, or occupancy of the Property. Any such policy obtained by Landlord shall not be contributory and shall not provide primary insurance.

8.2. Fire and Casualty Insurance. During the term of this Lease, Tenant shall maintain at its sole cost and expense, and for the exclusive benefit of Landlord, policies of insurance insuring the Property and the Improvements against loss or damage by fire, windstorm, hail, vandalism, and against loss or damage by such other risks as may now or hereafter be embraced by coverage known as special form – causes of loss coverage or any endorsements thereof. The minimum amount of such insurance shall be for 100% of replacement cost, with a replacement cost endorsement without deduction for depreciation. The deductible on any such policy or policies shall not exceed \$1,000.00 per occurrence. Landlord shall be named as the insured and the "Loss Payee" under these policies of insurance. Subject to the compliance by Tenant with the requirements of Section 6.5 hereof, Landlord shall make available to Tenant, solely for the repair or replacement of the Improvements, any insurance proceeds received as a consequence of the insurance maintained pursuant to this Section 8.2.

8.3. Workers' Compensation. A policy or policies of workers' compensation insurance in the statutory amounts for the State of Arizona and employer's liability insurance with limits of not less than the applicable State of Arizona statutory minimums or \$100,000/\$100,000/\$500,000, whichever is greater.

8.4. General Insurance Provisions The insurance policies maintained by Tenant shall contain no exclusions or limitations with regard to explosion coverage. The insurance policies shall name Landlord as an additional insured. The policies shall state that Tenant's coverage is primary and that the inclusion of more than one insured shall not operate to impair the right of one insured against another insured and the coverage afforded shall apply as though separate policies had been issued to each insured. Tenant shall provide verification of the required insurance coverage to Landlord annually on each anniversary of the date of this Lease. The insurance policies shall contain a cross-liability endorsement permitting recovery by one insured as against the other for the negligence of the other. All insurance policies shall contain a contractual liability endorsement covering Tenant's liability under this Lease and all contracts entered into by Tenant to insure Tenant's indemnity obligations and other insurable provisions of this Lease. The insurance policies shall contain no co-insurance provisions. Except for worker's compensation insurance, Tenant shall require Tenant's insurance carrier to waive its right of subrogation as to Landlord. Any insurance which Tenant is required to maintain under this Lease shall include a provision which requires the insurance carrier to give Landlord not less than thirty (30) days prior written notice of any cancellation or modification of such coverage. Tenant shall maintain all insurance required under this Lease with companies holding a "General Policy Rating" of "A" or better, as set forth in the most current issue of "Best's Key Rating Guide". Tenant acknowledges that the insurance described in this Section 8 is for the primary benefit of Landlord. Landlord makes no representation as to the adequacy of such insurance to protect Landlord's or Tenant's interests. Therefore, Tenant shall obtain any such additional property or liability insurance as Tenant deems necessary to protect Landlord and Tenant. Tenant shall be liable for the payment of any deductible amount under the insurance policies identified in this Section 8. Tenant shall use reasonable efforts to ensure that its Subcontractors are also insured in accordance with the provisions of this Section 8. Upon request, Tenant agrees to provide Landlord insurance certificates confirming that the coverages required of such Subcontractors are in full force and effect.

8.5. Failure to Maintain Insurance. Any failure of the Tenant to obtain and maintain the insurance policies and coverage as required under Section 8 of this Lease, shall constitute a material breach of the Lease, and such failure shall entitle the Landlord to pursue, exercise or obtain any of the remedies provided for in Section 12.2 hereof, and Tenant shall be solely responsible for any losses suffered by Landlord as a result of any such failure. In the event of failure by Tenant to maintain the insurance policies and coverage as required by this Lease or to meet any of the other insurance requirements of this Lease, Landlord, at its option, without relieving Tenant of its obligations hereunder, may obtain such insurance policies and coverages or perform any other insurance obligation of Tenant, but all costs and expenses incurred by Landlord of obtaining such insurance or performing Tenant's insurance obligations shall be reimbursed by Tenant to Landlord, together with interest on the same from the date any such cost or expense is paid by Landlord until reimbursed by the Tenant, at the rate of interest set forth in Section 15 hereof.

Section 9. Damage or Destruction.

9.1. Damage to Property Covered by Insurance. Subject to the terms of this Section 9 of this Lease, if the Property is damaged or destroyed by fire or other casualty insured by Tenant under Section 8, ("Insured Event") so as to become partially or totally untenable, the Property shall be repaired and restored by Landlord to the extent of the insurance proceeds with due diligence. The repairs shall commence as soon as reasonably possible following the Insured Event.

9.2. Damage to Property not Covered by Insurance. If the Property shall at any time be damaged or destroyed by a casualty not insured by Tenant under Section 8 so as to become partially or totally untenable (the "Uninsured Event"), then Landlord shall have the right to either repair and restore the Property or to terminate this Lease. Such election shall be made by Landlord upon notice to Tenant within sixty (60) days after the occurrence of the Uninsured Event. If Landlord elects to restore, such

restoration shall not exceed what is required to restore the Property to a condition similar to that at the time of the original delivery of the Property to Tenant and, then Tenant shall be required to repair with diligence the remainder of the Property. If Landlord elects to terminate this Lease, this Lease shall terminate sixty (60) days after the date of the occurrence of such Uninsured Event and all rent shall be adjusted as of such termination date.

9.3. Waiver. Notwithstanding the destruction of or injury to the Property or any part thereof, whether or not the same is rendered untenable or unfit for occupancy, Tenant shall have no right under A.R.S. § 33-343, or otherwise, to quit and surrender possession and shall have no right to any abatement of rent except as specifically provided in this Section 9.

Section 10. Landlord Covenants

10.1. Condition of Improvements. The Property, including the Improvements, the equipment and the personal property shall be tendered in their "AS IS, WHERE IS" condition pursuant to this Lease, and the Landlord has no obligation to undertake any repairs, replacements, construction or tenant improvements whatsoever upon the Property or with respect to any of the Improvements, equipment or personal property.

10.2. Utilities at the Property. The Property is served by and has available to it, upon payment of normal operating fees, water, electric and telephone utilities.

10.3. Limitation of Liability. Subject to Section 6.2, Landlord shall have no liability to Tenant for any breach of any covenant given in this Section 9 unless Tenant gives Landlord detailed written notice of the basis of the alleged breach within thirty (30) days following the Commencement Date. Tenant shall not assert any breach of these covenants by Landlord against any transferee or Lender of Landlord.

Section 11. Condemnation. If all or any portion of the Property is taken under the power of eminent domain or sold under the threat of that power (all of which are called "Condemnation"), this Lease shall terminate as to the part taken or sold on the date the condemning authority takes title or possession, whichever occurs first. If more than twenty-five percent (25%) of the Property is taken, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes title or possession, by delivering written notice to the other within ten (10) days after receipt of written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority takes possession). If neither Landlord nor Tenant terminates this Lease, this Lease shall remain in effect as to the portion of the Property not taken, except that the Basic Rent shall be reduced in proportion to the reduction in the usable area of the Building. Any Condemnation award or payment shall be distributed in the following order: (a) first, to any mortgagee or beneficiary under a deed of trust encumbering the Property, the amount of its interest in the Property; (b) second, to Landlord, the remainder of such award, whether as compensation for reduction in the value of the leasehold, the taking of the fee, or otherwise. If this Lease is not terminated, Landlord shall repair any damage to the Property caused by the Condemnation, except that Landlord shall not be obligated to repair any damage for which Tenant has been reimbursed by the condemning authority. If the severance damages received by Landlord are not sufficient to pay for such repair, Landlord shall have the right to either terminate this Lease or make such repair at Landlord's expense.

Section 12. Default; Remedies.

12.1. Events of Default. The occurrence of any of the following shall constitute an "Event of Default" and material breach of this Lease by Tenant:

(a) Any failure by Tenant to pay when due any Basic Rent, any Additional Rental, or any other installment of rent or other sum or payment or charges, or any part thereof, required anywhere in this Lease to be paid by Tenant;

(b) The abandonment of the Property by Tenant as provided in Section 5.4 hereof.

(c) The failure of the Tenant to obtain or maintain any of the insurance described in Section 8;

(d) The failure of the Tenant to observe or perform any of the requirements of Section 6.5 hereof,

(e) The failure of Tenant to observe or perform any of the requirements of Section 20 below;

(f) The insolvency of the Tenant as set forth in Section 13 below, or

(g) The failure of Tenant to perform any of Tenant's covenants, agreements or obligations hereunder (other than those described in Subsections (a) through (e) above) and such failure shall not be cured within twenty (20) days after Landlord has given Tenant written notice specifying such default or defaults; provided, however, if Tenant's default is of a nature that cannot be cured in such twenty (20) day period and Tenant has commenced such cure within the twenty (20) day period and thereafter diligently prosecutes such cure, Tenant shall have an additional twenty (20) days to complete such cure.

12.2. Remedies.

12.2.1. Remedies Upon the occurrence of any Event of Default, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever and without releasing Tenant from any obligation under this Lease:

(a) Landlord may enter the Property without termination of this Lease and perform any covenant or agreement or cure any condition creating or giving rise to an Event of Default under this Lease and Tenant shall pay to Landlord on demand, as Additional Rent, the amount expended by Landlord in performing such covenants or agreements or satisfying or observing such condition. Landlord or its agents or employees shall have the right to enter the Property, and such entry and such performance shall not terminate this Lease or constitute an eviction of Tenant.

(b) Landlord may terminate this Lease by written notice to Tenant (and not otherwise) or Landlord may terminate Tenant's right of possession with terminating this Lease. In either of such events, Tenant shall surrender possession of and vacate the Property immediately and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter the Property, in whole or in part, with or without process of law and to expel or remove Tenant and any other person, firm or corporation who may be occupying the Property or any part thereof and remove any and all property therefrom, using such lawful force as may be necessary. In the event Landlord elects to re-enter or take possession of the Property after Tenant's default, with or without terminating this Lease, Landlord may change or pick locks or alter security devices and lock out, expel or remove Tenant and any other person who may be occupying all or any part of the Property without being liable for any claim for damages.

(c) If Landlord elects to re-enter or take possession of the Property without terminating this Lease, then Tenant shall be liable for and shall pay to Landlord all Basic Rent, Additional Rent and any other amounts of money due to Landlord hereunder as of the date of such election. Tenant shall also pay Landlord all Basic Rent and Additional Rent required to be paid by Tenant during the remainder of the Lease Term as such amounts become due, diminished by any net sums received by Landlord, if any, through reletting the Property during said period (after deducting all expenses incurred by Landlord in connection with any reletting of the Property). Tenant hereby agrees, as a material inducement to Landlord to enter into this Lease that Landlord is not obligated to relet the Property, and if no reletting occurs, Tenant shall be responsible for the full amounts due. If Landlord elects to relet, Landlord shall have the sole and unfettered right to relet all or any part of the Property for such rent and upon such terms as shall be satisfactory to Landlord (including but not limited to the right to limit the use of the Property as contemplated by Section 5.1 of this Lease, the right to relet the Property for a term shorter or longer than that remaining under this Lease, the right to relet the Property as part of a larger area and the right to change the character or use made of the Property). Tenant shall not in any event be entitled to any sums collected in connection with a reletting of the Property that exceed the amount of Basic Rent and other sums of money due hereunder. Landlord shall not be required to wait until the expiration of the Lease Term in order to collect such deficiencies, and shall have the right to file suit from time to time, on one or more occasions to collect the deficiencies then due. Any such suit shall not prejudice in any way the right of Landlord to bring similar actions for any subsequent deficiency or deficiencies.

(d) Notwithstanding any prior election by Landlord to not terminate this Lease, Landlord may at any time, including subsequent to any re-entry or taking of possession of the Property as allowed hereinabove, elect to terminate this Lease. Tenant shall be liable for and shall immediately pay to Landlord the amount of all Basic Rent, Additional Rent and other sums of money due under this Lease as may have accrued as of the date of termination. Tenant shall also immediately pay to Landlord, as agreed and liquidated damages, an amount of money equal to the Basic Rent (as reasonably estimated), and other amounts due for the remaining portion of the Lease Term (had such term not been terminated by Landlord prior to the expiration of the Lease Term), less the fair rental value of the Property for the residue of the Lease Term, both discounted to their present value based upon an interest rate of eight percent (8%) per annum. In determining fair rental value, Landlord shall be entitled to take into account the time and expenses necessary to obtain a replacement tenant or tenants, including anticipated expenses hereinafter described relating to recovery, preparation and reletting of the Property. The parties hereto stipulate and agree that the fair rental value shall never be deemed to exceed ninety percent (90%) of the Basic Rent provided for herein for said residual period.

(e) Landlord may apply Tenant's Security Deposit to the extent necessary to make good any rent arrearage, to pay the cost of remedying Tenant's default or to reimburse Landlord for expenditures made or damages suffered as a consequence of Tenant's default. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount.

(f) Nothing contained in this Section 12.2 shall be construed as imposing any enforceable duty upon Landlord to relet the Property or otherwise mitigate or minimize Landlord's damages by virtue of Tenant's default. Landlord shall not be liable in any manner, nor shall Tenant's obligations hereunder be diminished, by the failure of Landlord to relet the Property, or in the event of reletting to collect rent.

12.3. Effect of Suit or Partial Collection. Landlord's entry onto the Property or Landlord's institution of a forcible detainer action to re-enter the Property shall not be construed to be an election by Landlord to terminate this Lease. Landlord may collect and receive any rent due from Tenant and the payment thereof shall not constitute a waiver of or affect any notice or demand given, suit instituted

or judgment obtained by Landlord, or be held to waive or alter the rights or remedies which Landlord may have at law or in equity or by virtue of this Lease at the time of such payment

12.4. Cumulative Remedies. Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy

12.5. Payments Upon Default. Upon an Event of a Default, Landlord may require the Tenant's payment of any rent or other payment due under this Lease be in cash, cashier's check and/or certified check. Landlord and Tenant agree that should Landlord so elect to require payment by cash, cashier's check or certified check, a tender of money to cure an Event of Default which is not in the form requested by Landlord shall be deemed a failure to cure the Event of Default

12.6. Surrender of Lease The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of the Landlord, operate as an assignment to it of any or all of such subleases or subtenancies

Section 13. Insolvency of Tenant. Tenant agrees that if all or substantially all of its assets are placed in the hands of a receiver or trustee, and if such receivership or trusteeship continues for a period of thirty (30) days, or should Tenant make an assignment for the benefit of creditors, or be adjudicated bankrupt, or should Tenant institute any proceedings under any state or federal bankruptcy act wherein it seeks to be adjudicated bankrupt, or seeks to discharge or restructure its debts, or should any involuntary proceeding be filed against Tenant under any such bankruptcy laws, then Tenant shall be in material default under this Lease and an Event of Default shall have occurred

Section 14. Late Charges. Tenant's failure to promptly pay rent or any other amounts due here under promptly may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Therefore, if Landlord does not receive any rent payment when due, Tenant shall pay Landlord a late charge equal to five percent (5%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

Section 15. Interest on Past Due Obligations. Any amount owed by Tenant to Landlord which is not paid within ten (10) days after it becomes due shall bear interest at the rate of fifteen percent (15%) per annum, compounded monthly, from the date such amount was due. However, interest shall not be payable on late charges to be paid by Tenant under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant under this Lease.

Section 16. Payment by Check. If any rent or other monetary payment due under the terms of this Lease is made by check wherein the payor is other than the Tenant herein, acceptance thereof shall in no way constitute acceptance by Landlord of any assignment or subletting.

Section 17. Protection of Lenders.

17.1. Subordination Landlord shall have the right to subordinate this Lease to any deed of trust or mortgage encumbering the Property, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. However, Tenant's right to quiet possession of the Property during the Term shall not be disturbed if Tenant pays the rent and performs all of Tenant's obligations under this Lease and is not otherwise in default. If any beneficiary or mortgagee elects to have this Lease prior to the lien of its deed of trust or mortgage and gives

written notice thereof to Tenant, this Lease shall be deemed prior to such deed of trust or mortgage whether this Lease is dated prior or subsequent to the date of said deed of trust or mortgage or the date of recording thereof.

17.2. Attornment If Landlord's interest in the Property is acquired by any beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Tenant shall attorn to the transferee or successor to Landlord's interest in the Property and recognize such transferee or successor as Landlord under this Lease. Tenant waives the protection of any statute or rule of law which gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Property upon the transfer of Landlord's interest.

17.3. Signing of Documents Tenant shall sign and deliver any instrument or documents reasonably necessary or appropriate to evidence any such attornment or subordination or agreement to do so. Such subordination and attornment documents may contain such provisions as are customarily required by any beneficiary under a deed of trust or mortgagee. If Tenant fails to do so within ten (10) days after written request, Tenant hereby makes, constitutes, and irrevocably appoints Landlord, or any transferee or successor of Landlord, the attorney-in-fact of Tenant to execute and deliver any such instrument or document.

17.4. Estoppel Certificates.

(a) Upon Landlord's written request, Tenant shall execute, acknowledge and deliver to Landlord a written statement certifying: (i) that none of the terms or provisions of this Lease have been changed (or if they have been changed, stating how they have been changed); (ii) that this Lease has not been canceled or terminated; (iii) that the last date of payment of the Basic Rent and other charges and the time period covered by such payment; (iv) that Landlord is not in default under this Lease (or, if Landlord is claimed to be in default, stating why); and (v) such other matters as may be reasonably required by Landlord or the holder of a mortgage, deed of trust or lien to which the Property is or becomes subject. Tenant shall deliver such statement to Landlord within ten (10) days after Landlord's request. Any such statement by Tenant may be given by Landlord to any prospective purchaser or encumbrancer of the Property. Such purchaser or encumbrancer may rely conclusively upon such statement as true and correct.

(b) If Tenant does not deliver such statement to Landlord within such ten (10) day period, Landlord, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been canceled or terminated except as otherwise represented by Landlord, (iii) that not more than one month's Basic Rent or other charges have been paid in advance; and (iv) that Landlord is not in default under the Lease.

Section 18. Notices All notices, requests, demands and other communications under this Lease shall be in writing and shall be deemed to have been duly given and received (i) on the date of service if personally served on the party to whom notice is to be given, (ii) on the third day following the date of the postmark of deposit if mailed to the party to whom notice is to be given, by first class United States mail, registered or certified, postage prepaid and properly addressed as follows, or (iii) on the day following the day of deposit with a nationally recognized private express courier service providing proof of receipt and delivery and guaranteed "same day" or "next day" delivery and properly addressed as follows:

If to Landlord. At the address set forth in Section 1.1 hereof

If to Tenant At the address set forth in Section 1.2 hereof

Any party may change its address for purposes of this Section 18 by giving notice of the new address to each of the other parties in the manner set forth above

Section 19 Assignment and Subletting.

19.1. Landlord's Consent Required. No portion of the Property or of Tenant's interest in this Lease may be acquired by any other person or entity, whether by assignment, sublease, transfer, operation of law (including any merger of Tenant with another entity where Tenant is not the surviving entity), or act of Tenant, without Landlord's prior written consent, which consent may be withheld in the sole and absolute discretion of the Landlord. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Lease.

19.2. No Release of Tenant. No transfer permitted by this Section 19, whether with or without Landlord's consent, shall release Tenant or change Tenant's primary liability to pay the rent and to perform all other obligations of Tenant under this Lease. Landlord's acceptance of rent from any other person is not a waiver of any provision of this Section 19. Consent to one transfer is not a consent to any subsequent transfer. If Tenant's transferee defaults under this Lease, Landlord may proceed directly against Tenant without pursuing remedies against the transferee. Landlord may consent to subsequent assignments or modifications of this Lease by Tenant's transferee, without notifying Tenant or obtaining its consent. Such action shall not relieve Tenant's liability under this Lease.

19.3. Landlord's Election. Tenant's request for consent to any transfer described in Section 19.1 shall be accompanied by a written statement setting forth the details of the proposed transfer, including the name, business and financial condition of the prospective transferee, financial details of the proposed transfer (e.g., the term of and rent and security deposit payable under any assignment or sublease), and any other information Landlord deems relevant. Landlord shall have the right (a) to withhold consent; (b) to grant consent; or (c) if the transfer is a sublease of the Property or an assignment of this Lease, to terminate this Lease as of the effective date of such sublease or assignment, in which case Landlord may elect to enter into a direct lease with the proposed assignee or subtenant

19.4. No Merger. No merger shall result from Tenant's sublease of the Property under this Section 19, Tenant's surrender of this Lease or the termination of this Lease in any other manner. In any such event, Landlord may terminate any or all subtenancies or succeed to the interest of Tenant or sublandlord thereunder.

19.5. Landlord's Fees Tenant shall pay Landlord's attorneys' fees incurred in connection with Tenant's request for Landlord's consent under this Section 19.

Section 20. Hazardous Materials.

20.1. Definition of "Hazardous Materials" As used herein, the term "Hazardous Materials" means any hazardous or toxic substance, material or waste which is or becomes regulated by any federal, state or local governmental authority. Hazardous Materials includes substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "infectious wastes," "hazardous materials," or "toxic substances" now or subsequently regulated under any past, present, or future federal, state or local laws or regulations or ordinances ("Hazardous Materials Laws") including, without limitation, oil, petroleum-based products, explosives, radioactive materials, paints, solvents, lead, mercury, cyanide, DDT, acids, pesticides, asbestos, radon, PCBs, similar compounds, and other contaminants.

20.2 Limited Right to Use. Tenant shall not bring onto or store on the Property any Hazardous Materials (defined below) except in compliance with all applicable laws and only as essential to the business operations of the Tenant. Tenant shall not release or discharge on the Property any Hazardous Materials. Tenant shall comply with any and all federal, state and local laws in connection with the use of Hazardous Materials and shall immediately provide to Landlord copies of any and all documents filed pursuant to such laws and any notices Tenant may receive in connection with the compliance or failure to comply with such laws. Without limiting the foregoing, if the presence of any Hazardous Material on the Property caused or permitted by Tenant results in any contamination of the Property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Property to the condition existing prior to the introduction of any such Hazardous Materials to the Property; provided that Landlord's approval of such actions shall first be obtained. Excepting the reasonable and prudent use of materials essential to the normal operation of a business office, and the incidental storage thereof, which shall be in full compliance with all Hazardous Material Laws, Tenant shall not cause or permit any Hazardous Material to be generated, produced, brought upon, used, stored, treated, discharged, released, spilled or disposed of on, in, under or about the Property or any other part of the Property, or into the groundwater or the environment, by Tenant, its affiliates, sublessees, assignees, or the employees, agents, invitees, licensees, contractors or representatives of any of the foregoing. Tenant shall conduct no business on the Property whose primary purpose is the generation, production, use, storage, treatment, disposal, sale, conveyance or transfer of any Hazardous Material. Tenant's use of any Hazardous Material shall be a secondary function incidental to Tenant's business. Tenant shall not cause or permit any above-ground or underground storage tank or container to be located on, in, under or about the Property, or elsewhere in the Property, without Landlord's prior written consent, full compliance with all Hazardous Materials Laws, and adherence to all other reasonable requirements of Landlord protecting the Property, the groundwater and the environment.

20.3. Indemnity. Tenant shall indemnify, defend and hold Landlord, its affiliates, members, shareholders, officers, directors, employees, and contractors harmless from and against all actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages, expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities or losses arising from a breach of the provisions of this Lease, or from any release of a Hazardous Material on, in, under or about the Property or into the groundwater or the environment, by Tenant, its affiliates, sublessees, assignees, or the employees, agents, invitees, licensees, contractors or representatives of any of the foregoing. If Tenant breaches the obligations stated in this Section 20, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Property, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Property, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the Lease term as a result of such breach. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, 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 ground water or upon or under the Property. This indemnification of Landlord by Tenant shall survive the termination or expiration of this Lease.

20.4. Remediation. In the event that Hazardous Materials are discovered upon, in, or under the Property and any governmental agency or entity or any Hazardous Material Law requires the removal or remediation of such Hazardous Materials: (i) Tenant shall be responsible for removing and remediating Hazardous Materials arising out of or related to (x) any breach of the provisions of Section 20

of this Lease or (y) any act or omission of Tenant, its affiliates, sublessees, assignees or the employees, agents, invitees, licensees, contractors or representatives of any of the foregoing on or about the Property at Tenant's expense; and (ii) Landlord shall be responsible for removing and remediating any Hazardous Materials released on, in, under or about the Property or any other part of the Property by Landlord or Landlord's employees, agents, invitees, licensees, contractors or representatives, at Landlord's expense. Notwithstanding the foregoing, Tenant shall not take any remedial action in or about the Property without first notifying Landlord of Tenant's intention to do so and affording Landlord the opportunity to protect Landlord's interest with respect thereto.

20.5 Notice of Release or Claim. Tenant immediately shall notify Landlord in writing of: (i) any spill, release, discharge or disposal of any Hazardous Material in, on or under the Property; (ii) any enforcement, cleanup, removal or other governmental or regulatory action instituted, contemplated, or threatened (if Tenant has notice thereof) pursuant to any Hazardous Materials Laws; (iii) any claim made or threatened by any person against Tenant or the Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (iv) any reports made to any governmental agency or entity arising out of or in connection with any Hazardous Materials in, on, under or about or removed from the Property including any complaints, notices, warnings, reports or asserted violations in connection therewith. Tenant also shall supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Property, or Tenant's use or occupancy thereof.

20.6 Audit. At any time and from time to time, Landlord may retain an environmental consultant or engineer to conduct an audit or environmental assessment of the Property and Tenant's compliance with applicable laws, rules and regulations. Tenant shall extend its full cooperation with the audit or investigation. If Tenant is found not to be substantially in compliance with applicable law, then Tenant shall pay to Landlord within ten (10) days of written notice, all reasonable, actual costs associated with the audit or assessment; otherwise all costs shall be borne by Landlord. In addition, Tenant, at Landlord's request from time to time, shall complete such questionnaires and provide such information with respect to Tenant's activities and operations on the Property as Landlord shall reasonably require.

20.7. Costs of Remediation. Without limiting the foregoing indemnity, Tenant shall be responsible to pay for, or reimburse Landlord for, the cost of any investigations, studies, cleanup or corrective action initiated or undertaken on account of any action or inaction of Tenant in violation of any Hazardous Materials Laws at or affecting the Property or by reason of any other act or omission of Tenant in breach of this Lease.

20.8. Copies of Reports. Tenant will provide Landlord with a copy of any environmental audit, study or report that Tenant may acquire concerning the Property.

Section 21 Recordation of Lease. Neither Landlord nor Tenant shall record this Lease without the prior written consent of the other. However, either party may record a short form memorandum hereof, but only in a form as approved by Landlord in writing prior to recording.

Section 22 Indemnity From Claims of Brokers. Neither party has used a realtor or agent in connection with this Lease. Tenant and Landlord hereby agree to indemnify and hold each other harmless from any and all claims of agents, brokers, finders or other parties who are or may claim to be entitled to any commission or fee with respect to this Lease.

Section 23 Other Material Terms.

23.1 Binding Agreement, Successors and Assigns. Landlord may assign this Lease, but upon doing so, shall give written notice thereof to Tenant. All the provisions of this Lease shall inure to the benefit of and shall be binding upon the permitted successors and assigns of the parties hereto and their respective affiliates.

23.2 Construction. This Lease is the result of negotiations between the parties, none of whom has acted under any duress or compulsion, whether legal, economic or otherwise. The terms and provisions of this Lease shall be construed in accordance with their usual and customary meanings. The parties hereby waive the application of any rule of law that ambiguous or conflicting terms or provisions should be construed against the party who (or whose attorney) prepared the executed Lease or any earlier draft of the same. Unless the context of this Lease otherwise clearly requires, references to the plural include the singular and the singular the plural. The words "hereof", "herein", "hereunder" and similar terms in this Lease refer to this Lease as a whole and not to any particular provision of this Lease. All references to "Sections" or "Paragraphs" herein shall refer to the sections and paragraphs of this Lease unless specifically stated otherwise. The section and other headings contained in this Lease are inserted for convenience of reference only, and they neither form a part of this Lease nor are they to be used in the construction or interpretation of this Lease.

23.3. Legal Proceedings; Choice of Law. Tenant shall reimburse Landlord, upon demand, for any costs or expenses incurred by Landlord in connection with any breach or default of Tenant under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Furthermore, if any action for breach of or to enforce the provisions of this Lease is commenced, the prevailing party in such action shall be entitled to collect, and the court shall award, a reasonable sum as attorneys' fees and costs. This Lease shall be governed by the internal laws of the state of Arizona, and jurisdiction and venue shall be in the county in which the Property is located.

23.4. Time of the Essence. Time is of the essence of this Lease.

23.5. Entire Agreement; Amendment; Waiver. This Lease and any exhibits or schedules attached hereto constitute the entire agreement and understanding between the parties pertaining to the subject matter hereof and supersede all prior or contemporaneous agreements, representations and understandings of the parties. No supplement, modification, or amendment of any term of this Lease shall be deemed binding or effective unless executed in writing by all the parties. No waiver of any of the provisions of this Lease shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

23.6. Severability. If any portion of this Lease shall be finally determined by any court or governmental agency of competent jurisdiction to violate applicable law or otherwise not to conform to requirements of law and, therefore, to be invalid, the parties will cooperate to remedy or avoid the invalidity, but, in any event, will not upset the general balance of relationships created or intended to be created between them as manifested by this Lease and the instruments referred to herein. Except insofar as it would be an abuse of the foregoing principle, the remaining provisions hereof shall remain in full force and effect.

23.7. Authority. Each person signing this Lease represents and warrants that he or she has full authority to do so and that this Lease binds the Tenant and Landlord. This Lease shall not be effective against Landlord until Landlord has received evidence reasonably acceptable to Landlord that the person or persons signing this Lease on behalf of Tenant have been properly authorized to do so, including, but not limited to, a signed resolution adopted by the City Council of City of Bisbee.

23.8 Landlord's Liability; Certain Duties.

(a) Tenant shall give written notice to Landlord, and to any mortgagee or beneficiary under any deed of trust encumbering the Property whose name and address have been furnished to Tenant in writing, of any failure by Landlord to perform any of its obligations under this Lease. Landlord shall not be in default under this Lease unless Landlord (mortgagee or beneficiary) fails to cure such non-performance within thirty (30) days after receipt of Tenant's notice. However, if such non-performance reasonably requires more than thirty (30) days to cure, Landlord shall not be in default if such cure is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

(b) The term "Landlord" as used in this Lease insofar as the covenants or agreements on the part of the Landlord are concerned, shall be limited to mean and include only the owner or owners of the Landlord's interest in this Lease at the time in question. Upon any transfer or transfers of such interest(s), the Landlord herein named (and in the case of any subsequent transfer, the then transferor), shall thereafter be relieved of all liability for the performance of any covenants or agreements on the part of the Landlord contained in this Lease.

(c) If Landlord becomes obligated to pay Tenant any judgment arising out of or relating to this Lease and/or the Property, Tenant shall be limited in the satisfaction of such judgment solely to Landlord's interest in the Property and any proceeds arising from the sale thereof, and no other property or assets of Landlord shall be subject to levy, execution or other enforcement procedure whatsoever for the satisfaction of any such money judgment.

23.9. Survival. Notwithstanding the termination of this Lease, any and all obligations of Tenant not fully performed at the expiration or earlier termination of the Lease, including, without limitation, Tenant's obligations as set forth in Sections 6, 7, 20, 22, 23.3 and 23.8, shall survive the termination or expiration of the Lease, and shall remain continuing obligations of Tenant.

23.10. Exhibits All exhibits referred to herein and attached hereto are incorporated herein by this reference.

23.11. Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The partially executed signature page of any counterpart of this Lease may be attached to any other partially executed counterpart of this Lease without impairing the legal effect of the signature(s) on such signature page. The delivery of this Lease by Landlord to Tenant shall not be deemed to be an offer and shall not be binding upon either party until executed and delivered by both parties.

23.12. Grant of Security Interest In addition to the statutory landlord's lien, if any, Tenant hereby grants to Landlord, and Landlord shall have at all times, a valid security interest to (a) secure payment of rent and other sums of money become due hereunder from Tenant, and (b) secure payment of any damage or loss which Landlord may suffer by reason of the breach by Tenant of any covenant, agreement, or condition contained herein, upon all goods, wares, inventory, equipment fixtures, furniture, improvements or other personal property of Tenant presently or which may hereinafter be situated in the Property and all proceeds therefrom (including proceeds of insurance), and such property shall not be removed from the Property, without the consent of Landlord until all arrearages in rent as well any and all other sums of money then due to Landlord hereunder shall first have paid and discharged, and all covenants, agreements and conditions hereof shall have been fully complied and performed by Tenant. Upon the occurrence of an Event of Default by Tenant, Landlord may, in addition to any other remedies provided herein, enter upon the Property and take possession of any and all goods, wares, inventory, equipment, fixtures, furniture, improvements and other personal property of Tenant situated in the Property, without

liability for trespass or conversion, and sell the same at public or private sale, with or without having such property at the sale, after giving Tenant reasonable notice of the time and place of any public sale or of the time after which any private sale is to be made, at which sale(s) Landlord or its assigns may purchase unless otherwise prohibited by law. Unless otherwise provided by law, and without intending to exclude any other manner of giving Tenant reasonable notice, the requirement of reasonable notice shall be met if such notice is given at least five (5) days before the time of sale. Such notice shall be deemed given if given in the manner set forth in Section 18 hereof, whether or not actually received. The proceeds from any such disposition, less any and all expenses connected with the taking of possession, holding and selling of the Property (including reasonable attorneys' fees and other expenses), shall be applied as a credit against the indebtedness secured by the security interest granted in this Section 23 12. Any surplus shall be paid to Tenant or as otherwise required by law, and Tenant shall pay any deficiencies forthwith. Landlord may file a financing statement in form sufficient to perfect the security interest of Landlord in the aforementioned property and proceeds thereof under the provisions of the Uniform Commercial Code in force in the State of Arizona.

Section 24 Option to Renew Lease

24.1 Landlord, in consideration of the execution and faithful performance by Tenant of this Lease, hereby grants to Tenant the Renewal Options to renew this Lease for four (4) additional periods of twelve (12) months each.

24.2. Subject to Section 1.4, Tenant may exercise the Renewal Options by giving a written notice to Landlord stating its decision to exercise such Renewal Options at least ninety days (90) days prior to the expiration of the Lease Term or the then applicable renewal period, provided that Tenant is not in default of any provision of this Lease and provided that this Lease is still in effect at the time of such exercise. If such written notice is not given on or before the date specified herein, then the Renewal Option shall be of no further force and effect and shall be deemed to have expired.

[Signatures appear on following pages]

IN WITNESS WHEREOF the parties hereto have executed this Lease on the date and year first above written

LANDLORD:

FREEPORT MINERALS CORPORATION,
a Delaware corporation

By _____

Name _____

Title _____

Date _____

TENANT:

CITY OF BISBEE,
an Arizona municipal corporation

By _____

Name _____

Title _____

Date _____

EXHIBIT "A"
"PROPERTY"

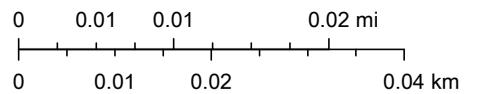
EXHIBIT "A"



10/28/2020, 8:42:58 AM

 Parcel

1:919



GeoEye, Maxar, Microsoft, Esri Community Maps Contributors, BuildingFootprintUSA, Esri, HERE, Garmin, SafeGraph, INCREMENT P, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, US Census Bureau, USDA

Web AppBuilder for ArcGIS

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