

**REAL PROPERTY LEASE AGREEMENT
BISBEE-DOUGLAS INTERNATIONAL AIRPORT**

THIS LEASE AGREEMENT (also referred to herein as "Agreement" or "Lease") is made between COCHISE COUNTY, a political subdivision of the State of Arizona, hereinafter called "LESSOR," and Ames Diversified Services, LLC, an Arizona limited liability company, hereinafter referred to as "LESSEE."

In consideration of the mutual covenants contained herein, the parties agree as follows:

I. THE LEASED PREMISES

The LESSOR will lease to the LESSEE; the following described real property situated at the Bisbee-Douglas International Airport.

1. **MANUFACTURING OR FOOD PROCESSING FACILITY**
The Southeast 20,000 square feet of Building T-3111
Commonly known as 6944 Runway Road, Douglas, AZ 85607

II. USE OF LEASED PREMISES

The LESSEE shall occupy and use the Leased Premises at the Bisbee-Douglas International Airport (also referred to herein as "BDI Airport") for conducting business only as described below:

Operation of an animal crematorium

The LESSEE is not authorized to use the Leased Premises as a residence, nor for any other purpose, other than as specified in the first paragraph of Section II of the Lease Agreement, without prior written consent of LESSOR.

III. RENTAL PAYMENTS

The LESSEE shall pay the LESSOR the following:

The sum of One-Thousand Dollars (\$1,000.00) per month as and for rent for the Leased Premises, which is equivalent to five cents (\$0.05) per square foot of leased space per month. Rental payments shall be due on the 1st of each month, shall be payable to the Treasurer of Cochise County and shall be mailed to the following:

Cochise County
Department of Facilities Management
1415 West Melody Lane, Building C
Bisbee, Arizona 85603

Any payment not received on or before the tenth day of each month shall accrue interest at the rate of ten percent (10%) per month or fraction of a month on such unpaid balance as may be due and a late payment charge of twenty-five dollars (\$25.00) for each delinquent payment will be assessed. An additional \$25.00 will be assessed on all returned checks.

IV. UTILITIES

LESSEE shall be solely responsible for obtaining and paying for all necessary utility services on the Leased Premises and all applications and connections shall be made in the LESSEE's name only. These utility services include, but are not limited to sewer, water, gas, electricity, trash collection and telephone services. In the event that LESSOR may provide water, sewer, or any other such service, that service shall be subject to a separate agreement and is not to be deemed to be included within the rights and obligations included herein.

V. TERM AND EFFECTIVE DATE

The term of this Lease shall be for a one year period with the option to renew in one year increments for ten years from the effective date. The effective date of this Agreement shall be the date this agreement is signed by the Cochise County Board of Supervisors. All terms of this Agreement are subject to alteration during any renewal of this Agreement, including but not limited to the amount of rent that will be charged to the LESSEE and the limits of insurance that will be required of the LESSEE.

VI. ALTERATIONS, ADDITIONS, IMPROVEMENTS

(a) All buildings and property are accepted by the LESSEE in their present condition, and all repairs or improvements to the Leased Premises shall be at the sole cost of the LESSEE unless prior written arrangements with the County have been made. The Leased Premises are provided "AS IS". LESSOR makes no warranty as to their condition. LESSOR EXPRESSLY DISCLAIMS ANY WARRANTY OF HABITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. Any improvements that may be necessary for LESSEE's purposes shall be the sole responsibility of the LESSEE, including any heating, cooling, lighting, sewerage or other such facilities or repairs that may be required. Any such improvements provided by the LESSEE are deemed to be for the benefit of the LESSEE, and LESSOR shall not reimburse the LESSEE for the expenses incurred thereby. All modifications will be ADA compliant and subject to approval of the Cochise County Planning and Zoning Department. Signage will be in compliance with Article 19 of the Cochise County Zoning Regulations. LESSEE will comply with all federal, state and local laws and ordinances pertaining to the construction and operation of the Leased Premises.

(b) It is agreed, the LESSEE, during the existence of this Lease, may make improvements, alterations and additions to the Leased Premises. However, before commencement of any work, LESSEE shall first receive the written approval of the County's Director of Facilities Management.

(c) It is agreed, that subject to any right of removal afforded to LESSEE under this Lease, title to any leasehold improvements, buildings or structures added by LESSEE shall vest in the LESSOR immediately upon the completion of such facilities, and in consideration therefore, along with LESSEE's obligation of maintenance of these improvements, LESSOR hereby grants to LESSEE the exclusive use of any such leasehold improvements for the term of the Lease.

(d) Upon the expiration or termination of this Lease, the LESSEE shall have the right to remove from the Leased Premises, any and all personal property or trade fixtures that have been placed thereon by the LESSEE. The LESSEE's right of removal of personal property and trade fixtures shall not be exercised where such removal will cause damage or injury to the Leased Premises. Under no circumstances shall LESSEE remove any electric or plumbing fixtures, including trade fixtures, which are connected with other building systems.

(e) Landscaping maintenance - LESSEE shall use indigenous, low-water use plants for landscaping. LESSEE shall maintain grass, shrubs, trees, etc. in a healthy, pruned, and attractive manner at all times at LESSEE'S sole expense.

(f) Major Repair - If any attached machinery is removed, LESSEE is responsible for repair or change and/or injury caused by such actions.

(g) Repairs and Maintenance - LESSEE shall, at all times during the Lease, and at its own expense, repair, and maintain in a good, safe and substantial condition, any improvements on the Leased Premises, and shall use all reasonable precaution to prevent waste, damage or injury to the Leased Premises. In addition, LESSEE shall at all times keep the Leased Premises in a good and sightly condition, insofar as it may be affected by LESSEE's operations hereunder.

VII. LIENS

LESSEE shall keep the Leased Premises and all improvements erected thereon free and clear of any and all mechanics, material men and other liens arising out of LESSEE's use and occupancy of the Leased Premises. Filing of a lien against this property shall constitute a default of this Lease Agreement.

VIII. TAXES AND ASSESSMENTS

LESSEE shall pay all taxes, assessments and charges including, without limiting the generality of the foregoing, personal and real property taxes and utility charges, which may be taxed or charged to the LESSEE or upon the Leased Premises in connection with LESSEE's use and occupancy of the Leased Premises. It shall be the obligation of LESSEE to pay any assessed personal property on any goods, equipment, inventory, machinery, movable trade fixtures or other personal property located in or upon the Leased Premises.

IX. ASSIGNMENT, SUBLEASE OR LICENSE

LESSEE shall not assign, mortgage or encumber the premises, or any other right or privilege connected therewith, or allow any other person except agents and employees of LESSEE to occupy the Leased Premises or any part thereof without first obtaining the written consent of the LESSOR for each instance. No such assignment, subletting or occupancy shall be deemed a waiver of the covenants of this Lease. The acceptance of an assignee, subtenant or occupant as tenant shall also not release the LESSEE of the covenants of this Lease. An unauthorized assignment, sublease or license to occupy by the LESSEE shall be void and shall terminate the Lease at the option of the LESSOR.

X. COMPLIANCE WITH LAWS AND REGULATIONS

LESSEE shall comply with all federal, state and county laws, rules and regulations, controlling or in any manner affecting the use or occupancy of the Leased Premises or the BDI Airport. LESSEE shall operate the facilities in compliance with any and all regulations pertinent to the operations of the BDI Airport, and shall not engage in any activities that may adversely affect airport operations. LESSEE's rights hereunder are subject to any prior or overriding rights of the United States. All Cochise County regulations and ordinances as applicable to this facility or the operations therein and any future amendments thereto, are incorporated by reference into this Lease and shall be considered part of the regulations LESSEE must comply with under the terms of this Agreement.

XI. ENTRY TO PROPERTY

LESSOR shall maintain keys for the Leased Premises and, with reasonable notice, shall be allowed to inspect the Leased Premises as deemed necessary and appropriate. LESSOR may enter the Leased Premises at any time in the case of fire or an emergency.

XII. PARKING

Parking significant for the purpose of this Lease shall be made available by the LESSOR.

XIII. INDEMNIFICATION

To the fullest extent permitted by law, LESSOR and LESSEE shall defend, indemnify, and hold harmless the other and its departments, officers, officials, agents, and employees (hereinafter referred to as "Indemnitees") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the Indemnitees or any of its departments, officers, officials, agents, and employees. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of LESSOR or LESSEE to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that each party shall, in all instances, except for Claims arising solely from the negligent or

willful acts or omissions of the other party, be indemnified by the other party from and against any and all claims. It is agreed that each party will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable. In consideration of the award of this Lease, both the LESSOR and the LESSEE agree to waive all rights of subrogation against the other, its departments, officers, officials, agents, and employees.

XIV. INSURANCE

1. For the term of this Lease Agreement, LESSEE shall procure and maintain insurance against claims for injury to persons or damage to property arising from, or in connection with, the performance of the work hereunder by the LESSEE, its agents, representatives, or employees.
2. The Insurance Requirements herein are minimum requirements for this Lease and in no way limit the indemnity covenants contained in this Lease. LESSOR in no way warrants that the minimum limits contained herein are sufficient to protect the LESSEE from liabilities that arise out of the performance of the work under this Lease by the LESSEE, its agents, representatives, employees or subcontractors, and the LESSEE is free to purchase additional insurance.

2.1 Minimum Scope and Limits of Insurance

LESSEE shall provide coverage with limits of liability not less than those stated below.

2.2 Commercial General Liability (CGL) -- Occurrence Form Policy shall include bodily injury, property damage, and broad form contractual liability coverage.

• General Aggregate	\$2,000,000
• Products-Completed Operations Aggregate	\$1,000,000
• Personal and Advertising Injury	\$1,000,000
• Each Occurrence	\$1,000,000

a. The policy shall be endorsed to include the LESSOR as additional insureds with respect to liability arising out of the activities performed by or on behalf of the LESSEE. Commercial General Liability Additional Insured Endorsements shall be as broad as CG2010 1185.

b. In consideration of the benefits hereinafter described, both LESSOR and LESSEE hereby waive their rights of recovery against the other for damage to its property.

2.3 Workers' Compensation and Employers' Liability

• Workers' Compensation—Statutory	
• Employers Liability—Each Accident	\$1,000,000

Disease, Each Employee \$1,000,000

- a. This requirement shall not apply to each LESSEE that is exempt under A.R.S. § 23-901, and when such LESSEE executes the appropriate waiver form (Sole Proprietor or Independent LESSEE).

2.4 Property Insurance

The LESSEE shall insure the building for 100% replacement cost and name LESSOR as loss payee.

- Coverage on LESSEE's contents 100% Replacement Cost
- Coverage on building 100% Replacement Cost

- a. Property insurance shall be written on Causes of Loss-Special Form (formerly "all risk") replacement cost coverage.
- b. In consideration of the benefits hereinafter described, both LESSOR and LESSEE hereby waive their rights of recovery against the other for damage to its property.

2.5 Auto Insurance

If LESSEE operates motor vehicles as part of its business, LESSEE shall, at its own expense, obtain and maintain Auto Liability Insurance as follows:

- Combined Single Limit \$1,000,000

Additional Insurance Requirements

The policies shall include, or be endorsed to include, as required by this written agreement, the following provisions:

- 2.6 The LESSEE's policies, as applicable, shall stipulate that the insurance afforded the LESSEE shall be primary and that any insurance carried by the LESSOR shall be excess and not contributory insurance, as provided by A.R.S. § 41-621 (E).
- 2.7 Insurance provided by the LESSEE shall not limit the LESSEE'S liability assumed under the INDEMNIFICATION and RELEASE AND DISCHARGE provisions of this Lease.
- 2.8 Notice of Cancellation
Applicable to all insurance policies required within the Insurance Requirements of this Contract shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to the LESSOR.

2.9 Acceptability of Insurers

LESSEE'S insurance shall be placed with companies licensed in the State of Arizona or hold approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII.

2.10 Verification of Coverage

LESSEE shall furnish the LESSOR with certificates of insurance (valid ACORD form or equivalent) evidencing that LESSEE has the insurance as required by this Contract. An authorized representative of the insurer shall sign the certificates.

2.11 All such certificates of insurance and policy endorsements must be received by the LESSOR before commencement of this Lease and every year thereafter for the duration of this Lease. The LESSOR'S receipt of any certificates of insurance or policy endorsements that do not comply with this written agreement shall not waive or otherwise affect the requirements of this agreement.

2.12 LESSEE shall require its subcontractors to obtain and maintain all insurance requirements as expressed or stated above.

2.13 Each insurance policy required by this Agreement must be in effect at, or prior to, commencement of this Lease Agreement. Failure to maintain the insurance policies as required by this Agreement, or to provide evidence of renewal, is a material breach of contract.

2.14 All certificates required by this Agreement shall be sent directly to the LESSOR.

XV. FIRE AND CASUALTY DAMAGE

(a) If the Leased Premises shall be damaged by fire or other casualty, but the Leased Premises are either tenantable or if untenable, the Leased Premises can reasonably be expected to be repaired within thirty (30) working days after the commencement of repair work, the Lease shall continue in full force and effect. In such case, the LESSEE may at its own cost, promptly and diligently repair and restore the Leased premises to substantially the same condition existing prior to such damage. Without limiting such obligation on the part of the LESSEE, the proceeds of any insurance covering such damage or destruction shall be made available to the LESSOR for such repair and restoration.

(b) If the Leased Premises shall be totally destroyed by fire or other casualty, or if the Leased Premises should be so badly damaged by fire or other casualty as to become untenable, and such damage cannot reasonably be expected to be repaired within thirty (30) working days after the commencement of repair work, the LESSEE may terminate the Lease,

without further obligation, by giving thirty (30) days prior written notice of such election to terminate to the LESSOR. In such event, then all insurance money received or recoverable for the loss of the Leased Premises shall belong to and be paid to LESSOR.

XVI. RELEASE AND DISCHARGE

LESSOR shall not be responsible for, and assumes no liability arising from vandalism, fire, smoke, theft, damage or loss to LESSEE's property unless such vandalism, fire, smoke, theft, damage or loss is solely the fault of LESSOR. LESSEE hereby releases and discharges LESSOR from all claims, damages, losses, liabilities and demands by LESSEE for loss of or damage to LESSEE's person, employees, property, income or profit.

XVII. DEFAULT OR BREACH

Each of the following events shall constitute a default or breach of this Lease by LESSEE.

- (a) Failure to pay rent under this Lease Agreement when due.
- (b) Except as otherwise specifically provided in this Lease Agreement, failure to perform any other provision of this Lease Agreement, if the failure to perform is not cured, at the sole discretion of LESSOR, within thirty (30) days after notice of the failure has been given to LESSEE, this Agreement shall terminate without further notice. At the discretion of LESSOR, if the breach or default cannot be reasonably cured within thirty (30) days, LESSEE may not be considered in breach or default of this Agreement if LESSEE commences to cure the breach or default within the thirty (30) day period and diligently and in good faith continues to cure the default.
- (c) At the sole discretion of LESSOR, performing any work, services, operations or functions not the subject of or intent of this Lease Agreement or within the scope of this Lease Agreement.
- (d) At sole discretion of the LESSOR, failure to operate, perform work or services or maintain the premises in a safe and environmentally sound manner.
- (e) If LESSEE shall vacate or abandon the Leased Premises.
- (f) If this Lease shall be transferred to or shall pass to or dissolve on any other person or party without the prior written consent of the LESSOR.
- (g) If LESSEE shall fail to maintain current, required amounts of insurance coverage.

LESSOR, at any time after LESSEE commits a material breach or default of this Lease Agreement, may elect to cure the breach or treat LESSEE as being in default, in either instance at LESSEE's cost. Upon failure of LESSEE to pay rent when due, LESSOR may impose late fees and interest as stated in paragraph III, above, or may immediately or at anytime thereafter

until all rent and late fees are paid, treat the LESSEE as being in default and terminate the Lease pursuant to provisions of paragraph XX, below. If LESSOR, at any time, by reason of LESSEE's breach or default, pays any sum or does any act that requires the payment of any sum, the sum paid by LESSOR shall be due immediately from LESSEE to LESSOR at the time the sum is paid, and if paid at a later date shall be subject to interest at the rate of ten percent (10%) per month or fraction of a month on such unpaid balance as may be due. An additional \$25.00 will be assessed on all returned checks.

XVIII. SUPPLEMENTARY CONDITIONS

(a) LESSEE shall provide LESSOR copies of all permits, licenses and notice(s) of violation of any permit or license necessary to conduct the LESSEE's business on the Leased Premises no later than ten (10) business days following receipt of same by LESSEE.

(b) The parties shall comply with all applicable state and federal statutes and regulations governing Equal Employment Opportunity, Non-Discrimination, and Immigration.

(c) It is understood that each party shall act in its individual capacity and not as an agent, employee, partner, joint ventures, or associate of the other. An employee or agent of one party shall not be deemed or construed to be the employee or agent of the other party for any purpose whatsoever.

(d) In accordance with A.R.S. § 35-393.01, the parties certify that they are not currently engaged in, and for the duration of this Agreement agree not to engage in, a boycott of Israel, and will not adopt a procurement, investment, or other policy that has the effect of inducing or requiring a person or company to boycott Israel.

(e) The parties hereby warrant that they will at all times during the term of this Agreement comply with all federal immigration laws applicable to the parties' employment of its employees, and with the requirements of A.R.S. § 23-214(A) (together the "State and Federal Immigration Laws"). The parties shall further ensure that each subcontractor who performs any work for the party under this Agreement likewise complies with the State and Federal Immigration Laws.

(f) The parties agree to keep all books, accounts, reports, files, and other records relating to this Agreement for five (5) years after completion of the contract; and, in addition, agree that such books, accounts, reports, files, and other records shall be subject to audit pursuant to A.R.S. § 35-214.

(g) Notwithstanding any other provision of the Agreement, the parties understand that LESSOR is a public entity and, as such, is subject to Arizona's public records law, A.R.S. § 39-121 *et. seq.*

(h) This Agreement shall be governed by the laws of the State of Arizona. Jurisdiction and venue for any action under this Agreement shall be in Cochise County, Arizona.

XIX. TERMINATION

(a) In the event of any default or breach by the LESSEE of any provisions of this Lease, and if such default continues for a period of thirty (30) days after written notice of default has been delivered by the LESSOR to the LESSEE, this Lease shall, at the option of the LESSOR, be terminated forthwith upon the LESSEE's receipt of a written notice of termination from the LESSOR. In such event, the LESSEE agrees to deliver peaceful and lawful possession thereof to LESSOR. LESSOR reserves its right to pursue any other legal remedy for damages or otherwise arising out of the default by the LESSEE.

(b) In the event of termination, upon expiration of the applicable term or as otherwise authorized herein, the LESSEE shall vacate the premises and leave it in a good and clean condition, not worse than existed at time of occupancy, ordinary wear and tear excepted. LESSEE shall remove, or arrange for the removal of all of its remaining personal property and waste from the Leased Premises on or before vacating the premises. Any property or materials not removed within thirty (30) days of the termination of the Lease shall be deemed to be abandoned and may be disposed of by LESSOR at the LESSEE's expense, as LESSOR deems appropriate.

(c) LESSEE reserves the right to terminate this Lease Agreement should LESSEE lose its license to operate the cremation business from the state agency responsible for issuing such licenses. In the event LESSOR exercises this right to terminate, LESSOR shall retain all rental payments received and LESSEE shall remove all trade fixtures and personal property and return the premises to LESSOR in a good and clean condition, not worse than existed at time of occupancy, ordinary wear and tear excepted.

(d) This agreement may be terminated for conflict of interest, pursuant to A.R.S. §38-511.

XX. RIGHTS AND REMEDIES

No provision in this document shall be construed, expressly or by implication, as a waiver by the LESSOR of any existing or future right and/or remedy available by law in the event of any claim of default or breach of contract. The failure of any party to insist upon the strict performance of any term or condition of the Lease or to exercise or delay the exercise of any right or remedy provided in the Lease or by law, or the acceptance of materials or services, or the payment for materials or services, shall not release the other party from any responsibilities or obligations imposed by the Lease or by law, and shall not be deemed a waiver of a right of a party to insist upon the strict performance of the Lease.

XXI. CONTRACT AMENDMENTS

This contract may be modified only by a written Amendment signed by persons duly authorized to act in this capacity on behalf of the LESSOR and the LESSEE.

XXII. NOTICES

Any notices required to be given under this Lease Agreement shall be in writing and shall be deemed properly delivered, given or served when personally delivered to the Facilities Management Director of LESSOR or to LESSEE Michael J. Ames, DVM, or, in lieu of such personal service, sent by United States mail, addressed to LESSEE at the address referenced below and to LESSOR, at the address referenced below:

LESSEE:

Michael J. Ames, DVM
Ames Diversified Services, LLC
3131 W. Clarendon Avenue
Phoenix, AZ 85017

LESSOR:

Facilities Management Director
Cochise County
1415 Melody Ln., Bldg. C
Bisbee, AZ 85603

In the event of personal service, notice shall be deemed given when personally served. In the event of service by certified or registered mail, notice shall be deemed to have been given seventy-two (72) hours after deposit of same in the United States mail post box, postage prepaid, addressed as set forth above, or upon the date of the signed return receipt, whichever is sooner. In the event of service by express overnight mail, notice shall be deemed to have been given forty-eight (48) hours after deposit of same with carrier. LESSEE shall keep his current mailing address and telephone number on file with the Facilities Management Director during the term of this Agreement and shall notify the Facilities Management Director in writing within fifteen (15) days of any change of address or telephone number.


[THIS SECTION INTENTIONALLY LEFT BLANK]

XXIII. ENTIRE AGREEMENT

This Lease Agreement contains all the representations and the entire understanding and agreement between the parties pertaining to the use of the premises or any other matters connected therewith. All correspondence, memoranda, or oral or written agreements pertaining to the leased premises or the parties hereto, which originated before the date of this Lease Agreement are null, void and no longer in force and with no effect, and are replaced in total with this Lease Agreement unless otherwise expressly stated in this Lease Agreement. This Lease Agreement shall not be altered, amended, or modified except by a writing signed by authorized representatives of LESSOR and LESSEE.

IN WITNESS WHEREOF, the parties have caused this Lease Agreement to be signed by their duly authorized representatives.

LESSEE:

By: 
Michael J. Ames, DVM
Ames Diversified Services, LLC

Dated: 8/25/17

LESSOR:

By: _____
Ann English, Chairman
Cochise County Board of Supervisors

Dated: ___/___/___

ATTEST:

By: _____
Arlethe Rios, Clerk of the Board

Dated: ___/___/___

APPROVED AS TO FORM:

By: _____
Elda E. Orduño
Civil Deputy County Attorney

Dated: ___/___/___

