

LEASE AGREEMENT

Dated as of June 9, 2026

for

Continental Plaza Shopping Center
5200 E. Cortland Blvd., Suite A 1 - 6

Flagstaff, Arizona 86004

by and between

THE HOPI TRIBE ECONOMIC DEVELOPMENT CORPORATION
as Landlord

and

City of Flagstaff,
an Arizona municipal corporation,
dba East Flagstff Community Library
as Tenant

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Tenant's Initials _____

LEASE AGREEMENT
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LEASE AGREEMENT

This Lease, dated as of this 9th day of June, 2026, is made by and between The Hopi Tribe Economic Development Corporation, a federally chartered corporation, wholly owned by The Hopi Tribe, a federally recognized Indian tribe (hereafter called “Landlord”), City of Flagstaff, an Arizona municipal corporation, dba East Flagstaff Community Library, (hereafter called “Tenant”).

ARTICLE 1 BASIC LEASE PROVISIONS

The descriptions and provisions set forth below are qualified by their usage elsewhere in this Lease, including those Articles referred to in parentheses:

- | | | |
|-----|--|--|
| 1.1 | Premises (Article 2.1): | Continental Plaza Shopping Center
5200 E. Cortland Blvd., Suite A 1-6
Flagstaff, AZ 86004 |
| 1.2 | Approximate Gross Leasable Area of Premises (Article 2.1): | +/- 7200 sf |
| 1.3 | Use Clause (Article 8) | Community library |
| 1.4 | Trade Name/Business Name (Article 8.1): | East Flagstaff Community Library |
| 1.5 | Lease Term (Article 3.1): | Four (4) years plus three (3) months |
| 1.6 | Lease Commencement Date (Article 3.2): | August 1, 2026 |
| 1.7 | Lease Expiration Date (Article 3.2): | October 31, 2030 |
| 1.8 | Security Deposit (Article 7.1): | \$13,000 |
| 1.9 | Tenant’s Notice and
Billing Address (Article 36): | Bryce Doty
Real Estate Manager
211 W. Aspen Ave
Flagstaff, AZ 86004
928-213-2072
Bryce.doty@flagstaffaz.gov |

With a copy to:

City Attorney
City of Flagstaff
211 W. Aspen Ave
Flagstaff, AZ 86001

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1.10 Landlord's Notice Address
(Articles 6.1, 36):

HTEDC
c/o Sterling Real Estate Management
323 W. River Run Rd., Suite 1
Flagstaff, AZ 86001
commercial@sterlingrem.com

Landlord's Billing Address

HTEDC
5200 E. Cortland Blvd, Suite E200
Flagstaff, AZ 86004

- 1.11 Minimum Monthly Rent Commencement Date (Article 4.1): **August 1, 2026**
1.12 Minimum Monthly Rent (Article 4.1): **\$13,000** base rent
1.13 Merchants Association Fee (Article 14.3) N/A
1.14 Brokerage Commissions (Article 37): Per separate agreement
1.15 Lease consists of 40 Articles on 36 Pages, Exhibits A, B, C, D, and First Addendum to Lease

ARTICLE 2 PREMISES

- 2.1 PREMISES. Landlord hereby leases to Tenant and Tenant leases from Landlord, for the Lease Term, at the rent rate and upon all of the conditions set forth herein, that certain real property known by address and unit/suite number specified in Article 1.1 hereof, consisting of the approximate gross leasable area specified in Article 1.2 hereof, and which is referred to hereafter as "Premises".
- 2.2 COMMON AREA. The use and occupation by the Tenant of the Premises shall include the non-exclusive right to the use of the parking areas, service roads and sidewalks depicted on Exhibit A and other facilities as may be designated from time to time by the Landlord for use in common by tenants of the Shopping Center, as more specifically set forth in Article 16 of this Lease.
- 2.3 LANDLORD'S RIGHTS. Landlord reserves and excepts from the Premises the roof and the exterior of the walls of the building of which the Premises are a part, and the right of access in, over and upon the Premises as may be reasonably necessary or advisable for maintenance or construction of the building of which the Premises is a part or other portions of the Shopping Center.

ARTICLE 3 TERM

- 3.1 TERM. The term of this Lease ("Lease Term") shall be for the period set forth in Article 1.5 hereof, plus the remainder of any partial calendar month in which the term commences.
- 3.2 DATES. The Lease Term and Tenant's occupancy shall commence on the date ("Lease Commencement Date") stated in Article 1.6 hereof, and end on the date ("Lease

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Expiration Date”) stated in Article 1.7 hereof, unless sooner terminated pursuant to any provision of this Lease.

ARTICLE 4 RENTAL

4.1 MINIMUM MONTHLY RENT. Tenant covenants and agrees to pay Landlord, without deduction or offset, and without notice or demand, for the use and occupancy of the Premises a Minimum Monthly Rent as specified in Article 1.12 hereof, subject to adjustment pursuant to the following paragraph, payable in advance on the first day of each and every month during the Lease Term beginning on the Minimum Monthly Rent Commencement Date specified in Article 1.11 hereof. If the Minimum Monthly Rent Commencement Date is other than the first day of a calendar month, the Minimum Monthly Rent for that month shall be prorated on a per diem basis calculated on a thirty (30) day month and paid to Landlord within five (5) days of the Minimum Monthly Commencement Date.

4.2 ~~ADJUSTMENTS. Upon each anniversary of the Lease Commencement Date, the Minimum Monthly Rent shall be adjusted upward (but not downward) to reflect the change in the Index over the past year. To accomplish this adjustment, the minimum Monthly Rent shall be increased by a fraction the numerator of which is the Index for January of the latest year and the denominator of which is the Index for January of the prior year; provided, that in no event shall the annual upward adjustment in Minimum Monthly Rent be less than three percent (3%). As used in this Section 4.2, Index means CONSUMER PRICE INDEX ALL URBAN CONSUMERS (CPI-U; U.S. City Average; All Items: 1982-1984=100) published by the United States Bureau of Labor Statistics. If the base of the Index changes from the 1982-84 base (100), the Index shall, thereafter, be adjusted to the 1982-84 base (100) before the computation indicated above is made. If the Index is at a time hereafter no longer published, a comparable index generally accepted and employed by the real estate profession shall be used as determined by Landlord.~~

ARTICLE 5 ADDITIONAL RENT

5.1 ~~PROPORTIONATE SHARE. It is mutually intended and understood that Minimum Monthly Rent is a “net” rent to Landlord, and that Tenant shall pay as additional rent, without offset or deduction, Tenant’s Proportionate Share of the Shopping Center expenses, taxes and charges as set forth in this article.~~

~~—— If the Lease Commencement Date occurs on a day other than the first day of a calendar month, then all rents (including the Minimum Monthly Rent as set forth above) shall be prorated for the balance of that month, calculated on a thirty (30) day month and based upon the actual number of days the Lease is in effect during said calendar month.~~

~~—— Tenant’s Proportionate Share of taxes, expenses (less water and sewer fees) and other charges shall be determined by multiplying the tax, expense (less water and sewer fees)~~

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~~and other charges by a fraction, the numerator of which is the Approximate Gross Leasable Area of the Premises and the denominator of which is the total space in the Shopping Center. In the event the Premises does not have a separate water meter, the Tenant's Proportionate Share of the shopping Center's water and sewer fees shall be paid by Tenant as additional rent.~~

~~The amounts payable hereunder shall be payable within ten (10) days after receipt by Tenant of a statement from the Landlord setting forth the amount and due date of Tenant's Proportionate Share of the tax, charge or expense. Notwithstanding the foregoing, Landlord, at its option, shall have the right to estimate the amount of Tenant's Proportionate Share of the taxes, expenses and charges which would be payable by Tenant in any period of twelve (12) consecutive calendar months, and Tenant agrees to make advance payments towards the same in equal installments on the first day of each calendar month with Tenant's payment of Minimum Monthly Rent. By March 1st of each year, Landlord shall furnish to Tenant a statement showing the Shopping Center's actual taxes, expenses and charges for the proceeding period and any adjustments to be made as a result thereof. In the case of a deficiency, Tenant shall promptly remit the amount of such deficiency as set forth above to Landlord. In the case of surplus, Landlord shall apply Tenant's share of such surplus to payments next falling due from Tenant under this Article 5.~~

~~5.2 OPERATING EXPENSES. Tenant covenants and agrees to pay Tenant's Proportionate Share of the Shopping Center's Operating Cost. The Shopping Center's Operating Cost means:~~

- ~~a. All costs of operating, maintaining, and repairing the Shopping Center's common facilities provided for the joint non-exclusive use of tenants, their agents, employees, licensees and invitees including without limitation all costs and expenses attributable to: landscaping; repaving; line painting; identification and directional signs, markers and bumpers; sanitary control for the common facilities (pest control, cleaning, sweeping, removal of trash, rubbish, garbage and other refuse); snow removal; lighting; fixtures; utilities consumes on the common facilities; security and traffic control services; depreciation on or rental charges for equipment used for maintenance; the cost of an on-site office and an on-site employee or agent for supervision and management of the Shopping Center; payroll taxes and benefits; heating and security for vacant space, and premiums for fire and extended coverage insurance on common facility improvements and equipment; and fees and charges levied by governmental authorities.~~
- ~~b. All costs of maintaining and operating any sewer, septic or waste disposal installation which services the Shopping Center.~~
- ~~c. Routine cleaning, painting and other maintenance of signs, walls and roof systems.~~
- ~~d. The aggregate cost of Landlord's maintenance obligations under Section 17.1 hereof, for all portions of the Shopping Center.~~
- ~~e. Landlord's costs to appeal tax assessments.~~
- f.a. All costs for property management services.

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~~5.3 REAL ESTATE TAXES. Tenant covenants and agrees to pay its Proportionate Share of all Real Estate Taxes imposed upon all real property and permanent improvements within the Shopping Center including the Premises and common facilities. With respect to any assessments which may be levied against or upon the Premises and which, under the laws then in force, may be evidenced by improvement or other bonds payable in annual installments, only the annual payments on said assessment shall be included in computing or estimating Tenant's obligation for real estate taxes and assessments.~~

~~Real Estate Taxes mean all impositions, taxes, assessments (special or otherwise) and other governmental levies and charges of any and every kind, ordinary or extraordinary, foreseen and unforeseen, assessed upon or with respect to the ownership of, or other taxable interest attributable to, the land, buildings and improvements comprising all or any portion of the Shopping Center, including taxes imposed on any interest or excise in substitution for those taxes commonly known as real estate taxes or in lieu of an increase in real estate taxes, but excluding income, estate and inheritance taxes levied against Landlord and taxes referred to in Article 5.5 hereof.~~

~~5.4 INSURANCE. Tenant covenants and agrees to pay its Proportionate Share of Landlord's cost of all insurance procured by or on behalf of Landlord pursuant to Sections 20.6 and 21.4 hereof.~~

5.5 SALES TAX. Tenant covenants and agrees to pay to Landlord, in addition to the amounts payable to Landlord hereunder, a sum equal to the aggregate of any municipal, county, state or federal excise, sales, use or transaction privilege taxes now or hereafter legally levied or imposed against or on account of any or all amounts payable under Lease by Tenant or the receipts thereof by Landlord (except taxes which are commonly referred to as income, estate, or inheritance taxes).

Tenant agrees to remit the taxes payable under this Section 5.5 to Landlord at the time payment is made by Tenant upon which the tax is levied or imposed.

~~5.6 PERSONAL PROPERTY TAX. Tenant shall pay, prior to delinquency, all taxes levied upon fixtures, furnishings, equipment and all personal property placed on the Premises by the Tenant. If any or all of the Tenant's fixtures, furnishings, equipment or personal property shall be assessed and taxed with the Landlord's real property, the Tenant shall reimburse Landlord for such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to the Tenant's property.~~

5.7 WOOD INFESTATION AND PEST CONTROL. Tenant shall pay for any Wood infestation Report for Tenant's Premises, the cost of treatment of infestation, repair of any damage caused by infestation and correction of any conditions conducive to infestation that are caused by Tenant. Tenant shall pay for the cost of any pest control within the Premises.

ARTICLE 6 PAYMENT OF RENTAL/LATE CHARGES

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- 6.1 PAYMENT. Tenant shall pay the rentals and all other charges herein specified to Landlord at the address set forth in Article 1.10 hereof, or to another person and at another address as Landlord shall from time to time designate in writing. Tenant shall pay all rents to Landlord in lawful money of the United States of America.
- 6.2 LATE CHARGES AND INTERST. Any payment of rent, additional rent or charge required to be made by Tenant to Landlord under the terms of this Lease not received within FIVE (5) DAYS after the due date thereof shall be subject to a late charge of ten (10%) of the delinquent amount or fifty dollars (\$50.00), whichever is greater, and if the delinquent amount has not been received in TEN (10) DAYS, an additional late charge of ten percent (10%) shall be due and payable to Landlord, for a total of twenty percent (20%); provided, however, nothing charged hereby shall ever exceed the amount that may properly be charged or recovered under the laws of the State of Arizona. Tenant understands and acknowledges that the foregoing late charge is not intended as punitive damages, but rather as liquidated damages, being a reasonable estimate of the damages that will be suffered by Landlord as a consequence of Tenant's failure to pay rent and other charges when due. The foregoing late charges and interest shall be in addition to any other remedies of the Landlord provided in this Lease.

ARTICLE 7 SECURITY DEPOSIT

- 7.1 GENERAL. Tenant has deposited with Landlord upon delivery of this Lease the amount specified in Article 1.8 hereof, receipt of which is hereby acknowledged by Landlord, to be held as security for the full and faithful performance of each and every term, provision, covenant and condition of this Lease.
- 7.2 OBLIGATIONS. If Tenant defaults in the performance of any of the terms, provisions, covenants or conditions of this Lease, including but not limited to the payment of rent, additional rent or other charge, Landlord may, but need not, use, apply, or retain the whole or any part of this security not as liquidated damages but for the payment of any rent or charge in default or for any other sum which Landlord may spend or be required to spend by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within five (5) days after written demand therefore, deposit cash or certified funds with Landlord in an amount sufficient to restore the security deposit to its original amount. Should Tenant fully and faithfully comply with all of the terms, provisions, covenants, and conditions of this Lease, the security or any balance of the security shall be returned to Tenant or, at the option of Landlord, to the last assignee of Tenant's interest in this Lease within fourteen (14) business days after the Lease Expiration Date and surrender of the Premises by Tenant. Landlord's rights with reference to the security deposit shall be in addition to and shall not preclude any other rights, remedies, or recoveries available to Landlord by law or under the terms of this Lease.
- 7.3 RIGHTS. Tenant agrees that in case the Landlord shall sell or exchange Landlord's interest in the Premises during the Lease Term, Landlord may pay the deposit to any

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subsequent owner and in that event, Tenant does hereby agree to release Landlord from all liability for the return of such deposit. Landlord shall not be required to maintain such funds in a segregated account, but may deposit such funds in any general account of Landlord, provided that such commingling shall in no way affect Landlord's obligations to Tenant regarding such funds hereunder.

ARTICLE 8 USE OF PREMISES

- 8.1 USE. Tenant shall use the Premises solely for the purpose of conducting its business, which is stated in Article 1.3 hereof, and for no other purpose.

Said business shall be operated only under the trade name/business name as stated in Article 1.4 hereof.

Tenant shall not use or permit the Premises to be used for any other purpose or purposes except with the prior written consent of Landlord. The right to use the Premises for the business set forth above shall not be construed as a grant of exclusive rights to Tenant or a covenant restricting Landlord from leasing other space in the Shopping Center for the same or similar uses.

- 8.2 COMPLIANCE WITH LAW. Tenant shall, at its sole cost and expense, comply with all statutes, ordinances, rules, regulations and orders of all municipal, state and federal authorities now in force or which may hereafter be in force pertaining to the Premises or Tenant. Tenant shall not use or permit the Premises to be used in whole or in part for any purpose or use in violation of any of the laws, ordinances, regulations or rules of any public authority at any time applicable thereto.

- 8.3 PROHIBITED USES. Tenant shall not:

- a. Consent or permit any auction sale to be held on or about the Premises, whether such auction be voluntary or involuntary;
- b. Advertise or solicit business on the sidewalks and other common facilities of the Shopping Center, without first securing the prior written consent of the Landlord;
- c. Employ any type of sound emitting device in or about the Premises that is audible outside the Premises, except for fire and burglar alarms;
- d. Commit, or suffer to be committed, any waste upon the Premises;
- e. Engage in any activity which will increase the existing premium rate of insurance on the Premises or cause a cancellation of any insurance policy or permit to remain in or about the Premises any article that may be prohibited by standard for fire insurance policies;
- f. Use the Premises for or carry on or permit any offensive, noisy, or dangerous trade, business, manufacture or occupation, or any nuisance or anything against public policy, or interfere with the business of or disturb the quiet enjoyment of any other tenant in the Shopping Center;

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- g. Use the exterior of the roof or walls of the Premises for any purpose except maintenance of a sign in accordance with Section 8.2 or performing Tenant's maintenance obligations under Section 17.3;
- h. Load or unload goods except at such times, in the areas and through the entrances designated for such purposes by Landlord;
- i. Accept delivery or ship merchandise, supplies or fixtures to and from the Premises except subject to such rules and regulations as in the judgment of the Landlord are necessary for the proper operation of the Premises or Shopping Center;
- j. Deposit garbage or refuse except in the kind of container and specific container(s) specified by Landlord, and shall be placed outside the Premises prepared for collection in the manner and at the times and places specified by Landlord. Tenant shall pay the cost of removal of any of Tenant's refuse or rubbish.
- k. Install an aerial, antenna, satellite dish or similar device on the roof or exterior walls of the Shopping Center or on the grounds, without the prior written consent of Landlord.
- l. Place or permit any obstruction or merchandise outside Tenant's Premises and Tenant shall keep exterior areas immediately adjoining the Premises, including sidewalk and patio areas, clean and free from snow, ice, dirt, and rubbish to the satisfaction of the landlord.

ARTICLE 9 CONSTRUCITON OF THE PREMISES

- 9.1 GENERAL. All construction work, alterations and improvements to the interior or exterior of the Premises are subject to the prior approval of Landlord. Without Landlord's consent, which may be withheld on the basis of aesthetic or other standards, Tenant shall not:
- a. Make any changes to the store front including the affixing and maintenance upon the glass panes and supports of the show windows and within twelve (12) inches of any window and upon the exterior walls of the Premises any signs, advertising placards, names, insignia, trademarks or descriptive materials;
 - b. Install any exterior lighting, awning or canopy, or any exterior decorations or paintings; or
 - c. Install any exterior sign which is not in accordance with Landlord's sign criteria.

During the course of any construction by Tenant, Landlord may enter upon the Premises at all times for the purpose of inspecting the construction.

If Landlord shall find any workmanship inferior, defective or not in accordance with the plans and specifications, Landlord may notify Tenant and if notified, Tenant shall promptly correct such inferior, defective or deficient construction. Landlord's authority to act under this paragraph shall not give rise to a duty of Landlord to make inspections or otherwise enforce Tenant's compliance with this Article. Tenant's failure to perform or cause to have performed Tenant's construction in a good and workmanlike manner shall constitute a default under Article 30 of this Lease.

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- 9.2 **FIXTURING.** At the time Tenant enters the Premises to perform the work required of Tenant by this Lease, including Exhibit C: Construction Rider ("Tenant's Work"):
- a. All of Tenant's obligations under this Lease, including the obligation to pay rent shall be in full force and effect;
 - b. Tenant agrees to maintain heat in the Premises and to pay for the utilities (heat, gas, water, electricity) which shall be furnished to the Premises from that time;
 - c. Tenant shall maintain liability insurance in accordance with Article 20 of this Lease;
 - d. Tenant shall require Tenant's Contractor to maintain Worker's Compensation Insurance as required by law and public liability insurance with limits equal to those set forth in Article 20. Tenant agrees to indemnify, save and hold Landlord harmless against any loss, liability, injury or damage to persons or property resulting from such work including the activities of Tenant's contractor; and
 - e. The Premises shall be deemed to be in good and satisfactory condition.
- 9.3 **TENANT'S RISK.** Prior to the completion of tenant improvements by Tenant, any work performed by Tenant, or any fixtures or personal property moved on the Premises, shall be at Tenant's own risk. Neither Landlord nor Landlord's agents or contractors shall be responsible to Tenant for damage or destruction of Tenant's work or property including damage or destruction occasioned by Landlord's own negligence. Tenant agrees to indemnify Landlord and hold Landlord harmless against claims made with respect to damage or destruction of property of third persons move on the Premises at Tenant's request.
- 9.4 **ALTERATIONS BY LANDLORD.** The Shopping Center and common areas are at all times subject to the exclusive control and management of Landlord. Without limiting the generality of the foregoing, Landlord has the right in its management and operation of the Shopping Center to do and perform such acts in and to the Shopping Center as in the use of good business judgment the Landlord determines to be advisable for the more efficient and proper operation of the Shopping Center, including:
- a. Obstruct or close off all or any part of the Shopping Center for the purpose of maintenance, repair or construction;
 - b. Use any part of the common area for merchandising, display, decorations, entertainment and structures designed for retail sell or special features or promotional activities;
 - c. Change area, level, location, arrangement or use of Shopping Center or any part thereof;
 - d. Construct other buildings, structures or improvements in the Shopping Center and make alterations thereof, additions thereto, subtractions therefrom, or rearrangements thereof, build additional stories on any building, and construct additional buildings or facilities adjoining or proximate to the Shopping Center; and
 - e. Construct multiple deck, elevated or underground parking facilities, and expand, reduce or alter same in any manner whatsoever.
- 9.5 **ALTERATIONS BY TENANT.** After completion of Tenant's construction obligations under this Article, Tenant shall not make, or cause to be made any further additions to, or alterations of the Premises, or the store front, or any part thereof, without the prior written

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consent of Landlord. Any alterations or improvement to be made by Tenant will be subject to the conditions of this Article and the following Article 10. Any additions to, or alterations of, the Premises except movable furniture and trade fixtures, shall become at once part of the realty and belong to Landlord. In the event Landlord consents to the making of any alterations, additions or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense.

ARTICLE 10 FIXTURES

Tenant shall provide, install and maintain, at tenant's expense, fixtures of a special nature that may be required by Tenant's business subject to the terms contained in Exhibit C hereof. All such fixtures that are not permanently affixed to the Premises shall remain the property of Tenant and may be removed by Tenant not later than the Lease Expiration Date, provided that Tenant is not then in default hereunder. Upon the expiration or termination of the term hereof, Tenant shall, upon written demand by Landlord given at least thirty (30) days prior to the end of the term, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant, designated by Landlord to be removed, and Tenant shall, forthwith and with all due diligence, at its sole cost and expense, repair any damages to the Premises caused by such removal. All other fixtures, equipment, plumbing (including, without limitation, air conditioning units, heating equipment, plumbing fixtures, hot water heaters, wall covering, carpeting or other floor covering cemented or otherwise affixed to the floor, draperies, and outdoor sign cabinet, together with its electrical system and timer) that may be placed upon, installed in or attached to the Premises by Tenant shall, on the Lease Expiration Date or earlier termination of this Lease for any reason, be the property of Landlord and remain upon and be surrendered with the Premises, without disturbance, molestation or injury. Tenant shall have the right from time to time during the Lease Term to remove any such fixtures, equipment or property for the purpose of replacing the same with items of like character, quality or value. Replacement will be subject to the conditions of Article 9 hereof.

ARTICLE 11 LIENS

Tenant shall keep the Premises and the property on which the Premises are situated free from any liens arising out of work performed, material furnished or obligations incurred due to Tenant's actions or the failure of Tenant to comply with any law. In the even any such lien does attach against the Premises, and Tenant does not discharge the lien or post bond (which under law would prevent foreclosure or execution under the lien) within ten (10) days after notice by Landlord, Landlord may take any action necessary to discharge the lien. Tenant shall pay Landlord upon demand for or on account of any cost or expense (including reasonable attorney's fees) incurred by Landlord by reason of attachment or discharge of such lien and shall indemnify Landlord against any liability arising out of attachment of such lien.

Landlord's Initials _____

Tenant's Initials _____

ARTICLE 12
QUIET ENJOYMENT

Landlord covenants that upon Tenant's paying the rentals and keeping and performing all of the terms, covenants and conditions of this Lease, Landlord will do nothing that will prevent Tenant from peaceably and quietly enjoying, holding, or occupying the Premises during the Lease Term. This covenant shall not extend to any disturbance, act or condition brought about by any other tenant in the Shopping Center and shall be subject to the rights of Landlord set forth in this Lease. This Lease Agreement is subject to any Easements, Covenants and Restrictions of record.

ARTICLE 13
CONTINUOUS OPERATION

- 13.1 GENERAL. Tenant shall continuously, during the entire Lease Term, conduct and carry on Tenant's business in the Premises and shall keep the Premises open for business and cause Tenant's business to be conducted therein during the usual business hours of each and every business day as is customary for businesses of like character in the city in which the Premises area located; provided, however, that this provision shall not apply if the Premises should be closed and the business of Tenant temporarily discontinued therein on account of strikes, lockouts or similar caused beyond the reasonable control of Tenant. Tenant shall keep the Premises adequately stocked with merchandise, and with sufficient sales personnel to care for the patronage, and to conduct said business in accordance with sound business practices.
- 13.2 NON-CONTINUOUS OPERATION. Because of the difficulty or impossibility of determining Landlord's damages resulting from Tenant's failure to open for business fully fixture, stocked and staffed not later than thirty (30) days after the Minimum Monthly Rent Commencement Date and to continuously thereafter conduct and carry on Tenant's business, including but not limited to damages from diminished salability, leasability, mortgagability or economic value of the Shopping Center, if Tenant fails to commence fixturing the Premises and proceed with the same diligently, or to open business fully fixture, stocked and staffed within thirty (30) days after the Minimum Monthly Rent Commencement Date, or to continuously thereafter conduct and carry on Tenant's business, Tenant agrees Landlord may, without notice or demand, in addition to the right to exercise any other remedies and rights provided by law:
- a. Exercise Landlord's rights under Section 30.2 paragraphs (b) or (c);
 - b. Collect rent during the time which tenant is in violation of this Article in an amount equal to the Minimum Monthly Rent and all additional rent, and, in addition thereto, an amount equal to one-thirtieth (1/30th) of the Minimum Monthly Rent for each day that Tenant has failed to open for or continuously operate Tenant's business, and all expenses incurred by Landlord in exercising its rights and enforcing the provisions of this Article.

ARTICLE 14
MERCHANT'S ASSOCIATION

Landlord's Initials _____

Tenant's Initials _____

~~14.1. PROMOTION. At Landlord's request, Tenant will refer to the name of the Shopping Center in designating the location of the Premises in newspaper and other advertising.~~

~~14.2. FORMATION. Tenants representing (a) a majority in number of tenants at the Shopping Center and 9b) a majority of leasable square feet at the shopping Center shall have the right, but not the obligation, to establish a fund ("The Fund") for promotion and advertising of the Shopping Center. Tenant agrees that it will join and at all times during the term hereof maintain membership in any merchants' association of businesses in the Shopping Center so established.~~

~~14.3. DUES. Tenant agrees to pay minimum dues to The Fund, if the Fund is established, provided however, that in no event shall the dues paid by Tenant in any fiscal year of The Fund be in excess of the amount stated in Article 1.13 hereof, based on the Approximate Gross Leasable Area of the Premises.~~

ARTICLE 15 COMPETITION

Neither tenant nor any affiliate or principal of Tenant shall directly or indirectly open, own, manage, or have any interest whatsoever in any similar or competing business within a radius of one and one half (1½) miles from the outside boundary of the Shopping Center.

ARTICLE 16 PARKING AND COMMON FACILITIES

16.1 TENANT'S RIGHTS. Subject to Section 16.2 and Articles 23 and 24 of this Lease, Tenant, for the use and benefit of Tenant, its agents, and employees, customers, licensees and subtenants, shall have the non-exclusive license in common with Landlord, and other present and future tenants and their agents, employees, customers, licensees and subtenants, to use the common facilities during the Lease Term for vehicle and pedestrian ingress and egress and parking.

16.2 LANDLORD'S RIGHTS. All common facilities in or about the Shopping Center shall be subject to the exclusive control and management of Landlord and Landlord shall operate and maintain the common areas in such manner as Landlord in its discretion shall determine. Landlord shall have the right:

- a. To construct, maintain, and operate lighting and other facilities on all said areas and improvements;
- b. To police the same;
- c. To restrict parking by tenants, their officers, agents and employees;
- d. To designate employee parking areas
- e. To close all or any portion of said areas or facilities to such extent as may be legally sufficient to prevent a dedication thereof or the accrual of any right of any person or the public therein;

Landlord's Initials _____

Tenant's Initials _____

- f. To close temporarily all or a portion of the parking areas or facilities to discourage non-customer parking;
- g. To employ and discharge all personnel with respect thereto; and
- h. To establish reasonable rules, regulations, and/or restrictive covenants promulgated from time to time, to control use and operation of the common facilities in order that the same may occur in a proper and orderly fashion.

ARTICLE 17 MAINTENANCE AND SANITATION

- 17.1 OBLIGATIONS OF LANDLORD. Subject to Articles 23 and 24, Landlord covenants to maintain in good condition and repair (ordinary wear and tear excepted), the roof, exterior walls and structural elements of the Shopping Center buildings and off-Premises plumbing, off-Premises electrical and other off-Premises and common facilities servicing the Premises. Except as provided in Section 17.3, Landlord also covenants to maintain the foundations and structural supports, perimeter walls, and structural portions of the floors in the Premises in good repair (ordinary wear and tear excepted). Tenant hereby waives all rights to make repairs at the expense of Landlord. The foregoing notwithstanding, Landlord shall have no obligation to make repairs as required herein unless Tenant has previously notified Landlord, in writing, of the need for such repairs. Landlord shall commence said repairs within thirty (30) days following receipt of Tenant's written notification.
- 17.2 OBLIGATIONS EXCEPTED. If Landlord would be required to perform any maintenance or make any repairs under Section 17.1 because of: (a) modifications to the roof, walls, foundation or floor of the Premises from that set forth in Landlord's plans and specifications which are required by Tenant's design for improvements, alterations and additions; (b) installation of Tenant's improvements, fixtures or equipment; (c) Tenant's negligence; or (d) Tenant's failure to perform any agreements contained in this Lease, Landlord may perform the maintenance or repairs or require Tenant to do so. If Landlord requires Tenant to perform the repairs or maintenance, such repairs or maintenance shall be performed consistent with Tenant's obligations set for the Section 17.3. If Landlord performs the maintenance or repair, Tenant shall pay Landlord the cost thereof plus a reasonable amount for Landlord's overhead upon receipt of a statement from Landlord. The cost incurred by Landlord under this Section shall not be a part of the Shopping Center Operating Cost for purposes of Section 5.2
- 17.3 OBLIGATIONS OF TENANT. Except as provided in Section 17.1, Tenant shall, at its sole cost and expense, maintain the Premises in a good state of repair, both interior and exterior including, without limitation, signs, sign cabinets and timers, window, storefront, doors, demising walls, ceiling, floor covering, plumbing and pipes to the point where they intersect with common lines, electrical wiring, switches and conduits within the Premises up to and including Tenant's meters and circuit breakers and all mechanical equipment relating to the Premises. In connection with the above, it is understood that Tenant bears the entire responsibility and expense for the maintenance and replacement of all heating, refrigeration and ventilation equipment and other fixtures or equipment which must be replaced or repaired during the Lease Term. Landlord shall, however,

Landlord's Initials _____

Tenant's Initials _____

have the right to contract for periodic servicing and maintenance of the heating, ventilation and air conditioning equipment and Tenant agrees to reimburse Landlord for the cost thereof upon receipt of a statement. Prior to beginning any repair or replacement of heating, ventilation and air conditioning equipment on the exterior of the Premises, Tenant shall notify Landlord and obtain Landlord's approval of the means of repair or replacement, the specifications of replacement equipment and the contractor responsible for performing the work.

If Landlord reasonably considers that some item of maintenance or repair under this Section 17.3 is needed, Landlord shall so notify Tenant in writing and Tenant shall promptly effect such maintenance or repair. If Tenant should fail to effect such maintenance or repair within a reasonable time, Landlord may effect such maintenance or repair, and Tenant shall reimburse Landlord for the cost thereof plus a reasonable amount for Landlord's overhead upon receipt of a statement from Landlord. Landlord's right to make repairs at the expense of Tenant under this Section 17.3 shall impose no obligation upon Landlord to do so.

Upon entry into the Premises to perform Tenant's Work and thereafter during the Lease Term, Tenant will maintain sufficient heat in the Premises to prevent water lines serving Premises and the building in which the Premises is located from freezing.

Tenant shall provide and maintain sanitary receptacles within the Premises in which to place any refuse or trash. Tenant shall cause such refuse or trash to be removed from the Premises as often as required to maintain a sanitary condition, but in no event less often than daily. Tenant shall sweep as needed and keep free of refuse, debris and trash all sidewalks, walkways and patio areas under the front canopy and immediately adjacent to the Premises. And Tenants shall be responsible for snow removal on said sidewalks, walkways and patio areas.

ARTICLE 18 UTILITIES

- 18.1 GENERAL. Tenant shall pay before delinquency all charges, including security deposits and connection charges, required by a utility or other company of water, gas, electricity, power, telephone service, trash and rubbish removal, and all other services or utilities used in, upon, or about the Premises by Tenant or any of Tenant's subtenants, licensees, or concessionaires during the Lease Term. Tenant shall contract directly with any public utility or supplier if the utilities or services are separately metered or otherwise capable of being separately charged. In the event that any charge for any utility supplied to the Premises is not paid by Tenant to supplier when due, Landlord may, but shall not be required to, pay such charge for and on behalf of Tenant, with any such amount paid by Landlord being repaid by Tenant to Landlord as additional rent. Landlord shall, however, have the right to supply any utility or service to the Premises. Tenant agrees to pay Landlord for the cost of utilities and services provided by Landlord. Landlord's charges shall not exceed those charged by independent providers to Landlord. Utilities and services not separately metered shall be allocated to the Premises on such basis as Landlord deems reasonable.

Landlord's Initials _____

Tenant's Initials _____

- 18.2 **LANDLORD’S LIABILITIES.** Landlord shall not be liable in damages or otherwise in the event of any failure or interruption of any utility supplied to the Premises or Shopping Center and no such failure shall entitle Tenant to terminate this Lease.
- 18.3 **UTILITY CAPACITY.** Tenant agrees that it will not install any equipment or vending machines which will exceed or overload the capacity of any utility facilities and that if any equipment or vending machines installed by Tenant shall require additional utility facilities, the same shall be installed at tenant’s expense in accordance with plans and specifications to be approved in writing by Landlord.

ARTICLE 19 ENTRY AND INSPECTION

Landlord and landlord’s agents shall have the right to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same, performing Landlord’s maintenance and repair obligations under this Lease, maintaining or making repairs, alterations, or additions to any other portion of the building in which the Premises are located, including the erection and maintenance of such scaffolding, canopy, fences and props as may be required, posting notices of non-liability for alterations, additions or repairs, or of the availability of the Premises for lease or sale, or exhibiting the Premises to potential tenants and purchasers. Tenant shall permit Landlord, at any time within one hundred fifty (150) days prior to the Lease Expiration Date, to place upon the Premises any usual or ordinary “For Lease” signs.

In the event of an emergency and if Tenant shall not be personally present to open and permit an entry into the Premises, Landlord or Landlord’s agents may forcibly enter the same, without rendering Landlord or such agent liable therefor, and without in any manner affecting the obligations and covenants of this Lease. Landlord shall be permitted to do any of the above without any abatement of rent and without any liability to Tenant for any loss of occupation or quiet enjoyment of the Premises thereby occasioned, nor shall such action by Landlord be deemed an actual or constructive eviction.

ARTICLE 20 ACCEPTANCE OF THE PREMISES, LIABILITY INSURANCE AND INDEMNIFICATION OF LANDLORD

- 20.1 **ACCEPTANCE.** Tenant acknowledges that it has fully inspected the Premises, including but not limited to any and all mechanical equipment, and hereby accepts such “As Is”. Tenant also acknowledges that the Premises are suitable for the purposes for which the same are leased, in their present condition. Tenant further acknowledges that Landlord has made no warranties or representations as to either condition or the suitability of the Premises for the Use specified in Article 1.3 hereof.
- 20.2 **WAIVER.** All merchandise, furniture, floor and wall coverings and personal property and fixtures belonging to Tenant and all persons claiming by or through Tenant which

Landlord’s Initials _____

Tenant’s Initials _____

may be on the Premises shall be at Tenant's sole risk. Tenant hereby waives all claims against Landlord for damage to any property on the premises from fire, water, gas or otherwise, including bursting pipes.

- 20.3 **HOLD HARMLESS.** Tenant hereby agrees to indemnify and to hold Landlord and any mortgagee of Landlord harmless against all claims arising from: Tenant's possession, use, maintenance and repair of the Premises; any act or omission of Tenant or Tenant's agents and employees; any default of tenant under this Lease; or other acts or omissions which result in personal injury, loss of life or property damage sustained in and about the Premises.
- 20.4 **STANDARDS.** Upon taking possession of the Premises and thereafter during the Lease Term, the Tenant shall, at Tenant's sole cost and expense, maintain comprehensive liability insurance, including, without limitation products liability and contractual liability endorsements, against claims for personal injury, death, or property damage occurring in, upon, or about the premises and on any sidewalks or patio areas directly adjacent to the Premises. The Limits of Liability of such insurance shall not be less than Two Million Dollars (\$2,000,000) combined single limit or in such higher amounts as Landlord may require. All such policies of insurance shall name Landlord and /or such other party or parties as Landlord may require as additional insured.
- 20.5 **QUALIFICATIONS.** Tenant's insurance shall be maintained with an insurance company qualified to do business in the state in which the Premises are located and have a current A.M. Best manual rating of at least A or better. Tenant's insurance policies will contain an endorsement stating that the insurance will not be cancelled nor will the carrier fail to renew or materially change the policy without first giving Landlord thirty (30) days written notice. Before entry into the premises and before expiration of any policy, Tenant shall provide Landlord with evidence that the requirements of this Article have been met and that the applicable premiums or renewal premiums have been paid.
- 20.6 **PUBLIC LIABILITY.** During the entire Lease Term, Landlord shall maintain or cause to be maintained public liability insurance against claims for personal injury, death, or property damage occurring on the common areas. The Limits of Liability of such insurance shall be in such amounts as Landlord shall determine. Tenant shall pay to Landlord, as additional rent, Tenant's pro rate share of Landlord's cost of the public liability and property damage insurance on the common areas in accordance with Section 5.4.
- 20.7 **NOT LIABLE.** Landlord shall not be responsible or liable to Tenant for any claims for loss or damage caused by the acts or missions of any person occupying any space adjacent to or adjoining the Premises.
- 20.8 **CLAIMS.** As used in this Article, "Claims" means any claims, suits, proceedings, actions, causes of actions, responsibility, liability, demands, judgments and executions.

ARTICLE 21 CASUALTY INSURANCE

Landlord's Initials _____

Tenant's Initials _____

- 21.1 GENERAL. Tenant, at Tenant's expense, shall maintain fire and full extended coverage insurance on merchandise, personal property, equipment and trade fixtures owned or used by Tenant and those items of work described as Tenant's Work. The proceeds of any insurance maintained by Tenant on any structural portion of the Premises, roof, store front, demising walls, floors or ceilings on the Premises will be held in trust for the benefit of Landlord and applied, as required by Landlord, to reconstruction or repair of the Premises.
- 21.2 GLASS. Tenant shall be responsible for the maintenance of plate glass in or a part of the Premises, but shall have the option either to insure the risk or to self-insure, provided Landlord's written consent to self-insure is previously obtained.
- 21.3 STANDARDS. Tenant's fire and extended coverage insurance shall be maintained in accordance with the standards set forth in Sections 20.4 and 20.5.
- 21.4 LANDLORD'S INSURANCE. Landlord shall maintain fire and full extended coverage insurance ("all risk") throughout the Lease Term on that portion of the Shopping Center and the Premises for which Landlord bears responsibility pursuant to Section 17.1, plus any common facility improvements and may name the holder of a first mortgage or deed of trust as additional insured. Tenant agrees that it will not store, keep, use, sell or offer for sale in or upon the Premises, gasoline and related products, firearms, explosives or any other article which may be prohibited by the standard form of fire insurance policy, or which will increase Landlord's insurance cost. Landlord may elect to self-insure any component comprising the common facilities. At Landlord's option, the policy of insurance may include a business interruption insurance endorsement for loss of rents. Tenant agrees to pay Landlord, Tenant's proportionate share of the cost of the insurance obtained under this Section 21.4 in accordance with Section 5.4 of this Lease. If, however, during the Lease Term it is determined that the fire insurance rate per One hundred Dollars (\$100) of value on the Premises is in excess of the lowest rate per One Hundred Dollars (\$100) of value on any other premises in the Shopping Center insured by Landlord, then Tenant, as a result thereof, agrees to pay Landlord the full amount of such excess. Tenant shall have no rights in said policy procured by Landlord under this Section 21.4 and shall not be entitled to be named as insured thereunder.
- 21.5 SUBROGATION. Tenant hereby waives any right of recovery from Landlord, and Landlord's agents, officers and employees, and Landlord hereby waives any right of recovery from Tenant and Tenant's agents, officers or employees, for any loss or damage (including consequential loss) resulting from any of the perils insured against by either's fire and extended coverage policy. The parties shall give their respective insurance carriers notice of this waiver and secure an endorsement from each carrier to the effect that the waivers given under Articles 20 and 21 shall not adversely affect or impair the policies of insurance or prejudice the right of the named insured on the policy to recover thereunder. A waiver given under this Sections 21.5 shall apply only to losses occurring during the time that such endorsement is in effect.

Landlord's Initials _____

Tenant's Initials _____

ARTICLE 22
SUMMARY OF INSURANCE REQUIREMENTS

22.1 LANDLORD. Insurance Policies to be secured by Landlord:

TYPE OF INSURANCE	SUBJECT OF COVERGE	SECTION REFERENCE
Fire and Extended Coverage (All Risk)	Landlord's Improvements	5.2 - operating expenses 5.4 - insurance 21.4 - Landlord's insurance 21.5 - subrogation
Liability Insurance (Personal Injury and Property Damage)	Common Areas	5.4 - insurance 20.6 - public liability

22.2 TENANT. Insurance Policies to be secured by Tenant:

TYPE OF INSURANCE	SUBJECT OF COVERGE	SECTION REFERENCE
Fire and Extended Coverage (All Risk)	Merchandise, Fixtures, Equipment	8.3 - prohibited uses 21.1 - general 21.2 - glass 21.3 - standards 21.5 - subrogation
Liability Insurance (Personal Injury and Property Damage)	Tenant's Premises	9.2 - fixturing 20.4 - standards 20.5 - qualifications

22.3 QUALIFICATION. The foregoing summaries are set forth for convenience of reference only, and do not alter or supplement any other provision of this Lease. Tenant acknowledges that the foregoing summaries may not include reference to all relevant provisions of the Lease.

ARTICLE 23
DAMAGE AND DESTRUCTION OF PREMISES

23.1 GENERAL. In the event of (a) fire or other casualty damage to the Premises or the building containing same during the Lease Term which requires repairs to either the Premises or said building, or (b) the Premises or said building being declared unsafe or unfit for occupancy by an authorized public authority for any reason other than Tenant's act, use or occupation, which declaration requires repairs to either the Premises or building, or (c) normal wear and tear that requires repair, or (d) improvement to the

Landlord's Initials _____

Tenant's Initials _____

Premises or building that is deemed necessary by Landlord, Landlord shall commence to make said repairs within sixty (60) days of written notice by Tenant of the necessity therefore. No such destruction (including any destruction necessary in order to make repairs required by and declaration made by a public authority) shall annul or void this Lease. The Minimum Monthly Rent shall be proportionately reduced while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business carried on by Tenant in the Premises.

23.2 **TERMINATION BY LANDLORD.** Landlord's obligation to repair the Premises shall, however, be subject to the following. If:

- a. During the last one (1) year of the Lease Term the Premises or the building in which the Premises are located is damaged as a result of fire or any other insured casualty; or
- b. The Premises are damaged to extent equal to or in excess of twenty-five percent (25%) of replacement value; or
- c. The Premises or the building in which the Premises are located are damaged or destroyed as a result of casualty not insured against; or
- d. Fifty percent (50%) or more of the gross leasable floor area of the buildings in the Shopping Center shall be damaged or destroyed by fire or other cause, Landlord shall have the right, to be exercised by notice in writing to Tenant given within ninety (90) days from said occurrence, to cancel and terminate this Lease. Upon notice to Tenant, the Lease Term shall expire by lapse of time upon the third day after such notice is given, and Tenant shall vacate the Premises and surrender the same to Landlord. If Landlord elects to terminate this Lease under this Section 23.2, all rents shall be prorated as of the date of damage or destruction and Landlord shall be released from liability or obligation to Tenant. If Landlord, however, elects to make said repairs, and provided Landlord uses due diligence in making said repairs, this Lease shall continue in full force and effect and the Minimum Monthly Rent shall be proportionately reduced as provided in Section 23.1.

23.3 **NO TERMINATION BY TENANT.** With respect to any destruction (including any destruction necessary in order to make repairs required by any such declaration of any authorized public authority) which Landlord is obligated to repair or may elect to repair under the terms of this Article 23, Tenant waives any statutory or other right Tenant may have to cancel this Lease as a result of such destruction.

23.4 **LANDLORD'S OBLIGATIONS.** The provisions of this Article shall supersede the obligations of Landlord to make repairs under Section 17.1 of the Lease. Landlord shall not be obligated to make repairs to the extent that the cost thereof exceeds the insurance proceeds.

Landlord shall not be required to repair any injury or damage by fire or other cause, or to make any repairs or replacement of any leasehold improvement, fixture, or other personal property of Tenant.

Landlord's Initials _____

Tenant's Initials _____

- 23.5 TENANT'S OBLIGATIONS. Unless the Lease is terminated under this Article, within thirty (30) days of substantial completion of Landlord's restoration obligations, Tenant shall re-fixture the Premises according to the specifications set forth in Article 9 of the Lease. Upon completion of tenant's re-fixturing or upon passage of thirty (30) days from the date Landlord substantially completes repairs and restoration of the Premises, the Minimum Monthly Rent shall be restored to the amounts which would have been in effect but for the damage or destruction.

If fire or casualty damage to the Premises or other parts of the Shopping Center shall have been caused by negligence or misconduct of the Tenant, its agents, representatives, employees, or of any person entering the Premises under the express or implied invitation of Tenant, such damage shall be repaired by Landlord with any costs not paid for by insurance paid for by Tenant and in such event there shall be no abatement or reduction of rent despite contrary provisions appearing in this Lease.

ARTICLE 24 EMINENT DOMAIN

- 24.1 TAKING. As used in this Article, "Taking" means a taking of or damage to the Premises or Shopping Center of any part thereof by exercise of the power of eminent domain, condemnation or sale under the threat of or in lieu of eminent domain or condemnation.
- 24.2 TERMINATION. If the whole of the Shopping Center or the whole of the Premises shall be acquired by Taking, or if the whole of the parking area is acquired by Taking, then this Lease shall terminate as of the date of taking of possession by Taking authority.
- 24.3 PARTIAL SHOPPING CENTER. If more than fifty percent (50%) of the gross leasable floor area of the entire Shopping Center is acquired by Taking whether or not any portion of the Premises is so taken, Landlord shall have the right to terminate this Lease as of the date of such Taking by giving Tenant ninety (90) days written notice of Landlord's intent to terminate this Lease.
- 24.4 PARTIAL PREMISES. If more than twenty-five percent (25%) of the Premises is acquired in a Taking, either Landlord or Tenant may terminate this Lease upon notice to the other within ninety (90) days prior to taking of possession by the Taking authority. If less than twenty-five percent (25%) of the Premises is acquired in a Taking, Landlord shall promptly restore the Premises to a condition comparable to its condition immediately prior to such Taking, less the portion acquired in the Taking; this Lease shall continue in full force and effect with respect to that part not acquired, and the Minimum Monthly Rent shall be reduced in the proportion that the rental value of the Premises after the Taking bears to the rental value before Taking.
- 24.5 PARKING LOT. If any part of the parking area in the Shopping Center shall be acquired in a Taking, Landlord shall have the right to provide substitute parking facilities and this Lease shall continue in full force and effect unless a governmental authority forced the closing of the shopping Center. If a closing is required, this Lease shall terminate on the date of the closing.

Landlord's Initials _____

Tenant's Initials _____

- 24.6 **DAMAGES AND AWARDS.** In the event of a Taking, as hereinbefore provided, whether whole or partial, the Tenant shall not be entitled to a part of the award, as damages or otherwise for diminution in value of the leasehold, reversion or fee, and Landlord shall receive the full amount of such award. Tenant hereby expressly waives any right or claim to any part thereof. Tenant shall have no claim against Landlord for the value of the unexpired Lease Term if the Lease is terminated under this Article. Although all damages in the event of any condemnation shall belong to the Landlord, Tenant shall have the right to claim and recover from the condemning authority but not from the Landlord, such compensation as may be separately awarded or recoverable by Tenant in Tenant's own right on account of any damage to Tenant's business by reason of the condemnation and for or on account of any cost or loss to which Tenant might be put in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment.
- 24.7 **RENT PRORATION.** If this Lease is terminated partially or in total under this Article, all rents shall be prorated as of the date of taking possession by the Taking authority, including refunds for amounts paid in advance by Tenant.

ARTICLE 25 ASSIGNMENT AND SUBLETTING

- 25.1 **GENERAL.** Tenant shall not voluntarily or by action of law transfer, assign, sublet, mortgage or otherwise transfer or encumber all of any part of Tenant's interest in this Lease or in the premises without Landlord's prior written consent (which consent shall not be unreasonably withheld), nor shall tenant suffer or permit the Premises or any part thereof to be used or occupied by others without Landlord's prior written consent. An attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void and shall constitute a breach of this Lease. Regardless of Landlord's consent, no subletting or assignment or other transfer shall release Tenant of Tenant's obligation or alter the primary liability of tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder; rather, Tenant, and its guarantor(s) shall thereafter be jointly and severally liable with any such permitted subtenant or assignee for all of Tenant's obligations hereunder. Any such permitted assignee shall agree in writing for the benefit of Landlord to be bound by all of the terms and conditions of this Lease. Any such permitted subtenant shall agree in writing for the benefit of Landlord that its sublease shall be subject to all of the terms and conditions of this Lease, and that such sublease shall automatically terminate upon any termination (consensual or non-consensual) of this Lease. The form and substance of any such sublease or assignment shall be subject to Landlord's prior written approval.

If tenant is a corporation, an unincorporated association, Limited Liability Company or a partnership, unless listed on a national stock exchange, the transfer, assignment or hypothecation of any stock or interest in such corporation, association, Limited Liability Company or partnership in the aggregate in excess of fifty percent (50%) shall be deemed an assignment of this Lease.

Landlord's Initials _____

Tenant's Initials _____

- 25.2 TRANSFER OF OBLIGATIONS. As a condition of obtaining Landlord's consent, Tenant shall submit to Landlord with its request the effective date of the transfer (it must be at least sixty (60) days after the submission date), the name of the proposed assignee or subtenant, the terms and provisions of the proposed transaction, the proposed use, which must be consistent with the provisions of Article 1.3 hereof, a financial statement, a business history and such other information as is necessary to demonstrate to Landlord that the proposed assignee or subtenant has business experience and financial strength and stability equal to or greater than that of the Tenant.

In addition, Tenant shall execute an agreement with Landlord agreeing to pay to Landlord, as additional rent, one hundred percent (100%) of all monies or other consideration received by Tenants rent or as compensation in lieu of rent from its transferee in excess of the amounts owed by Tenant to Landlord under this Lease, which additional rent shall be paid to Landlord as and when received by Tenant. In the event Landlord shall consent to a sublease, assignment, transfer or cancellation/termination of the Lease, Tenant shall pay Landlord \$500.00 for the administrative fees incurred in connection with such consent.

- 25.3 SURRENDER. 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 of any existing subleases or sub-tenancies, or may, at the option of Landlord, operate as an assignment to Landlord of any or all such subleases or sub-tenancies.

ARTICLE 26 SALE OF PREMISES BY LANDLORD

In the event of any sale of the Premises or assignment of this Lease by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of Landlord's covenants and obligations contained in or derived from this Lease or arising out of any act, occurrence or mission occurring thereafter; and the assignee or purchaser, at such sale or any subsequent sale of the Premises or assignment of this Lease, shall be deemed, without the necessity of any further agreement, to have assumed and agreed to carry out any and all of the covenants and obligations of Landlord under this Lease.

ARTICLE 27 SUBORDINATION/ATTORNMEN

Tenant's interest under this Lease shall be subordinate to all terms of the lien of any deed of trust or mortgage (hereinafter collectively referred to as "mortgage") now or hereinafter placed on Landlord's interest in the Premises or on the land and buildings of which the Premises are a part. This paragraph shall be self-operative; however, Tenant agrees to execute and deliver, if Landlord should so request, such further instruments necessary to subordinate this Lease to a lien of any such mortgage. Subordination to any mortgage or deed of trust shall be upon the express condition that the mortgagee or beneficiary shall not disturb the possessory estate of Tenant throughout the Lease Term

Landlord's Initials _____

Tenant's Initials _____

and any extension or renewal thereof notwithstanding any foreclosure, trustee's sale or similar proceedings with respect thereto, providing, however, Tenant performs all the terms, covenants and conditions of this Lease. If the Premises of the Shopping Center is sold pursuant to default on the mortgage, Tenant shall not disaffirm this Lease but shall affirm to the mortgagee or purchaser.

ARTICLE 28 RIGHT TO CURE

In the event of any claimed breach, default, or noncompliance hereunder by Landlord, Tenant shall give Landlord written notice of the claimed breach, default, or noncompliance. If prior to giving such notice Tenant has been notified in writing (by way of Notice of Assignment of Rents and Leases, or otherwise) of the address of a lender which has furnished financing that is secured by a mortgage or deed of trust on the Premises or the Shopping Center, concurrently with giving the aforesaid notice to Landlord, Tenant shall also give written notice by registered mail to such lender.

ARTICLE 29 ESTOPPEL CERTIFICATES

Tenant agrees at any time and from time to time upon request by the Landlord, to execute, acknowledge and deliver to Landlord a statement within five (5) calendar days of demand in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications), (b) the dates to which the Minimum Monthly Rent and other charges have been paid in advance, if any, (c) Tenant's acceptance and possession of the Premises, (d) the commencement and expiration of (and any options to extend) the Lease Term, (e) the rent provided under the Lease, and (f) that Landlord is not in default under this Lease (or if Tenant claims such default, the nature thereof), (g) that pursuant to Section 4.1 Tenant claims no offsets against the rent, and (h) such other information as shall be reasonably necessary to establish the status of the tenancy relied upon by any prospective purchaser, mortgagee, or assignee of any mortgage of the Premises or the Shopping Center. Tenant's failure to deliver the certificate required under this Article shall constitute a default under this Lease.

ARTICLE 30 DEFAULT AND CONDITIONAL LIMITATIONS

30.1 DEFAULT. The following shall constitute a default under this Lease:

- a. If tenant fails to pay any installment of the Minimum Monthly Rent or additional rent herein provided or any other sum required by this Lease to be paid to Landlord, or an part thereof, within then (10) days of the times or in the manner provided; or
- b. If Tenant fails to perform any other covenants or conditions on its part agreed to be performed and such failure to perform other covenants shall continue for ten (10) days after notice thereof from Landlord to Tenant; or

Landlord's Initials _____

Tenant's Initials _____

- c. If a petition or proceeding under the federal Bankruptcy Code or any amendment thereto is filed or commenced by or against Tenant or any guarantor of this Lease, and if against Tenant, said proceeding shall not be dismissed within sixty (60) days following commencement thereof; or
- d. If Tenant or any guarantor of this Lease is adjudged insolvent, makes an assignment for the benefit of its creditors or enters into an arrangement with its creditors; or
- e. If a writ of attachment or execution is levied on the leasehold estate hereby created and is not released or satisfied within sixty (60) days thereafter; or
- f. If a receiver is appointed in any proceeding or action to which Tenant is a party with authority to take possession or control of the Premises or the business conducted thereon by Tenant or the property of any guarantor of this Lease and such receiver is not discharged within a period of thirty (30) days after his appointment; or
- g. Tenant fails to commence within ten (10) days of notice and to thereafter promptly complete any work required under Articles 8, 9 and 10 or perform any other requirements to be performed prior to the Minimum Monthly Rent Commencement Date; or
- h. Tenant abandons or vacated the Premises.

30.2 REMEDIES. Upon a default of Tenant as defined in section 30.1, Landlord or Landlord's agents and employees shall have the right and option to:

- a. Prosecute and maintain an action or actions, as often as Landlord deems advisable, for collection of the rents or other charges and damages as the same accrue, without entering into possession and without terminating this Lease. No judgment obtained shall constitute a merger or otherwise bar prosecution of subsequent actions for rents and other charges and damages as they accrue.
- b. Immediately or at any time thereafter re-enter and take possession of the Premises and remove Tenant, Tenant's agents and subtenants, licensees, concessionaires, or invitees and any or all of their property from the Premises. Re-entry and removal may be effected by summary proceedings or any other action or proceedings at law, by force or otherwise. Landlord shall not be liable in any way in connection with any action taken under this paragraph. No action taken, commenced or prosecuted by Landlord, no execution on any judgment and no act or forbearance on the part of Landlord in taking or accepting possession of the Premises shall be construed as an election to terminate this Lease unless Landlord expressly exercises this option under Section 30.2(c).

Upon taking possession of the Premises, Landlord may from time to time, without termination of this Lease, relet the Premises or any part thereof as agent for Tenant for such rental terms and conditions (which may be for a term extending beyond the Lease Term) as Landlord, in its sole discretion, may deem advisable, with the right to make alterations and repairs to the Premises required for reletting. The rents received by Landlord for such reletting shall be applied first to payment of any costs of reletting and second to the payment of rent due and unpaid hereunder or other damages of Landlord. The residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. If the rents received from such reletting during any month are insufficient to reimburse

Landlord's Initials _____

Tenant's Initials _____

Landlord for costs or reletting or rent due and payable, Tenant shall pay any deficiency to Landlord. Such deficiency shall be calculated and paid monthly. Notwithstanding any such reletting without termination of this Lease, Landlord may at any time thereafter, elect to terminate this Lease for such previous breach.

- c. Elect to terminate this Lease by written notice to Tenant. In the event such termination, Tenant agrees to immediately surrender possession of the Premises. If Tenant fails or refused to surrender the Premises, Landlord may take possession in accordance with Section 30.2(b). Should Landlord terminate this Lease, Tenant shall have no further interest in this Lease or in the Premises, and the Landlord may recover from the Tenant all damages it may incur by reason of the Tenant's default including without limitation (1) the cost of reletting the Premises, and (2) the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent, additional rent, operating expenses and all other charges reserved in this Lease for the remainder of the Lease Term over the amount of such rental loss that Tenant proved could be reasonably avoided and (3) the unamortized value of any leasehold improvement allowance paid to Tenant all of which amounts shall be immediately due and payable at Landlord's election from Tenant to Landlord. In determining the rent, additional rent, operating expenses and all other charges which would be payable by Tenant hereunder subsequent to default, the minimum Monthly Rent for each year of the unexpired terms shall be equal to the Minimum Monthly Rent payable pursuant to Article 4, and additional rents, charges, costs and expenses for each year of the unexpired term shall be equal to the average annual amount of such additional rents, charges, costs and expenses paid by Tenant from the Lease Commencement Date to the time of default, or during the three (3) full calendar years of the Lease Term immediately preceding default, whichever period is shorter.
- d. Obtain the appointment of a receiver in any court of competent jurisdiction, and the receiver may take possession of any personal property belonging to the Tenant and used in the conduct of the business of the Tenant being carried on in the Premises. Tenant agrees that the entry upon the Premises or possession of said personal property by said receiver shall not constitute an eviction of the tenant from the Premises or any portion thereof, and the Tenant hereby agrees to hold the Landlord safe and harmless from any claim of any character by any person arising out of or in any way connected with the entry by said receiver in taking possession of the Premises and/or said personal property.

30.3 COSTS. As used in this Article "costs of reletting" means any reasonable cost necessary to take possession of the Premises and lease the Premises to another tenant, including, but not limited to:

- a. Legal costs and expenses of recovery of the Premises, including court costs and attorney's fees;
- b. Brokerage costs for leasing;
- c. Costs and expenses of alterations, repairs and improvements;
- d. Satisfaction of indebtedness other than minimum rent due from Tenant to Landlord under this Lease;
- e. Costs of protecting the Premises;
- f. Removal and storage of Tenant's property; and

Landlord's Initials _____

Tenant's Initials _____

g. Any portion of any leasing commission paid by Landlord which is applicable to the unexpired Lease Term.

- 30.4 TERMINATION. No act or conduct of the Landlord, whether consisting of re-entry, taking possession or reletting the Premises or obtaining appointment of a receiver or accepting the keys to the Premises, or otherwise, prior to the Lease Expiration Date shall be deemed to be or constitute an acceptance of the surrender of the Premises by the Landlord or an election to terminate this Lease unless Landlord exercises its election under Section 30.2 (c) of this Lease. Such acceptance or election by Landlord shall only be effected, and must be evidenced, by written acknowledgement of acceptance of surrender or notice of election to terminate signed by Landlord.
- 30.5 PERFORMANCE. Tenant agrees that in the event it fails to render performance in accordance with any term or condition of this Lease and thereafter fails to render such performance within ten (10) days after notice thereof is given in accordance with the notice provision hereof or immediately if required for protection of the Premises, Landlord shall have the right, but not the obligation, to render such performance and to charge all costs and expenses incurred in connection therewith to Tenant. All amounts so charged shall be considered additional rent and shall be due and payable immediately to Landlord upon presentment of a statement to Tenant indicating the amount and nature of such cost of expense.
- 30.6 CUMULATIVE REMEDIES. No remedy herein conferred upon Landlord shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute. No delay or omission of Landlord to exercise any right or power arising from any default shall impair any such right or power or shall be constructed to be a waiver of any such default or an acquiescence herein.

ARTICLE 31 FORCE MAJEURE

If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, civil disorder, inability to procure materials, restrictive governmental laws or regulations or other cause without fault and beyond the control of the party obligated, performance of such act shall be excused for the period of delay and then for a period of time reasonably necessary to perform the act; provided, however nothing in this Article shall excuse Tenant from the prompt payment of any rental or other charge required of Tenant hereunder except as may be expressly provided elsewhere in this Lease.

ARTICLE 32 SURRENDER OF PREMISES

On the Lease Expiration Date, tenant shall surrender the Premises broom clean and in good order and condition, reasonable wear and tear and casualty damage under Article 23 excepted, and shall deliver all keys to Landlord. Before surrendering the Premises,

Landlord's Initials _____

Tenant's Initials _____

Tenant shall remove all of its personal property and trade fixtures and such alteration or additions to the Premises made by Tenant as may be specified for removal by Landlord, and shall repair any damage caused by such property or the removal thereof. If tenant fails to remove its personal property and fixtures upon the Lease Expiration Date, at Landlord's election, the same shall be deemed abandoned and shall become the property of Landlord, or Landlord, at Tenant's expense, may cause the same to be removed and disposed of (including by sale).

ARTICLE 33 HOLDING OVER

If Tenant shall hold over after the lease Expiration Date, or any extension thereof, Tenant shall become a tenant on a month-to-month basis upon all the terms, covenants and conditions herein specified, except on that Minimum Monthly Rent shall increase to one and one-half (1½) times the amount set forth in Article 4 as adjusted under Section 4.2, which rental shall be payable in advance on the first day of such holdover period and on the first day of each month thereafter. Nothing herein shall be construed as Landlord's consent to any holding over.

ARTICLE 34 GENERAL PROVISIONS

- 34.1 RELATIONSHIP OF PARTIES. Notwithstanding anything herein to the contrary, it is agreed and understood by the parties hereto that nothing contained in this Lease shall be deemed to create any relationship other than that of Landlord and Tenant.
- 34.2 JOINT AND SEVERAL. If Landlord or Tenant herein shall be more than one party, then the obligations of such party or parties shall be joint and several.
- 34.3 HEADINGS. The various headings and numbers herein and the grouping of the provisions of this Lease into separate articles and paragraphs are for the purpose of convenience only and shall not be considered a part hereof.
- 34.4 TIME IS OF THE ESSENCE. Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.
- 34.5 ENTIRE AGREEMENT. This Lease, and any Exhibit or Addendum attached hereto, hereby does and shall be considered to, set forth all the covenants, promises, agreements, conditions or undertakings, either oral or written, between the Landlord and Tenant. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties. If a provision of the Addendum and this Lease are in conflict, the provision of the Addendum shall govern. This Lease contains no restrictive covenants in favor of Tenant's use of the Premises or grant of exclusive rights to a particular business use of the Tenant.

Landlord's Initials _____

Tenant's Initials _____

- 34.6 SUCCESSIONS AND ASSIGNS. Subject to Articles 25 and 26, the covenants herein contained shall apply to and bind (jointly and severally) the heirs, successors, executors, administrators and assigns of the parties.
- 34.7 WAIVER. No covenant, term or condition of this Lease shall be waived except by written waiver of Landlord, and the forbearance or indulgence by Landlord in any regard whatsoever shall not constitute a waiver of the covenant, term or condition to be performed by Tenant to which the same shall apply, and until complete performance by Tenant of such covenant, term or condition, Landlord shall be entitled to invoke any remedy available under this Lease or by law despite such forbearance or indulgence. The waiver by either party of any breach or term, covenant or condition hereof shall apply to and be limited to the specific instance involved and shall not be deemed to apply to any other instance or to any subsequent breach of the same or any other term, covenant or condition hereof. Acceptance of rent by Landlord during a period in which Tenant is in default in any respect other than payment of rent shall not be deemed a waiver of the other default.
- 34.8 INCLUDED PERSONS. The use of a singular term in this Lease shall include the plural and the use of the masculine, feminine or neuter genders shall include all others.
- 34.9 RECORDATION. Neither Landlord nor Tenant shall record this Lease, but a short form memorandum hereof may be recorded with the written permission of Landlord.
- 34.10 LEASE COPIES. Tenant shall pay to Landlord a copy fee of sixty and no/100 dollars (\$60) for each additional copy of this Lease that is requested from Landlord by Tenant.

ARTICLE 35 NOTICES

Wherever in this Lease it is required or permitted that notice or demand be given or served by either party to or on the other, such notice or demand shall be given or served, and shall not be deemed to have been duly given or served, unless in writing and served by hand delivery, fax or certified mail, return receipt requested, to the parties at those addresses and/or fax numbers set forth in Articles 1.9 and 1.10 hereof.

Either party may change such address or fax number by written notice to the other in accordance with this Article 35. Service of any notice or demand shall be deemed completed 72 hours after deposit thereof in the United States Postal Service, or of hand delivered or delivered by fax, upon hand delivery or fax transmission.

Landlord's Initials _____

Tenant's Initials _____

ARTICLE 36
ENVIRONMENTAL MATTERS

Tenant shall, at Tenant's sole expense, comply with all federal, state and local laws and regulations relating to environmental matters and workplace safety.

Tenant shall not incorporate into, use, or otherwise place or dispose of at the Premises or Shopping Center any hazardous or toxic materials except for use and storage of cleaning and office supplies used in the ordinary course of Tenant's business and then only if (a) such materials are in small quantities, properly labeled and contained, (b) such materials are handled and disposed of in accordance with the highest accepted industry standards for safety, storage, use and disposal, and (c) such materials are used, transported, stored, handled and disposed of in accordance with all applicable governmental laws, rules and regulations. Landlord shall have the right to periodically inspect, take samples for testing and otherwise investigate the Premises for the periodically inspect, take samples for testing and otherwise investigate the Premise for the presence of hazardous or toxic materials. If Tenant ever has knowledge of the presence in the Premises or the Shopping Center of hazardous or toxic materials which affect the Premises or the Shopping Center, Tenant shall notify Landlord thereof in writing promptly after obtaining such knowledge. For purposes of this Agreement, hazardous or toxic materials shall mean all materials, substances, wastes or chemicals which are in any way hazardous to human health or the environment, including without limitation, all materials, substances, wastes or chemicals that are defined as "hazardous materials", "toxic substances", "solid waste", or "hazardous substances: under then-current applicable governmental laws, rules or regulations or that are subject to any right-to-know laws or requirements, including, but not limited to, those substances, materials and waste listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101 as may be amended or supplemented) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302 as may be amended or supplemented), or such substances, materials and wastes that are or become regulated under any applicable local, state or federal law, including asbestos related materials.

If Tenant or its employee, agents, contractors, invitees, or visitors shall ever violate the provisions of the preceding paragraph of this Article 36 or otherwise contaminate the Premises or the Shopping Center, or any portion thereof, then Tenant shall clean up, remove and dispose of the material causing the violation, in compliance with all applicable governmental standards, laws, rules and regulations and then prevalent industry practice and standards and shall repair any damage to the Premises or the Shopping Center within such period of time as may be reasonable under the circumstances after written notice by Landlord. Tenant shall notify Landlord shall have the right to require reasonable changes in such method, time or procedure or to require the same to be done after normal business hours. Tenant's obligations under this Article 36 shall survive the termination of this Lease.

TENANT AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE LANDLORD FROM AND AGAINST ALL OBLIGATIONS (INCLUDING REMOVAL AND REMEDIAL ACTIONS), LOSSES, CLAIMS, SUITS,

Landlord's Initials _____

Tenant's Initials _____

JUDGMENTS, LIABILITIES, PENALTIES, DAMAGES, (INCLUDING CONSEQUENTIAL AND PUNITIVE DAMAGES), COSTS AND EXPENSES (INCLUDING ATTORNEY'S AND CONSULTANTS' FEES AND EXPENSES) OF ANY KIND OR NATURE WHATSOEVER THAT MAY AT ANY TIME BE INCURRED BY, IMPOSED ON OR ASSERTED AGAINST LANDLORD DIRECTLY OR INDIRECTLY BASED ON, OR ARISING OR RESULTING FROM (a) THE ACTUAL OR ALLEGED PRESENCE OF HAZARDOUS OR TOXIC MATERIALS ON THE PREMISES OR THE SHOPPING CENTER WHICH IS CAUSED OR PERMITTED BY TENANT, AND (b) ANY CLAIM OR CAUSE OF ACTION RELATING IN ANY WAY TO TENANT'S OPERATION OR USE OF THE PREMISES AND COMMON AREAS OF THE SHOPPING CENTER. THE PROVISIONS OF THIS ARTICLE 36 SHALL SURVIVE THE EXPIRATION OR SOONER TERMINATION OF THIS LEASE.

Landlord represents that, to the best of its knowledge, there is no hazardous or toxic material on or about the Premises or the property of which the Premises are a part. Landlord shall be solely responsible for all costs and expenses and the removal of hazardous or toxic material introduced by Landlord.

ARTICLE 37 BROKER'S COMMISSIONS

Except as set forth in Article 1.14 or the First Addendum to Lease, no brokerage commissions or finder's fees are payable in connection with this Lease.

ARTICLE 38 CORPORATE STATUS

If Tenant executes this Lease as a corporation or other entity, Tenant represents and warrants that: the execution of this Lease has been duly authorized as an act of the corporation or other entity; upon execution of this Lease, the Lease will constitute a binding and valid undertaking of the corporation or other entity; and the persons executing this Lease on behalf of the corporation or other entity are authorized and empowered to bind the corporation or other entity as provided in this Lease.

ARTICLE 39 SIGNS

Any and all signage installed by Tenant at the Premises shall be subject to the terms and conditions in Exhibit D: Sign Criteria and Store Frontage Graphics and Landlord's prior written approval (as evidenced by the written approval of Landlord's property manager). Any such prior approval notwithstanding, Tenant agrees that all signage may be subjected to such new criteria as Landlord may impose in the content of a renovation or remodeling of the exterior of the Shopping Center, and Tenant acknowledges that such new criteria may require replacement of any signage previously approved by Landlord.

Landlord's Initials _____

Tenant's Initials _____

ARTICLE 40
AMERICANS WITH DISABILITIES ACT

Landlord represents and Tenant understands that any failure of the Shopping Center and the Common Area and adjacent parking areas serving the Premises to comply under the American with Disabilities Act (the "Act") has been grand-fathered and is excepted from compliance as specified under the Act. It is further agreed between Landlord and Tenant that Tenant is responsible for compliance with the Act insofar as the rest of the Shopping Center and the Common Areas and adjacent parking areas serving the Premises are concerned.

IN WITNESS WHEREOF, the parties have duly executed this Lease as of the day and year ascribed above:

LANDLORD:

HOPI TRIBE ECONOMIC
DEVELOPMENT CORPORATION
A federally chartered corporation,
wholly owned by The Hopi Tribe,
a federally recognized Indian tribe

By:

Name Printed:

Its: CEO

Date:

TENANT:

City of Flagstaff,
An Arizona municipal corporation
dba East Flagstaff Community Library

By:

Name Printed:

Its:

Date:

By:

Name Printed:

Its:

Date:

Landlord's Initials _____

Tenant's Initials _____

LEASE ABSTRACT

DATE: June 9, 2026

PROPERTY: Continental Plaza Shopping Center
5200 E. Cortland Blvd., Suite A 1 - 6
Flagstaff, AZ 86004

TENANT: City of Flagstaff, dba East Flagstaff Community Library

CONTACT PERSON: Bryce Doty Work: 928-213-2072
Cell:
Email: bryce.doty@flagstaffaz.gov

BILLING ADDRESS: City of Flagstaff, 211 W. Aspen Ave, Flagstaff, AZ 86001

LEASE COMMENCEMENT: 8/1/26 LEASE EXPIRATION: 10/31/26

LEASE TERM: Four (4) years plus three (3) months

RENTABLE SQ. FT.: 7200 PRO-RATA: N/A

SECURITY DEPOSIT: \$13,000 (See First Addendum)

BASE YEAR: 2026 NEXT ADJUSTMENTS: 2027

CURRENT TOTAL MO BASE RENT: \$13,362.18 RENT / SF: \$21.67/sf/yr; \$1.81 sf/mo

BASE RENT/MO: \$13,000 NNN: N/A CITY TAX: \$362.18*

ADDITIONAL RENT: None

LATE FEES: If received on the 6th or after = ten percent (10%) of the delinquent amount or fifty dollars (\$50.00), whichever is greater, if received on the 11th or after, an additional ten percent (10%)

USE: Community library

SPECIAL PROVISIONS: 3 months rent abatement, applied to months 2 - 4 of the initial lease term. HVAC provision - See First Addendum.

Landlord's Initials _____

Tenant's Initials _____

CITY OF FLAGSTAFF

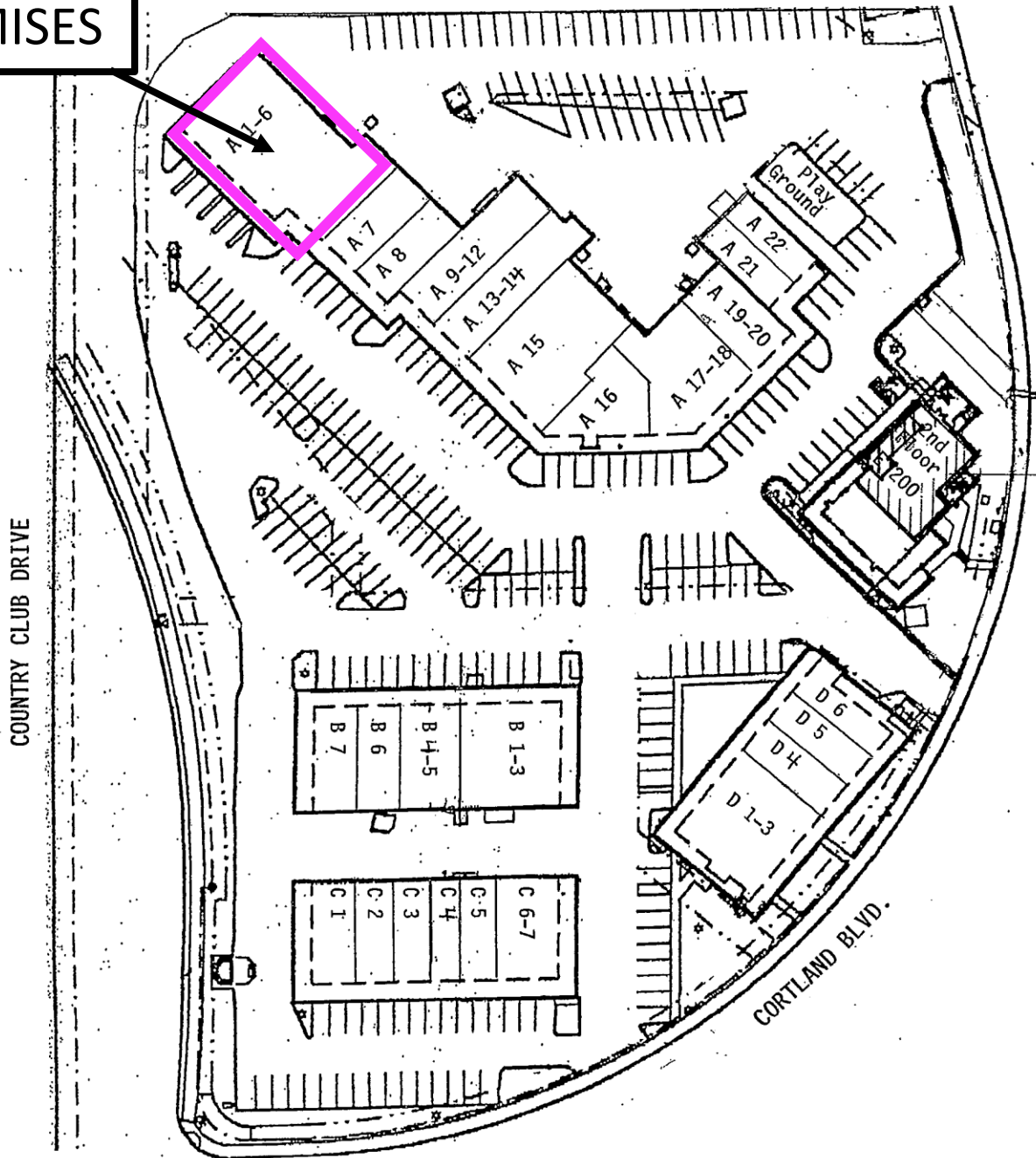
DBA EAST FLAGSTAFF COMMUNITY LIBRARY

LEASE AGREEMENT

EXHIBIT A

SITE PLAN

PREMISES



This map is not to scale.

Landlord's Initials _____
Tenant's Initials _____

LEASE AGREEMENT

EXHIBIT B

LEGAL DESCRIPTION

Continental Plaza Shopping Center
5200 E. Cortland Blvd.
Flagstaff, Arizona 86004

Beg SW cor Sec 8; TH N 0D50M W 884.17 FT to POB; TH CONT N 0D50M W 205.39 FT; TH S 88D35M E 482.68 FT; TH S 17D44M E 140.42 FT to PT of curve; TH SLY ALG curve 173.0 FT to PT of curve; TH SLY ALG curve 86.99 FT to PT of curve; TH SWLY ALG curve 306.40 FT to PT of curve; TH SWLY ALG curve 180.69 FT; TH S 89D09M W 25.96 FT to PT of curve; TH ALG curve to right 48.61 FT to PT of curve; TH NLY ALG curve 117.79 FT; TH S 89D23M E 6.0 FT to PT of curve; TH NWLY ALG curve 324.81 FT to POB. Sec 8 21N-8E 6.03 ac M/L

Landlord's Initials _____
Tenant's Initials _____

LEASE AGREEMENT

EXHIBIT C

CONSTRUCTION RIDER

C1. Tenant has inspected the Premises and accepts them in their present condition. Tenant has the responsibility, except as stated elsewhere in this Lease, to repair all existing construction as required for Tenant's use and occupancy, including, but not limited to: signs, storefronts, heating and air conditioning systems, electrical systems, lighting, partitions, doors and all finishes.

C2. Tenant shall, at Tenant's sole expense, furnish to Landlord construction drawings and specifications (hereinafter called "Plans"), describing all work necessary to construct the Premises for Tenant's use and occupancy (hereinafter called "Tenant Work"). Tenant shall furnish to Landlord three (3) copies of the Plans for Landlord's review and approval, which is required prior to the initiation of any work on the Tenant Work. Landlord shall have fourteen (14) working days from the date of receipt of the Plans to review them. If Landlord makes no written objection to Tenant within the said fourteen (14) days, then the Plans shall be deemed approved by Landlord.

C3. Tenant shall, at Tenant's sole expense, perform all work necessary to complete the Tenant Work as approved by Landlord.

C4. Tenant shall cause the Tenant Work to be constructed in compliance with all applicable ordinances, laws, rules and regulations of all governmental authorities, and shall secure written approval of the Plans from such governmental authorities before beginning work on the Tenant Work. In the event that said governmental authorities require changes or alterations in the Plans before granting Tenant written approval, then Tenant shall, at Tenant's sole expense, cause the Plans to be revised to indicate the required changes or alterations, and shall furnish to Landlord two (2) copies of the revised Plans for Landlord's records. Without limiting the foregoing, Tenant shall specifically ensure that all construction complies with the Americans with Disabilities Act.

C5. Tenant shall cause the Tenant Work to be constructed by a contractor (hereinafter called "Tenant's Contractor") licensed by the appropriate governmental authorities, and shall require Tenant's Contractor to furnish to Landlord a Certificate of Insurance as proof of insurance coverage in at least the following amounts:

- (a) Worker's Compensation Insurance in the amounts required by law in Arizona;
- (b) Comprehensive general liability insurance and personal injury liability insurance, specifying a single occurrence policy limit of at least \$1,000,000;
- (c) Products/Completed Operations Insurance
- (d) Independent Contractors Insurance

Landlord's Initials _____

Tenant's Initials _____

(e) Personal liability insurance specifying a single occurrence policy limit of at least \$1,000,000;

(f) Owned and hired automobile and equipment liability insurance; and

(g) Builder's Risk Insurance in the minimum amount of the contract between Tenant and Tenant's Contractor.

C6. Tenant shall, before opening for business, furnish to Landlord a Certificate of Occupancy or other documentation indicating acceptance of construction by the appropriate governmental authorities. Tenant shall also furnish to Landlord an acceptable Affidavit of No Liens and Waivers of Liens from Tenant's Contractor and its subcontractors.

C7. Tenant shall, at Tenant's sole expense, furnish signs and the electrical connections thereto, in compliance with Landlord's sign criteria.

C8. Roof/Building Penetrations. There shall be no penetrations of the roof or the exterior walls of the Building without the prior written approval of Landlord. If Tenant employs any contractor or person to perform roof or Building penetrations or Tenant performs roof or Building wall penetrations personally, Tenant will be responsible for the cost of repair or replacement to said roof or Building walls required because of any damage resulting from Tenant's or Tenant's Contractor. Landlord shall have the right to have Landlord's roofing contractor and/or maintenance contractor make said repairs or replacement at Tenant's expense.

Landlord's Initial _____
Tenant's Initial _____

**LEASE AGREEMENT
EXHIBIT 'D'
SIGN CRITERIA**

CONTINENTAL PLAZA SHOPPING CENTER
5200 E. CORTLAND BLVD.
FLAGSTAFF, ARIZONA 86004

This criteria has been developed to assure each tenant a standard conformance for the design, size and material used in the identification signs for its shop space ("premises"). And it is the intent of this sign criteria to provide sign design standards which are consistent with the Flagstaff Development Lighting Regulations and other applicable provisions of the Flagstaff Land Development Code.

Each tenant in Buildings B, C, or D, and each tenant with a retail or service use in any building in the Shopping Center shall be required to identify its premises by the required exterior cabinet sign. Any tenant in Buildings A or E with an "office-only" use shall have the right to either install the required exterior sign cabinet or to install a painted sign on one window next to it's main entry door. In the event an "office-only" tenant shall elect to have a painted window sign, then the tenant shall present landlord with a sign contractor's shop drawing, which must include the dimensions of the lettering and the colors to be used. Landlord, at landlord's sole discretion, shall have the right to approve or disapprove of the proposed painted sign.

Conformance to the sign criteria will be strictly enforced. Any sign installed after April 1, 2002, that is nonconforming or unapproved by the landlord shall be brought into conformance at tenant's expense.

1. General Criteria

- a. All signs shall conform to the sign code adopted by the City of Flagstaff.
- b. Cabinet signs shall be placed on the vertical dimension of the fascia area.
- c. All permits for signs and their installation shall be obtained by the tenant, at tenant's expense.
- d. Tenant, at tenant's expense, shall be responsible for bringing power to the sign location.
- e. Tenants, at tenants expense, shall be responsible for the fulfillment of all requirements and specifications of this sign criteria and the City of Flagstaff.
- f. No signs, advertisements, notices, names, insignia, trademarks, descriptive material or other lettering shall be displayed, exhibited, inscribed, painted or affixed on any part of the building, the glass panes or supports of the show windows or within twelve (12") inches of any window, except as approved in writing by the landlord.
- g. Flashing, moving or audible signs are not permitted.
- h. Signs installed without written approval of the landlord will be subject to removal. Costs incurred

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to refabricate and/or re-install the sign will be the responsibility of the tenant. Damages will be assessed to tenant to cover the cost of repairs to the building elements resulting from unapproved installations.

- i. All exposed metal shall be painted the same color as the trim color of the shopping center, as designated and approved by landlord.
- j. No labels shall be permitted on the exposed surface of signs, except those required by local ordinance. Those required shall be applied in an inconspicuous location.
- k. Tenant shall not affix any sign to the roof or roof system, mansard roof, or sidewalk canopy.
- l. All penetrations to the building surface required for sign installation shall be neatly sealed in a water tight condition.
- m. Tenant shall be responsible for any damage caused by its sign contractor.
- n. Tenant shall submit or cause to submit two copies of the sign contractor's shop drawings to landlord for approval. Fabrication should not begin until the landlord approves the drawing.
- o. The sign copy shall be limited to the proper business name and shall not include the names of items, goods, products or service lines for sale, unless approved by landlord. The use of a crest, shield, logo or other associated with the business name shall be permitted, subject to landlord's approval.
- p. Tenant shall erect one sign on the fascia area of its business storefront not later than the date tenant opens for business. In the event tenant was open for business at the time this sign criteria was established (before April 1, 2002), then tenant shall install a conforming sign not later than April 1, 2007, or upon lease renewal, whichever date is sooner.
- q. All illuminated signs shall be extinguished at 11:30 P.M. or when tenant's business use or activity closes, whichever is later.

2. Definitions

- a. Business Storefront: The lineal distance across the front of the building space (premises) occupied by the particular tenant.
- b. Fascia Area: The area across the business storefront, from the location where the canopy roof attaches to the front wall to the bottom of the front wall.
- c. Building Mounted Wall Sign: A sign attached to or erected against the wall or fascia area of the building with the exposed face of the sign in a plane parallel to the vertical face of the building.
- d. Changeable Copy Sign: A sign that is designed so that characters, letters, numbers, or illustrations can be manually or mechanically changed or rearranged without altering the face or surface of the sign.

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- e. Internal Illumination: A source of illumination contained entirely within the sign cabinet which makes the contents of the sign visible at night by means of light being transmitted through a translucent material, but wherein the source of the light is not visible.
- f. Mansard Roof: A sloped wall segment or facade which imitates a building roof.
- g. Roof Line: The top edge of the roof or top of the parapet, whichever forms the top line of the building silhouette, but not including spires, chimneys, or heating or cooling mechanical devices.
- h. Office-Only Use: The use of a premises by a tenant as an office for tenant's business activities, whereby tenant shall not sell wholesale or retail items or merchandise to customers from the premises.

3. **Sign Measurement Criteria and Design Requirements**

a. Sign Area Measurement

- (1) Sign copy mounted, affixed, or painted on a background panel or area distinctively painted, textured, or constructed as a background for the sign copy, is measured as that area contained within the sum of the smallest rectangle that will enclose both the sign copy and the background.
- (2) The sign area for each business storefront within the shopping center shall not exceed one and one-half times (1.5) each linear foot of the business storefront of the primary entrance location of the individual tenant, up to an aggregate sign area not to exceed one hundred (100) square feet maximum per business storefront.
- (3) Building mounted wall signs shall not extend horizontally a distance greater than sixty percent (60%) of the width of the business storefront.
- (4) No building mounted wall sign shall extend above or below the fascia area upon which it is placed. The sign cabinet must be centered in the fascia area. No sign is permitted which breaks the silhouette of the building.
- (5) When two or more tenants businesses are served by a single common building entrance, they are considered one business for sign computation purposes and the permitted sign area shall not exceed one and one-half (1.5) times each linear foot of building frontage of such entrance.

b. Sign Height Measurement

- (1) The height of wall, fascia, or other building mounted signs is the vertical distance measured from the base of the wall on which the sign is located to the top of the sign or sign cabinet.
- (2) The maximum sign height shall be twenty-five (25) feet. Suites in Building E shall be excluded from this sign height requirement and subject to height approval by Landlord.

c. Sign Illumination

The sign face of all outdoor, internally illuminated, building mounted cabinet signs shall be

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constructed with an opaque background and translucent letters and symbols, or with a colored background and lighter letters and symbols. Where white or other night bright colors are part of a logo, such colors are permitted in the logo only, provided that such logo shall represent not more than fifty percent (50%) of the total sign area permitted. A colored background may have the translucency allowed by the City of Flagstaff.

d. Support Elements

The support elements for all signs shall appear to be free of any angle iron, bracing, guy wires or similar features.

e. Electrical Service

Electrical service to the building mounted signs, including conduit, housings, and wire, are to be entirely concealed or, when necessary (and only when approved by landlord,) painted to match the surface of the structure upon which it is mounted.

f. Sign Type and Construction

(1) Sign cabinets are to be rectangular shaped, internally illuminated, single face cabinets, with 6" radius corners, and of high quality aluminum metal.

(2) The sign cabinet exterior shall be painted to match the shopping center's trim color.

(3) Cabinet dimensions shall all be 8" deep and 36" high.

(4) All copy shall be not less than six (6") inches high.

(5) All signs shall be U.L. listed. Interior illumination shall be evenly disbursed and shall have high output type lamps.

(6) Signs for businesses whose primary access is from the rear/back of the building are permitted one (1) sign at a ratio of sixty percent (60%) of the area permitted for a business storefront of the same dimensions fronting on a City street, but never more than allowed by the City of Flagstaff.

(7) There shall be no changeable copy signs in the tenant sign cabinets.

4. Criteria Changes

In the event the City of Flagstaff or any governing authority shall make changes to the City sign codes which are in conflict with this shopping center sign criteria, landlord shall have the right, with written notice to tenant, to make changes to the shopping center sign criteria in order to bring the sign criteria into conformance with the new City codes. And upon tenant receiving a written copy of the new sign criteria, it shall be deemed that the new sign criteria has superseded the previous sign criteria and tenant shall abide by all of the new sign criteria's terms, conditions and requirements.

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5. Sign Maintenance

- a. Tenant, at tenant's expense, shall be responsible for maintaining tenant's sign in good condition.
- b. Complete maintenance is required for all signs, whether or not in existence prior to tenant taking occupancy of the premises. Maintenance of tenant's sign shall include periodic cleaning, replacement of flickering, burned out or broken light bulbs or fixtures, repair or replacement of any faded, peeled, cracked, or otherwise damaged or broken parts of a sign, and any other activity necessary to restore the sign so that it continues to conform to the requirements and contents of the sign permit issued for its installation and the provisions of the shopping center sign criteria.

6. Vacating Premises and Sign Removal

On the expiration or earlier termination of tenant's lease, unless landlord has conducted a lockout of the premises, any sign cabinet that has been purchased and installed by tenant shall be the property of the tenant and tenant shall have the right to remove the sign cabinet upon vacating the premises. However, any removal of a tenant's sign cabinet must be completed by a licensed sign contractor and tenant shall be responsible for the repair and/or replacement of any building area, fascia area or electrical service that is damaged at the time of the removal and as a result of the removal. The sign face shall be the personal property of tenant and may be removed by tenant upon vacating the premises.

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FIRST ADDENDUM TO LEASE

Dated: June 9, 2026

The FIRST ADDENDUM TO LEASE, for that Lease, dated June 9, 2026, by and between **HOPI TRIBE ECONOMIC DEVELOPMENT CORPORATION**, a federally chartered corporation, wholly owned by the Hopi Tribe, a federally recognized Indian tribe, as “Landlord”, and **CITY OF FLAGSTAFF, AN ARIZONA MUNICIPAL CORPORATION, DBA EAST FLAGSTAFF COMMUNITY LIBRARY**, as “Tenant”, for that Premises known as Continental Plaza Shopping Center, 5200, E. Cortland Blvd., Suites A 1-6, Flagstaff, AZ 86004. This ADDENDUM TO LEASE shall be incorporated by reference into the Lease and in the event of any discrepancy between the terms of the Lease and the terms of this FIRST ADDENDUM, the terms of the FIRST ADDENDUM shall prevail.

FAD1. SECURITY DEPOSIT. Tenant shall pay a Security Deposit of \$13,000.00. This amount is payable upon full execution of Lease Documents.

FAD2. RENT RATE. The monthly rental rate and other applicable charges are as follows:

DATES	MONTHLY RENT	MONTHLY TAX*	MONTHLY TOTAL*
8/1/26 - 8/31/26	\$13,000.00	\$362.18	\$13,362.18
9/1/26 - 11/30/26	\$0.00	\$0.00	\$0.00
12/1/26 - 7/31/27	\$13,000.00	\$362.18	\$13,362.18
8/1/27 - 7/31/28	\$13,390.00	\$373.05	\$13,763.05
8/1/28 - 7/31/29	\$13,791.70	\$384.24	\$14,175.94
8/1/29 - 10/31/30	\$14,205.45	\$395.76	\$14,601.21

*Based on the current rate of 2.786% and subject to change.

Upon full execution of Lease Documents, Tenant shall pay a total of \$26,362.18, broken down as follows:

First month's rent (8/1/26 – 8/31/26)	\$13,000.00
First month's tax	362.18
Security Deposit	<u>13,000.00</u>
Total Due Upon Execution	\$26,362.18

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FA3. HVAC PROVISION. The Premises will contain the following HVAC units:

1. 2026 Daikin
2. 2026 Daikin
3. 2019/2020 Lennox
4. 2019/2020 Lennox
5. 2014 Carrier
6. 2014 Carrier

Tenant and Landlord agree that Tenant shall be fully responsible for all maintenance, repairs, and possible future replacement of the two 2026 Daikin units.

Additionally, Tenant will be responsible for up to \$500/calendar year/unit for any necessary repairs/replacement of the Lennox and Carrier units. If a repair/replacement is estimated to exceed \$500 by Landlord's preferred HVAC vendor, then Tenant shall be responsible to pay \$500 of the repair/replacement and Landlord shall be responsible to pay for the balance of the repair. If the Landlord chooses to replace any of these units with a new unit(s), then Tenant shall become fully responsible for all future maintenance, repairs and possible replacement of the new units.

Tenant shall be fully responsible for routine seasonal maintenance on all of the units. Tenant understands that Landlord requires HVAC units to receive routine seasonal maintenance twice yearly by a licensed HVAC vendor, once during the winter months and once during the summer months.

This HVAC provision shall continue throughout future lease extensions.

FA4. MODIFIED GROSS LEASE. This is a modified gross lease. Tenant will not be responsible for any Additional Rent, as outlined in Lease Article 5.

FA5. TENANT IMPROVEMENTS. Tenant will be responsible for all tenant improvements to the Premises. Plans for all construction work, alterations and improvements must receive the Landlords written approval prior to beginning any work, including demolition. All plumbing, HVAC, and electrical work must be performed by a licensed contractor.

Before taking possession, Tenant is required to provide certification from an engineer or other appropriate authority that the foundation of the Premises is sufficient to support the weight of the library.

FA6. LANDLORD IMPROVEMENTS. Landlord agrees to be responsible to have the carpeted areas in the Premises professionally cleaned. Landlord is responsible for a lighted sign cabinet to be installed above the Premi.

FA7. UTILITIES. Upon full execution of Lease, Tenant shall be responsible for having the electrical and gas services transferred into Tenant's name and shall be responsible for all costs

related to said utilities and the installation thereof. Additionally, Tenant shall be fully responsible for any telecommunications and/or internet services to the Premises, and the installation thereof.

FA8. OPTION TO RENEW. Provided Tenant has met all of its obligations in a timely manner, and is not otherwise in default on its Lease obligations, Tenant shall have two (2) options to extend the Lease, each for one (1) additional year. These options shall hereafter be known as Option Period 1 and Option Period 2. The monthly rent during each Option Period shall increase 3% each year.

FA9. SIGNAGE. Tenant shall be permitted to display a prominent banner on the Premises' façade for a time period up to 3 months as temporary signage. Permanent signage in the sign cabinet will be required, in accordance with Lease Exhibit D

All other terms and conditions of the Lease apply.

ACCEPTED AND APPROVED:

Landlord:

Hopi Tribe Economic Corporation, a federally chartered corporation, wholly owned by the Hopi Tribe, a federally recognized Indian tribe.

By: _____
Printed Name: Nick Brokeshoulder
Its: CEO
Date:

ACCEPTED AND APPROVED:

Tenant:

City of Flagstaff, an Arizona municipal corporation,
Dba East Flagstaff Community Library

By: _____
Printed Name:
Its:
Date: