**CITY OF KINGMAN AIRPORT**
**LEASE AGREEMENT**

THIS LEASE (this "Lease") is made as of the 1st day of September, 2018, by and between the City of Kingman, an Arizona municipal corporation ("LESSOR"); and CARL Bullen ("LESSEE").

WHEREAS, LESSOR owns and operates the KINGMAN MUNICIPAL AIRPORT (the "Airport"); and

WHEREAS LESSEE desires to lease a Hangar at the Airport for storage of aircraft;

NOW, THEREFORE, in consideration of the conditions and covenants hereinafter set forth and for the rents reserved herein, it is mutually agreed as follows:

1. Leased Premises. LESSOR hereby leases to LESSEE, and LESSEE hereby leases from LESSOR, for the term and subject to the agreements herein set forth, that certain Unit Number C in _____ Hangar "1" at the Airport (the "Leased Premises").

2. Term. The initial term of this Lease shall be for 12 months, commencing 1 Sept, 2018 and expiring Aug 30, 2019 (the "Initial Term"), subject to the rights of renewal hereinafter set forth.

3. Renewal. Provided LESSEE is not in default under this Lease, this Lease shall be automatically renewed for successive twelve (12) month terms (each a "Renewal Term" and together with the Initial Term, collectively the "Term") commencing on July 1st and ending on June 30th of each following calendar year, with the first renewal term commencing on July 1, 2019. Notwithstanding the foregoing, during any Renewal Term, either Party may terminate this Lease at any time without cause by giving the other Party at least thirty (30) day written notice of termination.

4. Rent. LESSEE agrees to pay to LESSOR as rent for the Leased Premises the following amounts no later than the 15th day of each and every month:

a. During the Initial Term, the sum of $356.37 Dollars ($356.37) per month;

b. Effective on July 1st of each and every year and continuing during each Renewal Term thereafter, the rent amount shall be adjusted upward annually by the "Consumer Price Index for All Urban Consumers-Unadjusted" using a June through May calculation period. Said adjusted base rent shall be calculated on each Adjustment Date and will become the new base rent amount for the ensuing year.

c. All taxes levied or assessed upon LESSEE'S fixtures, furnishings, equipment or other personal property located in or upon the Leased Premises, including improvements thereto, and all taxes arising out of the use of the Leased Premises, and/or arising out of the operation of this Lease. Such taxes shall include, but not be limited to, personal property taxes, possessory interest taxes, sales taxes and/or any like tax levied, assessed or imposed by the United States, the State of Arizona, Mohave County, or any political subdivision.

d. LESSEE hereby acknowledges that late payment by LESSEE to LESSOR of the rents due hereunder will cause LESSOR to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any payment of rents or any other sum due from Lessee hereunder shall not be received by LESSOR or LESSOR'S designee on or before the time set forth herein for the payment thereof, then said amount shall be deemed past due, and LESSEE shall pay to LESSOR a late charge equal to Twenty Five Dollars ($25.00) for each late payment of rent. LESSOR and LESSEE hereby agree that such late charge represents a fair and

LESSEE. Acceptance of any such late charge by LESSOR shall in no event constitute a waiver of LESSEE'S default with respect to such overdue amount, nor prevent LESSOR from exercising any of the other rights and remedies granted hereunder.

e. On or before initial term date, LESSOR, shall issue a gate key code to LESSEE. LESSEE is responsible for the safekeeping of gate key code. Unauthorized use of a LESSEE's gate key code by a person other than LESSOR or an Authorized User, identified below, is an Airport security violation and a material violation of this lease.

5. Security Deposit. LESSEE shall pay LESSOR a security deposit in the amount of $ 500.00 to ensure LESSEE's full and prompt performance under this Lease. If LESSEE defaults under this Lease, LESSOR shall be entitled to use the security deposit as required to cure or partially cure the default and if so used, LESSEE shall within five (5) business days restore the security deposit to the original amount as a cure of any such default. If LESSEE fully performs all of its obligations under this Lease, LESSOR will release any balance of the security deposit to LESSEE upon the expiration or termination hereof.

6. Use of the Leased Premises. LESSEE shall be entitled to use the Leased Premises solely for the storage of aircraft owned or leased by LESSEE, aircraft tail number N2266K (the "Stored Aircraft").

LESSEE shall identify in Attachment A as being approved by LESSEE and acceptable by LESSOR as someone who may access or use the Leased Premises for access ("Authorized User") to Stored Aircraft without being accompanied by LESSEE. An Authorized User may be any one of the following: Stored Aircraft Co-Owner or a member of the LESSEE's immediate family who LESSEE desires to have independent access to or use the Leased Premises.

LESSEE shall not:

a. Conduct any commercial operations from or in the Leased Premises;

b. Store any personal property in the Leased Premises which is unrelated to the ownership, operation or maintenance of the Stored Aircraft;

c. Store any aircraft on the Leased Premises other than Stored Aircraft identified in paragraph 6 above.

d. Give or permit to use LESSEE's gate key code to anyone other than Authorized Users identified in Attachment A.

e. Conduct or permit any hazardous or dangerous operations or activities on the Leased Premises including, without limitation, welding, painting, opening fuel or hydraulic lines, doping or maintenance or repairs of the fuel systems on any aircraft;

f. Store any hazardous, flammable or explosive substances, except that lubricants and solvents necessary for aircraft maintenance or repairs may be stored in a cumulative amount not to exceed five (5) gallons, provided that such storage is in compliance with all applicable Laws (hereafter defined).

g. Store any aircraft fuel or other fuel on the Leased Premises, except aircraft fuel in the Stored Aircraft's fuel tanks;

h. Fuel any aircraft in the Leased Premises or conduct any major maintenance or repair on any aircraft fuel systems; or,

i. Install or use inside the Leased Premises any heating or cooling devices or systems such as heaters or air conditioners. Appliances such as portable fans, televisions, refrigerators, radios, power tow bars, battery chargers, vacuum cleaners, small air compressors and small electric powered hand tools are permitted. Any appliances not having any explosion proof motor must be elevated at least eighteen (18) inches above the floor. No extension or power cords for appliances shall remain connected to any electrical receptacle when the Leased Premises is not being used and occupied by LESSEE, except for refrigerators. LESSEE shall not permit the use of the electrical power supply for the Leased Premises by any other person.

7. Liability Insurance. LESSEE shall procure and maintain at LESSEE's own expense, for the duration of this lease, the following insurance against claims for claims of bodily injury liability and property damage that may arise from or in connection with the possession, occupancy, operations and use of the Leased Premises by LESSEE, its agents, representatives, employees ,contractors and guests. Minimum limits and scope of insurances as follows:

- General Liability Insurance: an aircraft liability policy with an endorsement for premise liability with limits of no less than $1,000,000 per occurrence and include coverage for fire damage liability at the full $1,000,000 policy limit.

LESSOR shall be named as additional insured in all the above required policies.

All such policies shall be placed with a financially solvent insurance carrier authorized to provide insurance in the state of Arizona. Copies of all such certificates of insurance and policy endorsement shall be delivered to the LESSOR within ten (10) days after the execution of this Lease and shall be held for the benefit of the parties as their respective interests may appear.

Cancellation or other termination of any insurance policy issued in compliance with this lease shall automatically and immediately terminate this lease, unless another policy, certificates of insurance and endorsements as defined above, has been furnished and approved by LESSOR.

LESSEE understands that receipt of any required insurance by LESSOR does not constitute agreement that the insurance requirements of this lease have been met. Failure of the LESSOR to obtain certificates or other evidence of insurance from LESSEE shall not be deemed a waiver by the LESSOR. Nonconforming insurance shall not relieve LESSEE from its obligation to provide insurance specified herein.

Non-fulfillment of insurance conditions herein shall constitute a material breach of this lease and LESSOR retains the right to immediately terminate this lease in LESSOR's sole discretion.

8. Indemnification. To the fullest extent permitted by law, each Party shall indemnify, defend, and hold harmless the other Party and each officer, employee or agent thereof, for, from and against any and all losses, claims, damages, liabilities, costs and expenses (including but not limited to, reasonable attorney's fees, court costs and the costs of appellate proceedings) to which any such Indemnified Party may become subject, under any theory of liability whatsoever to the extent that such claims are caused by the negligent acts, recklessness or intentional misconduct of Indemnifying Party, its officers, employees, agents, or any tier of subcontractor in connection with this agreement.

This Indemnifying clause will survive the termination of this agreement. The amount and type of insurance coverage requirements set forth below will in no way be construed as limiting the scope of the indemnification.

9. Assumption of Risk. All aircraft and other personal property stored at the Airport are at the LESSEE's sole risk. LESSOR assumes no liability for loss or injury to persons or property while they are using Airport facilities.

Nothing in the Lease shall be construed as obligating LESSOR to maintain and operate the public portions of the Airport during the entire term of this Lease. LESSEE understands that the United States government has the right and power to discontinue and terminate all public airport activities at any time it deems necessary or advisable, for any reason whatsoever, and upon such discontinuance and termination, LESSOR will not be liable to LESSEE for any damages. LESSOR shall not be obligated to abate any rent payments during any discontinuance or termination of use of the Airport that is ordered by the State of

Arizona or the United States Government for public health, safety, or security reasons. However, the LESSEE shall have the right to terminate this lease effective on the date of such discontinuance or termination in accordance with the notice requirements of this Lease.

10. Fire Insurance. LESSEE shall obtain, at its expense, fire and casualty insurance on LESSEE's personal property located thereon and hereby releases LESSOR from any claims, damages or liability related thereto.

11. Utilities. LESSOR shall pay all reasonable and ordinary charges for utility services for the Leased Premises while this Lease is in force between the parties. LESSEE shall be responsible for any excessive charges for utility services. The determination of whether excessive charges have been incurred shall be in the sole exercise of LESSOR's discretion and judgment. In the event excessive charges have been incurred by LESSEE, LESSOR shall provide LESSEE a written statement for such excessive charges and LESSEE shall pay the same to LESSOR within twenty (20) days after the statement has either been delivered or mailed to LESSEE.

12. Maintenance. During the Term of this Lease, LESSEE shall keep the Leased Premises clean and neat and free of grease, oil, trash and debris. Oily rags shall be kept in metal containers with tight fitting lids. LESSOR shall be responsible for all maintenance and repairs to the Leased Premises provided that such repairs and maintenance are not caused by LESSEE'S negligence or misuse of the Leased Premises, or due to any damage caused by LESSEE. In such event, said repairs or maintenance shall be LESSEE'S obligation. LESSEE shall promptly give written notice to LESSOR of any conditions of the Leased Premises requiring maintenance or repairs.

13. Assignment and Sublease. LESSEE shall not transfer, assign or sublet this Lease or any portion or privilege hereunder, either voluntarily or involuntarily.

14. Compliance with Laws; Waste and Nuisance Prohibited. During the Term of this Lease, LESSEE shall comply with all applicable federal, state and local laws, ordinances, restrictive covenants, orders, rules and regulations (collectively, "Laws") and all restrictive covenants governing the Leased Premises, including without limitation, state and local zoning and building and safety Laws, and Laws relating to use and storage of hazardous or regulated materials or substances and other environmental matters. LESSEE hereby agrees to indemnify, defend and hold LESSOR harmless from and against any claims, damages or liability of any kind arising from or related to LESSEE's failure to comply with applicable Laws. LESSEE shall not commit or permit any waste or nuisance on the Leased Premises.

15. Taxes. LESSEE hereby assumes full responsibility for and shall pay prior to delinquency any and all real property taxes, personal property taxes and sales taxes which may be levied on the Leased Premises or LESSEE's personal property at any time during the Term of this Lease.

16. Parking. LESSEE shall be entitled to park a motor vehicle in the area or areas designated by LESSOR and at no time shall LESSEE block a designated taxilane at the Airport. LESSEE may utilize the Leased Premises for parking of LESSEE's vehicle when the Stored Aircraft is being used or is not on the Airport property.

17. Alterations. LESSEE shall not make any alterations or installations of any kind to the Leased Premises without the express written consent of LESSOR, which LESSOR may withhold in its sole and absolute discretion. Without limiting the foregoing, LESSEE shall not install any hoisting, winching or holding mechanism to any part of the Leased Premises.

18. Inspection of Leased Premises, Locks and Keys. LESSOR and its agents shall have the right, without appointment or advance notice, to inspect the Leased Premises at any time or times during the Term of this Lease. LESSEE shall not change the locks to the Leased Premises without LESSOR's prior written

consent, which LESSOR may withhold in its sole and absolute discretion. As a condition to any such consent by LESSOR, LESSEE shall provide LESSOR a key to the Leased Premises at such time that the locks are changed. LESSOR reserves the right to change the locks on the Leased Premises and in such event, shall provide keys to the new locks to LESSEE.

19. Waiver of Performance. The waiver by LESSOR of, or the failure by LESSOR to take action with respect to any breach of any term, covenant or condition herein contained shall not be deemed a waiver of such term, covenant or condition or subsequent breach of same, nor shall the acceptance of rent by LESSOR be deemed a waiver of any preceding breach under this Lease.

20. Surrender. At the expiration or termination of this Lease, LESSEE shall surrender the Leased Premises to LESSOR in clean, neat and good condition, reasonable wear and tear excepted.

21. Notice. All notices to be given by one party to the other under this Lease shall be in writing, mailed or delivered to the following addresses or at a changed address if notice of the change is given to the other party in writing:

Bullen@ctm.com

LESSOR: City of Kingman Aviation Department
7000 Flightline Drive
Kingman, Arizona 86401

LESSEE: Carl Bullen
335 Bella Vista Plaza
Kingman, Az 86409
928-692-1025

Any notice provided hereunder shall be deemed to have been given upon posting in the United States mail. Actual notice shall be no substitute for written notice under any provision of this Lease.

22. Breach. If at any time the rent or any money payments hereunder, or any part thereof, shall remain unpaid for a period of five (5) days after the same become due (in which case no notice of default shall be required); or if LESSEE shall fail to fulfill or perform or is in default of any of the other agreements or provisions hereunder, and if LESSEE does not cure and completely remedy any said default within ten (10) days after LESSOR gives LESSEE written notice of such default, then, without further notice or demand LESSOR shall be entitled to:

a. Terminate LESSEE's right to possession of the Leased Premises by legal process or otherwise, with or without terminating this Lease, and retake exclusive possession of the Leased Premises.
b. With or without terminating this Lease and without waiving or affecting LESSOR's right to terminate this Lease, from time to time relet all or portions of the Leased Premises, using reasonable efforts to mitigate LESSOR's damages.
c. From time to time recover accrued and unpaid rent and damages arising from LESSEE's breach of this Lease, regardless of whether this Lease has been terminated, together with applicable interest at the rate of ten percent (10%) per annum.
d. Terminate this Lease. No such termination shall relieve LESSEE of LESSEE's liabilities and obligations hereunder.
e. Recover all reasonable attorneys' fees and other expenses incurred by LESSOR in connection with enforcing this Lease, recovering possession and collecting amounts owed.
f. Pursue any other remedies available at law or in equity.

23. Holdover. In the event LESSEE holds over beyond the expiration of the Term herein or beyond the date of any such termination, such holding over shall be from month-to-month only, subject to all of the terms and conditions of this Lease, but shall not be a renewal hereof nor a waiver of any breach of conditions or covenant, and the rent to be paid therefor shall be at the rate then prevailing under the terms of this Lease.

24. Fire Prevention Regulations. LESSEE shall at all times comply with all applicable laws and ordinances pertaining to fire regulations, and shall furnish and keep, at LESSEE'S sole expense, adequate fire extinguishers in sufficient numbers and in convenient and accessible places upon said Lease Premises, charged and ready for immediate use, as required by said fire regulations and applicable laws or ordinances. A record of monthly fire extinguisher inspection and annual maintenance shall be kept on Leased Premises and available for audit by LESSOR.

25. Security. LESSEE shall be responsible for the security of the Leased Premises and all improvements and personal property located thereon and shall comply with all of LESSOR'S or any other governmental authority's rules and regulations pertaining to security, as may be amended from time to time. LESSOR shall have no responsibility to LESSEE or any of LESSEE'S guests and/or invitees for security of any persons and/or property located on the Leased Premises.

26. Applicable Law. This Lease shall be governed by and interpreted and enforced under the laws of the State of Arizona. Any civil actions relating to this Lease shall be brought and maintained in the Superior Court of Mohave County, Arizona.

27. F.A.A. Provisions.

a. LESSOR reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the LESSEE, and without interference or hindrance.

b. LESSOR reserves the right, but shall not be obligated to the LESSEE, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the LESSEE in this regard.

c. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the LESSOR and the United States, relative to the development, operation or maintenance of the Airport.

d. There is hereby reserved to the LESSOR, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation of the Kingman Airport.

e. LESSEE agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises.

f. The LESSEE, by accepting this Lease, expressly agrees for itself, its successors and assigns, not to erect nor permit the erection of any structure or object, nor permit the growth of any tree on the land leased hereunder above a mean sea level elevation of 3,520 feet. In the event the aforesaid covenants are breached, the LESSOR reserves the right to enter upon the Leased Premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of LESSEE.

g. The LESSEE, by accepting this Lease, agrees for itself, its successors and assigns, not to make use of the Leased Premises in any manner which might interfere with the landing and taking off of aircraft from the Kingman Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the LESSOR reserves the right to enter upon the Leased Premises and cause the abatement of such interference at the expense of LESSEE.

h. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

28. Eminent Domain.

a. If at any time during the Term of this Lease the whole of the Leased Premises, or so much thereof as to render the balance unusable for the intended use of LESSEE as said use is defined herein, shall be taken for any public or quasi-public use, under any statute, or by right of eminent domain or by conveyance in lieu thereof, then, in such event, when title shall have been taken thereunder of the Leased Premises by the condemning authority, the term hereby granted, and all right of the LESSEE hereunder, shall immediately cease and terminate and the rent shall be apportioned and paid to the time of such termination. LESSOR reserves to itself, and LESSEE assigns to LESSOR all rights to awards or damages accruing on account of any such taking or condemnation or by conveyance in lieu thereof, or by reason of any act of any public or quasi-public authority for which awards or damages are payable, except as to such awards or damages as are set forth under Subparagraph b below, provided that they are specifically defined by the condemning or awarding authority.

b. LESSEE shall be entitled the portion of any condemnation award attributable to damages sustained by LESSEE for the value of leasehold improvements installed by LESSEE at LESSEE'S cost, LESSEE'S fixtures and equipment, and any removal or relocation expenses resulting from such taking.

c. LESSOR and LESSEE agree to execute such instruments of assignment as may be reasonably required by the other party, to join in any petition for the recovery of awards or damages, if so requested by the other party and to turn over to the other party any such awards or damages to which such party may be entitled pursuant to Subparagraphs a. and b. above, that may be recovered in any such proceeding.

29. Successors and Assigns. This Lease shall be binding upon the heirs, successors and assigns of the parties hereto.

30. Attorney's Fees. In the event that either party hereto institutes an action or other proceeding to enforce any rights arising under this Agreement, the party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorneys' fees by the other party.

31. Interpretation. This Lease has been negotiated among the parties and, if there is any ambiguity, no presumption construing this Lease against a party shall be imposed because this Lease was prepared by counsel for such party.

32. Waiver of Jury Trial. LESSOR and LESSEE hereby irrevocably waive any and all rights they have to demand that any action, proceeding or counterclaim arising out of or in any way related to this Lease be tried by jury.

33. This Agreement may be canceled in accordance with A.R.S. §38-511.

34. Arbitration. In the event of a dispute, the Parties agree to use arbitration only to the extent it is required by A.R.S. § 12-1518 or otherwise required by Arizona Rules of Civil Procedure. The Parties shall agree to fully exhaust administrative remedies before filing litigation.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LESSOR:
The City of Kingman,
an Arizona Municipal Corporation

By: _____

Its: Airport General Manager

6/18 Revision

LESSEE:

By: _____

Its: _____

STATE OF ARIZONA )
)
COUNTY OF MOHAVE )

The foregoing Lease was acknowledged before me personally on this 10th day of Sept, 2018 by Joseph Husband as a representative of the City of Kingman, an Arizona Municipal Corporation, LESSOR.

Janie C Platt
Notary Public

My Commission Expires:

Sept 13 2018

OFFICIAL SEAL
JANIE C. PLATT
Notary Public - State of Arizona
MOHAVE COUNTY
My Comm. Expires Sept. 13, 2019

STATE OF ARIZONA )
)
COUNTY OF MOHAVE )

The foregoing Lease was acknowledged before me this 10th day of Sept, 2018 by Carl Buller. (LESSEE)

Janie C Platt
Notary Public

My Commission Expires:

Sept 13, 2018

OFFICIAL SEAL
JANIE C. PLATT
Notary Public - State of Arizona
MOHAVE COUNTY
My Comm. Expires Sept. 13, 2019

ATTACHMENT A
AUTHORIZED USERS OF PREMISES

C. BULLEN
J. BULLEN
PH. 928-692-9249
335 W. BELLO VISTA PLAZA
KINGMAN, AZ 86409

91-532/1221

8016

Sept. 10 2018

PAY to the order of City of Kingman $1069.11

One Thousand Sixty Nine 11/100 DOLLARS

NATIONAL BANK OF ARIZONA
WWW.NBARIZONA.COM
800 497 8168

for Airport C-1

Carl Bullen

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