

LEASE

This Lease is made this first (1st) day of July, 2014, by and between the **KINGMAN AIRPORT AUTHORITY, INC.**, an Arizona non-profit corporation ("Lessor"), and **KINGMAN AIRLINE SERVICES, INC.**, an Arizona corporation ("Lessee").

Recitals

A. Lessor has authority to enter into agreements concerning the use of the premises hereunder, pursuant to the Third Amendment and Restatement of Lease Agreement entered into between the City of Kingman, Arizona (the "City"), as Lessor, and the Mohave County Airport Authority, Inc. ("MCAA"), as Lessee, dated January 20, 1992, and Assignment Agreement entered into between MCAA and Lessor dated June 18, 1992, as modified by that certain Fourth Amendment to Lease dated July, 2003 between the City and Lessor.

B. Lessee desires to lease the Leased Premises (defined below) from Lessor.

Agreement

In consideration of the conditions and covenants hereafter set forth and for the rents reserved herein, it is mutually agreed as follows:

1. **Leased Premises.** Lessor hereby leases to Lessee, and Lessee agrees to take and let from Lessor, that real property described as follows:

a. That building of approximately 1,000 square feet known as the "Gas Shack" located at 5070 Flightline Drive, Kingman, Arizona ("Building"); and,

b. The land on which the Building is located and surrounding area described on the attached Exhibit "A", comprising approximately one half (.5) acre (the "Surrounding Property" and with the Building, collectively, the "Leased Premises").

2. **Term.** The initial term of this Lease shall be for one (1) year, commencing on July 1, 2014 (the "Commencement Date") and ending at 11:59 p.m. on June 30, 2015 (the "Initial Term"), subject to the right of renewal hereinafter set forth.

3. **Renewal.** At the expiration of the Initial Term, this Lease shall automatically be renewed for one (1) additional one (1) year term (the "Renewal Term" and with the Initial Term, collectively, the "Term"), which shall commence on July 1, 2015, and shall expire at 11:59 p.m. on June 30, 2016. Provided that Lessee is not in

default under this Lease at the time of renewal, this Lease shall automatically be renewed for the Renewal Term unless either Lessor or Lessee give the other party written notice of their intent not to renew this Lease at least sixty (60) days prior to expiration of the Initial Term. If either party gives such notice, then this Lease shall be deemed terminated and expired at the end of the Initial Term. If this Lease is renewed as provided herein, all terms and conditions of this Lease shall remain in full force and effect during the Renewal Term, including, without limitation, the annual increase to the Rent as set forth in Paragraph 4.

4. **Rent.**

a. Lessee agrees to pay the sum of One Thousand Eight Hundred Dollars (\$1,800.00) per month (\$21,600.00/Lease Year) to Lessor as base rent for the Leased Premises (the "Base Rent") payable in advance on the first (1st) day of each and every month during the Term of this Lease, provided that Lessor will waive and Lessee shall have no obligation to pay the first month's Base Rent due on July 1, 2014. Lessee shall commence payment of Base Rent on the first (1st) day of August, 2014 and continuing on the first (1st) day of each month thereafter. The Base Rent amount shall be subject to the annual adjustment as provided in Paragraph 4.d below.

b. Lessee shall pay prior to delinquency 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.

c. Lessee hereby acknowledges that late payment by Lessee to Lessor of the rent and other sums 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 rent 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) per day accruing from the due date until said default has been cured. Lessor and Lessee hereby agree that such late charge represents a fair and reasonable estimate of the cost that Lessor will incur by reason of any such late payment of 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.

d. Commencing on July 1, 2015 and continuing on the first (1st) day of July in each year thereafter during the Term of this Lease (each an "Adjustment Date"), Base Rent shall be adjusted upward by a factor of three percent

(3.0%) per year. Said adjusted Base Rent shall be calculated on each Adjustment Date by multiplying the then-effective Base Rent times a factor of one-hundred three percent (103%) to determine the new Base Rent amount for the ensuing Adjustment Year. For purposes of this Lease, "Adjustment Year" shall be defined as the twelve (12) month period commencing July 1st and ending June 30th of the next calendar year.

5. **Security deposit.** Lessee shall not be required to pay any security deposit to Lessor at the inception of this Lease, provided, however, if Lessee defaults hereunder, as a condition to the cure of any such default Lessor may require Lessee to pay Lessor a security deposit equal to one and one half times the then-current monthly rent due under this Lease. If Lessee thereafter defaults with respect to any provision of this Lease, Lessor may apply all or any part of the security deposit for the payment of any sum in default, or for the payment of any other amount which Lessor may spend or become obligated to spend by reason of Lessee's default, or to compensate Lessor for any other loss or damage which Lessor may suffer by reason of Lessee's default. Application of the deposit shall not constitute a cure of the default by Lessee to which the application relates. If any portion of the security deposit is so applied, Lessee shall, within five days after written demand therefor, deposit cash with Lessor in an amount sufficient to restore the security deposit to its original amount. Lessor shall not be required to keep the security deposit separate from Lessor's general funds and Lessee shall not be entitled to interest on the deposit. If Lessee shall fully and faithfully perform every provision of this Lease to be performed by Lessee, the security deposit or any balance thereof shall be returned to Lessee promptly following the expiration of the Term.

6. **Use of Leased Premises.** Lessee may use the Leased Premises for offices for Lessee's business, storage of Lessee's equipment and parking of vehicles for Lessee's employees and customers. Lessee may further use the Leased Premises for other activities necessarily and directly incidental to the foregoing permitted uses of the Leased Premises. Any other uses not directly incidental to the uses permitted hereunder are hereby prohibited without the express written consent of Lessor. Without limiting the foregoing, Lessee is expressly prohibited from using the Leased Premises for a Fixed Based Operator business, such as selling fuel or aircraft parts or providing other aircraft related goods to the public.

7. **Improvements.** Lessor shall have no obligation whatsoever to construct any improvements on the Leased Premises. Lessee, at its expense, may construct various improvements on the Leased Premises with Lessor's prior written consent and provided that all improvements constructed by Lessee shall:

a. Comply with the requirements of any governmental or quasi-governmental authority having jurisdiction, including without limitation, the City and Mohave County, Arizona ordinances and codes; comply with the requirements of Lessor's insurance carriers and with Lessor's safety and access requirements;

b. Be constructed in good workmanlike manner and conform to complete working drawings approved by Lessor;

c. Be of a quality that equals or exceeds the current standard for the Leased Premises and comply with all building, fire and safety codes; and

d. Be carried out only during hours approved by Lessor by licensed contractors selected by Lessee and approved by Lessor. Such contractors shall, at Lessor's request, deliver to Lessor proof of workers' compensation and general liability insurance coverage, including coverage for completed operations and contractual liability, in amounts, with companies and in forms reasonably satisfactory to Lessor, which shall remain in effect during the entire period in which the work will be carried out.

Lessee shall pay before delinquency all costs for work done or caused to be done by Lessee on the Leased Premises which could result in any lien or encumbrance on Lessor's interest in the Leased Premises. Any and all improvements placed upon the Leased Premises by Lessee shall be made at the sole expense of Lessee. All permanent improvements and/or alterations to the Leased Premises will hereby be prohibited without the express written consent of Lessor, which consent shall not be unreasonably withheld. All permanent improvements placed on the Leased Premises by Lessee shall become the property of Lessor upon the termination or expiration of this Lease.

8. **Insurance and Indemnity.** Lessee shall acquire and keep in effect adequate bodily injury liability and property damage insurance and all other insurance needed or required for the operations of Lessee as contemplated by this Lease, covering all of Lessee's employees and equipment, and shall indemnify and hold Lessor harmless from any causes of action arising from Lessee's operations hereunder. In all the above policies, Lessor and the City shall be named as additional insureds with the Lessee. For the Term of this Lease such policies shall not be for less than the amount of Two Million Dollars (\$2,000,000.00) combined single limit for bodily injury and property damage. All such policies shall be placed with a reputable company approved by the Lessor. Copies of all such policies or certificates of insurance shall be delivered to the Lessor within thirty (30) days after the execution of this Lease and shall be held for the benefit of the parties as their respective interests may appear. The amount of said insurance shall not be deemed as a limitation of Lessee's agreement to save and hold the Lessor harmless, and if Lessor or Lessee becomes liable for an amount in excess of the insurance, Lessee will defend, indemnify, save and hold Lessor harmless for the whole thereof. Copies of policies or certificates of insurance of all such policies entered into after the commencement of this Lease shall be delivered to the Lessor within ten (10) days of the commencement of each such policy. In addition to the above-named policies, and under the same obligations to deliver copies of said policies or certificates of insurance to Lessor, Lessee shall obtain fire insurance and other property loss insurance on all improvements placed upon the Leased Premises, in an amount equal to the value of said improvements.

9. **Utilities.** Lessee shall pay promptly and prior to any delinquency any and all charges which may be incurred for water, gas, electrical power, telephone and any other utilities delivered to or used upon the Leased Premises during the Term, and any renewal or extension thereof, and shall hold Lessor harmless therefrom.

10. **Assignment and Sublease.** Except as provided in this Lease, Lessee shall not transfer, assign or sublet this Lease or any privileges granted hereunder without prior written approval of Lessor. Upon any assignment or sublease, this Lease is voidable at the option of the Lessor, which option may be exercised within a reasonable period subsequent to the Lessor obtaining actual knowledge of any assignment or sublease. In the event of a transfer, assignment or sublease of this Lease, Lessee shall pay to Lessor an amount equal to Lessor's attorneys' fees and costs arising out of such transfer, assignment or sublease; said attorneys' fees and costs for each request for approval of an assignment shall be no less than the sum of Five Hundred Dollars (\$500.00). Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. Notwithstanding the foregoing, Lessor acknowledges that Lessee intends to sublease a portion of the Leased Premises to a third party who will also use the Leased Premises concurrently with Lessee on a periodic basis and Lessor agrees that it will not unreasonably withhold or delay its consent to such sublease.

11. **Waste and Nuisance Prohibited.** During the Term of this Lease, and any renewals or extensions thereof, Lessee shall comply with all applicable present and future federal, state and local laws, statutes, ordinances, orders, rules and regulations affecting the Leased Premises (collectively, "Laws"). Lessee shall not commit, or permit, any waste or nuisance on the Leased Premises.

12. **Environmental Laws.** Without limiting the foregoing, Lessee shall comply with all present and future federal, state and local Laws relating to environmental matters (collectively, "Environmental Law"), and shall defend, indemnify and hold harmless Lessor and Lessor's present and future officers, directors, employees and agents from and against all claims, demands, liabilities, fines, penalties, losses, costs and expenses, including but not limited to costs of compliance, remedial costs, clean-up costs and reasonable attorneys' fees, arising from or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant or hazardous or toxic material, substance or matter (as those terms are defined under any Environmental Law) from, on or at the Leased Premises as a result of any act or omission on the part of Lessee. Lessee's indemnification obligations shall survive the expiration or termination of this Lease.

13. **Care of Leased Premises.** At Lessee's own expense, Lessee shall keep and maintain the Leased Premises and the immediate surrounding areas clean, neat, safe and orderly at all times. Furthermore, Lessee hereby assumes all responsibilities for maintenance, upkeep and repairs of all walls, roofs, plumbing, electrical systems, sewer/septic systems heating and cooling, appliances and/or fixtures in connection with the Building during the Term of this Lease, or any extensions thereof. Lessee's obligations with respect to the Surrounding Property shall include (i) repairing any damage to the paving caused by Lessee; and, (ii) completion of ordinary repairs arising due to the use of the Surrounding Property by Lessee. Lessee acknowledges that Lessor shall have no repair or maintenance obligations whatsoever with respect to the Leased Premises. Upon the expiration of this Lease, or at the termination of this Lease for any reason, Lessee shall redeliver the Leased Premises in good order and condition, reasonable wear and tear excepted. Lessee hereby acknowledges that Lessee has examined the Leased Premises and accepts the same in its "AS IS" condition as of the commencement date of this Lease without reliance upon any warranty or representation of any kind by Lessor.

14. **Inspection of Leased Premises.** Lessor and its agents shall during normal business hours and normal business days, by appointment, have the right to inspect the Leased Premises during the Term of this Lease, except in cases of imminent threat to public safety or health or other emergencies, in which event no prior notice or appointment shall be required.

15. **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.

16. **Disputes - Attorneys' Fees.** In the event that either party hereto shall institute and prevail in any action or suit for the enforcement of any of its rights hereunder, the prevailing party in said action or suit shall be awarded its reasonable attorneys' fees and costs arising therefrom.

17. **Notices.** Any notice desired or required to be served by either party upon the other or any notice provided for in this Lease shall be in writing and shall be deemed given upon hand-delivery or, if mailed, three (3) business days after being deposited in the United States mail, certified, return receipt requested, to the party to whom addressed, as set forth hereinbelow:

Lessor:

KINGMAN AIRPORT AUTHORITY, INC.
7000 Flightline Drive
Kingman, AZ 86401

With a copy to: BRUNO, BROOKS & GOLDBERG, P.C.
730 East Beale Street
Kingman, AZ 86401

Lessee: KINGMAN AIRLINE SERVICES, INC.
9900 Flightline Drive
Kingman, AZ 86401

With a copy to: MERCURY AVIATION HOLDINGS, INC.
11452 Donovan Road
Los Alamitos, CA 90702

Any party may change the address to which notice shall be delivered or mailed by notice duly given.

18. **Default and Remedies.**

a. (i) If at any time the rent or any money payments hereunder, or any part thereof, shall remain unpaid for a period of five(5) calendar days after the same become due; or (ii) if Lessee is adjudged bankrupt; or (iii) if Lessee abandons and/or discontinues operations at the Leased Premises; or (iv) if Lessee shall fail to fulfill or perform or is in default of any of the other agreements or provisions hereunder [except for the non-payment of rent, which shall be controlled by Subparagraph a.(i) hereinabove] and if Lessee does not cure and completely remedy any said default within ten (10) calendar days after Lessor gives Lessee written notice of such default, then Lessor may exercise the rights and remedies pursuant to Subparagraphs b. and c. herein.

b. Upon the happening of any of the events of default mentioned in Subparagraphs a.(i), (ii), (iii) and/or (iv) above, Lessee shall be deemed in default hereunder, and upon such default and at any time thereafter, Lessor may exercise any one or more of the following remedies concurrently or in succession:

(i) 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. If this Lease is terminated by Lessor, Lessor shall be entitled to recover from Lessee and Lessee shall pay on demand, as damages for Lessee 's default, an amount equal to the difference between the then-present worth of the aggregate of the rent and any other charges to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been so terminated), and the then-present worth of the then-aggregate fair and reasonable fair market rent of the Leased Premises for the same period. In the computation of present worth, a discount at the rate of eight percent (8%) per annum shall be employed.

(ii) 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. In connection with any reletting, Lessor may relet for a period less than or extending beyond the term of this Lease and may make alterations or improvements to the Leased Premises without releasing Lessee of any liability.

(iii) 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 late charges and interest at the rate of 12% per annum or the highest lawful rate, whichever is less.

(iv) Terminate this Lease.

(v) Enforce the statutory landlord's lien on Lessee's property.

(vi) Recover all reasonable attorneys' fees and other expenses incurred by Lessor in connection with enforcing this Lease, recovering possession and collecting amounts owed.

(vii) Perform any obligation of Lessee hereunder on Lessee's behalf and recover from Lessee, upon demand, the entire amount expended by Lessor plus 12% for handling, supervision and overhead.

(viii) Exercise any other remedies available under applicable Laws.

c. Each and every term, covenant and condition contained in this Paragraph 19. shall be deemed separate and independent, and all remedies herein shall be deemed cumulative to any and all remedies Lessor might have under this Lease or in accordance with law.

19. **Correction of Breach.** Lessor may correct any breach or default by the Lessee of which the Lessee has received written notice by certified mail and failed or neglected to remedy within ten (10) calendar days, and Lessee agrees upon demand to reimburse the Lessor for all expenses incurred by the Lessor in correcting said breach or default.

20. **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.

21. **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.

22. **Conduct of Business.** Lessee agrees to conduct its operations using modern and practical techniques and equipment available in order to reduce to a minimum the emanation of fumes, odors and noises.

23. **Security.** Lessee shall be responsible for the security of the Leased Premises and all improvements and personal property located thereon. Lessor shall have no responsibility to Lessee or any of Lessee's customers, guests and/or invitees for security of any persons and/or property located on the Leased Premises.

24. **Signs.** Lessee shall not erect or display, or permit to be erected or displayed, any exterior sign or advertising matter of any kind on the Leased Premises without first obtaining the written consent of Lessor, which Lessor shall not unreasonably withhold.

25. **Permits, Rules and Regulations.** Lessee agrees to obtain at Lessee's expense all necessary licenses and permits for the construction and operation of the Leased Premises. Further, with respect to the use of the Leased Premises and/or the public areas of the Kingman Airport, Lessee agrees to observe, obey and abide by all applicable Laws, field rules, policies, procedures and other regulations which are now or may hereafter be imposed or promulgated by Lessor, the Federal Aviation Administration, or any other government agency having jurisdiction over the subject matter, and which relate to the common and joint use of Airport facilities and the maintenance and conduct of all its operations.

26. **Application Fee.** Intentionally Deleted.

27. **Continuity.** This Lease and each and all of the covenants, obligations and conditions hereof shall inure to the benefit of and bind the Lessor and Lessee respectively, their heirs, personal representatives, executors, administrators, successors and assigns.

28. **Paragraph Headings.** The paragraph headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Lease.

29. **Applicable Law.** This Lease shall be interpreted and enforced according to 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.

30. **F.A.A. Provisions.**

a. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained or otherwise operated on the Leased Premises for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

b. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over or under such land and the furnishings of services thereon, no person on the grounds of race, color or national origin shall be excluded from participating in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

c. That in the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate the Lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.

d. Lessee shall furnish accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service, PROVIDED THAT the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

e. Noncompliance with Provision D. above shall constitute a material breach thereof and, in the event of such noncompliance, the Lessor shall have the right to terminate this Lease and the estate hereby created without liability therefor or, at the election of the Lessor or the United States, either or both said governments shall have the right to judicially enforce these Provisions.

f. Lessee agrees to insert the above five provisions in any Lease by which said Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Leased Premises.

g. Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349).

p. 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.

31. **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 hereinbelow, provided that they are specifically defined by the condemning or awarding authority.

b. Lessee hereby assigns to Lessor any and all claims which Lessee might otherwise prosecute in its own name and on its behalf, under applicable

laws or regulations at the time thereof, for loss or damage 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. Lessee agrees to execute such instruments of assignment as may be required by Lessor, to join with Lessor in any petition for the recovery of awards or damages, if so requested by Lessor, and to turn over to Lessor any such awards or damages that may be recovered in any such proceeding.

32. **Restrictive Covenants.** The parties acknowledge that certain restrictive covenants limiting the use of the Leased Premises have been placed upon the Leased Premises by Lessor, Mohave County and/or the City. Said restrictive covenants were filed in the Mohave County Recorder's Office on July 22, 1980, in Book 646, Pages 767-781; the First Amended Restrictive Covenants were recorded on November 28, 1989, in Book 1632, Pages 443-462; and the Second Amended Restrictive Covenants were recorded on November 15, 1990, in Book 1819, beginning at Page 961. Lessee hereby acknowledges the legitimacy of said restrictive covenants and agrees to adhere to all terms thereof.

33. **Authority.** The undersigned officer of Lessee hereby warrants and represents to Lessor that all necessary corporate action for the approval of this Lease has been taken by Lessee and that he has been duly authorized to execute this Lease on behalf of Lessee.

IN WITNESS WHEREOF, the respective parties hereto have executed this Lease as of the day and year first above written.

Lessor:

KINGMAN AIRPORT AUTHORITY, INC.,
an Arizona corporation

By: Jean R. Liss
JEAN LISS, President

Lessee:

KINGMAN AIRLINE SERVICES, INC.,
an Arizona corporation

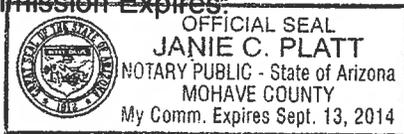
By: [Signature]
Its: [Signature]

STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 17th day of July, 2014, by JEAN LISS, President of KINGMAN AIRPORT AUTHORITY, INC., on behalf thereof.

Janie C Platt
Notary Public

Sept 14, 2014
My Commission Expires

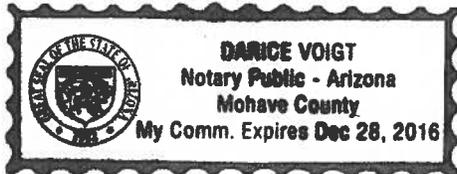


STATE OF Arizona)
) ss.
COUNTY OF Mohave)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 2nd day of July, 2014, by Kevin Dolan as _____ of KINGMAN AIRLINE SERVICES, INC., an Arizona corporation, on behalf thereof.

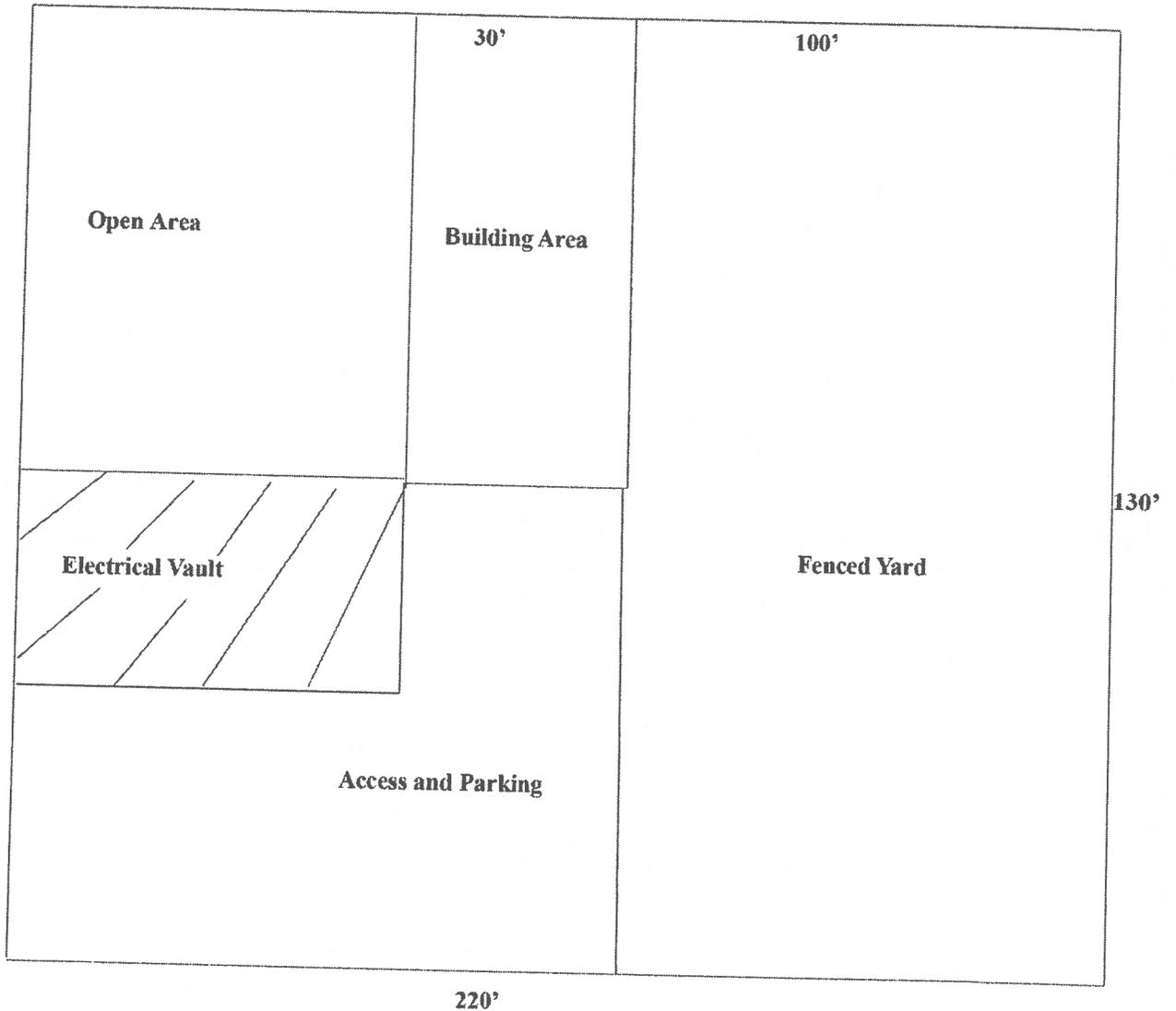
Darice Voigt
Notary Public

My Commission Expires:



**Kingman "Gas Shack" Property
Exhibit A**

Gate



LEASE

This Lease is made this first (1st) day of June, 2008, by and between the **KINGMAN AIRPORT AUTHORITY, INC.**, an Arizona corporation ("Lessor"), and **KINGMAN AIRLINE SERVICES, INC.**, an Arizona corporation ("Lessee").

Recitals

A. Lessor has authority to enter into agreements concerning the use of the premises hereunder, pursuant to the Third Amendment and Restatement of Lease Agreement entered into between the City of Kingman, Arizona (the "City"), as Lessor, and the Mohave County Airport Authority, Inc. ("MCAA"), as Lessee, dated January 20, 1992, and Assignment Agreement entered into between MCAA and Lessor dated June 18, 1992, as modified by that certain Fourth Amendment to Lease dated July, 2003 between the City and Lessor.

B. Lessor and Lessee have executed a certain License Agreement of even date herewith (the "License Agreement"), pursuant to which, Lessor has granted Lessee the right to use the Licensed Spaces (as defined in the License Agreement) pursuant to the terms thereof.

C. Lessee desires to lease the Leased Premises (defined below) from Lessor.

Agreement

In consideration of the conditions and covenants hereafter set forth and for the rents reserved herein, it is mutually agreed as follows:

1. **Leased Premises.** Lessor hereby leases to Lessee, and Lessee agrees to take and let from Lessor, that real property described as follows (collectively, the "Leased Premises"):

a. That building of approximately 25,200 square feet known as "Hangar A" located at 9900 Flightline Drive, Kingman, Arizona, described on the attached Exhibit "A" ("Hangar A"); and,

b. That building of approximately 20,800 square feet known as "Hangar B" located at 9800 Flightline Drive, Kingman, Arizona, described on the attached Exhibit "B" ("Hangar B");

c. The land surrounding Hangar A comprised of approximately 2.88 acres (excluding the footprint for the Hangar A building) described on Exhibit A; and, the land surrounding Hangar B, comprised of approximately 1.97 acres (excluding the footprint for the Hangar B building) (said 1.97 acre parcel and the foregoing 2.88 acre parcel are collectively, the "Surrounding Property" and with Hangar A and Hangar B are collectively, the "Leased Premises").

2. **Term.** Except as provided in this Paragraph 2, the term of this Lease shall be for five (5) years, commencing on June 1, 2008 (the "Commencement Date") and ending at 11:59 p.m. on May 31, 2013 (the "Initial Term"), subject to the right of renewal hereinafter set forth. Notwithstanding the foregoing, on December 31, 2008, this Lease as to Hangar B only shall expire and automatically terminate. Upon such termination, Lessee shall remove its personal property from Hangar B and surrender possession of Hangar B in a clean condition with all trash and refuse removed therefrom, and in a condition at least as good as it was in on the Commencement Date, reasonable wear and tear accepted.

3. **Renewal.** At the expiration of the Initial Term, this Lease shall automatically be renewed for two (2) additional five (5) year terms (each, a "Renewal Term" and with the Initial Term, collectively, the "Term"), the first of which shall commence on June 1, 2013, and shall expire at 11:59 p.m. on May 31, 2018, and the second of which shall commence on June 1, 2018 and shall expire on May 31, 2023. Provided that Lessee is not in default under this Lease at the time of renewal, this Lease shall automatically be renewed for such Renewal Terms unless either Lessor or Lessee give the other party written notice of their intent not to renew this Lease at least sixty (60) days prior to expiration of the Initial Term or the then-effective Renewal Term. If either party gives such notice, then this Lease shall be deemed terminated and expired at the end of the last effective term. If this Lease is renewed as provided herein, all terms and conditions of this Lease shall remain in full force and effect during the Renewal Terms, including, without limitation, the annual increase to the Rent as set forth in Paragraph 4.

4. **Rent.**

a. Lessee agrees to pay the following sums to Lessor as base rent for the Leased Premises (collectively, the "Base Rent") payable in advance on the first (1st) day of each and every month during the Term of this Lease, commencing on the first (1st) day of June, 2008, subject to the annual adjustment as provided in Paragraph 4.d below:

(i) For Hangar A:

(A) For the period of June 1, 2008 through December 31, 2008, the sum of FOUR THOUSAND FIVE HUNDRED DOLLARS (\$4,500.00) per month; and,

(B) For the period of January 1, 2009 and thereafter, the sum of EIGHT DOLLARS (\$8,000.00) per month (\$96,000.00 per year); and,

(ii) For Hangar B, the sum of ONE THOUSAND DOLLARS (\$1,000.00) per month; and,

(iii). For the Surrounding Property, the sum of ONE THOUSAND DOLLARS (\$1,000.00) per month (\$12,000.00 per year).

b. Lessee shall pay prior to delinquency 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.

c. Lessee hereby acknowledges that late payment by Lessee to Lessor of the rent and other sums 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 rent 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) per day accruing from the due date until said default has been cured. Lessor and Lessee hereby agree that such late charge represents a fair and reasonable estimate of the cost that Lessor will incur by reason of any such late payment of 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.

d. Commencing on July 1, 2009 and continuing on the first (1st) day of July in each year thereafter during the Term of this Lease (each an "Adjustment Date"), Base Rent shall be adjusted upward by a factor of three percent (3.0%) per year. Said adjusted Base Rent shall be calculated on each Adjustment Date by multiplying the then-effective Base Rent times a factor of one-hundred three percent (103%) to determine the new Base Rent amount for the ensuing Adjustment Year. For purposes of this Lease, "Adjustment Year" shall be defined as the twelve (12) month period commencing July 1st and ending June 30th of the next calendar year. For example, the first full Adjustment Year under this Lease shall run from July 1, 2009 through June 30, 2010.

5. **Security deposit.** Lessee shall not be required to pay any security deposit to Lessor at the inception of this Lease, provided, however, if Lessee defaults

hereunder, as a condition to the cure of any such default Lessor may require Lessee to pay Lessor a security deposit equal to one and one half times the then-current monthly rent due under this Lease. If Lessee thereafter defaults with respect to any provision of this Lease, Lessor may apply all or any part of the security deposit for the payment of any sum in default, or for the payment of any other amount which Lessor may spend or become obligated to spend by reason of Lessee's default, or to compensate Lessor for any other loss or damage which Lessor may suffer by reason of Lessee's default. Application of the deposit shall not constitute a cure of the default by Lessee to which the application relates. If any portion of the security deposit is so applied, Lessee shall, within five days after written demand therefor, deposit cash with Lessor in an amount sufficient to restore the security deposit to its original amount. Lessor shall not be required to keep the security deposit separate from Lessor's general funds and Lessee shall not be entitled to interest on the deposit. If Lessee shall fully and faithfully perform every provision of this Lease to be performed by Lessee, the security deposit or any balance thereof shall be returned to Lessee promptly following the expiration of the Term.

6. **Use of Leased Premises.** Lessee may use Hangar A and Hangar B for storage, repair and maintenance of aircraft, aircraft parts and related equipment. Lessee may use the Surrounding Property solely for the parking and storage of Aircraft. Lessee may further use the Leased Premises for other activities necessarily and directly incidental to the foregoing permitted uses of the Leased Premises. Any other uses not directly incidental to the uses permitted hereunder are hereby prohibited without the express written consent of Lessor.

7. **Lessee Repairs and Rent Credit.** Intentionally Deleted.

8. **Improvements.** Lessor shall have no obligation whatsoever to construct any improvements on the Leased Premises. Lessee, at its expense, may construct various improvements on the Leased Premises with Lessor's prior written consent and provided that all improvements constructed by Lessee shall:

a. Comply with the requirements of any governmental or quasi-governmental authority having jurisdiction, including without limitation, the City and Mohave County, Arizona ordinances and codes; comply with the requirements of Lessor's insurance carriers and with Lessor's safety and access requirements;

b. Be constructed in good workmanlike manner and conform to complete working drawings approved by Lessor;

c. Be of a quality that equals or exceeds the current standard for the Leased Premises and comply with all building, fire and safety codes; and

d. Be carried out only during hours approved by Lessor by licensed contractors selected by Lessee and approved by Lessor. Such contractors shall, at Lessor's request, deliver to Lessor proof of workers' compensation and general

liability insurance coverage, including coverage for completed operations and contractual liability, in amounts, with companies and in forms reasonably satisfactory to Lessor, which shall remain in effect during the entire period in which the work will be carried out.

Lessee shall pay before delinquency all costs for work done or caused to be done by Lessee on the Leased Premises which could result in any lien or encumbrance on Lessor's interest in the Leased Premises. Any and all improvements placed upon the Leased Premises by Lessee shall be made at the sole expense of Lessee. All permanent improvements and/or alterations to the Leased Premises will hereby be prohibited without the express written consent of Lessor, which consent shall not be unreasonably withheld. All permanent improvements placed on the Leased Premises by Lessee shall become the property of Lessor upon the termination or expiration of this Lease.

9. **Insurance and Indemnity.** Lessee shall acquire and keep in effect adequate bodily injury liability and property damage insurance and all other insurance needed or required for the operations of Lessee as contemplated by this Lease, covering all of Lessee's employees and equipment, and shall indemnify and hold Lessor harmless from any causes of action arising from Lessee's operations hereunder. In all the above policies, Lessor and the City shall be named as additional insureds with the Lessee. For the Term of this Lease such policies shall not be for less than the amount of Two Million Dollars (\$2,000,000.00) combined single limit for bodily injury and property damage. All such policies shall be placed with a reputable company approved by the Lessor. Copies of all such policies or certificates of insurance shall be delivered to the Lessor within thirty (30) days after the execution of this Lease and shall be held for the benefit of the parties as their respective interests may appear. The amount of said insurance shall not be deemed as a limitation of Lessee's agreement to save and hold the Lessor harmless, and if Lessor or Lessee becomes liable for an amount in excess of the insurance, Lessee will defend, indemnify, save and hold Lessor harmless for the whole thereof. Copies of policies or certificates of insurance of all such policies entered into after the commencement of this Lease shall be delivered to the Lessor within ten (10) days of the commencement of each such policy. In addition to the above-named policies, and under the same obligations to deliver copies of said policies or certificates of insurance to Lessor, Lessee shall obtain fire insurance and other property loss insurance on all improvements placed upon the Leased Premises, in an amount equal to the value of said improvements.

10. **Utilities.** Lessee shall pay promptly and prior to any delinquency any and all charges which may be incurred for water, gas, electrical power, telephone and any other utilities delivered to or used upon the Leased Premises during the Term, and any renewal or extension thereof, and shall hold Lessor harmless therefrom. Within thirty (30) days after execution of this Lease by the parties, Lessor shall either (a) install a separate electric meter to measure the power used for Gate #4 (the "Gate") to the Kingman Airport, which is currently connected to Lessee's electric meter, or (b)

make other arrangements with Lessee for reimbursement to Lessee for the prorated power used in operating the Gate for parties other than Lessee.

11. **Assignment and Sublease.** Lessee shall not transfer, assign or sublet this Lease or any privileges granted hereunder without prior written approval of Lessor. Upon any assignment or sublease, this Lease is voidable at the option of the Lessor, which option may be exercised within a reasonable period subsequent to the Lessor obtaining actual knowledge of any assignment or sublease. In the event of a transfer, assignment or sublease of this Lease, Lessee shall pay to Lessor an amount equal to Lessor's attorneys' fees and costs arising out of such transfer, assignment or sublease; said attorneys' fees and costs for each request for approval of an assignment shall be no less than the sum of Five Hundred Dollars (\$500.00) or greater than the sum of One Thousand Five Hundred Dollars (\$1,500.00), provided that (a) such assignment or request for approval of an assignment does not result in any litigation or dispute, in which event, the foregoing limitations shall not apply; and, (b) the foregoing maximum attorney's fees shall increase by an amount of three percent (3%) per Adjustment Year in the same manner as rent increases are calculated pursuant to Paragraph 4.d.. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

12. **Waste and Nuisance Prohibited.** During the Term of this Lease, and any renewals or extensions thereof, Lessee shall comply with all applicable present and future federal, state and local laws, statutes, ordinances, orders, rules and regulations affecting the Leased Premises (collectively, "Laws"). Lessee shall not commit, or permit, any waste or nuisance on the Leased Premises.

13. **Environmental Laws.** Without limiting the foregoing, Lessee shall comply with all present and future federal, state and local Laws relating to environmental matters (collectively, "Environmental Law"), and shall defend, indemnify and hold harmless Lessor and Lessor's present and future officers, directors, employees and agents from and against all claims, demands, liabilities, fines, penalties, losses, costs and expenses, including but not limited to costs of compliance, remedial costs, clean-up costs and reasonable attorneys' fees, arising from or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant or hazardous or toxic material, substance or matter (as those terms are defined under any Environmental Law) from, on or at the Leased Premises as a result of any act or omission on the part of Lessee. Lessee's indemnification obligations shall survive the expiration or termination of this Lease.

14. **Care of Leased Premises.** At Lessee's own expense, Lessee shall keep and maintain the Leased Premises and the immediate surrounding areas

clean, neat, safe and orderly at all times. Furthermore, Lessee hereby assumes all responsibilities for maintenance, upkeep and repairs of all walls, roofs, plumbing, electrical systems, sewer/septic systems heating and cooling, appliances and/or fixtures in connection with Hangar A and paving and resurfacing with respect to the Surrounding Property during the Term of this Lease, or any extensions thereof. Lessee's obligations with respect to the Surrounding Areas shall include (i) repairing any damage to the paving caused by Lessee; and, (ii) completion of ordinary repairs arising due to the use of the Surrounding Area by Lessee; and, (iii) resurfacing as required in accordance with reasonable maintenance standards. Lessee acknowledges that Lessor shall have no repair or maintenance obligations whatsoever with respect to the Leased Premises. Upon the expiration of this Lease, or at the termination of this Lease for any reason, Lessee shall redeliver the Leased Premises in good order and condition, reasonable wear and tear excepted. Lessee hereby acknowledges that Lessee has examined the Leased Premises and accepts the same in its "AS IS" condition as of the commencement date of this Lease without reliance upon any warranty or representation of any kind by Lessor.

15. **Inspection of Leased Premises.** Lessor and its agents shall during normal business hours and normal business days, by appointment, have the right to inspect the Leased Premises during the Term of this Lease, except in cases of imminent threat to public safety or health or other emergencies, in which event no prior notice or appointment shall be required.

16. **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.

17. **Disputes - Attorneys' Fees.** In the event that either party hereto shall institute and prevail in any action or suit for the enforcement of any of its rights hereunder, the prevailing party in said action or suit shall be awarded its reasonable attorneys' fees and costs arising therefrom.

18. **Notices.** Any notice desired or required to be served by either party upon the other or any notice provided for in this Lease shall be in writing and shall be deemed given upon hand-delivery or, if mailed, three (3) business days after being deposited in the United States mail, certified, return receipt requested, to the party to whom addressed, as set forth hereinbelow:

Lessor: KINGMAN AIRPORT AUTHORITY, INC.
7000 Flightline Drive
Kingman, AZ 86401

With a copy to: BRUNO, BROOKS & GOLDBERG, P.C.
730 East Beale Street

Kingman, AZ 86401

Lessee: KINGMAN AIRLINE SERVICES, INC.
9900 Flightline Drive
Kingman, AZ 86401

With a copy to: MERCURY AVIATION HOLDINGS, INC.
11452 Donovan Road
Los Alamitos, CA 90702

Any party may change the address to which notice shall be delivered or mailed by notice duly given.

19. **Default and Remedies.**

a. (i) If at any time the rent or any money payments hereunder, or any part thereof, shall remain unpaid for a period of five(5) calendar days after the same become due; or (ii) if Lessee is adjudged bankrupt; or (iii) if Lessee abandons and/or discontinues operations at the Leased Premises; or (iv) if Lessee shall fail to fulfill or perform or is in default of any of the other agreements or provisions hereunder [except for the non-payment of rent, which shall be controlled by Subparagraph a.(i) hereinabove] and if Lessee does not cure and completely remedy any said default within ten (10) calendar days after Lessor gives Lessee written notice of such default, then Lessor may exercise the rights and remedies pursuant to Subparagraphs b. and c. herein.

b. Upon the happening of any of the events of default mentioned in Subparagraphs a.(i), (ii), (iii) and/or (iv) above, Lessee shall be deemed in default hereunder, and upon such default and at any time thereafter, Lessor may exercise any one or more of the following remedies concurrently or in succession:

(i) 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. If this Lease is terminated by Lessor, Lessor shall be entitled to recover from Lessee and Lessee shall pay on demand, as damages for Lessee 's default, an amount equal to the difference between the then-present worth of the aggregate of the rent and any other charges to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been so terminated), and the then-present worth of the then-aggregate fair and reasonable fair market rent of the Leased Premises for the same period. In the computation of present worth, a discount at the rate of eight percent (8%) per annum shall be employed.

(ii) 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. In connection with any reletting, Lessor may relet for a period less than or extending beyond the term of this Lease and may make alterations or improvements to the Leased Premises without releasing Lessee of any liability.

(iii) 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 late charges and interest at the rate of 12% per annum or the highest lawful rate, whichever is less.

(iv) Terminate this Lease.

(v) Enforce the statutory landlord's lien on Lessee's property.

(vi) Recover all reasonable attorneys' fees and other expenses incurred by Lessor in connection with enforcing this Lease, recovering possession and collecting amounts owed.

(vii) Perform any obligation of Lessee hereunder on Lessee's behalf and recover from Lessee, upon demand, the entire amount expended by Lessor plus 12% for handling, supervision and overhead.

(viii) Exercise any other remedies available under applicable Laws.

c. Each and every term, covenant and condition contained in this Paragraph 19. shall be deemed separate and independent, and all remedies herein shall be deemed cumulative to any and all remedies Lessor might have under this Lease or in accordance with law.

20. **Correction of Breach.** Lessor may correct any breach or default by the Lessee of which the Lessee has received written notice by certified mail and failed or neglected to remedy within ten (10) calendar days, and Lessee agrees upon demand to reimburse the Lessor for all expenses incurred by the Lessor in correcting said breach or default.

21. **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.

22. **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.

23. **Conduct of Business.** Lessee agrees to conduct its operations using modern and practical techniques and equipment available in order to reduce to a minimum the emanation of fumes, odors and noises.

24. **Security.** Lessee shall be responsible for the security of the Leased Premises and all improvements and personal property located thereon. Lessor shall have no responsibility to Lessee or any of Lessee's customers, guests and/or invitees for security of any persons and/or property located on the Leased Premises.

25. **Signs.** Lessee shall reinstall, if found by Lessor or install a similar metal sign for Hangar "A" entitled the "Mack Hangar" and shall maintain said sign during the term of this Lease. Except for said sign, Lessee agrees not to erect or display, or permit to be erected or displayed, any exterior sign or advertising matter of any kind on the Leased Premises without first obtaining the written consent of Lessor.

26. **Permits, Rules and Regulations.** Lessee agrees to obtain at Lessee's expense all necessary licenses and permits for the construction and operation of the Leased Premises. Further, with respect to the use of the Leased Premises and/or the public areas of the Kingman Airport, Lessee agrees to observe, obey and abide by all applicable Laws, field rules, policies, procedures and other regulations which are now or may hereafter be imposed or promulgated by Lessor, the Federal Aviation Administration, or any other government agency having jurisdiction over the subject matter, and which relate to the common and joint use of Airport facilities and the maintenance and conduct of all its operations.

26. **Application Fee.** Lessor and Lessee acknowledge that Lessee has paid to Lessor a non-refundable Lease Application Fee in the amount of One Thousand Dollars (\$1,000.00). Said Lease Application Fee is in addition to any rent and/or expenses owed by Lessee under the terms of this Lease. The Lease Application Fee is intended by the Lessor and Lessee as reimbursement to Lessor for its reasonable costs and expenses incurred prior to the execution date of this Lease.

28. **Continuity.** This Lease and each and all of the covenants, obligations and conditions hereof shall inure to the benefit of and bind the Lessor and Lessee respectively, their heirs, personal representatives, executors, administrators, successors and assigns.

29. **Paragraph Headings.** The paragraph headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Lease.

30. **Applicable Law.** This Lease shall be interpreted and enforced according to 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.

31. **F.A.A. Provisions.**

a. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained or otherwise operated on the Leased Premises for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

b. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over or under such land and the furnishings of services thereon, no person on the grounds of race, color or national origin shall be excluded from participating in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

c. That in the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate the Lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.

d. Lessee shall furnish accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge

fair, reasonable and not unjustly discriminatory prices for each unit of service, PROVIDED THAT the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

e. Noncompliance with Provision D. above shall constitute a material breach thereof and, in the event of such noncompliance, the Lessor shall have the right to terminate this Lease and the estate hereby created without liability therefor or, at the election of the Lessor or the United States, either or both said governments shall have the right to judicially enforce these Provisions.

f. Lessee agrees to insert the above five provisions in any Lease by which said Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Leased Premises.

g. Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349).

p. 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.

32. 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 hereinbelow, provided that they are specifically defined by the condemning or awarding authority.

b. Lessee hereby assigns to Lessor any and all claims which Lessee might otherwise prosecute in its own name and on its behalf, under applicable laws or regulations at the time thereof, for loss or damage 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. Lessee agrees to execute such instruments of assignment as may be required by Lessor, to join with Lessor in any petition for the recovery of awards or damages, if so requested by Lessor, and to turn over to Lessor any such awards or damages that may be recovered in any such proceeding.

33. **Restrictive Covenants.** The parties acknowledge that certain restrictive covenants limiting the use of the Leased Premises have been placed upon the Leased Premises by Lessor, Mohave County and/or the City. Said restrictive covenants were filed in the Mohave County Recorder's Office on July 22, 1980, in Book 646, Pages 767-781; the First Amended Restrictive Covenants were recorded on November 28, 1989, in Book 1632, Pages 443-462; and the Second Amended Restrictive Covenants were recorded on November 15, 1990, in Book 1819, beginning at Page 961. Lessee hereby acknowledges the legitimacy of said restrictive covenants and agrees to adhere to all terms thereof.

34. **Authority.** The undersigned officer of Lessee hereby warrants and represents to Lessor that all necessary corporate action for the approval of this Lease has been taken by Lessee and that he has been duly authorized to execute this Lease on behalf of Lessee.

IN WITNESS WHEREOF, the respective parties hereto have executed this Lease as of the day and year first above written.

Lessor:

KINGMAN AIRPORT AUTHORITY, INC.,
an Arizona corporation

By: Jerry Hawkins
JERRY HAWKINS, President

Lessee:

KINGMAN AIRLINE SERVICES, INC.,
an Arizona corporation

By: [Signature]
Its: [Signature]

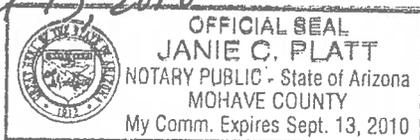
STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 30th day of JUNE, 2008, by JERRY HAWKINS, President of KINGMAN AIRPORT AUTHORITY, INC., on behalf thereof.

Janie C Platt
Notary Public

My Commission Expires:

Sept 13, 2010



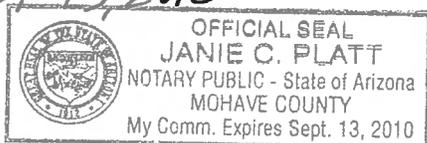
STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 30th day of JUNE, 2008, by Kevin Thomas Dolan as President of KINGMAN AIRLINE SERVICES, INC., an Arizona corporation, on behalf thereof.

Janie C Platt
Notary Public

My Commission Expires:

Sept 13, 2010



LEGAL DESCRIPTION FOR HANGAR "A" LEASE PARCEL

That part of the Northwest $\frac{1}{4}$ (one-quarter) of Section 25, Township 22 North, Range 16 West, Gila and Salt River Meridian, Mohave County, Arizona, described as:

Commencing at the west $\frac{1}{4}$ (one-quarter) corner of said section 25, a 3" brass disk in concrete stamped RLS 13023;

thence N. $00^{\circ}09'04''$ E., along the west section line of said section a distance of 881.26' feet;

thence S. $89^{\circ}50'56''$ E., 84.00' feet to the southwest corner of parcel, which is also the Point of Beginning;

thence continuing S. $89^{\circ}50'56''$ E., a distance of 316.04' feet to the most southeast corner of parcel;

thence N. $00^{\circ}09'04''$ E., a distance of 476.75' feet to the northeast corner of said parcel;

thence N. $89^{\circ}50'56''$ W., a distance of 316.04' feet to the northwest corner of said parcel;

thence S. $00^{\circ}09'04''$ W., a distance of 476.75' feet to the southwest corner of said parcel, which is also the Point of Beginning.

This lease parcel known as Hangar A, contains 3.46 acres.



Expires 12-31-2010

LEGAL DESCRIPTION FOR HANGAR "B" LEASE PARCEL

That part of the Northwest $\frac{1}{4}$ (one-quarter) of Section 25, Township 22 North, Range 16 West, Gila and Salt River Meridian, Mohave County, Arizona, described as:

Commencing at the west $\frac{1}{4}$ (one-quarter) corner of said section 25, a 3" brass disk in concrete stamped RLS 13023 which bears S 00° 09' 05" W from the Northwest corner of said section;

thence N. 34°12'29" E., a distance of 355.07' feet to the most southerly corner of said parcel and which point is also the True Point of Beginning;

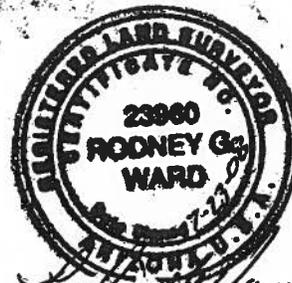
thence N. 45°08'34" E., a distance of 384.82' feet to the easterly corner of said parcel;

thence N. 44°51'26" W., a distance of 277.03' feet to the most northerly corner of said parcel;

thence S. 45°08'34" W., a distance of 384.82' feet to the most westerly corner of said parcel;

thence S. 44°51'26" E., a distance of 277.03' feet to the True Point of Beginning;

This lease parcel known as Hangar B, contains 2.45 acres more or less.



Expires 12-31-2010

LEASE

This Lease is made this 27th day of NOVEMBER, 2016, by and between the **KINGMAN AIRPORT AUTHORITY, INC.**, an Arizona non-profit corporation ("Lessor"), and **KINGMAN AIRLINE SERVICES, INC.**, an Arizona corporation ("Lessee").

Recitals

A. Lessor has authority to enter into agreements concerning the use of the premises hereunder, pursuant to the Third Amendment and Restatement of Lease Agreement entered into between the City of Kingman, Arizona (the "City"), as Lessor, and the Mohave County Airport Authority, Inc. ("MCAA"), as Lessee, dated January 20, 1992, and Assignment Agreement entered into between MCAA and Lessor dated June 18, 1992, as modified by that certain Fourth Amendment to Lease dated July, 2003 between the City and Lessor.

B. Lessee purchased an existing hangar building (the "Hangar") located on the Leased Premises (defined below) from Aero Flite, Inc., a Wyoming corporation ("Aero Flite"). Aero Flite leased the Leased Premises from Lessor under a written Lease dated February 25, 2002 (the "Existing Lease"), which is being terminated as a condition to the effectiveness of this Lease.

C. Lessee desires to lease the Leased Premises from Lessor.

Agreement

In consideration of the conditions and covenants hereafter set forth and for the rents reserved herein, it is mutually agreed as follows:

1. **Leased Premises.** Lessor hereby leases to Lessee, and Lessee agrees to take and let from Lessor, that real property located at 4530 Flightline Drive, Kingman, AZ, described on the attached Exhibit "A" (the "Leased Premises"), consisting of approximately 2.13 acres.

2. **Term.** The initial term of this Lease shall be for ten (10) years, commencing on December 15, 2016 (the "Commencement Date") and ending at 11:59 p.m. on November 30, 2026 (the "Initial Term"), subject to the right of renewal hereinafter set forth. The term "Lease Year" as used in this Lease (except for the first Lease Year) shall mean each 12 month period commencing on December 1 and ending on November 31 in the following calendar year.

3. **Renewal.** At the expiration of the Initial Term, this Lease shall automatically be renewed for two (2) additional five (5) year terms (each, a "Renewal Term" and with the Initial Term, collectively, the "Term"), the first of which shall commence on December 1, 2026, and shall expire at 11:59 p.m. on November 30, 2031 and the second of which shall commence on December 1, 2031 and shall expire at 11:59 p.m. on November 30, 2036. Provided that Lessee is not in default under this Lease at the time of renewal, this Lease shall automatically be renewed for the Renewal Terms unless either Lessor or Lessee give the other party written notice of their intent not to renew this Lease at least sixty (60) days prior to expiration of the then-current Term. If either party gives such notice, then this Lease shall be deemed terminated and expired at the end of the Initial Term. If this Lease is renewed as provided herein, all terms and conditions of this Lease shall remain in full force and effect during the Renewal Terms, including, without limitation, the annual increase to the Rent as set forth in Paragraph 4.

4. **Rent.**

a. Lessee agrees to pay the sum of Two Thousand Three Hundred Forty Four and 58/100 Dollars (\$2,344.58) per month (\$28,134.90/Lease Year) to Lessor as base rent for the Leased Premises (the "Base Rent") payable in advance on the first (1st) day of each and every month during the Term of this Lease (except for the first month's Base Rent, which is due upon execution hereof). The Base Rent amount shall be subject to the annual adjustment as provided in Paragraph 4.d below. Base Rent for any partial month of the Term shall be prorated based on a thirty (30) day month.

b. Lessee shall pay prior to delinquency all taxes levied or assessed upon Lessee's fixtures, furnishings, equipment or other personal property located in or upon the Leased Premises, including, without limitation, the Hangar and all other improvements located on the Leased Premises, 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.

c. Lessee hereby acknowledges that late payment by Lessee to Lessor of the rent and other sums 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 rent 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) per day accruing from the due date until said default has been cured. Lessor and Lessee hereby agree that such late charge represents a fair and reasonable estimate of the cost that Lessor will incur by reason of any such late payment of 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.

d. Commencing on July 1, 2017 and continuing on the first (1st) day of July in each Lease Year thereafter during the Term of this Lease (each an "Adjustment Date"), Base Rent shall be adjusted upward by a factor of three percent (3.0%) per year. Said adjusted Base Rent shall be calculated on each Adjustment Date by multiplying the then-effective Base Rent times a factor of one-hundred three percent (103%) to determine the new Base Rent amount for the ensuing Adjustment Year. For purposes of this Lease, "Adjustment Year" shall be defined as the twelve (12) month period commencing July 1st and ending June 30th of the next calendar year.

5. **Security deposit.** Lessee shall not be required to pay any security deposit to Lessor at the inception of this Lease, provided, however, if Lessee defaults hereunder, as a condition to the cure of any such default Lessor may require Lessee to pay Lessor a security deposit equal to one and one half times the then-current monthly rent due under this Lease. If Lessee thereafter defaults with respect to any provision of this Lease, Lessor may apply all or any part of the security deposit for the payment of any sum in default, or for the payment of any other amount which Lessor may spend or become obligated to spend by reason of Lessee's default, or to compensate Lessor for any other loss or damage which Lessor may suffer by reason of Lessee's default. Application of the deposit shall not constitute a cure of the default by Lessee to which the application relates. If any portion of the security deposit is so applied, Lessee shall, within five days after written demand therefor, deposit cash with Lessor in an amount sufficient to restore the security deposit to its original amount. Lessor shall not be required to keep the security deposit separate from Lessor's general funds and Lessee shall not be entitled to interest on the deposit. If Lessee shall fully and faithfully perform every provision of this Lease to be performed by Lessee, the security deposit or any balance thereof shall be returned to Lessee promptly following the expiration of the Term.

6. **Use of Leased Premises.** Lessee may use the Leased Premises operate an aircraft maintenance, repair and operations business. Lessee may further use the Leased Premises for other activities necessarily and directly incidental to the foregoing permitted uses of the Leased Premises. Lessee shall not be permitted to use the Leased Premises for storage of aircraft owned by third parties except for aircraft that are being repaired or maintained at Lessee's facility. Any other uses not directly incidental to the uses permitted hereunder are hereby prohibited without the express written consent of Lessor.

7. **Improvements.** Lessor shall have no obligation whatsoever to construct any improvements on the Leased Premises. Lessee, at its expense, may construct various improvements on the Leased Premises with Lessor's prior written consent and provided that all improvements constructed by Lessee shall:

a. Comply with the requirements of any governmental or quasi-governmental authority having jurisdiction, including without limitation, the City and Mohave County, Arizona ordinances and codes; comply with the requirements of Lessor's insurance carriers and with Lessor's safety and access requirements;

b. Be constructed in good workmanlike manner and conform to complete working drawings approved by Lessor;

c. Be of a quality that equals or exceeds the current standard for the Leased Premises and comply with all building, fire and safety codes; and

d. Be carried out only during hours approved by Lessor by licensed contractors selected by Lessee and approved by Lessor. Such contractors shall, at Lessor's request, deliver to Lessor proof of workers' compensation and general liability insurance coverage, including coverage for completed operations and contractual liability, in amounts, with companies and in forms reasonably satisfactory to Lessor, which shall remain in effect during the entire period in which the work will be carried out.

Lessee shall pay before delinquency all costs for work done or caused to be done by Lessee on the Leased Premises which could result in any lien or encumbrance on Lessor's interest in the Leased Premises. If Lessee fully performs its obligations hereunder, within ninety (90) days after the expiration of this Lease, Lessee, at its expense, may remove the Hangar and any removable improvements to the Leased Premises constructed by Lessee, provided, however, that within such time period, Lessee shall clean, repair and restore the Leased Premises to its original condition. If this Lease is terminated due to a default by Lessee or if Lessee fails to remove the Hangar or other improvements within the time period set forth above, then at Lessor's option all permanent improvements to the Leased Premises, including, without limitation, the Hangar, shall become the property of the City, subject to Lessor's leasehold interests therein. Except as provided herein, permanent improvements and/or alterations to the Leased Premises will hereby be prohibited without the express written consent of Lessor, which consent shall not be unreasonably withheld. Any and all improvements placed upon the Leased Premises by Lessee shall be made at the sole expense of Lessee. Except as provided above, all permanent improvements placed on the Leased Premises by Lessee shall become the property of the City upon the termination or expiration of this Lease, subject to Lessor's leasehold interests therein.

8. **Insurance and Indemnity.** Lessee shall acquire and keep in effect adequate bodily injury liability and property damage insurance and all other insurance needed or required for the operations of Lessee as contemplated by this Lease, covering all of Lessee's employees and equipment, and shall indemnify and hold Lessor harmless from any causes of action arising from Lessee's operations hereunder. In all the above policies, Lessor and the City shall be named as additional insureds with the Lessee. For the Term of this Lease such policies shall not be for less

than the amount of Two Million Dollars (\$2,000,000.00) combined single limit for bodily injury and property damage. All such policies shall be placed with a reputable company approved by the Lessor. Copies of all such policies or certificates of insurance and endorsements adding Lessor and KAA as additional insureds shall be delivered to the Lessor within thirty (30) days after the execution of this Lease and shall be held for the benefit of the parties as their respective interests may appear. The amount of said insurance shall not be deemed as a limitation of Lessee's agreement to save and hold the Lessor harmless, and if Lessor or Lessee becomes liable for an amount in excess of the insurance, Lessee will defend, indemnify, save and hold Lessor harmless for the whole thereof. Copies of policies or certificates of insurance and required endorsements entered into after the commencement of this Lease shall be delivered to the Lessor within ten (10) days of the commencement of each such policy. In addition to the above-named policies, and under the same obligations to deliver copies of said policies or certificates of insurance and required endorsements to Lessor, Lessee shall obtain fire insurance and other property loss insurance on all improvements placed upon the Leased Premises, in an amount equal to the value of said improvements.

9. **Utilities.** Lessee shall pay promptly and prior to any delinquency any and all charges which may be incurred for water, gas, electrical power, telephone and any other utilities delivered to or used upon the Leased Premises during the Term, and any renewal or extension thereof, and shall hold Lessor harmless therefrom.

10. **Assignment and Sublease.** Except as provided in this Lease, Lessee shall not transfer, assign or sublet this Lease or any privileges granted hereunder without prior written approval of Lessor. Upon any assignment or sublease, this Lease is voidable at the option of the Lessor, which option may be exercised within a reasonable period subsequent to the Lessor obtaining actual knowledge of any assignment or sublease. In the event of a transfer, assignment or sublease of this Lease, Lessee shall pay to Lessor an amount equal to Lessor's attorneys' fees and costs arising out of such transfer, assignment or sublease; said attorneys' fees and costs for each request for approval of an assignment shall be no less than the sum of Five Hundred Dollars (\$500.00). Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. Notwithstanding the foregoing, Lessor acknowledges that Lessee intends to sublease a portion of the Leased Premises to a third party who will also use the Leased Premises concurrently with Lessee on a periodic basis and Lessor agrees that it will not unreasonably withhold or delay its consent to such sublease.

11. **Waste and Nuisance Prohibited.** During the Term of this Lease, and any renewals or extensions thereof, Lessee shall comply with all applicable present and future federal, state and local laws, statutes, ordinances, orders, rules and

regulations affecting the Leased Premises (collectively, "Laws"). Lessee shall not commit, or permit, any waste or nuisance on the Leased Premises.

12. **Environmental Laws.** Without limiting the foregoing, Lessee shall comply with all present and future federal, state and local Laws relating to environmental matters (collectively, "Environmental Law"), and shall defend, indemnify and hold harmless Lessor and Lessor's present and future officers, directors, employees and agents from and against all claims, demands, liabilities, fines, penalties, losses, costs and expenses, including but not limited to costs of compliance, remedial costs, clean-up costs and reasonable attorneys' fees, arising from or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant or hazardous or toxic material, substance or matter (as those terms are defined under any Environmental Law) from, on or at the Leased Premises as a result of any act or omission on the part of Lessee. Lessee's indemnification obligations shall survive the expiration or termination of this Lease.

13. **Care of Leased Premises.** At Lessee's own expense, Lessee shall keep and maintain the Leased Premises and the immediate surrounding areas clean, neat, safe and orderly at all times. Furthermore, Lessee hereby assumes all responsibilities for maintenance, upkeep and repairs of all walls, roofs, plumbing, electrical systems, sewer/septic systems heating and cooling, appliances and/or fixtures in connection with the Leased Premises during the Term of this Lease, or any extensions thereof. Lessee acknowledges that Lessor shall have no repair or maintenance obligations whatsoever with respect to the Leased Premises. Upon the expiration of this Lease, or at the termination of this Lease for any reason, Lessee shall redeliver the Leased Premises in good order and condition, reasonable wear and tear excepted. Lessee hereby acknowledges that Lessee has examined the Leased Premises and accepts the same in its "AS IS" condition as of the Commencement Date of this Lease without reliance upon any warranty or representation of any kind by Lessor.

14. **Inspection of Leased Premises.** Lessor and its agents shall during normal business hours and normal business days, by giving at least 24 hours advance notice by mail, phone, e-mail, fax or any other manner, have the right to inspect the Leased Premises during the Term of this Lease, except in cases of imminent threat to public safety or health or other emergencies, in which event no prior notice shall be required.

15. **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.

16. **Disputes - Attorneys' Fees.** In the event that either party hereto shall institute and prevail in any action or suit for the enforcement of any of its rights hereunder, the prevailing party in said action or suit shall be awarded its reasonable attorneys' fees and costs arising therefrom.

17. **Notices.** Any notice desired or required to be served by either party upon the other or any notice provided for in this Lease shall be in writing and shall be deemed given upon hand-delivery or, if mailed, three (3) business days after being deposited in the United States mail, certified, return receipt requested, to the party to whom addressed, as set forth hereinbelow:

Lessor: KINGMAN AIRPORT AUTHORITY, INC.
7000 Flightline Drive
Kingman, AZ 86401

With a copy to: BRUNO, BROOKS & GOLDBERG, P.C.
730 East Beale Street
Kingman, AZ 86401

Lessee: KINGMAN AIRLINE SERVICES, INC.
9900 Flightline Drive
Kingman, AZ 86401

With a copy to: MERCURY AVIATION HOLDINGS, INC.
11452 Donovan Road
Los Alamitos, CA 90702

Any party may change the address to which notice shall be delivered or mailed by notice duly given.

18. **Default and Remedies.**

a. (i) If at any time the rent or any money payments hereunder, or any part thereof, shall remain unpaid for a period of five(5) calendar days after the same become due; or (ii) if Lessee is adjudged bankrupt; or (iii) if Lessee abandons and/or discontinues operations at the Leased Premises; or (iv) if Lessee shall fail to fulfill or perform or is in default of any of the other agreements or provisions hereunder [except for the non-payment of rent, which shall be controlled by Subparagraph a.(i) hereinabove] and if Lessee does not cure and completely remedy any said default within ten (10) calendar days after Lessor gives Lessee written notice of such default, then Lessor may exercise the rights and remedies pursuant to Subparagraphs b. and c. herein.

b. Upon the happening of any of the events of default mentioned in Subparagraphs a.(i), (ii), (iii) and/or (iv) above, Lessee shall be deemed in

default hereunder, and upon such default and at any time thereafter, Lessor may exercise any one or more of the following remedies concurrently or in succession:

(i) 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. If this Lease is terminated by Lessor, Lessor shall be entitled to recover from Lessee and Lessee shall pay on demand, as damages for Lessee's default, an amount equal to the difference between the then-present worth of the aggregate of the rent and any other charges to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been so terminated), and the then-present worth of the then-aggregate fair and reasonable fair market rent of the Leased Premises for the same period. In the computation of present worth, a discount at the rate of eight percent (8%) per annum shall be employed.

(ii) 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. In connection with any reletting, Lessor may relet for a period less than or extending beyond the term of this Lease and may make alterations or improvements to the Leased Premises without releasing Lessee of any liability.

(iii) 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 late charges and interest at the rate of 12% per annum or the highest lawful rate, whichever is less.

(iv) Terminate this Lease.

(v) Enforce the statutory landlord's lien on Lessee's property.

(vi) Recover all reasonable attorneys' fees and other expenses incurred by Lessor in connection with enforcing this Lease, recovering possession and collecting amounts owed.

(vii) Perform any obligation of Lessee hereunder on Lessee's behalf and recover from Lessee, upon demand, the entire amount expended by Lessor plus 12% for handling, supervision and overhead.

(viii) Exercise any other remedies available under applicable Laws.

c. Each and every term, covenant and condition contained in this Paragraph 19. shall be deemed separate and independent, and all remedies herein

shall be deemed cumulative to any and all remedies Lessor might have under this Lease or in accordance with law.

19. **Correction of Breach.** Lessor may correct any breach or default by the Lessee of which the Lessee has received written notice by certified mail and failed or neglected to remedy within ten (10) calendar days, and Lessee agrees upon demand to reimburse the Lessor for all expenses incurred by the Lessor in correcting said breach or default.

20. **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.

21. **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.

22. **Conduct of Business.** Lessee agrees to conduct its operations using modern and practical techniques and equipment available in order to reduce to a minimum the emanation of fumes, odors and noises.

23. **Security.** Lessee shall be responsible for the security of the Leased Premises and all improvements and personal property located thereon. Lessor shall have no responsibility to Lessee or any of Lessee's customers, guests and/or invitees for security of any persons and/or property located on the Leased Premises.

24. **Signs.** Lessee shall not erect or display, or permit to be erected or displayed, any exterior sign or advertising matter of any kind on the Leased Premises without first obtaining the written consent of Lessor, which Lessor shall not unreasonably withhold.

25. **Permits, Rules and Regulations.** Lessee agrees to obtain at Lessee's expense all necessary licenses and permits for the construction and operation of the Leased Premises. Further, with respect to the use of the Leased Premises and/or the public areas of the Kingman Airport, Lessee agrees to observe, obey and abide by all applicable Laws, field rules, policies, procedures and other regulations which are now or may hereafter be imposed or promulgated by Lessor, the Federal Aviation Administration, or any other government agency having jurisdiction over the subject matter, and which relate to the common and joint use of Airport facilities and the maintenance and conduct of all its operations.

26. **Application Fee.** Intentionally Deleted.

27. **Continuity.** This Lease and each and all of the covenants, obligations and conditions hereof shall inure to the benefit of and bind the Lessor and Lessee respectively, their heirs, personal representatives, executors, administrators, successors and assigns.

28. **Paragraph Headings.** The paragraph headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Lease.

29. **Applicable Law.** This Lease shall be interpreted and enforced according to 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.

30. **F.A.A. Provisions.**

a. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained or otherwise operated on the Leased Premises for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

b. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over or under such land and the furnishings of services thereon, no person on the grounds of race, color or national origin shall be excluded from participating in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

c. That in the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate the Lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.

d. Lessee shall furnish accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service, PROVIDED THAT the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

e. Noncompliance with Provision D. above shall constitute a material breach thereof and, in the event of such noncompliance, the Lessor shall have the right to terminate this Lease and the estate hereby created without liability therefor or, at the election of the Lessor or the United States, either or both said governments shall have the right to judicially enforce these Provisions.

f. Lessee agrees to insert the above five provisions in any Lease by which said Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Leased Premises.

g. Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349).

p. 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.

31. **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 hereinbelow, provided that they are specifically defined by the condemning or awarding authority.

b. Lessee hereby assigns to Lessor any and all claims which Lessee might otherwise prosecute in its own name and on its behalf, under applicable laws or regulations at the time thereof, for loss or damage 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. Lessee agrees to execute such instruments of assignment as may be required by Lessor, to join with Lessor in any petition for the recovery of awards or damages, if so requested by Lessor, and to turn over to Lessor any such awards or damages that may be recovered in any such proceeding.

32. **Restrictive Covenants.** The parties acknowledge that certain restrictive covenants limiting the use of the Leased Premises have been placed upon the Leased Premises by Lessor, Mohave County and/or the City. Said restrictive covenants were filed in the Mohave County Recorder's Office on July 22, 1980, in Book 646, Pages 767-781; the First Amended Restrictive Covenants were recorded on November 28, 1989, in Book 1632, Pages 443-462; and the Second Amended Restrictive Covenants were recorded on November 15, 1990, in Book 1819, beginning at Page 961. Lessee hereby acknowledges the legitimacy of said restrictive covenants and agrees to adhere to all terms thereof.

33. **Authority.** The undersigned officer of Lessee hereby warrants and represents to Lessor that all necessary corporate action for the approval of this Lease has been taken by Lessee and that he has been duly authorized to execute this Lease on behalf of Lessee.

34. **Termination of Existing Lease.** The effectiveness of this Lease is expressly conditioned upon the execution of a Termination Agreement by Lessor and Aero Flite, terminating the Existing Lease, with such terms and conditions as agreed between the parties.

IN WITNESS WHEREOF, the respective parties hereto have executed this Lease as of the day and year first above written.

Lessor:

KINGMAN AIRPORT AUTHORITY, INC.,
an Arizona corporation

By: *Krystal K. Burge*
KRYSTAL BURGE, President

Lessee:

KINGMAN AIRLINE SERVICES, INC.,
an Arizona corporation

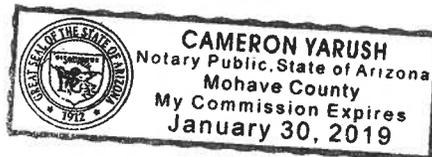
By: *[Signature]*
Its: *President*

STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 29th day of November, 2016, by KRYSTAL BURGE, President of KINGMAN AIRPORT AUTHORITY, INC., on behalf thereof.

[Signature]
Notary Public

My Commission Expires: 1/30/2019



STATE OF Arizona)
COUNTY OF Mohave) ss.

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 29th day of November, 2016, by Kevin Dolan as President of KINGMAN AIRLINE SERVICES, INC., an Arizona corporation, on behalf thereof.

Darice Voigt
Notary Public

My Commission Expires:

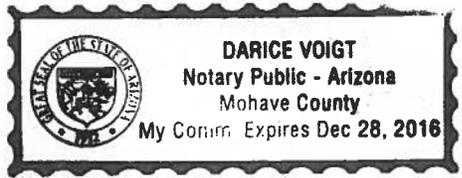


EXHIBIT A

A portion of the SW ¼ of Section 26, T.22 N., R.16 W., G. & S.R.M.,
Mohave County, Arizona being more particularly described as follows:

COMMENCING at the SW Corner for said Section 26 being a 2 ins. ODIP
W/USGLO Brass Cap and thence along the South line of said Section 26
S.89°41'32"E., 1268.99 feet;

Thence N.00°18'27"E., 617.16 feet to a 5/8 ins. Rebar w/cap RLS 8904 being the
Point of Beginning;

Thence N.89°58'56"E., 93.37 feet to a 5/8 ins. Rebar w/cap RLS 8904;

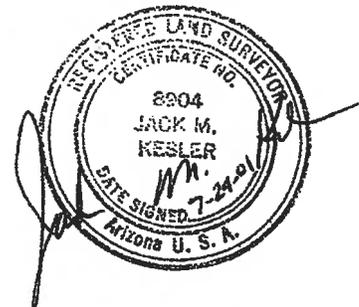
Thence S.00°01'04"E., 378.67 feet to a 5/8 ins. Rebar w/cap RLS 8904;

Thence N.89°51'35"W., 240.00 feet to a 5/8 ins. Rebar w/cap RLS 8904;

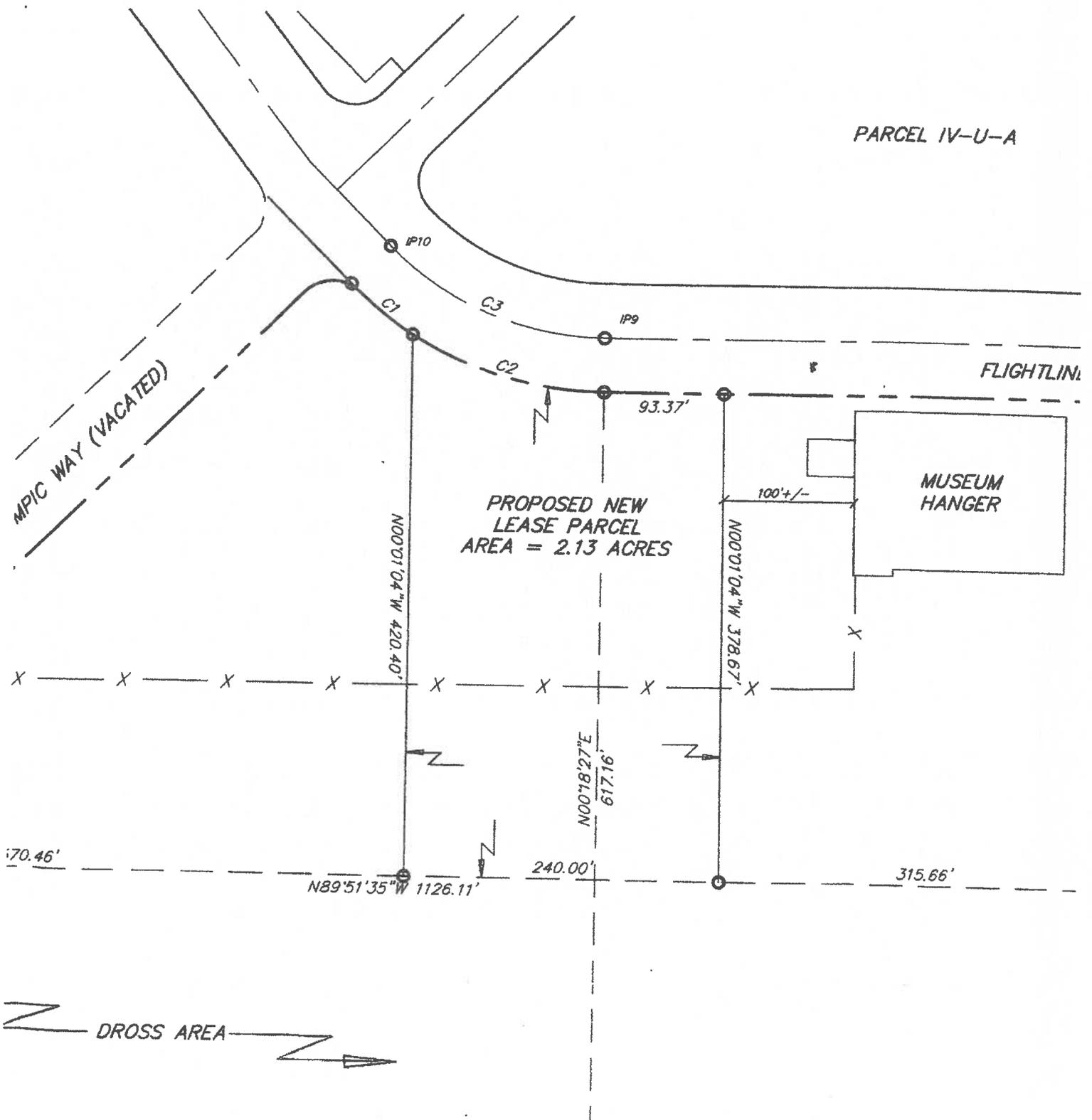
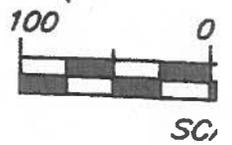
Thence N.00°01'04"W., 420.40 feet to a 5/8 ins. Rebar w/cap RLS 8904 being a
point on a non-tangent curve concave to the North having a radius of 274.81 feet;

Thence from a local tangent bearing of S.57°46'21"E., and Southeasterly along
the arc of said curve through a central angle of 32°14'43", 154.66 feet to the point
of tangency and the point of beginning.

This parcel contains an area of 2.13 Acres More or Less.



T.22 N., R.16 W., G.& S.R.M.



Z DROSS AREA

EXHIBIT A

A portion of the SW ¼ of Section 26, T.22 N., R.16 W., G. & S.R.M., Mohave County, Arizona being more particularly described as follows:

COMMENCING at the SW Corner for said Section 26 being a 2 ins. ODIP W/USGLO Brass Cap and thence along the South line of said Section 26 S.89°41'32"E., 1268.99 feet;

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Thence N.89°58'56"E., 93.37 feet to a 5/8 ins. Rebar w/cap RLS 8904;

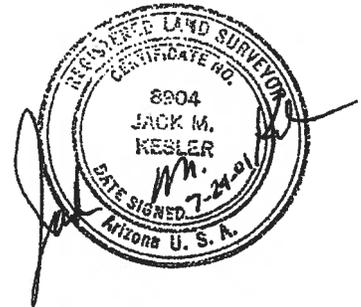
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Thence N.89°51'35"W., 240.00 feet to a 5/8 ins. Rebar w/cap RLS 8904;

Thence N.00°01'04"W., 420.40 feet to a 5/8 ins. Rebar w/cap RLS 8904 being a point on a non-tangent curve concave to the North having a radius of 274.81 feet;

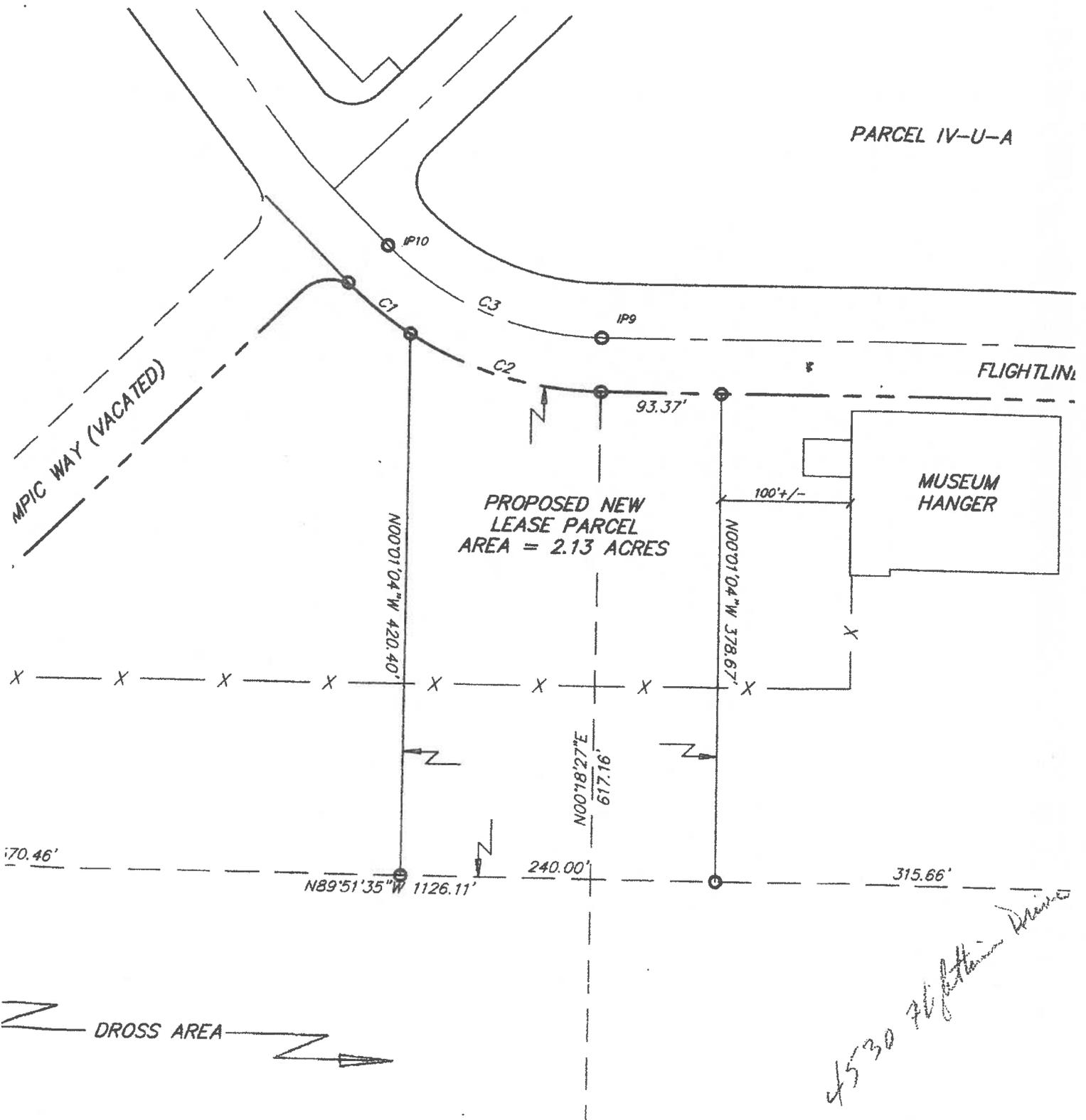
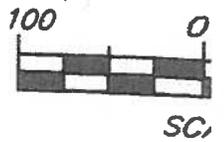
Thence from a local tangent bearing of S.57°46'21"E., and Southeasterly along the arc of said curve through a central angle of 32°14'43", 154.66 feet to the point of tangency and the point of beginning.

This parcel contains an area of 2.13 Acres More or Less.



4530 Highline Drive

T.22 N., R.16 W., G.& S.R.M.



LEASE

This Lease is made this 27th day of October, 2016, by and between the **KINGMAN AIRPORT AUTHORITY, INC.**, an Arizona non-profit corporation ("Lessor"), and **KINGMAN AIRLINE SERVICES, INC.**, an Arizona corporation ("Lessee").

Recitals

A. Lessor has authority to enter into agreements concerning the use of the premises hereunder, pursuant to the Third Amendment and Restatement of Lease Agreement entered into between the City of Kingman, Arizona (the "City"), as Lessor, and the Mohave County Airport Authority, Inc. ("MCAA"), as Lessee, dated January 20, 1992, and Assignment Agreement entered into between MCAA and Lessor dated June 18, 1992, as modified by that certain Fourth Amendment to Lease dated July, 2003 between the City and Lessor.

B. Lessee desires to lease the Leased Premises (defined below) from Lessor.

Agreement

In consideration of the conditions and covenants hereafter set forth and for the rents reserved herein, it is mutually agreed as follows:

1. **Leased Premises.** Lessor hereby leases to Lessee, and Lessee agrees to take and let from Lessor, that real property located at 4540 Flightline Drive, Kingman, AZ, described on the attached Exhibit "A" (the "Leased Premises"), consisting of an approximately 120' x 160' hangar building located on an approximately 1.52 acre site.

2. **Term.** The initial term of this Lease shall be for five (5) years, commencing on November 1, 2016 (the "Commencement Date") and ending at 11:59 p.m. on October 31, 2021 (the "Initial Term"), subject to the right of renewal hereinafter set forth. The term "Lease Year" as used in this Lease shall mean each 12 month period commencing on November 1 and ending on October 31 in the following calendar year.

3. **Renewal.** At the expiration of the Initial Term, this Lease shall automatically be renewed for one (1) additional five (5) year term (the "Renewal Term" and with the Initial Term, collectively, the "Term"), which shall commence on November 1, 2021, and shall expire at 11:59 p.m. on October 31, 2026. Provided that Lessee is not in default under this Lease at the time of renewal, this Lease shall automatically be

renewed for the Renewal Term unless either Lessor or Lessee give the other party written notice of their intent not to renew this Lease at least sixty (60) days prior to expiration of the Initial Term. If either party gives such notice, then this Lease shall be deemed terminated and expired at the end of the Initial Term. If this Lease is renewed as provided herein, all terms and conditions of this Lease shall remain in full force and effect during the Renewal Term, including, without limitation, the annual increase to the Rent as set forth in Paragraph 4.

4. **Rent.**

a. Lessee agrees to pay the sum of One Thousand Five Hundred Dollars (\$1,500.00) per month (\$18,000/Lease Year) to Lessor as base rent for the Leased Premises (the "Base Rent") payable in advance on the first (1st) day of each and every month during the Term of this Lease. The Base Rent amount shall be subject to the annual adjustment as provided in Paragraph 4.d below.

b. Lessee shall pay prior to delinquency 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.

c. Lessee hereby acknowledges that late payment by Lessee to Lessor of the rent and other sums 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 rent 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) per day accruing from the due date until said default has been cured. Lessor and Lessee hereby agree that such late charge represents a fair and reasonable estimate of the cost that Lessor will incur by reason of any such late payment of 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.

d. Commencing on July 1, 2017 and continuing on the first (1st) day of July in each year thereafter during the Term of this Lease (each an "Adjustment Date"), Base Rent shall be adjusted upward by a factor of three percent (3.0%) per year. Said adjusted Base Rent shall be calculated on each Adjustment Date by multiplying the then-effective Base Rent times a factor of one-hundred three percent (103%) to determine the new Base Rent amount for the ensuing Adjustment Year. For

purposes of this Lease, "Adjustment Year" shall be defined as the twelve (12) month period commencing July 1st and ending June 30th of the next calendar year.

5. **Security deposit.** Lessee shall not be required to pay any security deposit to Lessor at the inception of this Lease, provided, however, if Lessee defaults hereunder, as a condition to the cure of any such default Lessor may require Lessee to pay Lessor a security deposit equal to one and one half times the then-current monthly rent due under this Lease. If Lessee thereafter defaults with respect to any provision of this Lease, Lessor may apply all or any part of the security deposit for the payment of any sum in default, or for the payment of any other amount which Lessor may spend or become obligated to spend by reason of Lessee's default, or to compensate Lessor for any other loss or damage which Lessor may suffer by reason of Lessee's default. Application of the deposit shall not constitute a cure of the default by Lessee to which the application relates. If any portion of the security deposit is so applied, Lessee shall, within five days after written demand therefor, deposit cash with Lessor in an amount sufficient to restore the security deposit to its original amount. Lessor shall not be required to keep the security deposit separate from Lessor's general funds and Lessee shall not be entitled to interest on the deposit. If Lessee shall fully and faithfully perform every provision of this Lease to be performed by Lessee, the security deposit or any balance thereof shall be returned to Lessee promptly following the expiration of the Term.

6. **Use of Leased Premises.** Lessee may use the Leased Premises for storage, repair and maintenance of aircraft parts and related equipment. Lessee may further use the Leased Premises for other activities necessarily and directly incidental to the foregoing permitted uses of the Leased Premises. Any other uses not directly incidental to the uses permitted hereunder are hereby prohibited without the express written consent of Lessor.

7. **Improvements.** Lessor shall have no obligation whatsoever to construct any improvements on the Leased Premises. Lessee, at its expense, may construct various improvements on the Leased Premises with Lessor's prior written consent and provided that all improvements constructed by Lessee shall:

a. Comply with the requirements of any governmental or quasi-governmental authority having jurisdiction, including without limitation, the City and Mohave County, Arizona ordinances and codes; comply with the requirements of Lessor's insurance carriers and with Lessor's safety and access requirements;

b. Be constructed in good workmanlike manner and conform to complete working drawings approved by Lessor;

c. Be of a quality that equals or exceeds the current standard for the Leased Premises and comply with all building, fire and safety codes; and

d. Be carried out only during hours approved by Lessor by licensed contractors selected by Lessee and approved by Lessor. Such contractors shall, at Lessor's request, deliver to Lessor proof of workers' compensation and general liability insurance coverage, including coverage for completed operations and contractual liability, in amounts, with companies and in forms reasonably satisfactory to Lessor, which shall remain in effect during the entire period in which the work will be carried out.

Lessee shall pay before delinquency all costs for work done or caused to be done by Lessee on the Leased Premises which could result in any lien or encumbrance on Lessor's interest in the Leased Premises. Any and all improvements placed upon the Leased Premises by Lessee shall be made at the sole expense of Lessee. All permanent improvements and/or alterations to the Leased Premises will hereby be prohibited without the express written consent of Lessor, which consent shall not be unreasonably withheld. All permanent improvements placed on the Leased Premises by Lessee shall become the property of Lessor upon the termination or expiration of this Lease.

8. **Insurance and Indemnity.** Lessee shall acquire and keep in effect adequate bodily injury liability and property damage insurance and all other insurance needed or required for the operations of Lessee as contemplated by this Lease, covering all of Lessee's employees and equipment, and shall indemnify and hold Lessor harmless from any causes of action arising from Lessee's operations hereunder. In all the above policies, Lessor and the City shall be named as additional insureds with the Lessee. For the Term of this Lease such policies shall not be for less than the amount of Two Million Dollars (\$2,000,000.00) combined single limit for bodily injury and property damage. All such policies shall be placed with a reputable company approved by the Lessor. Copies of all such policies or certificates of insurance and endorsements adding Lessor and KAA as additional insureds shall be delivered to the Lessor within thirty (30) days after the execution of this Lease and shall be held for the benefit of the parties as their respective interests may appear. The amount of said insurance shall not be deemed as a limitation of Lessee's agreement to save and hold the Lessor harmless, and if Lessor or Lessee becomes liable for an amount in excess of the insurance, Lessee will defend, indemnify, save and hold Lessor harmless for the whole thereof. Copies of policies or certificates of insurance and required endorsements entered into after the commencement of this Lease shall be delivered to the Lessor within ten (10) days of the commencement of each such policy. In addition to the above-named policies, and under the same obligations to deliver copies of said policies or certificates of insurance and required endorsements to Lessor, Lessee shall obtain fire insurance and other property loss insurance on all improvements placed upon the Leased Premises, in an amount equal to the value of said improvements.

9. **Utilities.** Lessee shall pay promptly and prior to any delinquency any and all charges which may be incurred for water, gas, electrical power, telephone and any other utilities delivered to or used upon the Leased Premises during the Term, and any renewal or extension thereof, and shall hold Lessor harmless therefrom.

10. **Assignment and Sublease.** Except as provided in this Lease, Lessee shall not transfer, assign or sublet this Lease or any privileges granted hereunder without prior written approval of Lessor. Upon any assignment or sublease, this Lease is voidable at the option of the Lessor, which option may be exercised within a reasonable period subsequent to the Lessor obtaining actual knowledge of any assignment or sublease. In the event of a transfer, assignment or sublease of this Lease, Lessee shall pay to Lessor an amount equal to Lessor's attorneys' fees and costs arising out of such transfer, assignment or sublease; said attorneys' fees and costs for each request for approval of an assignment shall be no less than the sum of Five Hundred Dollars (\$500.00). Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. Notwithstanding the foregoing, Lessor acknowledges that Lessee intends to sublease a portion of the Leased Premises to a third party who will also use the Leased Premises concurrently with Lessee on a periodic basis and Lessor agrees that it will not unreasonably withhold or delay its consent to such sublease.

11. **Waste and Nuisance Prohibited.** During the Term of this Lease, and any renewals or extensions thereof, Lessee shall comply with all applicable present and future federal, state and local laws, statutes, ordinances, orders, rules and regulations affecting the Leased Premises (collectively, "Laws"). Lessee shall not commit, or permit, any waste or nuisance on the Leased Premises.

12. **Environmental Laws.** Without limiting the foregoing, Lessee shall comply with all present and future federal, state and local Laws relating to environmental matters (collectively, "Environmental Law"), and shall defend, indemnify and hold harmless Lessor and Lessor's present and future officers, directors, employees and agents from and against all claims, demands, liabilities, fines, penalties, losses, costs and expenses, including but not limited to costs of compliance, remedial costs, clean-up costs and reasonable attorneys' fees, arising from or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant or hazardous or toxic material, substance or matter (as those terms are defined under any Environmental Law) from, on or at the Leased Premises as a result of any act or omission on the part of Lessee. Lessee's indemnification obligations shall survive the expiration or termination of this Lease.

13. **Care of Leased Premises.** At Lessee's own expense, Lessee shall keep and maintain the Leased Premises and the immediate surrounding areas clean, neat, safe and orderly at all times. Furthermore, Lessee hereby assumes all responsibilities for maintenance, upkeep and repairs of all walls, roofs, plumbing, electrical systems, sewer/septic systems heating and cooling, appliances and/or fixtures

in connection with the Leased Premises during the Term of this Lease, or any extensions thereof. Lessee acknowledges that Lessor shall have no repair or maintenance obligations whatsoever with respect to the Leased Premises. Upon the expiration of this Lease, or at the termination of this Lease for any reason, Lessee shall redeliver the Leased Premises in good order and condition, reasonable wear and tear excepted. Lessee hereby acknowledges that Lessee has examined the Leased Premises and accepts the same in its "AS IS" condition as of the Commencement Date of this Lease without reliance upon any warranty or representation of any kind by Lessor.

14. **Inspection of Leased Premises.** Lessor and its agents shall during normal business hours and normal business days, by giving at least 24 hours advance notice by mail, phone, e-mail, fax or any other manner, have the right to inspect the Leased Premises during the Term of this Lease, except in cases of imminent threat to public safety or health or other emergencies, in which event no prior notice shall be required.

15. **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.

16. **Disputes - Attorneys' Fees.** In the event that either party hereto shall institute and prevail in any action or suit for the enforcement of any of its rights hereunder, the prevailing party in said action or suit shall be awarded its reasonable attorneys' fees and costs arising therefrom.

17. **Notices.** Any notice desired or required to be served by either party upon the other or any notice provided for in this Lease shall be in writing and shall be deemed given upon hand-delivery or, if mailed, three (3) business days after being deposited in the United States mail, certified, return receipt requested, to the party to whom addressed, as set forth hereinbelow:

Lessor: KINGMAN AIRPORT AUTHORITY, INC.
7000 Flightline Drive
Kingman, AZ 86401

With a copy to: BRUNO, BROOKS & GOLDBERG, P.C.
730 East Beale Street
Kingman, AZ 86401

Lessee: KINGMAN AIRLINE SERVICES, INC.
9900 Flightline Drive
Kingman, AZ 86401

With a copy to: MERCURY AVIATION HOLDINGS, INC.
11452 Donovan Road
Los Alamitos, CA 90702

Any party may change the address to which notice shall be delivered or mailed by notice duly given.

18. **Default and Remedies.**

a. (i) If at any time the rent or any money payments hereunder, or any part thereof, shall remain unpaid for a period of five(5) calendar days after the same become due; or (ii) if Lessee is adjudged bankrupt; or (iii) if Lessee abandons and/or discontinues operations at the Leased Premises; or (iv) if Lessee shall fail to fulfill or perform or is in default of any of the other agreements or provisions hereunder [except for the non-payment of rent, which shall be controlled by Subparagraph a.(i) hereinabove] and if Lessee does not cure and completely remedy any said default within ten (10) calendar days after Lessor gives Lessee written notice of such default, then Lessor may exercise the rights and remedies pursuant to Subparagraphs b. and c. herein.

b. Upon the happening of any of the events of default mentioned in Subparagraphs a.(i), (ii), (iii) and/or (iv) above, Lessee shall be deemed in default hereunder, and upon such default and at any time thereafter, Lessor may exercise any one or more of the following remedies concurrently or in succession:

(i) 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. If this Lease is terminated by Lessor, Lessor shall be entitled to recover from Lessee and Lessee shall pay on demand, as damages for Lessee 's default, an amount equal to the difference between the then-present worth of the aggregate of the rent and any other charges to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been so terminated), and the then-present worth of the then-aggregate fair and reasonable fair market rent of the Leased Premises for the same period. In the computation of present worth, a discount at the rate of eight percent (8%) per annum shall be employed.

(ii) 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. In connection with any reletting, Lessor may relet for a period less than or extending beyond the term of this Lease and may make alterations or improvements to the Leased Premises without releasing Lessee of any liability.

(iii) 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 late charges and interest at the rate of 12% per annum or the highest lawful rate, whichever is less.

(iv) Terminate this Lease.

(v) Enforce the statutory landlord's lien on Lessee's property.

(vi) Recover all reasonable attorneys' fees and other expenses incurred by Lessor in connection with enforcing this Lease, recovering possession and collecting amounts owed.

(vii) Perform any obligation of Lessee hereunder on Lessee's behalf and recover from Lessee, upon demand, the entire amount expended by Lessor plus 12% for handling, supervision and overhead.

(viii) Exercise any other remedies available under applicable Laws.

c. Each and every term, covenant and condition contained in this Paragraph 19. shall be deemed separate and independent, and all remedies herein shall be deemed cumulative to any and all remedies Lessor might have under this Lease or in accordance with law.

19. **Correction of Breach.** Lessor may correct any breach or default by the Lessee of which the Lessee has received written notice by certified mail and failed or neglected to remedy within ten (10) calendar days, and Lessee agrees upon demand to reimburse the Lessor for all expenses incurred by the Lessor in correcting said breach or default.

20. **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.

21. **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.

22. **Conduct of Business.** Lessee agrees to conduct its operations using modern and practical techniques and equipment available in order to reduce to a minimum the emanation of fumes, odors and noises.

23. **Security.** Lessee shall be responsible for the security of the Leased Premises and all improvements and personal property located thereon. Lessor shall have no responsibility to Lessee or any of Lessee's customers, guests and/or invitees for security of any persons and/or property located on the Leased Premises.

24. **Signs.** Lessee shall not erect or display, or permit to be erected or displayed, any exterior sign or advertising matter of any kind on the Leased Premises without first obtaining the written consent of Lessor, which Lessor shall not unreasonably withhold.

25. **Permits, Rules and Regulations.** Lessee agrees to obtain at Lessee's expense all necessary licenses and permits for the construction and operation of the Leased Premises. Further, with respect to the use of the Leased Premises and/or the public areas of the Kingman Airport, Lessee agrees to observe, obey and abide by all applicable Laws, field rules, policies, procedures and other regulations which are now or may hereafter be imposed or promulgated by Lessor, the Federal Aviation Administration, or any other government agency having jurisdiction over the subject matter, and which relate to the common and joint use of Airport facilities and the maintenance and conduct of all its operations.

26. **Application Fee.** Intentionally Deleted.

27. **Continuity.** This Lease and each and all of the covenants, obligations and conditions hereof shall inure to the benefit of and bind the Lessor and Lessee respectively, their heirs, personal representatives, executors, administrators, successors and assigns.

28. **Paragraph Headings.** The paragraph headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Lease.

29. **Applicable Law.** This Lease shall be interpreted and enforced according to 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.

30. **F.A.A. Provisions.**

a. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained or otherwise operated on the Leased Premises for a purpose

for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

b. The Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over or under such land and the furnishings of services thereon, no person on the grounds of race, color or national origin shall be excluded from participating in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

c. That in the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate the Lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.

d. Lessee shall furnish accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit of service, PROVIDED THAT the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

e. Noncompliance with Provision D. above shall constitute a material breach thereof and, in the event of such noncompliance, the Lessor shall have the right to terminate this Lease and the estate hereby created without liability therefor or, at the election of the Lessor or the United States, either or both said governments shall have the right to judicially enforce these Provisions.

f. Lessee agrees to insert the above five provisions in any Lease by which said Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Leased Premises.

g. Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349).

p. 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.

31. **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 hereinbelow, provided that they are specifically defined by the condemning or awarding authority.

b. Lessee hereby assigns to Lessor any and all claims which Lessee might otherwise prosecute in its own name and on its behalf, under applicable laws or regulations at the time thereof, for loss or damage 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. Lessee agrees to execute such instruments of assignment as may be required by Lessor, to join with Lessor in any petition for the recovery of awards or damages, if so requested by Lessor, and to turn over to Lessor any such awards or damages that may be recovered in any such proceeding.

32. **Restrictive Covenants.** The parties acknowledge that certain restrictive covenants limiting the use of the Leased Premises have been placed upon

the Leased Premises by Lessor, Mohave County and/or the City. Said restrictive covenants were filed in the Mohave County Recorder's Office on July 22, 1980, in Book 646, Pages 767-781; the First Amended Restrictive Covenants were recorded on November 28, 1989, in Book 1632, Pages 443-462; and the Second Amended Restrictive Covenants were recorded on November 15, 1990, in Book 1819, beginning at Page 961. Lessee hereby acknowledges the legitimacy of said restrictive covenants and agrees to adhere to all terms thereof.

33. **Authority.** The undersigned officer of Lessee hereby warrants and represents to Lessor that all necessary corporate action for the approval of this Lease has been taken by Lessee and that he has been duly authorized to execute this Lease on behalf of Lessee.

IN WITNESS WHEREOF, the respective parties hereto have executed this Lease as of the day and year first above written.

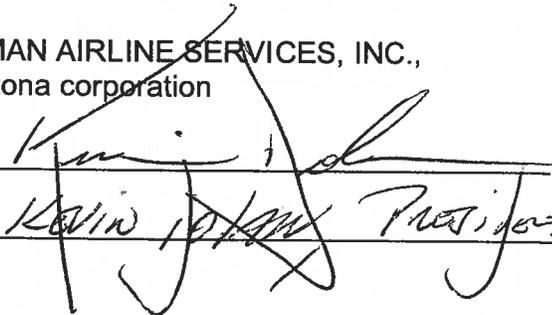
Lessor:

KINGMAN AIRPORT AUTHORITY, INC.,
an Arizona corporation

By: 
KRYSTAL BURGE, President

Lessee:

KINGMAN AIRLINE SERVICES, INC.,
an Arizona corporation

By: 
Its: Kevin J. [unclear] President

STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 27th day of October, 2016, by KRYSTAL BURGE, President of KINGMAN AIRPORT AUTHORITY, INC., on behalf thereof.

EXHIBIT "A"

LEGAL DESCRIPTION FOR 4540 FLIGHTLINE DR.
LEASE PARCEL (2016)

That part of the Southwest $\frac{1}{4}$ of Section 26, Township 22 North, Range 16 West, Gila and Salt River Meridian, Mohave County, Arizona, described as:

Commencing at a point of curvature of Flightline Drive (84 ft wide), as depicted as "I.P. 9" on a survey recorded on Dec 19, 1990 in Reception No. 90-85600, Mohave County Records, said point being a 3" brass disc set in concrete with RLS #8904 and #15341, which lies N.62°51'14" E., 1429.76' of the Southwest corner of said section twenty-six (26);

Thence N.89°58'56"E., 93.37' feet along the centerline of said Flightline Drive;

Thence S.00°01'04" E., 42.00 feet to the Point of Beginning;

Thence S.00°01'04" E., 189.50' feet;

Thence N.89°58'56" E., 351.57' feet;

Thence N.00°01'04" E., 159.50' to a point of curvature;

Thence Northwesterly 47.12' feet along a curve to the left, having a 30.00' foot radius and a central angle of 90° 00' 00";

Thence S.89°58'56" W., 321.57' feet to the Point of Beginning;

This lease parcel contains 1.52 acres more or less.

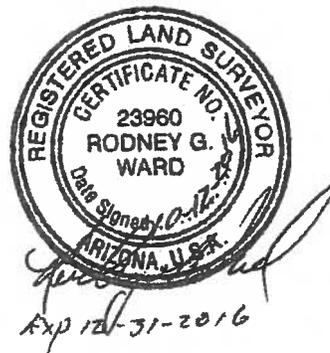
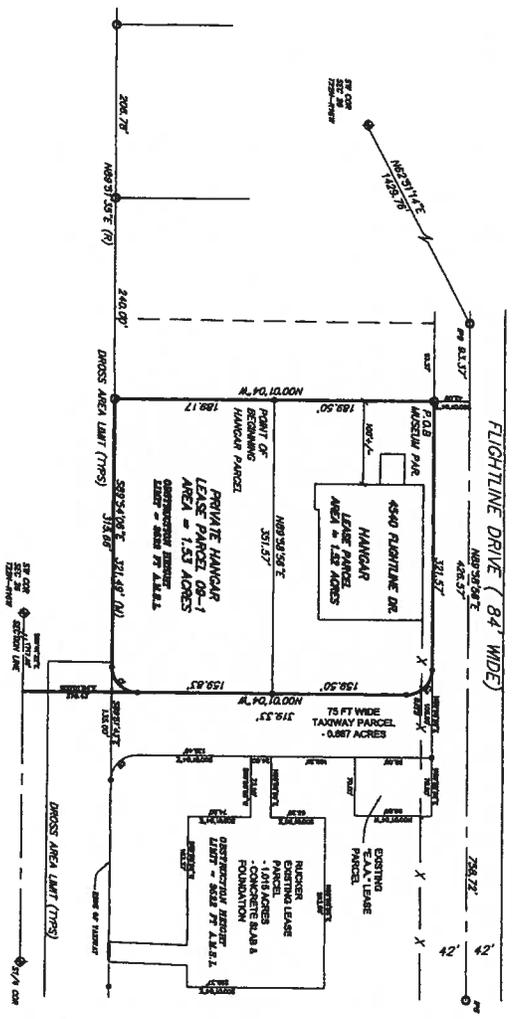
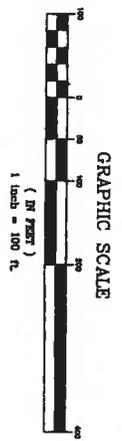


EXHIBIT "A" GRAPHIC

LEASE PARCELS LOCATED IN THE SOUTH 1/2 OF SECTION 26, TOWNSHIP 22 NORTH, RANGE 16 WEST, GILA AND SALT RIVER MERIDIAN, MOHAVE COUNTY, ARIZONA



- - ST 5/8" REBAR W/1/4" C. STAMPED R/S 23860
 - - 70 5/8" REBAR W/1/4" C. STAMPED R/S 30354
 - - 71 3" REBAR W/1/4" C. STAMPED R/S 15841 & 8894
- PER SURVEY RECORDED IN RECEPTION # MO-459062.
- BASE OF BEARING IS THE CENTERLINE OF FLIGHTLINE DRIVE, CITY OF ANOHAN PROJECT DATUM.

DATE	DESCRIPTION



City of Kington Surveying Department	
Drawn by: RDW:WAO	Date: 2-2016
File: AIRPORTS/MUSKIE LEASE	Sheet: 1 of 1

EXTENSION AGREEMENT

THIS EXTENSION AGREEMENT (this "Agreement") is entered into this 20th day of April, 2017, by and among the **KINGMAN AIRPORT AUTHORITY, INC.**, an Arizona non-profit corporation ("Lessor") and **KINGMAN AIRLINE SERVICES, INC.**, an Arizona corporation ("Lessee").

Recitals

A. Lessor and Lessee have executed a certain Lease dated November 29, 2016 (the "Lease"), pursuant to which Lessee leases from Lessor certain real property consisting of approximately 2.13 acres land at the Kingman Airport at 4530 Flightline Drive, Kingman, AZ, described on the attached Exhibit "A" incorporated herein (the "Leased Premises"). Except as otherwise defined herein, all capitalized terms in this Agreement shall have the same meanings as ascribed to them in the Lease.

B. The last Renewal Term under the Lease expires November 30, 2036.

C. In order to facilitate new financing, Lessee has requested that Lessor grant Lessee one additional five (5) year Renewal Term and Lessor is willing to do the same pursuant to the terms and conditions contained herein.

Agreements

For and in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Recitals. The statements made in the Recitals above are true and accurate and are incorporated as Agreements herein.

2. Grant of Additional Renewal Term. Lessor hereby grants Lessee the option to extend the Lease for one additional five (5) year Renewal Term (the "Third Renewal Term"), which would commence on December 1, 2036 and end on November 30, 2041. Lessee's right to exercise the Third Renewal Term is conditioned upon satisfaction of all other conditions to the exercise of the Renewal Terms set forth in the Lease.

3. Rent. The Base Rent during the Third Renewal Term shall be adjusted annually on each Adjustment Date as provided in Paragraph 4.d of the Lease.

4. Continuing Effect of the Lease. Except as expressly modified herein, all terms, conditions and provisions of the Lease shall remain in full force and effect. In the event that there is any conflict between the terms of this Agreement and the terms of the Lease, the terms of this Agreement shall control.

5. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, assigns, heirs, executors, personal representatives and administrators.

6. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each complete set of which, when so executed and delivered by all parties, shall be original, but all such counterparts together shall constitute but one and the same instrument.

DATED this 20th day of April, 2017.

Lessor:

KINGMAN AIRPORT AUTHORITY, INC.,
an Arizona corporation,

By: *Krystal Burge*
Krystal Burge, President

Lessee:

KINGMAN AIRLINE SERVICES, INC.,
an Arizona corporation,

By: *Ken [Signature]*
Its: *President*

STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing Extension Agreement was subscribed and sworn to before me, the undersigned notary public, this 12th day of June, 2017, by KRYSTAL BURGE, President of KINGMAN AIRPORT AUTHORITY, INC., on behalf thereof.

Terri Chavez
Notary Public

My Commission Expires: 10/14/2019

