L E A S E

This Lease is made this 25th day of October, 2006, by and between the **KINGMAN AIRPORT AUTHORITY, INC.**, an Arizona corporation ("Lessor"), and **JOHN M. MOROTTI and SHARI K. MOROTTI, husband and wife** ("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 (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 (collectively, the "Master Lease").

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 on the attached Exhibit "A", incorporated herein (the "Leased Premises"), consisting of approximately 3,000 square feet (approximately .06887 acres) of vacant land.

2. **Term.** The term of this Lease shall commence on July 1, 2006 (the "Commencement Date") and shall end at 11:59 p.m. on January 31, 2028 (the "Initial Term"), subject to the right of renewal hereinafter set forth.

3. **Renewal.** Subject to all then-existing restrictions or requirements under applicable Laws (hereafter defined) related to the leasing of the Leased Premises and Lessee's use thereof, and provided that no uncured event of default on the part of Lessee exists under the terms of this Lease, Lessee may renew this Lease for a period (the "Renewal Term" and with the Initial Term, collectively, the "Term") that is the lesser of: (a) twenty five (25) years; or (b) a term equal to the term of any renewal of the Master Lease of the Airport between Lessor and the City. Lessee may exercise this right of renewal by giving written notice of Lessee's intent to renew this Lease to Lessor not less than thirty (30) days prior to expiration of the Initial Term. Lessee

acknowledges and agrees that if applicable Laws prohibit Lessor's leasing of the Leased Premises at the time of renewal or if Lessee does not give notice of its intent to renew this Lease in the time and manner provided herein, Lessee shall have no further right to renew this Lease and it shall expire at the end of the Initial Term, if not earlier terminated. If this Lease is renewed, all terms and conditions of this Lease shall remain in effect during the Renewal Term including, without limitation, the annual adjustment to the base rent as provided in Paragraph 4.a.

4. **Rent.** Lessee agrees to pay the following sums to Lessor as rent for the Leased Premises, subject to the annual adjustment as provided in Paragraph 4.d.:

a. Initial Base Rent in the sum of FIVE THOUSAND FOUR HUNDRED DOLLARS ($5,400.00) per acre per year for a total of THREE HUNDRED SEVENTY TWO DOLLARS ($372.00) per year (the "Base Rent") for the entire Leased Premises, subject to adjustment as provided herein. Commencing on July 1, 2007 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 under this Paragraph 4.a. shall be adjusted upward by a factor of three percent (3.0%). 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 Lease Year. Lessee shall pay all rent due under this Lease in advance on July 1st of each year during the Term of this Lease, commencing on the first (1st) day of July, 2006. For purposes of this Lease, "Lease 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 Lease Year under this Lease shall run from July 1, 2006 through June 30, 2007. Rent for any partial Lease Year shall be prorated based upon a twelve (12) month year and a thirty (30) day month.

b. 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 rents due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any annual payment of rents or any other sum due from Lessee hereunder shall not be received by Lessor or Lessor's designee on or before the time set forth herein for the payment thereof, then said amount shall be deemed past due, and Lessee shall pay to Lessor a late charge equal to One Hundred Fifty Dollars ($150.00) for each late payment of rent. 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.

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 a metal storage hangar for Lessee's personal aircraft and no other. 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 shall not use the Leased Premises for commercial aircraft activities or other commercial activities of any kind. Lessee's right to use the Leased Premises shall include the non-exclusive right for ingress and egress to the Leased Premises at such locations on the Kingman Airport and in such manner as reasonably determined by Lessor. Lessee's access rights shall further be: (a) conditioned upon the timely performance of Lessee's obligations under this Lease; and, (b) subject to reasonable regulation and control by Lessor, to address safety, convenience, security and other concerns as determined by Lessor in the reasonable exercise of its judgment and discretion.

7. **Improvements**.

a. Lessor Improvements. Lessor shall have no obligation whatsoever to construct any improvements on the Leased Premises.

b. Lessee Improvements. On or before July 1, 2007, Lessee, at its expense, shall construct an approximately 3,000 square foot metal airplane hangar on the Leased Premises (the "Hangar"). All plans and design for such project

shall be subject to the prior written approval of Lessor, which Lessor shall not unreasonably withhold.

c. Requirements for All of Improvements. 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. All improvements constructed by Lessee, including the improvements set forth in Paragraph 7.b. above, shall:

(i) 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;

(ii) Be constructed in good workmanlike manner and conform to complete working drawings approved by Lessor;

(iii) Be of a quality that equals or exceeds the current standard for similar improvements at the Kingman Airport and comply with all building, fire and safety codes; and

(iv) 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.

(v) 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.

d. Ownership of Improvements. Upon the expiration or termination of this Lease for any reason, all permanent improvements to the Leased Premises shall become the property of the City.

e. Extension of Time For Completion. Lessee's deadline for completion of the Hangar shall be extended to account for any delays arising from causes that lie beyond the reasonable control of Lessee, including shortages or lack of availability in materials, the failure of any controlling governmental authority to timely give approvals, issue permits or to make inspections, unforeseen site conditions on the Leased Premises, or from acts of God, including, weather conditions and/or other natural causes.

8. **Insurance**. 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 One Million Dollars ($1,000,000.00) 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 ten (10) days after the execution of this Lease and shall be held for the benefit of the parties as their respective interests may appear. 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 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 herein, Lessee shall not transfer, assign or sublet this Lease or any privileges granted hereunder without prior written approval of Lessor, which Lessor shall not unreasonably withhold. 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 shall be no less than the sum of Four Hundred Fifty Dollars ($450.00). 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. Without limiting the foregoing, Lessee shall not sublease, rent or assign any right to occupy the Leased Premises or any portion thereof for the storage of aircraft owned by any third party.

Notwithstanding the foregoing, Lessee may assign this Lease to a family trust or an entity wholly owned by Lessee without Lessor's consent, provided that: (i) such assignment shall not operate as a release or modification of Lessees' liability hereunder, which shall remain in full force and effect; and, (ii) Lessee shall give Lessor written notice of such assignment within thirty (30) days after the effective date thereof.

11. **Waste and Nuisance Prohibited**. During the Term of this Lease, and any renewals or extensions thereof, Lessee shall comply with all applicable laws, statutes, rules, regulations, codes and ordinances (collectively, "Laws") affecting the Leased Premises. 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, ordinances, orders, rules and regulations 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, heating and cooling, systems, equipment, appliances and/or fixtures in connection with the Leased Premises during the Term of this Lease, or any extensions thereof. 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**. To the extent necessary to protect the rights and interests of Lessor, Lessor and its agents shall at any reasonable time, by appointment, have the right to inspect the Leased Premises during the life of this Lease.

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: John M. Morotti and Shari K. Morotti
2501 Beverly Avenue
Kingman, AZ 86401

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

18. **Breach**.

a. (i) If at any time the rental or any money payments hereunder, or any part thereof, shall remain unpaid for greater than **five [5]** days after Lessor has given Lessee written notice of default; 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 thirty (30) days after Lessor has given Lessee written notice of default, then Lessor may exercise the rights and remedies pursuant to Subparagraphs b. and c. herein. Notwithstanding the foregoing, if Lessees' default involves an imminent threat to health or safety, Lessor may in the notice of default reduce the period for cure to such shorter period as may be reasonable under the circumstances.

b. Upon the happening of any of the events 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 basic 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 Lessor'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 18. 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 **fifteen (15)** days, and the 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 and shall comply with all of Lessor's or any other governmental authority's rules and regulations pertaining to security, as may be amended from time to time. Lessor shall have no responsibility to Lessee or any of Lessee's customers, guests and/or invitees for security of any persons and/or property located on the Leased Premises.

24. **Signs.** 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.

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 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.

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

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

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

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 of Kingman. 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. Representation By Counsel. Lessee acknowledges that the law firm of Bruno, Brooks & Goldberg, P.C. ("BBG") has acted as attorneys for Lessor and not as attorneys for any other party hereto and that Lessee has been represented by or had the opportunity to obtain representation by independent counsel of its own choice. Lessor and Lessee acknowledge and agree that: (i) they have been informed that BBG has previously provided representation to Lessee in unrelated matters; (ii) to the extent any actual conflict or potential conflict exists because of such representation, the parties hereby waive such conflict after having the opportunity to consult with independent legal counsel; and (iii) in the event a conflict subsequently arises, BBG shall not be able to represent either Lessor or Lessee in connection with this Lease.

Lessor's initials: _____

Lessee's initials: _____

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, President

Lessee:

_____
John M. Morotti

_____
Shari K. Morotti

STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 25th day of October, 2006, by Jerry Hawkins, President of KINGMAN AIRPORT AUTHORITY, INC., on behalf thereof.

Brenda S. Chastain
Notary Public

My Commission Expires: 3/25/08

OFFICIAL SEAL
BRENDA S. CHASTAIN
NOTARY PUBLIC-ARIZONA
MOHAVE COUNTY
My Comm. Expires March 25, 2008

BRENDA S. CHASTAIN
NOTARY PUBLIC-ARIZONA
MOHAVE COUNTY
My Comm. Expires March 25, 2008

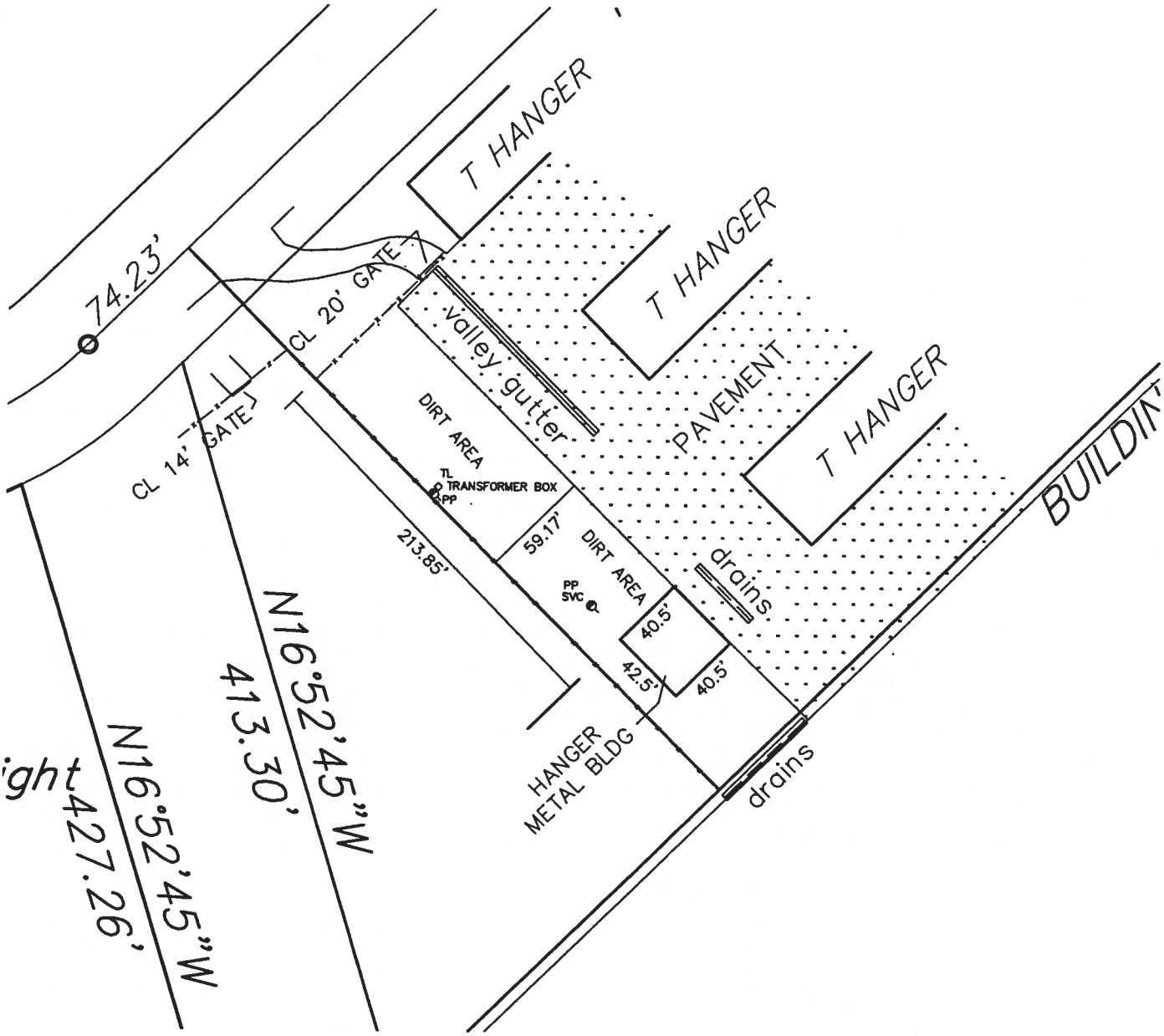
STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing Lease was subscribed and sworn to before me, the undersigned notary public, this 20 day of October, 2006, by JOHN M. MOROTTI and SHARI K. MOROTTI.

Shirlene McQuiddy
Notary Public

My Commission Expires:

OFFICIAL SEAL
SHIRLENE McQUIDDY
Notary Public - State of Arizona
MOHAVE COUNTY
My Comm. Expires Jan. 27, 2007


T HANGER
T HANGER
T HANGER
74.23'
CL 20' GATE
valley gutter
PAVEMENT
CL 14' GATE
DIRT AREA
TL
TRANSFORMER BOX
PP
59.17'
DIRT AREA
213.85'
PP
SVC
drains
40.5'
42.5'
40.5'
N16°52'45"W
413.30'
N16°52'45"W
427.26'
ight
HANGER
METAL BLDG
drains
BUILDIN