460-110-2771

ENTERED

LEASE

THIS LEASE (this "Lease") is made as of the 9th day of Novem, 2010, by and between **KINGMAN AIRPORT AUTHORITY, INC., an Arizona non-profit corporation** ("**LESSOR**"); and Peter Sterbonic ("**LESSEE**").

WITNESSETH:

WHEREAS, **LESSOR** operates the KINGMAN ARIZONA AIRPORT (the "Airport"); and

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

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

1. **Leased Premises.** **LESSOR** hereby leases to **LESSEE**, and **LESSEE** hereby leases from **LESSOR**, for the term and subject to the agreements herein set forth, that certain **T-Hangar** in Unit C, Number 4 at the Airport (the "Leased Premises").

2. **Term.** The initial term of this Lease shall be for twelve (12) months, commencing November 9, 2010 and expiring November 8th, 2011 (the "Initial Term"), subject to the rights of renewal hereinafter set forth.

3. **Renewal and Termination.** Provided **LESSEE** is not in default under this Lease, and except as otherwise provided in this Paragraph 3, this Lease shall be automatically renewed for successive twelve (12) month terms (each a "Renewal Term" and together with the Initial Term, collectively the "Term") commencing on July 1st and ending on June 30th of each following calendar year, with the first renewal term commencing on July 1, 2011. Notwithstanding the foregoing, during any Renewal Term, either party may terminate this Lease at any time without cause by giving the other party at least thirty (30) days advance written notice of termination.

4. **Rent.** **LESSEE** agrees to pay to **LESSOR** as rent for the Leased Premises the following amounts in advance on or before the 1st day of each and every month:

a. The sum of Two Hundred Eighty Nine & 80/100 Dollars ($ 289 80) per month; and,

b. Effective on July 1st of each and every year during each Renewal Term of this Lease (each an "Adjustment Date"), the rent amount shall be adjusted upward annually, at the rate 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 lease year.

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

d. **LESSEE** hereby acknowledges that late payment by **LESSEE** to **LESSOR** of the rents due hereunder will cause **LESSOR** to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any payment of rents or any other sum due from Lessee hereunder shall not be received by **LESSOR** or **LESSOR'S** designee on or before the time set forth herein for the payment thereof, then said amount shall be deemed past due, and **LESSEE** shall pay to **LESSOR** a late charge equal to Twenty Five Dollars ($25.00) for each late payment of rent. **LESSOR** and **LESSEE** hereby agree that such late charge represents a fair and 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 pay **LESSOR** a security deposit in the amount of $_____ to ensure **LESSEE**'s full and prompt performance under this Lease. If **LESSEE** defaults under this Lease, **LESSOR** shall be entitled to use the security deposit as required to cure or partially cure the default and if so used, **LESSEE** shall within five (5) business days restore the security deposit to the original amount as a cure of any such default. If **LESSEE** fully performs all of its obligations under this Lease, **LESSOR** will release any balance of the security deposit to **LESSEE** upon the expiration or termination hereof.

6. **Use of the Leased Premises.** **LESSEE** shall be entitled to use the Leased Premises solely for the storage of aircraft owned or leased by **LESSEE,** aircraft tail number N 4054F (the "Stored Aircraft"). **LESSEE** shall not:

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

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

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

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

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

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

g. Install or use inside the Leased Premises any heating or cooling devices or systems such as heaters or air conditioners. Appliances such as portable fans, televisions, refrigerators, radios, power tow bars, battery chargers, vacuum cleaners, small air compressors and small electric powered hand tools are permitted. Any appliances not having any explosion

proof motor must be elevated at least eighteen (18) inches above the floor. No extension or power cords for appliances shall remain connected to any electrical receptacle when the Leased Premises is not being used and occupied by **LESSEE**, except for refrigerators. **LESSEE** shall not permit the use of the electrical power supply for the Leased Premises by any other person.

7. **Liability Insurance.** **LESSEE** shall 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 of Kingman 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.

8. **Fire Insurance.** **LESSOR** will procure fire and extended coverage insurance on the insurable portions of the Leased Premises in the amount determined by **LESSOR**. All proceeds from any loss shall be payable to **LESSOR**. **LESSEE** shall obtain, at its expense, fire and casualty insurance on **LESSEE**'s personal property located thereon and hereby releases **LESSOR** from any claims, damages or liability related thereto.

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

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

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

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

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

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

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

16. **Inspection of Leased Premises, Locks and Keys.** **LESSOR** and its agents shall have the right, without appointment or advance notice, to inspect the Leased Premises at any time or times during the Term of this Lease. **LESSEE** shall not change the locks to the Leased Premises without **LESSOR's** prior written consent, which **LESSOR** may withhold in its sole and absolute discretion. As a condition to any such consent by **LESSOR**, **LESSEE** shall provide **LESSOR** a key to the Leased Premises at such time that the locks are changed. **LESSOR** reserves the right to change the locks on the Leased Premises and in such event, shall provide keys to the new locks to **LESSEE**.

17. **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.

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

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

LESSOR: Kingman Airport Authority
7000 Flightline Drive

Kingman, Arizona 86401

LESSEE: Peter Sterbonic
600 N. Heights Rd
Wickenburg AZ 85390

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

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

(a) Terminate **LESSEE**'s right to possession of the Leased Premises by legal process or otherwise, with or without terminating this Lease, and retake exclusive possession of the Leased Premises.

(b) With or without terminating this Lease and without waiving or affecting **LESSOR**'s right to terminate this Lease, from time to time relet all or portions of the Leased Premises, using reasonable efforts to mitigate **LESSOR**'s damages.

(c) From time to time recover accrued and unpaid rent and damages arising from **LESSEE**'s breach of this Lease, regardless of whether this Lease has been terminated, together with applicable interest at the rate of ten percent (10%) per annum.

(d) Terminate this Lease. No such termination shall relieve **LESSEE** of **LESSEE**'s liabilities and obligations hereunder.

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

(f) Pursue any other remedies available at law or in equity.

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

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

25. **F.A.A. Provisions**.

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

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

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

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

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

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

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

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

26. **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.

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

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

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

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

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

LESSOR:

Kingman Airport Authority,
Inc., an Arizona corporation

By: Brenda Chastain

Its: Dir Corp Adm

LESSEE:

Peter Sterbani

STATE OF ARIZONA)
) ss
COUNTY OF MOHAVE)

The foregoing Lease was acknowledged before me this 8th day of November 2010, by BRENDA CHASTAIN as Dir Corp Adm of Kingman Airport Authority, Inc., an Arizona corporation, **LESSOR,** on behalf thereof.

OFFICIAL SEAL
JANIE C. PLATT
NOTARY PUBLIC - State of Arizona
MOHAVE COUNTY
My Comm. Expires Sept. 13, 2014

My Commission Expires:
Sept 13, 2014

Janie C Platt
Notary Public

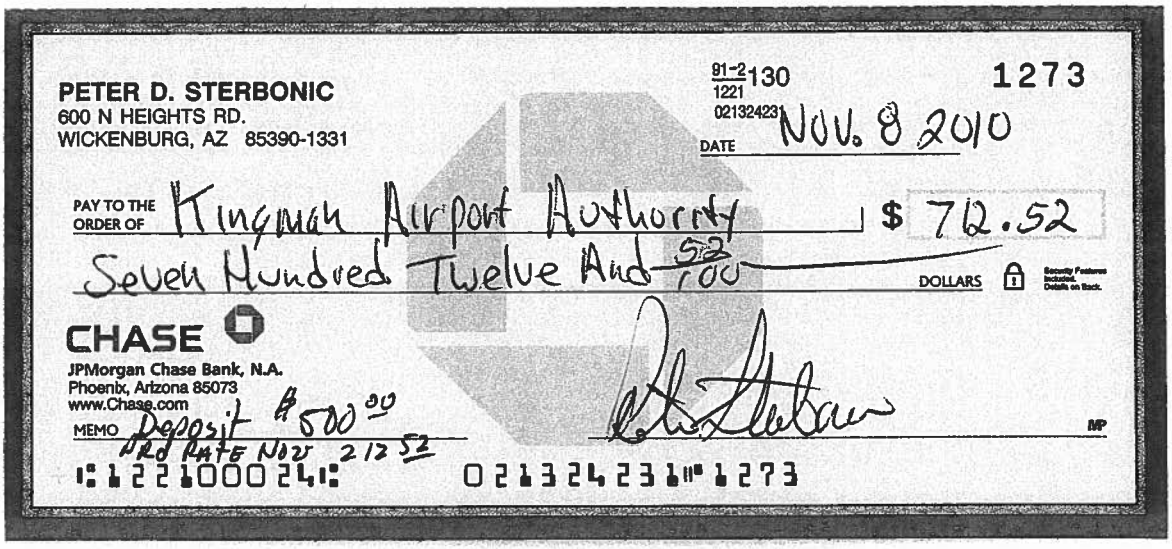
STATE OF ARIZONA)
) ss
COUNTY OF MOHAVE)

The foregoing Lease was acknowledged before me this 8th day of November, 2010, by Peter Sterbonic.

OFFICIAL SEAL
JANIE C. PLATT
NOTARY PUBLIC - State of Arizona
MOHAVE COUNTY
My Comm. Expires Sept. 13, 2014

My Commission Expires:
Sept 13, 2014

Janie C Platt
Notary Public



PETER D. STERBONIC
600 N HEIGHTS RD.
WICKENBURG, AZ 85390-1331

91-2/1221 130 1273
021324231

DATE Nov. 8 2010

PAY TO THE ORDER OF Kingman Airport Authority $ 712.52

Seven Hundred Twelve And 52/100 DOLLARS

Security Features Included. Details on Back.

CHASE
JPMorgan Chase Bank, N.A.
Phoenix, Arizona 85073
www.Chase.com

MEMO Deposit $500.00
PRO RATE NOV 212.52

MP

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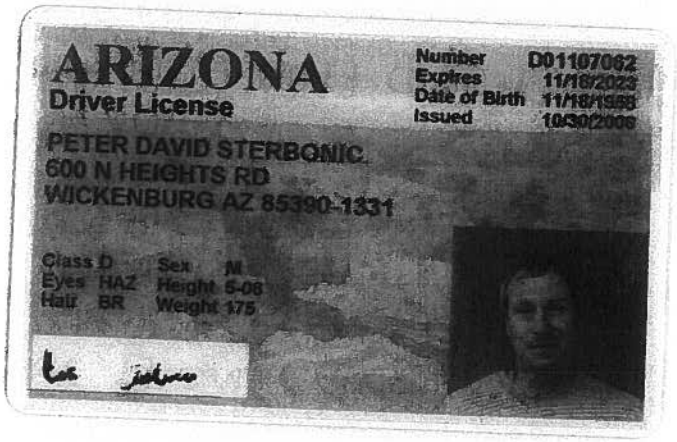

ARIZONA
Driver License

Number D01107062
Expires 11/18/2023
Date of Birth 11/18/1958
Issued 10/30/2008

PETER DAVID STERBONIC
600 N HEIGHTS RD
WICKENBURG AZ 85390-1331

Class D Sex M
Eyes HAZ Height 5-08
Hair BR Weight 175