

**LEASE  
SAHUARITA ADVANCED MANUFACTURING & TECHNOLOGY CENTER**

**Town of Sahuarita Arizona,  
an Arizona municipal corporation**

**and**

**Global Water Resources, Inc.,  
a Delaware corporation**



**TOWN COUNCIL MEMBERS**

**Mayor Tom Murphy  
Vice Mayor Kara Egbert  
Bill Bracco  
Simon Davis  
Deborah Morales  
Steven Gillespie  
Diane Priolo**

**TOWN MANAGEMENT**

**Shane Dille, Town Manager  
Victor Gonzalez, Economic Development Director**

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COVER SHEET

This Cover Sheet ("Cover Sheet") is hereby incorporated by reference into and made a part of the attached Lease. Each reference in the Lease to any term of this Cover Sheet shall have the meaning as set forth in this Cover Sheet. In the event of a conflict between the terms of this Cover Sheet and the Lease, the terms of the Lease shall prevail. Any initially capitalized terms used herein and not otherwise defined herein shall have the meaning as set forth in the Lease.

- Item 1. EFFECTIVE DATE. The date this Lease is entered into is the 28<sup>th</sup> day of August 2023 (the "Effective Date").
- Item 2. LANDLORD. THE TOWN OF SAHUARITA, ARIZONA  
an Arizona municipal corporation  
(the "Landlord")
- Item 3. TENANT. GLOBAL WATER RESOURCES, INC.  
a Delaware corporation, registered to conduct business in Arizona  
Federal Tax I.D.: 90-0632193  
(the "Tenant")
- Item 4. PREMISES. Those certain areas, containing approximately 8,000 rentable square feet representing 25.0% of the building (the "Premises"), as described on Exhibit A, and located at 16220 S. La Canada Drive, Sahuarita, Arizona. For a period of two (2) years after the Effective Date, Landlord represents and warrants that all portions of the Premises, including systems and equipment serving the Premises, that exist as of the Effective Date are and will remain in good order, condition and repair, without inclusion of any such costs to remedy or address the same in the Operating Expenses (as defined in Section 11).
- Item 5. INITIAL TERM. Subject to Section 3 of this Lease, the term of this Lease (the "Term") shall commence on the Commencement Date and shall end on the date that is 129 full calendar months from the Commencement Date (the "Termination Date").
- Item 6. RENT COMMENCEMENT DATE. The "Rent Commencement Date" shall be June 1<sup>st</sup>, 2024.
- Item 7. SECURITY DEPOSIT. Subject to Section 4 of this Lease, the Security Deposit shall be \$5,200 (Base rent due for the final month of this Lease.).
- Item 8. BASE RENT. Subject to Section 5 of this Lease, the Base Rent shall be \$0.65/SF per month triple net, plus rental tax. Base Rent shall be abated during Months 1-9 of the Term (or longer if the Rent Commencement Date is extended pursuant to Item 7).
- Item 9. ANNUAL RENT ESCALATION. Subject to Section 5.2 of this Lease, the Annual Rent Escalation shall be 3% per lease year commencing on the 19<sup>th</sup> month of the Term and each year thereafter during the Term.
- Item 10. INTENTIONALLY OMITTED.
- Item 11. PERMITTED USE OF THE PREMISES. Subject to Section 7 of this Lease, Tenant shall use the Premises only as an office, meeting, laboratory, manufacturing and

warehouse space and ancillary uses (collectively the "Permitted Use"), and for no other use or purpose without Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

Item 12. TENANT'S SHARE. Subject to Section 12.1 of this Lease, Tenant's Share of the Operating Expenses shall be 25.0%.

Item 13. TENANT IMPROVEMENTS.

A. **DESIGN AND CONSTRUCTION.** Tenant will be responsible for the design and construction of all tenant improvements to the Premises pursuant to plans and cost estimates mutually approved by Landlord and Tenant (the "Tenant Improvements"). Landlord shall not unreasonably withhold, condition, or delay approval of plans and specifications for Tenant Improvements. Landlord will reimburse Tenant upon submission of invoices for construction of two (2) restrooms and one (1) demising wall pursuant to plans and costs estimates approved by Landlord. Tenant will be responsible for all permitting fees, but any additional cost for expedited permitting shall be paid by Landlord.

B. **TENANT IMPROVEMENT ALLOWANCE.** On a regular basis, but no more often than monthly, and upon Tenant's submission of mechanic's lien releases and Landlord's approval of invoices, Landlord shall remit to Tenant reimbursement of invoices for the cost of the Tenant Improvements up to the maximum amount of \$280,000 (the "Tenant Improvement Allowance"). Reimbursement will occur within 30 days following Tenant's submission of invoices and mechanic's lien release documentation.

C. **TENANT IMPROVEMENTS ADDITION ADDED TO THE RENT.** In addition to the initial Tenant Improvements, Town will reimburse Tenant for additional construction cost for improvements up to a maximum amount of \$220,000 (the "Tenant Improvement Addition Allowance") The Tenant Improvement Addition Allowance shall be fully repaid by the Tenant to Landlord by amortizing the total amount over the Term and adding the amount to the monthly Base Rent. The Tenant Improvement Addition Allowance amount rate is \$0.23, also subject to 3% annual rate increase. the

D. **SIGNAGE.** Subject to Section 9.2 of this Lease, Tenant, at its sole cost, may install building signage, subject to prior approval of Landlord.

Item 14. PARKING. Tenant shall be entitled to the use of 24 unreserved, uncovered parking spaces without additional cost.

Item 15. COMMON AREAS. Except for maintenance purposes (with such maintenance work not exceeding seven (7) consecutive business days), Landlord shall not establish or permit any limitation in use nor shall any alteration or change be made or permitted to the Common Areas, or any portion thereof which materially interferes with or disrupts (i) Tenant Improvements; (ii) Tenant's Permitted Use or business operations therein; (iii) Tenant's means of ingress to the Premises or egress therefrom; (iv) any of the loading docks which serve the Premises or the use of any of the loading docks for the Tenant's Permitted Use; or (v) the parking spaces available to Tenant.

Item 16. ADDRESSES OF PARTIES. Subject to Section 25 of this Lease, the addresses for notices are as follows:

To Landlord: Town of Sahuarita  
Attention: Town Manager  
375 W. Sahuarita Center Way  
Sahuarita, AZ 85629

With a Copy to: Town of Sahuarita  
Attention: Town Attorney  
375 W. Sahuarita Center Way  
Sahuarita, AZ 85629

To Tenant: The current Arizona Statutory Agent of record  
for Global Water – Santa Cruz Water Company, Inc.  
on file with the Arizona Corporation Commission  
Available at <https://ecorp.azcc.gov/EntitySearch/Index>

Item 17. BROKERS. Landlord is not represented by a broker, and the Tenant is not represented by a broker.

## LEASE AGREEMENT

THIS LEASE ("Lease") is entered into on the Effective Date set forth on Item 1 of the Cover Page, by and between the Landlord set forth on Item 2 of the Cover Page and Tenant set forth on Item 3 of the Cover Page. Landlord and Tenant are sometimes referred to herein collectively as the "Parties" or individually as a "Party."

### RECITALS

- A. Landlord previously received a grant from the United States Department of Commerce, Economic Development Administration ("EDA") for Project Number 07-01-07395 ("Grant"). Pursuant to the Grant, the EDA issued special award conditions, attached as Exhibit B ("Special Award Conditions"). The Special Award Conditions include an "Authorized Scope of Work" for the project as follows:

Development of a 4.5-acre site located on La Cañada Road S., of Sahuarita Road in the Town of Sahuarita, AZ. Components include: 1) Construction of an approximately 32,000 SF (total) multitenant "shell" building(s), with office, meeting, laboratory, manufacturing and warehouse space; 2) Shell building will include foundation, doors/windows, docks, exterior walls/finishes, roofing, mechanical, electrical and plumbing; 3) Site improvements including curb, gutter, sidewalks, driveway, landscaping/irrigation, parking and driveway areas; 4) Installation of utility connections such as electric, gas, telecommunications, water, sewer, onsite and off-site storm drainage.

- B. Pursuant to the Grant and the Special Award Conditions, Landlord purchased a 3.76-acre site and has designed and constructed SAMTEC (as hereinafter defined in Section 1.12). Landlord is the fee simple owner of SAMTEC and the real property having a street address of 16220 South La Cañada Drive, Sahuarita, Arizona.
- C. Landlord is desirous of leasing a portion of the Shell Building (as hereinafter defined in Section 1.13) to Tenant, and Tenant is desirous of leasing a portion of the Shell Building from Landlord, on the terms and conditions stated in the Cover Sheet and this Lease.
- D. Landlord is authorized to enter into this Lease pursuant to Arizona Revised Statutes, Title 9, Chapter 2, Article 3.

### AGREEMENT

NOW, THEREFORE, for and in consideration of the rents, foregoing recitals, the mutual covenants and agreements hereinafter provided, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed between Landlord and Tenant as follows:

#### 1. DEFINITIONS.

- 1.1. **Additional Rent.** "Additional Rent" shall mean all sums payable by Tenant under this Lease other than Base Rent. Additional Rent will include all payments due pursuant to this Lease, including but not limited to all Operating Expenses (as defined in Section 11) for which Tenant is liable hereunder as provided in Section 12.

- 1.2. **Applicable Laws.** "Applicable Laws" means the United States Constitution, the Arizona Constitution, court decrees, federal, state, county and local laws (statutory and common law), codes, ordinances, rules, regulations, permit requirements, fee schedules and assessments and other requirements and official policies of the Town of Sahuarita, in existence now or as hereinafter enacted or amended, which apply to this Lease and the Premises.
- 1.3. **Base Rent.** "Base Rent" means the annual Base Rent set forth in Item 9 of the Cover Sheet, paid as provided in Section 5 below. Landlord acknowledges that the Base Rent is the reasonable fair commercial rental value in the community, as required by the Special Award Conditions, and is adequate consideration as required by EDA.
- 1.4. **Commencement Date.** "Commencement Date" means the Effective Date.
- 1.5. **Common Area.** "Common Area" means all areas and facilities outside the Premises and within the exterior boundaries of SAMTEC that are not leased to other tenants and that are provided and designated by Landlord, in its sole discretion from time to time, for the general use and convenience of Tenant and other tenants of SAMTEC and their authorized representatives, employees, invitees and the general public (such as parking areas serving SAMTEC, retaining walls, exterior boundary walls, sanitary and storm sewers, water retention basins, common entrances, and walkways).
- 1.6. **Compulsory Commencement Date.** "Compulsory Commencement Date" means the date that the Landlord Improvements (as described on Exhibit C) must be completed as set forth on Item 6 of the Cover Page.
- 1.7. **GPLET.** "GPLET" means the Government Property Lease Excise Tax set forth in A.R.S. Title 42, Chapter 6, Article 5.
- 1.8. **Hazardous Material.** "Hazardous Material" means any flammable items, explosives, radioactive materials, oil, hazardous or toxic substances, material or waste or related materials, including any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" now or hereafter regulated under any Applicable Laws, including without limitation petroleum-based products, paints, solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, PCBs and similar compounds, and including any different products and materials which are found to have adverse effects on the environment or the health and safety of persons; provided, however, "Hazardous Material" does not include any de minimis quantities of office or other cleaning supplies commonly used in accordance with Applicable Laws.
- 1.9. **Premises.** "Premises" means that portion of the Shell Building set forth in Item 1 of the Cover Sheet, which is the area Tenant is leasing from Landlord pursuant to the provisions of this Lease.
- 1.10. **Rent.** "Rent" means all Base Rent and Additional Rent.
- 1.11. **Rent Commencement Date.** "Rent Commencement Date" means the date Tenant's obligation to pay Rent begins as set forth on Item 7 of the Cover Page.

- 1.12. SAMTEC. "SAMTEC" means the Sahuarita Advanced Manufacturing and Technology Center. SAMTEC consists of the Shell Building and related parking, landscaping, driveways, and other improvements on Pima County Parcel Number 303-81-006A as described on Exhibit E.
- 1.13. Shell Building. "Shell Building" means that certain base building described in the Recitals. The Shell Building is an approximately 32,000 square feet (total) multitenant "shell" building, with office, meeting, laboratory, manufacturing and warehouse space, including foundation, doors/windows, docks, exterior walls/finishes, roofing, mechanical, electrical and plumbing.

## **2. LEASE OF PREMISES.**

- 2.1. Lease. In consideration of the obligation of Tenant to pay Rent and other charges as herein provided, and in consideration of the other terms, provisions, and covenants set forth herein, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises set forth in Item 1 of the Cover Sheet. Unless otherwise provided herein, any Financial Year End Statement of size set forth in this Lease, or that may have been used in calculating Rent, is an approximation which the Parties agree is reasonable, and any payments based thereon are not subject to revision whether or not the actual size is more or less.
- 2.2. Landlord's Reservation of Rights. Landlord reserves "as-is": (i) the exclusive use of the exterior walls (other than the storefront), the roof, the airspace above the roof and the space below the floor slab, and (ii) the right to install, maintain, use, repair and/or replace pipes, ducts, conduits, utility lines and wires in the space above the interior surfaces of the ceilings, below the finished floor, within the demising walls of the building containing the Premises and in all of the Common Areas.
- 2.3. Financial Year End Statement. Prior to execution of this Lease, and upon Landlord's request but no more frequently than annually, Tenant agrees to provide Landlord with a true and correct "Financial Year End Statement" (as defined in this Section) of Tenant within 15 days after Landlord's request of such a Financial Year End Statement, provided such Financial Year End Statement has been completed in Tenant's ordinary course of business.

## **3. TERM AND TERMINATION.**

- 3.1. Lease Term. The term of this Lease shall begin at 12:01 AM on the Commencement Date, which shall be documented by completion and execution of the Commencement Date Memorandum, which shall also document the Termination Date.
- 3.2. Commencement Date Memorandum. Within 30 days after the Rent Commencement Date, Landlord and Tenant shall execute and deliver to each other a commencement date memorandum in the form attached hereto as Exhibit G ("Form of Commencement Date Memorandum").
- 3.3. Tenant's Rights to Renew and Expand. Tenant's right(s) to renew, right of first offer to expand into adjacent space, and other rights (if any), are set forth on Exhibit H of this Lease.

- 3.4. **Holding Over.** If Tenant remains in possession of the Premises after the expiration of the Term or earlier termination of this Lease, without the execution of a new Lease, then, at Landlord's option, Tenant shall be deemed to be occupying the Premises as a month-to-month holdover Tenant, subject to all the provisions of this Lease insofar as they are applicable to a month-to-month tenancy, but at a daily rental of 150% of the per day Rent provided under this Lease, computed on the basis of a 30 day month.
4. **SECURITY DEPOSIT & FIRST MONTH'S RENT.** Upon the Effective Date, Tenant will deposit with Landlord (i) the Security Deposit in the amount set forth in Item 8 of the Cover Sheet, and (ii) the first month's Rent as defined in Section 5 of this Lease. Upon the occurrence of an Event of Default, Landlord may, at its option, apply all or part of the Security Deposit to any unpaid Rent or other charges due from Tenant, cure any other Events of Default of Tenant, or compensate Landlord for any loss or damage which Landlord may suffer due to Tenant's default. If Landlord uses any part of the Security Deposit as provided in this Section, Tenant will restore the Security Deposit to its full amount within ten days after Landlord's request. No interest will be paid on the Security Deposit, no trust relationship is created herein between Landlord and Tenant with respect to the Security Deposit, and the Security Deposit may be commingled with other funds of Landlord. Upon expiration or termination of this Lease not resulting from Tenant's Event of Default and after Tenant has vacated the Premises in the manner required by this Lease, Landlord shall pay to Tenant any balance of the Security Deposit not applied pursuant to this Section.
5. **RENT.**
- 5.1. **Payment of Rent.** Beginning on the Rent Commencement Date and continuing throughout the Term, Tenant shall pay to Landlord the Rent for the Premises. The Rent shall be payable in equal monthly installments, on or before the first day of each calendar month. All sums payable pursuant to this Lease shall be paid when due, in lawful money of the United States of America, without deduction or offset, and without any prior invoice, notice, or demand, to Landlord, by automatic bank transfer from Tenant's bank to Landlord's bank, or by some other method as Landlord may from time to time designate by notice hereunder. Payments of Rent for any partial calendar month will be prorated.
- 5.2. **Annual Rent Escalation.** The Base Rent set forth in Item 9 of the Cover Sheet shall be upwardly adjusted on the 19<sup>th</sup> month of the Term ("Rent Escalation Date") and on each anniversary of the Rent Escalation Date during the Term. Each year, upon the annual anniversary of the Rent Escalation Date, the Base Rent shall increase by the amount reflected on Item 10 of the Cover Sheet, from the Base Rent payable for the immediately preceding year.
- 5.3. **Interest.** If not paid when due, any Rent or other amount due to Landlord will bear interest from the date due until the date paid at the rate of 15 percent per year, but not to exceed the highest rate permitted by the Applicable Laws.
- 5.4. **Late Charges.** If any installment of Rent or any other sums due from Tenant is not received by Landlord within five days following the due date, Tenant will pay to Landlord a late charge equal to five percent of such overdue amount; provided, however, Landlord will not charge any late charge for the first time in each calendar year that such payment is not made within five days of the due date if payment is received within five days of receipt of notice. The Parties hereby agree that such late

charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant.

6. INTENTIONALLY OMITTED.

7. USE OF PREMISES.

- 7.1. Purpose and Non-Discrimination. The Premises must be used in a manner consistent with the authorized general and special purpose of the Grant, the EDA "Agreement and Mortgage" recorded in the office of the Pima County Recorder at Sequence No. 20183450103, the Special Award Conditions, and the Grant terms and conditions. This includes but is not limited to Tenant not discriminating against any qualified employee or applicant for employment because of race, color, national origin, religion, sex, age or physical or mental disability.
- 7.2. Manner of Use. Tenant shall operate, manage, occupy and use the Premises only for the purposes of offices, meeting spaces, laboratory uses, or manufacturing and warehouses, or similar uses consistent and strictly in accordance with the Grant, as specifically set forth in Item 12 on the Cover Sheet. In no event shall Tenant utilize the Premises for any other purpose other than the Permitted Use without the prior written approval of Landlord and EDA, which approval may be given or withheld in the reasonable discretion of Landlord and EDA. Landlord hereby acknowledges, covenants and agrees that the Permitted Use is consistent with the general and special purpose of the Grant. In connection with the foregoing, Tenant hereby acknowledges, covenants and agrees that it shall not use or permit the use of the Premises for any purpose that is not consistent with the general and special purpose of the Grant. In addition, Tenant hereby acknowledges, covenants and agrees that, in its use of the Premises, it shall observe and comply with all tenant requirements of EDA as described in the Grant, including, without limitation, prohibitions against discrimination on the basis of race, color, national original, handicap, age, religion or sex, and all requirements regarding environmental impacts which any uses within the Premises may have on the environment. Tenant will obtain and pay for all necessary permits, including a certificate of occupancy, and will promptly take all actions necessary to comply with all Applicable Laws.
- 7.3. Landlord's Access. Landlord or its agents may enter the Premises, upon 24-hour notice to Tenant (except in the case of an emergency, in which event Landlord may enter without notice), for routine property inspections and maintenance, or for any other purpose Landlord deems reasonably necessary. Landlord acknowledges and agrees to use reasonable efforts to comply with any applicable security regulations in effect. In the case of an emergency Landlord may enter without notice but shall attempt to notify Tenant within two hours after emergency entry. During any such Landlord entry Landlord and its representatives, contractors or affiliates shall (i) be escorted by a Tenant representative, (ii) may take photographs and/or video of the Shell Building and Landlord's property but shall not take photographs or video of Tenant's proprietary property without the express written consent of the site director or a member of the Tenants executive staff. Subject to the forgoing, during the last six months of the Term, Landlord may show the Premises to potential tenants and place customary "For Lease" signs on the Premises.

- 7.4. Rules and Regulations. Tenant's use of the Premises and Common Areas shall be subject to the Landlord's rules and regulations (the "Rules and Regulations"), which may be amended from time to time. The initial Rules and Regulations are set forth on Exhibit J of this Lease.

**8. CONDITION AND MAINTENANCE OF PREMISES.**

- 8.1. Condition upon Delivery. On the Effective Date, Landlord shall deliver the Premises to Tenant. Tenant's acceptance of the Premises shall certify Tenant's acceptance of the condition of the Premises. Except as otherwise provided in the Cover Sheet, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation as to the condition of the Premises or the suitability of the Premises for Tenant's intended use. Tenant represents and warrants that Tenant has made its own inspection of and inquiry regarding the condition of the Premises and, except as otherwise provided in the Cover Sheet, is not relying on any representations of Landlord or any broker with respect thereto.
- 8.2. Landlord's Obligations. Landlord shall be obligated to maintain and repair the foundations and structure of the Shell Building at its expense, including the roof structure, foundation and exterior walls. Landlord shall also maintain the Common Areas, the HVAC system serving the Premises and all utility lines serving the Premises, and the cost of such maintenance shall be an Operating Expense as provided in Section 11. In no event will Landlord be obligated to maintain or repair windows, doors or plate glass of the Premises. Tenant will promptly report in writing to Landlord any defective condition known to it which either Landlord or Tenant is required to repair.
- 8.3. Tenant's Obligations. Landlord and Tenant acknowledge and agree that this is a Triple-Net (NNN) lease, that Landlord shall have NO obligations relating to the repair or maintenance of the Premises, and Tenant shall be solely responsible for the same, except as otherwise provided in this Lease. Tenant will keep all portions of the Premises (including without limitation, all systems, equipment, doors, windows, and floors) in good order, condition and repair (including repainting and refinishing, as needed). If any portion of the Premises or any system or equipment in or serving the Premises or Common Areas which either Party is obligated to repair cannot be fully repaired or restored, the Party obligated to make such repair will promptly replace such portion of the Premises or system or equipment. If the benefit or useful life of such replacement extends beyond the Term, Tenant will only be required to pay for a prorated portion of the useful life of such replacement (regardless of whether the obligation to repair or replace is Landlord's or Tenant's under this Lease), and Landlord shall pay the balance (e.g., if there is one (1) year remaining under the Term and the useful life of such replacement is ten (10) years, then Tenant would only be responsible for ten percent (10%) of the cost of such replacement). At Tenant's request, Landlord may elect to perform Tenant's maintenance and repair obligations hereunder and Tenant will reimburse Landlord for all costs incurred in doing so within thirty (30) days following Tenant's receipt of an invoice from Landlord. The Premises shall be maintained in at least the condition which exists upon the Effective Date.
- 8.4. Condition upon Termination. Upon the expiration or termination of the Lease Term, and subject to Section 9.3, Tenant will surrender the Premises to Landlord broom clean and in the condition which Tenant is required to maintain the Premises under

this Lease, fair wear and tear excepted. Tenant will not be obligated to repair any damage which Landlord is required to repair hereunder.

- 8.5. **Exemption of Landlord from Liability.** Landlord will not be liable for any damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers or any other person on or about the Premises, whether such damage or injury is caused by or results from: (i) fire, steam, electricity, water, gas or rain, (ii) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or any other cause, (iii) conditions arising in or about the Premises, or from other sources or places, or (iv) any curtailment or interruption in utility services. Tenant will give Landlord prompt notice upon the occurrence of any accident or casualty at the Premises. Notwithstanding the foregoing, the provisions of this Section will not exempt Landlord from liability for its gross negligence or willful misconduct; provided, however, Landlord will not be liable for any consequential damages.

**9. ALTERATIONS, ADDITIONS, AND IMPROVEMENTS.**

- 9.1. **Tenant's Work.** Except for Tenant Improvements as described in Exhibit D, Tenant may not make any installations, alterations, additions, or improvements or major repairs in or to the (i) Shell Building, or (ii) which requires a building permit, without obtaining Landlord's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed. All alterations for which Landlord's approval is required will be performed in accordance with plans and specifications approved in advance by Landlord. Tenant will procure all necessary permits and licenses before undertaking any work on the Premises and will perform all work in a good and workmanlike manner employing materials of good quality and in conformity with all Applicable Laws and insurance requirements. Tenant will (i) with respect to alterations for which Landlord's approval is required, employ only contractors which are approved by Landlord, such approval not to be unreasonably withheld, conditioned, or delayed, (ii) require all contractors employed by Tenant to carry workers' compensation insurance in accordance with statutory requirements, and commercial general liability insurance covering such contractors on or about the Premises with a combined single limit not less than \$1,000,000 and (iii) submit certificates evidencing such coverage to Landlord prior to the commencement of any work. Landlord may inspect Tenant's work, with a 24-hour notice to Tenant at reasonable times, during normal business hours. Tenant will prosecute and complete such work with reasonable diligence and for alterations requiring Landlord's consent, will provide Landlord with "as built" plans for such alterations, copies of all construction contracts and proof of payment for all labor and materials.
- 9.2. **Tenant's Signs.** All of Tenant's signs shall comply with all Applicable Laws and shall be subject to approval by Landlord prior to installation. Tenant shall be responsible for the costs of designing, manufacturing, installing, illuminating, operating and maintaining its signs. Upon the expiration or earlier termination of this Lease, Tenant shall remove its signs and restore and repair all parts of the Premises and SAMTEC affected by the installation or removal of its signs, to the condition existing prior to installation or to a condition reasonably acceptable to Landlord. If Tenant fails or refuses to remove its signs as herein required, Landlord may, but shall not be obligated

to, remove such signs and repair and restore all damage caused by their removal, and Tenant shall pay to Landlord the costs of all such removal, repair and restoration within ten days after receipt of an invoice therefor. Landlord reserves the right to place signage on the exterior of the Premises, including, without limitation, building identification signage, directional signage and signage for other tenants and occupants of SAMTEC.

- 9.3. **Removal by Tenant.** All repairs, alterations, decorations, additions and improvements made by Tenant shall at once when made become part of the leasehold and become property of Landlord. Upon the expiration or sooner termination of this Lease, Tenant shall not remove any of such alterations, decorations, additions and improvements, except that trade fixtures, furniture and equipment installed by Tenant may be removed if: (i) such trade fixtures, furniture and equipment are not integral to the Premises (by way of example only and not a limitation, HVAC and plumbing systems may not be removed), (ii) all Rents hereunder are paid in full, and (iii) Tenant has performed all of its other obligations hereunder. Notwithstanding the foregoing, prior to the expiration of the Term, Landlord may designate by written notice to Tenant those alterations, decorations, additions, and improvements which shall be removed by Tenant at the expiration or termination of this Lease and Tenant shall promptly remove same and repair any damage to the Premises caused by such removal. Tenant hereby acknowledges and agrees that any property remaining in the Premises after the expiration or earlier termination of this Lease, shall be deemed abandoned by Tenant and Landlord may dispose of such personal property as it deems appropriate, at Tenant's cost, and Tenant shall reimburse Landlord for such costs within 15 days after being billed for the same.
- 9.4. **No Liens.** Tenant will pay when due all claims for labor and material furnished to the Premises and keep the Premises at all times free from liens for labor and materials. Tenant will give Landlord at least 10 days' prior written notice of the commencement of any work on the Premises. Landlord may record and post notices of non-responsibility on the Premises. Prior to commencement by Tenant of any work on the Premises, Tenant will record a notice of commencement ("Notice of Commencement") in the public records of the county in which the Premises is located identifying Tenant as the party for whom such work is being performed, stating such other matters as may be required by law and requiring the service of copies of all notices, liens or claims of lien upon Landlord. The Notice of Commencement shall clearly reflect that the interest of Tenant in the Premises is that of a leasehold estate. A copy of the Notice of Commencement will be furnished to and approved by Landlord and its attorneys prior to the recording or filing.
- 9.5. **No Authority.** Nothing contained in this Lease shall authorize Tenant to do any act which may create or be the foundation for any lien, mortgage or other encumbrance upon the reservation or other estate of Landlord, or of any interest of Landlord in the Premises or in SAMTEC, or any improvements thereof. It is agreed that should Tenant cause any alterations, changes, additions, improvements or repairs to be made in the Premises, or cause materials to be furnished or labor to be performed therein, neither Landlord nor the Premises shall, under any circumstances, be liable for the payment of any expenses incurred or for the value of any work done or material furnished to the Premises or any part thereof. Tenant shall, upon request of Landlord, deliver such documents as may be required by Landlord in order to effectuate the lien protection

required by this Section 9. All such alterations, changes, additions, improvements and repairs and materials and labor other than the Landlord Improvements shall be at Tenant's expense and Tenant shall be solely and wholly responsible to contractors, laborers and materialmen furnishing labor and materials to the Premises, or any part thereof. Tenant shall inform every service or material provider of the foregoing provisions prior to contracting with any of them for goods or services.

- 9.6. Discharge. Tenant shall discharge any lien filed against the Premises or SAMTEC, or any part thereof, for work done or materials furnished at Tenant's request with respect to the Premises within ten calendar days after Tenant's knowledge that such lien has been filed. The failure of Tenant to do so shall be a material default hereunder. If Tenant fails to keep this covenant, in addition to any other remedies available to Landlord under this Lease, Landlord may discharge such lien and Tenant agrees to pay Landlord, as Additional Rent, the sum equal to the amount of the lien thus discharged by Landlord, plus all costs and expenses, including without limitation reasonable attorneys' fees and court costs, incurred by Landlord in discharging such lien.

#### 10. COMMON AREAS.

- 10.1. Common Areas. The Common Areas shall be operated and maintained by Landlord. Except as otherwise specifically set forth by Landlord in subsequent documents governing the use of SAMTEC Common Areas, Landlord grants to Tenants and its agents, employees and invitees, the non-exclusive right, together with all of the occupants of SAMTEC and their agents, employees and invitees, to use the Common Areas.
- 10.2. Parking. Although this Lease permits Tenant to use parking at SAMTEC, Tenant acknowledges that (i) the right to use parking is non-exclusive, (ii) other tenants of SAMTEC shall also be entitled to use parking spaces, (iii) Landlord does not guarantee there will be sufficient parking spaces for Tenant and other tenants of SAMTEC, and (iv) all spaces are available to Tenant, other tenants, and guests, and no parking spaces shall be designated for any particular tenant or use (other than handicapped spaces). Landlord shall have the right, but not the obligation, to assign reserved parking spaces to one or more tenant, based upon need and Tenant's Share (as defined in Section 12.1). Parking is provided for passenger vehicles only, and parking of other vehicles (i.e. recreational vehicle, bus, semi-truck, etc.) shall not be permitted.
- 10.3. Control of Common Areas. Subject to Landlord's subsequent documents relating to use of the Common Areas, it is agreed that: (i) all Common Areas shall be subject to the exclusive control and management by Landlord, (ii) Landlord shall have the right at any time (either before, during or after the initial arrangement of the entrances, access roads, parking areas and other Common Areas), to construct buildings and other improvements thereon and therein, (iii) Landlord shall have the right to demolish and make alterations and additions to the building(s) in SAMTEC (including the construction of additional buildings therein), to add and exclude areas from SAMTEC, and to relocate improvements, and (iv) Landlord shall have the right to do and perform such other acts in and to the Common Areas as Landlord shall determine to be advisable, in its sole and absolute discretion. The rights of Landlord as reserved in this Section shall be subject to the condition that no exercise of such rights by Landlord shall alter the physical dimensions of the Premises or change their location or relative

proximity to other premises, or otherwise materially or unreasonably interfere with the conduct of Tenant's business in the Premises.

- 11. DEFINITION OF OPERATING EXPENSES.** Operating Expenses is intended to be inclusive of all reasonable and customary out of pocket costs of operating and maintaining SAMTEC. Landlord agrees to make reasonable efforts to minimize operating costs insofar as such efforts are not inconsistent with Landlord's intent to operate and maintain SAMTEC in a professional manner. Landlord shall not be liable in any manner whatsoever to Tenant or any third party by reason of any act or omission of Landlord in providing or maintaining security services (or electing not to provide or maintain Security Services) in the Common Areas. Operating Expenses may include, but shall not be limited to, the costs listed in this Section 11.
- 11.1. Tax Expenses.** Operating Expenses shall include any and all real property taxes (if any), general and special taxes and impositions of every kind and nature whatsoever levied, assessed, or imposed upon, or with respect to SAMTEC.
- 11.2. Utility Costs.** Operating Expenses shall include Tenant's Share (as defined in Section 12.1 of this Lease) of all utility costs, to the extent such utility costs are not separately metered.
- 11.3. Insurance.** Operating Expenses shall include Tenant's Share (as defined in Section 12.1 of this Lease) of all insurance, which shall mean all costs and expenses to Landlord in maintaining fire and extended coverage insurance, property damage, liability and rent loss insurance and any other insurance maintained by Landlord covering the use and operation of SAMTEC which is customary in comparable projects in the area or which is reasonably deemed prudent by Landlord, including but not limited to the insurance provided in Section 16.
- 11.4. HVAC.** Operating Expenses shall include all costs and expenses to Landlord in repairing, operating and maintaining the heating, ventilating and air conditioning system for SAMTEC, including the cost of all utilities required in the operation thereof, except those paid directly by tenants of SAMTEC and including the cost of replacements of equipment used in connection with such repair and maintenance work and all costs and expenses incurred in making alterations or additions to the heating, ventilating and air conditioning system in order to comply with governmental rules, regulations and statutes.
- 11.5. Operation and Maintenance Costs.** Operating Expenses shall include all costs and expenses to Landlord (except those relating to the foundation, structure and exterior walls) in operating, managing, repairing, replacing and maintaining SAMTEC, including (i) all sums expended in connection with the Common Areas for general maintenance and repairs, resurfacing, painting, restriping, cleaning, sweeping and maintenance and repair of sidewalks, curbs and SAMTEC signs, planting, landscaping and irrigation, lighting and other utilities, (ii) maintenance and repair of the roof and periodic replacement, (iii) maintenance and repair of any fire protection systems, automatic sprinkler systems, lighting systems, emergency back-up utility systems, storm drainage systems and any other utility systems, (iv) personnel to implement such services and to maintain the Common Areas, rental of machinery and equipment used in such maintenance and services, police and fire protection services, (v) trash removal services, and (vi) all costs and expenses pertaining to security systems and

utilities in the Common Areas. Landlord may establish a reserve for the replacement of major items such as re-roofing or re-surfacing the parking lots and annual payments by Tenants into this reserve shall be an Operating Expense. Costs and expenses incurred by Landlord in operating, managing, repairing and maintaining SAMTEC which are incurred exclusively for the benefit of specific tenants of SAMTEC will be billed to the specific tenant accordingly and will not be included within the general Operating Expenses.

**12. CALCULATION AND PAYMENT OF OPERATING EXPENSES.**

- 12.1. Tenant's Obligations. As Additional Rent, as provided in Section 1.1, beginning on the Rent Commencement Date, Tenant shall pay to Landlord Tenant's Share of the Operating Expenses for each Expense Year. "Tenant's Share" shall mean the percentage determined by dividing the floor area of the Premises set forth in Item 1 of the Cover Sheet, by 32,000 square feet, which the Parties agree is the total floor area of the Shell Building, as provided in Item 13 of the Cover Sheet. Landlord reserves the right, in its sole discretion, to increase or decrease from time to time the total floor area of SAMTEC, if permitted by the EDA and the terms of the Grant, provided that the Tenant's Share shall not be increased. In the event the total floor area of SAMTEC is increased, Tenant's Share shall be appropriately reduced. "Expense Year" shall mean each calendar year during the Term (or partial calendar year if the Term commences or ends on a date other than the provided first or last day of a calendar year). For any partial Expense Year, Tenant's Share shall be prorated.
- 12.2. Statement of Estimated Operating Expenses. Prior to December 31 of each year during the Term, Landlord shall endeavor to give Tenant a yearly expense estimate statement (the "Estimate Statement") which shall set forth Landlord's reasonable estimate (the "Estimate") of what the total amount of Operating Expenses for the new Expense Year shall be. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights under this Section 12. Tenant shall pay Tenant's Share of the Estimated Expenses (defined below) with installments of Rent in monthly installments of one-twelfth thereof on the first day of each calendar month during such year, except that the monthly installment of Tenant's Share of the Estimated Expenses for the first full calendar month of the initial Term shall be paid at the time of Tenant's first payment of Rent. "Estimated Expenses" for any particular year shall mean Landlord's estimate of Operating Expenses for a calendar year. If at any time Landlord determines that Operating Expenses are projected to vary from the then Estimated Expenses, Landlord may, by notice to Tenant, revise such Estimated Expenses, and Tenant's monthly installments for the remainder of such year shall be adjusted so that by the end of such calendar year, Tenant has paid to Landlord Tenant's Share of the revised Estimated Expenses for such year. Until a new Estimate Statement is furnished, Tenant shall pay monthly, with the monthly Rent installments, an amount equal to one-twelfth of Tenant's Share of the Estimated Expenses set forth in the previous Estimate Statement delivered by Landlord to Tenant. The Estimate for the first year following the Commencement Date shall be set forth on the Commencement Date Memorandum.
- 12.3. Reconciliation of Estimated Expenses; Overpayment; Underpayment. On or before the first day of April following the end of each Expense Year, Landlord shall endeavor

to give Tenant a statement (the "Reconciliation Statement") which will shall state (i) the Operating Expenses actually incurred or accrued for such preceding Expense Year ("Actual Expenses"), (ii) the amount of the Estimated Expenses actually paid by Tenant for such preceding Expense Year ("Tenant Expense Payments"), and (iii) the difference between the Actual Expenses and the Tenant's Expense Payments for such Expense Year (the "Difference"). If the Difference reflects that the Actual Expenses exceeded the Tenant Expense Payments, Tenant shall pay the full amount of the Difference within 30 days after receipt of said Reconciliation Statement. If the Difference reflects that the Tenant Expense Payments exceeded the Actual Expenses, Landlord shall pay the full amount of the Difference within 30 days after delivery of said Reconciliation Statement. The failure of Landlord to timely furnish the Reconciliation Statement for any Expense Year shall not prejudice Landlord from enforcing its rights under this Section 12. Even if the Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of the Operating Expenses for the Expense Year in which this Lease terminates, any Difference shall be paid as provided in this Section 12.3. The provisions of this Section 12 shall survive the expiration or earlier termination of the Term.

12.4. **Audit Rights.** Within 30 days after receipt of the Reconciliation Statement by Tenant ("Review Period"), if Tenant disputes the amount set forth in such Reconciliation Statement, an independent certified public accountant (which accountant is a member of a nationally or regionally recognized accounting firm), designated by Tenant, may, after reasonable notice to Landlord and at reasonable times, inspect Landlord's records (pertaining to Landlord's calculation of Operating Expenses) at Tenant's offices. Landlord shall cooperate in good faith with Tenant and the accountant to provide Tenant and the accountant with the information upon which the certification is to be based. However, if such certification by the accountant proves that the total amount of Operating Expenses set forth in the Reconciliation Statement were overstated by more than five percent, then the actual, documented, and reasonable cost of the accountant and such certification shall be paid for by Landlord. Promptly following the Parties receipt of such certification, the Parties shall make such appropriate payments or reimbursements, as the case may be, to each other, as are determined to be owing pursuant to such certification.

**13. PAYMENT OF GPLET.** Because Landlord (an incorporated municipality) is the fee owner of SAMTEC, neither SAMTEC nor the Premises will be assessed property taxes, but Tenant will be subject to the GPLET. Pursuant to A.R.S. § 42-6206 (A), Landlord hereby notifies Tenant that (i) Tenant is responsible for the tax liability set forth in A.R.S. Title 42, Chapter 6, Article 5, and (ii) failure by Tenant to pay the tax after notice and an opportunity to cure is an Event of Default that could result in divesting Tenant of any interest in or right of occupancy of the Premises. Tenant acknowledges that it is a Prime Lessee as defined in A.R.S. § 42-6201, and shall be responsible for payment of all GPLET tax set forth in A.R.S. § 42-6204, and as otherwise provided in A.R.S. Title 42, Chapter 6, Article 5.

**14. UTILITIES.** Tenant will promptly pay, directly to the appropriate supplier, the cost of all natural gas, heating, cooling, energy, light, power, sewer service, telephone, water, refuse disposal and other utilities and services supplied to the Premises, together with any related installation or connection charges or deposits incurred during the Term. This obligation does not include utilities that are not separately metered, which shall be paid as part of the Operating Expenses as provided in Section 11.

**15. TENANT'S INSURANCE.** Tenant, at its expense, will maintain the following insurance coverages during the Term.

15.1. **Liability Insurance.** Commercial general liability insurance insuring Tenant against liability for bodily injury, property damage (including loss of use of the Premises) and personal injury at the Premises, including contractual liability. Such insurance will name Landlord, any mortgagee, and such other parties as Landlord may designate, as additional insureds. The initial amount of such insurance will be \$1,000,000 per occurrence and will be subject to periodic increases reasonably specified by Landlord based upon inflation, increased liability awards, recommendations of Landlord's professional insurance advisers, and other relevant factors. The liability insurance obtained by Tenant under this Lease will (i) be primary and (ii) insure Tenant's obligations to Landlord hereunder. The amount and coverage of such insurance will not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease. Tenant shall provide evidence of insurance in the amounts specified herein to the Landlord, at Lease execution and when subsequently requested by Landlord. Such evidence shall show the Landlord as an additional insured.

15.2. **Workers' Compensation Insurance.** Workers' Compensation Insurance in the statutory amount (and Employers' Liability Insurance) covering all employees of Tenant employed or performing services at the Premises, in order to provide the statutory benefits required by the laws of the state in which the Premises are located.

15.3. **Personal Property Insurance.** Personal Property Insurance covering leasehold improvements paid for by Tenant and Tenant's personal property and fixtures from time to time in, on, or at the Premises, in an amount not less than 100% of the full replacement cost, without deduction for depreciation, providing protection against events protected under "All Risk Coverage," as well as against sprinkler damage, vandalism, and malicious mischief. Any proceeds from the Personal Property Insurance will be used for the repair or replacement of the property damaged or destroyed, unless the Lease Term is terminated under an applicable provision herein. If the Premises are not repaired or restored in accordance with this Lease, Landlord will receive any proceeds from the Personal Property Insurance allocable to Tenant's leasehold improvements.

**16. LANDLORD'S INSURANCE.** During the Lease Term, Landlord will maintain in effect all risk insurance covering loss of or damage to SAMTEC in the amount of its replacement value with such endorsements and deductibles as Landlord determines from time to time. Landlord will have the right to obtain flood, earthquake, and such other insurance as Landlord determines from time to time or is required by any mortgagee of SAMTEC. Landlord will not insure Tenant's fixtures or equipment or building improvements installed or paid by Tenant. Landlord may obtain commercial general liability insurance in an amount and with coverage determined by Landlord insuring Landlord against liability with respect to SAMTEC. The policy obtained by Landlord will not provide primary insurance, will not be contributory and will be excess over any liability insurance maintained by Tenant. Landlord may also maintain a rental income insurance policy, with loss payable to Landlord. Any increase in the cost of Landlord's insurance due to Tenant's use or activities at the Premises will be paid by Tenant to Landlord as Additional Rent. Landlord's obligations under this Section 17 may be satisfied through membership with the Arizona Municipal Risk Retention Pool pursuant to A.R.S. § 41-621.01 (B).

**17. GENERAL INSURANCE PROVISIONS.**

- 17.1. Notice Upon Entry. Prior to the Commencement Date Tenant will deliver to Landlord an insurance company certificate evidencing that Tenant maintains the insurance required herein, and not less than 30 days prior to the expiration or termination of any such insurance, Tenant will deliver to Landlord renewal certificates therefor. Tenant will provide Landlord with copies of the policies promptly upon request from time to time.
- 17.2. Notice of Modification. Any insurance which Tenant is required to maintain under this Lease will include a provision which requires the insurance carrier to give Landlord not less than 30 days' written notice prior to any cancellation or modification of such coverage.
- 17.3. Insurance Company Rating. All insurance policies required under this Lease will be with companies having a "General Policy Rating" of A -/X or better, as set forth in the most current issue of the Best Key Rating Guide.

**18. ENVIRONMENTAL REQUIREMENTS.**

- 18.1. Hazardous Material Restrictions. Tenant will not cause or permit any Hazardous Material to be generated, produced, brought upon, used, stored, treated or disposed of in or about the Premises by Tenant, its agents, employees, contractors, sublessees or invitees without (i) the prior written consent of Landlord, and (ii) complying with all Applicable Laws pertaining to the transportation, storage, use or disposal of such Hazardous Material (collectively, "Environmental Laws"), including, but not limited to, obtaining proper permits. Landlord is entitled to take into account such other factors or facts Landlord deems reasonably relevant in granting or withholding consent to Tenant's proposed activity with respect to Hazardous Material. Landlord will not, however, be required to consent to the installation or use of any storage tanks on the Premises. Notwithstanding the foregoing, Landlord acknowledges and agrees that Tenant may bring onto the Premises, use and store those Hazardous Materials identified on Exhibit I attached hereto and other customary quantities of office and warehouse cleaning products and office, warehouse and production supplies used in the ordinary course of Tenant's business (consistent with the Permitted Use), to the extent required in connection with the normal operation of Tenant's business, provided that such Hazardous Materials are used, stored and disposed of in compliance with all Environmental Laws.
- 18.2. Tenant Responsibilities. If Tenant's transportation, storage, use or disposal of Hazardous Materials results in the contamination of the soil or surface or ground water, release of a Hazardous Material or loss or damage to person(s) or property or the violation of any Environmental Laws, then Tenant agrees to: (i) notify Landlord immediately of any contamination, claim of contamination, release, loss or damage, (ii) after consultation with Landlord, clean up the contamination in full compliance with all Environmental Laws and (iii) indemnify, defend and hold Landlord harmless from and against any claims, suits, causes of action, costs and fees, including, without limitation, attorneys' fees and costs, arising from or connected with any such contamination, claim of contamination, release, loss or damage. Tenant will fully cooperate with Landlord and provide such documents, affidavits and information as may be requested by Landlord (A) to comply with any Environmental Laws, (B) to

comply with the request of any lender, purchaser or tenant, and/or (C) as otherwise deemed reasonably necessary by Landlord in its discretion. Tenant will notify Landlord promptly in the event of any spill or other release of any Hazardous Material at, in, on, under or about the Premises which is required to be reported to a governmental authority under any Environmental Laws, will promptly forward to Landlord copies of any notices received by Tenant relating to alleged violations of any Environmental Law, will promptly pay when due any fine or assessment against Landlord, Tenant or the Premises and remove or bond any lien filed against the Premises relating to any violation of Tenant's obligations with respect to Hazardous Material. Notwithstanding anything contained in this Section 18 to the contrary, Tenant shall not have any liability to Landlord under this Section 18 resulting from any conditions existing, or events occurring, or any Hazardous Materials existing or generated, at, in, on, under or in connection with the Premises prior to the Commencement Date of this Lease. Landlord agrees that to the extent any Hazardous Materials are present in violation of any Environmental Laws, in, at, on or about (a) the Premises as of the Commencement Date, or (b) the Shell Building, SAMTEC, or Common Areas thereof (and were not brought on the Premises, Shell Building, SAMTEC, or Common Areas by Tenant or its Agents), Landlord shall be responsible for removing or otherwise remediating such Hazardous Materials as required by, and in full compliance with, all Environmental Laws at no cost to Tenant, and Rent shall abate for any period that Tenant is delayed from commencing, performing, or completing Tenant Improvements (or obtaining permits or sign-offs in connection therewith) or opening for business (whether initially or thereafter) due to the presence or remediation of Hazardous Materials. Landlord has no Actual Knowledge of any Hazardous Materials being present at the Property in violation of Environmental Laws. Except for any Hazardous Materials which were brought on the Premises, Shell Building, SAMTEC, or Common Areas by Tenant or its Agents, Landlord will indemnify, defend and hold Tenant harmless from all losses, damages and expense incurred by Tenant as a result of any Hazardous Materials that are conclusively determined by an independent third party reasonably acceptable to Landlord and Tenant, to have been released or emitted within the Premises, Shell Building, SAMTEC, or Common Areas either (a) prior to the Commencement Date, or (b) by Landlord or Landlord's Agents at any time before, during or after the Lease Term. Landlord's obligations pursuant to this subsection shall survive the expiration or termination of this Lease.

- 18.3. Landlord's Rights. Landlord shall have the right, but not the obligation, without in any way limiting Landlord's other rights and remedies under this Lease, but subject to the provisions of Section 7.3, to enter upon the Premises, or to take such other actions as it deems necessary or advisable, to investigate, clean up, remove or remediate any Hazardous Material or contamination by Hazardous Material present on, in, at, under or emanating from the Premises in violation of Tenant's obligations under this Lease or under any laws regulating Hazardous Material or that Tenant is liable under this Lease to clean up, remove or remediate. Landlord will have the right, at its election, in its own name or as Tenant's agent, to negotiate, defend, approve and appeal, at Tenant's expense, any action taken or order issued by any governmental agency or authority against Tenant, Landlord or the Premises relating to any Hazardous Material or under any related law or the occurrence of any event or existence of any condition that would cause a breach of any of the covenants set forth in this Section. If Landlord determines in good faith that a release or other environmental condition may have occurred during the Term, at Tenant's cost, Landlord may require an environmental

audit of the Premises by a qualified environmental consultant. Tenant will, at its sole cost and expense, take all actions recommended in such audit to remediate any environmental conditions for which it is responsible under this Lease.

- 18.4. Survival. The provisions of this Section 18 shall extend to and be enforceable by Landlord's liability, health, disability and worker's compensation insurers, and shall survive the expiration or sooner termination of the Term.

**19. COMPLIANCE WITH FEDERAL AND STATE LAWS.**

- 19.1. Existing Conditions. Tenant shall comply with all Applicable Laws, standards and executive orders, without limitation to those designated within this Lease.
- 19.2. Americans with Disabilities Act. Tenant understands and acknowledges the applicability to it of the American with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1988. The following is only applicable to construction contracts: Tenant must also comply with A.R.S. § 34-301, "Employment of Aliens on Public Works Prohibited", and A.R.S. § 34-302, as amended, "Residence Requirements for Employees".
- 19.3. Immigration Laws. Under the provisions of A.R.S. § 41-4401, Tenant hereby warrants to Landlord that it will comply with, and is contractually obligated to comply with, all Federal immigration laws and regulations that relate to their employees and A.R.S. § 23-214(A) (the "Tenant Immigration Warranty").
- 19.3.1. A breach of the Tenant Immigration Warranty shall constitute a material breach of this Lease and shall subject Tenant to penalties up to and including termination of this Lease.
- 19.3.2. Landlord retains the legal right to inspect the papers of any Tenant contractor or subcontractor's employee who works pursuant to this Lease to ensure that Tenant, contractor or subcontractor is complying with the Tenant Immigration Warranty. Tenant agrees to assist Landlord in regard to any such inspections.
- 19.3.3. Landlord may, at its sole discretion, conduct random verification of the employment records of Tenant's contractor or subcontractor to ensure compliance with the Tenant Immigration Warranty. Tenant agrees to assist Landlord in regard to any random verification performed.
- 19.3.4. Neither Tenant, contractor or subcontractor shall be deemed to have materially breached the Tenant Immigration Warranty if Tenant, contractor or subcontractor establishes that it has complied with the employment verification provisions prescribed by sections 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. § 23-214(A).
- 19.3.5. The provisions of this Section 19 must be included in any contract Tenant enters into with any and all of its contractors and subcontractors who provide services under this Lease. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services

include construction or maintenance of any structure, building or transportation facility or improvement to real property.

**20. CASUALTY.**

20.1. Landlord's Options. If the Premises are destroyed or rendered untenantable, either wholly or in part, by fire or other casualty ("Casualty"), Tenant will immediately notify Landlord in writing upon the occurrence of such Casualty. Landlord may elect either to (i) repair the damage caused by such Casualty as soon as reasonably possible, in which case this Lease will remain in full force and effect, or (ii) terminate the Lease as of the date the Casualty occurred. Landlord will notify Tenant within 60 days after receipt of notice of the Casualty whether Landlord elects to repair the damage or terminate the Lease Term.

20.2. Tenant's Option to Terminate. If (i) based on the estimate of Landlord's architect or contractor, it will take Landlord more than six months to rebuild the Premises or (ii) the Casualty occurs during the last year of the Term and the damage is estimated by Landlord to require more than thirty (30) days to repair, Tenant may elect to terminate this Lease as of the date the Casualty occurred, which must be exercised by written notification to Landlord within thirty (30) days after receipt of notice regarding the estimate of the time required to rebuild.

20.3. Reduction of Rent. If the Premises is destroyed or damaged by Casualty and Landlord elects to repair or restore the Premises pursuant to the provisions of this Section 20, any Rent payable during the period of such damage, repair and/or restoration will be reduced according to the degree, if any, to which Tenant's use of the Premises is impaired.

20.4. Agreement Controlling. The provisions of this Section

20.5. 20 will govern the rights and obligations of Landlord and Tenant in the event of any damage to, or destruction of, the Premises. Tenant waives the protection of any statute, code or judicial decision which grants a tenant the right to terminate a lease in the event of the damage or destruction of the leased property.

**21. CONDEMNATION.** If more than 20% of the floor area of the Premises or more than 25% of the parking at the Premises is taken by eminent domain, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes title or possession, by delivering notice to the other within 10 days after receipt of written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority takes title or possession). If neither Party terminates this Lease, it shall remain in effect as to the portion of the Premises not taken, except that the Base Rent and Tenant's Share will be reduced in proportion to the reduction in the floor area of the Premises. Any condemnation award or payment will be paid to Landlord. Tenant will have no claim against Landlord for the value of the unexpired lease term or otherwise; provided, however, Tenant may make a separate claim with the condemning authority for its personal property and/or moving costs so long as Landlord's award is not reduced thereby.

**22. ASSIGNMENT AND SUBLETTING.**

22.1. Consent of Landlord and EDA. Tenant shall not assign this Lease or sublet the Premises or any part thereof, or mortgage, pledge or hypothecate its leasehold interest

or grant any concession or license within the Premises or sublease any operating department therein, whether by sale, assignment, death, incompetency, mortgage, deed of trust, trust, operation of law or otherwise, and whether voluntary or involuntary, without the prior written consent of Landlord and EDA. Landlord may not unreasonably withhold or delay consent. Landlord and Tenant agree that it is reasonable for Landlord to withhold consent if (i) the net worth of assignee/subtenant is below that of the Tenant; (ii) the use is not the same or compatible with other tenants in SAMTEC; (iii) employment level of the assignee/subtenant is significantly lower than Tenant; or (iv) the assignment or subletting puts SAMTEC out of compliance with EDA. Any attempt to do any of the foregoing, without the prior written consent of Landlord and EDA, shall be void and of no force or effect. This prohibition shall be construed to include a prohibition against an assignment or subletting by operation of law.

- 22.2. Corporate, Partnership or Limited Liability Company Transfer. Any transfer of Tenant's interest in this Lease by merger, consolidation or dissolution or any change in ownership or power to vote a majority of the "voting stock" (as defined in this Section 22.2) or majority in interest in Tenant, if Tenant is a corporation or limited liability company, or any transfer of this Lease by transfer of any other ownership interest of Tenant during the Term shall constitute an assignment for the purpose of this Lease, and shall not be permitted unless Tenant obtains the consents set forth in Section 22.1. For purposes of this Section, the term "voting stock" means shares of stock or interest of any kind, regularly entitled to vote for the election of directors, managing partners, or managers or their equivalent of the corporation, limited liability company, partnership or other entity involved.
- 22.3. Assignment; Pledging. If this Lease is assigned or if the Premises are subleased (whether in whole or in part) or in the event of the mortgage, pledge or hypothecation of the leasehold interest or grant of any concession or license within the Premises or if the Premises are occupied in whole or in part by anyone other than Tenant in violation of the terms of this Section, Landlord shall have the right to do the following: (i) collect rent from the assignee, sublessee, mortgagee, pledgee, party to whom the leasehold interest was hypothecated, concessionee or licensee or other occupant and apply the net amount collected to the Rent payable hereunder without being deemed to have approved or consented to such action by Tenant, and/or (ii) re-enter the Premises, assume and take possession of the whole or any part thereof, and remove all persons or personal property therefrom, by direct or summary action, or in a different type of suit or proceeding, by force, or otherwise, without being deemed guilty of trespass or other actionable wrong by reason thereof, and without being liable for damages therefor or in connection therewith, and after demand made therefor, Tenant or anyone in possession claiming under Tenant shall be deemed guilty of unlawful detainer and subject to such summary or other action as may be provided by law.
- 22.4. Event of Assignment or Subletting. If Tenant wishes to assign this Lease or sublet all or any part of the Premises, it shall first give written notice of such intention to Landlord and EDA, furnishing Landlord and EDA with a copy of the final proposed assignment or sublease document and with full information as to the identity and financial status of the proposed assignee or subtenant. Any proposed assignment document shall provide, without limitation, the following: (i) that the assignee thereunder shall be liable for all of the obligations of Tenant under this Lease (including, without limitation, the

payment of any and all amounts paid or to be paid by Tenant under this Lease on an estimated basis and reconciled on an annual basis, regardless of whether such reconciliation occurs subsequent to such assignment), and (ii) that any security deposit paid to Landlord under this Lease is transferred to such assignee. Within 90 days after receipt of such notice and documentation from Tenant, Landlord shall have the right, by notice to Tenant, to either: (1) terminate this Lease, in which case Tenant shall be relieved of further liability hereunder and under the proposed assignment or sublease, (2) approve or reject such assignment or subletting, or (3) convert the assignment or sublease into a direct lease between Landlord and such proposed assignee or sublessee and receive all of the rents. If no such response is given, Landlord shall be deemed to have elected to disapprove the assignment or subletting. Notwithstanding the foregoing, Tenant may not attempt to assign or sublease this Lease until 24 months after the Commencement Date.

- 22.5. Permitted Transfer. Notwithstanding anything contained in this Lease to the contrary, Tenant, without Landlord's prior consent but with 30 days prior written notice, may assign this Lease or sublet the whole of the Premises (a "Permitted Transfer") to a legal entity (a "Permitted Transferee") which is either: (A) the successor, by merger or otherwise, to all or substantially all of Tenant's assets and liabilities, or (B) controls or is controlled by or is under common control with Tenant. For purposes of this Section, the term "control" (including the terms "controls," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise. Any such assignment or subletting shall be otherwise subject to and upon all of the terms, provisions and covenants of this Lease. However, any assignment, including a Permitted Transfer, shall not in any way relieve Tenant of liability as to any term or condition of this Lease without the express approval of Landlord.
- 22.6. Miscellaneous Provisions. Landlord agrees to give an estoppel letter to any assignee or sublessee to which Landlord consents or in the event of a Permitted Transfer, upon request from such assignee or sublessee. Any sale, assignment, mortgage, transfer or subletting of this Lease which is not in compliance with the provisions of this Section 22 shall be void and of no further force or effect. All Rent paid to Tenant by an assignee or sublessee shall be received by Tenant in trust for Landlord and forwarded immediately to Landlord without offset or reduction, or, at Landlord's election, such Rent shall be paid directly to Landlord (to be applied as a credit and offset to Tenant's Rent obligations). All consideration paid to Tenant for an assignment, sublease or other right to use the Premises which is in excess of the amount required to be paid over to Landlord for the use of the Premises (or pro rata portion of the amount required to be paid to Landlord in the case of a sublease of a portion of the Premises) shall be paid to Landlord by Tenant upon receipt. Tenant shall pay all costs incurred by Landlord in connection with any proposed assignment or sublease, including reasonable attorneys' fees, and shall pay any brokerage commission incurred by reason of any such proposed assignment or sublease.
- 22.7. No Release or Waiver. Notwithstanding anything contained in this Lease to the contrary, no consent or action by Landlord, and no assignment or subletting permitted by Landlord and EDA, shall be deemed a waiver or a release of Tenant from the performance by Tenant of its covenants, duties and obligations hereunder. All

obligations and duties shall continue notwithstanding any such consent, assignment or subletting.

**23. INDEMNIFICATION.**

- 23.1. Indemnification. To the fullest extent permitted by law, Tenant hereby waives all claims against Landlord and its representatives (collectively, the "Landlord Indemnitees") for damage to any property or injury to or death of any person in, upon or about the Premises arising at any time and from any cause, except such as is caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Tenant shall hold Landlord Indemnitees harmless from and defend Landlord Indemnitees from and against all claims, liabilities, judgments, demands, causes of action, losses, damages, costs and expenses, including reasonable attorneys' fees, for third-party claims resulting from damage to any property or injury to or death of any person arising from (i) the use or occupancy of the Premises by Tenant or persons claiming under Tenant, except such as is caused by the sole negligence or willful misconduct of Landlord, its agents, employees or contractors, or (ii) the negligence or willful misconduct of Tenant in, upon or about the Premises, except such as is caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Landlord shall hold Tenant and its representatives (collectively, the "Tenant Indemnitees") harmless from and defend Tenant Indemnitees from and against all claims, liabilities, judgments, demands, causes of action, losses, damages, costs and expenses, including reasonable attorneys' fees, for damage to any property or injury to or death of any person arising from the negligence or willful misconduct of Landlord in, upon or about the Premises or SAMTEC, except such as is caused by the negligence or willful misconduct of Tenant, its agents, employees or contractors.
- 23.2. Third Party Claims. Landlord shall have no liability to Tenant or other third parties in the event of damage to or loss of personal property (including Tenant's property) within the Premises or any other injury or damage arising from any act or omission of co-tenants or other occupants of SAMTEC, or of their employees, or of other third parties, not including Landlord, its agents, contractors or employees.
- 23.3. Tenant's Risk. All personal property in the Premises shall be at Tenant's sole risk, and Landlord shall not be liable for any damage done to, or loss of, such personal property, or for damage or loss suffered by the business income or occupation of Tenant arising from any act of neglect of third parties, or from bursting, overflowing, or leaking of water, sewer or steam pipes, rain, wind, tornadoes, floor or other surface or subsurface water, from overflow of drainage facilities or backup or stoppage of any drain, sewer or other water runoff facility or device or from the heating or plumbing fixtures, noise, dust, or from electric wires, or from gas, odors, natural disaster, riot or act of violence, leaking roofs or caused in any other manner. Tenant shall give Landlord prompt notice of any accident to, defect in or problem in the Premises or SAMTEC of which Tenant has knowledge or notice. Tenant, for itself and its agents, employees, representatives, contractors, successors, assigns, invitees and licensees, expressly assumes all risks of injury or damage to person or property, whether proximate or remote, resulting from the condition of the Premises or any part thereof except as otherwise provided in the Cover Sheet.

23.4. Survival. All representations and warranties of Landlord and Tenant, Tenant's indemnity under Section 15 (Insurance), the provisions of Section 7 (Use of Premises), and all obligations of Tenant to pay Rent hereunder, shall survive the termination of this Lease.

## **24. DEFAULT.**

24.1. Default Definition. The occurrence of all or any of the following shall constitute an "Event of Default" by Tenant:

- 24.1.1. Any installment of Rent or any other sum(s) required to be paid by Tenant hereunder, or any part thereof, shall at any time be in arrears and unpaid following the due date and after five days written notice thereof as herein provided;
- 24.1.2. Tenant has Vacated or Abandoned the Premises, and such conditions continue for a period of more than five days after Tenant's receipt of written notice thereof. For purposes of this subsection, the term Vacated or Abandoned shall mean that Tenant has: (1) ceased operating for business in the Premises, and (2) has either: (i) verbally or in writing expressed to Landlord or its agent its intention to cease performing all or any of its obligations under this Lease, or (ii) removed such items of Tenant's property from the Premises so as to render the Premises unsuitable for the operation of Tenant's business therein, or (iii) tendered the keys to the Premises to Landlord or its agent. Tenant hereby agrees that no acceptance of notice or of the keys to the Premises by Landlord or any agent of Landlord shall constitute an acceptance of surrender of the Premises or terminate this Lease or Tenant's liability hereunder;
- 24.1.3. There is any default or breach on the part of Tenant in the observance or performance of any of the other covenants, agreements, or conditions of this Lease on the part of Tenant to be kept and performed, and said default or breach continues for a period of 30 days after notice thereof from Landlord to Tenant (or, if such default cannot reasonably be cured within 30 days, if Tenant fails to commence to cure the default within such 30-day period or thereafter fails to diligently pursue such cure to completion, but in no event shall the cure period exceed 90 days);
- 24.1.4. If: (1) Tenant becomes insolvent, or makes a transfer in fraud of creditors, or makes an assignment for the benefit of creditors, (2) Tenant files a petition under any section or chapter of the United States Bankruptcy Code, as amended, or under any similar law or statute of the United States or any State thereof, or an order for relief relating to Tenant is granted in proceedings filed against Tenant, or (3) a receiver or trustee is appointed for the Premises or for all or substantially all of the assets of Tenant;
- 24.1.5. This Lease or the Premises or any part of the Premises are taken upon execution or by other process of law directed against Tenant, or are taken upon or subject to any attachment at the instance of any creditor or claimant against Tenant, and the attachment is not discharged or disposed of within 15 days after its levy;

- 24.1.6. Tenant fails to take possession of the Premises on the Commencement Date as required hereunder.
- 24.2. Remedies. Upon an Event of Default of Tenant hereunder, Landlord, at its option, may exercise any or all of the following remedies, which shall be in addition to the exercise of all rights and remedies of Landlord under this Lease, at law or in equity, with respect to such Event of Default:
- 24.2.1. Cancel and terminate this Lease and all rights of Tenant hereunder and enter the Premises and take possession thereof;
- 24.2.2. Without terminating the Lease, re-enter and take possession of the Premises and remove all persons and property therefrom. Tenant hereby grants to Landlord a lien and security interest as security for payment of all Rent or any other charges now or hereafter payable by Tenant hereunder, upon all equipment, fixtures, and inventory (and the proceeds thereof) within the Premises, including all improvements, equipment, fixtures, inventory, merchandise, and other personal property now or hereafter placed on or in the Premises, to the full extent of Tenant's and any assignee's, or subtenant's interest herein. Such lien shall include the right to prevent removal of the property from the Premises and may be enforced without any type of notice to Tenant. Landlord shall also have all other rights and remedies upon default provided by law, including those set forth in the Uniform Commercial Code. The sale, lease, or other disposition of the property shall be either public or private after at least ten days' notice to Tenant at its last known address, and Landlord shall have the right and privilege to be a purchaser at any such sale. Landlord and Tenant agree that ten days' notice of such sale, lease, or other disposition of the property is reasonable under the circumstances. Landlord shall not be deemed guilty of trespass or liable for any loss or damage occasioned thereby. Should Landlord elect to re-enter, as herein provided, or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law or by this Lease, Landlord may either cancel this Lease pursuant to the rights reserved elsewhere in this Lease, or Landlord may, from time to time, without canceling this Lease, make such alterations and repairs as may be necessary in order to relet the Premises or any part thereof, for such term (which may be for a term extending beyond the Term of this Lease) and at such rent and upon such other terms and conditions as Landlord, in its sole discretion, may deem advisable. Upon each such reletting, all rentals received by Landlord from such reletting shall be applied first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord, second, to the payment of any costs and expenses of such reletting, including brokerage fees and reasonable attorneys' fees, third, to the payment of costs of any alterations and repairs necessary to relet the Premises, fourth, to the payment of Rent due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied in payment of future Rent or damage as such amounts may become due and payable hereunder during the entire term of the Lease. If such rentals received from such reletting during any month are less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. No such re-entry or taking possession of said

Premises by Landlord shall be construed as an election on its part to cancel this Lease unless a notice of such intention is given to Tenant or unless the cancellation thereof is decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to cancel this Lease for such previous Event of Default;

24.2.3. Alter locks and other security devices at the Premises in accordance with the Applicable Law;

24.2.4. Without limitation, exercise any other right at law or in equity, including specifically, but not by way of limitation, the pursuit of temporary or permanent injunctive relief.

24.3. **Additional Provisions.** If, after an Event of Default, Tenant voluntarily gives up or tenders possession of the Premises to Landlord by delivering the keys to the Premises to Landlord and/or its agent, such actions shall be deemed to be in compliance with Landlord's rights, and the acceptance thereof by Landlord shall not be deemed to constitute a surrender of the Premises or otherwise affect Landlord's rights in connection with such default; it being understood and agreed that such surrender may be effected only by the written agreement of Landlord and Tenant. Tenant hereby waives (to the extent legally permissible) any and all notices otherwise required under common law, as same presently exist or may be hereafter amended (or any subsequent similar statute relating to notice prior to instituting such action or proceeding). In the event of termination of this Lease or of Tenant's right to possession of the Premises or repossession of the Premises for an Event of Default, Landlord shall not have any obligation to relet or attempt to relet the Premises, or any portion thereof, or to collect rental after reletting (if any), but Landlord shall have the option to relet or attempt to relet and in the event of reletting Landlord may relet the whole or any portion of the Premises for any period, to any tenant, and for any use and purpose that is consistent with the general and special purpose of the Grant. In the event that Landlord takes possession of the Premises, Landlord shall have the right to use all the furniture, fixtures and equipment at the Premises, including that which is owned by or leased to Tenant, prior to any foreclosure thereon by Landlord or repossession thereof by Landlord, or third party having a lien thereon. Landlord shall also have the right to remove from the Premises (without legal process) all or any portion of such furniture, fixtures, equipment and other property located thereon and place same in storage at any premises elected by Landlord, and in such event, Tenant shall be liable to Landlord for costs incurred by Landlord in connection with such removal and storage, together with interest thereon at the interest rate provided in Section 5.3. Landlord shall also have the right to relinquish possession of all or any portion of such furniture, fixtures, equipment and other property to any person claiming to be entitled to possession thereof ("Claimant"), without the necessity of making any investigation or inquiry as to the basis upon which Claimant purports to act, and Tenant agrees to indemnify, defend and hold Landlord harmless from all cost, expense, loss, damage and liability incident to Landlord's relinquishment of possession of all or any portion of such furniture, fixtures, equipment or other property. Tenant stipulates and agrees that the rights set forth in this Section are commercially reasonable.

**25. NOTICES.** No notice, consent, approval or other communication given in connection herewith shall be validly given, made, delivered or served unless in writing and (i) delivered in person,

(ii) sent by registered or certified United States mail, postage prepaid, return receipt requested, or (iii) given to a recognized and reputable overnight delivery service, to the Parties at the addresses provided in Item 17 of the Cover Sheet, or at such other address, and to the attention of such other person or officer, as any Party may designate in writing by notice duly given pursuant to this subsection. Notices shall be deemed received (i) when delivered to the Party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage or (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a Party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a Party shall mean and refer to the date on which the Party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

**26. MISCELLANEOUS PROVISIONS.**

- 26.1. Audits and Inspections. Upon reasonable request by Landlord, Tenant shall provide Landlord with information and records pertaining to the amount of private investment generated by Tenant under this Lease and the number of jobs created and retained by Tenant at the Premises as a result of this Lease.
- 26.2. Retention of Records. All records in the possession of Tenant pertaining to this Lease shall be retained for a period of 3 years after the expiration of this Lease or any extensions thereof. All records shall be retained beyond the 3-year period if audit findings have not been resolved within that period or if other disputes have not been resolved.
- 26.3. Relationship. Nothing contained herein shall be deemed or construed by the Parties hereto, nor by any third party, as creating a relationship between the Parties hereto other than the relationship of landlord and tenant.
- 26.4. Submission. The submission of this Lease for examination does not constitute a reservation or any option for the Premises and this Lease becomes effective only upon its execution and delivery by both Parties hereto.
- 26.5. Headings. The Section headings used throughout this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.
- 26.6. Construction. Whenever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders. The captions, section numbers, and index appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections of this Lease nor in any way affect this Lease.
- 26.7. Independent Covenants. The doctrine of independent covenants shall apply in all matters relating to this Lease including, without limitation, all obligations of Landlord and Tenant to perform their respective obligations under this Lease. All obligations of Tenant which by their nature involve performance after the end of the Term, or which cannot be ascertained to have been performed until after the end of the Term of this Lease, shall survive the expiration or earlier termination of this Lease.

- 26.8. Time of Essence & Binding Nature. Time is of the essence of all of the terms and provisions of this Lease, and the terms and conditions hereof shall extend to and be binding upon the heirs, executors, successors and assigns of the Parties hereto and mention of the singular shall include the plural and the plural shall include the singular.
- 26.9. Public Notice. Pursuant to A.R.S. § 42-6202 (C), (D) and (E), within 30 days of after entering into this Lease, Landlord shall:
- 26.9.1. Record a memorandum of lease in the office of the Pima County Recorder, which shall include the basic Lease terms, including the names of the Parties, the Premises, the Term, including the Commencement Date and Termination Date, and any options to renew this Lease or to purchase any of the government property improvement or government owned land;
  - 26.9.2. Submit to the county treasurer copies of this Lease or an abstract of this Lease;
  - 26.9.3. Post this Lease on the Town of Sahuarita website;
  - 26.9.4. Submit a current link to this Lease on the Town of Sahuarita's website to the department of revenue and notify the department when the website no longer contains any active leases.
- 26.10. Trial Waiver. THE PARTIES HERETO IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, OR TENANT'S USE AND OCCUPANCY OF THE PREMISES.
- 26.11. Governing Law. This Lease shall be subject to the laws of the State of Arizona, and the Parties agree that any litigation related to this Lease shall occur in Pima County, Arizona.
- 26.12. Attorneys' Fees. In the event either Party to this Lease brings any legal action to enforce the provisions hereof, the prevailing Party in any such action shall be entitled to recover from the non-prevailing Party all attorneys' fees and other fees and costs incurred by such prevailing Party in connection with any such action.
- 26.13. Force Majeure. In the event either Party hereto shall be delayed or hindered in or prevented from the performance of any act required under this Lease by reason of strikes, lockouts, labor troubles, acts of God, inclement weather, including periods of rain, inability to procure materials, failure of power, restrictive governmental law or regulations, riots, insurrections, war or other reason of a like nature not the fault of the Party delayed in performing work or doing acts required under the terms of this Lease ("Force Majeure"), then performance of such act shall be excused for the number of calendar days of such delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. No delay under this Section shall be effective unless Landlord or Tenant notifies the other of the delay within 20 days after cessation of the event giving rise to such delay setting forth the nature of such Force Majeure and the duration of such delay. The provisions of this Section shall not: (i) operate to excuse Tenant from prompt payment of Rent or any other payment required by the terms of this Lease, nor (ii) be applicable to delays

resulting from the inability of a Party to obtain financing or to proceed with its obligations under this Lease because of a lack of funds.

- 26.14. **Limitation of Liability.** Notwithstanding any other provision of this Lease, Tenant agrees that neither Landlord nor any of Landlord's officers, directors, partners, shareholders, members or employees shall have any personal liability hereunder to the Tenant. Notwithstanding any other provision of this Lease, Landlord agrees that neither Tenant nor any of Tenant's officers, directors, partners, shareholders, members, or employees shall have any personal liability hereunder to the Landlord. Additionally, notwithstanding anything in this Lease to the contrary, in no event shall Landlord or Tenant ever be liable to the other Party for consequential damages, punitive or special damages.
- 26.15. **Legal Representation of the Parties.** This Lease was negotiated by the Parties hereto with the benefit of legal representation and any rules of construction or interpretation otherwise requiring this Lease to be construed or interpreted against any Party shall not apply to any construction or interpretation hereof or thereof.
- 26.16. **Agreement.** This Lease (including all Riders, Exhibits, and Addenda, if any) is the complete agreement between Landlord and Tenant concerning the Premises. There are no oral agreements, understandings, promises or representations between Landlord and Tenant affecting this Lease. All prior negotiations and understandings, if any, between the Parties hereto with respect to the Premises, shall be of no force or effect and shall not be used to interpret this Lease. This Lease shall be considered to have been executed by a person if there exists a photocopy, facsimile copy, or a photocopy of a facsimile copy of an original hereof or of a counterpart hereof which has been signed by such person. Any photocopy, facsimile copy, or photocopy of facsimile copy of this Lease or a counterpart hereof shall be admissible into evidence in any proceeding as though it were an original.
- 26.17. **Amendment.** Any amendment to this Lease shall be in writing and approved by the Parties. Prior EDA permission is required for any amendment or modification of this Lease. Extensions that do not change any other terms and conditions do not require prior EDA permission, but EDA must be provided a copy of the extension within a reasonable time after execution.
- 26.18. **Severability.** If any provision of this Lease or the application of it to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall not be affected thereby and each provision of the Lease shall be valid and enforceable to the fullest extent permitted by law, and the remaining provisions of this Lease shall be interpreted so as to nearly as possible conform to the intent of the parties as indicated in this Lease.
- 26.19. **Conflict of Interest.** Landlord may cancel this Lease pursuant to A.R.S. § 38-511 without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating this Lease on behalf of Landlord is, at any time while the Lease or any extension of this Lease is in effect, an employee of Tenant in any capacity or a consultant to Tenant with respect to the subject matter of this Lease. The cancellation shall be effective when written notice from Landlord is received by Tenant, unless the notice specifies a later time.

26.20. Incorporation of Cover Sheet and Exhibits. The Cover Sheet and all Exhibits identified in this Lease shall be and are hereby incorporated into this Lease by this reference.

26.21. No Other Brokers. Landlord and Tenant each represent and warrant to the other that the Brokers listed on the Cover Sheet are the only agents, brokers, finders or other parties with whom it has dealt who may be entitled to any commission or fee with respect to this Lease or the Premises. Landlord and Tenant each agree to indemnify and hold the other Party harmless from any claim, demand, cost or liability, including, without limitation, attorneys' fees and expenses, asserted by any Party other than the Brokers based upon dealings with that Party.

26.22. Radon. Pursuant to state law, Tenant is hereby notified as follows: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings worldwide. Additional information regarding radon and radon testing may be obtained from your county health unit.

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IN WITNESS THEREOF, the Parties have affixed their signatures to this Lease on the dates set forth above.

“LANDLORD”

“TENANT”

TOWN OF SAHUARITA, an Arizona municipal corporation

GLOBAL WATER RESOURCES, INC., a Delaware corporation

*Tom Murphy*

DocuSigned by:  
*Christopher D. Krygier 8/25/2023*  
E47DEB78CDD245A...

Tom Murphy, Mayor

By: Christopher D. Krygier

Title: Chief Operating Officer

ATTEST:

*Lisa Cole*

Lisa Cole, MMC, Town Clerk

APPROVED AS TO FORM:

*Jon M. Paladini*

Jon Paladini, Town Attorney



### EXHIBIT A Description of the Premises

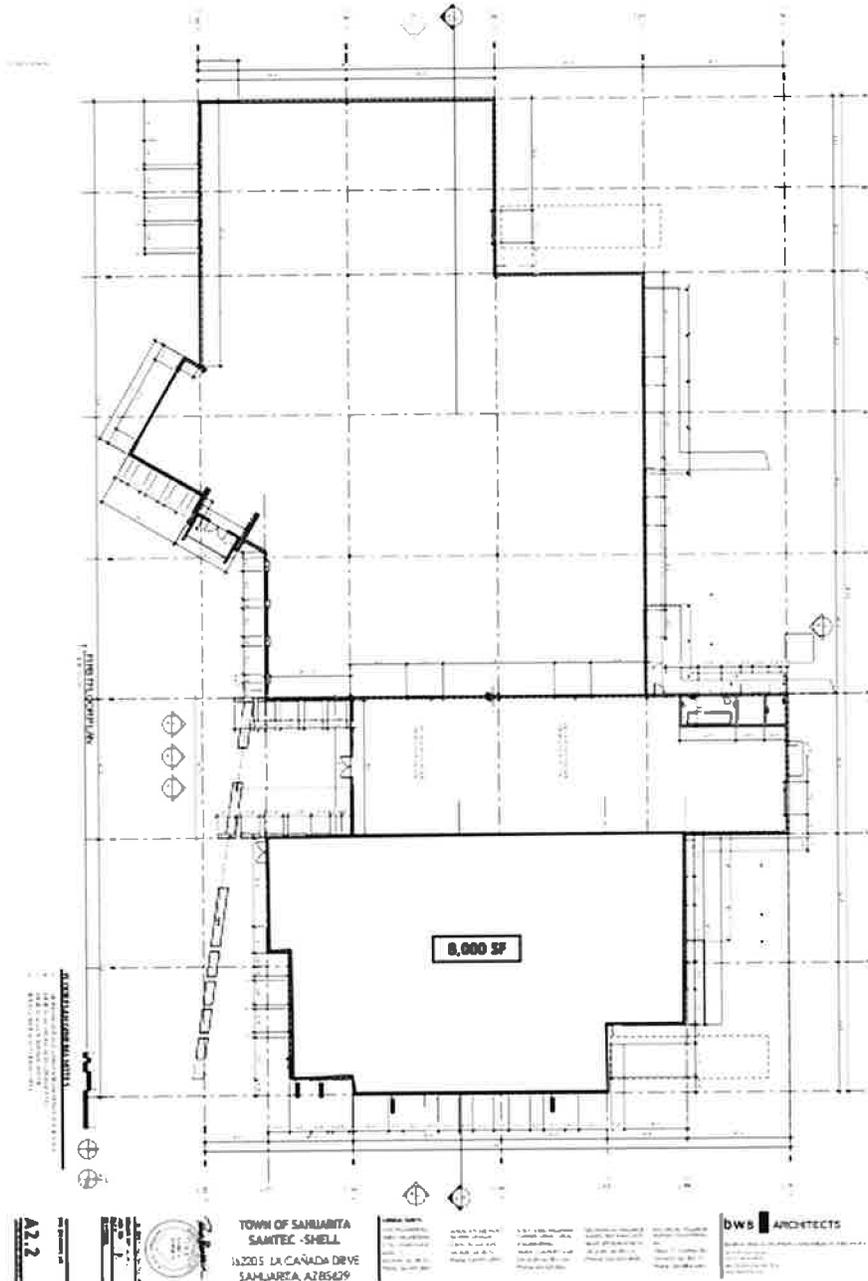


EXHIBIT B  
Special Award Conditions

[Landlord to provide]

SPECIAL AWARD CONDITIONS  
U.S. DEPARTMENT OF COMMERCE  
Economic Development Administration (EDA)

**CONSTRUCTION PROJECTS: Public Works and Economic Adjustment Assistance under  
Section 201 of PWEDA Programs**

Public Works and Economic Adjustment Assistance Programs

<b>Project Title: Advanced Manufacturing and Technology Center</b>	
<b>Recipient Name: Town of Sahuarita</b>	<b>Project Number: 07-01-07395</b>

1. This EDA Award supports the work described in the approved final scope of work, which is incorporated by reference into this Award, as the *Authorized Scope of Work*. All work on this project should be consistent with this *Authorized Scope of Work*, unless the Grants Officer has authorized a modification of the scope of work in writing through an amendment memorialized by a fully executed Form CD-451.

The *Authorized Scope of Work* for this project includes:

Development of a 4.5-acre site located on La Canada Road S., of Sahuarita Road in the Town of Sahuarita, AZ. Components include: 1) Construction of an approximately 32,000 SF (total) multi-tenant "shell" building (s), with office, meeting, laboratory, manufacturing and warehouse space; 2) Shell building will include foundation, doors/windows, docks, exterior walls/finishes, roofing, mechanical, electrical and plumbing; 3) Site improvements including curb, gutter, sidewalks, driveway, landscaping/irrigation, parking and driveway areas; 4) Installation of utility connections such as electric, gas, telecommunications, water, sewer, onsite and off-site storm drainage.

2. The Recipient Contact's name, title, address, and telephone number are:

Mr. Kelly Udall Town of Sahuarita  Phone: (520) 822 - 8800 Email: Kudall@sahuaritaaz.gov	City Manager 375 W. Sahuarita Center Way Sahuarita, AZ 85629-8487
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3. The Grants Officer is authorized to award, amend, suspend, and terminate financial assistance awards. The Grants Officer is:

A. Leonard Smith, Regional Director Seattle Regional Office  Fax: (206) 220- 7657	Economic Development Administration Jackson Federal Building 915 Second Avenue, Room 1890 Seattle, WA 98174-1001
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4. The Federal Program Officer (Area Director) oversees the programmatic aspects of this Award. The Federal Program Officer is:

Kerstin Millius, Area Director Seattle Regional Office Phone: (206) 220 -7700 FAX: (206) 220-7657 Email: KMillius@eda.gov	Economic Development Administration Jackson Federal Building 915 Second Avenue, Room 1890 Seattle, WA 98174-1001
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5. The EDA Project Officer is responsible for day-to-day administration and liaison with the Recipient and receives all reports and payment requests. The Project Officer is:

Brian Alvis, Civil Engineer Phone: (206) 220 – 7688 FAX: (206) 220 - 7669 Email: balvis@eda.gov	Economic Development Administration Jackson Federal Building 915 Second Avenue, Room 1890 Seattle, WA 98174-1001
--	---

6. **ADDITIONAL INCLUDED DOCUMENTS:**

In addition to the regulations, documents, or authorities incorporated by reference on the Financial Assistance Award form (Form CD-450) the following additional documents are included with and considered to be part of the Award’s terms and conditions:

- A Recipient’s final completed Application (this item not enclosed in this Award package);
- EDA Construction Standard Terms and Conditions;
- Any other Plans, schedules, or documents included in the original application, including subsequently submitted documentation, attached hereto, not already captured in other documents (if applicable, named in Attachment 1).

Should there be a discrepancy among these documents the Special Award Conditions (this document) and associated attachments hereto shall control.

7. **PROJECT DEVELOPMENT TIME SCHEDULE:** The Recipient agrees to the following Project development time schedule:

Return of Executed Financial Assistance Award.....30 calendar days after receipt of Form CD-450/CD-451  
 Start of Construction.....24 Months from Date of Award  
 Construction Completed.....48 Months from Date of Award  
 Authorized Award End Date..... 60 Months from Date of Award  
 Submission of Final Financial Documents (SF-425) ...No later than 90 calendar days from Award End Date

Project Closeout – All Project closeout documents, including final financial reports (Form SF-425) and any required program reports, shall be submitted to EDA not more than 90 calendar days after the date the Recipient accepts the completed project from the contractor(s).

The Recipient shall diligently pursue the development of the Project so as to ensure completion within this time schedule. Moreover, the Recipient shall promptly notify EDA in writing of any event that

could substantially delay meeting any of the prescribed time limits for the Project as set forth above. The Recipient further acknowledges that failure to meet the development time schedule may result in EDA's taking action to terminate the Award in accordance with the regulations set forth at 2 C.F.R. § 200.338 through § 200.342.

**8. PROJECT REPORTING AND FINANCIAL DISBURSEMENTS INSTRUCTIONS:**

- A. AWARD DISBURSEMENTS: Reimbursable basis only:** EDA will make disbursements under this Award on a reimbursement basis only, based on actual costs when specific milestones have been met, in accord with procedures outlined during the grant kick-off meeting.

The "*Outlay Report and Request for Reimbursement for Construction Programs*" (Standard Form 271) is used to request a disbursement, which shall be approved in writing by the Civil Engineer/Project Officer.

Please note that prior to the initial disbursement, Recipients must complete the attached Form SF-3881, "*ACH Vendor/Miscellaneous Payment Enrollment Form*" and submit it to NOAA's Accounting Office by FAX to 301-528-3675 (*FAX is required to secure confidentiality of sensitive information*). The form must be completed by the respective parties (EDA, Recipient Bank, and Recipient) at the start of each new award.

**B. REPORTS:**

- a. *Project Progress Reports:* The Recipient shall submit project progress reports to the Project Officer on a quarterly basis for the periods ending **December 31, March 31, June 30, and September 30**, or any portion thereof until the final grant payment is made by EDA. Reports should be submitted using the approved EDA template, which will be provided by the Project Officer and discussed during the project kick-off meeting. Reports are due no later than 1 month following the end of the quarterly period.
- b. *Financial Reports:* The Recipient shall submit a "*Federal Financial Report*" (Form SF-425) on a semi-annual basis for the periods ending **March 31 and September 30**, or any portion thereof, for the entire project period. Form SF-425 (and instructions for completing this form) is available at: [http://www.whitehouse.gov/omb/grants/grants\\_forms.html](http://www.whitehouse.gov/omb/grants/grants_forms.html).

A final Form SF-425 must be submitted no more than 90 calendar days after the expiration date of the Award (e.g., the Award end date specified on the Form CD-450 or Form CD-451). Final Financial reports should follow the guidance outlined by the form instructions for submitting mid-term financial reports, but should ensure that all fields accurately reflect the total outlays for the entire project period, and that all matching and program income (if applicable) is fully reported. Final grant rate and determinations of final balances owed to the government will be determined by the information on the final Form SF-425, so it is imperative that this final financial form is submitted in a timely and accurate manner.

- 9. ALLOWABLE COSTS AND AUTHORIZED BUDGET:** Total allowable costs will be determined at the conclusion of the award period in accordance with the administrative authorities applicable pursuant to the *Financial Assistance Award* (Form CD-450), including 2 C.F.R. Part 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, after Final Financial Documents are submitted.

Except as otherwise expressly provided for within these Special Award Conditions, the Investment Rate for the award shall apply to allowable costs incurred by the Recipient in connection with the project. The Federal share in the allowable costs shall be based upon the Investment Rate. In the event of an under run in total allowable costs for this project, the Federal share of allowable costs shall be determined by the Investment Rate established in the Form CD-450, or previously executed Form CD-451. The Federal share of total allowable costs shall not exceed the dollar amount of the original Award and subsequent amendments, if any, absent a determination by the Assistant Secretary.

Line Item Budget:

A. Under the terms of the Award, the total approved authorized budget is:

Federal Share (EDA Amount)	\$3,000,000.00
Non-Federal Matching Share	\$1,190,000.00
Total Project Cost	\$4,190,000.00

B. Under the terms of this Award, the total approved line item budget is:

COST CLASSIFICATION	Proposed	Approved
Administrative and legal expenses	\$ 0	\$ 0
Land, structures, rights-of-way, etc.	0	0
Relocation expenses and payments	0	0
Architectural and engineering fees	261,000	261,000
Other architectural and engineering fees	0	0
Project inspection fees	0	0
Site work	0	0
Demolition and removal	0	0
Construction	3,729,400	3,729,400
Equipment	0	0
Contingencies	199,600	199,600
Total Project Costs	\$ 4,190,000	\$ 4,190,000

10. **MATCHING SHARE:** The Recipient agrees to provide the Recipient's non-Federal Matching Share contribution for eligible project expenses in proportion to the Federal share requested for such project expenses. The Recipient also certifies that, in accepting the Financial Assistance Award, the Recipient's Matching Share of the project costs is committed and unencumbered, from authorized sources, and shall be available as needed for the project.
11. **REFUND CHECKS, INTEREST, OR UNUSED FUNDS:** Treasury has given EDA two options for having payments deposited to EDA's account:
- i. The first one is Pay.Gov. This option allows the payee to pay EDA through the Internet. The payee will have the option to make a one-time payment or to set up an account to make regular payments.
  - ii. The second option is Paper Check conversion. All checks must identify on their face the name of the DOC agency funding the award, award number, and no more than a

two-word description to identify the reason for the refund or check. A copy of the check should be provided to the EDA Project Officer. This option allows the payee to send a check to NOAA's Accounting Office, who processes EDA's accounting functions at the following address:

U.S. Department of Commerce  
National Oceanic and Atmospheric Administration  
Finance Office, AOD, EDA Grants  
20020 Century Boulevard, Germantown, MD 20874

The accounting staff will scan the checks in to an encrypted file and transfer to the Federal Reserve Bank, where the funds will be deposited in EDA's account. While this process will not be an issue with most payees, there are occasionally issues for entities remitting funds to EDA via check. If you are remitting funds to EDA via check, please make note of the following:

- If a check is sent to EDA, it will be converted into an electronic funds transfer by copying the check and using the account information to electronically debit your account for the amount of the check. The debit from your account will usually occur within 24 hours and will appear on your regular account statement.
- EDA will not return your original check; the original will be destroyed and a copy will be maintained in our office. If the Electronic Funds Transfer (EFT) cannot be processed for technical reasons, the copy will be processed in place of the original check. If the EFT cannot be completed because of insufficient funds, EDA will charge you a one-time fee of \$25.00, which will be collected by EFT.

12. **CONSTRUCTION COMPLETION:** In keeping with prudent grants management policy, EDA construction projects must be completed within five (5) years from the date the Form CD-450 is signed by the Recipient accepting the Award. If construction is not completed by this date and the Grants Officer determines, after consultation with the Grant Recipient, that construction to completion cannot reasonably be expected to proceed promptly and expeditiously, the grant may be terminated. Extensions beyond the five-year project period are exceedingly rare and can only be authorized by the Assistant Secretary. Nothing in this paragraph is intended to alter the Project Development Time Schedule set forth in provision 7 above.
13. **GOALS FOR WOMEN AND MINORITIES IN CONSTRUCTION:** Department of Labor regulations set forth in 41 C.F.R. § 60-4 establishes goals and timetables for participation of minorities and women in the construction industry. These regulations apply to all federally assisted construction contracts in excess of \$10,000. The Recipient shall comply with these regulations and shall obtain compliance with 41 C.F.R. § 60-4 from contractors and subcontractors employed in the completion of the Project by including such notices, clauses and provisions in the Solicitations for Offers or Bids as required by 41 C.F.R. § 60-4. The goal for the participation of women in each trade area shall be as follows: From April 1, 1981, until further notice: 6.9 percent.

All changes to this goal, as published in the Federal Register in accordance with the Office of Federal Contract Compliance Programs regulations at 41 C.F.R. § 60-4.6, or any successor regulations, shall hereafter be incorporated by reference into these Special Award Conditions.

Goals for minority participation shall be as prescribed by Appendix B-80, Federal Register, Volume 45, No. 194, October 3, 1980, or subsequent publications. The Recipient shall include the "*Standard Federal Equal Employment Opportunity Construction Contract Specifications*" (or cause them to be included, if appropriate) in all Federally-assisted contracts and subcontracts. The goals and timetables for minority and female participation may not be less than those published pursuant to 41 C.F.R. § 60-4.6.

14. **PROCUREMENT:** The Recipient agrees that all procurement transactions shall be in accordance with Department of Commerce adopted Regulations at 2 C.F.R. part 200 and the EDA regulations contained in 13 C.F.R. Chapter III, particularly 13 C.F.R. part 305 and 13 C.F.R. 302.17 ("Conflicts of Interest").
15. **EVIDENCE OF GOOD TITLE:** Prior to the initial disbursement of funds by EDA, the Recipient shall provide opinion of counsel, satisfactory to the Government, that the Recipient has acquired good and marketable title to land, free of all encumbrances, as well as rights-of-way, and easements necessary for the completion of the project, or of a long-term leasehold interest in accordance with 13 C.F.R. part 314.
16. **ARCHITECT/ENGINEER AGREEMENT:** Prior to initial disbursement of funds by EDA, the Recipient must submit to the Government for approval, an Architect/Engineer Agreement that meets the requirements in the EDA's "Summary of EDA Construction Standards," as well as the competitive procurement standards of 2 C.F.R. part 200 and the EDA regulations. The fee for basic Architect/Engineer Services will be a lump sum or an agreed maximum, and no part of the fees for other services will be based on a cost-plus-a-percentage-of-cost or a cost using a multiplier.
17. **MASTER LEASE AGREEMENT:** Prior to the final disbursement of EDA funds, the Recipient shall submit for EDA review and approval a master lease agreement which meets the requirements of EDA's Property Management Standards in 13 C.F.R. part 314.

The master lease and each individual lease agreement for a building, a portion of a building or any improvement(s) on real property funded by this Award shall be subject to the prior written approval of EDA. Individual leases that follow an EDA approved master lease without deviation do not require additional review.

Prior to EDA granting said approval, it must be satisfied, inter alia, that the terms and conditions of the lease are consistent with the authorized general and special purpose of the Award; that the lease agreement will result in adequate employment and economic benefits for the area in which the property is located; that said lease agreement is consistent with EDA policies concerning, but not limited to, non-discrimination, and that the proposed Lessee is providing adequate compensation to the Lessor for said lease. Adequate compensation is typically determined by the reasonable fair commercial rental value in the community which the project is located. Typically, EDA relies on written verification of this rental value from a local real estate broker.

18. **RECORDED MORTGAGE OR COVENANT OF FEDERAL SHARE:** To better memorialize and protect the Federal Share in real property acquired or improved, in whole or in part, with the funds made available under this Award, the Recipient shall and hereby agrees that prior to initial disbursement under the Award it shall execute and cause to be recorded a first priority unsubordinated mortgage lien in favor of EDA or, when permitted, a covenant declaring EDA's interest in said real property. EDA shall advise whether the Mortgage or Covenant will be used. The Mortgage or Covenant will be duly recorded with the appropriate office where mortgages are recorded for the jurisdiction where the real property is situated. The Mortgage or Covenant shall be in a form and

substance satisfactory to EDA. Upon request by EDA Recipient shall furnish an opinion by counsel for the Recipient that the Mortgage or Covenant is a valid and enforceable agreement according to its terms, and has been duly recorded in the appropriate office where mortgages are recorded for that applicable jurisdiction. EDA may waive this requirement in writing where, in the sole judgment of EDA, the EDA investment forms only a small part of a larger project.

The Recipient further agrees that:

- (a) Except as provided in 13 C.F.R. 314.3(b), (c) or (d), whenever, during the expected useful life of the project, any property acquired or improved in whole or in part with grant assistance is disposed of, or no longer used for the authorized purpose of the project, the Government must be compensated by the Recipient for the Federal share of the value of the property; provided that for equipment and supplies, the standards of 2 C.F.R. 200 or any supplements or successors thereto, as applicable, shall apply.
  - (b) If property is disposed of or encumbered without EDA approval EDA may assert its interest in the property to recover the Federal share of the value of the property for the Government. EDA may pursue its rights under both paragraphs (a) and (b) of this section to recover the Federal share, plus costs and interest.
  - (c) the Federal share of the value of the property is that percentage of the current fair market value of the property attributed to the EDA participation in the project (after deducting actual and reasonable selling and fix-up expenses, if any, incurred to put the property into condition for sale). The Federal share excludes that value of the property attributable to acquisition or improvements before or after EDA's participation in the project and not included in project costs.
  - (d) The lien, covenant or other statement of EDA's interest must remain in effect throughout the useful life of the Project which is determined to be 20 years.
19. **OPERATION AND MAINTENANCE AGREEMENT:** If the Recipient will not operate and maintain the project, then prior to initial disbursement, the Recipient shall provide to EDA an executed copy of an Agreement with the party responsible for operation and maintenance of the project. Such Agreement must be consistent with EDA policies including, but not limited to, nondiscrimination, environmental requirements, and adequate consideration. The Agreement must also set forth that prior to occupancy, the occupant of any part of the land acquired or improved by this project must furnish to the Recipient, for transmittal to EDA, properly executed EDA forms evidencing assurance of compliance with EDA Civil Rights requirements at 13 C.F.R. part 317 and all other applicable requirements.
20. **NATIVE PLANT PLAN:** Prior to any earth-disturbing activities, the Recipient shall provide: 1) a copy of its Native Plant Plan; and 2) evidence satisfactory to the EDA that saguaro cacti taller than eight (8) feet have been relocated either offsite, or on-site but out of the way of development.
21. **NONRELOCATION:** In signing this award of financial assistance, the Recipient attests that the EDA funded project will not be used to induce the relocation or the movement of existing jobs from one Region to another Region by a primary beneficiary of the Award. In the event that EDA determines that its assistance was used for such relocation purposes, EDA reserves the right to pursue all rights and remedies, including suspension of disbursements and termination of the award for convenience or cause, and disallowance of any costs attributable, directly or indirectly, to the relocation and the recovery of the Federal share thereof.

For purposes of ensuring that EDA assistance will not be used for relocation purposes, each applicant must inform EDA of all employers that constitute primary beneficiaries of the project assisted by EDA.

EDA considers an employer to be a “primary beneficiary” if, in seeking EDA assistance, the applicant estimates that such employer will create or save 100 or more permanent jobs as a result of the investment assistance and specifically names the employer in its application to EDA to make the Award. In smaller communities, EDA may consider a primary beneficiary to be an employer of 50 or more jobs permanent jobs so identified.

22. **POSSIBLE CONTAMINATION:** If soil and/or water contamination is encountered during construction, then prior to any further ground disturbing activities associated with the EDA-funded project, the Recipient shall provide evidence satisfactory to the EDA that the contamination has been remediated to applicable standards. All expenses related to site assessment and remediation work shall be the responsibility of the Recipient and EDA funds shall not be expended for assessment and remediation work.
23. **PERFORMANCE MEASURES:** The Recipient agrees to report on program performance measures and program outcomes in such a form and at such intervals as may be prescribed by EDA in compliance with the Government Performance and Results Act (GPRA) of 1993, and the Government Performance and Results Modernization Act of 2010.

At this time, all Awards for construction assistance require Recipients to report actual job creation/retention and private investment leverage three (3), six (6), and nine (9) years after an EDA investment. Recipients are to retain sufficient documentation so that they can submit these required reports. Failure to submit this required report can adversely impact the ability of the Recipient to secure future funding from EDA.

Performance measures and reporting requirements that apply to program activities funded by this investment will be provided in a separate GPRA information collection document. EDA staff will contact Recipients in writing within a reasonable period prior to the time of submission of the reports with information on how this data should be submitted. Recipients should ensure adequate and sufficient records are kept to support the methodology for computing initial job and private investment estimates and all subsequent actual performance data calculations so that this information can be made available to EDA in the event of an audits or performance site visits.

24. **REPORTING OF MATTERS RELATED TO RECIPIENT INTEGRITY AND PERFORMANCE**

*A. General Reporting Requirement*

If the total value of your currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period of time during the period of performance of this Federal award, then you as the recipient during that period of time must maintain the currency of information reported to the System for Award Management (SAM) that is made available in the designated integrity and performance system (currently the Federal Awardee Performance and Integrity Information System (FAPIIS)) about civil, criminal, or administrative proceedings described in paragraph B of this award term and condition. This is a statutory requirement under section 872 of Public Law 110-417, as amended (41 U.S.C. 2313). As required by section 3010 of Public Law 111-212, all information posted in the designated integrity and performance system on or after April 15, 2011, except past performance reviews required for Federal procurement contracts, will be publicly available.

***B. Proceedings About Which You Must Report***

Submit the information required about each proceeding that:

1. Is in connection with the award or performance of a grant, cooperative agreement, or procurement contract from the Federal Government;
2. Reached its final disposition during the most recent five-year period; and
3. Is one of the following:

(a) A criminal proceeding that resulted in a conviction, as defined in paragraph E of this award term and condition;

(b) A civil proceeding that resulted in a finding of fault and liability and payment of a monetary fine, penalty, reimbursement, restitution, or damages of \$5,000 or more;

(c) An administrative proceeding, as defined in paragraph E. of this award term and condition, that resulted in a finding of fault and liability and your payment of either a monetary fine or penalty of \$5,000 or more or reimbursement, restitution, or damages in excess of \$100,000; or

(d) Any other criminal, civil, or administrative proceeding if:

(i) It could have led to an outcome described in paragraph B.3.(a), (b), or (c) of this award term and condition;

(ii) It had a different disposition arrived at by consent or compromise with an acknowledgment of fault on your part; and

(iii) The requirement in this award term and condition to disclose information about the proceeding does not conflict with applicable laws and regulations.

***C. Reporting Procedures***

Enter in the SAM Entity Management area the information that SAM requires about each proceeding described in paragraph B of this award term and condition. You do not need to submit the information a second time under assistance awards that you received if you already provided the information through SAM because you were required to do so under Federal procurement contracts that you were awarded.

***D. Reporting Frequency***

During any period of time when you are subject to the requirement in paragraph A of this award term and condition, you must report proceedings information through SAM for the most recent five-year period, either to report new information about any proceeding(s) that you have

not reported previously or affirm that there is no new information to report. Recipients that have Federal contract, grant, and cooperative agreement awards with a cumulative total value greater than \$10,000,000 must disclose semiannually any information about the criminal, civil, and administrative proceedings.

*E. Definitions*

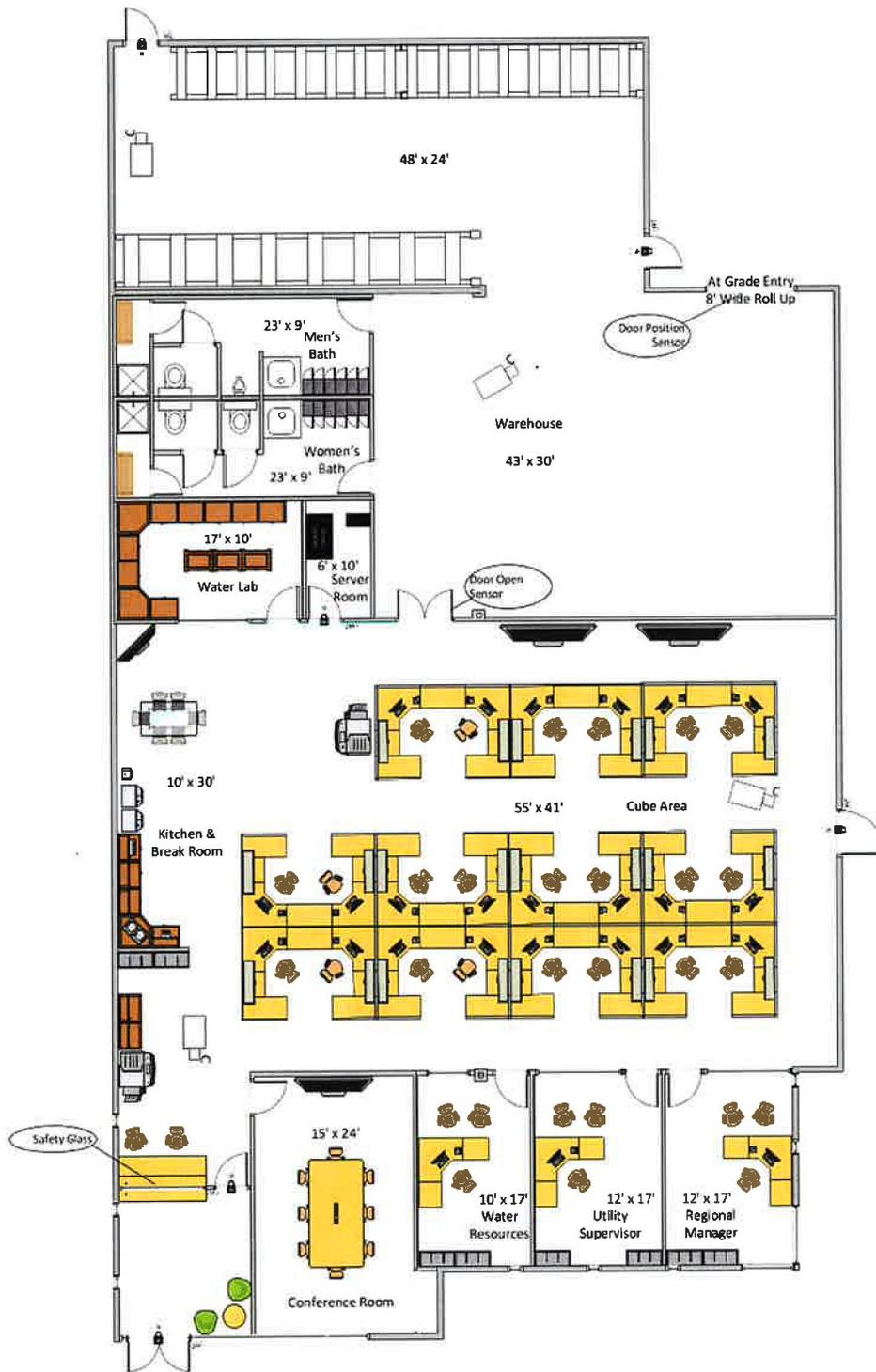
For purposes of this award term and condition:

1. Administrative proceeding means a non-judicial process that is adjudicatory in nature in order to make a determination of fault or liability (e.g., Securities and Exchange Commission Administrative proceedings, Civilian Board of Contract Appeals proceedings, and Armed Services Board of Contract Appeals proceedings). This includes proceedings at the Federal and State level but only in connection with performance of a Federal contract or grant. It does not include audits, site visits, corrective plans, or inspection of deliverables.
2. Conviction, for purposes of this award term and condition, means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or a plea, and includes a conviction entered upon a plea of nolo contendere.
3. Total value of currently active grants, cooperative agreements, and procurement contracts includes—
  - (a) Only the Federal share of the funding under any Federal award with a recipient cost share or match; and
  - (b) The value of all expected funding increments under a Federal award and options, even if not yet exercised.

EXHIBIT C  
Landlord Improvements to SAMTEC

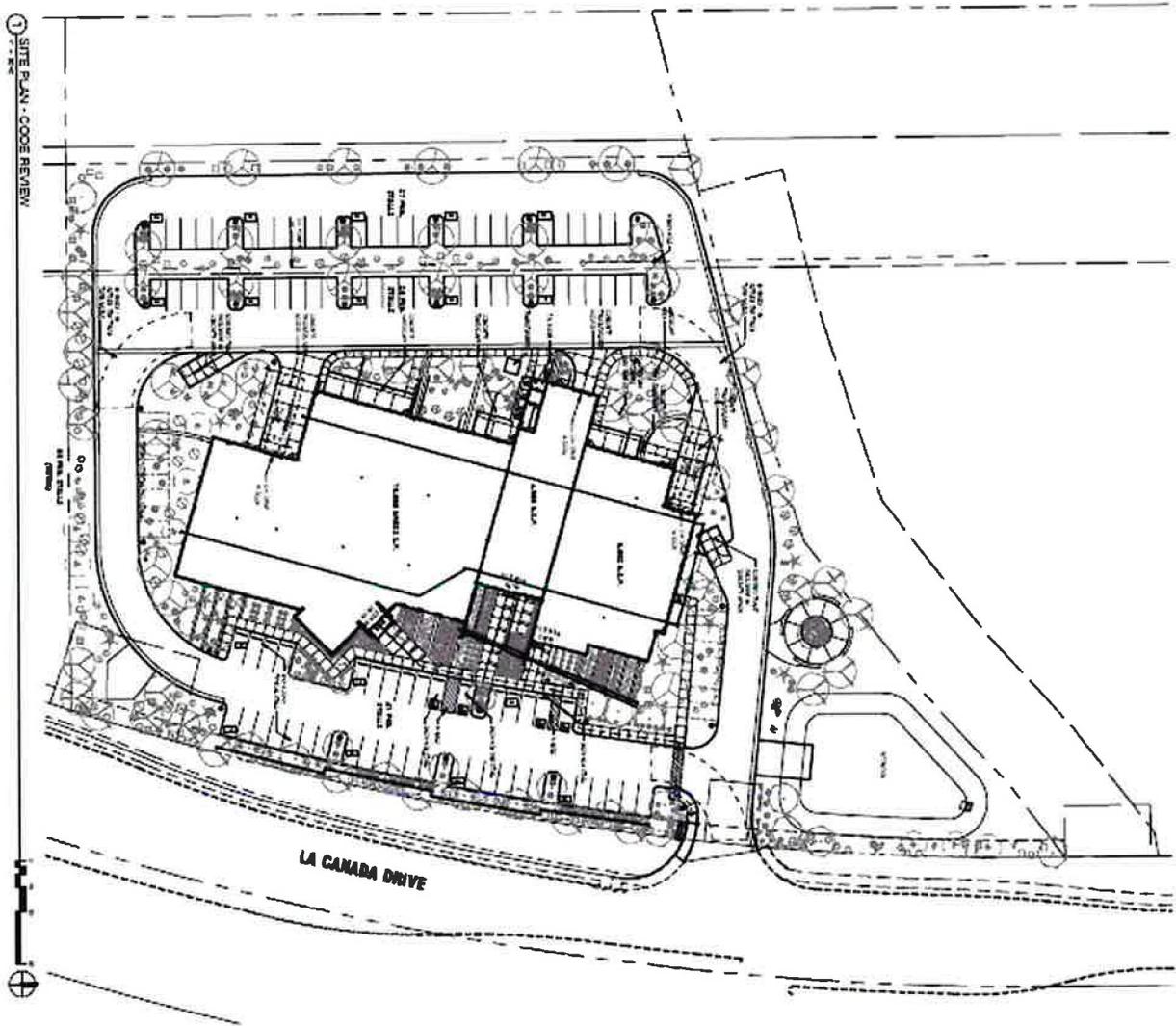
Two bathrooms and one demising wall.

### EXHIBIT D Tenant Improvements to Premises



## EXHIBIT E

### The SAMTEC Property, Building & Common Area (Development Plan)



VICINITY MAP

**PLANNING AND ZONING ANALYSIS**

The site is located in the City of Sahuarita, Pinal County, Arizona. The site is currently zoned R-10 (Single-Family Residential) and is proposed for rezoning to R-15 (Single-Family Residential - Medium Density). The rezoning is necessary to allow for the proposed development of the site.

**PROPOSED DEVELOPMENT:**

- 1. **REZONING:** R-10 to R-15
- 2. **USE:** Single-Family Residential - Medium Density
- 3. **LOT AREA:** 1.25 acres
- 4. **LOT AREA PER UNIT:** 1,250 sq. ft.
- 5. **NUMBER OF UNITS:** 100
- 6. **DEVELOPMENT DENSITY:** 80 units per acre
- 7. **PERCENTAGE COVERED BY IMPROVEMENTS:** 40%
- 8. **PERCENTAGE COVERED BY PAVEMENT:** 10%
- 9. **PERCENTAGE COVERED BY GRASS:** 5%
- 10. **PERCENTAGE COVERED BY TREES:** 5%
- 11. **PERCENTAGE COVERED BY SHRUBS:** 5%
- 12. **PERCENTAGE COVERED BY OPEN SPACE:** 5%
- 13. **PERCENTAGE COVERED BY OTHER:** 5%

**CONCLUSIONS:**

The proposed development is consistent with the City of Sahuarita's Comprehensive Zoning Ordinance and the City's General Plan. The rezoning is necessary to allow for the proposed development of the site.

**92.0**

DATE: 08/11/2011

TIME: 10:00 AM



**TOWN OF SAHUARITA**  
**SAMTEC - SHELL**  
 16220 S. LA CANADA DRIVE  
 SAHUARITA, AZ 85629

**CONSULTANTS:**

**LANDSCAPE ARCHITECT:**  
 NAME: [REDACTED]  
 ADDRESS: [REDACTED]  
 PHONE: [REDACTED]

**ENGINEER:**  
 NAME: [REDACTED]  
 ADDRESS: [REDACTED]  
 PHONE: [REDACTED]

**PLANNING AND ZONING ANALYSIS:**  
 NAME: [REDACTED]  
 ADDRESS: [REDACTED]  
 PHONE: [REDACTED]

**ARCHITECT:**  
 NAME: [REDACTED]  
 ADDRESS: [REDACTED]  
 PHONE: [REDACTED]

**DWS ARCHITECTS**

16220 S. LA CANADA DRIVE  
 SAHUARITA, AZ 85629  
 PHONE: 520.885.1111

EXHIBIT F  
Intentionally Omitted

**EXHIBIT G**  
Commencement Date Memorandum

THIS COMMENCEMENT DATE MEMORANDUM ("Memorandum") entered into this \_\_\_ day of \_\_\_\_, 2024 (the "Effective Date"), by and between the TOWN OF SAHUARITA, ARIZONA, an Arizona municipal corporation (the "Landlord"), and GLOBAL WATER RESOURCES, INC., a Delaware corporation (the "Tenant"). Landlord and Tenant are sometimes referred to herein collectively as the "Parties" or individually as a "Party."

**RECITALS**

- A. By that certain Lease dated the 28<sup>th</sup> day of August, 2023, between Landlord and Tenant (the "Lease"), Landlord leased to Tenant and Tenant leased from Landlord the Premises, subject to the conditions and limitations therein contained.
- B. The Commencement Date is August 28<sup>th</sup>, 2023.
- C. Section 3.2 of the Lease provides that, within 30 days after the Rent Commencement Date, Landlord and Tenant shall execute a memorandum which shall set forth, among other things, the Rent Commencement Date and the date on which the initial term of the Lease shall expire (subject to Tenant's right, if any, to extend the Term of the Lease as provided therein), and shall evidence Tenant's acceptance of the Premises and agreement that Landlord has fully complied with Landlord's covenants and obligations.
- D. The Rent Commencement Date and such other dates have been determined and, accordingly, the Parties desire to enter into this Memorandum.
- E. Unless otherwise provided herein, all capitalized words and terms in this Memorandum shall have the same meanings ascribed to such words and terms in the Lease.

**AGREEMENT**

NOW, THEREFORE, for and in consideration of the rents, foregoing recitals, the mutual covenants and agreements hereinafter provided, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed between Landlord and Tenant as follows:

1. The Rent Commencement Date is June 1<sup>st</sup>, 2024. Tenant's obligation to pay Base Rent and other charges payable by Tenant under the Lease shall commence as of the Rent Commencement Date set forth above.
2. The date on which the initial Term of the Lease shall expire, unless such Term is extended as provided in the Lease, is \_\_\_\_\_.
3. Pursuant to Section 12, the Estimated Expenses for the remainder of this Expense Year is \_\_\_\_\_.
4. Tenant hereby acknowledges Tenant's acceptance of possession of the Premises and agrees that Landlord, as of the Effective Date, has fully complied with Landlord's covenants and obligations under the Lease.
5. This Memorandum may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS THEREOF, the Parties have affixed their signatures to this Memorandum on the dates set forth above.

“LANDLORD”

“TENANT”

TOWN OF SAHUARITA, an Arizona municipal corporation

GLOBAL WATER RESOURCES, INC.  
a Delaware corporation

*Tom Murphy*

By: \_\_\_\_\_

\_\_\_\_\_  
Tom Murphy, Mayor

Title: \_\_\_\_\_

ATTEST:

*Lisa Cole*

\_\_\_\_\_  
Lisa Cole, MMC, Town Clerk

APPROVED AS TO FORM:

*Jon M. Paladini*

\_\_\_\_\_  
Jon Paladini, Town Attorney



**EXHIBIT H**  
**Right(s) to Renew**  
**Right of First Offer to Expand into Adjacent Space**  
**Other Rights**

1. Marking paint for Arizona 811 utility location marking
2. Mixed fuel and oil (used for two cycle engines)
3. Oil and grease for water hydrant maintenance
4. Water tank touch up paint
5. Lawn insect granules for maintenance of sites
6. Motor oil
7. Gasoline, in five-gallon cans, stored in fire cabinet
8. Food grade grease for maintenance
9. Chlorine reagents
10. Liquid anti-freeze

EXHIBIT I  
Rules and Regulations

1. In the event of any conflict between the terms of these rules and regulations and the express provisions of the Lease, the express, applicable provisions of the Lease shall control. Landlord reserves the right, without the approval of Tenant, to rescind, add to and amend any rules or regulations, to add new reasonable rules or regulations and to waive any rules or regulations with respect to any tenant or tenants. Tenant shall provide a copy of these rules and regulations to each of its employees to facilitate compliance with these standards.
2. The sidewalks, walks, plaza entries, corridors, ramps, staircases and elevators of SAMTEC shall not be obstructed, and shall not be used by Tenant, or the employees, agents, servants, visitors or invitees of Tenant, for any purpose other than ingress and egress to and from the Premises. No skateboards, roller skates, roller blades or similar items shall be used in or about SAMTEC.
3. No freight, furniture or other large or bulky merchandise or equipment of any description will be received into SAMTEC or carried into the elevators, if any, except in such a manner, during such hours and using such elevators and passageways as may be approved or designated by Landlord, and then only upon having been scheduled in advance. Any hand trucks, carryalls, or similar equipment used for the delivery or receipt of merchandise or equipment shall be equipped with rubber tires, side guards and such other safeguards as Landlord shall reasonably require. Although Landlord or its personnel may participate or assist in the supervision of such movement, Tenant assumes financial responsibility for all risks as to damage to articles moved and injury to persons or public engaged or not engaged in such movement, including any equipment, property or personnel of Landlord damaged or injured in connection with carrying out this service for Tenant.
4. Landlord shall have the right to prescribe the weight, position and manner of installation of safes or other heavy equipment which shall, if considered necessary by Landlord, be installed in a manner which shall insure satisfactory weight distribution. All damage done to SAMTEC by reason of a safe or any other article of Tenant's office equipment being on the Premises shall be repaired at the expense of Tenant. The time, routing and manner of moving safes or other heavy equipment shall be subject to prior approval by Landlord.
5. Excluding Tenant supply of same, only persons authorized by Landlord will be permitted to furnish newspapers, ice, drinking water, towels, barbering, shoeshining, janitorial services, floor polishing and other similar services and concessions in SAMTEC, and only at hours and under regulations fixed by Landlord.
6. Tenant, or the employees, agents, servants, visitors or invitees of Tenant, shall not at any time place, leave or discard any rubbish, paper, articles or object of any kind whatsoever outside the doors of the Premises or in the corridors or passageways of SAMTEC.
7. Tenant shall not place, or cause or allow to be placed, any sign, placard, picture, advertisement, notice or lettering whatsoever, in, about or on the exterior of the Premises, or any building in SAMTEC, or which is visible from the exterior of any building in SAMTEC (e.g. in a window), except in and at such places as may be designated by Landlord and consented to by Landlord in writing. Any such sign, placard, advertisement, picture, notice or lettering so placed without such consent may be removed by Landlord without notice to and at the expense of Tenant. All lettering and graphics on corridor doors shall conform to the building standard prescribed by Landlord.

8. Notwithstanding the foregoing agreement in the Lease, Tenant shall not place, or cause or allow to be placed, any satellite dish, communications equipment, computer or microwave receiving equipment, antennae or other similar equipment about or on the exterior of the Premises, Shell Building or SAMTEC. Any such equipment so placed may be removed by Landlord without notice to and at the expense of Tenant.
9. Canvassing, soliciting or peddling in the Shell Building and/or SAMTEC is prohibited and Tenant shall cooperate reasonably to prevent same.
10. Landlord shall have the right to exclude any person from SAMTEC, and any person in SAMTEC will be subject to identification by employees and agents of Landlord. Any persons in or entering SAMTEC shall be required to comply with the security policies of SAMTEC. If Tenant desires additional security service for the Premises, Tenant shall have the right (with advance written consent of Landlord) to obtain such additional service at Tenant's sole cost and expense. Tenant shall keep doors to unattended areas locked and shall otherwise exercise reasonable precautions to protect property from theft, loss or damage. Landlord shall not be responsible for the theft, loss or damage of any property or for any error with regard to the exclusion from or admission to SAMTEC of any person. In case of invasion, mob, riot or public incitement, the Landlord reserves the right to prevent access to SAMTEC during the continuance of same by closing the doors or taking other measures for the safety of the tenants and protection of SAMTEC and property or persons therein.
11. Except as provided in the Lease, only workmen employed, designated or approved by Landlord may be employed for repairs, installations, alterations, painting, material moving and other similar work that may be done in or on the Premises.
12. Tenant shall not bring or permit to be brought or kept in or on the Premises any flammable, combustible, corrosive, caustic, poisonous, or explosive substance, or firearms, or cause or permit any odors to permeate in or emanate from the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of SAMTEC by reason of light, radiation, magnetism, noise, odors and/or vibrations.
13. Except as provided in the Lease, Tenant shall not mark, paint, drill into, or in any way deface any part of SAMTEC or the Premises. No boring, driving of nails or screws, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Tenant shall not install any resilient tile or similar floor covering in the Premises, except with the prior approval of Landlord, which approval shall not be unreasonably withheld or delayed.
14. No additional locks or bolts of any kind shall be placed on any door in SAMTEC or the Premises and no lock on any door therein shall be changed or altered in any respect without the prior approval of Landlord. Tenant shall not make duplicate keys without the prior approval of Landlord. All keys shall be returned to Landlord upon the termination of this Lease and Tenant shall give to Landlord the explanations of the combinations of all safes, vaults and combination locks remaining with the Premises. Landlord may at all times keep a pass key to the Premises. All entrance doors to the Premises shall be left closed at all times and left locked when the Premises are not in use.
15. Tenant shall give immediate notice to Landlord in case of known theft, unauthorized solicitation or accident in SAMTEC or the Premises, or of known defects therein or in any fixtures or equipment, or of any known emergency in SAMTEC or the Premises.

16. Tenant shall not use the Premises or permit the Premises to be used for photographic or multigraph reproductions, except in connection with its own business and not as a service for others without Landlord's prior written permission.
17. No animals or birds shall be brought or kept in or about SAMTEC or the Premises, with the exception of authorized service animals permitted by state law.
18. No awnings, draperies, shutters or other interior or exterior window coverings that are visible from the exterior of the Premises may be installed by Tenant without Landlord's prior written consent.
19. Tenant shall not place, install or operate within the Premises or any other part of SAMTEC any engine, stove, or machinery, or conduct mechanical operations therein, without the prior approval of Landlord.
20. No portion of SAMTEC or the Premises shall at any time be used or occupied as sleeping or lodging quarters.
21. Tenant shall at all times keep the Premises neat and orderly.
22. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expenses of any breakage, stoppage or damage, resulting from the violation of this rule shall be borne by the Tenant who (or whose employees or invitees) shall have caused such damage.
23. Tenant agrees to place all indoor potted plants requiring water within a container capable of collecting any water overflow, such containers to be approved and/or supplied by Landlord, at Tenant's sole expense. Tenant agrees to use caution so that indoor plants do not damage or soil the Premises.
24. Tenant shall not park (and shall ensure that Tenant's employees, agents, and invitees do not park) in any reserved parking space. Any vehicle improperly parked, or parked in any unauthorized parking area in SAMTEC, shall be towed at the vehicle owner's expense and without further or additional notice.
25. Persons using covered parking (if any) do so at their own risk. Landlord specifically disclaims all liability, except when caused solely by its gross negligence or willful misconduct, for any personal injury incurred by users of the parking lot, their agents, employees, family, friends, guests or invitees, or as a result of damage to, theft of, or destruction of any vehicle or any contents thereof, as a result of the operation or parking of vehicles in the parking lot.
26. Smoking is prohibited in SAMTEC and the Premises except in specifically marked areas designated by Landlord.



**BUNDLE ID:** R4VUhbYig8

**CREATED:** 2023-08-25 23:20:47 UTC

**CREATED BY:**  
Stephanie Allred

**SIGNER:**  
Jon Paladini  
Phone:  
Email: jon@piercecoleman.com

**ADDITIONAL SIGNERS:**  
Thomas Murphy  
Lisa Cole

### AUTHENTICATIONS

#### IP VERIFICATION / GEOLOCATION

2023-08-28 15:37:16 UTC  
IP Address: 174.74.233.230  
PC / Windows 10 / Edge 116.0.1938



**LOCATION:** 37.751°, -97.822° / United States

### DOCUMENTS

Document  
Contract\_No\_240007\_Lease\_Agr

58 Pages

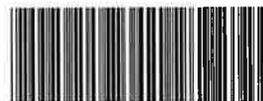
#### SIGNATURE

Jon Paladini

*Jon M. Paladini*



#### BLUEINK ID



Y3FUMQWZT-



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2023-08-28   15:37:30	 SIGNATURE	Document 1 Page 36	<i>Jon M. Paladini</i>
2023-08-28   15:37:37	 SIGNATURE	Document 1 Page 54	<i>Jon M. Paladini</i>
2023-08-28   15:37:40		Document Submitted by Jon Paladini	



**BUNDLE ID:** R4VUkibYig8

**CREATED:** 2023-08-25 23:21:41 UTC

**CREATED BY:**  
Stephanie Allred

**SIGNER:**

Thomas Murphy  
Phone:  
Email: umurphy@sahuaritaaz.gov

**ADDITIONAL SIGNERS:**

Jon Paladini  
Lisa Cole

### AUTHENTICATIONS

**IP VERIFICATION / GEOLOCATION**

2023-08-29 03:36:56 UTC  
IP Address: 184.182.9.210  
iPhone / iOS 16.6 / Edge Mobile  
116.0.1938



**LOCATION:** 31.8466°, -111.0605° / Green Valley, AZ, 85614, United States

### DOCUMENTS

Document  
Contract\_No.,240007\_Lease\_Ag...  
58 Pages

**SIGNATURE**

Thomas Murphy



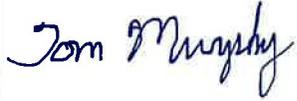
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VUVKURTPLAX



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**BUNDLE ID:** R4VUhbYig8

**CREATED:** 2023-08-25 23:21:50 UTC

**CREATED BY:**  
Stephanie Allred

**SIGNER:**

Lisa Cole  
Phone:  
Email: lcoie@sahuaritaaz.gov

**ADDITIONAL SIGNERS:**

Jon Paladini  
Thomas Murphy

### AUTHENTICATIONS

**IP VERIFICATION / GEOLOCATION**

2025-08-29 14:13:26 UTC  
IP Address: 72.214.222.66  
PC / Windows 10 / Edge 116.0.1938



**LOCATION:** 33.3462°, -111.8153° / Gilbert, AZ, 85233, United States

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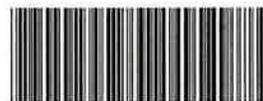
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**SIGNATURE**

Lisa Cole



**BLUEINK ID**



LIPLXS34W+

BLEINK

CERTIFICATE OF EVIDENCE





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