

SCOTTSDALE AIRPORT ADVISORY COMMISSION MEETING NOTICE AND AGENDA



Wednesday, March 15, 2023
5:00 p.m.

Scottsdale Airport Aviation Business Center
Stearman/Thunderbird Meeting Room
15000 N. Airport Drive, Second floor
Scottsdale, AZ



AIRPORT ADVISORY COMMISSION

Charles McDermott, Chair
Peter Mier, Vice-Chair
Larry Bernosky
Ken Casey

Michael Goode
David Reid
John Spalj

Call to Order

Roll Call

Pledge of Allegiance

Aviation Director's Report


The public body may not propose, discuss, deliberate, or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

Approval of Minutes

Regular Meeting: February 22, 2023

Public Comment

Citizens may complete one Request to Speak "Public Comment" card per night and submit it to Aviation Staff. Public Comment time is reserved for citizen comment regarding non-agendized items. No official action can be taken on these items. Public Comment is limited to a total of 15 minutes at the beginning and 15 minutes at the end of the meeting. **Speakers are limited to three minutes to address the Commission during "Public Comment."**

 Persons with a disability may request a reasonable accommodation by contacting Airport Administration (480-312-2321). Requests should be made 24 hours in advance or as early as possible to allow time to arrange accommodation. For TTY Users, the Arizona Relay Service (1-800-367-8939) may contact the Aviation Department (480-312-2321).

REGULAR AGENDA

ITEMS 1-10

How the Regular Agenda Works: The Commission takes a separate action on each item on the Regular Agenda. If you wish to address the Commission regarding any or all of the items on the Regular Agenda, please complete a Comment Card for each topic you wish to address and submit it to Aviation Staff. Speakers will be given three minutes to speak per item. Additional time may be granted to speakers representing two or more persons. Cards for designated speakers and the persons they represent must be submitted together. **Comment cards must be submitted before public testimony has begun on any Regular Agenda or Public Hearing item.**

1. Discussion and Possible Action regarding application for Airport Aeronautical Business Permit for Aviation.One Jet Maintenance, LLC to conduct aircraft maintenance and repair services at the Scottsdale Airport. Staff contact: Carmen Williams, Aviation Finance & Administration Manager, 480-312-8475, cawilliams@scottsdaleaz.gov
2. Insurance Update from Risk Management
Staff contact: Denise Plug, Risk Management Assistant, 480-312-2452, dplug@scottsdaleaz.gov
3. Discussion and Input regarding IFR Arrival Delays
Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, gmascaro@scottsdaleaz.gov
4. Adopt Resolution No. 12766 Authorizing Lease Agreement No. 2023-038-COS with Out West Rentals LLC, and Lease Agreement No. 2023-039-COS with Cirrus Design Corporation dba Cirrus Aircraft for the lease of General Aviation Box Hangar; and Resolution No. 12767 Authorizing Lease Agreement No. 2023-040-COS with SDL AZ Holdings, LLC dba Atlantic Aviation for the lease of General Aviation Box Hangar Space at the Scottsdale Airport. Staff contact: Carmen Williams, Aviation Finance & Administration Manager, 480-312-8475, cawilliams@scottsdaleaz.gov
5. Discussion and input regarding Monthly Operations Report
Staff contact: Chris Read, Assistant Aviation Director-Operations, 480-312-2674, cread@scottsdaleaz.gov
6. Discussion and input regarding Airport and Airpark Aeronautical Business Permit Additions, Revocations and Cancellations Staff contact: Carmen Williams, Aviation Administration & Finance Manager, 480-312-8475, cawilliams@scottsdaleaz.gov
7. Discussion and input regarding Monthly Financial Report for January
Staff contact: Carmen Williams, Aviation Finance & Administration Manager, 480-312-8475, cawilliams@scottsdaleaz.gov
8. Discussion and input regarding Public Outreach Programs and Planning Projects
Staff contact: Sarah Ferrara, Aviation Planning & Outreach Coordinator, 480-312-8482, sferrara@scottsdaleaz.gov
9. Administrative report from the Aviation Director, or designee, regarding the status of pending aviation-related items. Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, gmascaro@scottsdaleaz.gov

10. Discussion and possible action to modify the Airport Advisory Commission Meeting Schedule and Commission Item Calendar. Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, gmascaro@scottsdaleaz.gov

Public Comment

Citizens may complete one Request to Speak “Public Comment” card per night and submit it to Aviation Staff. Public Comment time is reserved for citizen comment regarding non-agendized items. No official action can be taken on these items. Public Comment is limited to a total of 15 minutes at the beginning and 15 minutes at the end of the meeting. **Speakers are limited to three minutes to address the Commission during “Public Comment.”**

Future Agenda Items

Discussion and possible action to add Commissioner requested item on a future agenda.

Adjournment



COMMISSION INFORMATION REPORT
APPROVAL OF MINUTES

Meeting Date: 03/15/23

Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

ACTION

Approval of Minutes – Regular Meeting
February 22, 2023

Attachment(s): 1. Draft of minutes of the February 22, 2023 Regular Meeting

Action taken:



**SCOTTSDALE AIRPORT ADVISORY COMMISSION
PUBLIC MEETING**

**Scottsdale Airport Aviation Business Center
Stearman/Thunderbird Meeting Room
15000 N. Airport Drive
Scottsdale, Arizona
Wednesday, February 22, 2023**

DRAFT MINUTES

PRESENT: Charles McDermott, Chair (telephonic)
Peter Mier, Vice Chair
Larry Bernosky
Ken Casey (telephonic)
Michael Goode
David Reid
John Spalj

STAFF: Gary Mascaro, Aviation Director
Carmen Williams, Aviation Finance & Administration Manager
Sarah Ferrara, Aviation Planning & Outreach Coordinator
Chris Read, Assistant Aviation Director-Operations

CALL TO ORDER

The meeting was called to order at 5:00 p.m.

ROLL CALL

A formal roll call confirmed the presence of Commissioners as noted above.

AVIATION DIRECTOR'S REPORT

Gary Mascaro, Aviation Director, provided an update to challenges with Airport delays. As a result of the hard work by different sections of the FAA, delays have been reduced significantly during the event season.

1. Regular Meeting: October 26, 2022

COMMISSIONER REID MADE A MOTION TO APPROVE THE REGULAR MEETING MINUTES OF JANUARY 18, 2023 AS PRESENTED. COMMISSIONER BERNOSKY SECONDED THE MOTION, WHICH CARRIED 6/0 WITH CHAIR MCDERMOTT, VICE CHAIR MIER AND COMMISSIONERS BERNOSKY, CASEY, GOODE AND REID VOTING IN THE AFFIRMATIVE WITH NO DISSIDENTING VOTES. COMMISSIONER SPALJ ABSTAINED.

PUBLIC COMMENT

There were no public comments.

REGULAR AGENDA ITEMS 1-7

1. Discussion and possible action to approve the Five-Year Airport Capital Improvement Program for Fiscal Years 23/24 through Fiscal Years 27/28.

Carmen Williams, Aviation Finance & Administration Manager, provided an overview of the Airport's capital planning process. The main source of information and guidance is the Airport Master Plan, as it serves to forecast future needs and provides a blueprint for the 20-year planning period. Other factors include goals of the Mayor and City Council, guidance from the Airport Advisory Commission and staff. Airport staff meets with FAA and ADOT staff for a review of the five-year project look ahead, with a focus on grant-eligible projects. Following this is the City's CIP process, which includes projects that are non-grant eligible. All requested projects are submitted to the City's database. Grand-funded programs are typically funded by the State and/or the FAA. Federally funded projects typically cover 9.106 percent of project costs. The State's share and the Airport's share are both 4.47 percent. For state funded grant projects, the State will cover 90 percent and the Airport is responsible for 10 percent. The Bipartisan Infrastructure Law (BIL) fund is new this year. This separate fund was provided to the FAA as authorized to fund projects at the 9.106/4.47/4.47 cost share ratio. A review of proposed capital projects requested over the next five years was reviewed. All project requests are grant-eligible, with the exception of pavement preservation. All projects have been submitted to the FAA and the State.

In response to a question from Commissioner Spalj, there was a previous evaluation to consider larger aircraft. It was determined that this would not be possible, as it would be unsafe and significantly reduce capacity. The Airport limits aircraft operation to 200,000 pounds with up to 100 foot wingspan.

Ms. Williams provided an overview and answered questions regarding the projects identified for Fiscal Year 23/24:

- Kilo Ramp rehabilitation
- Update to Airport Drainage Master Plan

- LED fixture replacement for ramp lighting
- Rehab of newly constructed runway
- Update to Airport Master Plan
- Reconstruction of Gate 1 Taxiway and Taxiway Alpha Bypass
- Design and construction of two new Taxiway Bravo exits

Fiscal Year 24/25:

- Add exit Taxiway to B9
- Rehab of Taxiways A11 and A12
- Reconstruction of South Area Apron adjacent to Atlantic Aviation

Fiscal Year 25/26:

- Upgrade electric security gates
- Rehab full-length Taxiway Bravo and connector taxiways
- Apron reconstruction south end

Fiscal Year 26/27:

- Rehab of Taxiway Alpha and connectors

Fiscal Year 27/28:

- Vehicle parking structure

In response to a question from Commissioner Bernosky, Ms. Williams stated that money left over from the budget year will be returned to the Aviation Fund.

In response to a question from Commissioner Casey, Chris Read, Assistant Aviation Director - Operations provided an overview of the evaluation and timeline process for runway rehab.

COMMISSIONER BERNOSKY MADE A MOTION TO APPROVE THE FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 24/24 THROUGH FISCAL YEARS 27/28. COMMISSIONER SPALJ SECONDED THE MOTION, WHICH CARRIED 7/0 WITH CHAIR MCDERMOTT, VICE CHAIR MIER AND COMMISSIONERS BERNOSKY, CASEY, GOODE, REID AND SPALJ VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

2. Discussion and input regarding Monthly Financial Report for December

Ms. Williams stated that the approved budget for revenues through December totaled \$3.78 million, with actuals at \$4.48 million. For expenses, the budget was \$1.49 million, with actuals at \$1.42 million. Revenues are slightly higher than last year by \$48,000. Expenses were lower by \$68,000. As of December 31, 2022, the Aviation Fund Cash Balance was \$7.8 million. FBO fuel sales accounted for 78.2 percent of all fuel sales. AVGAS was 2.5 percent and Airpark operators totaled 19.4 percent. Total gallons pumped was 1.5 million, down 13.8 percent over last December. Totals year-to-date are up 11.9 percent.

3. Discussion and input regarding Monthly Operations Report

Chris Read, Assistant Aviation Director - Operations, provided the based aircraft total for the current month at 401, compared with 461 last year. Operations are down 1.7 percent for the month. IFR totals are down 11.1 percent. There were four alerts for the month. Enforcement actions were busier than typical. Revenue for U.S. Customs was \$127,775, total uses 223 and U.S. visit flights totaled 32. Revenue for the Fiscal Year to date is \$645,200 compared with \$567,300 last year. Total uses for the month were 223, compared with 224 last year. Fiscal Year to date uses are 1,141 compared with 927 last year. There were 24 PPRs for the month.

4. Discussion and input regarding Public Outreach Programs and Planning Projects

Sarah Ferrara, Aviation Planning & Outreach Coordinator, reported that three voluntary curfew letters were issued in January. Seven property development projects were listed within the Airport Influence Area. For Super Bowl, staff launched an outreach plan, including social media, listserv newsletters, website updates, press release and media interviews. Airport staff exhibited at the 2023 NBAA Schedulers & Dispatchers conference January 24 through January 26, 2023. Work continues to finalize an emergency drill video. Staff is also working on a video to recap Super Bowl weekend at the Airport. An article written by Gary Mascaro on the transformation of business aviation hubs to meet current needs will appear in the Jet Aviation Monocle coffee table book. Ms. Ferrara played a brief overview video on airport activities related to the Super Bowl.

5. Discussion and input on a recap of Waste Management Phoenix Open/Super Bowl activities

Mr. Mascaro provided an overview of the pre-event planning process as well as the various activities and operations encompassed in the lead up to and during the Super Bowl event. In response to a question from Commissioner Bernosky, Mr. Mascaro confirmed that the FAA was fully staffed for the Sunday/Monday push. Scottsdale was the busiest airport, even surpassing Sky Harbor. There were 911 aircraft parked overnight between Thursday and Monday, 780 of which were transient or visiting corporate jets. The big push was Sunday to Monday with 490 corporate jets, mostly departures, in less than 24 hours. Despite the enormous volume, there were zero delays. For event week, Atlantic Aviation pumped 182,000 gallons of jet fuel. Monday was a record day, with over 55,000 gallons pumped. They saw over 335 departures over this time, with 105 departing on Monday alone. Signature Aviation pumped 140,000 gallons from February 9th to the 13th with a total of 350 operations and average daily operations totaling 65. There were over 200 tow movements after the game on Sunday and Monday. Jet Aviation pumped a total of 201,000 gallons of fuel during the event periods, including a new daily record for February 10th of 38,000. There were 338 departures over the course of the week, with 84 on Monday alone.

Vice Chair Mier asked whether feedback has been received from the NFL or Cardinal leadership. Mr. Mascaro confirmed speaking to Mr. Goodwell on Monday, who was very pleased with the Airport staff and operations for the event.

6. Administrative report from the Aviation Director, or designee, regarding the status of pending aviation-related items

Mr. Mascaro stated that the Parque project, site of the old CrackerJax operation, will eventually come before the Commission, as it involves a zoning change that may affect the Airport.

7. Discussion and possible action to modify the Airport Advisory Commission meeting schedule and Commission item calendar

The next meeting is scheduled for March 15th.

PUBLIC COMMENT

There were no public comments.

FUTURE AGENDA ITEMS

Commissioner Spalj noted that arrivals into Scottsdale on IFR days are terrible and suggested the possibility of a task force or at least further conversation. Mr. Mascaro stated that this can be added as a future agenda item.

COMMISSIONER GOODE MADE A MOTION TO ADD DISCUSSION OF IFR ARRIVALS TO A FUTURE AGENDA. COMMISSIONER CASEY SECONDED THE MOTION, WHICH CARRIED 7/0 WITH CHAIR MCDERMOTT, VICE CHAIR MIER AND COMMISSIONERS BERNOSKY, CASEY, GOODE, REID AND SPALJ VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

ADJOURNMENT

, The meeting adjourned at 6:10 p.m.

SUBMITTED BY:

eScribers, LLC



COMMISSION ACTION REPORT

Discussion and Possible Action regarding application for Airport Aeronautical Business Permit for Aviation.One Jet Maintenance, LLC to conduct Aircraft Maintenance and Repair Services

Agenda Item No.: 1

Meeting Date: 03/15/23

Staff Contact: Carmen Williams,
Finance & Administration Manager

Phone: (480) 312-8475

ACTION

Ratification of Airport Aeronautical Business Permit for Aviation.One Jet Maintenance, LLC to conduct aircraft maintenance and repair services at the Scottsdale Airport.

PURPOSE

Pursuant to Scottsdale Revised Code, Chapter 5, Article 3, commercial aeronautical activity conducted in the Airport requires a valid Aeronautical Business Permit. In addition, the Airport Minimum Operating Standards outlines the process for obtaining such a permit. Aviation.One Jet Maintenance, LLC has requested an Airport Aeronautical Business Permit to conduct aircraft maintenance and repair services at the Scottsdale Airport.

APPLICANT(S)

Aviation.One Jet Maintenance, LLC
Robert Archer, Director of Maintenance
2443 N. Greenfield Road, Suite 116
Mesa, AZ 85215

KEY CONSIDERATIONS

Aviation.One Jet Maintenance, LLC has provided the appropriate documentation as required in the Airport Minimum Operating Standards.

Attachment(s): 1. Completed Airport Aeronautical Business Permit
 2. Location Map

Action taken:



SCOTTSDALE AIRPORT AERONAUTICAL BUSINESS PERMIT



(Required to conduct commercial aeronautical activity on the airport)
Fields in RED are required fields.

Business or activity to be conducted (check all that apply):

- Aircraft Charter Services
- Aircraft Leasing or Rental Services
- Aircraft Maintenance and Repair Services
- Aircraft Management
- Aircraft Washing Services
- Aircraft Sales Services
- Aircraft Mobile Maintenance and Repair Services
- Specialized Aircraft Repair Services (list service): VHF, UHF, HF, SelCal Nav - ILS, VOR, ATCRBS, Mode S
- Specialized Commercial Flying Service (list service): _____
- Hangar/Shade Leasing Services
- Flight Training Services
- Fixed Base Operator
- On-Airport Rental Car Concession
- Other (list service): _____

These activities are limited to the airport by ordinance. Please refer to the Airport Minimum Operating Standards for further information on each type of business.

Applicant (Business Name): Aviation.One Jet Maintenance LLC.

Authorized Representative, title: Robert D. Archer Email Address: rob@aviation.one

Work Phone: 480-674-5551 Cell Phone: 860-922-5281 Fax: _____

Mailing Address: 2443 N. Greenfield Rd. Suite 116

City: Mesa State: AZ Zip Code: 85215

Billing Address: 2443 N. Greenfield Rd. Suite 116

City: Mesa State: AZ Zip Code: 85215

Billing Phone: 480-865-0042 Billing Email: brittany@aviation.one

The Applicant hereby requests the above action(s), and in consideration of this request being granted, agrees to the following:

- 1. FEE PAYMENT: The Applicant agrees to pay all applicable fees on time, and all required fees including late fees, interest and penalties without deduction of any kind.
- 2. PERMIT LIMITATIONS: This permit may not be assigned or transferred, and is limited to the approved business activity listed above
- 3. INFORMATION CHANGES: The Applicant shall notify Airport Administration, in writing within fifteen (15) days , of any change to the information provided.
- 4. RELEASE OF LIABILITY: The City assumes no liability for damage or loss to personal property while operating at Scottsdale Airport.
- 5. INDEMNIFICATION: The Applicant and invitees shall indemnify the City pursuant to Chapter 5 of the Scottsdale Revised Code. As required by the Airport Minimum Operating Standards, permit holder shall endorse all liability insurance policies to include the City of Scottsdale as an additional insured. Applicant further agrees to waive their insurers' subrogation rights against the City of Scottsdale, and its Officers, Directors, Commissioners, and Employees.
- 6. COMPLIANCE WITH THE LAW: The Applicant shall comply with all applicable laws, ordinances, rules and regulations. To view regulations, go to <http://www.scottsdaleaz.gov/airport/regulatorydocs>

Please check the box for each item attached and submitted with the application:

- Lease/License Agreement
- Certificates of Insurance
- FAA Certificates
- Sublease Agreement
- Business/ Privilege Tax License
- For Flight Training Schools:
 - Noise Abatement Pilot Briefing

The undersigned representative certifies he/she is authorized to sign for the business and acknowledges receipt of a copy of this permit.

Applicant Signature: Robert D. Archer Digitally signed by Robert D. Archer
Date: 2023.01.10 15:26:24 -07'00' Date: 10 Jan 2023

By checking this box, I affirm that the information entered above is accurate and that the name typed above represents my official signature.

*Please save the form to your documents, submit the form with an electronic signature to cawilliams@scottsdaleaz.gov
OR print, sign and return to: 15000 N. Airport Drive, Suite 100, Scottsdale, AZ 85260.*

Staff Use Only

Application, permits and insurance reviewed by:

Aviation
Director's
Comments/
Stipulations:

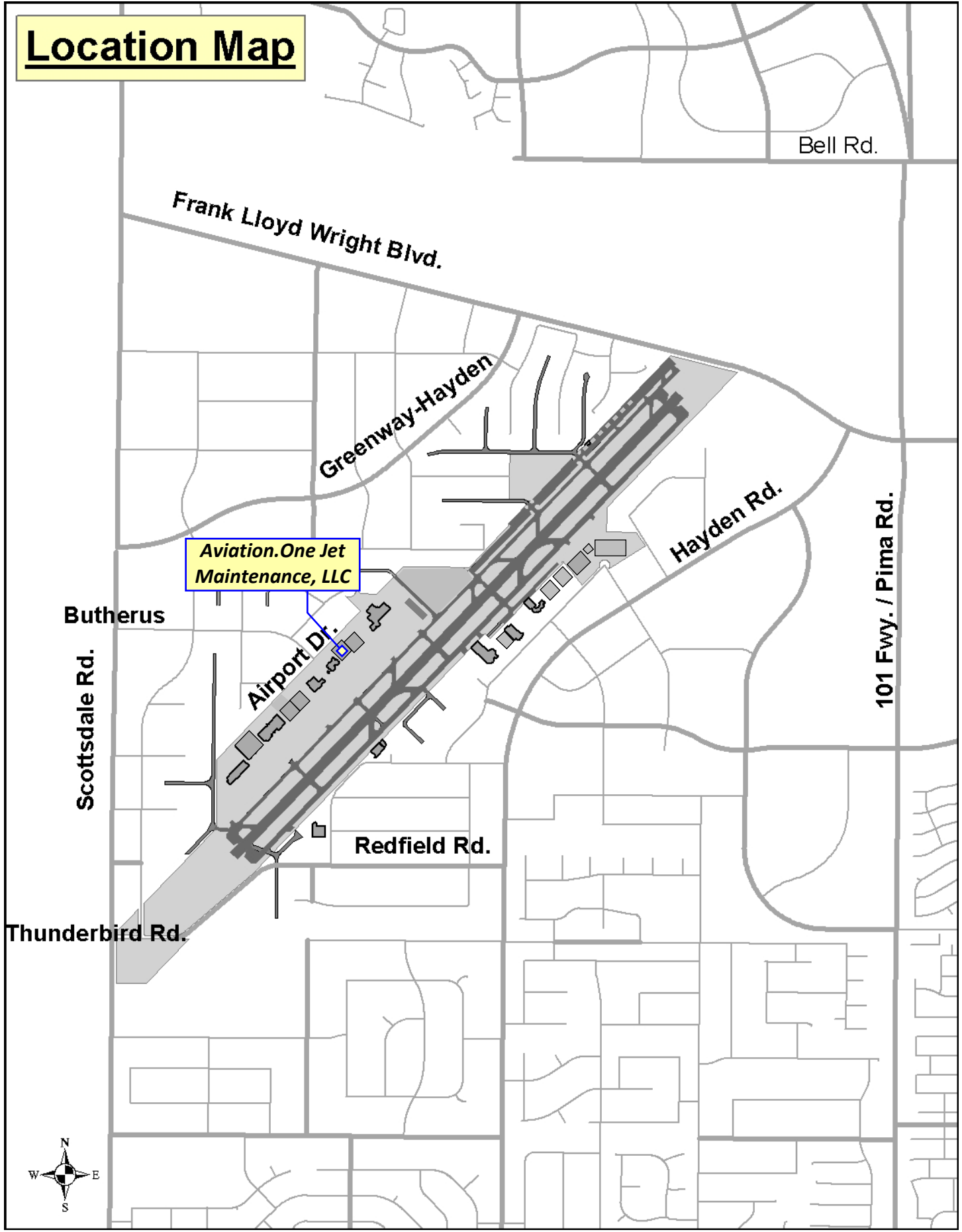
Account 2023-01

Approved by Aviation
Director or designee:

Cawilliams 2/11/2023

Date Ratified by the Airport Advisory Commission:

Location Map





COMMISSION INFORMATION REPORT

Insurance Update From Risk Management

Agenda Item No.: 2

Meeting Date: 03/15/23

Contact: Denise Plug, Risk
Management Contracts
Coordinator

Phone: (480) 312-2452

INFORMATON

Insurance update from Risk Management



COMMISSION INFORMATION REPORT

Discussion and input regarding IFR Arrival Delays

Agenda Item No: 3

Meeting Date: 03/15/23

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

INFORMATION

Per the request of the Airport Advisory Commission; discussion and input regarding Instrument Flight Rules (IFR) Arrival Delays.

The concern brought up by Commissioner Spalj regarding IFR arrivals in lower ceilings that has created up to 50 minutes in holds when arriving to Scottsdale Airport. For example, A TRACON controller got on frequency and told us that they alternate releases from holds to SDL then DVT then SDL, etc. But they do not release until the tower accepts the incoming IFR flight. The only way to mitigate this is to fly in VFR conditions or go to PHX.

The Aviation Department invited Mike Ferger, FAA Traffic Management Officer, Phoenix TRACON to the meeting to discuss this and share their thoughts.



COMMISSION ACTION REPORT

Adopt Resolution No. 12766 Authorizing Lease Agreement No. 2023-038-COS with Out West Rentals, LLC and Lease Agreement No. 2023-039-COS with Cirrus Design Corporation dba Cirrus Aircraft for the lease of General Aviation Box Hangar; and Resolution No. 12767 Authorizing Lease Agreement No. 2023-040-COS with SDL AZ Holdings, LLC dba Atlantic Aviation for the lease of General Aviation Box Hangar Space at the Scottsdale Airport.

Agenda Item No.: 4

Meeting Date: 03/15/23

Staff Contact: Carmen Williams,
Aviation Finance & Administration
Manager

Phone: (480) 312-8475

ACTION

Discussion and possible action to recommend adoption of Resolution No. 12766 authorizing Lease Agreement No. 2023-038-COS with Out West Rentals, LLC and Lease Agreement No. 2023-039-COS with Cirrus Design Corporation dba Cirrus Aircraft; and adoption of Resolution No. 12767 authorizing Lease Agreement No. 2023-040-COS with SDL AZ Holdings, LLC dba Atlantic Aviation for General Aviation Box Hangar Space at the Scottsdale Airport.

PURPOSE

To authorize three new lease agreements for north general aviation executive box hangar spaces at the Scottsdale Airport.

KEY CONSIDERATIONS

- The General Aviation Box Hangars are located on the Kilo Ramp at the north end of the Airport property. Building A (Phase I) and Building B (Phase II) each consist of seven contiguous executive box hangars, each dimensioned at 62 feet wide by 47 feet deep.
- Two lease agreements term out December 31, 2022 which made four box hangar units available.
- Out West Rentals, LLC is executing a new Lease Agreement No. 2023-038-COS for unit A103, replacing lease agreement 2019-042-COS.
- SDL AZ Holdings, LLC dba Atlantic Aviation is executing a new Lease Agreement No. 2023-040-COS for units A102 and A104, replacing lease agreement 2019-042-COS.
- Cirrus Design Corporation dba Cirrus Aircraft is executing a new Lease Agreement No. 2023-039-COS for unit A107, replacing lease agreement 2019-053-COS.
- Tenants are currently leasing assigned box hangar spaces under a short-term License Agreement issued by the Aviation Director. All three License Agreements will transition to lease agreements upon City Council approval.
- The base rent for all fourteen (14) box hangar leases will generate approximately \$543,200 in annual revenues to the Aviation Enterprise Fund.

Attachments: 1. Resolution Nos. 12766 and 12767
2. Location Map of General Aviation Box Hangars
3. Contract No. 2023-038-COS
4. Contract No. 2023-039-COS
5. Contract No. 2023-040-COS

Action taken:

RESOLUTION NO. 12766

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA AUTHORIZING AGREEMENTS WITH OUT WEST RENTALS, LLC (2023-038-COS) AND CIRRUS DESIGN CORP. DBA CIRRUS AIRCRAFT (2023-039-COS) FOR THE LEASE OF HANGAR SPACE AT THE SCOTTSDALE AIRPORT.

WHEREAS, the City is the owner of certain real property known as the Scottsdale Airport on which the City has constructed the North General Aviation Box Hangars; and

WHEREAS, the City desires to lease a portion of its box hangar space pursuant to the terms set forth in the lease agreements;

NOW, THEREFORE, be it resolved by the Council of the City of Scottsdale as follows:

Section 1: The Mayor is authorized and directed to execute on behalf of the City of Scottsdale, agreements with Out West Rentals, LLC (2023-038-COS) and Cirrus Design Corp. dba Cirrus Aircraft (2023-039-COS) for the lease of hangar space at the Scottsdale Airport.

PASSED AND ADOPTED by the Council of the City of Scottsdale this ____ day of _____, 2023.

CITY OF SCOTTSDALE, an Arizona
municipal Corporation

David D. Ortega, Mayor

ATTEST:

By: _____
Ben Lane, City Clerk

APPROVED AS TO FORM:

Sherry R. Scott, City Attorney
By: Eric C. Anderson, Senior Assistant City Attorney

RESOLUTION NO. 12767

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA AUTHORIZING AGREEMENT WITH SDL AZ HOLDINGS, LLC DBA ATLANTIC AVIATION (2023-040-COS) FOR THE LEASE OF HANGAR SPACE AT THE SCOTTSDALE AIRPORT.

WHEREAS, the City is the owner of certain real property known as the Scottsdale Airport on which the City has constructed the North General Aviation Box Hangars; and

WHEREAS, the City desires to lease a portion of its box hangar space pursuant to the terms set forth in the lease agreement;

NOW, THEREFORE, be it resolved by the Council of the City of Scottsdale as follows:

Section 1: The Mayor is authorized and directed to execute on behalf of the City of Scottsdale, Agreement No. 2023-040 COS with SDL AZ Holdings, LLC dba Atlantic Aviation, for the lease of hangar space at the Scottsdale Airport.

PASSED AND ADOPTED by the Council of the City of Scottsdale this ____ day of _____, 2023.

CITY OF SCOTTSDALE, an Arizona
municipal Corporation

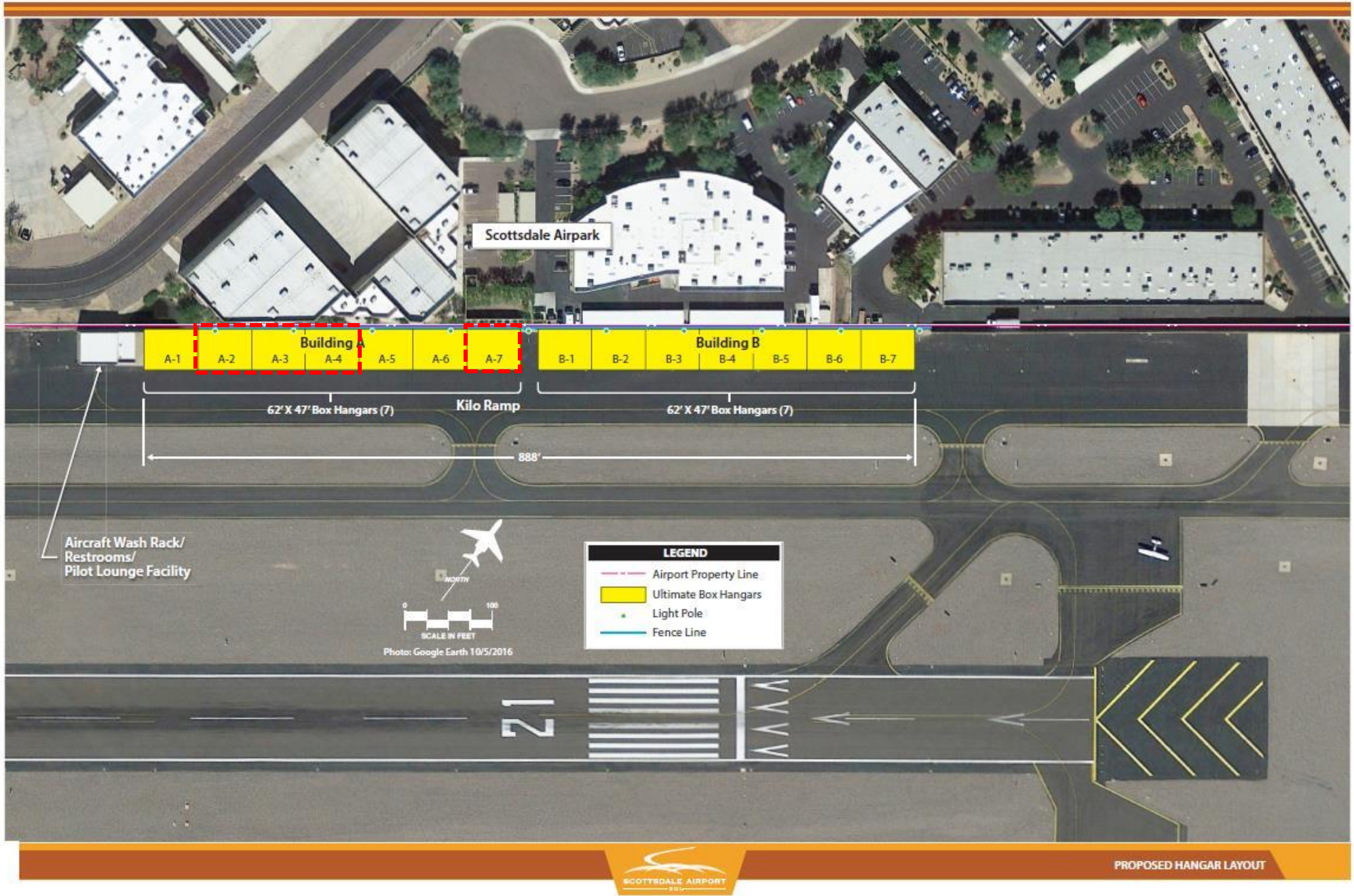
David D. Ortega, Mayor

ATTEST:

By: _____
Ben Lane, City Clerk

APPROVED AS TO FORM:

Sherry R. Scott, City Attorney
By: Eric C. Anderson, Senior Assistant City Attorney



Attachment 2: Location Map of General Aviation Box Hangars

HANGAR LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this _____ day of _____ 2023, by and between the CITY OF SCOTTSDALE, an Arizona municipal corporation ("Lessor"), and Out West Rentals LLC an Arizona limited-liability company ("Lessee").

W I T N E S S E T H

A. Lessor is the owner of certain real property at the Scottsdale Airport (the "Airport") and the North General Aviation Box Hangars (the "Box Hangars") located thereon. The Box Hangars are located airside on the Kilo Ramp north of the wash rack.

B. Lessor desires to lease to Lessee, and Lessee desires to lease Building A unit A103, a 62' x 47' box hangar (the "Leased Premises") generally depicted on Exhibit "A" consisting of approximately 2914 square feet of hangar space solely for the storage of the aircraft identified in the approved Scottsdale Airport Aircraft Storage Permit application (or any replacement aircraft as approved in writing by the Aviation Director).

NOW, THEREFORE, for and in consideration of the foregoing, the rent hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1. Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2. Premises and Fixtures.

2.1 Agreement to Lease. Lessor hereby agrees to lease the Leased Premises to Lessee and Lessee hereby agrees to lease the Leased Premises from Lessor, subject to the terms and conditions of this Agreement.

2.1.1 Lessor's Fixtures Included. The Leased Premises also includes all fixtures attached to the Leased Premises, which, once attached, are owned by the Lessor.

III. TERM OF LEASE

3. Term of Lease. Lessee is currently in possession of the Leased Premises pursuant to a short-term license issued by the Aviation Director. This Lease Agreement shall become effective on the first day of the month immediately following its execution by all Parties ("Effective Date"). Upon the Effective Date of this Lease, any such short-term license shall be deemed terminated. Provided, however, any outstanding obligations of such license shall be merged in and become obligations of this Lease and credits, deposits, or other assurances provided by Lessee pursuant to such License shall be transferred and applied to any corresponding provisions of this Lease. Lessee's occupation of the premises is subject to the following provisions and conditioned upon

Lessee's full, timely, complete and faithful performance of all obligations and things to be performed or done hereunder by Lessee. By entering this Lease, Lessee accepts the Leased Premises as is. The term of the Leased Premises shall be for a period of **56 months** from the Effective Date of this Agreement.

3.1 Holding Over. In any circumstance whereby Lessee should hold over and remain in possession of the Leased Premises after the expiration of this Agreement, such holding over shall not be considered to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon 10 days' notice to Lessee. During any such hold over period, Lessee may increase the Base Rent to 150% of its previous rate applicable in the last month of the Lease term and shall be prorated to the date Lessee vacates the Leased Premises.

IV. LEASE PAYMENTS

4. Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable in advance on the 25th day of the preceding calendar month. For example, the Rent for September shall be payable on or before August 25th. The first installment of Rent prorated for the portion of the month remaining in the month in which the term of the Leased Premises will begin is due at least five days prior to the estimated delivery of possession of the Leased Premises as determined by the Aviation Director.

4.2 Rent. The rental amount (the "Rent") Lessee shall pay to Lessor for each of the first 12 months from the commencement of the term of this Agreement is **\$3,800.00**. The Rent is due and payable each month during the term hereof.

4.3 Rent Adjustment. The Rent shall be automatically adjusted upward on the one-year anniversary of the commencement of the term of this Agreement and every year thereafter on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics as of the date two (2) months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

provided, that in no event shall the Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index published by any federal agency shall be substituted by Lessor in Lessor's reasonable discretion.

In the event of a holdover without Lessor's consent, Rent shall be increased by an additional 150% over the amount of Rent otherwise payable.

4.4 Security Deposit. At the time of execution of this Agreement, Lessee shall provide to, and maintain with Lessor at all times during the term of this Agreement, a security deposit guaranteeing the faithful performance of this Agreement in the name of Lessor, in the sum of **\$3,800.00**. Any portion of said security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee to Lessor, shall be paid to Lessee by the Lessor within 60 days after termination of this Agreement.

4.5 Taxes, Liens and Assessments. In addition to all other Rent herein provided, Lessee shall pay, when due and as the same become due and payable, all taxes and general and special fees, charges, and assessments of every description which during the term of this Agreement may be levied upon or assessed against the Leased Premises, the operations conducted therein, any Rent paid or other performances under this Agreement by either party, and all possessory interest in the Leased Premises and improvements and other property thereon, whether belonging to the Lessor or Lessee. Lessee agrees to indemnify, defend, and hold harmless Lessor and the Leased Premises and such property and all interest therein and improvements thereon from any and all such taxes and assessments, including any interest, penalties and other expenses that may be imposed, and from any lien therefor or sale or other proceedings to enforce payment thereof. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessor shall have the right from time to time to require that all of the foregoing payments be made by Lessee through Lessor. Lessee shall pay all sales, transaction privilege, and similar taxes.

4.6 Late Fees. Should any installment of Rent not be paid on or before the date due, a 10% late fee shall be added to the amount due or found to be due. Furthermore, any and all amounts payable by Lessee under this Agreement that are not timely paid shall accrue interest at the rate of 1% per month from the date the amount first came due until paid. Lessee expressly agrees that the foregoing represents a reasonable estimate of Lessor's costs in the event of a delay in payment of Rent.

4.7 Rent Amounts Cumulative. All amounts payable by Lessee hereunder or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.8 No Setoffs. All Rents shall be paid in full directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

4.9 Utilities. Lessor will pay all charges, fees, deposits and other amounts for sewer and waste disposal services at the applicable rates as determined by Lessor. Lessee will pay all electricity and water service charges and fees for the Leased Premises.

4.10 Maintenance by Lessor. Lessor will maintain the structural integrity of the box hangar units comprising the Leased Premises (including without limitation doors, roof and exterior walls). Lessor is not responsible for maintenance of a routine or minor nature or of Lessee's

furnishings, fixtures or improvements.

4.11 Maintenance by Lessee. Lessee is responsible for the following:

4.11.1 Janitorial and all other cleaning service in the Leased Premises.

4.11.2 Adequate and sanitary handling and disposal of all trash, garbage and other refuse related to Lessee's use of the Leased Premises.

4.11.3 All other repairs and maintenance of the Leased Premises not specifically required to be performed by Lessor, except that if it is determined by the Lessor that the failure of any of the systems described in this section is due to the negligence of the Lessee, the Lessee will be responsible for the costs of any such repairs.

V. USE RESTRICTIONS AND COMPLIANCE WITH ALL LAWS

5. Use Restrictions. Lessee's use and occupation of the Leased Premises shall in all respects conform to all and each of the following cumulative provisions:

5.1 Permitted Uses. Lessee will use the Leased Premises for aircraft storage only, with the exception that the Lessor may give written consent to allow other accessory and related to aviation storage uses from time to time. Such accessory and related to aviation storage uses may only be conducted following the Aviation Director giving to Lessee written notice of consent, which will not be unreasonably withheld, and Lessor through the Aviation Director may impose conditions and limitations on such consent and the Aviation Director may later revoke and retract any prior written consent at any time. Renter shall further be allowed to service its aircraft(s) in the Hangar in accordance with the Scottsdale Airport Rules and Regulations.

5.2 Compliance with Law. Lessee shall perform its obligations under this Agreement in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended.

5.3 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the Airport, including the Leased Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith.

5.4 Aviation Regulations. Lessee shall comply with any and all rules, regulations, laws, ordinances, statutes or orders of the FAA and any other governmental authority, whether federal, state, county, or Lessor, lawfully exercising authority over the Airport.

5.5 Liability and Indemnity. Lessee shall be liable to Lessor, and shall pay, indemnify, defend and hold harmless Lessor against any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon Lessor, including attorneys' fees, arising from any violation of law caused directly or indirectly by act, omission, negligence, abuse or carelessness on the part of Lessee, its employees, agents, customers, visitors, suppliers, or invitees. Without limitation, the preceding sentence requires the payment by Lessee of any fines or penalties for any breach of security arising from the unauthorized entry of any of the

aforementioned persons or their vehicles onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport.

5.6 Grant Agreement Assurances. Lessee shall observe and comply with the following covenants and conditions:

5.6.1 No person shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises on the grounds of race, color, handicap, or national origin. No person shall be excluded on the grounds of race, color, handicap, or national origin from participation in, denied the benefits of, or otherwise be subject to discrimination in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services thereon.

5.6.2 Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

5.6.3 Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchases.

5.6.4 Lessee agrees that it shall insert this article and all of the other provisions of this article titled "Grant Agreement Assurances" in any agreement, lease, contract, etc. by which Lessee grants a right or privilege to any persons, firm or corporation to render accommodations and/or services to the public on the Leased Premises together with a provision that the "Grant Agreement Assurances" shall constitute a material breach thereof, and in the event of such non-compliance Lessor shall have the right to terminate the agreement and the estate thereby created without liability therefore. Either or both Lessor or the United States shall have the right to enforce the "Grant Agreement Assurances."

5.7 Federal Agreements. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the Lessor and the United States, relative to the development, operation or maintenance of the Airport.

5.8 War or National Emergency. This Agreement shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

5.9 Control of Common Areas. All parking areas, driveways, entrances and exits thereto, landscaping areas, aircraft wash rack and all other Common Areas and facilities provided by Lessor for the common use of the users of the Airport, shall at all times be subject to the exclusive control and management of Lessor, and Lessor shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to the use of all the

Common Areas and facilities. Lessor shall have the right to operate and maintain the same in such manner as Lessor, in its sole discretion, shall determine from time to time, including without limitation the right to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the Common Areas and facilities. Lessor shall have the exclusive right at any and all times to alter, construct, re-construct, enlarge, contract, modify or relocate any of the Common Areas, to close any portion of the Common Areas for the purpose of making repairs, changes or additions thereto and may change the size, area, layout or arrangement of the parking areas or the number of spaces or the lighting thereof, within or adjacent to the existing areas and may enter into agreements with adjacent owners for cross-easements for parking, ingress or egress. The Lessor shall also have the right to place vending or amusement devices in the Common Areas and any other use which, in the Lessor's judgment, tends to benefit the Airport.

5.10 Parking. Vehicle parking will be allowed inside the hangars only when the aircraft is not occupying the hangar. Vehicle parking shall be subject to current and future rules and regulations governing parking at aircraft hangars and the Airport.

5.11 Airport Operations. Lessee acknowledges that Lessee's use of the Leased Premises shall be subject and subordinate to Lessor's operation of the Airport, which will necessarily directly and indirectly affect Lessee, the Leased Premises, and Lessee's use of the Leased Premises. Lessee's use of the Leased Premises shall not be permitted by Lessee to in any way adversely affect Lessor's use or operation of the Airport. Without limitation:

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

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

5.11.3 Lessee by accepting this Agreement agrees for itself, its successors and assigns that it will not make use of the Leased Premises in any manner that might interfere with the taxiing, landing and taking off of aircraft from the Airport, the loading or unloading of passengers or cargo or other aircraft operations or otherwise constitute a hazard. Whether any particular conduct complies with the foregoing shall be determined by Lessor.

5.12 Communications Operations Restriction. Lessee shall not install, operate, or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment) that is presently in use or could be in use in the future. If such interference should occur, Lessee shall immediately discontinue using such equipment, methodology or technology that causes the interference until corrective measures are taken. Any such corrective measures shall be made at no cost to Lessor.

5.12.1 Lessor has not relinquished or limited any right of condemnation or eminent domain over the Leased Premises or any other property related to this Agreement.

5.12.2 This Agreement does not impair City of Scottsdale's power to enact, apply or enforce any laws or regulations, or exercise any governmental powers affecting in any way Lessee or the Leased Premises. Lessor's rights and remedies hereunder for Lessee's failure to comply with all applicable laws supplement and are in addition to and do not replace otherwise existing powers of the City of Scottsdale or any other governmental body.

VI. BREACH

6 Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

6.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

6.1.1 If Lessee shall be in arrears in the payment of Rent or the Security Deposit and shall not cure such arrearage within 10 days after Lessor has notified Lessee in writing of such arrearage.

6.1.2 If Lessee shall fail to maintain the Leased Premises as required in this Agreement.

6.1.3 If Lessee shall fail to timely pay any taxes or other amounts herein required to be paid by Lessee to Lessor or to any other person.

6.1.4 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals from Lessor or any other governmental body or timely pay any taxes with respect to this Agreement, the Leased Premises or Lessee's use of the Leased Premises.

6.1.5 If Lessee shall engage in a pattern of repeated failure (or neglect) to timely do or perform or observe any provision contained herein. Three or more failures to comply with any provision of this Agreement during any 12 month period constitutes a repeated failure by Lessee to comply with such provision.

6.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, without further demand or notice, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

6.2.1 Terminate this Agreement.

6.2.2 Enter into and upon the Leased Premises or any part thereof, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

6.2.3 Abate at Lessee's expense any violation of this Agreement.

6.3 Notice of Breach. Lessee shall promptly give notice to Lessor of any event or circumstance that is (or with the passing of time or the giving of notice or both will become) an Event of Default under this Agreement.

6.4 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or otherwise prevent Lessor from declaring a default for any breach or succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or article) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS ARTICLE.

6.5 Reimbursement of Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

6.6 Default by Lessor. Notwithstanding anything in this Agreement to the contrary, in the event Lessor at any time is required to render any performance, such performance is not due until 30 days after notice by Lessee to Lessor that that the performance is due. If a cure cannot be affected during that period, Lessor shall not be in default so long as Lessor commences cure during the period and diligently prosecutes the cure to completion provided such cure must be completed within 60 days after it is due.

VII. TERMINATION

7 Rights at Termination. The following provisions shall apply upon expiration or other termination of this Agreement at any time for any reason:

7.1 Surviving Obligations. Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or events leading to or occurring before termination shall survive and not terminate.

7.2 Delivery of Possession. Lessee shall, without demand, peaceably and quietly quit and deliver up the Leased Premises to Lessor thoroughly cleaned, in good repair, maintained and repaired and in as good order and condition, reasonable use and wear excepted, as the same or in such better condition as the Leased Premises may hereafter be delivered to Lessee's possession at the beginning of the lease term.

7.3 Mutual Termination. If it is in the best interests of the City, the Aviation Director may agree with Lessee to a mutual termination of this Lease upon commercially reasonable terms that account for the circumstances existing at the time of the termination.

VIII. INDEMNITY AND INSURANCE

8 Indemnity and Insurance. Lessee shall insure the Premises and its property and activities at and about the Premises and shall provide insurance and indemnification as follows:

8.1 Insurance Required. Prior to entering, occupying or using the Premises in any way thereafter, and in any event not later than the date 30 days after the date of this Agreement, and at all times thereafter, Lessee shall obtain and cause to be in force and effect the following insurance:

8.1.1 Airport Premises Liability Insurance. Lessee shall provide aircraft liability insurance that covers damages for bodily injury or property damage arising out of the use of airport premises including ramps and taxiways for the parking and storage of aircraft. Such insurance shall have a minimum limit of One Million Dollars (\$1,000,000) for each occurrence and a One Million Dollar (\$1,000,000) aggregate if applicable.

8.1.2 Special Perils or All Risk Property Coverage. Lessee shall maintain Special Risk Causes or Loss Property coverage, as defined by Insurance Services Office, Inc. in an amount per occurrence equal to the full replacement cost of the tenant's betterments and improvements and naming the Lessor as loss payee for the damage or destruction of that property. Lessee's Property coverage shall include debris removal coverage in an amount sufficient to clear the premises of Lessee or Lessee's customers disabled or destroyed property.

8.1.3 Hangar Keeper's Liability. If Lessee will store other than owned aircraft, Lessee shall carry Hangar Keeper's Liability coverage covering the portions of the Premises used for aircraft storage in an amount equal to the full replacement cost of aircraft subject to loss or damage while in the care, custody, or control of Lessee for safekeeping, storage, service, or repair. The minimum insurance limits for this coverage shall be One Million Dollars (\$1,000,000).

8.1.4 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers, directors, and agents (collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises. Likewise, Lessor may elect by notice to Lessee to increase the amount of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent amount of insurance to be provided. Any modification or variation from these insurance requirements must be made by the Lessor's Risk Manager, whose decision is final. Such action will not require a formal Contract amendment but may be made by administrative action.

8.2 Form of All Insurance. All insurance policies shall meet the following requirements:

8.2.1 All policies except workers' compensation must name Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement.

8.2.2 Lessee or Lessee's Insurer shall provide Lessor with at least 30 days prior notice of any cancellation, reduction or other material change in coverage.

8.2.3 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

8.2.4 "Occurrence" coverage is required. "Claims made" insurance is not permitted except for Environmental Impairment Liability and employment liability insurance.

8.2.5 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted from the Premises.

8.2.6 All insurance policies shall contain a waiver of any transfer rights of recovery (subrogation) against Lessor, and all other Additional Insureds.

8.2.7 No deductibles, retentions, or "self-insured" amounts shall exceed Seven Hundred Fifty Thousand Dollars (\$750,000) in the aggregate per year, per policy. If Lessee desires higher deductibles, retentions, or "self-insured" amounts, Lessee shall notify Lessor in writing not more often than once per year requesting a change in the amount. Lessor shall have the right to accept, modify, limit, or reject Lessee's request. Lessee shall be solely responsible for any self-insurance amount or deductible. Lessor may require Lessee from time to time to secure payment of such deductible or self-insured retention by a surety bond or irrevocable and unconditional letter of credit.

8.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor certificates of insurance annually and with each change in insurance. Certificates must evidence that the policy referenced by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, certificates must indicate that Lessor and the other Additional Insureds are additional insureds and waiver of subrogation and other provisions apply. Certificates must be in a form acceptable to Lessor. All certificates are in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

8.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified unlicensed non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++6.

8.5 Primary Insurance. Lessee's insurance including excess liability policies shall be primary insurance. Any insurance or self-insurance maintained by Lessor shall not contribute to Lessee's insurance.

8.6 Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this paragraph are completely resolved, Lessee shall pay, indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises and/or this Agreement (the "Indemnity"). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings) which may arise in any manner out of any use of the Premises or Lessor's property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. The Indemnity shall also include and apply to any environmental, personal injury or other liability relating to Lessor's or Lessee's acquisition, ownership or use of real property developed, operated, owned, used, controlled or possessed by Lessor or Lessee under this Agreement.

Notwithstanding the foregoing, the Indemnity does not apply to:

8.6.1 Claims arising only from the sole gross negligence of Lessor.

8.6.2 Claims that the law prohibits from being imposed upon Lessee.

8.7 Risk of Loss. Lessor is not required to carry any insurance covering or affecting the Premises or use of Lessor's property related to this Agreement. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessor expressly disclaims any representation that required insurance is adequate to protect any person or property against any risks related to the Premises or any activities, uses or improvements related to the Premises. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. Lessee shall be responsible for any and all damages to its property and equipment related to this Agreement and shall hold harmless and indemnify Lessor regardless of the cause of such damages. In the event Lessee secures other insurance related to the Premises or any improvements, property or uses related thereto, Lessee shall effect an endorsement under such policy waiving any and all insurer's rights of subrogation against Lessor and the other Additional Insureds.

8.8 Insurance to be Provided by Lessees, Sublessees, and Others. Any Subleases, Contractors, or other persons occupying, working on or about, or using the Premises pursuant to this Agreement must also provide for the protection of Lessor and all other Additional Insureds all of the insurance and indemnification required by this Agreement. The preceding sentence does not

require such persons to provide insurance that merely duplicates insurance Lessee provides. Lessee shall cause any persons basing aircraft at the Premises to name Lessee, Lessor, and the Additional Insureds as additional insureds under their aircraft liability policies. Such policies shall contain waivers of subrogation as to Lessee and Lessor and the other Additional Insureds. Lessee shall execute a written agreement with Subcontractors, Sublessees, or others occupying, working on or about, or using the Premises pursuant to this Agreement containing the same Indemnification Clause and Insurance Requirements set forth herein protecting Lessor and Lessee. Lessee shall be responsible for executing the agreement with any Sublessees, Subcontractors or others occupying the Premises and obtaining Certificates of Insurance verifying the insurance requirements.

IX. ASSIGNMENT/SUBLET

9 Terms and Conditions Applicable to Assignment and Subletting.

9.1 Lessee may not assign this Lease in total without the express written approval of Lessor, but Lessee may enter into subleases for a portion of the premises so long as such subleases are otherwise consistent with the terms of this Lease. Lessee shall notify Lessor and receive approval for any subleases. Regardless of Lessor's consent, no assignment of Lessee's obligations under the Lease shall:

- 9.1.1 Be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease;
- 9.1.2 Release Lessee of any obligations hereunder; or
- 9.1.3 Alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

9.2 Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending written approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

9.3 Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

9.4 In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

9.5 Each request for consent to an assignment shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended

use and/or required modification of the Premises, if any, \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested.

9.6 Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

9.7 Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing.

9.8 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

9.8.1 Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

9.8.2 In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

9.8.3 Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

- 9.8.4 No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.
- 9.8.5 Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

X. MISCELLANEOUS

10 Miscellaneous. The following additional provisions shall apply:

10.1 Amendments. This Agreement may not be amended except by a formal writing executed by the parties, including the approval of the City Council. Provided, however, the Aviation Director is authorized to approve minor administrative amendments to the provisions of this Lease which allow for relocation of Lessee to a comparable premises with additional or different features (such as a mezzanine) as long as the amount of the Rent as set forth in Section 4 is adjusted to account for the reasonable rental value of such new premises.

10.2 Limited Severability. In the event any term, condition, covenant, stipulation, agreement or provision herein contained is held to be invalid or unenforceable for any reason, the invalidity of such term, condition, covenant, stipulation, agreement or provision shall in no way affect any other term, condition, covenant, stipulation, agreement or provision herein contained. Further, this Agreement shall be deemed automatically reformed to secure to Lessor the legal, equitable, practical and other benefits of the provisions of this Agreement as written to the very maximum extent permitted by law.

10.3 Conflicts of Interest. No member, official or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement, that is prohibited by law.

10.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

10.5 Time of Essence. Time is of the essence of each and every provision of this Agreement. Any payments due on Saturday, Sunday or an Arizona legal holiday shall be due on the next succeeding day that is not a Saturday, Sunday or an Arizona legal holiday.

10.6 Non-Liability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any performance or amount that may become due to any party or successor or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement.

10.7 Notices. Except as otherwise indicated, all notices, waivers, demands, requests and other communications required or permitted by this Agreement (collectively, "Notices") shall be

in writing and shall be effective only if sent by one or more of the following methods: (a) personal delivery; (b) generally recognized overnight commercial courier regularly providing proof of delivery, with delivery charges prepaid or duly charged; (c) United States registered or certified mail, return receipt requested, postage prepaid, or (d) electronic mail (email) addressed to the parties at the respective addresses set forth opposite their names below, or to any other address or addresses as any party shall designate from time to time by notice given to the other in the manner provided in this article:

If to Lessor: Scottsdale Aviation Director
 15000 North Airport Drive, Suite 100
 Scottsdale, AZ 85260

AND

 City of Scottsdale
 3939 North Drinkwater Boulevard
 Scottsdale, AZ 85251
 Attn: City Attorney

If to Lessee: Shannon Day
 Out West Rentals LLC
 5314 E. Royal View Drive N.
 Phoenix, AZ 85018

Notices to Lessee may also be hand delivered to Lessee's management office at the Aviation Business Center Building. Notices given or served by personal delivery shall be deemed to have been received upon tender to the respective party. Notices given or served by mail or commercial courier shall be deemed to have been given or served as of the date of delivery (whether accepted or refused).

10.8 Funding. This article shall control notwithstanding any provision of this Agreement or any exhibit or other agreement or document related hereto. If funds necessary to fulfill Lessor's obligations under this Agreement are not appropriated by the Scottsdale City Council, Lessor may terminate this Agreement by 30 days' notice to Lessee. Termination in accordance with this provision shall not constitute a breach of this Agreement by Lessor. No person will be entitled to any compensation, damages or other remedy from Lessor if this Agreement is terminated pursuant to the terms of this subsection.

10.9 Article Headings. The article headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

10.10 Lessor's Right of Entry. Lessor reserves the right at all reasonable times during the term for Lessor or Lessor's agents to enter the Leased Premises for the purpose of inspecting and examining the same, and to show the same to actual or prospective tenants or lenders, and to make such repairs, alterations, improvements or additions as Lessor may deem necessary or desirable, and for any other purposes Lessor deems necessary. During the 90 days prior to the expiration of the term or any renewal term, Lessor may exhibit the Leased Premises to prospective tenants, and place upon the Leased Premises customary "For Lease" signs, as the case may be,

which signs Lessee shall permit to remain thereon without molestation. If Lessee shall not be personally present to open and permit entry into said Leased Premises, at any time, when for any reason an entry therein shall be necessary or permissible, Lessor or Lessor's agents may forcibly enter the same, without rendering Lessor or such agents liable therefor, and without any manner affecting the obligations and covenants of this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon Lessor any obligation, responsibility or liability whatsoever for the care, maintenance or repair of the building or any part thereof, except as otherwise herein specifically provided. No exercise by Lessor of any rights under this Article 16 shall entitle Lessee to any damages for inconvenience, disturbance, constructive eviction, loss of business or other damage to Lessee occasioned thereby, nor to any abatement of rent.

10.11 Attorneys' Fees. In the event any action or suit or proceeding is brought by either Lessor or Lessee to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement or to vindicate or exercise any rights or remedies hereunder, the prevailing party shall be entitled to recover reasonable attorneys' fees, accounting fees, and other costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

10.12 No Third-Party Beneficiaries. Except as otherwise expressly provided, no person or entity shall be a third-party beneficiary to this Agreement or shall have any right or cause of action hereunder.

10.13 Exhibits. All exhibits attached hereto are incorporated into this Agreement by this reference.

10.14 Further Assurances. Lessee agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as Lessor may reasonably require to evidence, confirm or carry out the agreement contained herein.

10.15 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement shall be construed according to its plain meaning and neither for nor against any party hereto. Lessee acknowledges that the Rent payable hereunder was negotiated in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

10.16 Survival of Liability. All obligations of Lessee and Lessor hereunder and all warranties and indemnities of Lessee and Lessor hereunder shall survive termination of this Agreement for any reason.

10.17 Choice of Law. This Agreement is governed by, and shall be construed and enforced in accordance with, the laws of the State of Arizona, without giving effect to any conflict of laws rules, and each party irrevocably submits to the exclusive jurisdiction of the federal and state courts located in Maricopa County, Arizona for the purposes of any action or proceeding arising out of or relating to this Agreement. Each party hereby consents to such jurisdiction and agrees that venue shall lie in the state or federal courts within Maricopa County, Arizona with respect to any claim or cause of action arising under or relating to this Agreement. Each party hereby waives any objection based on *forum non conveniens* and waives any

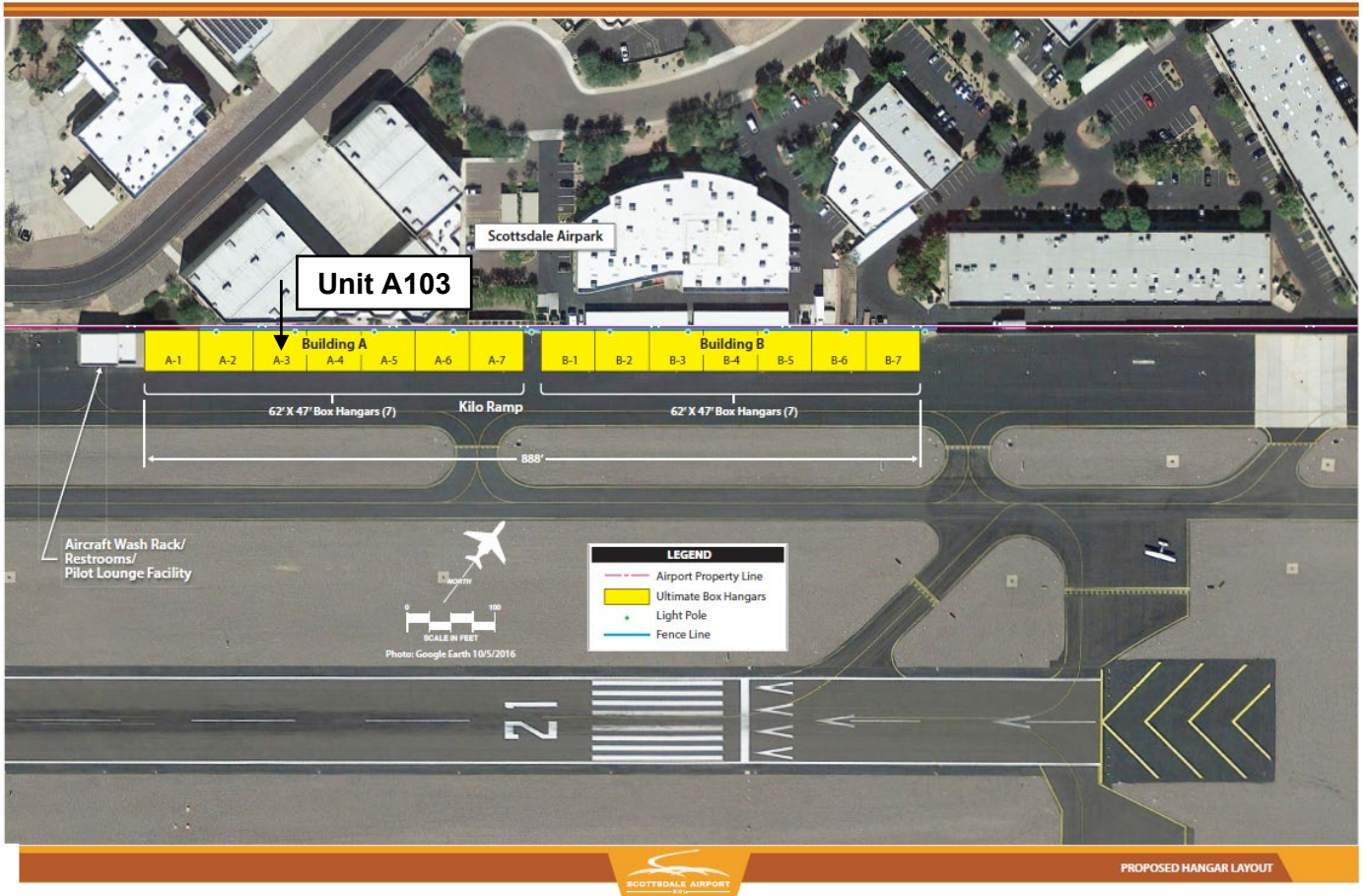
objection to venue of any action instituted hereunder

10.18 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for Lessee's benefit.

10.19 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the cancellation rights specified in A.R.S. § 38-511.

[Signature pages follow]

Exhibit "A" General Layout of North General Aviation Box Hangars



HANGAR LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this _____ day of _____ 2023, by and between the CITY OF SCOTTSDALE, an Arizona municipal corporation ("Lessor"), and Cirrus Design Corporation dba Cirrus Aircraft a Wisconsin corporation ("Lessee").

W I T N E S S E T H

A. Lessor is the owner of certain real property at the Scottsdale Airport (the "Airport") and the North General Aviation Box Hangars (the "Box Hangars") located thereon. The Box Hangars are located airside on the Kilo Ramp north of the wash rack.

B. Lessor desires to lease to Lessee, and Lessee desires to lease Building A unit A107, a 62' x 47' box hangar (the "Leased Premises") generally depicted on Exhibit "A" consisting of approximately 2914 square feet of hangar space solely for the storage of the aircraft identified in the approved Scottsdale Airport Aircraft Storage Permit application (or any replacement aircraft as approved in writing by the Aviation Director).

NOW, THEREFORE, for and in consideration of the foregoing, the rent hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1. Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2. Premises and Fixtures.

2.1 Agreement to Lease. Lessor hereby agrees to lease the Leased Premises to Lessee and Lessee hereby agrees to lease the Leased Premises from Lessor, subject to the terms and conditions of this Agreement.

2.1.1 Lessor's Fixtures Included. The Leased Premises also includes all fixtures attached to the Leased Premises, which, once attached, are owned by the Lessor.

III. TERM OF LEASE

3. Term of Lease. Lessee is currently in possession of the Leased Premises pursuant to a short-term license issued by the Aviation Director. This Lease Agreement shall become effective on the first day of the month immediately following its execution by all Parties ("Effective Date"). Upon the Effective Date of this Lease, any such short-term license shall be deemed terminated. Provided, however, any outstanding obligations of such license shall be merged in and become obligations of this Lease and credits, deposits, or other assurances provided by Lessee pursuant to such License shall be transferred and applied to any corresponding provisions of this Lease. Lessee's occupation of the premises is subject to the following provisions and conditioned upon

Lessee's full, timely, complete and faithful performance of all obligations and things to be performed or done hereunder by Lessee. By entering this Lease, Lessee accepts the Leased Premises as is. The term of the Leased Premises shall be for a period of **56 months** from the Effective Date of this Agreement.

3.1 Holding Over. In any circumstance whereby Lessee should hold over and remain in possession of the Leased Premises after the expiration of this Agreement, such holding over shall not be considered to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon 10 days' notice to Lessee. During any such hold over period, Lessee may increase the Base Rent to 150% of its previous rate applicable in the last month of the Lease term and shall be prorated to the date Lessee vacates the Leased Premises.

IV. LEASE PAYMENTS

4. Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable in advance on the 25th day of the preceding calendar month. For example, the Rent for September shall be payable on or before August 25th. The first installment of Rent prorated for the portion of the month remaining in the month in which the term of the Leased Premises will begin is due at least five days prior to the estimated delivery of possession of the Leased Premises as determined by the Aviation Director.

4.2 Rent. The rental amount (the "Rent") Lessee shall pay to Lessor for each of the first 12 months from the commencement of the term of this Agreement is **\$3,800.00**. The Rent is due and payable each month during the term hereof.

4.3 Rent Adjustment. The Rent shall be automatically adjusted upward on the one-year anniversary of the commencement of the term of this Agreement and every year thereafter on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics as of the date two (2) months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

provided, that in no event shall the Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index published by any federal agency shall be substituted by Lessor in Lessor's reasonable discretion.

In the event of a holdover without Lessor's consent, Rent shall be increased by an additional 150% over the amount of Rent otherwise payable.

4.4 Security Deposit. At the time of execution of this Agreement, Lessee shall provide to, and maintain with Lessor at all times during the term of this Agreement, a security deposit guaranteeing the faithful performance of this Agreement in the name of Lessor, in the sum of **\$3,800.00**. Any portion of said security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee to Lessor, shall be paid to Lessee by the Lessor within 60 days after termination of this Agreement.

4.5 Taxes, Liens and Assessments. In addition to all other Rent herein provided, Lessee shall pay, when due and as the same become due and payable, all taxes and general and special fees, charges, and assessments of every description which during the term of this Agreement may be levied upon or assessed against the Leased Premises, the operations conducted therein, any Rent paid or other performances under this Agreement by either party, and all possessory interest in the Leased Premises and improvements and other property thereon, whether belonging to the Lessor or Lessee. Lessee agrees to indemnify, defend, and hold harmless Lessor and the Leased Premises and such property and all interest therein and improvements thereon from any and all such taxes and assessments, including any interest, penalties and other expenses that may be imposed, and from any lien therefor or sale or other proceedings to enforce payment thereof. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessor shall have the right from time to time to require that all of the foregoing payments be made by Lessee through Lessor. Lessee shall pay all sales, transaction privilege, and similar taxes.

4.6 Late Fees. Should any installment of Rent not be paid on or before the date due, a 10% late fee shall be added to the amount due or found to be due. Furthermore, any and all amounts payable by Lessee under this Agreement that are not timely paid shall accrue interest at the rate of 1% per month from the date the amount first came due until paid. Lessee expressly agrees that the foregoing represents a reasonable estimate of Lessor's costs in the event of a delay in payment of Rent.

4.7 Rent Amounts Cumulative. All amounts payable by Lessee hereunder or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.8 No Setoffs. All Rents shall be paid in full directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

4.9 Utilities. Lessor will pay all charges, fees, deposits and other amounts for sewer and waste disposal services at the applicable rates as determined by Lessor. Lessee will pay all electricity and water service charges and fees for the Leased Premises.

4.10 Maintenance by Lessor. Lessor will maintain the structural integrity of the box hangar units comprising the Leased Premises (including without limitation doors, roof and exterior walls). Lessor is not responsible for maintenance of a routine or minor nature or of Lessee's

furnishings, fixtures or improvements.

4.11 Maintenance by Lessee. Lessee is responsible for the following:

4.11.1 Janitorial and all other cleaning service in the Leased Premises.

4.11.2 Adequate and sanitary handling and disposal of all trash, garbage and other refuse related to Lessee's use of the Leased Premises.

4.11.3 All other repairs and maintenance of the Leased Premises not specifically required to be performed by Lessor, except that if it is determined by the Lessor that the failure of any of the systems described in this section is due to the negligence of the Lessee, the Lessee will be responsible for the costs of any such repairs.

V. USE RESTRICTIONS AND COMPLIANCE WITH ALL LAWS

5. Use Restrictions. Lessee's use and occupation of the Leased Premises shall in all respects conform to all and each of the following cumulative provisions:

5.1 Permitted Uses. Lessee will use the Leased Premises for aircraft storage only, with the exception that the Lessor may give written consent to allow other accessory and related to aviation storage uses from time to time. Such accessory and related to aviation storage uses may only be conducted following the Aviation Director giving to Lessee written notice of consent, which will not be unreasonably withheld, and Lessor through the Aviation Director may impose conditions and limitations on such consent and the Aviation Director may later revoke and retract any prior written consent at any time. Renter shall further be allowed to service its aircraft(s) in the Hangar in accordance with the Scottsdale Airport Rules and Regulations.

5.2 Compliance with Law. Lessee shall perform its obligations under this Agreement in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended.

5.3 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the Airport, including the Leased Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith.

5.4 Aviation Regulations. Lessee shall comply with any and all rules, regulations, laws, ordinances, statutes or orders of the FAA and any other governmental authority, whether federal, state, county, or Lessor, lawfully exercising authority over the Airport.

5.5 Liability and Indemnity. Lessee shall be liable to Lessor, and shall pay, indemnify, defend and hold harmless Lessor against any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon Lessor, including attorneys' fees, arising from any violation of law caused directly or indirectly by act, omission, negligence, abuse or carelessness on the part of Lessee, its employees, agents, customers, visitors, suppliers, or invitees. Without limitation, the preceding sentence requires the payment by Lessee of any fines or penalties for any breach of security arising from the unauthorized entry of any of the

aforementioned persons or their vehicles onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport.

5.6 Grant Agreement Assurances. Lessee shall observe and comply with the following covenants and conditions:

5.6.1 No person shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises on the grounds of race, color, handicap, or national origin. No person shall be excluded on the grounds of race, color, handicap, or national origin from participation in, denied the benefits of, or otherwise be subject to discrimination in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services thereon.

5.6.2 Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

5.6.3 Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchases.

5.6.4 Lessee agrees that it shall insert this article and all of the other provisions of this article titled "Grant Agreement Assurances" in any agreement, lease, contract, etc. by which Lessee grants a right or privilege to any persons, firm or corporation to render accommodations and/or services to the public on the Leased Premises together with a provision that the "Grant Agreement Assurances" shall constitute a material breach thereof, and in the event of such non-compliance Lessor shall have the right to terminate the agreement and the estate thereby created without liability therefore. Either or both Lessor or the United States shall have the right to enforce the "Grant Agreement Assurances."

5.7 Federal Agreements. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the Lessor and the United States, relative to the development, operation or maintenance of the Airport.

5.8 War or National Emergency. This Agreement shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

5.9 Control of Common Areas. All parking areas, driveways, entrances and exits thereto, landscaping areas, aircraft wash rack and all other Common Areas and facilities provided by Lessor for the common use of the users of the Airport, shall at all times be subject to the exclusive control and management of Lessor, and Lessor shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to the use of all the

Common Areas and facilities. Lessor shall have the right to operate and maintain the same in such manner as Lessor, in its sole discretion, shall determine from time to time, including without limitation the right to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the Common Areas and facilities. Lessor shall have the exclusive right at any and all times to alter, construct, re-construct, enlarge, contract, modify or relocate any of the Common Areas, to close any portion of the Common Areas for the purpose of making repairs, changes or additions thereto and may change the size, area, layout or arrangement of the parking areas or the number of spaces or the lighting thereof, within or adjacent to the existing areas and may enter into agreements with adjacent owners for cross-easements for parking, ingress or egress. The Lessor shall also have the right to place vending or amusement devices in the Common Areas and any other use which, in the Lessor's judgment, tends to benefit the Airport.

5.10 Parking. Vehicle parking will be allowed inside the hangars only when the aircraft is not occupying the hangar. Vehicle parking shall be subject to current and future rules and regulations governing parking at aircraft hangars and the Airport.

5.11 Airport Operations. Lessee acknowledges that Lessee's use of the Leased Premises shall be subject and subordinate to Lessor's operation of the Airport, which will necessarily directly and indirectly affect Lessee, the Leased Premises, and Lessee's use of the Leased Premises. Lessee's use of the Leased Premises shall not be permitted by Lessee to in any way adversely affect Lessor's use or operation of the Airport. Without limitation:

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

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

5.11.3 Lessee by accepting this Agreement agrees for itself, its successors and assigns that it will not make use of the Leased Premises in any manner that might interfere with the taxiing, landing and taking off of aircraft from the Airport, the loading or unloading of passengers or cargo or other aircraft operations or otherwise constitute a hazard. Whether any particular conduct complies with the foregoing shall be determined by Lessor.

5.12 Communications Operations Restriction. Lessee shall not install, operate, or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment) that is presently in use or could be in use in the future. If such interference should occur, Lessee shall immediately discontinue using such equipment, methodology or technology that causes the interference until corrective measures are taken. Any such corrective measures shall be made at no cost to Lessor.

5.12.1 Lessor has not relinquished or limited any right of condemnation or eminent domain over the Leased Premises or any other property related to this Agreement.

5.12.2 This Agreement does not impair City of Scottsdale's power to enact, apply or enforce any laws or regulations, or exercise any governmental powers affecting in any way Lessee or the Leased Premises. Lessor's rights and remedies hereunder for Lessee's failure to comply with all applicable laws supplement and are in addition to and do not replace otherwise existing powers of the City of Scottsdale or any other governmental body.

VI. BREACH

6 Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

6.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

6.1.1 If Lessee shall be in arrears in the payment of Rent or the Security Deposit and shall not cure such arrearage within 10 days after Lessor has notified Lessee in writing of such arrearage.

6.1.2 If Lessee shall fail to maintain the Leased Premises as required in this Agreement.

6.1.3 If Lessee shall fail to timely pay any taxes or other amounts herein required to be paid by Lessee to Lessor or to any other person.

6.1.4 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals from Lessor or any other governmental body or timely pay any taxes with respect to this Agreement, the Leased Premises or Lessee's use of the Leased Premises.

6.1.5 If Lessee shall engage in a pattern of repeated failure (or neglect) to timely do or perform or observe any provision contained herein. Three or more failures to comply with any provision of this Agreement during any 12 month period constitutes a repeated failure by Lessee to comply with such provision.

6.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, without further demand or notice, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

6.2.1 Terminate this Agreement.

6.2.2 Enter into and upon the Leased Premises or any part thereof, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

6.2.3 Abate at Lessee's expense any violation of this Agreement.

6.3 Notice of Breach. Lessee shall promptly give notice to Lessor of any event or circumstance that is (or with the passing of time or the giving of notice or both will become) an Event of Default under this Agreement.

6.4 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or otherwise prevent Lessor from declaring a default for any breach or succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or article) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS ARTICLE.

6.5 Reimbursement of Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

6.6 Default by Lessor. Notwithstanding anything in this Agreement to the contrary, in the event Lessor at any time is required to render any performance, such performance is not due until 30 days after notice by Lessee to Lessor that that the performance is due. If a cure cannot be affected during that period, Lessor shall not be in default so long as Lessor commences cure during the period and diligently prosecutes the cure to completion provided such cure must be completed within 60 days after it is due.

VII. TERMINATION

7 Rights at Termination. The following provisions shall apply upon expiration or other termination of this Agreement at any time for any reason:

7.1 Surviving Obligations. Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or events leading to or occurring before termination shall survive and not terminate.

7.2 Delivery of Possession. Lessee shall, without demand, peaceably and quietly quit and deliver up the Leased Premises to Lessor thoroughly cleaned, in good repair, maintained and repaired and in as good order and condition, reasonable use and wear excepted, as the same or in such better condition as the Leased Premises may hereafter be delivered to Lessee's possession at the beginning of the lease term.

7.3 Mutual Termination. If it is in the best interests of the City, the Aviation Director may agree with Lessee to a mutual termination of this Lease upon commercially reasonable terms that account for the circumstances existing at the time of the termination.

VIII. INDEMNITY AND INSURANCE

8 Indemnity and Insurance. Lessee shall insure the Premises and its property and activities at and about the Premises and shall provide insurance and indemnification as follows:

8.1 Insurance Required. Prior to entering, occupying or using the Premises in any way thereafter, and in any event not later than the date 30 days after the date of this Agreement, and at all times thereafter, Lessee shall obtain and cause to be in force and effect the following insurance:

8.1.1 Airport Premises Liability Insurance. Lessee shall provide aircraft liability insurance that covers damages for bodily injury or property damage arising out of the use of airport premises including ramps and taxiways for the parking and storage of aircraft. Such insurance shall have a minimum limit of One Million Dollars (\$1,000,000) for each occurrence and a One Million Dollar (\$1,000,000) aggregate if applicable.

8.1.2 Special Perils or All Risk Property Coverage. Lessee shall maintain Special Risk Causes or Loss Property coverage, as defined by Insurance Services Office, Inc. in an amount per occurrence equal to the full replacement cost of the tenant's betterments and improvements and naming the Lessor as loss payee for the damage or destruction of that property. Lessee's Property coverage shall include debris removal coverage in an amount sufficient to clear the premises of Lessee or Lessee's customers disabled or destroyed property.

8.1.3 Hangar Keeper's Liability. If Lessee will store other than owned aircraft, Lessee shall carry Hangar Keeper's Liability coverage covering the portions of the Premises used for aircraft storage in an amount equal to the full replacement cost of aircraft subject to loss or damage while in the care, custody, or control of Lessee for safekeeping, storage, service, or repair. The minimum insurance limits for this coverage shall be One Million Dollars (\$1,000,000).

8.1.4 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers, directors, and agents (collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises. Likewise, Lessor may elect by notice to Lessee to increase the amount of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent amount of insurance to be provided. Any modification or variation from these insurance requirements must be made by the Lessor's Risk Manager, whose decision is final. Such action will not require a formal Contract amendment but may be made by administrative action.

8.2 Form of All Insurance. All insurance policies shall meet the following requirements:

8.2.1 All policies except workers' compensation must name Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement.

8.2.2 Lessee or Lessee's Insurer shall provide Lessor with at least 30 days prior notice of any cancellation, reduction or other material change in coverage.

8.2.3 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

8.2.4 "Occurrence" coverage is required. "Claims made" insurance is not permitted except for Environmental Impairment Liability and employment liability insurance.

8.2.5 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted from the Premises.

8.2.6 All insurance policies shall contain a waiver of any transfer rights of recovery (subrogation) against Lessor, and all other Additional Insureds.

8.2.7 No deductibles, retentions, or "self-insured" amounts shall exceed Seven Hundred Fifty Thousand Dollars (\$750,000) in the aggregate per year, per policy. If Lessee desires higher deductibles, retentions, or "self-insured" amounts, Lessee shall notify Lessor in writing not more often than once per year requesting a change in the amount. Lessor shall have the right to accept, modify, limit, or reject Lessee's request. Lessee shall be solely responsible for any self-insurance amount or deductible. Lessor may require Lessee from time to time to secure payment of such deductible or self-insured retention by a surety bond or irrevocable and unconditional letter of credit.

8.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor certificates of insurance annually and with each change in insurance. Certificates must evidence that the policy referenced by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, certificates must indicate that Lessor and the other Additional Insureds are additional insureds and waiver of subrogation and other provisions apply. Certificates must be in a form acceptable to Lessor. All certificates are in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

8.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified unlicensed non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++6.

8.5 Primary Insurance. Lessee's insurance including excess liability policies shall be primary insurance. Any insurance or self-insurance maintained by Lessor shall not contribute to Lessee's insurance.

8.6 Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this paragraph are completely resolved, Lessee shall pay, indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises and/or this Agreement (the "Indemnity"). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings) which may arise in any manner out of any use of the Premises or Lessor's property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. The Indemnity shall also include and apply to any environmental, personal injury or other liability relating to Lessor's or Lessee's acquisition, ownership or use of real property developed, operated, owned, used, controlled or possessed by Lessor or Lessee under this Agreement.

Notwithstanding the foregoing, the Indemnity does not apply to:

8.6.1 Claims arising only from the sole gross negligence of Lessor.

8.6.2 Claims that the law prohibits from being imposed upon Lessee.

8.7 Risk of Loss. Lessor is not required to carry any insurance covering or affecting the Premises or use of Lessor's property related to this Agreement. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessor expressly disclaims any representation that required insurance is adequate to protect any person or property against any risks related to the Premises or any activities, uses or improvements related to the Premises. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. Lessee shall be responsible for any and all damages to its property and equipment related to this Agreement and shall hold harmless and indemnify Lessor regardless of the cause of such damages. In the event Lessee secures other insurance related to the Premises or any improvements, property or uses related thereto, Lessee shall effect an endorsement under such policy waiving any and all insurer's rights of subrogation against Lessor and the other Additional Insureds.

8.8 Insurance to be Provided by Lessees, Sublessees, and Others. Any Subleases, Contractors, or other persons occupying, working on or about, or using the Premises pursuant to this Agreement must also provide for the protection of Lessor and all other Additional Insureds all of the insurance and indemnification required by this Agreement. The preceding sentence does not

require such persons to provide insurance that merely duplicates insurance Lessee provides. Lessee shall cause any persons basing aircraft at the Premises to name Lessee, Lessor, and the Additional Insureds as additional insureds under their aircraft liability policies. Such policies shall contain waivers of subrogation as to Lessee and Lessor and the other Additional Insureds. Lessee shall execute a written agreement with Subcontractors, Sublessees, or others occupying, working on or about, or using the Premises pursuant to this Agreement containing the same Indemnification Clause and Insurance Requirements set forth herein protecting Lessor and Lessee. Lessee shall be responsible for executing the agreement with any Sublessees, Subcontractors or others occupying the Premises and obtaining Certificates of Insurance verifying the insurance requirements.

IX. ASSIGNMENT/SUBLET

9 Terms and Conditions Applicable to Assignment and Subletting.

9.1 Lessee may not assign this Lease in total without the express written approval of Lessor, but Lessee may enter into subleases for a portion of the premises so long as such subleases are otherwise consistent with the terms of this Lease. Lessee shall notify Lessor and receive approval for any subleases. Regardless of Lessor's consent, no assignment of Lessee's obligations under the Lease shall:

- 9.1.1 Be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease;
- 9.1.2 Release Lessee of any obligations hereunder; or
- 9.1.3 Alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

9.2 Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending written approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

9.3 Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

9.4 In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

9.5 Each request for consent to an assignment shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended

use and/or required modification of the Premises, if any, \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested.

9.6 Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

9.7 Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing.

9.8 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

9.8.1 Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

9.8.2 In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

9.8.3 Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

9.8.4 No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

9.8.5 Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

X. MISCELLANEOUS

10 Miscellaneous. The following additional provisions shall apply:

10.1 Amendments. This Agreement may not be amended except by a formal writing executed by the parties, including the approval of the City Council. Provided, however, the Aviation Director is authorized to approve minor administrative amendments to the provisions of this Lease which allow for relocation of Lessee to a comparable premises with additional or different features (such as a mezzanine) as long as the amount of the Rent as set forth in Section 4 is adjusted to account for the reasonable rental value of such new premises.

10.2 Limited Severability. In the event any term, condition, covenant, stipulation, agreement or provision herein contained is held to be invalid or unenforceable for any reason, the invalidity of such term, condition, covenant, stipulation, agreement or provision shall in no way affect any other term, condition, covenant, stipulation, agreement or provision herein contained. Further, this Agreement shall be deemed automatically reformed to secure to Lessor the legal, equitable, practical and other benefits of the provisions of this Agreement as written to the very maximum extent permitted by law.

10.3 Conflicts of Interest. No member, official or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement, that is prohibited by law.

10.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

10.5 Time of Essence. Time is of the essence of each and every provision of this Agreement. Any payments due on Saturday, Sunday or an Arizona legal holiday shall be due on the next succeeding day that is not a Saturday, Sunday or an Arizona legal holiday.

10.6 Non-Liability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any performance or amount that may become due to any party or successor or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement.

10.7 Notices. Except as otherwise indicated, all notices, waivers, demands, requests and other communications required or permitted by this Agreement (collectively, "Notices") shall be

in writing and shall be effective only if sent by one or more of the following methods: (a) personal delivery; (b) generally recognized overnight commercial courier regularly providing proof of delivery, with delivery charges prepaid or duly charged; (c) United States registered or certified mail, return receipt requested, postage prepaid, or (d) electronic mail (email) addressed to the parties at the respective addresses set forth opposite their names below, or to any other address or addresses as any party shall designate from time to time by notice given to the other in the manner provided in this article:

If to Lessor: Scottsdale Aviation Director
 15000 North Airport Drive, Suite 100
 Scottsdale, AZ 85260

AND

 City of Scottsdale
 3939 North Drinkwater Boulevard
 Scottsdale, AZ 85251
 Attn: City Attorney

If to Lessee: Todd Simmons
 Cirrus Design Corporation dba Cirrus Aircraft
 4515 Taylor Circle
 Duluth, MN 55811

Notices to Lessee may also be hand delivered to Lessee's management office at the Aviation Business Center Building. Notices given or served by personal delivery shall be deemed to have been received upon tender to the respective party. Notices given or served by mail or commercial courier shall be deemed to have been given or served as of the date of delivery (whether accepted or refused).

10.8 Funding. This article shall control notwithstanding any provision of this Agreement or any exhibit or other agreement or document related hereto. If funds necessary to fulfill Lessor's obligations under this Agreement are not appropriated by the Scottsdale City Council, Lessor may terminate this Agreement by 30 days' notice to Lessee. Termination in accordance with this provision shall not constitute a breach of this Agreement by Lessor. No person will be entitled to any compensation, damages or other remedy from Lessor if this Agreement is terminated pursuant to the terms of this subsection.

10.9 Article Headings. The article headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

10.10 Lessor's Right of Entry. Lessor reserves the right at all reasonable times during the term for Lessor or Lessor's agents to enter the Leased Premises for the purpose of inspecting and examining the same, and to show the same to actual or prospective tenants or lenders, and to make such repairs, alterations, improvements or additions as Lessor may deem necessary or desirable, and for any other purposes Lessor deems necessary. During the 90 days prior to the expiration of the term or any renewal term, Lessor may exhibit the Leased Premises to prospective tenants, and place upon the Leased Premises customary "For Lease" signs, as the case may be,

which signs Lessee shall permit to remain thereon without molestation. If Lessee shall not be personally present to open and permit entry into said Leased Premises, at any time, when for any reason an entry therein shall be necessary or permissible, Lessor or Lessor's agents may forcibly enter the same, without rendering Lessor or such agents liable therefor, and without any manner affecting the obligations and covenants of this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon Lessor any obligation, responsibility or liability whatsoever for the care, maintenance or repair of the building or any part thereof, except as otherwise herein specifically provided. No exercise by Lessor of any rights under this Article 16 shall entitle Lessee to any damages for inconvenience, disturbance, constructive eviction, loss of business or other damage to Lessee occasioned thereby, nor to any abatement of rent.

10.11 Attorneys' Fees. In the event any action or suit or proceeding is brought by either Lessor or Lessee to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement or to vindicate or exercise any rights or remedies hereunder, the prevailing party shall be entitled to recover reasonable attorneys' fees, accounting fees, and other costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

10.12 No Third-Party Beneficiaries. Except as otherwise expressly provided, no person or entity shall be a third-party beneficiary to this Agreement or shall have any right or cause of action hereunder.

10.13 Exhibits. All exhibits attached hereto are incorporated into this Agreement by this reference.

10.14 Further Assurances. Lessee agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as Lessor may reasonably require to evidence, confirm or carry out the agreement contained herein.

10.15 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement shall be construed according to its plain meaning and neither for nor against any party hereto. Lessee acknowledges that the Rent payable hereunder was negotiated in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

10.16 Survival of Liability. All obligations of Lessee and Lessor hereunder and all warranties and indemnities of Lessee and Lessor hereunder shall survive termination of this Agreement for any reason.

10.17 Choice of Law. This Agreement is governed by, and shall be construed and enforced in accordance with, the laws of the State of Arizona, without giving effect to any conflict of laws rules, and each party irrevocably submits to the exclusive jurisdiction of the federal and state courts located in Maricopa County, Arizona for the purposes of any action or proceeding arising out of or relating to this Agreement. Each party hereby consents to such jurisdiction and agrees that venue shall lie in the state or federal courts within Maricopa County, Arizona with respect to any claim or cause of action arising under or relating to this Agreement. Each party hereby waives any objection based on *forum non conveniens* and waives any

objection to venue of any action instituted hereunder

10.18 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for Lessee's benefit.

10.19 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the cancellation rights specified in A.R.S. § 38-511.

[Signature pages follow]

Exhibit "A" General Layout of North General Aviation Box Hangars



HANGAR LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this _____ day of _____ 2023, by and between the CITY OF SCOTTSDALE, an Arizona municipal corporation ("Lessor"), and SDL AZ Holdings, LLC dba Atlantic Aviation an Arizona limited-liability corporation ("Lessee").

W I T N E S S E T H

A. Lessor is the owner of certain real property at the Scottsdale Airport (the "Airport") and the North General Aviation Box Hangars (the "Box Hangars") located thereon. The Box Hangars are located airside on the Kilo Ramp north of the wash rack.

B. Lessor desires to lease to Lessee, and Lessee desires to lease Building A units A102 and A104, two large 62' x 47' box hangars (the "Leased Premises") generally depicted on Exhibit "A" consisting of approximately 2914 square feet of hangar space solely for the storage of the aircraft identified in the approved Scottsdale Airport Aircraft Storage Permit application (or any replacement aircraft as approved in writing by the Aviation Director).

NOW, THEREFORE, for and in consideration of the foregoing, the rent hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1. Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2. Premises and Fixtures.

2.1 Agreement to Lease. Lessor hereby agrees to lease the Leased Premises to Lessee and Lessee hereby agrees to lease the Leased Premises from Lessor, subject to the terms and conditions of this Agreement.

2.1.1 Lessor's Fixtures Included. The Leased Premises also includes all fixtures attached to the Leased Premises, which, once attached, are owned by the Lessor.

III. TERM OF LEASE

3. Term of Lease. Lessee is currently in possession of the Leased Premises pursuant to a short-term license issued by the Aviation Director. This Lease Agreement shall become effective on the first day of the month immediately following its execution by all Parties ("Effective Date"). Upon the Effective Date of this Lease, any such short-term license shall be deemed terminated. Provided, however, any outstanding obligations of such license shall be merged in and become obligations of this Lease and credits, deposits, or other assurances provided by Lessee pursuant to such License shall be transferred and applied to any corresponding provisions of this Lease.

Lessee's occupation of the premises is subject to the following provisions and conditioned upon Lessee's full, timely, complete and faithful performance of all obligations and things to be performed or done hereunder by Lessee. By entering this Lease, Lessee accepts the Leased Premises as is. The term of the Leased Premises shall be for a period of **32 months** from the Effective Date of this Agreement.

3.1 Holding Over. In any circumstance whereby Lessee should hold over and remain in possession of the Leased Premises after the expiration of this Agreement, such holding over shall not be considered to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon 10 days' notice to Lessee. During any such hold over period, Lessee may increase the Base Rent to 150% of its previous rate applicable in the last month of the Lease term and shall be prorated to the date Lessee vacates the Leased Premises.

IV. LEASE PAYMENTS

4. Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable in advance on the 25th day of the preceding calendar month. For example, the Rent for September shall be payable on or before August 25th. The first installment of Rent prorated for the portion of the month remaining in the month in which the term of the Leased Premises will begin is due at least five days prior to the estimated delivery of possession of the Leased Premises as determined by the Aviation Director.

4.2 Rent. The rental amount (the "Rent") Lessee shall pay to Lessor for each of the first 12 months from the commencement of the term of this Agreement is **\$7,600.00**. The Rent is due and payable each month during the term hereof.

4.3 Rent Adjustment. The Rent shall be automatically adjusted upward on the one-year anniversary of the commencement of the term of this Agreement and every year thereafter on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average published by the United States Bureau of Labor Statistics as of the date two (2) months prior to the adjustment date (the "Cost of Living Index"). The amount of each adjusted monthly rent installment of Rent (represented by the letter "R" in the formula set forth below) shall be equal to the then current Cost of Living Index number (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which the term of this Lease commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Rent amount (represented by the "\$" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C}{M} \times \$$$

provided, that in no event shall the Rent be adjusted downward from any previous period. If such Cost of Living Index shall no longer be published at the adjustment date, then another similar index

published by any federal agency shall be substituted by Lessor in Lessor's reasonable discretion. In the event of a holdover without Lessor's consent, Rent shall be increased by an additional 150% over the amount of Rent otherwise payable.

4.4 Security Deposit. At the time of execution of this Agreement, Lessee shall provide to, and maintain with Lessor at all times during the term of this Agreement, a security deposit guaranteeing the faithful performance of this Agreement in the name of Lessor, in the sum of **\$7,600.00**. Any portion of said security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee to Lessor, shall be paid to Lessee by the Lessor within 60 days after termination of this Agreement.

4.5 Taxes, Liens and Assessments. In addition to all other Rent herein provided, Lessee shall pay, when due and as the same become due and payable, all taxes and general and special fees, charges, and assessments of every description which during the term of this Agreement may be levied upon or assessed against the Leased Premises, the operations conducted therein, any Rent paid or other performances under this Agreement by either party, and all possessory interest in the Leased Premises and improvements and other property thereon, whether belonging to the Lessor or Lessee. Lessee agrees to indemnify, defend, and hold harmless Lessor and the Leased Premises and such property and all interest therein and improvements thereon from any and all such taxes and assessments, including any interest, penalties and other expenses that may be imposed, and from any lien therefor or sale or other proceedings to enforce payment thereof. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessor shall have the right from time to time to require that all of the foregoing payments be made by Lessee through Lessor. Lessee shall pay all sales, transaction privilege, and similar taxes.

4.6 Late Fees. Should any installment of Rent not be paid on or before the date due, a 10% late fee shall be added to the amount due or found to be due. Furthermore, any and all amounts payable by Lessee under this Agreement that are not timely paid shall accrue interest at the rate of 1% per month from the date the amount first came due until paid. Lessee expressly agrees that the foregoing represents a reasonable estimate of Lessor's costs in the event of a delay in payment of Rent.

4.7 Rent Amounts Cumulative. All amounts payable by Lessee hereunder or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.8 No Setoffs. All Rents shall be paid in full directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

4.9 Utilities. Lessor will pay all charges, fees, deposits and other amounts for sewer and waste disposal services at the applicable rates as determined by Lessor. Lessee will pay all electricity and water service charges and fees for the Leased Premises.

4.10 Maintenance by Lessor. Lessor will maintain the structural integrity of the box hangar units comprising the Leased Premises (including without limitation doors, roof and exterior

walls). Lessor is not responsible for maintenance of a routine or minor nature or of Lessee's furnishings, fixtures or improvements.

4.11 Maintenance by Lessee. Lessee is responsible for the following:

4.11.1 Janitorial and all other cleaning service in the Leased Premises.

4.11.2 Adequate and sanitary handling and disposal of all trash, garbage and other refuse related to Lessee's use of the Leased Premises.

4.11.3 All other repairs and maintenance of the Leased Premises not specifically required to be performed by Lessor, except that if it is determined by the Lessor that the failure of any of the systems described in this section is due to the negligence of the Lessee, the Lessee will be responsible for the costs of any such repairs.

V. USE RESTRICTIONS AND COMPLIANCE WITH ALL LAWS

5. Use Restrictions. Lessee's use and occupation of the Leased Premises shall in all respects conform to all and each of the following cumulative provisions:

5.1 Permitted Uses. Lessee will use the Leased Premises for aircraft storage only, with the exception that the Lessor may give written consent to allow other accessory and related to aviation storage uses from time to time. Such accessory and related to aviation storage uses may only be conducted following the Aviation Director giving to Lessee written notice of consent, which will not be unreasonably withheld, and Lessor through the Aviation Director may impose conditions and limitations on such consent and the Aviation Director may later revoke and retract any prior written consent at any time. Renter shall further be allowed to service its aircraft(s) in the Hangar in accordance with the Scottsdale Airport Rules and Regulations.

5.2 Compliance with Law. Lessee shall perform its obligations under this Agreement in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended.

5.3 Airport Regulations. Lessor reserves the right to adopt, amend and enforce against Lessee rules and regulations governing the operation of the Airport, including the Leased Premises, Lessee's activities therein and thereon, and the public areas and facilities used by Lessee in connection therewith.

5.4 Aviation Regulations. Lessee shall comply with any and all rules, regulations, laws, ordinances, statutes or orders of the FAA and any other governmental authority, whether federal, state, county, or Lessor, lawfully exercising authority over the Airport.

5.5 Liability and Indemnity. Lessee shall be liable to Lessor, and shall pay, indemnify, defend and hold harmless Lessor against any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon Lessor, including attorneys' fees, arising from any violation of law caused directly or indirectly by act, omission, negligence, abuse or carelessness on the part of Lessee, its employees, agents, customers, visitors, suppliers, or invitees. Without limitation, the preceding sentence requires the payment by Lessee of any fines or

penalties for any breach of security arising from the unauthorized entry of any of the aforementioned persons or their vehicles onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport.

5.6 Grant Agreement Assurances. Lessee shall observe and comply with the following covenants and conditions:

5.6.1 No person shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises on the grounds of race, color, handicap, or national origin. No person shall be excluded on the grounds of race, color, handicap, or national origin from participation in, denied the benefits of, or otherwise be subject to discrimination in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services thereon.

5.6.2 Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

5.6.3 Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchases.

5.6.4 Lessee agrees that it shall insert this article and all of the other provisions of this article titled "Grant Agreement Assurances" in any agreement, lease, contract, etc. by which Lessee grants a right or privilege to any persons, firm or corporation to render accommodations and/or services to the public on the Leased Premises together with a provision that the "Grant Agreement Assurances" shall constitute a material breach thereof, and in the event of such non-compliance Lessor shall have the right to terminate the agreement and the estate thereby created without liability therefore. Either or both Lessor or the United States shall have the right to enforce the "Grant Agreement Assurances."

5.7 Federal Agreements. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the Lessor and the United States, relative to the development, operation or maintenance of the Airport.

5.8 War or National Emergency. This Agreement shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

5.9 Control of Common Areas. All parking areas, driveways, entrances and exits thereto, landscaping areas, aircraft wash rack and all other Common Areas and facilities provided by Lessor for the common use of the users of the Airport, shall at all times be subject to the exclusive control and management of Lessor, and Lessor shall have the right from time to time to

establish, modify and enforce reasonable rules and regulations with respect to the use of all the Common Areas and facilities. Lessor shall have the right to operate and maintain the same in such manner as Lessor, in its sole discretion, shall determine from time to time, including without limitation the right to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the Common Areas and facilities. Lessor shall have the exclusive right at any and all times to alter, construct, re-construct, enlarge, contract, modify or relocate any of the Common Areas, to close any portion of the Common Areas for the purpose of making repairs, changes or additions thereto and may change the size, area, layout or arrangement of the parking areas or the number of spaces or the lighting thereof, within or adjacent to the existing areas and may enter into agreements with adjacent owners for cross-easements for parking, ingress or egress. The Lessor shall also have the right to place vending or amusement devices in the Common Areas and any other use which, in the Lessor's judgment, tends to benefit the Airport.

5.10 Parking. Vehicle parking will be allowed inside the hangars only when the aircraft is not occupying the hangar. Vehicle parking shall be subject to current and future rules and regulations governing parking at aircraft hangars and the Airport.

5.11 Airport Operations. Lessee acknowledges that Lessee's use of the Leased Premises shall be subject and subordinate to Lessor's operation of the Airport, which will necessarily directly and indirectly affect Lessee, the Leased Premises, and Lessee's use of the Leased Premises. Lessee's use of the Leased Premises shall not be permitted by Lessee to in any way adversely affect Lessor's use or operation of the Airport. Without limitation:

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

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

5.11.3 Lessee by accepting this Agreement agrees for itself, its successors and assigns that it will not make use of the Leased Premises in any manner that might interfere with the taxiing, landing and taking off of aircraft from the Airport, the loading or unloading of passengers or cargo or other aircraft operations or otherwise constitute a hazard. Whether any particular conduct complies with the foregoing shall be determined by Lessor.

5.12 Communications Operations Restriction. Lessee shall not install, operate, or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment) that is presently in use or could be in use in the future. If such interference should occur, Lessee shall immediately discontinue using such equipment,

methodology or technology that causes the interference until corrective measures are taken. Any such corrective measures shall be made at no cost to Lessor.

5.12.1 Lessor has not relinquished or limited any right of condemnation or eminent domain over the Leased Premises or any other property related to this Agreement.

5.12.2 This Agreement does not impair City of Scottsdale's power to enact, apply or enforce any laws or regulations, or exercise any governmental powers affecting in any way Lessee or the Leased Premises. Lessor's rights and remedies hereunder for Lessee's failure to comply with all applicable laws supplement and are in addition to and do not replace otherwise existing powers of the City of Scottsdale or any other governmental body.

VI. BREACH

6 Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

6.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

6.1.1 If Lessee shall be in arrears in the payment of Rent or the Security Deposit and shall not cure such arrearage within 10 days after Lessor has notified Lessee in writing of such arrearage.

6.1.2 If Lessee shall fail to maintain the Leased Premises as required in this Agreement.

6.1.3 If Lessee shall fail to timely pay any taxes or other amounts herein required to be paid by Lessee to Lessor or to any other person.

6.1.4 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals from Lessor or any other governmental body or timely pay any taxes with respect to this Agreement, the Leased Premises or Lessee's use of the Leased Premises.

6.1.5 If Lessee shall engage in a pattern of repeated failure (or neglect) to timely do or perform or observe any provision contained herein. Three or more failures to comply with any provision of this Agreement during any 12 month period constitutes a repeated failure by Lessee to comply with such provision.

6.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, without further demand or notice, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

6.2.1 Terminate this Agreement.

6.2.2 Enter into and upon the Leased Premises or any part thereof, and expel

Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

6.2.3 Abate at Lessee's expense any violation of this Agreement.

6.3 Notice of Breach. Lessee shall promptly give notice to Lessor of any event or circumstance that is (or with the passing of time or the giving of notice or both will become) an Event of Default under this Agreement.

6.4 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or otherwise prevent Lessor from declaring a default for any breach or succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or article) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS ARTICLE.

6.5 Reimbursement of Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

6.6 Default by Lessor. Notwithstanding anything in this Agreement to the contrary, in the event Lessor at any time is required to render any performance, such performance is not due until 30 days after notice by Lessee to Lessor that that the performance is due. If a cure cannot be affected during that period, Lessor shall not be in default so long as Lessor commences cure during the period and diligently prosecutes the cure to completion provided such cure must be completed within 60 days after it is due.

VII. TERMINATION

7 Rights at Termination. The following provisions shall apply upon expiration or other termination of this Agreement at any time for any reason:

7.1 Surviving Obligations. Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or events leading to or occurring before termination shall survive and not terminate.

7.2 Delivery of Possession. Lessee shall, without demand, peaceably and quietly quit and deliver up the Leased Premises to Lessor thoroughly cleaned, in good repair, maintained and repaired and in as good order and condition, reasonable use and wear excepted, as the same or in such better condition as the Leased Premises may hereafter be delivered to Lessee's possession at the beginning of the lease term.

7.3 Mutual Termination. If it is in the best interests of the City, the Aviation Director may agree with Lessee to a mutual termination of this Lease upon commercially reasonable terms that account for the circumstances existing at the time of the termination.

VIII. INDEMNITY AND INSURANCE

8 Indemnity and Insurance. Lessee shall insure the Premises and its property and activities at and about the Premises and shall provide insurance and indemnification as follows:

8.1 Insurance Required. Prior to entering, occupying or using the Premises in any way thereafter, and in any event not later than the date 30 days after the date of this Agreement, and at all times thereafter, Lessee shall obtain and cause to be in force and effect the following insurance:

8.1.1 Airport Premises Liability Insurance. Lessee shall provide aircraft liability insurance that covers damages for bodily injury or property damage arising out of the use of airport premises including ramps and taxiways for the parking and storage of aircraft. Such insurance shall have a minimum limit of One Million Dollars (\$1,000,000) for each occurrence and a One Million Dollar (\$1,000,000) aggregate if applicable.

8.1.2 Special Perils or All Risk Property Coverage. Lessee shall maintain Special Risk Causes or Loss Property coverage, as defined by Insurance Services Office, Inc. in an amount per occurrence equal to the full replacement cost of the tenant's betterments and improvements and naming the Lessor as loss payee for the damage or destruction of that property. Lessee's Property coverage shall include debris removal coverage in an amount sufficient to clear the premises of Lessee or Lessee's customers disabled or destroyed property.

8.1.3 Hangar Keeper's Liability. If Lessee will store other than owned aircraft, Lessee shall carry Hangar Keeper's Liability coverage covering the portions of the Premises used for aircraft storage in an amount equal to the full replacement cost of aircraft subject to loss or damage while in the care, custody, or control of Lessee for safekeeping, storage, service, or repair. The minimum insurance limits for this coverage shall be One Million Dollars (\$1,000,000).

8.1.4 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers, directors, and agents (collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises. Likewise, Lessor may elect by notice to Lessee to increase the amount of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent amount of insurance to be provided. Any modification or variation from these insurance requirements must be made by the Lessor's Risk Manager, whose decision is final. Such action will not require a formal Contract amendment but may be made by administrative action.

8.2 Form of All Insurance. All insurance policies shall meet the following requirements:

8.2.1 All policies except workers' compensation must name Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement.

8.2.2 Lessee or Lessee's Insurer shall provide Lessor with at least 30 days prior notice of any cancellation, reduction or other material change in coverage.

8.2.3 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

8.2.4 "Occurrence" coverage is required. "Claims made" insurance is not permitted except for Environmental Impairment Liability and employment liability insurance.

8.2.5 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted from the Premises.

8.2.6 All insurance policies shall contain a waiver of any transfer rights of recovery (subrogation) against Lessor, and all other Additional Insureds.

8.2.7 No deductibles, retentions, or "self-insured" amounts shall exceed Seven Hundred Fifty Thousand Dollars (\$750,000) in the aggregate per year, per policy. If Lessee desires higher deductibles, retentions, or "self-insured" amounts, Lessee shall notify Lessor in writing not more often than once per year requesting a change in the amount. Lessor shall have the right to accept, modify, limit, or reject Lessee's request. Lessee shall be solely responsible for any self-insurance amount or deductible. Lessor may require Lessee from time to time to secure payment of such deductible or self-insured retention by a surety bond or irrevocable and unconditional letter of credit.

8.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor certificates of insurance annually and with each change in insurance. Certificates must evidence that the policy referenced by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, certificates must indicate that Lessor and the other Additional Insureds are additional insureds and waiver of subrogation and other provisions apply. Certificates must be in a form acceptable to Lessor. All certificates are in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

8.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified unlicensed non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++6.

8.5 Primary Insurance. Lessee's insurance including excess liability policies shall be primary insurance. Any insurance or self-insurance maintained by Lessor shall not contribute to Lessee's insurance.

8.6 Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this paragraph are completely resolved, Lessee shall pay, indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises and/or this Agreement (the "Indemnity"). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings) which may arise in any manner out of any use of the Premises or Lessor's property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. The Indemnity shall also include and apply to any environmental, personal injury or other liability relating to Lessor's or Lessee's acquisition, ownership or use of real property developed, operated, owned, used, controlled or possessed by Lessor or Lessee under this Agreement.

Notwithstanding the foregoing, the Indemnity does not apply to:

8.6.1 Claims arising only from the sole gross negligence of Lessor.

8.6.2 Claims that the law prohibits from being imposed upon Lessee.

8.7 Risk of Loss. Lessor is not required to carry any insurance covering or affecting the Premises or use of Lessor's property related to this Agreement. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessor expressly disclaims any representation that required insurance is adequate to protect any person or property against any risks related to the Premises or any activities, uses or improvements related to the Premises. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. Lessee shall be responsible for any and all damages to its property and equipment related to this Agreement and shall hold harmless and indemnify Lessor regardless of the cause of such damages. In the event Lessee secures other insurance related to the Premises or any improvements, property or uses related thereto, Lessee shall effect an endorsement under such policy waiving any and all insurer's rights of subrogation against Lessor and the other Additional Insureds.

8.8 Insurance to be Provided by Lessees, Sublessees, and Others. Any Subleases, Contractors, or other persons occupying, working on or about, or using the Premises pursuant to this Agreement must also provide for the protection of Lessor and all other Additional Insureds all of the insurance and indemnification required by this Agreement. The preceding sentence does not

require such persons to provide insurance that merely duplicates insurance Lessee provides. Lessee shall cause any persons basing aircraft at the Premises to name Lessee, Lessor, and the Additional Insureds as additional insureds under their aircraft liability policies. Such policies shall contain waivers of subrogation as to Lessee and Lessor and the other Additional Insureds. Lessee shall execute a written agreement with Subcontractors, Sublessees, or others occupying, working on or about, or using the Premises pursuant to this Agreement containing the same Indemnification Clause and Insurance Requirements set forth herein protecting Lessor and Lessee. Lessee shall be responsible for executing the agreement with any Sublessees, Subcontractors or others occupying the Premises and obtaining Certificates of Insurance verifying the insurance requirements.

IX. ASSIGNMENT/SUBLET

9 Terms and Conditions Applicable to Assignment and Subletting.

9.1 Lessee may not assign this Lease in total without the express written approval of Lessor, but Lessee may enter into subleases for a portion of the premises so long as such subleases are otherwise consistent with the terms of this Lease. Lessee shall notify Lessor and receive approval for any subleases. Regardless of Lessor's consent, no assignment of Lessee's obligations under the Lease shall:

- 9.1.1 Be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease;
- 9.1.2 Release Lessee of any obligations hereunder; or
- 9.1.3 Alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

9.2 Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending written approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

9.3 Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

9.4 In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

9.5 Each request for consent to an assignment shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended

use and/or required modification of the Premises, if any, \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested.

9.6 Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

9.7 Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing.

9.8 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

9.8.1 Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

9.8.2 In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

9.8.3 Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

9.8.4 No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

9.8.5 Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

X. MISCELLANEOUS

10 Miscellaneous. The following additional provisions shall apply:

10.1 Amendments. This Agreement may not be amended except by a formal writing executed by the parties, including the approval of the City Council. Provided, however, the Aviation Director is authorized to approve minor administrative amendments to the provisions of this Lease which allow for relocation of Lessee to a comparable premises with additional or different features (such as a mezzanine) as long as the amount of the Rent as set forth in Section 4 is adjusted to account for the reasonable rental value of such new premises.

10.2 Limited Severability. In the event any term, condition, covenant, stipulation, agreement or provision herein contained is held to be invalid or unenforceable for any reason, the invalidity of such term, condition, covenant, stipulation, agreement or provision shall in no way affect any other term, condition, covenant, stipulation, agreement or provision herein contained. Further, this Agreement shall be deemed automatically reformed to secure to Lessor the legal, equitable, practical and other benefits of the provisions of this Agreement as written to the very maximum extent permitted by law.

10.3 Conflicts of Interest. No member, official or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement, that is prohibited by law.

10.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

10.5 Time of Essence. Time is of the essence of each and every provision of this Agreement. Any payments due on Saturday, Sunday or an Arizona legal holiday shall be due on the next succeeding day that is not a Saturday, Sunday or an Arizona legal holiday.

10.6 Non-Liability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any performance or amount that may become due to any party or successor or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement.

10.7 Notices. Except as otherwise indicated, all notices, waivers, demands, requests and other communications required or permitted by this Agreement (collectively, "Notices") shall be

in writing and shall be effective only if sent by one or more of the following methods: (a) personal delivery; (b) generally recognized overnight commercial courier regularly providing proof of delivery, with delivery charges prepaid or duly charged; (c) United States registered or certified mail, return receipt requested, postage prepaid, or (d) electronic mail (email) addressed to the parties at the respective addresses set forth opposite their names below, or to any other address or addresses as any party shall designate from time to time by notice given to the other in the manner provided in this article:

If to Lessor: Scottsdale Aviation Director
15000 North Airport Drive, Suite 100
Scottsdale, AZ 85260

AND

City of Scottsdale
3939 North Drinkwater Boulevard
Scottsdale, AZ 85251
Attn: City Attorney

If to Lessee: SDL AZ Holdings, LLC dba Atlantic Aviation – Scottsdale
14600 North Airport Drive
Scottsdale, AZ 85260
ATTN: General Manager

Notices to Lessee may also be hand delivered to Lessee's management office at the Aviation Business Center Building. Notices given or served by personal delivery shall be deemed to have been received upon tender to the respective party. Notices given or served by mail or commercial courier shall be deemed to have been given or served as of the date of delivery (whether accepted or refused).

10.8 Funding. This article shall control notwithstanding any provision of this Agreement or any exhibit or other agreement or document related hereto. If funds necessary to fulfill Lessor's obligations under this Agreement are not appropriated by the Scottsdale City Council, Lessor may terminate this Agreement by 30 days' notice to Lessee. Termination in accordance with this provision shall not constitute a breach of this Agreement by Lessor. No person will be entitled to any compensation, damages or other remedy from Lessor if this Agreement is terminated pursuant to the terms of this subsection.

10.9 Article Headings. The article headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

10.10 Lessor's Right of Entry. Lessor reserves the right at all reasonable times during the term for Lessor or Lessor's agents to enter the Leased Premises for the purpose of inspecting and examining the same, and to show the same to actual or prospective tenants or lenders, and to make such repairs, alterations, improvements or additions as Lessor may deem necessary or desirable, and for any other purposes Lessor deems necessary. During the 90 days prior to the expiration of the term or any renewal term, Lessor may exhibit the Leased Premises to prospective tenants, and place upon the Leased Premises customary "For Lease" signs, as the case may be,

which signs Lessee shall permit to remain thereon without molestation. If Lessee shall not be personally present to open and permit entry into said Leased Premises, at any time, when for any reason an entry therein shall be necessary or permissible, Lessor or Lessor's agents may forcibly enter the same, without rendering Lessor or such agents liable therefor, and without any manner affecting the obligations and covenants of this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon Lessor any obligation, responsibility or liability whatsoever for the care, maintenance or repair of the building or any part thereof, except as otherwise herein specifically provided. No exercise by Lessor of any rights under this Article 16 shall entitle Lessee to any damages for inconvenience, disturbance, constructive eviction, loss of business or other damage to Lessee occasioned thereby, nor to any abatement of rent.

10.11 Attorneys' Fees. In the event any action or suit or proceeding is brought by either Lessor or Lessee to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement or to vindicate or exercise any rights or remedies hereunder, the prevailing party shall be entitled to recover reasonable attorneys' fees, accounting fees, and other costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

10.12 No Third-Party Beneficiaries. Except as otherwise expressly provided, no person or entity shall be a third-party beneficiary to this Agreement or shall have any right or cause of action hereunder.

10.13 Exhibits. All exhibits attached hereto are incorporated into this Agreement by this reference.

10.14 Further Assurances. Lessee agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as Lessor may reasonably require to evidence, confirm or carry out the agreement contained herein.

10.15 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement shall be construed according to its plain meaning and neither for nor against any party hereto. Lessee acknowledges that the Rent payable hereunder was negotiated in light of the plain meaning of this Agreement and this Agreement shall therefore be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

10.16 Survival of Liability. All obligations of Lessee and Lessor hereunder and all warranties and indemnities of Lessee and Lessor hereunder shall survive termination of this Agreement for any reason.

10.17 Choice of Law. This Agreement is governed by, and shall be construed and enforced in accordance with, the laws of the State of Arizona, without giving effect to any conflict of laws rules, and each party irrevocably submits to the exclusive jurisdiction of the federal and state courts located in Maricopa County, Arizona for the purposes of any action or proceeding arising out of or relating to this Agreement. Each party hereby consents to such jurisdiction and agrees that venue shall lie in the state or federal courts within Maricopa County, Arizona with respect to any claim or cause of action arising under or relating to this Agreement. Each party hereby waives any objection based on *forum non conveniens* and waives any

objection to venue of any action instituted hereunder

10.18 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for Lessee's benefit.

10.19 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the cancellation rights specified in A.R.S. § 38-511.

[Signature pages follow]

Exhibit "A" General Layout of North General Aviation Box Hangars





COMMISSION INFORMATION REPORT

Discussion and input regarding Operations Report for February 2023

Agenda Item No.: 5

Meeting Date: 03/15/23

Staff Contact: Chris Read,
Asst. Aviation Director-Operations

Phone: (480) 312-2674

INFORMATION

Airport Monthly Operations Update for February 2023

PURPOSE

The purpose of this item is to keep the Airport Advisory Commission informed as to the operational status of the Airport.

BASED AIRCRAFT

	<u>Helicopter</u>	<u>Single Piston</u>	<u>Single turboprop</u>	<u>Twin Piston</u>	<u>Twin Turboprop</u>	<u>Jet</u>	<u>Total</u>
Current Month	42	126	24	7	15	190	404
February 2022	26	183	29	16	15	190	454

OPERATIONS

	<u>February 2022</u>	<u>February 2023</u>	<u>% Δ</u>	<u>2022 YTD</u>	<u>2023 YTD</u>	<u>% Δ</u>
Total	14,387	12,037	-16.3	28,664	26,067	-9.7
IFR	6,951	5,914	-14.9	14,435	11,675	-19.1

ALERTS

<u>Date</u>	<u>Type</u>	<u>Description</u>
2/02/23	2	Cessna 172, low oil pressure warning
2/16/23	2	Cessna 172, rough running engine

INCIDENTS

<u>Date</u>	<u>Description</u>
2/02/23	Small fuel spill, Atlantic Aviation ramp
2/03/23	Pedestrian deviation (walked across taxiway and runway)
2/04/23	Car crashed into parking lot at Atlantic Aviation
2/06/23	Small fuel leak, fuel truck malfunction - Signature Aviation ramp
2/07/23	Fuel leak, Signature Aviation ramp
2/08/23	Small fuel leak, Signature private hangar ramp
2/14/23	Cessna 172, loss of nose wheel steering during taxi
2/15/23	Cessna 172, left main brake locked after run-up
2/15/23	Tow bar failure caused aircraft to hit tug during tow operation

INCIDENTS - CONT.

<u>Date</u>	<u>Description</u>
2/24/23	Small oil leak, Signature private hangar ramp
2/25/23	Small deice fluid leak, US Customs ramp

ENFORCEMENT ACTIONS

<u>Date</u>	<u>Violation</u>	<u>Enforcement Method Used</u>	<u>Comments</u>
2/02/23	Visiting aircraft violation (more than 10 days)	Verbal	1 st Violation
2/03/23	Speeding	Verbal	1 st Violation
2/03/23	Security plan violation	Verbal	1 st Violation
2/04/23	Gate access device use violation	Written warning	1 st Violation
2/04/23	Failure to obtain driver permit	Written warning	1 st Violation
2/04/23	Unauthorized vehicle on airpark taxilane	Verbal	1 st Violation
2/11/23	Failure to send visiting aircraft notice	Verbal	1 st Violation
2/16/23	Speeding	Verbal	1 st Violation
2/20/23	Touch and go performed after hours	Verbal	1 st Violation
2/21/23	Security plan violation	Verbal	1 st Violation
2/21/23	Parking violation	N.O.V.	1 st Violation
2/24/23	Transient parking violation (more than 14 days)	Verbal	1 st Violation
2/27/23	Touch and go performed after hours	N.O.V.	1 st Violation

U.S. CUSTOMS

<u>*Revenue (Month)</u>	<u>Total Uses Month</u>	<u>U.S. Visit Uses (flights/current month)</u>	<u>Comments</u>
\$124,575	208	28	U.S. Visit Summary 96 Mexican, 3 Swiss, 6 German, 9 British, 3 French, 4 Australian, 3 South African, 3 Venezuelan, 1 Spanish, 1 Brazilian, 1 Italian, 1 New Zealander, 2 Chilean, 1 Qatari

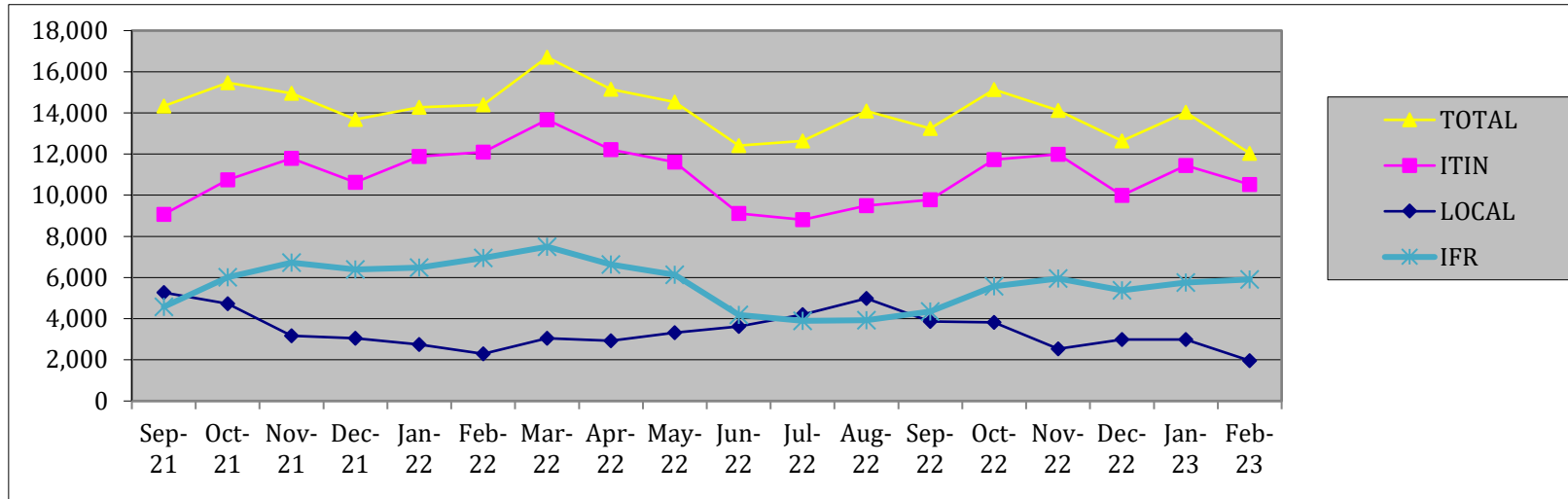
<u>*Revenue (FYTD)</u>	<u>Total Uses Month</u>	<u>Total Uses (FYTD)</u>
2022/2023 \$769,725	FEBRUARY 2023 208	2022/2023 1,349
2021/2022 \$684,950	FEBRUARY 2022 204	2021/2022 1,131

*Revenue = User Fees and Overtime Fees Charged to Users
 75,000 lbs. + PPR = 36 (calendar year 2023)

SCOTTSDALE AIRPORT OPERATIONS 2021-2023

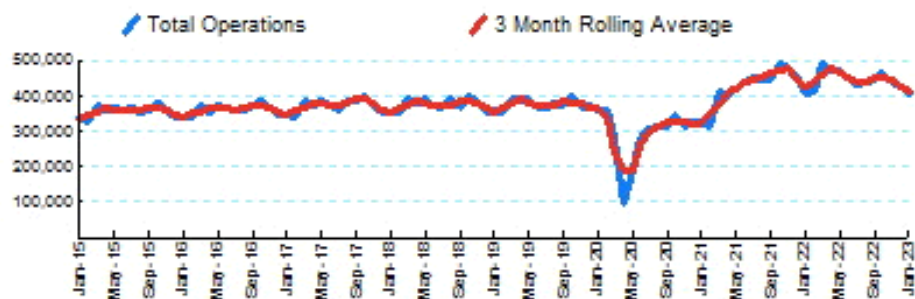


	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
ITIN	9,069	10,743	11,796	10,630	11,886	12,101	13,667	12,217	11,607	9,118	8,809	9,490	9,785	11,734	11,987	9,996	11,443	10,525
LOCAL	5,270	4,730	3,163	3,054	2,741	2,286	3,041	2,927	3,321	3,617	4,204	4,988	3,870	3,818	2,531	2,984	2,983	1,960
IFR	4,582	6,009	6,718	6,385	6,484	6,951	7,498	6,628	6,139	4,177	3,896	3,925	4,350	5,575	5,954	5,374	5,761	5,914
TOTAL	14,339	15,473	14,959	13,684	14,277	14,387	16,708	15,144	14,527	12,414	12,646	14,085	13,240	15,130	14,125	12,640	14,030	12,037





1.Total Business Jet Operations



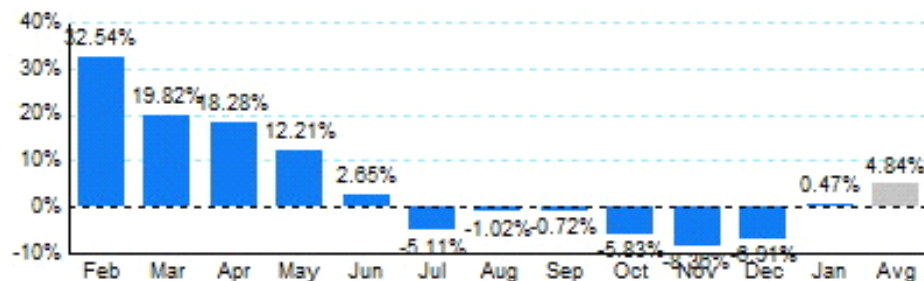
Source: ETMSC
Note: Operations refer to arrivals and departures.

4.Overall Trends (Calendar Year)

Year	Total		Domestic		International	
	Operations	Change	Operations	Change	Operations	Change
2013	4,072,848		3,394,942		677,906	
2014	4,235,910	4.00%	3,527,038	3.89%	708,872	4.57%
2015	4,291,174	1.30%	3,605,060	2.21%	686,114	-3.21%
2016	4,349,740	1.36%	3,667,338	1.73%	682,402	-0.54%
2017	4,483,614	3.08%	3,793,700	3.45%	689,914	1.10%
2018	4,520,968	0.83%	3,824,528	0.81%	696,440	0.95%
2019	4,533,920	0.29%	3,836,578	0.32%	697,342	0.13%
2020	3,501,192	-22.78%	3,033,148	-20.94%	468,044	-32.88%
2021	5,099,528	45.65%	4,421,070	45.76%	678,458	44.96%
2022	5,369,454	5.29%	4,577,730	3.54%	791,724	16.69%
2023*	409,070		341,306		67,764	

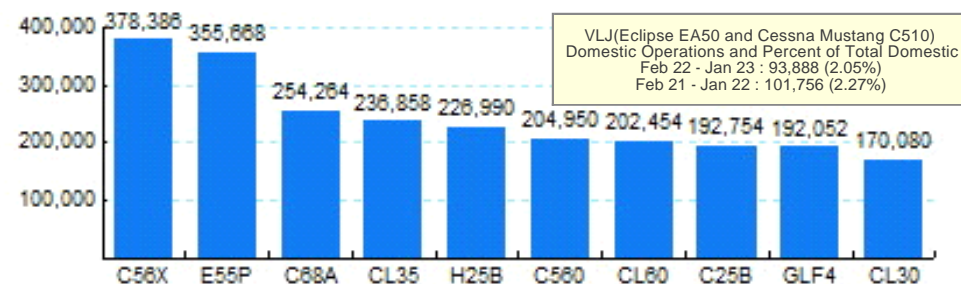
* - Year to date
Source: ETMSC
Note: International flights include US to Foreign, Foreign to US and all foreign operations.

2.Year Over Year Change in Business Jet Operations Feb 22 - Jan 23 vs. Feb 21 - Jan 22



Source: ETMSC

5.Top Ten Aircraft for Domestic Business Jet Operations Feb 22 - Jan 23



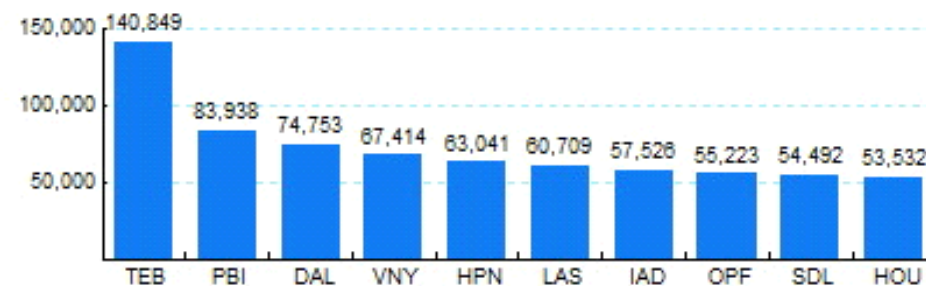
Source: ETMSC

3.Monthly Trends

Month	Total			Domestic			International		
	2022-2023	2021-2022	Change	2022-2023	2021-2022	Change	2022-2023	2021-2022	Change
Feb	415,990	313,862	32.54%	353,248	273,442	29.19%	62,742	40,420	55.23%
Mar	492,664	411,182	19.82%	415,274	354,818	17.04%	77,390	56,364	37.30%
Apr	476,016	402,464	18.28%	402,982	345,988	16.47%	73,034	56,476	29.32%
May	473,042	421,562	12.21%	403,764	367,420	9.89%	69,278	54,142	27.96%
Jun	450,206	438,584	2.65%	382,244	384,866	-0.68%	67,962	53,718	26.52%
Jul	432,792	456,088	-5.11%	366,962	396,246	-7.39%	65,830	59,842	10.01%
Aug	443,560	448,138	-1.02%	381,670	391,248	-2.45%	61,890	56,890	8.79%
Sep	445,926	449,154	-0.72%	388,060	394,386	-1.60%	57,866	54,768	5.66%
Oct	467,328	496,238	-5.83%	407,108	434,386	-6.28%	60,220	61,852	-2.64%
Nov	437,452	477,342	-8.36%	372,284	410,554	-9.32%	65,168	66,788	-2.43%
Dec	427,326	459,058	-6.91%	357,666	390,574	-8.43%	69,660	68,484	1.72%
Jan	409,070	407,152	0.47%	341,306	346,468	-1.49%	67,764	60,684	11.67%
Total	5,371,372	5,180,824	3.68%	4,572,568	4,490,396	1.83%	798,804	690,428	15.70%

Source: ETMSC
Note: International flights include US to Foreign, Foreign to US and all foreign operations.

6.Top Ten Airports for Domestic Business Jet Operations Feb 22 - Jan 23



Source: ETMSC



COMMISSION ACTION REPORT

Discussion and input regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations, and Revocations

Agenda Item No.: 6

Meeting Date: 03/15/23

Staff Contact: Carmen Williams,
Aviation Finance & Administration
Manager

Phone: (480) 312-8475

INFORMATION

Review of Airport and Airpark permittees and major tenant Aeronautical Business Permit additions, cancellations, and revocations.

PURPOSE

Per the request of the Airport Advisory Commission, a report will be provided as needed indicating additions, cancellations, and revocations of Aeronautical Business Permits.

KEY CONSIDERATIONS

- Attached are the current lists of Airport and Airpark permittees.
- List provides what type of aeronautical activity the business is conducting and the contact information.
- Any additions, cancellations, suspensions, and revocations will be highlighted on the list.

Attachment(s):
1. Current Airport Permittee List by Category
2. Current Airpark Permittee List by Category

AIRPORT AERONAUTICAL BUSINESS PERMITS & TENANTS

MAR 2023

AIRCRAFT CHARTER, SALES & MANAGEMENT				
BUSINESS NAME	ACTIVITY	LOCATION	CONTACT	TELEPHONE
AMERICAN FLIGHT SUPPORT, LLC	AIRCRAFT CHARTER BROKERAGE	JA	BEN MOKE	888-245-4017
ASI CHARTER INC. dba PEAK MEDEVAC INTL	AIRCRAFT CHARTER	AASC	EUGENE HAGGAN	720-649-0600
ATLANTIC AVIATION - CHARTER	AIRCRAFT CHARTER	AASC	RICK WIELEBSKI	480-948-2400
AVIATION RESOURCE GROUP dba AERODYNE FLIGHT CENTER	AIRCRAFT SALES	AASC	DOUG COX	480-359-7979
BUSINESS AIRCRAFT MANAGEMENT dba EXECUTIVE AIRCRAFT SERVICES	AIRCRAFT CHARTER/SALES/MANAGEMENT	SFS	GORDON JOHNSON	480-905-8659
C. WRIGHT AVIATION, LLC	AIRCRAFT SALES/CHARTER BROKERAGE	AASC	CYGNE LASHAE SWAN	480-500-1818
CIRRUS DESIGN CORP DBA CIRRUS AIRCRAFT	AIRCRAFT MANAGEMENT/SALES	AA	RAVI DHARNIDHARKA	865-724-1959
G.G.R. AVIATION	AIRCRAFT MANAGEMENT	SFS	GUY MILANOVITS	480-614-1166
GRANDVIEW AVIATION, LLC	AIRCRAFT CHARTER	SFS	DARRELL BONEBRAKE	888-573-9426
J&S AVIATION	AIRCRAFT MANAGEMENT	MOBILE	SEAN FOWLER	480-241-9437
JET LINX SCOTTSDALE	AIRCRAFT CHARTER/MANAGEMENT	AASC	JON HULBURD	866-538-5469
JET FLEET, LLC	AIRCRAFT SALES	SFS	STEVE GAGE	480-286-0029
JET PROS, LLC	AIRCRAFT CHARTER/BROKERAGE/MANAGEMENT	SFS	MARGARET PIONTEK	480-444-2452
JOHN HOPKINSON & ASSOCIATES	AIRCRAFT SALES	AA	CHRISTINA HOPKINSON	403-637-2250
M&N EQUIPMENT, LLC dba M&N AVIATION	AIRCRAFT CHARTER/MANAGEMENT	SFS	TODD SCHIECK	720-356-4830
MACKIN AVIATION, LLC	AIRCRAFT SALES	AA	BRIAN MACKIN	480-363-0058
MAINE AVIATION AIRCRAFT CHARTER, LLC dba MAC JET CENTER	AIRCRAFT CHARTER	SPH	ALYSAN CARUSO	207-780-1811
SAWYER CHARTER SERVICE	AIRCRAFT CHARTER/SALES	AA	CHAD VERDAGLIO	480-922-2723
SCOTT AIR, LLC dba ISLAND AIR EXPRESS	AIRCRAFT CHARTER	AASC	SCOTT CURRIER	602-274-4370
SET JET	AIRCRAFT CHARTER BROKERAGE	SPH	WILLIAM SMITH	480-264-6500
SOUTHWEST AERO, LLC	AIRCRAFT SALES	AA	BRIAN MACKIN	480-363-0058

AIRCRAFT RENTAL, LEASING & FLIGHT TRAINING				
BUSINESS NAME	ACTIVITY	LOCATION	CONTACT	TELEPHONE
AMERICAN FLYERS, INC.	FLIGHT TRAINING	AANC	STEVEN DAUN	954-784-2122
AVIATION RESOURCE GROUP (AERODYNE)	AIRCRAFT RENTAL/FLIGHT TRAINING	AASC	DOUG COX	480-359-7979
CIRRUS DESIGN CORP DBA CIRRUS AIRCRAFT	AIRCRAFT RENTAL/FLIGHT TRAINING	AA	RAVI DHARNIDHARKA	865-724-1959
FLIGHTWORKS INC.	AIRCRAFT RENTAL/LEASING/FLIGHT TRAINING	SFS	RYAN STRAND	602-999-5629
LEGACY FLIGHT TRAINING	FLIGHT TRAINING	ACC	WILLIAM INGLIS	772-539-0420
LEOPARD AVIATION	AIRCRAFT RENTAL/FLIGHT TRAINING	AASC	THOMAS NOON	760-419-2252
PLUS 5 SPORT AERO	FLIGHT TRAINING	JA	BUD DAVIDSON	602-971-3991
SAWYER AVIATION	AIRCRAFT RENTAL/FLIGHT TRAINING	AA	CHAD & MARY VERDAGLIO	480-922-5221
SCOTTSDALE EXECUTIVE FLIGHT TRAINING	AIRCRAFT RENTAL/FLIGHT TRAINING	SFS	GUY MILANOVITS	480-614-1166
SDL HOLDINGS - ATP	FLIGHT TRAINING	AASC	JIM KOZIARSKI	904-273-3018

SIERRA CHARLIE AVIATION	AIRCRAFT RENTAL/FLIGHT TRAINING	SFS	SCOTT CAMPBELL	480-390-2346
UNIVERSAL HELICOPTERS, INC.	FLIGHT TRAINING/LEASING/PHOTOGRAPHY	JA	GORDON JIROUX	480-951-6283
VERTICAL WORKS	FLIGHT TRAINING	JA	CHARLES CHADWICK	732-865-1610

AIRCRAFT MAINTENANCE & REPAIR

BUSINESS NAME	ACTIVITY	LOCATION	CONTACT	TELEPHONE
ACROPRO LLC	MOBILE AIRCRAFT MAINTENANCE	MOBILE	PIKE KELLY	805-268-4962
AIRWORTHY AVIONICS LLC	MOBILE AIRCRAFT MAINTENANCE	MOBILE	BRANDON ROGERS	480-465-1410
ARIZONA AIRCRAFT INTERIOR DESIGN	SPECIALIZED AIRCRAFT REPAIR	SFS	MICHAEL BRYANT	480-832-1330
AVIATION.ONE JET MAINTENANCE LLC	AIRCRAFT MAINTENANCE	SPH	ROB ARCHER	480-923-9135
AZ JET SERVICES	AIRCRAFT MAINTENANCE	SFS	DAVE FERNEAU	602-380-5555
CESSNA AIRCRAFT COMPANY	AIRCRAFT MAINTENANCE	SFS	RANDALL SOUTIERE	480-840-9430
CIRRUS DESIGN CORP DBA CIRRUS AIRCRAFT	AIRCRAFT MAINTENANCE	AASC	RAVI DHARNIDHARKA	865-724-1959
CONSTANT AVIATION, LLC	AIRCRAFT MAINTENANCE	AASC	NATHAN ROMNEY	469-323-4081
DALLAS AIRMOTIVE	AIRCRAFT MAINTENANCE	SFS	DAVID HUTCHISON	214-477-9033
DIRECTMX AVIATION LLC	AIRCRAFT MAINTENANCE	AASC	VAN NGUYEN	520-409-7860
DUNCAN AVIONICS	AIRCRAFT MAINTENANCE	SFS	JIM DAVIS	480-922-3575
G.G.R. AVIATION	MOBILE AIRCRAFT MAINTENANCE	SFS	GUY MILANOVITS	480-614-1166
JET EAST AVIATION	AIRCRAFT MAINTENANCE	SFS	SHAWN GEORGE	216-212-8056
LEARJET/BOMBARDIER INC.	AIRCRAFT MAINTENANCE	SFS	SEBASTIAN MOORE	520-746-5100
PDR SERVICES	SPECIALIZED AIRCRAFT REPAIR	SFS	PHILIP CHAPMAN	480-202-2908
PREMIER AIR CENTER dba WEST STAR AVIATION	AIRCRAFT MAINTENANCE	SFS	RODGER RENAUD	618-258-8020
RUNWAY 3 AVIATION SERVICES, LLC	AIRCRAFT MAINTENANCE	SFS	JEREMY BAILEY	501-762-5816
SAWYER MX, LLC	AIRCRAFT MAINTENANCE	AASC	CHAD VERDAGLIO	480-922-5221

AIRCRAFT WASHING & DETAILING

BUSINESS NAME	ACTIVITY	LOCATION	CONTACT	TELEPHONE
AERO PANACHE	AIRCRAFT WASHING	SFS	TODD PUCKETT	602-531-5505
APPEARANCE GROUP	AIRCRAFT WASHING	SFS	DONALD HENRY	480-580-1658
CLASSIC AIR AVIATION	AIRCRAFT WASHING	MOBILE	JON MARPLE	602-574-5376
JB'S EXECUTIVE DETAILING	AIRCRAFT WASHING	MOBILE	JEFFREY BURROWS	480-808-4229
SHINY JETS PHOENIX, LLC	AIRCRAFT WASHING	MOBILE	GREG BIRD	480-268-4286
TIME FOR SALE	AIRCRAFT WASHING	MOBILE	CAROLYN NELSON	602-295-7181
WEST COAST WASH STATION	AIRCRAFT WASHING	AANC	MIKE ADAMS	480-443-7320

AUTO RENTAL COMPANIES

BUSINESS NAME	ACTIVITY	LOCATION	CONTACT	TELEPHONE
ALAMO/NATIONAL CAR RENTAL	OFF-AIRPORT RENTAL CAR	OFF	MIKE ROLLINS	480-948-4884
AVIS RENT-A-CAR SYSTEMS	OFF-AIRPORT RENTAL CAR	OFF	PETER SERENA	480-948-4993
ENTERPRISE RENT-A-CAR	RENTAL CAR	SFS	ERIC BULLIS	480-315-8051
GO RENTALS	RENTAL CAR	AA	KAVOUS GITIBIN	480-991-0117
HERTZ RENT-A-CAR	OFF-AIRPORT RENTAL CAR	OFF	STEPHEN BLUM	239-301-7794
SCUDO RENTALS LLC	OFF-AIRPORT RENTAL CAR	OFF	CHRISTOPHER ZAK	888-635-6235

FIXED BASE OPERATORS				
BUSINESS NAME	ACTIVITY	LOCATION	CONTACT	TELEPHONE
ATLANTIC AVIATION	FIXED BASE OPERATOR	AA	RICK WIELEBSKI	480-948-2400
JET AVIATION OF AMERICA	FIXED BASE OPERATOR	JA	TIMOTHY VALLOWE	
SIGNATURE FLIGHT SUPPORT	FIXED BASE OPERATOR	SFS	GREG GIBSON	480-951-2525

HANGAR, SHADE & OFFICE LEASING SERVICES				
BUSINESS NAME	ACTIVITY	LOCATION	CONTACT	TELEPHONE
SIGNATURE/TAC PRIVATE HANGARS	HANGAR LEASING	SPH	GREG GIBSON	480-951-2525

IN-FLIGHT CATERING SERVICES				
BUSINESS NAME	ACTIVITY	LOCATION	CONTACT	TELEPHONE
AIR CULINAIRE WORLDWIDE, LLC	IN-FLIGHT CATERING	MOBILE	CHRIS EVANS	1-800-247-2433
RALEY'S ARIZONA LLC dba AJ'S FINE FOODS	IN-FLIGHT CATERING	MOBILE	HELEN SINGMASTER	480-802-5484
EMILY'S EVENTS LLC	IN-FLIGHT CATERING	MOBILE	EMILY GARNER	480-361-1800
JETFARE CATERING	IN-FLIGHT CATERING	MOBILE	JONATHAN ALLEN	480-771-4161
ORGANIC CHEF TO GO	IN-FLIGHT CATERING	MOBILE	KRISTEN MADISON	480-454-5264
SQUARE ONE CONCEPTS, INC.	IN-FLIGHT CATERING	MOBILE	ROLAND WOOD	480-941-0101
VOLANTI PRIVATE JET CATERING	IN-FLIGHT CATERING	MOBILE	DEE DEE MAZA	480-636-1722

U.S. GOVERNMENT				
BUSINESS NAME	ACTIVITY	LOCATION	CONTACT	TELEPHONE
FAA CONTROL TOWER	SDL AIR TRAFFIC CONTROL	TOWER	ASHLEY PEHL	480-609-7585
U.S. CUSTOMS	U.S. CUSTOMS	OPS	OFF. KENNEDY/ARVIZU	480-312-8483

LEGEND:

Green = New Permit
Yellow = Recently Cancelled Permit
Orange = Suspension/Pending Revocation
Red = Permit Revoked

ACC = Air Commerce Center; 14605 N. Airport Drive, Scottsdale, AZ 85260

JA = Jet Aviation; 14650 N. Airport Drive, Scottsdale, AZ 85260

AA = Atlantic Aviation (Main); 14600 N. Airport Drive, Scottsdale, AZ 85260

AASC = Atlantic Aviation South Complex; 14700 N. Airport Drive, Scottsdale, AZ 85260

SFS = Signature Flight Support; 15290 N. 78th Way, Scottsdale, AZ 85260

AANC = Atlantic Aviation North Complex; 15115 N. Airport Drive, Scottsdale, AZ 85260

SPH = Signature/TAC Private Hangars, 15003 N. Airport Drive, Scottsdale, AZ 85260

TOWER = FAA Air Traffic Control Tower; 14960 N. 78th Way, Scottsdale, AZ 85260

AIRPARK AERONAUTICAL BUSINESS PERMITS & TENANTS

MAR 2023

AIRCRAFT CHARTER, SALES & MANAGEMENT & SPECIALTY SERVICES			
BUSINESS NAME	ACTIVITY	CONTACT	TELEPHONE
ALANTE AIR CHARTER/WHEELS UP	AIRCRAFT CHARTER/MANAGEMENT	DAN FAHRNI	602-762-7106
COPPER STATE TURBINE ENGINE CO.	AIRCRAFT ENGINE OVERHAUL SERVICES	JIM NORDSTROM	480-500-6677
EXECUTIVE JET MANAGEMENT	AIRCRAFT MANAGEMENT	CHRISTINE LEBER	513-979-6709
FRESH AIRCRAFT SALES, LLC	AIRCRAFT SALES	JOHN CALHOUN	602-717-2336
LUXURY AERO COLLECTION, LLC	AIRCRAFT SALES	BRIAN MCNANNA	480-771-2389
PINNACLE AIR GROUP	AIRCRAFT CHARTER/MANAGEMENT/SALES	SCOTT GUETTI	480-998-8989
SCOTTSDALE HANGAR ONE	AIRCRAFT MANAGEMENT	MATT BEVERAGE	480-624-9000
BRADLEY MACK AVIATION, INC.	AIRCRAFT MANAGEMENT	MARY RANDOLPH	480-393-0770

HELICOPTER RENTAL, LEASING & FLIGHT TRAINING			
BUSINESS NAME	ACTIVITY	CONTACT	TELEPHONE
H5 PRODUCTIONS, INC. dba H5 HELICOPTERS	SPECIAL COMMERCIAL FLYING	MITCH KELLDORF	480-607-3400
SUNSTATE HELICOPTERS	SPECIAL COMMERCIAL FLYING	CHRIS DOBKINS	602-469-3182
WESTERN SKY HELICOPTERS	SPECIAL COMMERCIAL FLYING	VANESSA CLIFTON	480-416-6415

HANGAR, SHADE & OFFICE LEASING SERVICES			
BUSINESS NAME	ACTIVITY	CONTACT	TELEPHONE
7345 ACOMA LLC	HANGAR/SHADE LEASING	WILL COUNTS	480-483-8107
AIRPARK LAND, LLC	HANGAR/SHADE LEASING	CRAIG JACKSON	480-421-6694
ASTOR AIRPARK HOLDINGS	HANGAR/SHADE LEASING	REG COOPER	480-483-1999
AVALON ONE	HANGAR/SHADE LEASING	SAMIR KANUGA	480-718-2412
BATES FAMILY TRUST	HANGAR/SHADE LEASING		480-443-8287
BECK LANE HANGARS LLC	HANGAR/SHADE LEASING	RYAN HAMILTON	
BCO	HANGAR/SHADE LEASING	LYNN BABCOCK	480-922-0490
BUILDING D	HANGAR/SHADE LEASING	SCOTT LYON	480-367-6200
CENTRAL IMPLEMENT	HANGAR/SHADE LEASING	PERRY CASE	480-998-8989
CC OFFICE LLC	HANGAR/SHADE LEASING	JOSEPH ODDO	480-998-1444
CWIE MANAGEMENT RESOURCES	HANGAR/SHADE LEASING	FRANK CADWELL	480-449-7751

15266070

s1 "Airpark"

DEVELOPMENT SERVICES OF AMERICA	HANGAR/SHADE LEASING	RICHARD WILSON	480-927-4888
GRAYSTAR CORPORATION	HANGAR/SHADE LEASING	JOHN MEYER	480-483-1985
GREAT AMERICAN HANGAR	HANGAR/SHADE LEASING	MARK BOSCO	916-391-5000
HANGAR THREE	HANGAR/SHADE LEASING	JIM KEELEY	480-596-9000
JJS INVESTMENTS LLC	HANGAR/SHADE LEASING	JOHN J. SHUFELDT	602-399-1514
JON VESELY REVOCABLE TRUST	HANGAR/SHADE LEASING	JOHN MEYER	480-483-1985
LARRY COFFEY	HANGAR/SHADE LEASING	LARRY COFFEY	480-607-0140
LOOKOUT PEAK, LLC	HANGAR/SHADE LEASING	MOSHE BAR	480-483-8107
PACIFIC MARINE MANAGEMENT	HANGAR/SHADE LEASING	AL CHITTENDEN	360-653-4266
ROSS AVIATION	HANGAR/SHADE LEASING	RICK WIELEBSKI	480-948-2400
SCOTTSDALE HANGAR ONE	HANGAR/SHADE LEASING	ANDY SHAFER	480-624-9000
SKY HARBOR LEASING, LLC	HANGAR/SHADE LEASING	REG COOPER	480-483-1999
SOUTHWEST JET CENTER	HANGAR/SHADE LEASING	GARY DAICHENDT	949-254-3027
THE EVANS BUSINESS COMPLEX, LLC	HANGAR/SHADE LEASING	GABE LAKATOSH	
VISIONMAKERS INTL LLC	HANGAR/SHADE LEASING	LANE COOK	480-218-1500
WALLACE HOLDINGS	HANGAR/SHADE LEASING	BOB WALLACE	480-998-8861
WATTS INVESTMENTS, LLC	HANGAR/SHADE LEASING	CHRIS NUTE	602-761-4571
7689, LLC	HANGAR/SHADE LEASING	JOHN MEYER	480-289-5715

LEGEND:

Green = New Permit
Yellow = Recently Cancelled Permit
Orange = Suspension/Pending Revocation
Red = Permit Revoked



COMMISSION INFORMATION REPORT

Discussion and Input Regarding Monthly
Financial Report for January 2023

Agenda Item No.: 7

Meeting Date: 03/15/23

Staff Contact: Carmen Williams,
Aviation Finance & Administration Manager

Phone: (480) 312-8475

AVIATION OPERATING BUDGET FISCAL YEAR 2022/23

	FY 2022/23		FY 2022/23 Year to Date (through January 2023)			
	Adopted Budget	FY 2022/23 Approved Budget	Approved Budget	Actual	Dollar Variance	% Variance
Revenue	\$8,280,585	\$8,280,585	\$4,480,394	\$5,302,872	\$822,478	18%
Expenses	\$3,145,716	\$2,897,515	\$1,719,644	\$1,716,922	-\$2,722	0%
Net	\$5,134,869	\$5,383,070	\$2,760,750	\$3,585,950	\$825,200	

AVIATION FUND CASH BALANCE

	Operating	CIP Funds	Total
As of 1/31/23	\$9,210,763	-\$1,847,960	\$7,362,803
As of 1/31/22	\$7,606,485	-\$3,322,372	\$4,284,113

MONTHLY REVENUE AND EXPENDITURE COMPARISON (ACTUALS)

	January 2022	January 2023	Dollar Variance	% Variance
Revenue	\$804,433	\$819,626	\$15,193	2%
Expenses	\$220,441	\$294,656	\$74,215	34%
Net	\$583,992	\$524,970	-\$59,022	

ACCOUNTS RECEIVABLE AGING REPORT

Aging Report Data as of 2/6/2023

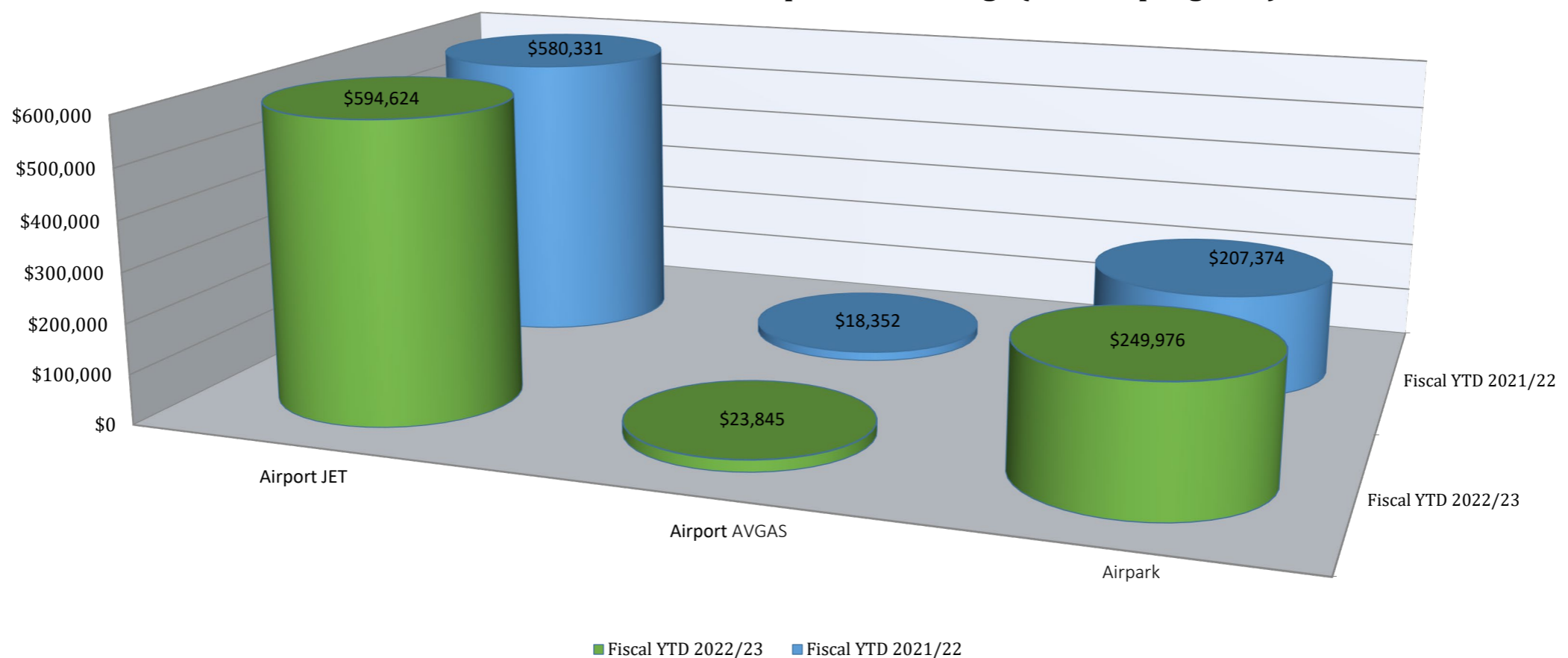
	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	>120 Days	Total Amt Due
All Accounts Total	219,068.41	-2,852.68	-1,506.76	-35.32	-214.74	-126.95	214,331.96

Fuel Flowage (@ \$0.10 per gallon)

	January 2022			January 2023			% Change From Last Yr	
	Revenue	Gallons	% Total	Revenue	Gallons	% Total		
Airport JET	\$124,154	1,241,541	75.5%	\$107,110	1,071,097	71.3%	-13.7%	Gal
Airport AVGAS	\$3,121	31,214	1.9%	\$2,970	29,695	2.0%	-4.9%	Gal
Airpark	\$37,095	370,950	22.6%	\$40,138	401,382	26.7%	8.2%	Gal
Total	\$164,370	1,643,705	100.0%	\$150,217	1,502,174	100.0%	-8.6%	Gal

	Fiscal YTD 2021/22			Fiscal YTD 2022/23			% Change From Last Yr	
	Revenue	Gallons	% Total	Revenue	Gallons	% Total		
Airport JET	\$580,331	5,803,305	72.0%	\$594,624	5,946,241	68.5%	2.5%	Gal
Airport AVGAS	\$18,352	183,522	2.3%	\$23,845	238,446	2.7%	29.9%	Gal
Airpark	\$207,374	2,073,743	25.7%	\$249,976	2,499,762	28.8%	20.5%	Gal
Total	\$806,057	8,060,570	100.0%	\$868,445	8,684,448	100.0%	7.7%	Gal

Scottsdale Airport Fuel Flowage (@ \$0.10 per gallon) - Fiscal Year-to-Date





COMMISSION INFORMATION REPORT

Discussion and Input Regarding
Public Outreach Programs and Planning Projects

Agenda Item No: 8

Meeting Date: 03/15/23

Staff Contact: Sarah Ferrara,
Aviation Planning & Outreach
Coordinator

Phone: (480) 312-8482

INFORMATION

Monthly update of the marketing, community, planning and pilot outreach programs at Scottsdale Airport.

PURPOSE

The purpose of this item is to keep the Airport Advisory Commission informed of the airport's marketing, outreach and planning projects efforts.

Noise Program Outreach

Description	Purpose	Status
Next Gen/Phoenix Metroplex	The FAA has contacted Scottsdale to participate in the next Phoenix work group meeting scheduled for early June to discuss airspace issues for Phoenix area satellite airports, which includes Scottsdale Airport.	In process
Noise Outreach	Will conduct noise outreach as necessary.	Completed

Pilot Outreach

Description	Purpose	Status
Pilot Briefing & Outreach	Pilot forums and briefings are held as necessary.	Completed
Voluntary Curfew Outreach (10:00 p.m. - 6:00 a.m.)	The Voluntary Curfew Program is designed to respond to a complaint received for an operation between 10 p.m. and 6 a.m. If a flight can be confirmed, a letter is sent out to the operator to ask them for their cooperation in flying outside these hours when possible. There were four Voluntary Curfew letters sent out in February.	Completed

Planning Projects		
Description	Purpose	Status
Monitor property development through the Planning Department	Working with the Planning Department to protect the airspace and development uses near Scottsdale Airport. The Planning and Zoning reports listed two projects in February within the Airport Influence Area.	Completed
Community Outreach and Marketing		
Description	Purpose	Status
Media, social media, & list serves	Will continue to post on social media and will utilize other outreach tools as needed.	Completed
Brochures, flyers, other print materials, webpages & videos	Finalizing the Emergency Drill video and then will promote.	In process
Community outreach, presentations and events	Scottsdale Area Chamber of Commerce and the Past Presidents will recognize Scottsdale Airport as the 2023 Scottsdale History Hall of Fame inductee at the annual Sterling Awards on May 18, 2023.	In process



COMMISSION INFORMATION REPORT

Administrative report from the Aviation Director, or designee, regarding the status of pending aviation-relative items

Agenda Item No: 9

Meeting Date: 03/15/23

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

INFORMATION

Discussion regarding status of the Airport Advisory Commission's items to City Council, and aviation-related items approved by Planning Commission, Design Review Board, or City Council.

Attachment(s):

1. Airport Advisory Commission Items to City Council.
2. Aviation-related items to Planning Commission, Design Review Board, or City Council.
3. City Council Meeting Calendar.

**AIRPORT ADVISORY COMMISSION AVIATION ITEMS TO CITY COUNCIL
2023**

AIRPORT COMMISSION DATE	APPROVED	ITEM DESCRIPTION	CITY COUNCIL DATE	APPROVED
03/15/23	?	Adopt Resolution No. 12766 Authorizing Lease Agreement No. 2023-038-COS with Out West Rentals LLC, and Lease Agreement No. 2023-039-COS with Cirrus Design Corporation dba Cirrus Aircraft for the lease of General Aviation Box Hangar; and Resolution No. 12767 Authorizing Lease Agreement No. 2023-040-COS with SDL AZ Holdings, LLC dba Atlantic Aviation for the lease of General Aviation Box Hangar Space at the Scottsdale Airport. Staff contact: Carmen Williams, Aviation Finance & Administration Manager, 480-312-8475, cawilliams@scottsdaleaz.gov	04/04/23	?

**AVIATION-RELATED ITEMS TO PLANNING COMMISSION, DESIGN REVIEW BOARD OR CITY COUNCIL
(Projects that may be on airport, have taxi lane access, have height implications, or have sensitive noise uses)
2023**

AIRPORT COMMISSION DATE	APPROVED	ITEM DESCRIPTION	PLANNING, DRB, OR CITY COUNCIL	APPROVED
N/A	N/A	<p>Seventh Day Adventists Warehouse Building Request by applicant for approval of a site plan, building elevations and landscape plan for a new one-story warehouse building comprised of approximately 243,360 square feet of building area, may have aircraft storage, on a +/- 18-acre portion of property located at 7501, 7509, and 7511 E. Redfield Rd. with Planned Airpark Core Development, Aviation (PCP AV) and Planned Airpark Core Development Employment (PCP EMP) zoning. 14-DR-2022</p>	DR 01-19-23	Approved 7-0
?	?	<p>The Parque Request by owner for a zoning district map amendment from General Commercial (C-4) to Planned Airpark Core Development - Airpark Mixed Use Residential, Planned Shared Development (PCP-AMU-R PSD) including a development plan with bonus development standards for building height and floor area ratio to allow a mixed-use development with approximately 1,236 dwelling units, 223 hotel keys, and 253,000 square feet of commercial floor area on a +/- 32.29 gross acre site located at 16001 N. Scottsdale Road. 13-ZN-2022</p>	?	?
N/A/	N/A	<p>Key Essential Hangar Request for the development of an aircraft hangar with accessory office on a one-acre vacant site within the Industrial Park (I-1) zoning. 41-DR-2022</p>	?	?
?	?	<p>Northsight Residential Health Care Request for a zoning district map amendment, amending the stipulations and development plan of case 14-ZN-1991. Increasing allowed building height from 36 ft to 51 ft and the allowed floor area ration from .25 to 1.15 to allow for redevelopment of the site into a new residential health care facility including up to 270 residential healthcare beds/units on a 5.78-acre site with Central Business Planned Community District (C-2 PCD). 15-ZN-2022</p>	?	?

N/A	N/A	<p>Augusta One Scottsdale</p> <p>Request by owner for approval of the site plan, landscape plan, and building elevations for a new residential healthcare facility, consisting of 120-units, on a +/- 3.0-acres site located at 7221 E. Legacy Boulevard, with Planned Regional Center and Planned Community Development (PRC PCD) zoning. 30-DR-2021#4</p>	?	?
N/A	N/A	<p>Helm Hangar</p> <p>Request for approval of a site plan, landscape plan and building elevations for 2 new 2-story aircraft hangar/office buildings comprised of two stories with approximately 63,806 square feet of total building area located at 7333 E Helm Drive with Industrial Park (I-1) zoning. 47-DR-2022</p>	?	?
N/A	N/A	<p>AFB Development</p> <p>Request by owner for approval of the preliminary plat for a new 55-lot single-family subdivision, on a +/- 40-acre site with Single-family Residential, Planned Community Development (R1-7 PCD) zoning, located at 9402 E. Bell Road. 12-PP-22</p>	?	?

2023 City Council Meeting Calendar

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Key

	Council Meeting
	Special Meeting
	Optional Additional Mtg and/or Study Session
	General Plan
	Events
	City of Scottsdale Holiday
	Election
	No meetings will be scheduled
	Retreat

Jan: 10 - Council Inauguration
11 - MLK Dinner

17 - State of the City Address

Mar: 26-28 - NLC Congressional City Conference

May: 16 - Tentative Budget Adoption

June: 13 - Final Budget Adoption

20 - Special Meeting (Charter Officer Evaluations)

27 - Property Tax Adoption

Revised: 09/27/22

Aug: 28-31 - AZ League Conference (Tucson)

Sep: 1 - AZ League Conference (Tucson)

Nov: 7 - Election Day

15-18 - NLC City Summit

TBD: Council Retreat



COMMISSION ACTION REPORT

Discussion and possible action to modify the Airport Advisory Commission meeting schedule and Commission item calendar

Agenda Item No.: 10

Meeting Date: 03/15/23

Staff Contact: Gary P. Mascaro,
Aviation Director

Phone: (480) 312-7735

ACTION

Review Airport Advisory Commission meeting schedule.

PURPOSE

Pursuant to By-Laws of the Scottsdale Airport Advisory Commission, Section 202, *“Regular meetings of the Commission shall be held on the third Wednesday of each month immediately following the study session, unless otherwise scheduled by majority vote of its members. In the event the Commission desires not to hold the preceding study session, the regular meeting shall begin at 5:00 p.m., unless otherwise scheduled by majority vote of its members.”*

Attachment(s): 1. Airport Advisory Commission meeting schedule

Action taken:

AIRPORT ADVISORY COMMISSION SCHEDULE OF MEETINGS - 2023
 (Including anticipated topics and timeline for discussion)

JANUARY						
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Election of Officers
 By-Laws Review
 Quarterly Noise Program Update

FEBRUARY						
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Five Year CIP FY 23/24 through FY 27/28

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Risk Management Update

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Quarterly Noise Program Update

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Experience Scottsdale Update

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Quarterly Noise Program Update

AUGUST						
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SEPTEMBER						
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OCTOBER						
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Quarterly Noise Program Update
 Annual AZBAA Update

NOVEMBER						
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Scottsdale Chamber Update

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