

LEASE AGREEMENT

DATE: _____, 2018

LANDLORD: City of Mesa, an Arizona municipal corporation
Real Estate Services Department
P.O. Box 1466
Mesa, AZ 85211-1466

TENANT: Town of Gilbert, an Arizona municipal corporation
Town Manager's Office
50 E. Civic Center Drive
Gilbert, AZ 85296-3401

ARTICLE 1 AGREEMENT TO LEASE

1.1 The Premises. For sufficient consideration received, Landlord leases to Tenant and Tenant leases from Landlord, on the terms and conditions set forth in this Lease, the two areas of real property depicted in Exhibit A as the "Leased Area" and the "Limited Use Area" (collectively the "Retention Leasehold"), and the two areas of real property depicted in Exhibit A as "Early Termination Area A" and "Early Termination Area B" (collectively the "Terminable Leasehold"), together with all improvements thereon and all rights, privileges, benefits and appurtenances now or hereafter belonging thereto or commonly enjoyed therewith all as more fully set forth herein and as depicted in Exhibit A (collectively, the "Premises"). The leased Premises, including the Retention Leasehold and Terminable Leasehold, is located entirely within the property legally described in Exhibit B, which also includes the Future Project Area depicted in Exhibit A which is not a part of or subject to this Lease Agreement.

ARTICLE 2 LEASE TERM; RENT

2.1 Lease Terms. The "Term" of this Lease shall commence on _____, 2018 ("Commencement Date") and shall continue for a period of 30 years unless terminated sooner as provided in Sections 2.2 or 2.3 hereof ("Term").

2.2 Early Termination of Terminable Leasehold. Notwithstanding any other provision of this Lease Agreement, beginning 5 years after the Commencement Date, Landlord and Tenant shall each have the right to terminate this Lease as to Area A of the Terminable Leasehold at any time, for Capital Improvement Projects and expansions as well as Related Facilities, upon not less than 180 days prior written notice to the non-terminating Party, subject to payment of all rent and other amounts due through such date of termination. Similarly, beginning 5 years after the Commencement Date, Landlord and Tenant shall each have the right to terminate this Lease as to

Area B of the Terminable Leasehold at any time, for the purposes of constructing GWRP Capital Improvement Projects and expansions, upon not less than 180 days prior written notice to the non-terminating Party, subject to payment of all rent and other amounts due through such date of termination. In the event of early termination of all or any part of the Terminable Leasehold by Tenant, no later than 180 days following the termination date, Tenant shall raze any then existing buildings, structures or improvements located on the Terminable Leasehold, clear debris and rubble thereon, and otherwise restore the Terminable Leasehold to a condition substantially similar to that existing as of the Commencement Date, all at Tenant's sole cost and expense. In the event of early termination of the Terminable Leasehold by Landlord, Landlord shall be responsible for the razing of then existing buildings, structures or improvements located on the Terminable Leasehold and for clearing debris and rubble thereon, and Tenant shall be relieved of the obligation to restore the Terminable Leasehold under Section 6.2 of this Lease Agreement (but may have obligations to share in such costs under the IGA, as applicable). Regardless of which Party exercises the early termination rights under this Section, Landlord shall have no obligation to reimburse Tenant or any sublessee for any costs or expenditures associated with the use, lease or sublease of the Terminable Leasehold property by Tenant or any sublessee under Section 4.2, including (but not limited to) costs for buildings, structures and other improvements placed or constructed on the Terminable Leasehold by Tenant or any sublessee.

2.3 Termination of Greenfield Water Reclamation Plant IGA. Either party shall have the right to terminate this Lease Agreement immediately after the expiration or other termination of the Greenfield Water Reclamation Plant IGA.

2.4 Annual Rent. During the term of this Lease, Tenant shall pay annual rent to Landlord ("Annual Rent") of one dollar, payable, in advance, on or before November 1st of each calendar year. The Annual Rent shall not be prorated. Annual Rent shall be paid to Landlord at the address determined pursuant to Section 12.1. In the event Tenant collects any rents in excess of the Annual Rent Amount under any sublease approved in accordance with Article 9, the amount of such rents collected shall be shared between Landlord, Tenant, and Queen Creek in accordance with the IGA.

ARTICLE 3

LANDLORD'S RETAINED RIGHTS AND USES

3.1 Utility Easements Retained by Landlord. During the term of this Lease, Landlord reserves all utility easements over and across the Premises reasonably necessary for the design, construction, maintenance, operation and expansion of the Greenfield Water Reclamation Plant, the Greenfield Water Reclamation Plant Communications Tower, and other Related Facilities, including, without limitation, easements for wastewater lines, discharge lines, lines for discharge storage facilities, utility services, and access to such easements. Landlord reserves the right to determine the location of such easements on the Premises in its reasonable discretion. Landlord shall consult with Tenant prior to locating any easements on the Premises and use reasonable and good faith efforts to avoid undue interference with Tenant's use of the Premises or the destruction of Tenant's improvements.

3.2 Grant of Utility Easements by Landlord. During the term of this Lease, Landlord shall have the right, from time to time, to grant utility easements to the Town of Queen Creek, the Town of Gilbert, and to other public utilities over and across the Premises as reasonably necessary for the design, construction, maintenance, operation and expansion of the Greenfield Water Reclamation Plant, the Greenfield Water Reclamation Plant Communications Tower, and other Related Facilities, including, without limitation, easements for wastewater lines, discharge lines, lines for discharge storage facilities, utility services, and access to such easements. Landlord reserves the right to determine the location of such easements on the Premises in its reasonable discretion. Landlord shall consult with Tenant prior to locating any easements on the Premises and use reasonable good faith efforts to avoid undue interference with Tenant's use of the Premises or the destruction of Tenant's improvements.

3.3 Drainage Easements Retained by Landlord. During the term of this Lease, Landlord reserves the right to have the sheet and storm water flows from the Greenfield Water Reclamation Plant and Related Facilities adjoining the Premises drain across and onto the Terminable Leasehold and the Limited Use Area of the Retention Leasehold. During the term of this Lease, Landlord shall have the right to install underground drainage pipes and on-site retention basins of sufficient capacity to carry and hold such run-off water on the Terminable Leasehold and the Limited Use Area of the Retention Leasehold should any such improvements be required as part of the design and construction of the Greenfield Water Reclamation Plant and Related Facilities ("Drainage Work"). The costs and expenses associated with any such Drainage Work, including any restoration costs, shall be determined under the IGA. Notwithstanding the preceding, Landlord shall have no obligation to reimburse Tenant or any sublessee for any damage to or destruction of any Tenant or sublessee improvements placed or constructed on the Terminable Leasehold or Limited Use Area of the Retention Leasehold resulting from the Drainage Work or the drainage and retention of sheet and storm water flows onto the Terminable Leasehold or Limited Use Area of the Retention Leasehold. Any Tenant or sublessee improvements made on the Terminable Leasehold or Limited Use Area of the Retention Leasehold must be constructed in a manner that facilitates existing and future Greenfield Water Reclamation Plant and Related Facilities storm water drainage and retention as well as Drainage Work.

3.4 Ingress and Egress Easements. During the term of this Lease, Landlord reserves all easements over and across the Premises reasonably necessary to provide ingress and egress to Greenfield Water Reclamation Plant and the Greenfield Water Reclamation Plant Communications Tower, in a size adequate for the proper operation and maintenance of such facilities. Landlord reserves the right to determine the location of such easements on the Premises in its reasonable discretion. Landlord shall consult with Tenant prior to locating any easements on the Premises and use reasonable good faith efforts to avoid undue interference with Tenant's use of the Premises or the destruction of Tenant's improvements.

ARTICLE 4

CONDITION OF LAND, USE, MAINTENANCE AND WAIVER

4.1 Condition of Land. Tenant has examined and knows the Premises and no warranties or representations as to the condition thereof have been made by the Landlord or any agent of the

Landlord prior to or at the time of execution of this Lease. Tenant accepts the Premises "AS-IS," "WHERE IS," and "WITH ALL FAULTS."

4.2 Use of Premises. The Premises may be used by Tenant and allowed sublessees for public recreation and the construction and operation of a public park, public sports fields, parking facilities, lighting, and roadways thereto, and for any other similar or ancillary uses approved in advance in writing by the Landlord as Lead Agent acting on behalf of the Parties in accordance with the purpose and terms of the Greenfield Water Reclamation Plant IGA. Notwithstanding the foregoing, Tenant shall not take any action or allow or make any use of the Premises that impedes or interferes in any way with the use of the Premises as a buffer area for the Greenfield Water Reclamation Plant, or that impedes or interferes in any way with the Greenfield Water Reclamation Plant. Subject to the terms and provisions of the Greenfield Water Reclamation Plant IGA and this Lease Agreement, Landlord covenants that Tenant shall peaceably and quietly have, hold, and enjoy the full possession and use of the Premises throughout the Terminable Leasehold Term and Retention Leasehold Term.

4.3 Maintenance. During the term of this Lease subject to Sections 2.2 and 2.3 regarding early termination, Tenant shall, at its sole cost and expense; keep the Terminable Leasehold and Retention Leasehold and all improvements therein in a neat and clean condition and in good order, condition and repair and Tenant shall perform pest control, landscaping, grounds maintenance and trash removal thereon.

4.4 Compliance with Laws. During the term of this Lease, subject to Sections 2.2 and 2.3 regarding early termination, the Tenant shall comply, in its use of the Premises, with all applicable governmental laws, rules, and regulations, including without limitation all permits issued for the Greenfield Water Reclamation Plant by the Arizona Department of Environmental Quality, or any other regulatory body with jurisdiction thereof.

4.5 Indemnification.

4.5.1 Tenant agrees to indemnify, defend, and hold each of the Landlord Indemnified Parties free and harmless from any and all Claims arising out of or in connection with any failure of Tenant to comply, in its use of the Retention Leasehold, with all applicable governmental laws, rules and regulations or any failure of Tenant to maintain the Retention leasehold in a safe and clean condition. Tenant's obligations with respect to indemnification hereunder shall remain effective, notwithstanding the expiration or termination of this Lease, as to Claims arising or accruing prior to the expiration or termination of the Retention Leasehold.

4.5.2 Tenant agrees to indemnify, defend, and hold each of the Landlord Indemnified Parties free and harmless from any and all Claims arising out of or in connection with any failure of Tenant to comply, in its use of the Terminable Leasehold, with all applicable governmental laws, rules and regulations or any failure of Tenant to maintain the Terminable Leasehold in a safe and clean condition. Tenant's obligations with respect to indemnification hereunder shall remain effective, notwithstanding the expiration or termination of this Lease, as to Claims arising or accruing prior to the expiration or termination of the Terminable Leasehold as applicable.

4.6 Waiver of Regulatory Setbacks. Gilbert hereby waives the setback requirements of Arizona Administrative Code R18-9-B201(I) as allowed in subsection I(2) of that Rule as they relate to APN#s 304-58-001H, 304-58-001J and 304-58-001K, regarding the location of treatment and disposal components associated with the Greenfield Water Reclamation Plant or any expansion thereof. Gilbert acknowledges that this will facilitate future GWRP Capital Improvement Projects and expansions as well as Related Facilities in accordance with the IGA. This waiver shall survive the expiration or termination of this Lease Agreement. Landlord shall be responsible for obtaining setback waivers from other affected property owners as applicable and in accordance with Arizona Administrative Code R18-9-B201.

ARTICLE 5 TAXES AND UTILITIES

5.1 Taxes. Except as provided in Section 2.2 regarding early termination as to the Terminable Leasehold, Tenant agrees to pay prior to delinquency all real property taxes and assessments levied or assessed against the Premises during the term of this Lease and will indemnify, defend, and hold the Landlord Indemnified Parties (defined below) harmless with respect to any Claims (defined below) relating to such taxes and assessments. This indemnity shall survive the expiration or termination of this Lease Agreement.

5.2 Transaction Privilege Taxes. Except as provided in Section 2.2 regarding early termination as to the Terminable Leasehold, Tenant agrees to pay all sales, transaction privilege, gross receipts or similar taxes imposed or levied upon, assessed against, or measured by any Annual Rent, such payments to be made at the same time as payments of Annual Rent are made; provided, however, that under no circumstances will Tenant be liable for any succession, transfer, gift, franchise, income or excess profits tax levied or imposed on Landlord.

5.3 Utility Charges. Except as provided in Section 2.2 regarding early termination as to the Terminable Leasehold, Tenant agrees to pay all charges for electricity, gas, water, telephone and other utility services used by Tenant (or any allowed sublessee) on the Premises during the Term.

ARTICLE 6 TENANT'S IMPROVEMENTS AND FIXTURES, LIENS

6.1 Improvements. Subject to the provisions of Section 6.7 hereof, Tenant shall have the right from time to time during the Term, at its own expense, to raze, construct and reconstruct on the Leased Area of the Retention Leasehold such structures and improvements necessary for the uses approved under Section 4.2. Any structures and improvements (including but not limited to roadways) to be constructed on the Terminable Leasehold and the Limited Use Area of the Retention Leasehold must be approved in advance in writing by Landlord. Except as provided in Section 2.2 regarding early termination as to the Terminable Leasehold, all improvements constructed on the Premises by Tenant and all additions, alterations and improvements thereto shall remain the exclusive property of Tenant during the Term.

6.2 Improvements upon Termination. Except as provided in Section 2.2 regarding early termination as to the Terminable Leasehold, at the expiration or termination of this Lease, any

building or other improvements on the Premises shall become the property of Landlord in its then condition. Except as provided in Section 2.2 regarding early termination as to the Terminable Leasehold and notwithstanding the preceding, within sixty (60) days after the expiration or earlier termination of this Lease, if requested by Landlord in writing, Tenant shall raze the then existing improvements on the Premises and clear the Premises of debris and rubble and shall otherwise restore said Premises to a condition substantially similar to that existing as of the Commencement Date, all at Tenant's sole cost and expense.

6.3 Tenant's Other Property. Subject to the provisions of Section 6.7 hereof, Tenant may install on the Premises such trade fixtures, equipment and other personal property as Tenant deems advisable. All of these items shall remain Tenant's property whether or not affixed or attached to the Premises and shall not be subject to and shall be free of any lien for the payment of rent or for the performance of any other obligation of Tenant under this Lease. At any time during the Term of this Lease and within sixty (60) days following the expiration or earlier termination of the Term, Tenant may remove such items from the Premises. Except as provided in Section 2.2 regarding early termination as to the Terminable Leasehold, within sixty (60) days of the expiration or earlier termination of this Lease, if requested by Landlord in writing, Tenant shall remove all trade fixtures, equipment and personal property from the Premises.

6.4 No Landlord Obligations to Construct or Maintain. Landlord shall have no obligation to construct any on-site or off-site improvements on or with respect to the Premises or any existing improvements thereon. In addition, with the exception of any Drainage Work as provided in Section 3.3, Landlord shall have no obligation to maintain or repair the Premises or any improvements on the Premises, and Tenant waives any provisions of law that may impose any duty of repair or maintenance by Landlord or permit Tenant to make repair at the expense of Landlord.

6.5 Mechanics' Liens. Neither Party shall permit the lien of any contractor, subcontractor, mechanic, materialman, laborer, architect or any other person or entity arising out of work, material or services performed or supplied or contracted for by that Party, or those claiming by, through or under it, to be or remain a lien upon the Premises, but such Party shall have the right to contest the lien in good faith by appropriate judicial proceedings so long as (a) the proceeding operates to stay any execution or foreclosure on the lien, and (b) the Party diligently pursues the contest to its conclusion. In any event, such Party shall indemnify, defend and save the other Party (including the Tenant Indemnified Parties or the Landlord Indemnified Parties, as the case may be) harmless from any Claim relating to any such lien.

6.6 No Encumbrances. During the Term, Tenant shall not cause or permit any lien, claim, charge or encumbrance of any nature or description whatsoever to attach to or encumber the Premises or any part thereof.

6.7 No Interference, Limited Use Area Restrictions. Notwithstanding anything in this Lease Agreement to the contrary, Tenant shall not construct, install, or otherwise locate on the Premises any buildings, structures, fixtures, or other improvements without the prior written approval of Landlord that such improvements will not interfere with an easement or access for the Greenfield Water Reclamation Plant or the Greenfield Water Reclamation Plant

Communications Tower. Tenant shall remove or re-locate any personal property on the Premises upon notification by Landlord that such personal property interferes with an easement or access for the Greenfield Water Reclamation Plant. In addition to all the preceding and the limitations in Section 3.3, all Tenant (or authorized sublessee) use of the Limited Use Area of the Retention Leasehold must not interfere in any way with material and equipment lay-down, staging, and storage for the GWRP on the Limited Use Area, and any authorized improvements by Tenant or sublessee improvements made on Limited Use Area must be constructed in a manner that facilitates such lay-down, staging and storage. Notwithstanding the preceding, Landlord shall make all reasonable efforts to find and utilize alternative locations for material and equipment lay-down, staging, and storage where practicable prior to making such use of the Limited Use Area.

ARTICLE 7 INDEMNIFICATION AND INSURANCE

7.1 Terminable Leasehold Indemnification. Tenant hereby indemnifies, holds harmless and agrees to defend the Landlord Indemnified Parties (each, an "Indemnified Party") from and against all Claims on account of injury to persons, Loss of life, or damage to property occurring on or arising out of the use of the Terminable Leasehold during the term of the Lease as it pertains to the Terminable Leasehold; however, Tenant does not indemnify the Indemnified Party against any Claims relating to injury, loss of life, or damage which is caused by the gross negligence or willful misconduct of the Indemnified Party, or its or their agents, servants or employees. The Tenant's obligations with respect to indemnification hereunder shall remain effective, notwithstanding the expiration or termination of this Lease, as to Claims arising or accruing prior to the expiration or termination of the Lease as it pertains to the Terminable Leasehold.

7.2 Retention Leasehold Indemnification. Tenant hereby indemnifies, holds harmless and agrees to defend the Landlord Indemnified Parties (each, an "Indemnified Party") from and against all Claims on account of injury to persons, Loss of life, or damage to property occurring on or arising out of the use of the Retention Leasehold during the term of the Lease as it pertains to the Retention Leasehold; however, Tenant does not indemnify the Indemnified Party against any Claims relating to injury, loss of life, or damage which is caused by the gross negligence or willful misconduct of the Indemnified Party, or its or their agents, servants or employees. The Tenant's obligations with respect to indemnification hereunder shall remain effective, notwithstanding the expiration or termination of this Lease, as to Claims arising or accruing prior to the expiration or termination of the Lease as it pertains to the Retention Leasehold.

7.3 Commercial General Liability Insurance. Throughout the entire Term except as provided in Section 2.2 regarding early termination as to the Terminable Leasehold, Tenant shall procure and maintain in effect, or cause to be procured and maintained in effect commercial general liability insurance with a broad form general liability endorsement insuring Tenant against claims for personal injury or death and property damage or destruction arising out of Tenant's negligent acts or omissions in its use, occupancy, maintenance, or operation of the Terminable Leasehold and Retention Leasehold, any improvements on the Terminable Leasehold and Retention Leasehold. Said insurance shall also contain broad form contractual liability coverage

insuring all of Tenant's indemnity obligations under this Lease and "products-completed operations hazard coverage", an "additional insured-managers or lessors of premises" endorsement. The insurance shall be in the minimum amount of \$5,000,000 per occurrence and \$5,000,000 general aggregate, subject to increase from time to time as Landlord or Tenant may reasonably require so as to be in an amount customarily provided for other similar facilities in the Phoenix-Mesa metropolitan area. Landlord shall be named as an additional insured on such liability policy.

7.4 Insurance Provisions. All insurance required hereby shall be by valid and enforceable policies issued by insurance companies authorized to do business in Arizona. The insurance companies issuing such insurance shall agree to notify Landlord in writing of any cancellation, alteration or nonrenewal of the policy at least 30 days prior thereto.

7.5 Alternative Insurance. Any other provision of this Lease to the contrary notwithstanding, the obligations of the Tenant with respect to the insurance may be satisfied by the existence of a self-insurance program containing the same coverage and elements specified herein with respect to third party insurance, except that the Landlord shall not have "additional insured" status under the Tenant's self-insurance program.

7.6 Certain Insurance Not Required. Nothing in this Lease shall be deemed to require Landlord or Tenant to obtain or maintain any earthquake, flood, rental loss, business interruption or property insurance.

ARTICLE 8 SURRENDER, DEFAULTS AND REMEDIES

8.1 Surrender Upon Termination, Recovery of Premises. At the expiration or termination of the Retention Leasehold, or upon early termination as to the Terminable Leasehold, Tenant shall immediately surrender peaceable possession of the Retention Leasehold and Terminable Leasehold as applicable to Landlord, including all buildings, structures, fixtures and other improvements or personal property then located thereon in the condition required pursuant to Article 6 subject, however, to the obligation to remove improvements, fixtures and personal property as provided in Sections 2.2 and 6.2. In the event of a breach of this Section 8.1, and notwithstanding the provisions of Section 8.2, Landlord shall have the immediate right to commence legal action to recover possession of the Premises or applicable part thereof, and, in addition to all other available remedies, be entitled to recover such reasonable expenses as Landlord may incur in recovering possession of the Premises, including reasonable attorneys' fees in connection with any legal action which may have been commenced.

8.2 Defaults. If a Party fails to perform a material of terms or provisions of this Lease as required, said Party shall cure said default within thirty (30) days after receipt of written notice specifying the nature and extent of such default in detail (or longer if such default is of a nature that it cannot reasonably be cured within thirty (30) days and the defaulting Party commences the cure within such thirty (30) day period and uses reasonable diligence to complete such cure). Failure to cure as required herein shall grant the non-defaulting Party the right to terminate this

Agreement; in addition, the non-defaulting Party may seek any other remedies provided in this Lease and at law or in equity (including the right to sue for damages, an injunction or specific performance, and reasonable attorneys' fees in connection with any legal action) subject to the provisions of the IGA regarding the resolution of disputes.

8.3 Limitation. Neither Landlord nor Tenant shall be entitled to recover any consequential, incidental, special or punitive damages on account of any breach by the other Party of such other Party's obligations under this Lease.

ARTICLE 9 ASSIGNMENT AND SUBLETTING

9.1 Assignment and Subletting. All assignments of this Lease or subletting of the Premises or any portion thereof, shall require the prior written consent of Landlord. Assignments of this Lease shall not relieve Tenant from any of the obligations undertaken herein, including without limitation the payment of rent and other sums hereunder. Landlord consents to the subletting of all or a portion of the Premises to the Gilbert Youth Soccer Association (the "Association") and other subtenants, provided, however, that such subletting is authorized pursuant to a written instrument between Tenant and the subtenants, which (a) limits permitted uses of the Premises to those permitted under this Lease, (b) contains a provision that the subtenants shall not take any action or allow or make any use of the Premises that impedes or interferes in any way with the use of the Premises as a buffer area for the Greenfield Water Reclamation Plant, or that impedes or interferes in any way with the Greenfield Water Reclamation Plant, (c) contains a provision as to the Terminable Leasehold acknowledging and agreeing that the both the Lease and sublease are subject to early termination as set forth in Section 2.2, and (d) does not conflict with any term or provision of this Lease. Tenant shall submit a copy of each fully executed sublease to Landlord no later than fifteen (15) business days after execution.

ARTICLE 10 ENVIRONMENTAL PROVISIONS

10.1 Duties.

10.1.1 Tenant. Tenant will not dispose of, generate, manufacture, process, produce, Release, store, transport, treat, or use, nor will it permit the disposal, generation, manufacture, presence, processing, production, release, storage, transportation, treatment, or use of Hazardous Substances (other than De Minimis Amounts) on, under, or about the Premises. In that connection, Tenant agrees that Tenant will comply and cause all of its agents, employees, contractors, and invitees, to (a) comply with all Environmental Laws; (b) obtain and maintain or cause to be obtained and maintained all permits, licenses, and approvals required under Environmental Laws or otherwise relating to Hazardous Substances; and (c) comply with all conditions and requirements of such permits, licenses, and approvals.

10.1.2 Landlord. Landlord will not dispose of, generate, manufacture, process, produce, Release, store, transport, treat, or use, nor will it permit the disposal, generation, manufacture, presence, processing, production, Release, storage, transportation,

treatment, or use of Hazardous Substances (other than De Minimis Amounts) on, under, or about the Retention Leasehold and Terminable Leasehold. In that connection, Landlord agrees that Landlord will comply and cause all of its agents, employees, contractors, and invitees to (a) comply with all Environmental Laws; (b) obtain and maintain or cause to be obtained and maintained all permits, licenses, and approvals required under Environmental Laws or otherwise relating to Hazardous Substances; and (c) comply with all conditions and requirements of such permits, licenses, and approvals.

10.2 Indemnification.

10.2.1 By Tenant. Tenant hereby indemnifies, holds harmless and agrees to defend each of Landlord Indemnified Parties for, from and against any and all Remediation Costs arising during or after the Terms of the Terminable Leasehold or the Retention Leasehold as applicable on account of or in connection with:

(a) The violation of any Environmental Law by Tenant or its agents, employees, contractors, or invitees (including without limitation the Association or its agents, employees, contractors, or invitees);

(b) The presence, use, generation, storage or Release of Hazardous Substances occurring during the Term caused or resulting from the acts of Tenant or any of Tenant's employees, agents, contractors or invitees (including without limitation the Association or its agents, employees, contractors, or invitees); or

(c) The breach by Tenant of any of its obligations under Section 10.1.1.

Without limiting the foregoing, this indemnification shall include any and all costs incurred in connection with any investigations of all or any portion of the Retention Leasehold and Terminable Leasehold or any cleanup, removal, repair, remediation, detoxification or restoration and the preparation of any closure or other plans (including the Cleanup Plan) required or permitted by any governmental authority.

10.2.2 By Landlord. Landlord hereby indemnifies, holds harmless and agrees to defend each of Tenant Indemnified Parties for, from and against any and all Remediation Costs arising prior to, during or after the Term on account of or in connection with:

(a) The violation of any Environmental Law by Landlord, its agents, employees, or contractors;

(b) The presence, use, generation, storage, or Release of Hazardous Substances in, on, under, or above the Premises; provided, however, that the indemnification under this clause (b) shall not relate to any matter to the extent that such matter is included in the indemnification obligations of Tenant under Section 10.2.1; and

(c) Any breach by Landlord of any of its obligations under Section 10.1.2.

Without limiting the foregoing, this indemnification shall include any and all costs incurred in connection with any investigations of the Retention Leasehold and Terminable Leasehold or any cleanup, removal, repair, remediation, detoxification or restoration and the preparation of any closure or other plans (including the Cleanup Plan, defined later) required or permitted by any governmental authority.

10.2.3 Limitation. The indemnification obligations set forth in this Section 10.2 shall exclude the obligation to indemnify a Party for any incidental or consequential damages and shall be solely limited to Remediation Costs.

10.3 Clean Up. If Tenant or Landlord is responsible for Remediation Costs pursuant to Section 10.2, or if there is a Release of Hazardous Substances (other than De Minimis Amounts) in, on, under or above the Retention Leasehold and Terminable Leasehold (whether or not originating from adjacent property), the Party which is responsible for the Remediation Costs under Section 10.2 shall promptly conduct a site assessment, take any immediate action required by applicable Legal Requirements for containment of any Release, and prepare and implement a plan for clean-up of the Release and/or Hazardous Substances (other than De Minimis Amounts) (the "Cleanup Plan").

10.4 Greenfield Water Reclamation Plant. Notwithstanding anything herein to the contrary, this Article shall not apply to any generating, manufacturing, processing, producing, Release, storing, transporting, treating, or use of Hazardous Substances occurring as a result of or in connection with the operation or maintenance of the Greenfield Water Reclamation Plant, including without limitation, the transportation of sewer or effluent over and across the Retention Leasehold and Terminable Leasehold and the drainage of storm water run-off onto the Retention Leasehold and Terminable Leasehold. The Parties agree and acknowledge that all environmental issues relating to the Greenfield Water Reclamation Plant shall be governed by the terms and provisions of the Greenfield Water IGA.

10.5 Survival. The parties' indemnifications and obligations under this Article shall survive the expiration or termination of this Lease.

ARTICLE 11 COMMISSIONS

11.1 Brokerage. Landlord warrants that Landlord has not dealt with any broker in connection with this transaction. Tenant warrants that Tenant has not dealt with any broker in connection with this transaction. If any Person asserts a claim to a finder's fee, brokerage commission or other compensation on account of alleged employment as a finder or broker or performance of services as a finder or broker in connection with this transaction, the Party under whom the finder or broker is claiming will indemnify and hold Landlord Indemnified Parties or the Tenant Indemnified Parties, as the case may be, harmless for, from, and against any Claims related thereto. This indemnity will survive the expiration or termination of this Lease.

ARTICLE 12 NOTICES

12.1 Generally. Notices will be in writing and will be given by personal delivery, by deposit in the United States mail, certified mail, return receipt requested, postage prepaid, or by express delivery service, freight prepaid. Notices will be delivered or addressed to Landlord and Tenant at the addresses set forth on the first page of this Lease or at such other address or number as a Party may designate in writing. The date notice is deemed to have been given, received and become effective will be (a) the date on which the notice is delivered or refused, if notice is given by personal delivery, or (b) the date of actual receipt, if the notice is sent through the United States mail or by express delivery service as provided herein.

ARTICLE 13 MISCELLANEOUS PROVISIONS

13.1 Certain Definitions. As used herein, the following capitalized terms have the following meanings:

13.1.1 “Claim” or “Claims” means any and all obligations, debts, covenants, conditions, representations, costs, charges, expenses, fines, damages (including but not limited to, consequential, incidental, special or punitive damages), penalties, and liabilities and any and all demands, causes of action, and claims, of every type, kind, nature or character, direct or indirect, known or unknown, absolute or contingent, determined or speculative, at law, in equity or otherwise, including, without limitation, reasonable attorneys' fees and litigation and court costs, professional consultant's fees, and disbursements, and reasonable investigative and discovery costs.

13.1.2 “Default Rate: means an interest rate per annum equal to the greater of (a) twelve percent (12%) per annum or (b) four percentage points over the prime rate then published in the Wall Street Journal or a reasonably equivalent rate selected by Tenant if the Wall Street Journal is no longer published, but in no event an amount greater than permitted by law.

13.1.3 “De Minimis Amounts” means Hazardous Substances (a) being stored for future use on the Retention Leasehold or Terminable Leasehold or (b) being used on the Retention Leasehold or Terminable Leasehold in such quantities and in such a manner that as to clause (a) and clause (b), (i) do not constitute a violation of any Environmental Law, and (ii) are customarily employed in or associated with similar businesses or activities as conducted by Tenant or Landlord.

13.1.4 “Environmental Law” means any applicable federal, state, or local law, statute, ordinance, rule, regulation, policy, guidance, order, judgment, or decision of any governmental authority relating to the protection of the environment or to any emission, discharge, generation, processing, storage, use, holding, abatement, existence, Release, threatened or potential Release, or transportation of any Hazardous Substance, including any disclosure or reporting obligation thereof, whether to be disclosed or reported to any governmental authority or whether a report or record is required to be maintained internally, including, without limitation, (a) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq.; the Toxic

Substances Control Act, 15 U.S.C. §2601 et seq.; the Safe Drinking Water Act, 42 U.S.C. §300h et seq.; the Clean Water Act, 33 U.S.C. §1251 et seq.; the Clean Air Act, 42 U.S.C. §7401 et seq.; the Arizona Water Quality Assurance Revolving Fund, A.R.S. §49-281 et seq.; the Arizona Water Quality Control Program, A.R.S. §49-201 et seq.; and the Arizona Underground Storage Tank Law, A.R.S. §49-101 et seq., as amended now and as may be amended in the future; and (b) all other legal requirements pertaining to reporting, licensing, permitting, approving, investigation, or remediation of emissions, discharges, Releases, or threatened or potential Releases of Hazardous Substances into, onto, or beneath the air, surface water, ground water, or land, or relating to the manufacture, processing, distribution, sale, use, treatment, receipt, storage, disposal, transport, or handling of Hazardous Substances.

13.1.5 “Greenfield Water Reclamation Plant IGA” (or “IGA”) means the Intergovernmental Agreement concerning the Construction and Operation of the Greenfield Water Reclamation Plant dated _____, and signed , _____ between Landlord, Tenant, and the Town of Queen Creek, or any subsequent or amended Intergovernmental Agreement concerning the subject matter thereof.

13.1.6 “Hazardous Substances” means any substance that (a) is or contains asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum or petroleum-derived substances or wastes, radon gas, or related materials, (b) requires investigation, removal or remediation or for which there are restrictions, regulations or rules pursuant to any Environmental Law regarding its use, handling or disposal, under any Environmental Law, or is defined, listed, or identified as a "hazardous waste," "Hazardous Substance," "contaminant," "toxic substance," "toxic material," "pollutant," or "hazardous substance," thereunder, or (c) is toxic, explosive, corrosive, flammable, infectious, radiologically contaminated, carcinogenic, mutagenic, or otherwise hazardous and is regulated by any governmental authority or Environmental Law.

13.1.7 “Landlord Indemnified Parties” means the City of Mesa and its officials (including elected officials), employees, agents, professional advisers, authorized representatives, successors, assigns and other Persons liable by, through or under Landlord.

13.1.8 “Party” or “Parties” means Landlord and/or Tenant.

13.1.9 “Person” means any natural person, corporation, partnership, trust, governmental authority, limited liability company or other person or entity.

13.1.10 “Related Facilities” means buildings, structures, works, pipes, equipment, storage and holding tanks, ponds and pools, and other works and improvements related to the storage, transportation, use, exchange, sale and other disposition of Greenfield Water Reclamation Plant treated water and other related products, including but not limited to, discharge storage facilities, but excluding bio-solids or methane co-generation stations/ facilities.

13.1.11 “Release” or “Released” means any releasing, disposing, discharging, injecting, spilling, leaking, leaching, pumping, dumping, emitting, escaping, emptying, seeping, dispersal, migration, transporting, placing and the like, including without limitation, the moving of any

materials through, into or upon, any land, soil, surface water, ground water, or air, or otherwise entering into the environment.

13.1.12 “Remediation Costs” means and include any and all costs incurred in connection with any investigation of all or any portions of the applicable Retention Leasehold or Terminable Leasehold or any clean-up, removal, repair, remediation, detoxification or restoration of the applicable Retention Leasehold or Terminable Leasehold and the preparation of any closure or other plans (including a Cleanup Plan) required or permitted by any Governmental Authority for the applicable Retention Leasehold or Terminable Leasehold to comply with Environmental Laws (including, but not limited to, reasonable attorneys' fees and consultants' fees and costs).

13.1.13 “Tenant Indemnified Parties” means the Town of Gilbert and its officials (including elected officials), employees, agents, professional advisers, authorized representatives, successors, assigns and other Persons liable by, through or under Tenant.

13.2 Conflicts of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of either Party shall have any personal interest, direct or indirect, in this Lease, nor shall any such member, official or employee participate in any decision relating to this Lease which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

13.3 Cooperation. The parties hereby acknowledge and agree that they shall cooperate in good faith with each other and use commercially reasonable efforts to pursue the obligations imposed by this Lease.

13.4 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Arizona, including, without limitation, the provisions of A.R.S. §38-511. This Lease has been made and entered into in Maricopa County, Arizona.

13.5 Run With the Land; Successors and Assigns; No Third-Party Beneficiaries. This Lease shall run with the Land during the Term, and the obligations set forth in this Lease shall be binding upon the Parties and their successors and assigns, and shall inure to the benefit of the Parties, and their authorized successors and authorized assigns. Except as otherwise may be specifically provided in this Lease, no other Person shall be entitled to rely on or enforce any provision of this Lease against any Party, whether as a third-party beneficiary or otherwise, it being specifically intended that, except as otherwise specifically provided in this Lease with respect to the Tenant Indemnified Parties and the Landlord Indemnified Parties, there shall be no third-party beneficiaries to this Lease or any third-party reliance on this Lease.

13.6 Construction. This Lease has been fully negotiated by each of the parties with the assistance of legal counsel and shall be construed impartially in light of all pertinent facts and circumstances and not narrowly against any Party.

13.7 Waiver. No waiver by a Party of any breach, default or any of the terms, covenants or conditions of this Lease shall be construed or held to be a waiver or custom of waiver of any

same, similar, succeeding or preceding breach, default or term of this Lease, as the case may be. To be effective, all waivers shall be in writing and signed by the Party to be charged.

13.8 Attorneys' Fees. In the event of any litigation between the parties in connection with this Lease, the Party prevailing in such action shall be entitled to recover from the other Party all of its costs and fees of litigation, whether or not they would be recoverable costs pursuant to court rule, together with reasonable attorneys' fees, which shall be determined by the court and not by the jury. In the event each of the parties are awarded relief, such costs and fees shall be awarded as the court may determine.

13.9 Severability. If any phrase, clause, sentence, paragraph, section, article or other portion of this Lease shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Lease shall not be affected thereby and shall remain in full force and effect to the fullest extent permitted by law. In accordance with the provisions of A.R.S. § 41-194.01, should the Attorney General give notice to the any Party that any provision of the this Lease Agreement violates state law or the Arizona Constitution, or that it may violate a state law or the Arizona Constitution, and the Attorney General submits the offending provision to the Arizona Supreme Court, the offending provision(s) shall be immediately severed and struck from this Agreement and the Parties shall, within ten (10) days after such notice, negotiate in good faith to resolve any issues related to the severed provision(s). If the Parties are unable to negotiate a resolution to any issues related to the severed provision(s), the Parties shall resolve the matter in accordance with the provisions of the IGA regarding the resolution of disputes.

13.10 Incorporation of Exhibits. All Exhibits attached to this Lease are incorporated in this Lease by this reference as though fully set forth in this Lease.

13.11 Entire Lease; Amendments. This Lease is entered into pursuant to the Greenfield Water Reclamation Plant IGA and no subsequent novation, renewal, addition, deletion, or other amendment to this Lease shall have any force or effect unless embodied in a written amendment or other agreement properly executed by the Parties. Nothing in this Lease shall constitute an Amendment of the Greenfield Water Reclamation Plant IGA.

13.12 Headings, Number and Gender. The headings of the Articles and Sections in this Lease are for convenience of location reference only and are not intended to, and shall not, be used in the interpretation of the text therein or be deemed to limit, expand, amend, modify, define or otherwise affect the text therein. Any number, gender or pronoun used in this Lease shall mean any other number, gender or pronoun where the context clearly requires such interpretation.

13.13 No Joint Venture. This Lease is not intended to be, and shall not be construed as, a joint venture, partnership or other business entity created by or between the parties, and neither Party is an agent for the other for any purpose nor has the power to bind the other for any purpose.

13.14 Time Periods. Except as expressly provided for in this Lease, the time for performance of any obligation or taking any action under this Lease will be deemed to expire at 5:00 o'clock p.m. (local Phoenix time) on the last day of the applicable time period provided for in this Lease.

If the time for the performance of any obligation or taking any action under this Lease expires on a Saturday, Sunday or legal holiday, the time for performance or taking such action will be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

13.15 References. References in this Lease to "Articles", "Sections", and "Exhibits" are to the Articles and Sections in and the Exhibits to this Lease, unless otherwise noted in the text of this Lease and except as set forth in Exhibit A.

13.16 Nature of Funds. The obligations of the Parties pursuant to the provisions of this Lease which require the expenditure of funds do not constitute a general obligation or indebtedness of either Party within the meaning of any constitutional or statutory debt limitation or restriction, and do not obligate either Party to make any expenditure from proceeds of ad valorem taxes or obligations to which any general taxing authority is pledged or from their general funds unless the expenditure has been duly budgeted if and to the extent required by law and is within all budget and expenditure limitations of, and is not in conflict with, the Constitution or laws of the State of Arizona.

13.17 Israel. Each Party certifies that it is not currently engaged in, and agrees for the duration of this Agreement that it will not engage in a "boycott," as that term is defined in A.R.S. § 35-393, of Israel.

13.18 E-Verify. To the extent applicable under A.R.S. § 41-4401, the Parties warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). Failure by any Party to comply with such warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement. To the extent authorized under A.R.S. § 44-4401, each Party shall have the right to inspect the papers of each of the others, their subcontractors, or any employee of either who performs work hereunder for the purpose of ensuring that the other party or subcontractor is in compliance with the warranty set forth in this provision.

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IN WITNESS WHEREOF, this Lease has been executed as of the date first above written.

LANDLORD:

CITY OF MESA, an Arizona municipal corporation

By: _____

Name: _____

Title: _____

TENANT:

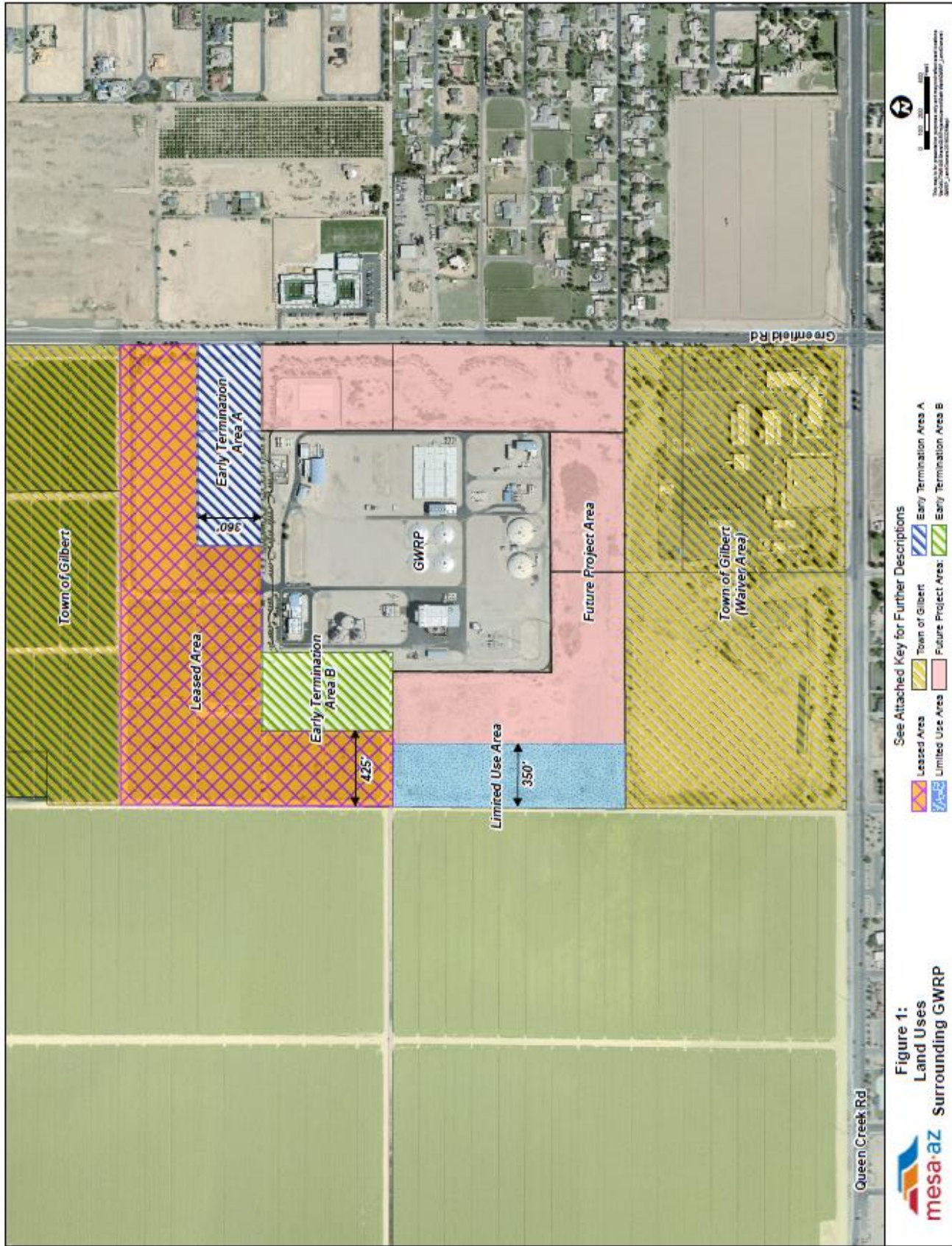
TOWN OF GILBERT, an Arizona municipal
corporation

By: _____

Name: _____

Title: _____

Exhibit A - Premises
(see attached Map and Map Legend)



Early Termination Area A: Leasable by Gilbert under Section 27.5, subject to early termination by any party after five years for Capital Improvement Projects and expansions as well as Related Facilities. In addition, this Area is subject at all times to GWRP (including Capital Improvement Projects and expansions) and Related Facility storm-water retention.

Early Termination Area B: Leasable by Gilbert under section 27.5, subject to early termination by any party after five years for Capital Improvement Projects and expansions. In addition, this Area is subject at all times to GWRP (including Capital Improvement Projects and expansions) storm-water retention.

Future Project Area: This Area may be used for Capital Improvement Projects and expansions and Related Facilities in accordance with Section 27.3.

Leased Area: This Area may be leased for thirty years by Gilbert for recreational and other uses under Section 27.5.

Limited Use Area: This Area may be leased by Gilbert only for recreational uses, provided that such uses shall at all times remain subject to, and must not interfere in any way with, storm-water retention and material and equipment lay-down, staging, and storage for the GWRP on the Limited Use Area. Additionally, any recreational use improvements by Gilbert (or any sublessee) to the Limited Use Area must be approved in advance in writing.

Exhibit B

LEGAL DESCRIPTION

A parcel located in Section 9, Township 2 South, Range 6 East, Gila & Salt River Base & Meridian, Maricopa County, Arizona, more particularly described as follows:

Beginning at the Center of said Section 9,

Thence North 00 21'21" East a distance of 1522.46 feet;

Thence South 89°57'26" East a distance of 2625.64 feet;

Thence South 00 19'10" East a distance of 1521.74 feet;

Thence South 00°33'47" West a distance of 1320.30 feet;

Thence South 89°59'35" West a distance of 2638.81 feet;

Thence North 00 21'21" East a distance of 1321.82 feet to the point of beginning;

EXCEPT the following described parcel:

Beginning at the Center of said Section 9,

Thence South 89 58'23" East a distance of 797.02 feet to the TRUE POINT OF BEGINNING.

Thence North 00 21'21" East a distance of 764.99 feet;

Thence South 89 58'23" East a distance of 1409.38 feet;

Thence South 00 21'21" West a distance of 1735.49 feet;

Thence North 89 58'23" West a distance of 1409.38 feet;

Thence North 00 21'21" East a distance of 970.50 feet to the TRUE POINT OF BEGINNING.

This parcel contains 5,053,198.83 square feet or 116.01 acres, more or less.