

CITY OF MESA LEASE AGREEMENT

1 WEST MAIN STREET, MESA, AZ

This City of Mesa Lease Agreement (this “**Lease**”) is dated _____, 2026 (“**Effective Date**”) and is between the City of Mesa, an Arizona municipal corporation (“**City**”), and 1 WM, LLC, an Arizona limited liability company (“**Tenant**”). City and Tenant may be referred to jointly as the “**Parties**” or individually as a “**Party**.”

RECITALS

As background to this Lease, the Parties state, recite, acknowledge, and agree as follows, each of which statement is incorporated in this Lease and is made a material provision of this Lease for all purposes:

A. Tenant sold to City, and City obtained title of record to, the real property located at 1 West Main Street, Mesa, Arizona, 85201, legally described in Exhibit A, and the building, all other improvements, and rights and privileges appurtenant to the real property (collectively, the “**Property**”) pursuant to that certain Purchase and Sale Agreement and Escrow Instructions dated _____, 2026 (the “**Purchase Agreement**”).

B. Tenant was willing to sell the Property for two million six hundred and fifty thousand dollars (\$2,650,000.00) but agreed to sell the Property to City for two million five hundred thousand dollars (\$2,500,000.00) provided City executes this Lease as partial consideration for the Property and as a condition of Tenant’s obligation to close. Tenant would not have agreed to sell the Property to City at the agreed-upon purchase price in the Purchase Agreement but for City agreeing to enter into this Lease.

C. City purchased the Property, which is in high-profile location at the center of City’s downtown in City’s Central Business District and Town Center redevelopment area, in order to redevelop the Property to a use that will benefit the public by activating the Property, attracting visitors to downtown, and increasing tax, parking, and utility revenues to City.

D. This Lease is temporary, for a term of eighteen (18) months, to allow the existing tenant to remain on the Property while City plans the redevelopment of the Property and ensures the Property remains occupied and not vacant during the initial investigation and planning phase of City’s redevelopment, while allowing City to access the Property.

E. Tenant acknowledges and agrees this Lease is subject to excise tax liability and other restrictions imposed under the Government Property Lease Excise Tax (“**GPLET**”) provisions of A.R.S. §§ 42-6201, *et seq.* and that Tenant is responsible for the payment of all excise and other tax applicable to the Leased Premises and this Lease under GPLET. The failure to pay such tax will be a Tenant Default, and after notice and an opportunity to cure as set forth herein, could result in the termination of this Lease, divesting Tenant of any interest in or right of occupancy of the Property. Tenant disclaims all right to seek any abatement of tax pursuant to A.R.S. § 42-6209.

F. In consideration of all these matters and of the promises of the Parties set forth in this Lease, the Parties now execute and deliver this Lease on the terms and conditions set forth in this Lease.

ARTICLE 1 LEASE OF PREMISES

1.01. Leased Premises.

A. Definition of the “Leased Premises”. The term “**Leased Premises**” means the Property and all present and future improvements thereon, including all improvements or alterations Tenant makes thereto.

B. Lease. City leases to Tenant and Tenant leases from City the Leased Premises upon and in consideration of the terms and conditions contained herein and subject to: (1) all title limitations of record, including liens, encumbrances, easements, assessments, and restrictions; (2) all operational and use restrictions and other terms, limitations, and conditions set forth in this Lease; (3) all applicable present and future laws, regulations, ordinances, resolutions, building restrictions and regulations, and zoning laws of the City of Mesa, and county, state, and federal bodies having jurisdiction (collectively, “**Applicable Laws**”); (4) the right of access by the City of Mesa to City-owned utilities when needed by the City of Mesa for maintenance, repair, or replacement; and (5) the right of entry by City in accordance with Article 14.

1.02. Covenant of Quiet Enjoyment. As of the Effective Date, City agrees that, if Tenant performs all its obligations under this Lease, Tenant will peaceably have and enjoy the use of the Leased Premises without hindrance from City or anyone claiming by or through City. Subject to the terms of this Lease, Tenant will have the exclusive right to occupy and use the Leased Premises.

1.03. Condition of Leased Premises. Tenant acknowledges, represents, and agrees that the Leased Premises is being provided “AS IS,” and Tenant is not relying on any statement or representation of City about the nature, condition, or size of the Leased Premises. Tenant is solely relying upon its own inspection and investigation of the Leased Premises.

1.04. Vested Rights. Notwithstanding any other terms in this Lease, Tenant will not have any vested interest in any portion or the entirety of the Leased Premises.

ARTICLE 2 USE OF LEASED PREMISES

2.01. Permitted Use of Leased Premises. During the entirety of the Term, Tenant must continuously use the Leased Premises for a business and professional office, as defined in Mesa City Code, Title 11, Article 8, Chapter 86, Section 11-86-4. Tenant is prohibited from using the Leased Premises for any other purposes without the prior written consent of City.

2.02. Conduct of Activities. Tenant must use the Leased Premises in accordance with all Applicable Laws and conduct its activities in a manner that will not materially interfere or detract from the value or appearance of the Leased Premises. If Tenant causes damage to the Leased Premises, City may repair the damage and invoice Tenant for the expenses incurred to repair the damage, whether repaired by City or an independent contractor at City's direction. Tenant must pay such expense, as additional Rent, within thirty (30) days after the date of the invoice in which City bills Tenant for such expense.

2.03. Nuisance Prohibited. Tenant is prohibited from using or permitting the use of the Leased Premises in any way that would create, or cause to be created, nuisances or hazards to the public health or safety.

ARTICLE 3 TERM

The term of this Lease commences on the Effective Date and will continue for a period of eighteen (18) months, unless otherwise cancelled or terminated as provided herein (the "**Term**").

ARTICLE 4 RENTAL FEE; PAYMENT; TAXES

4.01. Rental Fee. Beginning on the Effective Date and on or before the first day of every month thereafter during the Term, Tenant covenants and agrees to pay to City a monthly rental fee (the "**Rent**") in the amount of five dollars (\$5.00) plus all taxes levied upon Tenant's occupancy of the Leased Premises.

4.02. Payment. The Rent and all other fees or payments due under this Lease must be paid in lawful currency of the United States, either by check or electronic transfer. Tenant may, at Tenant's sole discretion and without penalty, pre-pay the total Rent due for the Term in one installment on the Effective Date. If Tenant fails to pay any installment of the Rent in full on or before the due date or fails to pay any other fees or payments when due, Tenant will be responsible for interest on the unpaid amount at the rate of twelve (12%) per annum from the due date (or, for non-Rent payments, from the due date) until payment in full is made. If any installment of the Rent is paid more than twenty (20) days after the due date (or, for non-Rent payments, twenty (20) days after the due date), a late penalty equal to ten percent (10%) of the amount of such delinquent payment will be due and payable in addition thereto.

4.03. Payment of Lesser Amount; Recovery of Balance. Payment by Tenant to City of an amount less than what is due and payable under the provisions of this Lease will be deemed a payment on account of the earliest payment due. City's endorsement or statement on a check or payment will not prejudice in any way City's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.04. Payment Procedure. All fees and payments due under this Lease must be remitted to City to the address provided in Section 23.01.

4.05. No City Expenses; Triple Net Lease. Tenant agrees to pay all expenses related to this Lease and Tenant's use of the Leased Premises, and Tenant must indemnify, defend, and hold harmless City Indemnified Persons from all expenses related to Tenant's use of the Leased Premises, including all expenses, taxes, and insurance. It is the purpose and intent of the Parties that this lease be a so-called "triple net lease." As such, City and Tenant intend and agree that (A) the Rent and all other fees or payments due under this Lease will be absolutely net to City, so that this Lease will yield net to City the Rent and all other fees or payments due under this Lease; (B) all costs, operating expenses, taxes, premiums, fees, interest, charges, expenses, reimbursements, and obligations of every kind and nature whatsoever relating to the Leased Premises will be paid or discharged by Tenant; and (C) each and every obligation that may arise or be related to the Leased Premises will be performed by Tenant at its sole expense.

4.06. Taxes. Tenant will pay, without notice (except as specifically provided herein), and without abatement, deduction, or setoff, before any fine, penalty, interest, or cost may be added thereto, or become due or be imposed by operation of law for the nonpayment thereof, all sums, impositions, costs, expenses, and other payments and all taxes, including personal property taxes and taxes on rents, leases or occupancy, GPLET tax (see Section 4.07), and assessments, special assessments, enhanced municipal services district assessments, water and sewer rents, rates and charges, charges for public utilities, excises, levies, licenses and permit fees, and other governmental or quasi-governmental taxes or charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind or nature whatsoever which, at any time during the Term may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or with respect to, or become a lien on or encumbering, the Leased Premises, or any part thereof, or any appurtenances thereto, or any use or occupation of the Leased Premises.

4.07. Government Property Lease Excise Tax. Tenant acknowledges and agrees this Lease is subject to excise tax liability and other restrictions imposed under the GPLET provisions of A.R.S. §§ 42-6201, *et seq.* Tenant disclaims all right to seek any abatement of tax pursuant to A.R.S. § 42-6209. Tenant is responsible for the payment of all excise and other tax applicable to the Leased Premises or this Lease under GPLET due and owing through the termination of this Lease, and the failure to pay such tax will be a Tenant Default as set forth in Section 17.01. Pursuant to Section 4.05, this Lease is a triple-net lease for which Tenant agrees to pay all expenses related to this Lease and Tenant's use of the Leased Premises, and Tenant must indemnify, defend, and hold harmless City Indemnified Persons from any expenses related to Tenant's use of the Leased Premises, including all taxes under GPLET.

ARTICLE 5 REPRESENTATIONS, WARRANTIES, AND COVENANTS

5.01. Tenant—Lawfully in Arizona. Tenant is a limited liability company, duly organized, validly existing, in good standing, under the laws of Arizona and which is authorized to operate in the State of Arizona. Tenant has full power and authority to execute, deliver, and perform this Lease and to enter into and carry out the transactions contemplated herein. The execution, delivery, and performance of this Lease and the other documents related to the Leased Premises do not violate any provision of law applicable to Tenant or its organizational documents, and do

not conflict with or result in a default under any agreement or instrument to which Tenant is a party or by which it is bound.

5.02. Tenant—No Additional Authorizations or Consents Needed. No authorizations, consents, or approvals are required in connection with the execution and delivery of this Lease or in connection with the carrying out by Tenant of its obligations hereunder.

5.03. Tenant—No Defaults. To the best of Tenant’s knowledge, Tenant is not in default in: (A) the payment of any of Tenant’s indebtedness for borrowed money; or (B) any material respect under any order, writ, judgment, injunction, decree, determination, or award or any indenture, agreement, lease, or instrument.

5.04. City—Lawfully in Arizona. City is a municipal corporation operating under the laws of the Arizona.

5.05. City—No Additional Authorizations or Consents Needed. No authorizations, consents, or approvals are required in connection with the execution and delivery of this Lease or in connection with the carrying out by City of its obligations hereunder.

5.06. City—No Defaults. To the knowledge of the individual signing this Lease on behalf of City, City is not in default in: (A) the payment of any of City’s indebtedness for borrowed money; or (B) any material respect under any judicial order, writ, judgment, injunction, decree, determination or award, or any indenture, agreement, lease. or instrument.

ARTICLE 6 IMPROVEMENTS

6.01. Improvements. The term “**Improvement(s)**” means any and all improvements, alterations, additions, enhancements, fixtures, or modifications to the Leased Premises. Tenant may not make any Improvement, whether temporary or permanent, to the Leased Premises without City’s prior written consent, which consent may withhold in its sole discretion. If City consents to an Improvement by Tenant, Tenant must submit to City complete architectural, electrical, mechanical, or other applicable plans and specifications covering all work for the Improvements. Such plans and specifications must be prepared to the standards and specifications determined by City and Tenant may not commence any work on the proposed Improvements until City has approved the plans and specifications. Any changes in the plans or specifications must also be approved by City prior to Tenant commencing work according to the proposed changes in the plans or specifications. Notwithstanding the foregoing, Tenant is responsible for complying with Applicable Laws in performing work for all Improvements, including all applicable building and construction codes and permit requirements. Tenant may not commence any work on any Improvements until Tenant obtains all required permits from the City of Mesa. Additionally, Tenant must perform all work on all Improvements in a safe, sanitary, neat and clean manner, and must promptly remove from the Leased Premise all trash and debris caused by the work and must take reasonable care to limit the dust and disturbance caused by the work. All Improvements must be constructed and maintained in a good and

workmanlike manner and in compliance with Applicable Laws. Improvements may be subject to inspection by the City of Mesa, as determined at the sole discretion of the City of Mesa.

6.02. Title to Improvements. All Improvements will immediately upon completion or installation thereof become the exclusive property of City without payment therefor by City and will be surrendered to City upon expiration or other termination of this Lease. Tenant agrees to execute and deliver to City, within ten (10) days after City's request therefor, a quitclaim deed confirming that title to Improvements is vested in City.

6.03. City's Right to Conduct Maintenance. In the event Tenant fails to maintain or repair an Improvement, then City may give Tenant written notice specifying such failure to maintain or repair the Improvement, and if such failure continues for a period of thirty (30) days after Tenant receives the written notice, City will have the right, but not the obligation, to perform any such maintenance or repairs at Tenant's sole expense. Tenant must pay such expense, as additional Rent, within thirty (30) days after the date of the invoice in which City bills Tenant for such expense. Notwithstanding the foregoing, prior notice given by City and a cure period given to Tenant pursuant to this section are not required to be given in the event of an emergency or when Landlord determines emergency maintenance or repair is reasonably necessary.

6.04. Applicability. The provisions of this Article 6 will not apply to the repair, replacement, or maintenance of the Leased Premises where otherwise addressed in this Lease.

ARTICLE 7 MECHANICS LIENS

7.01. Mechanics Liens. Tenant agrees to keep the Leased Premises free of any mechanics' or materialman's liens or other liens of any kind or nature for work done, labor performed, or material furnished thereon at the instance or occasion of Tenant, and Tenant further agrees to indemnify, defend, and hold harmless City Indemnified Persons from and against any and all claims, liens, demands, costs, and expenses of whatever nature for any such work done, labor performed, or materials furnished.

7.02. No Agency. Tenant is not an agent of City, nor an employee of City, nor is Tenant or its agents or employees authorized to act for or on behalf of City as its agent, employee, representative, or otherwise, for any purpose, including the constructing of any Improvement at the Leased Premises, and neither City nor City's interest in the Leased Premises will be subject to any obligations incurred by Tenant.

ARTICLE 8 UTILITIES AND SERVICES

8.01. Utilities and Services. Tenant is responsible for and must pay for all utilities supplied to, used, or consumed in or on the Leased Premises, including all water, sewer, gas, electric, and waste disposal services as and when the charges therefore become due and payable. Tenant will have all utilities turned on in Tenant's name at the time of occupation of the Leased Premises. Tenant is also responsible for and will pay for any technology (IT) needs or other services,

including telephone service, WI-FI access, and internet connectivity/access necessary or desirable to serve the Leased Premises.

8.02. City's Use of Utility Lines/Service. City retains the right to the continued use for any utility lines and utility improvements and services (including all uses allowed in a Public Utilities Facilities Easement or other easement under the Mesa City Code) as are presently on, under, over, or through the Leased Premises and the right to repair, maintain, and replace the same when necessary in City's sole discretion, including any utility easements on the Leased Premises. City will conduct such repairs in such a manner and at such times as to not unreasonably interfere with Tenant's activities thereon.

ARTICLE 9 MAINTENANCE AND REPAIRS

9.01. Tenant's Maintenance and Repair Obligations. Tenant is, at its sole expense, responsible for all repairs, maintenance, and replacement obligations of any and every kind whatsoever related to the Leased Premises and all Improvements thereon, including: (A) the building and all structural components thereof (including roof, foundation, walls, floors, and framing); (B) all non-structural components; (C) all building systems (including HVAC, plumbing, electrical, mechanical, fire/life safety, security, utility lines, and drainage systems); (D) all exterior and interior areas; (E) all parking areas, landscaping, irrigation systems, driveways, sidewalks, and access ways; and (F) all fixtures, equipment, and improvements now or hereafter located on or affixed to the Leased Premises. Tenant's obligations expressly include the maintenance, repair, and replacement of all capital improvements and replacements necessary to keep the Leased Premises in first-class condition and in compliance with Applicable Laws, whether such repairs or replacements are ordinary or extraordinary, foreseen or unforeseen, structural or non-structural, and regardless of the cost thereof. Tenant must promptly replace any item that cannot be repaired to good working order with items of equal or better quality.

9.02. Standard of Care. Tenant must at all times maintain the Leased Premises in a neat, clean, safe, sanitary, and orderly condition, including to perform all necessary repairs and maintenance, and periodic replacement, restoration, and painting as needed to maintain the Leased Premises in a neat, clean, safe, sanitary, and orderly condition. Tenant must provide custodial services to the Leased Premises. Tenant must prevent the accumulation of any refuse or waste materials which might constitute a health or fire hazard or public nuisance, and Tenant is responsible for all trash and recycling removal from the Leased Premises. Additionally, Tenant is responsible for maintaining the outdoor space and landscaping on the Leased Premises in good order, condition, and repair.

9.03. No Obligation of City; City's Right to Perform. City has no obligations to maintain or repair the Leased Premises during the Term; however, if Tenant fails to maintain or repair the Leased Premises or any Improvement thereon in compliance with this Lease, then City may give Tenant written notice specifying such failure to maintain or repair, and if such failure continues for a period of thirty (30) days after the date of the written notice, City will have the right, but not the obligation, to perform any or all such maintenance or repairs at Tenant's sole expense. Tenant must pay such expense, as additional Rent, within thirty (30) days after the date of the

invoice in which City bills Tenant for such expense. Notwithstanding the foregoing, prior notice given by City and a cure period given to Tenant pursuant to this section are not required to be given in the event of an emergency or when City determines emergency maintenance or repair is reasonably necessary.

9.04. Damage to Leased Premises. Any damage to the Leased Premise or to real or personal property of City at the Leased Premises caused by or related to Tenant's use or occupancy of the Leased Premises, ordinary wear and tear excepted, must be promptly repaired or replaced by Tenant, at Tenant's sole expense and to the reasonable satisfaction of City. At City's sole discretion, City may require Tenant, in lieu of such repair or replacement, to pay City an amount sufficient to compensate City for the damage, which amount will be a commercially reasonable repair or replacement cost.

9.05. Emergency Repairs. Within fifteen (15) calendar days of the effective date, each Party must provide to the other Party a list of names and telephone numbers for 24-hour emergency contact for the Leased Premises.

ARTICLE 10 SECURITY

10.01. Security. Tenant acknowledges and agrees that City provides no security at or for the Leased Premises. Tenant agrees that City has no obligation to provide security and that City is not responsible for any damage or theft that may occur in, on, or around the Leased Premises. Tenant's indemnification obligations outlined in Article 12 include all third-party claims relating to or arising out of security (including lack of security and types of security installed) for the Leased Premises and any employee, invitee, or person on the Leased Premises.

10.02. Tenant's Obligation to Secure Leased Premises. It is Tenant's sole responsibility to secure the Leased Premises. Should Tenant fail to secure the Leased Premises and damage by a third party to the Leased Premises occurs, City may give Tenant written notice specifying such damage to the Leased Premises, and if such damage is not repaired within thirty (30) days after Tenant receives the written notice, City will have the right to repair the damage and invoice Tenant for the expenses incurred to repair the damage, whether repaired by City or an independent contractor at City's direction. Tenant must pay such expense, as additional Rent, within thirty (30) days after the date of the invoice in which City bills Tenant for such expense. Notwithstanding the foregoing, prior notice given by City and a cure period given to Tenant pursuant to this section are not required to be given in the event of an emergency or when Landlord determines emergency maintenance or repair is reasonably necessary.

ARTICLE 11 INSURANCE AND RISK OF LOSS

11.01. Coverage Required. As a condition precedent to the effectiveness of this Lease, Tenant must procure and at all times maintain the following types and amounts of insurance for its operations at, and use of, the Leased Premises:

A. General Liability Insurance. General Liability insurance with minimum coverage of two million dollars (\$2,000,000.00) per occurrence and four million dollars (\$4,000,000.00) in the aggregate. The policy must include, at a minimum, coverage for bodily injury, property damage, personal injury, products/completed operations, and blanket contractual coverage, including the liability assumed under the indemnification provisions of this Lease. If environmental pollution or environmental hazards are excluded from the General Liability policy, a separate Pollution Insurance Policy will be required with minimum coverage of one million dollars (\$1,000,000.00) each occurrence/aggregate.

B. Property Insurance. Tenant is responsible for carrying fire and broad form property coverage for the Leased Premises, all improvements, and permanent fixtures for the replacement value thereof on the Leased Premises. City must be named as “Loss Payee” on the property insurance policy. All merchandise, furniture, floor coverings, and all personal property and trade fixtures and equipment belonging to Tenant, and all persons claiming by or through Tenant, which may be on the Leased Premises, will be at the Leased Premises at Tenant’s sole risk.

C. Workers’ Compensation Insurance. Tenant must maintain workers’ compensation insurance to cover obligations imposed against Tenant by federal and state law.

11.02. Evidence and Requirements for All Insurance Coverages. Upon the Effective Date, Tenant must provide City with a Certificate(s) of Insurance (using the appropriate ACORD certificate) signed by the issuer with applicable endorsements. City reserves the right to request additional copies of any or all of the policies, endorsements, or notices relating to the policies.

A. Tenant’s Insurance Primary. Tenant’s insurance will be primary to all other sources available. No policy will expire, be cancelled, or materially changed to affect the coverage available without advance written notice to City.

B. Approval by Risk Manager. All insurance certificates and applicable endorsements are subject to review and approval by City’s Risk Manager.

C. Waiver of Subrogation. All insurance policies (whether or not required by this Lease) must contain a waiver of subrogation in favor of the City Indemnified Persons; however, such waiver will not apply to claims solely caused by the City’s gross negligence or willful misconduct.

D. Insurance Company. All policies must be from a company or companies rated A- or better, authorized to do business in the State of Arizona.

11.03. No Limits on Indemnification. The procuring of such policies of insurance will not be construed to be a limitation upon Tenant’s liability or as a full performance on its part of the indemnification provisions of this Lease.

11.04. Additional Insureds. City Indemnified Persons must be named as additional insureds on all insurance policies (except workers' compensation), issued pursuant to this Article 11 during the entire Term of this Lease.

11.05. City's Right to Adjust Insurance. City may reasonably adjust the amount and type of insurance Tenant is required to obtain and maintain under this Lease as reasonably required by City's Risk Manager. Prior to making any adjustment in insurance, City will consult with Tenant in order to determine the cost feasibility of Tenant to obtain such adjusted insurance; however, if City reasonably believes Tenant can afford such adjusted insurance, Tenant will be required to obtain such adjusted insurance.

11.06. Use of Proceeds. Proceeds (or an equivalent amount of such proceeds) of any property damage insurance will be applied as required by this Lease.

11.07. Insurance by City. In the event Tenant fails to procure any insurance required hereunder, City may, seven (7) days after providing written notice to Tenant and Tenant's failure to obtain such insurance following notice, procure and maintain any or all of the insurance required of Tenant under this Article 11. City will itemize such costs and invoice Tenant for same. Tenant must pay such expense, as additional Rent, within thirty (30) days after the date of the invoice in which City bills Tenant for such expense.

11.08. Tenant's Obligation to Restore. In the case of fire or other casualty caused or related to Tenant's use of the Leased Premises, that results in damage to or destruction of the Leased Premises or improvements thereon, or damage to or destruction of other property of City, Tenant, or third parties, then Tenant must, at its sole expense, proceed with reasonable diligence to repair, restore, replace, or rebuild the same as nearly as possible to its value, condition, and character immediately prior to such damage or destruction; provided, however, that Tenant's foregoing obligations will be limited to the amount of insurance proceeds available for such repair, restoration, or rebuild and any deductible thereto (if Tenant fails to maintain the insurance required by this Lease, Tenant is responsible for the amount that insurance would have provided in such circumstances). Unless otherwise agreed to by Parties in writing, Tenant will use all insurance proceeds plus the amount of any deductible for such insurance to repair, restore, or rebuild the Leased Premises and improvements thereon. Tenant's obligation to pay the Rent, and any other amounts owing under this Lease, will continue regardless of any partial, substantial, or total destruction of the Leased Premises; provided, however, if the insurance proceeds and any deductible amount (and any amounts City is willing to pay to restore even though City has no obligation to pay any such amounts) are not sufficient to restore the Leased Premises to a condition that would allow Tenant to use the Leased Premises as reasonably intended, or if the Parties agree in writing to not use such proceeds to restore the Leased Premises, then Tenant may terminate this Lease through the following: (A) payment by Tenant to City of all insurance proceeds for the Leased Premises (except proceeds to cover loss for Tenant's personal property), plus any deductible amount (or if Tenant fails to maintain the insurance required by this Lease, Tenant will be responsible for the amount that insurance would have provided in such circumstances); and (B) thirty (30) days written notice to City. Such a termination will be deemed to be the end of the term of this Lease. City will have no responsibility or liability for

any damage or destruction by fire or other casualty and will have no obligation to repair, restore, or rebuild the Leased Premises in such event.

ARTICLE 12 INDEMNIFICATION

12.01. City Responsibility for Own Negligence. City will be liable for the gross negligence or willful misconduct of City Indemnified Persons while on official business at the Leased Premises.

12.02. Indemnification. Except as otherwise provided in Section 12.01, Tenant must indemnify, defend, and hold harmless individually and collectively City and its officers, directors, officials, elected officials, employees, and agents (collectively, the “**City Indemnified Persons**”), for, from, and against all liabilities, losses, damages, costs, expenses (including reasonable attorneys’ fees and costs), causes of action (whether in contract, tort, or otherwise), suits, claims, demands, and judgments of every kind, character, and nature whatsoever from third parties (collectively, the “**Liabilities**”) directly or indirectly arising from or relating to Tenant’s performance under this Lease, or due to Tenant’s, or its officers’, directors’, employees’, agents’, contractors’, or invitees’ (including customers) (collectively, the “**Tenant Agent(s)**”) occupancy, activities, or operations on, at, or of the Leased Premises, including all the following:

A. Any Liabilities, directly or indirectly arising out of or connected with the use, non-use, condition, or occupancy of the Leased Premises or any part thereof, for any accident, injury to or death of any person or damage to property in or upon the Leased Premises during the Term.

B. Any breach or violation by Tenant of any agreement, covenant, warranty, representation, or condition of this Lease or any other documents executed in connection with this Lease.

C. Any violation due to a Tenant Agent of any contract, agreement, or restriction relating to the Leased Premises or any part thereof.

D. Any violation due to a Tenant Agent of any law, ordinance, or regulation affecting the Leased Premises or any part thereof or the ownership, occupancy or use thereof during the Term of this Lease.

E. Any other Liabilities set forth in the terms of this Lease.

12.03. No Limits on Indemnification. The procuring of any policies of insurance will not be construed to be a limitation upon City’s liability or viewed as a full performance on its part of the indemnification provisions of this Lease.

ARTICLE 13 ENVIRONMENTAL INDEMNIFICATION

13.01. No Hazardous Materials and Indemnity. Neither Tenant nor City may bring onto, generate, use, store, or dispose of in, on, or about the Leased Premises any Hazardous Material (as defined in Section 13.03). In addition to and without limitation of any other indemnification provisions of this Lease, Tenant must indemnify, defend, and hold harmless City Indemnified Persons against all Liabilities incurred by reason of any Hazardous Material on or affecting the Leased Premises, to the extent attributable to or caused by a Tenant Agent.

13.02. Remediation and Restoration. In addition to and without limitation of any other indemnification provisions of this Lease, if due to the actions or inactions of a Tenant Agent, the presence of any Hazardous Material in or on the Leased Premises results in any contamination of the Leased Premises or any adjacent real property, Tenant must: (A) promptly, and with best efforts, take all actions at its sole expense as are necessary to mitigate any immediate threat to human health; and (B) undertake any action necessary to return the Leased Premises and other property, as applicable, to the condition existing prior to the introduction of any Hazardous Material. Additionally, Tenant must first obtain the written approval of City before initiating the remediation or restoration actions. If Tenant fails to remediate and restore the Leased Premises as required herein, Tenant must reimburse City for all expenses incurred by City for the remediation and restoration of the Leased Premises. Tenant must pay such expenses, as additional Rent, within thirty (30) days after the date of the invoice in which City bills Tenant for such expenses.

13.03. Definition of Hazardous Material. The term “**Hazardous Material**” means any hazardous or toxic substance, material, or waste that is or becomes regulated by the United States, the State of Arizona, or any local government authority having jurisdiction over the Leased Premises. Hazardous material includes all the following:

A. Any “hazardous substance” as that term is defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 United States Code §§ 9601 9675), including all amendments thereto or successor statutes.

B. Any “hazardous waste” as that term is defined in the Resource Conservation and Recovery Act of 1976 (RCRA) (42 United States Code §§ 6901 6992K), including all amendments thereto or successor statutes.

C. Any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance, within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders imposing liability or standards of conduct concerning any hazardous, dangerous, or toxic waste, substance, or material, now or hereafter in effect).

D. Petroleum products.

E. Radioactive material, including any source, special nuclear, or byproduct material as defined in 42 United States Code § 2014, including all amendments thereto or successor statutes.

- F. Asbestos in any form or condition.
- H. Polychlorinated biphenyls (PCBs) and substances or compounds containing PCBs.

**ARTICLE 14
ENTRY BY CITY**

14.01. Entry by City. City reserves the right, without abatement of Rent and other charges due hereunder from Tenant, to enter upon or have its employees, agents, contractors, and assignees enter upon the Leased Premises upon twenty-four (24) hours prior written notice to Tenant, for any reasonable purpose, including: (A) to inspect the Leased Premises to determine if the provisions of this Lease are being complied with; (B) to conduct investigations and inspections related to the physical and environmental condition of the Leased Premises; (C) although City has no obligation to do so, if Tenant fails to maintain or repair the Leased Premises as required herein, to perform repairs or maintenance at Tenant's sole expense, or to perform emergency repairs or maintenance, in accordance with Article 9; (D) if Tenant fails to remediate and restore the Leased Premises as required herein, to perform remediation and restoration related to Hazardous Materials, in accordance with Article 13; and (E) to conduct investigations and inspections related to City's planned development of the Leased Premises. Notwithstanding the foregoing, the notice to Tenant prior to City's entry will not be required in the event of an emergency.

14.02. Waiver of Claims. Tenant waives any claim for damage, injury, or inconvenience to or interference with Tenant's operations, any loss of occupancy or quiet enjoyment of the Leased Premises, and any other loss occasioned by City's entry unless such claim is a direct result from City's negligent or intentional misconduct. City has the right to use any and all means which City deems necessary to gain access to the Leased Premises and Tenant's personal property, trade fixtures, and equipment in the event of an emergency and, following the emergency, City will notify Tenant of City having accessed the Leased Premises.

**ARTICLE 15
NON-DISCRIMINATION**

Tenant, for all Tenant Agents, as a part of the consideration hereof, covenants and agrees that no person on the grounds of race, color, ethnicity, national origin, age, disability, religion, sex, sexual orientation, gender identity, veteran's status, marital status, familial status, or genetic information will be excluded from participation, denied the benefits of, or be otherwise subject to unlawful discrimination in the use of the Leased Premises or in the construction of any Improvements on, over, or under the Leased Premises or the furnishing of services thereon.

**ARTICLE 16
ASSIGNMENT, SUBLETTING, ENCUMBERING**

16.01. Transfers. Tenant may not sublet, transfer, assign, mortgage, pledge, hypothecate, allow use of, or encumber ("**Transfer**") the Leased Premises, or any part thereof, without City's prior,

written approval, which may be granted or denied in City's sole discretion. Any Transfer without said approval, whether voluntary or involuntary, will be void and will confer no right of occupancy upon said assignee or purchaser. Notwithstanding the foregoing, Tenant is permitted, without further approval required by City, one (1) Transfer as follows: Tenant may sublease the Leased Premises to an entity that will continuously use the Leased Premises for a business and professional office, as defined in Mesa City Code, Title 11, Article 8, Chapter 86, Section 11-86-4, as required by Section 2.01.

16.02. Assumption of Obligations. A Transfer of this Lease that is approved by City must include the agreement to perform all the obligations of Tenant under this Lease and must retain Tenant as a guarantor of the original obligation.

16.03. Non-Subordination. City's interest in the Leased Premises and this Lease, as the same may be modified or amended will not be subject or subordinate to: (A) any mortgage now or hereafter placed upon Tenant's interest in this Lease; or (B) any other liens, encumbrances, or other matters hereafter affecting Tenant's interest in this Lease.

16.04. Liens and Mortgages. Except as may be permitted under the terms of the Agreement, Tenant is prohibited from engaging in any financing or other transaction creating any mortgage or deed of trust upon the Leased Premises or this Lease, place or suffer to be placed upon the Leased Premises any lien or other encumbrance, or suffer any levy or attachment to be made, on Tenant's interest in the Leased Premises or this Lease. Except as contemplated in this Lease, any such mortgage or deed of trust, encumbrance, or lien will be deemed to be a violation of this section, constituting a Tenant Default on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

ARTICLE 17 DEFAULT

17.01. Event of Default. The occurrence of any of the following will constitute an event of default by Tenant ("**Tenant Default**") hereunder:

A. The filing of a petition by or against Tenant for adjudication as bankrupt or insolvent, or for its reorganization or for the appointment of a receiver or trustee of Tenant's property; an assignment by Tenant for the benefit of creditors or the taking of possession of the property of Tenant by any governmental officer or agency pursuant to statutory authority for the liquidation of Tenant.

B. Failure of Tenant to pay any installment of the Rent or any other fees or payments due under this Lease, provided that Tenant does not cure such failure within fifteen (15) days after delivery by City of a written notice of such failure.

C. Failure of Tenant to perform any of its other obligations under this Lease, provided that Tenant does not cure such failure within thirty (30) days after delivery by City of a written notice of such failure; however, if a cure of the failure reasonably requires more than

thirty (30) days to complete and City agrees, then the time to cure will be extended provided that Tenant is diligently pursuing the cure.

D. Failure of Tenant, pursuant to A.R.S. § 42-6206, to pay tax liability, provided that Tenant does not cure such failure within thirty (30) days after delivery by City of a written notice of such failure; provided, however, if a cure of the failure reasonably requires more than thirty (30) days to complete and City agrees, then the time to cure will be extended provided that Tenant is diligently pursuing the cure.

E. Abandonment of the Leased Premises by Tenant, as provided in Section 17.02.

F. The filing of any mechanic's, materialmen's, or other lien of any kind against the Leased Premises because of any act or omission of Tenant, which lien is not discharged by bonding or otherwise, within thirty (30) days of receipt of actual notice thereof by Tenant.

G. The failure of Tenant to maintain all insurance coverage required by this Lease (and any cure must cover any lapsed or uncovered period of time).

17.02. Abandonment. If Tenant, prior to the expiration or other termination of this Lease, relinquishes possession of the Leased Premises without City's prior written consent, or fails continuously use the Leased Premises for a business and professional office, as defined in Mesa City Code, Title 11, Article 8, Chapter 86, Section 11-86-4, for a period of thirty (30) days or more, such occurrence will be deemed to be an abandonment of the Leased Premises and a Tenant Default.

17.03. Waiver. There will be no implied waivers. Provided further, an express waiver by City of any breach by Tenant or Tenant Default in the performance of its obligations under this Lease will not be deemed to be a waiver of any subsequent Tenant Default in the performance of any of such obligations, an express waiver will not affect a Tenant Default in any manner other than as specified in the express waiver, and an express waiver will not be restrict City from later enforcing any of the terms and conditions of this Lease. The consent or approval by City to or of any act by Tenant requiring City's consent or approval will not be deemed to waive or render unnecessary City's consent or approval to or for any subsequent similar acts by Tenant.

17.04. City Default. The following will constitute a default of this Lease by City (a "**City Default**"): the failure of City to perform any of its material obligations under this Lease when City does not cure such failure within thirty (30) days after delivery by Tenant of a written notice of such failure; provided, however, if a cure of the failure reasonably requires more than thirty (30) days to complete and Tenant agrees, then the time to cure will be extended provided that City is diligently pursuing the cure.

17.05. Content of Default Notice. Any default notice tendered by either Party hereunder will be sufficient if it complies with Section 23.01 and is reasonably calculated to put the other Party on inquiry as to the nature and extent of such default.

ARTICLE 18

TERMINATION

18.01. Termination for Tenant Default. If Tenant Default occurs, City may, at its election, without prejudice to any other rights and remedies available to City at law or in equity, terminate this Lease and the tenancy created by this Lease. In such case, Tenant must surrender the Leased Premises to City pursuant to Article 20.

18.02. Termination for City Default. In the event of a City Default, Tenant may, at its election, without prejudice to any other rights and remedies available to Tenant at law or in equity, terminate this Lease and the tenancy created by this Lease. In such case, Tenant must surrender the Leased Premises to City pursuant to Article 20.

18.03. City's Damages Relating to Termination. City will be entitled to recover from Tenant all damages incurred by City by reason of a Tenant Default. Tenant must pay such damages, as additional Rent, within thirty (30) days after the date of the invoice in which City bills Tenant for such damages.

18.04. Preservation of State Shared Revenue. Notwithstanding any other provision of, or limitation in, this Lease to the contrary, if pursuant to A.R.S. § 41-194.01, the Attorney General determines that this Lease violates any provision of state law or the Constitution of Arizona (including A.R.S. § 42-6201 *et seq.*), City and Tenant must use all and best faith efforts to modify this Lease so as to fulfill each Parties rights and obligations in the Agreement while resolving the violation with the Attorney General. If within thirty (30) days of notice from the Attorney General pursuant to and under the provisions of A.R.S. § 41-194.01(B)(1), City and Tenant cannot agree to modify this Lease so as to resolve the violation with the Attorney General, this Lease will automatically terminate at midnight on the thirtieth (30th) day after receiving such notice from the Attorney General, and upon such termination the Parties will have no further obligations under this Lease except for those provisions that survive the termination or expiration of this Lease pursuant to Section 23.10 or as otherwise specifically set forth in this Lease. Additionally, if the Attorney General determines that this Lease may violate a provision of state law or the Constitution of Arizona under A.R.S. § 41-194.01(B)(2), and the Arizona Supreme Court requires the posting of a bond under A.R.S. § 41-194.01(B)(2), City will be entitled to terminate this Lease, except if Tenant posts such bond, if required; and provided further, that if the Arizona Supreme Court, determines that this Lease violates any provision of state law or the Constitution of Arizona, City or Tenant may terminate this Lease and the Parties will have no further rights, interests, or obligations in this Lease or claim against the other Party for a breach or default under this Lease.

18.05. Election to Terminate. No action of City will be construed as an election to terminate this Lease unless written notice of such intention is given to Tenant.

ARTICLE 19 REMEDIES

19.01. City's Additional Remedies. In addition to any and all remedies available to City as a matter of law and those set forth in other provisions of this Lease, City will, subject to applicable

cure periods, have the immediate right upon a Tenant Default, to resort to any and all legal remedies or combination of remedies which City may desire to assert, including one or more of the following: (A) lock access to the Leased Premises and exclude Lessee therefrom; (B) retain or take possession of any property at the Leased Premises pursuant to City's statutory lien; (C) enter the Leased Premises and remove all persons and property therefrom; (D) declare this Lease at an end and terminated; (E) sue for the Rent due and to become due under this Lease, and for any damages sustained by City; (F) collect, directly from any subtenant or assignee under Tenant all subrents and other charges payable by such subtenant or assignees, Tenant hereby assigning to City such subrents and other charges in the event that City declares a Tenant Default; and (G) continue this Lease in effect and relet the Leased Premises on such terms and conditions as City may deem advisable with Tenant remaining liable for the Rent plus the reasonable cost of obtaining possession of the Leased Premises and of any repairs and alterations necessary to prepare the Leased Premises for reletting, less the rent received from such reletting, if any.

19.02. Tenant's Remedies. Tenant's sole and exclusive remedy for an uncured City Default will consist of and will be limited to a special action or other similar relief (whether characterized as mandamus, injunction, specific performance, or otherwise), requiring City to undertake and to fully and timely perform its obligations under this Lease, and Tenant waives any and all right to recover actual, punitive, consequential, special, or any other type of damages whatsoever.

19.03. Remedies Not Exclusive. City's remedies set forth in this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which City may be entitled to resort, either in law or in equity, in case of any Tenant Default, breach, or threatened breach of any provision of this Lease.

19.04. Costs and Expenses of City. Tenant agrees to pay, as additional Rent, all attorney's fees and other costs and expenses incurred by City in enforcing any of Tenant's obligations under this Lease. Any amount due from Tenant to City under this Lease which is not paid when due will bear interest at the highest rate allowed by Arizona law.

ARTICLE 20 SURRENDER OF LEASED PREMISES

20.01. Surrender of Leased Premises; Normal Wear and Tear. Upon expiration, Tenant Default, or termination of this Lease by Tenant or City, Tenant's right to occupy the Leased Premises and exercise the privileges and rights granted under this Lease will cease, and Tenant must peaceably surrender and leave the Leased Premises free of trash and debris, broom cleaned and in good condition, except for normal wear and tear or as otherwise provided for in this Lease. Should City so demand after expiration of this Lease or the noticed termination hereof, within thirty (30) days after receiving written notice from City, Tenant must commence the removal of all trade fixtures, equipment, and other personal property from the Leased Premises and must complete said removal within thirty (30) days.

20.02. Voluntary Surrender. Tenant must, on the last day of the Term of this Lease, or upon any termination of this Lease, truly surrender and deliver the Leased Premises along with any fixtures (other than trade fixtures), Improvements, and permanent improvements into the

possession and use of City, without fraud or delay and in good order, condition and repair, free and clear of all liens and encumbrances other than those existing on the Effective Date, if any, without any payment or allowance whatsoever by City.

20.03. Trade Fixtures and Equipment. All trade fixtures, equipment, and other personal property installed or placed by Tenant on the Leased Premises whether or not permanently affixed thereto must be free of any lien for the payment of rent or for the performance of any other obligation of Tenant under this Lease. All trade fixtures, equipment, and other personal property installed or placed by Tenant in the Leased Premises that is not permanently affixed thereto will remain the property of Tenant, and Tenant will have the right at any time during the Term of this Lease, to remove the same from the Leased Premises, provided that Tenant must repair, at its sole cost, any damage caused by such removal. Any property not removed by Tenant within thirty (30) days after the expiration or termination of this Lease will become a part of the Leased Premises, and ownership thereof will vest in City. Tenant will, however, remain financially liable to City for the costs of repairs to the Leased Premises incurred as a result of City's removal and/or relocation of property formerly belonging to Tenant and not otherwise removed from the Leased Premises as provided herein. Tenant must pay such costs, as additional Rent, within thirty (30) days after the date of the invoice in which City bills Tenant for such costs.

ARTICLE 21 HOLDING OVER; INCREASED RENT

The Parties agree the temporary, short-term nature of this Lease, which has a Term of eighteen (18) months (see Article 3), and the right of City to recover immediate possession of the Leased Premises upon expiration of the Term, is an important and material matter affecting the Parties. The Parties further agree that the length of the Term was specifically considered by the Parties in relation to the total consideration paid by City for the purchase of the Property pursuant to the Purchase Agreement. In the event of any continued occupancy or holding over of the Leased Premises by Tenant without the express written consent of City beyond the end of the Term ("**Holdover**"), whether in whole or in part, this Lease will be deemed a monthly tenancy governed by the provisions of this Lease except that beginning on the first day of the Holdover and on or before the first day of every month thereafter during the Holdover, Tenant covenants and agrees to pay to City monthly Rent in the amount of the greater of: (A) ten thousand five hundred dollars (\$10,500.00); or (B) one hundred fifty percent (150%) of the then-current Fair Market Rent for the Leased Premises. For purposes of this Lease, "**Fair Market Rent**" means the commercially reasonable monthly rental rate for comparable commercial properties that are similarly situated in location, size, age, and condition, as determined by City in its reasonable discretion based upon market data available at the time of determination. In the event of a Holdover, in addition to the Rent required by this section, Tenant must also pay all other fees and payments due under this Lease, and all costs, expenses, damages, liabilities, and attorney's fees incurred by City as a result of the Holdover.

ARTICLE 22 CONDEMNATION

22.01. Entire or Partial Condemnation. If the whole or any part of the Leased Premises is taken or condemned by any competent authority for any public use or purposes during the Term of this Lease, this Lease will terminate with respect to the part of the Leased Premises so taken, and Tenant reserves unto itself the right to claim and prosecute its claim in all appropriate courts and agencies for any award or damages based upon loss, damage or injury to its leasehold interest (as well as relocation and moving costs), without impairing any rights of City for the taking of or injury to the City's interests.

22.02. Continuation of Lease. In the event of a taking of less than all of the Leased Premises, this Lease will continue in effect with respect to the portion of the Leased Premises not so taken; the Rent will not be adjusted except if the taking materially affects Tenant's use of the Leased Premises and in such event the Rent will be equitably adjusted as agreed to by the Parties. Provided, further, however, if the taking is so material that the remaining part of the Leased Premises cannot feasibly be used or converted for use by Tenant for a business and professional office, as defined in Mesa City Code, Title 11, Article 8, Chapter 86, Section 11-86-4, Tenant may, at its option, terminate this Lease within ninety (90) days after such taking by serving upon City at any time within said ninety (90) day period, a thirty (30) day written notice of Tenant's election to so terminate accompanied by a certificate of Tenant that the remaining part of the Leased Premises cannot feasibly be used or converted for use by Tenant.

22.03. Temporary Taking. If the temporary use of the whole or any part of the Leased Premises or the appurtenances thereto is taken, the Term will not be reduced or affected in any way. The entire award of such taking (whether paid by way of damages, rent, or otherwise) will be payable to Tenant, unless the period of occupation and use by the condemning authority extends beyond the date of expiration of this Lease, in which event the award made for such taking will be apportioned between City and Tenant of the date of such expiration.

22.04. Notice of Condemnation. In the event any action is filed to condemn the Leased Premises or Tenant's leasehold estate or any part thereof by any public or quasi-public authority under the power of eminent domain, either City or Tenant must give prompt notice thereof to the other Party. Each Party will have the right, at its own cost and expense, to represent its respective interest in each proceeding, negotiation, or settlement with respect to any taking or threatened taking and to make full proof of its claims. No agreement, settlement, conveyance, or transfer to or with the condemning authority affecting Tenant's leasehold interest may be made without the consent of Tenant, which consent Tenant may not unreasonably withhold.

ARTICLE 23 GENERAL PROVISIONS

23.01. Notices. All notices to be given by either Party to the other, must be given in writing and addressed to the Parties at the addresses below or at such other address as the Parties may hereafter designate. Notices and payments to City, and notices to Tenant will be deemed properly served when sent by certified or registered mail or hand delivered to the addresses stated below. Any notice will be deemed to have been received three (3) days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered.

To City: City of Mesa
20 E. Main Street
P.O. Box 1466
Mesa, AZ 85211-1466
Attn: Real Estate Division
(480) 644-2577
PropertyManagement@mesaaz.gov

To Tenant: 1 WM, LLC

Attn:

23.02. Amendments. This Lease sets forth all the agreements and understandings of the Parties and is not subject to modification except in writing, signed by the Parties.

23.03. Successors; Joint Liability. The covenants herein contained will, subject to the provisions as to Transfers, apply to and bind the heirs, successors, executors, administrators, and assigns of all the Parties hereto; and all of the Parties hereto will be jointly and severally liable hereunder.

23.04. Time of the Essence. Time is of the essence with respect to the obligations to be performed under this Lease.

23.05. Independent Legal Relationship. Nothing contained in this Lease will create any partnership, joint venture, or other arrangement between City and Tenant. Except as expressly provided herein, no term or provision of this Lease is intended to or will be for the benefit of any person not a party hereto, and no such other person will have any right or cause of action hereunder.

23.06. Authority. The persons executing this Lease on behalf of or as a representative for Tenant warrant that they are duly authorized to execute and deliver this Lease on behalf of Tenant and that this Lease is binding upon Tenant in accordance with the terms and conditions herein.

23.07. Governing Law. Any dispute with respect to this Lease and the rights and duties created by this Lease will be governed by the laws of the State of Arizona and litigated in a court of competent jurisdiction in Maricopa County, Arizona. The Parties will not raise, and hereby waive, any defenses based on venue, inconvenience of forum, or lack of personal jurisdiction in any action or suit brought in accordance with this Lease. The Parties acknowledge that they have read and understand this clause and agree voluntarily to its terms.

23.08. Termination under A.R.S. § 38-511. This Lease is subject to termination under A.R.S. § 38 511.

23.09. Binding Agreement. This Lease is the only agreement between the Parties hereto pertaining to the Leased Premises. It is understood that there are no oral agreements between the Parties affecting this Lease, and this Lease supersedes and cancels any and all previous

negotiations, arrangements, agreements, and understandings, if any, between the Parties with respect to the subject matter hereof, and none may be used to interpret or construe this Lease.

23.10. Survivability. All warranties, representations, indemnification, duty to defend, and hold harmless provisions of this Lease will survive the expiration or any termination of this Lease. Additionally, all remediation and restoration requirements of this Lease, as well as any other article or section which reasonably should survive, will survive the expiration or any termination of this Lease.

23.11. E-Verify Requirement. To the extent applicable under A.R.S. § 41-4401 and A.R.S. § 23-214, Tenant represents and warrants compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-verify requirements of A.R.S. § 23-214(A). A breach of Tenant's warranty under this section will be deemed a breach of this Lease and may result in the termination of this Lease by City; however, Tenant will not be deemed to have materially breached this warranty if it establishes that it has complied with the employment verification provisions prescribed by sections 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. § 23-214(A). Pursuant to A.R.S. §§ 41-4401 and 23-214, City retains the legal right to randomly inspect the papers and records of any employee who works under this Lease or on the Leased Premises to ensure compliance with the above-mentioned laws.

23.12 Litigation. Tenant must notify City within ten (10) days after the commencement of any action, suit, proceeding, or arbitration against Tenant, or any material development in any action, suit, proceeding, or arbitration against Tenant, in either case if such action, suit, proceeding, or arbitration would materially and adversely affect the Leased Premises, the validity of this Lease, or the performance of Tenant's obligations under this Lease.

23.13. Memorandum of Lease. In conjunction with the execution of this Lease, the Parties agree that they will execute a Memorandum of Lease in compliance with A.R.S. § 42-6202 in substantially the same form as Exhibit B. City will record the Memorandum of Lease in the office of the Maricopa County Recorder within thirty (30) days of the Effective Date.

23.14. Governmental Capacity. Any approvals Tenant is required to obtain from City under this Lease are in addition to and separate from approvals Tenant must obtain from the City of Mesa in its governmental capacity, including applicable approvals required under the City of Mesa Building Code or Zoning Ordinance. Notwithstanding anything in this Lease to the contrary, this Lease does not affect the City of Mesa in its governmental capacity.

23.15. No Personal Liability of Officials of City or Tenant. None of the covenants, stipulations, promises, agreements, or obligations of City or Tenant contained herein will be deemed to be covenants, stipulations, promises, agreements, or obligations of any official, officer, agent, or employee of City or Tenant in their individual capacity, and no recourse will be had for the payment for any claim based thereon or any claim hereunder against any official, officer, agent, or employee of City or Tenant.

23.16. Severability. If any provision of this Lease is declared void or unenforceable (or is construed as requiring City to do any act in violation of any applicable law, including any constitutional provision, law, regulation, City Code or City Charter), such provision will be deemed severed from this Lease and this Lease will otherwise remain in full force and effect; provided that this Lease will retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed Lease (and any related agreements effective as of the same date) provide essentially the same rights and benefits to the Parties as if such severance and reformation were not required. Unless prohibited by any applicable law, the Parties further will perform all acts and execute, acknowledge, and deliver all amendments, instruments, and consents necessary to accomplish and give effect to the purposes of this Lease, as reformed.

23.17. Drug Free Work Place. Tenant must require a drug-free workplace for all employees working at the Leased Premises. Specifically, all Tenant employees and all subtenant employees who are working at the Leased Premises or under this Lease must be notified in writing by Tenant or subtenant that they are prohibited from the manufacture, distribution, dispensation, possession, or unlawful use of a controlled substance in the workplace. Tenant agrees to prohibit the use of intoxicating substances by all employees and will ensure that employees do not use or possess illegal drugs while in the course of performing their duties on the Leased Premises.

23.18. Estoppel Certificates. City and Lessee may from time to time and at any time request from the other Party a certificate evidencing whether or not: (A) this Lease is in full force and effect along with the amount and current status of the Rent and other fees and payments due under this Lease; (B) this Lease has been modified or amended in any respect or describing such modifications or amendments, if any; and (C) there are any existing defaults under this Lease, to the knowledge of the Party executing the certificate, and specifying the nature of such defaults, if any. Such certificate must be returned to the requesting Party not later than twenty (20) days following receipt of the request, and in no event will the certificate require that City subordinate its interest in the Leased Premises to any party.

23.19. Incorporation of Exhibits and Attachments by Reference. All Exhibits and Attachments to this Lease are fully incorporated as though set forth in the body of this Lease.

23.20. Construction. The terms and provisions of this Lease will be interpreted and construed in accordance with their usual and customary meanings. The term “including” means “including without limitation” or “including but not limited to.” The Parties each waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of this Lease that ambiguous or conflicting terms or provisions contained in this Lease will be interpreted or construed against the Party who prepared or whose attorney prepared the executed Lease or any earlier draft of the same.

23.21. Counterparts. This lease may be executed in any number of counterparts, each of which will be deemed an original, and all of which together will be a single instrument.

The balance of this page is blank; signatures are on the following two (2) pages.

In witness whereof, the Parties have executed this Lease to be effective as of the Effective Date.

CITY:

CITY OF MESA, ARIZONA,
an Arizona municipal corporation

By: _____

Name: _____

Its: _____

TENANT:

1 WM, LLC,
an Arizona limited liability company

By: _____

Name: _____

Its: _____

EXHIBIT A TO LEASE
LEGAL DESCRIPTION OF LEASED PREMISES

[See attached]

EXHIBIT B TO LEASE
FORM OF MEMORANDUM OF LEASE

[See attached]