LEASE AGREEMENT

This LEASE AGREEMENT, entered into this 13th day of March, 2014, by and between the Town of Prescott Valley, a municipal corporation of Arizona, **LESSOR**, and the Prescott Valley Historical Society, **LESSEE**;

WITNESSETH:

WHEREAS, **LESSOR** is authorized by ARS §9-241 to rent its real property for use by others in order to carry out its purposes as a municipal corporation; and

WHEREAS, **LESSEE** is authorized under ARS §§11-201 and 11-202 to rent real property from other property owners in order to carry out its purposes as a subdivision of the State of Arizona; and

WHEREAS, **LESSEE** and **LESSOR** desire to preserve the history of Prescott Valley, and provide visitors and citizens with the opportunity to observe items of historical significance to the Town of Prescott Valley; and

WHEREAS, **LESSOR** also desires to lease portions of the Civic Center which are not needed by agencies of the Town of Prescott Valley to provide a physical location for the storage and display of historical artifacts, documents, pictures, or other items of historical significance that are related to the Town of Prescott Valley;

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the parties hereto agree as follows:

1. <u>LEASED PREMISES</u>

LESSOR does by these presents lease and demise to **LESSEE**, and **LESSEE** does lease from **LESSOR**, a portion of the Prescott Valley Civic Center designated in Exhibit "A" attached

hereto and expressly made a part hereof by reference (the "Leased Premises"), under the terms, covenants and conditions set forth hereinafter.

2. USE OF LEASED PREMISES

The Leased Premises are leased to **LESSEE** solely for the historical purpose of providing a storage and display area for historical artifacts, documents, pictures, or other items of historical significance to Prescott Valley. **LESSEE** agrees that the Leased Premises will be used only for such activity unless **LESSOR** gives prior written consent for different uses, which consent shall not be unreasonably withheld.

LESSEE further agrees to use the Leased Premises in a manner that does not materially damage the Leased Premises or constitute a nuisance or menace to other occupants, and to surrender possession of the Leased Premises at the expiration of this Lease in as good a condition as normal wear and tear and reasonable and careful use will permit. **LESSEE** specifically agrees, in this regard, not to release hazardous materials in, on, or upon the Leased Premises in violation of Federal, State, or local law. Furthermore, **LESSEE** shall not cause, maintain or permit any outside storage or services without **LESSOR's** written permission.

3. LEASE TERM

The term of this Lease shall be approximately five (5) years, commencing on the 1st day of March, 2014 and ending on the 28th day of February, 2019.

4. LEASE RENEWAL

If **LESSEE** is not then in default under this Lease, **LESSEE** shall have the option to extend the term of the Lease for one additional term of five (5) years upon the same conditions herein contained, upon written notice of **LESSEE's** election to exercise said option submitted no more than ninety (90) and no less than thirty (30) days prior to the expiration of the initial Lease term, and with concurrence of **LESSOR**. This option may be exercised at no other time. The rental payment shall be paid at the same rate as the initial term. Neither party to this Lease shall have the right to have a court nor any other third party set the rent or other charges.

5. RENT

The annual rent to be paid by **LESSEE** to **LESSOR** shall be One ($1) Dollar on an annual basis or Five ($5) Dollars in a lump sum for the duration of the Lease.

The annual rent shall be paid in full within thirty (30) days of the commencement of this agreement, and every year thereafter on the 1st of March, or paid in a lump sum within thirty (30) of the commencement of the agreement. Rent should be mailed or delivered to the Town of Prescott Valley, Management Services Department, 7501 East Civic Circle, Prescott Valley, Arizona, 86314.

6. UTILITIES

LESSOR shall arrange for water, sewer, garbage, electrical and gas utility services to be provided to the Leased Premises in conjunction with and to the same extent as such services are provided to the remainder of the Civic Center.

LESSOR shall arrange for adequate circuits and telephone and data cables into the building, as well as access to equipment rooms to facilitate **LESSEE's** arrangements for its own telephone,

cable, or similar telecommunications services. **LESSEE** may not install Radio Frequency lines within the building without **LESSOR's** written permission. **LESSEE** shall be solely responsible for all costs associated with its telephone, cable, or similar telecommunications services.

LESSOR shall not be liable in damages or otherwise for any failure or interruption of any utility service, and no such failure or interruption shall entitle **LESSEE** to terminate this Lease or abate the rent or other charges.

7. CLEANING AND MAINTENANCE

LESSOR shall keep and maintain the Leased Premises in good condition, working order and repair, including primary and secondary common areas.

In the event repairs are required, in whole or in part, because of the act, neglect, fault or omission of any duty by **LESSEE**, its agents, employees, or invitees, or because of breaking and entering, **LESSEE** shall pay **LESSOR** the reasonable cost of said repairs.

LESSOR shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure persists for an unreasonable time after written notice of the need for such repairs or maintenance is given by **LESSEE**. Except as provided in Section 21 hereinafter, there shall be no abatement of rent and no liability in **LESSOR** by reason of any injury to or interference with **LESSEE's** business arising from repairs to or maintenance of the Civic Center. **LESSEE** waives the right to make repairs at **LESSOR's** expense under any law, statute or ordinance now or hereafter in effect.

8. ALTERATIONS AND ADDITIONS

LESSEE may make alterations in or additions to the Leased Premises at its own expense, provided that prior to commencing any such work **LESSEE** shall first obtain **LESSOR's** written approval of **LESSEE's** plans and specifications. In making any such alterations or additions, **LESSEE** agrees to comply fully with all applicable laws, regulations or ordinances. **LESSEE** further agrees that any such work shall be done at such times and in such manner as **LESSOR** may designate from time to time. **LESSEE** shall give **LESSOR** written notice five (5) days prior to employing any laborer or contractor to construct alterations or additions so that **LESSOR** may post a notice of nonresponsibility.

LESSOR may also make such alterations or additions to the Civic Center, including the Leased Premises, as it deems necessary. Except as provided in Section 21 hereinafter, there shall be no abatement of rent and no liability in **LESSOR** by reason of any injury to or interference with **LESSEE's** business arising from such alterations or additions. However, **LESSOR** agrees to comply fully with all applicable laws, regulations or ordinances, and further agrees that any such work on the Leased Premises shall only be done after consultation with **LESSEE** as to appropriate times and manner.

All alterations and additions which are permanent in nature shall become property of **LESSOR** upon termination of the Lease. Permanent alterations or additions are those where removal would cause permanent damage to the Leased Premises. Any alterations or additions done at **LESSOR's** expense shall also become the property of **LESSOR** upon termination of the Lease.

LESSEE shall repair, at its sole cost, any damage to the Civic Center caused by removal of any of **LESSEE's** property. Also, **LESSEE** shall keep the Civic Center, including the Leased Premises, free from any liens arising out of any work performed, materials furnished to, or obligations incurred by **LESSEE**.

9. CONTACT PERSONS

LESSOR and LESSEE shall each designate a contact person or persons to act as a liaison in the administration of this Lease and the resolution of any disputes hereunder. LESSOR's initial contact person shall be the Town Manager. LESSEE's initial contact person shall be the Historical Society Board President. The designated contact persons may be changed by either party in a writing mailed to the other party as provided in Section 40 hereinafter.

10. ACCEPTANCE OF PREMISES

By its entry onto the Leased Premises, **LESSEE** acknowledges that it has examined the Leased Premises and accepts the same as being in the condition called for in this Lease.

11. INDEMNIFICATION AND HOLD HARMLESS FOR BENEFIT OF LESSOR

Irrespective of the amount and type of insurance coverage required hereinafter, **LESSEE** hereby expressly agrees to indemnify and hold **LESSOR**, its officers, officials, employees, agents and successors, harmless, or cause **LESSOR**, its officers, officials, employees, agents and successors, to be indemnified against and held harmless from all liabilities, obligations, damages, penalties, claims, causes of action, costs, charges and expenses, including attorneys' fees and costs, which may be imposed upon or incurred by or asserted against **LESSOR**, its officers, officials, employees, agents and successors, by reason of the following: (a) any accident, injury or damage to any person or property occurring on or about the Leased Premises or any portion thereof; (b) any use, nonuse or condition of the Leased Premises or any portion thereof, including (but expressly not limited to) the installation or construction of improvements or personal property therein; or (c) any

failure on the part of **LESSEE** to perform or comply with any of the provisions of this Lease; except that none of the foregoing shall apply to **LESSOR's** intentional conduct or active negligence. In case any action or proceeding is brought against **LESSOR**, its officers, officials, employees, agents and successors, by reason of any such occurrence, **LESSEE**, upon **LESSOR's** request and at **LESSEE's** expense, shall resist and defend such action or proceeding, or cause the same to be resisted and defended, either by counsel designated by **LESSEE** or, where such occurrence is covered by liability insurance, by counsel designated by the insurer.

LESSEE shall protect, defend, indemnify and hold harmless **LESSOR**, its officers, officials, employees, agents and successors, from and against all liabilities, costs, charges and expenses, including attorneys' fees and court costs, arising out of or related to the presence of or existence of any substance regulated under any applicable federal, state or local environmental laws, regulations or ordinances (or amendments thereto) because of (a) any substance that came to be located on the Leased Premises because of any use or occupancy of the premises by **LESSEE** before or after the issuance of the Lease, or (b) any release, threatened release, escape, substance in, on, under or from the Leased Premises caused, in whole or in part, by any conduct, actions or negligence of **LESSEE**, regardless of when such substance came to be located on the Leased Premises.

For the purposes of this Section 11, the term "regulated substances" shall include (but shall expressly not be limited to) substances defined as "regulated substances", "hazardous waste", "hazardous substances", "hazardous materials", "toxic substances" or "pesticides" in the Resource Conservation and Recovery Act (42 USC §§6901 et seq.), as amended by the Hazardous and Solid Waste Amendments of 1984, the Comprehensive Environmental Response, Compensation and Liability Act (42 USC §§9601 et seq.), the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the 1986 Superfund

Amendments and Reauthorization Act, the Federal Underground Storage Tank provisions (40 CFR §§280.60 through 280.67), the Safe Drinking Water Act (42 USC §300[F], et seq.), the Occupational Health and Safety provisions (29 CFR §§651 et seq.), the Clean Air Act (NESHAP) (42 USC §§7412 et seq.), the Arizona Underground Storage Tank provisions (A.R.S. §§49-1001 et seq.), the Arizona Solid Waste Management provisions (A.R.S. §§49-701 et seq.), the Arizona Hazardous Waste Disposal provisions (A.R.S. §§49-901 et seq.), other relevant environmental laws, any updates of said laws, and the regulations, rules and ordinances adopted and publications promulgated pursuant to said laws. This indemnification and hold harmless shall include, without limitation, claims or damages arising out of any violations of applicable environmental laws, regulations, ordinances or subdivisions thereof, regardless of any real or alleged strict liability on the part of **LESSOR**. This environmental indemnity shall survive the expiration or termination of this Lease and/or any transfer of all or any portion of the Leased Premises, and shall be governed by the laws of the State of Arizona.

In the event any such action or claim is brought or asserted against **LESSOR**, **LESSEE** shall have the right (subject to **LESSOR's** right to make all final decisions with respect to **LESSOR's** liability for claims or damages) to (a) participate with **LESSOR** in defense of the claim or action, (b) participate with **LESSOR** in negotiating any agreement or settlement with respect to any such claim or cleanup, and (c) participate with **LESSOR** in the conduct of any required cleanup, removal or other remedial action.

LESSOR shall not be liable to **LESSEE** for any damages arising from any act or negligence of any third party at the Civic Center in which the Leased Premises are located. The obligations of **LESSEE** under this Section shall survive any termination of this Lease.

12. INDEMNIFICATION AND HOLD HARMLESS FOR BENEFIT OF LESSEE

Irrespective of the amount and type of insurance coverage required hereinafter, **LESSOR** hereby expressly agrees to indemnify and hold **LESSEE**, its officers, officials, employees, agents and successors, harmless, or cause **LESSEE**, its officers, officials, employees, agents and successors, to be indemnified against and held harmless from all liabilities, obligations, damages, penalties, claims, causes of action, costs, charges and expenses, including attorneys' fees and costs, which may be imposed upon or incurred by or asserted against **LESSEE**, its officers, officials, employees, agents and successors, by reason of **LESSOR's** intentional conduct or active negligence resulting in the following: (a) any accident, injury or damage to any person or property occurring on or about the Civic Center or any portion thereof; (b) any use, nonuse or condition of the Civic Center or any portion thereof, including (but expressly not limited to) the installation or construction of improvements or personal property therein; or (c) any failure on the part of **LESSOR** to perform or comply with any of the provisions of this Lease. In case any action or proceeding is brought against **LESSEE**, its officers, officials, employees, agents and successors, by reason of any such occurrence, **LESSOR**, upon **LESSEE's** request and at **LESSOR's** expense, shall resist and defend such action or proceeding, or cause the same to be resisted and defended, either by counsel designated by **LESSOR** or, where such occurrence is covered by liability insurance, by counsel designated by the insurer.

LESSEE shall not be liable to **LESSOR** for any damages arising from any act or negligence of any third party at the Civic Center in which the Leased Premises are located. The obligations of **LESSOR** under this Section shall survive any termination of this Lease.

13. FIRE HAZARDS

LESSEE at its expense shall, at all times during the term of this Lease Agreement, and any extension thereof, maintain in full force a policy or policies of comprehensive liability insurance, including property damage, written by one or more responsible insurance companies licensed to do business in the State of Arizona. Each policy shall be written on a(n) [occurrence/claims-made] basis and shall insure **LESSEE** and **LESSOR** against liability for injury to persons and property and the death of any person or persons occurring in, on or about the Leased premises, or arising out of **LESSEE's** maintenance, use and occupancy thereof. The described insurance shall afford protection of not less than $500,000.00 in combined single limits for bodily injury and property damage.

All public liability and personal property damage policies shall contain a provision that **LESSOR**, named as an additional insured, shall be entitled to recovery under the policies for any loss occasioned by it, its officers, employees, agents and successors, by reason of the negligence or wrongdoing of **LESSEE**, its employees, agents, assigns, and sublessees. Furthermore, the policies shall provide that their coverage is primary over any other insurance coverage available to the **LESSOR**, its officers, employees, agents and successors. All such policies of insurance shall also contain a provision that the company writing the policy will give to **LESSOR** thirty (30) days' written notice in advance of any cancellation or lapse, or the effective date of any reduction in amounts of insurance.

If at any time **LESSEE** fails, neglects, or refuses to cause such insurance to be provided and maintained, then **LESSOR** may, at its election, procure or renew such insurance, and any amounts paid therefor by **LESSOR** shall be an additional amount due from **LESSEE** at the next rent payment date. **LESSEE's** obligations to carry the insurance provided for herein may be satisfied through coverage of a so-called blanket policy or policies of insurance maintained by **LESSEE**,

provided that the coverage afforded **LESSOR** will not be reduced by reason of the use of such blanket policy of insurance. Copies of certificates of the needed insurance shall be delivered to **LESSOR** prior to **LESSEE's** occupancy of the premises. At **LESSOR's** option, **LESSEE** shall also provide **LESSOR** complete copies of the required insurance policies.

No use shall be made or permitted to be made of the Leased Premises, nor acts done by **LESSEE**, which will increase the existing rate of insurance applicable to the Civic Center or cause the cancellation of any insurance policy or policies covering said Civic Center or any part thereof, nor shall **LESSEE** sell, or permit to be kept, used or sold, in or about the Leased Premises any substance which may be prohibited by the standard form of fire insurance policies. **LESSEE** shall, at its sole cost and expense, comply with any and all requirements pertaining to the Leased Premises of any insurance organization or company, necessary for the maintenance of reasonable fire and public liability insurance covering the Leased Premises, or the Civic Center of which it is a part. **LESSEE** agrees to pay to **LESSOR,** as additional rent, any increase in premiums on policies which may be carried by **LESSOR** on the Leased Premises covering damages to the building and loss of rent caused by fire and the perils normally included in extended coverage above the rates for the least hazardous type of occupancy for industrial, warehousing, office and distribution operations.

14. **LESSEE's** DEFAULT

The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by **LESSEE**:

(a) Vacating or abandoning the Leased Premises;

(b) Failing to make any payment of rent or any other payment required to be made by **LESSEE** hereunder, as and when due, where such failure shall continue for a period of three (3) business days after written notice by **LESSOR**; and

(c) Failing to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by **LESSEE**, other than described in Subsection (b) above, where such failure shall continue for a period of fifteen (15) days after written notice by **LESSOR**. Provided, however, that if the nature of **LESSEE's** default is such that more than fifteen (15) days are reasonably required for its cure, then **LESSEE** shall not be deemed to be in default if **LESSEE** commences such cure within said fifteen (15) day period and thereafter diligently prosecutes such cure to completion.

15. LESSOR's REMEDIES UPON DEFAULT

In the event of a default by **LESSEE**, **LESSOR** may at any time thereafter, with or without notice or demand and without limiting **LESSOR** in the exercise of a right or remedy which **LESSOR** may have by reason of such default:

(a) Terminate **LESSEE's** right to possession of the Leased Premises by any lawful means, in which case this Lease shall terminate and **LESSEE** shall immediately surrender possession of the Leased Premises. In that event, **LESSOR** shall be entitled to recover from **LESSEE** all damages incurred by **LESSOR** by reason of **LESSEE's** default, including (but expressly not limited to) the cost of recovering possession of the Leased Premises, expenses of reletting (including necessary renovation and alteration of the Leased Premises), reasonable attorneys' fees, and the worth at the time of award by the court having jurisdiction thereof of the

amount by which the unpaid rent and other charges called for herein for the balance of the term after the time of such award exceeds the amount of such loss for the same period that **LESSEE** proves could be reasonably avoided. Worth shall be computed by discounting the total at the discount rate of the Federal Reserve Bank of San Francisco at the time of the judgment or award, plus one percent (1%). Unpaid installments of rent or other sums shall bear interest from the date due at the rate of ten percent (10%) per annum;

(b) Maintain **LESSEE's** right to possession, in which case this Lease shall continue in effect whether or not **LESSEE** shall have abandoned the Leased Premises. In such event, **LESSOR** shall be entitled to enforce all of **LESSOR's** rights and remedies under the Lease, including the right to recover the rent and any other charges as may become due hereunder; or

(c) Pursue any other remedy now or hereafter available to **LESSOR** under the laws or judicial decisions of the State of Arizona.

In the event **LESSEE's** right to possession of the Leased Premises is terminated prior to the expiration of the initial Lease term, **LESSOR** shall be forever wholly absolved from liability for any damages which might result to **LESSEE**. **LESSEE** shall pay to **LESSOR** upon demand all costs, expenses and fees, including attorneys' fees, which **LESSOR** may reasonably incur in connection with the exercise of any remedies on account of or in connection with any default by **LESSEE**, plus interest on all amounts due from **LESSEE** to **LESSOR** at the rate set by the Arizona State Treasurer according to law. Any exercise of a right of termination by **LESSOR** shall not be construed to end or discharge any right of **LESSOR** to damages because of **LESSEE's** default.

16. **LESSOR's** DEFAULT

LESSOR shall not be in default unless **LESSOR** fails to perform obligations required of **LESSOR** within a reasonable time, but in no event later than thirty (30) days after written notice by **LESSEE** specifying wherein **LESSOR** has failed to perform such obligation. Provided, however, that if the nature of **LESSOR's** obligation is such that more than thirty (30) days are required for performance, then **LESSOR** shall not be in default if **LESSOR** commences performance within said thirty (30) day period and thereafter diligently prosecutes the same to completion. In no event shall **LESSEE** have the right to terminate this Lease as a result of **LESSOR's** default, and **LESSEE's** remedies shall be limited to damages and/or injunction.

17. TERMINATION BY **LESSEE**

Upon ninety (90) days' written notice to **LESSOR**, **LESSEE** may terminate this Lease. However, all rental payments due through the date of termination shall first be paid in full to **LESSOR**.

18. CONDITION OF PREMISES UPON SURRENDER

Upon the expiration or sooner termination of this Lease, **LESSEE** shall surrender the Leased Premises to **LESSOR** in good condition, broom clean, ordinary wear and tear and damage from causes beyond the reasonable control of **LESSEE** excepted. Any damage to adjacent premises caused by **LESSEE's** use of the Leased Premises shall be repaired at **LESSEE's** sole cost and expense.

19. BANKRUPTCY

If (a) all or substantially all of **LESSEE's** assets are placed in the hands of a receiver and such receivership continues for a period of thirty (30) days, (b) **LESSEE** makes an assignment for the benefit of creditors, (c) **LESSEE** institutes any proceedings under any present or future provisions of the Bankruptcy Code or under a similar law wherein **LESSEE** seeks to be adjudicated as bankrupt, discharged of its debts, or to effect a plan of liquidation, composition or reorganization, or (d) any involuntary proceedings are filed against **LESSEE** under such bankruptcy laws and are not dismissed or otherwise removed within ninety (90) days after their filing, then this Lease shall not become an asset in any of such proceedings or assignments. In addition to all other rights and remedies of **LESSOR** provided hereunder or by law, **LESSOR** shall then have the right to declare the term of this Lease at an end, to re-enter the premises, to take possession, and to remove all persons, and **LESSEE** shall have no further claim on the Leased Premises under this Lease.

20. ENTRY BY LANDLORD

LESSEE shall permit **LESSOR** and **LESSOR's** agents to enter the Leased Premises at all reasonable times for the purpose of inspecting the same, maintaining the Leased Premises or adjacent premises, making repairs, alterations or additions to any portion of the Leased Premises, including the erection and maintenance of such scaffolding, canopies, fences, and props as may be required, or for posting notices of nonresponsibility for alterations, additions or repairs, without any rebate of rent and without any liability to **LESSEE** for any loss of occupation or quiet enjoyment of the Leased Premises occasioned thereby. For each of the aforesaid purposes, **LESSOR** shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Leased Premises, excluding **LESSEE's** vaults and safes. **LESSEE** shall not alter any lock or install any new or additional lock or bolt on any door of the Leased Premises without prior written consent of

LESSOR. If **LESSOR** gives such consent, **LESSEE** shall in each case furnish **LESSOR** with a key for each such lock.

21. DESTRUCTION

In the event the Leased Premises are damaged or destroyed by earthquake or by fire or other casualty to the extent that the Leased Premises are rendered unfit for use and occupancy, then, and in such event, the rent required herein shall be abated to the extent that said premises are unfit for use and occupancy until the premises shall have been repaired and restored by **LESSOR**. If, in the sole discretion of **LESSOR**, it is deemed to be impractical or uneconomical to repair the same, then, in such event, and at **LESSOR's** option, this Lease shall be terminated and of no further force and effect upon **LESSOR's** giving notice that it does not intend to repair or restore the Leased Premises.

22. ASSIGNMENT/SUBLETTING

LESSEE agrees that it will not assign or sublet in whole or in part any portion of the Leased Premises without the prior written consent of **LESSOR**, which consent shall not be unreasonably withheld. Any such assignment or subletting without such consent shall be void, and shall, at the option of **LESSOR**, constitute a default under this Lease. **LESSOR** may sell, transfer, or assign all or any part of its interest in the Leased Premises without the consent of **LESSEE**.

23. SIGNS

LESSEE may affix and maintain upon the Leased Premises only building standard signage as approved by **LESSOR**. Signage regulating parking or other use of common areas shall be provided

by **LESSOR** and shall include reference to **LESSEE's** occupancies as mutually agreed upon by the parties.

24. DISCRIMINATION

LESSEE agrees not to discriminate on the basis of race, color, national origin, age or disability in its employment or in the providing of services on the Leased Premises under this Lease. This includes, but is expressly not limited to, compliance with the Americans with Disabilities Act.

25. ATTORNEYS' FEES/COLLECTION CHARGES

In the event of any legal action or proceeding between the parties hereto, reasonable attorneys' fees and expenses of the prevailing party in any such action or proceeding may be added to the judgment therein, including attorneys' fees on appeal. Should **LESSOR** be named as a defendant in any suit brought against **LESSEE** in connection with or arising out of **LESSEE's** occupancy under this Lease, **LESSEE** shall pay to **LESSOR** its costs and expenses incurred in such suit, including reasonable attorneys' fees.

26. WAIVER

The waiver by **LESSOR** of any breach by **LESSEE** of any term, covenant or condition of this Lease shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach by **LESSEE** of the same or any other term, covenant or condition of the Lease. The subsequent acceptance of rent hereunder by **LESSOR** shall not be deemed to be a waiver of any preceding breach by **LESSEE** of any term, covenant or condition of the Lease, other than the failure of **LESSEE** to pay the particular rent so accepted, regardless of **LESSOR's** knowledge of such preceding breach at the time of accepting the rent.

27. EFFECT OF HOLDING OVER

If **LESSEE** should remain in possession of the Leased Premises after the expiration of the Lease term without executing a new Lease, then such holding over shall be construed as a tenancy from month to month, subject to all the conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy.

28. RULES AND REGULATIONS

LESSEE shall faithfully observe and comply with the rules and regulations that **LESSOR** shall from time to time promulgate and/or modify with respect to use or occupancy of the Civic Center. Such rules and regulations shall become binding upon **LESSEE**, its officers, officials, employees, agents, successors, invitees, and customers upon written notice to **LESSEE**. **LESSOR** shall not be responsible to **LESSEE** for nonperformance of any such rules or regulations by other lessees, occupants, invitees or customers. Such rules may regulate (but are expressly not limited to regulation of) (a) employee and customer parking, (b) loading, (c) building access, (d) security, (e) break room use, (f) conference room use, (g) waste disposal, and (h) smoking.

29. SECTION TITLES

The titles to the sections of this Lease are for convenience only, and are not to be considered a part of the Lease or used in determining its content or context.

30. INTERPRETATION

Whenever any word is used in this Lease in the masculine gender, it shall also be construed as being used in the feminine and neuter genders, and singular usage shall include the plural and vice versa, all as the context shall require.

31. TIME

Time is of the essence in this Lease for each and every term, condition, covenant and provision.

32. SUCCESSORS AND ASSIGNS

The provisions of this Lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, successors, administrators, and permitted assigns.

33. QUIET POSSESSION

Upon **LESSEE** paying the rent required hereunder and observing and performing all of the covenants, conditions and provisions on **LESSEE's** part to be observed and performed hereunder, **LESSEE** shall have quiet possession of the Leased Premises for the entire term hereof, subject to all provisions of this Lease.

34. MODIFICATION

Any modification or amendment of this Lease shall be in writing and shall be executed by all parties.

35. PRIOR AGREEMENTS

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in the Lease, and no prior agreements or understandings pertaining to any such matters shall be effective for any purpose.

36. INABILITY TO PERFORM

This Lease and the obligations of **LESSEE** hereunder shall not be affected or impaired because **LESSOR** is unable to fulfill any of its obligations hereunder or is delayed in so doing, if such inability or delay is caused by reason of strike, labor troubles, acts of God, or any other cause beyond the reasonable control of **LESSOR**.

37. PARTIAL INVALIDITY

If any provision of this Lease is held to be invalid, illegal or unenforceable, it shall not affect, impair, or invalidate any other provisions thereof, but such other provisions shall continue in full force and effect.

38. CUMULATIVE REMEDIES

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

39. APPLICABLE LAW

This Lease shall be interpreted and enforced pursuant to the laws of the State of Arizona.

40. NOTICES

Whenever under this Lease a provision is made for any demand, notice or declaration of any kind, it shall be in writing and either served personally or sent by regular mail, postage prepaid, addressed as follows:

To **LESSEE** at: Prescott Valley Historical Society
c/o Board President
P.O. Box 26341
Prescott Valley, Arizona 86312

To **LESSOR** at: Town of Prescott Valley
c/o Town Manager
P.O. Box 25456
Prescott Valley, Arizona 86312

or to such other persons or places as the respective parties may from time to time designate in a written notice. All such notices shall be presumed to be received within forty-eight (48) hours from the time of mailing.

41. CONFLICT OF INTEREST

Pursuant to A.R.S. §38-511, any contract to which subdivisions of the State are a party may be canceled without penalty within three (3) years after its execution, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the subdivision is, at any time while the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party with respect to the subject matter.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed the day and year first-above written.

TOWN OF PRESCOTT VALLEY, a municipal corporation
of Arizona, **LESSOR**

_____
Harvey C. Skoog, MAYOR

ATTEST:

_____
Diane Russell, Town Clerk

APPROVED AS TO FORM:

_____
Ivan Legler, Town Attorney

PRESCOTT VALLEY HISTORICAL SOCIETY, **LESSEE**

_____
Darlene Packard, BOARD PRESIDENT

ATTEST:

_____
Secretary of the Board

STATE OF ARIZONA)
) ss:
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2014, by Harvey C. Skoog, Mayor, Town of Prescott Valley, Arizona, **LESSOR**.

_____
Notary Public

My Commission Expires:
_____

STATE OF ARIZONA)
) ss:
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2014, by Darlene Packard, President, Prescott Valley Historical Society Board, **LESSEE**.

_____
Notary Public

My Commission Expires:
_____

EXHIBIT "A"

(BUILDING & TENANT FLOOR PLANS)
(cross-hatching the office areas being leased)