WHEN RECORDED RETURN TO:

Town of Jerome
P.O. Box 335
Jerome, AZ 86331
Attn: Candace Gallagher, Town Manager

LEASE AGREEMENT

This Agreement, made and entered into as of this 1st day of November, 2017, between the **TOWN OF JEROME**, an Arizona municipal corporation, (hereinafter called "Landlord"), and **Susan and William Sotiros (dba Jerome Ghost Pepper Co.),** (hereinafter called "Tenant").

RECITALS

1. Landlord is the owner of that certain real property and improvements located at **500 Main Street, Jerome, Arizona**.

2. The Town Council finds that the public interest will be benefited by leasing a portion of said real property and improvements to Tenant and Tenant desires to lease the premises and improvements on the terms and conditions as set forth herein.

AGREEMENT

In consideration of the mutual covenants contained herein, and good and valuable consideration, the parties agree as to follows:

1. Basic Provisions:

1.1 Premises: Landlord hereby leases to Tenant and Tenant hereby leases from Landlord that certain space (herein called "Premises") located at **500 Main Street, Jerome, Arizona** and consisting of an area of **806 square feet**.

1.1.1 Rules and Regulations: Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate. Landlord reserves the right from time to time to make any reasonable modifications to said rules. The additions and modifications to those rules shall be binding upon Tenant upon delivery of a copy of them to Tenant. If there is a conflict between the rules and regulations and any of the provisions of this Lease, the provisions of this Lease shall prevail. No such rules and regulations shall require a tenant to pay additional rent under this Lease.

1.2. Agreement to Abide by Terms of Lease: This Lease is subject to the terms, covenants and conditions set forth herein. Landlord and Tenant covenant, as a material part of the consideration for this Lease, that each party will keep and perform each and all of the terms, covenants, and conditions for which it is made responsible by the terms of this Lease.

1.3 Term: The term of this lease shall be for three (3) year(s), commencing on **November 1, 2017** ("Commencement Date") and ending on **October 31, 2020** ("Expiration Date"), unless sooner terminated pursuant to the provisions of this Lease.

1.4 Rent: Tenant shall pay to Landlord at Town Hall, Jerome, Arizona 86331, without prior notice or demand, on or before the first day of each month, rent for the Premises consisting of monthly payments, each in the amount of **One Thousand Two Hundred ($1,200.00) Dollars.** It is agreed that any other payments due by Tenant to Landlord under this Lease shall be additional rent charges. The Town reserves the right to increase rent by up to ten percent (10%) per year during the duration of this lease, said increases, if any, to be effective as of November 1, 2018 and/or November 1, 2019. In the event of an increase in rent, at least thirty (30) days written notice shall be provided by Town to lessee.

1.5 Deposits:

1.5.1 Tenant shall pay a **deposit of $1,200.00** upon execution of the Lease, representing the **final month's rent**. Any amounts previously paid by Tenant and held by the Town may be applied to this payment.

1.5.2 Tenant shall pay a **deposit of $180** upon execution of the Lease, representing a **Security Deposit**. Any amounts previously paid by Tenant and held by the Town may be applied to this payment.

1.6 Permitted Use: Tenant shall use the Premises for **retail sales** purposes only and shall not use or permit the Premises to be used for any other purpose without prior written consent from Landlord.

2. Possession of Premises:

2.1 Acceptance of Premises: By taking possession of the Premises, Tenant shall be deemed to have accepted the Premises as being in good, sanitary order, condition and repair and in compliance with all applicable laws. Tenant shall be further deemed to have accepted the Premises as suitable for Tenant's intended use. By taking possession Tenant warrants that it has performed such investigation as it deems necessary to make the above stated determinations. Tenant assumes all responsibility for its acceptance of the Premises "as is" at the time of possession. Landlord has not made any oral or written representations or warranties with respect to the said matters other than as set forth in this Lease.

2.2 Delay in Possession: If for any reason whatsoever Landlord cannot deliver possession of the Premises to Tenant as agreed herein, this Lease shall not be voidable. Landlord shall not be liable to Tenant for any loss or damage resulting from said delay and the expiration date of the term of this Lease shall not be extended in any way because of said delay. Should such delay occur, all rent shall be abated during the period between the commencement of the term of the Lease and the time when Landlord delivers possession.

2.3 Early Possession: In the event that Landlord permits Tenant to occupy the Premises prior to the commencement date of the term, such occupancy shall be subject to all the provisions of this Lease. Early possession shall not advance the termination date set forth herein.

4. Use:

4.1 Use: Tenant shall use and occupy the Premises only for the purposes set forth in Paragraph 1.6 and for no other purpose. Tenant shall not use or permit the use of the Premises in a manner that creates waste or a nuisance, or that disturbs owners and/or

occupants of, or causes damage to, neighboring premises or properties. Tenant shall not bring or keep anything on the Premises which will in any way increase the existing rate of or affect any fire or other insurance upon the Building or any of its contents, or cause cancellation of any insurance policy covering said Building or any part there of or any of its contents.

4.2 Hazardous Substances:

4.2.1 Reportable Uses Require Consent: "Hazardous Substance" as used in this Lease means any product, substance, chemical, material, or waste whose presence, nature, quality, and/or intensity of existence, use, manufacture, disposal, transportation, spill, release, or effect either by itself or in combination with other materials expected to be on the Premises is either: (i) potentially injurious to the public health, safety, or welfare, the environment, or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for liability of Landlord to any governmental agency or third party under any applicable statute or common law theory. "Hazardous Substance" shall include, but not be limited to, hydrocarbons, petroleum, gasoline, crude oil, or any products, by-products, or fractions thereof. Tenant shall not engage in any activity in, on, or about the Premises which constitutes a Reportable Use (as hereinafter defined) of Hazardous Substances without the express prior written consent of Landlord and compliance in a timely manner (at Tenant's sole cost and expense) with all Applicable Laws. "Reportable Use" means (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration, or business plan is required to be filed with, any governmental authority. Reportable Use shall also include Tenant's being responsible for the presence in, on, or about the Premises of a Hazardous Substance with respect to which any Applicable Law requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Tenant may, with Landlord's prior consent and in compliance with all Applicable Law, use any ordinary and customary materials reasonably required to be used by Tenant in the normal course of Tenant's business permitted on the Premises, so long as such use is not a Reportable Use and does not expose the Premises or neighboring properties to any meaningful risk of contamination or damage or expose Landlord to liability therefore.

4.2.2 Duty to Inform Landlord: If Tenant knows, or has reasonable cause to believe, that a Hazardous Substance, or a condition involving or resulting from same has come to be located in, on, or about the Premises, Tenant shall immediately give written notice of such fact to Landlord. Tenant shall also immediately give Landlord a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action, or proceeding given to or received from any governmental authority or private party or persons entering or occupying the Premises concerning the presence, spill, release, discharge of, or exposure to any Hazardous Substance or contamination in, on, or about the Premises, including but not limited to all such documents as may be involved in any Reportable Uses involving Premises.

4.2.3 Indemnification: Tenant shall indemnify, protect, defend, and hold Landlord, its agents, employees, lenders, and ground lessor, if any, of the Premises harmless from and against any and all losses of rents and/or damages, liabilities, judgments, costs, claims, liens, expenses, penalties, permits, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance or storage tank brought onto the Premises by or for Tenant or under Tenant's control. Tenant's obligations under this Paragraph 4.2 shall include, but not be limited to, the effects of any contamination or injury to person, property, or the environment created or suffered by Tenant, and the cost of investigation (including

consultants' and attorneys' fees and testing), removal, remediation, restoration, and/or abatement thereof, or of any contamination therein involved, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation, or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Substances or storage tanks, unless specifically so agreed by Landlord in writing at the time of such agreement.

4.3 Tenant's Compliance with Law: Except as otherwise provided in this Lease, Tenant shall, at Tenant's sole cost and expense, fully, diligently, and in a timely manner, comply with all "Applicable Law," which term is used in this Lease to include all laws, rules, regulations, ordinances, directives, covenants, easements, and restrictions of record, permits, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Landlord's engineer and/or consultants relating in any manner to the Premises (including but not limited to matters pertaining to: (i) industrial hygiene in environmental conditions on, in, under, or about the Premises, including soil and groundwater conditions; (ii) compliance with A.R.S. § 42-6201 *et seq.* ("GPLET Laws") and (iii) the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Substance or storage tank), now in effect or which may hereafter come into effect, and whether or not reflecting a change in policy from any previously existing policy. Tenant shall, within five (5) days after receipt of Landlord's written request, provide Landlord with copies of all documents and information, including, but not limited to, permits, registrations, manifests, applications, reports, and certificates, evidencing Tenant's compliance with any Applicable Law specified by Landlord, and shall immediately upon receipt notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint, or report pertaining to or involving failure by Tenant or the Premises to comply with any Applicable Law. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any Applicable Law shall be conclusive of that fact as between Tenant and Landlord.

4.4 Inspection Compliance: Landlord and Landlord's Lender(s), if any, shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Applicable Laws, and to employ experts and/or consultants in connection therewith and/or to advise Landlord with respect to Tenant's activities, including but not limited to the installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance or storage tank on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting the same unless a default or breach of this Lease, violation of Applicable Law, or a contamination caused or materially contributed to by Tenant is found to exist or be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In any such case, Tenant shall, upon request, reimburse Landlord or Landlord's Lender, as the case may be, for the costs and expenses of such inspections.

5. Maintenance, Repairs, Alterations, and Trade Fixtures:

5.1 Tenant's Obligations: Tenant shall, at Tenant's sole cost and expense and at all times, keep the Premises and every part thereof in good order, condition, and repair, including fixtures, interior walls, windows, plate glass, and any signs, but excluding foundations, the exterior roof, and the structural aspects of the Premises. Tenant shall at all

times keep all exit ways and passages free of impediments. Tenant, in keeping the Premises in good order, condition, and repair, shall exercise and perform good maintenance practices.

5.2 Landlord's Obligations: Landlord shall, at Landlord's expense, maintain the electrical, plumbing, heating and cooling facilities, boilers, the foundations, exterior roof, and structural aspects of the Premises in good order, condition, and repair. Landlord shall not, however, be obligated to paint or maintain the interior surface of the exterior walls or to maintain the windows, doors or plate glass. Landlord shall not, in any event, have any obligation to make any repairs until Landlord receives written notice from Tenant of the need for such repairs. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises. Tenant and Landlord expressly waive the benefit of any statute now or hereafter in effect to the extent that it is inconsistent with the terms of this Lease, or which affords Tenant the right to make repairs at the expense of Landlord.

5.3 Utility Installations, Trade Fixtures, and Alterations:

5.3.1 Definition:

5.3.1.1 "Utility Installations" shall mean all carpeting, window coverings, air lines, gas lines, power panels, electrical distribution, security, fire protection systems, communication systems, lighting fixtures, heating, ventilating, air conditioning equipment, plumbing, and fencing in, on, or about the Premises.

5.3.1.2 "Trade Fixtures" shall mean Tenant's machinery and equipment that can be removed without doing material damage to the Premises.

5.3.1.3 "Alterations" shall mean any modification of the Premises from that which is provided by Landlord under the terms of this Lease, other than Utility Installations or Trade Fixtures, whether by addition or deletion.

5.3.2 Consent Required: Tenant shall not make any Alterations or Utility Installations in, on, or about the Premises without Landlord's prior written consent, which, if given, is conditioned upon the following:

5.3.2.2. Tenant shall provide Landlord with detailed final plans and specifications and working drawings of the proposed Utility Installations and/or Alterations and the name of the contractor who will perform the work at least thirty (30) days before the date it intends to commence the Utility Installations or Alterations;

5.3.2.3. Tenant shall give Landlord two days prior notice of commencement so that Landlord may post notices of non-responsibility on or at the Premises as provided by law.

5.3.2.4. Tenant shall acquire all applicable permits, approvals and licenses required by any and all governmental agencies and shall furnish proof of the same to Landlord.

5.3.2.5. All Utility Installations and Alterations shall be completed with due diligence in compliance with the plans and specifications and working drawings and all Applicable Laws.

5.3.2.6. If the estimated cost of Utility Installations or Alterations exceeds $5,000.00, before commencement of Utility Installations or Alterations, Tenant, at its cost, shall furnish to Landlord a performance and completion bond issued by an insurance company qualified to do business in Arizona in a sum equal to the cost of the Utility Installation or Alteration guaranteeing the completion of the Utility Installation or Alteration free and clear of all liens and other charges, and in accordance with the plans and specifications.

5.3.2.7. All work shall be performed in a manner that does not interfere with the Town's use of the Building or the quiet enjoyment of other tenants in the Building in which the Premises are located.

5.3.3. Indemnification: Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein.

5.4 Ownership, Removal, Surrender, and Restoration:

5.4.1 Ownership and Removal: All Alterations and Utility Installations shall, at the expiration or earlier termination of this Lease, become the property of Landlord and remain upon and be surrendered by Tenant with the Premises, except that Landlord may elect within thirty (30) days before the expiration of the Lease, or within five (5) days after termination of the Lease, to require Tenant to remove any Utility Installations or Alterations that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later.

5.4.2. Removal: If Tenant is not then in default of any provisions of this Lease, Tenant shall have the right to remove from the Premises, immediately before the expiration of the term, any Trade Fixtures Tenant has made to the premises, as long as the removal will not cause any structural damage to the Premises and Tenant at its cost promptly restores any damage caused by the removal.

5.4.3 Surrender/Restoration: Tenant shall surrender the Premises by the end of the last day of the Lease term or any earlier termination date with all of the improvements and surfaces thereof clean and free of debris and in good operating order, condition, and state of repair, ordinary wear and tear excepted. "Ordinary Wear and Tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice by Tenant performing its entire obligation under this Lease. The obligation of Tenant shall include the repair of any damage occasioned by the installation, maintenance, or removal of Tenant's Trade Fixtures, furnishings, Alterations, and/or Utility Installations, as well as the removal of any storage tank installed by or for Tenant, and the removal, replacement, or remediation of any soil, material, or ground water contaminated by Tenant, all as may then be required by Applicable Law and/or good practice.

6. Insurance, Indemnity:

6.1 Liability Insurance: Tenant shall, at Tenant's expense obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Tenant and Landlord (as an additional insured) against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount

not less than ONE MILLION DOLLARS ($1,000,000.00) per occurrence. The limit of said insurance shall not, however, limit the liability of the Tenant hereunder. Tenant may carry said insurance under a blanket policy, providing, however, said insurance by Tenant shall have a Landlord's protective liability endorsement attached thereto.

6.2 Tenant's Property Insurance: Tenant, at its sole cost, shall maintain whatever insurance coverage on Tenant's personal property as Tenant deems necessary. The proceeds from any such insurance shall be used by Tenant for the replacement of personal property.

6.3 Plate Glass Insurance: During the term of the lease, Tenant shall maintain, at Tenant's expense, a policy of insurance covering repair of damage to or replacement of plate glass which is reasonably acceptable to Landlord, not to exceed fair market replacement value. The initial amount of such insurance shall be at least FIVE THOUSAND DOLLARS ($5,000.00) per incident, and shall be subject to periodic reasonable increases based upon inflation or other relevant factors.

6.4 Insurance Policies: Insurance required hereunder shall be provided by companies duly licensed to transact business in the State of Arizona and rated A+, AAA or better in "Best's Insurance Guide." Tenant shall not do or permit to be done anything which shall invalidate the insurance policies. Prior to occupancy of the Premises under this lease, Tenant shall deliver or cause to be delivered to Landlord copies of policies of liability insurance required herein or certificates evidencing the existence and amounts of such insurance with loss payable claims satisfactory to Landlord. No policy shall be cancelable or subject to modification or reduction of coverage except after thirty (30) days prior written notice to Landlord. At least thirty (30) days prior to the expiration of such policies, Tenant shall furnish Landlord with evidence of renewals or "insurance binder" evidencing renewal thereof. If Tenant fails to procure, maintain, and/or provide evidence of said insurance, Landlord may, but shall not be required to, procure and maintain same, but at the expense of Tenant, which amount shall be payable by Tenant to Landlord upon demand.

6.5 Indemnity: Tenant shall indemnify, protect, defend, and hold harmless the Premises, Landlord, and its officials, officers, employees, agents, partners, and lenders, from and against any and all claims, loss of rents, and/or damages, costs, liens, judgments, penalties, permits, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in dealing with the occupancy of the Premises by Tenant, the conduct of Tenant's business, any act, omission, or neglect of Tenant, its agents, contractors, employees, or manner of any obligation on Tenant's part to be performed under this Lease. In case any action or proceeding is brought against Landlord by reason of any of the foregoing matters, Tenant shall defend Landlord at Tenant's expense and Landlord shall cooperate with Tenant in such defense. Landlord need not have first paid any such claim in order to be so indemnified.

6.6 Exemption of Landlord from Liability: Landlord shall not be liable for injury or damage to the person or goods, wares, merchandise, or other property of Tenant, Tenant's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water, or rain, or from the breakage, leakage, obstruction, or other defects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, and regardless of whether the cause of such damage or injury or the means of

repairing the same is accessible or not. Landlord shall under no circumstances be liable for injury to Tenant's business or for any loss of income or profit therefrom.

7. Destruction of the Premises: If the Premises is destroyed by fire or other casualty, Landlord shall have the option to either (a) repair or rebuild within one hundred fifty (150) days, or (b) not to repair or rebuild and to cancel this Lease on thirty (30) days notice. If Landlord fails to give Tenant the required written notice of its election as provided herein, or if restoration of the premises cannot be completed within one hundred fifty (150) days from the date of notice, Tenant may cancel this Lease at its option on two (2) days notice. Landlord shall not be required to rebuild, repair, or replace any part of the partitions, fixtures, additions, or other improvements which may have been placed in or about the Premises by Tenant. A total destruction of the Premises shall, at the option of Landlord, terminate this Lease. If the destruction results from Tenant's negligence, then the Lease shall not terminate nor shall the rental rate be reduced.

8. Taxes: Tenant shall pay, prior to delinquency, all taxes assessed against and levied upon Alterations, Utility Installations, Trade Fixtures, furnishings, and all personal property of Tenant contained in the Premises or elsewhere. The parties acknowledge that this Lease is subject to taxes imposed under the GPLET Laws.

9. Utilities: Unless utilities are separately metered, Tenant shall pay to Landlord, on a monthly basis, Tenant's pro rata share of such utility, based upon the square footage of the building occupied by Tenant pursuant to this Lease. If a utility service is separately metered at any time during this Lease, Tenant shall pay the amount billed for that mater. Tenant shall be responsible for telephone, cable, internet or other telecommunications installation and fees, and any additional utilities Tenant installs or has installed.

10. Assignment and Subletting: Tenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the Premises in whole or part, nor shall there be any succession to the interest of Tenant by another.

11. Default, Breach, Remedies:

11.1 Default, Breach: The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

(a) The vacating or abandonment of the Premises by Tenant;

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

(c) The failure by Tenant to provide Landlord with reasonable evidence of insurance or surety bond required under this Lease; or the failure of Tenant to fulfill any obligation under this Lease which failure endangers or threatens life or property, where such failure continues for a period of five (5) days following written notice thereof by or on behalf of Landlord to Tenant;

(d) Except as expressly otherwise provided in the Lease, the failure by Tenant to provide Landlord with reasonable written evidence in duly executed original form of any documentation or information which Landlord may reasonably require of Tenant under the

terms of this Lease, where any such failure continues for a period of ten (10) days following written notice by or on behalf of Landlord to Tenant;

(e) A failure by Tenant to comply with any terms, covenants, conditions, or provisions of this Lease, or of the rules hereof, that are to be observed, complied with, or performed by Tenant, other than those described in subparagraphs (a), (b), or (c), above, where such failure continues for a period of fifteen (15) days after written notice thereof by or on behalf of Landlord to Tenant; provided, however, that the Landlord may, at its option, extend this period if Tenant is diligently acting to cure the default;

(f) The making by Tenant of any general arrangement or assignment for the benefit of creditors; or Tenant's becoming a "Debtor" as defined in 11 USC §101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days; or the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this subparagraph (e) is contrary to any Applicable Law such provision shall be of no force or effect and shall not affect the validity of the remaining provisions;

(g) The discovery by Landlord that any financial statement given to Landlord by Tenant or any Guarantor of Tenant's obligations hereunder was materially false.

11.2 Landlord's Remedies in Default:

11.2.1 If Tenant fails to perform any affirmative duty or obligation required of it under this Lease within the applicable time-frame set forth above after written notice to Tenant (or in the case of an emergency, without notice), Landlord may at its opinion (but without obligation to do so) perform such duty or obligation on Tenant's behalf, and the costs and expenses of any such performance by Landlord shall be due and payable by Tenant to Landlord upon receipt of the invoice therefore.

11.2.2 If any check given to Landlord by Tenant is not honored by the bank upon which it is drawn, Landlord, at its option, may require all future payments to be made under this Lease by Tenant to be made only by cashier's check.

11.2.3 In the event of a Breach of this Lease by Tenant as defined in Paragraph 11.1, with or without further notice or demand, and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such Breach, Landlord may:

(i) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant: the worth of the unpaid rent which had been earned at the time of termination; and any other amount necessary to compensate Landlord for all the detriment proximately caused by the Tenant's failure to perform its obligations under this Lease, including but not limited to the cost of recovering possession of the Premises and expenses of re-letting, including necessary renovation and alteration; and

(ii) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State of Arizona; and

(iii) The expiration or termination of this Lease and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under and indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Tenant's occupancy of the Premises.

11.3 Late Charges: Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur cost not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord within seven (7) days after such amount shall be due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to FIVE DOLLARS ($5.00) per day for every day rent or any other sum is overdue. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's Default or Breach with respect to such overdue amount nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

11.4 Breach by Landlord: Landlord shall not be deemed in breach of this Lease unless Landlord fails within a reasonable time to perform an obligation required to be performed by Landlord. For purposes of this Paragraph, a reasonable time shall in no event be less than thirty (30) days after receipt by Landlord of written notice specifying wherein such obligation of Landlord has not been performed; provided, however, that the nature of Landlord's obligation is such that, if more than thirty (30) days after such notice are reasonably required for its performance, then Landlord shall not be in breach of this Lease if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

12. Condemnation: If the Premises or any portion thereof are taken under the power of eminent domain or sold under threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate on thirty (30) days written notice to Tenant. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages, provided, however, that Tenant shall be entitled to any compensation, separately awarded to Tenant for Tenant's relocation expenses and/or loss of Tenant's Trade Fixtures.

13. Tenancy: If Landlord desires to finance, refinance, or sell the Premises, any part thereof, or the building of which Premises are a part, Tenant and all Guarantors of Tenant's performance hereunder shall deliver to any potential lender or purchaser designated by Landlord such financial statements of Tenant, and such Guarantors as may be reasonably required by such lender or purchaser, including but not limited to Tenant's financial statements for the past three (3) years. All such financial statements shall be received by Landlord and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

14. Sale of Premises by Landlord: In the event of any sale of the Building, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser, at such sale or

any subsequent sale of the Premises, shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease.

15. Severability: The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

16. Interest on Past-Due Obligations: Any monetary payment due Landlord hereunder, other than late charges, not received by Landlord within thirty (30) days following the date on which it was due, shall bear interest from the thirty-first (31st) day after it was due at the rate of twelve percent (12%) per annum, but not exceeding the maximum rate allowed by law, in addition to the late charge provided for in Paragraph 11.3.

17. Time of Essence: Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

18. Rent Defined: All monetary obligations of Tenant to Landlord under the terms of this Lease are deemed to be rent.

19. No Prior or Other Agreements: This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective.

20. Notices: All notices required or permitted by this Lease shall be in writing and sent by mail, return receipt requested, to the other Party at the address listed below. Either Party may by written notice to the other specify a different address for notice purposes. All notices sent certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon.

Landlord: Attn: Candace Gallagher, Town Manager/Clerk
Town of Jerome
P.O. Box 335
Jerome, AZ 86331

Tenant: Susan and William Sotiros
2770 Ridge Road
Prescott, AZ 86301

21. Waivers: No waiver by Landlord of the Default or Breach of any term, covenant, or condition hereof by Tenant shall be deemed a waiver of any other term, covenant, or condition hereof, or of any subsequent Default or Breach by Tenant of the same or of any other term, covenant or condition hereof. Landlord's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent or similar act by Tenant, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. Regardless of Landlord's knowledge of a Default or Breach at the time of accepting rent, the acceptance of rent by Landlord shall not be a waiver of any preceding Default or Breach by Tenant of any provision hereof, other than failure of Tenant to pay the particular rent so accepted.

22. ~~Recording: Neither Landlord nor Tenant shall record this Lease or a short form memorandum hereof without the prior written consent of the other party.~~ DELETED

23. No Right to Holdover: Tenant has no right to retain possession of the premises or any part thereof beyond the expiration or earlier termination of this Lease. If Tenant does not vacate the Premises as provided by this Lease, Tenant's occupancy shall be on a month-to-month tenancy subject to all the terms and conditions of this Lease with the exception that the total rent charged under this Lease shall be increased on a monthly basis by two percent (2%) per month.

24. 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.

25. Covenants and Conditions: All provisions of this Lease to be observed or performed by Tenant are both covenants and conditions.

26. Binding Effect, Choice of Law: This Lease shall be binding upon the parties, their personal representatives, successors, and assigns and be governed by the laws of the State of Arizona. Any litigation between the Parties hereto concerning this Lease shall be litigated in Yavapai County.

27. Subordination, Attornment, Non-Disturbance:

27.1 Subordination: This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or hypothecation or security device (collectively "Security Device"), now or hereafter placed by Landlord upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements, and extensions thereof. Tenant agrees that the lenders holding such Security Device shall have no duty, liability, or obligation to perform any of the obligations of Landlord under this Lease.

27.2 Attornment: Subject to the non-disturbance provisions of Paragraph 27.3, Tenant agrees to attorn to lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Security Device, and that in the event of such foreclosure, such new owners shall not: (i) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses which Tenant might have against any prior lessor, or (iii) be bound by prepayment of more than one month's rent.

27.3 Non-Disturbance: With respect to Security Devices entered into by Landlord after the execution of this Lease, Tenant's subordination of this Lease shall be subject to receiving assurance (a "non-disturbance agreement") from the lender that Tenant's possession and this Lease, including any options to extend the term hereof, will not be disturbed so long as Tenant is not in breach hereof and attorns to the record owner of the Premises.

27.4 Self Executing: The agreements contained in this Paragraph 27 shall be effective without the execution of any further documents; provided, however, that upon written request from Landlord or a lender in connection with a sale, financing, or refinancing of the Premises, Tenant and Landlord shall execute such subordination or non-subordination, Attornment, and/or non-disturbance agreement as is provided for herein.

28. Attorneys' Fees: If either Party brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the Prevailing Party in any such proceedings, action, or appeal thereon shall be entitled to its reasonable attorneys' fees.

29. Landlord's Access, Showing Premises, Repairs: Landlord and Landlord's agents shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times, for the purpose of showing the same to prospective purchasers, lenders, or lessees, and for making such alterations, repairs, improvements, or additions to the Premises or to the building of which they are a part, as Landlord may reasonably deem necessary.

30. Offset Statement: Tenant shall at any time and from time to time, upon not less than ten (10) days prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement, in writing, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect), and the date to which the rental and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of the Landlord hereunder, or specifying such defaults if any are claimed. Any such statement may be relied upon by any prospective purchaser or encumbrance of all or any portion of the real property of which the Premises are a part.

31. Signs: Tenant shall not place any sign upon the Premises, except that Tenant may, with Landlord's prior written consent, install such signs as are reasonably required to advertise Tenant's own business subject to all applicable laws and ordinances regarding the same.

32. Termination, Merger:

32.1 This agreement may be terminated for any reason by either party with sixty (60) days written notice.

32.2 Unless specifically stated otherwise in writing by Landlord, the voluntary or other surrender of this Lease by Tenant, the mutual termination or cancellation hereof, or a termination hereof by Landlord for Breach by Tenant, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, Landlord shall, in the event of any such surrender, termination, or cancellation, have the option to continue any one or all of the existing sub tenancies.

33. Quiet Possession: Upon payment by Tenant of the rent for the Premises and the observance and performance of all of the covenants, conditions, and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

34. Security Measures: Tenant hereby acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents and invitees, and their property from the acts of third parties.

35. Reservations: Landlord reserves to itself the right, from time to time, to grant, without the consent or joinder of Tenant, such easements, rights, and dedications that Landlord deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps, and restrictions do not unreasonably interfere with

the use of the Premises by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any easement rights, dedication, map, or restrictions.

36. Authority: If either Party hereto is a limited liability company, corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. If Tenant is a limited liability company, corporation, trust or partnership, Tenant shall, within thirty (30) days after requested by Landlord, deliver to Landlord evidence satisfactory to Landlord of such authority.

37. Amendments: This Lease may be modified only in writing, signed by the parties in interest at the time of the modification. The parties shall amend this Lease from time to time to reflect any adjustments that are made to the Base Rent or other rent payable under this Lease. As long as they do not materially change Tenant's obligations hereunder, Tenant agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required in connection with the obtaining of normal financing or refinancing of the property of which the premises are a part.

38. Multiple Parties: Except as otherwise expressly provided herein, if more than one person or entity is named herein as either Landlord or Tenant, the obligations of such multiple parties shall be the joint and several responsibility of all persons or entities names herein as such Landlord or Tenant.

39. Cancellation: Pursuant to A.R.S. § 38-511, Landlord may cancel this Lease, without penalty or further obligation within three years after its execution if any person significantly involved in initiating, negotiating, securing, drafting or creating the Lease on behalf of Landlord is, at any time while this Lease or any extension of the Lease is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the Lease with respect to the subject matter of the Lease.

The parties hereto have executed this Lease at the place on the dates specified below to their respective signatures.

Executed at: 600 Clark St.	Executed at: 600 Clark St.
on: 11.22.17	on: 11/22/17
by Landlord:	by Tenant:
THE TOWN OF JEROME	JEROME GHOST PEPPER CO.
By: Candace B. Gallagher	By: [illegible]
Its: Town Manager	Its: