

**FOURTH AMENDMENT
TO
GROUND LEASE**

DATE: February 7, 19 89

LANDLORD: THE CITY OF COTTONWOOD, formerly Town of Cottonwood, an Arizona municipality

TENANT: COTTONWOOD AIRPARK, INC., an Arizona corporation

LEASED PREMISES: Described in Section 2, Premises and Survey, in the original Ground Lease dated May 5, 1983; and further described in the Second Amendment to the Ground Lease dated March 12, 1985.

INTENDED USE: Development and construction of facilities on the Leased Premises and to sublease lots to others to encourage new businesses to build new facilities on the Leased Premises.

BACKGROUND:

The parties signed a Ground Lease Agreement dated May 5, 1983. It was amended by the First Amendment dated November 30, 1983, the Second Amendment dated March 12, 1985, and the Third Amendment dated August 21, 1985, (collectively, the "Prior Amendments") all of which are incorporated by reference.

The terms and conditions contained in the Ground Lease as Amended are hereby ratified, confirmed and continue in full force and effect. There are no amendments, modifications, supplements or other agreements or understandings except for those contained in the Ground Lease as Amended. Landlord acknowledges that Tenant has paid all rent, fully performed all

of its obligations and is in good standing under the Ground Lease.

Landlord would like to construct an effluent holding pond on land, the "Released Parcel", which is presently leased to Tenant. Landlord agrees to compensate Tenant for its losses in conveying Tenant's lease rights to this parcel back to Landlord by waiving any requirement for payment of construction costs for the twelve inch pipeline as more fully set forth below.

AGREEMENT

THEREFORE, in consideration of these covenants and agreements and to compensate Tenant for its damages sustained through the loss of a portion of its valuable lease rights, the Landlord and Tenant hereby further amend the Ground Lease Agreement (as Amended) by this "Fourth Amendment".

1. INCORPORATION BY REFERENCE. The provisions of the Background section of this "Fourth Amendment" and all Exhibits are incorporated as a material part of the Fourth Amendment. If there is a conflict or inconsistency between the provisions of this Fourth Amendment and any prior amendment or a conflict between the provisions of this Fourth Amendment and any provision of the Ground Lease Agreement, then the provisions of this Fourth Amendment shall prevail and control.

2. RELEASED PARCEL. Tenant hereby releases, quit claims and returns to Landlord, and Landlord hereby accepts from Tenant, the "Released Parcel" of real property described on Exhibit "A" and outlined in green or with cross hatches on Exhibit "D". The Released Parcel is:

- (a) No longer included in the original Ground Lease as amended, and
- (b) is no longer included in the Leased Premises.

The Tenant shall have no further right, title, interest or responsibility for the Released Parcel. If at any time during the term of this Ground Lease the Landlord determines that it shall discontinue the use of the Released Parcel as an Effluent Holding Pond, then the Landlord shall give written notice to the Tenant of its intent to discontinue such use. The Tenant shall then have the option to lease the Released Parcel at the then current rate of the Ground Lease. This option to lease the Released Parcel must be exercised in writing by the Tenant within sixty (60) days from the giving of the written notice by the Landlord.

3. GRANT OF EASEMENT. Tenant hereby grants to Landlord, and Landlord hereby accepts from Tenant these "Easements":

- (a) The rights to construct and maintain an effluent holding pond inlet pipe on an "Easement Parcel" which is ten feet wide and one hundred fifty feet long as described on Exhibit B;
- (b) The rights to construct and maintain an effluent holding pond access road and outlet pipe on an "Easement Parcel" described on Exhibit "C".

Both of these Easements are highlighted in pink or cross hatched and identified on Exhibit "D".

4. CONSIDERATION AND COMPENSATION FOR DAMAGES. In consideration of the grant of these easements and the relinquishment of the Released Parcel, the Landlord has caused to be constructed and will cause to be maintained a water pipe

which is twelve inches in diameter (a "Force Water Main") which will service the Tenant. The Landlord will waive any requirement for reimbursement of Tenant's share of the construction cost of said Main. This Main begins at the intersection of Airport Road and Mingus Avenue and continues along Mingus Avenue to the projection of the southerly line of the Landlord's wastewater treatment site, a portion of which said waterline is highlighted in yellow on Exhibit "D".

5. LANDLORD'S FURTHER OBLIGATIONS. Landlord warrants, represents, covenants and agrees that it shall:

A. Construct the Effluent Holding Pond and reasonably related appurtenances in accordance with all applicable city, state, county, regional, and federal government standards, including, but not limited to, those standards imposed by the Environmental Protection Agency ("EPA") of the United States of America (collectively, the "Standards");

B. Prevent or abate all types of air, water, or ground contamination including, but not limited to, particulates, gases, dust, vapors, noise, radiation, sludge, solids, odor, fumes, escaping liquids or nutrients, insects, and heated or cooled liquids (collectively, "Pollutants");

C. Utilize methods for the safe recovery, recycling and reuse or, if recycling is not possible, then the safe disposal of all Pollutants consistent with sound health, scenic and environmental quality policies;

D. Prevent contamination of any area outside of the Released Parcel by properly regulating its storage, handling, transportation and disposal of all Pollutants;

E. Hold harmless, defend, and indemnify the Tenant from all costs, charges, damages or claims arising from the Landlord's activities on or near the Released Parcel or arising from the Landlord's use of the Easements, including, but not limited to, damages arising from the adverse affect of a Pollutant. Landlord hereby grants to Tenant the right of offset against future lease payments if necessary to enforce this indemnity or the Self Help provisions contained below in paragraph 8. The Landlord will, if economically possible, name the Tenant as an "Additional Insured" on its insurance policies relating to environmental degradation of liability arising from a Pollutant or from violation of the Standards.

6. ODOR CONTROL.

In recognition of the Tenant's special concern about control of odors arising from Landlord's activities, and in addition to Tenant's other rights, the Landlord further covenants to allow Tenant to remedy (or cause to be remedied), at Landlord's expense, any contamination caused by the release of a Pollutant from the Released Parcel or from an Easement if Landlord fails to remedy this contamination within three working days after receipt of verbal or written notice. If the situation is one which cannot be remedied within three working days, then Landlord is entitled to a reasonable period to remedy it so long

as the Landlord promptly undertakes, and diligently pursues, the remedy to its completion.

7. EMERGENCY SITUATIONS.


In emergency situations, which shall be limited to those situations that threaten the public health and safety, the Tenant may act at Landlord's expense without notice to Landlord. However, Tenant shall notify Landlord as soon as is reasonable under the circumstances and in no event later than twenty four (24) hours from the time that such emergency situation arises. In such emergency situations the Tenant shall be required to act reasonably under the circumstances to mitigate any damages caused by the emergency situation.

8. AFFIRMATION OF LEASE. All of the other terms and conditions contained in the Ground Lease Agreement (as amended by the Prior Amendments) remain in full force and effect, except as modified in this Fourth Amendment.

In witness of our agreement to these terms and conditions the parties executed this Fourth Amendment to be legally binding between them as the Effective Date.

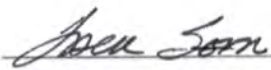
LANDLORD:

THE CITY OF COTTONWOOD

By: 
Its MAYOR

TENANT:

COTTONWOOD AIRPARK, INC.

By: 
Its VP

I, the undersigned secretary of the City Council of the City of Cottonwood, hereby personally affirm and certify that this Fourth Amendment has been duly considered in full compliance with all legal requirements for approval by the City Council and do further affirm and certify that this Fourth Amendment has been approved, ratified and accepted by the City Council on behalf of the City of Cottonwood.

2-7-89
Date

Charles F. Sowell
City Clerk of the City of Cottonwood

Approved as to form and content:

Robert B. Mangum
Mangum, Wall, Stoops & Warden
City Attorneys

LEGAL DESCRIPTION

EFFLUENT HOLDING POND SITE

A parcel of land situated in the North half of Section 4, Township 15 North, Range 3 East, and the South half of Section 33, Township 16 North, Range 3 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

BEGINNING at the Northwest corner of said Section 4; thence, as the Basis of Bearings, S 01-55-01 W a distance of 742.16 feet to the southwesternmost corner of the City of Cottonwood Airport property, as described in Book 508, page 435, Yavapai County Recorder; thence S 47-59-12 E along the south line of said property a distance of 569.75 feet to a point on the easterly Right-of-Way line of Mingus Avenue; thence N 23-37-27 E along said Right-of-Way line a distance of 303.65 feet; thence N 27-31-23 E along said Right-of-Way line a distance of 600.00 feet; thence S 62-28-37 E a distance of 150.00 feet, to the True Point of Beginning;

Thence S 62-28-37 E a distance of 25.00 feet; thence S 17-28-37 E a distance of 35.36 feet; thence S 27-31-23 W a distance of 37.00 feet; thence S 62-28-37 E a distance of 135.00 feet; thence N 27-31-23 E a distance of 62.00 feet; thence N 64-23-35 E a distance of 125.00 feet; thence N 27-31-23 E a distance of 300.00 feet; thence N 15-11-11 W a distance of 176.92 feet; thence N 62-28-37 W a distance of 20.00 feet; thence S 75-00-45 W a distance of 162.79 feet; thence S 27-31-23 W a distance of 420.00 feet to the True Point of Beginning, and containing 2.95 acres, more or less.

LEGAL DESCRIPTION

EASEMENT FOR POND INLET PIPE

A parcel of land situated in the North half of Section 4, Township 15 North, Range 3 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

BEGINNING at the Northwest Corner of said Section 4, thence, as a Basis of Bearing, S 01-55-01 W a distance of 742.16 feet to the southwesternmost corner of the City of Cottonwood Airport property, as described in Book 508, page 435, Yavapai County Recorder; thence S 47-59-12 E along the south line of said property a distance of 569.75 feet to a point on the easterly Right-of-Way line of Mingus Avenue; thence N 23-37-27 E along said Right-of-Way line a distance of 303.65 feet; thence N 27-31-23 E along said Right-of-Way line a distance of 600.00 feet, to the True Point of Beginning;

Thence S 62-28-37 E a distance of 150.00 feet; thence N 27-31-23 E a distance of 10.00 feet; thence N 62-28-37 W a distance of 150.00 feet; thence S 27-31-23 W a distance of 10.00 feet, to the True Point of Beginning, and containing 0.03 acres, more or less.

LEGAL DESCRIPTION

EASEMENT FOR POND ACCESS ROAD AND OUTLET PIPE

A parcel of land situated in the North half of Section 4, Township 15 North, Range 3 East, and the South half of Section 33, Township 16 North, Range 3 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

BEGINNING at the Northwest Corner of said Section 4; thence, as a Basis of Bearing, S 01-55-01 W a distance of 742.16 feet to the southwesternmost corner of the City of Cottonwood Airport property, as described in Book 508, page 435, Yavapai County Recorder; thence S 47-59-12 E along the south line of said property a distance of 569.75 feet to a point on the easterly Right-of-Way line of Mingus Avenue; thence N 23-37-27 E along said Right-of-Way line a distance of 303.65 feet; thence N 27-31 23 E along said Right-of-Way line a distance of 990.00 feet, to the True Point of Beginning;

Thence S 62-28-37 E a distance of 150.00 feet; thence S 27-31-23 W a distance of 10.00 feet; thence N 62-28-37 W a distance of 150.00 feet; thence N 27-31-23 E a distance of 10.00 feet to the True Point of Beginning, and containing 0.03 acres, more or less.