

PURCHASE AGREEMENT

EXHIBIT C

THE ASSIGNMENT

CONSENT OF CITY OF COTTONWOOD TO
ASSIGNMENT OF TENANT RIGHTS IN
LOT #115 REPLAT OF COTTONWOOD AIRPARK TRACT ONE
PARTS A & B

656297 BK 4095 PG 726
Yavapai County, Arizona
Patsy Jenney-Colon, Recorder
11/20/2003 11:51A PAGE 1 OF 9
BOB BACKUS
RECORDING FEE 9.00
SURCHARGE 8.00
POSTAGE 1.00

2 of 2

FEE
\$ 9
\$8
\$5
\$1
\$ 18
\$ 6

When recorded return to:
City Clerk
City of Cottonwood
827 North Main Street
Cottonwood, AZ 86326

CONSENT OF CITY OF COTTONWOOD TO
ASSIGNMENT OF TENANT RIGHTS IN
LOT 115
REPLAT OF COTTONWOOD AIRPARK TRACT ONE
PARTS A & B

Once fully executed, this Consent is legally binding as of NOV. 20
 , 2003 (the "Effective Date").

BACKGROUND

The Ground Lease

- A. The City of Cottonwood, formerly known as the Town of Cottonwood, an Arizona municipality, is the "Landlord" under a Ground Lease Agreement dated May 5, 1983, to encourage economic development of the Cottonwood Airport industrial property and to encourage economic development within the City of Cottonwood.
- B. Cottonwood Airpark L.C. ("CALC") is the successor in interest to Cottonwood Airpark I, L.C., as successor in interest to Cottonwood Airpark, Inc., which was originally named as "Tenant" under the Ground Lease Agreement.
- C. The Ground Lease Agreement was amended by the First Amendment dated November 30, 1983, the Second Amendment dated March 12, 1985, the Third Amendment dated August 21, 1985, the Fourth Amendment dated February 7, 1989, and the proposed Fifth Amendment dated January 1, 1993, which was never signed, the Sixth Amendment dated July 5, 1994, the Seventh Amendment dated September 16, 1997, the Eighth Amendment which was recorded December 22, 1998, the Ninth Amendment recorded October 1, 2001, and the Tenth Amendment dated March 3, 2003. The Ground Lease Agreement and all Amendments are collectively referred to as the "Ground Lease."
- D. A memorandum of the Ground Lease dated May 23, 1983, was recorded January 4, 1984, in Book 1597, pages 576-581, and thereafter corrected

by an instrument recorded July 1, 1985, in Book 1734, pages 11-15 of the records of the Yavapai County Recorder (the "Memorandum of Ground Lease").

- E. On March 17, 2003, CALC made an assignment to Backus Family Investments, L.L.C., an Arizona limited liability company of some of the rights possessed by CALC under its Ground Lease with the City of Cottonwood, i.e., to the South 1/2 of Lot 108 and Lots 109 through 118 (Collectively, the "Lots").
- F. Backus Family Investments, L.L.C. ("BFI") now wishes to make an assignment to L.A.K., L.L.C. an Arizona Limited Liability Company and Howard Kimel (ASSIGNEE) of some of the rights possessed by BFI under its Ground Lease with the City of Cottonwood, i.e., to Lot #115 of the REPLAT OF COTTONWOOD AIRPARK TRACT ONE—PARTS A & B (the "Lot").
- G. The Ground Lease requires the written consent of the City of Cottonwood to the assignment by BFI of its rights as Tenant under the Ground Lease to ASSIGNEE. It appears that the best interests of the City will be served by permitting ASSIGNEE to construct new improvements on the Lot, thus increasing the development and tax base for the City of Cottonwood. Thus, the City of Cottonwood has indicated that it will grant its consent to this transaction by execution and delivery of this Consent, in consideration for and subject to the covenants and conditions recited below.

AGREEMENT

Now, therefore, for valuable consideration received, the City of Cottonwood agrees that:

1. Consent. The City of Cottonwood hereby consents to the Assignment by BFI to ASSIGNEE of its rights to the Lot under the Ground Lease, such consent to be effective upon execution of this instrument by ASSIGNEE.
2. Acceptance of Assignment and Promise to Perform. By his signature below, ASSIGNEE hereby accepts, reaffirms and agrees to faithfully perform all of BFI's duties, obligations, and undertakings with respect to the Lot.
3. Release. In exchange for ASSIGNEE's faithful performance hereunder, and as of the Effective Date of this Agreement, the City as landlord under the Ground Lease, hereby:

3.1 Certifies that formal approval of the Assignment to ASSIGNEE is

hereby granted by the City;

- 3.2 Acknowledges and agrees that BFI has assigned its rights, duties and obligations to the Lot to ASSIGNEE, all as set forth in the "Assignment." The City as landlord agrees to look solely to ASSIGNEE for collection of all rents and other amounts arising from the Ground Lease with respect to the Lot after the Effective Date of this Consent and releases BFI (and its predecessors) as Tenant from all obligations or duties arising under the Ground Lease relative to the Lot;
- 3.3 Acknowledges receipt of all rent and other amounts owed by Tenant to Landlord under the Ground Lease with respect to the Lot as of the Effective Date;
- 3.4 Ratifies, affirms and confirms the validity of all other terms and conditions of the Ground Lease;
- 3.5 Confirms that, to its knowledge, there are at present no uncured defaults or breaches by Tenant under the Ground Lease;
- 3.6 Agrees that the Rent for the Lot, which totals 0.678 acres, or 29,534 square feet, is \$0.01 per square foot of the area within the Improved Lot per year, as set forth in Sections 4B.2 & 3 of the Ground Lease Agreement dated May 5, 1983, with the next payment due on January 1, 2004;
- 3.7 Agrees that the property taxes for the Lot shall be separately assessed and paid by ASSIGNEE;
- 3.8 Agrees that the failure of ASSIGNEE to pay rent, to pay property taxes, or to otherwise fully comply with the terms of the Ground Lease shall be considered a default by ASSIGNEE only as to the Lot and shall not be considered a default by Tenant under the Ground Lease affecting any of the other rights of BFI or affecting any other property leased by BFI;
- 3.9 Agrees that in the event of a default by BFI under the Ground Lease, Landlord will exercise its rights solely against BFI and will not construe a default by BFI as a default by ASSIGNEE. So long as ASSIGNEE pays its rent and timely performs all other obligations as required under the Ground Lease with respect to the Lot, any default by BFI regarding its other obligations under the Ground Lease shall not be construed as a default by ASSIGNEE;

- 3.10 Agrees that the obligation of BFI to perform certain development work specified in the Ground Lease Agreement dated February 28, 2003, under Exhibit 1, Development Plan and Timetable, does not apply to ASSIGNEE. The parties agree that the ASSIGNEE is not obligated by the Development Plan and Timetable as set forth in Exhibit 1;
 - 3.11 Acknowledges that ASSIGNEE intends to encumber its leasehold interest in the Lot to construct certain improvements which will be subject to an encumbrance in favor of a Lender. Landlord agrees to provide notice to such Lender and to BFI in the event of a default by ASSIGNEE under the Ground Lease pertaining to the Lot if requested by such Lender, and will execute a separate instrument to that effect if asked to do so.
 - 3.12 Acknowledges that it shall look solely to ASSIGNEE for compliance with the insurance requirements of the Landlord under the Ground Lease with respect to the Lot;
 - 3.13 Acknowledges that pursuant to Section 20 of the Ground Lease, the address for the tenant under the Lot is: 216 Calle Diamante, Sedona, AZ 86336
 - 3.14 Affirms that the Term of the Lease with respect to the Lot runs until December 31, 2033.
4. Ratification of Ground Lease with Respect to the Lot. The terms and conditions contained in the Ground Lease with respect to the Lot are hereby ratified, confirmed and continue in full force and effect. The Term Commencement Date of December 1983 began a 25-year term as to certain portions of the Lease and a 50-year term as to certain other portions. The Lease also granted options for renewal. The parties hereby ratify and affirm the length of the Term and of all other rights and obligations under the Ground Lease with respect to the Lot. The parties represent that to the best of their knowledge and belief, there are no other amendments, modifications, supplements or other agreements or understandings with respect to the subject matter of this Consent (i.e., the Lot) except for those identified herein. The City as Landlord further acknowledges (i) that BFI as Tenant has paid all rent due with respect to the Lot, and (ii) that, to the City's knowledge, BFI has fully performed all of its obligations and is in good standing under the Ground Lease with respect to the Lot.
 5. Further Documentation. The City agrees in good faith to execute such further or additional documents as become necessary or appropriate to carry out the intent and purpose of this Consent.

State of Arizona)
) ss.
COUNTY OF YAVPAI)

On this 19 day of NOVEMBER, 2003, before me, the undersigned Notary Public, personally appeared **Marianne Jiménez**, the City Clerk of the City of Cottonwood, who is personally known to me or satisfactorily provide himself to be the person who executed the foregoing Consent, acknowledging that he executed the same for the purposes therein contained, being authorized to do so.



Sarah R. Laird
Notary Public

The undersigned ASSIGNEE hereby personally affirms and accepts the duties of ASSIGNEE as outlined above.

HOWARD KIMEL

By: Howard F. Kimel
Howard Kimel

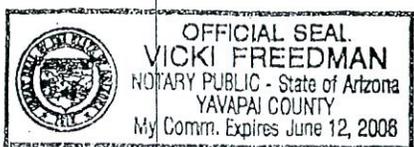
Date: 11-20-03

State of Arizona)
) ss.
COUNTY OF YAVAPAI)

On this 20 day of November, 2003, before me, the undersigned Notary Public, personally appeared **Howard Kimel**, who is personally known to me or satisfactorily provide himself to be the person who executed the foregoing Consent, acknowledging that he executed the same for the purposes therein contained, being authorized to do so.

Vicki Freedman
Notary Public

My Commission Expires:
June 12, 2006



L.A.K., L.L.C. , an Arizona Limited Liability Company

By: *Howard G. Kimel*
Howard Kimel, Member

Date: 11-20-03

State of Arizona]
] ss.
COUNTY OF YAVAPAI]

On this 20 day of November, 2003, before me, the undersigned Notary Public, personally appeared **Howard Kimel, Member of L.A.K., L.L.C.** who is personally known to me or satisfactorily provide himself to be the person who executed the foregoing Consent, acknowledging that he executed the same for the purposes therein contained, being authorized to do so.

My Commission Expires: June 12, 2006

Vicki Freedman
Notary Public



EXHIBIT B

LEGAL DESCRIPTION FOR LOT 115

Lot Number 115, REPLAT OF COTTONWOOD AIRPARK TRACT ONE - PARTS A&B, according to the plat of records in the office of the County Recorder, Yavapai County, Arizona, recorded in Book 48 of Maps, page 90.

