



MEMORANDUM Economic Development - Council Memo No. ED16-015

DATE: OCTOBER 22, 2015
TO: MAYOR AND CITY COUNCIL
THRU: MARSHA REED, ACTING CITY MANAGER *MR*
FROM: MICAH MIRANDA, ECONOMIC DEVELOPMENT DIRECTOR *Miranda*
SUBJECT: ARM LEASE ABATEMENT OR REFUND

RECOMMENDATION: Staff recommends City Council authorize a three (3) month rent abatement or refund relating to ARM’s occupancy at the Chandler Innovations Incubator and authorize the Acting City Manager to take all steps necessary to effectuate said approval.

BACKGROUND/DISCUSSION: ARM is the world’s leading semiconductor/intellectual property supplier and desires to establish a presence in Arizona. After discussions with ARM representatives, staff learned ARM was in urgent need of office space to locate thirty-three (33) current ARM employees on an interim and immediate basis, while ARM representatives attempted to locate a permanent location suitable for its operations in Arizona. ARM further indicated their expectation that their Arizona workforce could swell to as many as fifty-five (55) employees in as short as one year from the date of this memorandum.

In light of ARM’s emerging need for interim office space, staff advised ARM representatives that the City of Chandler had office space available at the Chandler Innovations Incubator building that had been vacant for approximately twelve (12) months and immediately began preliminary discussions to determine if the Chandler Innovations space might be a suitable interim office location for ARM's thirty-three (33) employees. ARM representatives expressed their willingness to temporarily locate their employees to the Chandler Innovations Incubator building, and have the City and ARM enter into a short-term Chandler Innovations Sublease Agreement. The ARM lease for Suite 48 at the Chandler Innovations building has been executed as the company needed immediate access to office space. The sublease runs through April 30, 2016.

As part of staff’s conversations with ARM representatives regarding their future operations in Arizona, staff discussed with ARM the benefits of permanently locating their Arizona operations in Chandler. In an effort to further encourage ARM to permanently locate their Arizona operations to Chandler, staff proposed a modest rent abatement or refund of ARM’s monthly rent payment for Suite 48 leased at the Chandler Innovations Incubator. Specifically, staff proposed,

subject to Council approval, to abate or refund ARM's monthly lease rent payments for the months of October, November, and December 2015, on the condition ARM locates its Arizona operations within the city limits of the City of Chandler. In the event ARM does not locate its Arizona operations in Chandler, no rent abatement or refund would occur.

FINANCIAL IMPLICATIONS: The gross lease revenue is approximately forty-one thousand six hundred eighty-five (\$41,685) (\$5,955 monthly rent x 7 months = \$41,685) with an abated or refunded rent, if applicable, valued at approximately fifteen thousand five hundred sixty (\$15,560). This abated or refunded rent is contingent on ARM ultimately signing a permanent lease in Chandler, otherwise no rent abatement will be provided.

PROPOSED MOTION: Move City Council authorize a three (3) month rent abatement or refund relating to ARM's occupancy at the Chandler Innovations Incubator and authorize the Acting City Manager to take all steps necessary to effectuate said approval.

ATTACHMENTS:

- ARM Sublease at Chandler Innovations Incubator

SUBLEASE
"Innovations" at Chandler, Arizona
ARM, Inc.

09-228

THIS SUBLEASE is made and entered into this 12 day of October, 2015, by and between the City of Chandler, an Arizona municipal corporation ("Landlord") and ARM, Inc., a Delaware corporation ("Tenant").

1. BASIC SUBLEASE PROVISIONS.

A. Property Address: 145 South 79th Street, Chandler, Arizona 85226

B. Tenant's Address for Notices:
145 South 79th Street, Chandler, Arizona
Suite 48

With copy to:

ARM, Inc.
150 Rose Orchard Way
San Jose, California 9513
Attn: Legal Department
Fax No.: (408) 576-1574
Email: joe.fuqua@arm.com

C. Landlord's Address for Notices and Payments of Rent:
City of Chandler, Economic Development
PO Box 4008, MS 416
Chandler, AZ 85244

D. Sublease Term: Commencement Date through April 30, 2016

E. Commencement Date: October ____, 2015

F. Termination Date: April 30, 2016.

G. Base Rent - \$5,955.00 per month plus applicable taxes, which are estimated to be approximately one hundred nineteen dollars (\$119.00) per month.

H. Sublease Share of Prime Expenses: 6.8 % but in no case shall Tenant's share of the Prime Expenses exceed \$595.00 for any month during the Term of this Sublease.

- I. Description of Premises: Suite 48 and as more particularly described on **EXHIBIT A** and consisting of 3,041 square feet.
- J. Security Deposit: \$2,000.00
- K. Tenant's Permitted Use of Premises: Office
- L. Telecommunications Fee: \$250.00

2. **PRIME LEASE.** Landlord is the tenant under a lease (the "Prime Lease") with the CCI-B Chandler I, LLC, a Delaware limited liability company, as landlord ("Prime Landlord") with respect to certain premises that include the Premises but which are greater than the Premises (the "Prime Suite"). Landlord represents and warrants to Tenant that (a) the Prime Lease is, as of the date hereof, in full force and effect, and (b) no event of default has occurred under the Prime Lease and, to Landlord's actual knowledge, no event has occurred and is continuing which would constitute an event of default but for the requirement of the giving of notice and/or the expiration of the period of time to cure.

3. **SUBLEASE.** Landlord, for and in consideration of the rents herein reserved and of the covenants and agreements herein contained on the part of the Tenant to be performed, hereby subleases to the Tenant, and the Tenant accepts from the Landlord, certain space described in Section 1(I) (the "Premises") and more particularly described and depicted on Exhibit "A", attached hereto and incorporated herein by reference, and located in the building (the "Building"), situated on and a part of the property (the "Property") whose address is shown in Section 1(A). This Sublease is in all events inferior, subject and subordinate to the Prime Lease.

A. In addition, this Sublease permits Tenant to use, on a non-exclusive basis, certain facilities within the Prime Suite that are made available to all tenants, such as the conference room and a kitchen. The use of such amenities shall be based on a "reservation" or similar system established by Prime Landlord and/or Landlord, and subject to such further rules and restrictions as Prime Landlord and/or Landlord may impose in its reasonable discretion.

B. In addition, this Sublease permits Tenant, its employees and invitees to non-exclusive uncovered parking in and around the Building.

4. **TERM.** Subject to Section 5, the term of this Sublease (hereinafter, the "Term") shall commence on the date (hereinafter "Commencement Date") which is the earlier to occur of (a) the date specified in Section 1(E); or (b) the date Tenant first occupies all or part of the Premises. The Term of this Sublease shall terminate on the date ("Termination Date") specified in Section 1(F), unless sooner terminated as otherwise provided elsewhere in this Sublease. Notwithstanding the Termination Date, Landlord and Tenant agree and acknowledge that the right of Tenant to occupy the Premises shall in no event extend beyond the termination or expiration date of the Prime Lease.

Notwithstanding anything to the contrary herein, Tenant may elect, in its sole discretion, to

terminate this Sublease at any time during the Term by providing Landlord written notice of such election not less than thirty (30) days before the date Tenant desires to terminate this Sublease; provided, however, that Landlord is not obligated to prorate Rent if Tenant surrenders the Property before the termination date elected by Tenant.

5. POSSESSION. The Premises are to be delivered by Landlord to Tenant AS IS, and without any representation or warranty of or from Landlord. Taking of possession of the Premises by Tenant shall be deemed conclusively to establish Tenant's acceptance of the foregoing limitation.

6. TENANT'S USE. The Premises shall be used and occupied only for the Tenant's Use as set forth in Section 1(K), and for no other use or purpose without Landlord's prior written consent, which may be granted, withheld, conditioned or delayed in Landlord's sole, absolute and unfettered discretion.

7. RENT.

A. Beginning on the Commencement Date, Tenant agrees to pay the Base Rent set forth in Section 1(G) to the Landlord at the address specified in Section 1(C), or to such other payee or at such other address as may be designated by notice in writing from Landlord to Tenant, without prior demand therefor and without any deduction whatsoever. Except as otherwise set forth herein, Base Rent shall be paid in equal monthly installments in advance on the first day of each month of the Term ("Rent Due Date"), except that the first installment of Base Rent shall be paid by Tenant to Landlord upon execution of this Sublease by Tenant. Base Rent and Additional Rent shall be pro-rated for partial months at the beginning and end of the Term. All charges, costs and sums required to be paid by Tenant to Landlord under this Sublease in addition to Base Rent, and more specifically identified in Section 8 below, shall be deemed "Additional Rent," and Base Rent and Additional Rent shall hereinafter collectively be referred to as "Rent." All payments of Rent shall include all applicable rental or lease taxes owing on such amounts. Tenant's covenant to pay Rent shall be independent of every other covenant in this Lease. If Rent is not paid within five (5) days of the Rent Due Date, Tenant shall pay to Landlord, as a late fee, the sum of \$350.00 for each month the Rent is not received by the Rent Due Date, as a charge (and not as a penalty) to compensate Landlord for its expenses or other charges owing in connection with late payments of rent under the Prime Lease.

B. Notwithstanding the foregoing, Landlord and Tenant have discussed the possibility of obtaining City Council approval of an abatement or refund of the Base Rent and Additional Rent accruing from the Commencement Date through December 31, 2015, provided Tenant provides Landlord proof of a binding lease agreement between Tenant and owner of a property located in Chandler, Arizona subsequent to the Term of this Lease to be used as an office site for Tenant ("Abatement Concept"), Landlord shall in good faith present and seek approval of the Abatement Concept from the City Council of the City of Chandler in its next regular meeting currently scheduled for October 22, 2015 and shall promptly inform Tenant of the City Council determination of the Abatement Concept and shall take all steps necessary to effect the Abatement Concept determination of the City Council as it relates to this Sublease.

8. ADDITIONAL RENT.

A. Landlord is obligated to pay additional rent under the Prime Lease, to reimburse Prime Landlord for taxes, operating expenses, common area maintenance charges and other expenses incurred by the Prime Landlord in connection with the Property ("Prime Expenses"), Tenant shall pay to Landlord, monthly, as additional rent, and accompanying Tenant's payment of Base Rent described in Section 7, the percentage of such Prime Expenses which is set forth in Section 1(H) as the Sublease Share of the Prime Expenses. If Prime Landlord bills Landlord for other Prime Expenses, or adjustments thereto, Tenant shall pay the Sublease Share of such amounts, and Tenant's payment shall be due from Tenant to Landlord and paid with Tenant's Base Rent payment in the month following Tenant's receipt of an invoice from Landlord describing such amounts (but in any event, no less than thirty days from receipt) with reasonable specificity and with a copy of Prime Landlord's invoice to Landlord. Tenant agrees and acknowledges that the Prime Expenses may vary during the Term. Notwithstanding anything to the contrary in this Sublease, any and all expenses in addition to Base Rent, including without limitation Prime Expenses and Prime Suite Expenses, shall not, in total, exceed Ten percent (10%) of the Base Rent during any given month.

B. In addition, to the extent that Landlord incurs expenses attributable to its occupancy and subleasing of the Prime Suite, including but not limited to utility charges and expenses, taxes and insurance required by the Prime Lease to be maintained by Landlord, repairs and other expenses required by the Prime Lease to be paid or performed by Landlord, janitorial expenses, costs of emergency generator equipment, and the like (collectively, "Prime Suite Expenses"), Tenant shall pay the Sublease Share of such Prime Suite Expenses as Additional Rent. Landlord may estimate Tenant's Sublease Share of the Prime Suite Expenses and Tenant agrees to pay Landlord such estimated amounts in monthly installments, in advance, concurrently with Tenant's payment of Base Rent. Tenant agrees and acknowledges that the Prime Suite Expenses may vary during the Term. In addition, in the event of Prime Suite Expenses that are non-recurring, or in the event that Landlord must adjust its estimate based on invoices or actual expenses, Tenant shall pay the Sublease Share of such amounts with Tenant's Base Rent payment in the month following Tenant's receipt of an invoice from Landlord (but in any event, no less than thirty days from receipt) describing such amounts with reasonable specificity, with Tenant's payment due to Landlord with Tenant's next payment of Base Rent.

C. The Sublease Share of the Prime Expenses provided for in Section 1(H) is calculated by dividing the rentable area of the Premises by the rentable area of the Prime Suite. In the event the rentable area of the Premises or the area of the Prime Suite shall be changed during the Term, then the Sublease Share shall be recalculated.

9. TENANT'S OBLIGATIONS. Tenant shall be responsible for, and shall pay the following:

A. To the extent not included as Prime Expenses or Prime Suite Expenses, all utility consumption costs, including without limitation, electric and other charges incurred in connection with lighting and providing electrical power to the Premises. Tenant shall hold Landlord harmless from all costs or expenses Landlord may incur from Tenant's failure to pay

utility bills or to perform any of its obligations with respect to the purchase of utilities.

B. Damages to the Premises to the extent caused by the Tenant which are not included as Prime Expenses or Prime Suite Expenses.

10. QUIET ENJOYMENT. Landlord represents that it has full power and authority to enter into this Sublease. So long as Tenant is not in default in the performance of its covenants and agreements in this Sublease, Tenant's quiet and peaceable enjoyment of the Premises shall not be disturbed or interfered with by Landlord or by any person claiming by, through, or under Landlord.

11. TENANT'S INSURANCE. Tenant shall procure and maintain, at its own cost and expense, such insurance as is described in **EXHIBIT B**.

12. ASSIGNMENT OR SUBLETTING. Tenant shall not (i) assign, convey or mortgage this Sublease or any interest under it; (ii) allow any transfer thereof or any lien upon Tenant's interest by operation of law; (iii) further sublet the Premises or any part thereof without Landlord's consent; or (iv) permit the occupancy of the Premises or any part thereof by anyone other than Tenant without Landlord's consent. Any act by or of Tenant in violation of this Section 12 shall be void and of no force or effect.

13. RULES. Tenant agrees to comply with all rules and regulations that Prime Landlord has made or may hereafter from time to time make for the Building. Landlord shall not be liable in any way for damage caused by the non-observance by any of the other tenants in the Building of such similar covenants in their leases or of such rules and regulations. A copy of Prime Landlord's rules and regulations are attached to this Lease as **EXHIBIT C**, and are incorporated by this reference.

14. REPAIRS AND COMPLIANCE WITH LAWS. Tenant shall promptly pay for the repairs set forth in Section 9(B) hereof and, at Tenant's sole cost and expense, maintain the Premises in a clean, neat and sanitary condition and shall keep the Premises and every part thereof in good condition and repair except where same is required to be done by Prime Landlord under the Prime Lease.

Tenant shall, at Tenant's own cost and expense, comply with all laws and ordinances, and all orders, rules and regulations of all governmental authorities having jurisdiction and applicable to the Premises or to Tenant's particular use or manner of use thereof.

15. FIRE OR CASUALTY OR EMINENT DOMAIN. In the event of a fire or other casualty affecting the Building or the Premises, or of a taking of all or a part of the Building or Premises under the power of eminent domain, that entitles Prime Landlord to terminate the Prime Lease, then this Lease shall terminate concurrently with the Prime Lease, and neither Landlord nor Tenant shall have any further obligations to the other except for obligations of indemnity that expressly survive this Sublease. In the event Landlord is entitled, under the Prime Lease, to rent abatement as a result of a fire or other casualty or as a result of a taking under the power of eminent domain, then Tenant shall be entitled to the Sublease Share of such rent abatement

unless the effect on the Premises of such fire or other casualty or such taking shall be substantially disproportionate to the amount of the abatement, in which event Landlord shall adjust the abatement applicable to Tenant and its Premises, based on the relative impact of the fire or other casualty, or the taking, as the case may be. If the Prime Lease imposes on Landlord the obligation to repair or restore leasehold improvements or alterations, Landlord shall be responsible for repair or restoration of leasehold improvements to the extent that insurance proceeds are available for such repair or restoration. Tenant shall make any insurance proceeds resulting from the loss which Landlord is obligated to repair or restore available to Landlord and shall permit Landlord to enter the Premises to perform the same, subject to such conditions as Tenant may reasonably impose.

16. ALTERATIONS. Tenant shall not make any alterations in or additions to the Premises (“Alterations”) without Landlord’s prior written consent, which may be granted, withheld or conditioned in Landlord’s sole and absolute discretion.

Notwithstanding anything to the contrary herein, Landlord shall not unreasonably withhold its consent for Tenant, at its sole cost and expense, to install from time to time during the Term additional electrical outlets in the Premises, provided that such installations must be performed by contractors reasonably acceptable to Landlord and comply with applicable law, and Landlord agrees that Tenant will not be required to remove any such electrical outlets upon the expiration of this Lease or earlier termination thereof.

17. SURRENDER. Upon the expiration of this Sublease, or upon the earlier termination of the Sublease or of the Tenant’s right to possession of the Premises, Tenant will at once surrender and deliver up the Premises “broom clean” and in same condition and repair as when Tenant took occupancy of the Premises, reasonable wear and tear and damage attributable to casualty or condemnation excepted, but conditions existing because of Tenant’s failure to perform repairs as required by the Tenant under Section 9.B this Sublease shall not be deemed “reasonable wear and tear.” Tenant shall surrender to Landlord all keys to the Premises and make known to Landlord the combination of all combination locks which Tenant is permitted to leave on the Premises. All Alterations in or upon the Premises made by Tenant shall become a part of and shall remain upon the Premises upon such termination without compensation, allowance or credit to Tenant; provided, however, that Landlord shall have the right to require Tenant to remove any Alterations made by Tenant, or any portion thereof. Said right shall be exercisable by Landlord’s giving written notice thereof to Tenant on or before sixty (60) days prior to such termination or on or before sixty (60) days after such termination. Tenant shall also remove any Alterations made by Tenant, or any portion thereof, which Prime Landlord may require Landlord to remove, pursuant to the terms of the Prime Lease. In any such event, Tenant shall restore the Premises to their condition prior to the making of such alteration, repairing any damage occasioned by such removal or restoration. If Landlord or Prime Landlord requires removal of any Alterations made by Tenant, or any portion thereof, and Tenant does not effect, cause or complete such removal in accordance with this Section, Landlord may remove the same (and repair any damage occasioned thereby), and dispose the same, or at its election, deliver the same to any other place of business of Tenant, or warehouse the same. Tenant shall pay the costs of such removal, repair, delivery and warehousing on demand. As between Landlord and Tenant, Tenant shall not be required to remove any Alterations performed by Landlord prior to the Commencement Date or to restore

the Premises to their condition prior to the making of any permitted Alterations. If, however, the term of the Sublease expires at or about the date of the expiration of the Prime Lease, and if Landlord is required under, or pursuant to the terms of the Prime Lease to remove any Alterations performed prior to the Commencement Date, Tenant shall permit Landlord to enter the Premises for a reasonable period of time prior to the expiration of this Sublease, for the purpose of removing its Alterations and restoring the Premises as required.

18. TENANT'S REMOVABLE PROPERTY. Upon the expiration of this Sublease, Tenant, at its sole cost and expense, shall remove Tenant's articles of personal property incident to Tenant's business ("Trade Fixtures"); provided, however, that Tenant shall repair any injury or damage to the Premises which may result from such removal, and shall restore the Premises to the same condition as prior to the installation thereof, reasonable wear and tear and damage attributable to casualty or condemnation excepted. If Tenant does not remove Tenant's Trade Fixtures from the Premises prior to the expiration or earlier termination of the Term, Landlord may, at its sole election (and with no requirement of notice), remove the same (and repair any damage occasioned thereby and restore the Premises as aforesaid) and dispose thereof or deliver the same to any other place of business of Tenant, or warehouse the same, and Tenant shall pay the cost of such removal, repair, restoration, delivery or warehousing to Landlord on demand, or Landlord may treat said Trade Fixtures as having been conveyed to Landlord with this Lease as a Bill of Sale, without further payment or credit by Landlord to Tenant and Landlord shall have no further liability for such removal, repair, restoration, delivery, warehousing or conveyance.

19. HOLDING OVER. Tenant shall have no right to occupy the Premises or any portion thereof after the expiration of this Sublease or earlier termination of this Sublease or of Tenant's right to possession in consequence of an Event of Default hereunder or termination of the Prime Lease. In the event Tenant or any party claiming by, through or under Tenant holds over, Landlord may exercise any and all remedies available to it at law or in equity to recover possession of the Premises, and to recover damages, including without limitation, damages payable by Landlord to Prime Landlord by reason of such holdover. For each and every month or partial month that Tenant or any party claiming by, through or under Tenant remains in occupancy of all or any portion of the Premises after the expiration of this Sublease or after termination of this Sublease or Tenant's right to possession, Tenant shall pay, as liquidated damages, and not as a penalty, monthly rental at a rate equal to double the rate of the Base Rent and Additional Rent payable by Tenant hereunder immediately prior to the expiration or other termination of this Sublease or of Tenant's right to possession. The acceptance by Landlord of any lesser sum shall be construed as payment on account and not in satisfaction of damages for such holding over.

20. ENCUMBERING TITLE. Tenant shall not do any act which shall in any way encumber the title of Prime Landlord in and to the Building or the Property, nor shall the interest or estate of Prime Landlord in and to the Building or the Property, nor shall the interest or estate of Prime Landlord or Landlord be in any way subject to any claim by way of lien or encumbrance, whether by operation of law by virtue of any express or implied contract by Tenant, or by reason of any other act or omission of Tenant. Any claim to, or lien upon, the Premises, the Building or the Property arising from any act or omission of Tenant shall accrue only against the subleasehold estate of Tenant and shall be subject and subordinate to the paramount title and

rights of Prime Landlord in and to the Building and the Property and the interest of Landlord in the Prime Suite leased pursuant to the Prime Lease. Without limiting the generality of the foregoing, Tenant shall not permit the Premises, the Building or the Property to become subject to any mechanics', laborers' or materialmen's lien on account of labor or material furnished to Tenant or claimed to have been furnished to Tenant in connection with work of any character performed or claimed to have been performed on the Premises by, or at the direction or sufferance of, Tenant, provided, however, that if so permitted under the Prime Lease, Tenant shall have the right to contest in good faith and with reasonable diligence, the validity of any such lien or claimed lien if Tenant shall give to Prime Landlord and Landlord such security as may be deemed satisfactory to them to assure payment thereof and to prevent any sale, foreclosure, or forfeiture of the Premises, the Building or the Property by reason of nonpayment thereof, provided further, however, that on final determination of the lien or claim of lien, Tenant shall immediately pay any judgment rendered, with all property costs and charges, and shall have the lien released and any judgment satisfied.

21. INDEMNIFICATION. Tenant shall indemnify, hold harmless and, not excluding the Landlord's right to participate, defend the Landlord and its officers, officials, agents, and employees from and against any and all liabilities, claims, actions, damages, losses, or expenses including without limitation reasonable attorneys' fees and costs, (hereinafter referred to as "Claims") for bodily injury or personal injury including death, or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Tenant or any of its officers, directors, agents or employees arising out of or related to Tenant's occupancy and use of the Premises. Landlord shall indemnify, hold harmless and, not excluding the Tenant's right to participate, defend the Tenant and its officers, officials, agents, and employees from and against any and all Claims for bodily injury or personal injury including death, or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Landlord or any of its officers, directors, agents or employees arising out of or related to Tenant's occupancy and use of the Premises. Both parties agree to waive and cause its insurers waive (to the extent permitted by applicable law) all rights of subrogation against the other party, its officers, officials, agents and employees for losses arising from the use, occupancy or condition of the Premises to the extent that the liability or other loss is covered by insurance policies required to be carried and maintained by such party pursuant to this Sublease and the Prime Lease or would have been covered if such required insurance had been carried and maintained.

22. LANDLORD'S RESERVED RIGHTS. Landlord reserves the right, on reasonable prior notice, to inspect the Premises, or to exhibit the Premises to persons having a legitimate interest at any time during the Term, provided that Landlord must use commercially reasonable efforts not interfere or permit others to interfere with Tenant's business operations during any such inspection.

23. DEFAULTS. Tenant further agrees that any one or more of the following events shall be considered Events of Default as said term is used herein, that is to say, if:

A. Tenant shall default in any payment of Rent (or any other amount) required to be

made by Tenant hereunder when due as herein provided and such default shall continue for five (5) calendar days after notice thereof in writing to Tenant; or

B. Tenant shall default in any of the other covenants and agreements herein contained to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant; or

C. Tenant shall be adjudged an involuntary bankrupt, or a decree or order approving, as properly filed, a petition or answer filed against Tenant asking reorganization of Tenant under the Federal bankruptcy laws as now or hereafter amended, or under the laws of any State, shall be entered, and any such decree of judgment or order shall not have been vacated or stayed or set aside within sixty (60) days from the date of the entry or granting thereof; or

D. Tenant shall file, or admit the jurisdiction of the court and the material allegations contained in, any petition in bankruptcy, or any petition pursuant or purporting to be pursuant to the Federal bankruptcy laws now or hereafter amended, or Tenant shall institute any proceedings for relief of Tenant under any bankruptcy or insolvency laws or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangements, composition or extension; or

E. Tenant shall make any assignment for the benefit of creditors or shall apply for a consent to the appointment of a receiver for Tenant or any of the property of Tenant; or

F. Tenant shall admit in writing its inability to pay its debts as they become due; or

G. The Premises are levied on by any revenue officer or similar officer; or

H. A decree or order appointing a receiver of the property of Tenant shall be made and such decree or order shall not have been vacated, stayed or set aside within sixty (60) days from the date of entry or granting thereof; or

I. Tenant shall abandon the Premises during the Term hereof; or

J. Tenant shall default in securing insurance or in providing evidence of insurance as set forth in Section 11 of this Sublease or shall default with respect to lien claims as set forth in Section 20 of this Sublease and either such default shall continue for five (5) days after notice thereof in writing to Tenant; or

K. Tenant shall, by its act or omission to act, cause a default under the Prime Lease and such default shall not be cured within the time, if any, permitted for such cure under the Prime Lease.

24. **REMEDIES.** Upon the occurrence of any one or more Events of Default, Landlord may exercise any remedy against Tenant which Prime Landlord may exercise for default by Landlord under the Prime Lease or by law, including (but not limited to) locking out Tenant, terminating Tenant's rights of possession (without terminating this Sublease) or terminating this Sublease;

but in any event, Landlord shall have the right to recover from Tenant all damages (including but not limited to loss of Rent) arising from or out of such Event of Default. Notwithstanding the foregoing, Tenant shall never be denied access to its personal property and permitted to retrieve such personal property title to which shall always remain with Tenant.

25. SECURITY DEPOSIT. To secure the faithful performance by Tenant of all the covenants, conditions and agreements in this Sublease set forth and contained on the part of Tenant to be fulfilled, kept, observed and performed including, but not by way of limitation, such covenants and agreements in this Sublease which become applicable upon the termination of the same by re-entry or otherwise, Tenant has deposited with Landlord the Security Deposit as specified in Section 1(J) on the understanding that: (a) the Security Deposit or any portion thereof not previously applied, or from time to time, such one or more portions thereof, may be applied to the curing of any default that may then exist, without prejudice to any other remedy or remedies which Landlord may have on account thereof, and upon such application Tenant shall pay Landlord on demand the amount so applied which shall be added to the Security Deposit so the same may be restored to its original amount; (b) should the Prime Lease be assigned by Landlord, the Security Deposit or any portion thereof not previously applied may be turned over to Landlord's assignee and if the same be turned over as aforesaid, Tenant hereby releases Landlord from any and all liability with respect to the Security Deposit and/or its application or return; (c) if permitted by law, Landlord or its successor shall not be obligated to hold the Security Deposit as a separate fund, but on the contrary may commingle the same with its other funds; (d) if Tenant shall faithfully fulfill, keep, perform and observe all of the covenants, conditions and agreements in this Sublease set forth and contained on the part of Tenant to be fulfilled, kept, performed and observed, the sum deposited or the portion thereof not previously applied, shall be returned to Tenant without interest no later than thirty (30) days after the expiration of earlier termination of the Term of this Sublease or any renewal or extension thereof, provided Tenant has vacated the Premises and surrendered possession thereof to Landlord at the expiration or earlier termination of the Term or any extension or renewal thereof as provided herein, and is not in default with respect to any other requirement of Tenant required to be observed; (e) in the event that Landlord terminates this Sublease or Tenant's right to possession by reason of an Event of Default by Tenant, Landlord may apply the Security Deposit against damages suffered to the date of such termination and/or may retain the Security Deposit to apply against such damages as may be suffered or shall accrue thereafter by reason of Tenant's default; and (f) in the event any bankruptcy, insolvency, reorganization or other creditor-debtor proceedings shall be instituted by or against Tenant, or its successor or assign, the Security Deposit shall be deemed to be applied first to the payment of any Rent due Landlord for all periods prior to the institution of such proceedings, and the balance, if any, of the Security Deposit may be retained or paid to Landlord in partial liquidation of Landlord's damages.

26. TELECOMMUNICATIONS FEE: In addition to any other payments due to Landlord under this Sublease, Tenant shall pay to Landlord upon execution of this agreement a non-refundable, one-time, Telecommunications Fee in the amount indicated in Section 1(L) for telecommunications establishment. This fee is to cover Landlord's cost to set up and establish phone access and connection to the Landlord's wi-fi service on behalf of Tenant. The fee shall be deemed immediately earned by Landlord and is not subject to offset or refund. Any other telecommunications connections are the sole responsibility of Tenant including direct Internet

connection from a third-party provider.

27. NOTICES AND CONSENTS. All notices, demands, request, consents or approvals which may or are required to be given by either party to the other shall be in writing and shall be deemed given when (i) personally served or delivered; (ii) received or refused if sent by United States registered or certified mail, postage prepaid, return receipt requested; or (iii) on the next business day if sent by overnight commercial courier service. Notices to Tenant shall be addressed to Tenant at the address specified in Section 1(B) or at such other place as Tenant may from time to time designate by notice in writing to Landlord. Notices to Landlord shall be addressed to Landlord at the address specified in Section 1(C) or at such other place as Landlord may from time to time designate by notice in writing to Tenant.

28. PROVISIONS REGARDING SUBLEASE. This Sublease and all the rights of parties hereunder are subject and subordinate to the Prime Lease. In order to afford to Tenant the benefits of this Sublease and of those provisions of the Prime Lease which by their nature are intended to benefit the party in possession of the Premises, and in order to protect Landlord against a default by Tenant which might cause a default or event of default by Landlord under the Prime Lease:

A. Provided Tenant shall timely pay all Rent when and as due under this Sublease, Landlord shall pay, when and as due, all base rent, additional rent and other charges payable by Landlord to Prime Landlord under the Prime Lease;

B. Except as otherwise expressly provided herein, Landlord shall perform its covenants and obligations under the Prime Lease which do not require for their performance possession of the Premises and which are not otherwise to be performed hereunder by Tenant on behalf of Landlord. For example, Landlord shall at all times keep in full force and effect all insurance required of Landlord as tenant under the Prime Lease.

C. Landlord shall not agree to an amendment to the Prime Lease which might have an adverse effect on Tenant's occupancy of the Premises or its use of the Premises for their intended purpose, unless Landlord shall first obtain Tenant's prior written approval for such amendment.

D. Landlord hereby assigns (as a revocable license) to Tenant the right to receive all of the services and benefits with respect to the Premises which are to be provided by Prime Landlord under the Prime Lease. Landlord shall have no duty to perform any obligations of the Prime Landlord which are, by their nature, the obligation of an owner or manager of real property. For example, Landlord shall not be required to provide the services or repairs which the Prime Landlord is required to provide under the Prime Lease. Landlord shall have no responsibility for or be liable to Tenant for any default, failure or delay on the part of Prime Landlord in the performance or observance by Prime Landlord of any of its obligations under the Prime Lease, nor shall any default by Prime Landlord affect this Sublease or waive or defer the performance of any of Tenant's obligations hereunder except to the extent that such default by Prime Landlord excuses performance by Landlord, under the Prime Lease. Notwithstanding the foregoing, the parties contemplate that Prime Landlord shall, in fact, perform its obligations

under the Prime Lease and in the event of any default or failure of such performance by Prime Landlord, Landlord agrees that it will, upon notice from Tenant, make demand upon Prime Landlord to perform its obligations under the Prime Lease.

29. FORCE MAJEURE. Neither Landlord, nor Tenant shall not be deemed in default with respect to any of the terms, covenants and conditions of this Sublease required to be performed by Landlord or Tenant, respectively, if such failure to timely perform same is due in whole or in part to any strike, lockout, labor trouble (whether legal or illegal), civil disorder, failure of power, restrictive governmental laws and regulations, riots, insurrections, war, shortages, accidents, causalities, acts of God, acts of terror (including ecoterrorism and bioterrorism) acts caused directly by the other party's agents, employees and invitees or any other cause beyond the reasonable control of the party for which performance is required. .

30. NON-DISCRIMINATION. The parties shall comply with all applicable state and federal statutes and regulations governing equal employment opportunity, non-discrimination, and immigration.

31. CONFLICT OF INTEREST. This Agreement is subject to cancellation pursuant to the provisions of A.R.S. §38-511 regarding conflicts of interest.

32. NON-WAIVER. The parties hereto understand and agree that the Landlord is relying on, and does not waive or intend to waive by any provision of this Lease, the monetary limitations or any other rights, immunities, and protections provided by the Arizona Governmental Immunity Act et seq., as from time to time amended, or otherwise available to the Landlord, its subsidiary, associated and/or affiliated entities, successors, or assigns; or its elected officials, employees, agents, and volunteers.

33. AMERICANS WITH DISABILITIES ACT. Landlord shall comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and applicable federal regulations under the Act as it pertains to the Prime Suite and the Premises.

34. EXECUTION AND DELIVERY. The parties have executed and delivered this Sublease the day and year first above written.

35. SPECIAL PROVISIONS.

(a) Furniture. During the Term at no additional cost, Tenant will be permitted to use Landlord's office furniture situated in the Premises (the "Furniture"), which is listed in **EXHIBIT D** attached hereto and incorporated herein. Tenant acknowledges and agrees that Landlord is giving no representation or warranty of any kind regarding the Furniture and Tenant agrees that it is accepting the Furniture under this Sublease in its "as-is" and "where-is" condition. At the end of the Term, the Furniture shall remain in the Premises and Tenant shall surrender possession thereof to Landlord in good condition, ordinary wear and tear and damage caused by casualty excepted.

(b) Waiver of Landlord's Lien. Notwithstanding anything to the contrary herein, Landlord hereby waives and any all liens, whether arising by contract, statute, common law or otherwise, with respect to Tenant's trade fixtures, furniture, equipment, or other personal property.

36. CONFIDENTIALITY

Each party hereto shall maintain in confidence any information designated as confidential and disclosed by the other party and which is not considered a "public record" as that term is understood pursuant to Arizona Revised Statutes §39-101, *et.al.*

[Signatures Appear on Following Page]

Landlord:

City of Chandler, an Arizona municipal corporation

By: Marsha Reed

Name: Marsha Reed

Its: Acting City Manager

Tenant:

ARM Inc., a Delaware limited liability company

By: [Signature]

Print Name: _____

Print Title: _____

APPROVED BY
 ARM LEGAL
 Initial: JF
 Date: 10-8-15

APPROVED AS TO FORM:

[Signature]
CITY ATTORNEY

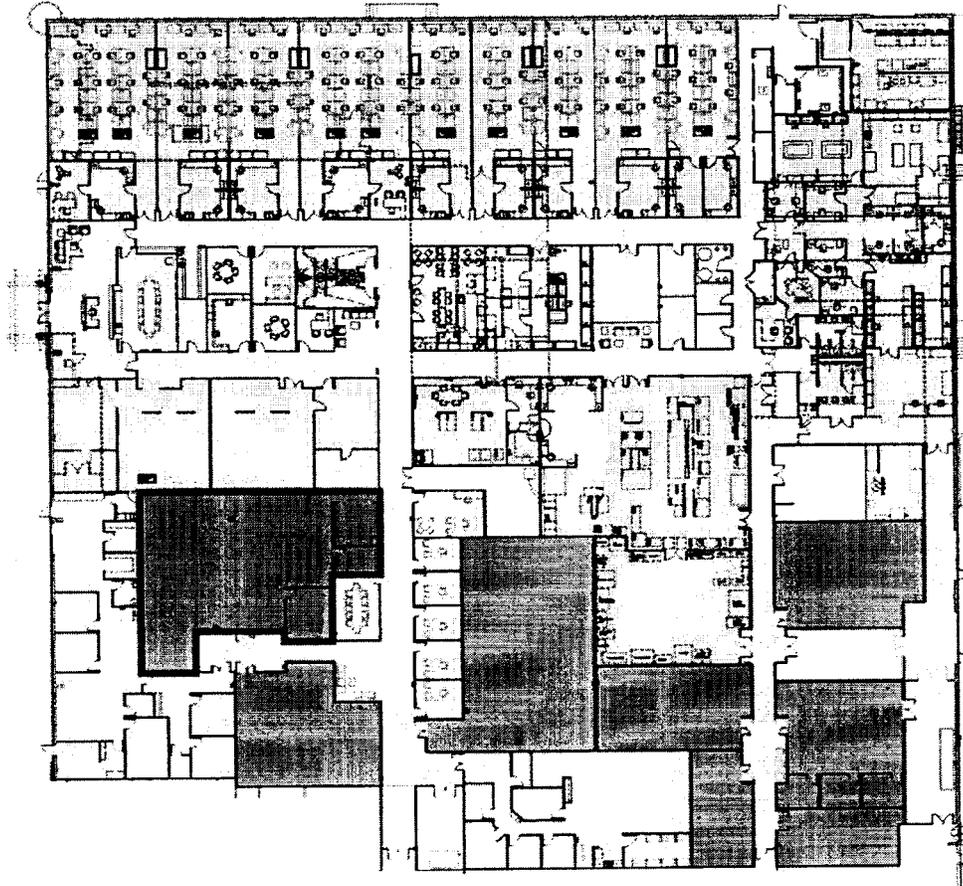


ATTEST:

[Signature]
CITY CLERK

EXHIBIT "A"
DESCRIPTION OF PREMISES
[see attached]

EXHIBIT A
ARM, Inc.



 Leased Premises
(Suite 48, 3041 SF)

EXHIBIT "B"
REQUIRED INSURANCE

1. INSURANCE REQUIREMENTS:

1.1 General.

1.1.1 Tenant shall procure and maintain for the duration of the Lease, insurance against claims for injury to persons or damage to property which may arise from or in connection with this Lease, Tenant shall furnish the City of Chandler a certificate of insurance on a standard insurance industry ACORD form and signed by a person authorized to bind coverage on behalf of Tenant's insurance provider. The ACORD form must be issued by an insurance company authorized to transact business in the State of Arizona possessing a current A.M. Best, Inc. rating of A-7, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to Landlord. Provided, however, the A.M. Best rating requirement shall not be deemed to apply to required Worker's Compensation coverage. Landlord in no way warrants the above-required minimum insurer rating is sufficient to protect the Tenant from potential insurer insolvency.

1.1.2 All certificates and any required endorsements are to be received and approved by the Landlord before the Lease commences. Each insurance policy required by this Lease must be in effect at or prior to commencement of this Lease and remain in effect for the duration of the Lease.

1.1.3 Failure to maintain the insurance policies as required by this Lease or to provide evidence of renewal is a material breach of contract.

1.1.4 All certificates required by this Lease shall be sent directly to (City Attorney-Risk Manager, P. O. Box 4008, Mailstop 602, Chandler, Arizona 85244-4008). The City Department, Name of Insured and address of Premises are to be noted on the certificate of insurance. The City reserves the right to require complete, certified copies of all insurance policies and endorsements required by this Lease at any time.

1.1.5 The insurance requirements set forth below are minimum requirements for this Lease and in no way limit the indemnity covenants contained in this Lease.

1.1.6 The City in no way warrants that the minimum insurance limits contained in this Lease are sufficient to protect Tenant from liabilities that might arise out of the performance of the Lease services under this Lease by Tenant, its agents, representatives, employees, subcontractors, sublicensees or subconsultants and Tenant is free to purchase any additional insurance as may be determined necessary.

1.1.7 Failure to demand evidence of full compliance with the insurance requirements in this Lease or failure to identify any insurance deficiency will not relieve the Tenant from, nor will it be considered a waiver of its obligation to maintain the required insurance at all times during the performance of this Lease.

1.2 Minimum Scope and Limits of Insurance. Tenant shall provide coverage with limits of liability not less than those stated below. If any excess liability policy or umbrella liability policy is utilized to fulfill the requirements of this Subsection 1.2, such policy must be “follow form” equal or broader in coverage scope than underlying insurance.

1.2.1 Pollution Legal Liability – Not Applicable, Intentionally Left Blank

1.2.2 Commercial General Liability-Occurrence Form. Tenant must maintain “occurrence” form Commercial General Liability insurance with a limit of not less than set forth below. Said insurance must also include coverage for property damage, fire damage expense, products and completed operations, and personal injury.

Each Occurrence Limit	\$ 1,000,000
General Aggregate	\$ 2,000,000
Products/Completed Operations Aggregate	\$ 2,000,000
Personal Injury	\$ 1,000,000
Premises Medical Expense (Each Person)	\$ 5,000
Fire Damage Expense	\$ 1,000,000

1.2.3 Automobile Liability-Any Auto or Owned, Hired and Non-Owned Vehicles. Vehicle Liability: Tenant must maintain Business/Automobile Liability insurance with a limit of \$1,000,000 each accident on Tenant owned, hired, and non-owned vehicles assigned to or used in the performance of Tenant’s work or services and parked on the Premises, if any.

1.2.4 Additional Policy Provisions Required. The policies shall include, or be endorsed to include, the following provisions:

1.2.4.1 Self-Insured Retentions Or Deductibles. Any self-insured retentions and deductibles must be declared and approved by the Landlord. If not approved, the Landlord may require that the insurer reduce or eliminate any deductible or self-insured retentions with respect to the Landlord, its officers, officials, agents, employees, and volunteers.

1.2.4.2 Landlord as Additional Insured. The Commercial General Liability and Automobile Liability policies are to contain, or be endorsed to include the following additional insured language: “The City of Chandler, its officers, elected or appointed officials, agents, and employees are additional insureds with respect to liability arising out of activities performed by, or on behalf of, Tenant.

1.2.4.3 [Left Blank Intentionally]

1.2.4.4 Tenant's insurance coverage must be primary insurance with respect to the Landlord, its officers, officials, agents, and employees. Any

insurance or self-insurance maintained by the Landlord, its officers, officials, agents, and employees shall be in excess of the coverage provided by Tenant and must not contribute to it.

1.2.4.5 Tenant's insurance must apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

1.2.4.6 Coverage provided by Tenant must not be limited to the liability assumed under the indemnification provisions of this Lease.

1.2.4.7 The policies must contain a severability of interest clause and waiver of subrogation against the Landlord, its officers, officials, agents, and employees, for losses arising from actions performed by Tenant or its omissions.

1.2.4.8 Tenant, its successors and or assigns, are required to maintain Commercial General Liability insurance as specified in this Lease for a minimum period of 3 years following completion and acceptance of the Work. Tenant must submit a Certificate of Insurance evidencing Commercial General Liability insurance during this 3 year period containing all the Lease insurance requirements, including naming the City of Chandler, its agents, representatives, officers, directors, officials and employees as Additional Insured as required.

1.2.4.9 If a Certificate of Insurance is submitted as verification of coverage, the Landlord will reasonably rely upon the Certificate of Insurance as evidence of coverage but this acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this Lease.

1.2.4.10 If any of the required policies expire during the life of this Lease, the Tenant must forward renewal or replacement Certificates to the Landlord within 10 days after the renewal date containing all the necessary insurance provisions. Each insurance policy required by the insurance provisions of this Lease shall provide the required coverage and shall not be suspended, voided or canceled except after thirty (30) days prior written notice has been given to the Landlord, except when cancellation is for non-payment of premium, then ten (10) days prior notice may be given. Such notice shall be sent directly to City of Chandler, City Attorney-Risk Manager, P.O. Box 4008, Mailstop 602, Chandler, Arizona 85244-4008. If any insurance company refuses to provide the required notice, the Tenant or its insurance broker shall notify the Landlord of any cancellation, suspension, non-renewal of any insurance within seven (7) days of receipt of insurers' notification to that effect.

EXHIBIT "C"
RULES AND REGULATIONS

The following rules and regulations shall apply, where applicable, to the Building and to each portion thereof:

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas shall not be obstructed by tenants or used by any tenant for any purpose other than ingress and egress to and from the leased premises and for going from one to another part of the Building.

2. Plumbing, fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed therein. Damage resulting to any such fixtures or appliances from misuse by a tenant or such tenant's agents, employees or invitees shall be paid by such tenant and Landlord shall not in any case be responsible therefore.

3. No signs, advertisements or notices shall be painted or affixed on or to any windows or doors or other exterior part of the Building (or be visible from any public or common area) unless they are of such color, size and style and in such places as shall be first approved in writing by Landlord. Landlord, at tenant's sole cost and expense, shall install all letters or numerals by or on doors in such tenant's leased premises which letters or numerals shall be in building standard graphics. No nails, hooks or screws shall be driven or inserted in any part of the Building outside the leased premises except by the Building maintenance personnel nor shall any part of the Building be defaced by tenants. No curtains or other window treatments shall be placed between the glass and the Building standard window treatments.

4. Each tenant shall give to Landlord the explanation of the combination of all locks for safe, safe cabinets and vault doors, if any, in such tenant's leased premises, at the expiration or earlier termination of the Lease.

5. Tenants will refer all contractors, contractors' representatives and installation technicians rendering any service to them to Landlord for Landlord's supervision, approval and control before the performance of any contractual services. This provision shall apply to all work performed in the Building including, but not limited to, installation of telephones, telegraph equipment, electrical devices and attachments, doors, entranceways, and any and all installations of every nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment and any other physical portion of the Building.

6. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which requires use of elevators or stairways, or movement through the Building entrances or lobby shall be either through loading docks dedicated to or part of any applicable tenant's premises, or restricted to such hours as Landlord shall designate. All such movements shall be under the supervision of Landlord and in the manner agreed between the tenants and Landlord by prearrangement before performance. Such pre-arrangement initiated by a tenant will include determination by Landlord, and subject to its decision and control, as to the time, method, and routing of movement and as to the limitations for safety or other concern which may prohibit any article,

equipment or any other item from being brought into the Building. The tenants are to assume all risks as to the damage to articles moved and injury to persons or public engaged or not engaged in such movement, including equipment, property and personnel of Landlord if damaged or injured as a result of acts in connection with carrying out this service for a tenant from time of entering the property to completion of work; and Landlord shall not be liable for acts of any person engaged in, or any damage or loss to any of said property or persons resulting from, any act in connection with such service performed for a tenant.

7. Corridor doors, when not in use, shall be kept closed.
8. Each tenant shall cooperate with Landlord's employees in keeping its leased premises neat and clean.
9. Landlord shall be in no way responsible to the tenants, their agents, employees or invitees for any loss of property from the leased premises or public areas or for any damages to any property thereon from any cause whatsoever.
10. Tenant shall not make or permit any improper objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business with them.
11. Nothing shall be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals shall be brought into or kept in, on or about any tenant's leased premises, except as may be used in legitimate scientific or medical research.
12. No machinery of any kind shall be operated by tenant on its leased area without the prior written consent of Landlord, nor shall any tenant use or keep in the Building any inflammable or explosive fluid or substance except in accordance with the all applicable laws.
13. No portion of any tenant's leased premises shall at any time be used or occupied as sleeping or lodging quarters.
14. Each tenant and its agents, employees and invitees shall park only in those areas designated by Landlord for parking by such tenant and shall not park on any public or private streets contiguous to, surrounding or in the vicinity of the Building without Landlord's prior written consent.
15. Landlord will not be responsible for lost or stolen property, money or jewelry from tenant's leased premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.
16. The Building is a non-smoking building. Smoking is prohibited at all times within the entire Building, including all leased premises, as well as all public/common areas. This prohibition applies during business and non-business hours to restrooms, elevators, elevator lobbies, first floor lobby, stairwells, common hallways, the lunch room and any other public/common area, as well as to all areas within the premises leased by Tenants. Unless

otherwise prohibit by law, smoking is only permitted in the designated smoking area outside the Building and away from the entrances to the Building.

17. The Building is a weapons free environment. No tenant, owner of a tenant, officer or employee of a tenant, visitor of tenant, contractor or subcontractor of tenant, or any other party shall carry weapons (concealed or not) of any kind in the building, or parking areas. This prohibition applies to all public areas, including without limitation, restrooms, elevators, elevator lobbies, first floor lobby, stairwells, common hallways, all areas within the leased premises of tenants, all surface parking areas and the surrounding land related to the Building.

18. In no event may Tenant engage in, or permit any occupant of the Premises to engage in, any use that causes or is likely to causing unreasonable levels of noise, vibration or other similar disturbances to emanate from the Premises into either (i) the exterior of the Building, or (ii) the interior of the premises of another tenant or occupant of the Building.

19. Building Hours: The facility is open to tenants with a badged entry 24 hours a day. The facility main lighting, exclusive of the individual leased Premises, is provided on a scheduled program that is less than 24 hours a day, but can be coordinated to meet special event programs and other requirements upon notice to Landlord.

EXHIBIT "D"
City of Chandler Owned Furniture List

EXHIBIT D

Available #48	Item Number	Amount
Grey Computer Tables With Wheels	#1149-1173	24
Small File Cabinets	1192-1199	8
Blue Office Chairs	1256, 1260, 1351-1354, 1359	7
Pink Office Chairs/classroom	1360-1362, 1364, 1365, 1368-1370, 1372-1377, 1380 & 1381, 1472, 1473, 1475, 1476, 1478, 1479, 1481	23
Pink No Arm Chairs	#678, 684 & 1437	3
Xtra Large Conference Table (2pcs)	1348 & 1349	2
Dark Brown shell desks	#674-677	4
Dark Pink Classroom chair (different pattern-solid)	#1401	1
Small Grey Computer Tables (no wheels)	1231, 1234-1239, 1241 1243, 1347 1249, 1252, 1250, 1251	14
Black Book Shelf	1032	1
Tall Back, Red Office Chair	#1115	1
Tall Metal File Cabinet	#1489	1
Square Intel Table	#588	1
Tan, metal, two drawer file Cabinet	#983	1