Repl info #12

JUN 14 2007

Erich Kuntze/COC
06/11/2007 02:45 PM

To
cc
bcc
Subject RES 4070 Exhibits

We have located a typo in the 2 lease exhibits for the above Resolution.

Res 4070 Exh A lease for Suites 300, 302 and 305 page 2 paragraph 3 the percentage should be 5.66% and not 5.77%

Exh B lease for Suite 330 should be 3.66% on page 2 paragraph 3 and not 5.77% as shown. Also, page 1 paragraph 2 the second line should be months 5 -12 rather than 1-12.

These typos have been corrected on the attached:

Suite 300 Lease.doc Suite 330 Lease.doc

THIS LEASE made as of this _____ day of _____, 2007 between **First Credit Union** (hereinafter called "Landlord"), and **City of Chandler, an Arizona municipal corporation** (hereinafter called "Tenant").

W I T N E S S E T H:

WHEREAS, Landlord is the owner of the building commonly known as the **First Credit Union Chandler Corporate Center** (hereinafter referred to as the "Building" or the "Chandler Corporate Center") which is located on the real property more particularly described on Exhibit "A" attached hereto and made a part hereof by this reference, and which constitutes the street address for which is 25 South Arizona Place, Chandler, Arizona in addition to the parking facility located at 100 East Boston, Chandler, Arizona; and

WHEREAS, Landlord desires to lease space **#300, 302 and 305** (referred to as suite #300) in the Building to Tenant and Tenant desires to lease space **#300, 302 and 305** (referred to as suite #300) in the Building from Landlord;

NOW, THEREFORE, in consideration of the rents, covenants and agreements hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby agrees to lease from Landlord, consisting of approximately **5989** rentable square feet as designated on "Exhibit B" attached hereto (hereinafter called the "Leased Premises-#300, 302 and 305 "), together with the right, in common with all other tenants in the building, to use and enjoy the common areas of the building, subject to the terms and conditions of this Lease and the rules and regulations of common application to existing tenants which may from time to time be adopted by the Landlord.

1. TERM

The term of this Lease shall be **42 months** (unless sooner terminated as herein provided), Lease Commencing on July 1, 2007 and expiring December 31, 2010.

2. RENT

Tenant agrees to pay as Base Rental the annual rent rate multiplied by the number of rentable square feet of the Leased Premises each year during the term of this Lease, payable in equal monthly installments in advance on the first day of each month commencing with the commencement date of this Lease. Based upon the Leased Premises comprising of **5989** rentable square feet, the annual Base Rental is scheduled as follows: (plus applicable rental tax)

Year	Annual Base Rate	Total Annual Rent	Monthly Payment
1-4months	$9.00		$4,491.75
5-12months	$18.00	$107,802.00	$8,983.50
13-24months	$19.00	$113,791.00	$9,482.58
25-36months	$20.00	$119,780.00	$9,981.67
37-42months	$21.00	$125,769.00	$10,480.75

Tenant shall pay a "late charge" for any Base Rental payment or other sums due from Tenant received by Landlord more than seven (7) days after its due date equal to five percent (5%) of the amount overdue.

3. EXPENSES

Tenant agrees to pay in addition to Base Rent a pro rata share of all shared Operating expenses. Pro rata share of Leased Premises Square Footage divided by Total Building Square Footage equals approximately **5.66%.** Tenant shall pay the pro rata share of all Operating Expenses, property tax and insurance expenses either monthly, quarterly or annually, whichever Landlord indicates. Total expense contribution by tenant shall not exceed 6% of the Annual Base Rent for any given year.

4. RENT ADJUSTMENT

The Base Rental shall be subject to annual Operating Expenses Assessment charges each calendar year to compensate for changes in the operating expenses of the Chandler Corporate Center as follows:

The operating expenses shall be determined for the **base year of 2007**. Such operating expenses, which shall include building expenses, property taxes and insurance, shall be determined for each calendar year after the base year, such determination to be made by April 1 of the year following. If the operating expenses for any calendar year after the base year exceed those of the base year, Tenant's Operating Expense charge allocation for the year shall be increased.

The term "operating expenses" as used herein shall include all costs of operation and maintenance of the land, improvements, fixtures and equipment comprising the building and any ground rents or other costs of operation or maintenance of the facilities and shall include the following costs by way of illustration but not limitation: water and sewer charges; insurance premiums, licenses, permit and inspection fees; heat; light; power; steam; janitorial services; labor; salaries; air-conditioning; supplies; materials; equipment; tools; the cost of any capital improvements made to the Building by Landlord that reduce direct expenses or that are required by reason of governmental law or regulation not applicable to the Building or not in effect at the time it was constructed, (such cost to be amortized over such reasonable period as Landlord shall determine with a return on capital at the rate of 10% per annum on the unamortized balance or at such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such capital improvements); and management fees. Notwithstanding the foregoing, "operating expenses" shall exclude the amortized expense attributable to capital improvements made within the interior of space rented to or rentable to other Building tenants all costs associated with retrofitting any portion of the Building with fire sprinklers as required by laws now in effect, and all direct costs of removal of asbestos containing materials ("ACM") from any portion of the Building outside the Leased Premises as required by laws now in effect. Those operating expenses which are controllable by Landlord, namely salaries of Landlord's employees and/or agents shall not be included in calculating the operating expense assessments.

The annual determination of operating expenses shall be made and certified according to standard accounting principles by a Certified Public Accountant designated by Landlord. A

copy of the determination shall be made available to Tenant upon request. The Accountant's determination shall be final and binding upon Landlord and Tenant.

5. REPAIRS

Landlord agrees to make all necessary repairs to the Building of which the Leased Premises are a part, including exterior walls, exterior doors, windows, corridors and other common areas, and support columns, floor and ceiling structures, and load bearing structures within the Leased Premises, and shall maintain the Building in substantially the same physical condition and repair as existed on the date hereof, reasonable wear and tear excepted. Landlord agrees to keep the Building housing the Leased Premises in a safe, clean and neat condition, and to use reasonable efforts to keep all Building equipment such as elevators, plumbing, heating, electrical, air-conditioning and similar equipment in good condition and repair.

Tenant agrees that it will make, at its expense, all repairs to the Leased Premises not required above to be made by the Landlord; provided, however, that any contractor or person making such repairs must first be approved in writing by Landlord. Tenant will pay for any repairs to the Leased Premises or the Building containing the Leased Premises made necessary by any negligence or carelessness of Tenant or its employees or persons permitted in the Building by Tenant, and will maintain the Leased Premises in a safe, clean, neat and sanitary condition. Tenant agrees to promptly advise Landlord of the need for any such above-ceiling repairs when and if such need should arise and shall pay the cost of any such repairs if required by this Paragraph.

6. IMPROVEMENTS AND ALTERATIONS

Tenant is taking the Premises "as-is." Landlord will not be giving the Tenant any improvement allowance.

Tenant shall not make any alterations, additions or improvements (which term shall include redecorating, remodeling and painting) to the Leased Premises without the prior written consent of Landlord. Any such alterations, additions or improvements (except moveable furniture and trade fixtures), shall at once become a part of the Building and belong to Landlord. Except for the initial improvements to be provided by Landlord and except for the improvement allowances set forth herein, any approved alterations, additions or improvements ("Tenant Additions") shall be made by Tenant at Tenant's sole cost and expense. Any contractor or person making such Tenant Additions, and the plans and specifications therefore, must first be approved in writing by Landlord. Upon any termination of this Lease Tenant shall, upon demand by Landlord, at Tenant's sole cost and expense, forthwith remove any Tenant Additions, designated by Landlord to be removed at the time of approval of such additions, and repair and restore the Leased Premises to its original condition, reasonable wear and tear excepted.

Landlord shall have the right at any time to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other common areas of the Building, and to change the name, number or designation by which the Building is commonly known.

7. LIENS

Tenant shall keep the Leased Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered additional rent and shall be payable by Tenant on demand with interest at the rate of ten percent (10%) per annum.

8. USE OF PREMISES

The Leased Premises are to be used for the sole purpose of general offices by Tenant. Tenant agrees that it will use the Leased Premises in such manner as not to injure, annoy, interfere with or infringe on the rights of other tenants in the Building or use or allow the Leased Premises to be used for any improper, immoral or unlawful purpose. Except as otherwise specified herein, Tenant agrees to comply, at its expense, with all applicable laws, ordinances and regulations now or hereafter in force in connection with its use of the Leased Premises. Tenant shall not commit or suffer the commission of any waste, overload any floor beneath the Leased Premises beyond the load limit established by Landlord or knowingly permit any explosives or hazardous substances including environmentally sensitive substances to enter the Building. Tenant shall not do or permit anything therein which will in any way increase the fire insurance premium upon the Building.

9. LANDLORD SERVICES

Landlord agrees to furnish to the Leased Premises during ordinary business hours of generally recognized business days (as determined by Landlord), and subject to the rules and regulations of the Building, water and electricity suitable for the intended use and occupation of the Leased Premises, heat and air conditioning required for the comfortable use and occupation of the Leased Premises, janitor service, and elevator service. Tenant agrees to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of the heating, ventilating, and air conditioning system. Landlord shall have no liability, and Tenant shall not be entitled to any abatement or reduction of rental, by reason of Landlord's failure to furnish any services when such failure is caused by accident, breakage, repairs, strikes, lockouts, labor disturbances or labor disputes, or by any other cause, similar or dissimilar beyond the reasonable control of Landlord.

Tenant will not without the prior written consent of Landlord, use any apparatus or device in the Leased Premises (including but without limitation, electronic data processing machines, punch card machines, and machines using current in excess of 110 volts), which will in any way require or use an amount of electricity or water in excess of that usually furnished or supplied for general office space. If Tenant shall require water or electric current in excess of that amount, Tenant shall first obtain the consent of Landlord to the use thereof. Landlord,

in such event, may use a water meter or electric current meter installed in the Leased Premises, or other reliable method of determination, to measure the amount of water and electric current consumed for any such other use. The cost of any such meters and of installation, maintenance, and repair thereof shall be paid by Tenant, together with the cost of all such water and electric current consumed at the rates charged for such services by the City of Phoenix or the local public utility, as the case may be, furnishing the same.

10. RULES AND REGULATIONS

Tenant agrees to abide by all rules and regulation of the Building imposed by Landlord. These regulations are imposed for the cleanliness, good appearance, proper maintenance, good order and reasonable use of the Leased Premises and the Building, and as may be necessary for the proper enjoyment of the Building, by all tenants and their clients, customers and employees. The rules and regulations may be changed from time to time on reasonable notice to Tenant. Breach of Building rules or regulations shall not be grounds for termination of this Lease unless Tenant continues to breach the same after ten (10) days' written notice from Landlord.

11. TAXES

Tenant agrees to pay, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property located in the Leased Premises.

12. SECURITY DEPOSIT

Tenant shall deposit with Landlord on the signing of this lease the sum of **$0.00** as security for the performance of Tenant's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Landlord applies any part of the deposit to cure any default of Tenant, Tenant shall on demand deposit with Landlord the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease. If Tenant performs all of the Tenant's obligations hereunder, said deposit, or so much thereof as has not heretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant at the expiration hereof, and after Tenant has vacated the Premises. No trust relationship is created herein between Landlord and Tenant with respect to said Security Deposit.

13. FIRE OR CASUALTY

In the event the Leased Premises, or access to them, are wholly or partially destroyed by fire or other casualty covered by the usual form of fire and extended coverage insurance rendering them untenantable, Landlord may, at its option, rebuild, repair or restore the Leased Premises to substantially the same condition. If the Leased Premises are rendered totally untenantable, rent shall abate during the period of reconstruction, and, if they are rendered partially untenantable, rent shall abate pro rata during the period of reconstruction. If the Landlord shall elect not to repair and restore the Leased Premises to a tenantable condition, either Landlord or Tenant at their option, may terminate this Lease within thirty (30) days following the date notice of Landlord's election not to repair or restore the Leased Premises is

provided to Tenant. Landlord's election whether or not to repair and restore the Leased Premises shall be made within ninety (90) days after the date of the casualty.

14. EMINENT DOMAIN

In the event the Building, the land on which it is located or any portion of the Leased Premises-#300, 302 and 305 is taken under eminent domain proceedings, Tenant shall have no right, title or interest to any award for such taking, except for fixtures and improvements installed by Tenant, if any and any relocation benefits tenant may be entitled to from condemning party. In the event of eminent domain proceedings the lease would be deemed terminated.

If so much of the Leased Premises-#300, 302 and 305 or the Building are taken by such condemnation as would substantially and adversely affect the operation and profitability of Tenant's business conducted from the Leased Premises-#300, 302 and 305, Tenant shall have the option, to be exercised only in writing within thirty (30) days after Landlord shall have given Lessee written notice of such taking (or in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession), to terminate this Lease as of the date of the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Leased Premises-#300, 302 and 305 remaining, except that the rent and Lessee's Share of Operating Expense Increase shall be reduced in the proportion that the floor area of the Leased Premises-#300, 302 and 305 taken bears to the total floor area of the Leased Premises-#300, 302 and 305. Common Areas taken shall be excluded from the Common Areas usable by Lessee and no reduction of rent shall occur with respect thereto or by reason thereof. Lessor shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Lessee of such election within thirty (30) days after receipt of notice of a taking by condemnation of any part of the Leased Premises-#300, 302 and 305 or the Building.

15. ASSIGNMENT AND SUBLEASE

Tenant shall not voluntarily or involuntarily assign, sublet, mortgage, or otherwise encumber all or any portion of its interest in this Lease or in the Leased Premises without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, pending a formal review of the credit application and agreement with credit standards set by Landlord, and any such attempted assignment, subletting, mortgage or other encumbrance without such consent shall be null and void and of no effect.

The voluntary or other surrender of this Lease by Tenant or a mutual cancellation hereof shall not work a merger, and shall at the option of Landlord, terminate all or any existing leases or sub tenancies or shall operate as an assignment to Landlord of such leases or sub tenancies. If Tenant is a corporation which under the then current guidelines published by the Arizona Corporation Commission, is not deemed a public corporation, or is an unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership in the aggregate in excess of twenty-five percent (25%) shall be deemed an assignment within the meaning and provisions of this Paragraph 15.

16. ACCESS

Landlord and its agents shall have the right to enter the Leased Premises at all reasonable times with a 24 hour written notice for the purpose of examining or inspecting the same, showing the same to prospective purchasers or tenants of the Building, and as necessary to perform its obligations under this Lease. Landlord may erect, use, and maintain scaffolding, pipes, conduits, and other necessary structures in and through the Leased Premises where reasonably required by the character of the work performed, provided that the business of Tenant shall not be unreasonably interfered with by Landlord. If Tenant shall not personally be present to open and permit any entry into the Leased Premises at any time when such entry by Landlord is necessary or permitted hereunder, Landlord may enter by means of a master key or, in emergencies, may enter forcibly, the Lease Premises without liability to Tenant.

17. SUBORDINATION, ATTORNMENT AND ESTOPPEL

This Lease is junior, subject and subordinate to, and Tenant hereby agrees to be bound by, all ground leases, mortgages, deeds of trust and other security instruments of any kind now covering the Building, the property upon which it is located, or any portion thereof; provided, however, that Tenant's quiet enjoyment of the Leased Premises-#300, 302 and 305 shall continue undisturbed by any foreclosure of any such mortgage, deed of trust or other lien or termination of any such lease. Landlord reserves the right to place liens or encumbrances on the Building, the property upon which it is located, or any part thereof or interests therein superior in lien and effect to this Lease. This Lease, at the option of Landlord, shall be subject and subordinate to any and all such liens or encumbrances now or hereafter imposed by Landlord without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver upon demand such further instruments consistent with this Lease evidencing such subordination of this Lease as may be requested by Landlord.

In the event of the termination of any such Lease (whether in its entirety or in part of the Leased Premises-#300, 302 and 305), or in the event of the foreclosure of any such mortgage, deed of trust or other lien, Tenant will attorn to the then owner who owns or acquires title to the property of which the Leased Premises-#300, 302 and 305 are a part and will recognize such owner as Landlord under this Lease. Tenant hereby waives any right to terminate this Lease because of termination of such Lease or the foreclosure of any such mortgage, deed of trust or other security instrument provided that the then owner shall have previously agreed or shall agree to Tenant's occupancy and right to quiet possession of the Leased Premises-#300, 302 and 305 hereunder.

Tenant shall at any time, within fifteen (30) days after written certified request 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 rent and other charges are paid in advance, if any, (b) confirming the commencement and expiration dates of the term, (c) confirming the amount of the security deposit held by Landlord, if any, (d) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (e) confirming such other matters as to which Landlord may reasonably request

confirmation or which are customarily set forth in the lender's form of tenant statement. Any such statement may be conclusively relied upon by a prospective purchaser or encumbrance of the Building. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord; (ii) that there are no uncured defaults in Landlord's performance; (iii) that not more than one month's rent has been paid in advance, (iv) that the commencement and expiration dates and the amount of the security deposits are as stated by Landlord, and (v) that those other matters set forth in the statement provided to Tenant are true.

18. SALE AND TERMINATION OF LEASE

In the event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any and all liability under this Lease. This Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser of the Building. If any security deposit has been made by Tenant, Landlord may transfer such security deposit to the purchaser, and thereupon Landlord shall be discharged from any further liability in reference thereto. Landlord will provide notice to tenant of such transfer within (10) days and provide tenant a purchase statement of responsibility.

19. INDEMNIFICATION OF LANDLORD

Tenant and Landlord shall indemnify each other and save each other harmless from and against any and all suits, actions, damage and claims, liability and expense in connection with loss of life, bodily or personal injury or property damage arising from or out of any occurrence in, upon, at or from the Leased Premises-#300, 302 and 305, or occasioned wholly or in part by any act or omission of Lessee or Lessor, their agents, contractors, employees, servants, invitees, licensees or concessionaires, including Lessor's master or ground lessor, partners, members, officers, managers and lenders. All insurance policies carried by Lessee and/or Lessor shall include a waiver of subrogation endorsement which specifies that the insurance carrier(s) will waive any right of subrogation against Lessee and/or Lessor arising out of any insurance claim. In no event shall either party be liable to the other for consequential damages

Tenant hereby agrees to maintain in full force and effect at all times during the term of this Lease, at its own expense, for the protection of Tenant and Landlord, policies of insurance issued by a responsible carrier or carriers acceptable to Landlord which afford the following coverage's:

(i) Worker's Compensation: Statutory

(ii) Commercial General Liability ("CGL") Insurance, maintained on occurrence basis Not less than $1,000,000 per occurrence and general aggregate

(iii) Fire and extended coverage insurance in an amount sufficient to cover the replacement cost of all improvements and betterments to the Leased Premises (except for the Landlord Improvements) and all of Tenant's fixtures and other personal property.

The City of Chandler has a self insurance fund and maintains an insurance policy for amounts in excess of the fund.

(iv) Business Interruption Insurance in an amount equal to the Base Rental and annual adjustments for a period of at least twelve (12) months commencing with the date of loss. Insurance payments are to be applied first to rent and assessments owed Landlord before any allocation can be made to Tenant.

The insurance policies may provide coverage with deductibles or self insurance retentions. Such deductibles or self insurance retentions shall be assumed by and be for the account of and the sole responsibility of the Tenant.

Tenant shall deliver to Landlord at least thirty (30) days prior to the time such insurance is first required to be carried by Tenant, and thereafter at least thirty (30) days prior to expiration of such policy, Certificates of Insurance evidencing the CGL coverage, which shall name Landlord as additional insured and shall expressly provide that Landlord's coverage therein shall not be affected by any breach by Tenant of any policy provision for which such Certificates evidence coverage. Further, all Certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given Landlord in the event of material alteration to or cancellation of the coverage's evidenced by such Certificates.

Within thirty (30) days after demand, Tenant shall provide Landlord, at Tenant's expense, with such increased amount of existing insurance, in such limits as Landlord may require based on then-prevailing standards and customs in Phoenix, Arizona.

If, on account of the failure of Tenant to comply with the foregoing provisions, Landlord is adjudged a co-insurer by its insurance carrier, then any loss or damage Landlord shall sustain by reason thereof shall be borne by Tenant and shall be immediately paid by Tenant upon receipt of a bill thereof and evidence of such loss.

Landlord makes no representation that the limits of liability specified to be carried by Tenant under the terms of this Lease are adequate to protect Tenant against Tenant's undertaking under this Paragraph 19, and in the event Tenant believes that any such insurance coverage called for under this Lease is insufficient, Tenant shall provide at its own expense, such additional insurance as Tenant deems adequate.

Any covenants, conditions, provisions or agreements on the part of the Landlord to perform any act or thing for the benefit of Tenant shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of strike, lockout, laws, rules, orders, ordinances, directions, regulations, or requirements of any federal, state, county or municipal authority, labor trouble or any other cause whatsoever beyond Landlord's control, nor shall Tenant's rent be abated by reason of such inability on the part of Landlord.

Nothing contained in this Lease shall operate to relieve Landlord of the consequences of its own negligence or the negligence of its agents, servants, invitees or employees (to the extent of such negligence).

Landlord shall obtain and keep in force during the Term of this Lease a policy of combined single limit bodily injury and Broad form Property Damage Insurance, plus coverage against other risks Landlord deems advisable from time to time, insuring Landlord, but not Tenant against liability arising out of ownership, use occupancy or maintenance of the Building in an amount not less than $5,000,000 per occurrence.

20. WAIVER OF SUBROGATION

Tenant agrees that insurance carried by them against loss or damage by fire or other casualty shall contain a clause whereby the insurer waives its right of subrogation against the other party.

21. ATTORNEYS' FEES

In the event of any legal action or proceeding brought by either party against the other arising out of this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees incurred in such action and such amount shall be included in any judgment rendered in such proceeding.

22. WAIVER

No waiver by Landlord of any provision of this Lease or of any breach by Tenant hereunder shall be deemed to be a waiver of any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant. No act or thing done by Landlord or Landlord's agents during the term of this Lease shall be deemed an acceptance of a surrender of the Leased Premises, unless done in writing signed by Landlord. The delivery of the keys to any employee or agent of Landlord shall not operate as a termination of this Lease or a surrender of the Leased Premises.

23. NOTICES

All notices to be given by one party to the other shall be in writing, effective when received, and mailed, delivered or sent by telefacsimile to each as follows:

To Landlord:
First Credit Union
C/O DBSI Real Estate, LLC
3344 North Delaware Steet
Chandler, Arizona 85225

- and-

To Tenant:
City of Chandler, an Arizona municipal corporation
Risk Management
PO Box 4008-MS608
Chandler, Arizona 85244

-and-

City of Chandler, an Arizona municipal corporation
Real Estate Department
PO Box 4008-MS916
Chandler, Arizona 85244

24. INSOLVENCY OR BANKRUPTCY

The appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, or reorganization act, shall at Landlord's option, constitute a breach of this Lease by Tenant. Upon the happening of any such event, or at any time thereafter, this Lease shall terminate five (5) days after written notice of termination from Landlord to Tenant. In no event shall this Lease be assigned or assignable by operation of law and in no event shall this Lease be an asset of Tenant in any receivership, bankruptcy, insolvency, or reorganization proceedings.

25. DEFAULT

In the event Tenant fails to pay any Base Rental or other sums due hereunder or fails to keep and perform any of the other covenants, terms or conditions hereof, or otherwise breaches this Lease or defaults hereunder, time being of the essence, then ten (10) days after written notice of default from Landlord, Landlord may, if such default has not been corrected, resort to any and all legal remedies or combination of remedies which Landlord may desire to assert including but not limited to one or more of the following: (1) lock the doors of the Leased Premises and exclude Tenant there from, (2) retain or take possession of any property on the Leased Premises pursuant to Landlord's statutory lien, (3) enter the Leased Premises and remove all persons and property there from, (4) declare this Lease at an end and terminated, (5) sue for the Base Rental or other sums due and to become due under this Lease, (6) sue for any damages sustained by Landlord, and (7) continue this Lease in effect and relet the Leased Premises on such terms and conditions as Landlord may deem advisable with Tenant remaining liable for the Base Rental plus the reasonable cost of obtaining possession of the Leased Premises and of any repairs and alterations necessary to prepare the Leased Premises for reletting, and the cost of reletting. No action of Landlord shall be construed as an election to terminate this Lease unless written notice of such intention is given to Tenant. During the pendency of any default by Tenant, whether or not Landlord has given notice thereof, Tenant shall have no right to exercise expansion or renewal options or receive allowances hereunder.

Upon any termination of this Lease by Landlord due to a default by Tenant pursuant to this Paragraph, Tenant shall pay to Landlord, in addition to the foregoing, the unamortized portion of all amounts actually paid by Landlord as Allowances and for any leasing commissions and out of pocket expenses paid by Landlord pursuant to this Lease. For the purposes of this Paragraph, the leasing commission and Tenant Improvement Allowance shall be deemed advanced as of the Lease Commencement date stated above. Repayment of each such Allowance shall be deemed amortized in equal monthly installments scheduled over a

term commencing with the date of advance and ending on the date of termination by Tenant, without interest; Tenant shall be deemed to pay each scheduled monthly installment when Tenant pays each Base Rental installment due after the Allowance is deemed advanced. Any unamortized amounts of such Allowances due from Tenant shall be paid to Landlord within thirty (30) days after termination of this Lease.

26. INTEREST ON TENANT'S OBLIGATIONS

Any Base Rental or other amount due from Tenant to Landlord which is not paid when due shall bear interest at a rate equal to the greater of ten percent (10%) per annum or five (5) percentage points in excess of the "prime" rate publicly announced by First Credit Union, Arizona, N.A., or its successor, from time to time as such rate changes. The payment of such interest shall not excuse or cure the default.

27. TIME

Time is of the essence of this Lease and each and all of its provisions.

28. DEFINED TERMS AND MARGINAL HEADINGS

The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If more than one person is named as Tenant the obligations of such persons are joint and several. The marginal headings and titles to the Paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

29. RELOCATION OF PREMISES

Landlord shall have the right to relocate Tenants leased space to another part of the building in accordance with the following:

(i) The new leased space shall be constructed to substantially match the size, configuration and quality of the existing leased premises. Landlord shall bear all costs associated with the improvement of the new leased space location. The initial lease Base Rent shall hold for any space located on any floor of the Building.

(ii) Landlord shall give Tenant at least a (120) day written notice of Landlords intent to relocate Tenants leased space.

(iii) As nearly as practicable, the physical relocation of the Leased space shall take place on a weekend and shall be completed before the following Monday. If the physical relocation has not been completed in that time, the Base Rent shall abate in full from the time of the physical relocation commences to the time it is completed. Upon completion of such relocation, the new leased space shall become the 'Leased Space' under this lease.

(iv) All reasonable costs incurred by Tenant as a result of the relocation shall be paid by Landlord.

(v) If the new Leased Space is smaller or larger than the original Leased Space as it existed before the relocation, Base Rent shall be reduced or increased proportionately based upon the base rent per rentable square foot.

(vi) The parties hereto shall immediately execute an amendment to this Lease setting forth the relocation of the Premises and the reduction of Base Rent, if any.

(vii) In lieu of relocation, and only during the last 12 months of the initial lease term, Landlord may elect to terminate this Lease with 90 days advance written notice of it intent to terminate.

30. RETIRED OR DECEASED PARTNERS

Any partner (and if deceased, his or her estate) of Tenant withdrawing from the Tenant (or from the limited liability company specified in this Lease) as a result of his or her death, permanent disability, or retirement (if such retirement occurs after such person reaches the age of sixty-two (62) years) shall automatically be released from any liability under this Lease accruing from and after the date of such withdrawal. From and after the lease commencement date, the withdrawal of a partner of Tenant from the Tenant for any reason other than his or her death, permanent disability or retirement after reaching the age of sixty-two (62) years shall not cause any such partner (or his or her estate) to be released from liability under this Lease.

31. PARKING FACILITIES

Tenant shall be entitled to occupy the following number of parking spaces in the garage adjoining the 'Building':

(3) covered reserved parking spaces as assigned and signed by Landlord with the right of relocation of spaces with a (15) day notice from Landlord to Tenant and (6) covered non-reserved parking spaces as assigned and signed by Landlord and (15) unreserved parking spaces

Space #185, #186 and #187

Such Parking shall be free of charge for the term of the Lease.

32. STORAGE SPACE

Landlord will permit Tenant to rent storage space, if available, in any portion of the Building which may be designated for use as tenant storage from time to time by Landlord during the term of this Lease. Such rental shall be upon terms and conditions mutually approved by Tenant and Landlord from time to time.

33. NO RIGHTS IN OTHERS

Landlord represents and warrants to Tenant that as of the date of this Lease, no other tenant in the Building has any option or right of first refusal relating to the Leased Premises.

34. COMPLIANCE WITH ADA

Tenant recognizes and agrees that Tenant shall be solely responsible to comply, at its expense, with any applicable provisions of the Americans with Disabilities Act ("ADA") which affect the interior of the Leased Premises, including without limitation those which may require the removal of access barriers or the construction, modification or removal of other portions of the improvements made to the Leased Premises, now or in the future. The approval by Landlord of any plans or specifications for tenant improvements or the construction thereof shall not be a warranty or representation by Landlord that any such improvement within the Leased Premises are in compliance with the ADA.

35. MUTUAL INDEMNITY

Any party hereto under whom a finder or broker asserts a claim to a finder's fee, brokerage commission or other compensation on account of alleged employment as a finder or broker in connection with the execution of this Lease (or any extension or expansion in accordance with its terms) shall indemnify, defend and hold the other party harmless for, from and against any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought on such claim, including, but not limited to, counsel and witness fees and court costs incurred in defending such a claim.

36. TENANT'S SIGNS

During any time while Landlord permits any other office tenant (specifically excluding Landlord or Landlord's successor occupying space for banking or related businesses or operations) to have its name placed on a suite sign placard. Such signs shall be provided by and maintained by Landlord at Tenant's expense.

37. RENEWAL OPTION:

Tenant shall have two (2), one (1) yr Renewal Options at market rate, by giving written notice to Landlord not less than six (6) months prior to termination date.

IN WITNESS WHEREOF, the parties hereto have executed this instrument by proper persons thereunto duly authorized so to do.

Landlord	Tenant
First Credit Union	City of Chandler, an Arizona municipal corporation
By:_____	By:_____
Its:_____	Its:_____
Date:_____	Date:_____
"Landlord"	"Tenant"

THIS LEASE made as of this _____ day of _____, 2007 between **First Credit Union** (hereinafter called "Landlord"), and **City of Chandler, an Arizona municipal corporation** (hereinafter called "Tenant").

W I T N E S S E T H:

WHEREAS, Landlord is the owner of the building commonly known as the **First Credit Union Chandler Corporate Center** (hereinafter referred to as the "Building" or the "Chandler Corporate Center") which is located on the real property more particularly described on Exhibit "A" attached hereto and made a part hereof by this reference, and which constitutes the street address for which is 25 South Arizona Place, Chandler, Arizona in addition to the parking facility located at 100 East Boston, Chandler, Arizona; and

WHEREAS, Landlord desires to lease space **#330** in the Building to Tenant and Tenant desires to lease space **#330** in the Building from Landlord;

NOW, THEREFORE, in consideration of the rents, covenants and agreements hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby agrees to lease from Landlord, consisting of approximately **3807** rentable square feet as designated on "Exhibit B" attached hereto (hereinafter called the "Leased Premises- suite #330"), together with the right, in common with all other tenants in the building, to use and enjoy the common areas of the building, subject to the terms and conditions of this Lease and the rules and regulations of common application to existing tenants which may from time to time be adopted by the Landlord.

1. TERM

The term of this Lease shall be **38 months** (unless sooner terminated as herein provided), commencing on November 1, 2007 and expiring December 31, 2010.

2. RENT

Tenant agrees to pay as Base Rental the annual rent rate multiplied by the number of rentable square feet of the Leased Premises each year during the term of this Lease, payable in equal monthly installments in advance on the first day of each month commencing with the commencement date of this Lease. Based upon the Leased Premises comprising of **3807** rentable square feet, the annual Base Rental is scheduled as follows: (plus applicable rental tax)

Year	Annual Base Rate	Total Annual Rent	Monthly Payment
1-4months	$9.00		$2,855.25
5-12months	$18.00	$68,526.00	$5,710.50
13-24months	$19.00	$72,333.00	$6,027.75
25-36months	$20.00	$76,140.00	$6,345.00
36-38months	$20.00	$76,140.00	$6,345.00

Tenant shall pay a "late charge" for any Base Rental payment or other sums due from Tenant received by Landlord more than seven (7) days after its due date equal to five percent (5%) of the amount overdue.

3. EXPENSES

Tenant agrees to pay in addition to Base Rent a pro rata share of all shared Operating expenses. Pro rata share of Leased Premises Square Footage divided by Total Building Square Footage equals approximately **3.66%.** Tenant shall pay the pro rata share of all Operating Expenses, property tax and insurance expenses either monthly, quarterly or annually, whichever Landlord indicates. Total expense contribution by tenant shall not exceed 6% of the Annual Base Rent for any given year.

4. RENT ADJUSTMENT

The Base Rental shall be subject to annual Operating Expenses Assessment charges each calendar year to compensate for changes in the operating expenses of the Chandler Corporate Center as follows:

The operating expenses shall be determined for the **base year of 2007**. Such operating expenses, which shall include building expenses, property taxes and insurance, shall be determined for each calendar year after the base year, such determination to be made by April 1 of the year following. If the operating expenses for any calendar year after the base year exceed those of the base year, Tenant's Operating Expense charge allocation for the year shall be increased.

The term "operating expenses" as used herein shall include all costs of operation and maintenance of the land, improvements, fixtures and equipment comprising the building and any ground rents or other costs of operation or maintenance of the facilities and shall include the following costs by way of illustration but not limitation: water and sewer charges; insurance premiums, licenses, permit and inspection fees; heat; light; power; steam; janitorial services; labor; salaries; air-conditioning; supplies; materials; equipment; tools; the cost of any capital improvements made to the Building by Landlord that reduce direct expenses or that are required by reason of governmental law or regulation not applicable to the Building or not in effect at the time it was constructed, (such cost to be amortized over such reasonable period as Landlord shall determine with a return on capital at the rate of 10% per annum on the unamortized balance or at such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such capital improvements); and management fees. Notwithstanding the foregoing, "operating expenses" shall exclude the amortized expense attributable to capital improvements made within the interior of space rented to or rentable to other Building tenants all costs associated with retrofitting any portion of the Building with fire sprinklers as required by laws now in effect, and all direct costs of removal of asbestos containing materials ("ACM") from any portion of the Building outside the Leased Premises as required by laws now in effect. Those operating expenses which are controllable by Landlord, namely salaries of Landlord's employees and/or agents shall not be included in calculating the operating expense assessments.

The annual determination of operating expenses shall be made and certified according to standard accounting principles by a Certified Public Accountant designated by Landlord. A

copy of the determination shall be made available to Tenant upon request. The Accountant's determination shall be final and binding upon Landlord and Tenant.

5. REPAIRS

Landlord agrees to make all necessary repairs to the Building of which the Leased Premises are a part, including exterior walls, exterior doors, windows, corridors and other common areas, and support columns, floor and ceiling structures, and load bearing structures within the Leased Premises, and shall maintain the Building in substantially the same physical condition and repair as existed on the date hereof, reasonable wear and tear excepted. Landlord agrees to keep the Building housing the Leased Premises in a safe, clean and neat condition, and to use reasonable efforts to keep all Building equipment such as elevators, plumbing, heating, electrical, air-conditioning and similar equipment in good condition and repair.

Tenant agrees that it will make, at its expense, all repairs to the Leased Premises not required above to be made by the Landlord; provided, however, that any contractor or person making such repairs must first be approved in writing by Landlord. Tenant will pay for any repairs to the Leased Premises or the Building containing the Leased Premises made necessary by any negligence or carelessness of Tenant or its employees or persons permitted in the Building by Tenant, and will maintain the Leased Premises in a safe, clean, neat and sanitary condition. Tenant agrees to promptly advise Landlord of the need for any such above-ceiling repairs when and if such need should arise and shall pay the cost of any such repairs if required by this Paragraph.

6. IMPROVEMENTS AND ALTERATIONS

Tenant is taking the Premises "as-is." Landlord will not be giving the Tenant any improvement allowance.

Tenant shall not make any alterations, additions or improvements (which term shall include redecorating, remodeling and painting) to the Leased Premises without the prior written consent of Landlord. Any such alterations, additions or improvements (except moveable furniture and trade fixtures), shall at once become a part of the Building and belong to Landlord. Except for the initial improvements to be provided by Landlord and except for the improvement allowances set forth herein, any approved alterations, additions or improvements ("Tenant Additions") shall be made by Tenant at Tenant's sole cost and expense. Any contractor or person making such Tenant Additions, and the plans and specifications therefore, must first be approved in writing by Landlord. Upon any termination of this Lease Tenant shall, upon demand by Landlord, at Tenant's sole cost and expense, forthwith remove any Tenant Additions, designated by Landlord to be removed at the time of approval of such additions, and repair and restore the Leased Premises to its original condition, reasonable wear and tear excepted.

Landlord shall have the right at any time to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other common areas of the Building, and to change the name, number or designation by which the Building is commonly known.

7. LIENS

Tenant shall keep the Leased Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered additional rent and shall be payable by Tenant on demand with interest at the rate of ten percent (10%) per annum.

8. USE OF PREMISES

The Leased Premises are to be used for the sole purpose of general offices by Tenant. Tenant agrees that it will use the Leased Premises in such manner as not to injure, annoy, interfere with or infringe on the rights of other tenants in the Building or use or allow the Leased Premises to be used for any improper, immoral or unlawful purpose. Except as otherwise specified herein, Tenant agrees to comply, at its expense, with all applicable laws, ordinances and regulations now or hereafter in force in connection with its use of the Leased Premises. Tenant shall not commit or suffer the commission of any waste, overload any floor beneath the Leased Premises beyond the load limit established by Landlord or knowingly permit any explosives or hazardous substances including environmentally sensitive substances to enter the Building. Tenant shall not do or permit anything therein which will in any way increase the fire insurance premium upon the Building.

9. LANDLORD SERVICES

Landlord agrees to furnish to the Leased Premises during ordinary business hours of generally recognized business days (as determined by Landlord), and subject to the rules and regulations of the Building, water and electricity suitable for the intended use and occupation of the Leased Premises, heat and air conditioning required for the comfortable use and occupation of the Leased Premises, janitor service, and elevator service. Tenant agrees to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of the heating, ventilating, and air conditioning system. Landlord shall have no liability, and Tenant shall not be entitled to any abatement or reduction of rental, by reason of Landlord's failure to furnish any services when such failure is caused by accident, breakage, repairs, strikes, lockouts, labor disturbances or labor disputes, or by any other cause, similar or dissimilar beyond the reasonable control of Landlord.

Tenant will not without the prior written consent of Landlord, use any apparatus or device in the Leased Premises (including but without limitation, electronic data processing machines, punch card machines, and machines using current in excess of 110 volts), which will in any way require or use an amount of electricity or water in excess of that usually furnished or supplied for general office space. If Tenant shall require water or electric current in excess of that amount, Tenant shall first obtain the consent of Landlord to the use thereof. Landlord,

in such event, may use a water meter or electric current meter installed in the Leased Premises, or other reliable method of determination, to measure the amount of water and electric current consumed for any such other use. The cost of any such meters and of installation, maintenance, and repair thereof shall be paid by Tenant, together with the cost of all such water and electric current consumed at the rates charged for such services by the City of Phoenix or the local public utility, as the case may be, furnishing the same.

10. RULES AND REGULATIONS

Tenant agrees to abide by all rules and regulation of the Building imposed by Landlord. These regulations are imposed for the cleanliness, good appearance, proper maintenance, good order and reasonable use of the Leased Premises and the Building, and as may be necessary for the proper enjoyment of the Building, by all tenants and their clients, customers and employees. The rules and regulations may be changed from time to time on reasonable notice to Tenant. Breach of Building rules or regulations shall not be grounds for termination of this Lease unless Tenant continues to breach the same after ten (10) days' written notice from Landlord.

11. TAXES

Tenant agrees to pay, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property located in the Leased Premises.

12. SECURITY DEPOSIT

Tenant shall deposit with Landlord on the signing of this lease the sum of **$0.00** as security for the performance of Tenant's obligations under this lease, including without limitation the surrender of possession of the premises to Landlord as herein provided. If Lessor applies any part of the deposit to cure any default of Tenant, Tenant shall on demand deposit with Landlord the amount so applied so that Landlord shall have the full deposit on hand at all times during the term of this lease. If Tenant performs all of the Tenant's obligations hereunder, said deposit, or so much thereof as has not heretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant at the expiration hereof, and after Tenant has vacated the Premises. No trust relationship is created herein between Landlord and Tenant with respect to said Security Deposit.

13. FIRE OR CASUALTY

In the event the Leased Premises, or access to them, are wholly or partially destroyed by fire or other casualty covered by the usual form of fire and extended coverage insurance rendering them untenantable, Landlord may, at its option, rebuild, repair or restore the Leased Premises to substantially the same condition. If the Leased Premises are rendered totally untenantable, rent shall abate during the period of reconstruction, and, if they are rendered partially untenantable, rent shall abate pro rata during the period of reconstruction. If the Landlord shall elect not to repair and restore the Leased Premises to a tenantable condition, either Landlord or Tenant at their option, may terminate this Lease within thirty (30) days following the date notice of Landlord's election not to repair or restore the Leased Premises is

provided to Tenant. Landlord's election whether or not to repair and restore the Leased Premises shall be made within ninety (90) days after the date of the casualty.

14. EMINENT DOMAIN

In the event the Building, the land on which it is located or any portion of the Leased Premises-#300, 302 and 305 is taken under eminent domain proceedings, Tenant shall have no right, title or interest to any award for such taking, except for fixtures and improvements installed by Tenant, if any and any relocation benefits tenant may be entitled to from condemning party. In the event of eminent domain proceedings the lease would be deemed terminated.

If so much of the Leased Premises- suite #330 or the Building are taken by such condemnation as would substantially and adversely affect the operation and profitability of Lessee's business conducted from the Leased Premises- suite #330, Tenant shall have the option, to be exercised only in writing within thirty (30) days after Landlord shall have given Lessee written notice of such taking (or in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession), to terminate this Lease as of the date of the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Leased Premises- suite #330 remaining, except that the rent and Tenant's Share of Operating Expense Increase shall be reduced in the proportion that the floor area of the Leased Premises- suite #330 taken bears to the total floor area of the Leased Premises-suite #330. Common Areas taken shall be excluded from the Common Areas usable by Tenant and no reduction of rent shall occur with respect thereto or by reason thereof. Landlord shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Tenant of such election within thirty (30) days after receipt of notice of a taking by condemnation of any part of the Leased Premises-suite #330 or the Building.

15. ASSIGNMENT AND SUBLEASE

Tenant shall not voluntarily or involuntarily assign, sublet, mortgage, or otherwise encumber all or any portion of its interest in this Lease or in the Leased Premises without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, pending a formal review of the credit application and agreement with credit standards set by Landlord, and any such attempted assignment, subletting, mortgage or other encumbrance without such consent shall be null and void and of no effect.

The voluntary or other surrender of this Lease by Tenant or a mutual cancellation hereof shall not work a merger, and shall at the option of Landlord, terminate all or any existing leases or sub tenancies or shall operate as an assignment to Landlord of such leases or sub tenancies. If Tenant is a corporation which under the then current guidelines published by the Arizona Corporation Commission, is not deemed a public corporation, or is an unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership in the aggregate in excess of twenty-five percent (25%) shall be deemed an assignment within the meaning and provisions of this Paragraph 15.

16. ACCESS

Landlord and its agents shall have the right to enter the Leased Premises at all reasonable times with a 24 hour written notice for the purpose of examining or inspecting the same, showing the same to prospective purchasers or tenants of the Building, and as necessary to perform its obligations under this Lease. Landlord may erect, use, and maintain scaffolding, pipes, conduits, and other necessary structures in and through the Leased Premises where reasonably required by the character of the work performed, provided that the business of Tenant shall not be unreasonably interfered with by Landlord. If Tenant shall not personally be present to open and permit any entry into the Leased Premises at any time when such entry by Landlord is necessary or permitted hereunder, Landlord may enter by means of a master key or, in emergencies, may enter forcibly, the Lease Premises without liability to Tenant.

17. SUBORDINATION, ATTORNMENT AND ESTOPPEL

This Lease is junior, subject and subordinate to, and Tenant hereby agrees to be bound by, all ground leases, mortgages, deeds of trust and other security instruments of any kind now covering the Building, the property upon which it is located, or any portion thereof; provided, however, that Tenant's quiet enjoyment of the Leased Premises shall continue undisturbed by any foreclosure of any such mortgage, deed of trust or other lien or termination of any such lease. Landlord reserves the right to place liens or encumbrances on the Building, the property upon which it is located, or any part thereof or interests therein superior in lien and effect to this Lease. This Lease, at the option of Landlord, shall be subject and subordinate to any and all such liens or encumbrances now or hereafter imposed by Landlord without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver upon demand such further instruments consistent with this Lease evidencing such subordination of this Lease as may be requested by Landlord.

In the event of the termination of any such Lease (whether in its entirety or in part of the Leased Premises- suite #330), or in the event of the foreclosure of any such mortgage, deed of trust or other lien, Tenant will attorn to the then owner who owns or acquires title to the property of which the Leased Premises- suite #330are a part and will recognize such owner as Landlord under this Lease. Tenant hereby waives any right to terminate this Lease because of termination of such Lease or the foreclosure of any such mortgage, deed of trust or other security instrument provided that the then owner shall have previously agreed or shall agree to Tenant's occupancy and right to quiet possession of the Leased Premises- suite #330 hereunder.

Tenant shall at any time, within fifteen (30) days after written certified request 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 rent and other charges are paid in advance, if any, (b) confirming the commencement and expiration dates of the term, (c) confirming the amount of the security deposit held by Landlord, if any, (d) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (e) confirming such other matters as to which Landlord may reasonably request

confirmation or which are customarily set forth in the lender's form of tenant statement. Any such statement may be conclusively relied upon by a prospective purchaser or encumbrance of the Building. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord; (ii) that there are no uncured defaults in Landlord's performance; (iii) that not more than one month's rent has been paid in advance, (iv) that the commencement and expiration dates and the amount of the security deposits are as stated by Landlord, and (v) that those other matters set forth in the statement provided to Tenant are true.

18. SALE AND TERMINATION OF LEASE

In the event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any and all liability under this Lease. This Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser of the Building. If any security deposit has been made by Tenant, Landlord may transfer such security deposit to the purchaser, and thereupon Landlord shall be discharged from any further liability in reference thereto. Landlord will provide notice to tenant of such transfer within (10) days and provide tenant a purchase statement of responsibility.

19. INDEMNIFICATION OF LANDLORD

Tenant and Landlord shall indemnify each other and save each other harmless from and against any and all suits, actions, damage and claims, liability and expense in connection with loss of life, bodily or personal injury or property damage arising from or out of any occurrence in, upon, at or from the Leased Premises- suite #330, or occasioned wholly or in part by any act or omission of Lessee or Lessor, their agents, contractors, employees, servants, invitees, licensees or concessionaires, including Landlord's master or ground lessor, partners, members, officers, managers and lenders. All insurance policies carried by Tenant and/or Landlord shall include a waiver of subrogation endorsement which specifies that the insurance carrier(s) will waive any right of subrogation against Tenant and/or Landlord arising out of any insurance claim. In no event shall either party be liable to the other for consequential damages

Tenant hereby agrees to maintain in full force and effect at all times during the term of this Lease, at its own expense, for the protection of Tenant and Landlord, policies of insurance issued by a responsible carrier or carriers acceptable to Landlord which afford the following coverage's:

(i) Worker's Compensation: Statutory

(ii) Commercial General Liability Not less than $1,000,000 per
("CGL") Insurance, maintained on occurrence and general aggregate
an occurrence basis

(iii) Fire and extended coverage insurance in an amount sufficient to cover the replacement cost of all improvements and betterments to the Leased Premises (except for the Landlord Improvements) and all of Tenant's fixtures and other personal property.

The City of Chandler has a self insurance fund and maintains an insurance policy for amounts in excess of the fund.

(iv) Business Interruption Insurance in an amount equal to the Base Rental and annual adjustments for a period of at least twelve (12) months commencing with the date of loss. Insurance payments are to be applied first to rent and assessments owed Landlord before any allocation can be made to Tenant.

The insurance policies may provide coverage with deductibles or self insurance retentions. Such deductibles or self insurance retentions shall be assumed by and be for the account of and the sole responsibility of the Tenant.

Tenant shall deliver to Landlord at least thirty (30) days prior to the time such insurance is first required to be carried by Tenant, and thereafter at least thirty (30) days prior to expiration of such policy, Certificates of Insurance evidencing the CGL coverage, which shall name Landlord as additional insured and shall expressly provide that Landlord's coverage therein shall not be affected by any breach by Tenant of any policy provision for which such Certificates evidence coverage. Further, all Certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given Landlord in the event of material alteration to or cancellation of the coverage's evidenced by such Certificates.

Within thirty (30) days after demand, Tenant shall provide Landlord, at Tenant's expense, with such increased amount of existing insurance, in such limits as Landlord may require based on then-prevailing standards and customs in Phoenix, Arizona.

If, on account of the failure of Tenant to comply with the foregoing provisions, Landlord is adjudged a co-insurer by its insurance carrier, then any loss or damage Landlord shall sustain by reason thereof shall be borne by Tenant and shall be immediately paid by Tenant upon receipt of a bill thereof and evidence of such loss.

Landlord makes no representation that the limits of liability specified to be carried by Tenant under the terms of this Lease are adequate to protect Tenant against Tenant's undertaking under this Paragraph 19, and in the event Tenant believes that any such insurance coverage called for under this Lease is insufficient, Tenant shall provide at its own expense, such additional insurance as Tenant deems adequate.

Any covenants, conditions, provisions or agreements on the part of the Landlord to perform any act or thing for the benefit of Tenant shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of strike, lockout, laws, rules, orders, ordinances, directions, regulations, or requirements of any federal, state, county or municipal authority, labor trouble or any other cause whatsoever beyond Landlord's control, nor shall Tenant's rent be abated by reason of such inability on the part of Landlord.

Nothing contained in this Lease shall operate to relieve Landlord of the consequences of its own negligence or the negligence of its agents, servants, invitees or employees (to the extent of such negligence).

Landlord shall obtain and keep in force during the Term of this Lease a policy of combined single limit bodily injury and Broad form Property Damage Insurance, plus coverage against other risks Landlord deems advisable from time to time, insuring Landlord, but not Tenant against liability arising out of ownership, use occupancy or maintenance of the Building in an amount not less than $5,000,000 per occurrence.

20. WAIVER OF SUBROGATION

Tenant agrees that insurance carried by them against loss or damage by fire or other casualty shall contain a clause whereby the insurer waives its right of subrogation against the other party.

21. ATTORNEYS' FEES

In the event of any legal action or proceeding brought by either party against the other arising out of this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees incurred in such action and such amount shall be included in any judgment rendered in such proceeding.

22. WAIVER

No waiver by Landlord of any provision of this Lease or of any breach by Tenant hereunder shall be deemed to be a waiver of any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant. No act or thing done by Landlord or Landlord's agents during the term of this Lease shall be deemed an acceptance of a surrender of the Leased Premises, unless done in writing signed by Landlord. The delivery of the keys to any employee or agent of Landlord shall not operate as a termination of this Lease or a surrender of the Leased Premises.

23. NOTICES

All notices to be given by one party to the other shall be in writing, effective when received, and mailed, delivered or sent by telefacsimile to each as follows:

To Landlord:
First Credit Union
C/O DBSI Real Estate, LLC
3344 North Delaware Steet
Chandler, Arizona 85225

- and-

To Tenant:
City of Chandler, an Arizona municipal corporation
Real Estate Department
PO Box 4008, MS916
Chandler, Arizona 85244

-and-

City of Chandler, an Arizona municipal corporation
Real Estate Department
PO Box 4008, MS916
Chandler, Arizona 85244

24. INSOLVENCY OR BANKRUPTCY

The appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, or reorganization act, shall at Landlord's option, constitute a breach of this Lease by Tenant. Upon the happening of any such event, or at any time thereafter, this Lease shall terminate five (5) days after written notice of termination from Landlord to Tenant. In no event shall this Lease be assigned or assignable by operation of law and in no event shall this Lease be an asset of Tenant in any receivership, bankruptcy, insolvency, or reorganization proceedings.

25. DEFAULT

In the event Tenant fails to pay any Base Rental or other sums due hereunder or fails to keep and perform any of the other covenants, terms or conditions hereof, or otherwise breaches this Lease or defaults hereunder, time being of the essence, then ten (10) days after written notice of default from Landlord, Landlord may, if such default has not been corrected, resort to any and all legal remedies or combination of remedies which Landlord may desire to assert including but not limited to one or more of the following: (1) lock the doors of the Leased Premises and exclude Tenant there from, (2) retain or take possession of any property on the Leased Premises pursuant to Landlord's statutory lien, (3) enter the Leased Premises and remove all persons and property there from, (4) declare this Lease at an end and terminated, (5) sue for the Base Rental or other sums due and to become due under this Lease, (6) sue for any damages sustained by Landlord, and (7) continue this Lease in effect and relet the Leased Premises on such terms and conditions as Landlord may deem advisable with Tenant remaining liable for the Base Rental plus the reasonable cost of obtaining possession of the Leased Premises and of any repairs and alterations necessary to prepare the Leased Premises for reletting, and the cost of reletting. No action of Landlord shall be construed as an election to terminate this Lease unless written notice of such intention is given to Tenant. During the pendency of any default by Tenant, whether or not Landlord has given notice thereof, Tenant shall have no right to exercise expansion or renewal options or receive allowances hereunder.

Upon any termination of this Lease by Landlord due to a default by Tenant pursuant to this Paragraph, Tenant shall pay to Landlord, in addition to the foregoing, the unamortized portion of all amounts actually paid by Landlord as Allowances and for any leasing commissions and out of pocket expenses paid by Landlord pursuant to this Lease. For the purposes of this Paragraph, the leasing commission and Tenant Improvement Allowance shall be deemed advanced as of the Lease Commencement date stated above. Repayment of each

such Allowance shall be deemed amortized in equal monthly installments scheduled over a term commencing with the date of advance and ending on the date of termination by Tenant, without interest; Tenant shall be deemed to pay each scheduled monthly installment when Tenant pays each Base Rental installment due after the Allowance is deemed advanced. Any unamortized amounts of such Allowances due from Tenant shall be paid to Landlord within thirty (30) days after termination of this Lease.

26. INTEREST ON TENANT'S OBLIGATIONS

Any Base Rental or other amount due from Tenant to Landlord which is not paid when due shall bear interest at a rate equal to the greater of ten percent (10%) per annum or five (5) percentage points in excess of the "prime" rate publicly announced by First Credit Union, Arizona, N.A., or its successor, from time to time as such rate changes. The payment of such interest shall not excuse or cure the default.

27. TIME

Time is of the essence of this Lease and each and all of its provisions.

28. DEFINED TERMS AND MARGINAL HEADINGS

The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If more than one person is named as Tenant the obligations of such persons are joint and several. The marginal headings and titles to the Paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

29. RELOCATION OF PREMISES

Landlord shall have the right to relocate Tenants leased space to another part of the building in accordance with the following:

(i) The new leased space shall be constructed to substantially match the size, configuration and quality of the existing leased premises. Landlord shall bear all costs associated with the improvement of the new leased space location. The initial lease Base Rent shall hold for any space located on any floor of the Building.

(ii) Landlord shall give Tenant at least a (120) day written notice of Landlords intent to relocate Tenants leased space.

(iii) As nearly as practicable, the physical relocation of the Leased space shall take place on a weekend and shall be completed before the following Monday. If the physical relocation has not been completed in that time, the Base Rent shall abate in full from the time of the physical relocation commences to the time it is completed. Upon completion of such relocation, the new leased space shall become the 'Leased Space' under this lease.

(iv) All reasonable costs incurred by Tenant as a result of the relocation shall be paid by Landlord.

(v) If the new Leased Space is smaller or larger than the original Leased Space as it existed before the relocation, Base Rent shall be reduced or increased proportionately based upon the base rent per rentable square foot.

(vi) The parties hereto shall immediately execute an amendment to this Lease setting forth the relocation of the Premises and the reduction of Base Rent, if any.

(vii) In lieu of relocation, and only during the last 12 months of the initial lease term, Landlord may elect to terminate this Lease with 90 days advance written notice of it intent to terminate.

30. RETIRED OR DECEASED PARTNERS

Any partner (and if deceased, his or her estate) of Tenant withdrawing from the Tenant (or from the limited liability company specified in this Lease) as a result of his or her death, permanent disability, or retirement (if such retirement occurs after such person reaches the age of sixty-two (62) years) shall automatically be released from any liability under this Lease accruing from and after the date of such withdrawal. From and after the lease commencement date, the withdrawal of a partner of Tenant from the Tenant for any reason other than his or her death, permanent disability or retirement after reaching the age of sixty-two (62) years shall not cause any such partner (or his or her estate) to be released from liability under this Lease.

31. PARKING FACILITIES

Tenant shall be entitled to occupy the following number of parking spaces in the garage adjoining the 'Building':

(2) covered reserved parking spaces as assigned and signed by Landlord with the right of relocation of spaces with a (15) day notice from Landlord to Tenant and (3) covered non-reserved parking spaces as assigned and signed by Landlord and (11) unreserved parking spaces

Space #183 and #184

Such Parking shall be free of charge for the term of the Lease.

32. STORAGE SPACE

Landlord will permit Tenant to rent storage space, if available, in any portion of the Building which may be designated for use as tenant storage from time to time by Landlord during the term of this Lease. Such rental shall be upon terms and conditions mutually approved by Tenant and Landlord from time to time.

33. NO RIGHTS IN OTHERS

Landlord represents and warrants to Tenant that as of the date of this Lease, no other tenant in the Building has any option or right of first refusal relating to the Leased Premises.

34. COMPLIANCE WITH ADA

Tenant recognizes and agrees that Tenant shall be solely responsible to comply, at its expense, with any applicable provisions of the Americans with Disabilities Act ("ADA") which affect the interior of the Leased Premises, including without limitation those which may require the removal of access barriers or the construction, modification or removal of other portions of the improvements made to the Leased Premises, now or in the future. The approval by Landlord of any plans or specifications for tenant improvements or the construction thereof shall not be a warranty or representation by Landlord that any such improvement within the Leased Premises are in compliance with the ADA.

35. MUTUAL INDEMNITY

Any party hereto under whom a finder or broker asserts a claim to a finder's fee, brokerage commission or other compensation on account of alleged employment as a finder or broker in connection with the execution of this Lease (or any extension or expansion in accordance with its terms) shall indemnify, defend and hold the other party harmless for, from and against any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought on such claim, including, but not limited to, counsel and witness fees and court costs incurred in defending such a claim.

36. TENANT'S SIGNS

During any time while Landlord permits any other office tenant (specifically excluding Landlord or Landlord's successor occupying space for banking or related businesses or operations) to have its name placed on a suite sign placard. Such signs shall be provided by and maintained by Landlord at Tenant's expense.

37. RENEWAL OPTION:

Tenant shall have two (2), one (1) yr Renewal Options at market rate, by giving written notice to Landlord not less than six (6) months prior to termination date.

IN WITNESS WHEREOF, the parties hereto have executed this instrument by proper persons thereunto duly authorized so to do.

Landlord	Tenant
First Credit Union	City of Chandler, an Arizona municipal corporation
By:_____	By:_____
Its:_____	Its:_____
Date:_____	Date:_____
"Landlord"	"Tenant"

#12
JUN 14 2007

Chandler • Arizona
Where Values Make The Difference

MEMORANDUM **REAL ESTATE MEMO NO. RE07-329**

DATE: JUNE 14, 2007

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
RICH DLUGAS, ASSISTANT CITY MANAGER
PAT MCDERMOTT, ASSISTANT CITY MANAGER
O.D. BURR, ACTING MANAGEMENT SERVICES DIRECTOR
DANIEL W. COOK, ACTING PUBLIC WORKS DIRECTOR

FROM: MIKE NORMAND, ACTING ASSISTANT PUBLIC WORKS DIRECTOR/ TRANSPORTATION AND OPERATIONS

SUBJECT: RESOLUTION NO. 4070 APPROVING THE RENEWAL OF LEASE AGREEMENTS BETWEEN FIRST CREDIT UNION AND THE CITY OF CHANDLER FOR LEASED OFFICE SPACE AT 25 S. ARIZONA PLACE, SUITES 300, 302, 305, AND 330.

RECOMMENDATION: Staff recommends that the City Council pass and adopt Resolution No. 4070 approving the renewal of lease agreements between First Credit Union and the City of Chandler for leased office space at 25 S. Arizona Place, Suites 300, 302, 305, and 330.

BACKGROUND/DISCUSSION: The City of Chandler has been leasing 5,989 square feet of space at 25 S. Arizona Place (Rocky Mountain Building) for the past 5 years at a cost of $15.71 per square foot plus a prorated share of operating costs. This lease will expire June 30, 2007. Risk Management and Safety, Environmental Management, Licensing, and the Tax Auditing Divisions occupy this space. In addition, another 3,807 square feet is currently occupied by the City's Real Estate Department at a rate of $15.73 per square foot, plus a prorated share of operating costs. This lease will expire October 31, 2007.

First Credit Union has agreed to renew the two leases to December 31, 2010 and provide two one-year renewal options. The new lease rate for each lease will begin at $18.00 per square foot in year one, $19.00 per square foot for year two, $20.00 per square foot for year three, and $21.00 per square foot for the balance of the lease term. In consideration for renewing the leases, First Credit Union has agreed to a payment of one-half of the monthly lease rate for the first four (4) months of each lease. In addition, First Credit Union has agreed to grant two one-year renewal options at the then current market rate.

The leases also provide for a total of 40 parking spaces at no additional cost.

FINANCIAL OBLIGATIONS

For Suites 300, 302 and 305 (the 5,989 square foot space) the City would incur an annual cost of $89,835 for the first twelve months, $113,791 for the second twelve months, $119,780 for the third twelve months, and $62,885 for the remaining six months, plus applicable taxes and common area maintenance fees. For Suite 330 (the 3,807 square foot space) the City would incur an annual cost of $57,105 for the first twelve months, $72,333 for the second twelve months, $88,830 for the remaining 14 months, plus applicable taxes and common area maintenance fees.

Cost:	$604,582*
Savings:	$ 29,388 (discount for renewing leases)
Long Term Costs:	N/A

Fund Source (Suites 300, 302, 305):

Acct. No.:	Fund Name:	Dept./Div. Name:	CIP Funded:	Amount:
101.1290.0000.5713	General Fund	Auditors	N/A	$109,320.35
736.1260.0000.5713	Workers Comp.	Risk Management	N/A	$ 80,734.82
737.1260.0000.5713	Insured Liability	Risk Management	N/A	$ 60,647.69
738.1265.0000.5713	Uninsured Liability	Environmental Services	N/A	$135,588.14
				$386,291.00*

Fund Source (Suite 330):

Acct. No.:	Fund Name:	Dept./Div. Name:	CIP Funded:	Amount:
101.1290.0000.5713	General Fund	Real Estate	N/A	$218,268.00*

* Plus taxes and common area maintenance fees.

PROPOSED MOTION. Move that City Council pass and adopt Resolution No. 4070 approving the renewal of lease agreements between First Credit Union and the City of Chandler for leased office space at 25 S. Arizona Place, Suites 300, 202, 305, and 330.

Attachments:

Office Lease Agreements (2)
Resolution 4070

RESOLUTION NO. 4070

A RESOLUTION OF THE COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING AND APPROVING THE LEASE AGREEMENTS BETWEEN FIRST CREDIT UNION AND THE CITY OF CHANDLER FOR LEASED OFFICE SPACE AT 25 S. ARIZONA PLACE, SUITES 300, 302, 305, AND 330.

WHEREAS, the City of Chandler currently leases office space from First Credit Union at 25 S. Arizona Place, Suites 300, 302, 305, and 330; and

WHEREAS, the current lease agreements will expire in the near future and the parties wish to enter into new lease agreements to provide 5,989 square feet of office space for the City's Risk Management and Safety, Environmental Management, Licensing, and the Tax Auditing Divisions; and 3,807 square feet for the City's Real Estate Department.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler, Arizona, as follows:

Section 1. That the City of Chandler approves the attached lease agreements with First Credit Union for leased office space at 25 S. Arizona Avenue, Suites 300, 302, 305 containing 5,989 square feet, and Suite 330 containing 3,807 square feet through December 31, 2010, and authorizes the City Manager to execute these lease agreements on behalf of the City of Chandler.

Section 2. That any extension of the attached lease agreements hereby approved shall be submitted to Council for further approval as necessary.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this _____ day of _____, 2007.

ATTEST:

_____ CITY CLERK

_____ MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4070 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the ___ day of_____, 2007, and that a quorum was present thereat.

_____ CITY CLERK

APPROVED AS TO FORM:

_____ CITY ATTORNEY

THIS LEASE made as of this _____ day of _____, 2007 between **First Credit Union** (hereinafter called "Landlord"), and **City of Chandler, an Arizona municipal corporation** (hereinafter called "Tenant").

WITNESSETH:

WHEREAS, Landlord is the owner of the building commonly known as the **First Credit Union Chandler Corporate Center** (hereinafter referred to as the "Building" or the "Chandler Corporate Center") which is located on the real property more particularly described on Exhibit "A" attached hereto and made a part hereof by this reference, and which constitutes the street address for which is 25 South Arizona Place, Chandler, Arizona in addition to the parking facility located at 100 East Boston, Chandler, Arizona; and

WHEREAS, Landlord desires to lease space **#300, 302 and 305** (referred to as suite #300) in the Building to Tenant and Tenant desires to lease space **#300, 302 and 305** (referred to as suite #300) in the Building from Landlord;

NOW, THEREFORE, in consideration of the rents, covenants and agreements hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby agrees to lease from Landlord, consisting of approximately **5989** rentable square feet as designated on "Exhibit B" attached hereto (hereinafter called the "Leased Premises-#300, 302 and 305 "), together with the right, in common with all other tenants in the building, to use and enjoy the common areas of the building, subject to the terms and conditions of this Lease and the rules and regulations of common application to existing tenants which may from time to time be adopted by the Landlord.

1. TERM

The term of this Lease shall be **42 months** (unless sooner terminated as herein provided), Lease Commencing on July 1, 2007 and expiring December 31, 2010.

2. RENT

Tenant agrees to pay as Base Rental the annual rent rate multiplied by the number of rentable square feet of the Leased Premises each year during the term of this Lease, payable in equal monthly installments in advance on the first day of each month commencing with the commencement date of this Lease. Based upon the Leased Premises comprising of **5989** rentable square feet, the annual Base Rental is scheduled as follows: (plus applicable rental tax)

Year	Annual Base Rate	Total Annual Rent	Monthly Payment
1-4months	$9.00		$4,491.75
5-12months	$18.00	$107,802.00	$8,983.50
13-24months	$19.00	$113,791.00	$9,482.58
25-36months	$20.00	$119,780.00	$9,981.67
37-42months	$21.00	$125,769.00	$10,480.75

Tenant shall pay a "late charge" for any Base Rental payment or other sums due from Tenant received by Landlord more than seven (7) days after its due date equal to five percent (5%) of the amount overdue.

3. EXPENSES

Tenant agrees to pay in addition to Base Rent a pro rata share of all shared Operating expenses. Pro rata share of Leased Premises Square Footage divided by Total Building Square Footage equals approximately **5.77%.** Tenant shall pay the pro rata share of all Operating Expenses, property tax and insurance expenses either monthly, quarterly or annually, whichever Landlord indicates. Total expense contribution by tenant shall not exceed 6% of the Annual Base Rent for any given year.

4. RENT ADJUSTMENT

The Base Rental shall be subject to annual Operating Expenses Assessment charges each calendar year to compensate for changes in the operating expenses of the Chandler Corporate Center as follows:

The operating expenses shall be determined for the **base year of 2007**. Such operating expenses, which shall include building expenses, property taxes and insurance, shall be determined for each calendar year after the base year, such determination to be made by April 1 of the year following. If the operating expenses for any calendar year after the base year exceed those of the base year, Tenant's Operating Expense charge allocation for the year shall be increased.

The term "operating expenses" as used herein shall include all costs of operation and maintenance of the land, improvements, fixtures and equipment comprising the building and any ground rents or other costs of operation or maintenance of the facilities and shall include the following costs by way of illustration but not limitation: water and sewer charges; insurance premiums, licenses, permit and inspection fees; heat; light; power; steam; janitorial services; labor; salaries; air-conditioning; supplies; materials; equipment; tools; the cost of any capital improvements made to the Building by Landlord that reduce direct expenses or that are required by reason of governmental law or regulation not applicable to the Building or not in effect at the time it was constructed, (such cost to be amortized over such reasonable period as Landlord shall determine with a return on capital at the rate of 10% per annum on the unamortized balance or at such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such capital improvements); and management fees. Notwithstanding the foregoing, "operating expenses" shall exclude the amortized expense attributable to capital improvements made within the interior of space rented to or rentable to other Building tenants all costs associated with retrofitting any portion of the Building with fire sprinklers as required by laws now in effect, and all direct costs of removal of asbestos containing materials ("ACM") from any portion of the Building outside the Leased Premises as required by laws now in effect. Those operating expenses which are controllable by Landlord, namely salaries of Landlord's employees and/or agents shall not be included in calculating the operating expense assessments.

The annual determination of operating expenses shall be made and certified according to standard accounting principles by a Certified Public Accountant designated by Landlord. A

copy of the determination shall be made available to Tenant upon request. The Accountant's determination shall be final and binding upon Landlord and Tenant.

5. REPAIRS

Landlord agrees to make all necessary repairs to the Building of which the Leased Premises are a part, including exterior walls, exterior doors, windows, corridors and other common areas, and support columns, floor and ceiling structures, and load bearing structures within the Leased Premises, and shall maintain the Building in substantially the same physical condition and repair as existed on the date hereof, reasonable wear and tear excepted. Landlord agrees to keep the Building housing the Leased Premises in a safe, clean and neat condition, and to use reasonable efforts to keep all Building equipment such as elevators, plumbing, heating, electrical, air-conditioning and similar equipment in good condition and repair.

Tenant agrees that it will make, at its expense, all repairs to the Leased Premises not required above to be made by the Landlord; provided, however, that any contractor or person making such repairs must first be approved in writing by Landlord. Tenant will pay for any repairs to the Leased Premises or the Building containing the Leased Premises made necessary by any negligence or carelessness of Tenant or its employees or persons permitted in the Building by Tenant, and will maintain the Leased Premises in a safe, clean, neat and sanitary condition. Tenant agrees to promptly advise Landlord of the need for any such above-ceiling repairs when and if such need should arise and shall pay the cost of any such repairs if required by this Paragraph.

6. IMPROVEMENTS AND ALTERATIONS

Tenant is taking the Premises "as-is." Landlord will not be giving the Tenant any improvement allowance.

Tenant shall not make any alterations, additions or improvements (which term shall include redecorating, remodeling and painting) to the Leased Premises without the prior written consent of Landlord. Any such alterations, additions or improvements (except moveable furniture and trade fixtures), shall at once become a part of the Building and belong to Landlord. Except for the initial improvements to be provided by Landlord and except for the improvement allowances set forth herein, any approved alterations, additions or improvements ("Tenant Additions") shall be made by Tenant at Tenant's sole cost and expense. Any contractor or person making such Tenant Additions, and the plans and specifications therefore, must first be approved in writing by Landlord. Upon any termination of this Lease Tenant shall, upon demand by Landlord, at Tenant's sole cost and expense, forthwith remove any Tenant Additions, designated by Landlord to be removed at the time of approval of such additions, and repair and restore the Leased Premises to its original condition, reasonable wear and tear excepted.

Landlord shall have the right at any time to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other common areas of the Building, and to change the name, number or designation by which the Building is commonly known.

7. LIENS

Tenant shall keep the Leased Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered additional rent and shall be payable by Tenant on demand with interest at the rate of ten percent (10%) per annum.

8. USE OF PREMISES

The Leased Premises are to be used for the sole purpose of general offices by Tenant. Tenant agrees that it will use the Leased Premises in such manner as not to injure, annoy, interfere with or infringe on the rights of other tenants in the Building or use or allow the Leased Premises to be used for any improper, immoral or unlawful purpose. Except as otherwise specified herein, Tenant agrees to comply, at its expense, with all applicable laws, ordinances and regulations now or hereafter in force in connection with its use of the Leased Premises. Tenant shall not commit or suffer the commission of any waste, overload any floor beneath the Leased Premises beyond the load limit established by Landlord or knowingly permit any explosives or hazardous substances including environmentally sensitive substances to enter the Building. Tenant shall not do or permit anything therein which will in any way increase the fire insurance premium upon the Building.

9. LANDLORD SERVICES

Landlord agrees to furnish to the Leased Premises during ordinary business hours of generally recognized business days (as determined by Landlord), and subject to the rules and regulations of the Building, water and electricity suitable for the intended use and occupation of the Leased Premises, heat and air conditioning required for the comfortable use and occupation of the Leased Premises, janitor service, and elevator service. Tenant agrees to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of the heating, ventilating, and air conditioning system. Landlord shall have no liability, and Tenant shall not be entitled to any abatement or reduction of rental, by reason of Landlord's failure to furnish any services when such failure is caused by accident, breakage, repairs, strikes, lockouts, labor disturbances or labor disputes, or by any other cause, similar or dissimilar beyond the reasonable control of Landlord.

Tenant will not without the prior written consent of Landlord, use any apparatus or device in the Leased Premises (including but without limitation, electronic data processing machines, punch card machines, and machines using current in excess of 110 volts), which will in any way require or use an amount of electricity or water in excess of that usually furnished or supplied for general office space. If Tenant shall require water or electric current in excess of that amount, Tenant shall first obtain the consent of Landlord to the use thereof. Landlord,

in such event, may use a water meter or electric current meter installed in the Leased Premises, or other reliable method of determination, to measure the amount of water and electric current consumed for any such other use. The cost of any such meters and of installation, maintenance, and repair thereof shall be paid by Tenant, together with the cost of all such water and electric current consumed at the rates charged for such services by the City of Phoenix or the local public utility, as the case may be, furnishing the same.

10. RULES AND REGULATIONS

Tenant agrees to abide by all rules and regulation of the Building imposed by Landlord. These regulations are imposed for the cleanliness, good appearance, proper maintenance, good order and reasonable use of the Leased Premises and the Building, and as may be necessary for the proper enjoyment of the Building, by all tenants and their clients, customers and employees. The rules and regulations may be changed from time to time on reasonable notice to Tenant. Breach of Building rules or regulations shall not be grounds for termination of this Lease unless Tenant continues to breach the same after ten (10) days' written notice from Landlord.

11. TAXES

Tenant agrees to pay, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property located in the Leased Premises.

12. SECURITY DEPOSIT

Tenant shall deposit with Landlord on the signing of this lease the sum of **$0.00** as security for the performance of Tenant's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Landlord applies any part of the deposit to cure any default of Tenant, Tenant shall on demand deposit with Landlord the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease. If Tenant performs all of the Tenant's obligations hereunder, said deposit, or so much thereof as has not heretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant at the expiration hereof, and after Tenant has vacated the Premises. No trust relationship is created herein between Landlord and Tenant with respect to said Security Deposit.

13. FIRE OR CASUALTY

In the event the Leased Premises, or access to them, are wholly or partially destroyed by fire or other casualty covered by the usual form of fire and extended coverage insurance rendering them untenantable, Landlord may, at its option, rebuild, repair or restore the Leased Premises to substantially the same condition. If the Leased Premises are rendered totally untenantable, rent shall abate during the period of reconstruction, and, if they are rendered partially untenantable, rent shall abate pro rata during the period of reconstruction. If the Landlord shall elect not to repair and restore the Leased Premises to a tenantable condition, either Landlord or Tenant at their option, may terminate this Lease within thirty (30) days following the date notice of Landlord's election not to repair or restore the Leased Premises is

provided to Tenant. Landlord's election whether or not to repair and restore the Leased Premises shall be made within ninety (90) days after the date of the casualty.

14. EMINENT DOMAIN

In the event the Building, the land on which it is located or any portion of the Leased Premises-#300, 302 and 305 is taken under eminent domain proceedings, Tenant shall have no right, title or interest to any award for such taking, except for fixtures and improvements installed by Tenant, if any and any relocation benefits tenant may be entitled to from condemning party. In the event of eminent domain proceedings the lease would be deemed terminated.

If so much of the Leased Premises-#300, 302 and 305 or the Building are taken by such condemnation as would substantially and adversely affect the operation and profitability of Tenant's business conducted from the Leased Premises-#300, 302 and 305, Tenant shall have the option, to be exercised only in writing within thirty (30) days after Landlord shall have given Lessee written notice of such taking (or in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession), to terminate this Lease as of the date of the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Leased Premises-#300, 302 and 305 remaining, except that the rent and Lessee's Share of Operating Expense Increase shall be reduced in the proportion that the floor area of the Leased Premises-#300, 302 and 305 taken bears to the total floor area of the Leased Premises-#300, 302 and 305. Common Areas taken shall be excluded from the Common Areas usable by Lessee and no reduction of rent shall occur with respect thereto or by reason thereof. Lessor shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Lessee of such election within thirty (30) days after receipt of notice of a taking by condemnation of any part of the Leased Premises-#300, 302 and 305 or the Building.

15. ASSIGNMENT AND SUBLEASE

Tenant shall not voluntarily or involuntarily assign, sublet, mortgage, or otherwise encumber all or any portion of its interest in this Lease or in the Leased Premises without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, pending a formal review of the credit application and agreement with credit standards set by Landlord, and any such attempted assignment, subletting, mortgage or other encumbrance without such consent shall be null and void and of no effect.

The voluntary or other surrender of this Lease by Tenant or a mutual cancellation hereof shall not work a merger, and shall at the option of Landlord, terminate all or any existing leases or sub tenancies or shall operate as an assignment to Landlord of such leases or sub tenancies. If Tenant is a corporation which under the then current guidelines published by the Arizona Corporation Commission, is not deemed a public corporation, or is an unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership in the aggregate in excess of twenty-five percent (25%) shall be deemed an assignment within the meaning and provisions of this Paragraph 15.

16. ACCESS

Landlord and its agents shall have the right to enter the Leased Premises at all reasonable times with a 24 hour written notice for the purpose of examining or inspecting the same, showing the same to prospective purchasers or tenants of the Building, and as necessary to perform its obligations under this Lease. Landlord may erect, use, and maintain scaffolding, pipes, conduits, and other necessary structures in and through the Leased Premises where reasonably required by the character of the work performed, provided that the business of Tenant shall not be unreasonably interfered with by Landlord. If Tenant shall not personally be present to open and permit any entry into the Leased Premises at any time when such entry by Landlord is necessary or permitted hereunder, Landlord may enter by means of a master key or, in emergencies, may enter forcibly, the Lease Premises without liability to Tenant.

17. SUBORDINATION, ATTORNMENT AND ESTOPPEL

This Lease is junior, subject and subordinate to, and Tenant hereby agrees to be bound by, all ground leases, mortgages, deeds of trust and other security instruments of any kind now covering the Building, the property upon which it is located, or any portion thereof; provided, however, that Tenant's quiet enjoyment of the Leased Premises-#300, 302 and 305 shall continue undisturbed by any foreclosure of any such mortgage, deed of trust or other lien or termination of any such lease. Landlord reserves the right to place liens or encumbrances on the Building, the property upon which it is located, or any part thereof or interests therein superior in lien and effect to this Lease. This Lease, at the option of Landlord, shall be subject and subordinate to any and all such liens or encumbrances now or hereafter imposed by Landlord without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver upon demand such further instruments consistent with this Lease evidencing such subordination of this Lease as may be requested by Landlord.

In the event of the termination of any such Lease (whether in its entirety or in part of the Leased Premises-#300, 302 and 305), or in the event of the foreclosure of any such mortgage, deed of trust or other lien, Tenant will attorn to the then owner who owns or acquires title to the property of which the Leased Premises-#300, 302 and 305 are a part and will recognize such owner as Landlord under this Lease. Tenant hereby waives any right to terminate this Lease because of termination of such Lease or the foreclosure of any such mortgage, deed of trust or other security instrument provided that the then owner shall have previously agreed or shall agree to Tenant's occupancy and right to quiet possession of the Leased Premises-#300, 302 and 305 hereunder.

Tenant shall at any time, within fifteen (30) days after written certified request 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 rent and other charges are paid in advance, if any, (b) confirming the commencement and expiration dates of the term, (c) confirming the amount of the security deposit held by Landlord, if any, (d) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (e) confirming such other matters as to which Landlord may reasonably request

confirmation or which are customarily set forth in the lender's form of tenant statement. Any such statement may be conclusively relied upon by a prospective purchaser or encumbrance of the Building. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord; (ii) that there are no uncured defaults in Landlord's performance; (iii) that not more than one month's rent has been paid in advance, (iv) that the commencement and expiration dates and the amount of the security deposits are as stated by Landlord, and (v) that those other matters set forth in the statement provided to Tenant are true.

18. SALE AND TERMINATION OF LEASE

In the event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any and all liability under this Lease. This Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser of the Building. If any security deposit has been made by Tenant, Landlord may transfer such security deposit to the purchaser, and thereupon Landlord shall be discharged from any further liability in reference thereto. Landlord will provide notice to tenant of such transfer within (10) days and provide tenant a purchase statement of responsibility.

19. INDEMNIFICATION OF LANDLORD

Tenant and Landlord shall indemnify each other and save each other harmless from and against any and all suits, actions, damage and claims, liability and expense in connection with loss of life, bodily or personal injury or property damage arising from or out of any occurrence in, upon, at or from the Leased Premises-#300, 302 and 305, or occasioned wholly or in part by any act or omission of Lessee or Lessor, their agents, contractors, employees, servants, invitees, licensees or concessionaires, including Lessor's master or ground lessor, partners, members, officers, managers and lenders. All insurance policies carried by Lessee and/or Lessor shall include a waiver of subrogation endorsement which specifies that the insurance carrier(s) will waive any right of subrogation against Lessee and/or Lessor arising out of any insurance claim. In no event shall either party be liable to the other for consequential damages

Tenant hereby agrees to maintain in full force and effect at all times during the term of this Lease, at its own expense, for the protection of Tenant and Landlord, policies of insurance issued by a responsible carrier or carriers acceptable to Landlord which afford the following coverage's:

(i) Worker's Compensation: Statutory

(ii) Commercial General Liability ("CGL") Insurance, maintained on occurrence and general aggregate an occurrence basis Not less than $1,000,000 per

(iii) Fire and extended coverage insurance in an amount sufficient to cover the replacement cost of all improvements and betterments to the Leased Premises (except for the Landlord Improvements) and all of Tenant's fixtures and other personal property.

The City of Chandler has a self insurance fund and maintains an insurance policy for amounts in excess of the fund.

(iv) Business Interruption Insurance in an amount equal to the Base Rental and annual adjustments for a period of at least twelve (12) months commencing with the date of loss. Insurance payments are to be applied first to rent and assessments owed Landlord before any allocation can be made to Tenant.

The insurance policies may provide coverage with deductibles or self insurance retentions. Such deductibles or self insurance retentions shall be assumed by and be for the account of and the sole responsibility of the Tenant.

Tenant shall deliver to Landlord at least thirty (30) days prior to the time such insurance is first required to be carried by Tenant, and thereafter at least thirty (30) days prior to expiration of such policy, Certificates of Insurance evidencing the CGL coverage, which shall name Landlord as additional insured and shall expressly provide that Landlord's coverage therein shall not be affected by any breach by Tenant of any policy provision for which such Certificates evidence coverage. Further, all Certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given Landlord in the event of material alteration to or cancellation of the coverage's evidenced by such Certificates.

Within thirty (30) days after demand, Tenant shall provide Landlord, at Tenant's expense, with such increased amount of existing insurance, in such limits as Landlord may require based on then-prevailing standards and customs in Phoenix, Arizona.

If, on account of the failure of Tenant to comply with the foregoing provisions, Landlord is adjudged a co-insurer by its insurance carrier, then any loss or damage Landlord shall sustain by reason thereof shall be borne by Tenant and shall be immediately paid by Tenant upon receipt of a bill thereof and evidence of such loss.

Landlord makes no representation that the limits of liability specified to be carried by Tenant under the terms of this Lease are adequate to protect Tenant against Tenant's undertaking under this Paragraph 19, and in the event Tenant believes that any such insurance coverage called for under this Lease is insufficient, Tenant shall provide at its own expense, such additional insurance as Tenant deems adequate.

Any covenants, conditions, provisions or agreements on the part of the Landlord to perform any act or thing for the benefit of Tenant shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of strike, lockout, laws, rules, orders, ordinances, directions, regulations, or requirements of any federal, state, county or municipal authority, labor trouble or any other cause whatsoever beyond Landlord's control, nor shall Tenant's rent be abated by reason of such inability on the part of Landlord.

Nothing contained in this Lease shall operate to relieve Landlord of the consequences of its own negligence or the negligence of its agents, servants, invitees or employees (to the extent of such negligence).

Landlord shall obtain and keep in force during the Term of this Lease a policy of combined single limit bodily injury and Broad form Property Damage Insurance, plus coverage against other risks Landlord deems advisable from time to time, insuring Landlord, but not Tenant against liability arising out of ownership, use occupancy or maintenance of the Building in an amount not less than $5,000,000 per occurrence.

20. WAIVER OF SUBROGATION

Tenant agrees that insurance carried by them against loss or damage by fire or other casualty shall contain a clause whereby the insurer waives its right of subrogation against the other party.

21. ATTORNEYS' FEES

In the event of any legal action or proceeding brought by either party against the other arising out of this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees incurred in such action and such amount shall be included in any judgment rendered in such proceeding.

22. WAIVER

No waiver by Landlord of any provision of this Lease or of any breach by Tenant hereunder shall be deemed to be a waiver of any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant. No act or thing done by Landlord or Landlord's agents during the term of this Lease shall be deemed an acceptance of a surrender of the Leased Premises, unless done in writing signed by Landlord. The delivery of the keys to any employee or agent of Landlord shall not operate as a termination of this Lease or a surrender of the Leased Premises.

23. NOTICES

All notices to be given by one party to the other shall be in writing, effective when received, and mailed, delivered or sent by telefacsimile to each as follows:

To Landlord:
First Credit Union
C/O DBSI Real Estate, LLC
3344 North Delaware Steet
Chandler, Arizona 85225

- and-

To Tenant:
City of Chandler, an Arizona municipal corporation
Risk Management
PO Box 4008-MS608
Chandler, Arizona 85244

-and-

City of Chandler, an Arizona municipal corporation
Real Estate Department
PO Box 4008-MS916
Chandler, Arizona 85244

24. INSOLVENCY OR BANKRUPTCY

The appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, or reorganization act, shall at Landlord's option, constitute a breach of this Lease by Tenant. Upon the happening of any such event, or at any time thereafter, this Lease shall terminate five (5) days after written notice of termination from Landlord to Tenant. In no event shall this Lease be assigned or assignable by operation of law and in no event shall this Lease be an asset of Tenant in any receivership, bankruptcy, insolvency, or reorganization proceedings.

25. DEFAULT

In the event Tenant fails to pay any Base Rental or other sums due hereunder or fails to keep and perform any of the other covenants, terms or conditions hereof, or otherwise breaches this Lease or defaults hereunder, time being of the essence, then ten (10) days after written notice of default from Landlord, Landlord may, if such default has not been corrected, resort to any and all legal remedies or combination of remedies which Landlord may desire to assert including but not limited to one or more of the following: (1) lock the doors of the Leased Premises and exclude Tenant there from, (2) retain or take possession of any property on the Leased Premises pursuant to Landlord's statutory lien, (3) enter the Leased Premises and remove all persons and property there from, (4) declare this Lease at an end and terminated, (5) sue for the Base Rental or other sums due and to become due under this Lease, (6) sue for any damages sustained by Landlord, and (7) continue this Lease in effect and relet the Leased Premises on such terms and conditions as Landlord may deem advisable with Tenant remaining liable for the Base Rental plus the reasonable cost of obtaining possession of the Leased Premises and of any repairs and alterations necessary to prepare the Leased Premises for reletting, and the cost of reletting. No action of Landlord shall be construed as an election to terminate this Lease unless written notice of such intention is given to Tenant. During the pendency of any default by Tenant, whether or not Landlord has given notice thereof, Tenant shall have no right to exercise expansion or renewal options or receive allowances hereunder.

Upon any termination of this Lease by Landlord due to a default by Tenant pursuant to this Paragraph, Tenant shall pay to Landlord, in addition to the foregoing, the unamortized portion of all amounts actually paid by Landlord as Allowances and for any leasing commissions and out of pocket expenses paid by Landlord pursuant to this Lease. For the purposes of this Paragraph, the leasing commission and Tenant Improvement Allowance shall be deemed advanced as of the Lease Commencement date stated above. Repayment of each such Allowance shall be deemed amortized in equal monthly installments scheduled over a

term commencing with the date of advance and ending on the date of termination by Tenant, without interest; Tenant shall be deemed to pay each scheduled monthly installment when Tenant pays each Base Rental installment due after the Allowance is deemed advanced. Any unamortized amounts of such Allowances due from Tenant shall be paid to Landlord within thirty (30) days after termination of this Lease.

26. INTEREST ON TENANT'S OBLIGATIONS

Any Base Rental or other amount due from Tenant to Landlord which is not paid when due shall bear interest at a rate equal to the greater of ten percent (10%) per annum or five (5) percentage points in excess of the "prime" rate publicly announced by First Credit Union, Arizona, N.A., or its successor, from time to time as such rate changes. The payment of such interest shall not excuse or cure the default.

27. TIME

Time is of the essence of this Lease and each and all of its provisions.

28. DEFINED TERMS AND MARGINAL HEADINGS

The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If more than one person is named as Tenant the obligations of such persons are joint and several. The marginal headings and titles to the Paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

29. RELOCATION OF PREMISES

Landlord shall have the right to relocate Tenants leased space to another part of the building in accordance with the following:

(i) The new leased space shall be constructed to substantially match the size, configuration and quality of the existing leased premises. Landlord shall bear all costs associated with the improvement of the new leased space location. The initial lease Base Rent shall hold for any space located on any floor of the Building.

(ii) Landlord shall give Tenant at least a (120) day written notice of Landlords intent to relocate Tenants leased space.

(iii) As nearly as practicable, the physical relocation of the Leased space shall take place on a weekend and shall be completed before the following Monday. If the physical relocation has not been completed in that time, the Base Rent shall abate in full from the time of the physical relocation commences to the time it is completed. Upon completion of such relocation, the new leased space shall become the 'Leased Space' under this lease.

(iv) All reasonable costs incurred by Tenant as a result of the relocation shall be paid by Landlord.

(v) If the new Leased Space is smaller or larger than the original Leased Space as it existed before the relocation, Base Rent shall be reduced or increased proportionately based upon the base rent per rentable square foot.

(vi) The parties hereto shall immediately execute an amendment to this Lease setting forth the relocation of the Premises and the reduction of Base Rent, if any.

(vii) In lieu of relocation, and only during the last 12 months of the initial lease term, Landlord may elect to terminate this Lease with 90 days advance written notice of it intent to terminate.

30. RETIRED OR DECEASED PARTNERS

Any partner (and if deceased, his or her estate) of Tenant withdrawing from the Tenant (or from the limited liability company specified in this Lease) as a result of his or her death, permanent disability, or retirement (if such retirement occurs after such person reaches the age of sixty-two (62) years) shall automatically be released from any liability under this Lease accruing from and after the date of such withdrawal. From and after the lease commencement date, the withdrawal of a partner of Tenant from the Tenant for any reason other than his or her death, permanent disability or retirement after reaching the age of sixty-two (62) years shall not cause any such partner (or his or her estate) to be released from liability under this Lease.

31. PARKING FACILITIES

Tenant shall be entitled to occupy the following number of parking spaces in the garage adjoining the 'Building':

(3) covered reserved parking spaces as assigned and signed by Landlord with the right of relocation of spaces with a (15) day notice from Landlord to Tenant and (6) covered non-reserved parking spaces as assigned and signed by Landlord and (15) unreserved parking spaces

Space #185, #186 and #187

Such Parking shall be free of charge for the term of the Lease.

32. STORAGE SPACE

Landlord will permit Tenant to rent storage space, if available, in any portion of the Building which may be designated for use as tenant storage from time to time by Landlord during the term of this Lease. Such rental shall be upon terms and conditions mutually approved by Tenant and Landlord from time to time.

33. NO RIGHTS IN OTHERS

Landlord represents and warrants to Tenant that as of the date of this Lease, no other tenant in the Building has any option or right of first refusal relating to the Leased Premises.

34. COMPLIANCE WITH ADA

Tenant recognizes and agrees that Tenant shall be solely responsible to comply, at its expense, with any applicable provisions of the Americans with Disabilities Act ("ADA") which affect the interior of the Leased Premises, including without limitation those which may require the removal of access barriers or the construction, modification or removal of other portions of the improvements made to the Leased Premises, now or in the future. The approval by Landlord of any plans or specifications for tenant improvements or the construction thereof shall not be a warranty or representation by Landlord that any such improvement within the Leased Premises are in compliance with the ADA.

35. MUTUAL INDEMNITY

Any party hereto under whom a finder or broker asserts a claim to a finder's fee, brokerage commission or other compensation on account of alleged employment as a finder or broker in connection with the execution of this Lease (or any extension or expansion in accordance with its terms) shall indemnify, defend and hold the other party harmless for, from and against any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought on such claim, including, but not limited to, counsel and witness fees and court costs incurred in defending such a claim.

36. TENANT'S SIGNS

During any time while Landlord permits any other office tenant (specifically excluding Landlord or Landlord's successor occupying space for banking or related businesses or operations) to have its name placed on a suite sign placard. Such signs shall be provided by and maintained by Landlord at Tenant's expense.

37. RENEWAL OPTION:

Tenant shall have two (2), one (1) yr Renewal Options at market rate, by giving written notice to Landlord not less than six (6) months prior to termination date.

IN WITNESS WHEREOF, the parties hereto have executed this instrument by proper persons thereunto duly authorized so to do.

Landlord	Tenant
First Credit Union	City of Chandler, an Arizona municipal corporation
By:_____	By:_____
Its:_____	Its:_____
Date:_____	Date:_____
"Landlord"	"Tenant"

APPROVED AS TO FORM

CITY ATTORNEY

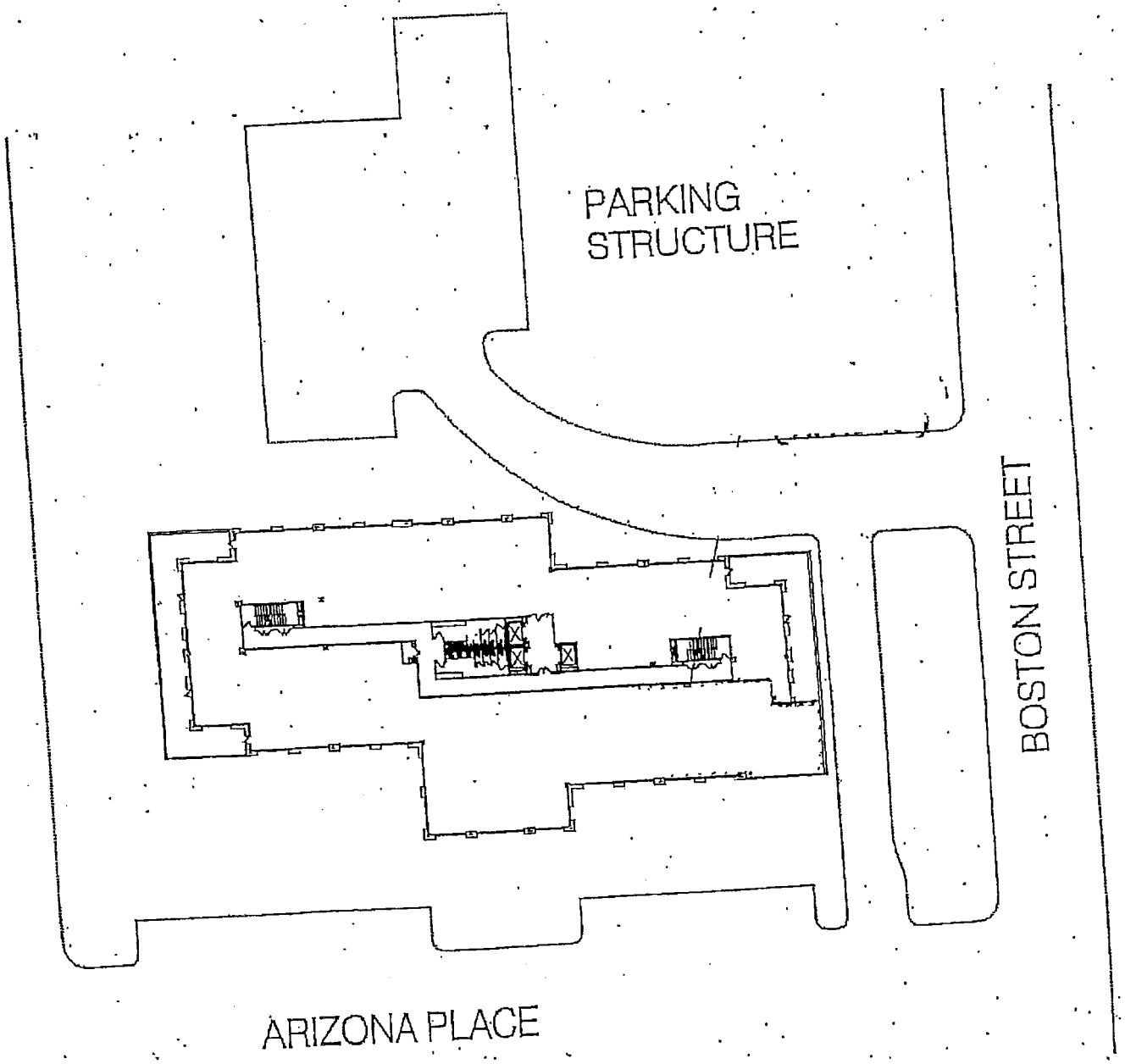

EXHIBIT A

CHANDLER CORPORATE PLAZA
3rd FLOOR KEY MAP

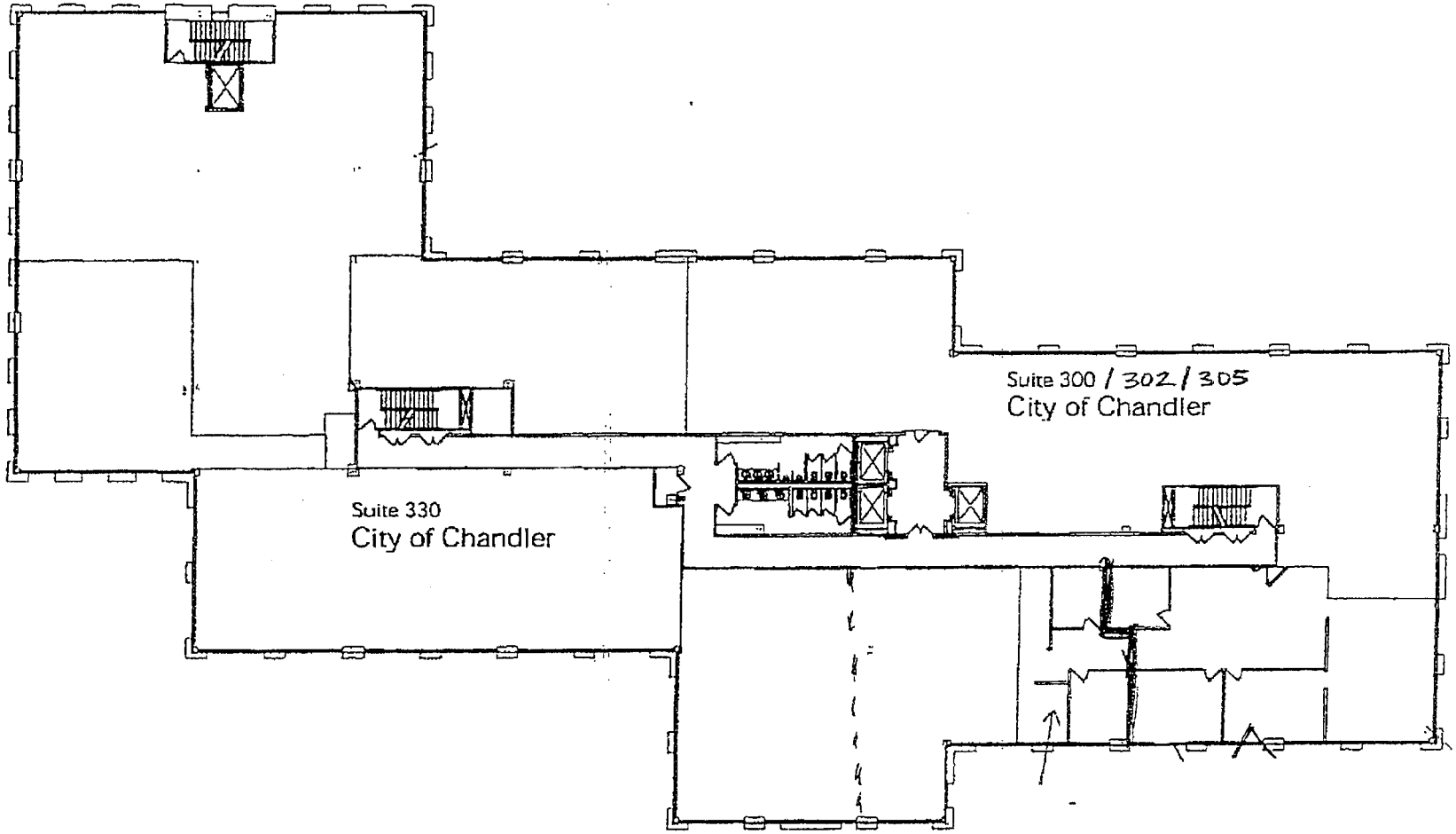

Exhibit B

Exhibit C
CHANDLER CORPORATE
GENERAL RULES

1. Lessee shall not allow or permit the obstruction of any Common Areas, including driveways, walkways and stairways.

2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or property of the Office Building Project.

3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Office Building Project

4. Lessee shall not keep animals or birds within the Office Building Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated.

5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.

6. Lessee shall not alter any lock or install new or additional locks or bolts, without Lessor's written permission. If Lessor consents to any such alteration, Lessee agrees to use Lessor's locksmith and maintain all lock(s) on Lessor's master system. If Lessee changes any lock(s) without Lessor's permission, does not use Lessor's locksmith, or does not have new keys on master system, Lessee agrees that Lessor may change the lock(s) at Lessee's full expense

7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.

8. Lessee shall not deface the walls, partitions or other surfaces of the premises or Office Building Project.

9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Office Building Project.

10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.

11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.

12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and legal holidays and on the days between the hours of 7:00pm and 6:00am of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.

13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost

14. No window coverings, shades or awnings shall be installed or used by Lessee.

15. No Lessee, employee or invitee shall go upon the roof of the Building

16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.

17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.

18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.

19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation

20. Lessee shall comply with all safety, fire protection and evacuation regulations, established by Lessor or any applicable governmental agency.

21. Lessor reserves the right to waive all or any on of these rules and regulation and/or as to any particular Lessee, any such waiver shall not constitute a waiver or any other rule or regulation or any subsequent application thereof to such Lessee.

22. Lessee assumes all risks from theft or vandalism and agrees to keep it Premises locked as may be required.

23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the operation and safety of the Office Building Project and it occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking vehicles no longer that full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."

2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded or parked in areas other than those designated by Lessor for such activities.

3. If parking stickers or identifications devices are distributed, they shall be the property of Lessor and shall be returned to Lessor by the holder upon termination of the holder's parking privilege. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.

4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.

THIS LEASE made as of this _____ day of _____, 2007 between **First Credit Union** (hereinafter called "Landlord"), and **City of Chandler, an Arizona municipal corporation** (hereinafter called "Tenant").

W I T N E S S E T H:

WHEREAS, Landlord is the owner of the building commonly known as the **First Credit Union Chandler Corporate Center** (hereinafter referred to as the "Building" or the "Chandler Corporate Center") which is located on the real property more particularly described on Exhibit "A" attached hereto and made a part hereof by this reference, and which constitutes the street address for which is 25 South Arizona Place, Chandler, Arizona in addition to the parking facility located at 100 East Boston, Chandler, Arizona; and

WHEREAS, Landlord desires to lease space **#330** in the Building to Tenant and Tenant desires to lease space **#330** in the Building from Landlord;

NOW, THEREFORE, in consideration of the rents, covenants and agreements hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby agrees to lease from Landlord, consisting of approximately **3807** rentable square feet as designated on "Exhibit B" attached hereto (hereinafter called the "Leased Premises- suite #330"), together with the right, in common with all other tenants in the building, to use and enjoy the common areas of the building, subject to the terms and conditions of this Lease and the rules and regulations of common application to existing tenants which may from time to time be adopted by the Landlord.

1. TERM

The term of this Lease shall be **38 months** (unless sooner terminated as herein provided), commencing on November 1, 2007 and expiring December 31, 2010.

2. RENT

Tenant agrees to pay as Base Rental the annual rent rate multiplied by the number of rentable square feet of the Leased Premises each year during the term of this Lease, payable in equal monthly installments in advance on the first day of each month commencing with the commencement date of this Lease. Based upon the Leased Premises comprising of **3807** rentable square feet, the annual Base Rental is scheduled as follows: (plus applicable rental tax)

Year	Annual Base Rate	Total Annual Rent	Monthly Payment
1-4months	$9.00		$2,855.25
1-12months	$18.00	$68,526.00	$5,710.50
13-24months	$19.00	$72,333.00	$6,027.75
25-36months	$20.00	$76,140.00	$6,345.00
36-38months	$20.00	$76,140.00	$6,345.00

Tenant shall pay a "late charge" for any Base Rental payment or other sums due from Tenant received by Landlord more than seven (7) days after its due date equal to five percent (5%) of the amount overdue.

3. EXPENSES

Tenant agrees to pay in addition to Base Rent a pro rata share of all shared Operating expenses. Pro rata share of Leased Premises Square Footage divided by Total Building Square Footage equals approximately **5.77%.** Tenant shall pay the pro rata share of all Operating Expenses, property tax and insurance expenses either monthly, quarterly or annually, whichever Landlord indicates. Total expense contribution by tenant shall not exceed 6% of the Annual Base Rent for any given year.

4. RENT ADJUSTMENT

The Base Rental shall be subject to annual Operating Expenses Assessment charges each calendar year to compensate for changes in the operating expenses of the Chandler Corporate Center as follows:

The operating expenses shall be determined for the **base year of 2007**. Such operating expenses, which shall include building expenses, property taxes and insurance, shall be determined for each calendar year after the base year, such determination to be made by April 1 of the year following. If the operating expenses for any calendar year after the base year exceed those of the base year, Tenant's Operating Expense charge allocation for the year shall be increased.

The term "operating expenses" as used herein shall include all costs of operation and maintenance of the land, improvements, fixtures and equipment comprising the building and any ground rents or other costs of operation or maintenance of the facilities and shall include the following costs by way of illustration but not limitation: water and sewer charges; insurance premiums, licenses, permit and inspection fees; heat; light; power; steam; janitorial services; labor; salaries; air-conditioning; supplies; materials; equipment; tools; the cost of any capital improvements made to the Building by Landlord that reduce direct expenses or that are required by reason of governmental law or regulation not applicable to the Building or not in effect at the time it was constructed, (such cost to be amortized over such reasonable period as Landlord shall determine with a return on capital at the rate of 10% per annum on the unamortized balance or at such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such capital improvements); and management fees. Notwithstanding the foregoing, "operating expenses" shall exclude the amortized expense attributable to capital improvements made within the interior of space rented to or rentable to other Building tenants all costs associated with retrofitting any portion of the Building with fire sprinklers as required by laws now in effect, and all direct costs of removal of asbestos containing materials ("ACM") from any portion of the Building outside the Leased Premises as required by laws now in effect. Those operating expenses which are controllable by Landlord, namely salaries of Landlord's employees and/or agents shall not be included in calculating the operating expense assessments.

The annual determination of operating expenses shall be made and certified according to standard accounting principles by a Certified Public Accountant designated by Landlord. A

copy of the determination shall be made available to Tenant upon request. The Accountant's determination shall be final and binding upon Landlord and Tenant.

5. REPAIRS

Landlord agrees to make all necessary repairs to the Building of which the Leased Premises are a part, including exterior walls, exterior doors, windows, corridors and other common areas, and support columns, floor and ceiling structures, and load bearing structures within the Leased Premises, and shall maintain the Building in substantially the same physical condition and repair as existed on the date hereof, reasonable wear and tear excepted. Landlord agrees to keep the Building housing the Leased Premises in a safe, clean and neat condition, and to use reasonable efforts to keep all Building equipment such as elevators, plumbing, heating, electrical, air-conditioning and similar equipment in good condition and repair.

Tenant agrees that it will make, at its expense, all repairs to the Leased Premises not required above to be made by the Landlord; provided, however, that any contractor or person making such repairs must first be approved in writing by Landlord. Tenant will pay for any repairs to the Leased Premises or the Building containing the Leased Premises made necessary by any negligence or carelessness of Tenant or its employees or persons permitted in the Building by Tenant, and will maintain the Leased Premises in a safe, clean, neat and sanitary condition. Tenant agrees to promptly advise Landlord of the need for any such above-ceiling repairs when and if such need should arise and shall pay the cost of any such repairs if required by this Paragraph.

6. IMPROVEMENTS AND ALTERATIONS

Tenant is taking the Premises "as-is." Landlord will not be giving the Tenant any improvement allowance.

Tenant shall not make any alterations, additions or improvements (which term shall include redecorating, remodeling and painting) to the Leased Premises without the prior written consent of Landlord. Any such alterations, additions or improvements (except moveable furniture and trade fixtures), shall at once become a part of the Building and belong to Landlord. Except for the initial improvements to be provided by Landlord and except for the improvement allowances set forth herein, any approved alterations, additions or improvements ("Tenant Additions") shall be made by Tenant at Tenant's sole cost and expense. Any contractor or person making such Tenant Additions, and the plans and specifications therefore, must first be approved in writing by Landlord. Upon any termination of this Lease Tenant shall, upon demand by Landlord, at Tenant's sole cost and expense, forthwith remove any Tenant Additions, designated by Landlord to be removed at the time of approval of such additions, and repair and restore the Leased Premises to its original condition, reasonable wear and tear excepted.

Landlord shall have the right at any time to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other common areas of the Building, and to change the name, number or designation by which the Building is commonly known.

7. LIENS

Tenant shall keep the Leased Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered additional rent and shall be payable by Tenant on demand with interest at the rate of ten percent (10%) per annum.

8. USE OF PREMISES

The Leased Premises are to be used for the sole purpose of general offices by Tenant. Tenant agrees that it will use the Leased Premises in such manner as not to injure, annoy, interfere with or infringe on the rights of other tenants in the Building or use or allow the Leased Premises to be used for any improper, immoral or unlawful purpose. Except as otherwise specified herein, Tenant agrees to comply, at its expense, with all applicable laws, ordinances and regulations now or hereafter in force in connection with its use of the Leased Premises. Tenant shall not commit or suffer the commission of any waste, overload any floor beneath the Leased Premises beyond the load limit established by Landlord or knowingly permit any explosives or hazardous substances including environmentally sensitive substances to enter the Building. Tenant shall not do or permit anything therein which will in any way increase the fire insurance premium upon the Building.

9. LANDLORD SERVICES

Landlord agrees to furnish to the Leased Premises during ordinary business hours of generally recognized business days (as determined by Landlord), and subject to the rules and regulations of the Building, water and electricity suitable for the intended use and occupation of the Leased Premises, heat and air conditioning required for the comfortable use and occupation of the Leased Premises, janitor service, and elevator service. Tenant agrees to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of the heating, ventilating, and air conditioning system. Landlord shall have no liability, and Tenant shall not be entitled to any abatement or reduction of rental, by reason of Landlord's failure to furnish any services when such failure is caused by accident, breakage, repairs, strikes, lockouts, labor disturbances or labor disputes, or by any other cause, similar or dissimilar beyond the reasonable control of Landlord.

Tenant will not without the prior written consent of Landlord, use any apparatus or device in the Leased Premises (including but without limitation, electronic data processing machines, punch card machines, and machines using current in excess of 110 volts), which will in any way require or use an amount of electricity or water in excess of that usually furnished or supplied for general office space. If Tenant shall require water or electric current in excess of that amount, Tenant shall first obtain the consent of Landlord to the use thereof. Landlord,

in such event, may use a water meter or electric current meter installed in the Leased Premises, or other reliable method of determination, to measure the amount of water and electric current consumed for any such other use. The cost of any such meters and of installation, maintenance, and repair thereof shall be paid by Tenant, together with the cost of all such water and electric current consumed at the rates charged for such services by the City of Phoenix or the local public utility, as the case may be, furnishing the same.

10. RULES AND REGULATIONS

Tenant agrees to abide by all rules and regulation of the Building imposed by Landlord. These regulations are imposed for the cleanliness, good appearance, proper maintenance, good order and reasonable use of the Leased Premises and the Building, and as may be necessary for the proper enjoyment of the Building, by all tenants and their clients, customers and employees. The rules and regulations may be changed from time to time on reasonable notice to Tenant. Breach of Building rules or regulations shall not be grounds for termination of this Lease unless Tenant continues to breach the same after ten (10) days' written notice from Landlord.

11. TAXES

Tenant agrees to pay, before delinquency, any and all taxes levied or assessed and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property located in the Leased Premises.

12. SECURITY DEPOSIT

Tenant shall deposit with Landlord on the signing of this lease the sum of **$0.00** as security for the performance of Tenant's obligations under this lease, including without limitation the surrender of possession of the premises to Landlord as herein provided. If Lessor applies any part of the deposit to cure any default of Tenant, Tenant shall on demand deposit with Landlord the amount so applied so that Landlord shall have the full deposit on hand at all times during the term of this lease. If Tenant performs all of the Tenant's obligations hereunder, said deposit, or so much thereof as has not heretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant at the expiration hereof, and after Tenant has vacated the Premises. No trust relationship is created herein between Landlord and Tenant with respect to said Security Deposit.

13. FIRE OR CASUALTY

In the event the Leased Premises, or access to them, are wholly or partially destroyed by fire or other casualty covered by the usual form of fire and extended coverage insurance rendering them untenantable, Landlord may, at its option, rebuild, repair or restore the Leased Premises to substantially the same condition. If the Leased Premises are rendered totally untenantable, rent shall abate during the period of reconstruction, and, if they are rendered partially untenantable, rent shall abate pro rata during the period of reconstruction. If the Landlord shall elect not to repair and restore the Leased Premises to a tenantable condition, either Landlord or Tenant at their option, may terminate this Lease within thirty (30) days following the date notice of Landlord's election not to repair or restore the Leased Premises is

provided to Tenant. Landlord's election whether or not to repair and restore the Leased Premises shall be made within ninety (90) days after the date of the casualty.

14. EMINENT DOMAIN

In the event the Building, the land on which it is located or any portion of the Leased Premises-#300, 302 and 305 is taken under eminent domain proceedings, Tenant shall have no right, title or interest to any award for such taking, except for fixtures and improvements installed by Tenant, if any and any relocation benefits tenant may be entitled to from condemning party. In the event of eminent domain proceedings the lease would be deemed terminated.

If so much of the Leased Premises- suite #330 or the Building are taken by such condemnation as would substantially and adversely affect the operation and profitability of Lessee's business conducted from the Leased Premises- suite #330, Tenant shall have the option, to be exercised only in writing within thirty (30) days after Landlord shall have given Lessee written notice of such taking (or in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession), to terminate this Lease as of the date of the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Leased Premises- suite #330 remaining, except that the rent and Tenant's Share of Operating Expense Increase shall be reduced in the proportion that the floor area of the Leased Premises- suite #330 taken bears to the total floor area of the Leased Premises-suite #330. Common Areas taken shall be excluded from the Common Areas usable by Tenant and no reduction of rent shall occur with respect thereto or by reason thereof. Landlord shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Tenant of such election within thirty (30) days after receipt of notice of a taking by condemnation of any part of the Leased Premises-suite #330 or the Building.

15. ASSIGNMENT AND SUBLEASE

Tenant shall not voluntarily or involuntarily assign, sublet, mortgage, or otherwise encumber all or any portion of its interest in this Lease or in the Leased Premises without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, pending a formal review of the credit application and agreement with credit standards set by Landlord, and any such attempted assignment, subletting, mortgage or other encumbrance without such consent shall be null and void and of no effect.

The voluntary or other surrender of this Lease by Tenant or a mutual cancellation hereof shall not work a merger, and shall at the option of Landlord, terminate all or any existing leases or sub tenancies or shall operate as an assignment to Landlord of such leases or sub tenancies. If Tenant is a corporation which under the then current guidelines published by the Arizona Corporation Commission, is not deemed a public corporation, or is an unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership in the aggregate in excess of twenty-five percent (25%) shall be deemed an assignment within the meaning and provisions of this Paragraph 15.

16. ACCESS

Landlord and its agents shall have the right to enter the Leased Premises at all reasonable times with a 24 hour written notice for the purpose of examining or inspecting the same, showing the same to prospective purchasers or tenants of the Building, and as necessary to perform its obligations under this Lease. Landlord may erect, use, and maintain scaffolding, pipes, conduits, and other necessary structures in and through the Leased Premises where reasonably required by the character of the work performed, provided that the business of Tenant shall not be unreasonably interfered with by Landlord. If Tenant shall not personally be present to open and permit any entry into the Leased Premises at any time when such entry by Landlord is necessary or permitted hereunder, Landlord may enter by means of a master key or, in emergencies, may enter forcibly, the Lease Premises without liability to Tenant.

17. SUBORDINATION, ATTORNMENT AND ESTOPPEL

This Lease is junior, subject and subordinate to, and Tenant hereby agrees to be bound by, all ground leases, mortgages, deeds of trust and other security instruments of any kind now covering the Building, the property upon which it is located, or any portion thereof; provided, however, that Tenant's quiet enjoyment of the Leased Premises shall continue undisturbed by any foreclosure of any such mortgage, deed of trust or other lien or termination of any such lease. Landlord reserves the right to place liens or encumbrances on the Building, the property upon which it is located, or any part thereof or interests therein superior in lien and effect to this Lease. This Lease, at the option of Landlord, shall be subject and subordinate to any and all such liens or encumbrances now or hereafter imposed by Landlord without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver upon demand such further instruments consistent with this Lease evidencing such subordination of this Lease as may be requested by Landlord.

In the event of the termination of any such Lease (whether in its entirety or in part of the Leased Premises- suite #330), or in the event of the foreclosure of any such mortgage, deed of trust or other lien, Tenant will attorn to the then owner who owns or acquires title to the property of which the Leased Premises- suite #330are a part and will recognize such owner as Landlord under this Lease. Tenant hereby waives any right to terminate this Lease because of termination of such Lease or the foreclosure of any such mortgage, deed of trust or other security instrument provided that the then owner shall have previously agreed or shall agree to Tenant's occupancy and right to quiet possession of the Leased Premises- suite #330 hereunder.

Tenant shall at any time, within fifteen (30) days after written certified request 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 rent and other charges are paid in advance, if any, (b) confirming the commencement and expiration dates of the term, (c) confirming the amount of the security deposit held by Landlord, if any, (d) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (e) confirming such other matters as to which Landlord may reasonably request

confirmation or which are customarily set forth in the lender's form of tenant statement. Any such statement may be conclusively relied upon by a prospective purchaser or encumbrance of the Building. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord; (ii) that there are no uncured defaults in Landlord's performance; (iii) that not more than one month's rent has been paid in advance, (iv) that the commencement and expiration dates and the amount of the security deposits are as stated by Landlord, and (v) that those other matters set forth in the statement provided to Tenant are true.

18. SALE AND TERMINATION OF LEASE

In the event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any and all liability under this Lease. This Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser of the Building. If any security deposit has been made by Tenant, Landlord may transfer such security deposit to the purchaser, and thereupon Landlord shall be discharged from any further liability in reference thereto. Landlord will provide notice to tenant of such transfer within (10) days and provide tenant a purchase statement of responsibility.

19. INDEMNIFICATION OF LANDLORD

Tenant and Landlord shall indemnify each other and save each other harmless from and against any and all suits, actions, damage and claims, liability and expense in connection with loss of life, bodily or personal injury or property damage arising from or out of any occurrence in, upon, at or from the Leased Premises- suite #330, or occasioned wholly or in part by any act or omission of Lessee or Lessor, their agents, contractors, employees, servants, invitees, licensees or concessionaires, including Landlord's master or ground lessor, partners, members, officers, managers and lenders. All insurance policies carried by Tenant and/or Landlord shall include a waiver of subrogation endorsement which specifies that the insurance carrier(s) will waive any right of subrogation against Tenant and/or Landlord arising out of any insurance claim. In no event shall either party be liable to the other for consequential damages

Tenant hereby agrees to maintain in full force and effect at all times during the term of this Lease, at its own expense, for the protection of Tenant and Landlord, policies of insurance issued by a responsible carrier or carriers acceptable to Landlord which afford the following coverage's:

(i) Worker's Compensation: Statutory

(ii) Commercial General Liability Not less than $1,000,000 per
("CGL") Insurance, maintained on occurrence and general aggregate
an occurrence basis

(iii) Fire and extended coverage insurance in an amount sufficient to cover the replacement cost of all improvements and betterments to the Leased Premises (except for the Landlord Improvements) and all of Tenant's fixtures and other personal property.

The City of Chandler has a self insurance fund and maintains an insurance policy for amounts in excess of the fund.

(iv) Business Interruption Insurance in an amount equal to the Base Rental and annual adjustments for a period of at least twelve (12) months commencing with the date of loss. Insurance payments are to be applied first to rent and assessments owed Landlord before any allocation can be made to Tenant.

The insurance policies may provide coverage with deductibles or self insurance retentions. Such deductibles or self insurance retentions shall be assumed by and be for the account of and the sole responsibility of the Tenant.

Tenant shall deliver to Landlord at least thirty (30) days prior to the time such insurance is first required to be carried by Tenant, and thereafter at least thirty (30) days prior to expiration of such policy, Certificates of Insurance evidencing the CGL coverage, which shall name Landlord as additional insured and shall expressly provide that Landlord's coverage therein shall not be affected by any breach by Tenant of any policy provision for which such Certificates evidence coverage. Further, all Certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given Landlord in the event of material alteration to or cancellation of the coverage's evidenced by such Certificates.

Within thirty (30) days after demand, Tenant shall provide Landlord, at Tenant's expense, with such increased amount of existing insurance, in such limits as Landlord may require based on then-prevailing standards and customs in Phoenix, Arizona.

If, on account of the failure of Tenant to comply with the foregoing provisions, Landlord is adjudged a co-insurer by its insurance carrier, then any loss or damage Landlord shall sustain by reason thereof shall be borne by Tenant and shall be immediately paid by Tenant upon receipt of a bill thereof and evidence of such loss.

Landlord makes no representation that the limits of liability specified to be carried by Tenant under the terms of this Lease are adequate to protect Tenant against Tenant's undertaking under this Paragraph 19, and in the event Tenant believes that any such insurance coverage called for under this Lease is insufficient, Tenant shall provide at its own expense, such additional insurance as Tenant deems adequate.

Any covenants, conditions, provisions or agreements on the part of the Landlord to perform any act or thing for the benefit of Tenant shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of strike, lockout, laws, rules, orders, ordinances, directions, regulations, or requirements of any federal, state, county or municipal authority, labor trouble or any other cause whatsoever beyond Landlord's control, nor shall Tenant's rent be abated by reason of such inability on the part of Landlord.

Nothing contained in this Lease shall operate to relieve Landlord of the consequences of its own negligence or the negligence of its agents, servants, invitees or employees (to the extent of such negligence).

Landlord shall obtain and keep in force during the Term of this Lease a policy of combined single limit bodily injury and Broad form Property Damage Insurance, plus coverage against other risks Landlord deems advisable from time to time, insuring Landlord, but not Tenant against liability arising out of ownership, use occupancy or maintenance of the Building in an amount not less than $5,000,000 per occurrence.

20. WAIVER OF SUBROGATION

Tenant agrees that insurance carried by them against loss or damage by fire or other casualty shall contain a clause whereby the insurer waives its right of subrogation against the other party.

21. ATTORNEYS' FEES

In the event of any legal action or proceeding brought by either party against the other arising out of this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees incurred in such action and such amount shall be included in any judgment rendered in such proceeding.

22. WAIVER

No waiver by Landlord of any provision of this Lease or of any breach by Tenant hereunder shall be deemed to be a waiver of any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant. No act or thing done by Landlord or Landlord's agents during the term of this Lease shall be deemed an acceptance of a surrender of the Leased Premises, unless done in writing signed by Landlord. The delivery of the keys to any employee or agent of Landlord shall not operate as a termination of this Lease or a surrender of the Leased Premises.

23. NOTICES

All notices to be given by one party to the other shall be in writing, effective when received, and mailed, delivered or sent by telefacsimile to each as follows:

To Landlord:
First Credit Union
C/O DBSI Real Estate, LLC
3344 North Delaware Steet
Chandler, Arizona 85225

- and-

To Tenant:
City of Chandler, an Arizona municipal corporation
Real Estate Department
PO Box 4008, MS916
Chandler, Arizona 85244

-and-

City of Chandler, an Arizona municipal corporation
Real Estate Department
PO Box 4008, MS916
Chandler, Arizona 85244

24. INSOLVENCY OR BANKRUPTCY

The appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, or reorganization act, shall at Landlord's option, constitute a breach of this Lease by Tenant. Upon the happening of any such event, or at any time thereafter, this Lease shall terminate five (5) days after written notice of termination from Landlord to Tenant. In no event shall this Lease be assigned or assignable by operation of law and in no event shall this Lease be an asset of Tenant in any receivership, bankruptcy, insolvency, or reorganization proceedings.

25. DEFAULT

In the event Tenant fails to pay any Base Rental or other sums due hereunder or fails to keep and perform any of the other covenants, terms or conditions hereof, or otherwise breaches this Lease or defaults hereunder, time being of the essence, then ten (10) days after written notice of default from Landlord, Landlord may, if such default has not been corrected, resort to any and all legal remedies or combination of remedies which Landlord may desire to assert including but not limited to one or more of the following: (1) lock the doors of the Leased Premises and exclude Tenant there from, (2) retain or take possession of any property on the Leased Premises pursuant to Landlord's statutory lien, (3) enter the Leased Premises and remove all persons and property there from, (4) declare this Lease at an end and terminated, (5) sue for the Base Rental or other sums due and to become due under this Lease, (6) sue for any damages sustained by Landlord, and (7) continue this Lease in effect and relet the Leased Premises on such terms and conditions as Landlord may deem advisable with Tenant remaining liable for the Base Rental plus the reasonable cost of obtaining possession of the Leased Premises and of any repairs and alterations necessary to prepare the Leased Premises for reletting, and the cost of reletting. No action of Landlord shall be construed as an election to terminate this Lease unless written notice of such intention is given to Tenant. During the pendency of any default by Tenant, whether or not Landlord has given notice thereof, Tenant shall have no right to exercise expansion or renewal options or receive allowances hereunder.

Upon any termination of this Lease by Landlord due to a default by Tenant pursuant to this Paragraph, Tenant shall pay to Landlord, in addition to the foregoing, the unamortized portion of all amounts actually paid by Landlord as Allowances and for any leasing commissions and out of pocket expenses paid by Landlord pursuant to this Lease. For the purposes of this Paragraph, the leasing commission and Tenant Improvement Allowance shall be deemed advanced as of the Lease Commencement date stated above. Repayment of each

such Allowance shall be deemed amortized in equal monthly installments scheduled over a term commencing with the date of advance and ending on the date of termination by Tenant, without interest; Tenant shall be deemed to pay each scheduled monthly installment when Tenant pays each Base Rental installment due after the Allowance is deemed advanced. Any unamortized amounts of such Allowances due from Tenant shall be paid to Landlord within thirty (30) days after termination of this Lease.

26. INTEREST ON TENANT'S OBLIGATIONS

Any Base Rental or other amount due from Tenant to Landlord which is not paid when due shall bear interest at a rate equal to the greater of ten percent (10%) per annum or five (5) percentage points in excess of the "prime" rate publicly announced by First Credit Union, Arizona, N.A., or its successor, from time to time as such rate changes. The payment of such interest shall not excuse or cure the default.

27. TIME

Time is of the essence of this Lease and each and all of its provisions.

28. DEFINED TERMS AND MARGINAL HEADINGS

The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If more than one person is named as Tenant the obligations of such persons are joint and several. The marginal headings and titles to the Paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

29. RELOCATION OF PREMISES

Landlord shall have the right to relocate Tenants leased space to another part of the building in accordance with the following:

(i) The new leased space shall be constructed to substantially match the size, configuration and quality of the existing leased premises. Landlord shall bear all costs associated with the improvement of the new leased space location. The initial lease Base Rent shall hold for any space located on any floor of the Building.

(ii) Landlord shall give Tenant at least a (120) day written notice of Landlords intent to relocate Tenants leased space.

(iii) As nearly as practicable, the physical relocation of the Leased space shall take place on a weekend and shall be completed before the following Monday. If the physical relocation has not been completed in that time, the Base Rent shall abate in full from the time of the physical relocation commences to the time it is completed. Upon completion of such relocation, the new leased space shall become the 'Leased Space' under this lease.

(iv) All reasonable costs incurred by Tenant as a result of the relocation shall be paid by Landlord.

(v) If the new Leased Space is smaller or larger than the original Leased Space as it existed before the relocation, Base Rent shall be reduced or increased proportionately based upon the base rent per rentable square foot.

(vi) The parties hereto shall immediately execute an amendment to this Lease setting forth the relocation of the Premises and the reduction of Base Rent, if any.

(vii) In lieu of relocation, and only during the last 12 months of the initial lease term, Landlord may elect to terminate this Lease with 90 days advance written notice of it intent to terminate.

30. RETIRED OR DECEASED PARTNERS

Any partner (and if deceased, his or her estate) of Tenant withdrawing from the Tenant (or from the limited liability company specified in this Lease) as a result of his or her death, permanent disability, or retirement (if such retirement occurs after such person reaches the age of sixty-two (62) years) shall automatically be released from any liability under this Lease accruing from and after the date of such withdrawal. From and after the lease commencement date, the withdrawal of a partner of Tenant from the Tenant for any reason other than his or her death, permanent disability or retirement after reaching the age of sixty-two (62) years shall not cause any such partner (or his or her estate) to be released from liability under this Lease.

31. PARKING FACILITIES

Tenant shall be entitled to occupy the following number of parking spaces in the garage adjoining the 'Building':

(2) covered reserved parking spaces as assigned and signed by Landlord with the right of relocation of spaces with a (15) day notice from Landlord to Tenant and (3) covered non-reserved parking spaces as assigned and signed by Landlord and (11) unreserved parking spaces

Space #183 and #184

Such Parking shall be free of charge for the term of the Lease.

32. STORAGE SPACE

Landlord will permit Tenant to rent storage space, if available, in any portion of the Building which may be designated for use as tenant storage from time to time by Landlord during the term of this Lease. Such rental shall be upon terms and conditions mutually approved by Tenant and Landlord from time to time.

33. NO RIGHTS IN OTHERS

Landlord represents and warrants to Tenant that as of the date of this Lease, no other tenant in the Building has any option or right of first refusal relating to the Leased Premises.

34. COMPLIANCE WITH ADA

Tenant recognizes and agrees that Tenant shall be solely responsible to comply, at its expense, with any applicable provisions of the Americans with Disabilities Act ("ADA") which affect the interior of the Leased Premises, including without limitation those which may require the removal of access barriers or the construction, modification or removal of other portions of the improvements made to the Leased Premises, now or in the future. The approval by Landlord of any plans or specifications for tenant improvements or the construction thereof shall not be a warranty or representation by Landlord that any such improvement within the Leased Premises are in compliance with the ADA.

35. MUTUAL INDEMNITY

Any party hereto under whom a finder or broker asserts a claim to a finder's fee, brokerage commission or other compensation on account of alleged employment as a finder or broker in connection with the execution of this Lease (or any extension or expansion in accordance with its terms) shall indemnify, defend and hold the other party harmless for, from and against any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought on such claim, including, but not limited to, counsel and witness fees and court costs incurred in defending such a claim.

36. TENANT'S SIGNS

During any time while Landlord permits any other office tenant (specifically excluding Landlord or Landlord's successor occupying space for banking or related businesses or operations) to have its name placed on a suite sign placard. Such signs shall be provided by and maintained by Landlord at Tenant's expense.

37. RENEWAL OPTION:

Tenant shall have two (2), one (1) yr Renewal Options at market rate, by giving written notice to Landlord not less than six (6) months prior to termination date.

IN WITNESS WHEREOF, the parties hereto have executed this instrument by proper persons thereunto duly authorized so to do.

Landlord First Credit Union	Tenant City of Chandler, an Arizona municipal corporation
By:_____	By:_____
Its:_____	Its:_____
Date:_____ "Landlord"	Date:_____ "Tenant"

APPROVED AS TO FORM

CITY ATTORNEY

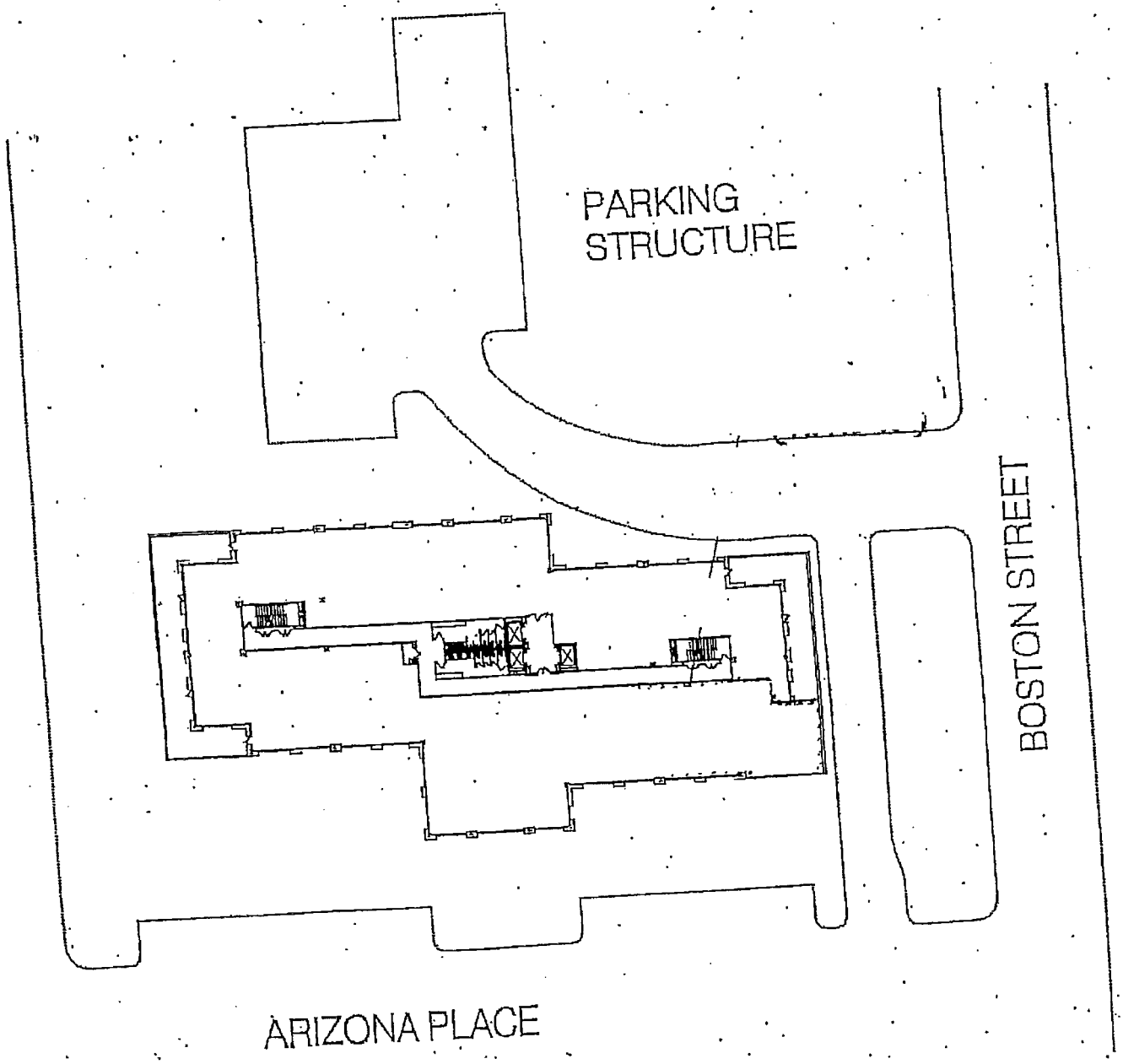

EXHIBIT A

CHANDLER CORPORATE PLAZA
3rd FLOOR KEY MAP

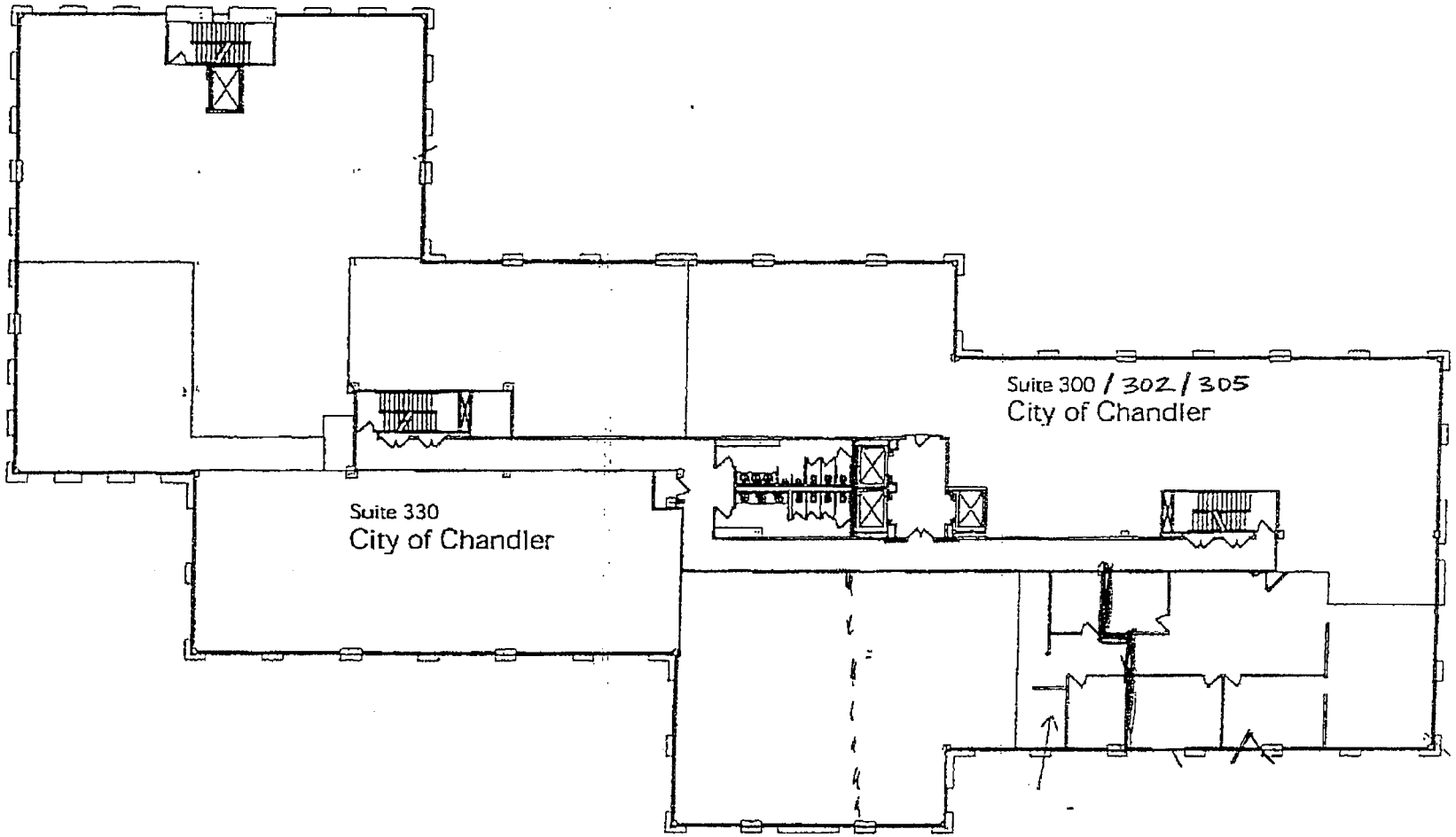

Exhibit B

Exhibit C
CHANDLER CORPORATE
GENERAL RULES

1. Lessee shall not allow or permit the obstruction of any Common Areas, including driveways, walkways and stairways.

2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or property of the Office Building Project.

3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Office Building Project

4. Lessee shall not keep animals or birds within the Office Building Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated.

5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.

6. Lessee shall not alter any lock or install new or additional locks or bolts, without Lessor's written permission. If Lessor consents to any such alteration, Lessee agrees to use Lessor's locksmith and maintain all lock(s) on Lessor's master system. If Lessee changes any lock(s) without Lessor's permission, does not use Lessor's locksmith, or does not have new keys on master system, Lessee agrees that Lessor may change the lock(s) at Lessee's full expense

7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.

8. Lessee shall not deface the walls, partitions or other surfaces of the premises or Office Building Project.

9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Office Building Project.

10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.

11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.

12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and legal holidays and on the days between the hours of 7:00pm and 6:00am of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.

13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost

14. No window coverings, shades or awnings shall be installed or used by Lessee.

15. No Lessee, employee or invitee shall go upon the roof of the Building

16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.

17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.

18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.

19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation

20. Lessee shall comply with all safety, fire protection and evacuation regulations, established by Lessor or any applicable governmental agency.

21. Lessor reserves the right to waive all or any on of these rules and regulation and/or as to any particular Lessee, any such waiver shall not constitute a waiver or any other rule or regulation or any subsequent application thereof to such Lessee.

22. Lessee assumes all risks from theft or vandalism and agrees to keep it Premises locked as may be required.

23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the operation and safety of the Office Building Project and it occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking vehicles no longer that full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."

2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded or parked in areas other than those designated by Lessor for such activities.

3. If parking stickers or identifications devices are distributed, they shall be the property of Lessor and shall be returned to Lessor by the holder upon termination of the holder's parking privilege. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.

4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.