

#13

SEP - 6 2007



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MEMORANDUM REAL ESTATE MEMO NO. RE08-066

DATE: SEPTEMBER 6, 2007

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER RD
PAT MCDERMOTT, ASSISTANT CITY MANAGER

FROM: MIKE NORMAND, ACTING ASSISTANT PUBLIC WORKS DIRECTOR/ ^{NIEN}
TRANSPORTATION AND OPERATIONS

SUBJECT: RESOLUTION NO. 4117 APPROVING AND ACCEPTING THE
ASSIGNMENT OF THE REMAINING BALANCE OF A LEASE FOR OFFICE
SPACE AT 55 N. ARIZONA PLACE, SUITE 310.

RECOMMENDATION: Staff recommends that the City Council pass and adopt Resolution No. 4117 approving and accepting the assignment of the remaining balance of a lease for office space at 55 N. Arizona Place, Suite 310.

BACKGROUND/DISCUSSION: Trend Consulting Services currently leases 3,570 square feet of office space at 55 N. Arizona Place, Suite 310. Trend is consolidating their operations and approached the City with a proposal to assume Trend's current lease by an assignment of the lease to the City. The lease expires on December 31, 2010. This is the same expiration date as the leases for other space occupied by the City in the building. A copy of the lease and Leasehold Assignment Agreement are attached as Exhibit "A" to Resolution 4117.

The lease rates for the remaining term of the lease are:

9/15/07 to 12/31/07 - \$15.00 per square foot or \$15,618.75
1/1/08 to 12/31/08 - \$15.50 per square foot or \$55,335.00
1/1/09 to 12/31/09 - \$16.00 per square foot or \$57,120.00
1/1/10 to 12/31/10 - \$16.50 per square foot or \$58,905.00
plus taxes and common area maintenance expenses.

The lease also provides for nineteen (19) non-exclusive parking spaces in the parking structure adjacent to the building at no additional cost.

FINANCIAL OBLIGATIONS

For Suite 310 (3,570 square foot of space) the City would incur an annual cost of \$15,618.75 for the remaining 3.5 months of 2007, \$55,335.00 for next twelve months (2008), \$57,120.00 for the next twelve months (2009), and \$58,905.00 for the remaining twelve months (2010), plus applicable taxes and common area maintenance fees.

Cost:	\$186,978.75*
Savings:	None
Long Term Costs:	N/A

Fund Source

<u>Acct. No.:</u>	<u>Fund Name:</u>	<u>Dept./Div. Name:</u>	<u>CIP Funded:</u>	<u>Amount:</u>
101.1290.0000.5713	General Fund	City Manager	N/A	\$186,978.75*

* Plus taxes and common area maintenance fees.

PROPOSED MOTION. Move that City Council pass and adopt Resolution No. 4117 approving and accepting the assignment of the remaining balance of a lease for office space at 55 N. Arizona Place, Suite 310.

Attachments:

Resolution No. 4117
Existing Lease Agreement and Amendment
Leasehold Assignment Agreement

RESOLUTION NO. 4117

A RESOLUTION OF THE COUNCIL OF THE CITY OF CHANDLER,
ARIZONA, APPROVING AND ACCEPTING THE ASSIGNMENT OF THE
REMAINING BALANCE OF A LEASE FOR OFFICE SPACE AT 55 N.
ARIZONA PLACE, SUITE 310.

WHEREAS, Trend Consulting Services, Inc., has offered the City of Chandler the opportunity to assume the remaining term of its lease for 3,570 square feet of office space located at 55 N. Arizona Place, Suite 310; and

WHEREAS, the City requires additional office space in this building to accommodate growth of various City Departments now leasing in this building; and

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 assumption and assignment of the attached lease for the office space at 55 N. Arizona Place, Suite 310, and authorizes the City Manager to execute the Leasehold Assignment Agreement on behalf of the City of Chandler.

Section 2. That the Lease and Leasehold Assignment Agreement shall be in the form as approved by the City Attorney.

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. 4117 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 *KUB*

LEASE AGREEMENT

LANDLORD: BOYER ARIZONA PLACE, L.C., BY ITS
MANAGER, THE BOYER COMPANY,
L.C.

TENANT: TREND CONSULTING SERVICES, INC.,
AN OHIO CORPORATION

BUILDING: CHANDLER OFFICE CENTER
55 NORTH ARIZONA PLACE
CHANDLER, ARIZONA 85225

**The
Boyer
Company**

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DESCRIPTION

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RIDER Yes No
GUARANTY Yes No

EXHIBIT "A" DESCRIPTION OF REAL PROPERTY
EXHIBIT "B" FLOORPLAN OF LEASED PREMISES
EXHIBIT "C" WORK LETTER-CONSTRUCTION AND/OR FINISH OF
IMPROVEMENTS TO LEASED PREMISES
EXHIBIT "D" ACKNOWLEDGMENT OF COMMENCEMENT DATE & ESTOPPEL
CERTIFICATE
EXHIBIT "E" COST TO CONSTRUCT LEASED PREMISES
EXHIBIT "F" BUILDING STANDARD FINISHES

LEASE AGREEMENT

CHANDLER OFFICE CENTER BUILDING

THIS LEASE AGREEMENT (the "Lease") is made and entered into as of this ____ day of July, 2000, by and between **BOYER ARIZONA PLACE, L.C., BY ITS MANAGER, THE BOYER COMPANY, L.C.** (the "Landlord"), and **TREND CONSULTING SERVICES, INC., AN OHIO CORPORATION** (the "Tenant").

For and in consideration of the rental to be paid by tenant and of the covenants and agreements herein set forth to be kept and performed by Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the Leased Premises (as hereafter defined) and certain other areas, rights and privileges for the term, at the rental and subject to and upon all of the terms, covenants and agreements hereinafter set forth.

I. PREMISES

1.1 Description of Premises. Landlord does hereby demise, lease and let unto Tenant, and Tenant does hereby take and receive from Landlord the following:

(a) That certain floor area containing approximately 3,570 gross rentable square feet (the "Leased Premises") on the third floor of the office building (the "Building") located at approximately 55 North Arizona Place in Chandler, Arizona 85225, on the real property (the "Property") described on Exhibit "A" attached hereto and by this reference incorporated herein. The space occupied by Tenant consists of that certain area crosshatched on Exhibit "B" which is attached hereto and by this reference incorporated herein.

(b) The non-exclusive right to Tenant's use of the Common Areas (as defined in Section 20.1 below).

(c) Such non-exclusive rights-of-way, easements and similar rights with respect to the Building and Property as may be reasonably necessary for access to and egress from, the Leased Premises.

(d) The non-exclusive right to use those areas designated and suitable for vehicular parking, including the non-exclusive right to the use of nineteen (19) parking stalls in the parking structure.

1.2 Work of Improvement. The obligation of Landlord and Tenant to perform the work and supply the necessary materials and labor to prepare the Leased Premises for occupancy are described in detail on Exhibit "C". Landlord and Tenant shall expend all funds and do all acts required of them as described on Exhibit "C" and shall perform or have the work performed promptly and diligently in a first class and workmanlike manner.

1.3 Construction of Building. Intentionally deleted.

1.4 Changes to Building. Landlord hereby reserves the right at any time and from time to time to make reasonable changes, alterations or additions to the Building or to the Property, provided the same do not materially adversely affect Tenant. Tenant shall not, in such event, claim or be allowed any damages for injury or inconvenience occasioned thereby and shall not be entitled to terminate this Lease.

1.5 Substitute Premises. At any time during the term of this Lease, Landlord shall have the right to request in writing that the Tenant move to substitute premises situated within the Building. The substitute premises shall contain the same approximate square footage as the Leased Premises and shall not be located on the ground floor. Tenant shall have thirty (30) days from the date of Landlord's request to accept the substitute premises. If accepted, Landlord shall remodel the substitute premises to be as nearly as possible similar to layout and finish as the Leased Premises. Upon completion of remodeling by Landlord and delivery of possession, Tenant shall relocate in the substitute premises and vacate the Leased Premises. Except for the change in the designation of Premises, all provisions of this Lease Agreement shall remain the same. Landlord shall pay the reasonable cost of locating the Tenant in substitute premises. If Tenant refuses to accept the substitute premises or fails to reply to Landlord's request within the time stated, this Lease shall terminate upon Tenant vacating the Premises or one hundred twenty (120) days from the date of Landlord's request to Tenant, whichever occurs first.

II. TERM

2.1 Length of Term. The term of this Lease shall be for a period of sixty-two (62) months plus the partial calendar month, if any, occurring after the Commencement Date (as hereinafter defined) if the Commencement Date occurs other than on the first day of a calendar month.

2.2 Commencement Date; Obligation to Pay. The term of this Leased and Tenant's obligation to pay rent hereunder shall commence on the first to occur of the following dates ("Commencement Date"):

(a) The date Tenant occupies the Leased Premises and conducts business.

(b) The date, not earlier than October 1, 2000, that is two (2) days after the Landlord notified Tenant in writing that Landlord's construction obligations respecting the Leased Premises have been fulfilled and that the Leased Premises are ready for occupancy.

Except to the extent of any monies deposited with Landlord by Tenant, Landlord shall not have any liability to Tenant arising out of the failure of the Commencement Date to occur. Exhibit "D" acknowledges the Commencement Date of the Lease.

2.3 Construction of Leased Premises. Landlord shall construct the improvements to the Leased Premises (see Exhibit "E"). Landlord shall itemize each part of the construction and its associated cost. Landlord shall pay for 100% of the cost listed. Tenant shall, however, reimburse Landlord for \$3,000.00 of the cost of the supplemental air conditioning unit in the network room. Landlord shall be obligated to pay for any increase in the actual cost of construction over and above the construction costs shown on Exhibit "E", unless such increase shall be the result of a requested change or upgrade of the floorplan (Exhibit "B"), initiated by the Tenant, its agents or assigns. Any special decorator items, equipment, furniture or furnishings not designated on Exhibit "E", as well as changes initiated by the Tenant to the floorplan (Exhibit "B"), shall be the sole cost of Tenant. Landlord's work will incorporate all new material and will be constructed in a good and workmanlike manner in accordance with all applicable laws.

The Construction of Leased Premises as designated in this section 2.3, in Exhibit "C", and Exhibit "E", shall be in accordance with the Building standard finishes described in Exhibit "F" and will be substantially completed by October 1, 2000.

2.4 Acknowledgment of Commencement Date. Landlord and Tenant shall execute a written acknowledgment of the Commencement Date in the form attached hereto as Exhibit "D".

2.5 Option to Terminate. Tenant may cancel this Lease effective at the end of month thirty-eight (38) of the Lease Term by providing written notice to Landlord and a check as a cancellation penalty on or before the expiration of month twenty-nine (29) of the lease term. The cancellation penalty shall be \$80,071.32 which is the sum of the unamortized portion of the Tenant Improvement Allowance and Leasing Commission for the remainder of the Lease Term and four (4) month's rent penalty.

III. BASIC RENTAL PAYMENTS

3.1 Basic Annual Rent. Tenant agrees to pay to Landlord as basic annual rent (the "Basic Annual Rent") at such place as Landlord may designate, without prior demand therefore and without any deduction or set off whatsoever, the following amounts:

<u>LEASE MONTHS</u>	<u>MONTHLY PAYMENT</u>	<u>ANNUAL PAYMENT</u>	<u>PER RENTABLE SQUARE FOOT</u>
1-2	\$0.00	\$0.00	\$0.00
3-7	\$1,636.25	\$19,635.00	\$5.50

<u>LEASE MONTHS</u>	<u>MONTHLY PAYMENT</u>	<u>ANNUAL PAYMENT</u>	<u>PER RENTABLE SQUARE FOOT</u>
8-14	\$4,165.00	\$49,980.00	\$14.00
15-26	\$4,313.75	\$51,765.00	\$14.50
27-38	\$4,462.50	\$53,550.00	\$15.00
39-50	\$4,611.25	\$55,335.00	\$15.50
50-62	\$4,760.00	\$57,120.00	\$16.00

Said Basic Annual Rent shall be due and payable in twelve (12) equal monthly installments to be paid in advance on or before the first day of each calendar month during the term of the Lease. Simultaneously with the execution hereof, Tenant has paid to Landlord the first month's rent in addition to the security deposit, receipt whereof is hereby acknowledged, subject to collection, however, if made by check. In the event the Commencement Date occurs on a day other than the first day of a calendar month, then rent shall be paid on the Commencement Date for the initial fractional calendar month prorated on a per-diem basis (based upon a thirty (30) day month).

3.2 Additional Monetary Obligations. Tenant shall also pay as rental (in addition to the Basic Annual Rent) all other sums of money as shall become due and payable by Tenant to Landlord under this Lease. Landlord shall have the same remedies in the case of a default in the payment of said other sums of money as are available to Landlord in the case of a default in the payment of one or more installments of Basic Annual Rent.

IV. ADDITIONAL RENT

4.1 Definitions. It is the intent of both parties that the Basic Annual Rent herein specified shall be absolutely net to the Landlord throughout the term of this Lease, and that Tenant's Proportionate Share of Basic Costs shall be paid by Tenant in the manner hereafter provided.

For purposes of this Part IV and the Lease in general, the following words and phrases shall have the meanings set forth below:

(a) "Basic Costs" shall mean all actual costs and expenses incurred by Landlord (without mark-up and reflecting all discounts and rebates received by Landlord) in connection with the ownership, operation, management and maintenance of the Building and Property and related improvements located thereon (the "Improvements"), including, but not limited to, all expenses incurred by Landlord as a result of Landlord's compliance with any and all of its obligations under this Lease (or under similar leases with other tenants) other than the performance by Landlord of its work under Section 2.3 of this Lease or similar provisions of leases with other tenants. In explanation of the foregoing, and not in limitation thereof, Basic Costs shall include: all real and personal property taxes

and assessments (whether general or special, known or unknown, foreseen or unforeseen) and any tax or assessment levied or charged in lieu thereof, whether assessed against Landlord and/or Tenant and whether collected from Landlord and/or Tenant; any municipal, city, county, state, or federal excise, sales, use, or transaction privilege taxes levied or imposed against or on account of the amounts payable herein or the receipts thereof by Landlord; reasonable operation and maintenance charges on the parking garage; trash removal, common area utilities, cost of equipment or devices used to conserve or monitor energy consumption in the common areas, supplies, insurance, license, permit and inspection fees, cost of services of independent contractors, cost of compensation (including employment taxes and fringe benefits) of all persons who exclusively perform regular and recurring duties connected with day-to-day operation, maintenance, and repair of the Building, its equipment and the adjacent walk, and landscaped area (including, but not limited to janitorial, scavenger, gardening, security, parking, elevator, painting, plumbing, electrical, mechanical, carpentry, window washing, structural and roof repairs and reserves, signing and advertising), but excluding persons performing services not uniformly available to or performed for substantially all Building tenants; and rental expense or a reasonable allowance for depreciation of personal property used in the maintenance, operation and repair of the Building. The foregoing notwithstanding, Basic Costs shall not include depreciation on the Building and Improvements; amounts paid toward principal or interest of loans of Landlord; nor "Direct Costs" as defined in Section 4.1(b) below. Basic Costs and Direct Costs will exclude capital expenditures, repairs necessitated by the acts of Landlord or other tenants, expense incurred in pursuit of obtaining tenants, structural repairs, costs associated with the initial construction or initial landscaping, or any costs that would be covered under a standard construction warranty.

(b) "Direct Costs" shall mean all actual costs and expense incurred by Landlord (without mark-up and reflecting all discounts and rebates received by Landlord) in connection with the operation, management, maintenance, replacement, and repair of tenants' premises, including but not limited to janitorial services, maintenance, repairs, supplies, utilities, heating, ventilation, air conditioning, and property management fees, which property management fees shall be equal to a percentage of Tenant's Basic Annual Rent and Estimated Costs, which percentage shall not exceed standard fees for agency management of similar buildings in Arizona. Tenant shall pay its Proportionate Share of Direct Costs of the building, which Proportionate Share of Direct Costs, shall be obtained, by multiplying the expenses in question by a fraction, the numerator of which shall be the gross rentable square footage of the premises, and the denominator of which shall be the average gross rentable square feet leased and occupied by Tenants during any given year in which the Direct Costs are then being calculated.

Landlord shall cause meters to be installed to measure actual electrical and ventilation/air conditioning usage by Tenant. If such meters are installed, Tenant shall pay Landlord monthly, as additional rent, the estimated costs of such metered

electrical and ventilation/air conditioning usage. At least annually, Landlord shall reconcile the estimated costs of these metered services and shall show the actual costs and shall apply any appropriate credits or debits from the previous year's actual usage and any volume discounts or rebates received by Landlord. All such billings will be computed at the actual kilowatt hourly rate billed to the Landlord by the public utility companies for each respective period, including taxes. The costs of ventilation/air conditioning usage by Tenant shall be equitably apportioned among all building tenants. Tenant shall promptly pay to Landlord the amount due on each monthly billing received for and throughout the term of the Lease.

(c) "Estimated Costs" shall mean the projected amount of Tenant's Direct Costs and Tenant's Proportionate Share of Basic Costs, excluding the costs of electricity and ventilation/air conditioning provided to Tenant's Leased Premises, if separately metered. The Estimated Costs for the calendar year in which the Lease commences are \$10,710 (\$3.00 per square foot) excluding the sub metered cost of electricity to the Leased Premises and the after hours cost of ventilation/air conditioning to the Leased Premises, both of which are not included in the Basic Annual Rent. If the Estimated Costs as of the date Tenant takes occupancy are greater than Tenant's Estimated Costs at the time this Lease is executed, the Estimated Costs shall be increased to equal the Estimated Costs as of the date of Tenant's occupancy.

(d) "Tenant's Proportionate Share of Basic Costs" shall mean the percentage derived from the fraction, the numerator of which is the gross rentable square footage of the Premises (3,570), the denominator of which is the gross rentable square footage of the Building (108,129). In this Lease, Tenant's pro-rata share initially is 3.30%, subject to increase or decrease due to increases or decreases in the gross rentable square footage of the Leased Premises and/or the Building.

4.2 Report of Basic Costs and Statement of Estimated Costs.

(a) After the expiration of each calendar year occurring during the term of this Lease, Landlord shall within ninety (90) days furnish Tenant a written statement of the Tenant's Proportionate Share of Basic Costs and the Tenant's Direct Costs occurring during the previous calendar year. The written statement shall specify the amount by which Tenant's Direct Costs and Proportionate Share of Basic Costs exceeds or is less than the amounts paid by Tenant during the previous calendar year pursuant to Section 4.3(b) below.

(b) At the same time specified in Section 4.2(a) above, Landlord shall furnish Tenant a written statement of the Estimated Costs for the then current calendar year.

4.3 Payment of Additional Rent. Tenant shall pay as additional rent ("Additional Rent") Tenant's Direct Costs and Tenant's Proportionate Share of Basic Costs. The Additional Rent shall be paid as follows:

(a) With each monthly payment of Basic Annual Rent due pursuant to Section 3.1 above, Tenant shall pay to Landlord, without offset or deduction, one-twelfth (1/12th) of the Estimated Costs as defined in Section 4.1(c).

(b) Within thirty (30) days after delivery of the written statement referred to in section 4.2(a) above, Tenant shall pay to Landlord the amount by which Tenant's Direct Costs and Proportionate Share of Basic Costs, as specified in such written statements, exceed and aggregate of Estimated Costs actually paid by Tenant for the year at issue. Payments by Tenant shall be made pursuant to this Section 4.3(b) notwithstanding that a statement pursuant to Section 4.2(a) is furnished to Tenant after the expiration of the term of this Lease.

(c) If the annual statement of costs indicates that the Estimated Costs paid by Tenant pursuant to subsection (b) above for any year exceeded Tenant's actual Direct Costs and Tenant's Proportionate Share of Basic Costs for the same year, Landlord, at its election, shall either (i) promptly pay the amount of such excess to Tenant, or (ii) apply such excess against the next installment of Basic Annual Rental or Additional Rent due hereunder.

4.4 Resolution of Disagreement. Every statement given by Landlord pursuant to Section 4.2 shall be conclusive and binding upon Tenant unless within ninety (90) days after the receipt of such statement Tenant shall notify Landlord that it disputes the correctness thereof, specifying the particular respects in which the statement is claimed to be incorrect. If such dispute shall not have been settled by agreement, the parties hereto shall submit the dispute to arbitration within ninety (90) days after Tenant's receipt of statement. Pending the determination of such dispute by agreement or arbitration as aforesaid, Tenant shall, within thirty (30) days after receipt of such statement, pay Additional Rent in accordance with Landlord's statement, and such payment shall be without prejudice to Tenant's position. If the dispute shall be determined in Tenant's favor, Landlord shall forthwith pay Tenant the amount of Tenant's overpayment of rents resulting from compliance with Landlord's statement. Landlord agrees to grant Tenant reasonable access to Landlord's books and records for the purpose of verifying operating expenses incurred by Landlord.

4.5 Limitations. Nothing contained in this Part IV shall be construed at any time so as to reduce the monthly installments of Basic Annual Rent payable hereunder below the amount set forth in Section 3.1 of this Lease.

4.6 Audit Rights. Landlord will keep all supporting documentation for Tenant's Direct Costs and Tenant's Proportionate Share of Basic Costs for at least three (3) years. Tenant, upon reasonable notice to Landlord, may review such documentation during normal

business hours of Landlord. Any errors discovered by Tenant shall be immediately adjusted by the parties. In the event that Landlord has overstated such costs by more than five percent (5%), then Landlord will reimburse Tenant for the cost of the audit.

V. SECURITY DEPOSIT

5.1 Deposit. Tenant has deposited with Landlord the sum of Five Thousand Fifty Seven and 50/100 Dollars (\$5,057.50) as security for the performance by Tenant of all of the terms, covenants, and conditions required to be performed by it hereunder. Such sum shall be returned to Tenant after the expiration of the term of this Lease and delivery of possession of the Leased Premises to Landlord if, at such time, Tenant has performed all such terms, covenants, and conditions of this Lease. Prior to the time when Tenant is entitled to any return of the security deposit, Landlord may intermingle such deposit with its own funds and use such sum for such purposes as Landlord may determine. Tenant shall not be entitled to any interest on the security deposit.

5.2 Default. In the event of default by Tenant in respect to any of its obligations under this Lease, including, but not limited to, the payment of rent or additional rent, Landlord may use, apply, or retain all or any part of the security deposit for the payment of any unpaid Basic Annual Rent or Additional Rent, or Landlord may be required to expend by reason of the default of Tenant, including any damages or deficiency in the reletting of the Leased Premises, regardless of whether the accrual of such damages or deficiency occurs before or after an eviction or a portion of the security deposit is so used or applied. Tenant shall, upon five (5) days written demand, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount.

VI. USE

6.1 Use of Leased Premises. The Leased Premises shall be used and occupied by Tenant for general office purposes (which may include network monitoring services) only and for no other purpose whatsoever without the prior written consent of Landlord, which consent will not be unreasonably withheld, conditions or delayed provided the proposed use is consistent with other Class "A" office buildings in Chandler, Arizona..

6.2 Prohibition of Certain Activities or Uses. The Tenant shall not do or permit anything to be done in or about, or bring or keep anything in the Leased Premises which is prohibited by this Lease or will, in any way or to any extent:

(a) Adversely affect any fire, liability or other insurance policy carried with respect to the Building, the Improvements or any of the contents of the Building (except with Landlord's express written permission, which will not be unreasonably withheld, but which may be contingent upon Tenant's agreement to bear any additional costs, expenses or liability for risk that may be involved).

(b) Obstruct or interfere with any right of any other tenant or occupant of the Building or injure or annoy such persons;

(c) Conflict with or violate any law, statute, ordinance, rule, regulation or requirement of any governmental unit, agency or authority (whether existing or enacted as promulgated in the future, known or unknown, foreseen or unforeseen).

(d) Adversely overload the floors or otherwise damage the structural soundness of the Leased Premises or Building, or any part thereof (except with Landlord's express written permission, which will not be unreasonably withheld, but which may be contingent upon Tenant's agreement to bear any additional costs, expenses or liability for risk that may be involved).

6.3 Affirmative Obligations with Respect to Use.

(a) Tenant will comply with all governmental laws, ordinances, regulations, and requirements, now in force or which hereafter may be in force, of any lawful governmental body or authorities having jurisdiction over the Leased Premises, will keep the Premises and every part thereof in a clean, neat, and orderly condition, free of objectionable noise, odors, or nuisances, will in all respects and at all times fully comply with all health and policy regulations, and will not suffer, permit, or commit any waste, except Landlord will be responsible for the initial compliance with the American's with Disability Act..

(b) At all times during the term hereof, Tenant shall, at Tenant's sole reasonable cost and expense, comply with all statutes, ordinances, laws, orders, rules, regulations and requirements of all applicable federal, state, county, municipal and other agencies or authorities, now in effect or which may hereafter become effective, which shall impose any duty upon Landlord or Tenant with respect to the use, occupation or alterations of the Demised Premises (including, without limitation, all applicable requirements of the Americans with Disabilities Act of 1990 and all other applicable laws relating to people with disabilities, and all rules and regulations which may be promulgated thereunder from time to time and whether relating to barrier removal, providing auxiliary aids and services or otherwise) and upon request of Landlord shall deliver evidence thereof to Landlord. Notwithstanding the foregoing to the contrary, Landlord will complete the improvements described in Paragraph 2.3 in compliance with all governmental laws, ordinances, regulations and requirements which are now in effect.

6.4 Suitability. Tenant acknowledges that except as expressly set forth in this Lease, neither Landlord nor any other person has made any representation or warranty with respect to the Leased Premises or any other portion of the Building, and that no representation has been made or relied on with respect to the suitability of the Leased Premises or any other portion of the Building or Improvements for the conduct of Tenant's

business. The Leased Premises, Building and Improvements (and each and every part thereof) shall be deemed to be in satisfactory condition unless, within sixty (60) days after the Commencement Date, Tenant shall give Landlord written notice specifying, in reasonable detail, the respects in which the Leased Premises, Building or Improvements are not in satisfactory condition.

6.5 Taxes. Tenant shall pay all taxes, assessments, charges, and fees which during the term hereof may be imposed, assessed or levied by any governmental or public authority against or upon Tenant's use of the Leased Premises or any personal property or fixture kept or installed therein by Tenant and on the value of leasehold improvements to the extent that the same exceed Building allowances.

VII. UTILITIES AND SERVICE

7.1 Obligation of Landlord. During the term of this Lease the Landlord agrees to cause to be furnished to the Leased Premises during customary business hours (7:00 a.m. to 6:00 p.m. Monday through Friday and 8:00 a.m. to 1:00 p.m. on Saturday) and during generally recognized business days the following utilities and services, the cost and expense of which shall be included in Basic and/or Direct Costs:

(a) Electricity, water, gas and sewer service.

(b) Telephone connection, but not including telephone stations and equipment (it being expressly understood and agreed that Tenant shall be responsible for the ordering and installation of telephone lines and equipment which pertain to the Leased Premises).

(c) Heat and air-conditioning to such extent and to such levels as, in Landlord's judgment, is reasonably required for the comfortable use and occupancy of the Leased Premises subject however to any limitations imposed by any government agency. The parties agree and understand that the above heat and air-conditioning will be provided Monday through Friday from 7:00 a.m. to 6:00 p.m. and Saturday from 8:00 a.m. to 1:00 p.m. After hours usage of the building HVAC system, up to 10:00 p.m. on weekdays, will be charged to Tenant based upon the electrical submeters for the Leased Premises. Additional after hours cooling, on weekends (after Saturday at 1:00 p.m.) and after 10:00 p.m. on weekdays, will be provided by means of the supplemental air conditioning unit which will be installed above the ceiling of the network room. This supplemental air conditioning unit will provide cooling to the network room and the office furniture work stations adjacent thereto.

(d) Janitorial service.

(e) Security (including the lighting of common halls, stairways, entries and restrooms) to such extent as is usual and customary in similar buildings in the Metro Phoenix, Arizona area.

(f) Landscaping and groundskeeping service.

(g) Elevator service.

7.2 Tenant's Obligations. Tenant shall arrange for and shall pay the entire cost and expense of all telephone stations, equipment and use charges, electric light bulbs (but not fluorescent bulbs used in fixtures originally installed in the Leased Premises) and all other materials and services not expressly required to be provided and paid for pursuant to the provisions of Section 7.1 above.

7.3 Additional Limitations:

(a) Tenant will not, without the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, use any apparatus or device on the Leased Premises (including but without limitation thereto, electronic data processing machines, punch card machines or machines using current in excess of 110 volts) which will in any way or to any extent increase the amount of electricity or water usually furnished or supplied for use on the Leased Premises for the use designated in Section 6.1 above, nor connect with electrical current, except through existing electrical outlets in the Leased Premises, or water pipes, any apparatus or device, for the purposes of using electric current or water. Landlord acknowledges that Tenant will maintain and use at the Property extensive computer equipment which equipment is expressly permitted.

(b) If Tenant shall require water or electric current in excess of that usually furnished or supplied for use of the Leased Premises, or for purposes other than those designated in Section 6.1 or 7.3(a) above, Tenant shall first procure the consent of Landlord for the use thereof, which consent Landlord may refuse and/or Landlord may cause a water meter or electric current meter to be installed in the Leased Premises, so as to measure the amount of water and/or electric current consumed for any such use. The cost of such meters and of installation maintenance, and repair thereof shall be paid for by Tenant and Tenant agrees to pay Landlord promptly upon demand by Landlord for all such water and electric current consumed as shown by said meters, at the rates charged for such service by the City in which the Building is located or the local public utility, as the case may be, furnishing the same, plus any additional expense incurred in keeping account of the water and electric current so consumed.

(c) If and where heat generating machines devices are used in the Leased Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right to install additional or

supplementary air conditioning units for the Leased Premises, and the entire cost of installing, operating, maintaining and repairing the same shall be paid by Tenant to Landlord promptly after demand by Landlord.

7.4 Limitation on Landlord's Liability. Landlord shall not be liable for and Tenant shall not be entitled to terminate this Lease or to effectuate any abatement or reduction of rent by reason of Landlord's failure to provide or furnish any of the foregoing utilities or services if such failure was reasonably beyond the control of Landlord. In no event shall Landlord be liable for loss or injury to persons or property, however, arising or occurring in connection with or attributable to any failure to furnish such utilities or services even if within the control of Landlord, unless Landlord does not use reasonable diligence to restore the above services

VIII. MAINTENANCE AND REPAIRS; ALTERATIONS; ACCESS

8.1 Maintenance and Repairs by Landlord. Landlord shall maintain in good order, condition and repair the Building and Improvements except the Leased Premises and those other portions of the Building leased, rented or otherwise occupied by persons not affiliated with the Landlord. Landlord shall supply normal janitorial and cleaning services reasonably required to keep the Leased Premises and the Building and Improvements in a clean, sanitary and orderly condition, the cost and expense of which shall be included in Direct and/or Basic Costs.

8.2 Maintenance and Repairs by Tenant. Tenant, at Tenant's sole cost and expense and without prior demand being made, shall maintain the Leased Premises in good order, condition and repair, and will be responsible for the painting, carpeting or other interior design work of the Leased Premises beyond the initial construction phase as specified in Section 2.3 and Exhibit "C" and "E" of the Lease and shall maintain all equipment and fixtures installed by Tenant. If repainting or recarpeting is required and authorized by Tenant, the cost for such are the sole obligation of Tenant and shall be paid for by Tenant immediately following the performance of said work and a presentation of an invoice for payment. Notwithstanding the foregoing to the contrary, Landlord will warranty the construction of the Leased Premises for twelve (12) months.

8.3 Alterations. Except as set forth on Exhibit "C" attached hereto, Tenant shall not make or cause to be made any alterations, additions or improvements or install or cause to be installed any fixtures, signs, floor coverings, interior or exterior lighting, plumbing fixtures, or shades or awnings, or make any other changes to the Leased Premises without first obtaining Landlord's written approval, which approval shall not be unreasonably withheld, conditioned or delayed, Tenant shall present to the Landlord plans and specifications for such work at the time approval is sought. In the event Landlord consents to the making of any alterations, additions, or improvements to the Leased Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. All such work with respect to any alterations, additions, and changes shall be done in a good and

workmanlike manner and diligently prosecuted to completion such that, except as absolutely necessary during the course of such work, the Leased Premises shall at all times be a complete operating unit. Any such alterations, additions, or changes shall be performed and done strictly in accordance with all laws and ordinances relating thereto. In performing the work or any such alterations, additions, or changes, Tenant shall have the same performed in such a manner as not to obstruct access to any portion of the Building. Any alterations, additions, or improvements to or of the Leased Premises, including, but not limited to, wallcovering, paneling, and built-in cabinet work, but excepting movable furniture and equipment, shall at once become a part of the realty and shall be surrendered with the Premises unless Landlord otherwise elects at the end of the term hereof.

8.4 Landlord's Access to Leased Premises. Landlord shall have the right to place, maintain, and repair all utility equipment of any kind in, upon, and under the Leased Premises as may be necessary for the servicing of the Leased Premises and other portion of the Building. Landlord shall upon providing adequate notice to Tenant, also have the right to enter the Leased Premises during regular business hours to inspect or to exhibit the same to prospective purchasers, mortgagees, tenants, and lessees, and to make such repairs, additions, alterations, or improvements as Landlord may deem desirable. Landlord shall be allowed to take all material upon said Leased Premises that may be required therefor without the same constituting an actual or constructive eviction of Tenant in whole or in part and the rents reserved herein shall in no wise abate while said work is in progress by reason of loss or interruption of Tenant's business or otherwise, and Tenant shall have no claim for damages. During the three (3) months prior to expiration of this Lease or of any renewal term, Landlord may place upon the Leased Premises "For Lease" or "For Sale" signs which Tenant shall permit to remain thereon.

IX. ASSIGNMENT

9.1 Assignment Prohibited. Tenant shall not transfer, assign, mortgage, or hypothecate this Lease, in whole or in part, or permit the use of the Leased Premises by any person or persons other than Tenant (other than to the City of Chandler), or sublet the Leased Premises, or any part thereof, without the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, conditioned or delayed, provided sufficient information is provided to Landlord to accurately represent the financial condition of those to whom this Lease will be transferred, assigned, mortgaged, or hypothecated. Such prohibition against assigning or subletting shall include any assignment or subletting by operation of law. Any transfer of this Lease from the Tenant by merger, consolidation, transfer of assets, or liquidation shall constitute an assignment for purposes of this Lease.

9.2 Consent Required:

(a) Any assignment or subletting without Landlord's consent shall be void, and shall constitute a default hereunder which, at the option of Landlord, shall result in the

termination of this Lease or exercise of Landlord's other remedies hereunder. Consent to any assignment or subletting shall not operate as a waiver of the necessity for consent to any subsequent assignment or subletting, and the terms of such consent shall be binding upon any person holding by, under, or through Tenant.

(b) Landlord shall have no obligation to consent to the proposed sublease or assignment if the proposed sublessee or assignee or its business is or may be subject to compliance with additional requirements of the law, including any related rules or regulations, commonly known as the "Americans with Disabilities Act of 1990" or similar state or local laws relating to persons with disabilities beyond those requirements which are applicable to the tenant desiring to so sublease or assign".

9.3 Landlord's Right in Event of Assignment. If this Lease is assigned or if the Leased Premises or any portion thereof are sublet or occupied by any person other than the Tenant, Landlord may collect rent and other charges from such assignee or other party, and apply the amount collected to the rent and other charges reserved hereunder, but such collection shall not constitute consent or waiver of the necessity of consent to such assignment, subleasing, or other transfer, nor shall such collection constitute the recognition of such assignee, sublessee, or other party as the Tenant hereunder or a release of Tenant from the further performance of all of the covenants and obligations, including obligation to pay rent, of Tenant herein contained. In the event that Landlord shall consent to a sublease or assignment hereunder, Tenant shall pay to Landlord reasonable fees, not to exceed \$100.00, incurred in connection with processing of documents necessary to the giving of such consent.

X. INDEMNITY

10.1 Indemnification By Tenant. 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, or occasioned wholly or in part by any act or omission of Tenant or Landlord, their agents, contractors, employees, servants, invitees, licensees or concessionaires. 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.

10.2 Release of Landlord. Landlord shall not be responsible or liable at any time for any loss or damage to Tenant's personal property or to Tenant's business, including any loss or damage to either the person or property of Tenant that may be occasioned by or through the acts or omissions of persons occupying adjacent, connecting, or adjoining space. Tenant shall store its property in and shall use and enjoy the Leased Premises and all other portions of the Building and Improvements at its own risk, and hereby releases

Landlord, to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

10.3 Notice. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Leased Premises or in the Building of which the Leased Premises are a part or of defects therein or in any fixtures or equipment.

10.4 Litigation. In case Landlord or Tenant, without fault on its part, shall be made a party to any litigation commenced by or against Tenant or Landlord, then Tenant or Landlord shall protect and hold the other party harmless and shall pay all costs, expenses, and reasonable attorneys' fees.

XI. INSURANCE

11.1 Fire and "All Risk" Insurance on Tenant's Personal Property and Fixtures. At all times during the term of this Lease, Tenant shall keep in force at its sole cost and expense, fire insurance and "All Risk" (including vandalism and malicious mischief) in companies acceptable to Landlord, equal to the replacement cost of Tenant's fixtures, furnishings, equipment, and contents upon the Leased Premises and all improvements or additions made by Tenant to the Leased Premises. The Landlord shall be named as an additional insured on all such policies.

11.2 Property Coverage. Landlord shall obtain and maintain in force "All Risk" insurance, including vandalism and malicious mischief, required to cover any loss or destruction that the Leased Premises herein may experience during the Lease period and any extension thereof, and including, at Landlord's discretion, flood and earthquake coverage if commercially available at reasonable rates. Such insurance shall also include coverage against loss of rents. Landlord and Tenant shall jointly arrive at the coverage to be purchased on the Leased Premises and Landlord's personal property, which coverage shall be reasonably satisfactory to Landlord's lender. Such costs will be included as Basic Costs.

11.3 Liability Insurance. Tenant shall, during the entire term hereof, keep in full force and effect a policy of public liability and property damage insurance with respect to the Leased Premises and the business operated by Tenant in the Leased Premises, with a combined single limit for personal or bodily injury and property damage of not less than \$500,000.00. The policy shall name Landlord, any person, firms, or corporations designated by Landlord, and Tenant as insureds, and shall contain a clause that the insurer will not cancel or materially change the insurance pertaining to the Leased Premises without first giving Landlord ten (10) days written notice. Tenant shall at all times during the term hereof upon request provide Landlord with evidence of current insurance coverage. All public liability, property damage, and other liability policies shall be written as primary policies, not contributing with coverage which Landlord may carry. All such policies shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under said policies for any loss occasioned to it, its servants, agents, and

employees by reason of the negligence of Tenant. All such insurance shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons or injury or damage to property contained in Part X.

11.4 Subrogation. Tenant and Landlord each waive its right of subrogation against each other for any reason whatsoever.

11.5 Lender. Any mortgage lender interest in any part of the Building or Improvements may, at Landlord's option, be afforded coverage under any policy required to be secured by Tenant hereunder, by use of a mortgagee's endorsement to the policy concerned.

XII. DESTRUCTION

If the Leased Premises shall be partially damaged by any casualty insured against under any insurance policy maintained by Landlord, Landlord shall, upon receipt of the insurance proceeds, repair the Leased Premises and until repair is complete the Basic Annual Rent and Additional Rent shall be abated proportionately as to that portion of the Leased Premises rendered untenable. Notwithstanding the foregoing, if: (a) the Leased Premises by reason of such occurrence are rendered wholly untenable, or (b) the Leased Premises should be damaged as a result of a risk which is not covered by insurance, or (c) the Leased Premises should be damaged in whole or in part during the last six (6) months of the term or of any renewal hereof, or (d) the Leased Premises or the Building (whether the Leased Premises are damaged or not) should be damaged to the extent of fifty percent (50%) or more of the then-monetary value thereof, then and in any such events, Landlord may either elect to repair the damage or may cancel this Lease by notice of cancellation within Thirty (30) days after such event and thereupon this Lease shall expire, and Tenant shall vacate and surrender the Leased Premises to Landlord. Tenant's liability for rent upon the termination of this Lease shall cease as of the day following Landlord's giving notice of cancellation. In the event Landlord elects to repair any damage, any abatement of rent shall end five (5) days after notice by Landlord to Tenant that the Leased Premises have been repaired. If the damage is caused by the negligence of Tenant or its employees, agents, invitees, or concessionaires, there shall be no abatement of rent. Unless this Lease is terminated by Landlord, Tenant shall repair and refixture the interior of the Leased Premises in a manner and in at least a condition equal to that existing prior to the destruction or casualty and the proceeds of all insurance carried by Tenant on its property and fixtures shall be held in trust by Tenant for the purpose of said repair and replacement.

XIII. CONDEMNATION

13.1 Total Condemnation. If the whole of the Leased Premises shall be acquired or taken by condemnation proceeding, then this Lease shall cease and terminate as of the date of title vesting in such proceeding.

13.2 Partial Condemnation. If any part of the Leased Premises shall be taken as aforesaid, and such partial taking shall render that portion not so taken unsuitable for the business of Tenant, then this Lease shall cease and terminate as aforesaid. If such partial taking is not extensive enough to render the Leased Premises unsuitable for the business of Tenant, then this Lease shall continue in effect except that the Basic Annual Rent and Additional Rent shall be reduced in the same proportion that the portion of the Leased Premises (including basement, if any) taken bears to the total area initially demised and Landlord shall, upon receipt of the award in condemnation, make all necessary repairs or alterations to the Building in which the Leased Premises are located, provided that Landlord shall not be required to expend for such work an amount in excess of the amount received by Landlord as damages for the part of the Leased Premises to taken. "Amount received by Landlord" shall mean that part of the award in condemnation which is free and clear to Landlord of any collection by mortgage lenders for the value of the diminished fee.

13.3 Landlord's Option to Terminate. If more than twenty percent (20%) of the Building shall be taken as aforesaid, Landlord may, by written notice to Tenant, terminate this Lease. If this Lease is terminated as provided in this Section, rent shall be paid up to the day that possession is so taken by public authority and Landlord shall make an equitable refund of any rent paid by Tenant in advance.

13.4 Award. Tenant shall not be entitled to and expressly waives all claim to any condemnation award for any taking, whether whole or partial and whether for diminution in value of the leasehold or to the fee, although Tenant shall have the right, to the extent that the same shall not reduce Landlord's award, to claim from the condemnor, but not from the Landlord, such compensation as may be recoverable by Tenant in its own right for damages to Tenant's business and fixtures.

13.5 Definition. As used in this Part XIII the term "condemnation proceeding" means any action or proceeding in which any interest in the Leased Premises is taken for any public or quasi-public purpose by any lawful authority through exercise of eminent domain or right of condemnation or by purchase or otherwise in lieu thereof.

XIV. LANDLORD'S RIGHTS TO CURE

14.1 General Right. In the event of breach, default, or noncompliance hereunder by Landlord, Tenant shall, before exercising any right or remedy available to it, give Landlord written notice of the claimed breach, default, or noncompliance. If prior to its giving such notice Tenant has been notified in writing (by way of Notice of Assignment of Rents and Leases, or otherwise) of the address of a lender which has furnished any of the financing referred to in Part XV hereof, concurrently with giving the aforesaid notice to Landlord, Tenant shall, by registered mail, transmit a copy thereof to such lender. For the twenty (20) days following the giving of the notice(s) required by the foregoing portion of this section (or such longer period of time as may be reasonably required to cure a matter which, due to its nature, cannot reasonably be rectified within twenty (20) days, Landlord

shall have the right to cure the breach, default, or noncompliance involved. If Landlord has failed to cure a default within said period, any such lender shall have an additional thirty (30) days within which to cure the same or, if such default cannot be cured within that period, such additional time as may be necessary if within such twenty (20) day period said lender has commenced and is diligently pursuing the actions or remedies necessary to cure the breach, default, or noncompliance involved (including, but not limited to, commencement and prosecution of proceedings to foreclose or otherwise exercise its rights under its mortgage or other security instrument, if necessary to effect such cure), in which event this Lease shall not be terminated by Tenant so long as such actions or remedies are being diligently pursued by said lender.

14.2 Mechanic's Lien. Should any mechanic's or other lien be filed against the Leased Premises or any part thereof by reason of Tenant's acts or omissions or because of a claim against Tenant, Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within ten (10) days after notice by Landlord.

XV. FINANCING; SUBORDINATION

15.1 Subordination. Tenant acknowledges that it might be necessary for Landlord or its successors or assigns to secure mortgage loan financing or refinancing affecting the Leased Premises. Tenant also acknowledges that the lender interested in any given loan may desire that Tenant's interest under this Lease be either superior or subordinate to the mortgage then held or to be taken by said Lender. Accordingly, Tenant agrees that at the request of Landlord at any time and from time to time Tenant shall execute and deliver to Landlord an instrument, in form reasonably acceptable to Landlord, whereby Tenant subordinates its interest under this Lease and in the Leased Premises to such of the following encumbrances as may be specified by Landlord: Any mortgage or trust deed and customary related instruments are herein collectively referred to merely as a "Mortgage" and securing a loan obtained by Landlord or its successors or assigns for the purpose of enabling acquisition of the Building and/or construction of additional improvements to provide permanent financing for the Building, or for the purpose of refinancing any such construction, acquisition, standing or permanent loan. Provided, however, that any such instrument or subordination executed by Tenant shall provide that so long as Tenant continues to perform all of its obligations under this Lease its tenancy shall remain in full force and effect notwithstanding Landlord's default in connection with the Mortgage concerned or any resulting foreclosure or sale or transfer in lieu of such proceedings. Tenant shall not subordinate its interests hereunder or in the Leased Premises to any lien or encumbrance other than the Mortgages described in and specified pursuant to this Section 15.1 without the prior written consent of Landlord and of the lender interested under each mortgage then affecting the Leased Premises. Any such unauthorized subordination by Tenant shall be void and of no force or effect whatsoever.

15.2 Amendment. Tenant recognizes that Landlord's ability from time to time to obtain construction, acquisition, standing, and/or permanent mortgage loan financing for the

Building and/or the Leased Premises may in part be dependent upon the acceptability of the terms of this Lease to the lender concerned. Accordingly, Tenant agrees that from time to time it shall, if so requested by Landlord and if doing so will not substantially and adversely affect Tenant's economic interests hereunder join with Landlord in amending this Lease so as to meet the needs or requirements of any lender which is considering making or which has made a loan secured by a mortgage affecting the Leased Premises.

15.3 Attornment. Any sale, assignment, or transfer of Landlord's interest under this Lease or in the Leased Premises including any such disposition resulting from Landlord's default under a mortgage, shall be subject to this Lease and also Tenant shall attorn to Landlord's successor and assigns and shall recognize such successor or assigns as Landlord under this Lease, regardless of any rule of law to the contrary or absence of privity of contract.

15.4 Financial Information. As a condition to Landlord's acceptance of this Lease, Tenant shall provide financial information sufficient to verify to Landlord the financial condition of Tenant. Tenant hereby represents and warrants that none of such information contains or will contain any untrue statement of material fact, nor will such information omit any material fact necessary to make the statements contained therein misleading or unreliable.

XVI. EVENTS OF DEFAULT; REMEDIES OF LANDLORD

16.1 Default by Tenant. Upon the occurrence of any of the following events, Landlord shall have the remedies set forth in Section 16.2:

(a) Tenant fails to pay any installment of Basic Annual Rent or Additional Rent or any other sum due hereunder within ten (10) days after Tenant receives written notice of rent due.

(b) Tenant fails to perform any other term, condition, or covenant to be performed by it pursuant to this Lease within ten (10) days after written notice of such default shall have been given to Tenant by Landlord or, if cure would reasonably require more than ten (10) days to complete, if Tenant fails to commence performance within the ten (10) day period or fails diligently to pursue such cure to completion.

(c) Tenant or any guarantor of this Lease shall become bankrupt or insolvent or file any debtor proceedings or have taken against such party in any court pursuant to state or federal statute, a petition in bankruptcy or insolvency, reorganization, or appointment of a receiver or trustee; or Tenant petitions for or enters into an arrangement; or suffers this Lease to be taken under a writ of execution.

16.2 Remedies. In the event of any default by Tenant hereunder, Landlord may at any time, without waiving or limiting any other right or remedy available to it, terminate

Tenant's rights under this Lease by written notice, reenter and take possession of the Premises by any lawful means (with or without terminating this Lease), or pursue any other remedy allowed by law. Tenant agrees to pay to Landlord the cost of recovering possession of the Premises, all costs of reletting, and all other costs and damages arising out of Tenant's default, including attorneys' fees. Notwithstanding any reentry, the liability of Tenant for the rent reserved herein shall not be extinguished for the balance of the Term, and Tenant agrees to compensate Landlord upon demand for any deficiency arising from reletting the Premises at a lesser rent than applies under this Lease.

16.3 Past Due Sums; Penalty. If Tenant fails to pay, within ten (10) days after the same is due and payable, any Basic Annual Rent, Additional Rent, or other sum required to be paid by it hereunder, Tenant shall pay a sum of ten percent (10%) of such unpaid amounts as a late fee. Notwithstanding the foregoing, however, Landlord's right concerning such interest and service fee shall be limited by the maximum amount which may properly be charged by Landlord for such purposes under applicable law.

XVII. PROVISIONS APPLICABLE AT TERMINATION OF LEASE

17.1 Surrender of Premises. At the expiration of this Lease, except for changes made by Tenant that were approved by Landlord, Tenant shall surrender the Leased Premises in the same condition, less reasonable wear and tear, as they were in upon delivery of possession thereto under this Lease and shall deliver all keys to Landlord. Before surrendering the Leased Premises, Tenant shall remove all of its personal property and trade fixtures and such property or the removal thereof shall in no way damage the Leased Premises, and Tenant shall be responsible for all costs, expenses and damages incurred in the removal thereof. If Tenant fails to remove its personal property and fixtures upon the expiration of this Lease, the same shall be deemed abandoned and shall become the property of Landlord.

17.2 Holding Over. Any holding over after the expiration of the term hereof or of any renewal term shall be construed to be a tenancy from month to month at such rates as Landlord may designate and on the terms herein specified so far as possible.

XVIII. ATTORNEYS' FEES

In the event that at any time during the term of this Lease either Landlord or the Tenant institutes any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, then the unsuccessful party in such action or proceeding agrees to reimburse the successful party for the reasonable expenses of such action including reasonable attorneys' fees, incurred therein by the successful party.

XIX. ESTOPPEL CERTIFICATE

19.1 Landlord's Right to Estoppel Certificate. Tenant shall, within fifteen (15) days after Landlord's request, execute and deliver to Landlord a written declaration, in form and substance similar to Exhibit "D", in recordable form: (1) ratifying this Lease; (2) expressing the Commencement Date and termination date hereof; (3) certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writing as shall be stated); (4) that all conditions under this Lease to be performed by Landlord have been satisfied (except by such writing as shall be stated); (5) that there are no defenses or offsets against the enforcement of this Lease by the Landlord, or stating those claimed by Tenant; (6) the amount of advance rental, if any, (or none if such is the case) paid by Tenant; (7) the date to which rental has been paid; (8) the amount of security deposited with Landlord; and (9) such other information as Landlord may reasonably request. Landlord's mortgage lenders and/or purchasers shall be entitled to rely upon such declaration.

19.2 Effect of Failure to Provide Estoppel Certificate. Tenant's failure to furnish any Estoppel Certificate within fifteen (15) days after written request therefor shall be deemed a default hereunder and moreover, it shall be conclusively presumed that: (a) this Lease is in full force and effect without modification in accordance with the terms set forth in the request; (b) that there are no unusual breaches or defaults on the part of the Landlord; and (c) no more than one (1) month's rent has been paid in advance unless Landlord is otherwise aware that any of the foregoing are not true.

XX. COMMON AREAS

20.1 Definition of Common Areas. "Common Areas" means all areas, space, equipment and special services provided for the joint or common use and benefit of the tenants or occupants of the Building and Property or portions thereof, and their employees, agents, servants, patients, customers, and other invitees (collectively referred to herein as "Occupants") including without limitation, parking, access roads, driveways, retaining walls, landscaped areas, serviceways, loading docks, pedestrian walks; courts, stairs, ramps, and sidewalks; common corridors, rooms and restrooms; air-conditioning, fan, janitorial, electrical and telephone rooms or closets; and all other areas within the Building which are not specified for exclusive use or occupancy by Landlord or any tenant (whether or not they are leased or occupied).

20.2 License to Use Common Areas. The Common Areas shall be available for the common use of all Occupants and shall be used and occupied under a revocable license. If any such license shall be revoked, or if the amount of such areas shall be changed or diminished, Landlord shall not be subject to any liability nor shall Tenant be entitled to any compensation or diminution or abatement of rent nor shall revocation or diminution of such areas be deemed constructive or actual eviction. All common areas shall be subject to the exclusive control and management of Landlord. Landlord shall have the right to construct,

maintain, and operate lighting and other facilities on all said areas and improvements; to police the same; to change the area, level, location, and arrangement of parking areas and other facilities; to restrict parking by tenants, their officers, agents, and employees; to close all or any portion of said areas or facilities to such extent as may be legally sufficient to prevent a dedication thereof or the accrual of any right to any person or the public therein; and to close temporarily all or any portion of the parking areas or facilities to discourage non-occupant parking. Landlord shall operate and maintain the Common Areas in such manner as Landlord in its discretion shall determine, shall have full right and authority to employ and discharge all personnel with respect thereto, and shall have the right, through reasonable rules, regulations, and/or restrictive covenants promulgated by it from time to time, to control use and operation of the Common Areas in order that the same may occur in a proper and orderly fashion.

20.3 Parking. Automobiles of Tenant and all Occupants (as defined above) associated with Tenant shall be parked only within parking areas not otherwise reserved by Landlord. Landlord or its agents shall, without any liability to Tenant or its Occupants, have the right to cause to be removed any automobile that may be wrongfully parked in a prohibited or reserved parking area, and Tenant agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, losses, demands, damages and liabilities asserted or arising with respect to or in connection with any such removal of an automobile. Tenant shall from time to time, upon request of Landlord, supply Landlord with a list of license plate numbers of all automobiles owned by Tenant or its day-to-day Occupant.

XXI. SIGNS, AWNINGS, AND CANOPIES

Tenant shall not place or suffer to be placed or maintained on any exterior door, wall, or window of the Leased Premises, or elsewhere in the Building, any sign, awning, marquee, decoration, lettering, attachment, or canopy, or advertising matter or other thing of any kind, and will not place or maintain any decoration, lettering, or advertising matter on the glass of any window or door of the Leased Premises without first obtaining Landlord's written approval. Tenant further agrees to maintain such sign, awning, canopy, decoration, lettering, advertising matter, or other things, as may be approved, in good condition and repair at all times. Landlord may, at Tenant's cost, and without liability to Tenant, enter the Leased Premises and remove any item erected in violation of this Section. Landlord may establish rules and regulations governing the size, type, and design of all signs, decorations, etc., and Tenant agrees to abide thereby.

XXII. MISCELLANEOUS PROVISIONS

22.1 No Partnership. Landlord does not by this Lease, in any way or for any purpose, become a partner or joint venturer of Tenant in the conduct of its business or otherwise.

22.2 Force Majeure. Landlord shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or causes beyond Landlord's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or service, or acts of God.

22.3 No Waiver. Failure of Landlord to insist upon the strict performance of any provision or to exercise any option hereunder shall not be deemed a waiver of such breach. No provision of this Lease shall be deemed to have been waived unless such waiver be in writing signed by Landlord.

22.4 Notice. Any notice, demand, request, or other instrument which may be or is required to be given under this Lease shall be delivered in person or sent by United States certified or registered mail, postage prepaid and shall be addressed (a) if to Landlord, at the place specified for payment of rent, and (b) if to Tenant, either at the Leased Premises or at any other current address for Tenant which is known to Landlord. Either party may designate such other address as shall be given by written notice.

Landlord: Boyer Arizona Place, L.C.
c/o The Boyer Company
127 South 500 East, Suite 100
Salt Lake City, Utah 84102
(801) 521-4781

Tenant: Home Office:
Trend Consulting Services, Inc.
35353 Curtis Blvd., Suite 201
Eastlake, Ohio 44095
(440) 942-4040

Premises:
Trend Consulting Services, Inc.
55 North Arizona Place
Chandler, Arizona 85225

With a copy to:
Cavitch, Familo, Durkin & Frutkin
14th Floor
East Ohio Gas Building
Cleveland, Ohio 44114-2876
(216) 621-7860

22.5 Captions; Attachments; Defined Terms:

(a) The captions to the section of this Lease are for convenience of reference only and shall not be deemed relevant in resolving questions of construction or interpretation under this Lease.

(b) Exhibits referred to in this Lease, and any addendums and schedules attached to this Lease shall be deemed to be incorporated in this Lease as though part thereof.

22.6 Recording. Tenant may record this Lease or a memorandum thereof with the written consent of Landlord, which consent shall not be unreasonably withheld. Landlord, at its option and at any time, may file this Lease for record with the Recorder of the County in which the Building is located.

22.7 Partial Invalidity. If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

22.8 Broker's Commissions. Tenant represents and warrants that other than Insignia/ESG there are no claims for brokerage commissions or finder's fees in connection with this Lease and agrees to indemnify Landlord against and hold it harmless from any other such claims, including any attorneys' fees connected therewith.

22.9 Tenant Defined: Use of Pronouns. The word "Tenant" shall be deemed and taken to mean each and every person or party executing this document as a Tenant herein. If there is more than one person or organization set forth on the signature line as the Tenant, their liability hereunder shall be joint and several. If there is more than one Tenant, any notice required or permitted by the terms of this Lease may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof. The use of the neuter singular pronoun to refer to Landlord or Tenant shall be deemed a proper reference even though Landlord or Tenant may be an individual, a partnership, a corporation, or a group of two or more individuals or corporation. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Landlord or Tenant and to corporations, associations, partnerships, or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

22.10 Provisions Binding, Etc.. Except as otherwise provided, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their legal representative, heirs, successors, and assigns. Each provision to be performed by Tenant shall be construed to be both a covenant and a condition, and if there shall be more than one Tenant, they shall all be bound, jointly and severally, by such provisions. In the event of

any sale or assignment (except for purposes of security or collateral) by Landlord of the Building, the Leased Premises, or this Lease, Landlord shall, from and after the Commencement Date (irrespective of when such sale or assignment occurs), be entirely relieved of all of its obligations hereunder.

22.11 Entire Agreement, Etc.. This Lease and the Exhibits, Riders, and/or Addenda, if any, attached hereto, constitute the entire agreement between the parties. All Exhibits, riders, or addenda mentioned in this Lease are incorporated herein by reference. Any guaranty attached hereto is an integral part of this Lease and constitutes consideration given to Landlord to enter in this Lease. Any prior conversations or writings are merged herein and extinguished. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed. Submission of this Lease for examination does not constitute an option for the Leased Premises and becomes effective as a lease only upon execution and delivery thereof by Landlord to Tenant. If any provision contained in the rider or addenda is inconsistent with a provision in the body of this Lease, the provision contained in said rider or addenda shall control. It is hereby agreed that this Lease contains no restrictive covenants or exclusives in favor of Tenant. The captions and Section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe, or describe the scope or intent of any section or paragraph.

22.12 Governing Law: The interpretation of this Lease shall be governed by the laws of the State of Arizona. Tenant hereby expressly and irrevocably agrees that Landlord may bring any action or claim to enforce the provisions of this Lease in the State of Arizona, County of Maricopa, and the Tenant irrevocably consents to personal jurisdiction in the State of Arizona only for the purposes of any such action or claim. Tenant further irrevocably consents to service of process in accordance with the provisions of the laws of the State of Arizona. Nothing herein shall be deemed to preclude or prevent Landlord from bringing any action or claim to enforce the provisions of this Lease in any other appropriate place or forum.

22.13 Recourse by Tenant. Anything in this Lease to the contrary notwithstanding, Tenant agrees that it shall look solely to the estate and property of Landlord in the land, Buildings and Improvements thereto, and subject to prior rights of any mortgagee, for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants, and conditions of this Lease to be observed and/or performed by Landlord, and no other assets of Landlord or any of its partners, shareholders, successors, or assigns shall be subject to levy, execution, or other procedures for the satisfaction of Tenant's remedies.

22.14 Choice of Law. This Lease shall be governed by and construed in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, the parties
first set forth above.

LANDLORD: **BOYER ARIZONA PLACE, L.C., BY ITS
MANAGER, THE BOYER COMPANY, L.C.**

By: _____
H. Roger Boyer
Chairman and Manager

TENANT: **TREND CONSULTING SERVICES, INC.,
AN OHIO CORPORATION**

By: Robert D. Aikey, CEO
Robert D. Aikey
Chief Executive Officer

NOTARY

STATE OF UTAH)
) ss
COUNTY OF SALT LAKE)

On this _____ day of _____, 200__, personally appeared before me H. ROGER BOYER, who duly acknowledged to me that he executed the foregoing Lease as the CHAIRMAN AND MANAGER OF, THE BOYER COMPANY, L. C., A UTAH LIMITED LIABILITY COMPANY, which is the MANAGER OF BOYER ARIZONA PLACE, L.C., A UTAH LIMITED LIABILITY COMPANY.

My commission Expires:

4/28/01

Notary Public
Residing at SALT LAKE COUNTY

STATE OF Ohio)
) ss
COUNTY OF LAKE)

On this 25th day of July, 2000, personally appeared before me ROBERT D. AIKEY, who being duly sworn, did say that he is the CHIEF EXECUTIVE OFFICER of TREND CONSULTING SERVICES, INC., AN OHIO CORPORATION, and that said instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its Board of Directors, and said ROBERT D. AIKEY acknowledged to me that said corporation executed the same.

My Commission Expires:

11/05/03

Trina K. Zaczowek
Notary Public
Residing at 35353 CANTON BLVD
East Lake, OH 44095

EXHIBIT "A"

DESCRIPTION OF REAL PROPERTY

CHANDLER OFFICE CENTER

Office Building Parcel:

Lot 1, Replat of Lots 116 thru 127 of the Map of the Townsite of Chandler, according to Book 459 of Maps, page 44, records of Maricopa County, Arizona.

Parking Parcel:

Lot 1, Replat of Lots 101 thru 115 and Lots 418 thru 425 of the Map of the Townsite of Chandler, according to Book 459 of Maps, page 43, records of Maricopa County, Arizona.

EXHIBIT "B"
PLANS OF LEASED PREMISES

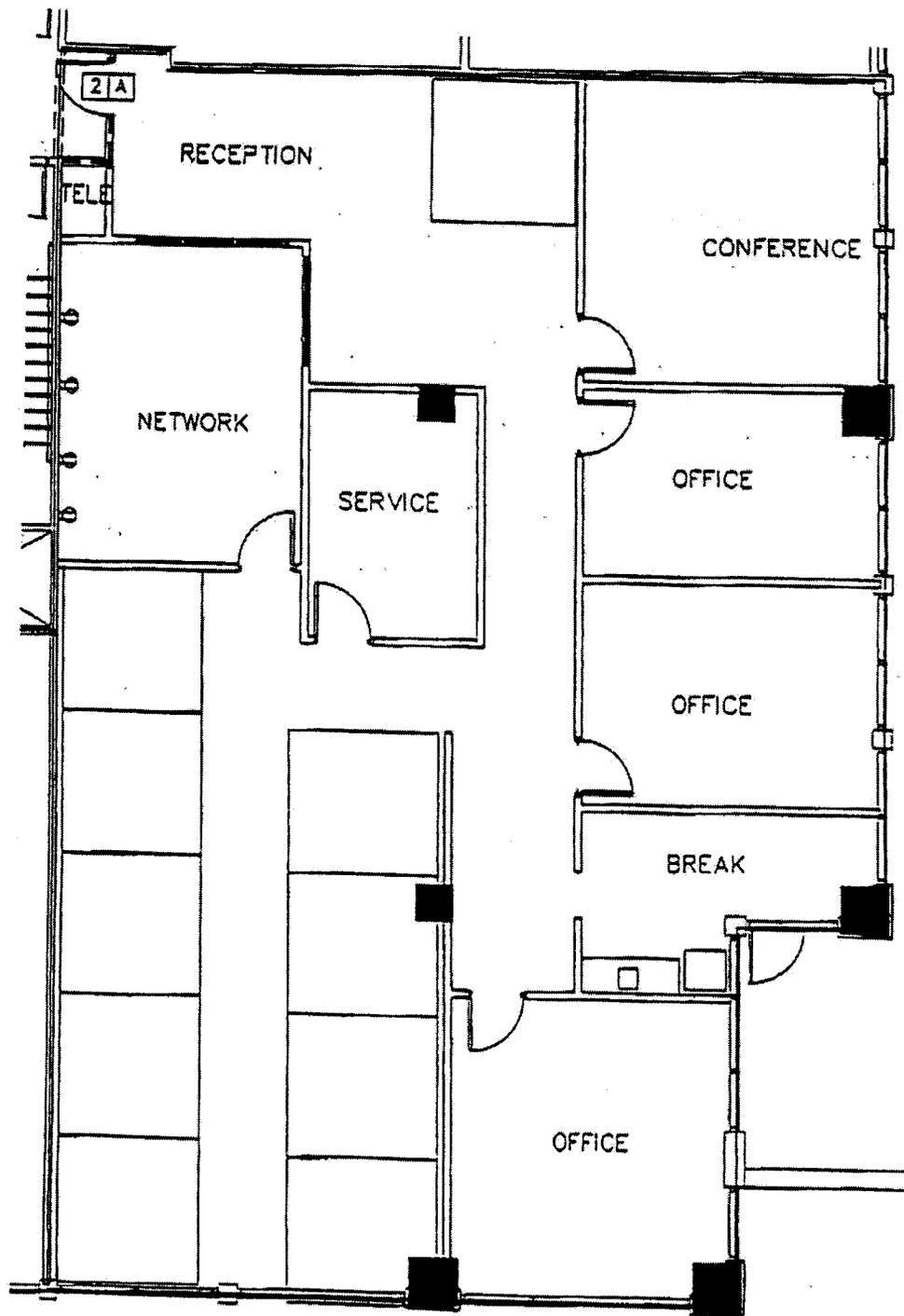


EXHIBIT "C"

TREND CONSULTING

WORK LETTER

**CONSTRUCTION AND/OR FINISHING OF
IMPROVEMENTS TO LEASED PREMISES**

In accordance with the provisions of the body of the Lease to which this Exhibit "C" is attached, the improvements to the Leased Premises shall be constructed and/or finished (as the case may be) in the manner described, and upon all of the terms and conditions contained in the following portion of this Exhibit "C".

I. GENERAL DESCRIPTION OF WORK:

A. **LANDLORD'S CONSTRUCTION OBLIGATION:** Landlord's Construction Obligation respecting improvements to the Leased Premises shall consist of the following described items or elements of work (where more than one type of material, structure, or method is indicated, Landlord shall have the option of selecting or employing any thereof):

1. STRUCTURAL:

(a) **Frame:** The building shall be of steel or concrete frame, reinforced concrete, or bearing wall construction designed in accordance with the applicable building code.

(b) **Exterior Walls:** Insulated exterior walls of the building shall be of masonry, concrete, or such other material(s) as may be selected by Landlord's architect.

(c) **Floor:** Floor shall be of concrete slab.

2. BASE BUILDING: The Landlord shall provide the Tenant the following as part of the base building shell and parking: Landscaping, site identification, toilets, stairwells, elevators, mechanical rooms, and janitorial closets on Leased Premise floors.

3. UTILITIES:

(a) **Water and Sewer:** Water and sewer service shall be furnished to the toilet rooms on the floors of the Leased Premises.

(b) **Electricity:** Electrical service shall be provided to panel on the floors of the Leased Premises.

4. **HEATING, AIR CONDITIONING, AND SPRINKLERS:**

(a) **Air Conditioning and Heating:** HVAC trunk lines shall be provided to the floor area. No distribution or controls shall be provided by Landlord.

(b) **Sprinklers:** Automatic sprinkler system, if and to the extent required by the applicable code, shall be installed in the Leased Premises.

B. **TENANT FINISH CONSTRUCTION OBLIGATION:** Landlord shall complete and pay the cost of the Tenant Finish Construction Obligation as specified herein, including the plans and specifications prepared by Exclaim Design, JSH Engineering, and PVE Mechanical Engineers. Such work which constitutes the Tenant Finish Construction Obligation respecting improvements to the Leased Premises shall include, but not necessarily be limited to, the purchase, installation, and/or performance (as the case may be) of the following described items or elements of work:

1. **Electric Fixtures and Equipment:** All electrical work and distribution from panel.

2. **Utility Meters:** All meters necessary to separately measure electricity, water and HVAC consumption in the Leased Premises.

3. **Walls:** All interior partitioning and drywall on all party or the walls surrounding the Leased Premises.

4. **Doors:** All interior doors and door frames.

5. **Floor Covering:** All floor covering and floor materials other than concrete.

6. **Demising Walls:** Demising walls (i.e., walls dividing the Leased Premises for areas, if any, in the same building occupied by other lessees) shall be of wood frame, steel stud, or masonry.

7. **Special Plumbing:** All extra plumbing (either roughing-in or fixtures) required for Tenant's special needs.

8. **Heating and Air Conditioning:** HVAC distribution and controls not installed under Landlord's Construction Obligation. Supplemental air conditioning unit for the network room.

9. **Painting:** All interior painting.

10. **Ceiling:** The following shall be furnished and installed: suspended type acoustical ceiling tiles.

The above notwithstanding, Landlord shall not be obligated to provide Tenant's phone system and wiring, the computer system and wiring, and the furnishings to the Leased Premises.

II. PLANS

A. **LANDLORD'S PLANS**: To the extent that the same has not heretofore occurred, Landlord shall furnish, construct and install the items and elements comprising Landlord's Construction Obligation substantially in accordance with the plans, specifications, and working drawings applicable thereto (hereinafter referred to as "Landlord's Plans") prepared by the architectural firm of MHTN Architects, Inc. as Landlord's Plans may be changed or modified from time to time.

B. **TENANT'S PLANS**: Landlord and Tenant shall collaborate in preparation of complete plans and specifications (hereinafter referred to as "Tenant's Plans") detailing the item and elements comprising Landlord's Construction Obligation and Tenant's Plans. Tenant shall then proceed promptly to prepare Tenant's Plans and shall submit such Plans to Landlord for written approval (not to be unreasonably withheld.) The approval by Landlord of Tenant's plans for work to be performed on the Demised Premises, whether by Landlord or Tenant, shall in no way create any responsibility or liability on the part of Landlord for their completeness, design sufficiency or compliance with any and all laws, rules and regulations of federal, state, county and municipal agencies or authorities. Any objections by Landlord and the reason therefore shall be given to Tenant's Plans as proposed. If Tenant fails within forty-five (45) days after receiving the necessary information from Landlord to furnish to Landlord Tenant's Plans as proposed, Landlord shall have the right to terminate the Lease upon written notice to Tenant (without prejudice to any right Landlord may have against Tenant for damages arising out of Tenant's failure).

III. CONSTRUCTION

A. **COMPLETION BY LANDLORD**: To the extent that the same has not heretofore occurred, Landlord shall construct and complete all the items or elements or work entering into Landlord's Construction Obligation as soon as reasonably possible, but in no event later than three (3) month after the date of the Lease. In the event Landlord's Construction Obligations have not been fulfilled upon the expiration of said three (3) month period, Tenant shall have the right to exercise any right or remedy available to it under applicable law, except that under no circumstances shall Landlord be liable to Tenant for any incidental or consequential loss or damage to Tenant resulting from delay in construction. All of the items or elements of work entering into Landlord's Construction Obligation shall be furnished, constructed, and installed substantially in accordance with those portions of Tenant's Plans applicable thereto. Tenant agrees that by entering into possession of the Leased Premises pursuant to the following Section B Tenant will have thereby accepted all of the construction work performed by Landlord and will have thereby accepted the Leased Premises in their then condition and hereby waives any claim against Landlord thereafter arising out of the condition of improvements to the Leased

Premised. Landlord shall not be liable for any latent, patent, or observable defects in such improvements after such acceptance by Tenant. Landlord does, however, warrant the work performed hereunder by Landlord against latent defects discovered at any time during the one (1) year period following the time of such acceptance by Tenant.

B. CONSTRUCTION BY TENANT: At such time as construction has progressed to a suitable point, Landlord, or Landlord's architect or supervising contractor, shall notify Tenant in writing that work on the items or elements entering into Tenant's Construction Obligation may begin. Upon receipt of such notice Landlord, as agent for Tenant, shall promptly commence and thereafter shall diligently pursue to completion all of the matters entering into Tenant's Construction Obligation and such matters shall be performed or accomplished in accordance with the applicable law, in a good and workmanlike manner, by contractors approved in writing by, and in such manner as to maintain harmonious and suitable labor relations and working conditions. Landlord shall timely obtain all licenses or permits required for the work performed as part of Tenant's construction obligation.

Tenant shall, at Landlord's request, furnish Landlord with a bond or bonds assuring payment to all those furnishing labor, materials, or services in connection with Tenant's Construction Obligation. Any work or change which Tenant desires to accomplish and which is not reflected by Tenant's Plans shall be subject to Landlord's prior written approval (not to be unreasonably withheld). Upon completion of Tenant's Construction Obligation, Tenant shall furnish to Landlord a complete set of "as built" plans and specifications for the items and elements entering into Tenant's Construction Obligation.

C. INTERRELATIONSHIP OF WORK: In performing its Construction Obligation, Tenant shall comply with all directions of Landlord or Landlord's contractor so as to coordinate its construction activities with those being pursued by others (whether on the Leased Premises or elsewhere in the Building, and whether by Landlord or by other tenants). Any improvements or items of equipment installed by Tenant which are to be visible from outside of the Leased Premises shall be finish painted by Tenant in accordance with Landlord's standard paint schedule. All work performed by Tenant shall leave Landlord's structure as strong or stronger than original design and with finishes unimpaired. Any roofing or flashing work accomplished by Tenant shall conform to original work and shall be performed at Tenant's expense by Landlord's roofing subcontractor who installed the original roof. Either party hereto may examine and inspect the work of the other at any reasonable time and shall promptly give notice of any observed defects.

1. ROOF PENETRATIONS: Tenant agrees that neither it nor its contractors or employees will, during the construction of the Leased Premises or at any time during the term of this Lease, make or cause to be made in the roof of the Premises any penetration whatsoever without first obtaining the prior written approval from Landlord. Tenant acknowledges that Landlord may require Tenant to use Landlord's designated roofing contractor to perform or supervise any roof cuts or penetrations to which Landlord may agree or give its consent.

In the event Tenant fails to observe this condition, Landlord may hire a roofing contractor of its choice to inspect any penetrations in the roofing material over the Demised Premises and to perform any needed modifications or corrections to the roof surface or its components in order to preserve the integrity of the roof structure. Landlord may bill Tenant for the expenses of any such roof inspection and/or repairs, plus a 20% overhead fee for such work. Tenant agrees to pay for said inspection and/or repairs immediately upon presentation of said invoice.

2. **HEATING/VENTILATING/AIR CONDITIONING DISTRIBUTION AND CONTROL WORK:** In order to insure that the rooftop mechanical equipment, originally provided by the Landlord, will work efficiently and effectively to provide the specified heating, ventilating and/or cooling to the Leased Premises, Tenant agrees and covenants that prior to its installation of any duct work, distribution equipment, controls or other related components of the mechanical system, it will first obtain from Landlord or from Landlord's designated mechanical contractor, written approval of its plans for same.

D. **PAYMENT:** Landlord shall furnish, construct, and complete all of the matters entering into Landlord's Construction Obligation at its own cost and expense; Landlord shall also furnish, construct and complete all of the matters entering Tenant's Construction Obligation at its own cost and expense.

EXHIBIT "D "

ACKNOWLEDGMENT OF COMMENCEMENT DATE
AND TENANT ESTOPPEL CERTIFICATE

TO:

DATE:

RE: _____

Gentlemen:

The undersigned, as Tenant, has been advised that the Lease has been or will be assigned to you as a result of your financing of the above-referenced property, and as an inducement therefor hereby confirms the following:

1. That it has accepted possession and is in full occupancy of the Premises, that the Lease is in full force and effect, that Tenant has received no notice of any default of any of its obligations under the Lease, and that the Lease Commencement Date is _____.
2. That the improvements and space required to be furnished according to the Lease have been completed and paid for in all respects except for _____, and that to the best of its knowledge, Landlord has fulfilled all of its duties under the terms, covenants and obligations of the Lease and is not currently in default thereunder, except _____.
3. That the Lease has not been modified, altered, or amended, and represents the entire agreement of the parties, except as follows:

4. That there are no offsets, counterclaims or credits against rentals, nor have rentals been prepaid or forgiven, except as provided by the terms of the Lease.

5. That said rental payments commenced or will commence to accrue on _____, and the Lease term expires _____.
The amount of the security deposit and all other deposits paid to Landlord is \$ _____.
6. That Tenant has no actual notice of a prior assignment, hypothecation or pledge of rents of the Lease, except: _____

7. That this letter shall inure to your benefit and to the benefit of your successors and assigns, and shall be binding upon Tenant and Tenant's heirs, personal representatives, successors and assigns. This letter shall not be deemed to alter or modify any of the terms, covenants or obligations of the Lease.

The above statements are made with the understanding that you will rely on them in connection with the purchase of the above-referenced property.

Very truly yours,

Date of Signature: _____ By: _____

EXHIBIT "E"

COST TO CONSTRUCT LEASED PREMISES

TENANT: TREND CONSULTING SERVICES, INC.

DATE: JULY 2000

RENTABLE SQUARE FEET: 3,570

ITEM

COST ESTIMATE

1. Building Permit	\$ _____
2. Mechanical	_____
3. Electrical	_____
4. Walls	_____
5. Doors, Frames, Hardware	_____
6. Painting	_____
7. Floorcovering	_____
8. Base	_____
9. Ceiling	_____
10. Glass	_____
11. Exterior Blinds	_____
12. Millwork/Plumbing	_____
13. Clean Up	_____
14. Contingency	_____
15. Supervision	_____
16. Architect	_____
17. Engineer	_____
18. Other	_____
Shelving	_____
Wallcovering	_____
Stain of Woodwork	_____

TOTAL COST \$ _____

TENANT CONSTRUCTION
COST OBLIGATION (Section 2.3) \$ 3,000.00

LANDLORD CONSTRUCTION
COST OBLIGATION (Section 2.3) \$ _____
(Total Cost Less \$3,000.00)

EXHIBIT "F"

BUILDING STANDARD FINISHES

A. FLOORCOVERINGS:

1. 30 ounce face-weight carpet cut-pile on pad, or 28 ounce level loop glue down, color to be selected by Tenant.
2. Designated areas to receive vinyl composite tile made by Ken Tile, Avanti type, rubber base on all walls.

B. WALLS: All interior walls shall be sheetrock 5/8" on metal studs, taped and ready for paint. Floor 1 - Ceiling Height = 11 feet
Floor 2-5 - Ceiling Height = 9 feet

C. DOORS/HARDWARE/GLASS: Doors shall be twenty-minute rated, solid core, maple veneer faced, 7' in height, 3' in width. (Minimum)

Hardware shall be a one-hour rated assembly to include a closure and lock set on the hallway doors. All other doors to receive passage hardware, building standard. Exterior doors shall have heavy duty hardware. Locksets to be Yale 5400L AU.

Door frames to be 2" face hollow metal frames; frames must comply with U.B.C. requirements for fire rating.

All interior glass shall be wired, clear. Glass put in by Tenant shall conform to U.B.C. and C.P.S.C. requirements.

D. LEVELORS: All exterior windows to receive Levelor, Riviera 1 inch window blinds. Color - Antique White #136.

E. PAINT: All sheetrock interior walls and core walls to receive one coat prime, two coats Ameritone; color to be selected by Tenant.

F. PLUMBING/CABINETRY: Laminate base cabinet only with shelving; laminate color to be selected by Tenant.

G. ELECTRICAL:

1. 2X4 four-tube, recessed, florescent light fixtures with parabolic lens to produce a lighting level of not less than 75 foot candles lighting at desk level.
2. One telephone outlet per 200 square feet of usable space.
3. One duplex outlet per 75 square feet of usable space.
4. One light switch per 200 square feet of usable space.

H. HVAC: The Landlord shall provide heating, ventilation and air conditioning on a year-round basis throughout the premises and common areas. The equipment shall maintain a uniform indoor temperature of 75 degrees F.D.B. in summer and 72 degrees F.D.B. in the winter. Temperature control shall be automatic and shall maintain temperature set point plus/minus 2 degrees F. HVAC controls to be Staefa Control System. Building standard diffusers are lineal slot diffusers - Tempmaster or approved equal.

All systems shall conform to local and national codes. HVAC design and systems selected shall be submitted for review and approval by the Tenant. Approval by the Tenant does not release the Landlord from his strict responsibility to ensure furnishing design conditions as stated herein.

I. CEILING TILE: Armstrong Cirrus ¾" tile 24" x 24" square edge.

**FIRST LEASE AMENDMENT
CHANDLER OFFICE CENTER BUILDING**

THIS FIRST LEASE AMENDMENT is made and entered into this 2nd day of December, 2005 by and between **BOYER ARIZONA PLACE, L.C. BY ITS MANAGER, THE BOYER COMPANY, L.C.**, hereinafter referred to as "Landlord" and **TREND CONSULTING SERVICES, INC.**, hereinafter referred to as "Tenant".

RECITALS:

WHEREAS, Landlord and Tenant entered into a certain Lease Agreement dated July 28, 2000, providing for the lease by Landlord to Tenant of certain demised premises located at 55 North Arizona Place, Chandler, Arizona, 85225 for the rental and on terms and conditions more particularly set forth in said Lease; and

WHEREAS, the parties hereto desire to amend the said Lease in certain respects;

NOW THEREFORE, for and in consideration of the mutual promises herein contained, the parties hereto agree that the said Lease shall be and the same is hereby amended as follows:

1. **ARTICLE 2.1 LENGTH OF TERM:** The term of this Lease shall be extended for a period of five (5) years so that the term of this Lease shall expire on December 31, 2010.
2. **ARTICLE 2.2 COMMENCEMENT DATE, OBLIGATION TO PAY:** This article is amended to include the following: The term of this First Lease Amendment and Tenant's obligation to pay rent pursuant shall commence on January 1, 2006.
3. **ARTICLE 3.1 BASIC ANNUAL RENT:** The Basic Annual Rent payable by Tenant to Landlord shall be changed to \$53,550.00. The Basic Annual Rent shall escalate throughout the lease term as follows:

<u>Lease Years</u>	<u>Calendar Years</u>	<u>Rentable Sq Feet</u>	<u>Monthly Amount</u>	<u>Annual Amount</u>	<u>\$/Rentable Sq Feet</u>
1,2	1/1/06 - 12/31/07	3,570	\$ 4,462.50	\$ 53,550.00	\$ 15.00
3	1/1/08 - 12/31/08	3,570	\$ 4,611.25	\$ 55,335.00	\$ 15.50
4	1/1/09 - 12/31/09	3,570	\$ 4,760.00	\$ 57,120.00	\$ 16.00
5	1/1/10 - 12/31/10	3,570	\$ 4,908.75	\$ 58,905.00	\$ 16.50

4. **ARTICLE 5.1 SECURITY DEPOSIT:** Upon final execution of this lease amendment, Landlord agrees to return the Tenant's security deposit \$5,057.50.

IN WITNESS WHEREOF, this First Amendment to Lease Agreement has been executed on the date first set forth above.

LANDLORD: **BOYER ARIZONA PLACE, L.C., BY
ITS MANAGER, THE BOYER
COMPANY, L.C., A UTAH LIMITED
LIABILITY COMPANY**

By: 
Name: H. Roger Boyer
Its: Manager

TENANT: **TREND CONSULTING SERVICES,
INC., AN OHIO CORPORATION**

By:  CEO
Name: Robert D. Aikey
Its: CEO

NOTARY

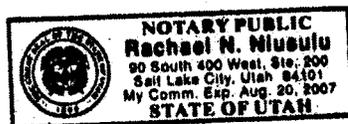
STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On this 7th day of ~~November~~ ^{December}, 2005, personally appeared before me H. ROGER BOYER, who duly acknowledged to me that he executed the foregoing Lease as the MANAGER of THE BOYER COMPANY, L. C., A UTAH LIMITED LIABILITY COMPANY, the managing partner of BOYER ARIZONA PLACE, L.C., A UTAH LIMITED LIABILITY COMPANY.

My commission Expires:

8-20-07

Rachel N. Niusulu
Notary Public
Residing at SALT LAKE COUNTY



STATE OF OHIO)
) SS
COUNTY OF Lake)

On this 2 day of ~~November~~ ^{December}, 2005, personally appeared before me ROBERT D. AIKEY, who being duly sworn, did say that he is the Chief Executive Officer, of TREND CONSULTING SERVICES, INC., an Ohio Corporation, and that said instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its Board of Directors, and said ROBERT D. AIKEY acknowledged to me that said corporation executed the same.

My Commission Expires:

DOREEN M. RIOLA
Notary Public - State of Ohio
My Commission Expires March 8, 2008
Recorded in Lake County

Doreen M. Riola
Notary Public
Residing at Willoughby Oh

LEASEHOLD ASSIGNMENT AGREEMENT

THIS LEASEHOLD ASSIGNMENT AGREEMENT ("Agreement") is made this _____ day of August, 2007, by and among **ST PAUL PROPERTIES, INC.**, a Delaware corporation (the "Landlord"), **TREND CONSULTING SERVICES, INC.**, an Ohio corporation (the "Tenant"), and the **CITY OF CHANDLER, ARIZONA**, an Arizona municipal property corporation (the "Assignee").

WHEREAS, the Tenant has entered into a certain lease with Boyer Arizona Place, L.C. ("Old Landlord") dated July 25, 2000 (the "Lease") covering the premises described as 55 North Arizona Place, Chandler, Arizona, 85225, such premises being more particularly described in the Lease; and

WHEREAS, Old Landlord sold the premises described in the lease to Landlord; and

WHEREAS, Tenant desires to assign all of its rights, title and interest under the Lease to Assignee, and Assignee desires to assume all obligations of the Tenant under the Lease on the terms stated in this Agreement; and

WHEREAS, the Lease requires that the consent of the Landlord be obtained prior to any assignment of the Tenant's rights under the Lease;

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignment. The Tenant hereby assigns to the Assignee all of the Tenant's right, title and interest in, to and under the Lease, to have and to hold the same unto the Assignee effective _____, 2007 (the "Effective Date"), for and during the remainder of the term mentioned in such Lease, subject to all of the terms, covenants and conditions therein mentioned.

2. Assumption. The Assignee hereby agrees to assume all obligations of the Tenant under the Lease as of the effective date of the assignment set forth above, and to faithfully and punctually perform all of the covenants, stipulations and agreements imposed on the Tenant which are set forth therein.

3. Representations. The Tenant warrants and represents that the Lease has not been modified, amended or rescinded, that it is not in default under the Lease and that the rent due thereunder has been paid through _____, 2007.

4. Indemnity. The Assignee shall indemnify and save the Tenant harmless from any and all liability, loss, costs, damages, reasonable attorneys' fees and expenses of any kind that the Tenant shall incur or suffer, which arise from, or relate to, any default by the Assignee in the performance of the obligations of the Tenant under the Lease from and after the Effective Date.

5. Insurance. Article XI of the Lease is deleted in its entirety and is replaced with the following language:

XI. INSURANCE

11.1 Fire and "All Risk" Insurance on Tenant's Personal Property and Fixtures. At all times during the term of this Lease, Tenant shall keep in force at its sole cost and expense, fire insurance and "All Risk" (including vandalism and malicious mischief) in companies acceptable to Landlord, equal to the replacement cost of Tenant's fixtures, furnishings, equipment and contents upon the Leased Premises and all improvements or additions made by Tenant to the Leased Premises. The Landlord shall be named as an additional insured on all such policies.

11.2 Property Coverage. Landlord shall obtain and maintain in force "All Risk" insurance, including vandalism and malicious mischief, required to cover any loss or destruction that the Leased Premises herein may experience during the Lease period and any extension thereof, and including, at Landlord's discretion, flood and earthquake coverage if commercially available at reasonable rates. Such insurance shall also include coverage against loss of rents. Landlord and Tenant shall jointly arrive at the coverage to be purchased on the Leased Premises and Landlord's personal property, which coverage shall be reasonably satisfactory to Landlord's lender. Tenant shall pay Landlord, as a separate consideration, all reasonable costs to purchase the insurance called for in this paragraph on the Leased Premises.

11.3 Liability Insurance. Tenant shall, during the entire term hereof, keep in full force and effect a policy of public liability and property damage insurance with respect to the Leased Premises and the business operated by Tenant in the Leased Premises, with a combined single limit for personal or bodily injury and property damage of not less than One Million Dollars (\$1,000,000.00). The policy shall name Landlord, any person, firms, or corporations designated by Landlord, and Tenant as insureds, and shall contain a clause that the insurer will not cancel or materially change the insurance pertaining to the Leased Premises without first giving Landlord ten (10) days written notice. Tenant shall at all times during the term hereof provide Landlord with evidence of current insurance coverage. All public liability, property damage, and other liability policies shall be written as primary policies, not contributing with coverage which Landlord may carry. All such policies shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under said policies for

any loss occasioned to it, its servants, agents, and employees by reason of the negligence of Tenant. All such insurance shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons or injury or damage to property contained in Part X.

11.4 Subrogation. Tenant and Landlord each waive its right of subrogation against each other for any reason whatsoever.

11.5. Lender. Any mortgage lender interest in any part of the Building or Improvements may, at Landlord's option, be afforded coverage under any policy required to be secured by Tenant hereunder, by use of a mortgagee's endorsement to the policy concerned.

6. No Release. Tenant shall not be released from, and shall remain fully liable for, all covenants, duties and obligations of the "Tenant" under the Lease as if the assignment from Tenant to Assignee had not been made, and Tenant and Assignee shall be jointly and severally liable for the payment and performance of all obligations of the "Tenant" under the Lease.

7. Landlord's Consent. Landlord hereby consents to the foregoing assignment.

8 Acknowledgments. Assignee acknowledges and agrees that neither the Tenant, Landlord nor their agents or employees have made any representations with respect to the Premises or the building in which the Premises is located, except as expressly set forth in the Lease. The taking of possession of the Premises by Assignee shall be conclusive evidence that Assignee accepts the same "AS IS" and that the Premises was in good condition at the time possession was taken.

9. No Further Consent. The consent set forth herein shall not be deemed to be a consent by Landlord to any future assignment of the Lease.

10. Successors and Assigns. This Consent shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective heirs, representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Leasehold Assignment Agreement and Consent as of the date first above written.

ST. PAUL PROPERTIES, INC

By: _____
Printed Name: _____
Title: _____

TREND CONSULTING SERVICES, INC.

By: _____
Printed Name: _____
Title: _____

CITY OF CHANDLER, ARIZONA

By: _____
Printed Name: _____
Title: _____

APPROVED AS TO FORM:

CHANDLER CITY ATTORNEY *KAB*

STATE OF _____)
) SS:
COUNTY OF _____)

BEFORE ME, a Notary Public in and for said County and State, personally appeared _____, a _____, by _____, its _____, who acknowledged that he/she did sign the foregoing instrument for and on behalf of said corporation, being thereunto duly authorized, and that the same is his/her free act and deed individually and as such officer and the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at _____, _____, this _____ day of _____, 2007.

Notary Public

STATE OF _____)
) SS:
COUNTY OF _____)

BEFORE ME, a Notary Public in and for said County and State, personally appeared TREND CONSULTING SERVICES, INC., an Ohio corporation, by _____, its _____, who acknowledged that he/she did sign the foregoing instrument for and on behalf of said corporation, being thereunto duly authorized, and that the same is his/her free act and deed individually and as such officer and the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at _____, _____, this _____ day of _____, 2007.

Notary Public

