

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), is made and entered into this 1st day of October, 2020 ("Effective Date"), by and between **Tubac Fire District**, an Arizona Fire District having its principal place of business at 2227 Interstate 19 East Frontage Road, Tubac, Arizona 85646 ("Landlord"), and **Air Methods Corporation**, having its principal place of business at 5500 South Quebec Street, Greenwood Village, Colorado 80111, ("Tenant") (with the "Landlord" and "Tenant" constituting the "Parties" and each, "Party").

RECITALS

WHEREAS, Landlord currently owns and operates a helipad and crew quarters located in Rio Rico, Arizona (the "Premises" as defined more particularly below); and,

WHEREAS, Landlord and Tenant have determined it is in their mutual best interests to lease the Premises as necessary to conduct Tenant's business.

NOW THEREFORE, Landlord and Tenant, for and in consideration of the rents, covenants and mutual agreements hereinafter contained, the receipt and adequacy of which is hereby acknowledged, incorporate the Recitals into the terms and conditions of this Lease and hereby covenant and agree as follows:

1. **Leased Premises.** Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord, the helipad and crew quarters located at 333 Camino Josefina, Rio Rico, Arizona 85648 ("Premises"). The crew quarters component of the Premises consists of three (3) bedrooms for exclusive use by Tenant, along with a shared kitchen and living area. The Premises are described in the illustration attached hereto as Exhibit "A" and incorporated by reference herein. This Lease supersedes and terminates all prior agreements between Landlord and Tenant for lease of the Premises.
2. **Term.** The term of this Lease shall be for three (3) years ("Term"), commencing on the Effective Date and ending on September 30, 2023. Thereafter, Tenant will have the option to renew this Lease for an additional term of three (3) years ("Renewal Term"). Tenant shall give notice to Landlord of its intent to exercise this renewal option at least ninety (90) days prior to the expiration of the Term or any Renewal Terms. Either Party may terminate this Lease without cause, upon ninety (90) days prior written notice to the other Party.
3. **Use.**
 - a. Tenant's use and occupancy of the Premises shall be for the purpose of operating an air ambulance service and uses which are necessary for such operation and which are not excluded by this Lease. Tenant shall not commit an act or omission on the Premises which would be in violation of any statute, regulation or ordinance of any governmental body, quasi-governmental body and regulatory body having jurisdiction over the Premises or the activities conducted thereon.
 - b. Under no circumstances shall the Tenant's use interfere with the Landlord's use of the station in which the Premises are located and under no circumstances shall Tenant's use interfere with Landlord's operations.
 - c. Tenant shall ensure all personnel assigned to the Premises are familiar with and adhere to Landlord's Rules and Regulations as may be in effect from time to time. Tenant shall not assign any of its personnel who are also former employees of Landlord to the premises without prior approval of Landlord's Fire Chief.
4. **Rent and Payment Terms.**
 - a. **Rent.** Tenant shall pay monthly rent to Landlord in the amount of two thousand, six hundred and twenty-five dollars (\$2,625.00) per month for the use of the Premises ("Rent").

- b. **Payment Terms.** All Rent payment shall be paid as directed by Landlord. Rent shall be paid in advance of the 1st day of each month and shall not be considered delinquent if received by the tenth (10th) day of the month. Tenant agrees to pay a late charge of five percent (5%) as additional Rent for each payment due hereunder that is more than ten (10) days delinquent. In the event that the Effective Date falls on a day other than the 1st of the month, the Rent due for the first month, payable on the Effective Date, shall be pro-rated. The Parties represent that in entering into this Lease, they have bargained at arm's length, that the amounts paid as Rent by the Tenant to the Landlord are fair market value taking into account the geographic location and facts and circumstances of the market and that this Lease is entered into in furtherance of the purpose operating an air ambulance service.
- c. **Annual Rent Increase.** The monthly rent shall increase by 5% annually, at each yearly anniversary of the Effective Date. These annual increases will occur during the initial Term as well as all Renewal Terms.
5. **Security Deposit.** In connection with the Parties' prior lease agreement for the Premises (which had an effective date of November 1, 2014), Tenant deposited with Landlord the sum of \$2,000, which has been held by Landlord as a security deposit relating to the 2014 lease agreement. The Parties agree that Landlord shall continue to hold the \$2,000 as a security deposit for this Lease ("Security Deposit"). Specifically, Landlord shall hold the Security Deposit, without obligation for interest or segregation, as security for performance of Tenant's covenants and obligations under this Lease. Upon occurrence of any default by Tenant, Landlord may use such fund to make good any Rent arrearage or any other damage, injury, expense or liability caused by such default. Any remaining balance of such Security Deposit shall be returned by Landlord to Tenant no later than thirty (30) days from the date of termination of this Lease. Upon the exercise of any Renewal Term of this Lease, the Security Deposit will be increased in the same amount as any increase to the monthly rent.
6. **Inspections.** Landlord and the Tenant shall complete, sign and date inspection reports at the beginning and at the end of this tenancy, for the purpose of ascertaining any damage for which Tenant is responsible.
7. **Utilities.** Landlord shall be responsible for the payment of all fees associated with the use of the water, gas, electricity, sewer/septic, telephone, and any other public utilities furnished to the Premises, the cost of which is included in Tenant's Rent payment. In the event that a certain public utility is necessary but not available on the Premises, Landlord shall furnish, at Landlord's cost, said utility and all utilities reasonably necessary for Tenant's use of the Premises.
8. **Landlord's Repairs and Maintenance.** Landlord, at its own cost and expense, shall maintain, repair and make replacements of the following: roof, foundation, concrete floors, interior and exterior walls, windows, doors, and all HVAC, electrical, plumbing and other mechanical systems within and exclusively serving the Premises. Tenant will promptly give Landlord written notice of any known defect or need for repairs, after which Landlord will have reasonable opportunity to make repairs or cure the defect. Additionally, Landlord, at its own cost and expense, shall furnish grounds maintenance and refuse removal services for the Premises.
9. **Tenant's Repairs and Maintenance.** Tenant, at its sole expense shall be responsible to maintain the Premises in a safe and clean condition, free from waste or nuisance.
- a. Tenant, at its own cost and expense, shall provide for janitorial services. Tenant is prohibited from having or permitting any hazardous material or biological waste on the Premises or any of Landlord's property.
- b. Tenant, at its sole expense, shall maintain the helipad and surrounding area.
- c. Tenant shall conduct inspections of the helipad and surrounding area at least weekly and additional inspections as needed after a storm or wind event or other occurrence with potential to impact the helipad and surrounding area.

10. Alterations and Fixtures.

- a. **Alterations.** Tenant shall not make any structural alterations or improvements to the Premises, without first obtaining Landlord's written consent, which shall not be unreasonably withheld. Tenant shall submit the plans and specifications for any improvements or alterations to Landlord for approval prior to commencement of such work. If Landlord approves such plan or specification, apportionment of financial responsibility for the associated costs must be mutually agreed upon, in writing, by both Parties prior to contracting with third parties to perform work and prior to the commencement of work.
- b. **Removal and Restoration by Tenant.** All alterations and improvements, whether or not paid fully or in part by Landlord, shall remain Tenant's property for the Term and any Renewal Term thereafter. Except for items used primarily in the conduct of Tenant's business and commonly considered "trade fixtures," all alterations and improvements shall immediately upon the termination or expiration of this Lease become Landlord's property.

11. Landlord's Access. Landlord, its employees and agents shall have access to the Premises at reasonable times to inspect, repair, make alterations, or make improvements to the Premises.

12. Common Areas. Subject to Landlord's Rules and Regulations, in effect and as may be amended from time to time, Tenant shall have the right, during the term of this Lease, to use in common with Landlord and each Party's employees, and invitees, all common walks, drives, and parking, within and around the Premises, for access to the Premises. All common areas shall be subject to the control and management of Landlord, and the use thereof shall be subject to reasonable rules and regulations as may be determined from time to time by Landlord.

13. Parking. Tenant, its employees and guests, shall have the non-exclusive right to the use of the parking lots as are designated by Landlord, for the purpose of parking motor vehicles to the extent reasonably necessary in connection with Tenant's use of the Premises. Such right of use shall be without any additional charge and on a first come, first served basis.

14. Warranties of Title and Quiet Enjoyment. Landlord warrants that it has full right to make this Lease subject to the terms of this Lease. Tenant shall have quiet and peaceable possession of the Premises during the term of this Lease as against the acts of any parties claiming title to, or a right to possession of, the Premises. Tenant, its signatories, and all guarantors and signatories for guarantors, warrant that they are duly authorized to enter into this Lease and the guarantee of this Lease, and to execute, deliver and fulfill all terms and conditions of same.

15. Assignment and Subletting. Landlord's rights to assign this Lease are and shall remain unqualified. No assignment by Landlord shall release Landlord of any of its obligations under this Lease for any time prior to the date of assignment. Tenant shall not assign this Lease or sublet the Premises, whether by voluntary act, operation of law or otherwise, without the prior written consent of Landlord in Landlord's sole discretion.

16. Fire or Other Casualty. If the Premises is destroyed or rendered untenable for Tenant's accustomed use by fire or other casualty, this Lease shall terminate immediately, and any prepayment of Rent shall be refunded pro rata to Tenant by Landlord. If the Premises is damaged or rendered partially untenable for Tenant's accustomed use by fire or other casualty, and if the Premises can be repaired within ninety (90) days from the date of such casualty, Landlord, at its option, shall repair the Premises to substantially the same condition as immediately prior to such casualty. If Landlord chooses to repair the Premises, Landlord shall provide thirty (30) days written notice to Tenant of its intent to repair. From the date of such casualty until the Premises are so repaired and restored, the Rent payments described in Section 4 shall abate in such proportion as the part of the Premises so damaged or untenable bears to the total Premises. Notwithstanding the foregoing, if the damaged portion of the Premises cannot be repaired within ninety (90) days of such casualty, or if said damage materially interferes with Tenant's use of the Premises for which the Premises was leased to Tenant, then either Landlord or Tenant may terminate this Lease and any prepayment of Rent shall be refunded pro rata to Tenant by Landlord. Landlord shall not be obligated to repair and restore if such casualty is caused in whole or in part by the negligence of Tenant, its agents or employees.

17. **Rules and Regulations.** Landlord may, from time to time, impose reasonable rules and regulations regarding the Premises. Tenant, its employees, agents, invitees and licensees shall comply fully with all such rules and regulations.

- a. Landlord shall provide Tenant with Landlord's Rules & Regulations, which also shall include any policies related to conduct and behavior on Landlord's property. Tenant shall ensure all personnel assigned to the Premises are familiar with and adhere to Landlord's Rules and Regulations as may be in effect from time to time
- b. Tenant and Landlord shall use their best efforts to encourage their personnel to cooperate with one another.
- c. Neither Tenant nor Landlord shall tolerate any behavior which interferes with delivery of Fire Service, EMS, Transport Service, or any other behavior which could be detrimental to the public or to any personnel of Tenant or Landlord. Landlord and Tenant shall require all personnel to immediately report any potential violation of Landlord's Rules and Regulations, or any behavior that could be detrimental to the public or to any personnel of Tenant or Landlord, to the chief officer (for Landlord) and also to the supervisor on duty (for Tenant).
- d. To the extent allowed by law, Tenant shall require all personnel to immediately report any issue that could interfere with Landlord's operations, or that could be detrimental to Landlord's personnel, to the Fire Chief, or the Fire Chief's designee. Issues that must be reported under this paragraph include, but are not limited to, personnel issues, potentially harmful conditions on the Premises, or any of Tenant's personnel who have been on the Premises testing positive for COVID-19. The Fire Chief or designee will use his or her best efforts to resolve any dispute. Landlord, through the Fire Chief or designee, has the right in its sole discretion to require Tenant to reassign any of Tenant's personnel away from the Premises.

18. **Insurance.**

- a. Certificate of Insurance. Tenant shall carry all insurance with respect to its helicopter/air ambulance(s) and its personnel as may be required by all federal, state, county, and city laws, ordinances, charters, rules, regulations and codes. Prior to execution of this Lease and at any time upon request by Landlord, Tenant shall provide Landlord with a current Certificate of Insurance.
- b. Additional Insured. The insurance coverage, except Worker's Compensation and Professional Liability, required by this Lease, shall name Landlord, including its agents, representatives, board members, officials, employees, and officers as Additional Insureds, and shall specify that insurance coverage carried by Landlord or its employees shall be excess coverage, and not contributory coverage to that provided by Tenant.
- c. Coverage Term. All insurance required herein shall be maintained in full force and effect until all service required to be performed under the terms of this Lease is satisfactorily completed and formally accepted; failure to do so may constitute a material breach of this Lease.
- d. Acceptable Carrier. Any insurance company issuing a policy under this Lease shall have a financial rating of B plus 10 or better in the then current edition of Best Rating Guide, or in the alternative, be approved by Landlord as an otherwise acceptable carrier.
- e. Notification. Tenant shall notify Landlord, in writing, if Tenant's default in payment of insurance premiums no less than ten (10) days prior to any cancellation of the insurance and shall agree to accept from Landlord, if Landlord so elects, payment of the insurance premiums to maintain the insurance coverage in full force and effect. In the event Landlord elects to pay the insurance premiums in arrears, it shall be entitled to recover from Tenant any premium so paid. Any

such payment by Landlord shall not be construed as conferring any coverage for Tenant under Landlord's insurance or self-insured retention.

- f. **Minimum Insurance Coverage.** Tenant shall procure and maintain the following minimum insurance coverages.
1. Aviation Liability Insurance. Coverage shall be maintained in the amounts not less than as set forth in the Certificate of Aviation Liability Insurance as attached to this Lease as Exhibit B.
 2. Automobile Liability. Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damages satisfactory to Landlord with respect to Tenant's owned, hired, and non-owned vehicles assigned to or used in performance of Tenants services under this Lease.
 3. Commercial General Liability. Commercial General Liability insurance with an unimpaired limit and General Aggregate Limit satisfactory to Landlord. The policy shall include coverage for bodily injury, property damage, personal injury, products and blanket contractual covering, but not limited to, the liability assumed under the indemnification provisions of this Lease. Such policy shall contain a "severability of interests" provision (a.k.a. "cross liability" and "separation of insured") and shall not contain a sunset provision or commutation clause, nor any provision which would serve to eliminate third party action over claims.
 4. Workers' Compensation. Tenant shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Tenant's employees engaged in the performance of this Lease; and Employer's Liability insurance of not less than \$1,000,000 for each accident, \$100,000 disease for each employee, and \$500,000 disease policy limit.

19. Indemnification

a. Indemnity by Tenant

1. To the fullest extent permitted by law, Tenant shall defend, indemnify, and hold harmless the Landlord from and against all claims, lawsuits or assertions of liability, caused solely by any negligent act or omission of Tenant or any of its employees or agents.
2. Tenant's duty to defend, indemnify and hold the Landlord harmless shall arise in connection with any claim, damage, loss or expense (including but not limited to reasonable attorney's fees, court cost, and the cost of appellate proceedings) that is attributable to personal or bodily injury, sickness, disease, death, injury, impairment or destruction of property (including loss of use resulting therefrom).
3. Tenant agrees to indemnify, defend and hold the Landlord harmless for all penalties and damages incurred by the Landlord solely as a result of Tenant's failure to obtain any required permit or license, or its failure to comply with any applicable laws, ordinances or regulations.
4. The obligations to indemnify shall survive termination of this Lease.

b. Indemnity by Landlord

1. To the fullest extent permitted by law, Landlord shall defend, indemnify, and hold harmless the Tenant from and against all claims, lawsuits or assertions of liability, caused solely by any negligent act or omission of Landlord or any of its employees or agents.
2. Landlord's duty to defend, indemnify and hold Tenant harmless shall arise in connection with any claim, damage, loss or expense (including but not limited to reasonable attorney's fees, court cost, and the cost of appellate proceedings) that is attributable to personal or bodily injury, sickness, disease, death, injury, impairment or destruction of property (including loss of use resulting therefrom).
3. Landlord agrees to indemnify, defend and hold Tenant harmless for all penalties and damages incurred by Tenant solely as a result of Landlord's failure to comply with any applicable laws, ordinances or regulations.
4. The obligations to indemnify shall survive termination of this Lease.

20. **Lease Cancellation.** Landlord has the right to cancel this lease for a conflict of interest in accordance with A.R.S. § 38-511.

21. **Personal Property at Tenant's Risk.** All personal property or any type of whatsoever of Tenant and its employees, agents, guests, and invitees, including trade fixtures kept, stored, or maintained on the Premises, shall be so kept, stored, or maintained at the sole risk of the Tenant.

22. **Surrender.** Upon the expiration of the Term, Renewal Term or upon earlier termination, Tenant shall deliver up the premises in the same repair and condition as when this Lease commenced, reasonable wear and tear expected. Tenant, at its own cost and expense, shall remove all personal property from the Premises.

23. **Holding Over.** In the event the Tenant remains in the possession of the Premises beyond the Term of this Lease, Landlord may take legal action to remove Tenant. If Landlord accepts a Rent payment for a period of time beyond the Term of this Lease, or otherwise acknowledges the tenancy, Tenant shall be deemed a Tenant from month-to-month and shall pay Rent at the rate established by this Lease. Any month-to-month tenancy is subject to the conditions, provisions, and obligations of this Lease.

24. **Default by Tenant.**

- a. **Events of Default.** The following shall be considered for all purposes to be events of default under and a breach of this Lease:
 - i. Notwithstanding a good faith dispute, any failure by Tenant to pay any Rent due hereunder, after reasonable notice to Tenant of any non-received payment;
 - ii. Any failure of Tenant to perform or observe any other covenants, agreements, stipulations, or conditions of this Lease for more than thirty (30) days after written notice from Landlord of such failure, provided, however, such failure shall not constitute an event of default if such failure is not susceptible of being cured within thirty (30) days and Tenant diligently pursues such cure to completion;
 - iii. If Tenant shall become insolvent, make an assignment for the benefit of his or her creditors, file a voluntary bankruptcy proceeding, be subjected to an involuntary bankruptcy proceeding, or if a receiver is appointed for Tenant; or
 - iv. If any guarantor of this Lease shall become insolvent, make an assignment for the benefit of its creditors, or in the event a receiver is appointed for the guarantor, files a voluntary bankruptcy

proceeding or has an involuntary bankruptcy petition against the guarantor which is not dismissed within thirty (30) days.

- v. Any failure of Tenant to comply with Landlord's Rules and Regulations as set forth in Paragraph 17 above.

- b. **Landlord's Remedies.** Upon the occurrence of any event of default specified in this Lease, Landlord shall have the right to enter and take possession of the Premises and re-let the same upon such terms as Landlord deems prudent, for the account of the Tenant. Tenant shall be liable to Landlord for any Rental payments due and owing for the remaining portion of the Term, less the net Rentals received from other parties for the use of said Premises.

25. **Default by Landlord.** In the event that Landlord defaults under the terms of this Lease, Tenant shall give Landlord written notice specifying the nature of the default and Landlord shall have thirty (30) days after receipt of such notice to cure said default. Any default by Landlord which shall continue uncured shall give Tenant the right to terminate the Lease in addition to all available rights or remedies, in law or in equity.

26. **No Partnership, Joint Venture or Principal/Agent Relationship Created.** Nothing in this Lease shall be interpreted as creating a partnership, joint venture, or relationship of principal and agent between Landlord and Tenant.

27. **Cumulative Rights.** No right or remedy provided under this Lease is intended to be exclusive of any other right or remedy hereof provided by law or equity. Each right and each remedy shall be cumulative and in addition to every other right or remedy provided under this Lease now or hereafter existing at law, in equity or by statute.

28. **Subordination.** This Lease shall be subordinate to any mortgage, trust, deed or other security instrument now or hereafter placed on the Premises by Landlord. Tenant shall execute and deliver to Landlord all instruments necessary or required to evidence such subordination, and if Tenant fails to do so, Tenant hereby appoints Landlord as its attorney-in-fact to execute such documents as may be required to accomplish such subordination.

29. **Miscellaneous**

- a. **Notice.** Notice required by this Lease shall be sufficient if in writing and personally delivered or mailed via U.S.P.S., first class and postage prepaid to:

In the case of Landlord:

Tubac Fire District
P.O. Box 2881
Tubac, Arizona 85646
Attention: Cheryl Horvath, Fire Chief

In the case of Tenant:

Air Methods Corporation
5500 South Quebec Street
Greenwood Village, Colorado 80111
Attention: Vice President, South Central

- b. **Successors and Assigns.** This Lease shall extend to and be binding upon the Parties to this Lease and their respective assigns, executors, heirs, personal representatives, and successors.
- c. **Amendment.** No amendment of this Lease shall be valid unless it is in writing, specifies the nature and extent of the amendment, and is signed by the Parties

- d. **Severable Provisions.** Each provision, section, sentence, clause, phrase, and word of this Lease is intended to be severable. If any provision, section, sentence, clause, phrase, or word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Lease, unless to do so would materially and substantially impair the rights or duties of the Parties.
- e. **Entire Agreement.** This Lease contains the entire understanding of the Parties hereto with respect to the transactions contemplated herein and supersedes all prior agreements and understandings between the Parties with respect to such subject matter.
- f. **Duplicate Originals.** This Lease may be executed in separate counterparts and multiple originals, with the same force and effect as if all signatures were affixed to the same instrument.
- g. **Captions, Headings, or Titles.** All captions, headings, or titles in the paragraphs or sections of this Lease are inserted for convenience of reference only and shall not constitute a part of this Lease as a limitation of the scope of the particular paragraphs or sections to which they refer.
- h. **Waiver.** Any waiver by any Party of default of any other Party to this Lease shall not affect or impair any right arising from any subsequent default. No custom or practice of the Parties which varies from the terms of this Lease shall be a waiver of any Party's right to demand exact compliance with the terms of this Lease.
- i. **Governing Law.** This Lease shall be governed, construed and enforced in accordance with the laws in the State of Arizona. Venue shall be in Santa Cruz County, Arizona. Any case subject to removal to Federal Court shall be removed only to the U.S. District for Arizona – Tucson Division.

IN WITNESS WHEREOF, the undersigned Parties have executed this Lease in duplicate on the date set forth below,

Tubac Fire District

By: _____
 Its: Chairperson

Date: _____

By: _____
 Its: Clerk of the Board

Date: _____

Air Methods Corporation

By: _____
 Its: _____

Date: _____