

**Amendment Two**  
**Lease Agreement**  
**between**  
**City of Flagstaff and Theatrikos, Inc.**

This Amendment Two ("Amendment") is made this 6<sup>TH</sup> day of ~~FEBRUARY~~ 2018 and is incorporated into and made a part of the Lease Agreement between the City of Flagstaff ("Lessor") and Theatrikos, Inc. ("Lessee"), dated October 17, 2006, as amended by Amendment One dated June 22, 2011 ("the Lease").

In consideration for mutual promises contained herein, the Parties hereby agree as follows:

Amendment One is hereby replaced and is no longer in effect.

Section 3 of the Lease is hereby amended to read as follows:

3. **Term and Option to Renew.** Subject to 3.1, the term of this Lease shall begin on the first day of November, 2006, and shall continue until October 30, 2026. Subject to Lessor's agreement, Lessee may extend this Lease, should it not be in default, for a maximum of one (1) additional five (5) year period by giving the Lessor written notice ninety (90) days prior to the date of commencement of the extension periods. Lessor reserves the right not to renew the Lease, or to require new terms and conditions in the Lease, including but not limited to rent increases.

3.1 **Cancellation for Convenience.** Each party reserves the right to terminate this Lease upon at least 18 months' written notice (preferably in October) to the other party for convenience. Upon notice, Lessee must surrender the Premises within 18 months, and Lessee agrees to hold Lessor harmless and free from all liability or damages arising from early termination of this Lease.

3.2 **Termination due to Repair Costs.** Early termination may be made pursuant to Section 8.4, and each party agrees to hold the other party harmless and free from all liability or damages arising from early termination of this Lease.

Section 4 of the Lease is hereby amended to read as follows:

4. **Rent.** Lessee shall pay the following to Lessor during the Lease term.

4.1 **Rent.** Rent obligations from November 1, 2006 through July 1, 2017 were completed. Lessor shall pay monthly rent of \$1,065.54 commencing July 1, 2017 and continuing through October 2017, and such payments are completed. Lessor shall pay monthly rent of \$1,140.11 commencing November 1, 2017 and continuing through the remainder of the Lease term, along with adjustments as provided for herein. Payments shall be payable to the City of Flagstaff, and delivered to the attention of Finance Department, 211 W. Aspen Avenue, Flagstaff, Arizona 86001 and is due in advance on or before the first of the month. Rent is not subject to abatement, deduction or offset.

4.2 **Annual Adjustment.** The monthly rent shall be increased by two percent (2%) on November 1 of each year. City waives any rights to prior rent adjustments not invoiced and paid through July 1, 2017.

4.3 **Repair Adjustments.** In consideration for past roof repairs paid by Lessor totaling \$28,491.00, Lessee shall pay an additional \$217.49 per month to Lessor commencing December 1, 2010 through October 30, 2021. In the event Lessee terminates this Lease for convenience prior to October 30, 2021, Lessee shall pay the balance still owing to Lessor within 30 days from the termination date.

4.4 Reporting. Lessee shall submit a detailed annual report and profit and loss statement to the Lessor. The report shall, at a minimum, show the dates, activities, and attendance with regard to all operations conducted at the Premises, along with a summary of profit and loss for the year. This report shall be submitted to the Lessor by April 15 annually.

4.5 Late Payments. All amounts not paid by the Lessee when due shall be subject to a penalty charge of ten percent (10%) of the amount due, plus interest at the rate of one percent (per month or fraction of a month from the time due until paid. Lessee shall pay Lessor any cost incurred by Lessor affecting the collection of such past due rent or other sum.

Section 6 of the Lease is hereby amended to read as follows:

6. **Acceptance of Premises.** Lessee agrees to accept the Premises in their condition existing upon the commencement of the lease term. Thereafter, Lessor shall not be obligated to, but may make any repairs or to maintain the building or improvements on the Premises. Lessor shall not be held responsible in any way for damage that may be caused to Lessee's property on the Premises by reason of fire, theft, vandalism, wind, flood, rain, earthquake, or any other cause, it being the responsibility of Lessee to provide its own protection against such loss.

Section 8 of the Lease is hereby amended to read as follows:

8. **Repairs, Maintenance and Alterations.** During the term of this Lease, Lessee, at its cost and expense, shall keep and maintain the exterior and interior of the Premises, the building and improvements thereon, in good order, condition and repair, and in compliance with all laws, ordinances, rules, regulations or orders of any governmental authority. Lessee waives all rights to make repairs at the expense of Lessor. Lessee shall have no right at any time to make alterations and improvements to the Premises without first obtaining the prior written consent of the Lessor. In the event Lessor consents, all such alterations shall be at the sole cost and expense of Lessee. Lessee shall obtain all necessary permits and retain licensed contractors to perform the work. Furthermore, all approved alterations shall be constructed in a good and workmanlike manner and shall be in compliance with all applicable laws. Except as otherwise provided in Section 14, all alterations, additions to or improvements, including any wall-to-wall carpeting, shall immediately become the property of Lessor, shall remain upon and be surrendered with the Premises as a part thereof, or at the option of the Lessor, be removed by and at the expense of the Lessee at the end of the lease term. Lessee shall pay when due all proper charges for labor and materials used by or furnished to the Lessee in connection with the alteration, improvement or repair of the Premises. Lessee shall indemnify and hold harmless the Lessor and keep the Premises free from any mechanic's or other lien of any kind created by or due to Lessee's act or omission and as a condition to consenting to alterations, Lessor may require a bond to secure payment of any such alterations.

8.1 Lessor will not make a repair that is covered by Lessee's insurance.

8.2 Any damage caused or permitted by Lessee, or by Lessee's employees, agents, or invitees, to the Premises or the building of which the Premises are a part shall be repaired by Lessee or, at Lessor's election, Lessor may repair such damage at the expense of Lessee and Lessee shall reimburse Lessor for such expense upon Lessor's demand, including glass, windows and doors. In the event Lessor elects to make repairs, Lessor's repairs shall not be construed to create an obligation to continue to make repairs.

8.3 Lessee shall promptly notify Lessor of any building safety concerns, and take any precautions appropriate under the circumstances including but not limited to, making immediate repairs. If the repair cost for a building safety issue exceeds \$5,000, Lessor may pay for all or a portion of the repair costs, or may elect to terminate this Agreement if the facility is deemed unsafe for habitation and repair costs are deemed by a party to be cost prohibitive; in this event either party may elect to terminate the Lease and Lessee shall have 30 days to vacate the Premises.

8.4 Lessor at its expense will maintain the landscaping. Lessor at its expense will provide snow removal of the parking lots at the Premises, but is unable to guarantee that snow removal of the parking lots will occur at specific times. Lessee is responsible for snow removal from all sidewalks.

Section 10 of the Lease is hereby amended to read as follows:

10. **Parking.** Lessor reserves the right to exclusive use and management of the parking areas on the Premises, and Lessee is not entitled to any reduction in rent or compensation in the event Lessor modifies parking arrangements. The parking areas include an upper parking lot and lower parking lot, as shown in Exhibit P attached hereto and incorporated by reference. Lessor may designate ParkFlag or other entity to manage the parking areas ("Designee"). Lessee shall comply with any rules and regulations adopted by Lessor or its Designee with respect to the parking areas. ParkFlag is installing parking meters on some parking spaces, and posting Facility Permit ("F" permit) signs on other parking spaces. An F permit is a facility specific parking permit that enables the permit holder to park in "Parking Permit Required-F Permit" parking lot spaces of a specific facility. See Exhibit P.

10.1 The metered parking spaces will be available for public parking on a pay-to-park basis during the hours posted. Lessee may use the metered parking spaces in the same manner as any member of the public.

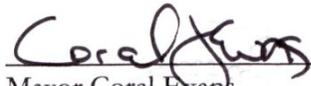
10.2 The F parking spaces will be available for use only by those who hold an F permit during working hours as posted. The F parking spaces will be available to the public on a first come first serve basis after working hours. Lessee will receive ten (10) F permits at no cost to Lessee. The F parking spaces are not metered. The F parking spaces are not exclusive for use of Lessee. City employees also hold F permits.

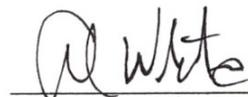
All other terms of the Lease remain intact.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed.

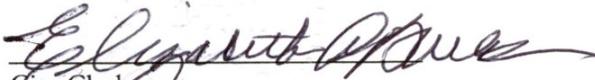
City of Flagstaff

Theatrikos, Inc.

  
\_\_\_\_\_  
Mayor Coral Evans

  
\_\_\_\_\_  
Title: 1-10-18

Attest:

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
City Attorney