LICENSE AGREEMENT
(TEMPE PERFORMING ARTS CENTER)

THIS LICENSE AGREEMENT is made and entered into as of the 9th day of October, 2016 (the "Effective Date"), between the City of Tempe, an Arizona municipal corporation ("City"), and Arizona Fashion Source, LLC, an Arizona limited liability company and LabelHorde, LLC, Arizona limited liability company(collectively "Licensee").

R E C I T A L S

A. City owns the Tempe Performing Arts Center building, located at 132 East Sixth Street, Tempe, Arizona 85281 (the "TPAC Building").

B. Arizona Fashion Source and LabelHorde are parties to that certain Development Agreement, dated as of October 9, 2016 (the "Development Agreement"), pursuant to which Arizona Fashion Source, LLC and LabelHorde, LLC agreed to establish a fashion industry incubator, design development and production center and conduct certain other programmatic activities defined therein as the "Project", and City agreed to license portions of the TPAC Building to Arizona Fashion Source and LabelHorde and others as part of the Project.

C. Licensee is a participant in the Project, and desires to obtain a license to occupy portions of the TPAC Building. City is willing to grant such license on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto state, confirm and agree as follows:

A G R E E M E N T

1. <u>Definitions.</u> In addition to words and terms defined elsewhere herein, the following terms shall have the meanings set forth below whenever used in this Agreement.

"City" shall mean the City of Tempe, an Arizona municipal corporation, and any successor public body or entity.

"TPAC Building" shall mean the Tempe Performing Arts Center building located at 132 East Sixth Street, Tempe, Arizona.

2. <u>Temporary License</u>. City hereby grants Licensee a temporary non-exclusive license to utilize and occupy the TPAC Building more particularly delineated on Schedule 1 hereto (the "Premises") for conducting those activities described on Schedule 2 hereto (the "Permitted Use"). This Agreement and the foregoing license do not grant Licensee any right, title or interest in or to the TPAC Building or the real property on which it is located, and shall not be construed to prevent or restrict City from granting other privileges to use all or any portion of the TPAC Building in any manner not inconsistent with this Agreement.

3. **Term.** The term of this Agreement shall commence as of the Effective Date, and shall continue until Oct 1, 2017.

4. **License Fees; Occupancy Expenses; Abatement.**

4.1 **License Fee.** A fee for the license granted herein shall accrue at the rate of $12.00 per square foot contained within the Premises. Unless abated pursuant to Section 4.2, such fees shall be due and payable in advance on the first day of each month during the term of this Agreement, commencing on the first day of the first month following the Effective Date, and continuing on the first day of each month thereafter. Fees due for any period less than a full month shall be prorated. Fees shall be paid to Landlord without notice, deduction, counterclaim or setoff at the place or places designated in writing from time to time by Landlord, in lawful money of the United States.

4.2 **Participation.** In consideration of the grant of the license and City's abatement of the License Fee, Licensee hereby agrees to pay the amounts and perform the services or other activities described on Schedule 3 hereto (the "Program Participation Services").

4.3 **Abatement.** So long as no default exists, City agrees to abate the license fee payable pursuant to Section 4.1 hereof.

4.4 **Personal Property Taxes**. Licensee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property belonging to it and contained in the Premises or elsewhere.

4.5 **Utilities**. Licensee shall pay its proportionate share of all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any and all taxes related thereto, to the extent the cost of such services provided to the TPAC Building exceeds $2,000 per month. If the Premises are not separately metered for any such services, Licensee shall pay a proportionate share as reasonably determined by City, of all charges jointly metered with other premises.

5. **Representations Concerning the Project.** At its sole cost and expense, Licensee shall perform or cause to be performed all services and provide or cause to be provided all materials required for the conduct of the Permitted Use and the Program Participation Services. Licensee shall pay all costs, expenses and fees associated with the Permitted Use and Program Participation Services.

City and Licensee may, by mutual written agreement, refine and revise the scope of the Permitted Use and the Program Participation Services as may be necessary to accommodate any unforeseen factors, events or unexpected occurrences that may necessitate such refinement or revision.

6. **Representations, Warranties and Covenants of Licensee.** Licensee represents and warrants to, and covenants, with City as follows:

6.1 Alterations; Maintenance. During the term of this Agreement, at its sole cost and expense, Licensee may paint, furnish and otherwise decorate the Premises; provided that Licensee shall not make any alterations, additions or improvements to the Premises without City's prior written consent. At the termination of this Agreement, Licensee, if not then in default, shall have the right to remove from the Premises all appliances, fixtures and equipment belonging to it and which can be removed without material damage to the Premises. Licensee shall repair and replace at its expense any portion of the Premises, which may be damaged by the removal of such appliances, fixtures and equipment so as to leave the Premises in good condition, reasonable wear and tear accepted. Licensee shall have no right to remove the lighting fixtures, heating and cooling system or any attachments, alterations, additions or improvements to the Premises not regarded as personal property. During the term of this Agreement, Licensee shall (a) at its sole cost and expense maintain the Premises in good repair and condition; (b) notify City Facilities Maintenance staff immediately if any repairs need to be completed or if damage occurs; (c) commit or permit no waste of water or electricity; (d) do no act which would unduly impair or depreciate the value of the TPAC Building; and (e) permit no condition to exist on or with respect to the Premises which would wholly or partially invalidate any insurance thereon. Should the Premises be materially damaged or destroyed, City, in its unfettered discretion, will determine whether or not such damage will be repaired, to what extent it will be repaired and when it will be repaired, if at all. If City should decide not to repair the Premises, then this Agreement shall terminate and be of no further force or effect. This provision does not, in any way, limit City's ability to seek compensation from Licensee or its insurer for damage to the Premises caused by the operations of Licensee, its officers, members, employees or volunteers.

6.2 Compliance with Laws. Licensee shall comply with all laws, statutes, acts, ordinances, rules, regulations, codes, and standards of legally constituted authorities with jurisdiction, applicable to the TPAC Building, the Project and the performance of the Program Participation Services. Licensee shall not use the Premises for any purposes in violation of any applicable zoning or other laws. Licensee shall obtain or cause to be obtained at its expense, all permits, approvals and authorizations required by its duties and obligations under this Agreement.

6.3 Inspection Rights. City may enter any part of the Premises at any time.

6.4 Prohibition Against Liens. Licensee shall not create or allow to be created a lien on or security interest in the Premises or the TPAC Building; provided, that if the Property or any part thereof, or any interest therein, shall at any time during the term of this Agreement become subject to any vendor's, mechanic's, laborer's, or material men's lien based upon the furnishing of material or labor to Licensee, Licensee shall cause the same, at Licensee's expense, to be discharged or bonded over within thirty (30) days after notice thereof.

6.5 Insurance.

6.5.1 Prior to commencement of occupancy of the Premises, Licensee shall obtain, and shall thereafter maintain the insurance coverage specified in Schedule 6.5 attached hereto and incorporated herein; provided that Licensee need not obtain Worker's Compensation coverage until the first day that it has engaged any person as an employee. Insurance limits shall be periodically reviewed by City to ensure coverage based on

market and risk requirements throughout the term of this Agreement. Said insurance shall be primary to the City's self-insurance or any other insurance policy coverage applicable to the City. The certificate of insurance shall be issued and shall name the City, its employees, officers, agents and volunteers as an additional insured and shall provide coverage for claims made after the effective term of this Agreement for occurrences during the effective term of this Agreement.

6.5.2 Prior to commencement of the Project, Licensee shall furnish City with original certificates (or certified copies) of the aforementioned insurance policies, in form and with insurers acceptable to the City's Risk Manager (or designee). Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, and/or cancelled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City's Risk Manager.

6.5.3 Licensee shall include all contractors and subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each contractor and subcontractor. All insurance coverage for contractors and subcontractors shall be subject to all of the requirements stated herein for Licensee.

7. Indemnification. To the extent not prohibited by law, Licensee, its successors and assigns, shall indemnify, release, defend and hold harmless City, its, Council members, officers, employees, agents, representatives, volunteers, successors and assigns against and from any damage claim, demand, lawsuit or action of any kind for damages or loss, whether such damage or loss is to person or property, arising in whole or in part out of the acts or omissions of Licensee, its agents, contractors, agents, invitees, officers, directors, or employees, its use or occupancy of the Premises for the purposes contemplated by this Agreement, including but not limited to claims by third parties who are invited or permitted onto the Premises, either expressly or impliedly, by Licensee or by the nature of the activities permitted herein. Such obligation to indemnify shall extend to and encompass all costs incurred by City in defending against such claims, demands, lawsuits or actions, including but not limited to attorney, witness and expert fees, and any other litigation related expenses. In the event that any action or proceeding shall be brought against City by reason of any claim referred to in this paragraph, Licensee, upon written notice from City, shall at Licensee's sole cost and expense, resist or defend the same through counsel selected by Licensee and reasonably approved by City. Licensee's obligation pursuant to this Section shall not extend to claims, demands, lawsuits or actions for liability attributable to the sole exclusive gross negligence or intentional misconduct of City, its Council members, officers, employees, agents, representatives, volunteers, successors or assigns. The provisions of this Section shall survive termination of this Agreement.

8. Default; Termination.

8.1 Default. It shall be a default if Licensee fails to perform any covenant, condition, or agreement to be performed by Licensee pursuant to this Agreement or breaches any representation or warranty made by Licensee in this Agreement or otherwise in connection with the transaction of which this Agreement is a part. If a default involves the performance or non-performance of an act, or the occurrence or non-occurrence of an event or circumstance, Licensee shall have a period of 30 days from receipt of written notice from City in which to cure such default; provided that if the nature of the Default is such that it cannot reasonably be cured within 30 days, then City shall not pursue its Default remedies if Licensee commences the cure

within 30 days and diligently pursues the same to completion within 90 days. Notwithstanding the foregoing, there shall be no Grace Period applicable to a Default based upon a breach of the covenant to maintain insurance.

8.2 City's Remedies. City shall have the following remedies on default by Licensee, which remedies shall not be exclusive, and are cumulative in addition to any remedies now or later allowed by law:

8.2.1 City may cure the default at the expense of Licensee, by taking any action reasonably determined by it to be necessary to correct such default. Licensee shall reimburse City for all costs it incurs to correct such default within thirty (30) calendar days after City presents Licensee with a statement of such costs.

8.2.2 City may terminate this Agreement.

8.2.3 City shall be entitled to recover from Licensee (a) all accrued unpaid license and other fees for all periods prior to the date of default, (less the value of the public programs and services provided to the City prior to the date of default and the total amount of the accumulated deferred maintenance fees paid to the City prior to the date of default), and to require payment of the previously-abated license fees for all future periods that Licensee remains in possession of the Premises, and (b) all of City's expenses, costs and damages arising out of any default, including, but not limited to, cleanup, repair, alterations, legal expenses (whether or not suit is brought), and costs and expenses of litigation.

8.2.4 City may also exercise any other rights City may have at law or in equity. City may exercise any remedy without court action, or by one or more court actions, and in exercising any remedy may obtain partial relief without waiving its right to further relief. The exercise of any remedy by City shall not waive City's right to exercise any other remedy.

8.3 Termination by Licensee. Licensee may terminate this Agreement and the license granted herein at any time by giving City written notice thereof, which notice shall specify the date on which Licensee intends to vacate the premises.

8.4 Condition on Termination/Expiration. Upon the expiration or sooner termination of this Agreement, Licensee shall deliver to City quiet and peaceable possession of the Premises, with the keys of same, cleared of all persons and property not belonging to City, in the same condition as the premises were received by Licensee, ordinary wear and tear and damage by insured fire and casualty alone excepted. No demand or notice of such delivery shall be necessary. Licensee shall have repaired all damage caused by the removal of its trade fixtures, furnishings and equipment.

9. Conflicts; Personal Liability

9.1 Conflict of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

9.2 **No Personal Liability.** No member, manager, officer or employee of Licensee shall be personally liable to City, or any successor or assignee, (a) in the event of any default or breach by the Licensee, (b) for any amount which may become due to the City or its successor or assign, or (c) pursuant to any obligation of Licensee under the terms of this Agreement.

9.3 **No Personal Liability.** No member, official or employee of the City shall be personally liable to Licensee, or any successor or assignee, (a) in the event of any default or breach by the City, (b) for any amount which may become due to the Licensee or its successor or assign, or (c) pursuant to any obligation of the City under the terms of this Agreement.

9.4 **Liability and Indemnification.** Licensee hereby agrees to indemnify, protect, defend and hold harmless the City, its Council members, officers, employees, and agents from any and all claims, demands, losses, damages, liabilities, fines, charges, penalties, administrative and judicial proceedings and orders, judgments, remedial actions of any kind, and all costs and cleanup actions of any kind, all costs and expenses incurred in connection therewith, including, without limitation, reasonable attorney's fees and costs of defense arising, directly or indirectly, in whole or in part, out of the performance of this Agreement by the Licensee.

10. **General Provisions**.

10.1 **Notices.** All Notices which shall or may be given pursuant to this Agreement shall be in writing and may be given in person or transmitted by registered or certified mail, return receipt requested, addressed as follows:

TO Licensee: To the address set forth below Licensee's signature
Arizona Fashion Source
C/O Sherri Barry
2926 N 48th P
Phoenix, AZ 85018

TO THE CITY: City Manager
City of Tempe
P. O. Box 5002
31 East 5th Street
Tempe, Arizona 85281

With a copy to: ***City Attorney***
Tempe City Attorney's Office
P. O. Box 5002
21 E. Sixth Street, Suite 201
Tempe, Arizona 85281

Any Party hereto shall have the right to change its designated notice address by providing to the other Parties written notice of such change in the manner described above.

10.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.

10.3 Assignability. Licensee shall not assign this Agreement or the license granted herein without the prior written approval of City, which may be granted or withheld in City's unfettered discretion. Licensee will be allowed to grant sub licenses on a month-to-month basis only and with explicit terms that the Sub License Agreement will automatically terminate if the Licensee's Agreement with the City terminates. The sub license agreement(s) and all sub licensee applicants will be submitted to the City for approval prior to execution of the Sub License Agreement. The City will provide approvals for sub licensee applicants within 10 business days. Licensee agrees to pay City up to $150/month for deferred maintenance for the TPAC building in return for the right to issue sub license agreements. Unlike the license fee that can be abated pursuant to Section 4 of this Agreement, this fee is not subject to abatement.

10.4 Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto. The parties may each, separately, deal with other persons in connection with other matters that may also relate to or be the subject of this Agreement. The parties do not intend to make any such third person with whom each of them may deal an intended third party beneficiary under this Agreement. There is no third person who is an intended third party beneficiary under this Agreement. No incidental beneficiary (whatever relationship such person may have with the parties) shall have any right to bring an action or suit, or to assert any claim against the Parties under this Agreement.

10.5 Waiver. No waiver by either party of any breach of any of the terms, covenants or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same for any other term, covenant or condition herein contained.

10.6 Attorneys' Fees. In the event of any litigation between the parties in connection with this Agreement, the party prevailing in such action shall be entitled to recover from the other party all of its costs and fees, including reasonable attorneys' fees, which shall be determined by the court and not by the jury.

10.7 Severability; No Merger. In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in full force and effect to the fullest extent permitted by law, to the extent the material provisions of this agreement are not vitiated.

10.8 Schedules and Exhibits. All schedules and exhibits attached hereto are incorporated herein by this reference as though fully set forth herein.

10.9 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations and understandings of the parties hereto, oral or written, are hereby superseded and merged herein.

10.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

10.11 No Partnership or Joint Venture. Under no circumstances shall the parties hereto be considered partners or joint ventures.

10.12 Manager's Power to Consent. The City hereby acknowledges and agrees that any unnecessary delay hereunder would adversely affect the Licensee and/or the development of the Property, and hereby authorizes and empowers the City Manager to consent to any and all requests of the Licensee requiring the consent of the City hereunder without further action of the City Council, except for any actions requiring City Council approval as a matter of law, including, without limitation, any amendment or modification of this Agreement.

10.13 Conflict. This Agreement is subject to cancellation per ARS 38-511.

IN WITNESS WHEREOF, the undersigned have caused this Agreement and License to be executed as of the day and year first above written.

CITY OF TEMPE,
an Arizona municipal corporation

By:_____
Andrew B. Ching, City Manager

APPROVED AS TO FORM:

_____
City Attorney

LICENSEE

ARIZONA FASHION SOURCE, LLC,
an Arizona limited liability company

By:_____
Name:_____
Title:_____
Address:_____
_____
_____

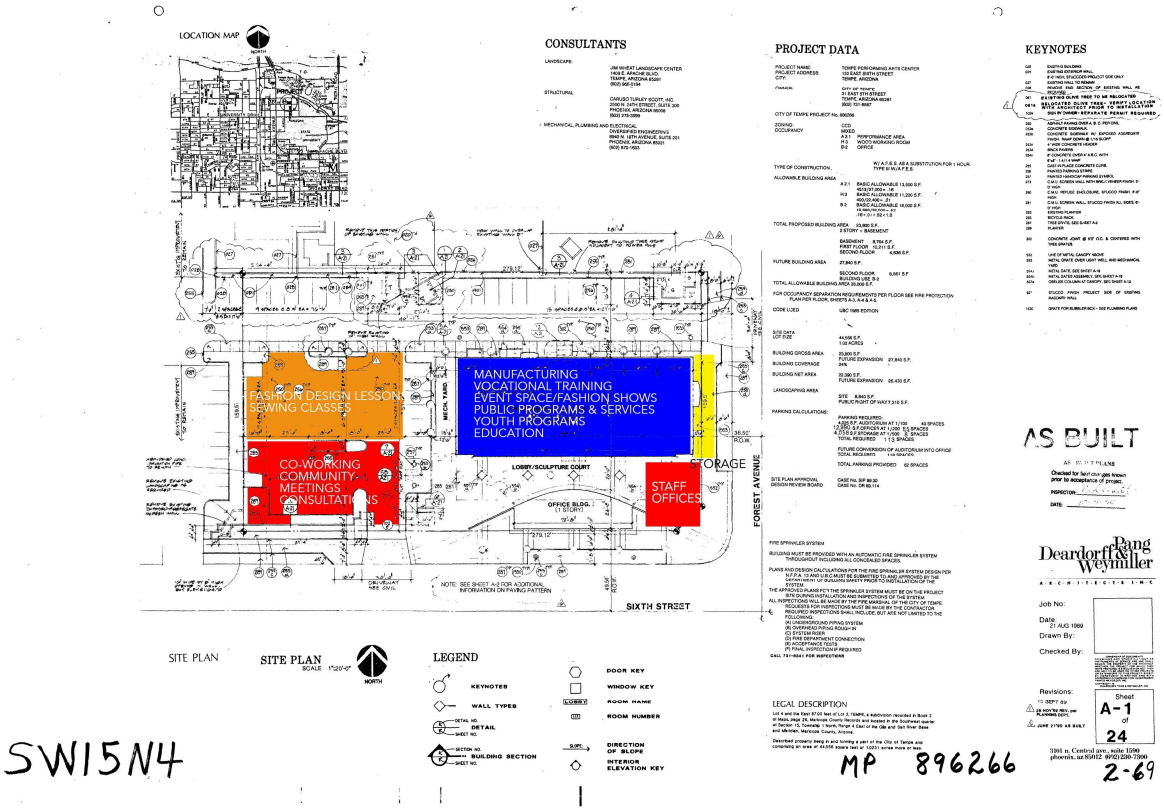
LABELHORDE, LLC,
an Arizona limited liability company

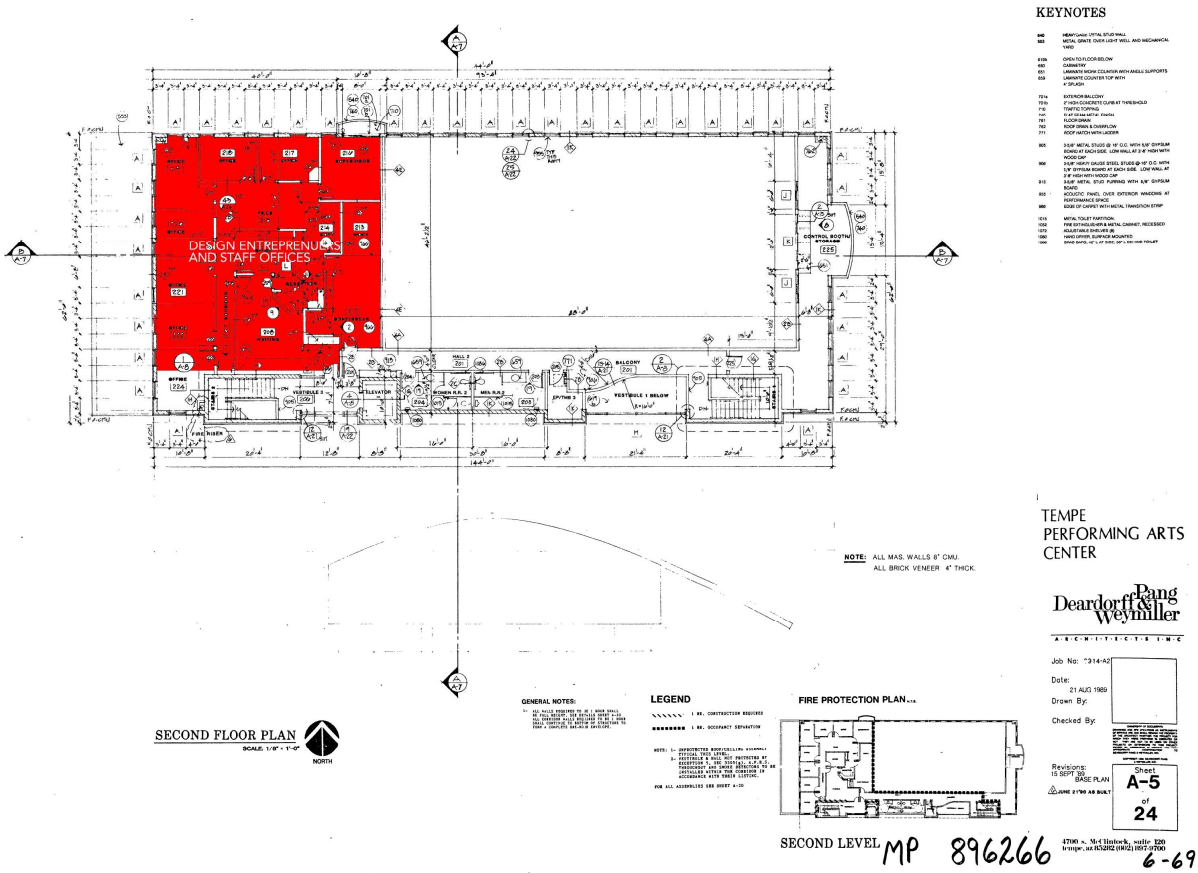
By:_____
Name:_____
Title:_____
Address:_____
_____
_____

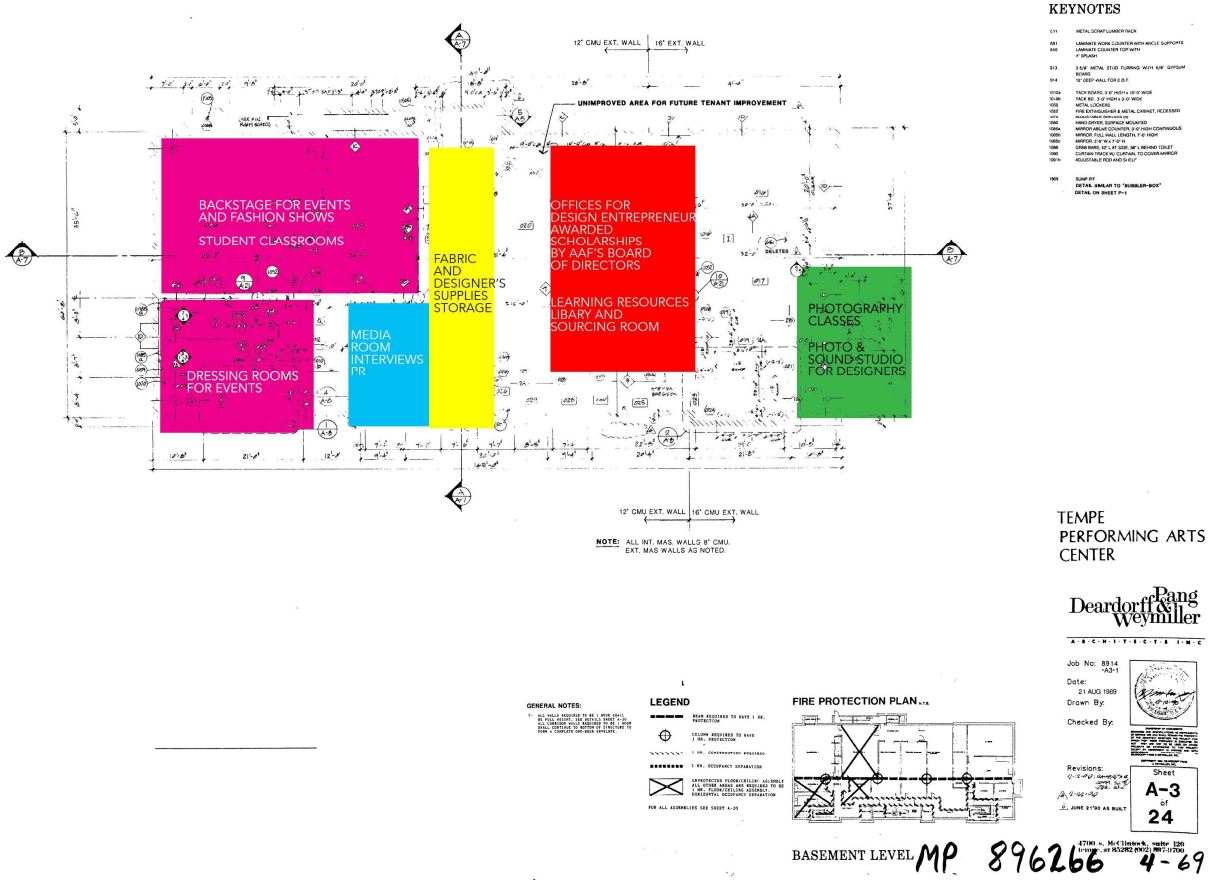
Schedule 1

Arizona Fashion Source and LableHorde will utilize the current amenities and functionality in/of the TPAC building as follows:

- The Black Box Theater (with stage lighting) will be a split use for manufacturing, education, maker's space, community services, public programs, events and fashion shows.
- The Extension Rooms to the Black Box Theater will be used for private and group sewing lessons, the sourcing library (fabric and finishes), production and class supplies and Fashion Library.
- The Desk Space and Conference Room on the First Floor will be used for free co-working flex space for entrepreneurs/students, community meeting space and consultations.
- Member Design Entrepreneurs, staff and volunteers, will use the Offices on the Second Floor.
- The Basement Dressing and Make-up Rooms will be used to backstage Fashion Shows and Events.
- The Basement Photo and Sound Studios will be available for member use, student and co-working use and paid and free classes.




KEYNOTES
DESIGN ENTREPRENEURS AND STAFF OFFICES
NOTE: ALL MAS. WALLS 8" CMU. ALL BRICK VENEER 4" THICK.
SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"
NORTH
GENERAL NOTES:
LEGEND
FIRE PROTECTION PLAN
SECOND LEVEL
TEMPE PERFORMING ARTS CENTER
Deardorff & Pang Weymiller
A-R-C-H-I-T-E-C-T-S I-N-C
Job No: 8914-A2
Date: 21 AUG 1989
Drawn By:
Checked By:
Revisions: 15 SEPT 89 BASE PLAN
JUNE 21'90 AS BUILT
Sheet A-5 of 24
4700 s. McClintock, suite 120
tempe, az 85282 (602) 897-0700
MP 896266
6-69


KEYNOTES
12" CMU EXT. WALL
16" EXT. WALL
UNIMPROVED AREA FOR FUTURE TENANT IMPROVEMENT
BACKSTAGE FOR EVENTS AND FASHION SHOWS
STUDENT CLASSROOMS
FABRIC AND DESIGNER'S SUPPLIES STORAGE
OFFICES FOR DESIGN ENTREPRENEUR AWARDED SCHOLARSHIPS BY AAF'S BOARD OF DIRECTORS
LEARNING RESOURCES LIBARY AND SOURCING ROOM
PHOTOGRAPHY CLASSES
PHOTO & SOUND STUDIO FOR DESIGNERS
MEDIA ROOM INTERVIEWS PR
DRESSING ROOMS FOR EVENTS
12" CMU EXT. WALL
16" CMU EXT. WALL
NOTE: ALL INT. MAS. WALLS 8" CMU. EXT. MAS WALLS AS NOTED.
GENERAL NOTES:
LEGEND
FIRE PROTECTION PLAN
BASEMENT LEVEL
TEMPE PERFORMING ARTS CENTER
Deardorff & Pang Weymiller
A-R-C-H-I-T-E-C-T-S I-N-C
Job No: 8914-A3-1
Date: 21 AUG 1989
Drawn By:
Checked By:
Revisions:
JUNE 21'90 AS BUILT
Sheet A-3 of 24
4700 s. McClintock, suite 120
tempe, az 85282 (602) 897-0700
MP 896266
4-69

Schedule 2
Permitted Uses

Legal Business Name: Arizona Fashion Source, LLC owned by Sherri Barry
LabelHorde, LLC owned by Angela Johnson

Number of Employees at this location:

14 + subcontractors as needed.

Operations Summary:

ARIZONA FASHION SOURCE is an apparel manufacturer that uses sustainable and state-of-the-art manufacturing processes to create samples and production runs with no minimums. AFS manufactures heavy and lightweight knits and wovens on industrial sewing equipment and the latest CAD programs.

LABELHORDE is a category-driven directory of fashion businesses enabling users to easily locate local emerging and established designers, boutiques, manufacturers, photographers, models, stylists, industry supplies, fashion schools and all things fashion related in Arizona. LabelHorde.com also features a Fashion Classifieds page for local fashion jobs, a Fashion Calendar that lists all local and important national fashion events, lessons/classes, consulting and design studio resources that designers need to start and run their businesses.

Company Values:
Arizona Fashion Source and LabelHorde have joined forces to create the next U.S. fashion city in metropolitan Phoenix. Together the entities will provide fashion industry education, consulting, design services, apparel manufacturing, co-working, fashion maker's studio, event space, incubator services, design studio supplies, and showroom space under one roof. The goal is to create a fashion industry environment in one building to make it easier for Arizona students, brands and fashion lovers to learn, source, create, network and ultimately stay in Arizona.
Arizona's fashion designers/brands and students graduating from the many local fashion programs have had to seek resources and employment in fashion cities such as Los Angeles and New York. However, the growing trend in locally and domestically made products combined with the reshoring movement and the convenience of digital marketing has inspired a new generation of fashion brands to establish their businesses outside of traditional fashion industry cities. These brands are then faced with the obstacle of sourcing the materials and manufacturing services they need. AFS/LH are dedicated to helping local brands navigate these obstacles by providing solutions and the resources they need to start-up, grow and thrive in Arizona. The ultimate goal is to keep local brands from having to source their manufacturing outside of the state, while attracting out-of-state brands looking for resource alternatives. Producing apparel locally keeps money in the state while creating jobs and bringing in a new, creative, sustainable and in-demand industry.
LH/AFS is Arizona's first and most comprehensive resource for independent fashion companies that connects them to each other; to the community and to all of the fashion related services that they need to operate and grow their businesses.

Schedule 3
Program Participation Services

During Phase 1 of the Project (Oct 1 2016-Oct 1, 2017), Arizona Fashion Source, LLC and LableHorde, LLC will

Pay half of all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any and all taxes related thereto, to the extent the cost of such services provided to the TPAC Building exceeds $2,000 per month. If the Premises are not separately metered for any such services, Licensee shall pay a proportionate share as reasonably determined by City, of all charges jointly metered with other premises. .

Complete $12,500 in City of Tempe tenant improvements from the attached Scope of Work.

Manage Phase 1 activities and plan Phase 2 implementation:

Phase 1 activities include the incubation of fashion industry companies/design entrepreneurs, supporting AAF in hosting community events and providing necessary resources to AAF for the delivery and execution of AAF's Programs and Services commitment as per the attached schedule.

Collaborate with AAF to begin recruiting 6 promising designers/labels to TPAC for scholarships awarded by AAF's board that will provide free rent shared resources, mentoring and training as a means to prove the viability of Phase 2.

Support AAF in hosting 2-4 fashion events for the community and industry.

Participate in the Tempe Arts Festival by hosting a fashion show and setting up booths for Design Entrepreneurs.

Manage and monitor the facility and day-to-day operations.

Licensee shall support AAF in hosting one workshop per quarter at the "in Tempe" Business Resource and Innovation Center at the Tempe Public Library.

Licensee shall support AAF in participating in the "Geeks Night Out" event, tentatively scheduled for March X 2017, by providing a booth demonstrating the STEM applications of their business and interacting with the event participants

Partner with ASU on educational and internship opportunities (details below).

Plan Phase 2 of the Project for City review/approval.

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AAF Program and Services (Free to Public)				
Service	**Value**	**Services/Mth**	**Total**	**Annual Value**
GRP Sewing Classes	$300	2	$600	$7,200
GRP Sketching	$300	2	$600	$7,200
GRP Modeling/Make-up	$300	2	$600	$7,200
Grp Screen Printing	$300	2	$600	$7,200
Machine Time	$26	80	$2,100	$25,200
Machine Certification	$70	4	$280	$3,360
Seminars	$500	1	$500	$6,000
Supplies (for class participants)	$5.00	168	$840	$10,080
Camps	$187.50	20	$3,750	$15,000
Outdoor Events	$1,000	0.5	$500	$6,000
Total AAF P&S Fees			$10,370	**$94,440**

Community Partnerships				
Service	**Value**	**Services/Mth**	**Total**	**Annual Value**
EVIT Classes	$400	2	$800	$9,600
EVIT Internships	$3,000	2	$6,000	$12,000
EVIT Experience Tours	$500	0.5	$250	$3,000
EVIT Fashion Show	$5,000	1		$5,000
Cinderella Affair Dress Drive & Drop off local	$500	1		$500
Cinderella Affair Alterations	$1,000	2		$2,000
Cinderella Affair Plus Size Dress Design and Manufacturing	$4,000	1		$4,000
Vetren's Workshops (1,2 & 3)	$250	12	$3,000	$36,000
Total Community Services			N/A	**$72,100**

Design Entreprenuer Scholarships and Services				
Service	**Value**	**Services/Mth**	**Total**	**Annual Value**
Meeting Space	$200	12	$2,400	$28,800
Machine Time	$26	48	$1,260	$15,120
Desk Space	$175	6	$1,050	$12,600
Photo/Sound Studio	$60	12	$720	$8,640
Event	$2,250	1	$2,250	$5,000
Mentorship & Training	$1,200	1	$1,200	$14,400
Total DE Development Services			**$7,680**	**$84,560**

Total coummunity & public services provided to City of Tempe				**$251,100**
Total Tentant Improvements				**$25,000**
Total Contribution				**$276,100**

Total Rent Value 23,000 SQFT @ 12/SQFT				**$276,000**

Note: Free class offerings will give priority registration to City of Tempe residents.

AFS/LH is currently working on a collaborative partnership with ASU.

ASU can bring to the equation both academic fashion education and fashion skill training for manufacturing and supply chain management. Here are distinct areas that ASU/the incubator/factory can collaborate.

- Offer credit and non-credit classes at the Label Horde/AFS location.
- Offer disability services along with the courses.
- Sponsor internships for students.
- Adjunct faculty come from the LabelHorde/AFS ranks.
- Faculty paid by ASU for all credit and non-credit courses offered at LabelHorde/AFS.
- Support contests for designers at the site.
- Supply accredited curriculum for design courses and garment manufacturing.
- Create access and opportunities for research grants and education fundraising.
- Student base for internships and events, volunteering.

During Phase 2 (Oct 1, 2017-Oct 1, 2018) of the project AFS and LabelHorde will

Pay half of all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any and all taxes related thereto, to the extent the cost of such services provided to the TPAC Building exceeds $2,000 per month. If the Premises are not separately metered for any such services, Licensee shall pay a proportionate share as reasonably determined by City, of all charges jointly metered with other premises.

LH/AFS will complete $12,500 in City of Tempe tenant improvements from the attached Scope of Work.

Manage Phase 2 activities.

Phase 2 activities include the incubation of fashion industry companies/design entrepreneurs, supporting AAF in hosting community events and providing resources to AAF that are needed to deliver and execute AAF's Programs and Services commitment as per the attached Schedule.

Collaborate with AAF to develop the 6 designers/labels awarded scholarships at TPAC that provide free rent, shared resources, mentoring and training as a means to ensure they hit designated and mutually (City and Developer) agreed upon milestones. Support AAF in setting up advisory services and mentorship for companies to further milestones.
Support AAF in hosting 2-4 fashion events for the community and industry.

Manage and monitor the facility and day-to-day operations.

Participate in the Tempe Arts Festival by hosting a fashion show and setting up booths for Design Entrepreneurs

Licensee shall support AAF in hosting one workshop per quarter at the “in Tempe” Business Resource and Innovation Center at the Tempe Public Library.

Licensee shall support AAF in participating in the “Geeks Night Out” event, tentatively scheduled for March X 2017, by providing a booth demonstrating the STEM applications of their business and interacting with the event participants

Partner with ASU on educational and internship opportunities (see detail under Phase 1).

Schedule 6.5
Insurance Requirements

Minimum levels of insurance:

A. Commercial General Liability: $2,000,000 combined single limit per occurrence for bodily injury and property damage, including coverage for contractual liability (including defense expense coverage for additional insureds), personal injury, broad form property damage, products and completed operations. The general aggregate limit shall apply separately to the activities contemplated by this Agreement or the general aggregate shall be twice the required occurrence limit.
B. Liquor Liability: If permission is granted for use of the Property for events, then $5,000,000 single limit for each such event.
C. Automobile Liability: $1,000,000 combined single limit per accident for bodily injury and property damage, including coverage for owned, hired, and non-owned vehicles as applicable.
D. Workers' Compensation and Employers' Liability: Workers' Compensation and Employers' Liability statutory limits as required by the State of Arizona.

II. Deductibles and Self-Insured Retentions

A. Any deductibles or self-insured retentions must be declared and approved by Tempe. At the option of Tempe, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Tempe, its officials, employees, and volunteers or Tenant shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

III. Other Insurance Provisions

The policies or self insurance certifications are to contain, or be endorsed to contain, the following provisions:

A. Commercial General Liability and Automobile Liability Coverage
   1. Tempe, its officials, employees, and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of Tenant including the insured's general supervision of Tenant; products and completed operations of Tenant; premises owned, occupied or used by Tenant, or automobiles owned, leased, hired or borrowed by Tenant. The coverage shall contain no special limitations on the scope of protection afforded to Tempe, its officials, employees, or volunteers related to Tenant's, its employees', agents', subcontractors', or sub-subcontractors' activities pursuant to this Agreement.
   2. Tenant's insurance coverage shall be primary as respects the Tempe, its officials, employees, and volunteers. Any insurance or self-insurance maintained by Tempe, its officials, employees, or volunteers shall be excess of Tenant's insurance and shall not contribute to it.
   3. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to Tempe, its officials, employees, or volunteers.
   4. Coverage shall state that Tenant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

B. Workers' Compensation and Employers' Liability Coverage

1. The insurer shall agree to waive all rights of subrogation against Tempe, its officials, employees and volunteers for losses arising from the activities performed by Tenant for Tempe pursuant to this Agreement.

C. All Coverages

1. Each insurance policy required by this Agreement shall be endorsed to state the coverage shall not be suspended, voided, and/or canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to Tempe.

IV. Other Insurance Requirements:

Tenant shall:

A. Prior to commencement of services, furnish Tempe with certificates of insurance, in form and with insurers acceptable to Tempe's Risk Manager (or designee) which shall clearly evidence all insurance required in this Agreement and provide that such insurance shall not be canceled, allowed to expire or be materially reduced in coverage except on thirty (30) days prior written notice to and approval by Tempe, and in accord with the stated insurance requirements of this Exhibit. Tempe shall not be obligated, however, to review same or to advise Tenant of any deficiencies in such policies and endorsements, and such receipt shall not relieve Tenant from, or be deemed a waiver of the Tempe's right to insist on, strict fulfillment of Tenant's obligations under this Agreement.

B. Provide certified copies of endorsements and policies if requested by Tempe in lieu of or in addition to certificates of insurance.

C. Replace certificates, policies, and endorsements for any such insurance expiring prior to completion of services.

D. Maintain such insurance from the time services commence until services are completed. Should any required insurance lapse during this Agreement term, requests for payments originating after such lapse shall not be processed until Tempe receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, Tempe may at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

E. Place such insurance with insurers and agents licensed and authorized to do business in Arizona and having a "Best's" rating of no less than A-VII.

F.

V. Subcontractors and Sub-Subcontractors

Tenant shall include all subcontractors and sub-subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor and sub-subcontractor. All coverage for subcontractors and sub-subcontractors shall be subject to all of the requirements stated herein for Tenant.

VI. Safety

Tenant shall be solely and completely responsible for conditions of the sites used pursuant to this Agreement, including the safety of all persons (including employees) and property at the sites, including any set-up at the sites and any takedown at the sites. This requirement shall apply continuously and not be limited to normal hours of the sites. Safety provisions shall conform to all applicable federal (including OSHA), state, county, and local laws, ordinances, codes, and regulations. Where any of these are in conflict, the more stringent

requirement shall be followed. Tenant's failure to thoroughly familiarize itself with the aforementioned safety provisions shall not relieve it from compliance with the obligations set forth therein.