LEGISLATIVE SUMMARY SHEET
Tracking No. 0304-18

DATE: September 11, 2018

TITLE OF RESOLUTION: PROPOSED STANDING COMMITTEE RESOLUTION; AN ACTION RELATING TO RESOURCES AND DEVELOPMENT; APPROVING THE ASSIGNMENT OF BUSINESS SITE LEASE CH-02-122 FROM UNITED FOOD STORES, INC., DBA 7-2-11 FOOD STORES TO FUELCO US, LLC

PURPOSE: The purpose of the resolution is to approve the assignment of Business Site Lease CH-02-122 from United Food Stores, Inc., DBA 7-2-11 Food Stores to FUELCO US, LLC.

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.

5-DAY BILL HOLD PERIOD: SNJTAH
Website Posting Time/Date: 2:24pm 9/12/2018
Posting End Date: 9/17/2018
Eligible for Action: 9/18/2018

PROPOSED STANDING COMMITTEE RESOLUTION

23rd NAVAJO NATION COUNCIL -- Fourth Year, 2018

INTRODUCED ~~BY~~

(Prime Sponsor) FILFRED

TRACKING NO. 0304-18

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT; APPROVING THE ASSIGNMENT OF BUSINESS SITE LEASE CH-02-122 FROM UNITED FOOD STORES, INC., DBA 7-2-11 FOOD STORES, TO FUELCO US, LLC

BE IT ENACTED:

Section One. Authority

A. Pursuant to 2 N.N.C. §§ 500, the Resources and Development Committee is hereby established as a standing committee of the Navajo Nation Council.

B. Pursuant to 2 N.N.C. §501 (B)(2)(a), the Resources and Development Committee grants final approval for all non-mineral leases including modifications and assignments.

Section Two. Findings

A. The Regional Business Development Office through the Executive Summary, and August 3, 2017, letter from United Food Stores Inc. DBA 7-2-11 Food Stores authorized representative attached as **Exhibit 2,** requests approval of the assignment of the United Food Stores, Inc., DBA 7-2-11 Food Stores, Lease No. CH-02-122.

B. United Food Stores, Inc., DBA 7-2-11 Food Stores Business Site Lease No. CH-02-122 is attached as **Exhibit 3.**

C. The Assignment of Lease No. CH-02-122 from United Food Stores, Inc., DBA 7-2-11 Food Stores Lease to FUELCO US, LLC is attached as **Exhibit 1.**

D. The Navajo Business and Procurement Act clearance check from the Accounts Receivable Section, Office of the Controller, dated June 19, 2018, is attached as **Exhibit 4.** The Office of the Navajo Tax Commission, Tax Compliance Officer Memorandum dated June 6, 2018 which states that United Food Stores, Inc., DBA 7-2-11 Food Stores is in compliance with the sales tax requirements is attached as **Exhibit 5**. The Navajo Nation Corporation Code Certificate of Good Standing is attached as **Exhibit 6**.

E. The Executive Official Review Document No. 010526 is attached as **Exhibit 7.**

Section Three. Approval

The Navajo Nation hereby approves the assignment of the United Food Stores, Inc., DBA 7-2-11 Food Stores, Lease No. CH-02-122 to FUELCO US, LLC attached hereto as **Exhibit 1**.

EXHIBIT
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1

ASSIGNMENT OF BUSINESS SITE LEASE
NAVAJO NATION

KNOW ALL MEN BY THESE PRESENT, that we, the Assignors and named below, in consideration of $1,277,551.00 (US), to us in hand paid by the Assignee below, hereby assign to the said Assignee that certain Navajo Nation Business Site Lease describe below TO HAVE AND TO HOLD the same unto the Assignee from and after the date of approval of this Assignment by the President of the Navajo Nation for portion of the term mentioned in said lease, together with all the rights therein granted. It is understood and agreed that this assignment shall be null and void if disapproved by the Navajo Nation.

DATED this 7th day of November, 2017.

Tobi A. Chapin, Vice President of United Food Stores dba: 7-2-11 Food Stores

ASSIGNOR(S)

STATE OF NEW MEXICO)
) ss.
COUNTY OFBERNALILLO)

This instrument was acknowledged before me this 7th day of November, 2017 by Tobi A. Chapin in her capacity as Vice President of United Food Stores dba: 7-2-11 Food Stores

In witness whereof, I have hereunto set my hand and seal.

Notary Public

MY COMMISSION EXPIRES:
OFFICIAL SEAL
Jennifer L. Finlayson
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 10/30/19

ASSUMPTION OF LEASE

I, the Assignee named below, for in consideration of the approval of the above Assignment by the Navajo Nation, Lessor, acting by and through its duly authorized agents, hereby assume and agree to pay and be bound by all the rents, covenants, terms, and conditions of that certain Navajo Nation Business Site Lease described below, to the same extent as if I were the Lessee originally named therein. I understand and agree that this assumption shall be null and void if the above Assignment is disapproved by the President of the Navajo Nation but otherwise shall be of full force and effect irrevocable by me.

DATED this 8th day of November, 2017.

_____, Manager of FUELCO US, LLC, a Delaware limited liability company.

ASSIGNEE

STATE OF Georgia)
) ss.
COUNTY OF Fulton)

This instrument was acknowledged before me this 8th day of November, 2017, by Monk Stowers, Manager of FUEL CO US, LLC, a Delaware limited liability company.

In witness whereof, I have hereunto set my hand and seal.

Notary Public

MY COMMISSION EXPIRES:
Aug. 15, 2021

ROSALIE ERWIN PARKEY
NOTARY PUBLIC
MY COMMISSION EXPIRES
AUGUST 15, 2021
FULTON COUNTY, GEORGIA

Name of Assignor(s):

United Food Stores dba 7-2-11 Food Stores

Address of Assignor(s):

900 Schofield Lane

Name of Assignee(s):

FUEL CO US, LLC, a Delaware limited liability company together with its assigns and designees

Address of Assignee(s):

8595 Dunwoody Place
Atlanta, GA 30350
Attn. Mark Stowers
markestowers@gmail.com

Date of Lease being Assigned: August 6, 2001

DESCRIPTION OF PREMISES
(Must agree exactly with description appearing in Lease)

See attached legal survey, Exhibit "A".

The above assignment and assumption are hereby approved.

NAVAJO NATION, LESSOR

By: _____
President of the Navajo Nation

Date: _____

Date: _____
Approved Pursuant to Secretarial Redelegation Order 209 DM 8, Secretary's Order Nos. 3150 and 3177 and 10 BIAM Bulletin 13, as amended

By: _____

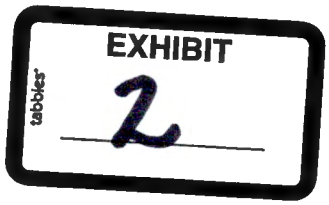
Regional Director, _____ Region
BUREAU OF INDIAN AFFAIRS

Exhibit "A"

Commencing at the Northwest corner of Many Farms Elementary School Tract said corner being 50 feet right from BIA Road project N8(11) 2 & 4 Highway Station No. 4112+07.85, from whence the 41 mile Corner of the Navajo Indian Reservation, bears S66°10'W a distance Of 2478.10 feet; Thence N 70°48'W a distance of 125.00 feet to a point; Thence N 19°12'E a distance of 286.19 feet to a point; Thence N 70°48'W a distance of 218.00 feet to a found rebar cap; Thence N 19°12'E a distance of 100.00 feet, to the true point of beginning of the herein described tract of land;

Thence N 19°12'E a distance of 100.00 feet to a found rebar
Thence S 70°48'E a distance of 218.00 feet to a point;
Thence S 19°12'W a distance of 100.00 feet to a point;
Thence N 70°48'W a distance of 218.00 feet to the point of beginning said tract containing 0.500 acres more or less.

All of the above land is located in **Many Farms** Chapter of the Navajo Nation, County of **Apache**, State of **Arizona**, subject to any prior, valid, existing rights-of-way and easements. There is hereby reserved and excepted from the leased premises rights-of-way for utilities constructed by or on authority of the Lessor, provided that such rights-of-way do not unreasonably interfere with Lessee's use of the leased premises.



EXECUTIVE SUMMARY

United Food Stores dba: 7-2-11 Food Stores
Assignment of Lease
BIA Lease No. CH-02-122

Business Site Lease No. CH-02-122 was approved by United State Department of Interior, Bureau of Indian Affairs on February 15, 2001 for a term of 25 years with additional term of 25 years renewal provided this Lease is in good standing for the purpose of convenience store: General Merchandise and Gasoline Sales.

This Legislation is requesting Assignment of Business Site Lease No. CH-02-122 from United Food Stores dba: 7-2-11 Food Stores located in Many Farms, Arizona to FUELCO US, LLC as successor to Bridge Capital Group, LLC.

By letter dated August 3, 2017, the Purchase and Sale Agreement has been executed between the parties and are seeking Lease Assignment approval from the Navajo Nation and Bureau of Indian Affairs.

Regional Business Development Office recommends approval of the Assignment of Business Site Lease No. CH-02-122 to Assignee, FUELCO US, LLC as successor to Bridge Capital Group, LLC. United Food Stores dba: 7-2-11 Food Stores is in compliance with Navajo Nation Laws.

United Food Stores dba 7-2-11 Food Stores
900 Schofield
Farmington NM 87401
505-330-3504

Dated Effective August 3, 2017

Elaine Young **(via email eyoung@navajobusiness.com)**
Department Manager, Regional Business Development Office

Assignment of Lease: Manyfarms, CH-02-122

Dear Mrs. Young:

I am the authorized representative of United Food Stores, Inc. dba 7-2-11 Food Stores ("7-2-11"). Please note that the lease referenced above was originally signed by Bonnie Frazer who has passed away and is no longer an employee of 7-2-11. I am now the authorized representative in her place. (*Certification to that effect attached.*)

I have written on 7-2-11's behalf seeking an assignment of the above-referenced lease to FUELCO US, LLC as successor to Bridge Capital Group, LLC. You have in your possession a copy of the signed Purchase and Sale Agreement along with its amendments for your records. I can send those documents to you again if that would be helpful.

I trust this letter and its information is sufficient to allow you to prepare an Assignment of Lease which I understand will need to be signed in 6 copies.

After the signed assignments are returned to you, you will seek approval of the Navajo Nation Council and the Bureau of Indian Affairs. The assignments are not effective until those approvals are both obtained (which will take at least a couple of months).

Thank you for your anticipated cooperation.

Sincerely:

United Food Stores dba 7-2-11 Food Stores

By: _____
Alan Frazer, authorized representative

Enclosure

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CERTIFICATE OF RESOLUTIONS OF
United Food Stores dba 7-2-11 Food Stores

The undersigned, on behalf of **United Food Stores dba 7-2-11 Food Stores** (the "Company"), hereby certifies that the Shareholders and Board of Directors of the Company unanimously adopted the following Resolutions effective August 3, 2017, and that these resolutions have not been revoked, amended or superseded since that date:

RESOLVED, that ALAN FRAZER be and hereby is hereby named as the Authorized Representative to handle all aspects of the Assignment of Navajo Nation Lease Number Manyfarms, CH-02-122 to FUELCO US, LLC as successor to Bridge Capital Group, LLC.

FURTHER RESOLVED that ALAN FRAZER be and hereby is authorized to take any steps and sign any documents necessary to accomplish the assignment of those leases.

FURTHER RESOLVED that the Company takes notice of and approves the signing of the assignment of both leases referenced above by TOBI A. CHAPIN and confirms that she was acting as authorized representative at that point in time. Tobi A. Chapin's approval has subsequently been transferred by the Company to ALAN FRAZER who henceforth is the Authorized Representative of the Company and authorized to deal with the Navajo Nation.

DATED: July 17, 2018.

ALAN FRAZER, authorized officer of United Food Stores dba 7-2-11 Food Stores

C:\Users\Alan\AppData\Local\Opera Mail\Opera Mail\temporary_downloads\Ltr re assign Many Farms Alan signs.docx

ASSIGNMENT OF LEASE
United Food Stores dba: 7-2-11 Food Stores
BIA Lease No. CH-02-122

SUPPORTING DOCUMENTS

1. Executive Summary

2. Letter of Intent for Assignment

3. Copy of BSL No. CH-02-122

4. Lease Modification – exclude gasoline % rental rates

5. Certificate of Good Standing

6. Procurement Clearances
   a. Accounts Receivable/ OOC
   b. Office of Tax Commission/OOC

LEASE NO.: CH-02-122
LEASE FEE: $144.00

EXHIBIT 3

PART I
NAVAJO NATION ECONOMIC DEVELOPMENT LEASE
(Navajo Nation Trust Land)

☐ Standard Business Site Lease

☐ Shopping Center Lease

(From) _____ ____, _____ - (Until) _____ ____, _____

THIS LEASES, in sextuplicate, is made and entered into this _____ day of _____ 20____, by and between THE NAVAJO NATION, hereinafter called Lessor, whose address is Post Office Box 9000, Window Rock, Navajo Nation (Arizona) 86515, and, **United Food Stores dba: 7-2-11 Food Stores,** hereinafter called the Lessee, whose address is **900 Schofield Lane, Farmington, New Mexico 87401,** in accordance with the provisions of 25 U.S.C. §§ 415 as amended, and as implemented by the regulations contained in 25 C.F.R. Part 162; and any amendments thereto relative to business leases on restricted lands which by this reference are made a part hereto.

A. LAND DESCRIPTION.

1. For and in consideration of the rents, covenants, agreements, terms and conditions contained herein, Lessor hereby leases to the Lessee the following described premises:

The herein described a tract of land situated within District 10 of the Navajo Indian Reservation, at Many Farms, Apache County, State of Arizona, and is more particularly described as follows:

Commencing at the Northwest corner of Many Farms Elementary School
Tract said corner being 50 feet right from BIA Road project
N8(11) 2 & 4 Highway Station No. 4112+07.85, from whence the 41 mile
Corner of the Navajo Indian Reservation, bears S66°10'W a distance
Of 2478.10 feet; Thence N 70°48'W a distance of 125.00 feet to a point;
Thence N 19°12'E a distance of 286.19 feet to a point;
Thence N 70°48'W a distance of 218.00 feet to a found rebar
cap;
Thence N 19°12'E a distance of 100.00 feet, to the true point of beginning of the herein described tract of land;

Thence N 19°12'E a distance of 100.00 feet to a found rebar
Thence S 70°48'E a distance of 218.00 feet to a point;
Thence S 19°12'W a distance of 100.00 feet to a point;
Thence N 70°48'W a distance of 218.00 feet to the point of beginning said tract containing 0.500 acres more or less.

2. All of the above land is located in **Many Farms** Chapter of the Navajo Nation, County of **Apache**, State of **Arizona**, subject to any prior, valid, existing rights-of-way and easements. There is hereby reserved and excepted from the leased premises rights-of-way for utilities constructed by or on authority of the Lessor, provided that such rights-of-way do not unreasonably interfere with Lessee's use of the leased premises.

B. PURPOSE, UNLAWFUL USES.

1. Lessee shall develop, use and operate the leased premises for the following purposes only:

Convenience Store: General Merchandise and Gasoline Sales

2. The leased premises shall not be used by Lessee, Sublessee(s) or Assignee(s), for any purpose or purposes other than those set out above, except with the prior written consent of Lessor and the Secretary. Consent may be withheld, granted, or granted upon conditions, in the sole discretion of Lessor and the Secretary.

3. Lessee agrees that it will not use or cause to be used any part of the leased premises for any unlawful conduct or purpose.

C. TERM.

The term of this Lease shall be **twenty-five (25)** years, beginning on the date this Lease is approved by the Secretary.

This lease may be renewed for an additional term of **twenty (20)** years, provided that this Lease is in good standing. Lessee shall give written notice of its intent to renew this Lease to the Executive Director of the Division of Economic Development, or his successor, at least ninety (90) days, but no more than six (6) months, prior to the expiration date of this Lease. Renewal of this Lease is subject to the approval of Lessor and the Secretary and to applicable provisions of Navajo Nation law and the regulations contained in 25 C.F.R. Part 162, including all amendments and successors thereto.

D. RENTAL.

1. The Lessee, in consideration of the foregoing, covenants and agrees to pay in lawful money of the United States of America to the Controller of the Navajo Nation, for the use and benefit of the Lessor the following: (NOTE: The rent may consist of a guaranteed minimal annual rent [GMAR] or a rent based on a percentage of gross, whichever is higher [commonly used for business sites]; A guaranteed minimal annual rent plus a percentage of gross [commonly used for Shopping Centers] ; or a fixed monthly rent subject to renegotiation every five years [commonly used for Industrial and Manufacturing Facilities]. Be specific as to the rental terms of the Lease):

(1) A percentage of gross receipts of business as specified below, whether such businesses are operated by Lessee, Sublessee, Assignee or operated under a management agreement

1 to 25 years **2.0%** of **Total gross Sales receipts**. [The Lease rental shall be waived (yes __, no √) for the first two years of the development period.]

(2) The sum of **$4,800** as a Guaranteed Minimum Annual Rental (GMAR) hereunder. [Guaranteed Minimum Annual Rental shall be waived (yes _, no √) for the first two years of the development period.]

2. If Lessee's rental is an annual obligation, Lessee must make monthly rental payments in advance equal to at least one-twelfth of the aforementioned minimum annual rental not later than the tenth (10th) day after the first day of the month for which the rental is due. Lessee may elect to pay monthly rental in an amount based on the percentage rental rate on the month's gross receipts; however, no payment shall be less than one-twelfth of the minimum rental. Monthly payments based on the percentage rental rate on gross receipts shall be paid not later than the tenth (10th) day after the end of the month for which rental is due. All rental shall be deposited with the Controller of the Navajo Nation. When the annual accounting required by Section 1.3, Part II of this Lease is completed, the Lessee shall pay any balance due on any percentage rental, or if there is an overpayment, the overpayment shall be credited toward future rents.

3. Rental unpaid ten (10) days after the due date shall bear interest at eighteen percent (18%) per annum, from the date it becomes due until paid, but this provision shall not be construed to relieve the Lessee from any default in making any rental payment at that time and in the manner herein specified. The rents called for hereunder shall be paid without prior notice or demand.

4. While the leased premises are in trust or restricted status, the Secretary may in his discretion suspend the direct rental payment provisions of this Lease, in which event the rental shall be paid to the Secretary or his authorized representative.

5. In the event a sublease, assignment, management agreement or transfer of this Lease, or any right to or interest in this Lease, or any improvements are made to the leased premises, the rent and other terms of this Lease shall be subject to renegotiation.

E. IMPROVEMENTS.

1. The Lessee, in consideration for the granting of this Lease, covenants and agrees that Lessee will construct **maintain the building and parking lot at said lease site for the duration of the lease. Lessee will keep the roof and the building structure in good physical repair. Over the term of the lease, Lessee will do upgrades and remodels as needed. Lessee will replace counters and shelving as needed. Lessee will maintain the paving and signage of the lease site. Over the course of the lease, Lessee will perform maintenance, replacement, and repair on the building and property** at a cost of and having a reasonable value of **$300,000** or more.

2. Except as otherwise provided in this Lease, all buildings and improvements, excluding removable personal property and trade fixtures, on the leased property shall remain on said property after termination of this Lease and shall thereupon become the property of Lessor. Lessor may require Lessee, at Lessee's expense, to remove improvements and restore the premises to the original state upon termination of this Lease. The term "removable personal property" as used in this Section shall not include property which normally would be attached or affixed to the buildings, improvements or land in such a way that it would become a part of the realty, regardless of whether such property is in fact so placed in or on or affixed to the buildings, improvements or land in such a way as to legally retain the characteristics of personal property. Lessee shall remove all removable personal property and trade fixtures prior to termination of this Lease. Should Lessee fail to remove said personal property and

trade fixtures prior to termination of this Lease, said property shall thereupon become property of Lessor, and may be disposed of in any manner by Lessor.

F. COMPLETION OF DEVELOPMENT.

1. The Lessee shall complete the full improvement and development of the leased premises in accordance with the general plan and architect's design, submitted in accordance with Section E above, within **24** months from the date which the Navajo Nation approves the plans and designs described in that Section. If Lessee fails to complete full development within such period, such failure shall constitute a breach of the terms of this Lease and may be cause for cancellation.

2. Whenever under this Lease a time is stated within which or by which original construction, repairs, or reconstruction of improvements shall be made and during such period a general or sympathetic strike or lock out occurs, war or rebellion ensues, or some event unquestionably beyond Lessee's power to control, the period of delay so caused shall be added to the period limited herein for the completion of such work.

G. CONSTRUCTION, MAINTENANCE, REPAIR, ALTERATION.

All improvements placed on the leased premises shall be constructed in a good and workmanlike manner and in compliance with applicable laws and building codes. All parts of building visible to the public or from adjacent properties shall present a pleasant appearance as determined by Lessor and all service areas shall be screened from public view to the satisfaction of Lessor. Lessee shall, at all times during the term of this Lease and at Lessee's sole cost and expense, maintain the premises and all improvements thereon and any alterations, additions, or appurtenances thereto, in good order and repair and in a safe, sanitary, neat and attractive condition, and shall otherwise comply with all laws, ordinances and regulations applicable to said premises. Lessee shall have the right during the term of this Lease to make limited alterations, additions or repairs to improvements on the premises in an amount not to exceed **$15,000** per year. Alterations, additions or repairs in excess of the above amount or any removal or demolition of an improvement shall not be made without the prior written approval of Lessor. Lessee shall indemnify and hold harmless the Lessor and the United States Government against liability for all claims arising from Lessee's failure to maintain said premises and the improvements thereon as herein above provided, or from Lessee's non-observance of any law, ordinance or regulation applicable thereto.

H. RENTAL AND PERFORMANCE BOND.

1. Upon approval of this Lease by the Lessor and the Secretary, Lessee agrees to post a corporate surety bond or other security acceptable to Lessor and the Secretary in a penal sum of **$4,800**, which bond shall be deposited with the Secretary and shall remain in force for the full term of this Lease, at the discretion of Lessor and the Secretary. From time to time the amount of such bond may be increased or decreases by the Lessor and the Secretary, at the Lessor's and the Secretary's reasonable discretion, to more accurately reflect the actual damage which would be suffered by the Lessor in the event of a default in any performance required of the Lessee.

2. It is understood and agreed that bond or security required by this Section will guarantee performance of the contractual obligations under this Lease, and that a corporate surety bond may be furnished annually or may be continued from year to year by a certificate of renewal, a copy of which certificate shall be furnished to the Secretary by Lessee. If U.S. Treasury

Bonds are provided, Lessee agrees to make up any deficiency in the value of the bonds. Interest on said U.S. Treasury Bonds shall be paid to Lessee. Should waiver of bond or security be granted during the term of this Lease, Lessor and the Secretary reserve the right to request that Lessee furnish bond or security at a later date and Lessee hereby agrees to comply with said request.

I. CONSTRUCTION BOND.

1. At Lessor's option, prior to the commencement of construction of any improvement on the leasehold premises, the Lessee will cause his construction contractor to post a construction bond in favor of Lessor and Lessee. If the construction contractor cannot post such a bond, the Lessee shall post the construction bond. The purpose of the construction bond is to guarantee the completion of the improvements and payment in full of valid claims of all persons for work performed in or materials furnished for construction of the improvements. The construction contractor or the Lessee may provide security by either.

   A) Posting a corporate surety bond in an amount equal to the cost of each improvement, said bond to be deposited with the Lessor and to remain in effect until the improvement is satisfactorily completed. Said bond shall be conditioned upon faithful performance by Lessee or his construction contractor and shall give all claimants a right of action to recover upon said bond in any suit brought to foreclose on any mechanic's or materialmen's liens against the property. If United States Treasury Bonds are provided, Lessee, or his construction contractor, agrees to make up any deficiency in the value deposited that might occur due to a decrease in the value of the bonds. Interest on said bonds shall be paid to Lessee.

   B) Depositing in escrow with the Lessor or an institution acceptable to the Lessor, negotiable United States Treasury Bonds, or cash, or furnishing a non-revocable letter of credit satisfactory to Lessor in an amount sufficient to pay the entire cost of construction of each building or other improvement then to be erected on the premises. If United States Treasury Bonds are provided, Lessee or his construction contractor shall make up any deficiency of the value deposited that might occur due to a decrease in the value of said bonds. Interest on said bonds shall be paid to Lessee or his construction contractor. The funds so deposited may then be used, at the option of Lessor, to discharge any valid mechanic's or materialmen's liens; if no such liens exist, the withheld funds shall be disbursed to Lessee or his construction contractor.

2. If Lessee enters into a construction loan agreement with a financial institution, said loan agreement shall be subject to the approval of Lessor and the Secretary. Prior to such approval, Lessee shall perform all conditions precedent to the assumption of obligations under the agreement by the financial institution and Lessee shall deposit with the lending institution, or otherwise secure by means of a performance bond, the difference between the amount of the loan and the total cost of improvement.

J. NOTICES AND DEMANDS.

1. All notices, demands, requests or other communications to or upon either party provided for in this Lease, or given or made in connection with this Lease, shall be in writing and shall be addressed as follows:

To or upon Lessor:

President
The Navajo Nation
Post Office Box 9000
Window Rock, Navajo Nation (Arizona) 86515

Telefax: 1-520-871-4025

To or upon Lessee:

United Food Stores, Inc. dba: 7-2-11 Food Stores
900 Schofield Lane
Farmington, New Mexico 87401

Telefax:_____

Copies to:

Executive Director
Division of Economic Development
P.O. Box 663
Window Rock, Navajo Nation (Arizona) 86515

Regional Director
Navajo Regional Office
Bureau of Indian Affairs
P. 0. Box 1060
Gallup, New Mexico 87305-1060

2. All notices shall be given by personal delivery, by registered or certified mail, postage prepaid, by facsimile transmission or by telegram. Notices shall be effective and shall be deemed delivered when dispatched and may be delivered by personal delivery, registered or certified mail, or by facsimile transmission or telegram followed by surface mail.

3. Lessor and Lessee may at any time change its address for purposes of this Section by notice.

K. APPLICABLE TERMS AND CONDITIONS

The Standard Terms and Conditions for Economic Development Leases on Navajo Nation Trust Land in Part II of this Lease apply to this Lease and are incorporated herein in their entirety (NOTE: The Terms and Conditions for a Standard Business Site Lease apply to all Leases. The Terms and Conditions for Business Site Leases with Underground Storage Tanks apply where they are appropriate. If Underground Storage Tanks are on the premises when the Lessee signs the Lease, or are installed after the Lessee signed the Lease, these Terms and Conditions will apply to the Lease as a matter of law. Special Terms and Conditions for Navajo Nation Business Site Leases Within Navajo Nation Shopping Centers apply only to Leases in Navajo Nation Shopping Centers).

The specific Version of Standard Terms and Conditions for Navajo Nation Economic Development Leases (Trust Land) is Version 1.2 dated 3/20/01.

L. EXCEPTIONS TO STANDARD TERMS AND CONDITIONS (Insert and justify any deviations from the Standard Terms and Conditions in Part II of this Lease).

IN WITNESS WHEREOF, the parties hereto have set their hands:

THE LESSEE

Bonnie Frazer 8-6-01
President, United Food Stores of Arizona, Inc (Arizona Corporation) Date

Bonnie Frazer 8-6-01
Guaranteed by: Bonnie Frazer (Lessee) Date

THE NAVAJO NATION, LESSOR

By: Taylor McKenzie MD, VP
President, Navajo Nation

Date: 8/08/01

APPROVED:

Pursuant to Secretarial Redelegation Order
209 DM 8, 230 DM 1 and 3 IAM 4.

By: _____
Regional Director, Navajo
BUREAU OF INDIAN AFFAIRS

Date: FEB 15 2002

PART II

STANDARD TERMS AND CONDITIONS FOR NAVAJO NATION ECONOMIC DEVELOPMENT LEASES (Navajo Nation Trust Land)

1.0 STANDARD TERMS AND CONDITIONS FOR ALL NAVAJO NATION BUSINESS SITE LEASES

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1.0 STANDARD TERMS AND CONDITIONS FOR ALL NAVAJO NATION BUSINESS SITE LEASES

1.1 DEFINITIONS.

A. "Approved Encumbrance" means an encumbrance approved in writing by the Lessor, the Secretary and sureties, if any, in accordance with the terms and conditions of this Lease.

B. "Encumbrancer" means the owner and holder of an Approved Encumbrance, including all successors and assigns.

C. "Gross Receipts" means all income, including money and other things of value, received by or paid to Lessee or its affiliates, whether individuals, corporations, partnerships, or other legal entity, or received by or paid to others for Lessee's or its affiliates' use and benefit, derived from business done, sales made, or services rendered directly or indirectly or on the leased premises or any portion thereof. All income accruing from credit transactions will be treated as "gross receipts" as of the date credit is extended. Gross Receipts will not include amounts collected and paid out for a sales and excise tax imposed by any duly constituted governmental authority where such tax is billed to the purchaser as a separate item. Any taxes paid by the Lessee as a part of the cost of merchandise purchased by the Lessee are not to be excluded or deducted. It shall not include credits for the exchange of goods or merchandise between stores, if any, of Lessee or its affiliates where such exchange is made solely for the convenient operation of business and not for the purpose of consummating a sale previously made directly from or on the leased premises. It shall not include the amount of any refund where the merchandise sold, or some part thereof is returned by the purchaser and accepted by Lessee or its affiliates. It shall not include income from the sale of fixtures, or good will, or the sale of improvements, including, but not limited to, corrals, buildings, livestock scales, and holding pens.

D. "Secretary" means the Secretary of the Interior or his authorized representative, delegate, or successor.

1.2 CONDITION OF LEASED PREMISES.

A. Lessee has examined and knows the leased premises and improvements thereon and accepts the same as-is. No representations as to the condition of the leased premises have been made by Lessor, any agent of Lessor or the United States prior to or at the time of execution of this Lease. Lessee warrants that it has not relied on any warranty or representation made by or on behalf of Lessor or the United States, but solely upon Lessee's independent investigation.

B. The independent investigation shall include an environmental site assessment which provides the Lessee with knowledge of the environmental status of the leased premises, including the status of the storage tanks and/or other regulated substances.

1.3 ACCOUNTING.

When an accounting of Gross Receipts is required under the Lease in order to determine a percentage rent, the Lessee shall, not later than April 15, of each successive calendar year or fraction thereof following the date the term of this Lease begins, submit to Lessor and the Secretary individually, certified statements of gross receipts. Failure to submit aforementioned statements on a timely basis shall be considered a breach of the Lease and the Lease may be subject to cancellation. With said statements, Lessee shall tender payment of any balance due for the preceding calendar year under the percentage rental fee as set forth in Section D above. Said statement shall be prepared by a Certified Public Accountant, licensed in the State of Arizona, New Mexico or Utah, in conformity with standard accounting procedures. Any duly authorized representative of the United States Government, or any qualified accounting agent or agents appointed by the Lessor, shall have access to and the right to examine and audit any pertinent books, documents, papers, and records of Lessee's tenants, if any, relating to this Lease during the normal business hours of any working day. Lessee shall insert a similar provision in all subleases and shall make available to said representative, agent, or agents, all books and records of Lessee's tenants which may be requested or may be necessary for completion of a full audit of all business conducted on the leased premises. The acceptance by the Lessor or the Secretary of any monies paid to Lessor or the Secretary by Lessee as percentage rental for the leased premises as shown by any statement furnished by Lessee shall not be an admission of the accuracy of said statement, or of the sufficiency of the amount of said percentage rental payment, but the Lessor or the Secretary shall be entitled at any time within four (4) years after receipt of any such percentage rental payment to question the sufficiency of the amount thereof and/or the accuracy of the statements furnished by Lessee to justify the same and shall have the right to examine and/or audit as hereinbefore described. Therefore, Lessee shall for said period of four (4) years after submission to the Lessor or the Secretary of any such statement keep safe and intact all of Lessee's records, books, accounts, and other data which in any way bears upon or are required to justify in detail any such statement, and Lessee shall insert a provision in all subleases requiring similar retention of records.

1.4 UTILITY SERVICE LINE AGREEMENTS.

A. Lessee specifically is authorized to enter into appropriate service line agreements with utility companies for the provision of utility services to the leased premises, including gas, water, sewer, electricity, telephone, television and other utilities, without further consent by Lessor and the Secretary, on the condition that:

(1) such agreements are for the sole purpose of supplying utility services to the leased premises; and

(2) such agreements authorize utility service lines only within the leased premises; and

(3) such agreements do not extend beyond the term of this Lease, including any extensions thereof; and

(4) executed copies of such

agreements, together with plats or diagrams showing with particularity the location, size and extent of such service lines, are filed by the utility companies with Lessor within thirty (30) days of their execution; and

(5) such agreements are otherwise in accordance with the provisions of 25 C.F.R. § 169.22, including any amendments or successors thereto.

B. Nothing contained herein shall be construed to limit the right of Lessor to enter into service line agreements with utility companies for service lines across the leased premises, provided that such service lines do not unreasonably interfere with Lessee's use of the leased premises, nor otherwise to affect the rights-of-way reserved to Lessor in Section 2 of this Lease.

1.5 SUBLEASE, ASSIGNMENT, MANAGEMENT AGREEMENT, TRANSFER.

A. Lessee shall not sublease, assign, place under a management agreement, or in any manner whatsoever transfer this Lease or any right to or interest in this Lease or any of the improvements on the leased premises, or sell, assign or transfer more than forty-nine percent (49%) of the corporate stock of any corporation named as Lessee without the written approval of Lessor, the Secretary and sureties, if any, and no such sublease, assignment, sale, amendment or transfer shall be valid or binding without such approval, and then only upon the condition that the Sublessee, Assignee or other successor in interest, excepting an approved encumbrancer(s), shall agree in writing to be bound by each and all of the covenants and conditions of this Lease. Should Lessee attempt to make any such sublease, assignment, sale, amendment, or transfer, except as aforesaid, such action shall be deemed a breach of this Lease, excepting that an encumbrancer, as herein set forth, may enforce his rights in the manner hereinafter provided. Approval of one sublease, assignment, sale, amendment or transfer shall not validate a subsequent sublease, assignment, sale, amendment or transfer, and the restrictions of this Section shall apply to each successive sublease, assignment, sale, amendment or transfer hereunder and shall be severally binding upon each and every Sublessee, Assignee, Transferee and other successor in interest of the Lessee, excepting an encumbrancer.

B. For purposes of this Section, the creation of a partnership, corporation, joint venture, management agreement or any other arrangement under which any person or entity, other than Lessee is entitled to share in profits derived directly or indirectly from the leased premises or activities carried out thereon, shall be considered a sublease or assignment of this Lease, and therefore shall require the approval of Lessor and the Secretary.

C. Approval or disapproval of any sublease, assignment, management agreement, or transfer, for any purpose whatsoever, by the Lessee shall be within the sole discretion of Lessor. Approval of any sublease, assignment, management agreement, or transfer is subject to the approval of the Lessor. Lessor reserves the right to adjust the rental provisions of this Lease upon any sublease, assignment or transfer.

1.6 ENCUMBRANCE.

A. This Lease, or any right to or interest in this Lease or any of the improvements on the leased premises, may not be encumbered without the written approval of the Lessor, the Secretary and sureties and no such encumbrance shall be valid without said approval. The Lessor shall not unreasonably withhold its approval to an encumbrance.

B. An encumbrance must be confined to the leasehold interest of the Lessee or the subleasehold interest of a Sublessee and shall not jeopardize in any way Lessor's interest in the land. Lessee agrees to furnish as requested any financial statements or analysis pertinent to the encumbrance that the Lessor and the Secretary may deem necessary to justify the amount, purpose and terms of said encumbrance.

C. An encumbrancer of any Sublease, in the event of default by Sublessee of the terms of an approved encumbrance, may exercise any rights provided in such approved encumbrance, provided that before any sale of subleasehold, whether under power of sale or foreclosure, the encumbrancer shall give to Lessor, the Secretary, and Lessee hereunder notice of the same character and duration as is required to be given to the Sublessee by the encumbrancer and/or by applicable law.

If notice of such sale shall be given and the defaults of any of them upon which such notice of sale is based shall then continue, Lessor, if Lessee fails to act, shall have the following rights which may be exercised at any time prior to the completion of sale proceedings.

(1) To pay the encumbrancer the full unpaid principal amount of the approved encumbrance, plus unpaid interest accrued to the date of such payment, plus foreclosure or sale costs incurred to the date of such payment.

(2) To execute in favor of the encumbrancer a promissory note and a new encumbrance, which new encumbrance must be approved by the Secretary, for the full unpaid principal amount of the approved encumbrance, plus unpaid interest accrued to the date of such execution plus sale expenses incurred to the date of such execution, upon the same terms and conditions as originally provided by the approved encumbrance, and delivering to the encumbrancer a policy of title insurance in the face amount of such promissory note issued by a reputable title insurance company, and insuring that the new encumbrance is a first lien upon the subleasehold described in said sublease subject only to current

taxes and to conditions, restrictions, and reservations of record at the time of recording the approved encumbrance.

D. If Lessee or Lessor exercises either of the above rights, all of the right, title, and interest of the Sublessee in the Sublease shall automatically terminate on the same date the right is exercised and the Lessor or Lessee shall, on the same date, acquire the subleasehold; however, the acquisition of the subleasehold by Lessee or Lessor under these circumstances shall not serve to extinguish the sublease by merger with the Lease or otherwise.

E. In the event Lessor or Lessee does not avail itself of the above rights and any sale under the approved encumbrance occurs, whether by power of sale or foreclosure, the purchaser at such sale shall succeed to all of the rights, title, and interest of the Sublessee in the subleasehold covered by said encumbrance. It is further agreed that if the purchaser at such a sale is the encumbrancer, the encumbrancer may sell and assign the subleasehold without any further consent, provided that the Assignee shall agree in writing to be bound by all the terms and conditions of the Sublease. If the encumbrancer is the purchaser, it shall be required to perform the Sublease only so long as it retains title thereto. If a sale under the approved encumbrance occurs and the purchaser is a party other than the encumbrancer, approval by Lessor and the Secretary of any assignment will be required and said purchaser, as successor in interest to the Sublessee, shall be bound by all the terms and conditions of the sublease and will assume in writing all the obligations thereunder.

F. In the event of default by the Lessee of the terms of an approved encumbrance, the encumbrancer may exercise any rights provided in such approved encumbrance, provided that before any sale of the leasehold, whether under power of sale or foreclosure, the encumbrancer shall give to Lessor and the Secretary notice of the same character and duration as is required to be given Lessee by such encumbrance and/or by applicable law. If notice of such sale be given, and the default of any of them upon which notice of sale is based shall then continue, Lessor shall have the following rights which may be exercised at any time prior to the completion of sale proceedings:

(1) To pay to the encumbrancer the full unpaid principal amount of the approved encumbrance plus unpaid interest accrued to the date of such payment, plus sale costs incurred to the date of such payment.

(2) To execute in favor of the encumbrancer a promissory note and a new encumbrance, which new encumbrance must be approved by the Secretary, for the full unpaid principal amount of the approved encumbrance, plus unpaid interest accrued to the date of such execution, plus sale expenses incurred to the date of such execution, upon the same terms and conditions as originally provided by the approved encumbrance, and delivering to the encumbrancer a policy of title insurance in the face amount of such promissory note, issued by a reputable title insurance company, and insuring that the new encumbrance is a first lien upon the property described in this Lease subject only to current taxes and to conditions, restrictions and reservations of record at the time of recording the new encumbrance.

G. If Lessor exercises either of the above rights, all right, title and interest of Lessee in the Lease shall terminate and Lessor shall acquire the Lease; provided, however, that such termination shall not relieve the Lessee from any obligation or liability which had accrued prior to the date of termination. Acquisition of the Lease by Lessor under these circumstances shall not serve to extinguish the Lease by merger or otherwise.

H. In the event Lessor does not avail itself of the rights set forth in this Section and any sale under the approved encumbrance occurs, whether by power of sale or foreclosure, the purchaser at such sale shall succeed to all of the rights, title, and interest of the Lessee in the leasehold estate covered by said approved encumbrance. It is further agreed that if the purchaser at such sale is the encumbrancer, the encumbrancer may sell and assign the leasehold interest without any further consent, provided that the Assignee shall agree in writing to be bound by all the terms and conditions of this Lease. If the encumbrancer is the purchaser, it shall be required to perform this Lease only so long as it retains title thereto. If a sale under the approved encumbrance occurs and the purchaser is a party other than the encumbrancer, approval by Lessor and the Secretary of any assignment will be required and said purchaser, as successor in interest to the Lessee, shall be bound by all the terms and conditions of this Lease and will assume in writing all the obligations thereunder.

1.7 LIENS, TAXES, ASSESSMENTS, UTILITY CHARGES.

Lessee shall not permit to be enforced against the leased premises or any part thereof, any liens arising from any work performed, materials furnished, or obligations incurred by Lessee. Lessee shall discharge all such liens before any action is brought to enforce same; further, Lessee shall pay before becoming delinquent, all taxes, assessments, licenses, fees, and other like charges levied during the term of this Lease upon or against the leased land and all interests therein and property thereon, for which either Lessee or Lessor may become liable. Upon request Lessee shall furnish Lessor and the Secretary written evidence duly certified that any and all taxes required to be paid by Lessee have been paid, satisfied, or otherwise discharged. Lessee shall have the right to contest any claim, asserted tax, or assessment against the property, by posting bond to prevent enforcement of any lien resulting therefrom, and Lessee agrees to protect and hold harmless Lessor, Secretary and the leased premises and all interest therein and improvements thereon from any and all claims, taxes, assessments, and like charges and from any lien therefor, or sale or other proceedings to enforce payment thereof, and all costs in connection therewith. Lessor shall execute and file any appropriate documents with reference to real estate tax exemption of the land when requested by Lessee. In addition to the rents, taxes and other charges herein described, Lessee shall pay charges for water, sewage, gas, electricity, telephone, and other utility services supplied to

said premises.

1.8 LESSOR'S PAYING CLAIMS.

Lessor shall have the option to pay any lien or charge payable by Lessee under this Lease, or settle any action therefor, if the Lessee after written notice from the Lessor or Secretary fails to pay or to post bond against enforcement. All costs and other expenses incurred by Lessor in so doing shall be paid to Lessor by Lessee on demand, with interest at the rate of eighteen percent (18%) per annum from the date of Lessor's payment until repayment is made. Failure to make such repayment on demand shall constitute a breach of this Lease.

1.9 SANITATION.

A. Lessee hereby agrees to comply with all applicable sanitation codes, requirements, or laws which may be related to the purpose of this document as set forth in Section B(1). Such compliance shall specifically include, but not be limited to, the sanitary regulations of the U.S. Public Health Service. Lessee further agrees to at all times maintain the entire premises in a safe, sanitary condition, presenting a good appearance both inside and out in all buildings operated on the leased premises.

B. Lessee further agrees to comply with applicable , state, Navajo Nation or local laws, statutes, ordinances or regulations, court or administrative orders or decrees pertaining to all environmental matters including but not limited to the storage and disposal of regulated substances. Lessee further agrees that all solid waste generated by the Lessee or by any Sublessee shall be disposed of only at a state or tribally certified public or private landfill, and shall maintain records to demonstrate compliance with this requirement.

C. Lessee agrees to maintain all records required by applicable law and regulations and to make such records available to appropriate officials of the Navajo Nation or government.

1.10 HAZARDOUS AND REGULATED SUBSTANCES.

Lessee shall not cause or permit any hazardous substance (as defined by RCRA, 42 U.S.C. §§ 6901 et seq., CERCLA, 42 U.S.C. §§ 9601 et seq. or other laws and regulations) to be used, stored, generated or disposed of on or in the premises without first obtaining written consent of the Navajo Nation Environmental Protection Agency. If hazardous or regulated substances (as defined above) are used, stored, generated or disposed of on or in the premises, or if the premises become contaminated in any manner for which Lessee or a Sublessee is legally liable, Lessee shall indemnify and hold harmless the Lessor from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, a decrease in value of the premises, damages due to loss or restriction of rentable or usable space, or any damages due to adverse impact on marketing of the space, and any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the Lease term and arising as a result of such contamination by Lessee. This indemnification includes, without limitation, any and all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated by the government or Navajo Nation. Without limitation of the foregoing, if Lessee causes or permits the presence of any hazardous or regulated substance on the premises and such results in any contamination of the leased premises including, but not limited to the improvements, soil, surface water or groundwater, Lessee shall promptly, at its sole expense, take any and all necessary actions to return the premises to the condition existing prior to the contamination presence by any such hazardous or regulated substance on the premises. Lessees will first obtain Lessor's approval for any such remedial action.

1.11 LIABILITY INSURANCE

Without limiting any liabilities or any other obligations of Lessee, Lessee will provide and maintain the minimum insurance coverages listed below. Coverage will be provided with forms and insurers acceptable to the Navajo Nation until all obligations under this Lease are satisfied. All insurers must be duly licensed and have a current AM Best rating of at lease A-VII and if unlicenced, be an admitted surplus lines insurer. All policies required under this Lease shall name the Navajo Nation as an additional named insured.

A. Workers' compensation insurance to cover obligations imposed by and state statutes of the entity having jurisdiction over the Lessee's employees working on the lease hold, and Employers' Liability insurance with a minimum of ONE MILLION DOLLARS ($1,000,000.00). In case of any contracted work on the lease hold, the Lessee will require the Contractor, and all subcontractors, to provide comparable coverage.

B. Commercial General Liability Insurance with an unimpaired minimum combined single limit of not less than ONE MILLION DOLLARS ($1,000,000.00) Each Occurrence with a TWO MILLION DOLLAR ($2,000,000.00) General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, blanket contract, independent contractor, product, and completed operations coverage. The policy shall contain a severability of interests provision.

C. Commercial and/or Business Automobile liability insurance with a combined single limit for bodily injury and property damage of not less than ONE MILLION ($1,000,000.00) each occurrence with respect to Lessee's owned, hired and non-owned vehicles assigned to or used in Lessee's business.

D. If the Lessee is engaged in a profession, the Lessee shall carry Professional Liability insurance in an amount satisfactory to the Risk Management Department of the Navajo Nation. In the event that the insurance coverage is written on a "claims made" basis, the Risk Management Department of the Navajo Nation may, at its discretion, require "tail coverage" beyond the term of the Lease.

E. Lessee, at its cost, shall maintain insurance coverage for full replacement cost on all of Lessee's personal property, Lessee's alterations, Lessee's utility installations, and Lessee's trade fixtures in, or about the Premises. The proceeds from any such insurance shall be used by Lessee for the replacement of Lessee's personal property, alterations, utility installations, or trade fixtures only if Lessor repairs or rebuilds the Premises.

F. The policies required by Sections B and C shall be endorsed to include the Navajo Nation, its agents, representatives, officers, directors, officials and employees as additional insureds

and shall require that the insurance provided by Lessee shall be primary insurance and that any insurance carried by the Navajo Nation its agents, officials or employees shall be excess and not contributory insurance to that provided by Lessee.

G. An acceptable certificate of insurance shall be issued to the Navajo Nation by the Lessee prior to commencement of the Lease as evidence that policies providing the required coverages, conditions and limits are in full force and effect. Such certificate shall indemnity this Lease and contain provisions that coverage afforded under the policies will not be canceled, terminated or materially altered until at least thirty (30) days prior written notice has been given to the Lessor.

Certificates of insurance shall be addressed as follows: Navajo Nation Department of Risk Management, P.O. Box 1690, Window Rock, Arizona 86515

H. Any failure to comply with the claim reporting provisions of the policies or any breach of a policy warranty shall not affect coverage afforded under the policy to protect the Lessor.

I. Failure on the part of the Lessee to procure or maintain required insurance shall constitute a material breach of contract upon which the Lessor may immediately terminate this Lease.

J. The Navajo Nation reserves the right to request and receive certified copies of any or all of the above policies and/or endorsements.

K. Lessee and its insurers providing the required coverages shall waive all rights of recovery against the Navajo Nation and its agents, officials and employees, and the Secretary. The insurance limits required under this Lease shall not limit the liability of the Lessee, nor relieve the Lessee of any obligation under this lease.

L. The Lessee shall not do or commit to be done anything in or upon any portions of the Premises or bring or keep anything there which would in any way conflict with the condition of any insurance policy upon the Premises or in any way increase the rate of insurance upon the Premises or on property kept there.

1.12 FIRE AND CASUALTY INSURANCE.

A. Lessee, shall, from the date of approval of this Lease, carry fire and casualty insurance with extended coverage endorsement, covering not less than full insurable value of all improvements on the leased premises. Said policy shall be obtained from a reliable insurance company licensed to do business in the State in which the leased premises are located and shall be written jointly to protect Lessee, Lessor and the United States of America and shall provide for notification to the Lessor and the Secretary prior to any change in said policy or any cancellation or non-renewal of said policy for any reason, including non payment of premiums. A copy of said policy shall be deposited with Lessor and the Secretary. In the event of damage to any improvement on the leased premises, Lessee shall rebuild, repair or otherwise reinstate the damaged improvement or building in a good and substantial manner according to the plan and elevation of the improvement or building so destroyed or damaged or in accordance with any modified plan approved in writing by the Lessor prior to commencement of repair or reconstruction. Repair or reconstruction shall commence as soon as possible and, in any event, within one (1) year after the damage occurs and shall be pursued diligently. Insurance proceeds shall be deposited in an escrow account with an institution approved by Lessor and the Secretary. Lessee shall also deposit in said escrow account all additional funds required to reconstruct the damaged improvement. Escrow instructions shall include provisions that all funds so deposited shall be used to reconstruct the damaged improvements and that funds shall be disbursed during the progress of reconstruction on proper architect's, engineer's, or contractor's certificates. All money in escrow after reconstruction has been completed shall be paid to Lessee.

B. In the event of damage to the extent of seventy-five percent (75%) or more of the total value of all improvements on the leased premises during the last five (5) years of the term of this Lease, Lessee shall have the option to reconstruct said improvements. Lessee shall provide Lessor with a written notice of the exercise of Lessee's reconstruction option within thirty (30) days of the event of damage giving rise to Lessee's reconstruction option. Should Lessee exercise its option to reconstruct, Lessee shall commence reconstruction of the damaged improvements within ninety (90) days of Lessee's exercise of its reconstruction option and shall diligently pursue the reconstruction to completion. Should Lessee not exercise is option to reconstruct, this Lease shall terminate one hundred and twenty (120) days after the event of damage giving rise to Lessee's reconstruction option. The leased premises shall be cleared of debris at Lessee's expense prior to termination of the Lease. Lessee shall not be charged rent during the period of debris removal unless Lessee occupies the leased premises beyond the Lease termination date, after which the Lessee will be charged hold over rental as provided in Section 1.21. In the event Lessee does not reconstruct, all insurance proceeds shall be paid to Lessor.

C. Any encumbrancer shall be named as a beneficiary under all insurance policies required by this paragraph and in the event of loss or damage to the buildings on the leased property while an approved encumbrance remains unpaid, the amount of such loss or damage (but not exceeding the remaining balance of the approved encumbrance) shall be paid to the encumbrancer on the condition that the encumbrancer agrees to comply with the reconstruction obligations set forth herein. If such amount paid to the encumbrancer is sufficient to repair the loss or damage with respect to which it was paid, or if Lessor or Lessee shall within three (3) months after such payment by the insurer to the encumbrancer deposit with the encumbrancer enough money to completely repair the loss or damage, when added to the amount paid by the insurer to the encumbrancer, the encumbrancer shall, upon written order of Lessor or Lessee, pay such monies for such repair, and it shall not be deemed a payment or credit on the encumbrance, but otherwise, at the expiration of such three (3) months said sum so paid by the

insurer to the encumbrancer shall be applied and credited upon the approved encumbrance. It is understood and agreed that nothing stated herein shall relieve Lessee of its obligation to repair and/or replace the damaged improvement to a condition as good or better than before the damage occurred.

1.13 INDEMNIFY, DEFEND AND HOLD HARMLESS.

Except for Lessor's sole Negligence, Lessee shall indemnify, protect, defend and hold harmless the Lessor and the United States from and against any and all claims, loss of rents and/or damages, costs, liens, judgments, penalties, permits, attorney's or consultant's fees, expenses and/or liabilities arising out of, involving, or dealing with, the occupancy of the Premises by Lessee, the conduct of the Lessee's business, any act, omission or neglect of Lessee, its agents, contractors, employees or invitees, and out of any Default or Breach by Lessee in the performance in a timely manner of any obligation on the Lessee's part to be performed under this Lease. The foregoing shall include, but not be limited to, the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not litigated and/or reduced to judgment, and whether well-founded or not. In case any action or proceeding be brought against Lessor or the United States by reason of any of the foregoing matters, Lessee, upon notice from any Lessor or the United States, shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and the United States, and the Lessor and the United States shall cooperate with Lessee in such defense.

1.14 EMINENT DOMAIN.

If, at any time during the term of this Lease, the leased premises or any part thereof is taken or condemned under the laws of eminent domain, then and in every such case, the leasehold estate and interest of the Lessee in said premises or part thereof taken shall forthwith cease and terminate. All compensation awarded by reason of any takings of the leased land and any taking of or injury to the buildings or improvements located thereon shall be awarded to the Lessee and the Lessor as their interests appear at the time of such taking provided that Lessee's right to such awards shall be subject to the rights of an encumbrancer to receive such awards as set out in an approved encumbrance. The rental thereafter payable hereunder to the remainder of the terms of this Lease shall be reduced in the proportion that the value of the entire premises is reduced by such taking or condemnation.

1.15 DEFAULT.

A. Time is declared to be of the essence of this Lease. Should Lessee default in any payment of monies when due, fail to post bond, or be in violation of any other provision of this Lease, said violation may be acted upon by the Secretary in accordance with Title 25, Chapter 1, Part 162 of the Code of Regulations or any amendments thereto. In addition to the rights and remedies provided by the aforementioned regulations, Lessor or the Secretary may exercise the following options upon Lessee's default as authorized by applicable law:

(1) Collect, by suit or otherwise, all monies as they become due hereunder, or enforce, by suit or otherwise, Lessee's compliance with all terms of this Lease; or

(2) Re-enter the premises if the Lessee has abandoned the premises or has failed to conduct business for a period of time without notice and remove all persons and property therefrom, excluding the property belonging to authorized Sublessees, and re-let the premises without terminating this Lease as the agent and for the account of Lessee, but without prejudice to the right to terminate the Lease thereafter, and without invalidating any right of Lessor and the Secretary or any obligations of Lessee hereunder. The terms and conditions of such re-letting shall be in the sole discretion of Lessor who shall have the right to alter and repair the premises as it deems advisable and to re-let with or without any equipment or fixtures situated thereon. Rents from any such re-letting shall be applied first to the expense of re-letting, collection, altering, and repairing, including attorney's fees and any real estate commission actually paid, insurance, taxes and assessments and thereafter toward payment to liquidate the total liability of Lessee. Lessee shall pay to Lessor monthly when due, any deficiency and Lessor or the Secretary may sue thereafter as each monthly deficiency shall arise; or

(3) Take any other action deemed necessary to protect any interest of Lessor.

B. No waiver of a breach of any of the covenants of this Lease shall be construed to be a waiver of any succeeding breach of the same or any other covenant of this Lease.

C. Exercise of any of the remedies outlined in this Section shall not exclude recourse to any other remedies, by suit or otherwise, which may be exercised by Lessor or the Secretary or any other rights or remedies now held or which may be held by Lessor in the future.

D. If any approved encumbrancer shall give Lessor, before any default shall have occurred in this Lease, a written notice containing the name and address and the interest in the premises of such encumbrancer, Lessor shall thereafter give to such encumbrancer a copy of each notice of default by Lessee at the same time as such notice of default shall be given by Lessor to Lessee. Lessor shall accept such encumbrancer's performance of any of Lessee's covenants or other obligations under this Lease, with the same force and effect as though performed by Lessee. Upon providing such written notice, the encumbrancer shall have standing to pursue any appeals permitted by applicable statutes and regulations that Lessee would be entitled to pursue. Further, Lessor shall not terminate the Lease if an encumbrancer has commenced and is diligently pursuing a foreclosure action to terminate Lessee's interest in said Lease and has cured or is taking action to cure the breach that is the cause of the termination.

1.16 ATTORNEY'S FEES.

Lessee agrees to pay and discharge all reasonable costs,

attorney's fees and expenses that may be incurred by Lessor or the Secretary in enforcing provisions of this Lease.

1.17 NO PARTNERSHIP.

No term of this agreement shall be so construed as to provide that a partnership exists between Lessor and Lessee; the only relationship between the parties being that of Lessor and Lessee.

1.18 TERMINATION OF FEDERAL TRUST.

Nothing contained in this Lease shall operate to delay or prevent a termination of Federal Trust responsibilities with respect to the land by the issuance of a fee patent or otherwise during the term of this Lease; however, such termination shall not serve to abrogate the Lease. The owners of the land and Lessee and their surety or sureties shall be notified of any such change in the status of the land.

1.19 OBLIGATIONS OF LESSEE.

While the leased premises are in trust or restricted status, all of Lessee's obligations under this Lease, and the obligations of their sureties, are to the United States as well as to the Lessor.

1.20 STATUS OF SUBLEASES.

Termination of this Lease, by cancellation or otherwise, shall not serve to cancel approved subleases and/or subtenancies, but shall operate as an assignment to Lessor, without merger of the Lease and sublease or subtenancy, of any and all such subleases and/or subtenancies.

1.21 INSPECTION.

The Secretary and Lessor, and their authorized representatives, shall have the right, at any reasonable time during the term of this Lease, to enter upon the leased premises, or any part thereof, to inspect the same and all buildings and other improvements erected and placed thereon for purposes, including, but not limited to, conditions affecting the health, safety and welfare of those entering the premises, the protection of the leased premises, any improvements thereto or any adjoining property or uses, or compliance with applicable environmental health or safety laws and regulations. No showing of probable cause shall be required for such entry and inspection. If testing for environmental contamination reveals environmental contamination in violation of applicable law, Lessee shall pay the costs of such testing. Nothing in this paragraph shall limit Lessee's obligation under applicable law or this Lease to perform testing or remediation or otherwise limit Lessee's liability.

1.22 HOLDING OVER.

Holding over by the Lessee after the termination of this Lease shall not constitute a renewal or extension thereof or give the Lessee any rights hereunder in or to the leased premises. Lessee agrees to pay as hold over rental a daily rental computed at the rate of double the daily rental charged during the year immediately preceding termination of the Lease from the day following the termination date of the Lease until the Lessee vacates the premises.

1.23 LEASE REQUIREMENTS NOT EXCLUSIVE.

Nothing in this Lease shall be construed to relieve Lessee of any obligations pursuant to any Federal or Navajo Nation law for the protection of the environment or the public health, safety, or general welfare which is currently enacted or which may be enacted at a later date.

1.24 DELIVERY OF PREMISES.

A. At the termination of this Lease, Lessee will peaceably and without legal process deliver up the possession of the leased premises, in good condition, usual wear and tear excepted.

B. Upon the written request of the Navajo Nation, Lessee shall provide to the Navajo Nation, at Lessee's sole cost and expense, an environmental audit assessment of the leased premises at least sixty (60) days prior to delivery of said premises.

1.25 NAVAJO PREFERENCE.

In connection with all employment and contracting opportunities arising out of Lessee's activities under this Lease, Lessee shall give preference in employment and contracting to Navajo individuals and certified contractors in compliance with the Navajo Preference in Employment Act, 15 N.N.C. §§ 601 et seq. ("NPEA"), and the Navajo Nation Business Preference Law, 5 N.N.C. §§ 201 et seq. ("NNBPL"). The terms and provisions of the NPEA and NNBPL are specifically incorporated in, and become a part of this Lease. Violation of such laws by the Lessee shall constitute a breach of this Lease and provide grounds for suspension or termination of the Lease or any other remedy prescribed by the NPEA and NNBPL.

1.26 MINERALS.

All minerals, including sand and gravel, contained in or on the lease premises are reserved for the use of Lessor. Lessor also reserves the right to enter upon the leased premises and search for and remove minerals located thereon, paying just compensation for any damage or injury caused to Lessee's personal property or improvements constructed by Lessee.

1.27 SUCCESSORS AND ASSIGNS.

The terms and conditions contained herein shall extend to and be binding upon the successors, heirs, assigns, executors, employees and agents, including all contractors and subcontractors, of Lessee. Except as the context otherwise requires, the term "Lessee," as used in this Lease, shall be deemed to include all such successors, heirs, assigns, executors, administrators, employees and agents.

1.28 INTEREST OF MEMBER OF CONGRESS.

No member of, or delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this Lease or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this Lease if made with a corporation or company for its general benefit.

1.29 USE OF NAVAJO PRODUCED GOODS AND SERVICES.

Lessee agrees to make all purchases of materials, equipment, goods, services and transportation from Navajo-owned businesses, whenever such purchase is economically feasible, as required by Navajo law.

1.30 AGREEMENT TO ABIDE BY NAVAJO AND FEDERAL LAWS

The Lessee and the Lessee's employees, agents, and sublessees and their employees and agents agree to abide by all laws, regulations, and ordinances of the Navajo Nation, and all applicable laws, regulations and ordinances of the United States, now in force and effect or as may be hereafter in force and effect.

1.31 GOVERNING LAW AND CHOICE OF FORUM.

Except as may be prohibited by applicable law, the laws of the Navajo Nation shall govern the construction, performance and enforcement of this Lease. Any action or proceeding brought by Lessee against the Navajo Nation in connection with or arising out of the terms and conditions of this Lease shall be brought only in the Courts of the Navajo Nation, and no action or proceeding shall be brought by Lessee against the Navajo Nation in any court or administrative body of any state.

1.32 CONSENT TO JURISDICTION.

Lessee hereby consents to the legislative, executive and judicial jurisdiction of the Navajo Nation in connection with all activities conducted by the Lessee within the Navajo Nation.

1.33 COVENANT NOT TO CONTEST JURISDICTION.

Lessee hereby covenants and agrees never to contest or challenge the legislative, executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation, or that the Navajo Nation government is not a government of general jurisdiction, or that the Navajo Nation government does not possess full police power (i.e., the power to legislate and regulate for the general health and welfare) over all lands, persons and activities within its territorial boundaries, or on any other basis not generally applicable to similar challenges to the jurisdiction of a state government. Nothing in this Section shall be construed to negate or impair federal responsibilities with respect to the Leased Premises or to the Navajo Nation.

1.34 NO WAIVER OF SOVEREIGN IMMUNITY.

Nothing in this Lease shall be interpreted as constituting a waiver, express or implied, of the sovereign immunity of the Navajo Nation.

1.35 SAVINGS CLAUSE.

It is agreed that if any provision of this Lease shall be determined to be void then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect; and it is the intention of the parties hereto that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provisions valid, then the provision shall have the meaning which renders it valid.

1.36 QUALIFICATIONS OF BUSINESS.

In the event Lessee hereunder shall be a corporation, the persons executing this Lease on behalf of Lessee hereby covenant and warrant that Lessee is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify the Lessee to do business in the Navajo Nation; all franchise and corporate taxes have been paid to date; and all future forms, reports, fees, and other documents necessary to comply with applicable laws will be filed when due.

1.37 COMPLIANCE WITH 25 CFR 141.

Lessee, its sublessees and assignees and other successors in interest shall be subject to compliance with the provisions of the Code of Federal Regulations, Title 25, Part 141, which prescribe rules for the regulation of reservation business for the protection of Indian consumers on the Navajo Reservation as required by 25 U.S.C. §§ 281-264.

1.38 NO ORAL AGREEMENTS.

It is understood that there are no oral agreements between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Lessor to Lessee with respect to the subject matter hereof, and none thereof shall be used to interpret or construe this Lease.

1.39 VALIDITY.

This Lease, and any modification of or amendment to this Lease, shall not be valid or binding upon either party hereto until approved by the Secretary.

2.0 SPECIAL TERMS AND CONDITIONS FOR NAVAJO NATION BUSINESS SITE LEASES WITH UNDERGROUND STORAGE TANKS

2.1 DEFINITIONS.

A. "CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601 et seq.

B. "RCRA" means the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq.

C. "Regulated Substance" is as defined at 42 U.S.C. 6991(2), which is any substance defined in section 101(4) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(14)) (but not including any substances regulated as a hazardous waste under subtitle C of the Resource Conservation and Recovery Act (42 U.S.C. 6921 et seq.) and petroleum).

D. "Storage Tank" is any tank which is defined by either of the following subsections.

(1) An underground storage tank as defined at 42 U.S.C. 6991 (1), or any storage tank, regardless of the percentage of such tank which is located above or below ground, which is not excluded under 42 U.S.C 6991 (1) and which is used for the storage of regulated substances, or;

(2) Any above ground storage tank as defined in the proposed Navajo Nation Above Ground Storage Tank Act or underground storage tank as defined in the proposed Navajo Nation Underground Storage Tank Act upon passage of each respective proposed Act.

2.2 HAZARDOUS AND REGULATED SUBSTANCES.

A. Lessee shall not cause or permit any hazardous substance (as defined by RCRA, 42 U.S.C. §§ 6901 et seq., CERCLA, 42 U.S.C. §§ 9601 et seq. or other laws and regulations) to be used,

stored, generated or disposed of on or in the premises without first obtaining written consent of the Navajo Nation Environmental Protection Agency. If hazardous or regulated substances (as defined above) are used, stored, generated or disposed of on or in the premises, or if the premises become contaminated in any manner for which Lessee or a Sublessee is legally liable, Lessee shall indemnify and hold harmless the Lessor and the United States from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, a decrease in value of the premises, damages due to loss or restriction of rentable or usable space, or any damages due to adverse impact on marketing of the space, and any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the Lease term and arising as a result of such contamination by Lessee. This indemnification includes, without limitation, any and all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated by the federal government or Navajo Nation. Without limitation of the foregoing, if Lessee causes or permits the presence of any hazardous or regulated substance on the premises and such results in any contamination of the leased premises including, but not limited to the improvements, soil, surface water or groundwater, Lessee shall promptly, at its sole expense, take any and all necessary actions to return the premises to the condition existing prior to the contamination presence by any such hazardous or regulated substance on the premises. Lessee shall first obtain Lessor's approval for any such remedial action.

B. Lessee shall provide the Navajo Environmental Protection Agency and the Risk Management Department of the Navajo Nation with a clear and legible copy of all notices or reports concerning storage tank installation, testing, leakage, or remediation at the premises subject to this Lease which Lessee is required by applicable law, or regulation, to provide to the ~~United States Environmental Protection Agency or which Lessee otherwise~~ provides to the United States Environmental Protection Agency. Service of documents as required by this Lease upon the Navajo Environmental Protection Agency shall be by first class mail to:

UST-AST Program
Navajo Environmental Protection Agency
~~Post Office Box 339~~
~~Window Rock, Navajo Nation (Arizona) 86515~~

~~and~~

~~Risk Management Department~~
Navajo Environmental Protection Agency
~~Post Office Box 1690~~
~~Window Rock, Navajo Nation (Arizona) 86515~~

or their respective institutional successors.

~~2.3 FINANCIAL RESPONSIBILITY FOR STORAGE TANKS.~~

~~If Lessee or Sublessee installs or operates storage tanks on the leased property, the Lessee or Sublessee shall post a bond, obtain insurance or provide such other evidence of financial responsibility that meets all the requirements of 40 C.F.R. Part 280, Subpart H regardless of whether the storage tank in question is an aboveground or underground storage tank. Lessee shall provide proof of this bond, insurance, or other qualifying financial responsibility mechanism to the Risk Management Department of the Navajo Nation contemporaneous with Lessee's submission of proof of other bonds or insurance to the Bureau of Indian Affairs. This bond or insurance shall remain in effect for the term of the base lease or sublease, and any renewals thereof, and shall not be released or terminated until such time as the Risk Management Department of the Navajo Nation certifies that the facility is in compliance with all applicable law and regulations, or that the tanks have been removed and the site has been remediated, or that the base lease or sublease has been transferred and the new operator has provided proof of an adequate bond, insurance or otherwise satisfied the 40 C.F.R. Part 280, Subpart H financial responsibility requirements. It shall be the responsibility of the Lessee and the Sublessee to provide the Risk Management Department of the Navajo Nation with all proof required for release of bond or termination of insurance coverage.~~

2.4 ENVIRONMENTAL AUDITS AND COMPLIANCE DOCUMENTS.

A. Entry Audit: If storage tanks are located at the Lease site, the Lessee will supply the Navajo Nation Environmental Protection Agency, the Division of Economic Development and the Risk Management Department of the Navajo Nation with a complete copy of the report and underlying data generated in preparation of a Phase Two environmental audit before Lessee places any regulated substance in the storage tanks or releases any regulated substances from the storage tanks but no later than ninety (90) days after the Lease is approved by the Secretary. Lessee shall notify the Navajo Nation Environmental Protection Agency and Risk management Department at the addresses provided in Section 20 and shall notify the Division of Economic Development at the Regional Business Development Office responsible for supervision of the leased premises.

The Lessee shall notify the Risk Management Department of the Navajo Nation, or any ~~institutional successor, of the firm chosen to~~ perform the Phase Two Environmental audit prior to the performance of such audit. Lessor may accept or decline the choice of environmental auditor within twenty (20) days of written notice by Lessee. If Lessor does not respond within twenty days of the Lessee's written notice, the environmental auditor is deemed accepted. If, however, the most recent ~~prior Lessee of the premises of the Navajo~~ Nation has performed a Phase Two ~~environmental audit on the premises at or after the termination of the prior tenancy, Lessee is~~ not required to perform a Phase Two ~~environmental audit if Lessee agrees to be~~ conclusively legally bound by the findings of the ~~above referenced Phase Two environmental~~ audit.

B. Environmental Audit(s): Lessee shall pay to the Navajo Nation the amount of $15,000 which will ~~be held by the Navajo Nation during the term of~~ the Lease. One year after Lessee's rental obligation commences Lessee shall pay $5,000 toward payment of the $15,000 and shall pay $5,000 at the end of second and third years of Lessee's rent payment obligation.

This sum is in addition to any other rental obligations of Lessee. This sum shall be used to

pay for a Phase Two environmental audit to be performed during the last year of the Lease and any other environmental audit(s) during the term of the Lease which Lessor determines, based on probable cause, to be reasonably necessary to ascertain whether environmental contamination by regulated substances has occurred. The Risk Management Department of the Navajo Nation shall determine whether an audit shall be performed.

If Lessor determines an environmental audit should be performed at the leased premises prior to the Lessee's deposit of the entire $15,000 deposit and the amount deposited is insufficient to pay for the environmental audit, and the environmental audit determines regulated substances are unlawfully present, Lessee shall, upon written demand by Lessor, promptly deposit with Lessor an amount sufficient to pay for the environmental audit or to bring Lessee's deposit to $15,000, whichever is less. If Lessor performs an environmental audit pursuant to this article during the term of the Lease which finds regulated substances unlawfully present and which is financed by all or part of the above referenced sum, Lessee shall, at the end of the year in which the audit is completed, deposit funds with the Navajo Nation sufficient to reestablish the amount deposited prior to the audit and to reimburse the Navajo Nation for any amount the Navajo Nation spent on the environmental audit in excess of the $15,000 deposit.

The deposit shall be kept in an interest bearing account by the Division of Finance on behalf of the Lessee to meet the expenses of the obligations stated above. At the termination of the Lease and upon completion of all environmental audits, removal and remediation to be performed on the premises, the Navajo Nation shall return any of the money deposited to the Lessee which was not spent to conduct environmental audits of the leased premises or to remediate or remove regulated substances which were released on the leased premises.

Nothing stated herein shall be construed to limit Lessee's liability for costs associated with investigation, or remediation, of regulated substances located on the leased premises including Lessee's liability for litigation costs and attorneys fees.

3.0 SPECIAL TERMS AND CONDITIONS FOR NAVAJO NATION BUSINESS SITE LEASES WITHIN THE NAVAJO NATION SHOPPING CENTERS

3.1 FIXTURES AND PERSONAL PROPERTY.

Any trade fixtures, signs, and other personal property of Lessee not permanently affixed to the premises shall remain the property of Lessee and Lessor agrees that Lessee shall have the right, provided that Lessee be not in default under the terms of this Lease, at any time, and from time to time, to remove any and all of its trade fixtures, signs, and other personal property which it may have stored or installed in the premises, including but not limited to counters, shelving, showcases, mirrors, and other movable personal property. Nothing contained in this Article shall be deemed or construed to permit or allow the Lessee to move such personal property, without the immediate replacement thereof with similar personal property or better quality, as to render the premises unsuitable for conducting the type of business specified in this Lease. Lessee, at its expense, shall immediately repair any damage occasioned to the premises by reason of the removal of any such trade fixtures, signs, and other personal property, and upon the last day of the Lease Term or a date of earlier termination of this Lease, shall leave the premises in a neat and clean condition, free of debris.

All improvements to the premises by Lessee including, but not limited to, light fixtures, floor coverings, and partitions, but excluding trade fixtures and signs, shall be considered as improvements and shall become the property of Lessor upon expiration or earlier termination of this Lease, unless Lessor by written notice given prior to the date of expiration or upon the date of earlier termination of this Lease shall require Lessee to remove such improvements in which case Lessee shall repair any damage caused to the premises by such removal so as to return the premises to its original condition, ordinary wear and tear excepted.

Lessee shall pay before delinquency all taxes, assessments, license fees, and public charges levied, assessed, or imposed upon its business operation, as well as upon its trade fixtures, leasehold improvements (including, but not limited to, those which Lessee is required to make in accordance with the provisions of this Lease), merchandise, and other personal property in, on, or upon the premises. In the event any such items of property are assessed within property of the Lessor, then, and in such event, such assessment shall be equitably divided between Lessor and Lessee to the end that Lessee shall pay only its equitable proportion of such assessments. Lessor shall determine the basis of prorating of any such assessments and such determination shall be binding upon both Lessor and Lessee.

3.2 REPAIRS AND MAINTENANCE.

Lessee agrees at all times, and at its own cost and expense, to repair, replace, and maintain in good condition the premises and every part thereof, except that portion of the premises to be maintained by Lessor as hereinafter provided, and including without limitation the utility meters, pipes, and conduits, all fixtures, the store fronts, all Lessee's signs, locks, and closing devices, and all window sash, cases, or frames, door and door frames, floor coverings, including carpeting, terrazzo, and other special flooring, and all such items or repair, maintenance, alteration and improvement or reconstruction as may at any time or from time to time be required by any governmental agency having jurisdiction thereof. All glass, both exterior and interior, is at the sole risk of Lessee, and any glass broken shall be promptly replaced by Lessee with glass of the same kind, size, and quality.

On default of Lessee in making such repairs, replacements, or maintenance work and upon reasonable written notice to Lessee, not less than 30 days, Lessor may, but shall not be required to make such repairs, replacements and other such work for Lessee's account, and the expense thereof shall constitute and be collectible as additional rent.

A. Lessor shall keep and maintain in good and Lesseeable condition the roof, exterior walls, structural parts of the premises, fire protection system, structural floor, and pipes and

conduits outside the premises for the furnishings to the premises of various utilities (except to the extent that the same are the obligations of the appropriate public utility company); provided, however, that Lessor shall not be required to make repairs necessitated by reason of the negligence of Lessee or anyone claiming under Lessee, or by reason of the failure of Lessee to perform or observe any conditions or agreements in this Lease contained, or caused by alterations, additions, or improvements made by Lessee or anyone claiming under Lessee. Anything to the contrary notwithstanding contained in this Lease, Lessor shall not in any way be liable to Lessee for failure to make repairs as herein specifically required unless the Lessee has previously notified Lessor in writing of the need of such repairs and Lessor has failed to commence and complete said repairs within a reasonable period of time following receipt of the Lessee's written notification.

As used in this Section, the expression "exterior walls" shall not be deemed to include store fronts, plate glass, window cases, or window frames, door or door frames security grills, or similar enclosures. It is understood and agreed that Lessor shall be under no obligation to make any repairs, alterations, renewals, replacements, or improvements to and upon the premises of property installed or kept thereon by Lessee.

B. Lessee agrees to permit Lessor, the Secretary, and officials of the United States Public Health Service, and any of their authorized representatives to enter the premises at all times during usual business hours for the purpose of inspecting the same. Lessee further covenants and agrees that Lessor may go upon the premises and make any necessary repairs to the premises and perform any work thereon (i) which may be necessary to comply with any laws, ordinances, rules, or regulations of any public authority or terms of any insurance policy or policies or (ii) that Lessor may deem necessary to prevent waste or deterioration in connection with the premises if Lessee does not make or cause such repairs to be made or performed or cause such work to be performed promptly after receipt of written demand from Lessor or (iii) that Lessor may deem necessary to perform construction work incidental to any portion of the Shopping Center adjacent to, above, or below the premises. Nothing herein contained shall imply any duty on the part of Lessor to do any such work which, under any provisions of this Lease, Lessee may be required to do, nor shall it constitute a waiver of Lessee's default in failing to do the same. No exercise by Lessor of any rights herein reserved shall entitle Lessee to any damage for any injury or inconvenience occasioned thereby nor to any abatement of rent.

3.3 LESSEE'S RIGHT TO MAKE ALTERATIONS.

Lessor agrees that Lessee may, at its own expense and after giving Lessor notice in writing of its intention to do so, from time to time during the term hereof, make alterations, additions, and changes in and to the interior of the premises (except those of a structural nature) as it may find necessary or convenient for its purposes, provided that the value of the premises is not thereby diminished, and provided, however, that no alterations, additions, or changes costing in excess of those allowed under the terms of the lease may be made without first procuring the approval in writing of Lessor. In addition, no alterations, additions, or changes shall be made to any store front, mechanical systems, the exterior walls, or roof of the premises, nor shall Lessee erect any mezzanine or increase the size of same, if one be initially constructed, unless and until the written consent and approval of Lessor shall first have been obtained. In no event shall Lessee make or cause to be made any penetration through the roof of the premises without the prior written approval of Lessor. Lessee shall be directly responsible for any and all damages resulting from any violation of the provisions of this Article. All alterations, additions, or changes to be made to the premises which require the approval of Lessor shall be under the supervision of a competent architect, competent licensed structural engineer, or competent licensed and bonded contractor and made in accordance with plans and specifications with respect thereto, approved in writing by Lessor before the commencement of work, where such approval is required pursuant to the provisions of this Article. All work with respect to any alterations, additions, and changes must be done in a good and workmanlike manner and diligently prosecuted to completion to the end that the premises shall at all times be a complete unit except during the period of work. Upon termination of Lessee's leasehold estate such alterations, additions, or changes shall be considered as improvements and shall not be removed by Lessee, but shall become a part of the premises, unless Lessor by written notice given prior to the date of expiration or upon the date of earlier termination of this lease shall require Lessee to remove such improvements in which case Lessee shall repair any damage caused to the premises by such removal so as to return the premises to its original condition, ordinary wear and tear excepted. Any such changes, alterations, and improvements shall be performed and shall have the work performed in such a manner as not to obstruct the access to the premises or any other Lessee in the Shopping Center.

In the event that Lessee shall make any permitted alterations, additions, or improvements to the premises under the terms and provisions of this Article, Lessee agrees to carry insurance covering any such alteration, addition, or improvement; it being expressly understood and agreed that none of such alterations, additions, or improvements shall be insured by Lessor under such insurance it may carry upon the building of which the premises are a part, nor shall Lessor be required under any provisions for reconstruction of the premises to reinstall any such alterations, improvements, or additions.

3.4 POSSESSION AND USE.

Possession of the premises shall be delivered to Lessee free and clear of all tenants and occupants and the rights of either. Lessee shall use the premises solely for the purposes and under the trade names specified in Article 9 hereof. Lessee shall not use or permit the premises to be used for any other purpose or purposes or under any other trade name whatsoever without the written consent of the Lessor and the Secretary. Lessee shall not, without the prior written consent of Lessor, sell merchandise from vending machines or allow any coin operated vending machines on the premises without the written consent of the Lessor. Lessee further covenants and agrees that it will not use or suffer or permit any person or persons to use the premises or any part thereof for conducting therein a secondhand store, auction, distress or fire sale or bankruptcy or going-out-of-business sale, or for any use or purpose in violation of the laws of the United States of America, or the laws, ordinances, regulations and requirements of the Navajo Nation, and where applicable, the state, county, and city wherein the Shopping Center is situated, or of other lawful authorities, and that during said term the premises, and every part thereof, shall be kept by the Lessee in a clean condition, free of any objectionable noises, odors, or nuisances, and that all health, fire, and police regulations

shall, in all respects and at all times be fully complied with by Lessee.

Lessee may not display or sell merchandise or allow carts, portable signs, devices or any other object to be stored or to remain outside the defined exterior walls or roof, permanent doorways of the premises, or in hallways. No aerial or antenna shall be erected on the roof or exterior walls of the premises without first obtaining, in each instance, the written consent of Lessor. Any aerial or antenna so installed without such written consent shall be subject to removal without notice at any time. In addition, Lessee will not solicit in any manner in any of the automobile parking lots and common areas of the enclosed mall of the Shopping Center without having first obtained the written approval of Lessor.

Lessor reserves the right to further regulate the activities of Lessee in regard to deliveries and servicing of the premises, and Lessee agrees to abide by such further regulations of Lessor.

3.5 LESSEE'S CONDUCT OF BUSINESS.

Lessee covenants and agrees that, continuously and uninterrupted from and after its initial opening for business, it will operate and conduct the business for which it is permitted except while the premises are uninhabitable by reason of fire or other casualty or condemnation. Lessee agrees that it will keep the premises in neat, clean and orderly condition. Lessee agrees that all trash and rubbish of the said Lessee shall only be deposited within receptacles as provided by Lessor and that there shall be no other trash receptacles permitted to remain outside of the building. Lessor agrees to cause such receptacles to be emptied and trash removed a Lessee's cost and expense as set out in Article 11 hereof.

Lessee agrees that commencing with the opening for business by Lessee in the premises and for the remainder of the term of this Lease, Lessee shall remain open for business those hours and days which are regular and customary for such business. Lessee further agrees to have its window displays, exterior signs and exterior advertising displays adequately illuminated continuously during such hours. It is agreed, however, that the foregoing provision shall be subject to any governmental regulations or labor union contracts in its hours of operation so prescribed by such governmental regulations or labor union contracts, as the case may be.

Lessee will not allow the premises to be used for any organized political or religious meetings or activity. Lessee shall, at all times during the term hereof, comply with all laws and regulations of the United States and the Navajo Nation applicable to Lessee's conduct of business on the premises.

Lessee shall employ its best efforts to operate the business conducted on the premises in a manner that will produce the maximum volume of gross sales. Lessee shall use only such space in the premises for office, clerical and other non-selling purposes as is reasonably required for Lessee's business on the premises.

If Lessee sells Franchise Products or Services, and where it is so required by the Franchisor, Lessor agrees throughout the term of this Lease not to lease any other space in the Shopping Center to any Lessee whose primary business is the sale of the same Franchise Products or Services. Lessee must inform Lessor in writing, and provide written documentation, of this Franchise Requirement.

3.6 ADVERTISING MEDIA.

Lessee shall not affix or maintain upon the glass panes and supports of the show windows (and within 24 inches of any window), doors and the exterior walls of the premises, any signs, advertising placards, names, insignia, trademarks, descriptive material or any other such like item or items unless Lessee shall have first received the written approval of Lessor as to size, type, color, location, copy, nature and display qualities. Anything to the contrary of this Lease notwithstanding, Lessee shall not affix any sign to the roof of the premises.

In addition, no advertising medium shall be utilized by Lessee which can be heard or experienced outside Lessee's premises, including without limiting the generality of the foregoing: flash lights, searchlights, loudspeakers, phonographs, radios or televisions; nor shall Lessee display, paint or place or cause to be displayed, painted or placed, any handbills, bumper stickers or other advertising devices on any vehicle parked in the parking area of the Shopping Center, whether belonging to Lessee, or to Lessee's agent or to any other person; nor shall Lessee distribute, or cause to be distributed, in the Shopping Center, any handbills or other advertising devices without having first obtained the written approval of Lessor.

3.7 COMMON AREAS.

The term "common areas" refers to all areas within the exterior boundaries of the Shopping Center which are now or hereafter made available for general use, convenience and benefit of Lessor and other persons entitled to occupy Floor Area in the Shopping Center, including, but not limited to, automobile parking areas, parking structures, driveways, sidewalks, walkways, and landscaped and planted areas.

Lessee and its employees, agents, patrons and invitees are, except as otherwise specifically provided in this Lease, authorized, empowered and privileged to use the common areas in common with other persons during the term of this Lease. The Lessor agrees, without cost or expense to Lessee, to construct or cause to be constructed, such common areas generally as are necessary for the successful operation of the Shopping Center and to maintain and operate, or cause to be maintained and operated (except as hereinafter provided with reference to cost of maintenance), said common areas at all times following completion thereof, for the benefit and use of the customers and patrons of Lessee, and other Lessees, owners and occupants of the Land constituting the Shopping Center of which the premises are a part.

Lessor shall keep or cause to be kept said common areas in a neat, clean and orderly condition, properly lighted and landscaped, and shall repair any damage to the facilities thereof, but all expense in connection with said common areas shall be charged to the Lessee and prorated in the manner hereinafter set forth. It is understood and agreed that the phrase " expenses in connection with said common areas" as used herein shall be construed to include, but not be limited to, all expenses in connection with said common areas for (i) a management fee (not to exceed five percent (5%) of minimum annual and percentage rent collections); (ii) bookkeeping and accounting; (iii) legal services; (iv) all general maintenance and repairs, or painting, restriping, cleaning, sweeping and janitorial services; maintenance and repair of sidewalks, curbs, and Shopping Center signs; maintenance and repair of sprinkler systems, planting and landscaping; (v) lighting and other utilities; (vi) directional signs and other markers and bumpers; (vii) personnel to implement such services including, if Lessor deems necessary, the cost of security guards; (viii) applicable real and personal property taxes and assessments on the improvements and land comprising said common areas; (ix) any governmental imposition or surcharge imposed upon Lessor or assessed against any portion of the common areas; (x) a security alarm system for the Lessees in the Shopping Center; (xi) depreciation on maintenance and operating machinery and equipment (if owned) and rental paid for such machinery and equipment (if rented); and (xii)

adequate public liability and property damage insurance on the Shopping Center building and common areas; Lessor may cause any or all of said services to be provided by any independent contractor or contractors. Anything to the contrary contained hereinabove notwithstanding, all expenses in connection with the original construction and installments of the common areas shall be at the sole cost and expense of Lessor of the Shopping Center and shall not in any event be charged to Lessee.

Should Lessor add to or make available additional common areas not originally contemplated as part of the Shopping Center, then said expenses in connection with maintenance of said common areas shall also include all of the aforementioned expenses incurred and paid in connection with said additional common areas.

Lessor shall at all times have the right and privilege of determining the nature and extent of the common areas and of making such changes therein and thereto which in its opinion are deemed to be desirable and for the best interest of all persons using said common areas, including but not limited to the location and relocation of driveways, entrances, exits, automobile parking spaces, the direction and flow of traffic, and all other facilities thereof. Nothing contained herein shall be deemed to create any liability upon Lessor or the Secretary for any damage to motor vehicles of customers or employees, or for loss of property within such motor vehicles.

Lessor shall also have the right to establish, change, alter and amend, and to enforce against Lessee and the other users of said common areas such reasonable rules and regulations (including the exclusion of employee's parking therefrom) as may be deemed necessary or advisable for the proper and efficient operation and maintenance of said common areas. The rules and regulations herein provided may include without limitation, the hours during which the common areas shall be open for use. Lessor may establish a system or systems of validation or other type of operation, including a system of charges against nonvalidated parking checks of users, and the Lessee agrees to conform to and abide by all such rules and regulations in its use and the use of its customers and patrons with respect to the automobile parking areas of the common areas; provided, however, that all such rules and regulations and such types of operation or validation of parking checks and other matters affecting the customers and patrons of Lessee shall apply equally and without discrimination to all parties entitled to the use of said automobile parking facilities.

Lessor reserves the right, to utilize portions of the common areas for carnival-type shows and entertainment, outdoor shows, displays, product shows, advertising purposes, community activities and other uses which, in Lessor's reasonable judgment, serve the interest of the Shopping Center or provide a community service to the Navajo community. The above shall not include any prolonged activity which directly competes with or interferes with Lessee's business or any portion of Lessee's business.

Lessor shall at all times during the term of this Lease have the sole and exclusive control of the common areas, and may at anytime during the term exclude and restrain any person from use or occupancy thereof, excepting, however, bona fide customers, patrons and service suppliers of Lessee, and other Lessees of Lessor who make use of said areas in accordance with the rules and regulations established by Lessor from time to time with respect thereto. In addition to the rights of Lessee hereunder in and to the areas in this Article referred to, it shall at all times be the duty of Lessee to keep all of said areas free and clear of any obstructions created or permitted by Lessee or resulting from Lessee's operation and to permit the use of any said areas only for normal parking and ingress and egress by the said customers, patrons, employees and agents.

If in the opinion of Lessor, unauthorized persons are using any of said areas by reason of the presence of Lessee in the premises, Lessee, upon demand of Lessor, shall enforce Lessor's rights against all such unauthorized persons by appropriate proceedings. Nothing herein shall affect the rights of Lessor at any time to remove any such unauthorized persons from said areas or to restrain the use of any said areas by unauthorized persons.

It is understood that the employees of Lessee and the other Lessees of Lessor within the Shopping Center and the employees of other businesses within the Shopping Center shall not be permitted to park their automobile in the automobile parking areas of the common areas which may be designated for patrons of the Shopping Center. Lessor agrees to furnish and/or cause to be furnished either within the Shopping Center parking area, or reasonably close thereto, space for employee parking. Lessor at all times shall have the right to designate the particular parking area to be used by any or all of such employees and any such designation may be changed. Lessee and its employees shall park their cars only in those portions of the common areas, if any, designated by Lessor.

Lessee's share of common area expenses shall be equal to Lessee's proportionate percentage. The term "Lessee's proportionate percentage" as used through this Lease shall be equal to a fraction the numerator of which is the Floor Area of the premises and the denominator of which shall be the Floor Area of all the areas available for exclusive use and occupancy by the Lessees of the Shopping Center.

The term "Floor Area" as used throughout this Lease shall be deemed to mean and include all areas for the exclusive use and occupancy by the Lessees of the Shopping Center measured for each Lessee from the exterior surface of exterior walls (and from the extensions therefore, in the case of openings) and from the center of interior partitions, including mezzanines, warehousing or storage areas, clerical or office areas, employee areas and restrooms.

Within thirty (30) days following the end of each calendar quarter or, at Lessor's option, each calendar year, Lessor shall furnish Lessee a statement covering the calendar quarter or year just expired, certified as correct by a certified public accountant or an authorized representative of the Lessor, showing the total of such common area expenses, the amount of Lessee's share of such common area expense for such calendar quarter or year and the payments made by Lessee with respect to such period as set forth in (i) through (xii) of this Article. If Lessee's share of such common area expenses exceed Lessee's payments made, Lessee shall pay Lessor the deficiency within ten (10) days after receipt of such statement. If said payments exceed Lessee's share of such common area expenses, Lessee shall be entitled to offset the excess against payments next thereafter to become due Lessor.

Failure of Lessee to pay any of the charges required to be paid under this Article 11 shall constitute a default under the terms hereof in like manner as failure to pay rental when due.

3.8 SPECIAL INSURANCE REQUIREMENT FOR SHOPPING CENTERS.

Certificates of insurance shall be addressed as follows: Navajo Nation Shopping Centers, P.O. Box 478, Window Rock, Arizona 86515

3.9 SPECIAL RECONSTRUCTION PROVISION FOR SHOPPING CENTERS.

In the event the premises be damaged by fire or other perils, covered by Lessor fire and extended coverage insurance, Lessor shall:

A. Within a period of one hundred and eighty (180) days thereafter, commence repairs, reconstruction and restoration of said premises and prosecute the same diligently to completion, in which event this Lease shall continue in full force and effect; or

B. In the event of a partial or total destruction of the premises, only during the last three (3) years of the term hereof, Lessor and Lessee shall each have the option to terminate this Lease upon giving written notice to the other of exercise thereof within thirty (30) days after such destruction. For the purposes of this paragraph, "partial destruction" shall be a destruction of an extent of at least thirty-three and one-third percent (33 1/3%) of the then full replacement cost of the premises as of the date of destruction.

All insurance proceeds, in the case of reconstruction shall be held in trust and applied to the payment of such reconstruction, as such reconstruction progresses.

C. In the event the premises shall be damaged as a result of any flood, earthquake, act of war, nuclear reaction, nuclear radiation or radioactive contamination, or from any other casualty not covered by Lessor's Fire and Extended Coverage Insurance, to any extent whatsoever, the Lessor may, within one hundred and eighty (180) days following the date of such damage, commence repair, reconstruction or restoration of said premises and prosecute the same diligently to completion; in which event this Lease shall continue in full force and effect, or within said period elect not to so repair, reconstruct or restore said premises in which event this Lease shall cease and terminate. In either such event, Lessor shall give the Lessee written notice of its intention within said period.

D. In the event of any reconstruction of the premises under this Article said reconstruction shall be in strict conformity with the provisions of this Lease set forth as "Description of Lessor's Work" and "Description of Lessee's Work." Notwithstanding that all reconstruction work shall be performed by Lessor's contractor, unless Lessor shall otherwise agree in writing, Lessor's obligation to reconstruct the premises shall be only to the extent of the work as described in "Description of Lessor's Work"; Lessee, at its sole cost and expense, shall be responsible for the repairs and restorations of all items set forth in "Description of Lessee's Work" and the replacement of its stock in trade, trade fixtures, furniture, furnishings and equipment. Lessee shall commence such installation of fixtures, equipment and merchandise promptly, upon delivery to it of possession of the premises and shall diligently prosecute such installation to completion.

E. Upon any termination of this Lease under any of the provisions of this Article, the parties shall be released thereby without further obligations to the other party coincident with the surrender of possession of the premises to the Lessor, except for items which have theretofore accrued and be then unpaid. In the event of termination, all proceeds from Lessor's Fire and Extended Coverage Insurance covering items set forth in "Description of Lessor's Work" and Lessor's premises shall go to Lessor.

F. All items of rent must abate for any period of time that Lessee is prevented from operating in the Premises due to such damage and destruction.

3.10 SIGNS.

Subject to specific requirements for each shopping center included as an attachment to each shopping center lease, and incorporated therein as a material term, Lessee shall, at its own cost and expense, install a suitable identification sign of such size, design and character as Lessor shall first approve in writing at a place or places designated by Lessor. Lessee shall maintain any such sign or other installation in good condition and repair. Other than such permitted signs, Lessee shall not place or install or suffer to be placed or installed or maintain any sign upon or outside the Premises or in the Shopping Center. Lessee shall not place or install or suffer to be placed or installed on the exterior of the Premises any awning, canopy, banner, flag, pennant, aerial, antenna or the like; nor shall Lessee place or maintain on the glass of any window or door of the Premises any sign, decoration, lettering, advertising matter, shade or blind or other thing of any kind. Lessor shall have the right, without liability and with or without notice to Lessee, to remove any signs installed by Lessee in violation of this Paragraph and to charge Lessee for the cost of such removal and/or any repairs necessitated thereby.

3.11 ADDITIONAL NOTICE REQUIREMENT FOR SHOPPING CENTERS.

In addition to all other Notice requirements in the Lease, Notices relating to Navajo Nation Shopping Centers shall be sent to:

General Manager
Navajo Nation Shopping Centers
P.O. Box 478
Window Rock, (Navajo Nation) Arizona 86515

3.12 LESSOR'S RESERVATIONS AND RIGHTS

Lessor reserves the absolute right to effect such other tenancies in the Shopping Center as Lessor, in the exercise of its sole business judgment, shall determine to best promote the interests of the Shopping Center, subject to the terms of this Lease. Lessee does not rely on the fact, nor does Lessor represent, that any specific Lessee or number of Lessees shall during the term of this Lease occupy any space in the Shopping Center. This Lease is and shall be considered to be the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations and warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this document

United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
~~XXXXXXXXXXXXXXXXXX~~
NAVAJO REGION
P. O. Box 1060
Gallup, New Mexico 87305-1060

IN REPLY
REFER TO:

542/Business Leasing

JUN 19 2002

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ms. Bonnie Frazer
United Food Stores of Arizona, Inc. , Store No. 24
900 Schofield Lane
Farmington, New Mexico 87401

Dear Ms. Frazer:

Enclosed for your use and information is the approved Business Site Lease No. CH-02-122 entered into between the Navajo Nation and United Food Stores dba 7-2-11 Food Stores. The lease purpose is to operate a convenience store: general merchandise and gasoline sales and consists of 0.500 acres more or less within Many Farms, Arizona.

Please note that other concerned parties will be provided a copy of the approved document. If you have any questions, please call T. J. Namingha at (928) 871-5939.

Sincerely,

Stephen Graham

Regional Realty Officer

Enclosure

cc: RES, Chinle Agency
Director, Economic Development
Director, Land Department
Director, Financial Services, Accounts Receivable
RBDO, Chinle, AZ

United States Department of the Interior
Bureau of Indian Affairs
Shiprock Agency
P.O. Box 3538
Shiprock, New Mexico 87420

IN REPLY REFER TO:

Real Estate Services/2N420

NOV 2 0 2012

Bonnie Frazer, President
United Food Store No. 1, Inc.
900 Schofield
Farmington, New Mexico 87401

Dear Ms. Frazer:

Enclosed is approved Lease Modification to Business Site Lease No. CH-02-122. The approved modification amends Section D (1), Rental to exclude percentage rent on gasoline sales. The lease was approved on November 13, 2012.

All concerned parties are being provided a copy of the approved lease modification by copy of this letter. Should you have any questions, please contact me at 505.368.3374.

Sincerely,

Realty Officer

Enclosure
CC: Director, Navajo Land Department w/enclosure
Director, Office of Financial Services w/enclosure
Division of Economic Development w/enclosure
Navajo Region Real Estate Services, Business Licensing Section, w/enclosure
Chinle Regional Business Development Office w/enclosure
Shiprock Regional Business Development Office w/enclosure

LEASE MODIFICATION

It is hereby agreed by and between the Navajo Nation, Lessor, and **United Food Store dba: 7-2-11 Food Stores, 900 Schofield Lane, Farmington, New Mexico 87401**, Lessee, and **AVI Risk Mgt & Ins Brokers Inc**, Surety, that the Lease covering **Lease Number CH-02-122** be modified this **4th** day of **May 2012** to provide:

Amendment to Section D (1), RENTAL to exclude percentage rent on gasoline sales to read as follows:

1. The Lessee, in consideration of the foregoing, covenants and agrees to pay in lawful money of the United States of America to the Controller of the Navajo Nation, for the use and benefit of the Lessor, the following: (NOTE: The rent may consist of a guaranteed minimal annual rent (GMAR) or a rent based on a percentage of gross, whichever is higher (commonly used for business site); A guaranteed minimal annual rent plus a percentage of gross (commonly used for Shopping Centers); or a fixed monthly rent subject to renegotiation every five years (commonly used for Industrial and Manufacturing Facilities). Be specific as to the rental terms of the Lease):

   (1) A percentage of gross receipts of business as specified below, whether such businesses are operated by Lessee, Sublessee, Assignee or operated under a management agreement

   1 to 25 years **2.0%** of **Total gross Sales receipts excluding the gasoline gross sales receipts**. [The Lease rental shall be waived (yes_, no x) for the first two years of the development period.]

   (2) The sum of **$4,800** as a Guaranteed Minimum Annual Rental (GMAR) hereunder. [Guaranteed Minimum Annual Rental shall be waived (yes _, no x) for the first two years of the development period.]

This modification does not change any of the terms and conditions, or stipulations except as specifically set forth herein. All other terms and conditions shall remain in force and effect.

Surety,

Bonnie Frazer, Lessee
United Food Stores of Arizona, Inc.

NAVAJO NATION, LESSOR

By: _____
President, Navajo Nation

Date: 9/06/2012

APPROVED: 11/13/12
Pursuant to Secretarial Redelegation Order 209
DM 8, 230 DM 1 and 3 IAM 4.

Acting Regional Director, Navajo Region
Bureau of Indian Affairs

RECEIVED
LOG IN BSL
OCT 29 2012
#101
NAVAJO REGION OFFICE
LEASES & PERMITS SECTION

THE NAVAJO NATION

RUSSELL BEGAYE
JONATHAN NEZ

EXHIBIT 4

June 19, 2018

MEMORANDUM

TO: Sally Yabeny, Senior EDS
Regional Business Development Office
Division of Economic Development

FROM: Lena D Arviso
Lena D. Arviso, Accounting Manager
Accounts Receivable Section, OOC

SUBJECT: **"Navajo Business and Procurement Act clearance check"**

Pursuant to your memorandum dated June 18, 2018 *(Received in Account Receivable on 06/18/2018 @ 2:40 p.m.)* seeking a procurement clearance check on the following Business is as follows:

United Food Stores of Arizona, Inc. **AKA:** **United Food Stores No. 1 Inc.** **DBA:** **7-2-11 Food Stores** EIN# 85-0167035 EIN# 85-0233909 **900 Schofield Lane** **Farmington, NM 87401** **Tobi Chapin, Vice President**	**BSL# SR01-167** AB# 219502 Store# 20 Location: Shiprock, NM	$ 0.00	**Procurement cleared.** This business site has a credit balance of ($7,029.53) as of 06/19/2018. The financial statements are current.
	BSL# FD88-135 AB# 219504 Store# 31 Location: Ft. Defiance, AZ	$ 0.00	**Procurement cleared**. This business site has a credit balance of ($3,064.14) as of 06/19/2018. The BSL will expire on 09/30/2018 & Holdover GMAR will become effective 10/01/2018. The financial statements are current.
	BSL# CH02-122 AB# 248812 Store # 24 Location: Many Farms, AZ	$ 0.00	**Procurement cleared.** This business site has a credit balance of ($7,791.57) as of 06/19/2018. The financial statements are current.
	BSL# TC02-205A AB# 186156 Store# 27 Location: Tuba City, AZ	$ 0.00	**Procurement cleared.** This business site has a credit balance of ($7,914.20) as of 06/19/2018. The financial statements are current.

The Navajo Nation reserves the right to rescind and revise the procurement clearance when and if any information becomes available regarding the businesses eligibility status.

Thank you for complying with the **"NNB&P ACT".** Our office requests that all relevant information of the individual(s) / business (es) is provided to ensure accurate clearance check. The information contained in this memorandum is privileged and confidential. Therefore, when disseminating this information block out information that is not applicable if this procurement memo is to be included.

Should you have any questions, please contact Accounts Receivable Section at 871-6770. Thank you.

mj

CC: Accounts Receivable

EXHIBIT
tabbies
5

THE NAVAJO NATION

RUSSELL BEGAY
PRESIDENT

OFFICE OF THE NAVAJO TAX COMMISSION
Post Office Box 1903 • Window Rock, Navajo Nation (Arizona) 86515-1903
(928) 871-6681 • (928) 871-7608 FAX

JONATHAN NEZ
VICE-PRESIDENT

COPY

MEMORANDUM

JUN 18 2018

TO : Sally A. Yabeny, Senior EDS
Division of Economic Development
Regional Business Development Office

FROM : Levon Smiley, Tax Compliance Officer
Office of the Navajo Tax Commission

DATE : June 06, 2018

SUBJECT : United Food Stores of Arizona, Inc. aka United Food Stores No. 1 dba 7-2-11 Food Stores Compliance Status With Office of the Navajo Tax Commission.
Lease No. CH-02-122
Lease No. FD-88-135
Lease No. TC-02-205A
Lease No. SR-01-167

Per your request, our office has reviewed The Office of the Navajo Tax Commission files for United Food Stores of Arizona, Inc. aka United Food Stores No. 1 dba 7-2-11 Food Stores. United Food Stores of Arizona, Inc. aka United Food Stores No. 1 dba 7-2-11 Food Stores currently is ***In Compliance*** with our office under the sales tax requirements.

If you have any questions or need further clarification, contact me directly at (928) 871-7130.

cc: Taxpayer File
Chrono

EXHIBIT
tabbies
6

NAVAJO NATION
CORPORATION CODE

CERTIFICATE OF GOOD STANDING

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, the Director of the Business Regulatory Department, DO HEREBY CERTIFY that ***UNITED FOOD STORE NO. 1, INC.***
File Number: 100078

a Corporation organized under the laws of the Navajo Nation Corporation Act, did incorporate on July 17, 1990.

I FURTHER CERTIFY that this corporation has filed all affidavits and annual reports and has paid all annual filing fees required to date and, therefore, is in good standing within the Navajo Nation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Navajo Nation Corporation Code. Done at Window Rock, the Capital of the the Navajo Nation, this 12th day of March, 2018 A.D.

Beverly J. Coho
Director, Business Regulatory
Division of Economic Development

7306 BUTLER'S

EXHIBIT 7 tabbies

Document No. 010527 Date Issued: 06/20/2018

EXECUTIVE OFFICIAL REVIEW

Title of Document: Assignment of Lease No. CH-02-122 Contact Name: YABENY, SALLY A

Program/Division: DIV. OF ECONOMIC DEVELOPMENT

Email: syabeny@frontiernet.net Phone Number: (505)368-1315

				Sufficient	Insufficient
[X]	**Business Site Lease**				
	1. Division:		Date: 7-19-18	[X]	[ ]
	2. Office of the Controller:		Date: 7/26/18	[✓]	[ ]
	(only if Procurement Clearance is not issued within 30 days of the initiation of the E.O. review)				
	3. Office of the Attorney General:		Date: 8/16/18	[✓]	[ ]
[ ]	**Business and Industrial Development Financing, Veteran Loans, (i.e. Loan, Loan Guarantee and Investment) or Delegation of Approving and/or Management Authority of Leasing transactions**				
	1. Division:		Date:	[ ]	[ ]
	2. Office of the Attorney General:		Date:	[ ]	[ ]
[ ]	**Fund Management Plan, Expenditure Plans, Carry Over Requests, Budget Modifications**				
	1. Office of Management and Budget:		Date:	[ ]	[ ]
	2. Office of the Controller:		Date:	[ ]	[ ]
	3. Office of the Attorney General:		Date:	[ ]	[ ]
[ ]	**Navajo Housing Authority Request for Release of Funds**				
	1. NNEPA:		Date:	[ ]	[ ]
	2. Office of the Attorney General:		Date:	[ ]	[ ]
[ ]	**Lease Purchase Agreements**				
	1. Office of the Controller: (recommendation only)		Date:	[ ]	[ ]
	2. Office of the Attorney General:		Date:	[ ]	[ ]
[ ]	**Grant Applications**				
	1. Office of Management and Budget:		Date:	[ ]	[ ]
	2. Office of the Controller:		Date:	[ ]	[ ]
	3. Office of the Attorney General:		Date:	[ ]	[ ]
[ ]	**Five Management Plan of the Local Governance Act, Delegation of an Approving Authority from a Standing Committee, Local Ordinances (Local Government Units), or Plans of Operation/Division Policies Requiring Committee Approval**				
	1. Division:		Date:	[ ]	[ ]
	2. Office of the Attorney General:		Date:	[ ]	[ ]
[ ]	**Relinquishment of Navajo Membership**				
	1. Land Department:		Date:	[ ]	[ ]
	2. Elections:		Date:	[ ]	[ ]
	3. Office of the Attorney General:		Date:	[ ]	[ ]

Pursuant to 2 N.N.C. § 164 and Executive Order Number 07-2013

NAVAJO NATION DEPARTMENT OF JUSTICE

DOCUMENT REVIEW REQUEST FORM

RECEIVED JUL 27 2018 DEPARTMENT OF JUSTICE RECEPTIONIST DESK

DOJ
7-27-18 @ 434p
DATE / TIME
☐ 7 Day Deadline
DOC #: 010527
SAS #:
UNIT: Econ

☐ RESUBMITTAL

*** FOR NNDOJ USE ONLY - DO NOT CHANGE OR REVISE FORM. VARIATIONS OF THIS FORM WILL NOT BE ACCEPTED. ***

CLIENT TO COMPLETE

DATE OF REQUEST:	6/20/2018	DIVISION:	Division of Economic Development
CONTACT NAME:	Sally A. Yabeny	DEPARTMENT:	Regional Business Dev. Office, SROCK
PHONE NUMBER:	505/368-1315	E-MAIL:	syabeny@frontiernet.net

TITLE OF DOCUMENT: Submitting DOC NO. 010527. : Proposed BSL No. CH-02-122 for review and surname process to be placed on RDC agenda for approval.

DOJ SECRETARY TO COMPLETE

DATE/TIME IN UNIT: JUL 27 2018 5pm

REVIEWING ATTORNEY/ADVOCATE: Lillian Schwales

DATE TIME OUT OF UNIT:

DOJ ATTORNEY / ADVOCATE COMMENTS

Legally Sufficient

REVIEWED BY: (*Print*)	Date / Time	SURNAMED BY: (*Print*)	Date / Time
Lillian L. Schwales	8/6/18 3:49pm		8/6/18 358pm

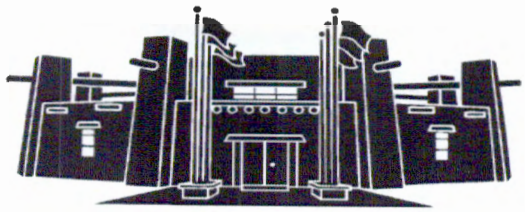
DOJ Secretary Called: Jennifer Jones for Document Pick Up on 8/6/18 at 4:51p By: M

PICKED UP BY: (*Print*) DATE / TIME:

NNDOJ/DRRF-July 2013

RECEIVED JUL 27 2018 BUSINESS REGULATORY DEVELOPMENT UNIT

Office of Legislative Counsel
Telephone: (928) 871-7166
Fax # (928) 871-7576



Honorable LoRenzo Bates
Speaker
23rd Navajo Nation Council

MEMORANDUM

TO: Honorable Davis Filfred
Mexican Water, To'likan, Teesnospos, Aneth, Red Mesa Chapters

FROM: Mariana Kahn
Mariana Kahn, Attorney
Office of Legislative Counsel

DATE: September 11, 2018

SUBJECT: PROPOSED STANDING COMMITTEE RESOLUTION; AN ACTION RELATING TO RESOURCES AND DEVELOPMENT; APPROVING THE ASSIGNMENT OF BUSINESS SITE LEASE CH-02-122 FROM UNITED FOOD STORES, INC., DBA 7-2-11 FOOD STORES TO FUELCO US, LLC

Pursuant to your request, attached is the above-referenced proposed resolution and associated legislative summary sheet. Based on existing law, the resolution as drafted is legally sufficient. However, as with all legislation, it is subject to review by the courts in the event of a challenge.

The Office of Legislative Council confirms the appropriate review is with the Standing Committees and the Navajo Nation Council. Nevertheless, "the Speaker of the Navajo Nation Council shall introduce [the proposed resolution] into the legislative process by assigning it to the respective oversight committee(s) of the Navajo Nation Council having authority over the matters for proper consideration." 2 N.N.C. § 164(A)(5).

Please review the proposed resolution to ensure it is drafted to your satisfaction. If this proposed resolution is acceptable to you, please sign it where it indicates "Prime Sponsor", and submit it to the Office of Legislative Services for the assignment of a tracking number and referral to the Speaker.

If the proposed resolution is unacceptable to you, or if you have further questions, please contact me at the Office of Legislative Counsel and advise me of changes you would like made to the proposed resolution. You may contact me at (928) 871-7166. Thank you.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION

LEGISLATION NO: _0304-18_____ SPONSOR: Davis Filfred

TITLE: An Action Relating to Resources and Development; Approving the Assignment of Business Site Lease CH-02-122 from United Food Stores, Inc., DBA 7-2-11 Food Stores, to FUELCO US, LLC

Date posted: September 12, 2018 at 2:24pm

Digital comments may be e-mailed to comments@navajo-nsn.gov

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7590

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

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THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW SUMMARY

LEGISLATION NO.: 0304-18

SPONSOR: Honorable Davis Filfred

TITLE: An Action Relating to Resources and Development; Approving the Assignment of Business Site Lease CH-02-122 from United Food Stores, Inc., DBA 7-2-11 Food Stores, to FUELCO US, LLC

Posted: September 12, 2018 at 2:24pm

5 DAY Comment Period Ended: September 17, 2018

Digital Comments received:

Comments Supporting	***None***
Comments Opposing	***None***
Inconclusive Comments	***None***

Legislative Secretary II
Office of Legislative Services

9/18/2018 9:18 am
Date/Time