

**CITY OF SANTA FE  
AMENDMENT #3 TO  
THE LEASE AGREEMENT BETWEEN THE CITY OF SANTA FE AND GARSON STUDIOS  
SANTA FE LLC, A NEW MEXICO LIMITED LIABILITY COMPANY**

This Amendment # 3 (the "Amendment #3") to the City of Santa Fe Lease Agreement ("Lease"), Item #19-0341, dated May 9, 2019, as amended by Amendment #1, Item #20-0257, dated May 27<sup>th</sup>, 2020 (the "Amendment #1"), as amended by Amendment #2, Item #21-0033, dated February 27, 2021 (the "Amendment #2") between the CITY OF SANTA FE, New Mexico ("City", "Lessor") and GARSON STUDIOS SANTA FE LLC, a New Mexico limited liability company ("GSSF", Lessee) (collectively the "Parties") is hereby made and shall be effective on August 31st (Pick a GB Meeting Date), 2022.

**RECITALS:**

- A. The Lessor and Lessee are parties to the Lease under which the Lessee leases a portion of the Lessor-owned real property, referred to as the Midtown Campus (hereinafter "**Midtown Campus**"), and generally located at 1600 St. Michaels Drive in the City of Santa Fe, NM. The Premises delineated in Section 1(A) and **Exhibit A** of the Lease are located within the Midtown Campus. The Lease, Amendments, and this Amendment #3 to the Lease are to facilitate the continued commercial use of the Premises for film, television, and media production.
- B. The Parties to the Lease understand that the Premises and Grounds on the Midtown Campus are the subject of a development process for the redevelopment and eventual disposition of the campus to be developed over the course of the next several years. The development program at the Midtown Campus includes the ongoing operations and expansion of the film and multi-media production uses, as well as film production school and training.
- C. The Parties wish to solely modify Section 3, of the Lease as set forth herein, and to keep all remaining Sections of Amendment # 2 and the underlying Lease intact.

**WITNESSETH:**

In consideration of Lessee's promises herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree that the Lease be amended as follows:

**AMENDMENT:**

**1. Amendments to Section 3, "Term," of the Lease.**

A. By this Amendment, Section 3, "Term," of the Lease, as amended by Amendment #2, is hereby amended to add Section 3(C) as follows:

C. Request to Utilize Holdover Extensions. Lessee may request to use several Holdover Extensions, or all the Holdover Extensions, to obtain a license with a production company for a longer term. For the purpose of enabling a license for a longer term, the City may, at its

sole discretion, grant several Holdover Extensions or all of the Holdover Extensions, extending through August 26, 2024. If the Lessee does not obtain a license for the entire period of the requested Holdover Extensions, then the approval for extensions shall be co-terminus with the period of the license obtained. Approval for the granting of this provision is pursuant to Section 32 of the Lease. In the event the City approves Holdover Extensions pursuant to this Amendment #3, the parties both waive any right to terminate the Lease without cause pursuant to Section 16 (B) of the Lease as amended in Amendment #2 during the period of such Holdover Extensions approved by the City.

Except as specifically provided in this Amendment #3, the Lease and Amendments #1 and #2 remain and shall remain in full force and effect, in accordance with its term.

IN WITNESS WHEREOF, the parties have executed this Amendment #3 as of this 6th day of September, 2022.

LESSOR:  
CITY OF SANTA FE



ALAN WEBBER, MAYOR

APPROVED AS TO FORM FOR LEGAL SUFFICIENCY:



ERIN K. MCSHERRY, CITY ATTORNEY

APPROVED AS TO FINANCE:



Alexis Lotero (Sep 5, 2022 20:51 MDT)

ALEXIS LOTERO, INTERIM FINANCE DIRECTOR

5256175.460150

Business Unit/Line Item



ATTEST:



KRISTINE M. MIHELICIC, CITY CLERK

GB MTG 08/31/2022

LESSEE:  
GARSON STUDIOS SANTA FE, LLC

CLAUDIO RUBEN, PRINCIPAL

STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF SANTA FE )

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of June  
2022, by CLAUDIO RUBEN, the Principal of Garson Studios Santa Fe LLC, a New Mexico limited liability  
company.

JESSICA LOYA  
Notary Public - State of New Mexico  
Commission # 1137816  
My Comm. Expires Apr 20, 2026

Notary Public  
My commission expires: April 20, 2026



**CITY OF SANTA FE  
AMENDMENT # 2 TO  
THE LEASE AGREEMENT BETWEEN THE CITY OF SANTA FE AND GARSON STUDIOS  
SANTA FE LLC, A NEW MEXICO LIMITED LIABILITY COMPANY**

This Amendment # 2 (the "Amendment #2") to the City of Santa Fe Lease Agreement ("Lease"), Item # 19-0341, dated May 9, 2019, as amended by Amendment # 1, Item # 20-0257, dated May 27<sup>th</sup>, 2020 (the "Amendment #1") between the CITY OF SANTA FE, New Mexico ("City", "Lessor") and GARSON STUDIOS SANTA FE LLC, a New Mexico limited liability company ("GSSF", Lessee) (collectively the "Parties") is hereby made and shall be effective on February 27<sup>th</sup>, 2021.

**RECITALS:**

- A. The Lessor and Lessee are parties to the Lease under which the Lessee leases Lessor-owned real property, referred to as the Midtown campus (hereinafter "**Midtown Campus**"), and generally located at 1600 St. Michaels Drive in the City of Santa Fe, NM. The Premises delineated in Section 1(A) and **Exhibit A** of the Lease are located within the Midtown Campus. The Lease and this Amendment # 2 to the Lease are to facilitate the continued commercial use of the Premises for film, television, and media production.
- B. By virtue of the Term currently in effect under Amendment # 1, Section 2(A) (amending Section 3(A) of the Lease), and under the Shelter in Place Extension under Amendment # 1, Section 2(C) (amending Section 3(E) of the Lease), the Term of this lease has been extended through February 26, 2021.
- C. The Parties to the Lease understand that the Premises and Grounds on the Midtown Campus are the subject of a Request for Expressions of Interest process ("**RFEI**") for the redevelopment and eventual disposition of the campus to be developed over the course of the next several years. The development program at the Midtown Campus includes the ongoing operations and expansion of the film and multi-media production uses, as well as film production school and training.
- D. The parties wish to solely modify Sections 1, 3, 4, and 16 of the Lease as set forth herein, and to keep all remaining Sections of Amendment # 1 and the underlying Lease intact.

**WITNESSETH:**

In consideration of Lessee's promises herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree that the Lease be amended as follows:

**AMENDMENT:**

**1. Amendments to Section 1, "Premises Granted," of the Lease and Amendment #1.**

- A. By this Amendment, Section 1(A), "Exclusive Use," of the Lease, as amended by Section 1(A) of Amendment # 1, is hereby removed and replaced in its entirety with the following:





A. Exclusive Use. Lessor allows Lessee to exclusively use and occupy, and subject to the terms and conditions of this Lease, that certain portions of existing Lessor-owned property, as described below and shown on **Exhibit A** attached to the Lease and incorporated herein (the "**Premises**"). The Premises consists of the following Lessor-owned real property located at 1600 St. Michael's Drive, Santa Fe, New Mexico and includes the Lessor's personal property within it:

<u>Garson Studios Area</u>	<u>Quantity</u>
Department Head Office	330 Square Feet
Stages A, B & C and Production Offices	29,168 Square Feet
Parking Lot G	4.6 Acres

B. By this Amendment, Section 1(C), "Non-Exclusive Ingress and Egress across Grounds," of the Lease, as amended by Section 1(B) of Amendment # 1, is hereby removed and replaced in its entirety with the following:

C. Non-Exclusive Ingress and Egress across Grounds. Lessor grants the Lessee non-exclusive ingress and egress to the Premises through the Lessor-owned property at Midtown campus located at 1600 St. Michael's Drive in Santa Fe, New Mexico described and shown on **Exhibit B** (the "**Grounds**"), subject to any existing or future leases, licenses, permitted uses or occupancies by others by the Lessor, upon portions of property on the Grounds that the Lessor may, without limitation, enter into or assign.

## 2. Amendments to Section 3, "Term," of the Lease.

A. By this Amendment, Section 3(A), "Term," of the Lease, as amended by Section 2(A) of Amendment # 1, is hereby removed and replaced in its entirety with the following:

A. Term. The term of this Lease, (the "**Term**"), commenced at 12:00 a.m. on the Effective Date of the Lease. The Lease shall terminate at midnight on August 26, 2022.

B. By this Amendment, Section 3(B), "Twenty-Four Month Maximum Holdover," of the Lease, as set forth in Section 2(B) of Amendment # 1, is hereby removed and replaced in its entirety with the following:

B. Holdover Extensions. Six (6) months prior to the expiration of the Term of this Lease or any Holdover Extension previously granted by the City pursuant to this Section 3(B), the City may at its sole discretion grant the Lessee a six (6) month extension of the Lease's term then in effect (each such period being a "**Holdover Extension**"). There may be up to four (4) such Holdover Extensions of six (6) months each.

## 3. Amendment to Section 4, "Use of Premises and Grounds," of the Lease.

A. By this Amendment, Section 4(A), "Licensed Use," of the Lease, as amended by Section 3(A) of Amendment # 1, shall be removed and replaced in its entirety with the following:

A. Licensed Use; Adjustment of Premises Footprint During Term. Lessee shall use the Premises for the purpose of licensing its use by film, television, and media production entities ("**Production Entities**") to produce films, broadcast media, or television shows ("**Films**") and for the purposes of commercial uses associated with the Production Entities'

Allowed Use of the property. Lessee shall not license or otherwise encumber the Premises or Grounds for any other purpose without Lessor's prior written approval.

**4. Amendments to Section 16, "Termination," of the Lease.**

A. By this Amendment, Section 16(A), "Termination by Lessor," of the Lease, as amended by Section 7(A) of Amendment # 1, is hereby removed and replaced in its entirety with the following:

A. Termination for Cause by Lessor. In addition to Lessor's right of non-renewal as described in Section 3(B) of this Lease, Lessor may only terminate this Lease for cause upon Lessee's failure to comply with any provisions contained herein. Prior to termination for cause, Lessor shall hand-deliver or mail notice to Lessee via certified or registered mail specifying:

- (i) the breach by Lessee;
- (ii) the action required by Lessee to cure the breach;
- (iii) a date, not less than fifteen (15) days from the date the notice is hand-delivered or mailed to Lessee, by which such breach must be cured; and
- (iv) that failure to cure the such breach on or before the date specified in the notice will result in termination of the Lease.

B. By this Amendment, Section 16(B), "Termination by Lessee," of the Lease, is hereby removed and replaced with the following:

B. Termination Without Cause by Lessee or Lessor. Lessee may terminate this Lease with written notice to Lessor at least one-hundred eighty (180) days prior to the termination date. Lessor may terminate this Lease in the exercise of its right of non-renewal pursuant to Section 3(B) of this Lease with written notice to Lessee at least one-hundred eighty (180) days prior to the expiration of the Term or any Holdover Extension then in effect.

Except as specifically provided in this Amendment # 2, the Lease and Amendment # 1 remains and shall remain in full force and effect, in accordance with its term.

IN WITNESS WHEREOF, the parties have executed this Amendment #2 as of this 15th day of February \_\_\_\_\_, 2021.

LESSOR:  
CITY OF SANTA FE



ALAN WEBBER, MAYOR

APPROVED AS TO FORM FOR LEGAL SUFFICIENCY:

Andrea Salazar  
ERIN K. MCSHERRY, CITY ATTORNEY

APPROVED AT TO FINANCE:

Mary McCoy  
MARY T. MCCOY, FINANCE DIRECTOR

ATTEST:

Kristine M. Mihelcic  
Kristine Mihelcic (Feb 15, 2021 23:34 MST)  
KRISTINE M. MIHELICIC, CITY CLERK GC  
GB MTG 02/10/2021





**CITY OF SANTA FE  
AMENDMENT # 1 TO  
THE LEASE AGREEMENT BETWEEN THE CITY OF SANTA FE AND GARSON STUDIOS  
SANTA FE LLC, A NEW MEXICO LIMITED LIABILITY COMPANY**

This Amendment No. 1 (the "Amendment") is an amendment to the City of Santa Fe Lease Agreement ("Lease"), Item # 19-0341, dated May 9, 2019, between the CITY OF SANTA FE, New Mexico ("City", "Lessor") and GARSON STUDIOS SANTA FE LLC, a New Mexico limited liability company ("GSSF", Lessee) (collectively the "Parties") shall be effective on \_\_\_\_\_, 2020.

**RECITALS:**

- A. The Lessor and Lessee are parties to the Lease under which the Lessee leases Lessor-owned real property, referred to as the Midtown campus (hereinafter "**Midtown Campus**"), and generally located at 1600 St. Michaels Drive in the City of Santa Fe, NM. The Premises delineated in Section 1(A) and Exhibit A of the Lease are located within the Midtown Campus. The Lease and this Amendment No. 1 to the Lease are to facilitate the continued commercial use of the Premises for film, television, and media production.
- B. By virtue of the holdover period currently in effect under Section 3(B) of the Lease, the original Term set forth in Section 3(A) of the Lease has previously been extended through November 8, 2020.
- C. The Parties to the Lease understand that the Premises and Grounds on the Midtown Campus are the subject of a Request for Expressions of Interest ("**RFEI**") for redevelopment and will be disposed of and developed over the course of the next several years. The development program at the Midtown Campus includes the ongoing operations and expansion of the film and multi-media production uses, as well as film production school and training.
- D. The parties wish to solely modify Sections 1, 3, 4, 5, 6, 10, and 16 of the Agreement and to keep all remaining Sections of the Agreement intact.

**WITNESSETH:**

In consideration of Lessee's promises herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree that the Lease be amended as follows.

**AMENDMENT:**

**1. Amendments to Section 1, "Premises Granted," of the Lease.**

- A. Section 1(A) description of the "Premises" that are the subject of the Lease shall be amended to include the Lessor-owned real property at 1600 St. Michael's Drive, Santa Fe, New Mexico, including Lessor's personal property within it, as described in "**Exhibit 1**" to this Amendment.

B. Section 1(C), "Non-Exclusive Ingress and Egress across Grounds," of the Lease is hereby amended to add the following conclusory sentence at the end of the paragraph:

Notwithstanding any other provision in this Lease, Lessor may also impose reasonable restrictions on Lessee's ingress and egress, and other limitations on Lessee's use of the Grounds, based on construction or future development of the Grounds, provided Lessor provides Lessee with at least 90 days' notice in writing of any such limitation on use.

**2. Amendments to Section 3, "Term," of the Lease.**

A. By this Amendment, Section 3(A), "Term," of the Lease is hereby removed and replaced with the following:

A. Term. The term of this Lease, (the "Term"), commenced at 12:00 a.m. on the Effective Date of the Lease. The Term of this lease shall terminate at midnight on November 8, 2020.

B. Section 3(B), "Thirty-Six Month Maximum Holdover," of the Lease is hereby removed and replaced with the following:

B. Twenty-Four Month Maximum Holdover.

(i) In the event Lessee enters into a third-party license agreement with Big Sky Productions, LLC, or its designee, (hereinafter "Production Entity"), for any use of the Premises authorized under the Lease, then the Term of the Lease shall be automatically extended to midnight on July 31, 2021, provided that Lessee must notify Lessor or its successor(s) in interest in writing on or before August 31, 2020, that this contingency has been met; and

(ii) In the event the Production Entity exercises an option for a second year of production on the Premises pursuant to the terms and conditions of the third-party license agreement being contemplated between Lessee and the Production Entity, then the Term of the Lease shall be automatically extended to midnight on July 31, 2022, provided that Lessee must notify Lessor or its successor(s) in interest in writing on or before June 30, 2021, that this contingency has been met.

C. The following language shall be added to the Lease as Section 3(E):

E. Shelter in Place Extension. In the event the State of New Mexico or any other relevant local, state or federal authority issues a "shelter in place" order, or similar emergency order, regarding COVID-19 that directly prevents the full use of the Premises by Lessee or Lessee's licensees for its intended use stated within the License, then the Term of this Lease, or any holdover period then in effect, shall automatically be extended for a period equal to the duration of the emergency order's prevention of the Lessee's or licensees' full use of the Premises.

D. The following language shall be added to the Lease as Section 3(F):



F. Other Production Delays. In the event any Allowed Uses that are the subject of a third-party license agreement between Lessee and the Production Entity, are delayed for a period in excess of 14 days due to circumstances outside Lessee's control, then the Term of this Lease, or any holdover period then in effect, shall automatically be extended for a period equal to the full duration of each such production delay. Such extensions may not exceed three (3) months cumulatively.

E. The following language shall be added to the Lease as Section 3(G):

G. Disposition and Development Agreement. It is understood and agreed that Lessor intends to enter into a Disposition and Development Agreement (DDA) with a master developer during the Term of this Lease. Notwithstanding the execution of any such DDA, this Lease shall remain in full force and effect as against Lessor or its successor(s) in interest unless and until it expires or is terminated as set forth herein.

3. **Amendment to Section 4, "Use of Premises and Grounds," of the Lease.**

A. Section 4(A), "Licensed Use," shall be removed and replaced with the following:

A. Licensed Use; Adjustment of Premises Footprint During Term. Lessee shall use the Premises for the purpose of licensing its use by film, television, and media production entities ("Production Entities") to produce films, broadcast media, or television shows ("Films") and for the purposes of commercial uses associated with the Production Entities' Allowed Use of the property. Lessee shall not license or otherwise encumber the Premises or Grounds for any other purpose without Lessor's prior written approval.

Although the Premises includes Lot G for parking, Lessor and its successor(s) in interest reserve the right, commencing on August 1, 2021, to exclude portions of Lot G from the Premises for the purpose of future development of the Midtown Campus. If the Lessor excludes portions of Lot G, Lessor shall thereafter provide Lessee comparable access and parking for the Premises during the remainder of the Term, and any holdover period granted to Lessee.

B. Section 4(B), "Allowed Uses," of the Lease shall be removed and replaced with the following:

B. Allowed Uses. The Lessee may allow its licensees to use and occupy the Premises for Film production, production office, parking, and storage uses related to the Films ("Allowed Uses"). Other than the limited rights of ingress and egress upon the Grounds as set forth in Section 1(C) of this Lease, Allowed Uses does not include any license or use of the Grounds by Lessee or its licensees without prior written approval by Lessor. Production of obscene material, deemed by the Supreme Court of the United States as not protected by the First Amendment of the U.S. Constitution, is expressly understood to be prohibited and not an Allowed Use. Failure of the Lessee to restrict the use of the Premises as provided herein shall be deemed a substantial breach of this Lease and may constitute grounds for immediate termination by Lessor.

4. **Amendment to Section 5, "Licenses" of the Lease**

1. Delete in its entirety Section 5 (D) of the Agreement and replace with the following:

D. Lessor Approval Required. Prior written approval by the Lessor shall be required before Lessee may enter into any License agreement. Lessee shall get written approval from the City prior to offering and negotiating areas within the Premises and Grounds to ensure coordination with the disposition and development plans between the City and master developer. Prior to executing a License Agreement between the Lessee and the Production Entity, the Lessee shall submit a License Use Summary ("License Use Summary") to the Lessor for approval. Once approved by the City, the License Use Summary shall become an Exhibit to the completed License Agreement between the Lessee and the Production Entity. Said License Use Summary shall, at a minimum, include the following information: (a) Name of Production Entity, including the name of corporate entity and affiliates, contact information of authorized corporate entity; (b) Identification of area of Premises and Grounds to be licensed to the Production Entity; (c) Specific use of Premises and Grounds; (d) Term of use of Premises and Grounds. The Lessor maintains the right to request additional information to review and provide License Agreement approval.

5. Amendment to Section 6, "Rent," of the Lease.

A. Section 6(A)(i) of the Lease is deleted and replacing with the following:

(i) Base Rent. "Base Rent" shall be the base rent for each month for the Premises or the Temporarily Reduced Premises shall be calculated pursuant to Exhibit 1 of this Amendment. Base Rent shall also include areas of Grounds included in the License, which shall be calculated based on the Market Rent Appraisal attached in "Exhibit 2" to this Amendment, as may be amended at the Lessor's sole discretion.

6. Amendment to Section 10, "Assignment or Transfer; No Subleasing of the Lease.

A. The following language shall be added to the Lease as Section 10(b) to the Agreement:

b. Lessor may assign or otherwise transfer its rights under this Lease to another Lessor, upon written notice to Lessee.

7. Amendment to Section 16, "Termination," of the Lease.

A. Section 16(A), "Termination by Lessor," of the Lease is hereby removed and replaced with the following:

A. Termination by Lessor. Lessor may only terminate this Lease for cause upon Lessee's failure to comply with any provisions contained herein. Prior to termination for cause, Lessor shall hand-deliver or mail notice to Lessee via certified or registered mail specifying:

- (i) the breach by Lessee;
- (ii) the action required by Lessee to cure the breach;
- (iii) a date, not less than fifteen (15) days from the date the notice is hand-delivered or mailed to Lessee, by which such breach must be cured; and
- (iv) that failure to cure the such breach on or before the date specified in the notice will result in termination of the Lease.

Except as specifically provided in this Amendment #1, the Agreement remains and shall remain in full force and effect, in accordance with its term.

IN WITNESS WHEREOF, the parties have executed this Amendment #1 as of this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

LESSOR:  
CITY OF SANTA FE

  
ALAN WEBBER, MAYOR

APPROVED AS TO FORM FOR LEGAL SUFFICIENCY:

/s/ Andréa Salazar for  
ERIN K. MCSHERRY, CITY ATTORNEY

APPROVED AT TO FINANCE:

  
MARY T. MCCOY, FINANCE DIRECTOR

ATTEST:

  
Kristine Mihelcic (Feb 3, 2021 12:07 MST)

YOLANDA Y. VIGIL, CITY CLERK

QB 5/27/00

LESSEE:  
GARSON STUDIOS SANTA FE, LLC





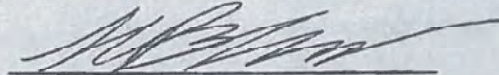
CLAUDIO RUBEN, PRINCIPAL

STATE OF NEW MEXICO)

) ss.

COUNTY OF SANTA FE )

The foregoing instrument was acknowledged before me this 9<sup>th</sup> day of June 2020, by CLAUDIO RUBEN, the Principal of Garson Studios Santa Fe LLC, a New Mexico limited liability company.

  
Notary Public

My commission expires:



OFFICIAL SEAL  
RANDALL BROKESHOULDER  
NOTARY PUBLIC - STATE OF NEW MEXICO

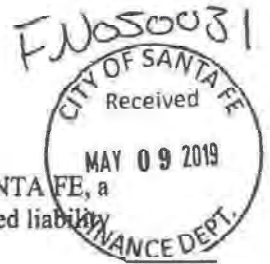
My Commission Expires 04/20/2022

KDC/Cienda acknowledges that the City consulted with them before modifying these lease terms pursuant to Section 3.1 of the parties exclusive negotiation agreement period:

\_\_\_\_\_  
Scott Ozymy, Vice President of KDC Cienda  
SF Investments One GP LLC, a Texas limited liability company

ITEM # 19-0341

LEASE AGREEMENT  
GARSON STUDIOS  
1600 ST. MICHAEL'S DRIVE  
SANTA FE, NEW MEXICO



This LEASE AGREEMENT ("Lease") is made and entered into by and between the CITY OF SANTA FE, a municipal corporation ("Lessor") and GARSON STUDIOS SANTA FE LLC, a New Mexico limited liability company ("Lessee"), collectively the "Parties".

**WITNESSETH:**

In consideration of the Lessee's promises herein, Lessor grants Lessee a Lease, terminable as hereinafter provided, to enter on and make use of the real property of Lessor as follows:

**1. PREMISES GRANTED**

A. Exclusive Use. Lessor allows Lessee to exclusively use and occupy, and subject to the terms and conditions of this Lease, that certain portion of existing Lessor-owned property, as described below and shown on Exhibit A attached hereto and incorporated herein (the "Premises"). The Premises consists of the following Lessor-owned real property located at 1600 St. Michael's Drive, Santa Fe, New Mexico and includes the Lessor's personal property within it:

<u>Garson Studios Area</u>	<u>Quantity</u>
Department Head Office	330 Square Feet
Stages A, B & C and Production Offices	29,168 Square Feet
Parking Lot G	4.6 Acres

B. Option to Temporarily Reduce the Premises. Lessee has the exclusive option to temporarily reduce the area of Premises if the areas to be reduced are not licensed, used, occupied or otherwise encumbered by the Lessee or any licensee of the Lessee during the period of time in which the temporary reduction occurs. Five days before the beginning of any month in which the Lessee will be exercising the option to temporarily reduce the Premises, Lessee shall notify the Lessor of the portions of the Premises which are not reduced ("Temporarily Reduced Premises"), the beginning and end dates of the reduction, and the Base Rent that will be due on the first of the month under Lease Section 6.A.

C. Non-Exclusive Ingress and Egress across Grounds. Lessor grants the Lessee non-exclusive ingress and egress to the Premises through the Lessor-owned property at Midtown campus located at 1600 St. Michael's Drive in Santa Fe, New Mexico described and shown on Exhibit B (the "Grounds"), subject to any existing or future leases, licenses, permitted uses or occupancies by others by the Lessor, upon portions of property on the Grounds that the Lessor may, without limitation, enter into or assign.

D. Condition. Lessee accepts the Premises in its present state and agrees that it is in good condition, without any representation or warranty by Lessor as to the condition of the Premises and Grounds or as to the use which may be made thereof.

**2. EFFECTIVE DATE**

This Lease shall become effective when signed by the Lessor and the Lessee, whichever occurs last (the "Effective Date").

**3. TERM**

A. Term. The term of this Lease shall commence at 12:00 a.m. on the Effective Date. The term of this Lease (the "Term") shall terminate at midnight of the day that occurs one calendar year after the Effective Date).

B. Thirty-Six Month Maximum Holdover. In the event Lessee remains in possession of the Premises after the expiration of the Term of this Lease, such possession may, at the sole option of Lessor, be continued for one or



more six-month holdover period(s) up to a maximum of thirty-six months and shall terminate no later than midnight of the day that occurs four calendar years after the Effective Date, and the terms and conditions of the Lease shall be otherwise applicable. Lessor's approval of each six-month holdover period is deemed granted unless the Lessor gives notice otherwise at any time prior to the expiration of the Term or holdover in effect at the time such notice is given, per conditions specified in Sections 16 and 18 of this Lease.

C. Validity of Licenses. The expiration or termination of this Lease shall not affect the validity of any license which has received prior written approval by the Lessor for use of the Premises, and which was made by the Lessee prior to the expiration or termination of this Lease.

D. No Renewal or Extension. This Lease may not be renewed or extended by the Parties, except as provided in Part 3.B of this Lease. If Lessee wishes to have a lease agreement at the termination or expiration of this Lease, the Lessee shall contact the Lessor at least two months prior to such expiration or termination to initiate discussions of a new lease agreement.

#### **4. USE OF PREMISES AND GROUNDS**

A. Licensed Use. Lessee shall use the Premises and Grounds for the purposes of licensing their use by film, television, and media production entities ("Production Entities") to produce films, broadcast media, or television shows ("Films") and for the purposes of commercial uses associated with the Production Entities' Allowed Use of the property.

Lessee shall not license or otherwise encumber the Premises or Grounds for any other purpose, without prior written approval by the Lessor. Lessee may use the Premises and Grounds or portions thereof for Allowed Uses which are not licenses or encumbrances without notifying or seeking consent of the Lessor.

B. Allowed Uses: The Lessee may allow its licensees to use and occupy the Premises or Grounds for Film production, production office, parking, and storage uses related to the Films ("Allowed Uses"). Other commercial uses associated with Production Entities are allowed without the prior consent of the Lessor. Production of obscene material, deemed by the Supreme Court of the United States as not protected by the First Amendment of the U.S. Constitution, is expressly understood to be prohibited and not an Allowed Use. Failure of the Lessee to restrict the use of the Premises as provided herein shall be deemed a substantial breach of this Lease and may constitute grounds for immediate termination by Lessor.

C. Improvements and Alterations. Lessee shall not develop, improve, or otherwise alter, and shall not allow others to develop, improve or otherwise alter the Premises or Grounds, without prior written approval by the Lessor. Lessee shall own any improvements that the Lessee places, or causes to be placed, on the Premises or Grounds during the Term of this Lease, unless the Parties agree otherwise in writing. Upon termination of this Lease, title to any and all such improvements shall pass to Lessor.

D. Trade Fixtures. Lessee shall not install trade fixtures on the Premises or Grounds without prior written approval by the Lessor. All trade fixtures installed by Lessee after the Effective Date of this Lease shall remain the property of Lessee, who shall remove the same upon termination of this Lease, provided that removal shall be done in such a manner as not to injure or damage the Premises or Grounds.

In the event that Lessee fails to remove the trade fixtures, Lessor may require Lessee to remove the same. In the event that Lessee fails to remove said trade fixtures after receipt of notice from Lessor, Lessor may remove and dispose of the same as it sees fit and Lessee agrees to sell, assign, transfer and set over to Lessor all of Lessee's right, title and interest in and to said trade fixtures and any personal property not removed by Lessee. Lessee further agrees that should Lessor remove said trade fixtures pursuant to this paragraph, that Lessee shall pay Lessor upon demand the cost of such removal, plus the cost of transportation and disposal thereof.

E. Repairs and Maintenance. Lessee shall not cause or allow any waste, damage, or injury to the Premises or Grounds or to any improvements made to the Premises or Grounds. Lessee shall keep and maintain the Premises in



good and clean condition at all times and shall promptly perform or cause to be performed any and all required repairs and replacements that arise within the Premises during the Term of this Lease. The cost of repairs and replacements to building systems necessary for occupancy and proper functioning of the buildings in which the Premises are located, such as HVAC, electrical, plumbing, fire alarm and suppression, and roofing systems, shall be performed by the Lessor at its sole expense.

For the purposes of this Section 4E, unless otherwise approved in advance in writing by the Lessor, Lessee's responsibilities for repairs and maintenance of the Premises shall not include major capital improvements such as repairs and replacements to major building systems such as roof membrane systems, heating/ventilation/air-conditioning systems, electrical and plumbing systems, roof and wall structural systems.

In the event Lessee fails to maintain the Premises at a standard acceptable to the Lessor as determined in Lessor's sole discretion, Lessor may terminate this Lease, in accordance with Section 16 herein.

F. Contractors. Any contractor used by the Lessee to repair, maintain or otherwise service the Premises shall be licensed, bonded and insured. These contractual arrangements and costs are the responsibility of Lessee and qualify as Operational Expenses, defined herein.

G. Weight Loads. Lessee shall not allow any vehicles or heavy equipment in the licensed stages on the Premises, without the prior written authorization of the Lessor.

H. Security Guards and Fire Protection Personnel. Lessor shall not bear any responsibility to provide, pay for or otherwise provision security guards and/or fire protection personnel, which Lessor, Lessee, or a licensee may reasonably require for the protection of their respective property and the Premises.

I. Fires, Firearms, Explosives, and Hazardous Wastes. Lessee shall not conduct any dangerous or illegal activities at the Premises or Grounds; keep any toxic, hazardous, dangerous or offensive materials on the Premises or Grounds; or keep substances or articles in or about the Premises or Grounds or any other part of the Lessor's property which will in any way impair or invalidate, or increase the premium costs of insurance policies carried by the Lessor.

Lessee shall not light fires or discharge firearms, smoke effects, or explosives on or about the Premises or Grounds without having first obtained all necessary permits from any and all appropriate governmental authorities and permission from the City's Fire Chief. Lessee shall in all cases have employed or require its licensee to employ a licensed operator to discharge firearms or explosives. Lessee shall secure or shall ensure that any licensee has secured, at the end of each production day, all firearms and explosives brought on the Premises or Grounds by Lessee or its licensee.

Lessee hereby specifically indemnifies and agrees to hold the City and the City's employees, officers, managers, agents and assignees harmless from and against any and all liability, causes of action, damages, costs or expenses, including without limitation reasonable outside attorney's fees, directly arising out of or in any way connected with the use or possession by Lessee or its licensee of firearms, fires, smoke effects, noxious gases and explosives at the Premises or Grounds.

Lessee shall have the sole responsibility for the daily removal and legally proper disposal of all hazardous wastes from the Premises. Lessee shall not spray or otherwise utilize any toxic or hazardous material inside the Premises or Grounds without prior written consent from the Lessor. Any such approved use of toxic or hazardous material shall comply with all applicable legal requirements. Under no circumstance shall Lessee alter in any way, or use for any production purpose, any firehose, sprinkler system or equipment supplying water to the hoses or sprinkler system.

J. Security. The Lessor reserves the right, in its reasonable but sole discretion, to refuse admittance to the Premises or Grounds to any employee, licensee, or other person associated with Lessee who behaves in a negligent or dangerous manner that could result in harm to the Premises or Grounds, or people.



**K. Photographic rights.** Lessor hereby acknowledges that Lessor does not have any interest in Lessee's or its licensee's still photography, film or other recording on or of the Premises or Grounds, nor any right of action against a licensee or any other party arising out of any use of said photography. Lessor hereby grants to Lessee, its licensees, assigns, and successors the irrevocable and perpetual right, worldwide, in any manner and in any media to use and exploit the films, photographs, and recordings made of or on the Premises or Grounds in connection with the Films in such manner and to such extent as Lessee desires in its sole discretion. Lessee and its licensees, assigns and successors shall be the sole and exclusive owner of all rights of whatever nature, including all copyrights, in and to all films, photographs and recordings made on or of the Premises or Grounds, in perpetuity, throughout the universe. Lessor has no rights of whatever nature, including without limitation all copyrights, in all films, photographs and recordings made of or on said Premises or Grounds in connection with the Film and including, without limitation, the exclusive right to assign and/or license Lessee's or its licensee's rights without restriction or impairment of any kind.

In the event of a breach of this Lease by Lessee or breach of a license by a licensee, Lessor shall not have the right to enjoin or otherwise restrain the production, marketing, or exploitation of the Film.

**L. Confidentiality.** The Lessor shall not use any name, logo, Film title, trademark or other proprietary mark of Lessee or its licensees in any manner. The Lessor agrees to not officially publicize, advertise or promote the appearance of the Premises or Grounds in the Films, without the prior written consent of Lessee or its licensee. The Lessor's confidentiality obligations hereunder shall apply to any and all media, including, without limitation, any social networking site; microblogging service; user-generated or user-uploaded content website; online forum, discussion thread or comment section; personal website or blog; user modified website; or any other website, service, platform, application or other form or method of communication, whether now known or hereafter devised (e.g., Facebook and Twitter). Lessee acknowledges that the owner and lessor of the Premises and Grounds is the City of Santa Fe, a municipal corporation and political subdivision of the State of New Mexico and, as such, is required to comply with the State of New Mexico Inspection of Public Records Act (IPRA) and, to the extent that Lessor possesses written or electronic information about the Film, that Lessor may be required by law to release that information pursuant to an IPRA information request.

In acknowledgement of the above, and to maintain confidentiality regarding the Film, the Parties agree as follows:

Lessee shall not transmit to Lessor any information regarding the Film that any licensee desires to remain confidential including, without limitation, information and photographs regarding a licensee, participants in the Film (e.g., actors, producers, crew, etc.), the set, storylines and methods of production of the Film and any other non-public information (whether written, electronic, graphic or any other form).

Lessor shall use reasonable care in its responses to IPRA requests to protect, as allowed by law, any of Lessee's or its licensee's confidential information.

**M. Compliance with Laws.** Lessee's use of the Premises and Grounds shall at all times be in compliance with the City of Santa Fe Municipal Code and other applicable local, state and federal regulations including but not limited to compliance with the City of Santa Fe Integrated Pest Management Policy (§10-7 SFCC 1987) and the City's Noise Ordinance (§10-2 SFCC 1987). Failure of Lessee to comply with conditions of use of the Premises and Grounds as provided herein shall be deemed a breach of this Lease and may constitute grounds for termination of this Lease by the Lessor pursuant to Section 16 of this Lease.

**N. Stage Manager.** The Lessee shall cause its licensees to be solely responsible to contract with and assume all costs for a Stage Manager approved in advance in writing by the Lessor. The Stage Manager shall comply with all legal, regulatory, and contractual requirements for use of the Premises and Grounds and shall seek and obtain prior written approval by the Lessor for the Lessee or its licensees to use certain personal property in the production of the Film. The Stage Manager shall regulate licensees' ingress, egress and filming on the Premises and Grounds.

**O. Condition of Premises and Grounds upon Surrender.** Upon expiration or termination of this Lease, Lessee shall, at its expense, strike and remove all sets, materials and equipment placed upon the Premises and Grounds by Lessee



other than the personal property purchased as an Operational Expense, and shall clean the Premises, steam clean the office carpet, and remove all residue and articles of rubbish so as to leave the Premises in substantially the same condition as when Lessee took possession thereof, reasonable wear and tear excepted. In the event Lessee lays materials on or paints any portion of the stage floor, wall, or cyclorama, or makes any alterations as described herein with the Lessor's approval, Lessee shall either restore or compensate the Lessor for restoration of that portion of the premises. Further, to the extent deemed necessary by the Lessor due to the condition of the Premises, the cost of a professional cleaning service will be charged to the Lessee, provided that the Lessor shall provide Lessee with three (3) days prior written notice via email and an opportunity to clean Premises prior to the Lessor charging for such cleaning.

Pursuant to its obligation under the Lease, Lessee specifically agrees to repaint the stage floors whichever stage(s) Lessee uses (Stage A, Stage B and/or Stage C) in a reasonable and professional manner under the direction of the Stage Manager as follows: Dunn-Edwards Rustoleum matte water-based urethane, "Walrus" color; for Stage A, minimum 25 gallons; for Stage B, minimum 12 gallons; for Stage C, minimum 7 gallons. Amounts may be doubled if a second coat is required at the discretion of the Lessor or Stage Manager. For the Green Screen, the use of Mann Brothers paint (or equivalent) is required in the color Digital Green- Vara Bond, Acrylic Latex Flat.

**P. Failure to Comply.** Failure of Lessee to comply with conditions of use of the Premises and Grounds as provided herein shall be deemed a breach of this Lease and may constitute grounds for termination of this Lease by the Lessor pursuant to Section 16 of this Lease.

## **5. LICENSES**

**A. Duty to License Use of Premises.** Lessee shall actively pursue and enter into licenses with Production Entities for the use of the Premises or portions thereof. Lessee shall be the "Licensor" to licensees of the Premises.

**B. Licensed Use of Grounds.** Lessee may license the exclusive use of portions of the Grounds to Production Entities for Films.

**C. Form License.** Lessee shall use the form license agreement ("**Form License**"), attached as **Exhibit C**, incorporated herein, to license the use of the respective Premises or Grounds or portions thereof, to respective Production Entities. The licensing of the Lessor's personal property, with the exception of typical office furniture, is not included on the Form License and must be approved in writing before any license for such may be entered into.

**D. Lessor Approval Required.** Prior written approval by the Lessor shall be required before Lessee may enter into any License agreement.

**E. Acceptance and Feasibility.** In entering this Lease, Lessee agrees that the explicit terms in the Form License are acceptable to the Lessee and feasible for the Lessee to execute.

**F. Termination or Expiration of License.** Lessee shall immediately notify the Lessor upon any one or more of the following events: Lessee's receipt of notice that a licensee intends to terminate a license with Lessee; Lessee's intent to terminate a license with a licensee; or the termination or expiration of a License.

## **6. RENT**

During the Term of and in consideration of this Lease and the demise of the Premises or Temporarily Reduced Premises by Lessor to Lessee, Lessee hereby agrees and covenants with Lessor to pay for said Premises or Temporarily Reduced Premises the Net Base Rent on the first day of each month in which the use accrues for duration of the Term.

**A. Net Base Rent.** "**Net Base Rent**" equals the Base Rent or Revised Base Rent, less eligible direct out-of-pocket operational expenses in furtherance of the Lease for that month. For any individual Operational Expense to be eligible for deduction from the Base Rent or Revised Base Rent, such expense must be less than Five Hundred Dollars (\$500.00), unless Lessee obtains prior written approval from Lessor. In addition, prior written Lessor



approval is required if the total Operational Expenses in any given month exceeds Ten Thousand Dollars (\$10,000.00). Net Base Rent equals Base Rent or Revised Base Rent, minus Operational Expenses.

(i) **Base Rent:** "**Base Rent**" shall be the base rent for each month, which shall be calculated as the sum of the respective Quantities of each designated Garson Studio Area comprising the Premises or Temporarily Reduced Premises in the month in which the use accrues, multiplied by the corresponding Annual Rates shown in the following table, and divided by the twelve months of the year:

<u>Garson Studios Area</u>	<u>Quantity</u>	<u>Units</u>	<u>Annual Rate</u>	<u>Monthly Rent</u>
Department Head Office	330	Square Feet	\$15.47 per SF	\$425
Stages A, B & C and Production Offices	29,168	Square Feet	\$22.45 per SF	\$54,575
Parking Lot G	4.6	Acres	\$13,015 per Acre	\$5,000
<b>BASE RENT FOR THE PREMISES</b>				<b>\$60,000</b>

(ii) **Revised Base Rent.** If an MAI-certified appraiser licensed by the State of New Mexico establishes via a real estate appraisal ("**Appraisal**") that the monthly fair market rent (the "**MFMR**") of the Premises or Temporarily Reduced Premises differs by more than 5% from the Base Rent as stated herein, then the Lessor shall obtain the Appraisal and notify Lessee of the Base Rent established thereby. The revised base rent ("**Revised Base Rent**") shall equal the MFMR in the Appraisal and will be due on the first day of the month after the expiration of sixty (60) days' notice to the Lessee.

(iii) **Termination.** Upon notification of the Revised Base Rent by Lessor, Lessee may terminate this Lease in accordance with Section 16 of this Lease. In such event, the Parties agree to negotiate in good faith to establish the amount of the Base Rent due for the period that Lessee occupied the Premises prior to termination.

(iv) **Operational Expense.** "**Operational Expense**" shall mean any and all expense incurred by Lessee in connection with the operation, maintenance and repair of the Premises as necessary for a licensee's production of Films, including, but not limited to, the following: purchases of personal property including without limitation durable, moveable equipment such as refrigerators, washer and dryers, microwaves and coffee machines which are not considered fixtures; charges or fees for, and taxes on, the furnishing of electricity, fuel, water, sewer, gas, oil and other utilities unless otherwise assigned in Section 8.; security; pest control; cleaning of windows; janitorial services; trash and snow removal; landscaping and repair and maintenance of grounds; governmental permits; cleaning supplies; services or management contracts with independent contractors; and the costs of any other items which, under generally accepted accounting principles consistently applies to the Premises. Operational Expenses shall not include any expense which is paid by a licensee, interest, amortization, or other payments on loans to Lessee, whether secured or unsecured; insurance costs; depreciation of the Premises and Grounds or other said improvements; ground rent; leasing commissions; salaries, wages or other compensation paid to officers or executives of Lessor; or income, excess profits or other such taxes imposed on the income of the Lessee from the operation of the Project. All personal property purchased or the value thereof, shall remain on the Premises and become the personal property of the Lessor upon the termination or expiration of this Lease.

(v) Any payment due under the Lease not received by the Lessor within fifteen (15) days of the due date shall be subject to a late payment penalty of five percent (5%) of the amount due.

**B. Grounds License Income:** Lessee shall pay to the Lessor without demand and by the first day of the following month after any income is received by the Lessee for Allowed Uses of the Grounds licensed under this Agreement ("**Grounds License Income**"), the following: 100% of the Grounds License Income.

**C. Sole Financial Responsibility.** In consideration for Lessee's use of the Premises and Grounds as granted by this Lease, Lessee assumes sole financial responsibility for the operation and maintenance of the Premises and shall operate and maintain the Premises at no cost to the Lessor, unless as otherwise provided for herein.

## 7. RECORDS, ACCOUNTS, AUDITS

**A. Monthly Report.** When Lessee remits the monthly Rent to the Lessor, Lessee shall, without demand, provide to



the Lessor a monthly and "to-date" report that shall include all of the following items:

- (i) Amount due from each licensee per building and real and personal property licensed;
- (ii) Amount paid by each licensee to Lessee;
- (iii) Amount of Grounds License Income paid by Lessee to Lessor;
- (iv) Operational Expenses with supporting documentation including without limitation, invoices, and prior written Lessor approval, as applicable herein; and
- (v) Amount of Net Base Rent paid by Lessee to Lessor.

**B. Lease Summary Report.** At the termination or expiration of this Lease, Lessee shall submit, without demand, a written summary report "Lease Summary Report" pertaining to Premises, Temporarily Reduced Premises, Net Base Rent, Base Rent/Revised Base Rent, Grounds License Income and Operational Costs for Term.

**C. Separate Account.** All Grounds License Income must be deposited and maintained in a separate account and shall not be co-mingled with any other funds.

**D. Records Inspection and Audit.** The Lessee shall maintain, throughout the Term of this Lease and for a period of six years thereafter, all records pertaining to this Lease and Licenses, including but not limited to all amounts received and paid, invoices, receipts and financial accounts. These records shall be subject to inspection upon request by the Lessor. The Lessor shall be entitled to cause independent certified public accountants to conduct an audit of the books and records maintained pursuant to this Lease. The right to conduct an audit includes the right to make tests of the Lessee's accounting records and such other auditing procedure that are appropriate under the circumstances. The audit may be conducted after reasonable notice during regular business hours.

## **8. UTILITIES & SERVICES**

Beginning on the Effective Date and until the termination of this Lease, the responsibility and costs for providing utilities and services to the Premises and Grounds shall be the responsibility of the Parties as specified below:

**A. Responsibility of Lessor.** All natural gas, electricity, domestic water, and sanitary sewer service shall be provided to the Premises by Lessor. Any water usage that exceeds regular and reasonable usage requires prior written approval from the Lessor and may be subject to additional fees. Lessor shall not be liable for failure or interruptions resulting from any cause including, but not limited to, generator failure, failure or breakdown of public utility services and equipment, acts of God, force majeure, or from good faith acts or decisions of the Lessor, but excluding the willful or intentional misconduct or gross negligence of Lessor.

**B. Responsibility of Lessee.** All telephone, cable, or satellite television, wired or wireless internet, solid waste collection services, and cleaning services shall be performed or coordinated and paid for by Lessee. Any utilities or services not specified herein shall be the responsibility of the Lessee. Any and all labor, material and utility service rate increases incurred by the Lessor for services provided to Lessee or its licensees during the term of this Lease shall be paid by Lessee. The Lessor shall notify Lessee of all rate increases before commencing such services to Lessee.

## **9. TAXES**

Lessee shall pay all taxes levied and assessed, if any, upon any personal property, buildings, fixtures, and improvements belonging to Lessee and located upon the demised premises, and all leasehold and possessory interest taxes levied or assessed by any proper taxing authority.

## **10. ASSIGNMENT OR TRANSFER; NO SUBLEASING**

Lessee shall not assign or otherwise transfer this Lease, without the prior written approval of the Lessor. Lessee shall not sublease the Premises. Any actions taken by Lessee in violation of this Section 10 may be subject to the immediate termination of this Lease.

## **11. INSURANCE**

Lessee shall at all times maintain and provide adequate insurance coverage which includes, without limitation, each



of the following:

A. Property Insurance. Lessee may at Lessee's sole discretion carry and maintain during the term of this Lease special form ("all risks") property insurance for all improvements to the Premises in an amount sufficient for the full replacement cost of existing structures and improvements if lost or damaged by all perils covered under such special form property insurance. The City of Santa Fe shall be named as Loss Payee on such policy of insurance.

B. Commercial General Liability Insurance. Lessee shall carry and maintain in full force and effect during the term of this Lease, Commercial General Liability insurance, which shall be written on an occurrence based form, covering bodily injury (including death), personal and advertising injury, and property damage, in a form and with an insurance company acceptable to Lessor, with limits of coverage not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Said policy shall include broad form contractual liability coverage and shall be endorsed to name the City of Santa Fe, its officials, employees, and agents as additional insureds. Any excess or umbrella liability insurance maintained by Lessee shall also be endorsed to name the City of Santa Fe, its officials, employees and agents as additional insureds.

C. Workman's Compensation Insurance. Lessee shall carry and maintain in full force and effect during the Term of this Lease, workers' compensation insurance at statutory limits for its employees working at the Premises, and Employer's Liability coverage with limits of not less than \$1,000,000 per accident or disease. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City of Santa Fe.

D. Primary and Non-contributory. All insurance required to be maintained by Lessee under this Lease shall be primary and any insurance or self-insurance maintained by Lessor shall not be required to contribute with it.

E. Certificates of Insurance. Within ten (10) days of the Effective Date of this Lease, and thereafter at any time during the Term of this Lease that Lessor requests, Lessee shall provide Lessor with certificates of insurance for each policy evidencing that the coverage required hereunder is current. Such policy shall provide that the coverage evidenced thereby shall not be terminated or modified for any reason without thirty (30) days prior written notice to the Lessor. A certificate or policy which states that failure to give such notice imposes no obligation on the part of the insurer shall be unacceptable to Lessor, and Lessee shall be responsible for removing such language from such certificate or policy.

All policies of insurance shall be written by an insurer with an A. M. Best rating of not less than A- (Excellent), Financial Size Category VII, and must be authorized to do business within the State of New Mexico.

F. License Agreements. Lessee shall cause any and all License agreements, or other agreements related to use, occupation, or development of the Premises or Grounds, that Lessee enters into to contain language that requires the City of Santa Fe, its officials, employees and agents to be named as an additional insured on commercial general liability policies and loss payee on any property insurance policies as provided in this Section 11.

G. Waiver of Subrogation. Lessee hereby grants to the Lessor a waiver of any right to subrogation which any insurer of Lessee may acquire against the Lessor by virtue of the payment of any loss under such insurance. Lessee agrees to obtain any endorsements that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether the Lessor has received a waiver of subrogation endorsement from the insurer.

The Lessor shall have no obligation to allow access to the Premises or Grounds until and unless Lessee has provided to the Lessor the certificates of insurance required above.

## 12. INDEMNIFICATION

Lessee shall indemnify, hold harmless and defend Lessor, its agents, officials, officers, and employees against all losses, damages, claims or judgments, including payment of all attorney's fees and costs, on account of any suit, judgment, execution, claim, action or demand whatsoever arising from Lessee's use, maintenance and occupancy of the Premises or Grounds hereunder, including use of the Premises or Grounds by Lessee's licensees, employees, agents, representatives, contractors, agents, guests, invitees or allowed assigns. Lessee shall cause any and all



agreements that Lessee enters into with any of the above parties to contain language indemnifying the Lessor as provided in this Section.

### **13. LAWS AND REGULATIONS**

A. Compliance with Laws. In connection with its use of and activities in and about the Premises and Grounds, Lessee, at its sole expense, shall comply, and shall cause its agents, employees, contractors, representatives, guests, invitees and licensees to comply, with all applicable laws, orders and regulations of federal, state, county or municipal authorities, and with any direction of any public officer pursuant to law which shall impose any violation, order, or duty upon the Lessor or the Lessee or its licensees with respect to any part of the Premises or Grounds used by Lessee hereunder and that arise out of Lessee's particular use of the Premises or Grounds.

B. Safety. Lessee guarantees that all facilities and equipment furnished by it will conform to, and Lessee agrees to comply with and to cause its licensees to comply with, all safety regulations set forth by OSHA, New Mexico OSHB, the EPA, and other environmental pollution and toxic waste control and protection agencies, and safety guidelines that may be issued by the Motion Picture Safety Committee, and all other federal, state, county, municipal and local rules and regulations. Any and all paints and other coloring materials, lacquers and other finishes, solvents and thinners, cleaning or detergent agents, or otherwise potentially harmful, hazardous or toxic materials, liquids, substances, and other contaminants must be removed from, or caused to be removed from, the Premises and Grounds by Lessee at Lessee's expense, after use of the same has been completed. During such use, such materials shall be kept in a safe and contained manner. The Lessor shall charge to Lessee, and Lessee covenants and agrees to pay, all costs caused by, relating to, or arising from the removal and/or disposal of any and all such materials or substances discharged by Lessee or its licensees or otherwise not removed from the Premises or Grounds by Lessee and any and all fines, assessments, and penalties that may be incurred or imposed upon the Lessor, Lessee, or licensees as a result of such malfeasance by Lessee.

### **14. EASEMENTS**

Lessor reserves the exclusive right to grant access, utility or other easements on or through the Premises. Lessor shall notify Lessee in writing prior to Lessor's grant of any easement through the Premises.

### **15. LESSOR ACCESS**

The Lessee shall allow the Lessor and/or its agents or assigns access to the Premises for periodic inspections, maintenance of rights-of-way, maintenance and operation of parking facilities or other Lessor facilities and/or public spaces, and for such other purposes as the Lessor may have, provided that nothing herein shall be deemed a requirement to allow the Lessor to occupy any part of the Premises leased to the Lessee, nor to interfere with the Lessee's quiet enjoyment of the Premises.

### **16. TERMINATION**

A. Termination by Lessor. Lessor may terminate this Lease with written notice to Lessee at least sixty (60) days prior to the termination date; or Lessor may terminate this Lease upon Lessee's failure to comply with any provisions contained herein. Prior to termination, Lessor shall hand-deliver or mail notice to Lessee via certified or registered mail specifying:

- (i) the breach;
- (ii) the action required to cure the breach;
- (iii) a date, not less than fifteen (15) days from the date the notice is hand delivered or mailed to Lessee, by which such breach must be cured; and
- (iv) that failure to cure such breach on or before the date specified in the notice will result in termination of the Lease.

B. Termination by Lessee. Lessee may terminate this Lease with written notice to Lessor at least sixty (60) days prior to the termination date.

### **17. SURRENDER OF PREMISES**

Lessee shall quit and surrender the demised Premises and all equipment and personal property contained on and in the demised Premises to Lessor at the end of the term of this Lease in the same condition as at the date of the

commencement of this Lease, ordinary use and wear excepted.

**18. NOTICE**

Any required notice will be deemed delivered, given and received (i) when personally hand delivered, or (ii) five days after the same are deposited in the United States mail, postage prepaid, registered, addressed to the applicable Party at the address indicated below for such Party, or at such other address as may be designated by either Party in a written notice to the other Party:

To Lessor:

City Manager  
City of Santa Fe  
PO Box 909  
200 Lincoln Ave.  
Santa Fe, NM 87504-0909

To Lessee:

Claudio Ruben, Principal  
Garson Studios Santa Fe LLC  
PO Box 32713  
Santa Fe, NM 87594

With a copy to:

City Attorney's Office  
City of Santa Fe  
PO Box 909  
200 Lincoln Ave.  
Santa Fe, NM 87504-0909

**19. NO WAIVER**

No waiver of a breach of any of the provisions contained in this Lease shall be construed to be a waiver of any succeeding breach of the same or any other provisions.

**20. SEVERABILITY**

In the event that one or more of the provisions contained in this Lease or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

**21. ENTIRE AGREEMENT**

This Lease constitutes the entire agreement between the Parties, represents their entire understanding, and defines all of their respective rights, title and interests as well as all of their duties, responsibilities and obligations. Any and all prior agreements and understandings between the Parties related to the Premises and Grounds, if any, are merged herein. This Lease shall not be modified or amended except by a written document signed by the Parties hereto.

**22. BINDING EFFECT**

This Lease shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and allowed assigns.

**23. LITIGATION EXPENSE**

In the event of litigation between the Parties, each Party shall be responsible for its own litigation expenses. In the event of litigation between Lessee and its licensees in which Lessor is named, Lessee shall pay any necessary costs, including reasonable attorney's fees, expenses and other costs of collection or otherwise, which Lessor shall incur in enforcing this Lease or in recovering any and all damages caused to the Premises or Grounds by Lessee, or Lessee's licensees, contractors, agents, employees or allowed assigns.

**24. APPLICABLE LAW; VENUE**

Lessee shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the City of Santa Fe. In any action, suit or legal dispute arising from this Lease, Lessee agrees that the laws of the State of New Mexico shall govern. The Parties agree that any action or suit arising from this Lease shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in



the courts of the State of New Mexico shall be brought in the First Judicial District Court of the State of New Mexico.

**25. FORCE MAJEURE**

Failure of the Lessor to comply with the terms and conditions hereof because of an Act of God; force majeure; labor troubles; war; fire; riot; earthquake; act of public enemies; action of governmental authorities (federal, state or local); unavailability of power, transportation, stages, production facilities or materials; or for any other reason beyond the reasonable control of the Lessor, shall not be deemed a breach of this Lease, and the Lessor shall not be liable to Lessee for any consequential damages. Except for the obligations to pay rent, license fees and additional charges, the provisions of this Paragraph shall apply equally and reciprocally to Lessee.

**26. HEADINGS**

The section headings contained in this Lease are for reference purposes only and shall not affect the meaning or interpretation of this Lease.

**27. AMENDMENT**

This Lease shall not be altered, changed or modified except by an amendment in writing executed by the Parties hereto.

**28. RECORDING - SHORT FORM MEMO**

This Lease shall not be recorded in its entirety. If desired by either party, both parties shall execute in recordable form a short form memorandum of this Lease which may be placed of record.

**29. REPRESENTATION ON AUTHORITY OF SIGNATORY**

The signatory for the Lessee represents and warrants that he or she is duly authorized and has the legal capacity to execute and deliver this Lease. The Lease represents and warrants that the execution and delivery of the Lease and the performance of the Lessee's obligations hereunder have been duly authorized and that the Lease is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

**30. ATTACHMENTS**

All exhibits are fully incorporated herein and made a part of this Lease.

**31. COUNTERPARTS**

This Lease may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

**32. LESSOR APPROVAL**

Any Lessor approval required herein shall be done by the City Manager or his or her designate.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

[REMAINDER OF PAGE INTENTIONALLY BLANK]



IN WITNESS WHEREOF, the Parties have herunto set their hands and seals as of this 9 day of May, 2019.

LESSOR:  
CITY OF SANTA FE

[Signature]  
ALAN M. WEBBER, MAYOR

APPROVED AS TO FORM FOR LEGAL SUFFICIENCY:

[Signature]  
SALLY PAEZ, ASSISTANT CITY ATTORNEY

APPROVED:

[Signature]  
MARY MCCOY, FINANCE DIRECTOR

51910.460350  
BUSINESS UNIT / LINE ITEM

ATTEST:

[Signature]  
YOLANDA Y. VIGIL, CITY CLERK  
cc mtg. 5/8/2019

LESSEE:  
GARSON STUDIOS SANTA FE LLC

[Signature]  
CLAUDIO RUBEN, PRINCIPAL

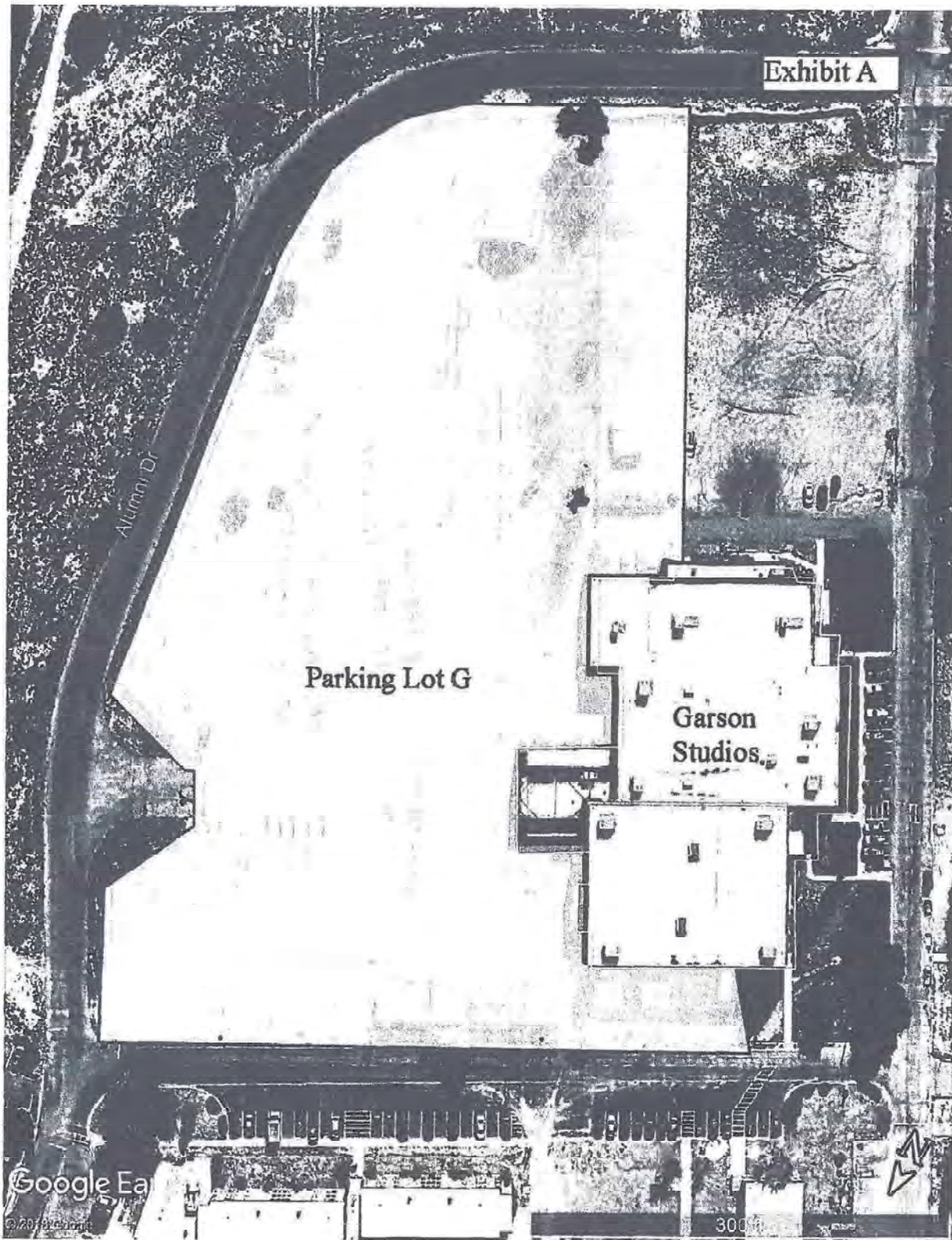
ACKNOWLEDGEMENT

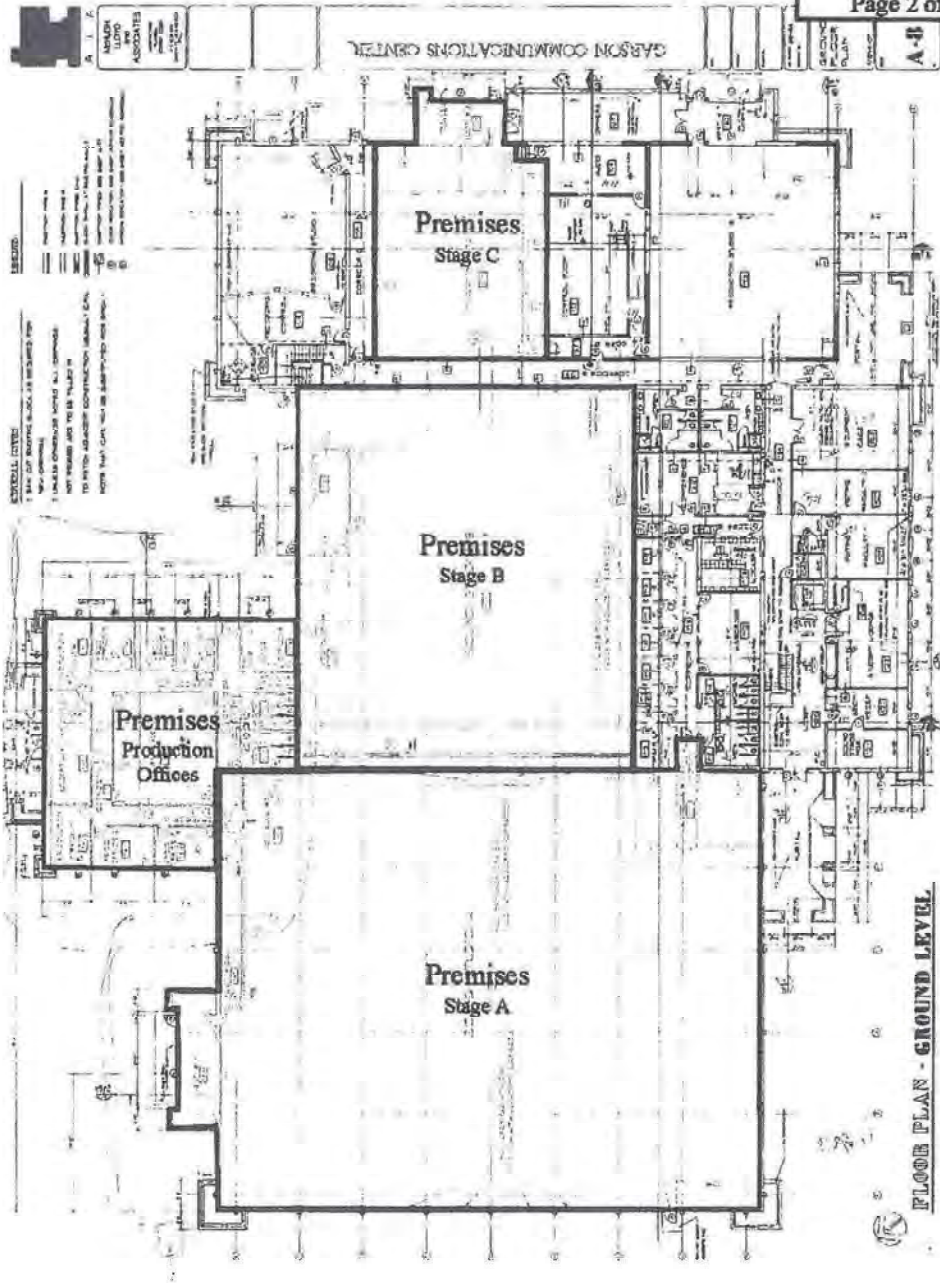
STATE OF NEW MEXICO )  
  ) ss,  
COUNTY OF SANTA FE )

The foregoing instrument was acknowledged before me this 8 day of May 2019, by CLAUDIO RUBEN, Principal of GARSON STUDIOS SANTA FE LLC, a New Mexico limited liability company.

[Signature]  
NOTARY PUBLIC

My Commission Expires: April 11, 2023  
(SEAL)





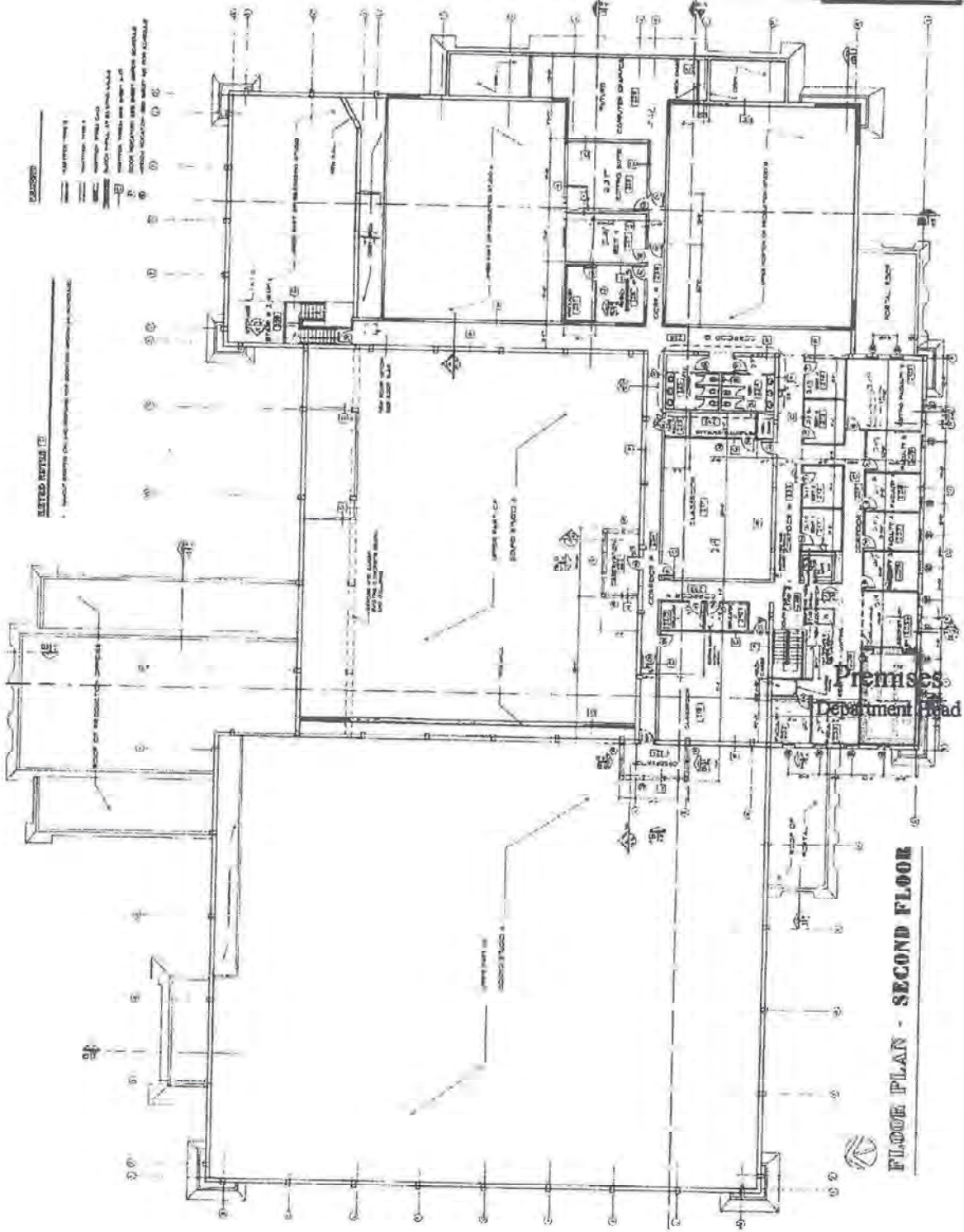
FLOOR PLAN - GROUND LEVEL



A - A  
 LLOYD  
 LOUIE  
 ASSOCIATES  
 ARCHITECTS  
 1000  
 AVENUE  
 SUITE 1000  
 HOUSTON, TEXAS 77002

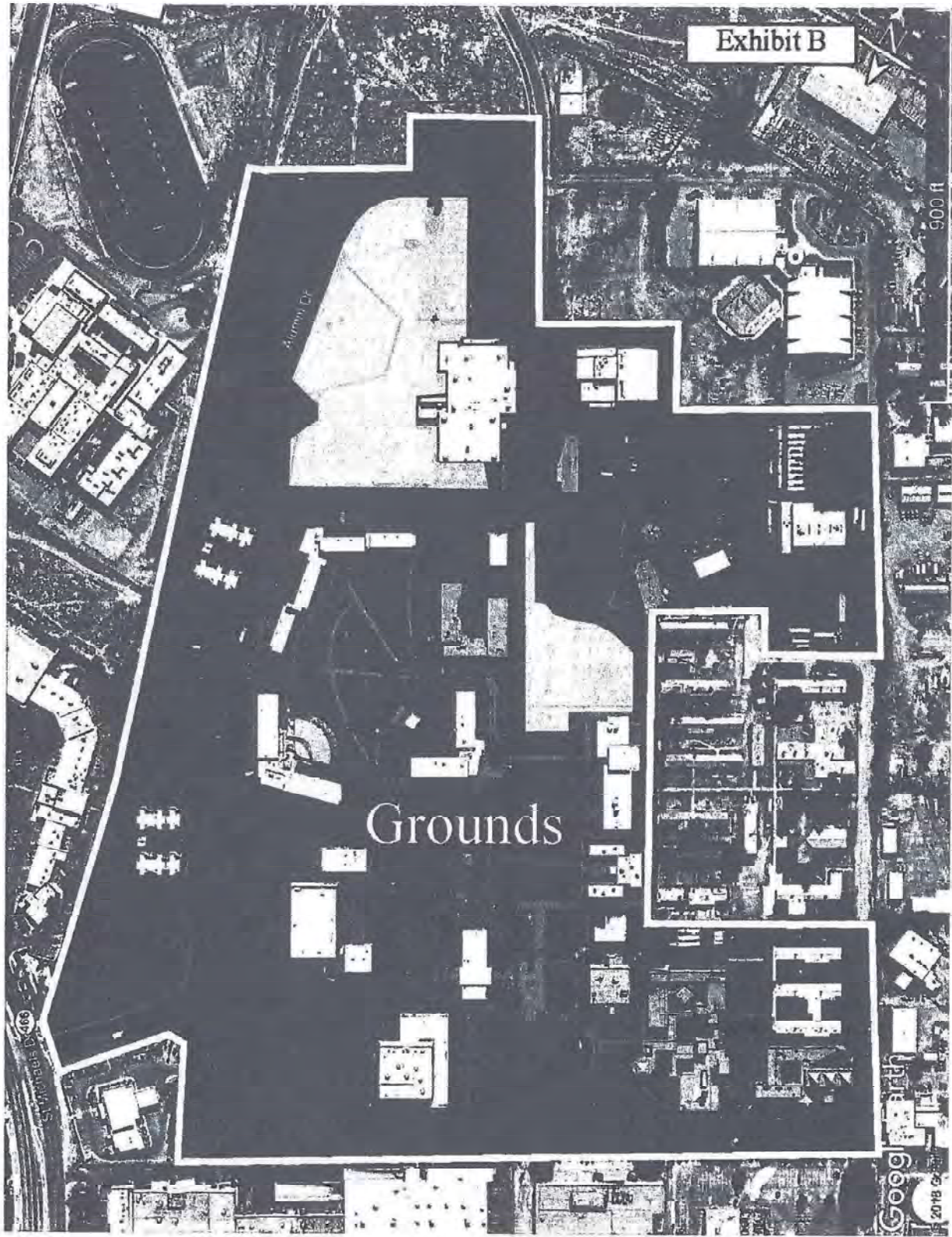
GARSON COMMUNICATIONS CENTER

**Exhibit A**  
 Page 3 of 3



Premises  
Department Head

FLOOR PLAN - SECOND FLOOR





**EXHIBIT C**  
**LICENSE AGREEMENT**  
**FOR FILM AND TELEVISION PRODUCTION AT**  
**1600 ST. MICHAEL'S DRIVE, SANTA FE, NM**

This LICENSE AGREEMENT ("License") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between GARSON STUDIOS SANTA FE, LLC, a New Mexico limited liability company ("Licensor"), and \_\_\_\_\_ ("Licensee"), (collectively, the "Parties" and each individually a "Party").

WHEREAS: Licensor has a lease ("Lease") from the City of Santa Fe ("Lessor") for premises and grounds located at 1600 St. Michael's Drive, Santa Fe, New Mexico until \_\_\_\_\_, attached as Exhibit D; and

WHEREAS: Licensee is a film production company which wishes to license the use of some or all of the Licensor's premises and grounds for film production;

WITNESSETH:

In consideration of Licensee's promises herein, Licensor hereby gives Licensee an exclusive License, revocable and terminable as hereinafter provided, to enter on, use and occupy the Lessor-owned property leased to Licensor during the dates and times specified herein for activities associated with the production of a film or television series currently titled "\_\_\_\_\_

\_\_\_\_\_ (the "Film"), as provided herein.

All approvals by the Lessor required herein shall be done by the City Manager of the City of Santa Fe or his or her designee.

**1. LICENSE PREMISES AND GROUNDS**

Licensor allows Licensee to use and occupy specific portions of buildings and land at the Midtown campus (formerly the Santa Fe University of Art and Design) located at 1600 St. Michael's Drive, Santa Fe, New Mexico as specified in Exhibit E attached hereto and made a part hereof (the "License Premises"), and allows Licensee non-exclusive ingress and egress to the License Premises through Lessor-owned private property (the "Grounds") on Midtown campus as specified in Exhibit F. This License includes the right of Licensee to use certain items of Lessor-owned personal property located at the License Premises and Grounds subject to an additional fee and prior consent of the Lessor. Licensee must obtain approval in writing by Licensor before using Lessor personal property, with the exception of typical office furniture.

**2. TERM**

A. This License shall commence at \_\_\_\_\_ and shall continue for a period of \_\_\_\_\_ days, or until otherwise terminated as provided herein.

B. Upon thirty (30) days prior written notice to Licensor, Licensee may extend the Term and add additional months to the Term of this License, subject to Licensor having authority under a lease agreement with the Lessor to license such use. Licensee shall pay License Fees and Additional Charges for any additional days added to the Term as specified in Exhibit G and Exhibit G-1 respectively.

**3. CONDITIONS OF USE**

Licensee's use and occupation of the License Premises shall at all times be in compliance with the provisions of this License including without limitation the following conditions of use:

A. Allowed use. Licensee is allowed to use and occupy the License Premises for filming, production office, parking, and storage uses related to the Film. No other use of the License Premises is allowed without the prior written consent of Licensor.

(i) Production of obscene material is expressly understood to be prohibited and not an Allowed use.

(ii) Failure of the Licensee to restrict the use of the License Premises as provided herein shall be deemed a substantial breach of this License and shall constitute grounds for immediate termination by Licensor.

B. Hours of Use. Licensee's use of the License Premises and Grounds is allowed twenty-four (24) hours per day, seven (7) days a week during the Term.



C. Utilities. Use of the Lessor-procured electric power service, natural gas, water service and sewer service is included in this License, but subject to charges. Electrical generators shall not be used except as back-up power sources. Telephone and internet services are the responsibility of the Liccnsc.

D. Alterations and Repairs. Licensee shall make no alterations to the License Premises without the Lessor's and Licensor's prior written approval. Licensee shall use reasonable efforts to preserve and protect the License Premises and Grounds and any Lessor-owned personal property supplied to Licensee by Licensor. If Licensee, its agents, employees, guests or invitees directly damage or lose any of Lessor's or Licensor's real or personal property, Licensee shall compensate the owner of such property for such damage or loss in the amount of the actual, reasonable fair market value cost of any such repair or replacement. Notwithstanding anything to the contrary in this License, the Licensee shall not be responsible for repairs required due to normal wear and tear of the License Premises and Grounds and the maintenance of floors, walls, windows, ceilings, roof systems, and electrical, plumbing, and heating and air-conditioning systems.

E. Weight Loads. Licensee shall not allow any vehicles or heavy equipment in the licensed stages on the License Premises, without the prior written authorization of Licensor.

F. Security Guards and Fire Protection Personnel. Licensee shall bear the full cost of any security guards and/or fire protection personnel which Licensor or Licensee may reasonably deem necessary for the protection of their respective property and the License Premises.

G. Fires, Firearms, Explosives, and Hazardous Wastes. Licensee shall not conduct any dangerous or illegal activities at the License Premises and Grounds or keep any toxic, hazardous, dangerous or offensive materials, substances or articles in or about the License Premises or Grounds which will in any way impair or invalidate, or increase the premium costs of insurance policies carried by Licensor.

Licensee shall not light fires or discharge firearms, smoke effects, or explosives on or about the License Premises and Grounds without the prior written consent of Licensor, and only after having first obtained all necessary permits from any and all appropriate governmental authorities. Licensee shall in all cases employ a licensed operator to discharge firearms or explosives, and Licensor reserves the right to request proof from Licensee that said employees are licensed and registered to conduct such activities. Licensee shall secure, at the end of each production day, all firearms and explosives brought on the License Premises and Grounds by Licensee.

Licensee hereby specifically indemnifies and agrees to hold Licensor, the Lessor and the Lessor's employees, officers, managers, agents and assignees harmless from and against any and all liability, causes of action, damages, costs or expenses, including without limitation reasonable outside attorney's fees, directly arising out of or in any way connected with the use or possession by Licensee of firearms, fires, smoke effects, noxious gases and explosives at the License Premises and Grounds.

Licensee shall have the sole responsibility for the daily removal and legally proper disposal of all hazardous wastes from the License Premises. Licensee shall not spray or otherwise utilize any toxic or hazardous material inside the License Premises or Grounds without prior written consent from Licensor. Any such approved use of toxic or hazardous material shall comply with all applicable legal requirements. Under no circumstance shall Licensee alter in any way, or use for any production purpose, any fire hose, sprinkler system or equipment supplying water to the hoses or sprinkler system.

H. Security. Licensor reserves the right, in its reasonable but sole discretion, to refuse admittance to the License Premises and Grounds to any employee or other person associated with Licensee who behaves in a negligent or dangerous manner that could result in harm to the License Premises and Grounds, other City buildings, or people.

I. Screen Credit. Licensee shall use good faith efforts to include "The City of Santa Fe, New Mexico" and "Garson Studios" in the credits at the end of the Film.

J. Photographic Rights. Licensor hereby acknowledges that neither Licensor, nor any other party has any interest in Licensee's still photography, film or other recording on or of the License Premises, nor any right of action against Licensee or any other party arising out of any use of said photography. Licensor hereby grants to Licensee, its successors, licensees and assigns the irrevocable and perpetual right, worldwide, in any manner and in any and all media to use and exploit the films, photographs, and recordings made of or on the License Premises in connection with the Film in such manner and to such extent as Licensee desires in its sole discretion. Licensee and its licensees, assigns and successors shall be the sole and exclusive owner of all rights of whatever nature, including all copyrights, in and to all films, photographs and recordings made on or of the License Premises, in perpetuity, throughout the universe. As between Licensor and Licensee, Licensee shall be the sole and exclusive owner,



throughout the universe in perpetuity, of all rights of whatever nature, including without limitation all copyrights, in all films, photographs and recordings made of or on the License Premises in connection with the Film and including, without limitation, the exclusive right to assign and/or license Licensee's rights without restriction or impairment of any kind.

In the event of a breach of this License by Licensee, Licensor shall not have the right to enjoin or otherwise restrain the production, marketing, or exploitation of the Film.

K. Confidentiality. Licensor shall not use any name, logo, Film title, trademark or other proprietary mark of Licensee or of its licensees or assigns in any manner. Licensor agrees to not officially publicize, advertise or promote the appearance of the License Premises in the Film, without the prior written consent of Licensee. Licensor's confidentiality obligations hereunder shall apply to any and all media, including, without limitation, any social networking site; microblogging service; user-generated or user-uploaded content website; online forum, discussion thread or comment section; personal website or blog; user modified website; or any other website, service, platform, application or other form or method of communication, whether now known or hereafter devised (e.g., Facebook and Twitter). Licensee acknowledges that the owner and lessor of the License Premises and Grounds is the City of Santa Fe, a municipal corporation and political subdivision of the State of New Mexico and, as such, is required to comply with the State of New Mexico Inspection of Public Records Act (IPRA) and, to the extent that City possesses written or electronic information about the Film, that City may be required by law to release that information pursuant to an IPRA information request.

L. Failure. Failure of Licensee to comply with conditions of use of the License Premises and Grounds as provided herein shall be deemed a breach of this License and shall constitute grounds for termination of this License by the Licensor pursuant to Section 7 of this License.

M. Stage Manager. The Licensee shall be solely responsible to contract with and assume all costs for a Stage Manager approved in advance in writing by the Licensor. The Stage Manager shall comply with all legal, regulatory and contractual requirements for use of the License Premises and Grounds and shall seek and obtain prior written approval by the Lessor and the Licensor for the Licensee to use certain personal property in the production of the Film. The Stage Manager shall regulate Licensees' ingress and egress to the License Premises over the Grounds.

N. Condition of License Premises upon Surrender. Upon expiration or termination of this License, Licensee shall, at its expense, cause the striking and removal of all sets, materials and equipment placed upon the License Premises by Licensee, and shall clean such premises, steam clean office carpet, and remove all residue and articles of rubbish so as to leave the License Premises in substantially the same condition as when Licensee took possession thereof, reasonable wear and tear excepted. In the event Licensee lays materials on or paints any portion of the stage floor, wall, or cyclorama, or makes any alterations as described herein with Licensor's approval, Licensee shall either restore or compensate Licensor for restoration of that portion of the premises. Further, to the extent deemed necessary by Licensor due to the condition of the premises, the cost of a professional cleaning service will be charged to the Licensee's security deposit, provided that Licensor shall provide Licensee with three (3) days prior written notice via email and an opportunity to clean the License Premises prior to Licensor charging for such cleaning.

Should Licensee use the rigging points in the ceilings of either Stage A or B to build a grid system, once the grid is removed during wrap, Licensee will, at its own expense, test all the rigging points it used to make sure they are safe and in good condition for future use. Licensee is required to provide the Licensor and Stage Manager with written confirmation of the dates on which the rigging points were checked and by whom.

Pursuant to its obligation under the License, Licensee specifically agrees to repaint the stage floors of any stage it uses (Garson Studios Stage A, Stage B and/or Stage C) in a reasonable and professional manner under the direction of the Stage Manager as follows: Dunn-Edwards Rustoleum matte water-based urethane, "Walrus" color; for Stage A, minimum 25 gallons; for Stage B, minimum 12 gallons; for Stage C, minimum 7 gallons. Amounts may be doubled if a second coat is required at the discretion of the Licensor or Stage Manager. For the Green Screen, the use of Mann Brothers paint (or equivalent), in the color, Digital Green – Vara Bond, Acrylic Latex Flat. Fire safety lanes on each stage shall be sectioned off with caution tape. Any caution tape which is torn and damaged during production shall immediately be replaced.

O. Failure to Comply. Failure of Licensee to comply with conditions of use of the License Premises and Grounds as provided herein shall be deemed a material breach of this License.

No Rights Beyond Lease. Licensor shall in no event extend the rights of the Licensee beyond those held by



Licensors under the terms of Licensor's lease agreement with the Lessor.

#### **4. CHARGES**

A. **License Fees**. Licensee shall pay Licensor the fees specified in **Exhibit G**, attached hereto and made a part hereof (the "**License Fees**"). License Fees do not incorporate New Mexico Gross Receipts Taxes.

#### B. **Additional Charges**.

(i) **Additional Stages, Equipment Lot Services and Facilities**. If at any time during the Term hereof Licensee shall require any stages, lot service, equipment or facilities of the License Premises or Grounds in addition to those expressly referred to in this License, Licensor agrees to furnish the same, subject to the reasonable availability thereof, but Licensee shall have no right to use any additional stages, equipment, lot services or facilities without the payment of additional fees and/or charges thereof. The Licensee shall pay the rates for all stages, lot services, equipment and facilities not expressly referred to in this License and will be charged in accordance with the then-current studio rate schedule. The terms and conditions of this License shall apply to any additional stages, equipment, lot services and facilities furnished by Licensor at Licensee's request.

(ii) **Utilities**. Utility services including water, gas, and electricity required by Licensee in connection with this License shall be furnished as available and charged to the Licensee as per **Exhibit C-1** (stage and mill power); any water usage that exceeds regular and reasonable use may entail additional fees and requires approval from Licensor; however, neither the Licensor nor the Lessor shall be liable for failure or interruptions resulting from any cause including, but not limited to, generator failure, failure or breakdown of public utility services and equipment, acts of God, force majeure, or from good faith acts or decisions of the Licensor or the Lessor, but excluding the willful or intentional misconduct or gross negligence of Licensor or the Lessor.

(iii) **Rate Increases**. Any and all labor, material and service rate increases incurred by Licensor for services provided to Licensee during the term of this Agreement shall be paid by Licensee. Licensor shall notify of all rate increases before commencing such services to Licensee.

(iv) **Other**. All incidentals and additional costs as outlined in **Exhibit G-1**.

Licensor shall have no obligation to allow access to the License Premises or Grounds until and unless Licensee has paid to Licensor all amounts due upon execution of this License and has provided to Licensor the certificates of insurance required below. The License is granted in consideration for the sums specified in **Exhibit G** and payment of applicable additional costs in **Exhibit G-1**.

C. **Payee**. Licensee shall remit License Fees and Additional Charges on the dates specified in **Exhibit G**, payable to **Garson Studios Santa Fe, LLC**. Licensee shall remit all License Fees along with applicable New Mexico Gross Receipts Tax to:

Attn: Claudio Ruben, Principal  
Garson Studios Santa Fe, LLC  
P.O. Box 32173  
Santa Fe, NM 87594

#### **5. SECURITY DEPOSIT**.

Upon execution of this License, Licensee shall pay to and payable to the Licensor, a security deposit in the amount stated on **Exhibit G** attached hereto, which deposit shall bear no interest. Should Licensee request additional facilities or equipment from the Licensor, the Licensor may require an increase in the amount of the security deposit before such additional facilities or equipment will be provided. Licensor may use from Licensee's security deposit such amounts as are reasonably necessary to remedy Licensee's default in the payment of the License Fee and other charges, or any additional charges, to repair verifiable damages, or to clean the License Premises upon their surrender, restoring them to their condition upon delivery, except (i) reasonable wear and tear and (ii) force majeure events described below, caused by Licensee, its agents, employees or invitees. If used towards unpaid License Fee, rental charges, additional charges or damages, Licensee agrees to reinstate said total security deposit upon receipt of twenty-four (24) hours written notice from the Licensor. The balance of security deposit, if any, will be returned to Licensee upon Licensee's full payment of all monetary amounts due hereunder and within thirty (30) business days of Licensee vacating the License Premises, provided such amounts have been paid; provided, however, that such period may be extended for the period of time necessary to resolve bona fide issues related to the settling of Licensee's account. Licensor will promptly inform Licensee in writing of the nature of such issues, and the security deposit shall be returned promptly following the resolution of such issues, if any.



**6. PAYMENTS.**

The License Fee shall be paid by Licensee according to the terms in Exhibit G. Licensor will submit invoices to Licensee. These invoices will include without limitation any Additional Charges and New Mexico Gross Receipts Tax, and are due and payable within fifteen (15) days after the date of the invoice. All challenges or protests with regard to the accuracy or legitimacy of any and all charges must be received by Licensor in writing within ten (10) days from the date Licensor gives notice of such charges. All protests and challenges not received within ten (10) day period shall be deemed to be waived, and Licensee shall be deemed to have approved the legitimacy and accuracy of said charges. A late charge of one percent (1%) per month shall accrue on all amounts not paid within the fifteen (15) day period.

**7. TERMINATION**

A. **Termination by Licensor.** This license is revocable at will by Licensor, and Licensee agrees in that event to: (a) peaceably and promptly surrender the License Premises on the termination date specified in the written notice, (b) remove all Licensee's personal property from the License Premises and Grounds, and (c) restore the License Premises to its original state at the time of Licensee's entry thereon.

B. **Termination by Licensee.** Licensee may terminate this License at any time upon sixty (60) days written notice to Licensor.

C. **Termination or Expiration of Lease.** Upon termination or expiration of the underlying lease between the Lessor and Licensor, the Licensee shall attorn to the Lessor as licensor.

D. **No Other Refunds.** Upon termination of this License by either Party, there shall be no refund of the License Fees or any portions thereof.

**8. NO INTEREST CREATED**

Licensee acknowledges that no interest or estate of any kind whatsoever in the License Premises and Grounds is conveyed by this License or by occupancy or use of the Licensed Premises and Grounds pursuant to the License. This License shall not be assigned or sub-licensed by Licensee. Notwithstanding the provisions of this Section, Licensee shall have the unrestricted right to assign any or all rights in and to the Film.

**9. INSURANCE, INDEMNIFICATION & WAIVER OF SUBROGATION**

A. **Insurance.** Licensee, and each of Licensee's contractors and subcontractors who physically access the License Premises, shall, at their sole cost and expense, procure and continue to maintain in force during the Term of this License the minimum insurance coverage with limits indicated below:

(i) Workers' Compensation Insurance (at statutory limits); and

(ii) Employer's Liability Insurance with minimum limits of not less than One Million Dollars and No Cents (\$1,000,000.00) per accident or disease; and

(iii) Commercial General Liability Insurance for claims against bodily injury (including death), personal and advertising injury, and property damage (including completed operations and contractual liability), on an occurrence basis in an amount not less than Two Million Dollars and No Cents (\$2,000,000.00) combined single limit and \$4,000,000 in the aggregate; and

(iv) "All-risk" property insurance insuring the License Premises and its appurtenant personal property including all equipment owned by the City of Santa Fe and made available to Licensee in the course of Film production, at full replacement costs. City of Santa Fe and Garson Studios Santa Fe, LLC shall be added as a loss payee on the "all-risk" policy.

All policies shall be written by an insurer with an A. M. Best rating of not less than A- (Excellent), Financial Size Category VII, and must be authorized to do business within the State of New Mexico. The general liability insurance coverage shall be endorsed to name Garson Studios Santa Fe, LLC, the City of Santa Fe, the City's agents, employees, volunteers, officers, and elected and appointed officials (collectively the "City's Releasees") as additional insureds. Licensee shall provide written documentation of all required insurance coverages upon execution of this License and otherwise within ten (10) days of the City's written request for such documentation. All policies shall provide that Garson Studios Santa Fe, LLC and the City of Santa Fe shall be given no less than thirty (30) days prior written notice of any cancellation except as a result of non-payment, for which not less than ten (10) days prior written notice shall be given.

No self-insurance shall be allowed at any time without the prior written consent of the Licensor, which may be withheld for any or no reason.

B. Indemnification. Licensee agrees to indemnify, defend and hold Licensor, the City of Santa Fe, and the City's Releasees harmless from and against any third-party claim of injury, loss, damage or liability costs or expenses (including without limitation reasonable outside attorneys' fees and court costs) to the extent arising out of Licensee's breach of this License. Circumstances under which the City will not be held liable include, but are not limited to:

(i) any work or act done in, on or about the License Premises, or any part thereof at the direction of Licensee, its agents, contractors, subcontractors, servants, employees, licensees or invitees on behalf of Licensee; and

(ii) any negligence or other willful misconduct on the part of Licensee or any of its agents, contractors, subcontractors, servants, employees, or invitees; and

(iii) any accident, injury or damage directly caused by or attributable to Licensee or its agents, contractors, subcontractors, servants, employees, or invitees to any person or property occurring at the License Premises and Grounds or any part thereof, except to the extent caused by the negligence or willful misconduct of the City, its employees, agents, volunteers, officers or officials; and

(iv) any failure on the part of Licensee to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this License on its part to be performed or complied with; and

(v) Any failure of Licensee to comply with applicable local, state or federal laws.

C. Waiver of Subrogation.

(i) Mutual Waiver. Licensee and Licensor hereby grant to each other a mutual waiver of any right to subrogation which any insurer of one Party may acquire against the other Party by virtue of the payment of any loss under such insurance. Licensee and Licensor agree to obtain any endorsements that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether a Party has received a waiver of subrogation endorsement from the insurer.

(ii) Waiver to City. Licensee hereby grants to the City a waiver of any right to subrogation which any insurer of Licensee may acquire against the City by virtue of the payment of any loss under such insurance. Licensee agrees to obtain any endorsements that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether the City has received a waiver of subrogation endorsement from the insurer.

## 10. NOTICE

All notices and demands in regards to this License must be given by first-class certified or registered mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, courier fee prepaid. All such properly sent notices and demands shall be effective when received, rejected or refused by the recipient. Notices will be addressed to the Parties as follows:

To Licensor:  
LLC

P.O. Box 32173  
Santa Fe, NM 87594  
Attn: Claudio Ruben

To Licensee: Garson Studios Santa Fe,

With a copy to the Lessor:

City of Santa Fe  
PO Box 909  
200 Lincoln Avenue  
Santa Fe, New Mexico 87504  
Attn: City Manager



Either Party may change its notice addresses in this Section upon three (3) days written notice to the other Party. Any copy of a notice or demand to a Party's legal counsel does not constitute legal notice to that Party.

**11. NEW MEXICO TORT CLAIMS ACT**

Any liability incurred by the City of Santa Fe in connection with this License is subject to the immunities and limitations of the New Mexico Tort Claims Act, Section 41-4-1, *et seq.* NMSA 1978, as amended. The City and its "public employees" as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense, and do not waive any limitation of liability pursuant to law. No provision of this License modifies or waives any provision of the New Mexico Tort Claims Act.

**12. NO REPRESENTATIONS REGARDING TAX CREDITS**

The Licensee expressly understands and agrees that Licensor and the Lessor make no warranty, covenant, or any other representation that this License will result in or entitle the Licensee to any tax credit, including but not limited to Film Production Tax Credits.

**13. LESSOR AS THIRD-PARTY BENEFICIARY**

By entering into this License, the Parties intend to create for the Lessor the right, title, and interest in this License for the benefit of the Lessor. No other person shall claim any right, title, or interest under this License or seek to enforce this License as a third-party beneficiary of this License.

**14. LAWS AND REGULATIONS**

A. Municipal Code. Licensee's use of the License Premises and Grounds shall at all times be in compliance with the City's Municipal Code, including but not limited to §10-2 SFCC 1987, the City's Noise Ordinance.

B. Compliance with Laws. In connection with its use of and activities in and about the License Premises and Grounds and the Lessor property, Licensee, at its sole expense, shall comply, and shall cause its agents, employees, contractors, representatives, guests and invitees to comply, with all applicable laws, orders and regulations of federal, state, county or municipal authorities, and with any direction of any public officer pursuant to law which shall impose any violation, order, or duty upon the Licensor or Licensee with respect to any part of the Lessor premises used by Licensee hereunder and that arise out of Licensee's particular use of the License Premises and Grounds.

C. Safety. Licensee guarantees that all facilities and equipment furnished by it will conform to, and Licensee agrees to comply with, all safety regulations set forth by OSHA, New Mexico OSHB, the EPA, and other environmental pollution and toxic waste control and protection agencies, and safety guidelines that may be issued by the Motion Picture Safety Committee, and all other federal, state, county, municipal and local rules and regulations. Any and all paints and other coloring materials, lacquers and other finishes, solvents and thinners, cleaning or detergent agents, or otherwise potentially harmful, hazardous or toxic materials, liquids, substances, and other contaminants must be removed from the License Premises and Grounds by Licensee at Licensee's expense after use of the same has been completed. During such use, such materials shall be kept in a safe and contained manner. Licensor shall charge to Licensee, and Licensee covenants and agrees to pay, all costs caused by, relating to, or arising from the removal and/or disposal of any and all such materials or substances discharged by Licensee or otherwise not removed from the License Premises by Licensee and any and all fines, assessments, and penalties that may be incurred or imposed upon Licensor, the Lessor, or Licensee as a result of such malfeasance by Licensee.

**15. HEADINGS, INTERPRETATION**

The section headings contained in this License are for reference purposes only and shall not affect the meaning or interpretation of this License.

**16. ENTIRE AGREEMENT**

This License incorporates all the agreements and understandings between the parties hereto concerning the services to be performed hereunder, and all such agreements and understandings have been merged into this License. This License expresses the entire agreement and understanding between the parties with respect to said license. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this License.

**17. APPLICABLE LAW; CHOICE OF LAW; VENUE**

Licensee shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the City of Santa Fe. In any action, suit or legal dispute arising from this License, the Licensee agrees that the laws of the State of New Mexico shall govern. The parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court of the State of New Mexico.

**18. FORCE MAJEURE**

Failure of Licensor or Lessor to comply with the terms and conditions hereof because of an Act of God, force majeure, labor troubles, war, fire, riot, earthquake, act of public enemies, action of governmental authorities (federal, state or local), unavailability of power, transportation, stages, production facilities or materials, or for any other reason beyond the reasonable control of Licensor or Lessor, shall not be deemed a breach of this License, and neither Licensor nor Lessor shall be liable to Licensee for any consequential damages. Except for the obligations to pay license fees and additional charges, the provisions of this Paragraph shall apply equally and reciprocally to Licensee.

**19. REPRESENTATION ON AUTHORITY OF SIGNATORY**

The signatory for the Licensee represents and warrants that he or she is duly authorized and has the legal capacity to execute and deliver this License. The Licensee represents and warrants that the execution and delivery of the License and the performance of the Licensee's obligations hereunder have been duly authorized and that the License is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

**20. ATTACHMENTS**

All exhibits are fully incorporated herein and made a part of this License.

**21. COUNTERPARTS**

This License may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have hereunto set their hands and seals as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

LICENSOR:  
GARSON STUDIOS SANTA FE, LLC

LICENSEE:

\_\_\_\_\_  
CLAUDIO RUBEN, PRINCIPAL

\_\_\_\_\_  
AUTHORIZED OFFICER