

**CITY OF MESA
REAL ESTATE SERVICES**

LEASE AGREEMENT

THIS LEASE AGREEMENT, (Lease) made and entered into this 22 day of April, 1998 by and between the CITY OF MESA, a municipal corporation (Lessor) and CHILD CRISIS CENTER, EAST VALLEY INC., an Arizona non-profit corporation under the terms of Section 501(c)(3) of the U.S. Internal Revenue Code, (Lessee). Lessor and Lessee may be referred to jointly as Parties, and each separately may be referred to as a Party.

WHEREAS Lessor owns certain real property and improvements (Leased Premises) located at [REDACTED], Mesa, Arizona, further described on Exhibit "A", attached hereto and made a part hereof.

WHEREAS Lessor is willing to lease to Lessee, and Lessee desires to take and lease from Lessor certain real property for the purpose hereinafter set forth, subject to all terms and conditions of this Lease.

NOW THEREFORE, in consideration of the mutual promises and conditions hereinafter contained, the Parties agree as follows:

Section 1

TERM

The initial term of this Lease shall be for twenty (20) years, commencing on January 1, 1998, and terminating on December 31, 2017. Lessee may extend the term of this Lease for two additional five (5) year terms by providing written notice to Lessor at least six (6) months prior to the expiration of the current term. Lessee or Lessor shall have the right to terminate this Lease at the end of five (5) years for any reason, without penalty, by providing written notice to the other Party six (6) months prior to intended termination date.

Section 2

RENTAL AMOUNT

On the date of execution of this Lease, Lessee shall pay to Lessor the full rent of \$1.00 per year for the initial twenty (20) year term of the lease, for a total amount of \$20.00.

Section 3
PERMITTED USES

The Leased Premises are for the sole use of Lessee and shall be used for the purpose of a center for child care, education, administration, and related services, and must meet all local licensing and occupancy requirements for such facility, and any other related uses necessary and customary in Lessee's business. Lessee must further adhere to any federal requirements for use of the property as governed by the Community Development Block Grant (CDBG) program regulations described in 24 CFR Part 570. Lessee's failure to use Leased Premises for a period of ninety (90) consecutive days shall constitute a default under the terms of this Lease. Lessee shall make no alteration, addition or improvement or demolition without first obtaining written permission from the Lessor. Lessee also agrees to use the Leased Premises without creating, or causing to be created, nuisances or hazards to the public health or safety and also not to use or permit any use of Leased Premises for any illegal or immoral purposes and to comply with all State laws or local ordinances concerning Leased Premises and the use thereof. Lessee agrees that use of the Leased Premises shall be conducted in such a manner so as to insure the quiet enjoyment of the neighboring properties.

Both Lessee and Lessor acknowledge they have entered into and executed a separate Subrecipient Agreement, as required under the Community Development Block Grant regulations, that define the record keeping and administrative requirements for the described use of the Leased Premises.

Section 4
PERSONAL PROPERTY

The personal property of Lessee placed in the buildings during the term of this Lease by Lessee shall remain the property of Lessee and may be removed by Lessee from the Leased Premises at any time during the Lease term or upon the termination of this Lease, provided Lessee shall repair any damage caused to the property by such removal. Lessee shall be responsible for repairing or replacing any of the personal property, appurtenance and equipment of the Lessor that is damaged or destroyed while being used by Lessee, and shall return the Leased Premises to the Lessor in the same condition they were in at the execution of this Lease, normal wear and tear excepted.

Section 5
UTILITIES, CUSTODIAL SERVICES, AND MAINTENANCE

Lessee agrees that during the term hereof, at their own expense, to keep in good order and repair, the entire Leased Premises and all improvements thereon. Lessee shall not have the right to improve, reconstruct, or alter the improvements on the Leased Premises without the written permission of the Lessor. Such permission will not be unreasonably withheld, conditioned, or delayed.

Lessee agrees that it will, at all times during the term of this Lease Agreement, pay for all utilities of every nature used on the Leased Premises before the charges become delinquent.

Section 6

DEFAULT

Both Lessor and Lessee agree that in the event a default occurs by the Lessee in the payment of any rent herein provided on the day same becomes due and payable, or in the event Lessee shall fail to perform any of the covenants herein contained to be kept and performed by Lessee, any such default continues for a period of thirty (30) days after written notice of such default shall have been received by Lessee, then and in any or either of such events, the Lessor, at its election, may declare the term of this Lease ended and this Lease canceled and Lessor shall have the right to re-enter and take possession of Leased Premises, provided, however, that any such default shall be deemed cured or same be corrected within thirty (30) days after written notice by Lessee, in which event this Lease and its terms and conditions shall continue in full force and effect, the same as though no default has been made. No action of Lessor shall be construed as election to terminate this lease unless written notice of such intention is given to Lessee.

Section 7

HOLD HARMLESS

Lessor shall not be liable to Lessee, and Lessee hereby waives all claims against Lessor for any injury (including death) or damage to any person or property in or about the Leased Premises by or from any cause whatsoever and Lessee shall indemnify and hold Lessor, its successors, officers, employees, and agents harmless from any and all claims, costs, expenses or liability of any kind (including without limitation a decrease in the value of the premises and reasonable consultant's and attorneys' fees) arising directly or indirectly from: (a) injury (including death) or damage to any person or property whatsoever occurring on or about the Leased Premises, (b) Hazardous Substances or an environmental condition on or about the Leased Premises, or (c) violations or claims of violation by Lessee of an environmental law. This indemnification obligation shall be in addition to any other obligations and liabilities Lessee may have to Lessor at law or equity, and shall survive the term of this Lease and shall not be subject to any other provisions of this that operate to limit Lessee's liability, unless caused by Lessor's negligent or intentional conduct.

Section 8

TAXES AND INSURANCE

Lessee agrees to pay or cause to be paid, before delinquent, any and all taxes levied or assessed and which become payable during the term hereof upon any of Lessee's equipment, furniture, fixtures and other personal property located on the Leased Premises.

Tenant shall obtain and keep in effect, during the term of this Lease, a public liability policy, with limits of \$1,000,000 for property damage, \$2,000,000 aggregate, with a certificate of insurance to be furnished to Lessor with thirty (30) days of Commencement Date. Lessee shall also obtain and keep in effect, during the term of this Lease, a fire insurance with extended coverage on the Leased Premises to the extent of eighty percent (80%) of the insurable value of the building, or other insurable improvements. Said policy or policies shall name Lessor and its agents as additional insured and shall be issued by an insurance company licensed to do business in the State of Arizona, and with an A rating, or better, as determined by Best Rating Guide and acceptable to Lessor. Such policy shall provide that cancellation shall not occur without at least fifteen (15) days prior written notice to Lessor.

Failure to maintain such insurance shall be a default within the meaning of this Lease, and shall constitute grounds for termination of this Lease.

Section 9

MESA CITY CODE 6-11-6

Lessee shall abide by the requirements for a smoke free facility as described in Mesa City Code 6-11-6 and any amendments and shall restrict smoking to such areas as allowed under Mesa City Code 6-11-6 unless and until such requirements are eliminated or revised by the Mesa City Council.

Section 10

ASSIGNMENT AND SUBLETTING

Lessee expressly covenants that it shall not, by operation or law or otherwise, assign, sublet, or encumber all or any part of this Lease or the Leased Premises. Any attempt to do so by the Lessee shall be void.

Section 11

HAZARDOUS MATERIALS AND SUBSTANCES

Lessee represents, warrants and agrees that it will not use, generate, store or dispose of any Hazardous Material (defined herein) on, under, about or within the Leased Premises in violation of any law or regulation. Lessor represents warrants and agrees (1) that neither Lessor nor, to Lessor's knowledge, any third party has used, generated, stored or disposed of, or permitted the use, generation, storage or disposal of, any Hazardous Material on, under, about or within the Leased Premises in violation of any law or regulation, and (2) that Lessor will not, and will not authorize any third party to use, generate, store or dispose of any Hazardous Material on, under, about or within the Leased Premises in violation of any law or regulation. Lessor and Lessee each agree to defend, indemnify and hold harmless the other and the other's partners, affiliates, agents and employees against any and all losses, liabilities, claims and/or costs (including

reasonable attorney's fees and costs) arising from any breach of any representation, warranty or agreement contained in this Section. As used in this Section, "Hazardous Material" shall mean petroleum or any petroleum product, asbestos, any substance known by the state in which the property is located to cause cancer and/or reproductive toxicity, and/or any substance, chemical or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state, or local law or regulation.

Section 12

NONDISCRIMINATION REGULATIONS

Lessee, its representatives or successors in interest and assigns, as a part of the consideration hereof, do hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, religion, sex, age, national origin, handicap, or familial status shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Leased Premises, (2) in the construction of any improvements on, over or under such Leased Premises and the furnishing of services thereon, no person on the ground of race, color, religion, sex, age, national origin, handicap, or familial status shall be excluded from participation or denied benefits of, or otherwise be subjected to discrimination, (3) Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title VIII of the Civil Rights Act of 1968, as amended. In the event of breach of any of the above nondiscrimination covenants, Lessor shall have the right to terminate this Lease and to re-enter and repossess said Leased Premises, and hold the same as if said Lease had never been made or issued.

Section 13

INDEPENDENT OPERATOR

Lessee shall, at all times, be an independent operator and shall not, at any time, purport to act as an agent for the Lessor or any of its officers or agents.

Section 14

INDEMNIFICATION

Lessee does hereby covenant and agree to indemnify and hold Lessor, its employees, officers, contractors, and agents, individually and collectively, from any and all fines, suits, claims, demands or actions of any kind, other than those caused by the willful or solely negligent conduct of Lessor, its officers, employees, contractors, or agents, arising out of or in connection with the use or occupancy of the Leased Premises as outlined in this Lease.

Section 15

NOTICES

All notices given, or to be given, by either Party to the other, shall be given in writing, by certified mail return receipt requested, and shall be addressed to the Parties at the addresses hereinafter set forth or at such other address as the parties may by written notices hereafter designate. Notices shall be addressed as follows:

LESSOR

City of Mesa
Real Estate Services
P.O. Box 1466
Mesa, Arizona 85211-1466

LESSEE

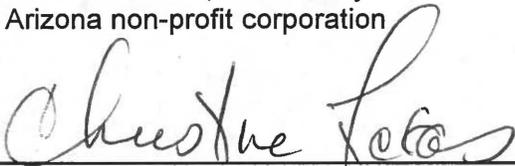
Child Crisis Center, East Valley Inc.
P.O. Box 4114
Mesa, Arizona 85201

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed the day and year first hereinabove written.

SIGNATURES

LESSEE:

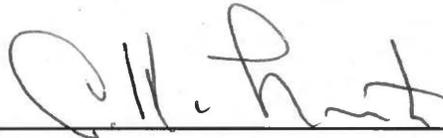
Child Crisis Center, East Valley Inc.
an Arizona non-profit corporation



Christine Fickas, Executive Director

LESSOR:

City of Mesa, a municipal corporation



C.K. Luster, City Manager

4.22.98

Date

4/20/98

Date

c:\s-170

jts 04/08/98

EXHIBIT "A"
LEGAL DESCRIPTION

[REDACTED]