

**CITY OF MESA
LEASE AGREEMENT**

THIS LEASE AGREEMENT ("Lease"), made this 14 day of April, 2008 by and between the CITY OF MESA, a municipal corporation, hereinafter referred to as "Lessor," and PREHAB OF ARIZONA, Inc., dba A New Leaf, an Arizona non-profit corporation, hereinafter referred to as "Lessee." Lessor and Lessee may be referred to jointly as "Parties," and each separately may be referred to as a "Party."

WITNESSETH:

WHEREAS, Lessor owns certain real property and improvements located at 217 W. University, Mesa, Arizona, assessor parcel number 138-57-014B, and more fully described on Exhibit A hereto (the "Property"); and

WHEREAS, Lessor is willing to lease to Lessee, and Lessee desires to lease, the Property, subject to all terms and conditions of this Lease; and

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

**SECTION 1
LEASED PREMISES**

1.01 Leased Premises. The leased premises are located at 217 W. University, Mesa, Maricopa County, Arizona, which is referred to as the "Leased Premises." The Leased Premises consists of approximately 13,649 square feet of land and a 3,858 square foot office building.

1.02 Condition of Leased Premises. Lessee acknowledges, represents and agrees to lease and take possession of the Leased Premises "AS IS" based on its own inspection and investigation and not in reliance on any statement, representation, inducement or agreement of Lessor except as may be expressly set forth elsewhere in this Lease.

**SECTION 2
USE OF LEASED PREMISES**

2.01 Permitted Uses. Lessee agrees to use and operate the Leased Premises as an alternative youth center providing counseling, education, administration, and related services for youth ages 8 to 17 and their families. Lessee shall not use the Leased Premises for any other uses unless such other use has prior approval in writing from Lessor.

2.02 Conduct of Activities. Lessee shall use the Leased Premises and conduct its activities in a manner that will in no way materially interfere with or detract from the value of the Leased Premises. Lessee agrees that the Leased Premises will not be used for the storage of equipment or materials, unless prior approval is received in writing from Lessor.

2.03 Authorization to Approve Other Uses/Activities. For purposes of Sections 2.01 and 2.02, the City Manager (or City Manager's designee) is authorized to provide Lessor's approval of alternate uses or activities in or on the Leased Premises by Lessee.

2.04 Compliance with Laws. Lessee, its employees, agents, contractors, customers and invitees shall comply with all provisions of this Lease, along with all City codes, ordinances, resolutions, standards, laws and policies affecting the Leased Premises.

2.05 Compliance with CDBG Requirements. Lessee agrees to adhere to all federal requirements for use of the Leased Premises as governed by the Community Development Block Grant (CDBG) regulations described in 24 CFR Part 570 and as more fully set forth in the applicable Subrecipient Agreements between Lessor and Lessee incorporated by this reference.

SECTION 3 **TERM**

3.01 Initial Term. The term of this Lease shall be for a period of five (5) years commencing on September 1, 2007 (the "Commencement Date") and ending on September 1, 2012 (the "Expiration Date") unless otherwise canceled or terminated as provided herein. This period shall be referred to as the "Initial Term." The Initial Term and all subsequent terms shall be collectively referred to herein as the "full term of this Lease."

*9-1-2007
8-30-2012*

3.02 First Extended Term. This Lease shall automatically renew for a period of one (1) year after the expiration of the Initial Term (the "First Extended Term"), unless either Party notifies the other Party at least thirty (30) days prior to the Expiration Date that it does not intend to renew this Lease and provided Lessee is in full compliance with all of the provisions, covenants, conditions, and requirements of this Lease. Any renewal of this Lease shall be on the same terms, covenants, and conditions and subject to the same restrictions and exceptions contained in this Lease. If Lessee is in default on the date the First Extended Term is to commence, the First Extended Term shall not commence and this Lease shall expire at the end of the Initial Term.

*9-1-2012
8-30-2013*

3.03 Additional Extended Terms. Provided this Lease was renewed for the First Extended Term, Lessee shall have the option to renew this Lease for additional successive terms of one (1) year each, for up to a total of four (4) additional years after the expiration of the First Extended Term, provided Lessee is in full compliance with all of the provisions, covenants, conditions, and requirements of this Lease. Any renewal of this Lease shall be on the same terms, covenants, and conditions and subject to the same restrictions and exceptions contained in this Lease. Lessee may exercise this option to renew by giving written notice of its intent to renew ("Option Notice") to Lessor at least thirty (30) days before the expiration of the First Extended Term. If Lessee is in default on the date of giving the Option Notice, then the Option Notice shall be ineffective. If Lessee is in default on the date that any additional term is to commence, the additional term shall not commence and this Lease shall expire at the end of the previously extended term.

*9-1-2013-8/2014
9-1-2014-8/2015
9-1-2015-8/2016
9-1-2016-8-
8-30-2017*

SECTION 4 CONSIDERATION

4.01 Minimum Rental. Lessee, in consideration of the foregoing, covenants and agrees to pay in lawful money of the United States of America to Lessor, rent for the entire Initial Term Lease in the amount of Five dollars (\$5.00). Any lease payment paid in full is nonrefundable. In the event this Lease is automatically renewed pursuant to Section 3.02 and/or Lessee exercises its option to renew this Lease for any additional term under Section 3.03, Lessee covenants and agrees to pay in lawful money of the United States of America to Lessor, rent for such entire additional one-year term (whether such term be the First Extended Term or any additional extended term) in the amount of one dollar (\$1.00) for each 1-year term.

4.02 Payment Procedures. Lessee shall pay to Lessor, without prior notice or demand, rent for the entire Initial Term on the first day of the Initial Term, rent for the entire First Extended Term on the first day of the First Extended Term, and rent for the each additional extended term on the first day of that extended term. The rental payment shall be in the amounts set forth in Section 4.01.

SECTION 5 IMPROVEMENTS

5.01 Definition. The term "Improvements," shall mean any and all additions, alterations, changes, fixtures, or other improvements to the Leased Premises.

5.02 Improvements. Lessee shall not make any temporary or permanent Improvements to the Leased Premises, with a cost of more than five thousand dollars (\$5,000.00), without the prior written approval of Lessor. Lessor's approval shall not be unreasonably conditioned, withheld or delayed. Lessee shall submit to Lessor complete architectural, electrical and mechanical plans and specifications covering all such work, whether such work is to be done by Lessee or others. Such plans and specifications shall be prepared in such detail as Lessor may require, and Lessee agrees not to commence work upon any portion of the Leased Premises until Lessor has approved such plans and specifications. Any changes in said plans or specifications must be similarly approved by Lessor. For purposes of this Section, the City Manager (or City Manager's designee) is authorized to provide Lessor's written approval.

5.03 Construction and Maintenance. All Improvements shall be constructed and/or maintained in a good and workmanlike manner in compliance with all laws, codes, rules, regulations, and orders of all governmental authorities having jurisdiction thereof. Lessee shall, at Lessee's own expense, promptly remove from the Leased Premises all trash and debris which may accumulate in connection with any work in or on the Leased Premises. Lessee shall, at all times during the full term of this Lease and at Lessee's sole cost and expense, maintain the Leased Premises and all Improvements thereon or appurtenances thereto, in good working order, condition and repair (including any such replacement, periodic painting, and restoration as is required for the purpose) and in a safe, sanitary, weed and dust free, neat and attractive condition, and shall comply with all public laws, ordinances and regulations applicable to said Leased Premises. Lessee shall indemnify and hold harmless Lessor against liability for all claims arising from any failure to maintain, repair, or alter the Leased Premises and the Improvements thereon, or from any construction, alteration or repair of the Leased Premises or from the non-observance of any law, ordinance or regulation applicable to such construction, alteration or repair.

SECTION 6
MECHANICS LIENS

6.01 Mechanics' Liens. Lessee agrees to keep the Leased Premises free of any mechanics' or materialman's liens or other liens of any kind or nature for work done, labor performed, or material furnished thereon at the instance or occasion of Lessee, and Lessee further agrees to indemnify and save harmless Lessor from and against any and all claims, liens, demands, costs and expenses of whatsoever nature for any such work done, labor performed, or materials furnished.

6.02 No Agency. Lessee is not an agent of the Lessor, nor an employee of the Lessor, nor is it, its agents, or employees authorized to act for or on behalf of Lessor as its agent, employee, representative, or otherwise, for the purpose of constructing any improvements at the Leased Premises, or for any other purpose, and neither Lessor nor Lessor's interest in the Leased Premises shall be subject to any obligations incurred by Lessee.

SECTION 7
UTILITIES

7.01 Utilities. In addition to all rental payments herein specified, Lessee shall be responsible for and shall pay for all utilities supplied to, used, or consumed in or upon the Leased Premises, including without limitation, all sewage charges and all charges for water, gas, electricity, and trash collections as and when the charges therefore shall become due and payable.

SECTION 8
MAINTENANCE AND REPAIRS

8.01 Maintenance and Repairs. Lessee shall maintain Leased Premises and all improvements thereon in good order and repair and perform all necessary repairs and maintenance at Lessee's own expense.

8.02 Neat Condition. Lessee shall keep the Leased Premises neat and orderly at all times. This includes, without limitation, the prevention of the accumulation of any refuse or waste materials which might constitute a health or fire hazard or public nuisance. Lessee shall be responsible for the removal and recycling, as appropriate, of all trash and solid waste from the Leased Premises at a minimum of once per week.

8.03 Lessor's Right to Conduct Maintenance. In the event Lessee fails to maintain and/or repair the Leased Premises and all improvements thereon in accordance with this Section 8, Lessor shall have the right, but not the obligation, to perform any such maintenance and/or repair at Lessee's sole expense. Said expense shall be due and payable, as additional rent, within thirty (30) days after the date of the invoice in which Lessor bills Lessee for such expense.

SECTION 9
INSURANCE

9.01 Insurance. As a condition precedent to this Lease, Lessee shall procure and maintain in full force and effect during the full term of this Lease, a policy or policies of

public liability and property damage insurance from a company or companies rated A- or better, authorized to do business in the State of Arizona with minimum coverage of \$1,000,000.00 for death, bodily injury, or loss sustained in any one occurrence, and \$1,000,000.00 for loss by damage or injury to property in any one occurrence. The policy shall further provide that the same shall not be canceled until a thirty day (30) written notice of cancellation has been served upon Lessor. Lessor shall be named as an additional insured by endorsement on all policies. Lessee shall deliver said policy(s) of insurance or certified copy(s) thereof to Lessor for approval as to sufficiency. Lessor shall approve or disapprove said policy(s), in writing, within thirty (30) days of its submission. Lessor must be named as additional insured on all insurance policies issued pursuant to this clause during the full term of this Lease.

9.02 No Limits on Indemnification. Such policy(s) of insurance shall not be construed as a limitation of Lessee's liability obligations or as full satisfaction of Lessee's indemnification obligations under this Lease.

9.03 Failure to Procure Insurance. If Lessee fails to procure insurance as required by this Section, Lessor may procure such insurance at the sole expense of Lessee.

9.04 Lessor's Right to Adjust Insurance. Lessor may adjust the amount and type of insurance Lessee is required to obtain and maintain under this Agreement as follows: at least ninety (90) days before the annual anniversary of the Commencement Date, Lessor shall notify Lessee of the adjusted insurance requirement. Lessor's determination shall reasonably reflect the risks associated with Lessee's operations on the Leased Premises. Lessee may request an adjustment to the insurance requirements set forth in this Section 9 by submitting a written request to Lessor at least ninety (90) days before the annual anniversary of the Commencement Date. Lessor shall consider a requested adjustment and grant or deny such request in its sole discretion within thirty (30) days of receipt of the request.

SECTION 10 **INDEMNIFICATION**

10.01 Lessor's Responsibility for Own Negligence. Lessor shall be solely liable for negligent acts, or omissions of Lessor, its officers, directors, officials, employees and agents while on Lessor's official business at the Leased Premises.

10.02 Indemnification. Except as otherwise provided in Section 10.01, Lessee shall defend, indemnify, and hold harmless Lessor, its officers, directors, officials, agents, employees, and others acting under Lessor's direction and control, from and against any and all claims, demands, losses or liability of any kind or nature which Lessor, its officers, directors, officials, agents, employees or others acting under its direction and control may sustain or incur, or which may be imposed upon them, or any of them for injury to, or death of, persons or for damage to property or any other general, special or consequential damages arising out of or in any manner connected with the Lessee's use and operation of the Leased Premises.

SECTION 11
ENVIRONMENTAL INDEMNIFICATION

11.01 Use of Hazardous Material. Lessee shall not cause or permit any hazardous material, as defined in Subsection 11.05 to be generated, brought onto, used, stored, or disposed of in, on or about the Leased Premises. Lessee shall:

- (a) Use, store and dispose of all such hazardous material in strict compliance with all applicable statutes, ordinances, and regulations in effect during the full term of this Lease term that relate to public health and safety and protection of the environment ("environmental laws"); and
- (b) Comply with all environmental laws at all times during the full term of this Lease.

11.02 Notice of Release or Investigation. If, during the full term of this Lease, either Lessor or Lessee becomes aware of: (a) any actual or threatened release of any hazardous material on, under, or about the Leased Premises, or (b) any inquiry, investigation, proceeding, or claim by any government agency, or other person regarding the presence of hazardous material on, under, or about the Leased Premises, that Party shall give the other Party written notice of the release or investigation within five (5) days after learning of it and shall simultaneously furnish to the other Party copies of any claims, notices of violation, reports, or other writings received by the Party providing notice that concern the release or investigation.

11.03 Environmental Indemnification. Lessee shall, at Lessee's sole expense, indemnify, defend, and hold harmless Lessor, its officers, directors, officials, agents, employees or others acting under its direction and control, with respect to all losses arising out of or resulting from the release of any hazardous material or the violation of any environmental law in or about the Leased Premises, except those solely caused by Lessor. This indemnification shall survive the expiration or termination of this Lease and shall include:

- (a) Losses attributable to diminution in the value of the Leased Premises;
- (b) Loss or restriction of use of rentable space at the Leased Premises;
- (c) Adverse effect on the marketing of any part of the Leased Premises; and
- (d) All other liabilities, obligations, penalties, fines, claims, actions (including remedial or enforcement actions of any kind and administrative or judicial proceedings, orders, or judgments), damages (including consequential and punitive damages), and costs (including attorney, consultant and expert fees and expenses) resulting from the release or violation.

11.04 Remediation Obligations.

- (a) If the presence of any hazardous material brought onto the Leased Premises, unless brought solely by Lessor, results in contamination of the Leased Premises, Lessee shall promptly take all necessary actions, at Lessee's sole expense, to return the Leased Premises to the condition that existed before the introduction of such hazardous material. Lessee shall first obtain Lessor's written approval of the proposed remedial action. This provision does not limit the indemnification obligations set forth in other sections of this Lease.

- (b) In the event Lessee fails to meet its remediation obligations under paragraph (a) above, Lessor shall have the right, but not the obligation, to perform any such remediation at Lessee's sole expense. Said expense shall be due and payable, as additional rent, within thirty (30) days after the date of the invoice in which Lessor bills Lessee for such expense.

11.05 Definition of Hazardous Material. As used in this Section 11, the term "Hazardous Material" shall mean any hazardous or toxic substance, material, or waste that is or becomes regulated by the United States, the State of Arizona, or any local government authority having jurisdiction over the Leased Premises. Hazardous material includes, but is not limited to:

- (a) Any "hazardous substance" as that term is defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 United States Code §§ 9601-9675) including all amendments thereto or successor statutes;
- (b) "Hazardous waste" as that term is defined in the Resource Conservation and Recovery Act of 1976 (RCRA) (42 United States Code §§ 6901-6992K) including all amendments thereto or successor statutes;
- (c) Any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance, within the meaning of any other applicable Federal, State, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders imposing Liability or standards of conduct concerning any hazardous, dangerous, or toxic waste, substance, or material, now or hereafter in effect);
- (d) Petroleum products;
- (e) Radioactive material, including any source, special nuclear, or byproduct material as defined in 42 United States Code §§ 2011-22976-4 including all amendments thereto or successor statutes;
- (f) Asbestos in any form or condition; and
- (g) Polychlorinated biphenyls (PCBs) and substances or compounds containing PCBs.

SECTION 12 **ENTRY BY LESSOR**

12.01 Entry by Lessor. Lessor reserves the right, without abatement of rent and other charges due hereunder from the Lessee, to enter upon or have its employees, agents, contractors and assignees enter upon the Leased Premises at any reasonable time, according to State of Arizona law, for any reasonable purpose, including the inspection of the Leased Premises to determine if the provisions of this Lease are being complied with, to conduct environmental assessments and audits, to perform repairs and/or maintenance in accordance with Section 8, including any actions necessary to remediate, abate or cleanup any hazardous substances or environmental conditions at the Leased Premises in accordance with Section 11.

12.02 Waiver of Claims. Lessee hereby waives any claim for damage for any injury or inconvenience to or interference with Lessee's operations, any loss of occupancy or quiet enjoyment of the Leased Premises, and any other loss occasioned by Lessor's entry unless such claim is a direct result of Lessor's negligent or intentional conduct. Lessor shall have the right to use any and all means which Lessor deems necessary to gain access to the Leased Premises and Lessee's personal property in the event of an emergency. "Emergency" shall be defined as any existing condition of disaster or of extreme peril to the safety of persons or property within the area of the Leased Premises caused by air pollution, fire, flood, or flood water, storm, epidemic, riot, earthquake, or other natural disaster. Such entry by Lessor shall not, under any circumstances, be construed or deemed to be a forcible, unlawful, negligent entry into the Leased Premises, and shall not be construed or deemed as conduct intended to cause damage or injury, or a detainer of, Lessee's personal property and the Leased Premises or an eviction of Lessee from the Leased Premises or any portion thereof.

SECTION 13 **NON-DISCRIMINATION**

13.01 Non-Discrimination. Lessee, for itself, its Officers, agents, employees, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (a) no person on the grounds of race, color, religion, sex, national origin, disability, or familial status shall be excluded from participation, denied the benefits of, or be otherwise subject to unlawful discrimination in the use of the Leased Premises; (b) that in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services thereon, no person on the grounds of age, race, color, religion, national origin, sex, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subject to unlawful discrimination.

13.02 Fair Housing Laws and Presidential Executive Orders. Lessee further agrees to comply with all laws applicable to the terms of this Lease and the Leased Premises including but not limited to: Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Section 109 of Title I of the Housing and Community Development Act of 1974; Title II of the Americans with Disabilities Act of 1990; and Architectural Barriers Act of 1968.

SECTION 14 **ASSIGNMENT; SUBLETTING; ENCUMBERING**

14.01 No Assignment. Lessee may not sublet, transfer, assign, mortgage, pledge, hypothecate, allow use of or encumber the Leased Premises or any part thereof, without Lessor's prior written approval, which may be granted or denied in Lessor's sole discretion. Any such transfer without said approval, whether voluntary or involuntary, shall be void and shall confer no right of occupancy upon said assignee or purchaser. For purposes of this Section, the City Manager (or City Manager's designee) is authorized to provide Lessor's written approval.

14.02 Assumption of Obligations. Any transfer or assignment of this Lease that is approved by the Lessor shall include the agreement to perform all of the obligations of the Lessee under this Lease and shall retain the Lessee as a guarantor of the original obligation.

SECTION 15
UNLAWFUL USE

15.01 No Unlawful Use. Lessee agrees no improvements shall be erected, placed upon, operated or maintained on the Leased Premises, nor shall business be conducted or operated thereon, in violation of the terms of this Lease, or any regulations, order or laws, statutes, by-laws or ordinances of any governmental body having jurisdiction there over.

15.02 Compliance with Applicable Zoning. Lessee agrees to meet all applicable zoning required to use the Leased Premises for the purposes stated in this Lease.

SECTION 16
DEFAULT; ABANDONMENT

16.01 Event of Default. The occurrence of any of the following shall constitute an event of default:

- (a) The filing of a petition by or against Lessee for adjudication as a bankrupt or insolvent, or for its reorganization or for the appointment of a receiver or trustee of Lessee's property, or an assignment by Lessee for the benefit of creditors or the taking of possession of the property of Lessee by any governmental officer or agency pursuant to statutory authority for the liquidation of Lessee.
- (b) Failure of Lessee to pay when due any installment of rent hereunder or any other sum herein required to be paid by Lessee, and the continuance of such nonpayment for five (5) working days after written notice from Lessor.
- (c) Abandonment of the Leased Premises, as provided in Section 16.02.
- (d) Operation or maintenance of the Leased Premises in violation of law, failure to maintain the required insurance, or any other misuse of the Leased Premises, including unauthorized uses of the Leased Premises under Section 2.
- (e) Lessee's failure to perform any other covenant, condition or agreement of this Lease within thirty (30) days after written notice by Lessor.

16.02 Abandonment. If Lessee, prior to the expiration or other termination of this Lease, relinquishes possession of the Leased Premises without Lessor's prior written consent, or fails to operate at the Leased Premises for a period of ninety (90) days, such occurrence shall be deemed to be an abandonment of the Leased Premises and an event of default under this Lease.

16.03 Waiver. No waiver of any default, breach or failure of Lessee under this Lease shall be construed as a waiver of any subsequent or different default, breach or failure.

16.04 Remedies Not Exclusive. The specific remedies set forth in this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Lessor may be entitled to resort, either in law or in equity, in case of any breach or threatened breach of any provisions of this Lease.

SECTION 17 **TERMINATION**

17.01 Termination for Default. In the event of default, Lessor, at its election, may terminate this Lease. In such case, Lessee shall surrender the Leased Premises to Lessor pursuant to Section 20.

17.02 Termination for Convenience. Lessor may, in its sole discretion, terminate this Lease for any reason by providing Lessee with written notice of termination no later than ninety (90) days prior to the termination date.

17.03 Termination Pursuant to A.R.S. § 38-511. Lessor may terminate this Lease pursuant to A.R.S. § 38-511.

17.04 Transfer for Public Use. In the event that during the terms of this Lease, the Leased Premises, or any part thereof, is sold or exchanged for public, quasi-public or private purposes, Lessee shall have no claim to, nor shall Lessee be entitled to any portion of any sale proceeds, for damages or otherwise. Any such rights and proceeds otherwise due to Lessee are hereby assigned to Lessor. In the event that all or part of the Leased Premises is sold or exchanged, Lessor shall have the right to terminate this Lease by providing a written notice to Lessee at least sixty (60) calendar days prior to the termination date.

SECTION 18 **COMMUNITY DEVELOPMENT BLOCK GRANT**

18.01 Lessee acknowledges that Lessor has utilized Community Development Block Grant (CDBG) funds for the acquisition of land and improvements at the Leased Premises and Lessee has executed, and will in the future execute, all necessary documents and agreements required in order for Lessor and Lessee to comply with all regulations of the CDBG program funding.

18.02 Lessee will report to Lessor annually on or before July 15th of each year demographic information on clients assisted and activities undertaken in the prior July 1 through June 30th fiscal year.

SECTION 19 **REMEDIES**

19.01 Remedies. Lessor shall have all rights and remedies available at law or in equity and the exercise of any one remedy shall not preclude the exercise of any other remedy that may be available. Lessor shall have the immediate right to collect directly from any sublessee or assignee under Lessee, all sub-rents and other charges payable by such sublessee or assignees, Lessee hereby assigning to Lessor such sub-rents and other charges in the event that Lessor declares a default by Lessee under this Lease.

19.02 Voluntary Vacation of the Property. Lessee shall peaceably quit the Leased Premises upon written notification to Lessee of Lessor's intent to re-enter the Leased Premises and Improvements placed thereon by Lessee. The various rights, elections, and remedies of Lessor and Lessee contained in this Lease shall be cumulative, and no one of them shall be construed as exclusive of any other or of any

right, priority or remedy allowed or provided by law. Lessor shall use its best efforts to mitigate cost to Lessee.

19.03 Election to Terminate. No action of Lessor shall be construed as an election to terminate this Lease unless written notice of such intention is given to Lessee. Lessee agrees to pay as additional rent all attorney's fees and other costs and expenses incurred by Lessor in enforcing any of Lessee's obligations under this Lease. Any amount due from Lessee to Lessor under this Lease which is not paid when due shall bear interest at the highest rate allowed by Arizona law.

SECTION 20 **SURRENDER OF LEASED PREMISES**

20.01 Surrender of Premises; Normal Wear and Tear. Upon expiration, default by Lessee or termination of this Lease by Lessee, Lessee's right to occupy the Leased Premises and exercise the privileges and rights granted under this Lease shall cease, and Lessee shall surrender the Leased Premises in as good condition as at the time of occupancy by Lessee, except as otherwise provided for in this Lease, except for normal wear and tear.

20.02 Voluntary Surrender. Lessee shall, on the last day of the term of this Lease or any extended term, or upon any termination of this Lease, truly surrender and deliver the Leased Premises along with any permanent improvements then located on the Leased Premises into the possession and use of Lessor, without fraud or delay and in good order, condition and repair, free and clear of all liens and encumbrances other than those existing on the date of this Lease, if any, without any payment or allowance whatsoever by Lessor.

20.03 Trade Fixtures and Equipment. All trade fixtures, equipment, and other personal property installed or placed by the Lessee on the Leased Premises that are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, and for an additional period of thirty (30) days after its expiration, to remove the same from the Leased Premises, provided that Lessee is not in default of any of its obligations hereunder and that Lessee shall repair, at its sole expense, any damage caused by such removal. Any property not removed by Lessee within the thirty (30) day period shall become a part of the Leased Premises, and ownership thereof shall vest in the Lessor.

SECTION 21 **PARTIAL INVALIDITY**

21.01 Partial Invalidity. If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 22
MARGINAL CAPTIONS

22.01 Headings. The various headings and numbers herein and the grouping of the provisions of this Lease into separate sections and paragraphs are for the purpose of convenience only and shall not be considered a part hereof.

SECTION 23
HOLDING OVER

23.01 In the event Lessee shall lawfully hold possession of the Leased Premises after the term herein created, then such holding over shall be considered a tenancy from month to month and governed by the same conditions and covenants as contained in this Lease.

SECTION 24
NOTICES

24.01 Notices. All notices given, or to be given, by either party to the other, shall be given in writing and shall be addressed to the parties at the addresses set forth below or at such other address as the parties may by written notice hereafter designate. Notices and Payments to Lessor, and notices to Lessee shall be deemed properly served when sent by certified or registered mail or hand delivered to the addresses as follows:

To "Lessor": City of Mesa
 20 E. Main Street
 P.O. Box 1466
 Mesa, AZ 85211-1466
 Attn: Real Estate Services Director

A copy of all notices to "Lessor" shall also be sent or delivered to:

 City of Mesa
 Community Revitalization Division
 P. O. Box 1466
 Mesa, AZ 85211-1466
 Attn: Community Revitalization Director

To "Lessee": PreHab of Arizona, Inc.
 dba A New Leaf
 217 W. University
 Mesa, AZ 85201
 Attn: Executive Director

SECTION 25
AMENDMENTS TO BE IN WRITING

25.01 This Lease sets forth all of the agreements and understandings of the parties with respect to the use of the Leased Premises and is not subject to modification except in writing signed by all Parties.

SECTION 26
SUCCESSORS IN INTEREST

26.01 Successors; Joint Liability. The covenants herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

SECTION 27
FORCE MAJEURE

27.01 If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, inability to procure materials, or other cause, without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay; and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay, provided, however, nothing in this Section shall excuse Lessee from the prompt payment of any rental or other charges required of Lessee hereunder except as may be expressly provided elsewhere in this Lease.

SECTION 28
TIME

28.01 Time of the Essence. Time is of the essence with respect to the obligations to be performed under this Lease.

SECTION 29
NO PARTNERSHIP: NO THIRD PARTY RIGHTS

29.01 Independent Legal Relationship. Nothing contained in this Lease shall create any partnership, joint venture or other arrangement between Lessor and Lessee. Except as expressly provided herein, no term or provision of this Lease is intended to or shall be for the benefit of any person not a party hereto, and no such other person shall have any right or cause of action hereunder.

SECTION 30
AUTHORITY TO EXECUTE

30.01 Authority. The person executing this Lease on behalf of, or as a representative for the Lessee, warrants that he is duly authorized to execute and deliver this Lease on behalf of the Lessee and that this Lease is binding upon the Lessee in accordance with the terms and conditions herein.

SECTION 31
ARIZONA LAW

31.01 This Lease shall be governed by the laws of Arizona.

SECTION 32
BINDING AGREEMENT

32.01 This Lease shall be considered to be the only agreement between the parties hereto pertaining to the rental of the Leased Premises. It is understood that there are no oral agreements between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto with respect solely to the Leased Premises. This Lease shall have no effect upon any other Agreements currently in existence between Lessor and Lessee with respect to grant funding or other services provided by Lessee.

SECTION 33
SURVIVABILITY

33.01 Section 10 (Indemnification), Section 11 (Environmental Indemnification), and any other sections of this Lease that reasonably should survive, shall survive the expiration or other termination of this Lease.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year written above.

CITY OF MESA, a municipal corporation
("Lessor")

By: 
Christopher J. Brady, City Manager

Approved as to Form:

By: 
ASSISTANT City Attorney

PreHab of Arizona, Inc.
an Arizona non-profit corporation, dba
A New Leaf ("Lessee")


By: 
Michael Hughes, Executive Director

Exhibit 'A'
Legal Description
217 W. University

The North half of the East 162.8 feet of Lot 1, Block 52, MESA, according to Book 23 of Maps, Page 18, records of Maricopa County, Arizona.

RESOLUTION NO. 9193

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE LEASE OF CITY PROPERTY AT 217 W. UNIVERSITY DR. DRIVE AND EXECUTION OF NECESSARY DOCUMENTS

WHEREAS, the City Council has determined that the lease of City property located at 217 W. University Drive, Mesa, Arizona, as more fully described on attached Exhibit A, to A New Leaf, is appropriate.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA AS FOLLOWS:

Section 1: The City Manager, Christopher J. Brady, or his designee, is hereby authorized and directed on behalf of the City of Mesa to execute the necessary documents to lease City owned property as depicted in Exhibit A and that the City Clerk is authorized and directed to attest to the signature of the City Manager, or his designee, thereon.

PASSED AND ADOPTED by the City Council of the City of Mesa, Maricopa County, Arizona this 19th day of February, 2008.

APPROVED:

Keno Hawker
Mayor

ATTEST:

Pinda Crocker
City Clerk

