

#45

04-A072

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City of Mesa
Real Estate Services
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Mesa, AZ 85211-1466

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2665-15-10-8--

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2004-1337726 11/16/2004 10:23
ELECTRONIC RECORDING
2665-15-10-8-- N

**CITY OF MESA
LEASE AGREEMENT**

THIS LEASE AGREEMENT ("Lease"), made this 1 day of November, 2004 by and between the CITY OF MESA, a municipal corporation, hereinafter referred to as "Lessor", and MESA SENIOR SERVICES, an Arizona non-profit corporation, hereinafter referred to as "Lessee", without regard to number or gender. 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 located and improvements located at 45 W. University, Mesa, Arizona, assessor parcel numbers 138-59-030A and 030B, and further defined as:

Mesa City Maricopa County Records 23/18 Lot 2 Block 54 TH PT DAF Beginning PT N LN SD Lot 2 Which is 51.4F West Northwest Corner SD Lot; WH is 180F east of Northwest Corner SD Lot 2 TH South; and

WHEREAS, Lessor is willing to lease to Lessee, and Lessee desires to take and lease from Lessor, a certain real property and improvements for the purposes hereinafter set forth, 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 premises leased to Lessee are located at 45 W. University Drive, Mesa, Arizona, and is hereinafter referred to as the "Leased Premises." The Leased Premises consists of two (2) office buildings equal to 4420 square feet with 18 uncovered parking spaces.

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 administrative offices for Mesa Senior Center's staff. Lessee shall not use the Leased Premises for any other uses unless such other use is prior approved in writing by the City as allowed by Mesa zoning regulations and federal Community Development Block Grant regulations.

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 and detract from the value of the Leased Premise. Lessee agrees that the Leased Premises will not be used for the storage of equipment or materials, unless prior approved in writing by the Lessor.

2.03 Compliance with Laws. Lessee, Lessee's employees, agents, contractors, customers and invitees shall comply with all provisions of this Lease, along with all codes, ordinances and laws affecting the Leased Premises.

2.04 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. Lessee's failure or inability for any reason to use the Leased Premises for the purposes stated in section 2.01, or, Lessee's failure to use the Leased Premises for a period of ninety (90) consecutive days, shall constitute a default within the meaning of the Lease Agreement.

2.05 Subrecipient Agreement. Lessee and Lessor have executed a separate Community Development Block Grant Subrecipient Agreement, dated 9/1/04 ("Subrecipient Agreement") that defines the record keeping and administrative requirements for the described use of this leased property located at 45 W. University Drive. Lessee agrees to comply with those requirements.

SECTION 3
TERM

11-30-2024 JR
3.01 Initial Term. That the term of this Lease shall be for a period of twenty (20) years (the "Initial Term"), commencing on the 11/1/04 (the "Commencement Date") and ending on the 11/30/2024 (the "Expiration Date") unless otherwise canceled or terminated as provided herein. The Initial Term and all subsequent terms shall be collectively referred to herein as the 'full term of this Lease'.

3.02 First Extended Term. Lessee shall have an option to renew this Lease for an additional term of five (5) years after the expiration of the Initial Term (the "First Extended Term"), provided, however, that 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 Agreement. Lessee may exercise this option to renew by giving written notice of its intent to exercise the option (as used in this Section 3, "Option Notice") to Lessor at least six (6) months before the expiration of the Initial Term. If Lessee is in default on the date of giving the Option Notice, then the Option Notice shall be ineffective, or 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.

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, rental for the entire Initial Term Lease in the amount of twenty dollars (\$20.00). In the event Lessee exercises its option to renew this Lease for any additional term of five (5) years, Lessee covenants and agrees to pay in lawful money of the United States of America to Lessor, rental for such entire additional five-year term in the amount of five dollars (\$5.00) for each 5-year term.

4.02 Payment Procedures. Lessee shall pay to Lessor, without prior notice or demand, rental for the entire Initial Term on the first day of the Initial Term, rental for the entire First Extended Term on the first day of the First Extended Term,. Said rental shall be in the amounts set fort in Section 4.01 hereof.

SECTION 5 **IMPROVEMENTS**

5.01 Improvements. The term "Improvements," as used in this Section 5, shall mean any and all additions, alterations, changes, fixtures, or other improvements to the Leased Premises.

5.02 Initial Improvements. The Lessor recognizes that the Lessee proposes over time to possible construct additional improvements on the property including, but not limited to playground equipment and recreational areas, parking facilities, walls and fences, and additional buildings. The Lessee shall have the right to construct such improvements on the leased premises after first securing the written permission of the Lessor, and agreeing to comply with any conditions as may be reasonably required.

5.03 Additional Improvements. Except as provided in Section 5.02 hereof, 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 approval of the 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.

5.04 Improvements, Construction and Maintenance. All Improvements shall be constructed and/or maintained in a good and workmanlike manner in compliance with all laws, code, rules, regulations, and orders of all governmental authorities having jurisdiction thereof. Lessee shall, at Lessee's own expense, promptly remove from the Leased Premises area all trash and debris which may accumulate in connection with any work in or on the Leased Premises. The City of Mesa Facilities Maintenance Division will provide any necessary maintenance to the building including trash and debris pickup in and around the building. 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 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 authorized to act for or on behalf of Lessor as its agent, 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

*HS contract details
what portion the city will
pay.*

7.03 Utilities. In addition to all rentals 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. The City of Mesa Human Services Department will be providing funds for the electricity payments. Commencing on the date that the Leased Premises are ready for occupancy, Lessee shall make all appropriate applications to the local utility companies and pay all required deposits for meters and service for all utilities. In the event any utility or utility services (such as water or sewage disposal) are furnished to Lessee for which a lien could be filed against the Leased Premises or any portion thereof, Lessee shall at Lessor's request pay the cost thereof to Lessor as and when the charges thereof become due and payable. Otherwise, Lessee shall deliver original receipt bills to Lessor within 30 days after the same are due and payable without interest or penalty.

SECTION 8
MAINTENANCE AND REPAIRS

8.01 Maintenance and Repairs. The City of Mesa Facilities Maintenance Division shall maintain Leased Premises and all improvements thereon in good order and repair, and to perform all necessary repairs and maintenance including but not limited to repairs to light fixtures, air conditioning units, and other permanent improvements. The City of Mesa Facilities Maintenance Division will provide any necessary maintenance to the building, provide pest control services, and maintain the building's landscaped areas.

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 be or constitute a health or fire hazard or public nuisance. The City of Mesa 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 in and around the building. The City of Mesa Facilities Maintenance Division shall provide janitorial services for the building including but not limited to the replacement of normal building supplies, such as light bulbs, bathroom supplies, and cleaning fixtures.

8.03 Lessor 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 City bills Lessee for such expense.

SECTION 9 **INSURANCE**

9.01 Insurance. As a condition precedent to the effectiveness of this Lease, Lessee shall procure and maintain in full force and effect during this terms of this Lease, a policy or policies of public liability and property damage insurance from a company or companies 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 and an aggregate limit shall be not less than an aggregate of \$2,000,000.00 . 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. Lessee shall deliver said policy of insurance or certified copy thereof to Lessor for approval as to sufficiency. Lessor shall approve or disapprove said policy, in writing, within thirty (30) days of its submission.

9.02 No Limits on Indemnification. The procuring of such policy of insurance cannot be construed to be a limitation upon Lessee's liability or as a full performance on its part of the indemnification provisions of this Lease. Lessor must be named as additional insured on all insurance policies issued pursuant to this clause during the entire term of this Lease and any extensions thereof.

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 Right to Adjust Insurance. The 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, the Lessor's Risk Management Attorney shall notify the Lessee of the adjusted insurance requirement in accordance with Section 26. The Risk Management Attorney's determination shall reasonably reflect the risks associated with operating the La Mesita Shelter.

SECTION 10 **INDEMNIFICATION**

10.01 **Lessor Responsibility for Own Negligence.** Lessor shall be liable for negligent acts, or omissions of Lessor, its officers, directors, officials, employees and agents while on 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 and employees, from and against any and all claims, demands, losses or liability of any kind or nature which Lessor, its officers, directors, officials, agents and employees may sustain or incur, or which may be imposed upon them, or any of them for injury to, or death of, persons; or damage to property 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 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, and Lessor's authorized agents and representatives, 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 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 obligation set forth in other Sections of this Agreement.

(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 City 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:

- (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, 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 claim is a direct result from 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 or earthquake. Such entry by Lessor shall not, under any circumstances, be construed or deemed to be a forcible, unlawful, negligent entry into, 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. The Lessee, for itself, its personal representative, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (a) no person on the grounds of race, color, national origin, or disability shall be excluded from participation, denied the benefits of, or be otherwise subject to unlawful discrimination in the use of said facilities; (b) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subject to unlawful discrimination.

SECTION 14 ASSIGNMENT: SUBLETTING: ENCUMBERING

14.01 No Assignment. Lessee may not sublet, transfer, assign, mortgage, pledge, hypothecate 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.

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.

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 Agreement.

SECTION 16
DEFAULT, ABANDONMENT

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

(a) The filing of a petition by or against Tenant for adjudication as a bankrupt or insolvent, or for its reorganization or for the appointment of a receiver or trustee of Lessee's property; 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 Tenant to pay when due any installment of rent hereunder or any other sum herein required to be paid by Tenant, and the continuance of such nonpayment for five (5) working days after written notice from Landlord.

(c) Abandonment of the Leased Premises, as provided in Section 17.02 hereof.

(d) Operation or maintenance of the Premises in violation of law, failure to maintain the required insurance, or any other misuse of the Premises.

(e) Tenant's failure to perform any other covenant, condition or agreement of this Lease, or the Subrecipients Agreement, within thirty (30) days after written notice by Lessor.

16.02 Abandonment. If Tenant, 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 open for business under usual business hours for a period of sixty (60) days, such occurrence shall be deemed to be an abandonment of the Leased Premises and an event of default under this Lease.

16.03 No waiver of any default, breach or failure of Licensee under this Agreement shall be construed as a waiver of any subsequent or different default, breach or failure. In case of a breach by Licensee of any of the covenants or undertakings of Licensee, City nevertheless may accept from Licensee any payments hereunder without in any way waiving City's right to exercise the remedies hereinbefore provided for by reason of any breach or lapse which was in existence at the time such payment or payments were accepted by City.

16.04 The specific remedies set forth in this Agreement are cumulative and are not intended to be exclusive of any other remedies or means of redress to which City may be entitled to resort,

either in law or in equity, in case of any breach of threatened breach of any provisions of this Lease.

SECTION 17 **TERMINATION**

17.01 Termination for Default. In the event a default occurs, Lessor, at its election, may terminate this Lease Agreement and the tenancy created thereby. In such case, Lessee shall surrender the Leased Premises to Lessor pursuant to Section 21.

17.02 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, with such rights and proceeds 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 19 **REMEDIES**

19.01 Remedies. In addition to any and all remedies available to Lessor as a matter of law and those set forth in other provisions of this Lease, Lessor shall, subject to the cure period set forth in Section 16, have the immediate right upon Lessee's default in any term or condition of this Lease, to resort to any and all legal remedies or combination of remedies which Lessor may desire to assert, including but not limited to one or more of the following: a) lock access to the Leased Premises and exclude Lessee there from, b) retain or take possession of any property at the Leased Premises pursuant to Lessor's statutory lien, c) enter the Leased Premises and remove all persons and property there from, d) declare this Lease at an end and terminated, e) sue for the rent due and to become due under this Lease, and for any damages sustained by Lessor, f) 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, and g) continue this Lease in effect and relet the Leased Premises on such terms and conditions as Lessor may deem advisable with Lessee remaining liable for the monthly rent plus the reasonable cost of obtaining possession of the Leased Premises and of any repairs and alterations necessary to prepare the Leased Premises for reletting, less the rentals received from such reletting, if any.

19.02 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 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 "Prime Rate" that is established by the

Bank of America and is in effect on the date such amount is due, accruing from such date until paid. Furthermore, that rate of interest paid by Lessee on any such amount shall be adjusted as the "Prime Rate" is adjusted.

SECTION 20
SURRENDER OF LEASED PREMISES

20.01 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. Should Lessor so demand, within thirty (30) days after receiving written notice from Lessor, Lessee shall commence the removal of all personal and permanent improvements from the Leased Premises, and shall complete said removal within 60 days.

20.02 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 thereon into the possession and use of Lessor, without fraud or delay and in good order, condition and repair, free and clear of all Lessee or other occupants, 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 All trade fixtures, equipment, and other personal property installed or placed by the Lessee on the Leased Premises which is 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 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 The various heading 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
WAIVER

23.01 The failure of Lessee or Lessor to insist upon strict performance of any of the terms, conditions, or covenants herein shall not be deemed a waiver of any rights or remedies that either may have, and shall not constitute a waiver of any subsequent breach or default of the terms, conditions or covenants herein contained.

SECTION 24
HOLDING OVER

24.01 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 25
NOTICES

25.01 All notices given, or to be given, by either party to the other, shall be given in writing and shall be addresses to the parties at the addresses hereinafter set forth or at such other address as the parties may be 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

With copy to: City of Mesa Neighborhood Services Department
 P. O. Box 1466
 Mesa, AZ 85211-1466
 Attn: Neighborhood Services Manager

To "Lessee": Mesa Senior Services
 45 W. University Drive
 Mesa, Arizona 85201
 Attn: Dan Taylor

SECTION 26
AMENDMENTS TO BE IN WRITING

26.01 This Lease sets forth all of the agreements and understandings of the parties and is not subject to modification except in writing.

SECTION 27

SUCCESSORS IN INTEREST

27.01 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 28 FORCE MAJEURE

28.01 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 29 TIME

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

SECTION 30 NO PARTNERSHIP: NO THIRD PARTY RIGHTS

30.01 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 31 AUTHORITY TO EXECUTE

31.01 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 32 ARIZONA LAW

32.01 This Lease shall be governed by the laws of Arizona. It is subject to termination under ARS 38-511.

SECTION 33
BINDING AGREEMENT

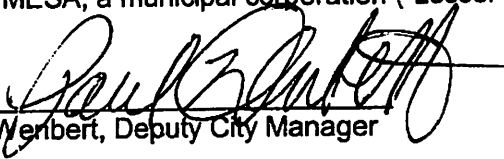
33.01 This Lease shall be considered to be the only agreement between the parties hereto pertaining to the Leased Premises. It is understood that there are no oral agreements between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto with respect to the subject matter hereof, and none shall be used to interpret or construe this Lease.

SECTION 34
SURVIVABILITY

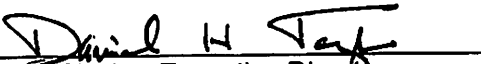
34.01 The Provision of Section 10 (Indemnification), Section 11 (Environmental Indemnification), and any other sections, which reasonably should survive, shall survive expiration and other termination of this Lease.

IN WITNESS WHEREOF, the parties have caused these presents to be executed the day and year first hereinabove written.

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

By: 
Paul Werbert, Deputy City Manager

Mesa Senior Services, an Arizona non-profit corporation ("Lessee")

By: 
Dan Taylor, Executive Director