

## SEVEN J'S LLC LEASE AGREEMENT FOR BONANZA SQUARE

This lease is made between: **Seven J's LLC** (herein called the Lessor) and Gila County doing business as Gila County Division of Health and Emergency services, 5515 South Apache Avenue, Suite 100, Globe, AZ 85501, (herein called the Lessee). Lessee hereby offers to lease from Lessor the premises situated in the city of **Payson**, County of **Gila**, State of **AZ**, described as: **200 West Frontier Street, Units #7**, upon the following **TERMS** and **CONDITIONS**:

**1) Term and Rent:** Lessor to lease to Lessee the above premises for a term of three (3) years commencing on February 01<sup>st</sup>, 2013 and expiring on January 31<sup>st</sup>, 2016 as provided herein. Lessee shall pay to Lessor, without deduction or offset and prior to notice or demand and for the use and occupancy of the leased premises, a monthly rental of **\$600.00**, plus the current State of Arizona commercial lease transaction privilege tax for your location, which is 2.62% as of the November 2012 tax schedule issued by the Arizona Department of Revenue, payable in advance or by the 1<sup>st</sup> day of each and every month thereafter for the first twelve (12) months of the lease term.

Beginning on February 01, 2014 to January 31, 2015 a monthly rental payment of \$618.00 plus applicable tax.

Beginning on February 01, 2015 to January 31, 2016 a monthly rental payment of \$636.54 plus applicable tax.

**1a) Option to Renew....** Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for an additional term of five (5) years commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term except that the monthly rent shall be of \$700.00. The lease option shall be exercised by written notice given to Lessor not less than 60 days prior to the expiration of the initial lease term.

**1b)** Lessor acknowledges that the Lessee is a governmental entity, and the contract validity is based upon the availability of public funding under its authority. In the event the public funds are unavailable and are not appropriated for the performance of the Lessee's obligations under this contract, then this contract shall automatically expire without penalty to Lessor after written notice to Lessee of the unavailability and non-appropriation provisions and not for its convenience or to circumvent the requirements of this contract, but only as an emergency fiscal measure.

**( A )** All rental payments shall be made to Lessor, at the following address:  
**Seven J's LLC, PO Box 13108, Chandler AZ 85248**

**( B ) Late Payments:** Any rent payment not received by Lessor within five (5) days of its due date shall be subject to a late fee of ten dollars (**\$10**) per day, retroactive to the actual due date. This Late Fee shall accrue until rent payment and accumulative Late Fees are received by Lessor.

**2) Use:** Lessee shall use the premises solely for Gila County Division of Health and Emergency Services operations.

**4) Care and Maintenance of Premises:** Lessee acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at Lessee(s) own expense and at all times, maintain and repair the premises in good and safe condition, including: but not limited to: ( **plumbing, telephone lines, cable / internet lines, light bulbs, walls, ceilings, carpeting...**) and shall surrender the same at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs and maintenance required, excepting the (**roof, exterior walls, and structural foundation, heating and Swamp Coolers**). All repairs and maintenance are to be made by licensed contractors / repairmen, however, Gila County maintenance crews may perform routine repairs and maintenance.

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**5) Alterations:** Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions or improvements, in, to or about the premises.

**6) Ordinances and Statutes:** Lessee shall, at Lessee's sole cost comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, pertaining to the use of said premises and shall faithfully observe in said use all municipal ordinances, state and federal statutes now in force or which may hereafter be in force and observe and maintain all Environmental standards.

**7) Assignment and Subletting:** Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and at the option of the Lessor, may terminate this lease.

**8) Entry and Inspection:** Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same and will permit Lessor at any time within sixty days prior to the expiration of this lease, to place upon the premises any usual.. To Let .. or ..For Lease .. signs and permit persons desiring to lease the same to inspect the premises thereafter.

**9) Possession:** If Lessor is unable to deliver possession of the premises at the commencement of this lease, Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within 5 days of the commencement of the lease term hereof.

**10) Indemnification of Lessor:** Lessor shall not be liable for any loss, damage or injury of any kind, to any person, including Lessee, Lessee(s) family and Lessee(s) customers or property arising from any use of the Leased Premises, or caused by or arising from any act or omission of Lessee, Lessee(s) family, Lessee(s) customers / guests or any other person or by or from an accident on the premises or any fire or other casualty or occasioned by the failure of Lessee to maintain /repair the Leased Premises or by Lessee(s) breach of obligations under Lease.

**11) Insurance:** The Lessee is required to maintain commercial general liability insurance coverage's on their operations of their business during the lease term in the amount of \$1,000,000 or more. The lessee is required to maintain tenant fire legal liability in the amount of \$1,000,000 or more. Lessor shall be named as additional insured on Lessee's insurance coverage and be provided with copy of certificate of insurance. The lessee is responsible to maintain property insurance coverage's on their business personal property and for any improvements that they make to the leased unit.

**12) Eminent Domain:** If the premises or any part thereof or any estate therein or any other part of the building materially affecting Lessee(s) use of the premise, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent and any additional rent, shall be apportioned as of the termination date and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures, improvements owned by the Lessee and for moving expenses.

**13) Destruction of Premises.....**In the event of a partial destruction of the premises during the term hereof, from any cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at Lessor(s) option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid and in the event that Lessor shall not elect to make such repairs which cannot be made within sixty (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

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**14) Lessor(s) Remedies on Default:** If Lessee defaults in the payment of rent or any additional rent or defaults in the performance of any of the other covenants or conditions hereof, Lessor may give Lessee notice of such default and if Lessee does not cure any such default within 10 days, after the giving of such notice (or if such other default is of such nature that it cannot be completely cured within such period, if Lessee does not commence such curing within such 10 days and thereafter proceed with reasonable diligence and in good faith to cure such default), then Lessor may terminate this lease on not less than 10 days notice to Lessee. On the date specified in such notice the term of this lease shall terminate and Lessee shall then quit and surrender the premises to Lessor, but Lessee shall remain liable as hereinafter provided. If this lease shall have been so terminated by Lessor, Lessor may at any time thereafter resume possession of the premises by any lawful means and remove Lessee or other occupants and their effects. No failure to enforce any term shall be deemed a waiver.

**15) Utilities:** All applications and connections for necessary utility services on the demised premise shall be made in the name of the Lessee only and Lessee shall be solely liable for utility charges as they become due except for water, sewer and trash removal.

**16) Security Deposit.....** Lessee shall deposit with Lessor on the signing of this lease the sum of (waived) as security deposit for the performance of Lessee(s) obligations under this lease, including without limitation, the surrender of possession of the premises to Lessor as herein provided. If Lessor, applies any part of the deposit to cure any default of Lessee, Lessee shall deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

**17) Tax Increase.....**In the event there is any increase or decrease during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, or under the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, or decreased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to **50 per-cent (prorated based on your square footage leased)** of the increase in taxes upon the land and building in which the leased premises are situated. In the event there is a decrease in taxes, Lessee shall deduct a credit amount equal to 50 per-cent (prorated based on the square footage leased) from rent owed until such total credit amount is realized by Lessee. In the event that such taxes are assessed for a tax year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

**18) Common Area Expenses.....**The demised premises is situated in a commercial building(s), center, complex, etc., in which there are common areas. **Lessee will not pay common area expenses.**

**19) Attorney(s) Fees.....**In case suit should be brought for recovery of the premises or for any sum due hereunder or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney(s) fee.

**20) Notices.....** Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises or Lessor at the address : **Seven J's LLC, PO Box 13108, Chandler AZ 85248** or at such other places as may be designated by the parties from time to time.

**21) Heirs, Assigns, Successors.....**This lease is binding upon and inures to the benefit of the heirs, assigns and successors in interest to the parties.

**(22) Subordination.....**This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

**23) Exterior Signage...** All exterior signage must be pre-approved by Lessor and Lessor will retain the sole authority to authorize any new or existing signage. It will be the Lessee's responsibility to provide, replace, repair and maintain any approved signage.

**24) Parking....** No extended overnight parking permitted. Lessee vehicles violating this will be towed at the lessee expense. Lessee will request and receive permission from Lessor before assigning any parking spaces.

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**25) Entire Agreement.....**The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties. The following Exhibits, if any, have been made a part of this lease before the parties execution hereof: NO EXHIBITS

**26) Waiver....** No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

LESSOR Seven Js LLC

Authorized Signature:

Signed: Joseph T. DeRose Date: 1/30/13  
Joseph. T. DeRose

Title: Managing Partner

Mailing address: **Seven J's LLC PO Box 13108, Chandler, AZ 85248**

LESSEE: **Gila County Division of Health and Emergency Services**

Authorized Approval Signature:

**GILA COUNTY:**

Signed: Don E. McDaniel Jr. Date: 2/6/13

Name: Don E. McDaniel Jr., County Manager

**APPROVED AS TO FORM:**

Signed: Bryan B. Chambers Date: February 1, 2013

Name: Bryan B. Chambers, Deputy County Attorney

for Bradley D. Beauchamp, County Attorney