LEASE AGREEMENT

This "Shared Use Lease Agreement" is entered into this 1ST day of June, 2015 (the "Agreement"), by and between Payson Unified School District ("Landlord" or "PUSD"), as Lessor, and Gila County dba Gila Employment and Special Training ("Tenant" or "GEST"), as Lessee. PUSD and GEST shall sometimes be referred to collectively herein as the "Parties" (and individually as a "Party").

RECITALS

1. PUSD and GEST desire to enter into this Agreement, whereby GEST would occupy a portion of PUSD'S property as more fully described in Exhibit "A," attached hereto for "adult day treatment center."

2. Arizona Revised Statutes § 15-342(9) permits school district governing boards to enter into appropriate leases, as lessors, for school buildings or grounds for periods of less than ten (10) years without voter approval. Arizona Revised Statute § 15-1105(A) permits school district governing boards to enter into leases of school buildings, among other purposes, for educational and governmental purposes. PUSD will charge a reasonable fee for the lease and shared use of the property identified below—on the basis that such use will be for educational and governmental purposes—which rental fee may include goods contributed or services rendered by or on behalf of GEST to PUSD.

PROVISIONS

In consideration of the mutual promises and covenants set forth in this Agreement, PUSD and GEST agree as follows:

1. Incorporation. The above recitals are incorporated by reference as though fully set forth herein as material provisions of this Agreement.

2. Leased Premises. PUSD hereby leases to GEST, and GEST leases from PUSD—on a shared-use basis, certain existing real property located at 501 ~~North~~ South McLane, as more fully delineated and described in Exhibit "A" to this Agreement (the "Leased Premises"), which exhibit is hereby incorporated by reference herein.

3. Term and Renewal. This Agreement shall commence on June 1, 2015, shall extend for one (1) year, and shall terminate at 12:00 midnight (Arizona time) on June 1, 2016 (the "Initial Lease Term"), unless renewed as set forth in this paragraph. This Agreement may be renewed up to four times, in successive terms of one (1) year each, by mutual written agreement of PUSD and GEST, conditioned upon formal approval of the renewal by the PUSD Governing Board. Notwithstanding anything in this Agreement to the contrary, the Parties agree that if the PUSD Governing Board votes that PUSD has a need for sole use and possession of the Leased Premises, then PUSD may terminate this Agreement upon at least six (6) months' advance written notice to GEST, without penalty or limitation to PUSD—and with rent and all other obligations of GEST hereunder continuing in full force and effect until such date of termination as has been communicated by PUSD to GEST in writing.

4. Construction of Any Improvements. It is agreed that no improvements or modifications to the Leased Premises may be performed by GEST without advance, written authorization and consent of PUSD—which authorization and consent may be withheld by PUSD in its sole and absolute discretion. Upon advance written approval and consent of the Landlord, Tenant will be solely responsible to fund, design, and construct any desired improvements on and/or modifications to the Leased Premises rented from PUSD (the "Improvements"). All plans and specifications for construction of the Improvements must be approved by PUSD in writing prior to commencement of construction. It is not currently expected or anticipated that there will be any need for or request by GEST to be able to construct any such Improvements, but the inclusion of this clause in the Agreement is to account for such a situation in the unlikely event that the construction of Improvements is desired in the future by GEST.

5. Title to Any Improvements. Title to any Improvements shall vest in PUSD upon termination of this Agreement. Upon termination or expiration of this Agreement, sole and peaceable possession of the Leased Premises, including any and all Improvements, shall be given by GEST to PUSD.

6. Tenant's Use. Tenant shall use the Leased Premises as an adult day treatment center between the hours of 8:00 a.m. and 5:00 p.m. on Mondays through Fridays. Tenant shall comply with all statutes, codes, ordinances, and conditions applicable to the ownership, use, maintenance, occupancy, operation, and improvement of the Leased Premises. PUSD is under no obligation to consent to

additional or alternative uses or to the making of any Improvements to the Leased Premises by GEST.

7. Tobacco, Drugs, and Alcohol. Tenant shall not keep, permit, or allow any non-prescribed drugs, tobacco, tobacco products, liquors, alcohol, or other beverages of any intoxicating nature or tendency to be sold, used, or possessed on or in the Leased Premises or anywhere on or in any portion of the grounds comprising the Leased Premises and/or adjacent to the Leased Premises.

8. Interference with Landlord's Operations. If Tenant's operations materially and adversely affect the operations of PUSD, PUSD shall give prompt and reasonable written notice specifying the corresponding objectionable practices and/or effects. Tenant shall immediately endeavor to correct such operations or practices. If the corrections are not satisfactory within PUSD'S sole and absolute discretion, PUSD shall have the option to terminate this Agreement upon sixty (60) days' written notice in the ordinary course of operations or to terminate it on such shorter notice as is reasonable and prudent in the case of an emergency and/or exigent circumstances.

9. Maintenance and Repairs. Tenant shall clean, maintain, and repair the Leased Premises (all areas used) at its own expense during the term of the Agreement and any renewal(s) thereof. Tenant shall also provide all custodial and cleaning services necessary to keep the Leased Premises maintained consistent with the standards and expectations of PUSD regarding its other physical facilities. GEST will also maintain the cleanliness of the parking lot. Any furnishings located in and upon

the Leased Premises will be available for use by GEST, in and subject to the sole and absolute discretion of PUSD.

10. Utilities. Landlord, at its own expense, will furnish the following utilities for tenant's benefit: water, gas, electric, garbage pickup, and sewer. Landlord is not obligated to upgrade the type or extent of utility service available at the Leased Premises or to incur any specific utility expenses in connection with the Leased Premises.

11. Insurance.

A. At all times during the term of this Agreement and during any renewal thereof, Tenant shall maintain comprehensive general liability insurance, at its sole expense, with coverage limits of not less than $1,000,000.00 per occurrence and $3,000,000.00 aggregate limit for bodily injury and property damage, issued by an insurance carrier approved by Landlord and naming Landlord and its employees, agents, and representatives as additional insureds. Said policy of insurance shall provide liability insurance coverage of all of Tenant's activities in and upon the Leased Premises and shall have no exclusions relating to sexual assault, abuse, or molestation. Tenant shall also carry comprehensive liability insurance for owned, non-owned, and hired vehicles with combined single limit per accident for property damage and bodily injury of not less than $1,000,000.00.

B. Tenant shall require its contractors who construct any Improvements to carry insurance equivalent to that required in subparagraph A above, and Tenant shall ensure that Tenant or its contractor shall maintain a Builders All-

Risk policy during the course of construction of any Improvements in an amount equal to the full amount of the cost of such Improvements, if and as applicable—with Landlord named as an additional insured thereunder.

C. Certificates evidencing all of such insurance shall be provided to Landlord and shall guarantee thirty (30) days advance written notice to Landlord of cancellation, non-renewal, or material change(s). Tenant shall also provide Landlord with evidence of statutorily required workers' compensation insurance for all employees working at, in, or upon the Leased Premises. Tenant's insurance provided hereunder shall be provided by a company authorized to do business in the State of Arizona and approved in writing by Landlord. All such insurance shall name Landlord and its officials, agents, employees, and volunteers as additional insureds with respect to liability arising out of the use of the Leased Premises by Tenant and/or any of Tenant's activities and/or obligations in connection with this Agreement.

12. Destruction of the Leased Premises. In the event the Leased Premises are destroyed by fire, the elements, or any other cause—or are so damaged as to render them untenantable—the remaining lease term shall be either abated or terminated, at the election of PUSD.

13. Zoning, Permits, and Governmental Approvals. Landlord does not warrant that the Leased Premises are zoned for the use contemplated by the Tenant. Tenant shall bear the cost of procuring zoning or use changes (if any), permits, and/or approvals, as may be required by law for Tenant's intended use of the Leased Premises. If Tenant is unable to procure any required zoning or other necessary

permitting and/or approvals, then within ten (10) days of such discovery by Tenant, Tenant may terminate this Agreement by giving sixty (60) days' advance written notice to Landlord.

14. Signage and Advertising. Tenant shall have the right to display on the Leased Premises signage that is in compliance with all applicable municipal and/or other governmental ordinances and regulations with respect thereto—and in keeping with the dignity of the Leased Premises and its surroundings—subject to the prior written approval of Landlord (which may be withheld or withdrawn in Landlord's sole and absolute discretion). No signage or advertising by Tenant shall tend to mislead anyone that Landlord has any relationship with Tenant or its operations other than merely as Landlord.

15. Subletting, Assignment, and Encumbrances. GEST shall not have the right to sublet or assign all or any part of the Leased Premises. GEST has no right to pledge or encumber all or any part of the Leased Premises or any Improvements thereto. GEST agrees not to engage in any conduct that will result in any encumbrance of any nature whatsoever in relation to or upon the Leased Premises.

16. Mechanics' Liens. During the term of this Agreement and any approved extensions thereof, Tenant shall keep the Leased Premises free of mechanics' liens and other liens of any nature whatsoever and at all times shall fully protect, defend, indemnify, and hold PUSD harmless from and against all such liens and/or claims.

17. Defaults and Remedies. In the event of any material default under this Agreement and failure by the breaching Party to cure said default within thirty (30) days after written notice made in accordance with this Agreement, the non-breaching Party may elect to terminate this Agreement upon ten (10) days' written notice and may pursue any applicable judicial or non-judicial remedies for such breach.

18. Indemnification. To the fullest extent permitted by law, Tenant shall defend, indemnify, and hold harmless Landlord and its officers, agents, and employees, from and against any and all claims, liabilities, losses, damage, cost, and expense, including but not limited to reasonable attorneys' fees and/or litigation expenses arising out of or resulting from Tenant's use, occupancy, and/or maintenance of and/or presence at the Leased Premises, or any accident, injury, or damage whatsoever occurring in, at, or upon the Leased Premises allegedly caused in whole or part by any act or omission of Tenant or anyone directly or indirectly employed by Tenant, its agents or invitees, or anyone for whose acts Tenant may (or is alleged to) be liable—in whole or in part—regardless of whether such is (or is alleged to have been) caused in part by the negligent or otherwise tortious act or omission of Landlord or any of Landlord's officers, agents, employees, or invitees.

19. Written Modifications. This Agreement may be changed, waived, or terminated only by an instrument in writing signed by the Party against which enforcement of such change, waiver, or termination is sought. The Parties expressly agree as a material term and condition of this Agreement that it is subject to Arizona's

Statute of Frauds, such that no revisions will be enforceable if not memorialized in writing.

20. Waiver. No waiver of any provision of this Agreement shall be deemed, or shall otherwise constitute, a waiver of any other provision. The waiver of any of the terms and conditions of this Agreement shall be limited to the particular instance involved and shall not continue or have any prospective effect or application unless unequivocally specified to the contrary in writing.

21. Relationship. The relationship created by this Agreement is that of Landlord and Tenant and no other, it being understood that the Tenant is not a partner, joint venturer, associate, agent, contractor, principal, or servant of Landlord. Insofar as Tenant's rights and remedies are concerned, there are no third-party beneficiaries who are intended to be included under this Agreement, such that only Tenant may enforce any rights and/or remedies against Landlord with respect to this Agreement. There are intended third-party beneficiaries who may enforce applicable rights and remedies against Tenant hereunder; however; such third-party beneficiaries are referenced by category or description in this Agreement, including, without limitation, in paragraphs 11 and 18 herein.

22. Rent. GEST will pay a monthly rent of $500.00, payable on the first business day of each month, during the initial one-year term. After the initial one-year term and/or upon any renewal of the lease term, the monthly rent will be subject to review by PUSD'S Governing Board for possible increase.

23. Entire Agreement. This Agreement sets forth all the covenants, terms, promises, agreements, conditions, and understandings between PUSD and GEST concerning the Leased Premises, and there are no covenants, terms, promises, agreements, conditions, or understandings, either oral or written, between PUSD and GEST, other than as set forth in this Agreement. No representations have been made by any person to, or relied upon by, either of the Parties—or anyone acting for or on behalf of either of the Parties—which are not fully and completely set forth herein. Except as otherwise provided in this Agreement, no subsequent alteration, amendment, change, or addition to this Agreement shall be binding upon PUSD or GEST unless reduced to writing and signed by the Party or Parties to be charged therewith.

24. Notices and Approvals. All notices, demands, or elections of whatsoever sort which this Agreement requires or permits either Party to give to the other shall be in writing and shall be personally delivered by a commercial courier service or shall be delivered by registered or certified mail, return receipt requested, postage prepaid, and addressed to the respective Parties as follows:

Landlord: **Tenant:**

Either of the Parties may designate to the other in writing given in accordance with this paragraph a different address for service of notice. Notice by registered or certified mail shall be deemed served and received upon the date of actual receipt by

the recipient or three (3) days after mailing—whichever is sooner. Any approvals required or permitted pursuant to this Agreement on the part of PUSD may be made in writing by the superintendent or an associate or assistant superintendent of PUSD.

25. Governing Law and Attorneys' Fees. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. Should a claim in arbitration or a lawsuit be brought by Landlord or Tenant to enforce or to recover on any of the terms and conditions contained in this Agreement, the substantially prevailing Party therein shall be entitled to recover reasonable attorneys' fees and costs. Tenant shall be responsible at its own cost and expense to ensure compliance with all applicable laws and governmental requirements (including the Americans With Disabilities Act, analogous state law(s), and applicable environmental laws and regulations) regarding the use, operation, and maintenance of the Leased Premises.

26. Certificate of Insurance as a Condition Precedent. The Agreement becomes effective only after delivery of any and all proper certificate(s) of insurance to (and actual receipt by) PUSD, such that the receipt thereof by PUSD is a condition precedent to GEST's rights under this Agreement.

27. Severability. Should any provision of this Agreement be declared contrary to law by any court, or if such a danger arises, the provisions shall have the effect in the law only to the extent permitted by law, but all other provisions shall continue in full force and effect. The Parties shall thereupon immediately open

negotiations for the purpose of arriving at a mutually satisfactory replacement for such provision.

28. Arbitration and Litigation. Except as otherwise set forth herein, the Parties agree to submit any dispute arising hereunder to a single arbitrator, who shall be chosen by mutual agreement. The decision of the arbitrator shall be binding and nonappealable and shall be fully enforceable as and/or may be reduced to a judgment in, any court(s) of competent jurisdiction. Notwithstanding the foregoing, nothing in this paragraph shall preclude Landlord from filing and prosecuting to judgment any action seeking possession of the Leased Premises by means of an action sounding in forcible entry and/or detainer under applicable law, including a corresponding award of any unpaid amounts due and owing under this Agreement.

29. Security; Firearms and Weapons. To the extent Tenant finds it beneficial or necessary to provide security for its users, occupants, and/or other invitees, Tenant shall provide all security services needed to preserve and secure the Leased Premises and ensure the safety of its employees, representatives, users, occupants, and invitees during Tenant's use and occupancy thereof during the term of this Agreement. Landlord will not provide any security services, and it is understood and agreed that the sole obligation for any security and/or safety relating to the Leased Premises and the use thereof by Tenant and its employees, representatives, users, occupants, and invitees will rest solely with Tenant, who knowingly and voluntarily assumes all corresponding risks of harm, loss, and/or injury. Thus, Landlord shall not be responsible for any break-ins, injuries, vandalism, theft, and/or other crime or tort

harming Tenant or its employees, representatives, users, occupants, and/or other invitees during the term of the Agreement—whether occurring directly to Tenant or to a third party. Nothing in this Agreement shall require Tenant to provide a prescribed level or type of security; rather, this Agreement allocates the responsibility and risk to Tenant (rather than Landlord) if any break-ins, injuries, vandalism, and/or theft occur(s) at or in the Leased Premises. Tenant also agrees to ensure that any doors and windows providing entry points to the Leased Premises are kept locked and secured when the Leased Premises are not in use, unless otherwise agreed in writing by PUSD. Tenant agrees and acknowledges that all firearms and weapons of any kind are barred from the Leased Premises, and Tenant shall ensure that no person—including, without limitation, any employees, contractors, vendors, representatives, and/or other invitees—brings or possesses any firearms or weapons in or upon the Leased Premises at any time for any reason. It is agreed that any breach by Tenant of this section of the Lease shall be deemed as a matter of law to be a material breach—and not a *de minimus*, minor, or non-material breach.

30. Expenses Incident to Lease. It is understood and agreed that one of the material terms and conditions of this Agreement is that PUSD shall not have or be responsible for any expenses or expenditures in connection with GEST's use, maintenance, and/or occupancy of the Leased Premises (the "Expenses"). Thus, if PUSD's Governing Board determines that any such Expenses are not adequately addressed by this Agreement, PUSD shall have the ability to revisit such amounts with GEST. If GEST does not agree to the necessary adjustments to rents and/or the

payment of funds necessary to offset certain Expenses, then PUSD may terminate any remaining lease term at the end of then then-existing calendar year—or within ninety (90) days—whichever is later.

31. Dual Representation. The Parties are aware that the Gila County Attorney represents, has represented, or pursuant to statutory duty may represent more than one Party in various matters which may include the drafting and review of this Agreement. By signing this Agreement, each Party specifically acknowledges that (1) the Gila County Attorney has, by this paragraph, informed each Party that the Gila County Attorney believes that it will be able to provide competent and diligent representation to each Party represented by the Gila County Attorney and its representation of each Party is not prohibited by law and does not involve the assertion of a claim by one Party against another Party, (2) the Parties are aware of a potential conflict of interest, and (3) the Parties specifically waive any such claim based on the Gila County Attorney's representation of the other Party.

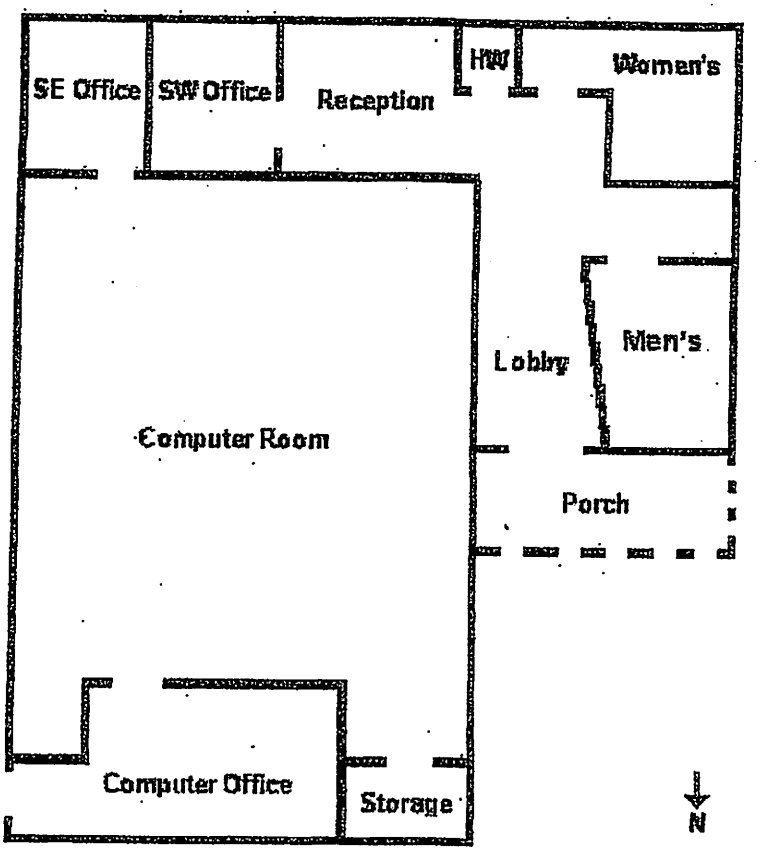
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year stated next to their signature.

LANDLORD:	**TENANT:**
Payson Unified School District	Gila County dba Gila Employment and Special Training
By: _____	By: _____
Its: Superintendent	Its: _____
Date: 3/24/15	Date: _____

Exhibit "A"
Leased Premises

Gila County will be leasing from the Payson Unified School District—on a shared use basis—the following building and area located at 501 South McLane, as follows:

Payson Center for Success



3638 sq.ft.
Built 2000