

LEASE AGREEMENT

This Lease Agreement ("**Lease**") is made and entered into this 28th day of June, 2016 (the "**Effective Date**"), by and between the **CITY OF GLOBE**, an Arizona Municipal Corporation, hereinafter referred to as ("**Lessor**" of "**City**"), and the Cobre Valley Center for the Arts, a not for profit organization hereinafter referred to as ("**Lessee**"). As used herein, the term Lessee shall also include all of the Lessee's employees, agents, assigns or successors, or anyone claiming under them or acting on their behalf,

Lessor, for and in consideration of the agreements and covenants of Lessee contains herein, does hereby lease to Lessee and the Lessee leases from the Lessor the Old Gila County Courthouse located at 101 N Broad St, Globe, AZ 85501 . ("**Leased Premises**" herein).

ARTICLE ONE

- 1.1 Term. This Lease is for the term commencing on the Effective Date, and ending on July 30, 2026, (the "**Term**") with the option of an additional ten (10) year term, unless terminated as hereinafter provided, or extended by mutual agreement of the parties in writing or as otherwise provided herein.

ARTICLE TWO

- 2.1 Rent. In addition to the other obligations of Lessee hereunder which constitute value for the City of Globe, Lessee agrees to pay as rent for the subject property the sum of One Dollar (\$1.00) per year, plus all taxes due pursuant to paragraph 2.3 herein. The first payment shall be due on the Effective Date and on or before 1st day of each succeeding month for the term of the Lease.
- 2.2 Additional Obligations. In addition to the other obligations hereunder, the Lessee shall maintain the historical integrity of the Leased Premises and allow the City access for events conducted by the City ("**City Events**"). Lessee shall provide the City the use of the following areas of the Leased Premises at no charge to the City

other than the payment of direct costs (wages, printing, utilities) necessary to fulfill the request of the City.

- (a) Upon initiation of this lease and on an annual bases the City shall meet with Lessee in order to allow the Lessee to identify and reserve dates to be exclude from City priority rights for known reoccurring annual events traditionally held at the Leased Premises
- (b) Upon four (4) months' advance notice, the City shall have the priority right to use the Third Floor and Theater other than dates excluded as part of 2.2(a)
- (c) Upon fourteen (14) days' advance notice, the City shall have the priority right to use the Second Floor other than dates excluded as part of 2.2(a).

If upon giving the required notice as set forth above there is a scheduling conflict, the parties must meet to try to reschedule the use of the applicable space based on the least impactful solution. If no solution is mutually agreeable, the City of Globe may impose a solution by majority vote at a City Council meeting in which the action was agenized for discussion and action.

- 2.3 Tax on rents. In addition to the monthly rental payment, Lessee shall further pay to Lessor any, and all, excise, privilege, rental and other taxes ("Tax") herein levied or assessed by any governmental authority upon or measured by any rental or other sums to be paid by Lessee to or on behalf of Lessor, pursuant to the terms of this Lease. Such Tax shall include, without limitation, any new Tax of a nature not presently in effect but which may be hereafter levied, assessed or imposed upon the Leased Premises if such a new Tax shall be based on or arise out of the ownership, use or operation of the Leased Premises by Lessee.

ARTICLE THREE

- 3.1 Use. The Lessee shall use and occupy the property exclusively for the operation of the following activities: Maintaining and making available the Premises in its entirety as a community fine arts center with related community and historical activities open to the public as defined and set forth below..
- (a) Fine Arts Use. Use concerning art developed primarily for aesthetics or beauty, including but not limited to painting, sculpture, architecture, music, literary arts and poetry, with performing arts including theatre and dance, film, photography, conceptual art, crafts, and printmaking. Fine Arts also include art guild activities like quilting and crafting.
 - (b) Community Use. Use concerning a social unit of any size that shares common values or geographical area related to the City of Globe community. A group of people who are connected by durable relations and who usually define that relationship as important to their social identity and practice. Community Use

involves may share intent, belief, resources, preferences, needs, and risks in common, affecting the identity of the participants and their degree of cohesiveness

- (c) Historical Use. Use concerning history or past events involving the City of Globe community, the State of Arizona, or prior indigenous populations.
- (d) Antique Use. Use involving items that are collected or desirable item because of their age, beauty, rarity, condition, utility, personal emotional connection, and/or other unique features.

3.2 Compliance with laws. Lessee agrees to conform business conducted on the Leased Premises and thereof, to the laws relating thereto and all requirements of any properly constituted public tribunal or officer, federal, state and municipal, and to reasonable directions and requirements of insurance companies carrying insurance on the Leased Premises or property thereon or therein.

Under the provisions of A. R. S. § 41-4401, Lessee hereby warrants to the Lessor that the Lessee will comply with, and are contractually obligated to comply with, all federal immigration laws and regulations that relate to their employees and A. R. S. § 23-214 (A) (hereinafter "Contractor Immigration Warranty").

A breach of the Contractor Immigration Warranty shall constitute a material breach of this Lease and shall subject the Lessee to penalties up to and including termination of this Lease at the sole discretion of the Lessor.

The Lessor retains the legal right to inspect the papers of the Lessee to ensure that the Lessee is complying with the Contractor Immigration Warranty. Lessee agrees to assist the Lessor in regard to any such inspections.

The Lessor may, at is sole discretion, conduct random verification of the employment records of the Lessee to ensure compliance with Contractor's Immigration Warranty. Lessee agrees to assist the Lessor in regard to any random verification performed.

The Lessee shall not be deemed to have materially breached the Contractor Immigration Warranty if the Lessee establishes that it has complied with the employment verification provisions prescribed by section 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A. R. S. § 23-214, Subsection A.

ARTICLE FOUR

- 4.1 Acceptance - "As Is". Lessee will examine the Leased Premises prior to and as a condition precedent to acceptance and occupation of same taking possession thereof shall be conclusive evidence of Lessee's receipt of the same in good order and repair, except as otherwise specified herein, and agrees to accept the Leased Premises "as is". Lessee agrees and admits that no representations as to the condition or repair thereof has been made by Lessor or its agent, which is not contained herein expressed, endorsed herein; and likewise agrees and admits that no agreement or promise to decorate, alter, repair or improve the Leased Premises, either before or after the execution hereof, not contained herein, has been made by Lessor or its agent.

ARTICLE FIVE

- 5.1 Maintenance- Lessee. Rental payment to Lessor is net and all cost of operation of Lessee's business shall be the responsibility of Lessee. Lessee shall perform all normal maintenance and cleaning to the interior walls, ceilings, floors, and woodwork, paint, plastering, plumbing, pipes, and fixtures, including, but not limited to, air conditioning and heating units, and maintain same in a clean, slightly and healthy condition, and in good repair, all according to the statutes and ordinances that might apply to the operation of Lessee's business activity, all at its own expense, and shall yield the same back to Lessor upon termination of the Lease, whether such termination shall occur by expiration of the Term or in any other manner whatsoever, in the same condition of cleanliness, repair and sightyness as the date of completion of flooring and other improvements completed by Lessee, loss by fire and reasonable wear and tear excepted. . If Lessee fails to comply with the provisions of this paragraph, Lessor may enter the Leased Premises, through its agents, servants or employees, without such entering causing or constituting a termination of this Lease or an interference with the possession of the Leased Premises by Lessee, and Lessor may complete any required repairs or maintenance required of Lessee by this paragraph, and Lessee agrees to pay Lessor, in addition to the rent hereby reserved, the expenses incurred by Lessor. Heating and cooling units shall be in good, operating condition upon commencement of the Lease. Said units shall be maintained by Lessee at its expense during the Term hereof.
- (a) Alterations Lessee. Lessee acknowledges that the building has been restored as a historical building and the historical character must be maintained. If Lessee desires to make any changes or alterations to the Leased Premises, including outside signage, Lessee shall submit a written plan for such alterations to Lessor. Lessor, at its sole discretion, may notify Lessee that the alterations or changes can or cannot be made. If Lessor has

not notified Lessee of the disapproval of said changes within fifteen (15) days from receipt of the proposed plan, Lessee may proceed as if consent has been given. All alterations, changes and improvements shall be made at Lessee's expense and subject to the Lessor's interest and rights on termination of this Lease. Provided, however, no signage shall be placed upon the building without prior written approval of the City Manager.

(b) Condition for Alterations. Lessee further agrees that Lessee will pay all liens of contractors, subcontractors, mechanics, laborers, materialmen, and other items of like character and will indemnify Lessor against all legal costs and charges, bond premiums for release of liens, including counsel fees reasonably incurred for the defense or prosecution of any suit in discharging the Leased Premises or any part of thereof from any liens, judgments or encumbrances caused or suffered by Lessee. It is understood and agreed between the parties hereto that the costs and charges above referred to shall be considered as rent due and shall be included in any lien for rent.

The Lessee shall not have any authority to create any liens for labor or Materials on the Lessor's interest in the above described property, and all Persons contracting with the Lessee for the destruction or removal of any building, for the erection, installation, alteration, or repair of any building or other improvements on the Leased Premises, and all contractors, mechanics, and laborers, are hereby charged with notice that they must look to the Lessee, and to the Lessee's interests only in the above described property, to secure the payment of any bill for work done or material furnished during the rental period created by this Lease.

(c) Rights on Termination. Upon the termination of this Lease, all changes, alterations, additions, repairs or improvements to or on the building and the Leased Premises shall become the additions, repairs or improvements to or on the building and the Leased Premises shall become the property of Lessor without liability on its part to pay for same, except however that any trade fixtures, shelving, counters, mirrors, equipment or appliances placed in the building by Lessee which do not actually become a part of same, may be removed by Lessee during the Term hereby created, provided that Lessee shall be responsible to Lessor for all damages to the Leased Premises occasioned by the removal of said items.

5.2 Utility Expenses. Lessee shall pay all costs and expenses incurred during the Term of the Lease as a result of its occupancy of the Leased Premises including, but not limited to, all expenses incurred for utility services, including water, gas, electricity, telephone, sewage, and garbage, in and to the property which is the subject of this Lease.

5.3

ARTICLE SIX

- 6.1 Indemnification. Lessee shall hold Lessor and its officers, officials, employees and agents (collectively, the “**Indemnitees**”) harmless and indemnify Lessor from and against any and all claims for any bodily injury, loss, or damage to any person or property by Lessee and from and against all bodily injury, loss, claim or damage to any person or property anywhere occasioned by any act or omission of Lessee or any subtenant of Lessee. In case any Indemnatee shall, without fault on such Indemnatee’s part, be made a party to any litigation commenced by or against the Lessee for any of the above reasons, then Lessee shall protect and hold the Indemnatee harmless and pay all costs, penalties, charges, damages, expenses, and reasonable attorney’s fees incurred or paid by the Indemnatee. As used herein, the term “Person” means any person, firm, corporation, association, partnership, trust, joint venture, or other entity.

ARTICLE SEVEN

- 7.1 Liability Insurance. Lessee shall provide, maintain and pay the cost of Liability insurance insuring Lessor and Lessee, and other tenants or occupants, against any and all claims which may be established or made against Lessor or Lessee for property damage and for damages which may result from the death of or injury to any person or persons who may be near, in or upon the Leased Premises during the Term of this Lease, including property damage suffered by other tenants. Said insurance shall be in the amount of Three Hundred Thousand (\$300,000.00) Dollars for property damage and in the amount of at least One Million (\$1,000,000.00) Dollars for the death of or injury to one person and in the amount of at least Two Million (2,000,000.00) Dollars for the death or injury of two or more persons.

All insurance provided for herein shall be covered by policies of insurance of responsible companies duly authorized to transact business in the State of Arizona.

All policies of insurance provided for herein shall list the Lessor as additional insured and original policies therefrom shall be delivered to the Lessor, together with a receipt showing payment of premiums.

- 7.2 Casualty Insurance. All personal property of Lessee, including fixtures and equipment located in or upon the Leased Premises, as well as any Improvements made thereto by Lessee, shall be held on same at the sole risk of Lessee. Except as provided below, Lessor shall not be liable for any damages to said personal property, inventory, fixtures, equipment or improvements maintained within the Leased Premises arising from the building or any part of or appurtenance thereof becoming out of repair, or from the bursting, leaking or overflowing of water, gas, sewer, or steam pipes, or from any sprinkler system in said building or any plumbing connected therewith, or from any damage caused

by defective electric wiring, or from any acts or neglect of co-tenants or other occupants of the building or other person, or from theft, or due to the happening of any accident in or to said building. Lessee shall have the responsibility to insure against such losses

The foregoing provisions notwithstanding, Lessor shall reimburse or pay Lessee for any damage or loss to personal property, inventory, fixtures, equipment or value of improvements made by Lessee when such loss or damage occurs as a result of the negligence or wrongful act of Lessor or Lessor's employees, agents or representatives during any period of construction/remodeling of the building by Lessor or during any other period Lessor has construction /occupancy of the Leased Premises or adjoining floors.

- 7.3 Casualty Insurance Proceeds. If the Leased Premises shall, without fault of Lessee, be destroyed or be so damaged as to become wholly or partially tenantable by fire or by providential means, then, if Lessor shall by writing delivered to Lessee within ten (10) days after such damage or destruction elect to rebuild or repair same, this Lease shall remain in force and Lessor shall rebuild or repair same, this Lease shall remain in force and Lessor shall rebuild or repair the Leased Premises within a reasonable time after such election, putting same in as good condition as they were at time of destruction or damage and for that purpose may enter the Leased Premises and the rent shall abate during the time the Leased Premises are tenantable, but if Lessor does not elect to rebuild or repair, Lessor shall have possession of the Leased Premises and Lessee shall deliver and surrender to Lessor such possession and this Lease shall become void and the Term hereby created shall terminate; and on such delivery and surrender being made or on recovery of the Leased Premises by Lessor, the obligation to pay rent shall cease, but until such delivery and surrender or recovery the obligation to pay rent shall not cease.
- 7.4 Loss Occasioned by Lessee. Lessee shall, in case of fire, or loss or damage from other causes, give immediate notice thereof to Lessor. In the event of damage by fire or other causes due to or resulting from the fault or negligence of Lessee or Lessee's agents, employees, invitees, or visitors, the same shall be repaired by and at the expense of Lessee under the direction and supervision of Lessor.
- 7.5 Proceeds Insurance. Should Lessor have insurance coverage in force for any casualty loss that may occur on the Leased Premises, said coverage, proceeds and benefits are for the sole protection, right and use of Lessor.

ARTICLE EIGHT

- 8.1 **Subleases.** Lessee may sublease portions of the Leased premises, provided:
- (a) All subtenants must enter into a sublease that obligates the subtenants to all applicable provisions of this Lease including Article 3.1.
 - (b) All subtenants engaging in for profit business activities must pay fair market value for the leasehold interest granted to the subtenant.
 - (c) All rent paid by subtenants shall be used by Lessee to maintain the Leased Premises and pay for necessary operating expenses related to the use of the Leased Premises.
 - (d) Lessee and each subtenant shall show proof of holding a current City of Globe Business licenses and current TPT licenses and shall pay any and all transaction privilege tax charged for hereunder or under the applicable sublease.
 - (e) The Lessee will provide documentation to the City of compliance with Article 8.1 (a), (b), (c), and (d). In the case of subtenants as of the Effective Date, such documentation shall be provided no later than Four (4) months following the Effective Date. In the case of subtenants not leasing space in the Leased Premises as of the Effective Date, the Lessee shall provide documentation to the City of compliance with Article 8.1 (a), (b) and (c) thirty (30) days prior to entering the sublease with such subtenants so that the City may review and comment.

ARTICLE NINE

- 9.1 **Taxes.** Currently no real property taxes or assessments accrue on the Leased Premises. Should same be assessed during the Term of this Lease, Lessee agrees to pay, when due, all taxes or assessments that may be placed on the Leased Premises as a result of the business activity of Lessee during the Term of the Lease. In addition, Lessee shall pay the Government Property Lease Excise Tax and comply with the provisions of A.R.S. § 42-6201 *et seq.*

ARTICLE TEN

- 10.1 **Abandonment.** In case Lessee shall abandon or be removed from the Leased Premises before the end of the Term, Lessor immediately or at any time afterwards, without notice and without waiving or postponing any right against Lessee, may relet the Leased Premises or any part thereof on such terms as it shall deem best, and apply proceeds from time to time, less expenses, including

cost of repairs and collection, or such rent, work, materials, service, and interest, or judgment thereof, and hold Lessee for the balance unpaid on account thereof.

10.2 Condemnation. If the Leased Premises or any part thereof are taken or condemned for a public or quasi-public use, this Lease shall, as to the part so taken, terminate as of the date title shall vest in condemner, and the rent reserved shall be adjusted so that Lessee shall be required to pay a portion of rent due for the remainder of the Term, or shall cease if the entire Leased Premises be so taken; but Lessor may nevertheless terminate this Lease in the event of a taking or condemnation of a portion of the Leased Premises, or a portion of the land and/or building of which the Leased Premises form a part, irrespective of whether or not any portion of the Leased Premises are taken and/or condemned upon not less than three days' notice in writing of its election to do so, and upon the date set forth in said notice this Lease shall cease, terminate and come to an end in the same manner and to the same effect as if such date were fixed herein for the expiration of the Term. In the event of the taking or condemnation of a portion of the Leased Premises and this Lease is not terminated by Lessor under the provisions hereof, the rental shall be apportioned, as aforesaid, by agreement between the parties or if they cannot agree, same shall be submitted to arbitration in accordance with the Arizona laws on arbitration. Pending such determination, Lessee shall pay at the times and in the manner above provided rental herein reserved without deduction and all other charges herein required to be paid by Lessee, and upon such determination or arbitration award, Lessee shall be entitled to credit for any excess rentals paid. Lessee shall have no claim against Lessor or be entitled to any portion of the amount that may be awarded as damages or paid as result of such condemnation of the real property and hereby assigns, transfers and sets over to Lessor any award or awards, claim or demand whatsoever, if any, to which Lessee is or may be entitled by reason of such taking and/ or condemnation.

Nothing continued in this Lease shall be deemed to prevent Lessee from interposing or prosecuting in any condemnation proceedings a claim for the value of its leasehold estate, if any, and any fixtures or improvements installed in or made to the Leased Premises by him and receiving and retaining the proceeds of any such claim, and the Lessor shall have no claim or right to the proceeds.

10.3 Insolvency. If the Lessee should make an assignment for the benefit of creditors then this Lease would at the option of the Lessor cease to exist. If any proceedings are brought against the Lessee under the Bankruptcy Act, or any amendment thereto, and if the proceedings shall not be dismissed within a reasonable time, or if a receiver is appointed in any proceedings to which the Lessee is a party, with authority to take possession or control of the demised Leased Premises, any such event shall be deemed to constitute a breach of this Lease and the Lessor may forthwith reenter, terminate the Lease, and all rights of any persons thereunder, and take back the Leased Premises.

ARTICLE ELEVEN

- 11.1 Default. "Default", as that term is used herein , means the Occurrence of any one or more of the following events:
- (a) Failure of Lessee to pay within ten (10) days of the due date any installment of rent or taxes as provided herein or
 - (b) The failure by Lessee to comply with any term, covenant, or provision in the Lease, other than the covenants to pay rent, and the failure by Lessee, within thirty (30) days after Lessor has notified Lessee of such failure, and thereafter to proceed diligently to cure such failure within a reasonable period of time.
- 11.2 Remedies After Default. Upon the occurrence of a default (including the passage of time specified thereof without cure), Lessor shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever, and shall have the right to pursue any other remedies at law or in equity, the following remedies being non-exclusive
- (a) Terminate the Lease, in which event Lessee shall immediately surrender the property to Lessor, and, if Lessee fails to do so, Lessor may, without prejudice to any other remedy which Lessor may have hereunder for possession or arrearages in rent, enter upon and take possession of the Leased Premises and expel or remove Lessee and any other person who may be occupying the property, or any part thereof, and Lessee agrees to pay Lessor on demand the amount of all loss and damages which Lessor may suffer by reason of such termination, whether through inability to relent the Leased Premises on satisfactory terms or otherwise; or
 - (b) Enter upon and take possession of the Leased Premises and expel or remove Lessee and any other person who may be occupying the Leased Premises or any part thereof, by force, if necessary, without being liable for prosecution or any claim for damages thereof, and , if Lessor elects, relent the Leased Premises on such terms as Lessor may deem advisable and receive the rent thereof, and, Lessee agrees to pay to Lessor on demand any deficiency that may arise; or
 - (c) Enter upon the Leased Premises by force, if necessary without being liable for prosecution or any claim for damages thereof, do whatever Lessee is obligated to do under the terms of the Lease, and obtain reimbursement from Lessee for any expenses which Lessor may incur in thus affecting compliance with Lessee's obligations under the Lease.

ARTICLE TWELVE

12.1 Holding Over. In the event Lessee remains in possession of the Leased Premises or any part thereof after the expiration of the Lease and without the execution of a new lease agreement, Lessee shall be deemed to be occupying the Leased Premises as a tenant from month to month at a rental equal to the rental herein provided and otherwise subject to all the terms, covenants, and provisions of the Lease insofar as the same are applicable to a month-to-month tenancy.

ARTICLE THIRTEEN

13.1 Lessor Election to Re-Convey to County. The Lessor, through its Mayor and Council, may elect to transfer the Premises to Gila County, upon giving the Lessee ninety (90) day's prior written notice.

ARTICLE FOURTEEN

14.1 Notices. Whenever any notices or demand is required or permitted Hereunder, such notice or demand must be in writing. Any notice, demand, payment, or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not on the fifth (5th) business day after it is deposited in the United States mail, postage prepaid, addressed to the following:

Lessor

City of Globe
Attn: City Clerk
150 North Pine Street
Globe, AZ 85501

Lessee

Cobre Valley Center for the Arts
Attn: Paul Tunis
101 North Broad Street
Globe, AZ 85501

Any party or person entitled to receive notices, demands, payments and documents hereunder may change, at any time and from time to time, by written notice the address heretofore specified for receiving the same.

14.2 Number or Gender of Words. Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

14.3 Captions. The captions, headings and arrangements used in the Lease are for convenience only and do not in any way affect, limit, or amplify the terms and provisions hereof.

- 14.4 Waivers and Consents. One or more waivers of any covenant, term, or provision of the Lease by any party shall not be construed as a waiver of any other then existing or subsequent breach of a different covenant, term, or provision. The consent or approval by either party to or of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.
- 14.5 Entirety of Agreement; Amendments. This Lease contains the entire agreement between the parties, and no agreement shall be effective to change, modify, or terminate this Lease in whole or part unless such agreement is in writing and duly signed by the party against whom enforcement of such change, modification, or termination is sought
- 14.6 Invalid Provisions. If any provisions of the Lease is held to be illegal, Invalid, or unenforceable under present or future laws effective during the term of this Lease, shall not be affected there by, and in lieu of each such illegal invalid, or unenforceable provision as may be legal, valid, and enforceable.
- 14.7 Persons Bound by Lease. Subject to the provisions of Section 8.1 of Article Eight, the Lease shall be binding upon and inure to the benefit of Lessor and Lessee, their successors, and assigns.
- 14.8 Attorney Fees. Should any proceeding or litigation be commenced Between the parties hereto concerning the terms of this Lease, or the rights and duties of the parties hereto, the prevailing party in such proceeding or litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum, as and for the prevailing party's reasonable attorney's fees.

IN WITNESS WHEREOF, the parties have executed this Lease effective the date first above written.

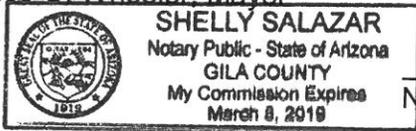
CITY OF GLOBE

LESSOR

By Terence O. Wheeler
Terence O. Wheeler

By Leslie Kim
Leslie Kim

SUBSRIBED AND SWORN TO before me this 20th day of June, 2016 by
Terence O. Wheeler, Mayor

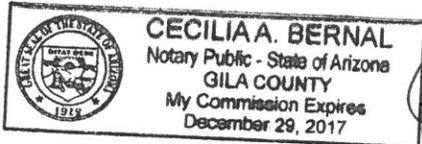


Shelly Salazar
Notary Public

COBRE VALLEY CENTER FOR THE ARTS

LESSEE

SUBSRIBED AND SWORN TO before me this 21 day of July, 2016 by
Leslie Kim, Board President



Cecilia A. Bernal
Notary Public