

**LEASE AGREEMENT
BETWEEN
THE CITY OF SANTA FE AND SANTA FE RECOVERY CENTER, INC.
(BUILDINGS 6B-1, 6B-2, AND PORTION OF BUILDING 12)**

This LEASE AGREEMENT (Lease Agreement) is made and entered into this 15th day of AUGUST, 2018 by and between the CITY OF SANTA FE, a municipal corporation (Lessor) and SANTA FE RECOVERY CENTER, INC., a New Mexico non-profit corporation (Lessee), collectively the "Parties".

WITNESSETH:

In consideration of Lessee's promises herein, Lessor hereby gives Lessee a Lease Agreement, revocable and terminable as hereinafter provided, to enter on, occupy, make use of, and improve the real property of Lessor as follows:

1. PREMISES

Lessor allows Lessee to use, occupy, and improve, subject to the terms and conditions of this Lease Agreement, those certain existing city-owned buildings known as Buildings 6B-1 and 6B-2 (Student Apartments) (containing twenty-four (24) two-bedroom apartments of approximately 625 square-feet each), an adjacent laundry/office accessory building (approximately 400 square-feet), and a portion of Building 12 (King Hall) (approximately 1,960 square-feet) all located at 1600 St. Michael's Drive on the former campus of the Santa Fe University of Art & Design in the City of Santa Fe (the Premises), as more fully described and shown on Exhibit A attached hereto and incorporated herein. Lessee accepts the Premises in its present state and agrees that it is in good condition, without any representation or warranty by Lessor as to the condition of the Premises or as to the use which may be made thereof.

2. EFFECTIVE DATE

This Lease Agreement shall become effective August 15, 2018 (the Effective Date).

3. LEASE TERM

The term of this Lease Agreement shall commence at 12:00 a.m. on the Effective Date. The term of this Lease Agreement shall consist of an "Initial Term" of eleven (11) months with one (2) "Optional Additional Terms" of six (6) months each. The Initial Term and any Optional Additional Terms are hereinafter referred to collectively as the "Term".

Lessee's exercise of any Optional Additional Term is contingent upon compliance with this Lease Agreement and with proper written notice by Lessee to Lessor at least ninety (90) days prior to the expiration of the Initial Term and shall be at Lessor's sole discretion.

In the event Lessee remains in possession of the Premises after the expiration of the Term of this Lease Agreement, such possession may, at the sole option of Lessor, be continued as a month-to-month tenancy. During any such month-to-month tenancy, the Rent due shall be prorated and payable on a monthly basis, and the terms and conditions of the Lease Agreement shall be otherwise applicable.

4. USE OF PREMISES

A. Conditions of Use. Lessee shall use the Premises solely for the specific purpose of operating the "Extended Residential" and "Recovery Housing" programs of the Santa Fe

Recovery Center subject to the following conditions:

- i. Only Lessee's clients and staff are allowed to reside at the Premises, except that spouses and children of Lessee's clients may be allowed to reside on the Premises on a case-by-case basis at Lessee's discretion. No other persons are allowed to reside at the Premises;
- ii. No violent felons or individuals who are a danger to themselves or others shall be allowed on the Premises;
- iii. No alcohol or drugs (other than those prescribed by physicians for Lessee's clients) are allowed to be used or present on the Premises;
- iv. Lessee shall require that all client vehicles parked at the Premises be equipped with functioning ignition interlock devices;
- v. Lessee's clients that relapse while residing at the Premises shall be physically escorted off of the Santa Fe University of Art & Design campus by Lessee and shall not be allowed to return for a minimum of thirty (30) days;
- vi. Lessee shall deploy security cameras at the Premises over the front door of each apartment unit and in the interior courtyard between Buildings 6B-1 and 6B-2. Lessor reserves the right to require Lessee to employ licensed security guards at the Premises;
- vii. Lessee shall staff the Premises twenty-four (24) hours per day and seven (7) days per week. Lessee's staff shall include a medical technician(s);
- viii. Lessee shall place no signage of any kind on the exterior of the buildings or on the grounds without the prior written consent of Lessor;
- ix. Lessee's residents and staff shall park in the existing parking lots immediately south of Building 6B-2, north of Building 6B-1 and east of Building 12.
- x. Lessee shall restrict its client's visitors as follows: a) scheduled visits only during the client's first ninety (90) days of residency; and b) visitor check-in and check-out with Lessee's staff after the client's first ninety (90) days of residency;

B. Improvement of the Premises. Lessee may, with the prior written consent of Lessor and at no cost to Lessor, make minor improvements to the Premises as it deems necessary in furtherance of the intended use of the Premises as provided in Section 4.A above. Lessee shall upon Lessor's request, remove all such improvements made to the Premises at the termination of this Lease Agreement.

C. Trade Fixtures. All trade fixtures installed by Lessee after the Effective Date of this Lease Agreement shall remain the property of Lessee, who may remove the same upon termination of this Lease Agreement, provided that removal shall be done in such a manner as not to injure or damage the Premises.

In the event that Lessee fails to remove said trade fixtures after receipt of notice from Lessor to do so, Lessor may remove and dispose of the same as it sees fit and Lessee agrees to sell, assign, transfer and set over to Lessor all of Lessee's right, title and interest in and to said trade fixtures and any personal property not removed by Lessee. Lessee further agrees that should Lessor remove said trade fixtures pursuant to this paragraph, that Lessee shall pay Lessor upon demand the cost of such removal, plus the cost of transportation and disposal thereof.

D. Repairs and Maintenance. Lessee shall not cause or permit any waste, damage or

injury to the Premises or to any improvements made to the Premises. Lessee shall, at its sole expense, keep and maintain the Premises in good and clean condition at all times and shall be responsible for the costs of any and all required repairs, replacements, and capital improvements that arise during the Term of this Lease Agreement. Repairs and replacements required to be made by the Lessee shall be made promptly as and when necessary and shall be at least equal in quality of materials and workmanship to that originally existing in the Premises.

Lessor reserves the right to inspect the Premises at any time during the Term of this Lease Agreement to verify Lessee's compliance with this Section 4.D. In the event Lessee fails to maintain the Premises at a standard acceptable to the Lessor, as determined in Lessor's sole discretion, Lessor may terminate this Lease Agreement in accordance with Section 12 herein.

E. Compliance with Laws. Lessee's use of the Premises shall at all times be in compliance with the City of Santa Fe Municipal Code and other applicable local, state and federal regulations including but not limited to compliance with the City of Santa Fe Integrated Pest Management Policy (§10-7 SFCC 1987) (the Pest Management Policy).

5. RENT

A. Base Rent during Initial Term. Lessee shall pay nineteen thousand, three hundred thirty dollars (**\$19,330.00**) as monthly "Rent". Rent is due on the Effective Date and thereafter due in full on the first day of each month during the Term without notice or demand and without deduction or offset for any cause whatsoever. Lessee shall make payments to the Lessor's cashier office, Room 114, 200 Lincoln Ave., Santa Fe, NM.

B. Base Rent Offsets during Initial Term. Lessee shall offset the first month's Rent due by deducting from the first month's Rent the cost of initial repairs to the Premises as specified in **Exhibit B** attached hereto. The Parties acknowledge that additional repairs to or replacements of exterior stairways at Buildings 6B-1 and 6B-2 may be required. The Parties agree to offset the second month's Rent by deducting the actual cost of repair or replacement of the subject stairways, provided that Lessor has reviewed and approved cost proposal(s) obtained by Lessee for said repairs or replacements prior to any work being performed.

C. Rent during Optional Additional Term(s). The Rent during any Optional Additional Term(s) of this Lease Agreement shall be increased by an amount calculated by multiplying the Rent during the Initial Term by two and one-half percent (2.5%).

6. UTILITIES & SERVICES

Beginning on the Effective Date and until the termination of this Lease Agreement, the responsibility and costs for providing utilities and services to the Premises shall be the responsibility of the Parties as specified below:

A. Responsibility of Lessor. All natural gas, electricity, domestic water, and sanitary sewer service shall be provided to the Premises by Lessor.

B. Responsibility of Lessee. All telephone, cable or satellite television, wired or wireless internet, security alarm services, solid waste collection services, cleaning, and repair services shall be coordinated and paid for by Lessee. Any utilities or services not specified herein shall be the responsibility of the Lessee.

7. TAXES

Lessee shall pay all taxes levied and assessed, if any, upon any personal property, fixtures

and improvements belonging to Lessee and located upon the demised Premises, and all leasehold and possessory interest taxes levied or assessed by any proper taxing authority.

8. SUBLEASE, ASSIGNMENT OR TRANSFER

Lessee shall not sublet, assign or otherwise transfer this Lease Agreement, without the prior written consent of Lessor, which Lessor may withhold for any or no reason. Any such actions taken by Lessee shall result in the immediate termination of this Lease Agreement.

9. INSURANCE

Lessee shall at all times maintain and provide adequate insurance coverage which includes, without limitation, each of the following:

A. Casualty Insurance. Lessee shall carry and maintain in full force and effect during the term of this Lease Agreement casualty insurance (“extended coverage” and “additional extended coverage”) as may be available for all improvements to the Premises in an amount sufficient to restore and replace existing structures and improvements if lost or damaged by any form of casualty. Lessee shall cause the City of Santa Fe to be named as an additional insured on such policy of insurance.

B. Liability Insurance. Lessee shall carry and maintain in full force and effect during the Term of this Lease Agreement, public liability insurance covering bodily injury and property damage, in a form and with an insurance company acceptable to Lessor, with limits of coverage not less than as stated in the New Mexico Tort Claims Act for each person injured and for each accident resulting in damage to property, against all claims and lawsuits arising from Lessee’s use of the Premises. Lessee shall cause the City of Santa Fe to be named as an additional insured on such policy of insurance.

C. Workman’s Compensation Insurance. Lessee shall carry and maintain in full force and effect during the Term of this Lease Agreement, workers’ compensation insurance at statutory limits for its employees working at the Premises. Lessee shall cause the City of Santa Fe to be named as an additional insured on such policy of insurance.

D. Certificates of Insurance. Prior to the Effective Date of this Lease Agreement, and thereafter at any time during the Term of this Lease Agreement that Lessor requests, Lessee shall provide Lessor with certificates of insurance for each policy evidencing that the coverage required hereunder is current. Such policy shall provide that the coverage evidenced thereby shall not be terminated or modified for any reason without thirty (30) days prior written notice to the Lessor. A certificate or policy which states that failure to give such notice imposes no obligation on the part of the insurer shall be unacceptable to Lessor, and Lessee shall be responsible for removing such language from such certificate or policy.

10. INDEMNIFICATION

Lessee shall indemnify, hold harmless and defend Lessor from all losses, damages, claims or judgments, including payment of all attorney’s fees and costs, on account of any suit, judgment, execution, claim, action or demand whatsoever arising from damages occurring on the Premises and Lessee’s use of the Premises hereunder, including use of the Premises by Lessee’s employees, agents, representatives, contractors, agents, guests, invitees or permitted assigns. Lessee shall cause any and all agreements that Lessee enters into with any of the above parties to contain language indemnifying Lessor as provided in this Section.

11. EASEMENTS

Lessor reserves the exclusive right to grant access, utility or other easements on or through the Premises. Lessor shall notify Lessee in writing prior to Lessor's grant of any easement through the Premises.

12. TERMINATION

A. Lessor may terminate this Lease Agreement upon Lessee's failure to comply with any provisions contained herein. Prior to termination, Lessor shall hand deliver or mail notice to Lessee via certified or registered mail specifying:

- i. the breach;
- ii. the action required to cure the breach;
- iii. a date, not less than fifteen (15) days from the date the notice is hand delivered or mailed to Lessee, by which such breach must be cured; and
- iv. that failure to cure such breach on or before the date specified in the notice will result in termination of the Lease Agreement.

B. Lessee may terminate this Lease Agreement with written notice to Lessor at least thirty (30) days prior to the termination date.

13. NOTICE

Any required notice will be deemed delivered, given and received (i) when personally hand delivered, or (ii) five days after the same are deposited in the United States mail, postage prepaid, registered, addressed to the applicable party at the address indicated below for such party, or at such other address as may be designated by either party in a written notice to the other party:

To Lessor:

City Manager
City of Santa Fe
P. O. Box 909
Santa Fe, NM 87504

To Lessee:

Sylvia Barela, Executive Director
Santa Fe Recovery Center, Inc.
4100 Lucia Lane
Santa Fe, NM 87507

14. NO WAIVER

No waiver of a breach of any of the provisions contained in this Lease Agreement shall be construed to be a waiver of any succeeding breach of the same or any other provisions.

15. SEVERABILITY

In the event that one or more of the provisions contained in this Lease Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

16. ENTIRE AGREEMENT

The foregoing constitutes the entire Lease Agreement between the Parties, represents their entire understanding, and defines all of their respective rights, title and interests as well as all of their duties, responsibilities and obligations. Any and all prior lease agreements and

understandings between the Parties related to the Premises, if any, are merged herein. This Lease Agreement shall not be modified or amended except by a written document signed by the Parties.

17. BINDING EFFECT

This Lease Agreement shall be binding upon and insure to the benefit of the Parties hereto and their respective successors and permitted assigns.

18. LITIGATION EXPENSE

In the event of litigation between the Parties, Lessee shall pay any necessary costs, including reasonable attorney's fees, expenses and other costs of collection or otherwise, which Lessor shall incur in enforcing this Lease Agreement or in recovering any and all damages caused to the Premises by Lessee, or Lessee's contractors, agents, employees or permitted assigns.

19. HEADINGS

The section headings contained in this Lease Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Lease Agreement.

20. APPLICABLE LAW; VENUE

In any action, suit or legal dispute arising from this Lease Agreement, Lessee agrees that the laws of the State of New Mexico shall govern. The Parties agree that any action or suit arising from this Lease Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

21. AMENDMENT

This Lease Agreement shall not be altered, changed or modified except by an amendment in writing executed by the Parties hereto.

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[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

15TH day of AUGUST, 2018.

LESSOR:
CITY OF SANTA FE

Renee Martinez for EL
ERIK J. LITZENBERG, CITY MANAGER

ATTEST:

YOLANDA Y. VIGIL
YOLANDA Y. VIGIL, CITY CLERK *all*

APPROVED AS TO FORM:

 FOR
ERIN K. McSHERRY, CITY ATTORNEY

APPROVED:

Mary McCoy
MARY T. McCOY, FINANCE DIRECTOR *m*

BUSINESS UNIT.LINE ITEM:
51910.460150

LESSEE:
SANTA FE RECOVERY CENTER, INC.


SYLVIA BARELA, EXECUTIVE DIRECTOR

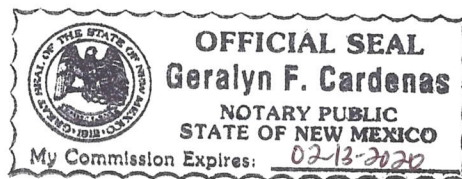
ACKNOWLEDGEMENT

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The foregoing instrument was acknowledged before me this 13th day of August 2018, by Sylvia Barela, Executive Director of Santa Fe Recovery Center, Inc., a New Mexico non-profit corporation.

NOTARY PUBLIC

My Commission Expires: February 13, 2020



(TYP. FLOOR PLAN BUILDINGS 6B-1 & 6B-2)

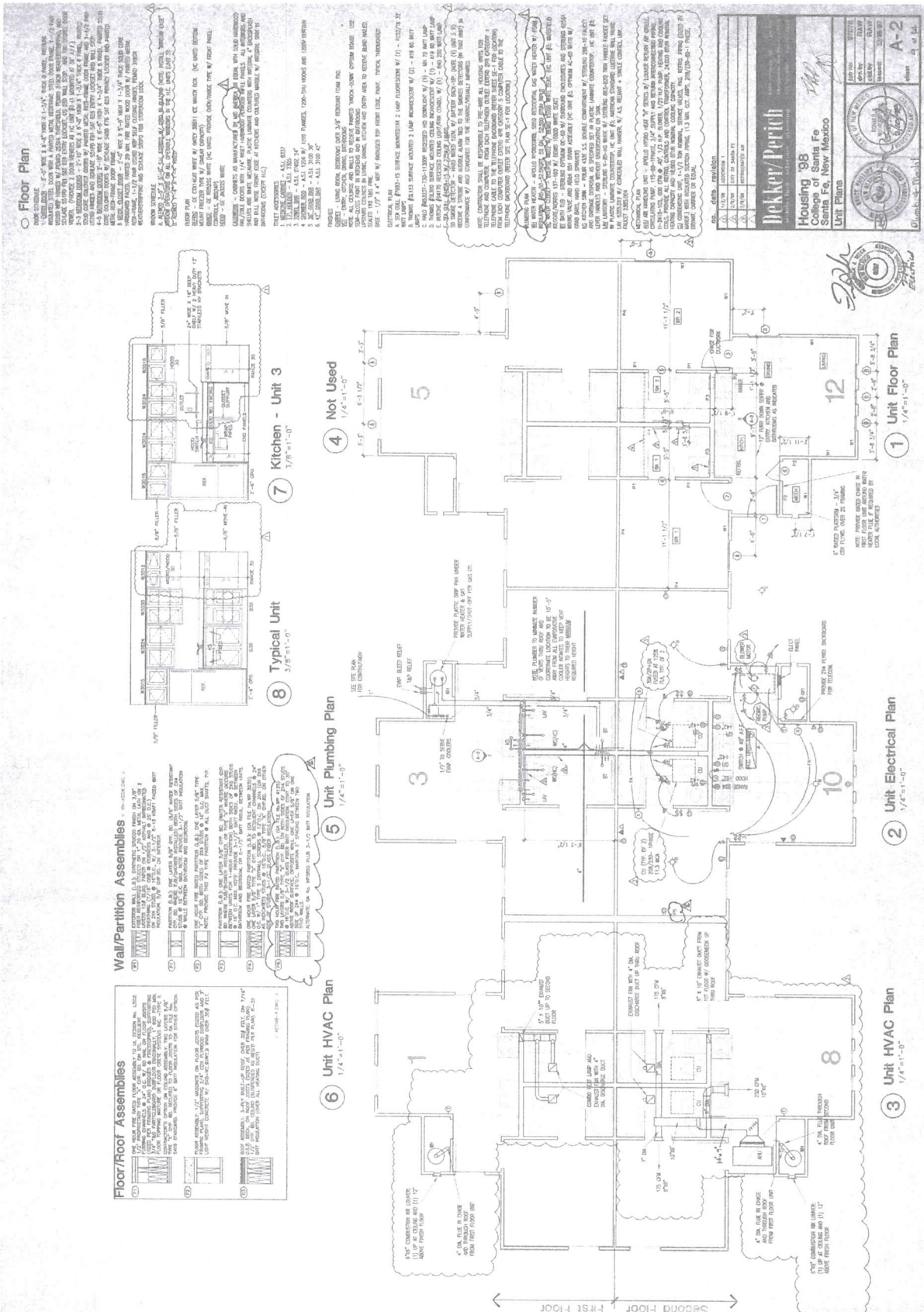


EXHIBIT A
(BUILDING 12 -PORTION OF KING HALL)

--- LEASE PREMISES

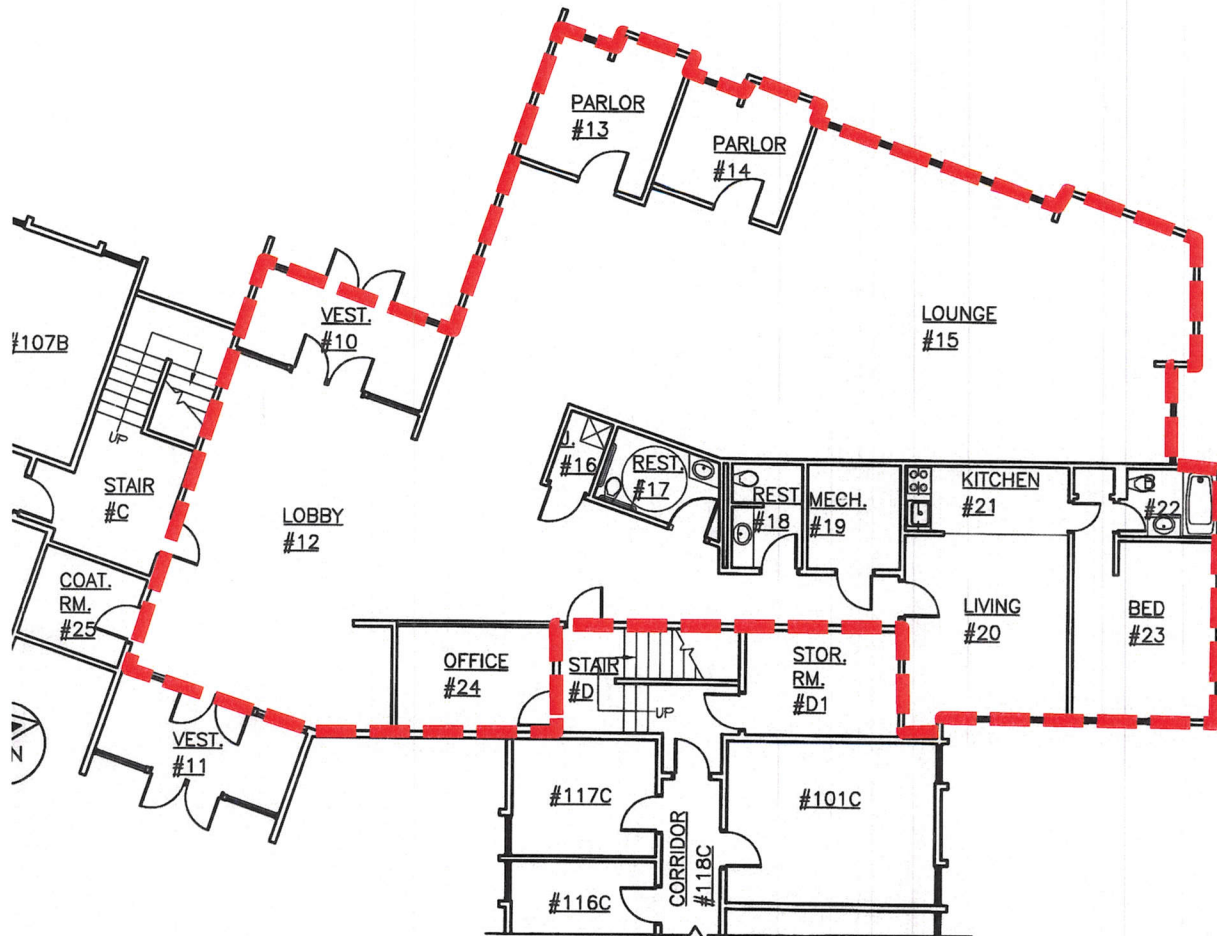


EXHIBIT B

ESTIMATE OF REPAIRS (See Lease Section 5.B.)

<u>Building 6B-1</u>		<u>Building 6B-2</u>	
<u>C-1</u>		<u>D-1</u>	
C----No fire extinguishers.	\$ 30	A----No hot/ cold valves	\$ 150
A----Exhaust Fan not working.	\$ 275	C----Living room window missing screen.	\$ 30
<u>C-2</u>		<u>D-2</u>	
C----No fire extinguisher.	\$ 30	A----Broken sink faucet.	\$ 250
C----Bathtub leaking.	\$ 45	C----No fire extinguishers.	\$ 30
C----Bathtub diverter broken.	\$ 45	C----Missing shower head.	\$ 15
<u>C-3</u>		<u>D-3</u>	
C----Missing window screens x 3	\$ 90	A----C----B-2 tub diverter missing.	\$ 15
C----Water damage under window.	\$ 150	A----Broken exhaust fan.	\$ 275
C----No fire extinguisher.	\$ 30	<u>D-4</u>	
A----No power to bathroom outlet.	\$ 45	C----Broken fridge handle.	\$ 150
C----Shower leaks.	\$ 45	C----No fire extinguisher.	\$ 30
<u>C-4</u>		A----Broken garbage disposal.	\$ 225
C----Kitchen fluorescent.	\$ 15	C----Fluorescent lights not working; missing cover.	\$ 20
C----No fire extinguisher.	\$ 30	A----Bathroom GFCI not working.	\$ 45
C----Missing window screens x 4	\$ 120	<u>D-5</u>	
C----Broken shower heads.	\$ 15	C----Stove missing knob.	\$ 30
C----No toilet seat.	\$ 35	C----No fire extinguisher.	\$ 30
<u>C-5</u>		A----Shower handle taken apart. (need a new one).	\$ 300
C----No fire extinguisher.	\$ 30	A----C----Damaged sink cabinet.	\$ 375
C----Missing window screens. x 4	\$ 120	C----Missing window screens. x 3	\$ 90
C----No smoke detectors.	\$ 25	A----C----Bath room missing sink faucet.	\$ 150
C----Broken heat lamp.	\$ 20	<u>D-6</u>	
<u>C-6</u>		A----Exhaust fan not working.	\$ 225
A----C----Smokers unit-. (Unit need to be painted.)	\$ 1,500	C----No area lamp.	\$ 25
C----VCT coming up at entry.	\$ 250	<u>D-7</u>	
C----No fire extinguisher.	\$ 30	A----Broken ceiling fan.	\$ 225
C----B-2 missing window screens x 3	\$ 90	A----Broken garbage disposal.	\$ 225
C----Broken shower head.	\$ 15	C----Missing shower heads.	\$ 15
<u>C-7</u>		<u>D-8</u>	
A----Water damage under sink. (Possible mold)	\$ 2,500	A----Exhaust fan not working.	\$ 225
C----No fire extinguisher.	\$ 30	<u>D-9</u>	
C----No screen on kitchen window. x 3	\$ 90	A----Garbage disposal not working.	\$ 225
C----Bathroom toilet does not run water.	\$ 45	C----No fire extinguishers	\$ 30
C----Broken shower heads.	\$ 15	C----Missing window screen.	\$ 30
A----Ceiling fan does not work.	\$ 225	<u>D-10</u>	
<u>C-8</u>		A----Garbage disposal not working.	\$ 225
C----No fire extinguisher.	\$ 30	C----Broken blind.	\$ 30
C----No smoke alarms.	\$ 25	C----Missing window screen.	\$ 30
<u>C-9</u>		<u>D-11</u>	
C----Kitchen window missing screen.	\$ 30	C----No fire extinguishers.	\$ 30
C----No smoke detectors.	\$ 25	A----B-2 water damage on floor around toilet. (Leak)	\$ 200
C----Broken shower heads.	\$ 15	A----Water damage on wall under sink. (Mold)	\$ 2,500
A----Exhaust fan in B-1 broken.	\$ 275	C----Missing window screens. x 2	\$ 60
C----Missing light cover.	\$ 25	<u>D-12</u>	
<u>C-10</u>		A----No power to kitchen GFCI.	\$ 45
C----Exhaust fan not working.	\$ 225	C----Missing window screen.	\$ 30
C----Garbage disposal broken.	\$ 225	Building 6B-2 Total	
<u>C-11</u>		\$ 6,585	
A----C----Garbage disposal not working.	\$ 225	<u>Office</u>	
C----Broken shower head.	\$ 15	A----Mold on walls throughout room.	\$ 2,500
C----Missing window screen.	\$ 30	A----Water shut off to unit.	
<u>C-12</u>		Office Total	
C----No fire extinguisher.	\$ 30	\$ 2,500	
A----Broken garbage disposal.	\$ 225	Building 6B-1 Total	
C----Missing window screens. x 3	\$ 90	\$ 8,120	
C----Missing smoke detectors.	\$ 25	GRAND TOTAL (All Items)	
C----No heat lamp.	\$ 20	\$ 17,205	
C----Living room ceiling fan not working.	\$ 225		
A----A/C cover on floor.	\$ 100		
A----Heat/ exhaust not working.	\$ 275		