#4

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ORDINANCE NO. 4366

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING AND APPROVING A LEASE AGREEMENT BETWEEN THE CITY OF CHANDLER AND THE UNIVERSITY OF ARIZONA FOR OCCUPANCY OF THE SECOND FLOOR OF THE CHANDLER COMMUNITY CENTER BUILDING AT 125 EAST COMMONWEALTH AVENUE FOR PUBLIC EDUCATION PURPOSES.

WHEREAS, the City of Chandler owns that certain real property located at 125 East Commonwealth Avenue and upon which is situated a two-story, municipal facility known as the "Chandler Community Center," which consists of several meeting rooms, classrooms, business offices and common area facilities that had previously been utilized by the City's Community Services Department; and

WHEREAS, the second floor of the Community Center is not being used and is unoccupied, except for one room utilized for dance lessons and/or recitals; and

WHEREAS, the University of Arizona desires to lease the available rooms and offices on the second floor of the Community Center for public education purposes; and

WHEREAS, the City of Chandler desires to enter into such a lease with the University of Arizona and finds that such lease arrangement will be of general benefit to the citizens of the municipality and of specific benefit to the further development of Downtown Chandler.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Chandler, Arizona, as follows:

Section 1. The City Council of the City of Chandler, Arizona does hereby authorize and approve the lease to the University of Arizona of the available rooms, offices and other facilities located on the second floor of the Community Center for public education purposes substantially in accordance with the form of lease agreement set out in Exhibit A, attached hereto and incorporated herein by reference.

Section 2. The Mayor of the City of Chandler, Arizona is hereby authorized to execute the lease agreement referred to in Section 1 above in its final form and upon approval as to form by the Chandler City Attorney. Any related documents may be executed by the City Manager or a designee, subject to approval as to form by the Chandler City Attorney.

INTRODUCED AND TENTATIVELY APPROVED by the City of Chandler, Arizona, this _____ day of _____, 2012.

ATTEST:

_____ _____
CITY CLERK MAYOR

PASSED AND ADOPTED by the Mayor and City Council of the City of Chandler, Arizona, this _____ day of _____, 2012.

ATTEST:

_____ _____
CITY CLERK MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4366 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on _____ day of _____, 2012, and that a quorum was present thereat.

_____
CITY CLERK

PUBLISHED:

APPROVED AS TO FORM:

_____
CITY ATTORNEY GAB

Exhibit "A" to Ordinance No. 4366

LEASE AGREEMENT
(Chandler Community Center Building)

THIS LEASE AGREEMENT (this **"Lease"**), is made and entered into as of this ___ day of _____, 2012, by and between the CITY OF CHANDLER, an Arizona municipal corporation (**"Landlord"**), and the ARIZONA BOARD OF REGENTS, a body corporate, for and on behalf of the University of Arizona (**"Tenant"**). Landlord and Tenant shall be referred to in this Agreement collectively as the **"Parties"** and individually as the **"Party"**.

For and in consideration of the rental to be paid by Tenant and of the covenants and agreements herein set forth to be kept and performed by Tenant, Landlord leases to Tenant and Tenant leases from Landlord, upon all of the terms, covenants and agreements set forth herein, the Leased Premises (defined below), together with certain other areas, rights and privileges, for the term of this Lease.

1. PREMISES.

1.1. DESCRIPTION OF PREMISES. Landlord does hereby demise, lease and let unto Tenant, and Tenant does hereby take and receive from Landlord the following:

(A) That certain floor area containing approximately 8,965 gross rentable square feet (the **"Leased Premises"**) on the 2nd floor of the municipal office building known as the Chandler Community Center (the **"Building"**) located at 125 East Commonwealth Avenue, in Chandler, Arizona, on the real property legally described in attached Exhibit "A" (the **"Property"**). The space occupied by Tenant consists of that certain area crosshatched on the Building floor plan attached hereto as Exhibit "B".

(B) The non-exclusive right to use the Common Areas, as defined in Section 10.1 below.

(C) The non-exclusive right to use rights-of-way, easements and similar rights with respect to the Building and the Property as may be reasonably necessary for access to and egress from the Leased Premises.

(D) The non-exclusive right to use those municipal parking facilities designated and suitable for public vehicular parking that are near and about the Building and the Property as generally depicted in the vicinity map attached hereto as Exhibit "C", and the non-exclusive right to the use of ninety-one (91) parking spaces within the privately-owned parking garage at 100 E. Boston, Chandler, AZ (the **"Boston Street Garage"**), which are leased to Landlord pursuant to that certain, unrecorded lease agreement dated April 28, 2004, a copy of which is on file with the Chandler City Clerk's office. Nothing herein precludes use of the privately-owned parking garage at 105 E. Buffalo Street, Chandler, AZ, which currently is available for public use during the evening and on weekends (the **"Buffalo Street Garage"**).

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1.2. WORK OF IMPROVEMENT. The respective obligations of Landlord and Tenant to perform the work and supply the necessary materials and labor to prepare the Leased Premises for occupancy are described in detail on attached Exhibit "D". Landlord and Tenant shall expend all funds and do all acts required of them as described in Exhibit "D" and shall perform or have the work performed promptly and diligently in a first class and workmanlike manner. Landlord herein grants a license to Tenant to access the Building and Leased Premises prior to the Commencement Date (defined below) upon prior notice to Landlord at all reasonable times for the purpose of undertaking Tenant's work identified herein.

1.3. CHANGES TO BUILDING. Landlord reserves the right at any time and from time to time to make repairs, changes, alterations or additions to the Building or the Property. Tenant shall not, in such event, claim or be allowed any damages for injury or inconvenience occasioned thereby and shall not be entitled to terminate this Lease.

2. TERM; RENEWAL.

2.1. LENGTH OF TERM. The term of this Lease (the **"Term"**) shall be for a period of five (5) years beginning on May 1, 2012 (the **"Commencement Date"**) and ending 11:59 p.m., Arizona time, on April 30, 2017, which is the day before the five (5) year anniversary date of the Commencement Date.

2.2. OPTION TO RENEW. Landlord grants to Tenant the option to renew this Lease for one (1) additional five-year term (the **"Renewal Term"**). Tenant may exercise this option to renew by notifying Landlord in writing at least one hundred and eighty (180) days prior to the expiration of the initial Term of this Lease, provided that, at the time the renewal option is exercised, Tenant is not in default in the performance of any of the terms, covenants, or agreements set forth in this Lease. The Renewal Term shall be subject to all of the terms, covenants and agreements set forth in this Lease.

2.3. DELAY IN COMMENCEMENT. If for any reason Landlord cannot deliver possession of the Leased Premises to Tenant on or before May 1, 2012, Landlord shall not be subject to any liability therefore, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder or extend the term hereof.

3. BASIC RENTAL. Tenant shall pay rent for the Term of this Lease in the sum of One and 00/100 Dollar ($1.00), which Landlord herein acknowledge as having been received.

4. ADDITIONAL RENT.

4.1. NET TO LANDLORD. It is the intent of the Parties that all costs and expenses relating to the use of the Building, Property and/or Leased Premises by Tenant which may arise or become due during the Term shall be paid by Tenant in the manner hereafter provided.

4.2. DEFINITIONS. For purposes of this Section 4 and this Lease in general, the following words and phrases shall have the meanings set forth below:

(A) **"Estimated Costs"** shall mean the projected amount of Tenant's Proportionate Share of Total Costs. The Estimated Costs for the calendar year in which this Lease commences are $_____, including the costs of electricity and HVAC (defined in Section 8.1(C) below), and are not included in the basic rental.

(B) **"Tenant's Proportionate Share of Total Costs"** shall mean the percentage derived from the fraction, the numerator of which is the gross rentable square footage of the Leased Premises (8,965) and the denominator of which is the gross rentable square footage of the Building (37,621). In this Lease, Tenant's pro-rata share initially is 23.83%, subject to increase or decrease due to increases or decreases in the gross rentable square footage of the Leased Premises and/or the Building.

(C) **"Total Costs"** shall mean the total cost incurred by Landlord in having the utilities and services set out in Section 8.1 provided to the Building, the Property and/or the Leased Premises. Such costs include, without limitation, water, sewer, electrical and other utility charges; charges for regular preventive maintenance service of mechanical equipment, including, without limitation, heating, ventilating and air conditioning equipment serving the Building; charges for repair, maintenance and replacement of mechanical equipment, including, without limitation, heating, ventilating and air conditioning equipment serving the Building; the cost of repairing and maintaining plumbing, electrical and other facilities serving the Building; and the cost of providing lighting to the Building, the Property and identification signage, if any.

4.3. REPORT OF TOTAL COSTS AND STATEMENT OF ESTIMATED COSTS.

(A) After the expiration of each calendar year occurring during the term of this Lease, Landlord shall furnish Tenant a written statement of the Tenant's Proportionate Share of Total Costs occurring during the previous calendar year. The written statement shall specify the amount by which the Tenant's Proportionate Share of Total Costs exceeds or is less than the amounts actually paid by Tenant during the previous calendar year pursuant to Section 4.4(A) below.

(B) At the same time specified in Section 4.3(A) above, Landlord shall furnish Tenant a written statement of the Estimated Costs for the then current calendar year.

4.4. PAYMENT OF ADDITIONAL RENT. Tenant shall pay as additional rent **("Additional Rent")** Tenant's Proportionate Share of Total Costs. The Additional Rent shall be paid as follows:

(A) On or before the first day of each month, Tenant shall pay to Landlord, without offset or deduction, one-twelfth ($1/12^{th}$) of the Estimated Costs as defined in Section 4.2(A).

(B) Within thirty (30) days after delivery of the written statement referred to in Section 4.3(A) above, Tenant shall pay to Landlord the amount by which Tenant's Proportionate Share of Total Costs, as specified in such written statements, exceed an aggregate of Estimated Costs actually paid by Tenant for the year at issue. Payments by Tenant shall be made pursuant

to this Section 4.4(B) notwithstanding that a statement pursuant to Section 4.3(A) is furnished to Tenant after the expiration of the term of this Lease.

(C) If the annual statement of costs indicates that the Estimated Costs actually paid by Tenant pursuant to subsection (A) above for any year exceeded Tenant's Proportionate Share of Total Costs for the same year, Landlord, at its election, shall either (i) promptly pay the amount of such excess to Tenant, or (ii) apply such excess against the next installment of Additional Rent due hereunder.

4.5. RESOLUTION OF DISAGREEMENT. Every statement given by Landlord pursuant to Section 4.3 shall be conclusive and binding upon Tenant unless within sixty (60) days after the receipt of such statement Tenant shall notify Landlord that it disputes the correctness thereof, specifying the particular respects in which the statement is claimed to be incorrect. If such dispute shall not have been settled by agreement, the Parties shall submit the dispute to arbitration within ninety (90) days after Tenant's receipt of the statement. Pending the determination of such dispute by agreement or arbitration as aforesaid, Tenant shall, within thirty (30) days after receipt of such statement, pay Additional Rent in accordance with Landlord's statement, and such payment shall be without prejudice to Tenant's position. If the dispute shall be determined in Tenant's favor, Landlord shall forthwith pay Tenant the amount of Tenant's overpayment of rents resulting from compliance with Landlord's statement. Landlord agrees to grant Tenant reasonable access to Landlord's books and records for the purpose of verifying operating expenses incurred by Landlord.

5. SECURITY DEPOSIT. Landlord expressly waives any requirement that Tenant provide a security deposit as a condition prerequisite to this Lease.

6. USE.

6.1. USE OF LEASED PREMISES. The Leased Premises shall be used and occupied by Tenant solely for the purpose of providing educational and professional training leading to professional and/or advanced degrees or certifications, especially in, but not limited to, the fields of science, math and technology, and for no other purpose whatsoever without the prior written consent of Landlord.

6.2. PROHIBITED ACTIVITIES OR USES. Tenant shall not do or permit anything to be done in or about, or bring or keep anything in, the Leased Premises that is prohibited by this Lease or that will, in any way or to any extent:

(A) Adversely affect any fire, liability or other insurance policy or self-insurance coverage carried with respect to the Building or any of the contents of the Building (except with Landlord's express written permission, which will not be unreasonably withheld, but which may be contingent upon Tenant's agreement to bear any additional costs, expenses or liability for risk that may be involved).

(B) Obstruct or interfere with any right of any other tenant or occupant of the Building or injure or annoy such persons.

(C) Conflict with or violate any law, statute, ordinance, rule, regulation or requirement of any governmental unit, agency or authority (whether existing, enacted or promulgated in the future, known or unknown, foreseen or unforeseen).

(D) Adversely overload the floors or otherwise damage the structural soundness of the Leased Premises or the Building, or any part thereof (except with Landlord's express written permission, which will not be unreasonably withheld, but which may be contingent upon Tenant's agreement to bear any additional costs, expenses or liability for risk that may be involved).

6.3. AFFIRMATIVE OBLIGATIONS WITH RESPECT TO USE.

(A) Tenant shall comply with all governmental laws, statutes, ordinances, rules, regulations or requirements, now in force or which hereafter may be in force, of any lawful governmental body or authority having jurisdiction over the Property, the Building or the Leased Premises; shall keep the Leased Premises in a clean, neat and orderly condition, free of objectionable noise, odors, or nuisances; shall in all respects and at all times fully comply with all applicable health and safety regulations; shall not suffer, permit or commit any waste; and shall observe such reasonable rules and regulations as may be adopted and made available to Tenant by Landlord from time to time for the safety, care and cleanliness of the Leased Premises, the Building or the Property, and for the preservation of good order therein or thereon.

(B) Tenant shall, at Tenant's sole cost and expense, comply with all statutes, ordinances, laws, orders, rules, regulations and requirements of all applicable federal, state, county, municipal and other agencies or authorities, now in effect or which may hereafter become effective, which shall impose any duty upon Landlord or Tenant with respect to the use, occupation or alteration of the Lease Premises demised to Tenant (including, without limitation, all applicable requirements of the Americans with Disabilities Act of 1990 and all other applicable laws relating to persons with disabilities, and all rules and regulations which may be promulgated thereunder from time to time and whether relating to barrier removal, providing auxiliary aids and services or otherwise), and upon request of Landlord shall deliver evidence thereof to Landlord.

6.4. SUITABILITY OF PREMISES. Tenant acknowledges that, except as expressly set forth in this Lease, neither Landlord nor any other person has made any representation or warranty with respect to the Leased Premises or any other portion of the Building or the Property, and that no representation has been made or relied upon by Tenant with respect to the suitability of the Leased Premises or any other portion of the Building or the Property for the conduct of Tenant's business. The Leased Premises, the Building and the Property shall be deemed to be in satisfactory condition unless, with thirty (30) days after the Commencement Date, Tenant shall give Landlord written notice specifying, in reasonable detail, the respects in which the Leased Premises, the Building or the Property are not in satisfactory condition.

6.5. USE OF PARKING FACILITIES. Tenant's use of the parking facilities identified in Section 1.1(D), is subject to the following:

(A) All such parking facilities shall be available for use by Tenant, its employees, guests and invitees.

(B) All such use shall be without charge except for any charge imposed on public use of the Boston Street Garage. At the time of the execution of this Lease, Landlord is not aware of any charge being imposed or planned to be imposed for public use of the parking garages.

(C) Tenant, its employees, invitees or guests shall use the parking facilities only for parking purposes; shall comply with all existing and future laws, regulations, ordinances, orders, codes, laws and requirements that may be imposed by any applicable government entity having jurisdiction to do so and/or by an owner's insurance companies and other organizations that establish insurance rates pertaining to any of the parking facilities.

(E) Tenant, its employees, invitees or guests shall observe and comply with all rules and regulations that may be imposed by the owner of any specific parking facility.

(F) Tenant, its employees, invitees or guests shall not use, produce, store, release, dispose or handle in or about any of the parking facilities, or transfer to or from any such parking facility (or permit any other party to do such act), any hazardous substance.

7. TAXES. [INTENTIONALLY OMITTED]

8. UTILITIES AND SERVICES.

8.1. OBLIGATION OF LANDLORD. During the Term of this Lease, Landlord shall furnish or cause to be furnished to the Leased Premises, to the same extent and level as provided to other portions of the Building (except as otherwise noted), during customary business hours (6:00 a.m. to 11:00 p.m. Monday through Saturday) and during generally recognized business days, and at such other times and dates as Tenant may need for special programs, subject to City approval (which shall not be unreasonably delayed or withheld), the following utilities and services:

(A) Electricity, water, gas and sewer services.

(B) Telephone connection, but not including telephone stations and equipment (it being expressly understood and agree that Tenant shall be responsible for the ordering and installation of telephone lines and equipment which pertain to its use of the Leased Premises).

(C) Heating, ventilating and air-conditioning (HVAC) to such extent and to such levels as, in Landlord's judgment, is reasonably required for the comfortable use and occupancy of the Leased Premises, subject, however, to any limitations imposed by any applicable government authority. The parties agree and understand that the above heat and air-conditioning will be provided Monday through Saturday from 6:00 a.m. to 11:00 p.m. and at

such other times and dates as Tenant may need for special programs, subject to City approval (which shall not be unreasonably delayed or withheld).

(D) Janitorial service and trash removal service.

(E) Security service (including the lighting of common halls, stairways, entries and restrooms) to such extent as is usual and customary in similar buildings in the Metro Phoenix, Arizona area.

(F) Landscaping and grounds keeping service.

(G) Elevator service.

8.2. TENANT OBLIGATION. Tenant shall arrange for and shall pay the entire cost and expense of all telephone stations, equipment and use charges and all other materials and services not expressly required to be provided and paid for pursuant to Section 8.1.

8.3. ADDITIONAL LIMITATIONS.

(A) Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, use any apparatus or device on the Leased Premises (including, without limitation, electronic data processing machines, punch card machines or machines using current in excess of 110 volts) which will in any way or to any extent increase the amount of electricity or water usually furnished or supplied for use on the Leased Premises for the use designated in Section 6.1 above, nor connect with electrical current, except through existing electrical outlets in the Premises, or water pipes, any apparatus or device, for the purposes of using electric current or water.

(B) If Tenant shall require water or electric current in excess of that usually furnished or supplied for use of the Leased Premises, or for purposes other than those designated in Section 6.1, Tenant shall first procure the consent of Landlord for the use thereof, which consent Landlord may refuse and/or Landlord may cause a water meter or electric current meter to be installed in the Premises, so as to measure the amount of water and/or electric current consumed for any such use. The cost of such meters and of installation, maintenance and repair thereof, shall be paid for by Tenant and Tenant agrees to pay Landlord promptly upon demand by Landlord for all such water and electric current consumed as shown by said meters, at the rates charged for such service by the municipality in which the Building is located or the local public utility, as the case may be, furnishing the same, plus any additional expense incurred in keeping account of the water and electric current so consumed

(C) If and where heat generating machines or devices are used in the Lease Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right to install additional or supplementary air conditioning units for the Leased Premises, and the entire cost of installing, operating, maintaining and repairing the same shall be paid by Tenant to Landlord promptly after demand by Landlord.

8.4. LIMITATION ON LANDLORD'S LIABILITY. Landlord shall not be liable for and Tenant shall not be entitled to terminate this Lease or to effectuate any abatement or reduction of rent by reason of Landlord's failure to provide or furnish any of the foregoing utilities or services if such failure was reasonably beyond the control of Landlord. In no event shall Landlord be liable for loss or injury to persons or property, however, arising or occurring in connection with or attributable to any failure to furnish such utilities or services even if within the control of Landlord, unless Landlord is grossly negligent.

9. MAINTENANCE AND REPAIRS; ALTERATIONS; ACCESS.

9.1. MAINTENANCE AND REPAIRS BY LANDLORD. Landlord shall maintain in good order, condition and repair the Property and the Building except the Leased Premises and those other portions of the Building leased, rented or otherwise occupied by persons not affiliated with Landlord. Landlord shall supply normal janitorial and cleaning services reasonably required to keep the Leased Premises and the Building and the Property in a clean, sanitary and orderly condition, the cost and expense of which shall be included as part of the total cost for utilities and services per Section 4.2(C).

9.2. MAINTENANCE AND REPAIRS BY TENANT. Tenant, at Tenant's sole cost and expense and without prior demand being made, shall maintain the Leased Premises in good order, condition and repair; shall be responsible for the painting, carpeting or other interior design work of the Leased Premises beyond the work performed to prepare the Leased Premises for occupancy, as specified in Section 1.2. and attached Exhibit "D"; and shall maintain all equipment and fixtures installed by Tenant. If repainting or recarpeting is required or authorized by Tenant, the cost for such work shall be the sole obligation of Tenant and shall be paid by Tenant immediately following the performance of said work and a presentation of an invoice for payment.

9.3. ALTERATIONS. Except as set forth in attached Exhibit "D", Tenant shall not make or caused to be made any alterations, additions or improvements or install or cause to be installed any fixtures, signs, floor coverings, interior or exterior lighting, plumbing fixtures, or shades or awnings, or make any other changes to the Leased Premises without first obtaining Landlord's written approval, which approval may be granted, withheld or conditioned in Landlord's sole and absolute discretion. Tenant shall present to Landlord plans and specifications for such work at the time approval is sought. In the event Landlord consents to the making of any alterations, additions or improvements to the Leased Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. All such work with respect to any alterations, additions or improvements shall be done in good and workmanlike manner and diligently prosecuted to completion such that, except as absolutely necessary during the course of such work the Leased Premises shall at all times be a complete operating unit. Any such alterations, additions or improvements shall be performed and done strictly in accordance with all laws and ordinances relating thereto. In performing the work of any such alterations, additions, or improvements, Tenant shall have the same performed in such a manner as not to obstruct access to any portion of the Building. Any such alterations, additions or improvements to or of the Leased Premises, including, but not limited to, wall covering, paneling, and built-in cabinet work, but excepting movable furniture, furnishing and equipment, shall at once become a

part of the realty and shall be surrendered with the Leased Premises unless Landlord otherwise elects at the end of the Term, with the exception of aerial photos and maps, chalkboards, voice and data space telecom equipment not part of the wiring infrastructure, moveable furniture and equipment.

9.4. LANDLORD'S ACCESS TO LEASED PREMISES. Landlord shall have the right to place, maintain and repair all utility equipment of any kind in, upon, and under the Leased Premises as may be necessary for the servicing of the Leased Premises and/or other portions of the Building. Upon providing adequate and reasonable notice to Tenant, Landlord shall also have the right to enter the Leased Premises at all times to inspect or to exhibit the same to prospective purchasers or tenants, and to make such repairs, additions, alterations, or improvements as Landlord may deem necessary or desirable. Landlord shall be allowed to take all material upon said Leased Premises that may be required therefor without the same constituting an actual or constructive eviction of Tenant in whole or in part and the rents reserved herein shall in not abate while said work is in progress by reason of loss or interruption of Tenant's business or otherwise, and Tenant shall have no claim for damages.

10. COMMON AREAS.

10.1. DEFINITION. As used in this Lease, **"Common Areas"** means all areas, space, equipment and special services provided for the joint or common use and benefit of the tenants or occupants of the Building and/or the Property or portions thereof, and their employees, agents, servants, patients, customers, and other invitees (collectively referred to herein as **"Occupants"**) including, without limitation, driveways, retaining walls, landscaped areas, service ways, loading docks, pedestrian walks, courts, stairs, ramps, and sidewalks, common corridors, rooms and restrooms, air-conditioning, fan, janitorial, electrical and telephone rooms or closets, and all other areas within the Building which are not specified for exclusive use or occupancy by Landlord or any tenant (whether or not they are leased or occupied).

10.2. LICENSE TO USE COMMON AREAS. The Common Areas shall be available for the common use of all Occupants and shall be used and occupied under a revocable license, as provided under Section 1.1(B). If any such license shall be revoked, or if the amount of such areas shall be changed or diminished, Landlord shall not be subject to any liability nor shall Tenant be entitled to any compensation or diminution or abatement of rent nor shall revocation or diminution of such areas be deemed constructive or actual eviction. All common areas shall be subject to the exclusive control and management of Landlord. Landlord shall have the right to construct, maintain, and operate lighting and other facilities on all said areas and improvements; to police the same; and to close all or any portion of said areas or facilities to such extent as may legally sufficient to prevent a dedication thereof or the accrual of any right to any person or the public therein. Landlord shall operate and maintain the Common Areas in such manner as Landlord in its discretion shall determine, shall have the full right and authority to employ and discharge all personnel with respect thereto, and shall have the right, through reasonable rules or regulations promulgated by it from time to time, to control the use and operation of the Common Areas in order that the same may occur in a proper and orderly fashion. The Common Areas shall not be altered without the consent of Tenant, which consent shall not be unreasonably withheld.

11. SIGNS, AWNINGS AND CANOPIES. Tenant shall not place or suffer to be placed or maintained on any exterior door, wall, or window of the Leased Premises, or elsewhere in the Building or on the Property, any sign, awning, marquee, decoration, lettering, attachment, or canopy, or advertising matter or other thing of any kind, and will not place or maintain any decoration, lettering, or advertising matter on the glass of any window or door of the Leased Premises without first obtaining Landlord's written approval. Tenant further agrees to maintain such sign, awning, canopy, decoration, lettering, advertising matter, or other things, as may be approved, in good condition and repair at all times. Landlord may, at Tenant's cost, and without liability to Tenant, enter the leased Premises and remove any item erected in violation of this Section. Landlord may establish rules and regulations governing the size, type, and design of all signs, decorations, etc., and Tenant agrees to abide thereby.

12. RULES AND REGULATIONS. Tenant and its employees, customers, licensees and invitees, while conducting business in the Building, are authorized to use the Common Areas during the Term in common with other persons authorized by Landlord. Landlord expressly reserves the right and privilege in its sole discretion to determine the nature and extent of the Common Areas. Landlord has the right to establish and from time to time change, alter and amend such reasonable rules and regulations as may be deemed necessary or desirable for the proper and efficient operation and maintenance of the Common Areas, the Building and the Property. Such rules and regulations may include, without limitation, the hours during which the Common Areas are open for use. Tenant agrees to conform to and abide by all such rules and regulations in its use of the Common Areas and shall enforce such rules and regulations against its customers. Landlord shall have the sole and exclusive control of the Common Areas and may at any time and from time to time during the Term or the Renewal Term exclude any person from use or occupancy thereof. The rights of Tenant to use the Common Areas are at all times subject to the rights of Landlord and the other tenants of the Building to use such areas in common with Tenant. Tenant shall keep the Common Areas free and clear of any obstructions created or permitted by Tenant resulting from Tenant's operation of its business.

13. ASSIGNMENT OR SUBLETTING. Tenant shall not transfer, assign, mortgage, convey, or hypothecate this Lease, in whole or in part, or permit the use of the Leased Premises by any person or persons other than Tenant, or sublet the Leased Premises, or any part thereof, without the prior written consent of Landlord in each instance, which consent may be granted, withheld or conditioned in Landlord's sole and absolute discretion. Such prohibition against assigning or subletting shall include any assignment or subletting by operation of law. Any act by or of Tenant in violation of this Section 13 shall be void, and not voidable.

14. INDEMNITY.

14.1. MUTUAL INDEMNIFICATION. Each party (as **"Indemnitor"**) agrees to indemnify, defend, and hold harmless the other party (as **"Indemnitee"**) from and against any and all claims, losses, liability, costs, or expenses (including, without limitation, reasonably attorney fees) (hereinafter collectively referred to as **"claims"**) arising out of bodily injury of any person (including death) or property damage, but only to the extent that such claims, which result in vicarious/derivative liability to the Indemnitee, are caused by the act, omission, negligence,

misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers. This indemnity shall survive the termination of this Lease.

14.2. RELEASE OF LANDLORD. Landlord shall not be responsible or liable at any time for any loss or damage to Tenant's personal property or to Tenant's business, including any loss or damage to either the person or property of Tenant that may be occasioned by or through the acts or omissions of persons occupying adjacent, connecting, or adjoining space. Tenants shall store its property in and shall use and enjoy the Leased Premises and all other portions of the Building and the Property at its own risk, and hereby releases Landlord, to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

14.3. NOTICE. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Leased Premises or in the Building of which the Leased Premises are a part or of defects therein or in any fixtures or equipment.

15. TENANT'S INSURANCE. Tenant is covered by the State of Arizona Department of Administration risk management program established under A.R.S. § 41-621 *et seq.*, which coverage is hereby deemed sufficient for all purposes under this Lease. Tenant shall furnish to Landlord a certificate of Tenant's coverage under said program not later than ten (10) days prior to Tenant's taking possession of the Leased Premises, and shall provide certificates of coverage during the Term as reasonably required by Landlord.

16. DAMAGE OR DESTRUCTION. If the Leased Premises is wholly or partially destroyed by fire or other casualty insured against by Tenant, Tenant shall give immediate notice thereof in writing to Landlord, and shall fully cooperate with Landlord in filing all necessary proofs of claim with insurance companies. The proceeds of such insurance applicable to the Leased Premises shall be paid to Landlord, and Landlord may rebuild, repair or restore the Leased Premises to their condition at the time immediately preceding the loss or damage; provided, however, that Landlord may elect to retain such insurance proceeds other than proceeds relating to Tenant's personal property and may not be required to rebuild, repair or restore the Leased Premises. This Lease may be terminated if such damage or destruction occurs within the last twelve (12) months of the Term or of the Renewal Term of this Lease, whichever is then in effect, or if more than one-third (1/3) of the Leased Premises is damaged or destroyed. In the event of total destruction of the Leased Premises, the Tenant may terminate this Lease.

17. CONDEMNATION. If the Leased Premises is taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called **"condemnation"**) to such an extent as to render the Leased Premises untenantable, either Landlord or Tenant shall have the option to terminate this Lease effective as of the date the condemning authority takes title or possession, whichever first occurs. If condemnation does not render the Leased Premises untenantable, this Lease shall continue in effect, and Landlord shall promptly restore the portion of the Leased Premises not taken to the extent possible to the condition existing prior to the condemnation. If, as a result of such restoration, the area size of the Leased Premises is reduced, the rental shall be reduced proportionately. All condemnation proceeds shall be paid to Landlord, and Tenant waives any claim against such proceeds;

provided, however, that Tenant shall be entitled to any award separately designated for Tenant's relocation expenses, or for damage to or taking of Tenant's trade fixtures or other personal property. Landlord and Tenant acknowledge that Tenant shall not be entitled to the portion of any condemnation proceeds awarded to compensate for severance damages or costs to cure harm to the remainder of the Leased Premises as a result of condemnation.

18. PROVISIONS APPLICABLE AT TERMINATION OF THIS LEASE.

18.1. SURRENDER. Upon the expiration of this Lease, or upon the earlier termination of this Lease or of Tenant's right to use and possession of the Leased Premises, except for changes made by Tenant that were approved Landlord, Tenant shall surrender and deliver up the Leased Premises in the same condition, less reasonable wear and tear, as they were in upon delivery of possession thereto under this Lease and shall deliver all keys to Landlord. Conditions existing because of Tenant's failure to perform maintenance, repairs or replacements as required by Tenant under this Lease shall not be deemed "reasonable wear and tear." Before surrendering the Leased Premises, Tenant shall remove all of Tenant's personal property and trade fixtures and such property or the removal thereof shall in no way damage the Leased Premises, and Tenant shall be responsible for all costs, expenses and damages incurred in the removal thereof. If Tenant fails to remove Tenant's person property and fixtures upon the expiration or earlier termination of this Lease, the same shall be deemed abandoned and shall become the property of Landlord.

18.2. HOLDING OVER. Any holding over after the expiration of the Term or of the Renewal Term shall be construed to be a tenancy from month to month at such rates as Landlord may designate and on the terms herein specified so far as possible.

19. EVENTS OF DEFAULT; REMEDIES OF LANDLORD.

19.1. DEFAULT BY TENANT. Upon the occurrence of any one or more of the following events, Landlord shall have the remedies set forth in Section 19.2 below:

(A) Tenant fails to make any payment of rent or any other payment required to be made by Tenant hereunder within ten (10) days after Tenant receives written notice of the rent or other payment being due.

(B) Tenant fails to observe or perform any of covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in Section 19.1(A) above, where such failure continues for a period of thirty (30) days after written notice thereof has been given by Landlord to Tenant or, if cure would reasonably require more than thirty (30) days to complete, if Tenant fails to commence performance within the ten (10) day period or fails diligently to pursue such cure to completion.

(C) Any of the following occurs: (i) the making by Tenant of any general assignment or general arrangement for the benefit of creditors; (ii) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the

same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

(D) Tenant fails to use the Leased Premises for educational classes or to otherwise conduct educational and professional training for a period of nine (9) or more consecutive months.

19.2. REMEDIES. In the event of any default by Tenant, Landlord may at any time, with or without notice or demand and without limiting Landlord in the exercise of any other right or remedy which Landlord may have by reason of such default, terminate Tenant's rights under this Lease by written notice, reenter and take possession of the Leased Premises by any lawful means (with or without terminating this Lease), or pursue any other remedy allowed by law. In such event, Landlord shall be entitled to recover from Tenant the cost of recovering possession of the Leased Premises, all costs of reletting, and all other costs and damages arising out of Tenant's default, including attorneys' fees. Notwithstanding any reentry, the liability of Tenant for the rent to be paid herein shall not be extinguished for the balance of the Term, and Tenant shall compensate Landlord upon demand for any deficiency arising from reletting the Leased Premises at a lesser rent than applies under this Lease.

19.3. PAST DUE SUMS; PENALTY. If Tenant fails to pay, when the same is due and payable, any rent or other sum required to be paid by Tenant hereunder, such unpaid amounts shall bear interest from the due date thereof to the date of payment at a rate of five percent (5%) per annum. In addition, Tenant shall pay an additional sum of five percent (5%) of such unpaid amount as a service or administrative fee. Notwithstanding the foregoing, however, Landlord's right concerning such interest and service fee shall be limited by the maximum amount which may properly be charged by Landlord for such purposes under applicable law.

20. NOTICES AND PAYMENTS.

Any notice, demand, request, consent, approvals or other communication which may be or is required to be given under this Lease shall be in writing and shall be deemed given when personally served or delivered or when sent by United States registered or certified mail, postage prepaid, return receipt requested, and addressed: (a) if to Landlord, at the address specified below, which shall also be the address to which all payment by Tenant to Landlord under this Lease shall be made; and (b) if to Tenant, either at the Leased Premises or at the address specified below. Either party may designate such other address as shall be given by written notice.

Landlord: City of Chandler
Economic Development Office
P.O. Box 4008, Mail Stop 605
Chandler, Arizona 85244

Attn: Christine Mackay

Tenant: Office of Real Estate Administration
THE UNIVERSITY OF ARIZONA
1125 North Vine Avenue, Suite 103
P.O. Box 210416
Phoenix, Arizona 85721

21. GENERAL PROVISIONS.

21.1. SEVERABILITY. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

21.2. HEADINGS. The caption and section headings contained herein are inserted only for convenience of reference and are in no way to be construed as a part of this Lease or as a limitation of the scope of the particular section to which they refer.

21.3. EXHIBITS AND INCORPORATION. The Exhibits referred to in and attached to this Lease (the "**Exhibits**") are incorporated herein by reference.

21.4. ENTIRE AGREEMENT. This Lease contains the entire agreement between the parties hereto. No prior agreement or understanding pertaining to any such matter shall be effective. No term or provision hereof may be amended, modified, changed, waived, discharged or terminated unless the same is in writing executed by both parties hereto.

21.5. LEGAL EXPENSES. In the event of any suit instituted by either Landlord or Tenant against the other in any way connected with this Lease, or for the recovery of rent or possession of the Premises, the successful party to any such action shall recover from the other party reasonable attorneys' fees and court costs in connection with said suit.

21.6. BROKER. Landlord and Tenant each represent to the other that there are no broker's commissions in connection with this Lease.

21.7. NO WAIVER. Any waiver by any of the parties hereto of any breach of this Lease or of any right of any party shall not constitute a waiver of any other breach or of any other right.

21.8. FORCE MAJEURE. Landlord shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or causes beyond Landlord's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain material or service, or acts of God.

21.9. APPLICABLE LAW. Arizona law shall govern the construction, performance and enforcement of this Lease.

21.10. BINDING EFFECT. Subject to any provisions hereof restricting or prohibiting assignment or subletting, this Lease, and the covenants and conditions contained herein, inure to the benefit of and are binding upon the heirs, successors, executors, administrators and assigns of the parties hereto.

21.11. QUIET ENJOYMENT. So long as Tenant is not in default under the terms of this Lease, Tenant shall be entitled to the quiet enjoyment and use of the Premises according to the provisions of this Lease.

21.12. CANCELLATION OF LEASE. This Lease is subject to cancellation in accordance with A.R.S. § 38-511.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the day first set forth above.

LANDLORD: CITY OF CHANDLER, an Arizona municipal corporation

By: _____
Name: _____
Title: _____

TENANT: ARIZONA BOARD OF REGENTS, a body corporate, for and on behalf of the University of Arizona

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

_____
City Attorney GAB

EXHIBIT "A"
Premises Legal Description

Lots 50 through 54, Lots 62 through 73 and Lots 426 through 432, including adjacent alleys, as shown on the ORIGINAL TOWNSITE OF CHANDLER, according to Book 5 of Maps, page 34, records of Maricopa County, Arizona;

EXCEPT that part of Lots 50 to 62, including the adjacent alleys, as shown on the TOWNSITE OF CHANDLER, according to Book 5 of Maps, page 34, records of Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner of said Lot 50, with the centerline of Arizona Place being North as a basis of bearings; thence North 89 degrees 06 minutes 15 seconds East along the South line of said Lot 50, a distance of 108.12 feet; thence North a distance of 68.98 feet to the point of curvature of a curve concave to the East; thence Northeasterly along said curve having a radius of 100.00 feet, a central angle of 25 degrees 57 minutes 12 seconds and an arc length of 45.30 feet; thence North 25 degrees 57 minutes 12 seconds East, a distance of 45.31 feet to the point of curvature of a curve concave to the Southeast; thence Northeasterly along said curve having a radius of 50.00 feet, a central angle of 46 degrees 10 minutes 28 seconds and an arc length of 40.30 feet; thence North, a distance of 48.45 feet; thence East, a distance of 2.58 feet; thence North a distance of 95.32 feet to a point on the North line of said Lot 62; thence South 89 degrees 03 minutes 33 seconds West along the North line of said Lots 62 and 61, a distance of 171.11 feet to the Northwest corner of said Lot 61; thence South along the West line of said Lots 61 through 50, a distance of 320.80 feet to the said Southwest corner of Lot 50, the point of beginning; and

EXCEPT a portion of Lots 426 through 432, ORIGINAL TOWNSITE OF CHANDLER, as recorded in Book 5 of Maps, Page 34, records of Maricopa County, Arizona located in a portion of the Northwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona being more particularly described as follows:

COMMENCING at a brass cap flush at the intersection of Boston Street and Arizona Place from which a brass cap flush at the intersection of Buffalo Street and Arizona Place bears North 00 degrees 00 minutes 00 seconds East a distance of 845.13 feet, said line being the monument line of Arizona Place, and also the basis for the bearings in this description; thence North 89 degrees 06 minutes 20 seconds East along the monument line of Boston Street, 198.82 feet; thence North 00 degrees 53 minutes 40 seconds West 42.50 feet to a point on the North right-of-way line of Boston Street and the POINT OF BEGINNING; thence continuing North 00 degrees 53 minutes 40 seconds West, 114.47 feet; thence North 25 degrees 47 minutes 11 seconds East, 22.88 feet; thence North 89 degrees 06 minutes 20 seconds East, 41.73 feet; thence South 00 degrees 53 minutes 40 seconds East, 5.00 feet; thence North 89 degrees 06 minutes 20 seconds East, 52.33 feet; thence South 00 degrees 53 minutes 40 seconds East, 2.25 feet; thence North 89 degrees 06 minutes 20 seconds East, 139.10 feet; thence North 00 degrees 53 minutes 40 seconds West, 2.75 feet; thence North 89 degrees 06 minutes 20 seconds East, 18.00 feet; thence North 00 degrees

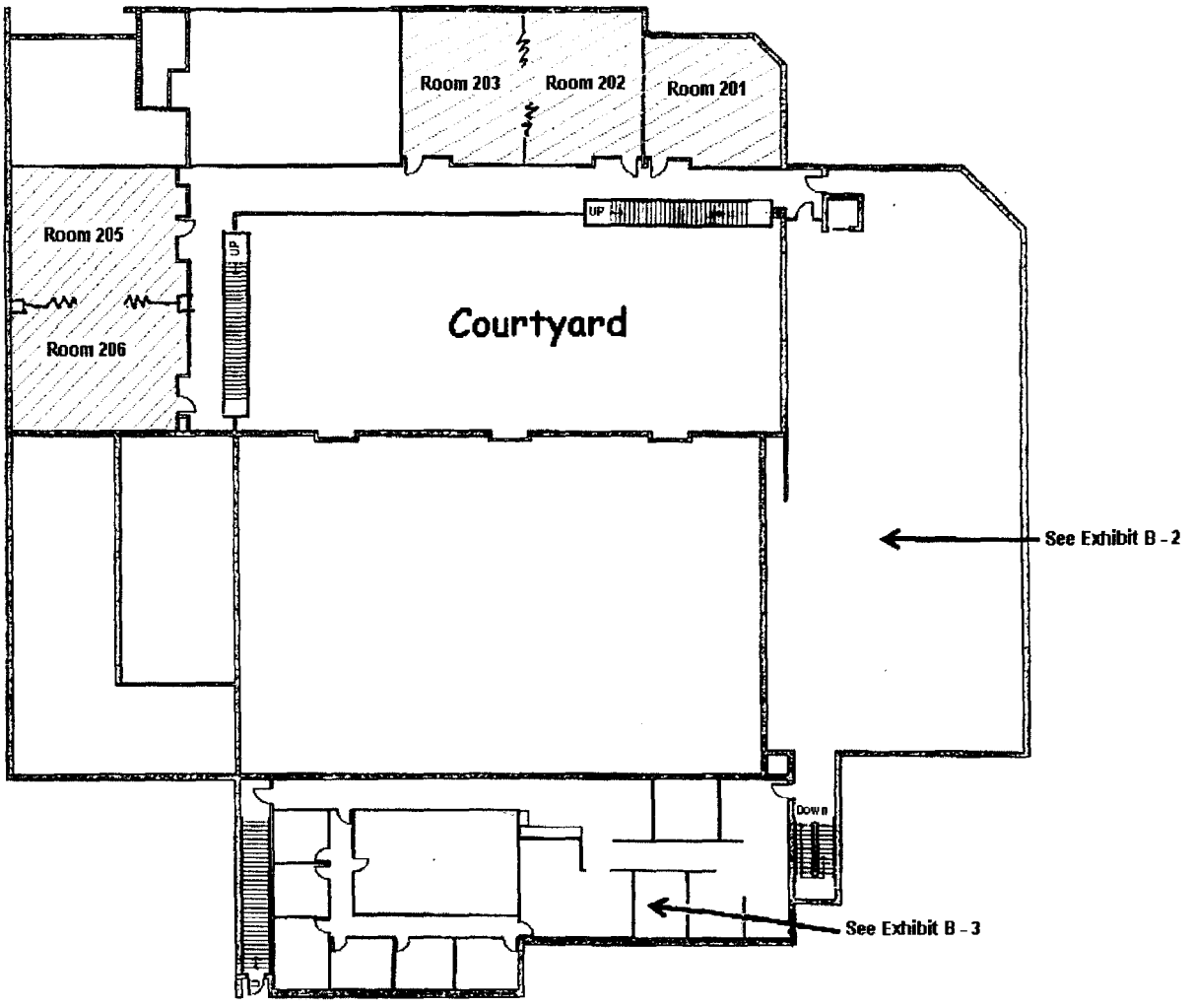
53 minutes 40 seconds West, 4.50 feet; thence North 89 degrees 06 minutes 20 seconds East, 35.77 feet to the beginning of a nontangent curve concave Northeasterly the center of which bears South 81 degrees 16 minutes 45 seconds East, 30.00 feet; thence Southeasterly along the arc of said non-tangent curve through a central angle of 53 degrees 20 minutes 53 seconds an arc distance of 27.93 feet; thence South 00 degrees 53 minutes 40 seconds East 109.17 feet to a point on the North right-of-way line of Boston Street; thence South 89 degrees 06 minutes 20 seconds West along said North right-of-way line, 305.11 feet to the POINT OF BEGINNING; and

EXCEPT a portion of Lots 62 through 64, ORIGINAL TOWNSITE OF CHANDLER, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 5 of Maps, page 34, located in a portion of the Northwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona being more particularly described as follows:

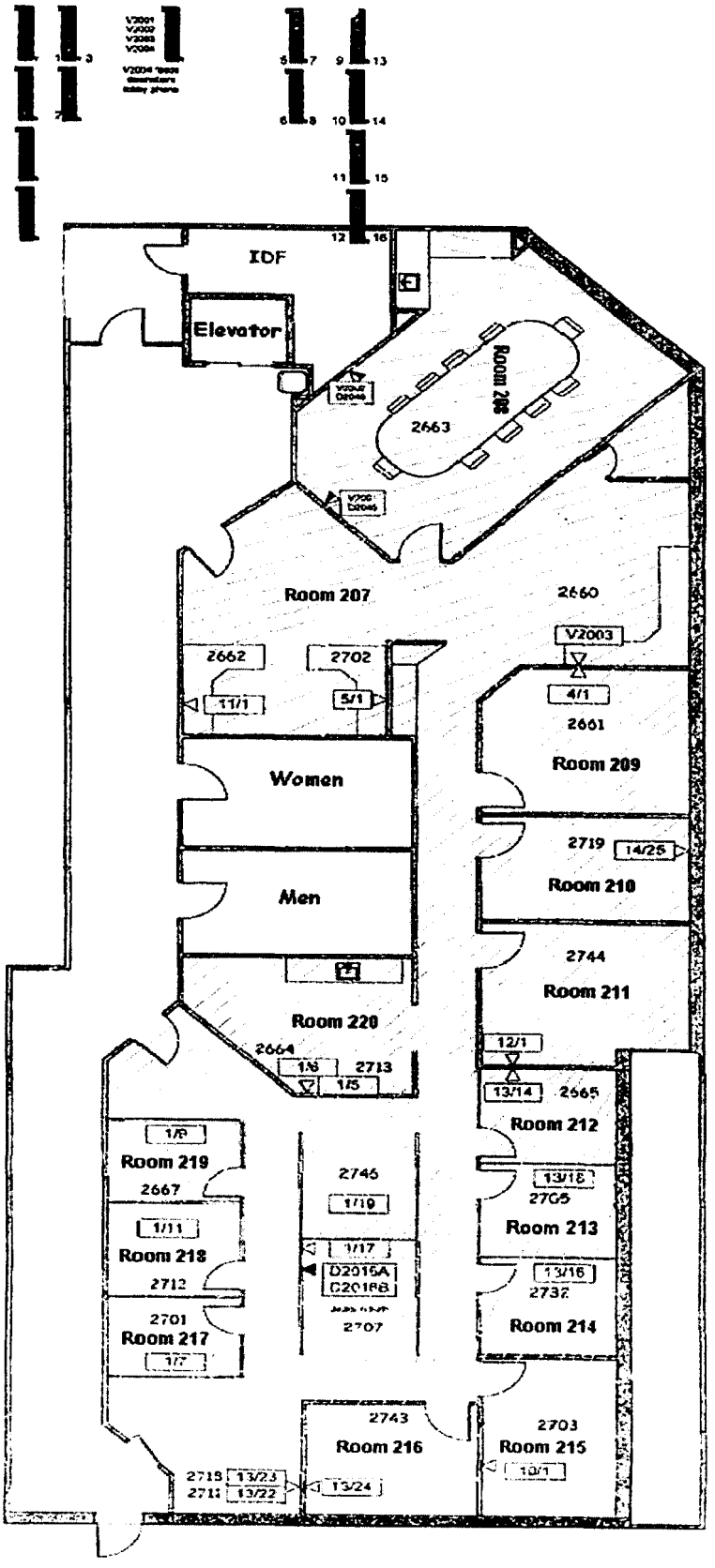
Commencing at a brass cap flush at the intersection of Boston Street and Arizona Place from which a brass cap flush at the intersection of Buffalo Street and Arizona Place bears North 00 degrees 00 minutes 00 seconds East a distance of 845.13 feet, said line being the monument line of Arizona Place, and also the basis for the bearings in this description; thence North 00 degrees 00 minutes 00 seconds East along said monument line 422.57 feet to its intersection with Commonwealth Avenue as shown in Book 459 of Maps, page 43, records of Maricopa County, Arizona; thence North 89 degrees 06 minutes 15 seconds East along the monument line of said Commonwealth Avenue, 260.12 feet; thence South 00 degrees 00 minutes 00 seconds West, 60.01 feet to the point of beginning; thence continuing South 00 degrees 00 minutes 00 seconds West, 50.01 feet; thence South 89 degrees 06 minutes 15 seconds West; 40.00 feet; thence North 00 degrees 00 minutes 00 seconds East, 50.01 feet to a line 60.00 feet South of and parallel with monument line of said Commonwealth Avenue; thence North 89 degrees 06 minutes 15 seconds East along said parallel line 40.00 feet to the Point of Beginning.

Chandler Community Center Classrooms
2nd Floor
Exhibit B - 1

Leased Areas



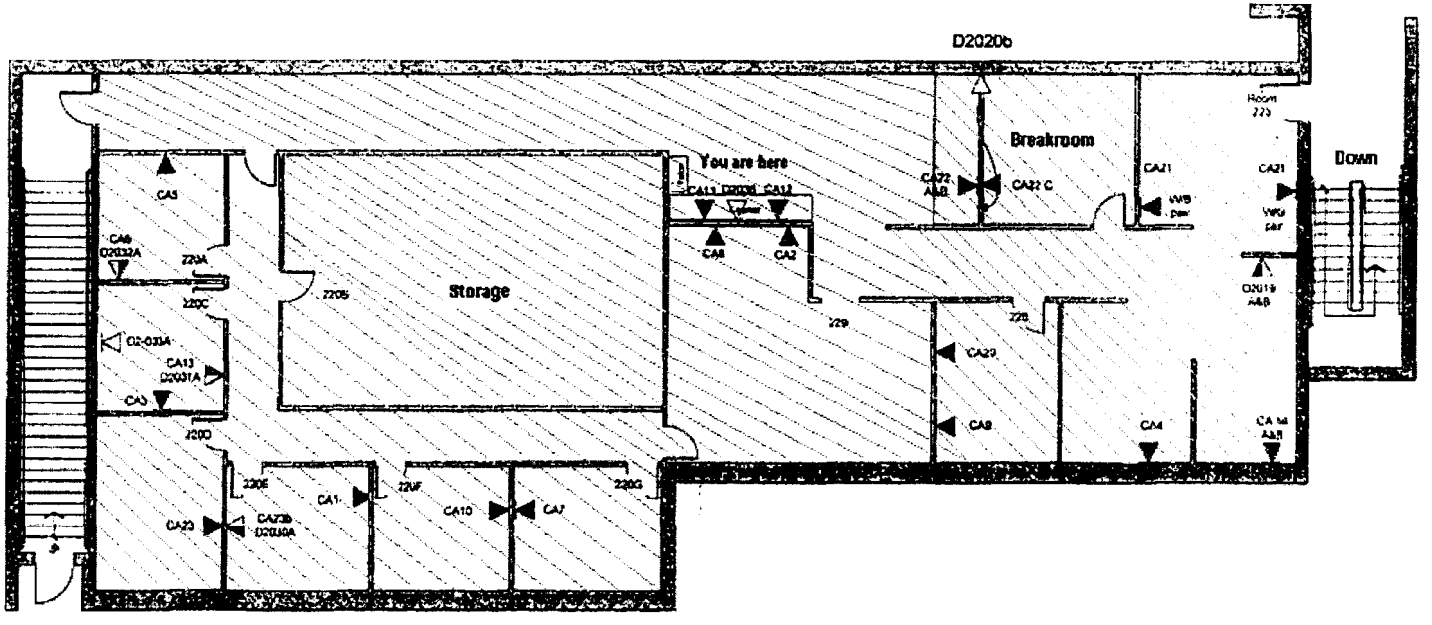
Chandler Community Center Old Admin Area
2nd Floor
Exhibit B - 2



Leased Areas

Chandler Community Center Old Parks Aguatic Area
2nd Floor
Exhibit B - 3

Leased Areas



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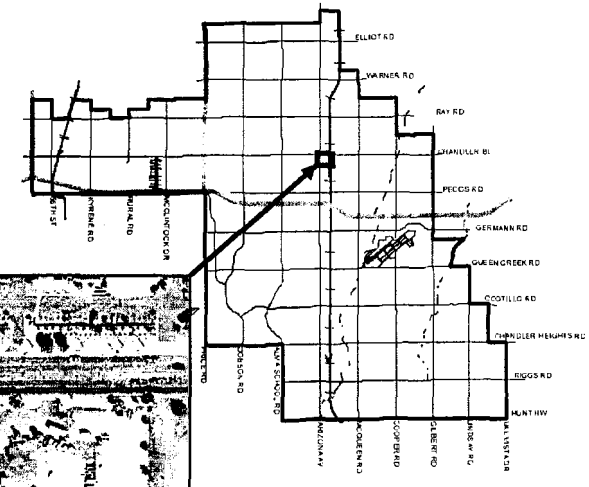

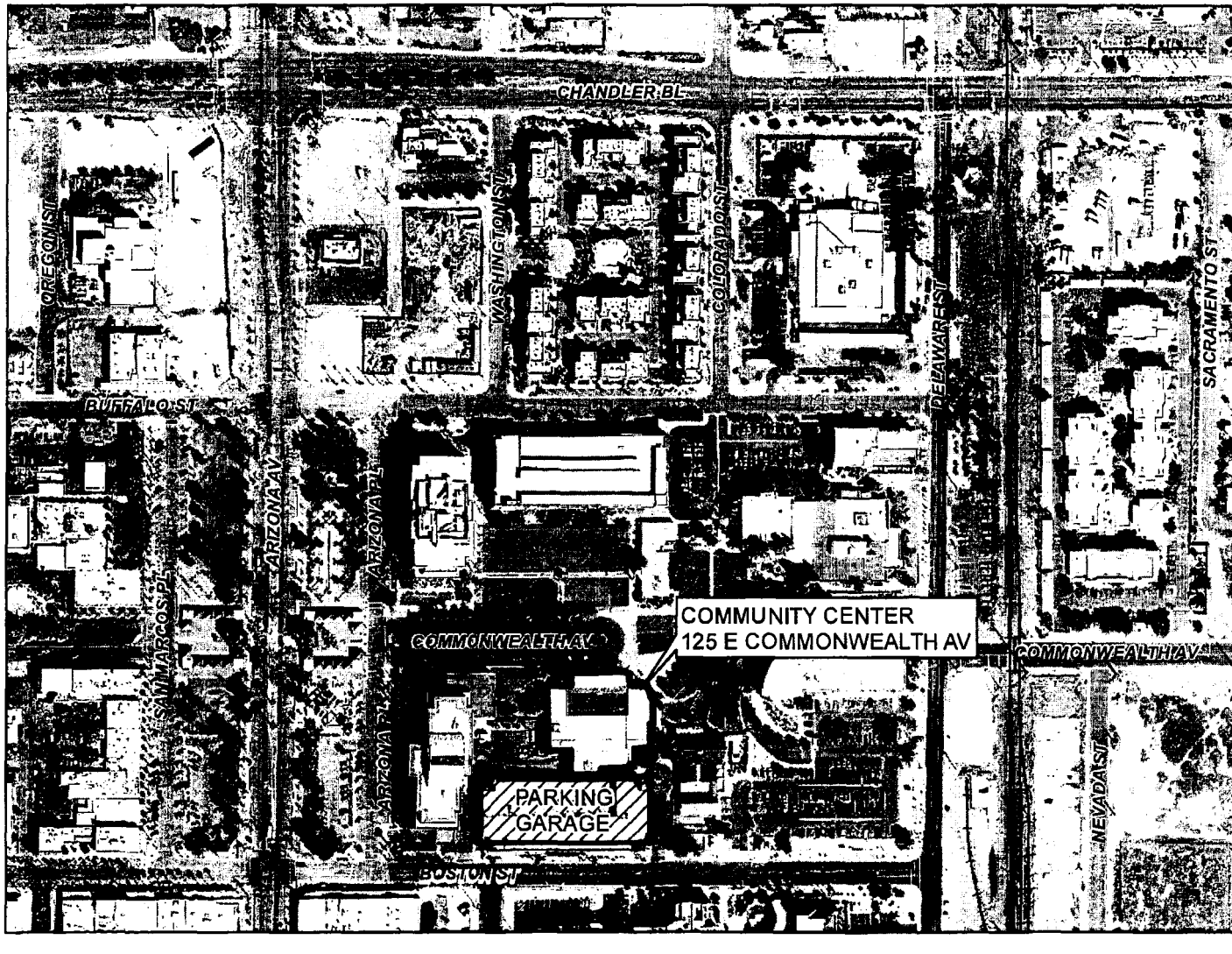

EXHIBIT C

BUILDING

PARKING

OPEN PARKING GENERALLY DEPICTED IN PARKING LOTS AND ON-STREET PARKING

NTS

ChanGIS

W:\ENGINEER\GENSERV_ArcMap_Shared\Map Requests\Economic Dev\UniversityOfArizona_COMMUNITY CENTER\UNIVERSITY OF ARIZONA.mxd 3/27/2012 KRISTYN

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Exhibit "D"
Preparation of the Leased Premises

Landlord's Work

- Construct demising walls in two classrooms to replace air walls.
- Patch, paint, repair, clean and freshen up all classrooms, offices, and other portions of the Leased Premises, including without limitation the Parks Admin and Aquatic Admin areas, all as reasonably necessary for occupancy and use by Tenant.
- Remove cubical in center of Parks Admin offices.
- Install new carpet in classrooms, offices and other areas throughout the Leased Premises.
- Touch up painting and replacement of ceiling tiles throughout the Leased Premises as needed.
- Clean and arrange existing furniture to remain for use with the Parks Admin and Aquatic Admin areas of the Leased Premises.
- Patch and repair roof for any leaks.
- Construct computer server room (9'x12') in existing Community Services closet and provide power and a dedicated A/C unit to the room.
- Provide signage including without limitation a UA Chandler illuminated sign on building and interior directional signage
- Provide student tables/chairs in classrooms for at least 18 persons for each classroom.
- Preparation of Conference Rooms – Landlord will provide existing conference tables; Tenant will provide additional tables and chairs.
- Arrange for Cox Communication to run infrastructure (Metro Ethernet) to Leased Premises as needed for use by Tenant.
- Repair concrete stairs against trip hazard.
- Install small 2-way mirrors to hallway installed in 4 testing rooms.

Tenant's Work

- Tenant shall provide equipment, telecommunication equipment, cabling, and server racks need for server room.
- Provide wiring and telecommunications runs for copper jacks with Ethernet.
- Provide phones; wiring; video conferencing capabilities and infrastructure, including "Lifesize Cart"; University Router and active equipment; Wi-Fi for student and instructor use including equipment, installation, maintenance and operation; and Classroom Technology – all as needed for use by Tenant.