465 First Avenue
P.O. Box 970
Holbrook, AZ 86025

CITY OF HOLBROOK

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OUR MISSION

The City of Holbrook Government exists to provide ethical and responsible local government.

AGENDA

REGULAR CITY COUNCIL MEETING

MAY 22, 2012

6:00 P.M.

Pursuant to ARS 38-431.02, notice is hereby given to the Holbrook City Council, and to the general public, that a meeting, which is open to the public, will be held on above-mentioned date, in the City Council Chambers, at 465 First Avenue, Holbrook, Arizona. Some of the members of the City Council may choose to participate in this meeting telephonically. The City Council may adjourn into executive session, which will not be open to the public, to discuss certain matters in accordance with ARS 38-431.03.

The items on the following agenda are for discussion or consideration and possible action:

1) CALL TO ORDER:

2) ROLL CALL:

3) PLEDGE OF ALLEGIANCE/INVOCATION:

4) PUBLIC ANNOUNCEMENTS AND PRESENTATIONS (Please limit to 10 minutes)..

5) CALL TO THE AUDIENCE:
The City Council welcomes public comment at this time only for items listed on this Agenda. There is a five minute time limit per citizen.

6) CONSENT AGENDA
None

CLAIMS/PAYMENT APPROVAL FOR WALT'S HARDWARE: $ 5,168.42

8) REPORTS:
Mayor:
Council Members:
Manager:

9) OLD BUSINESS:

10) NEW BUSINESS:

A. Resolution 12-05, adopting the Navajo County Multi-Hazard Mitigation Plan 2011.

B. Ordinance 12-02, authorizing the lease of real property of the City of Holbrook, namely a portion of 109-37-006A (Old NPC Campus) to CIO Industries-1st reading.

C. Discussion/possible action regarding renewal of lease agreement with Abbie Reidhead, DVM-Manager Alley.

11) EXECUTIVE SESSION:

A. Per ARS 38-431.03(A) (3), the Council may adjourn into executive session for discussion or consultation or legal advice with the City Attorney for any item listed on the agenda.

12) POST EXECUTIVE SESSION:

13) CALL TO THE AUDIENCE:

The City Council welcomes public comment at this time for items not listed on this Agenda. There is a three minute time limit per citizen.

14) ADJOURNMENT:

Dated this 15th day of May 2012.

Cher Reyes, CMC, CPM, City Clerk

According to the Arizona Open Meeting Law, the City Council may only discuss matters listed on the City Council agenda. Matters discussed by the public during public appearances cannot be discussed by the City Council unless they are specifically listed on this agenda. Speaker's visual aids or recorded tapes are not allowed. Members of the public shall refrain from making personal, impertinent or slanderous remarks and from becoming boisterous while addressing the City Council or while attending the meeting. Unauthorized remarks from the audience, clapping, stomping of feet, yelling or any similar demonstrations are also prohibited. Violations of these rules may result in removal from the City Council meeting. Individual members of the public body may respond to criticism made by those who have addressed the public body.

RESOLUTION NO. 12-05

A RESOLUTION OF THE HOLBROOK CITY COUNCIL ADOPTING THE NAVAJO COUNTY MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN 2011

WHEREAS, the City of Holbrook would like to adopt the Navajo County Multi-Jurisdictional Mitigation Plan ("Plan") to meet the requirements of the Disaster Mitigation Act of 2000 ("DMA2K"); and

WHEREAS, the City of Holbrook has experienced damage from natural and human caused hazards such as drought, flooding, levee failure and wildfire, possibly resulting in damage and/or loss of property and life, economic hardship and threats to public health and safety; and

WHEREAS, the Plan has been drafted pursuant to Federal requirements, having been developed with research and work done by the City of Holbrook in association with the Navajo County Multi-Jurisdictional Planning Team, for the reduction of hazard risk to the community; and

WHEREAS, the primary purpose of the Plan is to identify hazards that affect the City of Holbrook, assess the vulnerability and risk posed by those hazards to community-wide human and structural assets, developing strategies for mitigation of those identified hazards, present future maintenance procedures for the Plan, and document the planning process, and

WHEREAS, the Plan recommends several hazard mitigation actions or projects that will provide mitigation for specific hazards that affect the City of Holbrook, in order to protect people and property from loss associated with those hazards; and

WHEREAS, upon approval of the Plan and approval from the Arizona Division of Emergency Management and the Federal Emergency Management Agency, the City of Holbrook will be eligible to apply for federal mitigation grant funding.

Now therefore be it resolved that the Holbrook City Council hereby adopts and approves the Navajo County Multi-Jurisdictional Mitigation Plan 2011.

Adopted and approved this 22nd day of May 2012.

By_____

Jeff Hill, Mayor

ATTEST:

_____

Cher Reyes, CMC, CPM
City Clerk

ORDINANCE 12-02

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF HOLBROOK, ARIZONA, AUTHORIZING THE LEASE OF REAL PROPERTY OF THE CITY OF HOLBROOK: NAMELY A PORTION OF PARCEL NUMBER 109-37-006A, MORE FULLY DESCRIBED IN EXHIBIT "A" ATTACHED HERETO.

Recitals:

WHEREAS, the City of Holbrook owns property know as Parcel Number 109-37-006A more fully described in exhibit A; and

WHEREAS, CIO Ministry's desirous of leasing the property for their business; and

WHEREAS, an ordinance is required by the Holbrook City Charter, section 7.05(f) to lease any real property.

ENACTMENTS

NOW, THEREFORE, be it ordained by the Mayor and Council of the City of Holbrook, Arizona, as follows:

SECTION 1. The property more fully described in Exhibit A will be leased to CIO Ministry's pursuant to a separate agreement to be executed between the parties.

SECTION 2. The City Manager is authorized to sign all documents necessary to effectuate the lease between CIO Mininstry's and the City of Holbrook.

Passed and adopted by the Mayor and Council of the City of Holbrook, Arizona this _____day of _____, 2012.

_____
Jeff Hill, Mayor

ATTEST:

_____
Cher Reyes, CMC, CPM, City Clerk

Approved as to Form:

_____
Sterling T. Solomon, City Attorney

LEASE

THIS BUILDING LEASE (this "Lease"), executed to be effective as of the 12th day of June 2012 (the "Effective Date"), is made and entered into by and between the CITY OF HOLBROOK, an Arizona municipal corporation ("Landlord"), and, CIO MINISTRY'S an individual ("Tenant") (each, a "Party" and, collectively, the "Parties").

RECITALS:

A. Landlord is the fee owner of that certain improved real property in Holbrook, Arizona, being a portion of Navajo County Assessor's Parcel Number 109-37-006A (999 Hermosa, old NPC dorms), commonly known as (collectively, the "Premises").

B. Tenant desires to lease the Premises from Landlord, and Landlord desires to lease the Premises to Tenant, all in accordance with the terms and conditions set forth herein.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree and covenant as follows:

1. TERM; RENEWAL. The term of this Lease (the "Term") shall commence on the Effective Date and shall terminate on June 12, 2016 (the "Expiration Date"). After the one year term, lease can be renewed in three year intervals with a thirty (30) day termination notice required by either party.

2. RENT. Rent shall be $1.00 per year.

3. USE. Tenant shall use and occupy the Premises solely for the purpose of operating an office, residential and related uses (the "Permitted Uses"). Tenant shall not without Landlord's prior written consent use the Premises for any purpose other than the Permitted Uses Tenant, at Tenant's sole cost, shall operate its business on the Premises in conformity with all applicable laws, regulations, ordinances and licensing requirements.

4. UTILITIES.

4.1 Tenant shall pay for all utilities.

5. MAINTENANCE, REPAIRS AND REPLACEMENTS.

5.1 Tenant's Obligation to Maintain. During the Term, Tenant, at Tenant's sole cost, shall keep and maintain the interior of B & C Building and exterior of A Building of the Premises in good condition and repair, normal wear and tear excepted. Tenant shall not cause any nuisance or cause or permit any waste or allow any trash to accumulate on or about the Premises. Tentant shall not use the A Building for habitation (farthest north building) but may use it for storage purposes.

5.2 Tenant's Obligation to Repair and Replace. During the Term, Tenant, at Tenant's sole cost, shall within a reasonable time make all necessary repairs and replacement of all non-structural elements on the Premises provided, however, that Tenant shall not be entitled to construct or attach any permanent fixtures, buildings, structures or other permanent improvements on the Premises without the prior written consent of Landlord, which consent may be given or withheld in Landlord's sole discretion.

6. INSURANCE.

6.1 Liability Insurance. Tenant, at Tenant's sole cost, shall obtain and keep in force during the Term a policy of comprehensive liability insurance in the amount of one million dollars, insuring Tenant, and naming Landlord as an additional insured, against any liability arising out of Tenant's use or occupancy of the Premises. Such insurance shall be in an amount reasonable and customary for similar businesses in the Holbrook or Navajo County, Arizona, area.

6.2 Waiver of Subrogation. Each Party hereby releases the other from any and all liability or responsibility to the other or anyone claiming through or under it by way of subrogation or otherwise for the loss or damage to property or for injury to persons caused by any insured peril, provided, however, that this release and waiver shall be effective only in the event and to the extent of actual recovery or payment under the applicable insurance policy or policies.

6.3 Certificate. Within 15 days of the Effective Date, Tenant shall provide to Landlord a certified copy of the policy evidencing the coverage required hereby.

7. INDEMNITY. Except for Landlord's negligence or breach of this Lease, Tenant shall and does hereby agree to defend, indemnify and hold harmless Landlord for, from and against any and all claims arising from: (i) Tenant's use or occupancy of the Premises; (ii) the conduct of Tenant's Business; (iii) any activity, work or things done, permitted or suffered by Tenant on the Premises; (iv) any breach or default of this Lease by Tenant; and (v) all reasonable costs, attorneys' fees and expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon.

8. NO LIENS. If the Premises or Tenant's leasehold interest therein shall at any time during the Term, or any renewal thereof, become subject to any mechanics', laborers' or materialmen's liens based upon the furnishing of material or labor to Tenant with regard to the Premises and contracted for by Tenant, Tenant shall cause the same, at Tenant's sole cost and expense, to be discharged within 10 days after notice thereof, unless the lien is then being litigated in good faith by Tenant and, in such event, Tenant shall and does hereby agree to defend, indemnify and hold Landlord harmless from and against any such lien and bond the same if required by Landlord.

9. NO ASSIGNMENT. Tenant shall not assign this Lease or assign or sublease any interest it may have hereunder, or sublet the Premises, or any portion thereof, without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole discretion. If Landlord consents to any assignment, any such assignment shall not release Tenant hereunder and Tenant shall remain jointly and severally liable with any assignee, all of whom shall be required, in writing, to expressly assume Tenant's obligations hereunder. Consent to an assignment shall not be a waiver of Tenant's obligation to obtain Landlord's consent to any other assignment.

10. DEFAULT. The occurrence of any one or more of the following events (a "Tenant Event of Default") shall constitute a material default and breach of this Lease by Tenant:

10.1 the vacating or abandonment of the Premises by Tenant for 10 or more consecutive days;

10.2 the failure by Tenant to make any payment of any payment required to be made by Tenant hereunder within 5 days of Tenant's receipt of a written demand therefore from Landlord;

10.3 the failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in Paragraph 13.2 above, where such failure shall continue for a period of 15 days after Tenant's receipt of written notice thereof from Landlord to Tenant; or

10.4 (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 30 days of Tenant's receipt of notice thereof; (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 60 days of Tenant's receipt of notice thereof; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within 60 days of Tenant's receipt of notice thereof.

11. REMEDIES. In the event any Tenant Event of Default, Landlord may at any time thereafter, without limiting Landlord in the exercise of any other right or remedy which Landlord may have by reason of such default or breach:

11.1 choose not to re-enter but to hold Tenant responsible for all terms of this Lease subject to Landlord's mitigation obligations;

11.2 re-enter the Premises and terminate this Lease and hold Tenant responsible for all damages resulting from the breach of this Lease; and

11.3 any and all remedies at law or in equity.

12. INTEREST. In the event Tenant fails to fully and timely pay any sums due hereunder, Tenant agrees to pay interest thereon at the rate of 12% per annum from the date due until fully paid.

13. SUBORDINATION. This Lease shall be subject to and subordinate to the lien of any mortgage or deed of trust which now or hereafter may constitute a lien on the Premises held by a mortgagee, and to any agreements at any time made by Landlord, modifying, supplementing, extending or renewing any such first mortgage or first deed of trust. The provisions for the subordination of the Lease shall be self-operative and no further instrument shall be required to effect such subordination except that Tenant shall, upon at least 10 days' prior written request by the mortgagee at any time or times, execute and deliver any and all instruments that may be reasonable, necessary or proper to effect such subordination.

14. ESTOPPEL CERTIFICATES. Tenant, at any time and on at least 10 days' prior written notice by Landlord, shall execute, acknowledge and deliver to Landlord a written statement certifying that this Lease continues unmodified and in full force and effect (or if there have been modifications, that this Lease continues in full force and effect as modified and stating the modifications), and stating whether Landlord is in default in performing any covenants under this Lease, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by Landlord or any prospective purchaser or mortgagee of the fee or any assignee of any mortgage on the fee of the Premises.

15. ENTIRE AGREEMENT; MODIFICATION. This Lease contains the entire agreement between the Parties with regard to the subject matter hereof and entirely supersedes any prior agreement or discussion between the Parties. No term or provision hereof may be changed, waived, discharged or terminated unless the same shall be in writing executed by the Parties.

16. TIME OF THE ESSENCE. Time is of the essence of each and every provision of this Lease.

17. APPLICABLE LAW; JURISDICTION. This Lease shall be governed by and construed and enforced in accordance with the laws of the State of Arizona without reference to conflict of laws principles. The Parties hereby submit to the sole jurisdiction of, and agree that proper venue shall be in, the Superior Court of Navajo County, Arizona (the "Court"), in regard to any matter arising under this Lease.

18. ATTORNEYS' FEES. In the event any suit is instituted by either Party against the other to enforce any right under this Lease, the successful Party, as determined by the Court, shall be entitled to recover as part of any judgment rendered therein its court costs and a reasonable sum for its attorneys' fees, which fees shall be determined by the Court.

19. AS IS/WHERE IS. Tenant is leasing the Premises "as is/where is.

20. NOTICES. All notices, demands and communication of any kind which may be or are required to be given by either party to the other under the terms of this Lease shall be in writing and shall be deemed delivered upon receipt if delivered in person or by overnight delivery by a nationally recognized overnight courier service (e.g., FEDEX, UPS, DHL) or two (2) days after being deposited in the United States mail registered or certified, return receipt requested, postage prepaid, addressed as follows:

If to Landlord:	City Manager City of Holbrook P.O. Box 970 Holbrook, Arizona 86025
If to Tenant:	CIO Ministry's

Either party may change its address for purposes of this Lease by giving written notice of such change to the other party in the manner set forth above for the giving of notices.

21. COUNTERPARTS. This Lease may be executed in multiple counterparts and all counterpart originals together shall constitute the whole when assembled.

22. SIGNS. Landlord shall have the right to place "for lease" signs (or signs of similar meaning or import) on or about the Premises at any time during the Term and without notice to Tenant.

23. SURRENDER OF POSSESSION. Tenant, at Tenant's sole cost, shall deliver possession of the Premises to Landlord on or before the Expiration Date, broom clean and free and clear of all tenants and other occupants, with Tenant: (i) having removed all of Tenant's personal property from the Premises; and (ii) having repaired any damage to the Premises caused by Tenant's removal of any improvements or fixtures owned by Tenant.

24. SUCCESSORS. This Lease is binding upon and shall inure to the benefit of the Parties and their respective heirs, successors and assigns.

25. COMPLIANCE WITH IMMIGRATION LAWS. Tenant hereby warrants that Tenant, in connection with Tenant's Business, complies with: (i) all Federal Immigration laws and regulations that relate to Tenant's employees; and (ii) Arizona Revised Statutes § 23-214(A) concerning the e-verify program. Tenant acknowledges that, pursuant to Arizona Revised Statutes § 41-4401, a breach of the foregoing warranty is a material breach of this Lease subject to penalties up to and including termination of this Lease, and that Landlord retains the legal right to inspect the papers of any Tenant's employee who works on any of Tenant's obligations hereunder to ensure compliance with the foregoing warranty. Landlord will not consider Tenant or any of its subcontractors in material breach of the foregoing warranty if Tenant and its subcontractors establish that they have complied with the employment verification provisions prescribed by 8 USCA § 1324(a) and (b) of the Federal Immigration and Nationality Act and the e-verify requirements prescribed by Arizona Revised Statutes § 23-214(A).

26. BUSINESS OPERATIONS IN SUDAN AND IRAQ. Tenant hereby certifies to Landlord that:

(i) Tenant does not have "scrutinized" business operations in Sudan, as that term is defined in Arizona Revised Statutes § 35-391; and

(ii) Tenant does not have "scrutinized" business operations in Iran, as that term is defined in Arizona Revised Statutes § 35-393.

Tenant acknowledges that, in the event either of the certifications to Landlord by Tenant contained in this section is determined by Landlord to be false, the Landlord may terminate this Lease and exercise other remedies as provided by law, in accordance with Arizona Revised Statutes §§ 35-391.06 and 35-393.06.

27. CONFLICT OF INTEREST. Pursuant to the provisions of Arizona Revised Statutes § 38-511, the Landlord may cancel this Lease, without penalty or obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating this Lease on behalf of the Landlord is, at any time while this Lease or any extension hereof is in effect, an employee of Tenant in any capacity or a consultant to Tenant with respect the subject matter of this Lease.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Lease as of the Effective Date.

LANDLORD: CITY OF HOLBROOK

_____
Ray Alley, Manager

ATTEST:

_____
Cher Reyes, City Clerk

APPROVED AS TO FORM

_____
Sterling Solomon
City Attorney

TENANT:

_____

CITY OF HOLBROOK

INVOICE APPROVAL REPORT

BY GL NUMBER WALT'S HARDWARE

04/19/2012 THRU 05/16/2012

TOTAL **$5,168.42**

LEASE

THIS VETERINARY OFFICE LEASE (this "Lease"), executed to be effective as of the 22nd day of May 2012 (the "Effective Date"), is made and entered into by and between the CITY OF HOLBROOK, an Arizona municipal corporation ("Landlord"), and DR. ABBIE REIDHEAD, an individual ("Tenant") (each, a "Party" and, collectively, the "Parties").

RECITALS:

A. Landlord is the fee owner of that certain improved real property in Holbrook, Arizona, being Navajo County Assessor's Parcel Number 19-24-69C, commonly known as 105 Airport Road (collectively, the "Premises").

B. Tenant is a licensed veterinarian and operates a veterinary clinic (the "Tenant's Business").

C. Tenant desires to lease the Premises from Landlord, and Landlord desires to lease the Premises to Tenant, all in accordance with the terms and conditions set forth herein.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree and covenant as follows:

1. TERM; RENEWAL. The term of this Lease (the "Term") shall commence on the Effective Date and shall terminate on May 12, 2012 (the "Expiration Date"). This Lease may be renewed and extended for an additional 3-year period, beginning on the day following the Expiration Date, upon the written agreement of both Parties.

2. RENT. In lieu of cash rent, Tenant shall perform services during the Term as follows:

2.1 upon the request of Landlord, Tenant shall perform a spay or neuter procedure upon any dog or cat received in Landlord's humane shelter and Landlord shall pay to Tenant only the following amounts:

Male canine	~~$45.00~~	$55.00
Female canine	~~$50.00~~	$60.00
Male feline	~~$25.00~~	$35.00
Female feline	~~$35.00~~	$45.00

2.2 upon the request of Landlord, Tenant shall perform a physical assessment upon any animal received in Landlord's humane shelter at Tenant's sole cost;

2.3 upon the request of Landlord, Tenant shall administer a rabies vaccination to any animal received in Landlord's human shelter and Landlord shall pay to Tenant only the actual cost incurred by Tenant for the vaccine and supplies used;

2.4 upon the request of Landlord, Tenant shall euthanize any animal received in Landlord's humane shelter and Landlord shall pay to Tenant only the actual cost incurred by Tenant for the supplies used, provided that Tenant shall be required to perform euthanasia procedures only when Tenant is reasonably available;

2.5 upon the request of Landlord, Tenant shall provide euthanasia-related supplies and equipment to Landlord and Landlord shall pay to Tenant only the actual cost incurred by Tenant for such supplies;

2.6 Tenant shall operate a low-cost spay and neuter and vaccination clinic (the "Vaccination Clinic") and Tenant shall open the Clinic to the public as reasonably required to satisfy public demand, but no less than once during any 12-month period during the Term; and

2.7 Tenant shall provide on-call, after-hours veterinary services to Landlord and shall use reasonable efforts to provide services as needed in connection therewith, all at no additional cost to Landlord.

3. USE. Tenant shall use and occupy the Premises solely for the purpose of operating a veterinary office and related uses (the "Permitted Uses"). Tenant shall not without Landlord's prior written consent use the Premises for any purpose other than the Permitted Uses Tenant, at Tenant's sole cost, shall operate its business on the Premises in conformity with all applicable laws, regulations, ordinances and licensing requirements.

4. UTILITIES.

4.1 Landlord, at Landlord's sole cost, shall provide to Tenant a single phone line to be used for phone and fax services. Additional lines or features, if any, shall be at Tenant's sole cost.

5. MAINTENANCE, REPAIRS AND REPLACEMENTS.

5.1 Tenant's Obligation to Maintain. During the Term, Tenant, at Tenant's sole cost, shall keep and maintain the interior and exterior of the Premises in good condition and repair, normal wear and tear excepted. Tenant shall not cause any nuisance or cause or permit any waste or allow any trash to accumulate on or about the Premises.

5.2 Tenant's Obligation to Repair and Replace. During the Term, Tenant, at Tenant's sole cost, shall within a reasonable time make all necessary repairs and replacement of all non-structural elements on the Premises provided, however, that Tenant shall not be entitled to construct or attach any permanent fixtures, buildings, structures or other permanent improvements on the Premises without the prior written consent of Landlord, which consent may be given or withheld in Landlord's sole discretion.

5.3 Landlord's Obligation to Maintain. Landlord, at Landlord's sole cost, shall maintain and repair, as reasonably necessary, all structural elements and systems (e.g., walls, floors, parking lot, electrical, water, gas, sewer and HVAC), except that Tenant shall make any repairs to such elements and systems made necessary by Tenant's negligence or intentional misconduct.

6. EQUIPMENT. Landlord, at Landlord's sole cost, shall provide to Tenant for Tenant's use the following equipment: (i) a computer; and (ii) a photo copier (collectively, the "Equipment"). All costs for technical support, repair, replacement, maintenance, and supplies (including, but not limited to, copier paper and software) necessary or desirable to operate the Equipment shall be at Tenant's sole cost.

7. EMPLOYEES. Tenant shall bear all costs, including, but not limited to, wages, insurance, benefit plans, overhead, and taxes of all kinds, incurred in connection with all of Tenant's employees, including, but not limited to, those employees hired in connection with Tenant's Business, the Vaccination Clinic, and the performance of any of Tenant's obligations hereunder.

8. ADVERTISING.

8.1 Tenant's Obligations. Tenant shall bear all costs incurred in connection with advertising relating to the operation of Tenant's Business.

8.2 Landlord's Obligations. Landlord shall bear all costs incurred in connection with advertising related to animal adoptions, animal control [and the Vaccination Clinic].

9. INSURANCE.

9.1 Liability Insurance. Tenant, at Tenant's sole cost, shall obtain and keep in force during the Term a policy of comprehensive liability insurance insuring Tenant, and naming Landlord as an additional insured, against any liability arising out of Tenant's use or occupancy of the Premises. Such insurance shall be in an amount reasonable and customary for similar businesses in the Holbrook or Navajo County, Arizona, area.

9.2 Waiver of Subrogation. Each Party hereby releases the other from any and all liability or responsibility to the other or anyone claiming through or under it by way of subrogation or otherwise for the loss or damage to property or for injury to persons caused by any insured peril, provided, however, that this release and waiver shall be effective only in the event and to the extent of actual recovery or payment under the applicable insurance policy or policies.

9.3 Certificate. Within 15 days of the Effective Date, Tenant shall provide to Landlord a certified copy of the policy evidencing the coverage required hereby.

10. INDEMNITY. Except for Landlord's negligence or breach of this Lease, Tenant shall and does hereby agree to defend, indemnify and hold harmless Landlord for, from and against any and all claims arising from: (i) Tenant's use or occupancy of the Premises; (ii) the conduct of Tenant's Business; (iii) any activity, work or things done, permitted or suffered by Tenant on the Premises; (iv) any breach or default of this Lease by Tenant; and (v) all reasonable costs, attorneys' fees and expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon.

11. NO LIENS. If the Premises or Tenant's leasehold interest therein shall at any time during the Term, or any renewal thereof, become subject to any mechanics', laborers' or materialmen's liens based upon the furnishing of material or labor to Tenant with regard to the Premises and contracted for by Tenant, Tenant shall cause the same, at Tenant's sole cost and expense, to be discharged within 10 days after notice thereof, unless the lien is then being litigated in good faith by Tenant and, in such event, Tenant shall and does hereby agree to defend, indemnify and hold Landlord harmless from and against any such lien and bond the same if required by Landlord.

12. NO ASSIGNMENT. Tenant shall not assign this Lease or assign or sublease any interest it may have hereunder, or sublet the Premises, or any portion thereof, without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole discretion. If Landlord consents to any assignment, any such assignment shall not release Tenant hereunder and Tenant shall remain jointly and severally liable with any assignee, all of whom shall be required, in writing, to expressly assume Tenant's obligations hereunder. Consent to an assignment shall not be a waiver of Tenant's obligation to obtain Landlord's consent to any other assignment.

13. DEFAULT. The occurrence of any one or more of the following events (a "Tenant Event of Default") shall constitute a material default and breach of this Lease by Tenant:

13.1 the vacating or abandonment of the Premises by Tenant for 10 or more consecutive days;

13.2 the failure by Tenant to make any payment of any payment required to be made by Tenant hereunder within 5 days of Tenant's receipt of a written demand therefore from Landlord;

13.3 the failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in Paragraph 13.2 above, where such failure shall continue for a period of 15 days after Tenant's receipt of written notice thereof from Landlord to Tenant; or

13.4 (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 30 days of Tenant's receipt of notice thereof; (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 60 days of Tenant's receipt of notice thereof; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within 60 days of Tenant's receipt of notice thereof.

14. REMEDIES. In the event any Tenant Event of Default, Landlord may at any time thereafter, without limiting Landlord in the exercise of any other right or remedy which Landlord may have by reason of such default or breach:

14.1 choose not to re-enter but to hold Tenant responsible for all terms of this Lease subject to Landlord's mitigation obligations;

14.2 re-enter the Premises and terminate this Lease and hold Tenant responsible for all damages resulting from the breach of this Lease; and

14.3 any and all remedies at law or in equity.

15. INTEREST. In the event Tenant fails to fully and timely pay any sums due hereunder, Tenant agrees to pay interest thereon at the rate of 12% per annum from the date due until fully paid.

16. SUBORDINATION. This Lease shall be subject to and subordinate to the lien of any mortgage or deed of trust which now or hereafter may constitute a lien on the Premises held by a mortgagee, and to any agreements at any time made by Landlord, modifying, supplementing, extending or renewing any such first mortgage or first deed of trust. The provisions for the subordination of the Lease shall be self-operative and no further instrument shall be required to effect such subordination except that Tenant shall, upon at least 10 days' prior written request by the mortgagee at any time or times, execute and deliver any and all instruments that may be reasonable, necessary or proper to effect such subordination.

17. ESTOPPEL CERTIFICATES. Tenant, at any time and on at least 10 days' prior written notice by Landlord, shall execute, acknowledge and deliver to Landlord a written statement certifying that this Lease continues unmodified and in full force and effect (or if there have been modifications, that this Lease continues in full force and effect as modified and stating the modifications), and stating whether Landlord is in default in performing any covenants under this Lease, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by Landlord or any prospective purchaser or mortgagee of the fee or any assignee of any mortgage on the fee of the Premises.

18. ENTIRE AGREEMENT; MODIFICATION. This Lease contains the entire agreement between the Parties with regard to the subject matter hereof and entirely supersedes any prior agreement or discussion between the Parties[, including, but not limited to, that certain

Agreement between the Parties dated _____, 2009]. No term or provision hereof may be changed, waived, discharged or terminated unless the same shall be in writing executed by the Parties.

19. TIME OF THE ESSENCE. Time is of the essence of each and every provision of this Lease.

20. APPLICABLE LAW; JURISDICTION. This Lease shall be governed by and construed and enforced in accordance with the laws of the State of Arizona without reference to conflict of laws principles. The Parties hereby submit to the sole jurisdiction of, and agree that proper venue shall be in, the Superior Court of Navajo County, Arizona (the "Court"), in regard to any matter arising under this Lease.

21. ATTORNEYS' FEES. In the event any suit is instituted by either Party against the other to enforce any right under this Lease, the successful Party, as determined by the Court, shall be entitled to recover as part of any judgment rendered therein its court costs and a reasonable sum for its attorneys' fees, which fees shall be determined by the Court.

22. AS IS/WHERE IS. Tenant is leasing the Premises "as is/where is," and the continued possession by Tenant of the Premises shall be conclusive evidence as against Tenant that the Premises, including the improvements thereon were in good and satisfactory condition at the time such possession was taken.

23. NOTICES. All notices, demands and communication of any kind which may be or are required to be given by either party to the other under the terms of this Lease shall be in writing and shall be deemed delivered upon receipt if delivered in person or by overnight delivery by a nationally recognized overnight courier service (e.g., FEDEX, UPS, DHL) or two (2) days after being deposited in the United States mail registered or certified, return receipt requested, postage prepaid, addressed as follows:

If to Landlord:
City Manager
City of Holbrook
P.O. Box 970
Holbrook, Arizona 86025

If to Tenant:
Dr. Abbie Reidhead
P.O. Box 283
Holbrook, AZ 86025

Either party may change its address for purposes of this Lease by giving written notice of such change to the other party in the manner set forth above for the giving of notices.

24. COUNTERPARTS. This Lease may be executed in multiple counterparts and all counterpart originals together shall constitute the whole when assembled.

25. SIGNS. Landlord shall have the right to place "for lease" signs (or signs of similar meaning or import) on or about the Premises at any time during the Term and without notice to Tenant.

26. SURRENDER OF POSSESSION. Tenant, at Tenant's sole cost, shall deliver possession of the Premises to Landlord on or before the Expiration Date, broom clean and free and clear of all tenants and other occupants, with Tenant: (i) having removed all of Tenant's personal property from the Premises; and (ii) having repaired any damage to the Premises caused by Tenant's removal of any improvements or fixtures owned by Tenant.

27. SUCCESSORS. This Lease is binding upon and shall inure to the benefit of the Parties and their respective heirs, successors and assigns.

28. COMPLIANCE WITH IMMIGRATION LAWS. Tenant hereby warrants that Tenant, in connection with Tenant's Business, complies with: (i) all Federal Immigration laws and regulations that relate to Tenant's employees; and (ii) Arizona Revised Statutes § 23-214(A) concerning the e-verify program. Tenant acknowledges that, pursuant to Arizona Revised Statutes § 41-4401, a breach of the foregoing warranty is a material breach of this Lease subject to penalties up to and including termination of this Lease, and that Landlord retains the legal right to inspect the papers of any Tenant's employee who works on any of Tenant's obligations hereunder to ensure compliance with the foregoing warranty. Landlord will not consider Tenant or any of its subcontractors in material breach of the foregoing warranty if Tenant and its subcontractors establish that they have complied with the employment verification provisions prescribed by 8 USCA § 1324(a) and (b) of the Federal Immigration and Nationality Act and the e-verify requirements prescribed by Arizona Revised Statutes § 23-214(A).

29. BUSINESS OPERATIONS IN SUDAN AND IRAQ. Tenant hereby certifies to Landlord that:

(i) Tenant does not have "scrutinized" business operations in Sudan, as that term is defined in Arizona Revised Statutes § 35-391; and

(ii) Tenant does not have "scrutinized" business operations in Iran, as that term is defined in Arizona Revised Statutes § 35-393.

Tenant acknowledges that, in the event either of the certifications to Landlord by Tenant contained in this section is determined by Landlord to be false, the Landlord may terminate this Lease and exercise other remedies as provided by law, in accordance with Arizona Revised Statutes §§ 35-391.06 and 35-393.06.

30. CONFLICT OF INTEREST. Pursuant to the provisions of Arizona Revised Statutes § 38-511, the Landlord may cancel this Lease, without penalty or obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating this Lease on behalf of the Landlord is, at any time while this Lease or any extension hereof is in effect, an employee of Tenant in any capacity or a consultant to Tenant with respect the subject matter of this Lease.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Lease as of the Effective Date.

LANDLORD: CITY OF HOLBROOK

_____
Jeff Hill, Mayor

ATTEST:

_____
Cher Millage, City Clerk

APPROVED AS TO FORM

_____
Marlene A. Pontrelli, Esq.
for Mariscal, Weeks, McIntyre & Friedlander, P.A.
City Attorneys

TENANT:

_____
Dr. Abbie Reidhead